

**CANADA: OUTLOOK FOR PRINCIPAL FIELD CROPS**

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This report is an update of Agriculture and Agri-Food Canada's (AAFC) December outlook report for the 2021-2022 crop year and provides AAFC's preliminary look at the upcoming 2022-2023 crop year. For most crops in Canada, the crop year starts on August 1 and ends on July 31, although for corn and soybeans, the crop year starts on September 1 and ends on August 31. The economic outlook, for the world and Canadian grain markets, is expected to be affected by the domestic and international uncertainty caused by COVID-19, rising energy prices, as well as increased fertilizer and transportation costs.

For 2021-2022, the outlook incorporates the results of Statistics Canada's (STC) November Farm Survey of crop production, which was released on December 3, 2021, and is the last official estimate for crop production from STC in 2021. Field crop production for Canada is estimated by STC to be 30.2% lower than in 2020 and be 27.0% below the previous five-year average, as drought significantly decreased yield and production in Western Canada. Carry-out stocks (ending-year inventories) for all principal field crops are expected to end the year at a record low level, as a sharp decline in production combined with a low level of carry-in stocks (beginning-year inventories) more than offset a decrease in exports and domestic use.

Grain prices are forecast to remain relatively strong on support from: (i) tight Canadian supplies (ii) more comfortable but still relatively tight global grain supplies (iii) expectations for a continuation of firm international demand.

For 2022-2023, rotation considerations, moisture conditions, expected prices and input costs/availability are expected to be the main factors determining seeding decisions in the spring. Based on current market conditions and historical trends, the area seeded to field crops in Canada is forecast to increase marginally from 2021/22. The area seeded for wheat, coarse grains, pulse and special crops is expected to increase, while area seeded to oilseeds decreases. The average yield and production for all crops is forecast to increase significantly compared to the drought year of 2021-2022, based on a return to trend or just below trend yields, resulting in expected total field crop production and supply rebounding to more normal levels.

In general, prices are expected to remain relatively strong, but decrease from the high levels experienced in 2021-22 as Canadian and world production are expected to increase.

The next AAFC Outlook for Principal Field Crops is scheduled to be released on February 18, 2022. STC is scheduled to release stocks of principal field crops in Canada as of December 31, 2021, on February 8, 2022.

Canada: Principal Field Crops Supply and Disposition

	Area Seeded -- thousand hectares --	Area Harvested	Yield t/ha	Production	Imports	Total Supply thousand tonnes	Exports	Total Domestic Use	Carry-out Stocks
Total Grains And Oilseeds									
2020-2021	27,491	26,536	3.44	91,205	2,619	107,424	51,041	44,950	11,434
2021-2022f	27,693	26,507	2.45	65,039	3,952	80,424	32,750	40,544	7,130
2022-2023f	28,153	27,055	3.24	87,684	2,762	97,575	43,910	44,075	9,590
Total Pulse And Special Crops									
2020-2021	4,000	3,949	2.16	8,545	344	9,784	6,772	1,555	1,457
2021-2022f	3,832	3,730	1.22	4,567	230	6,254	4,585	1,184	485
2022-2023f	4,025	3,945	1.82	7,185	317	7,987	5,900	1,477	610
All Principal Field Crops									
2020-2021	31,491	30,485	3.27	99,750	2,962	117,209	57,813	46,505	12,891
2021-2022f	31,525	30,237	2.30	69,606	4,182	86,678	37,335	41,728	7,615
2022-2023f	32,178	31,000	3.06	94,869	3,079	105,562	49,810	45,552	10,200

Source: Statistics Canada (STC) and Agriculture and Agri-Food Canada (AAFC)

f: forecasts by AAFC except for area, yield and production for 2021-2022 which are STC

All Wheat

Durum

For 2021-22, Canadian durum production decreased by 60% from 2020-21 to 2.65 million tonnes (Mt), but with very good quality and high protein content. According to the Canadian Grain Commission (CGC), to December 13, 2021, over 70% of samples graded within the two top grades averaging 15.7% protein. The final report is expected later this month.

Total supply decreased by 53%, due to low yields as a result of the drought in Western Canada. Exports are expected at 89% of total production or 2.35 Mt. This is a 59% decline compared to the previous year's export program. Domestic use is forecast to decline 21% with a reduction in feed use while carry-out stocks are forecast to fall by 40% from 2020-21 levels, the lowest on record since 1984/85.

World durum production fell by 2.78 Mt from 2020-21 to 31.04 Mt, while supply decreased by 3.12 Mt to 39.31 Mt, according to the International Grains Council. Use is also expected to decline marginally to 33.26 Mt, from 34.16 Mt, due to a decrease in feed use. Carry-out stocks are expected at 6.05 Mt, down 27% with the largest depletions in Europe (-80%) and North America (-73%).

In their latest WASDE report, the USDA estimates total US production of durum at 1.01 Mt and supply at 2.86 Mt, 46% and 29% less than the previous year. Domestic use is expected at 1.85 Mt, and exports at 0.41 Mt. Carry-out stocks were raised compared to last month's report; they are now projected at 0.6 Mt, 19% less than last year, and a tight carry into seeding in the spring.

The average Saskatchewan (SK) spot price for 1 CWAD 13 for 2021-22 is forecast at \$700/tonne, up 132% from last year.

For 2022-23, the area seeded to durum in Canada is forecast to increase by 9% because of strong pricing, firm global demand and tight carry-in stocks. As yields recover following the 2021-22 drought, production is expected to increase to 5.5 Mt, in line with the last five-year average. Supply is projected at just under 6.0 Mt, 75% more than the short crop

last year, but still 6% below the last five-year average due to the tight carry-in stocks from the previous year. Exports are projected at 4.3 Mt, about 72% of total supply. Domestic use is expected to return to average levels, approximately 0.95 Mt. Carry-out stocks are expected to rise to 0.75 Mt (+67% y/y).

World durum production is forecast to increase globally and a better quality crop in Europe is expected. Demand is expected to increase in line with population growth and the growing middle class. Current weather in Europe is favourable for an average crop, but additional moisture is required in North America where pockets of dryness persist. Low carry-in stocks will keep the supply/demand complex tight, especially for high quality durum, and is expected to remain supportive of prices, at least in the short term.

According to the USDA's January 12 seeding report, area seeded to durum in Arizona and California is estimated at 90 thousand acres, up 15% from 2021 and 20% more than in 2020.

The average Canadian crop year producer price for durum is forecast to decline from current levels due to larger world production, but will still remain relatively strong due to tight stocks. The average SK CWAD 1 13% cash price for 2022-23 is currently forecast at \$400/tonne.

Wheat (excluding durum)

For 2021-22, Canadian wheat production dropped by 34% from 2020-21 to 18.99 Mt due to lower yields in Western Canada caused by the drought. Despite limited production, the average quality for CWRS wheat harvested is good, with high protein content. According to the CGC's sample survey analysis to December 13, 90% of the CWRS wheat graded No. 1 and 2 and the protein content averaged 14.7%, higher than 2020-21 and the last five-year average. CGC's final report is expected later this month.

Total supply declined 28% year over year, at 24.1 Mt. Exports are forecast to fall to 14 Mt as a result

of the tighter supplies. This would be 32% lower than in 2020-21 and 24% less than the last five-year average. Carry-out stocks are forecast at 3 Mt, down 39% compared to the previous year and the lowest on record since 2007-08.

The latest WASDE report released by the USDA revised their production and demand estimate lower this month compared to last, but the overall supply/demand complex remains quite tight. USDA's world wheat production was revised up to 778.6 Mt (+0.71Mt) due to increases in Argentina and the EU; but tight carry-in stocks limit supply to 1,067.4 Mt, down 0.5% compared to the previous year. Total use was also revised down to 787.47 Mt this month (-1.88 Mt), on lower expected feed use, but it still remains above last year's estimate of 783.04 Mt. Closing stocks are expected at 279.95 Mt, down 3% compared to 2020-21, with over half of stocks held in China.

US all wheat production dropped 4.96 Mt from 2020-21 to 44.79 Mt, according to USDA. Supply is 10 Mt lower at 70.51 Mt. Total use is forecast to remain relatively steady at 30.9 Mt, but with US exports of wheat declining 4.54 Mt to 22.45 Mt. Carry-out stocks are forecast at 17.09 Mt.

The average SK Canadian Western Red Spring Wheat (CWRS) 1, 13.5% spot price for 21-22 is forecast at \$410/tonne.

For 2022-23, Canadian area seeded to wheat is forecast to increase 5% year over year supported by strong prices and tight stocks. Area seeded to winter wheat is estimated at 547 thousand hectares (ha) (+1%), while that for spring wheat is projected at 7,051 thousand acres (+6%). Total area seeded to wheat (ex. durum) is projected at 7,598 thousand ha., with production projected at 25.6 Mt, 35%

higher than in 2021-22 and in line with average volumes over the last five years. Total supply is projected to increase 19% to 28.7 Mt.

With domestic use remaining relatively in line with average levels, and higher supplies, exports are projected to increase to 17 Mt, up 21% year over year, but still 7% less than the last five-year average, due to a recovery in stocks. Carry-out stocks are projected at 4 Mt, 33% more than carry-in, but still 10% below the last five-year average.

With larger seeding for wheat worldwide in 2022-23, and an increase in yields in North America, world all wheat production is expected to increase in 2022-23, but weather will be the deciding factor given current dry conditions continuing across much of North America's plains. Large harvests coming out of the southern hemisphere will help the supply/demand complex, but it will remain constrained given low stocks, especially in key exporting nations. IGC's 5 year projections forecast demand increasing in line with population growth, about 2% per annum.

USDA's long term outlook puts total wheat seeding at 19.8 million hectares in 2022-23. On January 10, 2022 the USDA reported that the area seeded to winter wheat, the major wheat type in the US, was 13.9 million hectares, 2% higher than last year and up 12% from 2020.

The average SK spot price for CWRS 1, 13.5% is forecast to come down from current highs, but still remain relatively strong at \$350/tonne.

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Coarse Grains

Barley

For 2021-22, Canadian barley supply is projected at 7.81 million tonnes (Mt), down sharply from 2020-21 and a record low level. This is primarily due to production issues during the 2021 growing season in Canada's Prairie provinces, as well as record low carry-in stocks. As a result of the tight supply, demand for both domestic feed consumption and exports will be sharply lower than last year. Carry-out stocks are projected at 0.3 Mt, a record low level.

The Lethbridge feed barley price for 2021-22 is forecast to hit a new high of \$420/t, up sharply from the previous record of \$294/t set in 2020-21 and well above the three- and five-year averages. The 2021-22 prices are supported by tight domestic barley supplies, the decline in the availability of other domestic feed grain substitutes, robust demand and stronger prices of other grains.

Worldwide, the 2021-22 barley situation includes lower production, demand, ending stocks and stocks-to-use ratio, compared to 2020-21.

For 2022-23, Canadian barley supply is projected to increase to a comfortable level, mainly reflecting the expected recovery in production on the Prairies. This is based on the assumption of a return to normal weather conditions and trend yields for the 2022 growing season on the Prairies. Tight old crop supplies, robust demand and high spot prices will prevent the 2022 barley area from shrinking too much, despite strong competition for acres from other crops. Total barley area on the Prairies in 2021 was a twelve-year high and is expected to decrease slightly in 2022, resulting in the national barley area decreasing by only 2% in 2022. With a return to average levels for abandonment and yield, Canadian barley production is expected to increase by 52%.

Domestic feed use and exports are expected to increase significantly from 2021-22, given the tight domestic supply in 2021-22 rationing demand to very low levels. Carry-out stocks for 2022-23 are projected at 1.0 Mt, increasing sharply from that projected for 2021-22 and well above the previous

three- and five-year averages.

Based on expectations for a recovery in domestic barley supplies and lower US corn prices for 2022-23, the Lethbridge feed barley price for 2022-23 is forecast at \$310/t, considerably lower than the price forecast for 2021-22.

Worldwide, total barley production for 2022-23 is expected to increase from 2021-22, as a result of good prices and expected sharply lower beginning stocks. For the 2022-23 US barley supply and demand situation, the USDA's November Baseline Projections to 2031 indicate higher acres, production, imports, supply, total domestic use (notably for food, seed, and industrial use) and ending stocks. The farm price for 2022-23 is projected at US\$5.15/bushel, 3% lower than in 2021-22.

Corn

For 2021-22, Canadian corn supply is projected at 19.2 Mt, up from 2020-21 and a record high level. This is primarily due to a bumper corn crop output in Eastern Canada, as well as a sharp increase in expected corn imports to Western Canada. According to Statistics Canada (STC), the monthly importing pace for corn has maintained a strong upward trend during the September-November 2021 period, pushing total exports for this period to slightly above 1.0 Mt, versus 0.4 Mt a year ago. Domestic use is projected to increase mainly due to higher feed use. Exports are expected to increase from last year, based on STC's monthly trade data and the Canadian Grains Commission's weekly statistics. Carry-out stocks are predicted to decrease slightly.

Following higher corn prices in the US, the Chatham corn price for 2021-22 is forecast at a new record of \$285/t, up from the old record of \$272/t set in 2020-21.

For the 2021-22 US corn supply and demand situation, the USDA's January World Agricultural Supply and Demand Estimates (WASDE) report indicates slightly higher production as a result of

higher harvested area, greater demand for food, seed & industrial use (mostly for ethanol & by-product production), lower exports, and larger ending stocks. Compared with 2020-21, the USDA expects that the US will consume more corn for domestic feed use and ethanol production, but exports will be lower than 2020-21. Ending stocks are projected to increase by 25% from last year but be 22% lower than the previous five-year average. The season average farm price for US corn was pegged at US\$5.45/bu, unchanged from the last forecast, but up from US\$4.53/bu for 2020-21 and US\$3.56/bu for 2019-20.

In the USDA's January WASDE report, corn production forecasts for 2021-22 for Argentina and Brazil have been revised down 0.5 Mt and 3.0 Mt, respectively, from the December report, reflecting reduced yield expectations for the two major corn producing countries. For Ukraine, another major maize exporting country, the 2021-2022 maize production estimate has been revised up by 2.0 Mt. Compared to 2020-21, the 2021-22 global corn production is projected to increase by more than 7% (84 Mt), offsetting the decrease of 5% (14 Mt) in beginning stocks, leading to an increase of 4% (71 Mt) in total supply. Total demand is forecast to increase, but the volume is lower than the increase in total supply, resulting in an increase of 4% (11 Mt) in ending stocks, which, however, is still 6% (20 Mt) below the previous five-year average.

For 2022-23, the Canadian corn supply is projected to decrease by 7% from 2021-22 to 17.8 Mt, mainly on projections for a 33% fall in imports, a 3% drop in production and slightly lower carry-in stocks. The projected drop in imports reflects the expected recovery of barley production in Western Canada, which will reduce Western Canada's imports of US corn to meet local feed needs. Total corn area for 2022-23 is projected to expand slightly from 2021-22, but will be 2% lower than the previous five-year average. Assuming average abandonment rate and trend yields, Canadian corn production is expected to decrease from the record high level in 2021-22 when Ontario achieved historical high levels for corn yield and production, and Quebec also realized a significant increase.

Total domestic demand is projected to decrease by 7% from 2021-22, mainly reflecting lower feed demand in Western Canada, as barley production is projected to rebound to a comfortable level in this region, which will essentially meet local feed demand. Industrial use of corn is projected to increase on a recovery in the economy. Exports are expected to be at an average level. Carry-out stocks are projected to decrease from 2021-22 and be at the lowest level since 2015-2016.

Based on the sharply lower US corn price forecast for 2022-23, the Chatham corn price for 2022-23 is projected at \$250/t, 12% lower than that forecast for 2021-22.

The US corn supply in 2022-23 is expected to increase by 3% based on projections for higher carry-in stocks and better yield and production prospects, despite a 1% decrease in corn acreage. At 426 Mt, US corn supply in 2022-23 will be only slightly lower than the record level in 2016-17. Total demand is projected to increase only slightly from 2021-22, but be at a historically high level. The increase in demand for feed consumption and ethanol production will be mostly offset by decreased exports in 2022-23. Ending stocks are projected to increase by 29% and 7% from 2021-22 and the previous five-year average, respectively.

The USDA baseline projects the average US corn price for 2022-23 at US\$4.80/bu, the second highest since 2012-13. This is down 12% from the forecast 2021-22 price of US\$5.45/bu, but still the highest since 2013-14.

Oats

For 2021-22, Canadian oat supply is projected at 3.3 Mt, down sharply from 2020-21 and close to a record low level. This is primarily due to production issues in Canada's Prairie provinces, despite sharply increased carry-in stocks. Accordingly, total demand, including exports and domestic use, is anticipated to drop sharply. Carry-out stocks are projected at 0.2 Mt, drastically lower than last year and a record low level.

The CBOT oat futures price for 2021-22 is projected at a new record of CAD\$550/t, up sharply from the

old record set in 2020-21, due to significant crop production problems in North America and stronger prices of other grains. Canadian Prairie oat prices to-date have more than doubled over the past year. In Alberta, Saskatchewan and Manitoba, oat prices to-date have averaged \$431/t, \$426/t and \$498/t, respectively, compared to \$215/t, \$195/t and \$225/t a year ago.

For 2022-23, Canadian oat supply is projected to increase by 40% to 4.6 Mt, mainly reflecting the expected recovery of production in the Prairie provinces, despite record low carry-in stocks. Total area seeded to oats in 2022 is expected to increase by 8% from 2021, the second-highest level since 2009, largely reflecting higher oat acres in the Prairie provinces. Tight old crop supplies, robust demand and strong prices are the major factors encouraging producers to grow more oats, but the increase will be limited by strong competition for acres from other crops. Total oat production on the Prairies is expected to increase by 67% to 4.4 Mt, on expectations of a return to average abandonment rates and trend yields.

Total demand in 2022-23, including domestic feed use and exports will increase significantly from 2021-22 when tight domestic supply rationed demand to a very low level. Carry-out stocks for 2022-23 are projected at 0.5 Mt, a decent level, despite increasing sharply from the record low forecast for 2021-22.

The CBOT oat futures price for 2022-23 is projected at CAD\$400/t, notably lower than in 2021-22, due to expectations for a recovery in oat production for North America in 2022-23.

Compared to 2021-22, the 2022-23 US oat supply and demand situation includes expanded acres, higher production, imports and supply, greater total domestic use (notably for feed consumption) and larger ending stocks, according to the USDA's Baseline Projections to 2031. The farm price for

2022-23 is projected at US\$3.30/bushel, 8% lower than in 2021-22.

Rye

For 2021-22, Canadian rye supply is projected at 546 thousand tonnes (Kt), up 3% from 2020-21 and 20% from the previous five-year average. Domestic use (mostly for feed use) is expected to increase from 2020-21 on tight feed grain supplies. Exports are expected to be stable compared to last year. Carry-out stocks are predicted to decrease due to increased feed demand. The 2021-22 average price is projected at \$310/t, up sharply from 2020 21, and a new record, due to robust demand and stronger prices of other grains.

For 2022-23, Canadian rye supply is projected to decrease by 5% from 2021-22 due to sharply lower carry-in stocks and relatively stable production, but still be 12% higher than the previous five-year average. Area seeded to all rye in 2022 is expected to decrease by 2% from 2021 due to lower fall rye area, which accounts for over 98% of all rye area in recent decades. Total production is projected to decrease marginally from the previous year on expectations of a return to trend yields in Western Canada.

Total demand for rye in 2022-23 is projected to decline from 2021-22 due to lower feed use, given expected ample feed grain supplies in Western Canada. Exports are projected to be at the previous five-year average. Carry-out stocks are projected to increase sharply from 2021-22 due to lower demand, but be the highest since 2017-18.

The 2022-23 simple average weekly price for rye is projected at \$200/t, dramatically lower than that forecast for 2021-22, based on anticipations for ample 2022-23 feed grain supplies, a decrease in demand and lower prices in neighbouring markets.

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Oilseeds

Canola

For 2021-22, canola supplies have tightened significantly from last year, declining 37% to 14.5 million tonnes (Mt), due to a 49% drop in carry-in stocks and 35% lower production following last summer's drought-reduced production in Western Canada. Demand for Canadian canola continues to be strong on increased world oilseed crush and high prices for oilseeds, vegetable oils and protein meal.

The combination of tight supplies and strong demand is supporting record high prices for canola as the market seeks an equilibrium. Domestic processing of canola is estimated down by 18% from last year to 8.5 Mt, by comparison exports are expected to fall by 49%, to 5.4 Mt, due to the tight supplies and logistical issues from the temporary disruptions to rail and road access to the Port of Vancouver as a result of the severe weather event in November 2021. The major importers of Canadian canola for the crop year to date are Japan, China, Mexico and the European Union.

Carry-out stocks are forecast to fall by 72% from last year, to a tight 0.5 Mt, for a stock-to-use ratio of 4% versus 8% in 2020-21 and the 5-year average of 13%. Canola prices are estimated at \$1050/t versus \$730/t last year and the 5-year average of \$556/t.

For 2022-23, seeded area in Canada is forecast to decrease by 3% to 8.8 million hectares (Mha) as farmers shift into alternate cereal crops. Harvested area is forecast at 8.7 Mha while yields are forecast at 2.31 tonnes per hectare (t/ha) up from the 1.4 t/ha achieved in 2021-22. Production is forecast to rise by 60% to 20.2 Mt, the third highest on record. Total supply is forecast to rise sharply to 20.9 Mt as higher output offsets the drop in carry-in.

Exports are forecast to rebound by 85% to 10.0 Mt on strong world demand and a rebuilding of domestic supplies, assuming a return to normal yields. Domestic crush is forecast to rise by 18% to 10.0 Mt with the industry operating at near full capacity to serve the strong world demand for canola oil and canola meal. Carry-out stocks are forecast to rise by 40% to a still very tight 0.7 Mt for

a stocks-to-use of 3%. Canola prices are forecast to decline sharply, falling 33% from the record highs in 2021-22, to \$800/t track Vancouver. If realized, this would be the second highest canola price on record.

The accuracy of the 2022-23 outlook is sensitive to several key factors. The first is the anticipated rate of growth in the renewable diesel sector as the world seeks to reduce its dependence on mineral oils as part of its climate change mitigation strategy. A second factor affecting the forecast will be the production of alternate oilseed crops worldwide. The outlook currently assumes a minimal shift in seeded area for most oilseed crops, normal temperatures and moisture across most growing regions, and normal yields for most oilseeds. The outlook is also sensitive to the strength of food demand for oilseeds, particularly in China. China is the world's largest importer of oilseeds but remains a volatile purchaser, which can have either a positive or negative impact on the canola market.

Flaxseed

For 2020-21, supplies are estimated down 38%, to 0.41 Mt, versus 0.67 Mt last year, as the result of lower production and slightly smaller carry-in stocks. Exports are forecast to decrease by about 37%, to 0.33 Mt as a result of the constrained domestic supplies.

Similarly, total domestic use is forecast to fall by 37%, to 58,000 t, on sharply lower feed waste and dockage. Carry-out stocks are forecast to fall by 48% to 30,000 t while flaxseed prices rally sharply to \$1,350/t, versus \$693/t in 2020-21 and the 5-year average of \$526/t.

For 2022-23, the area seeded to flaxseed in Canada is forecast to fall slightly to 0.41 Mha, vs the 5-year average of 0.39 Mha, as support from the near doubling of prices in 2021-22 is offset by concerns over low soil moisture and attractive prices for alternate crops. Flaxseed production is forecast at 0.58 Mt, assuming an area loss of 2% prior to harvest and near normal yields of 1.5 t/ha. Total supply is forecast to increase by 50%, to 0.62 Mt, due to the increase in output.

Exports are forecast to rebound to 0.45 Mt on steady to stronger Chinese, European and United States consumption. Total domestic use is forecast to rise by about 90% to 0.11 Mt, on higher feed, waste and dockage. Carry-out stocks are forecast to double to 0.06 Mt. Flaxseed prices are forecast to decline by 41%, to a still very strong \$800/t for 2022-23.

Soybeans

For 2021-22, domestic supplies of soybeans are estimated down 7% from last year, to 7.0 Mt, versus 7.5 Mt last year, as a result of a marginal decrease in carry-in stocks and a 1% decrease in production. Soybean imports are estimated down slightly to 0.4 Mt for the current crop year compared to the 0.53 Mt imported for 2020-21.

Canadian exports of soybeans are estimated down by 7%, to 4.2 Mt for the current crop year, as support from strong world demand is muted by tighter domestic supplies. Domestic processing of soybeans is forecast to increase by 10% from last year's pace to a historically normal 1.8 Mt, on strong crush margins and robust demand for vegetable oils. Soybean prices are estimated to decrease by 2%, to \$590/t, for the current crop year versus the simple average of \$605/t earned in 2020-21.

The January 2022 release of the USDA's WASDE projects world production of soybeans at 373 Mt, up from the 366 Mt grown in 2020-21 and the 340 Mt produced in 2019-20. World supplies of soybeans are estimated at 472 Mt, a 2% rise from last year as larger beginning stocks supplement the rise in output. World domestic consumption of soybeans is estimated at 375 Mt, an increase of 3% from last year. Of this, crush is forecast to rise by 3%, to 326 Mt, while food use rises slightly to 22 Mt and

feed and waste climbs upwards to 27 Mt. World trade is expected to reach 171 Mt, an increase of 4% from last year, while ending stocks fall to 95 Mt from 100 Mt in 2020-21.

The factors to watch for the rest of the crop year are: (1) Canadian crush and export pace, (2) South American growing conditions, (3) strength of Chinese import demand and (4) US planting intentions for 2022-23.

For 2022-23, planted area in Canada is forecast to rise by 7% to 2.3 Mha, on support from high prices, with area gains limited by concerns over low sub soil moisture, short growing season in Western Canada and attractive prices for competing crops. Assuming 5-year average yields, production is forecast at 6.6 Mt, versus 6.3 Mt in 2021-22 and the 6.4 Mt grown in 2020-21.

Total supply is forecast to increase to 7.4 Mt, as the rise in production and slightly higher imports more than offset the estimated drop in carry-in stocks. Exports are forecast to increase by 7% to 4.5 Mt, with shipments headed to a diverse group of countries. Domestic processing is forecast up slightly to 1.9 Mt compared to last year. Carry-out stocks are forecast to rise slightly to 0.50 Mt versus the 0.45 Mt estimated for 2021-22 and the 5-year average of 0.49 Mt.

Soybean prices are forecast to fall by \$40/t to \$550/t, on an expected easing of US prices and a stable Canadian-US dollar exchange rate.

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Pulse and Special Crops

Dry peas

For 2021-22, Canadian dry pea exports for the August to November period were 0.9 million tonnes (Mt), 40% lower than for the same period last year. China imported the largest portion to-date at 0.6 Mt. The leading export market, after China, is the US at 0.15 Mt. Total Canadian dry pea exports for the crop year are forecast to fall by over 40% to 2.1 Mt due to limited Canadian supply.

Canadian dry pea supply is estimated to fall by 44% as lower production is partly offset by higher carry-in stocks. With the lower supply, carry-out stocks are expected to fall sharply and be supportive for prices throughout 2021-22. The average price is expected to be nearly 80% higher than 2020-21, a record \$610/t, due to higher prices for all types of dry peas. Yellow pea prices are expected to maintain a premium of \$35/t over green peas for the crop year, compared to the \$5/t premium green peas had over yellow peas last year.

US dry pea production is estimated by the USDA at nearly 1.0 Mt, down 3% from 2020-21. This was largely due to lower seeded area and poor yields. As a result, Canadian dry pea exports to the US are forecast to be 0.3 Mt in 2021-22, sharply higher than the previous year.

For 2022-23, seeded area is forecast to rise marginally from 2021-22 to 1.65 million hectares (Mha), because of good returns relative to other crops. Dry peas continue to be recognized as a beneficial part of a crop rotation plan. Production is expected to rise by 68% to 3.8 Mt, with an expectation of trend yields. Supply is forecast to rise sharply to 3.9 Mt despite lower carry-in stocks. With the expectation of a substantial increase in exportable supply, exports to other countries are expected to be higher than 2021-22 and carry-out stocks are expected to rise. The average price is expected to be lower than 2021-22, due to lower all type pea prices and increased world supply.

Lentils

For 2021-22, Canadian lentil exports for the August to November period totaled 0.65 Mt, 37% lower than the amount exported during the same period in 2020. Turkey imported the largest portion to-date at 0.2 Mt. The leading export market, after Turkey, is India, followed by the United Arab Emirates. Total Canadian lentil exports for 2021-22 are forecast to fall sharply to 1.7 Mt. The supply of lentils in Canada is estimated to be over a 1.0 Mt lower than last year as higher carry-in stocks were mostly offset by lower production. With the sharply lower supply despite a decrease in exports, this is expected to lead to lower carry-out stocks for the end of the 2021-22 crop year.

The overall average price range is forecast to rise by 67% from last year to a record \$1,080/t. Stronger prices for all lentil types have combined with an average grade distribution. As a result, there have been lower discounts for the lower grades for all lentil types. Prices for No.1 large green lentils are expected to maintain a premium of \$320/t above the price of No.1 red lentils over the crop year, compared to a \$135/t premium in 2020-21.

US lentil production is estimated at 231 thousand tonnes (Kt), down 31% from the previous year. As a result, Canadian lentil exports to the US are forecast at 70 Kt for 2021-22, up from the previous year.

For 2022-23, seeded area in Canada is expected to rise by 3% to 1.8 Mha, due to strong prices for the No.1 grades in the previous year. Production is forecast to rise by 56% to 2.5 Mt. With lower carry-in stocks, supply is expected to rise by nearly 0.6 Mt to 2.6 Mt. Exports are forecast to rise from 2021-22 to 2.1 Mt with a larger exportable supply. Carry-out stocks are expected to rise to 100 Kt. With the assumption of an average grade distribution and grade discounts, the overall lentil price is forecast to fall from 2021-22.

Dry beans

For 2021-22, exports are forecast to be lower than last year. The EU and the US are forecast to remain the main markets for Canadian dry beans, with smaller volumes exported to Japan and Mexico. Despite the smaller supply, carry-out stocks are expected to be higher than the previous year due to the reduced exports. The average Canadian dry bean price is forecast to increase by 27% to a record \$1,180/t, due to lower production and supply in North America.

US total dry bean production (excluding chickpeas) is estimated by the USDA at just over 1.0 Mt, down 31% from 2020-21. US dry bean production was lower for all bean types, particularly for white pea, black and pinto bean type production, which decreased sharply. This is expected to continue to be supportive for Canadian record dry bean prices in 2021-22.

For 2022-23, the area seeded is forecast to be lower than 2021-22, because of ample carry-out stocks and favorable potential returns for other crops, particularly soybeans and corn. Production is expected to increase marginally to 0.39 Mt despite lower area but with the expectations for improved yields, particularly in Manitoba. Supply is expected to be marginally higher at 0.58 Mt. Exports and carry-out stocks are also forecast to be marginally higher than 2021-22. The average Canadian dry bean price is forecast to be lower than the previous year due to expectations for a larger North American supply.

Chickpeas

For 2021-22, exports are forecast to be higher than 2020-21 at 160 Kt. The US and Turkey have been the main markets for Canadian chickpeas to-date. Carry-out stocks are expected to fall to nearly half of those in the previous year. The average price is forecast to rise to a record \$1,065/t, due to strong world demand and lower carry-out stocks.

US chickpea production is estimated by USDA to fall to 138 Kt, down 29% from 2020-21, largely due to poor yields.

For 2022-23, the area seeded is forecast to rise from 2021-22 because of expectations for solid returns

relative to other pulse crops. As a result, production is expected to rise sharply to 125 Kt. Supply is expected to decrease by 17% from last year as the higher production is more than offset by smaller carry-in stocks. Exports are forecast to be lower than the previous year and carry-out stocks are expected to fall for the third consecutive year. The average price is forecast to be lower than 2021-22 due to expectations for an increase in world supply.

Mustard seed

For 2021-22, exports are expected to be sharply lower than 2020-21 at 70 Kt and carry-out stocks are forecast to fall due to lower supply. The US and the EU are expected to remain the main export markets for Canadian mustard seed. As a result of the decrease in stocks and a rationing of exportable supply, the average price is forecast to rise by two and half times from the levels observed in 2020-21, to \$2,290/t.

For 2022-23, the area seeded is expected to rise due to record returns from the previous year. Production is forecast to rise to 115 Kt due to higher area and yields. Supply is expected to rise by only 36% due to the small carry-in stocks. Exports are expected to be higher at 80 Kt and carry-out stocks are forecast to increase from the previous year. The average price is forecast to be sharply lower when compared to 2021-22, but remain historically high.

Canary seed

For 2021-22, exports are expected to be lower than the previous year. The EU and Mexico are forecast to remain the main export markets, followed by South America, particularly Brazil and Colombia. Carry-out stocks are expected to tighten significantly. As a result, the average price is forecast to increase from 2020-21 to a record \$1,200/t.

For 2022-23, the area seeded is forecast to be higher than the previous year due to good potential returns compared to other crops. Production is expected to be 60% higher due to increased area and higher yields. Supply is forecast to rise by only 33% due to the tight carry-in stocks. Exports are expected to be higher than in 2021-22 with the increased supply and carry-out stocks are expected to rise. The

average price is forecast to be lower than the previous year at \$800/t.

Sunflower seed

For 2021-22, exports are forecast to be marginally lower compared to the previous year at 50 Kt. Carry-out stocks are expected to fall to 110 Kt. To-date, the US has remained Canada's main export market for sunflower seed. The average price is forecast to rise by 31% from 2020-21 to a record \$815/t, mostly due to higher prices for oilseed types grown in Canada this year.

For the US, sunflower seed production is estimated by the USDA to have fallen by 36% to below 0.9 Mt, largely due to poor yields. About 0.8 Mt of the US sunflower seed crop is estimated to be oilseed types, lower than the previous year. US confectionery type production fell sharply this year to 70 Kt.

For 2021-22, the global supply of sunflower seed is estimated by the USDA at a record 62.9 Mt. This is

15% higher than last year. World exports are expected to increase to a record 3.9 Mt and domestic use is expected to rise to a record 56.6 Mt. World Carry-out stocks are expected to rise by 11% to 2.4 Mt.

For 2022-23, the area seeded is projected to be similar to 2021-22 due to expectations for solid returns compared to competing crops. Production is forecast to fall to 80 Kt, down 2%, assuming trend yields. Supply, however, is expected to decrease by 7% to 220 Kt. Exports are expected to be lower than the previous year at 45 Kt and carry-out stocks are forecast to fall for the third consecutive year. The average price is forecast to be lower than 2021-22 with lower oil type prices, but similar confectionery type prices in Canada.

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CANADA: GRAINS AND OILSEEDS SUPPLY AND DISPOSITION

January 21, 2022

Grain and Crop Year (a)	Area Seeded <i>thousand ha</i>	Area Harvested <i>thousand ha</i>	Yield <i>t/ha</i>	Production	Imports (b)	Total Supply	Exports (c)	Food & Industrial Use (d)	Feed, Waste & Dockage	Total Domestic Use (e)	Carry-out Stocks	Average Price (g) \$/t
Durum												
2020-2021	2,302	2,295	2.86	6,571	13	7,321	5,773	194	387	796	752	302
2021-2022f	2,238	2,157	1.23	2,654	25	3,431	2,350	180	247	631	450	700
2022-2023f	2,450	2,401	2.30	5,522	25	5,997	4,300	200	534	947	750	400
Wheat Except Durum												
2020-2021	7,892	7,723	3.70	28,612	100	33,474	20,634	3,190	3,942	7,886	4,954	271
2021-2022f	7,255	7,090	2.68	18,998	200	24,152	14,000	3,000	3,427	7,152	3,000	410
2022-2023f	7,598	7,446	3.44	25,636	100	28,736	17,000	3,200	3,761	7,736	4,000	350
All Wheat												
2020-2021	10,194	10,018	3.51	35,183	113	40,795	26,407	3,383	4,329	8,682	5,705	
2021-2022f	9,493	9,247	2.34	21,652	225	27,582	16,350	3,180	3,674	7,782	3,450	
2022-2023f	10,048	9,847	3.16	31,158	125	34,733	21,300	3,400	4,295	8,683	4,750	
Barley												
2020-2021	3,060	2,809	3.82	10,741	295	11,992	4,572	291	6,131	6,709	711	294
2021-2022f	3,357	3,002	2.31	6,948	150	7,809	2,550	319	4,360	4,959	300	420
2022-2023f	3,300	2,960	3.58	10,590	60	10,950	3,350	319	6,001	6,600	1,000	310
Corn												
2020-2021	1,440	1,408	9.63	13,563	1,512	17,636	1,412	5,376	8,664	14,055	2,169	272
2021-2022f	1,413	1,391	10.06	13,984	3,000	19,153	1,500	5,400	10,087	15,503	2,150	285
2022-2023f	1,420	1,390	9.78	13,600	2,000	17,750	1,450	5,450	8,884	14,350	1,950	250
Oats												
2020-2021	1,554	1,314	3.48	4,576	16	5,018	2,928	141	1,175	1,431	659	301
2021-2022f	1,385	1,112	2.34	2,606	15	3,279	2,270	140	544	809	200	550
2022-2023f	1,500	1,230	3.54	4,360	15	4,575	2,700	145	1,104	1,375	500	400
Rye												
2020-2021	237	153	3.19	488	2	530	150	41	245	308	72	225
2021-2022f	246	147	3.22	473	2	546	155	44	276	341	50	310
2022-2023f	240	140	3.36	470	2	522	160	44	167	231	130	200
Mixed Grains												
2020-2021	168	97	2.41	233	0	233	0	0	233	233	0	
2021-2022f	133	65	2.53	164	0	164	0	0	164	164	0	
2022-2023f	140	65	2.69	175	0	175	0	0	175	175	0	
Total Coarse Grains												
2020-2021	6,459	5,780	5.12	29,601	1,825	35,408	9,062	5,848	16,447	22,736	3,610	
2021-2022f	6,534	5,716	4.23	24,175	3,167	30,952	6,475	5,903	15,431	21,776	2,700	
2022-2023f	6,600	5,785	5.05	29,195	2,077	33,972	7,660	5,958	16,332	22,731	3,580	
Canola												
2020-2021	8,410	8,325	2.34	19,485	123	23,042	10,534	10,410	265	10,741	1,767	730
2021-2022f	9,097	9,002	1.40	12,595	150	14,512	5,400	8,500	61	8,612	500	1,050
2022-2023f	8,800	8,732	2.31	20,200	150	20,850	10,000	10,000	99	10,150	700	800
Flaxseed												
2020-2021	377	371	1.56	578	26	668	519	N/A	73	92	57	693
2021-2022f	416	404	0.86	346	10	413	325	N/A	38	58	30	1,350
2022-2023f	405	399	1.45	580	10	620	450	N/A	90	110	60	800
Soybeans												
2020-2021	2,052	2,041	3.12	6,359	532	7,512	4,518	1,636	841	2,700	294	605
2021-2022f	2,153	2,139	2.93	6,272	400	6,966	4,200	1,800	316	2,316	450	590
2022-2023f	2,300	2,292	2.86	6,551	400	7,401	4,500	1,900	301	2,401	500	550
Total Oilseeds												
2020-2021	10,839	10,738	2.46	26,421	681	31,222	15,571	12,045	1,179	13,532	2,118	
2021-2022f	11,666	11,545	1.66	19,212	560	21,890	9,925	10,300	414	10,985	980	
2022-2023f	11,505	11,423	2.39	27,331	560	28,871	14,950	11,900	490	12,661	1,260	
Total Grains And Oilseeds												
2020-2021	27,491	26,536	3.44	91,205	2,619	107,424	51,041	21,276	21,955	44,950	11,434	
2021-2022f	27,693	26,507	2.45	65,039	3,952	80,424	32,750	19,383	19,519	40,544	7,130	
2022-2023f	28,153	27,055	3.24	87,684	2,762	97,575	43,910	21,258	21,116	44,075	9,590	

(a) Crop year is August-July, except corn and soybeans, for which the crop year is September-August.

(b) Imports exclude products.

(c) Exports include grain products but exclude oilseed products.

(d) Food and Industrial use for soybeans is based on data from the Canadian Oilseed Processors Association.

(e) Total Domestic Use = Food and Industrial Use + Feed Waste & Dockage + Seed Use + Loss in Handling

(g) Crop year average prices: Wheat (No.1 CWRS, 13.5% protein) and Durum (No.1 CWAD, 13% protein), both are average Saskatchewan producer spot prices. Barley (No. 1 feed, cash, I/S Lethbridge), Corn (No.2 CE, cash, I/S Chatham), Oats (US No. 2 Heavy, CBOT nearby futures); Rye (No. 1 CW, cash, I/S Saskatoon); Canola (No. 1 Canada, cash, Track Vancouver); Flaxseed (No. 1 CW, cash, I/S Saskatoon); Soybeans (No. 2 CE, cash, I/S Chatham)

Source: Statistics Canada (STC) and Agriculture and Agri-Food Canada (AAFC)

f: forecasts by AAFC except for area, yield and production for 2021-2022 which are STC

CANADA: PULSES AND SPECIAL CROPS SUPPLY AND DISPOSITION

January 21, 2022

Grain and Crop Year (a)	Area		Yield t/ha	Production	Imports (b)	Total Supply	Exports (b)	Total Domestic Use (c)	Carry-out Stocks	Stocks-to- Use Ratio %	Average Price (d) \$/t
	Seeded thousand ha	Harvested									
Dry Peas											
2020-2021	1,722	1,685	2.73	4,594	83	4,910	3,580	851	479	11%	340
2021-2022f	1,546	1,491	1.51	2,258	35	2,771	2,100	621	50	2%	610
2022-2023f	1,650	1,610	2.36	3,800	85	3,935	3,000	785	150	4%	450
Lentils											
2020-2021	1,713	1,705	1.68	2,868	114	3,190	2,326	459	406	15%	645
2021-2022f	1,742	1,716	0.94	1,606	50	2,062	1,700	312	50	2%	1,080
2022-2023f	1,800	1,775	1.41	2,500	75	2,625	2,100	425	100	4%	725
Dry Beans											
2020-2021	185	183	2.68	490	63	578	396	72	110	24%	930
2021-2022f	177	171	2.26	386	75	571	385	71	115	25%	1,180
2022-2023f	170	165	2.36	390	75	580	390	70	120	26%	1,045
Chickpeas											
2020-2021	121	120	1.79	214	42	506	150	77	280	124%	640
2021-2022f	75	74	1.04	76	25	381	160	76	145	61%	1,065
2022-2023f	85	83	1.51	125	45	315	125	75	115	58%	860
Mustard Seed											
2020-2021	104	101	0.98	99	6	166	111	15	40	32%	885
2021-2022f	125	113	0.44	50	7	97	70	17	10	11%	2,290
2022-2023f	150	145	0.79	115	7	132	80	37	15	13%	1,500
Canary Seed											
2020-2021	111	110	1.62	178	0	193	158	9	26	16%	690
2021-2022f	127	125	0.87	109	0	135	120	10	5	4%	1,200
2022-2023f	130	128	1.37	175	0	180	160	10	10	6%	800
Sunflower Seed											
2020-2021	45	45	2.25	101	36	241	52	73	116	93%	620
2021-2022f	41	40	2.03	82	38	236	50	76	110	87%	815
2022-2023f	40	39	2.05	80	30	220	45	75	100	83%	700
Total Pulses and Special Crops (c)											
2020-2021	4,000	3,949	2.16	8,545	344	9,784	6,772	1,555	1,457		
2021-2022f	3,832	3,730	1.22	4,567	230	6,254	4,585	1,184	485		
2022-2023f	4,025	3,945	1.82	7,185	317	7,987	5,900	1,477	610		

(a) Crop year is August-July. Grains Include pulses (dry peas, lentils, dry beans, chick peas) and special crops (mustard seed, canary seed, sunflower seed).

(b) Imports and exports exclude products.

(c) Total Domestic Use = Food and Industrial Use + Feed Waste & Dockage + Seed Use + Loss in Handling

(d) Producer price, FOB plant, average over all types, grades and markets.

Source: Statistics Canada (STC) and Agriculture and Agri-Food Canada (AAFC)

f: forecasts by AAFC except for area, yield and production for 2021-2022 which are STC