Canadian production of grains and oilseeds (G&O) for 2008-09 is estimated by Statistics Canada at a record 68.1 million tonnes (Mt), up from 60.7 Mt in 2007-08. Total supply is forecast to increase by only 4.4 Mt from 2007-08 because the increased production is partially offset by lower carry-in stocks. The western Canadian harvest has been delayed by late maturity and wet weather, so that quality of the wheat and barley crops is expected to be lower than for the past two years but near the long term average. The main factors to watch are: the crop prospects for US corn and soybeans, the unprecedented volatility of commodity markets, the impacts of the US and European credit crisis, and potential global economic slowdown.

DURUM
Production is forecast to increase by 38% from 2007 to 5.1 Mt. Lower carry-in stocks are expected to limit the increase in supply to about 1 Mt over a year ago. Exports are projected to recover by 23% to 3.9 Mt due to strong demand. Carry-out stocks are forecast to rise moderately from the very low 2007-08 level to 1.05 Mt. The CWB Pool Return Outlook (PRO) is 32% lower than for 2007-08 due to pressure from higher Canadian and world supplies.

WHEAT (ex durum)
Production is projected to increase by 36% to 22.2 Mt. Lower carry-in stocks are expected to limit the increase in supply to 19%. Domestic use and exports are forecast to rise due to strong demand. Carry-out stocks are projected to increase moderately to 4.75 Mt. The CWB PRO is 19% lower than for 2007-08 because of higher Canadian and world supplies.

BARLEY
Production and supplies are projected to rise by 2% to 11.2 Mt and 12.8 Mt, respectively. A sharp increase in yields is expected to more than offset the drop in harvested area. Domestic use of barley is forecast to rise, due to an expected decline in corn imports for feeding. Total exports are forecast at 2.3 Mt, significantly lower than a year ago due to lower feed barley exports. Carry-out stocks are projected to rise by 8%. The average off-Board feed barley price (No. 1 CW I/S Lethbridge) is forecast to decline below levels seen a year ago.

CORN
Production is estimated at 9.9 Mt, a decrease of 15% from 2007. This, combined with sharply lower import forecasts, is expected to result in a 14% drop in total supplies. Imports are projected to decrease in western Canada due to reduced feed use. However, imports into eastern Canada are forecast to rise on expectations of higher ethanol production. Food and industrial use is projected to increase by 13%. Carry-out stocks are forecast to fall by 0.25 Mt from 2007-08 to 1.2 Mt. The average price at Chatham elevator is forecast to decrease.

OATS
Production is forecast to fall by 8% to 4.3 Mt as sharply higher yields only partly offset a drop in harvested area. Total supply is forecast to be record high at 5.3 Mt. Exports are projected to fall by 13% from the record high set in 2007-08 on expected weaker US demand. Feed use is expected to be about 10% higher than a year ago. Carry-out stocks are forecast to be record high at 1.2 Mt. The average nearby Chicago Board of Trade oat futures price is expected to remain at historically strong levels.

CANOLA
Production for 2008 is projected to rise by 14% due to increased harvested area and significantly higher yields. Total supply is expected to increase by only 9% due to the impact of lower carry-in stocks. Exports and domestic crush are forecast to rise. However, it is possible that the credit crisis could impact the recently strong world vegoil and biofuel demand. Average canola prices in Canada are expected to decrease from 2007-08. This is due to the increased supply and lower world vegoil and crude oil prices, which are occurring as a result of the recent market uncertainty in the US and EU.

FLAXSEED (excluding solin)
Production is forecast to increase by more than 20%. However, total supply is forecast to fall by 6% due to significantly lower carry-in stocks. This is expected to lead to reduced exports and domestic use. Carry-out stocks are expected to continue their trend lower, which is supportive for prices, but not enough to offset the spillover from lower world oilseed prices.

SOYBEANS
Production is projected to rise by 20% from 2007. Total supply is forecast to rise by only 7% due to lower carry-in stocks. This increase in supply should allow for an expansion in exports and domestic crush. The average Chatham price is expected to be similar to last year’s levels.

FURTHER INFORMATION:
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<table>
<thead>
<tr>
<th>Grain and Crop Year (a)</th>
<th>Area Seeded (thousand ha)</th>
<th>Area Harvested (thousand ha)</th>
<th>Yield (t/ha)</th>
<th>Production (t)</th>
<th>Imports (b)</th>
<th>Total Supply (thousand metric tonnes)</th>
<th>Exports (c)</th>
<th>Food &amp; Industrial Use (e)</th>
<th>Feed, Waste &amp; Dockage</th>
<th>Total Domestic Use (d)</th>
<th>Carry-out Stocks</th>
<th>Average Price (f)</th>
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(a) Crop year is August-July except corn and soybeans which are September-August.
(b) Excludes imports of products.
(c) Includes exports of products for wheat, durum, oats, barley, and rye. Excludes exports of oilseed products.
(d) Total Domestic Use = Food and Industrial Use + Feed Waste & Dockage + Seed Use
(e) Soybean food and industrial use is based on data from the Canadian Oilseed Processors Association. Totals excludes flaxseed due to data confidentiality.
(f) Crop year average prices: No.1 CWRS 12.5% protein and No.1 CWAD 12.5% (CWB final price I/S St. Lawrence/Vancouver), Barley (No. 1 feed, ICE Futures Canada, cash, I/S Lethbridge), Corn (No.2 CE, cash, I/S Chatham), Oats (US No. 2 Heavy, CBOT nearby futures); Canola (No. 1 Canada, ICE Futures Canada, cash, I/S Vancouver); Flaxseed (No. 1 CW, ICE Futures Canada, cash, I/S Thunder Bay); Soybeans (No. 2, I/S Chatham).

* Canadian Wheat Board - Pool Return Outlook (PRO) - October 2008
f: forecast; Agriculture and Agri-Food Canada: October 24, 2008
Source: Statistics Canada