



## CANADA: GRAINS AND OILSEEDS OUTLOOK

October 24, 2008

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 also 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.

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# CANADA: GRAINS AND OILSEEDS SUPPLY AND DISPOSITION

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Grain and Crop Year (a)	Area Seeded thousand ha	Area Harvested	Yield t/ha	Production	Imports (b)	Total Supply	Exports (c)	Food & Industrial Use (e)	Feed, Waste & Dockage	Total Domestic Use (d)	Carry-out Stocks	Average Price (f) \$/t
<b>Durum</b>												
2006-2007	1,536	1,518	2.21	3,346	1	6,621	4,479	257	467	909	1,233	223
2007-2008f	1,949	1,926	1.91	3,681	3	4,917	3,175	235	431	901	842	515*
2008-2009f	2,469	2,408	2.11	5,070	1	5,913	3,900	260	476	963	1,050	348*
<b>Wheat Except Durum</b>												
2006-2007	8,316	8,164	2.68	21,919	25	28,368	14,949	3,073	4,081	7,849	5,571	209
2007-2008f	6,799	6,710	2.44	16,373	21	21,964	12,679	2,882	1,634	5,310	3,975	367*
2008-2009f	7,805	7,715	2.88	22,195	20	26,190	14,000	3,400	3,275	7,440	4,750	299*
<b>All Wheat</b>												
2006-2007	9,852	9,682	2.61	25,265	26	34,989	19,427	3,330	4,548	8,758	6,803	
2007-2008f	8,748	8,636	2.32	20,054	23	26,881	15,853	3,117	2,065	6,211	4,817	
2008-2009f	10,274	10,123	2.69	27,265	21	32,103	17,900	3,660	3,751	8,403	5,800	
<b>Barley</b>												
2006-2007	3,690	3,223	2.97	9,573	44	12,905	2,008	183	8,840	9,406	1,492	165
2007-2008f	4,397	3,998	2.75	10,984	58	12,534	3,894	150	6,597	7,067	1,573	214
2008-2009f	3,732	3,449	3.25	11,219	35	12,827	2,300	190	8,337	8,827	1,700	180-210
<b>Corn</b>												
2006-2007	1,093	1,061	8.47	8,990	2,093	13,084	291	2,980	8,455	11,450	1,343	138
2007-2008f	1,392	1,369	8.51	11,649	3,192	16,184	832	3,550	10,344	13,907	1,445	180
2008-2009f	1,196	1,181	8.38	9,893	2,500	13,838	300	4,000	8,323	12,338	1,200	160-190
<b>Oats</b>												
2006-2007	2,064	1,537	2.51	3,852	18	4,741	2,304	92	1,607	1,881	556	193
2007-2008f	2,188	1,816	2.59	4,696	17	5,269	2,804	43	1,296	1,490	975	233
2008-2009f	1,895	1,595	2.71	4,321	15	5,311	2,450	90	1,421	1,661	1,200	225-255
<b>Total Coarse Grains</b>												
2006-2007	7,458	6,114	3.79	23,145	2,155	31,606	4,804	3,303	19,367	23,266	3,536	
2007-2008f	8,320	7,388	3.77	27,825	3,279	34,640	7,730	3,790	18,565	22,858	4,053	
2008-2009f	7,084	6,429	4.04	25,985	2,551	32,589	5,175	4,328	18,429	23,239	4,175	
<b>Canola</b>												
2006-2007	5,283	5,238	1.72	9,000	203	11,210	5,477	3,579	287	3,913	1,820	370
2007-2008f	6,367	6,277	1.52	9,529	178	11,526	5,661	4,144	132	4,324	1,541	553
2008-2009f	6,396	6,333	1.72	10,870	175	12,586	5,900	4,300	344	4,686	2,000	450-525
<b>Flaxseed</b>												
2006-2007	805	785	1.26	989	8	1,333	681	n/a	n/a	281	371	302
2007-2008f	528	524	1.21	634	8	1,012	679	n/a	n/a	162	172	611
2008-2009f	611	605	1.27	768	10	950	650	n/a	n/a	150	150	525-600
<b>Soybeans</b>												
2006-2007	1,214	1,201	2.89	3,466	241	4,201	1,741	1,513	355	1,991	470	263
2007-2008f	1,180	1,172	2.30	2,696	306	3,471	1,670	1,348	206	1,680	122	432
2008-2009f	1,211	1,208	2.68	3,240	350	3,712	1,700	1,375	215	1,712	300	400-475
<b>Total Oilseeds</b>												
2006-2007	7,302	7,225	1.86	13,455	452	16,744	7,899	5,092	642	6,184	2,661	
2007-2008f	8,075	7,973	1.61	12,858	491	16,010	8,010	5,492	337	6,165	1,835	
2008-2009f	8,218	8,146	1.83	14,878	535	17,248	8,250	5,675	559	6,548	2,450	
<b>Total Grains and Oilseeds</b>												
2006-2007	24,612	23,021	2.69	61,865	2,633	83,339	32,130	11,724	24,557	38,208	13,001	
2007-2008f	25,142	23,996	2.53	60,736	3,794	77,530	31,592	12,399	20,967	35,233	10,705	
2008-2009f	25,576	24,698	2.76	68,128	3,107	81,940	31,325	13,663	22,739	38,190	12,425	

(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).

(f) Total coarse grains includes barley, corn, oats, rye, and mixed grains.

\* Canadian Wheat Board - Pool Return Outlook (PRO) - October 2008

f: forecast; Agriculture and Agri-Food Canada: October 24, 2008

Source: Statistics Canada