



CANADA: GRAINS AND OILSEEDS OUTLOOK: 2008-09

July 2, 2008

The area seeded to grains and oilseeds (G&O) for 2008-09 is estimated by Statistics Canada to have increased slightly from 2007-08. Higher areas seeded to wheat and oilseeds have more than offset lower area for coarse grains and summerfallow. It is assumed that precipitation will be normal for the growing and harvest periods, and that the abandonment rate and crop quality will be normal. Trend yields have generally been assumed for eastern and western Canada with the exception of corn where average yields are expected to be lower than 2007-08.

Due to higher area and yields, production in 2008-09 of G&O in Canada is forecast to increase to about 62 million tonnes (Mt) from 60 Mt in 2007-08. However, supply is expected to decrease because of significantly lower carry-in stocks. Total G&O exports are forecast to decrease mainly due to lower exports of coarse grains. Carry-out stocks are expected to decrease to a historically low level. World and Canadian prices for G&O are expected to remain historically high due to strong demand and low world carry-in stocks. The main factors to watch are: the impact of the flooding in the US on corn area and yields, exchange rates and export policies in competing countries.

DURUM

Seeded area increased by 27% from 2007-08. Production is forecast to rise by 36%, but the low carry-in stocks will limit the increase in supply to 18%. Exports are forecast to recover by 22% because of increased supply and strong demand. Carry-out stocks are forecast to increase from the very low 2007-08 level. The CWB PRO is lower than for 2007-08 due to higher Canadian and world supply.

WHEAT (ex durum)

Seeded area increased by 13%, with a 62% increase for winter wheat and a 8% increase for spring wheat. Production is forecast to increase by 17%, but lower carry-in stocks will limit the increase in supply to 2%. Domestic use and exports are forecast to increase due to the higher supply and strong demand. Carry-out stocks are forecast to increase from the very low 2007-08 level. The CWB PRO is lower than for 2007-08 and the discounts for lower quality wheat are projected to increase due to higher world supply.

BARLEY

Seeded area decreased by 17%. Production is forecast to decrease by 10%, as the decline in area is partly offset by higher yields. Supply is expected to fall by 11% due to slightly lower carry-in stocks. Total exports are expected to decrease significantly due to lower exports of feed barley. Carry-out stocks are forecast to decrease slightly to a record low level. The average off-Board feed barley price (No. 1 CW I/S Lethbridge) is forecast to

increase from 2007-08 due to lower supply and higher US feed grain prices.

CORN

Seeded area decreased by 14%. Production is forecast to decrease by 17% due to lower seeded area and lower yields. Domestic supply is forecast to decrease significantly despite slightly higher carry-in stocks. Imports are forecast to decrease marginally due to lower feed use. Corn use for ethanol production is forecast to increase by 14%. Carry-out stocks are forecast to fall by 25%. The average price at Chatham elevator is forecast to increase, due to higher US corn prices and a return to normal crop quality.

OATS

Seeded area decreased by 19%. Production is also forecast to fall significantly although the decrease in area is partly offset by higher yields. Supply is expected to decrease by 14% as the lower production more than offsets higher carry-in stocks. Exports are forecast to decline by 14% from the record high expected for 2007-08. Feed use is expected to fall slightly while carry-out stocks are forecast to decrease by 30%. The average nearby Chicago Board of Trade futures price for oats is forecast to increase from 2007-08 due to higher US corn prices and lower supply in North America.

CANOLA

Seeded area seeded increased significantly and production is forecast to rise by 15% due to higher yields. Total supply is also

expected to increase as higher production more-than offsets lower carry-in stocks. Exports and domestic crush are forecast to remain high on support from strong world food and biofuel demand. Carry-out stocks are expected to increase slightly. Average canola prices in Canada are expected to increase from 2007-08.

FLAXSEED (excluding solin)

Seeded area increased by 16% and although production is forecast to increase total supply is forecast to decrease due to significantly lower carry-in stocks. Exports are forecast to decline by 14% due to lower supply. Carry-out stocks are expected to remain historically low. Prices are forecast to remain strong, similar to 2007-08.

SOYBEANS

Seeded area increased slightly but production is forecast to increase by 23% due to higher yields. Total supply is forecast to decrease marginally as lower carry-in stocks more-than offset higher production. Exports are forecast to fall while domestic crush rises. Carry-out stocks are forecast to be the same as for 2007-08. The average Chatham price is expected to be similar to 2007-08.

FURTHER INFORMATION:

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CANADA: GRAINS AND OILSEEDS SUPPLY AND DISPOSITION

July 2, 2008

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
Durum												
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	3,200	250	432	917	800	497*
2008-2009f	2,469	2,450	2.04	5,000	1	5,801	3,900	260	406	901	1,000	405*
Wheat Except Durum												
2006-2007	8,316	8,164	2.68	21,919	25	28,368	15,029	3,073	4,000	7,769	5,571	209
2007-2008f	6,799	6,710	2.44	16,373	20	21,963	12,000	3,050	2,861	6,713	3,250	370*
2008-2009f	7,713	7,600	2.53	19,200	20	22,470	12,300	3,120	2,978	6,870	3,300	344*
All Wheat												
2006-2007	9,852	9,682	2.61	25,265	26	34,989	19,508	3,330	4,468	8,678	6,803	
2007-2008f	8,748	8,636	2.32	20,054	23	26,880	15,200	3,300	3,293	7,630	4,050	
2008-2009f	10,182	10,050	2.41	24,200	21	28,271	16,200	3,380	3,384	7,771	4,300	
Barley												
2006-2007	3,690	3,223	2.97	9,573	43	12,905	1,988	183	8,860	9,426	1,492	165
2007-2008f	4,397	3,998	2.75	10,984	50	12,526	3,250	141	7,535	8,076	1,200	205-215
2008-2009f	3,671	3,275	3.02	9,900	35	11,135	2,300	185	7,150	7,735	1,100	230-250
Corn												
2006-2007	1,093	1,061	8.47	8,990	2,093	13,083	291	2,965	8,469	11,449	1,343	138
2007-2008f	1,392	1,369	8.51	11,649	2,600	15,592	600	3,500	9,877	13,392	1,600	180-190
2008-2009f	1,204	1,162	8.37	9,725	2,500	13,825	300	4,000	8,310	12,325	1,200	220-240
Oats												
2006-2007	2,064	1,537	2.51	3,852	18	4,742	2,307	91	1,606	1,879	556	193
2007-2008f	2,188	1,816	2.59	4,696	18	5,270	2,500	80	1,500	1,770	1,000	225-235
2008-2009f	1,773	1,325	2.64	3,500	10	4,510	2,150	90	1,395	1,660	700	260-280
Rye												
2006-2007	276	164	2.34	383	1	529	201	48	118	183	145	96
2007-2008f	172	109	2.13	233	1	379	200	48	54	119	60	200-220
2008-2009f	176	124	2.33	288	1	349	125	48	119	184	40	210-230
Mixed Grains												
2006-2007	336	130	2.67	347	0	347	0	0	347	347	0	
2007-2008f	171	96	2.73	263	0	263	0	0	263	263	0	
2008-2009f	127	79	2.88	229	0	229	0	0	229	229	0	
Total Coarse Grains												
2006-2007	7,458	6,114	3.79	23,145	2,155	31,605	4,786	3,286	19,400	23,283	3,536	
2007-2008f	8,320	7,388	3.77	27,825	2,669	34,030	6,550	3,769	19,228	23,620	3,860	
2008-2009f	6,952	5,965	3.96	23,641	2,546	30,047	4,875	4,323	17,202	22,132	3,040	
Canola												
2006-2007	5,283	5,238	1.72	9,000	203	11,211	5,477	3,579	290	3,913	1,820	370
2007-2008f	5,960	5,911	1.48	8,751	225	10,796	5,500	4,000	348	4,396	900	540-560
2008-2009f	6,400	6,300	1.60	10,100	150	11,150	5,650	4,100	355	4,500	1,000	550-590
Flaxseed												
2006-2007	805	785	1.26	989	8	1,333	681	n/a	n/a	278	373	302
2007-2008f	528	524	1.21	634	6	1,012	700	n/a	n/a	232	80	570-590
2008-2009f	610	580	1.25	725	15	820	600	n/a	n/a	160	60	560-600
Soybeans												
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	450	3,616	1,750	1,400	266	1,766	100	410-430
2008-2009f	1,211	1,200	2.53	3,030	450	3,580	1,600	1,500	280	1,880	100	400-440
Total Oilseeds												
2006-2007	7,302	7,225	1.86	13,455	452	16,745	7,899	5,092	645	6,182	2,664	
2007-2008f	7,668	7,606	1.59	12,080	681	15,424	7,950	5,400	614	6,394	1,080	
2008-2009f	8,221	8,080	1.71	13,855	615	15,550	7,850	5,600	635	6,540	1,160	
Total Grains And Oilseeds												
2006-2007	24,612	23,021	2.69	61,865	2,633	83,338	32,193	11,708	24,513	38,143	13,003	
2007-2008f	24,735	23,630	2.54	59,958	3,373	76,334	29,700	12,469	23,135	37,644	8,990	
2008-2009f	25,355	24,095	2.56	61,696	3,182	73,869	28,925	13,303	21,221	36,443	8,500	

(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, 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); Rye (No.1 CW, I/S Saskatoon); 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) - June 2008

f: forecast; Agriculture and Agri-Food Canada: July 2, 2008

Source: Statistics Canada, Cereals and Oilseeds Review Series, Cat. No. 22-007