



## CANADA: GRAINS AND OILSEEDS OUTLOOK: 2008-09

August 1, 2008

**Production of grains and oilseeds (G&O) for 2008-09 in Canada is forecast to increase to about 64 million tonnes (Mt) from 60 Mt in 2007-08. It is assumed that precipitation will be normal for the remainder of the growing and harvest periods, and that the abandonment rate and crop quality will be normal. Slightly above trend yields are now expected for most crops in western Canada, due to improved moisture and warmer weather. Normal yields are expected for eastern Canada.**

**Supply is forecast to decline marginally because of significantly lower carry-in stocks. Total G&O exports are forecast to decrease, with lower exports of coarse grains more than offsetting increased durum wheat and canola exports. Carry-out stocks are expected to increase slightly but remain at 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: expected yields and quality in western Canada, harvest conditions, volatility of commodity markets and crop prospects for US corn and soybeans.**

### **DURUM**

Production is forecast to rise by 41%, but the low carry-in stocks will limit the increase in supply to 22%. 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 Pool Return Outlook (PRO) is lower than for 2007-08 due to higher Canadian and world supply.

### **WHEAT (ex durum)**

Production is forecast to increase by 22%, but lower carry-in stocks will limit the increase in supply to 5%. 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 because of higher Canadian and world supply.

### **BARLEY**

Production is forecast to decrease by 4%, as the decline in area is partly offset by higher yields. Supply is expected to fall by 7% due to lower carry-in stocks. Total exports are expected to decrease significantly due to lower exports of feed barley while exports of malting barley are forecast to remain stable. Carry-out stocks are forecast to remain stable at near record low levels. 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**

Production is forecast to decrease by 17% due to combined lower seeded area and yields. As a result, domestic supply is forecast to decrease significantly. 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.

### **OATS**

Production is forecast to fall significantly largely due to the decrease in area. Supply is expected to decrease by 14% as the lower production more than offsets higher carry-in stocks. Exports are also 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**

Production for 2008 is forecast to rise by over 20% due to higher seeded area and above-trend yields. Total supply is expected to increase by only 12%, due to lower carry-in stocks. Exports and domestic crush

are forecast to increase slightly, because of the increased supply and strong world food and biofuel demand. Average canola prices in Canada are expected to increase from 2007-08 as a result of higher world vegetable oil prices.

### **FLAXSEED (excluding solin)**

Production is forecast to increase by 15%, but total supply is forecast to fall due to significantly lower carry-in stocks. Exports are forecast to decline slightly due to the lower supply. Carry-out stocks are expected to decline further, supporting average prices above those in 2007-08.

### **SOYBEANS**

Production is forecast to increase by 12% from 2007 but domestic supply is forecast to remain unchanged due to lower carry-in stocks. Exports are forecast to fall while domestic crush rises. Carry-out stocks are forecast to be unchanged. The average Chatham price is expected to increase due to support from higher US prices.

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# CANADA: GRAINS AND OILSEEDS SUPPLY AND DISPOSITION

August 1, 2008

Grain and Crop Year (a)	Area Seeded thousand ha	Area Harvested thousand ha	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	3,200	250	427	917	800	505*
2008-2009f	2,469	2,450	2.12	5,200	1	6,001	3,900	260	441	951	1,150	405*
<b>Wheat Except Durum</b>												
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	21	21,964	12,000	3,050	2,900	6,714	3,250	367*
2008-2009f	7,713	7,600	2.62	19,900	20	23,170	12,500	3,150	3,350	7,270	3,400	333*
<b>All Wheat</b>												
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	24	26,881	15,200	3,300	3,327	7,631	4,050	
2008-2009f	10,182	10,050	2.50	25,100	21	29,171	16,400	3,410	3,791	8,221	4,550	
<b>Barley</b>												
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	3,650	141	7,235	7,776	1,100	214
2008-2009f	3,671	3,275	3.21	10,500	35	11,635	2,300	185	7,650	8,235	1,100	220-240
<b>Corn</b>												
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	2,800	15,792	600	3,500	10,077	13,592	1,600	180
2008-2009f	1,204	1,162	8.37	9,725	2,500	13,825	300	4,000	8,310	12,325	1,200	190-210
<b>Oats</b>												
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	15	5,267	2,500	80	1,497	1,767	1,000	233
2008-2009f	1,773	1,325	2.64	3,500	10	4,510	2,150	90	1,395	1,660	700	250-270
<b>Rye</b>												
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
<b>Mixed Grains</b>												
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	
<b>Total Coarse Grains</b>												
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	2,866	34,227	6,950	3,769	19,125	23,517	3,760	
2008-2009f	6,952	5,965	4.06	24,241	2,546	30,547	4,875	4,323	17,702	22,632	3,040	
<b>Canola</b>												
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	175	10,746	5,600	4,100	48	4,196	950	553
2008-2009f	6,400	6,300	1.68	10,600	200	11,750	5,700	4,200	253	4,500	1,550	550-600
<b>Flaxseed</b>												
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	7	1,013	570	n/a	n/a	243	200	608
2008-2009f	610	580	1.25	725	10	935	550	n/a	n/a	235	150	600-700
<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	325	3,491	1,700	1,350	198	1,671	120	430
2008-2009f	1,211	1,200	2.53	3,030	450	3,600	1,650	1,500	200	1,825	125	450-500
<b>Total Oilseeds</b>												
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	507	15,250	7,870	5,450	246	6,109	1,271	
2008-2009f	8,221	8,080	1.78	14,355	660	16,286	7,900	5,700	453	6,560	1,826	
<b>Total Grains And Oilseeds</b>												
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	3,397	76,358	30,020	12,519	22,698	37,257	9,081	
2008-2009f	25,355	24,095	2.64	63,696	3,227	76,004	29,175	13,433	21,946	37,413	9,416	

(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); 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) - July 2008

f: forecast; Agriculture and Agri-Food Canada: August 1, 2008

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