



CANADA: GRAINS AND OILSEEDS OUTLOOK

September 17, 2008

This report incorporates 2008 production estimates and July 31, 2008 stock estimates from Statistics Canada. Total supply of grains and oilseeds (G&O) for 2008-09 in Canada is forecast to increase slightly from 2007-08, with increased production partially offset by significantly lower carry-in stocks. While western Canadian production is expected to increase significantly from 2007-08, the harvest has been delayed by late maturity and wet weather, so that quality of the wheat and barley crops remains uncertain. 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

Supply is estimated to increase by 17% from 2007-08 to 5.8 million tonnes (Mt), as 33% higher production is partly offset by lower carry-in stocks. Exports are forecast to recover by 23% to 3.9 Mt due to increased supply and strong demand. Carry-out stocks are projected to rise slightly to 0.9 Mt. The CWB Pool Return Outlook (PRO) is lower than 2007-08 due to pressure from higher Canadian and world supply.

WHEAT (ex durum)

Supply is estimated to increase by 12% to 24.5 Mt, as 25% higher production is partly offset by lower carry-in stocks. Domestic use and exports are forecast to rise due to the higher supply and strong demand. Carry-out stocks are projected to increase slightly to 4.1 Mt. The CWB PRO is about 5% lower than for 2007-08 and the discounts for lower quality wheat are projected to increase because of higher Canadian and world supply.

BARLEY

Total supply for 2008-09 is estimated at 12.5 Mt, marginally lower than the previous year, as higher-than-expected carry-in stocks mostly offset the 1% decline in production. Total exports are forecast at 2.3 Mt, significantly lower than a year ago, due to an expected decline in feed barley exports. Carry-out stocks are projected to fall by 30% to near record low levels. The average off-Board feed barley price (No. 1 CW I/S Lethbridge) is forecast to be similar

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

CORN

Total supply is forecast at 14.0 Mt, a decline of 11% from last year on sharply lower production and decreased imports. Imports are expected to decrease due to reduced feed use in western Canada. However, imports into eastern Canada are forecast to rise because of an expected increase in ethanol production. Food and industrial use is projected to increase by 14%. Carry-out stocks are forecast to fall by 0.4 Mt from 2007-08 to 1.2 Mt. The average price at Chatham elevator is forecast to increase, on support from higher US corn prices.

OATS

Total supply is forecast to decline by 4% to 5.1 Mt, as lower production more-than-offsets higher carry-in stocks. Exports are projected to fall by 12% from the record high achieved for 2007-08 on expected weaker US demand. Feed use is expected to rise while carry-out stocks are projected to decrease by 8% to 0.9 Mt. The average nearby Chicago Board of Trade oat futures price is forecast to increase from 2007-08 due to higher US corn prices and lower supply in North America.

CANOLA

Total supply for 2008-09 is estimated at 12.1 Mt, 5% higher than the previous year due to sharply increased production. Domestic crush is forecast to continue to increase, reaching a new record of 4.3 Mt, as more crush

capacity comes on line. Exports are projected to decline by about 5% but remain historically large because of strong world vegoil and biofuel demand. Average canola prices in Canada are expected to remain near the record high level of 2007-08.

FLAXSEED (excluding solin)

Total supply is forecast to fall by 6%, with increased production offset by a 13% decline in carry-in stocks. Exports are forecast to decline slightly due to the lower supply. Carry-out stocks are expected to decline by about 13% from a year ago, supporting average prices above those in 2007-08.

SOYBEANS

Total supply is forecast to rise only slightly despite an 18% rise in production due to lower carry-in stocks. Exports are forecast to fall marginally while domestic crush rises by 0.15 Mt from a year ago. Carry-out stocks are forecast to remain historically low. 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

September 17, 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
-----thousand metric tonnes-----												
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	3,175	234	439	900	842	505*
2008-2009f	2,469	2,396	2.05	4,910	1	5,753	3,900	260	466	953	900	395*
Wheat Except Durum												
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	12,680	2,968	1,542	5,308	3,975	367*
2008-2009f	7,713	7,565	2.71	20,516	20	24,511	13,000	3,380	3,266	7,411	4,100	350*
All Wheat												
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	15,855	3,202	1,981	6,209	4,817	
2008-2009f	10,182	9,961	2.55	25,426	21	30,264	16,900	3,640	3,732	8,364	5,000	
Barley												
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	57	12,533	3,892	132	6,605	7,068	1,573	214
2008-2009f	3,671	3,403	3.20	10,876	35	12,484	2,300	190	8,594	9,084	1,100	210-230
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	2,800	15,792	600	3,500	10,077	13,592	1,600	180
2008-2009f	1,204	1,187	8.37	9,944	2,500	14,044	300	4,000	8,529	12,544	1,200	210-230
Oats												
2006-2007	2,064	1,537	2.51	3,852	18	4,741	2,304	91	1,609	1,882	556	193
2007-2008f	2,188	1,816	2.59	4,696	17	5,269	2,797	54	1,287	1,497	975	233
2008-2009f	1,773	1,486	2.73	4,061	15	5,051	2,450	90	1,461	1,701	900	245-265
Rye												
2006-2007	276	164	2.34	383	1	529	201	48	118	183	145	96
2007-2008f	172	109	2.13	233	13	391	200	48	66	131	60	211
2008-2009f	176	128	2.30	293	1	354	125	48	89	154	75	215-235
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	77	2.90	225	0	225	0	0	225	225	0	
Total Coarse Grains												
2006-2007	7,458	6,114	3.79	23,145	2,155	31,605	4,804	3,286	19,383	23,265	3,536	
2007-2008f	8,320	7,388	3.77	27,825	2,887	34,247	7,489	3,734	18,298	22,551	4,208	
2008-2009f	6,952	6,282	4.04	25,398	2,551	32,157	5,175	4,328	18,897	23,707	3,275	
Canola												
2006-2007	5,283	5,238	1.72	9,000	203	11,210	5,477	3,579	289	3,913	1,820	370
2007-2008f	6,367	6,277	1.52	9,529	176	11,524	5,766	4,144	28	4,217	1,541	553
2008-2009f	6,399	6,324	1.64	10,375	175	12,091	5,500	4,300	350	4,692	1,900	500-575
Flaxseed												
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	677	n/a	n/a	163	172	611
2008-2009f	611	605	1.26	765	10	948	650	n/a	n/a	148	150	650-700
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	350	3,516	1,700	1,350	203	1,676	140	430
2008-2009f	1,211	1,209	2.62	3,167	350	3,657	1,650	1,500	235	1,857	150	450-500
Total Oilseeds												
2006-2007	7,302	7,225	1.86	13,455	452	16,744	7,899	5,092	645	6,184	2,661	
2007-2008f	8,075	7,973	1.61	12,858	533	16,052	8,143	5,494	231	6,056	1,853	
2008-2009f	8,221	8,139	1.76	14,307	535	16,695	7,800	5,800	584	6,696	2,200	
Total Grains And Oilseeds												
2006-2007	24,612	23,021	2.69	61,865	2,633	83,338	32,130	11,708	24,575	38,208	13,001	
2007-2008f	25,142	23,996	2.53	60,736	3,443	77,180	31,487	12,431	20,509	34,815	10,878	
2008-2009f	25,356	24,381	2.67	65,131	3,107	79,116	29,875	13,768	23,212	38,766	10,475	

(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) - August 2008

f. forecast; Agriculture and Agri-Food Canada: September 17, 2008

Source: Statistics Canada