



CANADA: GRAINS AND OILSEEDS OUTLOOK

January 26, 2009

For **2008-09** to-date, prices for grains and oilseeds (G&O) in Canada have fallen sharply from the 2007-08 highs under pressure from the world economic slowdown. Canadian exports are forecast to be relatively unchanged while total domestic use rises. Carry-out stocks are forecast to rebound sharply from the tight levels of 2007-08.

For **2009-10**, the area seeded to wheat and durum is expected to decline while the area seeded to barley, corn, canola and soybeans rises. The areas for oats, flaxseed and summerfallow are expected to be relatively unchanged from 2008-09. Normal precipitation, abandonment and quality are also assumed. For all crops, average yields are expected to decrease from 2008-09 and return to the trend level. Total production of G&O in Canada is forecast to decrease by 8%, to 66.5 Mt. Total supply is forecast to decrease only slightly to 84.8 Mt, as sharply higher carry-in stocks largely offset the drop in production. Exports are expected to increase slightly while total domestic use decreases. Carry-out stocks are forecast to fall significantly to near the 10 year average. Prices are expected to be steady to lower. The main factors to watch are: commodity prices and input costs, the severity of the world recession, exchange rates, condition of the US winter wheat and South American crops, and spring soil moisture conditions.

DURUM

For **2008-09**, exports are forecast to increase by 10% from 2007-08 to 3.5 Mt due to higher supply and strong demand. Carry-out stocks are forecast to rise from the very low 2007-08 level to 1.9 Mt. The CWB Pool Return Outlook (PRO) is 30% lower than for 2007-08, due to pressure from higher Canadian and world supply.

For **2009-10**, seeded area is forecast to decrease by 7% from 2008-09. Production is expected to fall by 9%, but the higher carry-in stocks will result in a 9% increase in supply. Exports are forecast to increase by 14%, to 4.0 Mt, due to the lower world supply and larger Canadian carry-in stocks. Carry-out stocks are forecast to increase only slightly to 2.0 Mt. The CWB pool return is forecast to be 12% lower than for 2008-09 because of the higher Canadian supply and lower prices expected for the start of 2009-10 compared to the same period in 2008-09.

WHEAT (ex durum)

For **2008-09**, exports are expected to increase by 11% from 2007-08 to 14.1 Mt due to higher supply and strong demand. Carry-out stocks are forecast to increase from the low 2007-08 level to 5.4 Mt. The CWB PRO is 20% lower than for 2007-08 because of higher Canadian and world supply.

For **2009-10**, seeded area is expected to decrease by 5% from 2008-09, with production decreasing by 13% to 20.0 Mt. Supply is forecast to drop by only 6% because of higher carry-in stocks. Domestic use is expected to decrease because of lower feed use, while exports are forecast to decrease marginally. Carry-out stocks are expected to decrease significantly to 4.1 Mt. The CWB pool return is forecast to be 6% lower than for 2008-09 as prices are expected to be lower at the start of 2009-10 vs. the same period in 2008-09.

BARLEY

For **2008-09**, exports are forecast to fall by 36% from 2007-08, due to lower feed barley shipments. Carry-out stocks are forecast to rise by 34% but remain below the 5 year average. Feed barley prices are forecast to fall by about \$30/t from last year.

For **2009-10**, seeded area is forecast to rise by 3% with production down by 7%. Total supply is forecast to fall by 2%. Domestic feed use is also expected to decrease slightly due to the lower projected livestock numbers. Total exports are forecast to be unchanged at 2.5 Mt. Carry-out stocks are expected to fall by 5% to 2.0 Mt. The off-Board price of feed barley is forecast to be unchanged from 2008-09.

OATS

For **2008-09**, exports are forecast to decrease by 13% as a result of weak US import demand. Carry-out stocks are forecast to increase by 23% following larger supplies. The average nearby CBoT futures oat price is forecast to decline by about 10% from 2008-09.

For **2009-10**, area seeded to oats is forecast to rise marginally. Production is forecast to fall by 11% but increased carry-in stocks will result in supply declining by only 5%. Exports are forecast to decrease by 6% while carry-out is unchanged at 1.2 Mt. Prices are forecast to be similar to 2008-09.

CORN

For **2008-09**, imports are forecast to decrease sharply due to reduced feeding of corn in western Canada. Corn exports from eastern Canada are forecast to fall by 64% due to lower production. Carry-out stocks are expected to fall by 18%.

For **2009-10**, planted area is forecast to rise by 4% but production is expected to decrease slightly. Imports are forecast to decrease by 6% due to lower feed use in Canada. Supplies are forecast to fall by 3% while exports and carry-out stocks are unchanged. The average Chatham elevator price is forecast to be unchanged from 2008-09.

CANOLA

For **2008-09**, exports and domestic crush are forecast to rise to record highs of 6.4 and 4.4 Mt, respectively, due to record supply. Carry-out stocks are forecast to double, with the average price declining significantly.

For **2009-10**, seeded area is projected to increase slightly but production is expected to decline by 10%. Total supply is forecast to increase marginally because of the record-large carry-in stocks. Exports and domestic crush are forecast to continue to increase, supported by lower prices and biofuel demand. Carry-out stocks are forecast to remain historically very large, with prices expected to decline as a result of weaker world vegoil prices.

FLAXSEED (excluding solin)

For **2008-09**, exports are forecast to be similar to the previous year, while carry-out stocks increase significantly. The average price is forecast to decline sharply, in line with world vegoil prices.

For **2009-10**, seeded area is expected to be unchanged but production is forecast to decline by 10%. Exports are forecast to decline as a result of reduced supply, while carry-out stocks fall by more than 10%. Prices are forecast to decline, however, due to pressure from lower world vegoil prices.

SOYBEANS

For **2008-09**, exports are forecast to decline slightly from last year, while domestic crush is relatively unchanged. Carry-out stocks are expected to increase sharply, with the average Chatham price declining by 7%.

For **2009-10**, seeded area is forecast to rise by 8% but production is expected to increase only marginally. Total supply is forecast to increase slightly due to larger carry-in stocks. Both exports and domestic use are forecast to rise. Carry-out stocks are forecast to increase by 14%, with the average Chatham price remaining similar to 2008-09.

FURTHER INFORMATION:

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CANADA: GRAINS AND OILSEEDS SUPPLY AND DISPOSITION

January 26, 2009

Grain and Crop Year (a)	Area	Area	Yield t/ha	Production	Imports	Total	Exports (c)	Food &	Feed,	Total	Carry-out Stocks	Average Price (g) \$/t
	Seeded	Harvested			(b)	Supply		Industrial	Waste &	Domestic		
	thousand ha	thousand ha						Use (e)	Dockage	Use (d)		
Durum												
2007-2008	1,949	1,926	1.91	3,681	2	4,916	3,175	225	443	900	842	510
2008-2009f	2,440	2,416	2.28	5,519	1	6,362	3,500	260	486	962	1,900	357*
2009-2010f	2,270	2,225	2.27	5,040	1	6,941	4,000	265	449	941	2,000	315**
Wheat Except Durum												
2007-2008	6,799	6,710	2.44	16,373	21	21,964	12,682	3,035	1,477	5,307	3,975	369
2008-2009f	7,752	7,616	3.03	23,092	20	27,087	14,100	3,400	3,430	7,587	5,400	297*
2009-2010f	7,400	7,190	2.79	20,050	20	25,470	14,000	3,470	3,135	7,370	4,100	280**
All Wheat												
2007-2008	8,748	8,636	2.32	20,054	23	26,880	15,857	3,260	1,920	6,207	4,817	
2008-2009f	10,192	10,032	2.85	28,611	21	33,449	17,600	3,660	3,916	8,549	7,300	
2009-2010f	9,670	9,415	2.66	25,090	21	32,411	18,000	3,735	3,584	8,311	6,100	
Barley												
2007-2008	4,397	3,998	2.75	10,984	58	12,534	3,911	156	6,564	7,050	1,573	214
2008-2009f	3,787	3,502	3.36	11,781	35	13,389	2,500	190	8,299	8,789	2,100	170-200
2009-2010f	3,915	3,544	3.10	11,000	35	13,135	2,500	190	8,120	8,635	2,000	170-200
Corn												
2007-2008	1,392	1,369	8.51	11,649	3,182	16,168	844	3,570	10,284	13,867	1,457	180
2008-2009f	1,204	1,169	9.06	10,592	2,500	14,549	300	4,000	9,034	13,049	1,200	160-190
2009-2010f	1,258	1,229	8.58	10,550	2,350	14,100	300	4,500	8,285	12,600	1,200	160-190
Oats												
2007-2008	2,188	1,816	2.59	4,696	17	5,269	2,805	60	1,279	1,489	975	233
2008-2009f	1,758	1,448	2.95	4,273	15	5,263	2,450	90	1,373	1,613	1,200	195-225
2009-2010f	1,770	1,420	2.68	3,800	15	5,015	2,300	90	1,250	1,515	1,200	195-225
Rye												
2007-2008	172	109	2.13	233	13	363	194	43	71	128	41	211
2008-2009f	168	132	2.40	316	2	359	125	50	94	159	75	160-180
2009-2010f	166	133	2.34	310	1	386	150	50	96	161	75	160-180
Mixed Grains												
2007-2008	171	96	2.73	263	0	263	0	0	263	263	0	
2008-2009f	143	80	2.79	222	0	222	0	0	222	222	0	
2009-2010f	141	87	2.88	250	0	250	0	0	250	250	0	
Total Coarse Grains												
2007-2008	8,320	7,388	3.77	27,825	3,270	34,596	7,754	3,829	18,460	22,796	4,046	
2008-2009f	7,061	6,330	4.29	27,184	2,552	33,782	5,375	4,330	19,022	23,832	4,575	
2009-2010f	7,250	6,412	4.04	25,910	2,401	32,886	5,250	4,830	18,001	23,161	4,475	
Canola												
2007-2008	6,367	6,277	1.52	9,529	179	11,527	5,661	4,144	132	4,325	1,541	553
2008-2009f	6,540	6,494	1.95	12,643	100	14,284	6,400	4,400	434	4,884	3,000	425-475
2009-2010f	6,800	6,700	1.70	11,400	100	14,500	6,500	4,700	355	5,100	2,900	375-475
Flaxseed												
2007-2008	528	524	1.21	634	8	1,012	679	n/a	n/a	161	172	611
2008-2009f	631	625	1.38	861	10	1,043	675	n/a	n/a	168	200	475-525
2009-2010f	630	615	1.27	780	7	987	650	n/a	n/a	162	175	400-500
Soybeans												
2007-2008	1,180	1,172	2.30	2,696	337	3,502	1,696	1,348	212	1,685	122	432
2008-2009f	1,202	1,195	2.79	3,336	375	3,833	1,650	1,350	351	1,833	350	375-425
2009-2010f	1,300	1,290	2.60	3,350	350	4,050	1,700	1,450	370	1,950	400	350-450
Total Oilseeds												
2007-2008	8,075	7,973	1.61	12,858	523	16,042	8,035	5,492	343	6,171	1,835	
2008-2009f	8,373	8,315	2.03	16,840	485	19,160	8,725	5,750	785	6,885	3,550	
2009-2010f	8,730	8,605	1.80	15,530	457	19,537	8,850	6,150	725	7,212	3,475	
Total Grains and Oilseeds												
2007-2008	25,142	23,996	2.53	60,736	3,816	77,518	31,646	12,581	20,724	35,174	10,699	
2008-2009f	25,626	24,677	2.94	72,635	3,058	86,392	31,700	13,740	23,723	39,267	15,425	
2009-2010f	25,650	24,432	2.72	66,530	2,879	84,834	32,100	14,715	22,310	38,684	14,050	

(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. Total excludes flaxseed due to data confidentiality.

(g) 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 cash, I/S Chatham).

* Canadian Wheat Board - January 2009 Pool Return Outlook (PRO) **AAFC forecast

f. forecast; Agriculture and Agri-Food Canada: January 26, 2009

Source: Statistics Canada