



CANADA: GRAINS AND OILSEEDS OUTLOOK

March 6, 2009

For **2009-10**, the area seeded to wheat, durum and oats is expected to decline while the area seeded to corn, canola, flaxseed and soybeans rises. The areas for barley, rye and summerfallow are expected to be relatively unchanged from 2008. The outlook assumes normal precipitation, abandonment and quality and that average yields will decrease to the trend level. Total production is forecast to decrease by 10%, to 65.2 Mt but total supply is expected to decline only slightly due to higher carry-in stocks. Total usage is forecast to fall due to lower exports and slightly lower domestic use and exceed production. Carry-out stocks are forecast to fall to near the 10 year average with prices expected to be slightly lower. The main factors to watch are: the impact of the world economic slowdown on commodity and input prices, dryness in the southern US, Argentina and China, exchange rates and North American seeding conditions.

DURUM

For **2008-09**, exports are forecast to increase by 10% from 2007-08 to 3.5Mt due to higher supply and strong demand. Carry-out stocks are forecast to rise from the very low 2007-08 level to 2.0Mt. 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 fall by 18% from 2008-09. Production is expected to decrease by 20% to 4.4 Mt, but the higher carry-in stocks will result in a slight increase in supply. Exports are forecast to increase by 11%, to 3.9 Mt, due to the lower world supply and larger Canadian carry-in stocks. Carry-out stocks are forecast to decrease by 20% to 1.6 Mt. The CWB PRO is 16% lower than for 2008-09 due to pressure from higher carry-in stocks and a fall in durum prices since the summer of 2008.

WHEAT (ex durum)

For **2008-09**, exports are expected to increase by 13% from 2007-08 to 14.3Mt due to higher supply and strong demand. Carry-out stocks are forecast to increase from the low 2007-08 level to 4.8 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 15% to 19.5 Mt because of lower average yields. Supply is forecast to drop by only 9% because of higher carry-in stocks. Domestic use is expected to decrease because of lower feed use, while exports are forecast to decrease because of lower supply. Carry-out stocks are expected to decrease by 21% to 3.8 Mt. The CWB PRO is 5% lower than for 2008-09 due to pressure from higher carry-in stocks and a fall in wheat prices since the summer of 2008.

BARLEY

For **2008-09**, exports are forecast to fall by 36% since 2007-08, due to lower exports of feed barley. Carry-out stocks are projected to rise by 34%. Feed barley

prices are expected to average about 20% below last year.

For **2009-10**, seeded area is forecast to be unchanged from 2008 but lower yields are expected to reduce production by 10%. Total supply is forecast to fall by 4%. Domestic feed use is projected to decrease due to lower livestock inventories. Total exports are forecast slightly lower at 2.4 Mt while carry-out stocks fall by 5% to 2.0 Mt. The off-Board price of feed barley is forecast to decline slightly from 2008-09 under pressure from lower US corn prices.

OATS

For **2008-09**, exports are forecast to decrease by 13% due to weaker US imports while carry-out stocks rise by 26%. The average nearby CBoT futures oat price is forecast to be about 20% lower than last year. For **2009-10**, seeded area is forecast to fall slightly, with production decreasing by 13%. Increased carry-in stocks will result in supply declining by only 6%. Exports are forecast to decrease by 6% while carry-out stocks remain unchanged at 1.2 Mt. Prices are forecast to decline slightly from 2008-09.

CORN

For **2008-09**, imports are forecast to decrease sharply due to lower feeding in western Canada. Corn exports from eastern Canada are forecast to fall by 65% while carry-out stocks decline by 18%. For **2009-10**, seeded area is forecast to rise by 4% but production is expected to decrease slightly. Imports are forecast to increase by 18% due to increased ethanol production. Supply, exports and carry-out stocks are forecast to be unchanged from 2008-09. The Chatham elevator price is forecast to decline slightly from 2008-09.

CANOLA

For **2008-09**, exports and domestic crush are forecast to rise to record of 6.7 Mt and 4.4 Mt, respectively, due to record supply. Carry-out stocks are forecast to increase to a record 2.6 Mt. The average

price is projected to fall by almost 20%. For **2009-10**, seeded area is projected to reach a record 6.98 million hectares, but production is expected to decrease slightly. Total supply is forecast to increase marginally due to the increased 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 decline but remain historically high. Prices are expected to decline as a result of weaker world vegoil prices.

FLAXSEED (excluding solin)

For **2008-09**, exports are forecast to be relatively unchanged, while carry-out stocks increase by 14%. The price is forecast to decline sharply, in line with lower world vegoil prices. For **2009-10**, seeded area is expected to increase by 9%, although production is forecast to decline marginally. Exports are forecast to be similar to 2008-09 while carry-out stocks rise slightly. Prices are forecast to decline due to pressure from lower world vegoil prices.

SOYBEANS

For **2008-09**, exports are forecast to increase slightly, while domestic crush declines marginally. Carry-out stocks are expected to increase sharply, with the average Chatham price declining by 10%. For **2009-10**, seeded area is forecast to rise by 8% but production is expected to increase only marginally. Total supply is forecast to rise slightly due to the larger carry-in stocks. Domestic use is forecast to rise slightly, with exports unchanged from 2008-09. The average Chatham price is forecast to fall by 10% due to pressure from lower US prices.

FURTHER INFORMATION:

Wheat.....Stan Skrypetz.... (204) 983-8972
E-mail.....stan.skrypetz@agr.gc.ca
Coarse Grains..Chris Beckman.. 984-4929
E-mail.....chris.beckman@agr.gc.ca
Oilseeds.....Glenn Lennox983-8465
E-mail.....glenn.lennox@agr.gc.ca
www.agr.gc.ca/mad-dam/

CANADA: GRAINS AND OILSEEDS SUPPLY AND DISPOSITION

March 6, 2009

Grain and Crop Year (a)	Area Seeded thousand ha	Area Harvested thousand ha	Yield t/ha	Production thousand metric tonnes	Imports (b)	Total Supply	Exports (c) thousand metric tonnes	Food & Industrial Use (e)	Feed, Waste & Dockage	Total Domestic Use (d)	Carry-out Stocks	Average Price (g) \$/t
Durum												
2007-2008	1,949	1,926	1.91	3,681	3	4,941	3,175	229	460	921	846	510
2008-2009f	2,440	2,416	2.28	5,519	1	6,366	3,500	260	416	866	2,000	357*
2009-2010f	2,000	1,960	2.24	4,400	1	6,401	3,900	265	409	901	1,600	300*
Wheat Except Durum												
2007-2008	6,799	6,710	2.44	16,373	21	22,001	12,682	3,022	1,788	5,604	3,715	369
2008-2009f	7,752	7,616	3.03	23,092	20	26,827	14,300	3,500	3,470	7,727	4,800	297*
2009-2010f	7,400	7,190	2.72	19,550	20	24,370	13,000	3,550	3,255	7,570	3,800	282*
All Wheat												
2007-2008	8,748	8,636	2.32	20,054	23	26,942	15,857	3,251	2,248	6,525	4,561	
2008-2009f	10,192	10,032	2.85	28,611	21	33,193	17,800	3,760	3,886	8,593	6,800	
2009-2010f	9,400	9,150	2.62	23,950	21	30,771	16,900	3,815	3,664	8,471	5,400	
Barley												
2007-2008	4,397	3,998	2.75	10,984	58	12,532	3,911	156	6,567	7,053	1,568	214
2008-2009f	3,787	3,502	3.36	11,781	40	13,390	2,500	190	8,299	8,790	2,100	160-190
2009-2010f	3,785	3,425	3.11	10,650	35	12,785	2,400	190	7,870	8,385	2,000	150-190
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	2,000	14,049	300	3,800	8,734	12,549	1,200	150-180
2009-2010f	1,248	1,220	8.61	10,500	2,350	14,050	300	4,300	8,235	12,550	1,200	140-170
Oats												
2007-2008	2,188	1,816	2.59	4,696	17	5,269	2,805	70	1,295	1,515	950	233
2008-2009f	1,758	1,448	2.95	4,273	15	5,237	2,450	90	1,347	1,587	1,200	170-200
2009-2010f	1,717	1,375	2.69	3,700	15	4,915	2,300	90	1,150	1,415	1,200	160-190
Rye												
2007-2008	172	109	2.13	233	13	363	194	43	71	128	41	211
2008-2009f	168	132	2.40	316	3	360	100	45	125	185	75	150-170
2009-2010f	166	133	2.34	310	1	386	150	45	101	161	75	140-160
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	143	84	2.85	240	0	240	0	0	240	240	0	
Total Coarse Grains												
2007-2008	8,320	7,388	3.77	27,825	3,270	34,595	7,754	3,839	18,479	22,825	4,016	
2008-2009f	7,061	6,330	4.29	27,184	2,058	33,258	5,350	4,125	18,728	23,333	4,575	
2009-2010f	7,059	6,236	4.07	25,400	2,401	32,376	5,150	4,625	17,596	22,751	4,475	
Canola												
2007-2008	6,367	6,277	1.52	9,529	179	11,490	5,661	4,144	108	4,301	1,528	553
2008-2009f	6,540	6,494	1.95	12,643	100	14,270	6,700	4,400	518	4,970	2,600	425-475
2009-2010f	6,975	6,870	1.70	11,680	125	14,405	6,900	4,700	458	5,205	2,300	350-450
Flaxseed												
2007-2008	528	524	1.21	634	8	1,013	679	n/a	n/a	167	167	611
2008-2009f	631	625	1.38	861	10	1,038	675	n/a	n/a	173	190	475-525
2009-2010f	685	675	1.26	850	7	1,047	675	n/a	n/a	177	195	400-500
Soybeans												
2007-2008	1,180	1,172	2.30	2,696	337	3,503	1,696	1,348	213	1,686	121	432
2008-2009f	1,202	1,195	2.79	3,336	450	3,907	1,750	1,325	400	1,857	300	365-415
2009-2010f	1,300	1,295	2.59	3,350	400	4,050	1,750	1,375	445	1,950	350	300-400
Total Oilseeds												
2007-2008	8,075	7,973	1.61	12,858	523	16,005	8,035	5,492	320	6,154	1,816	
2008-2009f	8,373	8,315	2.03	16,840	560	19,216	9,125	5,725	918	7,001	3,090	
2009-2010f	8,960	8,840	1.80	15,880	532	19,502	9,325	6,075	903	7,332	2,845	
Total Grains and Oilseeds												
2007-2008	25,142	23,996	2.53	60,736	3,817	77,543	31,646	12,582	21,047	35,504	10,393	
2008-2009f	25,626	24,677	2.94	72,635	2,639	85,667	32,275	13,610	23,532	38,927	14,465	
2009-2010f	25,419	24,226	2.69	65,230	2,954	82,649	31,375	14,515	22,163	38,554	12,720	

(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 - February 2009 Pool Return Outlook (PRO)

f. forecast; Agriculture and Agri-Food Canada: March 6, 2009

Source: Statistics Canada