

**CANADA: OUTLOOK FOR PRINCIPAL FIELD CROPS****March 16, 2016****Market Analysis Group/Grains and Oilseeds Division  
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This report provides an update of Agriculture and Agri-Food Canada's (AAFC) February outlook report for crop years 2015-16 and 2016-17. For most crops in Canada, the crop year runs from August 1 to July 31, although for corn and soybeans, it starts on September 1 and ends on August 31. For both crop years, the outlook continues to be engulfed by uncertainty regarding the price of oil and the Canada/U.S. exchange rate.

For **2015-16**, carry-out stocks of field crops are expected to decrease from 14.6 Mt for 2014-15 to 11.5 million tonnes (Mt) for 2015-16. In general, abundant world supplies of grain have pressured world prices, but the weak Canadian dollar has provided strong support to prices in Canada. Grain prices are expected to average slightly higher than the 2014-15 level, with the exception of durum, oats and flaxseed. For lentils and, to a lesser extent, peas, prices have increased dramatically from last year due to supply shortage in some of the major importing countries. The value of the Canadian dollar is anticipated to remain at a discount of about 25 percent to the US dollar.

For **2016-17**, the area seeded to grains is forecast to decrease slightly compared to 2015-16 while the area seeded to both oilseeds and pulse crops increases. In western Canada, the area in summerfallow is forecast to continue its downward trend which will open up some area for seeding with crops. For all crops, average or trend yields have been assumed. Total crop production is forecast to increase slightly although total crop supply is anticipated to decrease marginally due to lower carry-in stocks. It is interesting to note that the production and supply of grains and oilseeds (G&O) in Canada is forecast to decrease slightly while the production of pulses and special crops, (P&SC), is expected to increase significantly. For G&O, carry-out stocks are expected to decrease to a level which is about 20 percent below the 10-year average of 13.9 Mt. For P&SC, carry-out stocks are forecast to increase and be about 40 percent above the 10-year average of about 1.0 Mt. In general, world grain prices are expected to be pressured downward by abundant supplies of grain at the global level. The impact on grain prices in Canada, however, will be mitigated by the low value of the Canadian dollar which is forecast at about C\$1.35 per US dollar.

**Canada: Principal Field Crops Supply and Disposition**

	Area Seeded --- thousand hectares ---	Area Harvested --- thousand hectares ---	Yield t/ha	Production	Imports	Total Supply thousand metric tonnes	Exports	March 16, 2016	
								Domestic Use	Carry-out Stocks
<b>Total Grains And Oilseeds</b>									
2014-2015	26,057	25,086	2.98	74,708	2,321	95,428	42,899	39,215	13,315
2015-2016f	26,323	25,358	3.06	77,596	1,758	92,669	41,293	40,447	10,930
2016-2017f	26,649	25,763	2.98	76,735	2,112	89,777	39,908	39,754	10,115
<b>Total Pulse And Special Crops</b>									
2014-2015	3,418	3,329	1.98	6,584	168	8,077	5,982	831	1,264
2015-2016f	3,556	3,514	1.78	6,257	162	7,683	6,125	943	615
2016-2017f	3,995	3,931	1.95	7,650	166	8,431	5,985	1,061	1,385
<b>All Principal Field Crops</b>									
2014-2015	29,475	28,415	2.86	81,292	2,489	103,505	48,881	40,046	14,579
2015-2016f	29,879	28,872	2.90	83,853	1,920	100,352	47,418	41,389	11,545
2016-2017f	30,644	29,694	2.84	84,385	2,278	98,208	45,893	40,815	11,500

Source: Statistics Canada (STC), f: forecast by AAFC except for area, yield and production for 2015-16 which is STC.

## Wheat

### **Durum**

**For 2015-16**, production rose by 4% from 2014-15 to 5.39 million tonnes (Mt). The average grade quality of the Canadian durum crop is much better than it was last year with 47% grading Number 1 and 2 CWAD, compared to only 11% for 2014-15 and 60% for the past ten-year average, according to the Canadian Grain Commission (CGC). The protein level is averaging 14%, compared to 12.8% for 2014-15 and 12.8% for the past ten-year average.

The supply of durum wheat in Canada is 8% lower than for 2014-15 as lower carry-in stocks more than offset the increase in production. Exports are expected to fall by 13% from 2014-15 to 4.5 Mt due to very low stocks of good quality durum at the beginning of the crop year, lower Canadian supply, and lower demand from northern Africa, the EU and the US resulting from higher domestic production in these countries. Carry-out stocks are forecast to rise by 5% to 1 Mt, which is lower than the past five-year average of 1.39 Mt.

World production of durum increased by 5.2 Mt from 2014-15 to 39.7 Mt due to higher seeded area and higher yields. Supply increased by 4.3 Mt to 46.1 Mt as the higher production was partly offset by lower carry-in stocks. Use is expected to rise by 2.8 Mt to 38.2 Mt due to the higher supply. Carry-out stocks are forecast to rise by 1.5 Mt to 7.9 Mt. US durum production increased by 0.77 Mt to 2.24 Mt.

The average producer price in Canada for the crop year is forecast to be lower than it was for 2015-16 due to a recovery in US and world durum production from the low 2014-15 level and a return to near normal quality for Canada. These factors will more than offset support from the lower Canadian supply and the weaker Canadian dollar. Prices have fallen since the end of July.

**For 2016-17**, the area seeded in Canada is forecast to increase by 2% from 2015-16 due to relatively high prices in 2015-16 and a significant price premium to hard red spring wheat. Production is forecast to rise by 9% to 5.9 Mt as the increase in area is compounded by a return to trend yields, which are higher than the drought reduced yields of 2015-16. Supply is expected to increase by 9% as higher carry-in stocks compound the rise in production. Exports are forecast to increase by 9% because of higher Canadian supply and expected lower production in northern Africa and the US. Carry-out stocks are forecast to rise by 20% to 1.2 Mt.

World durum production is forecast to fall by 0.7 Mt from 2015-16 to 39 Mt, while supply increases by 0.8 Mt to 46.9 Mt because of higher carry-in stocks. Use is expected to rise

by 0.4 Mt to 38.6 Mt and carry-out stocks are forecast to rise by 0.4 Mt to 8.3 Mt. US durum production is forecast to fall by 0.2 Mt to 2.04 Mt.

The average Canadian producer price for the crop year is forecast to be lower than for 2015-16 due to the expected higher Canadian and world supply and the forecast for a slightly stronger Canadian dollar.

### **Wheat (excluding durum)**

**For 2015-16**, production fell by 8% from 2014-15 to 22.2 Mt. The average grade quality of Canada Western Red Spring (CWRS) wheat is better than it was last year with 68% grading Number 1 and 2 CWRS, compared to 50% for 2014-15 and 70% for the past ten-year average, according to the CGC. The protein level is averaging 14.1%, compared to 13.4% for 2014-15 and an average protein level of 13.5% over the past ten years. Production declined for individual classes of wheat except for Extra Strong and Canada Eastern hard spring wheat (CERS), with Canada Western hard red spring wheat (CWRS) accounting for 76% of the total production compared to 73% for 2014-15.

Canadian supply decreased by 14%, as the drop in production was compounded by lower carry-in stocks. Exports are forecast to decrease by 7% to 17.5 Mt because of the lower supply. Carry-out stocks are forecast to decrease by 51% to 3 Mt, 52% lower than the past five-year average of 5.8 Mt.

World all wheat (including durum) production increased by 7 Mt to a new record of 732 Mt. Supply rose by 27 Mt to 947 Mt, as the increase in production was compounded by higher carry-in stocks. Total use is forecast to increase by 5 Mt to 709 Mt, mainly in the food market. Carry-out stocks are forecast to rise by 23 Mt to 238 Mt.

US all wheat production increased by 0.7 Mt to 55.8 Mt, while supply increased by 4.3 Mt to 79.6 Mt because of higher carry-in stocks. US domestic use is expected to rise by 2% and exports are forecast to fall by 9%. Carry-out stocks are forecast to increase by 5.8 Mt to 26.3 Mt.

The average crop year producer price in Canada for wheat is forecast to be higher than for 2014-15 because of the lower Canadian supply and the weaker Canadian dollar.

**For 2016-17**, area seeded in Canada is forecast to decrease by 2% as a 24% increase for winter wheat is mostly offset by a 4% decline for spring wheat. The increase in seeded area for winter wheat was in Ontario where seeding conditions in the fall of 2015 were much better than in the

previous fall. The winter wheat seeded area in western Canada was nearly the same as for 2015-16. In western Canada, spring wheat has competition from durum, oilseeds and pulses which is expected to limit the seeded area. Production is forecast to increase by 4% to 23 Mt because of higher yields. Supply is expected to fall by 8% as the rise in production is more than offset by lower carry-in stocks. Exports are forecast to fall by 9% to 16 Mt because of the lower supply. Carry-out stocks are forecast to fall by 17% to 2.5 Mt.

World all wheat (including durum) production is forecast to decrease by 21 Mt to 711 Mt because of lower seeded area and lower yields. The supply is forecast to rise by 2 Mt to 949 Mt, as lower production is more than offset by higher carry-in stocks. Total use is forecast to increase by 8 Mt to 717 Mt due to growing demand in the food market. Carry-out stocks are forecast to fall by 6 Mt to 232 Mt.

The area seeded to winter wheat in the US fell by 7% from 2015-16 and the spring wheat area is expected to decrease by a similar percentage. Production is forecast to decrease by 1.6 Mt to 54.2 Mt, while supply increases by 4.3 Mt to 83.9 Mt. Domestic use is expected to rise by 1.6 Mt and exports are forecast to rise by 2 Mt. Carry-out stocks are forecast to increase by 0.6 Mt to 26.9 Mt.

The average crop year producer price in Canada for wheat is forecast to be the same as for 2015-16 because support from the lower Canadian supply is expected to be offset by the forecast for a slightly stronger Canadian dollar, the higher US supply and the higher world supply.

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## Coarse grains

### Barley

**For 2015-16**, total domestic use is forecast to increase by 10% to 6.1 million tonnes (Mt), due to increased feed use. Exports are forecast to decrease by 27% due to lower world feed barley trade, despite steady demand for malting barley. Barley carry-out stocks will increase 38% to 1.7 Mt, higher than the five-year average. The Lethbridge cash feed barley price is forecast to increase from 2014-15 due to low supply, good domestic feed barley demand and trend demand for malting barley.

Since the beginning of the calendar year, Lethbridge has traded in a narrow channel of \$5/tonne (t) as higher than expected supplies and a mild winter have reduced the feed demand in Western Canada. Seasonality for Lethbridge barley generally sees price increases as spring arrives in Canada. The combination of provinces invoking truck weight road-restrictions as the spring thaw progresses and producers preparing for seeding typically puts barley end-users in the buying mood to secure supplies. However, this year the price bump has not occurred. Similar flat market reports are coming out the northern US as good feed and malt barley supplies on that side of the border have made for slow barley movement and reduced new crop contracting opportunities.

The world feed barley markets are also showing the same softer market conditions whereas world malt prices remain steady and this has widened out the malt premium. However, based on crop year pricing the malt premium is about equal to the previous five-year average with most of the spreading coming from the softer feed barley market.

**For 2016-17**, seeded area is forecast to increase 2% from 2015-16 due to good barley values especially if it is selected for malt barley. Production is forecast to increase 2% to 8.4 Mt due to the higher area and a forecast for average yields. With the slightly higher production and a recovery in carry-in stocks this will allow total supply to increase by 6% to 10.1 Mt. Total domestic use is forecast to increase by 2% due mainly to slightly higher feed use in cattle and hog production. Exports are forecast to increase by 17% due to the lower world supply and a return to normal trade patterns. Despite higher total use and exports, barley carry-out stocks are forecast to increase by 10% to 1.9 Mt, above the previous five and ten-year averages. The Lethbridge cash feed barley price is forecast to decrease from 2015-16 due to the higher supply of feed barley and lower US corn prices.

Although new crop malt barley contract prices are slightly lower than last year, for western Canada malt barley remains one of the top cropping choices and will be a strong competitor for area this spring. In the northern US there remains a lack of malt barley contracting for 2016. Without

firm contracts in place, the USDA 2016 projected US barley area decline of 8% could be under stated, as producers turn away from barley because of the sharp feed discount.

The International Grains Council (IGC) has given its first world barley forecast for the 2016-17 crop year. For world barley, the IGC is forecasting essentially no change year-over-year and this would represent the fourth year of flat harvested area. Of note for larger world producers, area seeded to barley in Ukraine is forecast to increase by 10%. Considering normal weather and large supplies of world corn, barley trade will remain flat, this will translate into stable if not slightly higher closing stocks for 2016-17. As world prices for corn soften so will both feed and malt barley prices. However, malting barley should be able to maintain a stable premium to the price of feed barley.

### Corn

**For 2015-16**, total domestic usage is forecast to increase by 3% due to slight increases in feed and industrial uses. Exports are forecast to increase to 0.9 Mt but remain below the previous five-year average due to large world corn supplies in importing and exporting countries. Carry-out stocks are forecast to increase by 43% to 2.0 MT, which is close to the all-time record from the 2005-06 crop year. The Chatham corn price is forecast to increase from 2014-15 due to a flat US corn future's price and the soft Canadian dollar.

Similar to last crop year, the weak Canadian dollar has been the main contributor to the strong Chatham corn price being much stronger than average. However, at this year's USDA Outlook Forum, the projection for higher 2016 US corn production and ending stocks was bearish for both new and old crop prices. Over the past month, the softer nearby US corn futures and a stronger Canadian dollar have caused a decline of about a \$15/t in the price for Chatham. The world average corn price decreased with the US corn futures and with the decline in the US dollar, so US corn is now competitively priced, even with Argentina.

**For 2016-17**, seeded area is forecast to decrease by 4% from 2015-16 due to the forecasted higher eastern Canadian winter wheat area and competition from competing crops. The crop year will begin with carry-in stocks at near record levels. Production is forecast to decrease 11% to 12.1 Mt due to the lower area and the assumption for average yields. Imports are forecast to increase by 33% due to the lower domestic supply. Despite high carry-in stocks and increased imports, lower production will cause total supply to decrease by 3%. Total domestic usage is forecast to increase slightly by 1% to near record levels due to small increases in ethanol production, industrial use and livestock feeding. Exports are forecast to decrease to 0.50 Mt due to the tighter total supply and strong competition from the major corn

exporting countries. Carry-out stocks are forecast to decrease by 10% to 1.8 Mt and remain above the previous five and ten-year averages. The Chatham corn price is forecast to decrease from 2015-16 due to a softer US corn future's price and a slight strengthening of the Canadian dollar.

**For 2016**, the USDA is projecting a continuation of large supplies of US and world corn and, due to flat total disappearance, a further depreciation in corn prices. Chatham new crop corn prices, based on the Chicago December 2016 futures, had been trading about US\$5/t higher than the spot, at around US\$4.75/bushel (bu) and even briefly at US\$5/bu. At these levels, market advisory firms had been encouraging producers to lock-in a portion of their new crop production. As the bearish news hit the market, new crop corn prices have dropped back to the US\$4.50/bu level.

### Oats

**For 2015-16**, total domestic usage is forecast to increase by 2% due to trend feed use and a trend increase to human consumption. Exports are forecast to decrease by 5% due to higher 2015-16 US oat stocks and production. Oat grain exports are forecasted to decrease; however, there is also a forecast for an 11% increase in oat product exports, to new record levels. Carry-out stocks are forecast to increase 25% to 0.85 Mt due to the higher total supply and lower exports. US oat futures prices are forecast to decrease for 2015-16 due to the higher North American oat supplies; the weaker Canadian dollar continues to limit the effect in Canada.

The Chicago nearby oat futures has had a tough last few weeks dropping to levels in the US \$1.60/bushel(bu) range which has not been seen since February 2009. The lack of liquidity in the oat future contract allowed speculators to push the nearby price lower than expected and creating volatility as traders trying to roll long positions into the May 2016 contract had to pay dearly. This continues to be an on-going problem although it can be less pronounced from time-to-time. With large North American oat supplies, end-users have no incentive to bid the market higher, and with the US oat crop year-end soon approaching, a rebound in prices seem unlikely.

**For 2016-17**, seeded area is forecast to decrease 6% from 2015-16 due to the sharp price decline in the US oat futures and relatively attractive prices for alternative crops. Despite the decline in area, production is forecast to decrease by only 1% due to a forecast for average yields and a return to (average abandonment. Despite slightly lower production, the higher carry-in stocks will allow forecasted total supply to increase by 3%. Total domestic usage is forecast to increase by 1% as growth in feed use and human consumption remains a trend levels. Exports are forecast to increase by 5% to 2.3 Mt due to slightly higher year-to-year

demand from the US. Carry-out stocks are forecast to increase slightly to 0.88 Mt due to flat supplies and trend disappearance levels. The Canadian oat price is forecast to increase slightly as the forecasted higher US oat futures price is offset by the forecasted slightly stronger Canadian dollar.

The USDA is projecting a 10% decline in US oat area for 2016. Last March, the new crop December oat futures contract was trading in the US \$2.85/bu range, however, December 2016 is in the US \$2.10/bu range, a decline of 25%. Similar to US barley, the projected area may be understated as the oat market struggles to post any price gains to encourage producers to seed oats. Considering normal yields there should be smaller North American oat supplies in 2016-17, which with a continuing weak Canadian dollar, does provide the ingredients for some price recovery in the US oat futures in the second half of next crop year. In the near term, only the US Prospective Plantings report has the ability to move the oat market higher if the estimated 2016 US oat area is much lower than expected.

### Rye

**For 2015-16**, total domestic use is forecast to decrease 6% due to lower feed use and industrial use that remains unchanged. Exports are forecast to increase by 6% due to continuing strong export demand. Rye carry-out stocks are forecast to increase by 18% to 0.05 Mt, this is slightly above the previous five-year average. Canadian rye prices are forecast to be slightly higher than 2014-15.

Canada's rye exports to the US remain steady, but are well below both the previous five and ten-year averages. The reduced pace is a function of the multi-year tight rye grain supply situation. The demand for rye in spirit production, mainly rye whiskey, remains strong. The Distilled Spirits Council of the United States reported that from 2009 to 2014, rye whiskey volumes in the US had grown by 536%. This past November, Diageo Canada's Crown Royal Northern Harvest Rye was voted World Whiskey of the Year. It contains 90% rye and is distilled and aged in Gimli, Manitoba. Despite a long tradition of rye whiskey production, this was Canada's first time to receive the honour. The strong demand is consumer driven with a new diversity in styles, special releases, innovation and quality. As witnessed with craft beer production, which continues to grow at double-digit rates, rye whiskey production is increasing rapidly as there has been an expansion of small distillers (local and regional) entering the market generally with speciality and premium products.

**For 2016-17**, seeded area is forecast to increase by 36% to 164,000 hectares from 2015-16, which is higher than both the previous five and 10-year averages. Production is forecast to increase 46% due to the higher seeded area, a

lower rate of abandonment and higher average yields. Due to the production increase and higher carry-in stocks, total supply is forecast to increase sharply by 42% to 0.33 Mt or higher than the previous five and 10-year averages. Total domestic use is forecast to increase 10% due to increases in feed use and industrial use. Exports are forecast to double due to the higher total supply. Rye carry-out stocks are forecast to increase by 20% to 0.06 Mt or above the previous five-year average. Given the continuing strong demand outlook, Canadian rye prices are forecast to remain unchanged from 2015-16.

Warm weather is reducing snow cover in the southern regions of Alberta and Saskatchewan and increasingly raising concern for the possibility of winterkill in western Canada's rye crop. To-date, there has been little to no

damage, and with the forecasts for a warmer March to May period, rye should break dormancy in good shape, as its winter hardiness is considerably better than that of winter wheat. The spirit industries demand for rye is positive, studies have indicated that the forecasted growth rate for Canadian whiskeys is about 4% annually for the next 5 years, this compares with a growth rate of 1% during the 2009-14 period. The US is Canada's largest and most important trading partner for bulk rye grain and exports of rye whiskey.

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## Oilseeds

### Canola

**For 2015-16 to-date**, movement of Canadian canola has been brisk with producer deliveries 16% ahead of the same period for 2014-15, based on Canadian Grain Commission data. The movement is supported by the strong crush pace, currently 12% ahead of this time last year, according to data from the Canadian Oilseed Processor Association.

Meanwhile, exports to-date are also running 20% ahead of the 2014-15 pace to-date on support from strong buying by China, Japan and Mexico. Shipments into western Europe, Pakistan, Bangladesh, and the United Arab Emirates have also increased.

Compared to last year at this time, the Canadian dollar has declined by 6%, to around C\$1.33 per US\$1.00 and the weekly movement is volatile. The weaker exchange rate has supported the price and movement of Canadian canola which is expected to continue as crude oil prices remain low.

Canola carry-out stocks are forecast to fall by 25%, to about 1.85 Mt, for a stocks-to-use ratio of 10%. Canola prices are forecast about \$10/t higher than last year on support from the lower Canadian dollar and tightening world vegetable oil supplies.

Factors to watch include: the South American soybean harvest, US soybean usage pace, world palm oil prices and US planting intentions. The Brazilian soybean harvest is 41% complete at writing with reports of near normal yields, supporting the USDA's projection of a record Brazilian soybean crop.

**For 2016-17**, seeded area for canola is forecast to increase by 4%, to 8.4 million hectares on attractive returns compared to other field crops. Production is forecast to decline slightly to 16.8 Mt while supplies decrease by 5%, to 18.6 Mt, as lower carry-in stocks complement the fall in output. Exports are forecast to decline to 9.2 Mt, on the tighter domestic supplies and in the face of steady to strong world demand.

Likewise domestic processing is forecast to decline slightly to 8.0 Mt as tighter supplies hamper the sector's ability to service the growing world demand for canola oil and canola meal. Carry-out stocks are forecast to fall by 32%, to 1.4 Mt for a stocks-to-use ratio of 8%.

As the result of an overburdened world vegetable oil market and the tight domestic stocks-to-use ratio, the price of canola is forecast at \$480/t to \$520/t.

### Flaxseed

**For 2015-16**, the feed, waste and dockage (FWD) estimate on the supply and demand balance sheet was raised to

historically high levels following a discrepancy between the production and farm stocks surveys. The FWD estimate may be adjusted throughout the crop year pending the results of follow up farm stock surveys.

The pace of total use is steady with exports forecast to decline marginally to 0.70 Mt. Total domestic use is forecast to rise sharply, to 0.22 Mt on the high FWD estimate. Carry-out stocks rise by about one-third to 0.13 Mt. Flaxseed prices have declined sharply from 2014-15 and are estimated at \$440-480/t.

**For 2016-17**, seeded area for flaxseed is forecast to increase by 5%, to 0.70 mln ha, as returns are expected to remain competitive against alternate field crops. Production is forecast to decrease marginally, assuming a drop in yields to more normal levels and total supply is forecast to decline marginally.

Exports are forecast to rise from 2015-16 to 0.83 Mt, as world demand is expected to remain fairly stable. Total domestic use is forecast to fall due to a drop in feed, waste and dockage. Carry-out stocks and the average flaxseed price are forecast to be unchanged from 2015-16.

### Soybeans

**For 2015-16**, exports are forecast at a record 4.1 Mt, up from 3.8 Mt in 2014-15, on support from a wide basis and devaluation of the Canadian dollar against the US dollar. This is offsetting the effects of competition from burdensome world soybean supplies.

Domestic processing of soybeans is forecast at a record 2.0 Mt, up 12% from last year on strong demand for meal and oil. Carry-out stocks are projected at 0.38 Mt. Soybean prices are forecast marginally lower at \$400-430/t.

**For 2016-17**, planted area is forecast to rise by 4%, to 2.3 mln ha, on expected attractive returns compared to alternate crops. Production is forecast to decline by 8%, to 5.8 Mt, as yields are assumed to decline to normal from the bumper crop level experienced in 2014-15. Supplies are forecast to decrease by 9% due to lower carry-in stocks and lower production. Exports are forecast to fall by 0.2 Mt, to 3.9 Mt, on a combination of reduced world demand and tightened domestic supplies. The domestic crush is also forecast to fall by 0.3 Mt on a lack of domestic soybean supplies and competition from burdensome world soyoil and soy meal supplies. Carry-out stocks are forecast to fall to 0.30 Mt from 0.38 Mt in 2014-15.

Soybean prices are forecast to be similar to last year at \$395/t-\$435/t as pressure from lower US soybean prices is offset by the weakness of the Canadian dollar. The main

factors to watch are South American production and exports, US planting intentions, the impact of Chinese financial instability on soybean imports and changes in exchange rate values.

In its first outlook for 2016-17, the USDA forecasts a bearish picture for US soybean prices. Planted area is projected to decrease marginally from 2015-16 and 2014-15 but significantly higher than for 2013-14. Using trend yields, the USDA is projecting a third bumper crop in a row, with production easing only slightly to 3.8 billion bushels (Bbu) from 3.9 Bbu in 2015-16. Supplies are projected to rise to record levels, 4.3 Bbu versus 4.2 Bbu last year, as the

large output is paired with very high carry-in of stocks. Domestic usage of soybeans is forecast to increase on higher US biodiesel production and livestock consumption of soymeal. The USDA forecasts US soybean exports to increase for 2016-17 to 1.8 Bbu from 1.7 Bbu in 2015-16. Carry-out stocks are projected to fall marginally, to 440 million bushels while the domestic price of soybeans declines to US\$8.50/bu from US\$8.80/bu for 2015-16 and US\$10.10/bu for the 2014-15 crop year.

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## Pulses and Special crops

### Dry Peas

For **2015-16**, exports are forecast to fall marginally to 3.0 Mt, with India, China and Bangladesh ranking as Canada's top three markets. Canadian dry pea exports to India are expected to reach a record 1.35 Mt. Through August to January of this crop year, Canadian dry pea exports total 1.7 Mt, down 12% from this same period in 2014-15. Carry-out stocks are expected to fall sharply due to continued strong exports and lower supply. The average price is expected to rise from 2014-15, to record levels, largely due to record yellow pea prices.

During the month of February, the on-farm price of yellow peas in Saskatchewan rose by \$40/t, while the price of green peas fell \$20/t. Monthly dry pea exports have continued at a strong pace. Yellow pea supplies have started to tighten. Indications are that the seeded area for the winter pulse crop in India is expected to be 0.4 Mha lower than last year. If a smaller than average pulse crop in India is realized, Canadian dry pea export demand is expected to continue through the remainder of the crop year. The other factor to watch is the continued weakness of the Canadian dollar against the US dollar. Yellow dry peas prices are expected to maintain a premium of C\$90/t over green peas, compared to the C\$30/t premium green peas had over yellow peas in 2014-15.

US dry pea production is estimated by the USDA at 0.8 Mt, up 7% from 2014-15. This is largely due to a sharp rise in area but was partly offset by below average yields. Canadian exports to the US are forecast to trend downward as evidenced by weak export demand during August to January.

For **2016-17**, seeded area is forecast to increase by about 14% from 2015-16 to a record 1.7 Mha because of higher returns relative to other crop and solid export demand. Production is forecast to rise by 28% to a record 4.1 Mt, due to a return to trend yields and record area. Supply is expected to increase only 16% due to lower carry-in stocks. Exports are expected to rise above the current crop year, however, carry-out stocks are still expected to rise sharply. The average price is expected to fall from 2015-16 but remain historically high.

### Lentils

For **2015-16**, exports are forecast to rise to a record 2.4 Mt, despite being limited by Canada's domestic supply. India, Turkey and Egypt are currently the top three export markets. Through August to January of this crop year, Canadian lentil exports total a record 1.8 Mt, up sharply from this same period in 2014-15. Carry-out stocks are forecast to decrease

to very low levels. The overall average price is forecast to reach record levels due to tight carry-out stocks.

During the month of February, the on-farm price of large green and red lentils in Saskatchewan was unchanged. This was largely due to continued record export demand as domestic supplies of Canadian lentils begins to tighten. The other factor is the continued weakness of the Canadian dollar against the US dollar. Large green lentil prices are forecast to maintain a \$345/t premium over red lentil prices, well above that for 2014-15.

For 2015-16, US lentil production, mostly green types, is estimated by the USDA at 0.24 Mt, up 53% from 2014-15. As a result, Canadian lentil exports to the US are down from last year and total 14 kt to date (August-January).

For **2016-17**, area seeded in Canada is expected to rise to a record 1.8 Mha, due to some of the highest returns relative to other crops. A higher yield forecast is expected to cause production to rise by 20% to 2.85 Mt. As a result, supply is expected to rise by 8% to 2.96 Mt. Exports are forecast to be lower at 2.2 Mt despite the larger exportable supply. Carry-out stocks are expected to rise sharply. The average price is forecast to decrease from 2015-16 with the assumption of a more normal grade distribution and normal discounts for lower grades.

### Dry Beans

For **2015-16**, exports are expected to be higher than for 2014-15 despite a decrease in supply. The EU and the US are forecast to remain the main markets for Canadian dry beans, with smaller volumes exported to Japan and Angola. As a result, Canadian carry-out stocks are expected to decrease. The average Canadian dry bean price is forecast to fall, however, due increased carry-out stocks in North America. To date (August-February), white pea bean prices are nearly 3% lower, pinto bean prices are marginally lower and black bean prices are about 20% lower than realised on 2014-15.

US total dry bean production (excluding chickpeas) is estimated by the USDA at 1.25 Mt, an increase of 6% from 2014-15. US dry bean production increased significantly for black beans, followed by the small red bean and dark kidney bean types. This is expected to continue to pressure US and Canadian dry bean prices for 2015-16.

For **2016-17**, the area seeded is forecast to decrease marginally from 2015-16 to 105 kha because of lower potential returns compared to other crops. Production is expected to decrease to 230 kt due to lower expected yields. Supply is expected to decrease due to lower production.

Exports are forecast to be slightly lower with steady demand from the EU and the US. As a result, carry-out stocks are forecast to decrease and support prices. The average Canadian dry bean price is forecast to rise marginally due to expectations for slightly lower supply in North America.

### **Chickpeas**

For **2015-16**, exports are expected to rise from 2014-15, due to a rise in demand from Pakistan and the US. Carry-out stocks are expected to fall for the third year in a row. The average price is expected to be higher than last year, due to tighter world and Canadian supply.

US chickpea production is estimated by USDA at 114 kt, a 10% decrease from 2014-15.

For **2016-17**, the area seeded is expected to rise from 2015-16 because of lower carry-in stocks and the potential for good returns. As a result, production is expected to rise to 100 kt. Supply is forecast to fall sharply from 2015-16 due to lower carry-in stocks. Exports are forecast to be lower and carry-out stocks are expected to fall sharply for the second consecutive year. The average price is forecast to be slightly lower, due to an expected increase in world supply.

### **Mustard Seed**

For **2015-16**, exports are expected to fall to 120 kt and carry-out stocks are forecast to tighten as Canada grew the smallest mustard seed crop since 2012-13. The US and the EU are the main export markets to date for Canadian mustard seed. The average price is forecast to rise to a record level due to the limited supply and expectations for low Canadian carry-out stocks.

For **2016-17**, the area seeded is projected to rise due to expectations of strong returns based on new crop contracts. Production is forecast to rise 26% to 155 kt due higher area and yields when compared to the previous year. Supply is expected to be relatively unchanged, however, due to lower carry-in stocks. Exports are expected to be unchanged and, as a result, carry-out stocks are forecast to rise only slightly. The average price is forecast to fall compared to 2015-16 but remain historically high.

### **Canary Seed**

For **2015-16**, exports are expected to be lower than 2014-15 largely due to decreased demand from the EU, Brazil and Mexico. The EU and Mexico are the top export markets this year to date. Carry-out stocks are expected to tighten. The average price is forecast to rise from 2014-15.

For **2016-17**, the area seeded is forecast to decrease marginally due to lower returns relative to other crops. Production is expected to fall assuming lower yields than 2015-16. Supply is forecast to fall by 6% to 150 kt. Exports are expected to be lower than 2015-16, and carry-out stocks

are expected to remain unchanged. The average price is expected to be lower than the 2015-16 level.

### **Sunflower Seed**

For **2015-16**, exports are forecast to be similar to be marginally higher than last year. Carry-out stocks are forecast to rise significantly due to higher supply. The US remains Canada's main export market for sunflower seed. The average price is forecast to fall from 2014-15 due to lower confectionery sunflower seed prices and pressure from lower US soyoil prices.

For the US, sunflower seed production is estimated by the USDA to have increased by 32% to 1.3 Mt. With a second consecutive large US confectionery crop, this has pressured Canadian confectionery sunflower seed prices.

For 2015-16, world supply of sunflower seed is estimated by the USDA at 43 Mt. This is marginally lower than last year, due to lower production in the EU which has only been partly offset by higher production in Russia and Ukraine. World exports are expected to fall by 20%, but domestic use is expected to rise marginally. Global carry-out stocks are expected to fall by 23% to 2.1 Mt, and be somewhat supportive to world sunflower seed prices.

For **2016-17**, the area seeded is anticipated to be relatively unchanged from 2015-16 due to expectations for good returns. Production is forecast to fall to 70 kt, but supply is expected to rise to 130 kt. Exports are expected to rise but carry-out stocks are also expected to increase further. The average price is forecast to rise from 2015-16 as stronger prices for confectionery sunflowers in Canada and the US more than offsets lower price for the oil type.

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# CANADA: GRAINS AND OILSEEDS SUPPLY AND DISPOSITION

March 16, 2016

Grain and Crop Year (a)	Area Seeded <i>thousand ha</i>	Area Harvested <i>thousand ha</i>	Yield <i>t/ha</i>	Production	Imports (b)	Total Supply	Exports (c)	Food & Industrial Use (d)	Feed, Waste & Dockage	Total Domestic Use (e)	Carry-out Stocks	Average Price (g)
												<i>thousand metric tonnes</i>
<b>Durum</b>												
2014-2015	1,922	1,886	2.75	5,193	7	6,939	5,173	200	383	810	956	310
2015-2016f	2,355	2,327	2.32	5,389	10	6,355	4,500	210	417	855	1,000	280-310
2016-2017f	2,400	2,364	2.50	5,900	5	6,905	4,900	210	372	805	1,200	245-275
<b>Wheat (excluding durum)</b>												
2014-2015	7,869	7,594	3.19	24,227	80	32,973	18,768	3,292	4,030	8,087	6,119	210
2015-2016f	7,445	7,250	3.06	22,205	80	28,404	17,500	3,370	3,769	7,904	3,000	215-245
2016-2017f	7,320	7,140	3.22	23,000	80	26,080	16,000	3,400	3,404	7,580	2,500	215-245
<b>All Wheat</b>												
2014-2015	9,791	9,480	3.10	29,420	87	39,912	23,941	3,492	4,412	8,897	7,075	
2015-2016f	9,800	9,577	2.88	27,594	90	34,759	22,000	3,580	4,186	8,759	4,000	
2016-2017f	9,720	9,504	3.04	28,900	85	32,985	20,900	3,610	3,776	8,385	3,700	
<b>Barley</b>												
2014-2015	2,380	2,136	3.33	7,119	136	9,205	2,462	467	5,059	5,526	1,217	201
2015-2016f	2,641	2,354	3.50	8,226	90	9,533	1,800	469	5,589	6,058	1,675	200-230
2016-2017f	2,700	2,450	3.43	8,400	50	10,125	2,100	476	5,699	6,175	1,850	190-220
<b>Corn</b>												
2014-2015	1,246	1,227	9.36	11,487	1,660	14,747	416	5,374	7,555	12,929	1,402	172
2015-2016f	1,325	1,312	10.34	13,559	1,200	16,161	900	5,465	7,796	13,261	2,000	170-200
2016-2017f	1,275	1,260	9.60	12,100	1,600	15,700	500	5,516	7,884	13,400	1,800	165-195
<b>Oats</b>												
2014-2015	1,132	912	3.27	2,979	19	4,052	2,321	164	887	1,051	681	241
2015-2016f	1,350	1,055	3.25	3,428	18	4,127	2,200	166	911	1,077	850	190-220
2016-2017f	1,275	1,050	3.24	3,400	17	4,267	2,300	166	926	1,092	875	195-225
<b>Rye</b>												
2014-2015	113	82	2.65	218	0	262	88	51	81	132	42	217
2015-2016f	120	95	2.39	226	0	268	93	51	74	125	50	210-240
2016-2017f	164	130	2.54	330	0	380	183	54	83	137	60	210-240
<b>Mixed Grains</b>												
2014-2015	96	50	3.11	155	0	155	0	0	155	155	0	
2015-2016f	100	52	3.00	156	0	156	0	0	156	156	0	
2016-2017f	105	50	3.10	155	0	155	0	0	155	155	0	
<b>Total Coarse Grains</b>												
2014-2015	4,966	4,407	4.98	21,957	1,815	28,421	5,286	6,055	13,737	19,793	3,342	
2015-2016f	5,537	4,866	5.26	25,594	1,308	30,244	4,993	6,151	14,525	20,676	4,575	
2016-2017f	5,519	4,940	4.94	24,385	1,667	30,627	5,083	6,212	14,747	20,959	4,585	
<b>Canola</b>												
2014-2015	8,407	8,344	1.97	16,410	77	19,495	9,161	7,360	593	8,012	2,322	489
2015-2016f	8,132	8,083	2.13	17,231	100	19,653	9,500	8,100	152	8,303	1,850	485-515
2016-2017f	8,435	8,369	2.01	16,800	100	18,750	9,200	8,000	99	8,150	1,400	480-520
<b>Flaxseed</b>												
2014-2015	641	621	1.41	873	11	975	708	n/a	140	170	97	513
2015-2016f	664	646	1.46	942	10	1,049	700	n/a	193	219	130	440-480
2016-2017f	700	685	1.31	900	10	1,040	825	n/a	65	85	130	440-480
<b>Soybeans</b>												
2014-2015	2,251	2,235	2.71	6,049	331	6,625	3,803	1,787	330	2,343	479	418
2015-2016f	2,190	2,185	2.85	6,235	250	6,964	4,100	2,000	264	2,489	375	400-430
2016-2017f	2,275	2,265	2.54	5,750	250	6,375	3,900	1,700	275	2,175	300	395-435
<b>Total Oilseeds</b>												
2014-2015	11,300	11,200	2.08	23,331	419	27,095	13,672	9,148	1,062	10,525	2,898	
2015-2016f	10,986	10,914	2.24	24,409	360	27,666	14,300	10,100	610	11,012	2,355	
2016-2017f	11,410	11,319	2.07	23,450	360	26,165	13,925	9,700	439	10,410	1,830	
<b>Total Grains and Oilseeds</b>												
2014-2015	26,057	25,086	2.98	74,708	2,321	95,428	42,899	18,695	19,212	39,215	13,315	
2015-2016f	26,323	25,358	3.06	77,596	1,758	92,669	41,293	19,831	19,321	40,447	10,930	
2016-2017f	26,649	25,763	2.98	76,735	2,112	89,777	39,908	19,522	18,962	39,754	10,115	

(a) Crop year is August-July, except corn and soybeans, for which the crop year is September-August.

(b) Imports exclude products.

(c) Exports include grain products, while excluding oilseed products.

(d) Food and Industrial Use for soybeans is based on data from the Canadian Oilseed Processors Association. Total number excludes food and industrial use for flaxseed due to data confidentiality.

(e) Total Domestic Use = Food and Industrial Use + Feed Waste & Dockage + Seed Use + Loss in Handling

(g) Crop year average prices: Wheat (No.1 CWRS, 13.5% protein) and Durum (No.1 CWAD, 13% protein), both are average Saskatchewan producer spot prices and are not comparable to CWB pool returns for previous years. Barley (No. 1 feed, cash, I/S Lethbridge), Corn (No.2 CE, cash, I/S Chatham), Oats (US No. 2 Heavy, CBOT nearby futures); Rye (No. 1 CW, cash, I/S Saskatoon); Canola (No. 1 Canada, cash, Track Vancouver); Flaxseed (No. 1 CW, cash, I/S Saskatoon); Soybeans (No. 2 CE, cash, I/S Chatham).

Source: Statistics Canada (STC), f: forecast by AAFC except for area, yield and production for 2015-16 which is STC.

# CANADA: PULSES AND SPECIAL CROPS SUPPLY AND DISPOSITION

March 16, 2016

Grain and Crop Year (a)	Area Seeded ----- thousand ha -----	Area Harvested ----- thousand ha -----	Yield t/ha	Production	Imports (b)	Total Supply	Exports (b)	Total Domestic Use (c)	Carry-out Stocks	Stocks- to-Use Ratio %	Average Price (d) \$/t
<b>Dry Peas</b>											
2014-2015	1,613	1,588	2.40	3,810	31	4,170	3,091	395	684	20	260
2015-2016f	1,489	1,470	2.18	3,201	25	3,910	3,000	510	400	11	360-390
2016-2017f	1,700	1,675	2.45	4,100	30	4,530	3,100	630	800	21	300-330
<b>Lentils</b>											
2014-2015	1,263	1,217	1.63	1,987	13	2,786	2,179	242	365	15	585
2015-2016f	1,597	1,589	1.49	2,373	16	2,754	2,400	254	100	4	1030-1060
2016-2017f	1,800	1,775	1.61	2,850	13	2,963	2,200	263	500	20	765-795
<b>Dry Beans</b>											
2014-2015	126	122	2.27	278	85	368	307	26	35	11	830
2015-2016f	108	107	2.31	249	85	369	315	29	25	7	730-760
2016-2017f	105	103	2.23	230	85	340	305	25	10	3	740-770
<b>Chickpeas</b>											
2014-2015	73	70	1.87	131	8	269	80	64	125	87	515
2015-2016f	50	50	1.80	90	8	223	110	63	50	29	730-760
2016-2017f	55	54	1.85	100	8	158	75	63	20	14	725-755
<b>Mustard Seed</b>											
2014-2015	202	195	1.01	198	1	209	126	48	35	20	700
2015-2016f	140	133	0.93	123	1	159	120	34	5	3	1020-1050
2016-2017f	165	160	0.97	155	0	160	120	30	10	7	870-900
<b>Canary Seed</b>											
2014-2015	111	107	1.17	125	0	185	165	10	10	6	540
2015-2016f	132	128	1.17	149	0	159	145	9	5	3	585-615
2016-2017f	130	125	1.16	145	0	150	140	5	5	3	565-595
<b>Sunflower Seed</b>											
2014-2015	30	29	1.89	55	30	90	34	46	10	13	615
2015-2016f	41	38	1.89	73	27	110	35	45	30	38	540-570
2016-2017f	40	39	1.79	70	30	130	45	45	40	44	570-600
<b>Total Pulses and Special Crops (c)</b>											
2014-2015	3,418	3,329	1.98	6,584	168	8,077	5,982	831	1,264	19	
2015-2016f	3,556	3,514	1.78	6,257	162	7,683	6,125	943	615	9	
2016-2017f	3,995	3,931	1.95	7,650	166	8,431	5,985	1,061	1,385	20	

(a) Crop year is August-July. Grains include pulses (dry peas, lentils, dry beans, chick peas) and special crops (mustard seed, canary seed, sunflower seed).

(b) Imports and exports exclude products.

(c) Total Domestic Use = Food and Industrial Use + Feed Waste & Dockage + Seed Use + Loss in Handling. Total domestic use is calculated residually.

(d) Producer price, FOB plant, average over all types, grades and markets.

Source: Statistics Canada (STC) and industry consultations.

f: forecast, by AAFC except area, yield and production for 2015-16 which are STC.