

**CANADA: OUTLOOK FOR PRINCIPAL FIELD CROPS**

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**Market Analysis Group/Crops and Horticulture Division
Sector Development and Analysis Directorate/Market and Industry Services Branch****Executive Director: Nathalie Durand****Deputy Director: Fred Oleson**

This report is an update of Agriculture and Agri-Food Canada's (AAFC) September outlook report for the 2017-18 crop year which has ended for all crops, and provides AAFC's outlook for the 2018-19 crop year. For most crops in Canada, the crop year started on August 1 and ends on July 31, although for corn and soybeans, the crop year started on September 1 and ends on August 31.

For the 2017-18 crop year, the report provides the final estimates for all crops since it incorporates information from Statistics Canada's (STC) October 4, 2018 report on the supply and disposition of soybeans and corn. Canadian carry-out stocks (year-end inventories) for all principal field crops increased by about 4 percent from last year to 15.6 million tonnes (Mt) which will supplement supply for the 2018-19 crop year.

For 2018-19, the outlook incorporates yield estimates from STC's September 19, 2018 report. These yield estimates are based on a model that incorporates coarse resolution satellite data from STC's Crop Condition Assessment Program, data from STC's field crop reporting series, and agroclimatic data. The model-based estimates of production are about 6 percent higher than STC's August 31, 2018 production estimates which were based on a survey of producers. However, since the model-based estimates do not cover all provinces or all crops, STC has supplemented the model-based estimates by the survey results from its August 31 report. Also, the area seeded and harvested data for all crops is from the August 31 report.

The production of grains and oilseeds (G&O) is now estimated at 86.5 Mt compared to 81 Mt in AAFC's September report while the production of pulses and special crops (P&SC) is estimated at 6.9 Mt compared to 6.7 Mt in AAFC's September report. Total field crop production is estimated at 93.4 Mt, of which 93% are G&O and 7% are P&SC. Due to higher exports and increased domestic use, total carry-out stocks are expected to fall to 14.3 Mt which is 8% lower than the five-year average. These estimates do not account for the cool wet weather in September and October in Western Canada which has delayed harvest and reduced the quality of the crop. In some regions there are concerns that harvest may be delayed till spring. In Eastern Canada, the corn and soybean harvest is not expected to be complete until early November.

Canada: Principal Field Crops Supply and Disposition

	Area Seeded	Area Harvested	Yield	Production	Imports	Total Supply	Exports	Total Domestic Use	Carry-out Stocks
	--- thousand hectares ---	--- thousand hectares ---	t/ha	-----	-----	thousand tonnes	-----	-----	-----
Total Grains And Oilseeds									
2016-2017	26,435	24,618	3.47	85,497	1,621	99,748	42,150	43,314	14,279
2017-2018	27,142	26,323	3.26	85,794	2,431	102,505	45,580	43,021	13,904
2018-2019f	27,792	26,821	3.22	86,471	2,087	102,461	46,953	42,968	12,540
Total Pulse And Special Crops									
2016-2017	4,517	4,377	2.01	8,788	284	9,409	7,137	1,530	742
2017-2018	3,927	3,897	1.90	7,419	211	8,372	5,369	1,340	1,663
2018-2019f	3,628	3,571	1.94	6,942	165	8,770	5,425	1,585	1,760
All Principal Field Crops									
2016-2017	30,952	28,995	3.25	94,285	1,904	109,157	49,286	44,844	15,022
2017-2018	31,069	30,220	3.08	93,213	2,642	110,877	50,949	44,361	15,566
2018-2019f	31,420	30,392	3.07	93,413	2,252	111,231	52,378	44,553	14,300

f: forecast by AAFC except for area, yield and production for 2018-2019 which are STC

Source: Statistics Canada and Agriculture and Agri-Food Canada

All Wheat

Durum

For 2018-19, Canadian durum production is estimated to increase by 15% from 2017-18 to 5.7 million tonnes (Mt) as a 19% increase in seeded area is partly offset by lower yields, resulting from below normal precipitation in the durum growing areas. The latest production estimate is 0.67 Mt higher than in Statistics Canada's (STC) survey-based estimate. Saskatchewan accounts for 79.5% of the total production, Alberta for 20.3%, and Manitoba for 0.2%. The durum harvest completion has been delayed by wet weather.

Total supply is estimated to increase by 6%, as the higher production is partly offset by lower carry-in stocks. Exports are forecast to increase by 5% from 2017-18 because of less competition in world export markets from the EU, Mexico, Kazakhstan and Australia, and more import demand from the EU which is expecting a poor harvest for wheat, including durum. The latest export forecast is 0.2 Mt lower than in AAFC's September report based on slower than expected exports for the first two months of the crop year and expectations that the lower prices will result in higher producer carry-out stocks and significantly lower seeded area for 2019-20. Total domestic use is forecast to increase by 6%. The domestic feed use forecast was raised since the last report because of the higher production and lower prices, which is expected to result in more use of lower grade durum for feed. Carry-out stocks are forecast to rise by 8% to 1.6 Mt, 0.6 Mt higher than in AAFC's September report because of the increased production estimate and reduced exports forecast.

World durum production is forecast to increase by 0.5 Mt from 2017-18 to 37.5 Mt, while supply rises by 0.3 Mt to 47.3 Mt because of lower carry-in stocks, according to the International Grains Council (IGC). Use is expected to increase by 0.3 Mt to 37.5 Mt because of higher food use and carry-out stocks are forecast to be stable at 9.8 Mt. Durum production in the United States (US) is estimated to increase to 2.1 Mt from 1.49 Mt.

The average Canadian crop year producer price for durum is forecast to fall from 2017-18 due to higher world, Canadian and US supply. Prices were stable

from the beginning of August but fell in mid-September when STC increased the Canadian production estimate.

Wheat (excluding durum)

For 2018-19, Canadian wheat production is estimated by STC to increase by 1% from 2017-18 to 25.3 Mt as an 8% increase in seeded area was mostly offset by lower yields, resulting from below normal precipitation in most wheat growing areas. The production estimate is 1.35 Mt higher than STC's survey-based estimate. Wheat harvest progress in the northern Prairies has been delayed by wet weather and a significant portion of the crop remains to be harvested.

Canada western hard red spring (CWRS) wheat accounts for 75% of the total wheat production at 18.93 Mt. Production for other classes of wheat: winter wheat (hard red, soft red and soft white): 2.39 Mt, Canada Prairie spring (CPS) 1.76 Mt, Canada Northern Hard Red (CNHR) 1 Mt, Canada western soft white spring (CWSWS) 0.48 Mt, Canada western extra strong (CWES) 0.12 Mt, other Canada western spring 0.23 Mt and Canada eastern spring wheat (mostly CERS) 0.39 Mt.

Saskatchewan and Alberta accounts for 36.5% of the total wheat production, respectively, Manitoba for 16.8%. Ontario accounts for 8.5%, Quebec for 1.1%, British Columbia for 0.3% and, for the Atlantic Provinces, 0.3%.

Total supply is estimated to decrease marginally because of lower carry-in stocks. Exports are forecast to rise by 3% because of strong demand for wheat in world markets and less competition from Australia, Russia and Ukraine. The forecast for exports is 0.6 Mt higher than in the previous report because of the higher production estimate. Wheat exports were strong during the first two months of the crop year. Total domestic use is forecast to increase by 2%. The domestic feed use forecast was raised since the last report because of the increased production. Carry-out stocks are forecast to fall by 15% to 4 Mt.

The delayed harvest in the northern Canadian Prairies could reduce both the quantity and quality of the unharvested wheat which in turn would affect exports, domestic use and carry-out stocks.

World production of all wheat (including durum) is forecast to decrease by 28 Mt to 731 Mt, according to the USDA. The European Union and Russia accounted for most of the decrease in production because of insufficient moisture in some important growing areas. Supply is projected to fall by 10 Mt to 1,006 Mt. Total use is expected to increase by 5 Mt to 746 Mt because of growing use for food. Carry-out stocks are forecast to fall by 15 Mt to 260 Mt. However, China accounts for 136 Mt of the stocks, an increase of 9 Mt from 2017-18. Wheat stocks in China are generally not exported. Excluding China, world all wheat stocks are expected to fall by 22 Mt to 125 Mt.

All wheat production in the US is forecast to rise by 4 Mt to 51.3 Mt, according to USDA. Supply is projected to rise by 1.2 Mt to 85 Mt. Domestic use is forecast to rise by 1.8 Mt and exports are forecast to rise by 3.4 Mt. Carry-out stocks are forecast to decrease by 3.9 Mt to 26 Mt.

The average crop year prices of wheat in Canada for 2018-19 are forecast to increase from 2017-18, because of the lower world supply and strong export demand. However, protein premiums are lower than for 2017-18 because the protein content for US hard red winter wheat is higher and the production for US hard red spring wheat has increased. Prices have fallen slightly from the start of the crop year.

Stan Skrypetz: Wheat Analyst
stan.skrypetz@canada.ca

Barley

For 2018-19, seeded area is forecast to increase by 13% from last year's record low. Production is forecast to increase 4% to 8.2 million tonnes (Mt) due to the higher harvested area, despite a below average total yield. Due to sharply lower carry-in stocks, total supply is forecast to decrease by 5% to 9.5 Mt. Total domestic use is forecast to increase by 3% due to slightly higher feed and industrial use. Exports are expected to decrease by 17% due to lower total supplies. Carry-out stocks are forecast to decrease by 20% to a near record-low level of 1.0 Mt. The Lethbridge cash feed barley price is forecast to average 15% higher than 2017-18.

The average barley yield in Canada is estimated to be below the previous three and five-year averages. Compared to the August 31 survey-based estimate, the model-based estimate increased barley production by 235,000 tonnes or 3%.

Since the beginning of the crop year, feed barley has been moving into the Alberta elevator system at a premium to feed wheat. The price outlook remains good since many regions of the Prairies had limited forage and pasture growth, due to the dry conditions which reduced hay supplies, and supported the demand for feed barley.

For US barley, the USDA released their Stocks and Small Grains Summary. This report showed that US barley production increased by 8% from the 2017-18 crop year mainly due to slightly higher harvested area and yields. Note that the 2017 barley crop was the smallest ever recorded in the US. Total US barley stocks declined and are 3% lower than September 1, 2017. In the September WASDE report, the USDA increased its 2018-19 US farm gate barley price to US\$4.70/bushel (bu) versus US\$4.60/bu for 2017-18 and US\$4.47/bu for the previous year.

Lower barley production, among the major exporting countries, has reduced supply to a multi-decade low. This continues to provide price support for feed and malt barley. Last crop year, the world average feed barley price traded at a premium to corn and this spread continued to widen and it is now at a 10-year

high. Since August 2017, the average world FOB feed barley price has gained US\$1.30/bu or US\$60/t to-date. With smaller barley crops, especially in Australia and the EU, the premium for malting barley relative to feed barley remains above the previous five-year average.

Corn

For 2018-19, production is forecast to increase 3% to the new record of 14.5 Mt due to the higher area and higher yields. Imports are expected to decrease by 16% to 1.4 Mt. Despite the reduction in carry-in stocks and lower imports, total supply is forecast to increase to the new record level of 18.3 Mt. Total domestic usage is forecast to increase 2% to the new record of 14.3 Mt due to trend increases in ethanol production, industrial use and livestock feeding. Exports are forecast to decrease by 2% due to higher international competition. Carry-out stocks are forecast to decrease by 9% and remain below the previous three-year averages. The nearby Chatham corn price is forecast to increase due to higher US corn prices.

The average Canadian corn yield is expected to be the second highest on record but only slightly higher than 2017. Canada's three highest average yields have all occurred in the past four seasons with the record yield being in 2015. The model-based estimate increased total corn production by nearly 0.7 Mt or 5% compared to the survey-based estimate. Production is estimated to be higher in the three main corn producing provinces of Manitoba, Ontario and Quebec. For all three provinces, the average yield is near record levels, despite having hot, dry summer conditions. Fall weather forecasts are looking favourable for the corn harvest in Eastern Canada and Manitoba as temperature and rainfall are forecast to be near normal. By the end of September, there was no harvest pressure on prices, despite the large corn crops that are expected in Canada and the US.

In the September WASDE report, the USDA estimated a moderate increase in US corn yields. The USDA also lowered its average farm price by US\$0.10/bu to US\$3.50/bu, which is 3% higher than 2017-18. Despite the large US and world corn

production, smaller beginning stocks and higher total use will reduce world corn ending stocks compared to last year. This will allow corn prices in the US and at the world level to increase slightly for 2018-19.

US corn stocks remain at the second highest level in the last 30 years. World corn production for 2018 is projected to be 3% higher than 2017 but in the four main corn exporting countries (Argentina, Brazil, Ukraine and the US), it is 7% higher. However, due to forecasts for lower world beginning stocks and higher total use, the corn price is trending higher.

Oats

For 2018-19, seeded area is forecast to decrease 5% from 2017-18. With abandonment and total average yield very near the previous five-year average, Canadian oat production is forecast to decrease by 9% to 3.4 Mt. The 12% increase in carry-in stocks will not be sufficient to offset the decline in production so that total supply decreases by 6%. Total domestic usage is forecast to decrease by 8% due to lower feed use and flat human consumption. Oat grain and product exports are forecast to remain unchanged. Carry-out stocks are forecast to decrease 20% to 0.63 Mt and remain well below the previous three and five-year averages. The Canadian oat price is forecast to increase due to a higher forecasted US oat futures price and a continuing supportive Canadian dollar.

The average Canadian oat yield is estimated to be very near the previous five-year average. The model-based estimate increased oat production by about 80,000 tonnes or 2% from the survey-based estimate. Generally higher yields and production were estimated for the two main oat producing provinces of Manitoba and Saskatchewan, but were lower for Alberta for which the drought period was longer.

The USDA estimated 2018 US oat production up 14% from 2017 which is 13% lower than it was in 2016 due mainly to lower harvested areas. However, total oat stocks in the US decreased slightly year-to-year, declining 3%. Based on the updated forecasts, the North American oat supply is down about 5% from 2017-18 and is at its lowest level in four years. Lower total oat supplies and a slightly

higher US corn future's price will be supportive factors for this year's oat prices.

Since the beginning of the crop year, the nearby US oat futures have been trading near US\$2.50/bu. Long-term price trend suggests that the harvest pressure will soon subside and prices could rise. Since large commercial millers are the main end users, oat purchase prices are based more on the wholesale and retail value of manufactured products.

Rye

For 2018-19, seeded area is forecast at 136,000 hectares, 6% lower than last year. However, this is close to both the previous five and 10-year averages. Production is forecast to decrease by 39% due to the lower seeded area, a sharp increase in abandonment and a slightly below average yield. Higher than average carry-in stocks will partially offset the decrease in production. However, total supply is forecast to decrease by 38% to 0.31 Mt. Total domestic use is forecast to decrease by 42% due to sharply lower livestock feeding. Exports are forecast to decrease by 22% due to the lower total supply. Carry-out stocks are forecast to decrease by 62% to 0.4 Mt and fall below the previous five-year average. Canadian rye prices are forecast to increase sharply, given a forecast for a smaller North American rye crop.

For rye, the production estimate from the model-based report was the same as the survey-based report. The 2018 yield is 20% lower than it was last year. Harvesting of the 2018 rye crop is complete and producers have planted the 2019 crop. For the Canadian Prairie provinces, fall rye seeding was generally faster-than-average in Manitoba. However, Alberta and Saskatchewan had cool and wet conditions which delayed seeding. Based on seeding conditions, and the sharp rebound in rye market prices, total rye area for 2019 should rise.

The USDA estimated that 2018 US rye production fell 13% from 2017 and 37% from 2016. Despite higher seeded area for 2018, below average yields and a higher than average rate of abandonment, reduced production. Similar to Western Canada many US states had below average forage crops, thus increasing the percentage of rye cut for green feed. Based on the updated estimates, the North American rye supply is

down 30% and 35% from 2017 and 2018, respectively. The supply has dropped to its lowest level in four years and is the main factor in the sharp rebound in rye grain prices. With strong export movement to the US, the continuing soft Canadian

dollar remains a supportive factor for Canadian rye prices.

John Pauch: Coarse Grain Analyst
john.pauch@canada.ca

Canola

For 2018-19, the production estimate, based on Statistics Canada's model-based estimate for canola was 21.0 million tonnes (Mt), versus 19.1 Mt in the survey-based estimate published in August. This is just shy of the record 21.3 Mt grown in 2017-18 but above the 5 year average output of 18.9 Mt. The decline in estimated production from last year is largely due to a 0.46 million hectares (mln ha) decrease in harvested area and a marginal drop in expected yields.

By province, Saskatchewan accounts for 54% of Canada's canola crop with production estimated at 11.3 Mt. With an expected output of 6.4 Mt, Alberta is expected to account for 30% of Canada's canola followed by Manitoba which is expected to grow 3.1 Mt or 15% of Canada's crop. Minor quantities of canola production are dispersed among the provinces of British Columbia, Ontario, Quebec and the Maritimes.

By early October, the Canadian harvest pace for canola was behind normal due to a wet September which brought what was an early harvest to a halt. The Manitoba harvest is the most advanced and needs less than a week of sunshine to finish up. Alberta is the furthest behind and Saskatchewan is in the middle, both provinces need at least 2 weeks of dry weather to finish up the canola harvest. The modern day record for late harvest of canola occurred in 2013-14 when most of the crop was harvested in November. Late or overwintered harvested canola suffers from a decline in quality although the crop is more resilient than cereals to adverse weather.

Supplies of canola are estimated up from last year, to a record 23.5 Mt based on a sharp rise in carry-in stocks which more-than-offset the decline in production. The total disposition of canola is forecast to rise slightly despite pressure from burdensome world and vegetable oil supplies. Canadian exports of canola are forecast to rise by 5%, to 11.5 Mt on strong world demand for canola.

Early in the crop year, China is tentatively forecast to import 4.5 Mt of canola, slightly above the 4.3 Mt

imported last year and the 5 year average of 4.1 Mt. The forecast for Chinese imports of Canadian canola is sensitive to the trade frictions currently occurring between the United States and China. Japan is forecast to import 2.6 Mt, which is a slight increase over 2017-18 and slightly above the 5 year average. Mexico is expected to import 1.5 Mt of Canadian canola similar to past years.

Import volumes by other countries are forecast to remain stable or increase slightly from past years. Based on industry reports, Canada may ship between 0.5 Mt to 1.0 Mt of canola into eastern Australia for processing as drought has reduced canola production there by 1.0 Mt.

Simultaneously, domestic crushing is forecast to decrease marginally with the processing industry operating at near full capacity. Canadian production of canola oil and meal are forecast at 4.1 Mt and about 5.0 Mt, respectively. Canada is forecast to export 3.1 Mt of canola oil and 4.7 Mt of canola meal, with the US and China, respectively, the major customers for those commodities.

Carry-out stocks are estimated at 2.5 Mt, for a stocks-to-use ratio of 12%. Canola prices are forecast to decline marginally, to \$500-540/t, as pressure from lower world soybean and soyoil prices is underpinned by support from the lower Canadian dollar against its American counter-part.

AAFC's price forecast for canola is a weighted average of the average crop year price to-date and the average price forecast for the remainder of the crop year. The spillover impact of the China-US trade dispute, complete with tariffs on US soybeans, has largely been captured by the crop year-to-date component of the price estimate.

Flaxseed

For 2018-19, flaxseed production is estimated at 0.51 Mt on a harvested area of 0.35 mln ha and yields of 1.5 t/ha. Total supplies of flaxseed are forecast to fall by nearly 20%, to 0.65 Mt, as a decline in carry-in stocks supplements the drop in production. Exports are forecast at 0.40 Mt while total domestic use falls to 0.12 Mt on a drop in feed, waste and dockage. Carry-out stocks are forecast to

fall to 0.13 Mt for a stocks-to-use ratio of 24%. The average flaxseed price is expected to rise slightly to \$455-495/t.

At the world level, Oil World estimates flaxseed (linseed) production of 2.69 Mt which is a slight rise from the 2.59 Mt grown in 2017-18. The world's largest grower of flaxseed is Kazakhstan where production is estimated at 0.70 Mt, followed by Russia with a production of 0.60 Mt. World crushing of flaxseed is steady with last year at 2.3 Mt with the EU and China each expected to crush one-third of the world's crop. Most of the processing of the remaining third is distributed among four other countries.

World trade in flaxseed is estimated at 1.6 Mt, similar to 2017-18, with the European and China the major importers and Russia, Kazakhstan and Canada the major exporters. Carry-out stocks are forecast to remain stable at slightly under 0.1 Mt.

Soybeans

For 2018-19, soybean production is estimated at 7.5 Mt, down 0.2 Mt from last year, on a planted and harvested area of 2.56 mln ha and 2.54 mln ha, respectively and yields of 2.76 t/ha. By province, Ontario is Canada's largest grower of soybeans with production estimated at 4.0 Mt. Manitoba is Canada's second largest soybean producer where production is estimated at 1.9 Mt, down slightly from the 2.2 Mt grown last year, due to a hot and dry summer. Production in Quebec is estimated at 1.2 Mt while in Saskatchewan production is estimated at 0.3 Mt.

Total supplies of soybeans are estimated at 8.6 Mt, virtually unchanged from last year as higher carry-in stocks, at 0.65 Mt, offset the drop in output. Imports are forecast at 0.4 Mt, down slightly from last year. Early in the crop year, US export sales of soybeans to Canada, as reported by the USDA, are up from 2017-18 but only to a level needed to supply Canadian processors. AAFC continues to monitor the US situation closely.

Exports are forecast at a record 5.7 Mt with shipments headed to a diverse group of countries. The discount of the Canadian dollar to its American counterpart, with US\$1.00=C\$1.30, is expected to

support Canadian shipments against competition from burdensome world soybean supplies, especially in the US and Brazil.

Domestic processing of Canadian soybeans is forecast at 1.9 Mt, slightly under 2017-18 levels. Carry out stocks are forecast to fall by 0.2 Mt to 0.45 Mt, for a stocks-to-use ratio of about 6%. Soybean prices are forecast to decrease to \$380-420/t under pressure from the bumper US crop and uncertainty over the stability of US-Chinese trade.

The main major factors to watch are: (1) Canadian harvest progress, (2) US harvest progress, (3) trade negotiations between China and the US (4) exchange rate volatility and (5) South American planting intentions.

At the world level, the soybean situation is weighed down by the large US soybean crop. World soybean production is estimated up by 9% from last year, to a record 369 Mt. While the US is expected to harvest a record crop, prices are also expected to come under pressure from a 20 Mt rebound in Argentine production as output returns to normal in that country, assuming normal weather. By comparison, the growth in world soybean consumption is comparatively unnoticed. The USDA is forecasting the world soybean crush to rise to a record 308 Mt, up 5% from last year and a rise of 16% over the past 5 years. This steady year-on-year growth is moderating the pressure on world soybean prices due to the growth in world production.

World trade in soybeans is forecast to grow modestly, to 157 Mt as a stabilisation of Chinese imports is offset by rising purchases in other countries. One scenario has the US shipping soybeans into Argentina for processing late in the Argentine crop year when stocks run tight in that country. This will allow Argentina to meet its export commitments while maintaining its domestic crush pace. World stocks of soybeans are forecast to rise to 0.11 Mt versus 0.09 Mt last year, for a stocks-to-use ratio of 23% vs 22% for 2017-18 and the 5 year average of 22%.

Chris Beckman: Oilseeds Analyst

Chris.beckman@agr.gc.ca

Dry Peas

For 2018-19, production in Canada is estimated to decrease by 9% to 3.7 million tonnes (Mt) as lower harvested area, particularly in Alberta, was partly offset by higher yields. Alberta and Saskatchewan are each expected to account for 1.8 Mt of the dry pea production, with the remainder of the production in Manitoba, British Columbia and Eastern Canada. Supply is expected to be similar to last year at 4.4 Mt. Exports are forecast to decrease to 2.8 Mt, with China, the US and Bangladesh expected to be Canada's top three markets. Carry-out stocks are forecast to rise despite expectations for a rise in domestic use. The average price is expected to be lower than 2017-18, particularly for yellow pea types.

During the month of September, Saskatchewan green and yellow pea farmgate prices rose \$15/t each. Green dry peas prices are currently at a \$65/t premium to yellow dry peas compared to last year when green pea prices were a \$40/t premium to yellow peas.

In the US, area seeded to dry peas for 2018-19 is forecast by the USDA to decrease by 24% from last year to 0.9 million acres. This is largely due to an expected fall in area seeded in Montana. With higher yields and lower abandonment, US dry pea production is forecast by the USDA to decrease only marginally to 0.6 Mt. The US exported about 0.2 Mt of dry peas to the Middle East, Africa and China. The US is expected to maintain its market share in 2018-19 with production similar to the previous year.

Lentils

For 2018-19, despite higher yields, production is estimated to decrease by 13% to 2.2 Mt due to lower harvested area. However, the production of large green lentils is forecast to be higher than last year at 0.7 Mt while the production of red lentils is expected to be lower than last year at 1.2 Mt. Production of the other remaining lentil types is expected to be higher than last year at nearly 0.3 Mt.

Supply, however, is expected to increase by 8% due to large carry-in stocks. Exports are expected to rise

to 1.9 Mt, with Turkey, the United Arab Emirates, and the EU expected to remain the top three export markets. Domestic use is forecast to be the same as last year. Carry-out stocks are forecast to be lower than the previous year. The overall average price is forecast to be lower than 2017-18. Harvest reports suggest a much higher No.1 and No.2 grade distribution than in 2017-18. Large green lentil prices are forecast to have a smaller premium over red lentil prices than last year.

In the US, the area seeded to lentils for 2018-19 is forecast by the USDA at below 0.8 million acres, down almost 30% from 2017-18 due to lower area seeded in Montana. With normal yields and lower abandonment, 2018-19 US lentil production is therefore forecast by USDA to rise to nearly 0.4 Mt, 18% higher than in 2017-18. US lentil exports are about 0.2 Mt annually with the main markets continuing to be the EU, South America and the Middle East.

Dry Beans

For 2018-19, production is estimated to rise to nearly 0.35 Mt, consisting of 88 thousand tonnes (kt) of white pea bean types and 261 kt of coloured bean types. Production in Ontario and Manitoba decreased due to lower yields. In Alberta, colored dry bean production increased due to record area and higher yields.

Supply is forecast to increase by 13%, due to higher carry-in stocks. Exports are forecast to be similar to last year at 350 kt. The US and the EU are forecast to remain the main markets for Canadian dry beans, with expectations that Canada will continue to expand its market share in Africa. Carry-out stocks are also expected to be rise sharply. The average Canadian dry bean price is forecast to increase due to the smaller North American supply.

In the US, area seeded to dry beans is forecast by the USDA to fall by over 30% to 1.0 million acres, largely due to lower area seeded in North Dakota and Nebraska. US total dry bean production (excluding chickpeas) is forecast by the USDA at nearly 1.2 Mt, down 8% from 2017-18. US export markets are

expected to continue to be the EU, Mexico and Canada. US dry bean exports total about 0.3-0.4 Mt annually.

Chickpeas

For 2018-19, production is estimated to more than double in size to 283 kt, as higher area combined with higher yields. However, supply is forecast to nearly double to 292 kt, due to lower carry-in stocks and imports. Exports are forecast to remain unchanged due to the increased world supply, with the EU, the US and Pakistan expected to remain the main markets for Canadian chickpeas. Carry-out stocks are expected to increase and be burdensome for prices. The average price is forecast to fall due to expectation for increased world supply.

US chickpea area seeded is estimated by the USDA at a record 0.8 million acres, up 32% from 2017-18. Assuming below normal yields and abandonment, 2018-19 US chickpea production is forecast by AAFC at a record 0.4 Mt, sharply higher than 2017-18.

Mustard Seed

For 2018-19, production is estimated to increase by over 43% to 175 kt due to higher harvested area and yields. The production of two of the major types of mustard (yellow and brown) rose while oriental type production fell. However, supply is forecast to rise by only 8%, due to smaller carry-in stocks. Exports are expected to be higher than last year at 120 kt. Carry-out stocks are forecast to increase. The US and the EU are expected to remain the main export markets for Canadian mustard seed. The average price is forecast to be lower than 2017-18 due to the higher Canadian and world supply.

Canary Seed

For 2018-19, production is estimated to decrease by 23% to 111 kt, as lower harvested area combines with lower yields. Exports are expected to be limited by lower supply. The EU and Mexico are forecast to

remain the main export markets, followed by South America and the US. Carry-out stocks are expected to tighten. The average price is forecast to be higher than the 2017-18 level due to strong world demand and tight world stocks.

Sunflower Seed

For 2018-19, production is estimated at 58 kt, unchanged from last year, despite higher harvested area. However, supply is expected to rise to 118 kt due to higher carry-in stocks. Although exports are forecast to rise, carry-out stocks will also increase due to higher supply. The US is expected to remain Canada's main export market for sunflower seed. The average price is forecast to rise as the higher prices for confectionery sunflower seed more-than offset lower prices for the oilseed types of sunflowers.

Area seeded to sunflower seed in the US is estimated by the USDA at nearly 1.5 million acres, marginally higher than last year due to the increase in area seeded in South Dakota. The area seeded to oil type varieties increased to 1.3 million acres and the area seeded to confectionery type varieties fell sharply to 0.15 million acres. For 2018-19, US sunflower seed production is forecast by USDA at 1.0 Mt, marginally higher than last year.

For 2018-19, the global supply of sunflower seed is estimated by the USDA at a record 54.7 Mt. This is marginally higher than last year due to record area in Ukraine and Russia. World domestic use is expected to reach a record 49.5 Mt but world exports are forecast to fall by 8%. World carry-out stocks are expected to rise marginally to 2.9 Mt, similar to the five year average. This may provide stability for world sunflower seed prices.

Bobby Morgan: Pulse and Special Crop Analyst
Bobby.Morgan@agr.gc.ca

CANADA: GRAINS AND OILSEEDS SUPPLY AND DISPOSITION

October 19, 2018

Grain and Crop Year (a)	Area	Area	Yield	Production	Imports (b)	Total Supply	Exports (c)	Food & Industrial Use (d)	Feed, Waste & Dockage	Total Domestic Use (e)	Carry-out Stocks	Average Price (g) \$/t
	Seeded	Harvested										
Durum												
2016-2017	2,469	2,333	3.33	7,762	11	8,873	4,534	174	2,133	2,511	1,828	275
2017-2018	2,106	2,088	2.38	4,962	8	6,798	4,387	193	500	934	1,477	265
2018-2019f	2,503	2,450	2.33	5,706	10	7,192	4,600	200	586	992	1,600	225-255
Wheat Except Durum												
2016-2017	7,156	6,643	3.67	24,378	99	28,555	15,621	3,262	3,914	7,905	5,028	235
2017-2018	7,020	6,895	3.63	25,022	75	30,125	17,480	3,119	4,051	7,949	4,696	240
2018-2019f	7,560	7,375	3.43	25,305	80	30,080	18,000	3,180	4,046	8,080	4,000	230-260
All Wheat												
2016-2017	9,625	8,976	3.58	32,140	110	37,428	20,155	3,436	6,047	10,416	6,856	
2017-2018	9,126	8,983	3.34	29,984	82	36,923	21,867	3,312	4,551	8,883	6,173	
2018-2019f	10,063	9,825	3.16	31,010	90	37,273	22,600	3,380	4,633	9,073	5,600	
Barley												
2016-2017	2,702	2,266	3.90	8,839	64	10,346	2,322	85	5,615	5,902	2,122	169
2017-2018	2,334	2,114	3.73	7,891	69	10,082	2,883	49	5,666	5,943	1,256	227
2018-2019f	2,628	2,356	3.49	8,227	65	9,548	2,400	86	5,837	6,148	1,000	245-275
Corn												
2016-2017	1,452	1,414	9.83	13,889	832	16,963	1,286	5,187	7,979	13,181	2,497	171
2017-2018	1,447	1,406	10.02	14,095	1,663	18,256	1,830	5,146	8,847	14,009	2,417	174
2018-2019f	1,468	1,439	10.05	14,461	1,400	18,278	1,800	5,200	9,062	14,278	2,200	165-195
Oats												
2016-2017	1,232	925	3.49	3,231	21	4,219	2,305	125	977	1,210	704	209
2017-2018	1,295	1,049	3.56	3,733	18	4,454	2,412	122	1,032	1,258	784	218
2018-2019f	1,235	987	3.43	3,383	20	4,187	2,400	125	932	1,162	625	225-255
Rye												
2016-2017	186	140	3.12	436	1	488	145	48	118	179	164	115
2017-2018	144	97	3.52	342	1	507	197	58	136	205	104	162
2018-2019f	136	74	2.79	207	2	313	153	54	54	120	40	195-225
Mixed Grains												
2016-2017	177	62	2.83	175	0	175	0	0	175	175	0	
2017-2018	123	54	2.77	149	0	149	0	0	149	149	0	
2018-2019f	144	57	2.79	158	0	158	0	0	158	158	0	
Total Coarse Grains												
2016-2017	5,749	4,805	5.53	26,571	918	32,191	6,058	5,445	14,863	20,646	5,486	
2017-2018	5,342	4,720	5.55	26,210	1,751	33,448	7,322	5,375	15,830	21,564	4,562	
2018-2019f	5,610	4,912	5.38	26,436	1,487	32,484	6,753	5,465	16,042	21,866	3,865	
Canola												
2016-2017	8,411	8,263	2.37	19,599	95	21,785	11,016	9,191	167	9,426	1,342	529
2017-2018	9,307	9,266	2.30	21,328	103	22,773	10,909	9,269	138	9,474	2,391	539
2018-2019f	9,203	9,189	2.29	20,999	100	23,490	11,500	9,200	239	9,490	2,500	500-540
Flaxseed												
2016-2017	381	342	1.73	591	17	887	500	0	128	147	240	458
2017-2018	421	419	1.33	555	8	803	485	0	175	190	128	463
2018-2019f	358	353	1.45	511	10	649	400	0	108	124	125	455-495
Soybeans												
2016-2017	2,269	2,232	2.96	6,597	482	7,459	4,420	1,832	546	2,679	355	454
2017-2018	2,947	2,935	2.63	7,717	487	8,559	4,998	1,969	679	2,909	651	434
2018-2019f	2,558	2,542	2.96	7,515	400	8,566	5,700	1,900	316	2,416	450	380-420
Total Oilseeds												
2016-2017	11,061	10,837	2.47	26,787	594	30,130	15,936	11,024	841	12,252	1,937	
2017-2018	12,674	12,620	2.35	29,600	598	32,135	16,392	11,238	991	12,573	3,170	
2018-2019f	12,118	12,084	2.40	29,025	510	32,705	17,600	11,100	663	12,030	3,075	
Total Grains And Oilseeds												
2016-2017	26,435	24,618	3.47	85,497	1,621	99,748	42,150	19,904	21,751	43,314	14,279	
2017-2018	27,142	26,323	3.26	85,794	2,431	102,505	45,580	19,925	21,372	43,021	13,904	
2018-2019f	27,792	26,821	3.22	86,471	2,087	102,461	46,953	19,945	21,337	42,968	12,540	

(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 but exclude oilseed products.

(d) Food and Industrial use for soybeans is based on data from the Canadian Oilseed Processors Association.

(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. 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)

f: forecast by AAFC except for area, yield and production for 2018-2019 which are STC

Source: Statistics Canada and Agriculture and Agri-Food Canada

CANADA: PULSES AND SPECIAL CROPS SUPPLY AND DISPOSITION

October 19, 2018

Grain and Crop Year (a)	Area Seeded ----- thousand ha -----	Area Harvested	Yield t/ha	Production	Imports (b)	Total Supply ----- thousand tonnes -----	Exports (b)	Total Domestic Use (c)	Carry-out Stocks	Stocks-to- Use Ratio %	Average Price (d) \$/t
Dry Peas											
2016-2017	1,733	1,677	2.88	4,836	32	5,042	3,944	797	300	6	300
2017-2018	1,656	1,642	2.50	4,112	12	4,424	3,086	688	650	17	265
2018-2019f	1,462	1,428	2.62	3,735	15	4,401	2,800	901	700	19	230-260
Lentils											
2016-2017	2,254	2,221	1.44	3,194	98	3,365	2,455	595	315	10	575
2017-2018	1,783	1,774	1.44	2,559	35	2,909	1,540	492	876	43	475
2018-2019f	1,525	1,509	1.48	2,230	35	3,142	1,900	492	750	31	350-380
Dry Beans											
2016-2017	129	118	2.11	249	91	355	335	19	1	0	885
2017-2018	135	131	2.45	322	86	409	351	23	35	9	760
2018-2019f	144	142	2.46	349	80	464	350	24	90	24	815-845
Chickpeas											
2016-2017	62	44	1.86	82	27	129	108	20	1	1	1,000
2017-2018	68	68	1.49	102	47	150	116	33	1	1	950
2018-2019f	179	177	1.60	283	8	292	115	62	115	65	450-480
Mustard Seed											
2016-2017	206	195	1.21	236	7	248	124	44	80	48	660
2017-2018	156	153	0.80	122	9	211	112	49	50	31	770
2018-2019f	204	200	0.87	175	2	227	120	47	60	36	700-730
Canary Seed											
2016-2017	105	95	1.48	140	0	175	153	2	20	13	485
2017-2018	103	103	1.41	145	0	165	147	3	15	10	465
2018-2019f	86	86	1.29	111	0	126	115	6	5	4	460-490
Sunflower Seed											
2016-2017	28	28	1.84	51	29	95	18	52	25	36	565
2017-2018	26	26	2.26	58	22	105	17	53	35	50	590
2018-2019f	29	28	2.06	58	25	118	25	53	40	51	585-615
Total Pulses and Special Crops (c)											
2016-2017	4,517	4,377	2.01	8,788	284	9,409	7,137	1,530	742	9	
2017-2018	3,927	3,897	1.90	7,419	211	8,372	5,369	1,340	1,663	25	
2018-2019f	3,628	3,571	1.94	6,942	165	8,770	5,425	1,585	1,760	25	

(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

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

f: forecast by AAFC except for area, yield and production for 2018-2019 which are STC

Source: Statistics Canada and Agriculture and Agri-Food Canada