

Canada Field Crop Situation & Outlook

Durum

For 2018-19, production is estimated to decrease by 13% from 2018-19 to 5 million tonnes (Mt), as the 21% lower seeded area is partly offset by higher average yields.

Total supply is estimated to decrease by 7%, as the lower production is partly offset by higher carry-in stocks. Exports are forecast to increase by 4% to 4.7 Mt due to stronger demand resulting from a decrease in world production.

Carry-out stocks are forecast to fall by 40% from 2018-19 to 1 Mt, 29% lower than the past five year average of 1.4 Mt.

World durum production is estimated by the International Grains Council to fall by 2.6 Mt from 2018-19 to 35.6 Mt, while supply decreases by 1.8 Mt to 46.1 Mt. Use is expected to rise by 0.4 Mt to 37.8 Mt.

Carry out stocks are forecast to fall by 2.3 Mt to 8.2 Mt, the lowest since 2014-15. The United States Department of Agriculture (USDA) is forecasting US durum production at 1.48 Mt, down 0.64 Mt from 2018-19.

The average Canadian crop year producer price for durum is forecast to rise from 2018-19 due to lower world, Canadian and US supply.

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Wheat (excluding durum)

For 2019-20, Canadian wheat production is estimated to rise by 4% from 2018-19 to 27.5 Mt, as the 7.5% higher seeded area is partly offset by higher abandonment for winter wheat and lower average yields. Saskatchewan accounts for 39.5% of the wheat production, Alberta 35.5%, Manitoba 18%, Ontario 5.5%, Quebec 1%, with the remaining 0.5% in the Maritimes and British Columbia.

Production by class of wheat, with 2018-19 production in brackets, is estimated at: winter (hard red, soft red and soft white) 1.74 Mt (2.51 Mt); Canada Western Red Spring (CWRS), premium quality hard wheat, 22.23 Mt (20.03 Mt); Canada Prairie Spring (CPS) 1.56 Mt (1.59 Mt), Canada Northern Hard Red Spring (CNHR) 0.77 Mt (1.06 Mt); soft white spring (CWSWS) 0.52 Mt (0.47 Mt), other western spring wheat 0.24 Mt (0.27 Mt), eastern spring wheat, mainly hard red spring (CERS), 0.41 Mt (0.39 Mt).

Total supply is estimated to increase by only 1%, as lower carry-in stocks partly offset the increase in production. Exports are forecast to fall by 4% to 19 Mt, as more competition is expected from other exporters because of higher production. Carry-out stocks are forecast to increase by 18% to 5 Mt, but only 2% higher than the past five year average of 4.92 Mt.

World all wheat (including durum) production is forecast to increase by 35 Mt to 766 Mt, while the supply increases by 29 Mt to 1,043 Mt, according to USDA. Total use is expected to increase by 19 Mt to 755 Mt. Carry out stocks are forecast to rise by 10 Mt to 288 Mt. Excluding China, world all wheat stocks are expected to increase by 5 Mt to 143 Mt.

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Barley

For 2019-20, total barley production in Canada is estimated to increase by almost 20% from 2018-19 to close to 10 Mt. About 60% of the increase is anticipated to come from Alberta, the leading barley producing province in Canada, and almost 39% from Saskatchewan. Total supply is expected to increase by 13% as the increase in production more-than offsets the historically low level of carry-in stocks.

The Prairie barley harvest has been struggling with wet weather. It was nearly 95% complete, as of the last week of October. Average yields varied across the Prairie Provinces. Barley production in the Prairie Provinces accounts for about 95% of total barley production in Canada. Considering the unharvested area in the Prairie Provinces at this time and the continued wet and cold weather in November, barley production in Canada will likely be lower than Statistics Canada's (STC) September estimate. The quality of the early harvested barley crop is generally good but the late harvested crop is expected to show a decrease in quality.

Domestic use of barley is expected to increase from 2018-19, reflecting stronger feed use. Exports are expected to decrease due to the increased supply of barley in competing countries and a decline in the supply of good quality barley in Canada. Carry-out stocks are anticipated to increase sharply.

Over the past few weeks, the average feed barley price in Lethbridge feedlots has been on the upward trend due to the concern over the level of production as well as quality issues. For 2019-20, to the end of October, the cumulative average price of feed barley is 10% lower than the same period of 2018-19. This is related to the anticipation of a plentiful supply of feed grains in 2019-20. As a result, the crop year average price of feed barley for 2019-20 is expected to be lower than for 2018-19.

World barley production for 2019-20 is projected to reach its highest level since 2008-09, largely due to increased output from the major exporting countries, including the EU, Australia, Russia and Ukraine. World trade is projected to rise due to higher supply and stronger demand. Increased imports from

Saudi Arabia, China and Morocco will more-than offset decreased deliveries to other countries. World carry-out stocks are expected to increase to the highest level in the recent three years.

Corn

For 2019-20, corn production in Canada is estimated to increase by 2% from 2018-19 to 14.1 Mt as the increase in harvested area more-than offsets the decrease in average yields. The total supply of corn is forecast to decrease significantly from 2018-19 due to lower carry-in stocks and imports. The amount of corn imported in 2019-20 by Western Canada is expected to fall sharply, because the feed barley supply for 2019-20 is anticipated to recover.

As of the end of October, only a small amount of corn was harvested in Ontario, Canada's leading corn producing province. In Quebec, only 2% of corn was harvested. In Manitoba, the third largest corn producing province, the harvest was about 21% complete with varied yields reported, compared with 61% complete at this time of last year. With more rain and snow forecast in both Eastern and Western Canada in November, the corn production in Canada is anticipated to be much lower than STC's September production estimate.

Corn domestic use is expected to decrease from 2018-19 due to reduced food and industrial use, as well as feed use, as a result of a smaller supply. Exports are forecast to fall significantly, mainly due to lower exports to the EU. Carry-out stocks are forecast to decline due to smaller supply.

For 2019-20, the average corn price for the crop year is expected to be higher than last year due to a significant decline in domestic corn supply and the support from the higher US corn price forecast for 2019-20.

Corn production in the US for 2019-20 is projected to decrease by 5% from 2018-19 due largely to a decline forecast for yields, according to the USDA. The average farmgate price for corn in the US is projected at US\$3.85/bu, increased from US\$3.61/bu for last year. Corn production in the other major world exporters, Argentina and Brazil, remains abundant and

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will increase in Russia and Ukraine, which is expected to pressure corn prices.

Soybeans

For 2019-20, production is estimated at 6.49 Mt, a 13% drop from the 7.42 Mt grown last year due to a significant drop in planted area and slightly lower expected yields. Total supplies of soybeans in Canada are forecast to fall by 18%, to 7.59 Mt, as sharply lower imports, 0.4 Mt vs 1.1 Mt for 2018-19, supplement the drop in output and negate the slight increase in carry-in stocks which rose to 0.70 Mt.

Domestic processing of soybeans is forecast to decline marginally to 1.9 Mt but could easily rise to last year's pace of 2.1 Mt. Exports are forecast to fall sharply to 4.7 Mt from the record 5.6 Mt shipped out of the country in 2018-19, due to constrained supplies. Feed, waste and dockage is also forecast to fall sharply to 0.29 Mt while carry-out is estimated at 0.45 Mt. Soybean prices are forecast to range from to \$395/t to \$425/t versus \$406/t in 2018-19 and \$434/t in 2017-18.

At the world level, the USDA forecasts 2019-20 soybean production to decline by 20 Mt, to 339 Mt, due to a sharply lower US output of about 97 Mt, versus 121 Mt last year. Brazilian soybean production is forecast at a record 123 Mt as that country recovers from last year's drop.

Argentine production is expected to decline slightly to 53 Mt as the country recovers fully from the 2017-18 drought when output fell to 37.8 Mt. China is projected to increase its soybean output slightly, to 17.1 Mt, as it seeks to reduce dependence on imported oilseeds. India is expected to produce 11.0 Mt of soybeans, production will be helped by the elongated monsoon season which eased drought concerns. Similarly, Paraguayan production is projected to increase slightly to 10.2 Mt, assuming a return to normal growing conditions in that country. Production by other countries is expected to decline marginally to 21.5 Mt

Canola

For 2019-20, canola production is estimated at 19.4 million tonnes (Mt), 5% below last year but slightly above the five year average, as the 8% shift in crop area out of canola was partly offset by an expected 0.07 t/ha increase in yields. Yields are tentatively estimated at 2.3 t/ha despite the abnormal growing conditions which affected different parts of the growing region during the crop year.

As of November 1, AAFC estimates about 3.2 Mt (16%) of the Canadian canola crop remains unharvested in the field with delays increasing as we move from east to west across Western Canada. November 1 harvest progress by province was: Manitoba 90% complete, Saskatchewan 88% and Alberta 71%. The grade distribution for Canadian canola is 94% No.1, 4% No. 2 and 1% No.3 based on the Canadian Grain Commission's 934 sample harvest survey as of early November.

The grade distribution is similar for Eastern and Western Canada with the oil content averaging 45.4% in the East and 44.3% in the West. The proportion of canola grading No.1 by western Canadian province is Manitoba 97%, Saskatchewan 96% and Alberta 90%. Most samples in the survey were collected from early harvested canola and quality is expected to deteriorate as samples from later harvested crops are submitted. Moisture content from late harvested canola is expected to be a challenge and a significant portion of the late harvested crop will require artificial drying.

Total canola supplies are estimated at a record 23.6 Mt, including the unharvested crop in the field, based on the production estimate, higher carry-in stocks and stable imports. On the demand side, domestic processing of canola is forecast at about 9.3 Mt, largely unchanged from last year, as the industry operates at near full capacity. Canola exports are forecast at 9.2 Mt, versus the five year average of 10.1 Mt, as burdensome global supplies and reduced world demand limit shipments. For the crop year to Oct 27th, canola exports are running marginally ahead of last year's pace.

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Exports to the European Union are expected to increase following last summer's drought and sharply reduced production across key European growing regions. Exports to China are expected to remain sharply below year ago levels as trade issues between the two countries remain unresolved and a sharp decrease in Chinese hog numbers due to African Swine Fever reduces protein meal consumption.

Carry-out stocks are forecast to rise to 4.7 Mt, with about 3.7 Mt remaining on farm. The stocks-to-use ratio is estimated at 25% versus 20% in 2018-19 and 22% in 2009-10. The average canola price is forecast to fall to \$455-485/t from \$497/t in 2018-19, as pressure from lower world vegetable oil and protein meals prices is partly offset by the low value of the Canadian dollar.

For 2019-20, European imports of canola-rape seed will increase by 22%, to 5.2 Mt, says Oil World. Due to the severe mid-summer drought across Europe, output is expected to fall by 15% while crush volumes remain stable. The supply shortfall is expected to be filled through higher imports. Ukraine is the largest shipper of canola into the EU and exports are forecast to rise by 24% to a modern day record of 2.7 Mt. Australian exports into the EU are expected to be constrained to about 1.0 Mt due to drought down under. Canadian exports to the EU are forecast to rise by 270%, to about 1.6 Mt, easing pressure on Canada's expected canola carry-out for 2019-20.

Oats

For 2019-20, the supply of oats in Canada is expected to increase from 2018-19, as the increase in production exceeds the decrease in carry-in stocks. Oat production increased in the three Prairie Provinces, as well as in Ontario and Quebec. The Prairie Provinces, particularly Saskatchewan, accounted for most of the increase.

The oat harvest in the Prairie Provinces, where about 90% of total Canadian oat production originates, has experienced wet field conditions. Harvest is nearly 90% complete with varied yields reported and high possibilities of quality issues. Given the unharvested

area in the Prairie Provinces and continued wet and cold weather throughout the rest of the harvest season, oat production for 2019-20 in Canada is anticipated to be lower than the estimated production in the STC's September report.

Domestic use of oats for 2019-20 is expected to remain flat. Exports are anticipated to increase due to larger supply. Carry-out stocks are forecast to increase but will remain tight.

Oat prices in the Prairie Provinces have been strong for the time being, due to delayed harvest and quality issues in the Prairie Provinces. The 2019-20 cumulative average prices in the Prairie Provinces were 3 to 9% higher than those for the same period in 2018-19 and was 6% higher for oat futures in the Chicago Board of Trade (CBOT). The crop year average price of oats for 2019-20 is expected to be slightly lower than for 2018-19

Rye

For 2019-20, rye production in Canada is estimated to increase by 19% from 2018-19 to 281 Kt, however, total supply is expected to decrease slightly due to a significant decline in carry-in stocks. Exports, domestic use and carry-out stocks are expected to be similar to 2018-19, due to the flat supply.

Rye prices in Saskatchewan and Manitoba elevators have declined from a year ago but still remained strong. For 2019-20, the rye price is anticipated to decrease by 9% from 2018-19 to an average of \$215/t. The 2019-20 rye production in the US, the leading importer of Canadian rye, increased by 56 Kt. Domestic use in the US is forecast to increase by 46 Kt and imports are expected to decline.

Flaxseed (excluding solin)

For 2019-20, flaxseed production is estimated at 577 Kt up from 492 Kt in 2018-19 and up slightly from 2017-18. The rise in output is mostly due to the 9% rise in seeded area, to 0.38 Mha. About 79% of the flaxseed area is located in Saskatchewan, with Alberta and Manitoba accounting for 12% and 9% of the remaining area, respectively.

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Exports are forecast to remain stable at 0.50 Mt while total domestic use decrease due to lower feed, waste and dockage. Carry-out stocks are forecast to rise to 70 Kt. Flaxseed prices are forecast at \$455-495/t.

For 2019-20, world crushing of flaxseed-linseed is expected to rise slightly, to 2.48 Mt, producing 0.81 Mt of linseed oil and 1.56 Mt of linseed meal, says Oil World. China is the world's largest flaxseed crusher and is expected to process 0.78 Mt of flaxseed-linseed in 2019-20, similar to previous years. The European Union is expected to crush 0.70 Mt of flaxseed-linseed while the US crush is estimated at 0.27 Mt. Other significant processors of flaxseed-linseed are Kazakhstan, India and Russia, in order of size at between 0.1 Mt to 0.2 Mt per country. Aggregate other countries are expected to crush about 0.21 Mt of flaxseed-linseed in 2019-20.

Dry peas

For 2019-20, production is estimated to rise by 30% to 4.7 million tonnes (Mt). This is largely due to higher area and yields, especially in Saskatchewan and Alberta where 95% of the peas are grown. Yellow pea production is forecast to rise from last year to nearly 4.1 Mt, while green pea production is also expected to rise to nearly 0.6 Mt. Production of the other remaining dry pea types is expected to fall sharply to about 50 thousand tonnes (Kt). Supply is forecast to rise to a record 5.1 Mt despite lower carry-in stocks. Exports are forecast to increase to 3.4 Mt. From August to September 2019, China, US and India were Canada's top three markets. Due to higher supply, carry-out stocks are forecast to rise. The average price is expected to fall from 2018-19.

During October, the on-farm price of yellow peas in Saskatchewan rose \$10/t while the price of green pea types rose \$15/t. Current indications of crop quality suggest there will be a decrease in the supply of No.1 and No.2 grade Canadian dry peas when compared to last year. For the crop year to-date, the premium for green dry peas has been \$60/t above the price for yellow dry peas versus \$130/t last year.

Area seeded to dry peas in the US for 2019-20 is forecast by the USDA to rise by 26% from last year to 1.1 million acres. This is largely due to higher seeded area in Montana and North Dakota. Yields are expected to be above average and US dry pea production is forecast by the USDA to rise sharply to just over 1.0 Mt. The main export markets for US dry peas are Canada, the Philippines and India.

Lentils

For 2019-20, production is estimated to rise by 20% to 2.5 Mt, due to higher yields. Production of red lentils rose sharply from last year to 1.7 Mt, while large green lentil production fell to 0.6 Mt. Production of the other remaining lentil types is expected to decrease to below 0.3 Mt.

Imports, largely from the US, are forecast at 75 Kt. However, supply is expected to increase by only 7% due to lower carry-in stocks. Exports are expected to rise to 2.1 Mt. To-date, India, United Arab Emirates, Bangladesh and Turkey are the top export markets. Domestic use is expected to be higher than the previous year due to the lower crop quality. Carry-out stocks are forecast to fall to 550 Kt and remain burdensome. The overall average price is forecast to fall from 2018-19, largely due to a below average grade distribution.

During the month of October, the on-farm price in Saskatchewan for large green lentils rose by \$30/t while red lentil prices rose by \$35/t. This was largely due to higher export demand and quality concerns for the new crop. Compared to last year, a decrease in the supply of No.1 or No.2 grade Canadian lentils is expected for 2019-20. To-date, large green lentil prices have maintained a premium of \$130/t over red lentil prices, compared to a premium of \$85/t in 2018-19.