

## Canadian Field Crop: Outlook

For 2020-21, the area seeded to durum in Canada is forecast to increase by 15% from 2019-20 because of relatively good prices and low carry-out stocks for 2019-20.

Production is forecast to rise by 19% to 5.9 Mt as the increase in seeded area is compounded by higher trend yields. Supply is projected to be stable as the higher production is offset by lower carry-in stocks. Exports are expected to be stable. Carry-out stocks are forecast to rise by 11% to 1 Mt.

World durum production is forecast to increase by 2.2 Mt from 2019-20 to 36.5 Mt due to higher seeded area and assuming normal yields.

Supply is expected to fall by 0.4 Mt to 43.6 Mt because of lower carry-in stocks. Use is expected to fall by 0.3 Mt as higher food use is more than offset by lower feed use, while carry-out stocks fall by 0.1 Mt to 7 Mt. US durum production is forecast to rise by 0.25 Mt to 1.71 Mt.

The average Canadian crop year producer price for durum is forecast to fall from 2019-20 due to higher production at the world, Canadian and US levels.

continued on page 2

### In this issue:

**Canadian Field Crop Outlook** 1 – 5

**Cattle Herd Expansion Over, but Record Beef Production Expected in 2020** 1 & 5

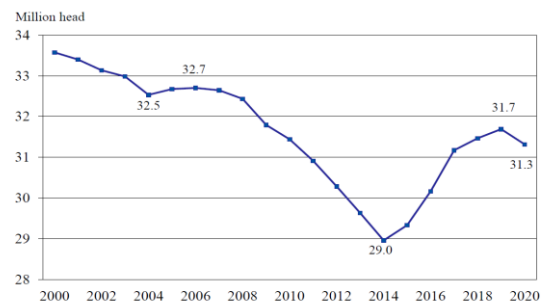
## Cattle Herd Expansion Over, but Record Beef Production Expected in 2020

The latest Cattle report issued by USDA confirms that cyclical herd expansion in the U.S. is over. **The total inventory of all cattle and calves on January 1, 2020 was 94.413 million head, down 0.4 percent from one year ago.** The numbers indicate that, while cattle inventories have stopped growing, no major liquidation is underway.

The beef cow inventory is 31.3 million head, down 374,000 head or 1.2 percent lower year over year. The peak beef cow inventory for 2019 was 31.7 million (revised down by 75,000 head from the previous report). This means that the total herd expansion in this cycle was an increase of 2.73 million head from the 2014 low of 29.0 million cows. That is a total cyclical expansion of 9.4 percent or an average of 1.9 percent per year for the five years of expansion.



U.S. Beef Cows



January 31, 2020

Beef replacement heifers were pegged at 5.77 million head, down 1.9 percent year over year. The inventory of beef replacement heifers is 18.4 percent of the beef cow inventory, a level that historically has not indicated significant liquidation.

continued on page 4

## Canadian Field Crop: Outlook

Durum [a]: February 14, 2020			
	2018-2019	2019-2020[f]	2020-2021[f]
Area seeded (kha)	2,503	1,980	2,280
Area harvested (kha)	2,456	1,902	2,235
Yield (t/ha)	2.34	2.62	2.64
Production (kt)	5,745	4,977	5,900
Imports (kt) [b]	24	70	40
Total supply (kt)	7,245	6,839	6,840
Exports (kt) [c]	4,526	4,800	4,800
Food and Industrial Use (kt) [d]	204	210	210
Feed, Waste & Dockage (kt)	532	710	611
Total Domestic Use (kt) [e]	927	1,139	1,040
Carry-out Stocks (kt)	1,792	900	1,000
Average Price (\$/t) [g]	235	245-275	235-265
f: forecast by AAFC except for area, yield and production for 2019-2020 which are STC			
Source: Statistics Canada (STC) and Agriculture and Agri-Food Canada (AAFC)			

### Wheat

For 2020-21, Canadian area seeded to wheat is forecast to be nearly the same as for 2019-20 as a 17% increase in the winter wheat area is expected to be offset by a 1% decrease for the spring wheat area. Production is projected to rise by 2% to 28 Mt. The winter wheat production is projected to increase by 60% to 2.7 Mt due to higher seeded area and assuming a return to normal abandonment rate. Spring wheat production is expected to fall by 1% to 25.3 Mt.

Supply is forecast to increase by 4% because of higher carry-in stocks. Exports are expected to rise by 5% due to lower world production. Carry-out stocks are forecast to increase by 14% to 5.7 Mt.

World all wheat production is forecast to fall by 9 Mt from 2019-20 to 755 Mt, assuming normal yields, while the supply is stable due to higher carry-in stocks. Total use is expected to rise by 7 Mt to 761 Mt. Carry-out stocks are forecast to fall by 6 Mt to 282 Mt. Excluding China, carry-out stocks are projected to decrease by 7 Mt to 133 Mt.

US all wheat production is forecast to fall by 1.8 Mt from 2019-20 to 50.5 Mt. On January 10, USDA reported that the area seeded to winter wheat for 2020 is estimated at 30.8 million acres, 1% lower than 2019. Winter wheat normally accounts for nearly 70% of the US all wheat area. Imports are forecast to increase by 0.4 Mt. Supply of all wheat is projected to fall by 5.2 Mt to 79.3 Mt. Exports are forecast to fall by 1.5, while domestic use decreases by 0.6 Mt. Carry-out stocks are forecast to decrease by 3.1 Mt to 22.5 Mt.

Wheat Except Durum [a]: February 14, 2020			
	2018-2019	2019-2020[f]	2020-2021[f]
Area seeded (kha)	7,570	8,145	8,150
Area harvested (kha)	7,425	7,754	7,920
Yield	3.56	3.53	3.54
Production (kt)	26,456	27,371	28,000
Imports (b)	95	100	100
Total supply (kt)	31,807	31,718	33,100
Exports (kt) [c]	19,762	18,400	19,300
Food and Industrial Use (kt) [d]	3,294	3,350	3,380
Feed, Waste & Dockage (kt)	3,669	4,133	3,883
Total Domestic Use (kt) [e]	7,797	8,318	8,100
Carry-out Stocks (kt)	4,247	5,000	5,700
Average Price (\$/t) [g]	245	210-240	220-250
f: forecast by AAFC except for area, yield and production for 2019-2020 which are STC			
Source: Statistics Canada (STC) and Agriculture and Agri-Food Canada (AAFC)			

### Barley

For 2020-21, the area seeded to barley in Canada is forecast to decrease slightly due to the sharp increase in carry-in stocks and lower expected prices. Barley prices in 2019-20 have been strong relative to prices over the past few years, which will limit the decline in area seeded.

Production is forecast to decrease by 8% using the five-year (2015-16 to 2019-20) average for area harvested and yields. Supply is forecast to be similar to 2019-20. Domestic use is anticipated to decrease slightly on a marginal decline in feed use. Exports are expected to be stable. As a result, carry-out stocks are forecast to rise slightly.

The average price of feed barley for 2020-21 is expected to be lower than 2019-20 due to increased supplies in Canada and around the world, as well as lower corn prices in the US.

The USDA projects that the area seeded to barley in the US for 2020-21 will fall by 4%. This, when combined with forecasts for lower area harvested and yield, will result in a drop of 3% in US barley production. However, supply is projected to rise by 4% due to increased carry-in stocks and higher imports. Total use is expected to increase by 6% and carry-out stocks are forecast to be unchanged. The average US barley price is projected to fall by 8%.

The International Grains Council (IGC) forecasts that the world barley supply, use and carry-out stocks will increase. This is expected to pressure world barley prices.

## Canadian Field Crop: Outlook

Barley [a]: February 14, 2020			
	2018-2019	2019-2020[f]	2020-2021[f]
Area seeded (kha)	2,628	2,996	2,900
Area harvested (kha)	2,395	2,728	2,580
Yield (t/ha)	3.5	3.81	3.69
Production (kt)	8,380	10,383	9,520
Imports (kt) [b]	43	40	40
Total supply (kt)	9,667	11,285	11,260
Exports (kt) [c]	3,068	3,150	3,150
Food and Industrial Use (kt) [d]	104	116	116
Feed, Waste & Dockage (kt)	5,375	6,069	5,963
Total Domestic Use (kt) [e]	5,737	6,435	6,310
Carry-out Stocks (kt)	863	1,700	1,800
Average Price (\$/t) [g]	260	210-240	200-230

f: forecast by AAFC except for area, yield and production for 2019-2020 which are STC

Source: Statistics Canada

### Corn

For 2020-21, the area seeded to corn in Canada is forecast to decrease by only 2% from 2019-20 as corn prices remain relatively strong. Production is forecast to increase by 3%, largely due to higher yields, and imports are expected to decrease accordingly. Supply is projected to be slightly lower than in 2019-20 as an increase in production is anticipated to be more-than offset by lower carry-in stocks and imports. Domestic use is projected to fall slightly due to lower feed use. Exports are forecast to remain unchanged given the same trend as in 2019-20 for continuing decline in world supply and continuing increase in world total use. Carry-out stocks are forecast to drop due to lower supply.

The average price of corn in Canada is expected to drop due to forecasts for lower corn prices in the US in 2020-21.

The USDA projects that US corn acreage for 2020-21 will rise by 5%, which, combined with forecasts for higher area harvested and improved yield, will increase US corn production, supply and ending stocks significantly in 2020-21. The US corn price is projected to fall by 11%.

Area seeded to corn at the world level is forecast to increase, according to the IGC, and world production is expected to set a new record. Total use of corn around the world is expected to continue its upward trend in 2020-21 and is projected to grow to a record level, driven by China and Brazil.

In the EU, the total supply of corn is expected to fall due to lower carry-in stocks, in spite of higher production and imports. Total use is projected to rise. As a result of lower supplies and higher consumption, carry-out stocks of corn in the EU are expected to decrease.

Corn [a]: February 14, 2020			
	2018-2019	2019-2020[f]	2020-2021[f]
Area seeded (kha)	1,468	1,496	1,460
Area harvested (kha)	1,431	1,451	1,420
Yield (t/ha)	9.7	9.24	9.75
Production (kt)	13,885	13,404	13,850
Imports (kt) [b]	2,739	2,000	1,500
Total supply (kt)	19,040	17,387	17,150
Exports (kt) [c]	1,617	1,300	1,300
Food and Industrial Use (kt) [d]	5,786	5,300	5,300
Feed, Waste & Dockage (kt)	9,638	8,971	8,834
Total Domestic Use (kt) [e]	15,440	14,287	14,150
Carry-out Stocks (kt)	1,983	1,800	1,700
Average Price (\$/t) [g]	194	190-220	170-200

f: forecasts by AAFC. For 2018-2019, imports and dispositions are forecast by AAFC but will be available from STC on October 4 2018. For 2019-2020[f], area, yield and production are from the STC survey but imports and dispositions are forecast by AAFC.

Source: Statistics Canada

### Oats

For 2020-21, the area seeded to oats in Canada is forecast to increase by about 9% mainly due to low stocks, good prices and strong demand. This will be the highest level since 2009. Production is forecast to increase by 5% due to higher area harvested more-than offsetting lower yields. Supply is projected to increase by 8% owing to higher carry-in stocks and production. Domestic use is expected to increase due to higher feed use. Exports are anticipated to be stable. Carry-out stocks are forecast to rise given an ample supply.

The average price of oats for 2020-21 is expected to be lower than 2019-20 due to higher supply in Canada, the US and around the world, as well as lower US corn price forecast for 2020-21.

The USDA projects that the acreage of oats in the US for 2020-21 will grow by 3%, which, combined with forecasts of increased harvested area and improved yield, will expand oat production in the US by 24% in 2020-21. However, supply is projected to rise only by

## Canadian Field Crop: Outlook

6% owing to forecasts for lower carry-in stocks and unchanged imports. Total use is expected to increase by 4% and carry-out stocks are projected to increase by 16%. US oat price for 2020-21 is projected to fall by 15%.

The IGC forecasts that world oat supply in 2020-21 will continue to grow due to higher carry-in stocks and production. Total use will increase by 1% and carry-out stocks are projected to increase by 12%.

Oats [a]: February 14, 2020			
	2018-2019	2019-2020[f]	2020-2021[f]
Area seeded (kha)	1,235	1,459	1,590
Area harvested (kha)	1,005	1,160	1,250
Yield (t/ha)	3.42	3.58	3.5
Production (kt)	3,436	4,157	4,380
Imports (kt) [b]	10	10	10
Total supply (kt)	4,225	4,564	4,940
Exports (kt) [c]	2,475	2,600	2,600
Food and Industrial Use (kt) [d]	186	190	190
Feed, Waste & Dockage (kt)	1,046	1,091	1,139
Total Domestic Use (kt) [e]	1,353	1,414	1,440
Carry-out Stocks (kt)	397	550	900
Average Price (\$/t) [g]	254	240-270	205-235

f: forecast by AAFC except for area, yield and production for 2019-2020 which are STC  
Source: Statistics Canada

### Canola

For 2020-21, seeded area in Canada is forecast to decrease by 2% to 8.3 million hectares (Mha), as farmers shift to seeding alternative crops at the expense of oilseeds and pulses and special crops. Harvested area is forecast at 8.2 Mha while yields are projected at 2.25 tonnes per hectare (t/ha), up marginally from the 2.24 t/ha achieved in 2019-20. Production is forecast to fall slightly to 18.5 Mt versus the 18.6 Mt grown last year. Total supply is forecast to fall to 21.8 Mt on lower carry-in stocks and lower output.

Exports are forecast up by 4% to 9.5 Mt on support from the slow and steady growth in world consumption of vegetable oils and high oil content oilseeds. Domestic crush is forecast to fall slightly to 9.3 Mt, due to competition from large world soybean oil and palm oil supplies. Carry-out stocks are forecast to tighten slightly to 2.7 Mt for a stocks-to-use ratio of 14% supporting a rise in canola prices to \$480-520/t.

Canola [a]: February 14, 2020			
	2018-2019	2019-2020[f]	2020-2021[f]
Area seeded (kha)	9,232	8,481	8,300
Area harvested (kha)	9,120	8,319	8,215
Yield (t/ha)	2.23	2.24	2.25
Production (kt)	20,343	18,649	18,500
Imports (kt) [b]	146	100	100
Total supply (kt)	22,995	22,580	21,800
Exports (kt) [c]	9,141	9,100	9,500
Food and Industrial Use (kt) [d]	9,295	9,750	9,250
Feed, Waste & Dockage (kt)	666	479	299
Total Domestic Use (kt) [e]	10,023	10,280	9,600
Carry-out Stocks (kt)	3,831	3,200	2,700
Average Price (\$/t) [g]	497	455-485	480-520

f: forecast by AAFC except for area, yield and production for 2019-2020 which are STC  
Source: Statistics Canada (STC) and Agriculture and Agri-Food Canada (AAFC)

### Flax

For 2020-21, seeded area for flaxseed in Canada is forecast to rise to 0.45 Mha, on support from higher prices. Production is forecast to rise by 34% to 0.65 Mt, assuming a steady abandonment in the harvested area and using the 5-year average historical yields. Supply is forecast to increase by 30% to 0.73 Mt as the rise in output more than offsets the slight drop in carry-in stocks.

Exports are forecast to increase by 25% from 2019-20, to 0.50 Mt on steady to stronger world consumption. Total domestic use is forecast to rise to 0.11 Mt, on higher feed, waste and dockage. Carry-out stocks are forecast to increase to 0.12 Mt. Flaxseed prices are forecast up slightly, to \$490-530/t for 2020-21.

Flaxseed (excluding solin) [a]: February 14, 2020			
	2018-2019	2019-2020[f]	2020-2021[f]
Area seeded (kha)	347	379	450
Area harvested (kha)	342	339	421
Yield (t/ha)	1.44	1.43	1.54
Production (kt)	492	486	650
Imports (kt) [b]	9	10	10
Total supply (kt)	628	556	725
Exports (kt) [c]	466	400	500
Food and Industrial Use (kt) [d]	0	0	0
Feed, Waste & Dockage (kt)	85	71	90
Total Domestic Use (kt) [e]	102	91	110
Carry-out Stocks (kt)	60	65	115
Average Price (\$/t) [g]	496	485-515	490-530

f: forecast by AAFC except for area, yield and production for 2019-2020 which are STC  
Source: Statistics Canada

## Soybeans

For 2020-21, planted area in Canada is forecast to fall marginally to 2.23 Mha, due to low prices and concerns over growing conditions. Assuming five-year average yields, production is forecast at 6.6 Mt, up from 6.0 Mt in 2019-20 but below the 7.4 Mt grown in 2018-19.

Total supply is forecast to increase to 7.3 Mt as the estimated drop in carry-in stocks is offset by higher production and a slight increase in imports.

Exports are forecast at 4.7 Mt with shipments headed to a diverse group of countries. Domestic processing is forecast up slightly at 1.9 Mt as crushers swing back into processing more soybeans.

Carry-out stocks are forecast at 0.27 Mt versus 0.30 Mt estimated for 2019-20 and the 0.70 Mt carried out in 2018-19.

Soybean prices are forecast up slightly to \$410-450/t on support from stronger US prices and a stable Canadian-US dollar exchange rate.

Soybeans [a] : February 14, 2020			
	2018-2019	2019-2020[f]	2020-2021[f]
Area seeded (kha)	2,558	2,313	2,250
Area harvested (kha)	2,540	2,271	2,231
Yield (t/ha)	2.92	2.66	2.94
Production (kt)	7,417	6,045	6,550
Imports (kt) [b]	1,131	400	500
Total supply (kt)	9,199	7,145	7,350
Exports (kt) [c]	5,640	4,300	4,700
Food and Industrial Use (kt) [d]	2,058	1,800	1,900
Feed, Waste & Dockage (kt)	563	495	275
Total Domestic Use (kt) [e]	2,859	2,545	2,375
Carry-out Stocks (kt)	700	300	275
Average Price (\$/t) [g]	406	405-435	410-450

f. forecasts by AAFC. For 2018-2019, imports and dispositions are forecast by AAFC but will be available from STC on October 4 2018. For 2019-2020[f], area, yield and production are from the STC survey but imports and dispositions are forecast by AAFC.  
Source: Statistics Canada

However, in 2019, replacement heifers were 18.6 percent of the beef cow inventory but sharply higher beef cow slaughter at the end of the year pushed the culling rate fractionally over 10 percent and resulted in modest reduction in the herd inventory. **The number of beef heifers expected to calve in 2020 is 3.5 million head, 0.8 percent lower year over year.**

The dairy cowherd on January 1 was 9.33 million head, down a scant 18,800 head from last year. Dairy replacement heifers were 4.64 million head, down 0.9 percent year over year. The dairy replacements heifer inventory is 49.7 percent of the dairy cowherd, slightly lower than the average of the last decade. The number of dairy heifers expected to calve this year is down 2.5 percent year over year.

The 2019 calf crop was 36.06 million head, down 0.7 percent year over year. **The cyclical peak 2018 calf crop of 36.3 million was the largest calf crop since 2007 when the total calf crop was 36.8 million head.**

The January 1, 2020 inventory of other heifers was 9.71 million head, up 0.9 percent year over year; the inventory of steers over 500 pounds was 16.67 million head, down 0.5 percent; and calves under 500 pounds had an inventory of 14.74 million head, up 1.4 percent year over year. The total of other heifers, steers, and calves minus the cattle on feed inventory leads to an estimated supply of feeder cattle outside of feedlots of 26.45 million head, down 0.4 percent from one year ago.

The cattle on feed inventory of 14.67 million head, up 2.1 percent year over year, is the largest since the 2008 level of 14.8 million head. These numbers show that the last pulse of larger cattle numbers are currently in feedlots and cattle slaughter will be up in the first quarter before declining through the second half of the year. However, higher carcass weights are projected to offset a slight decline in cattle slaughter and push total 2020 beef production higher to new record levels. Beef production is likely, however, to be lower year over year by the fourth quarter of the year.