

## Wheat: Situation & Outlook

World all wheat (including durum) production is forecast to increase by 12 Mt to 745 Mt due to a higher seeded area. Supply is projected to be unchanged at 1,013 Mt due to lower carry in stocks. Total use is expected to increase by 8 Mt to 753mMt because of growing use for food. Carry out stocks are forecast to fall by 8 Mt to 260 Mt. Excluding China, world all wheat stocks are expected to fall by 11 Mt to 114 Mt.

All wheat production in the US is expected to rise by 2.7 Mt to 54 Mt due to expected higher seeded area for spring wheat. Supply is forecast to fall by 0.7 Mt to 80.5 Mt. Domestic use is forecast to rise by 0.2 Mt and exports are forecast to increase by 0.4 Mt. Carry out stocks are forecast to decrease by 1.5 Mt to 25 Mt.

For 2019-20, the area seeded to wheat in Canada is forecast to increase by 9% from 2017-18 as a 4% decrease for winter wheat is more than offset by a 10% increase for spring wheat. The spring wheat area is forecast to increase because of relatively good prices for wheat and a shift out of durum and winter wheat in Western Canada. Production is projected to rise by 8%. Supply is forecast to increase by 5% due to lower carry-in stocks. Exports are forecast to fall slightly due to higher world production. Carry-out stocks are forecast to increase by 37% to 5.5 Mt.



## Canola: Situation & Outlook

World canola-rapeseed production is estimated at 63.0 Mt by Oil World compared to 65.5 Mt in 2017-18 and the 63.2 Mt in 2016-17. Canada is the world's largest grower of canola at 20.3 Mt followed by the European Union at 19.6 Mt. India is a distant third, growing 6.3 Mt of canola-rapeseed, followed by China at 4.8 Mt. Australian rapeseed production fell by almost 40%, to 2.2 Mt due to drought. Ukrainian and Russian production are estimated at 3.0 Mt and 2.1 Mt, respectively. Production in other countries was 3.1 Mt up from slightly under 3.1 Mt.

For 2019-20, seeded area in Canada is forecast to increase by 1% to 9.4 million hectares (Mha), on a shift out of soybeans and lentils across Western Canada, expected steady yields and a projected slight strengthening of prices. The gains in area will be limited by competition from burdensome world soybean and palm oil supplies and continued large carry-out stocks. Harvested area is forecast at 9.3 Mha while yields are projected at 2.2 tonnes per hectare (t/ha). Production is forecast to rise to 20.5 Mt, versus the 20.3 Mt grown in 2018-19. Total supply is forecast marginally down to 22.9 Mt, as a lower carry-in stocks offsets the rise in output.

Exports are forecast up by 2% to 11.2 Mt on support by the slow but steady growth in world consumption of vegetable oils and high oil content oilseeds, with the rate of growth constrained by stiff competition from burdensome world supplies of oilseeds and oilseed co-products. Domestic crush is forecast to fall slightly to 9.1 Mt, due to competition from large world supplies of competing soybean oil and palm oil. Carry-out stocks are forecast unchanged at 2.3 Mt for a stocks-to-use ratio of 11%.

### Barley: Situation & Outlook

World barley stocks are historically low as nearly all of the world major producers and exporters had smaller crops and, in many cases, quality was also lower than normal. World prices for feed barley have been very strong compared to corn prices. Lower world supplies of malting barley, and especially quality malt, is also pushing these prices higher. In 2018-19, because of reduced supply of quality feed barley, relatively high prices of feed barley and the large amount of maize available worldwide, consuming countries will be looking for corn as the alternative to fodder. The average price of feed barley at Lethbridge for the crop year is expected to be \$255/t, about 12% higher than last year.

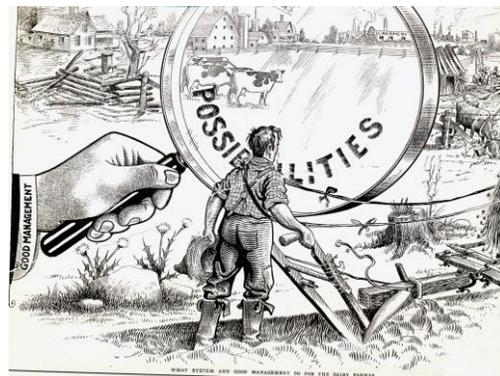
World barley production, as well as supply, is expected to increase slightly for 2019-20 as some of the world's major producers, such as the EU and Australia, increase their barley production. As a preliminary projection, at the end of November, the USDA projects a notable increase in area seeded to barley in the US. Total barley production in North America is expected to increase due to higher production, both in Canada and the US. However, due to the sharply lower carry-in stocks, total supply is forecast to increase only slightly. This implies that carry-out stocks will remain low and prices remain relatively strong, although lower than last year.

**For 2019-20**, seeded area is forecast to be higher than 2018-19 due to high barley prices and low carry-in stocks. Production is forecast to increase by 6% to 8.9 Mt due to the higher area and an average total yield. Despite the lower carry-in stocks, total supply is forecast to increase by 3% to 10.0 Mt. Total domestic use is forecast to increase by 2% due to slightly higher feed use in cattle and hog production. Exports are forecast to increase slightly due to higher domestic supplies and a return to normal trade patterns. With a higher supply, barley carry-out stocks are forecast to increase by 10% to 1.3 Mt but it's still below the previous five-year averages. The Lethbridge cash feed barley price is forecast to decrease by 12% from 2018-19.

### Corn: Situation & Outlook

**For 2019-20**, seeded area is forecast to increase by 6%, due to steady prices and continued good overall demand, especially for high quality corn. Production is forecast to increase 6% to 14.7 Mt on the higher area and higher average yields. Because of the expected decline in carry-in stocks and imports more than offsetting higher production, total supply is forecast to decrease marginally. Imports are expected to decrease due to higher production of corn and barley. Total domestic use is forecast to decrease slightly, as the lower feed, waste and dockage is expected to more than offset higher food and industrial use. Exports are forecast to increase due to higher production and back to normal crop quality. Carry-out stocks are forecast to be the same as last year at 2.0 Mt and remain below the previous five-year average. The nearby Chatham corn price is forecast to increase slightly due to a projected slightly higher US corn futures and the weak Canadian dollar.

The USDA expects US corn area to increase in 2019-20 due to lower soybean area. The latter is attributable to the on-going China/US trade issues. Carry-in stocks of corn in the US, for 2019-20, are about 20% lower than last year. This implies that the supply of corn in the US should be notably lower than 2018-19 which is expected to support corn prices. Higher corn production in other major exporting countries, such as Brazil and Argentina, could play an offsetting role to the US situation. The overall smaller world corn crop will strengthen corn prices but a major price recovery is not expected unless a major producer(s) is impacted by a severe drought.



## Situation & Outlook 2019/2020

### Oats: Situation & Outlook

For 2019-20, seeded area is forecast to increase by 5% from 2018-19 due to good US oat futures price levels. Based on the 5 year average for abandonment and yield, Canadian oat production is forecast to increase slightly to 3.5 Mt but, due to lower carry-in stocks, supply is expected to decrease marginally. Total domestic use is forecast to decrease slightly due to lower feed, waste and dockage as food and industrial use remains flat. Exports of oat grain and products are forecast to be slightly lower than 2018-19 due to lower supplies. Carry-out stocks are forecast to remain unchanged from 2018-19, at 0.7 Mt, remaining below the previous three and five-year averages. The Canadian oat price is forecast to increase due to higher coarse grain prices in the US and the weak Canadian dollar.

As of the end of November, the USDA projected notable increases to the area seeded and production of oats in the US. However, due to the sharply lower beginning stocks, total supply is projected to only increase slightly. As a result, carry-out stocks of oats in the US will remain tight which will continue to support US oat prices. Ending stocks will climb by 27% and farm gate prices will move lower. With a forecast for a return to average yields and abandonment rates, the North American oat supply will expand for 2018-19. The situation for Canada remains positive and prices are expected to be similar to last crop year.

Canadian exports of oat grain and products to the US are expected to decrease from the 2018-19 level which has been the highest since the 2008-09 crop year. A bullish factor, which provides underlying support, is the forecast for the slightly higher average nearby US corn futures price.

### Soybeans: Situation & Outlook

World production of soybeans is estimated at 365 Mt by Oil World, versus the USDA's Dec 2018 assessment of 369 Mt, compared to the 341 Mt grown in 2017 (Oil World). At the start of 2019 world attention is switching to monitoring weather developments and crops prospects in South America. Crop conditions appear to be near normal at this time but market watchers will be on the look out for a repeat of last year's Argentine drought which supported the March-May rally in soybean prices. The US soybean supply situation remains bearish and the USDA's ending stock estimate, of almost 1.0 billion bushels (26 Mt) for 2018-19, appears to be on the low side given the slow pace of export inspections and sales up to December 31, 2018.

For 2019-20, planted area in Canada is forecast to fall marginally to 2.48 Mha, due to a modest decline in Western Canada, as a result of concerns over dry growing conditions. Production is forecast to fall slightly to 7.0 Mt, versus 7.3 Mt in 2018-19 and the record 7.7 Mt grown in in 2017-18, assuming 5-year average yields.

Total supply is forecast to decrease by about 6% to 7.8 Mt as an estimated drop in carry-in stocks complements the drop in production. Imports of US soybeans are forecast steady with previous years at about 0.4 Mt, mostly for crushing. Similar to canola, the catchment areas for soybean processors located along the border extends into the northern regions of the US.

Exports are forecast at 5.0 Mt, making soybeans Canada's third largest exported crop, with shipments headed to a diverse group of countries. Domestic processing is forecast steady at 1.9 Mt as crushers strive to service the local market for soybean oil. Carry-out stocks are forecast down to 0.33 Mt versus 0.40 Mt estimated for 2018-19 and the 0.65 Mt carried out in 2017-18.

## Situation & Outlook 2019/2020

### Flaxseed: Situation & Outlook

World supplies of flaxseed are forecast by Oil World to decline to a low of 2.99 Mt as lower opening stocks more than offset the slight increase in world production. Most of the growth in flaxseed (linseed) output occurred in the C.I.S states which produced nearly one-half of the world's flaxseed (linseed) crop. World crush of flaxseed is forecast to decline slightly to 2.2 Mt while other use holds steady at about 0.5 Mt. Carry-out stocks are expected to tighten to 0.33 Mt, versus 0.38 Mt for 2017-18 and 0.49 Mt for 2016-17.

**For 2019-20**, seeded area for flaxseed in Canada is forecast to rise to 0.40 Mha, on support from higher prices. Production is forecast to rise by 25% to 0.62 Mt, assuming a steady abandonment in the harvested area and using the 5-year average historic yields. Supply is forecast to increase by 15% 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 50% from 2018-19, to 0.60 Mt on steady to stronger world consumption. Total domestic use is forecast to fall by 69% to 0.04 Mt, due to a significant drop in feed, waste and dockage. Carry-out stocks are forecast to tighten to 0.85 Mt.

### Chickpeas: Situation & Outlook

**For 2019-20**, the area seeded is forecast to fall from 2018-19 because of expectations for lower returns relative to other pulse crops. As a result, production is expected to decrease sharply to 130 kt. Supply is expected to decrease only marginally from last year as the lower production is partly offset by large carry-in stocks. Exports are forecast to be higher than the previous year and carry-out stocks are expected to fall but remain burdensome. The average price is forecast to be higher than 2018-19 due to expectations for a decrease in world supply and therefore an increase in world demand.

### Peas: Situation & Outlook

**For 2019-20**, seeded area is forecast to be relatively unchanged from 2018-19 at 1.46 Mha, because of good returns relative to other crops. Dry peas continue to be recognized as a beneficial part of a crop rotation plan. Production is expected to rise marginally to 3.6 Mt, with an expectation of trend yields. Supply is forecast to rise marginally to 4.3 Mt due to similar carry-in stocks. Despite the tariff in India, exports to other countries are expected to rise from 2018-19 and carry-out stocks are expected to fall. The average price is expected to be marginally lower than 2018-19, due to lower green pea prices and ample world supply.

### Lentils: Situation & Outlook

**For 2019-20**, area seeded in Canada is expected to fall 11% to 1.35 Mha, due to weak prices for the No.1 grades the previous year. Production is forecast to fall by 4% to 2.0 Mt. With lower carry-in stocks, supply is expected to fall to 2.8 Mt, the lowest since 2014-15. Exports are forecast to rise from 2018-19 to 1.8 Mt with a lower exportable supply. Carry-out stocks are expected to fall sharply. With the assumption of an average grade distribution and grade discounts, the overall lentil price is forecast to rise from 2018-19.

### Dry Beans: Situation & Outlook

**For 2019-20**, the area seeded is forecast to be relatively unchanged from 2018-19 because of favorable potential returns compared to other crops, particularly soybeans and corn. Production is expected to increase to 0.35 Mt due to lower expected abandonment. Supply is expected to rise to a record 0.5 Mt due to the higher carry-in stocks. Exports are forecast to be lower than 2018-19. Carry-out stocks are expected to rise. The average Canadian dry bean price is forecast to fall due to an expected increase in North American supply.