Waiting in the wings: the US situation

On June 30, the USDA released their estimated flax acres at 353,000 acres, which is 30,000 acres below the first estimate in April. North Dakota will see 330,000 acres (93.4% of the total), with peripheral acres (3,000) in Minnesota; 10,000 in Montana and 10,000 in South Dakota. Also on June 30, the USDA released Stocks in Store as of June 1 and flax was 64,825 MT versus 38,407 at the same time in 2008. Judging by the NDVI maps in North Dakota, flax production will be hard pressed to meet average. However, in areas that have not witnessed extreme moisture, the cool weather will promote a lengthy flowering period that could increase yields. I saw some flax fields in North Dakota on July 5 and I estimate them to be a week to 10 days behind normal development. The fields were also yellow from an excessive rain event that occurred on July 1.

Greater attention must be paid to the soybean oil contract in the coming months as the downturn in soybean prices has equated to a weakness in overall vegetable oil prices worldwide. The US has seen almost ideal growing conditions and without a major weather scare, soybeans and soybean oil will come under increasing price pressure. While flax is making major strides in carving out its own market, it will not divorce itself from the vegetable oil complex in the coming months.