

**CANADA: OUTLOOK FOR PRINCIPAL FIELD CROPS****March 18, 2022****Market Analysis Group / Crops and Horticulture Division
Sector Development and Analysis Directorate / Market and Industry Services Branch****Executive Director: Lauren Donihee****Deputy Director: Tony McDougall**

This report is an update of Agriculture and Agri-Food Canada's (AAFC) February outlook report for the 2021-2022 and 2022-2023 crop years. For most crops in Canada, the crop year starts on August 1 and ends on July 31, although for corn and soybeans, the crop year starts on September 1 and ends on August 31. The economic outlook, for the world and Canadian grain markets, is particularly uncertain due to the Russian invasion of Ukraine and to a lesser extent the continued domestic and international uncertainty caused by COVID-19.

For 2021-2022, the outlook incorporates recent information from the United States Department of Agriculture (USDA) World Agriculture Supply and Demand Estimates (WASDE) and the USDA Outlook Conference. Carry-out stocks (ending-year inventories) for all principal field crops are forecast to end the year at a record low level, as carry-in stocks (beginning-year inventories) were at multi year lows and production in the Canadian Prairie Provinces was drastically reduced due to drought, which more than offset a significant decrease in exports and domestic use.

Crop prices are forecast to remain strong on support from: (i) supply disruptions caused by the Russian invasion of Ukraine (ii) tight Canadian supplies (iii) relatively tight global grain supplies (iv) expectations for a continuation of firm international demand.

For 2022-2023, the area seeded to field crops in Canada is forecast to increase marginally from 2021/22 as producers react to the expectation of strong prices and maximize acreage planted. Based on the assumption of a return to trend or just below trend yields, total field crop production and supply is expected to return to a more normal level, resulting in carry-out stocks increasing but still remaining relatively tight as exports and domestic use bounce back from the low levels of the previous crop year.

Crop prices are expected to remain relatively strong in 2022-23 but decrease from the record to near-record prices of 2021/22 as Canadian and world production is expected to increase.

The next AAFC Outlook for Principal Field Crops is scheduled to be released on April 18, 2022. Statistics Canada (STC) will conduct its 2022 Field Crop Area Survey in March, which will collect information from farmers on their crop planting intentions for principal field crops, and survey results are scheduled to be published on April 26, 2022. STC will release data on Stocks of Principal Field crops as of March 31, 2022, on May 6, 2022.

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 --		t/ha	----- thousand tonnes -----					
Total Grains And Oilseeds									
2020-2021	27,491	26,536	3.44	91,205	2,682	107,487	50,908	45,230	11,349
2021-2022f	27,693	26,507	2.45	65,039	4,952	81,339	32,122	41,832	7,385
2022-2023f	28,153	27,055	3.24	87,684	2,762	97,830	44,210	44,175	9,445
Total Pulse And Special Crops									
2020-2021	4,000	3,949	2.16	8,545	338	9,778	6,784	1,461	1,533
2021-2022f	3,832	3,730	1.22	4,567	222	6,322	4,580	1,107	635
2022-2023f	4,025	3,945	1.82	7,185	312	8,132	5,900	1,402	830
All Principal Field Crops									
2020-2021	31,491	30,485	3.27	99,750	3,019	117,265	57,692	46,691	12,882
2021-2022f	31,525	30,237	2.30	69,605	5,174	87,661	36,702	42,939	8,020
2022-2023f	32,178	31,000	3.06	94,869	3,074	105,962	50,110	45,577	10,275

Source: Statistics Canada (STC) and Agriculture and Agri-Food Canada (AAFC)

f: forecasts by AAFC except for area, yield and production for 2021-2022 which are STC

All Wheat

Durum

For 2021-22, Canadian durum production reached 2.65 million tonnes (Mt), 60% lower than in 2020-21. The quality of the crop however was very good, with high protein according to the Canadian Grain Commission's (CGC) final harvest report, with 70% of samples rated within the top two grades. Total supply decreased by 53%, due to tight carry-in stocks exacerbating the low production. Exports are forecast at 2.35 Mt, that is 68% of the total supply. Domestic use is forecast at 0.58 Mt, down 27% from a year ago due to a 49% reduction in feed use, compared to the previous year. Closing stocks are forecast at 0.50 Mt, the lowest on record since 1984/85.

The International Grains Council revised their world durum production forecast up by 0.8 Mt to 30.86 Mt, 9% less than in 2020-21; supply is forecast at 39.04 Mt, down 8% year over year (y/y). On the demand side, world use is expected at 32.86 Mt (-4% y/y) and trade at 6.07 Mt. (-3% y/y). Carry-out stocks are expected at 6.17 Mt, down 2 Mt from opening levels.

In their latest WASDE report, the USDA did not make any changes to their durum forecast for 2021-22. Total production of durum holds at 1.01 Mt and total supply at 2.86 Mt, 46% and 29% less than the previous year; exports are forecast at 0.41 Mt. and domestic use at 1.77 Mt, down 30% year over year. Carry-out stocks are anticipated at 0.68 Mt, 7% less than last year.

The average Saskatchewan (SK) spot price for 1 CWAD 13 from August 2021 to February 2022 has averaged \$683/tonne, with continued downward pressure from sluggish demand in forward contracts and competition from the Mexican and Australian harvest. The average spot price for 2021-22 for SK 1 CWAD 13% was reduced to \$675/tonne.

For 2022-23, the area seeded to durum in Canada is forecast to increase by 9% year over year to 2,450 thousand hectares due to strong pricing, firm global demand and tight carry-in stocks. Yields are forecast at 2.3 t/ha, up 87% compared to the previous year,

but still below peak yields seen in 2016-2017 (3.33 t/ha) and below the 2016-17 to 2020-21 average of 2.71 t/ha. Production is expected at 5.52 Mt and total supply at 6.05 Mt, 76% more than this year's volume but 5% below the last five-year average. Domestic use is expected to return to average levels. Exports are forecast at 4.3 Mt, 71% of total supply. Carry-out stocks are forecast at 0.90 Mt, with a stocks/use ration of 17.5%.

World durum supply is currently uncertain with the severity of drought still unknown for Northern Africa, one of the largest durum importing regions, along with Italy. Rain over the next few months would be essential to help the crop recover, otherwise 2022-23 demand from the region could increase. North American production is expected to recover from last year's drought, and European durum is also currently experiencing favourable climatic conditions.

Supply/demand fundamentals are tight with low ending stocks in the largest exporting nations. This, along with overall price inflation to agricultural inputs and shipping, to name a few, will push prices higher into 2022-23. Although the average Canadian crop year producer price for durum is forecast to decline from current levels, it will remain relatively strong at \$415/tonne for the short term.

Wheat (excluding durum)

For 2021-22, Canadian wheat production reached just under 19 Mt, 34% lower than in 2020-21. The quality of the crop however was very good, with high protein according to the CGC final harvest report, with 89% of samples rated within the top two tiers. Total supply decreased by 28% due to tight carry-in stocks exacerbating the low production. This month, exports were revised up slightly on the increase in world demand caused by the disruption in exports from the Ukraine caused by the Russian invasion. They have been increased to 13.2 Mt, with the balance coming out of closing stocks now pegged at 3.30 Mt. The lowest on record since 2007-08. Domestic use is forecast at 7.61 Mt, 5% below the previous five-year average.

The USDA revised their forecasts for domestic supply, exports and ending stocks in this month's WASDE report. US wheat supply was reduced to 80.46 Mt due to a decrease in imports of hard red spring wheat; exports were reduced to 21.77 Mt on weak sales of both hard red winter and soft red winter wheat. Ending stocks for 2021/22 are now projected at 17.77 Mt, up 0.14 Mt compared to last month's report.

Revisions were also made this month to 2021-22 forecasted world production, trade, consumption and ending stocks. World production was raised to 778.52 Mt (+2.1Mt) on record production in Australia. Exports were lowered by 3.58 Mt, to 203.11 Mt, on account of India and Australian making up some, but not all of the shortfall in Black Sea exports for the remainder of the year. Imports were also lowered due to the trade disruptions caused by the Russian invasion, and global use was reduced by 0.8 Mt to 787.28 Mt. Global stocks were raised by 3.3 Mt to close out the marketing year at 281.51 Mt. This is mainly due to the increase in stocks in the Ukraine and Russia. Total stocks for major exporting nations, excluding the Ukraine and Russia, are forecast at 37.25 Mt, down 0.56 Mt from last month, and 19% lower than opening levels.

Although the spread between Chicago and Minneapolis (MGEX) has reversed, MGEX continues to be supported by the volatility in the market caused by the Russian invasion. The average SK Canadian Western Red Spring Wheat (CWRS) 1, 13.5% spot price for the 2021-22 crop year was raised 5\$ to \$420/tonne.

For 2022-23, Canadian area seeded to wheat (ex. durum) is forecast to increase 5% year over year to 7,598 thousand ha. Area seeded to winter wheat is estimated at 547 thousand hectares (ha) (+1%), while that for spring wheat is projected at 7,051 thousand ha (+6%). Yields are expected to recover to 3.44 t/ha, 28% more than the previous year, but

still below the highs experienced between 2016-17 and 2020-21, which averaged 3.64 t/ha. Production is currently forecast at 25.64 Mt, and supply at 29.04 Mt, 20% more than in 2021-22, but 5% below the five-year average.

Domestic use is forecast to remain relatively in line with average levels, just under 8.0 Mt. The forecast for exports in 2022-23 was revised up to 17.25 Mt, about 60% of total supply, on expected increase in world demand due to uncertainty in the level of production and future trade prospects from the Ukraine. Note that this is still 4% below the last five-year average. Carry-out stocks were reduced to 3.80 Mt, 15% more y/y, but still 15% below the last five-year average.

Seeding to wheat production globally is expected to increase in 2022-23, but with drought continuing to plague the US winter wheat belt and most of the Prairies, and the current Russian invasion of Ukraine, uncertainty in supply and demand fundamentals for 2022-23 remain high. USDA's recent outlook for 2022-23, prior to the Russian invasion of Ukraine, put US total wheat seeding at 19.4 million hectares in 2022-23, with production anticipated at 1,940 million bushels; total supply at 2,708 million bushels; domestic use at 1,127 million bushels; and exports at 850 million bushels. US closing stocks for all wheat, including durum, is forecast to come up from closing levels, to 731 million bushels, with a stocks to use ration of 37%.

The average SK spot price for CWRS 1, 13.5% was revised up on tight fundamentals, but volatility is expected. It is forecast to come down from current highs, but still remain relatively strong at \$375/tonne in the short term.

Romina Code: Wheat Analyst
Romina.Code@agr.gc.ca

Coarse Grains

Barley

For 2021-22, the Canadian barley supply and demand situation includes sharply lower carry-in stocks, production and supply, as well as significantly reduced domestic feed consumption and exports, when compared to last year. Carry-out stocks are projected at 0.3 Mt, a record low level.

According to the Canadian Grain Commission (CGC)'s weekly statistics data, Canadian barley exports for the August 2021 – February 2022 period totaled 1.70 Mt, a decrease of 28% year-over-year (y/y). The exporting pace in January and February 2022 has slowed down significantly since the peak hit during harvest season, and it is also considerably lower than the levels a year ago.

The Lethbridge feed barley price for 2021-22 is forecast to hit a new high of \$425/t, \$5/t higher than the February projection, following the most recent increase in prices. It is up sharply from the previous record of \$294/t set in 2020-21 and well above the three- and five-year averages. The 2021-22 prices are supported by tight domestic barley supplies, the decline in the availability of other domestic feed grain substitutes, robust demand and stronger prices of other grains. Barley prices though are being tempered by the large quantities of US corn imports into Western Canada since last September, limiting the price increase.

Worldwide, barley prices in the major barley exporting countries continued to increase over the past few weeks, primarily due to concerns about the exportable surplus of grains shipped out of the Black Sea region. According to International Grains Council (IGC), EU France feed barley FOB price in recent week was pegged at US\$421/t (US\$296/t for a month ago, US\$269/t for a year ago). Australian FOB prices for feed barley and malting barley were set at US\$321/t (US\$ 279 /t, US\$231/t) and US\$336/t (US\$300/t, US\$231/t), respectively.

For 2022-23, the Canadian barley outlook is for sharply lower carry-in stocks, a slightly smaller area, better yield, larger production and supply, greater domestic use and exports, higher ending stocks and

a lower average price. Total barley supply is projected at 10.95 Mt, 40% higher than 2021-22 and the fourth highest since 2010. This is largely due to a 52% increase in the production forecast, assuming a return to normal weather conditions, trend yields for the 2022 growing season and average abandonment rates on the Prairies.

Domestic feed use and exports are expected to increase significantly from 2021-22, given the tight domestic supply in 2021-22 rationing demand to very low levels for the year. Carry-out stocks for 2022-23 are projected at 1.0 Mt, increasing sharply from the projection for 2021-22 and well above the previous three and five year averages.

Based on expectations for a recovery in domestic barley supplies and lower US corn prices for 2022-23, the Lethbridge feed barley price for 2022-23 is forecast at \$340/t, considerably lower than the price forecast for 2021-22.

The 2022-23 world barley production outlook includes unchanged production in the EU and a 29% increase in Australia. Stratégie Grains predicted a steady barley production in the EU from the previous crop year, despite a slight increase from its previous projection. In its initial projections for 2022-23, Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) projected Australian barley area to decrease slightly y/y and output to drop by 20% to 11.0 Mt. On the contrary, the Grain Industry Association of Western Australia (GIWA) predicted an increased 2022-23 Australian barley production. However, amid higher input costs and competition from wheat and canola, GIWA cautioned that barley seeded area in Australia could decline in 2022-23.

Corn

For 2021-22, the Canadian corn supply and demand situation includes larger production, imports and supply, increased domestic industrial use, feed consumption and exports, when compared to last year. Canadian corn supply is projected at 20.2 Mt, up from 2020-21 and a record high level. This is primarily due to a bumper corn crop in Eastern

Canada, as well as an expected sharp increase in US corn imports into Western Canada to meet local feed demand. Domestic use is projected to increase mainly due to higher feed use. Exports are expected to increase only slightly from last year. Carry-out stocks are predicted to decrease marginally.

The importing pace of US corn has maintained a strong pace. CGC's weekly statistics data shows a significant increase in US corn imports per week since the start of the current crop year. In recent week, the amount surpassed 90 thousand tonnes (Kt), pushing total receipts for the crop year to date to 1,035 Kt, versus 85 Kt a year ago. The imported corn was shipped to Western Canada to mitigate the local feed grain shortage.

The 2021-22 Chatham corn price average is projected at a new record of \$305/t, up by \$20/t from the February projection and \$33/t from the old record of \$272/t set in 2020-21. CBOT corn futures increased by US\$0.80/bu, following Russia's invasion of Ukraine which has led to disruptions of trade flows out of the Black Sea region and added greater volatility to grain prices. In line with the rising CBOT price, the Chatham corn price during the same period increased by \$40/t.

Worldwide, the USDA's March forecast for 2021-22 Argentinian corn production was revised down by 1.0 Mt from its February number. 2021-22 corn output forecast for Brazil remained unchanged. If realized, corn production in the world's two major corn exporting countries will reach a record high. Corn production in India was lifted by 2.5 Mt. Reflecting trade disruptions in the Black Sea region, 2021-22 corn export forecast for Ukraine was revised down sharply by 6.0 Mt from the previous forecast to 27.5 Mt, which is still 15% and 12% higher than last year and the previous five-year average. The 2021-22 US corn export forecast was raised by 3% from the February prediction, 9% lower than last year and 10% higher than the previous five-year average. This, combined with a rise in the forecast for ethanol production, leads to 2021-22 US corn ending stocks to fall by 6% from last month but still 17% higher than last year. The average farm price was lifted by US\$0.20/bu to US\$5.65/bu, up sharply from \$4.53 last year.

For 2022-23, Canadian corn outlook is for a smaller supply, lower demand and ending stocks, as well as lower average price. Canadian corn supply is projected to decrease by 12% from 2021-22 to 17.8 Mt, mainly on projections for slightly lower carry-in stocks, a 3% drop in production and a 33% fall in imports.

Total domestic demand is projected to decrease by 13% from 2021-22, mainly reflecting lower feed demand in Western Canada. Industrial use is projected to increase. Exports are expected to be at an average level. Carry-out stocks are projected to decrease from 2021-22 and be at the lowest level since 2015-2016.

The 2022-23 Chatham corn price is projected at \$280/t, up by \$25/t from the February projection and 8% lower than 2021-22.

Compared to 2021-22, the US corn outlook for 2022-23 calls for a slightly smaller acreage, better yield, larger production and supply, greater domestic use, lower exports, higher ending stocks and price. The corn crop is projected at a record 15.240 billion bushels, about 1% above a year ago, as a 1% decline in area projection is expected to be more than offset by a return to trend yields. Larger production, combined with higher beginning stocks, will lead to total supply to increase by 3% from a year ago to 16.805 billion bushels. Total use in 2022-23 is forecast virtually unchanged from a year ago as growth in domestic use primarily used for ethanol production will be offset by lower exports. Ending stocks are projected at 1.965 billion bushels, up 28% and 9%, respectively, from a year ago and the previous five-year average. The stocks-to-use ratio for 2022-23 is set at 13.2%, which, if realized, would be the highest since 2019-20. The season-average corn price received by producers is forecast down 65 cents (12%) to \$5.00 per bushel.

Oats

For 2021-22, the Canadian oat supply and demand situation includes considerably higher carry-in stocks, sharply lower production and supply, as well as significantly reduced domestic feed consumption and exports, when compared to last year. Carry-out stocks are projected at 0.2 Mt, drastically lower than

last year and a record low level.

According to Statistics Canada (STC)'s monthly trade data, Canadian oat exports for the August 2021 – January 2022 period totaled 835 Kt, a decrease of 34% y/y. The exporting pace in December 2021 and January 2022 have slowed down significantly since the peak hit during harvest, which is in line with the seasonal exporting trend. It is also considerably lower than the levels a year ago, due to the supply shortage experienced in the current crop year.

The CBOT oat futures price for 2021-22 is projected at a new record of CAD\$560/t, up sharply from the old record set in 2020-21, due to severe crop production problems in North America and stronger prices of other grains. Over the past month, oat prices on the CBOT market decreased by about \$50/t. In the Canadian Prairie provinces, the decline is in the range of \$10-\$20/t. For Alberta, Saskatchewan and Manitoba, oat prices to-date have averaged \$475/t, \$455 /t and \$538 /t, respectively, compared to \$228/t, \$206/t and \$239/t a year ago.

For 2022-23, the Canadian oat outlook is for sharply lower carry-in stocks, a larger area, better yield, higher production and supply, greater domestic use and exports, higher ending stocks and a lower average price. Total supply is projected to increase by 40% to 4.6 Mt, mainly reflecting the expected recovery in production for the Prairie provinces, on expectation for a larger area, a return to average abandonment rates and trend yields.

Total demand in 2022-23 is projected to increase significantly from 2021-22 due to greater domestic feed use and exports. Carry-out stocks for 2022-23 are projected at 0.5 Mt, increasing sharply from the record low forecast for 2021-22.

The CBOT oat futures price for 2022-23 is projected at CAD\$400/t, notably lower than 2021-22, due to expectations for a recovery in oat production in

North America for 2022-23 and lower prices projected for other grains.

Rye

For 2021-22, the Canadian rye supply and demand situation includes considerably higher carry-in stocks, slightly lower production and marginally higher supply, as well as increased domestic feed use and relatively flat exports, when compared to last year. Carry-out stocks are projected at 50 Kt, 30% and 44% lower than last year and the previous five-year average.

The 2021-22 average price is projected at \$310/t, a new record and up sharply from 2020-21, due to robust demand and increased prices for other grains.

For 2022-23, Canadian rye outlook is for sharply lower carry-in stocks, a smaller area, better yield, lower production and supply, smaller domestic use and greater exports, higher ending stocks and lower average price. Total supply is projected to decrease by 5% to 522 Kt, due to sharply lower carry-in stocks and marginally lower production, but still be 12% higher than the previous five-year average.

Total demand for rye in 2022-23 is projected to decline due to lower feed use, given expected ample feed grain supplies in Western Canada. Exports are projected to be at the previous five-year average. Carry-out stocks are projected to increase sharply from 2021-22, due to lower demand, to the highest level since 2017-18.

The 2022-23 average price is projected at \$200/t, dramatically lower than that forecast for 2021-22, based on anticipations for ample 2022-23 feed grain supplies, a decrease in demand for rye and lower prices in neighboring markets.

Mei Yu: Coarse Grains Analyst
Mei.Yu@agr.gc.ca

Canola

For 2021-22, canola supplies are significantly tighter than last year, declining 37% to 14.5 million tonnes (Mt), due to a 49% drop in carry-in stocks and 35% lower production following last summer's drought. Total canola stocks as of December 31st were 43% lower than last year at 7.6 Mt, according to Statistics Canada. Commercial stocks were estimated at 1.9 Mt, similar to last year while on-farm stocks totaled 5.6 Mt vs 11.4 Mt for December 2020.

Demand for Canadian canola remains strong on support from an expanding world oilseed crush and high prices for competing oilseeds, vegetable oils and protein meals. Disruption of Black Sea exports of oilseeds and oilseed products, primarily sunflowerseed oil, resulting from the Russian invasion of Ukraine is tightening world supplies and supporting world prices. Domestically, processing of canola is estimated to fall to 8.5 Mt, a drop of 18% from last year, while by comparison, exports are expected to fall by 49% to 5.4 Mt, due to the tight supplies. For the crop year, the major importers of Canadian canola to-date are China, Japan, Mexico and the European Union.

Carry-out stocks are forecast to fall by 77% from last year, to a tight 0.40 Mt, for a stock-to-use ratio of 3% versus 8% in 2020-21 and the 5-year average of 13%. Price volatility and uncertainty for canola has increased sharply during the past month due to the ongoing disruptions in the Black Sea Region. For the crop year to-date, Canadian canola prices are estimated at \$1,050/t vs \$730/t last year and the 5-year average of \$556/t.

For 2022-23, seeded area in Canada is forecast to decrease by 3% to 8.8 million hectares (Mha) as farmers shift into alternate crops such as cereals. Harvested area is forecast at 8.7 Mha while yields are forecast at 2.31 tonnes per hectare (t/ha), up from the 1.4 t/ha achieved in 2021-22. Production is forecast to rise by 60% to 20.2 Mt, the third highest on record. Total supply is forecast to rise sharply to 20.8 Mt as higher output offsets the drop in carry-in stocks.

Exports are forecast to rebound by 85% to 10.0 Mt on strong world demand and a rebuilding of domestic supplies, assuming a return to normal yields. Domestic crush is forecast to rise by 18% to 10 Mt, with the industry operating at near-full capacity to serve the strong world demand for canola oil and canola meal. Carry-out stocks are forecast to rise by 50% to a still very tight 0.6 Mt for a stocks-to-use of 3%. Canola prices are forecast to decline to \$900/t track Vancouver, a drop of 14% from the record highs in 2021-22. If realized, this would be the second highest canola price on record.

The accuracy of the 2022-23 outlook is sensitive to several key factors. The first is the unfolding situation in Ukraine. The second factor is the anticipated rate of growth in the renewable diesel sector as the world seeks to reduce its dependence on mineral oils to combat climate change. The third factor is the expected world production of alternate oilseeds crops- this outlook currently assumes a minimal shift in seeded area for most oilseed crops, normal temperatures and moisture across most growing regions, and normal yields for most crops. The outlook is also sensitive to the strength of food demand for oilseeds, particularly in China. China is the world's largest importer of oilseeds but remains a volatile purchaser and can affect the canola market either positively or negatively.

Flaxseed

For 2020-21, supplies are estimated to be down 38%, to 0.41 Mt, versus 0.67 Mt last year, as the result of lower production and slightly smaller carry-in stocks. Limited supplies of flaxseed may be imported into Canada due to high domestic prices. Statistics Canada's December Stocks Report estimates total flaxseed stocks of 0.26 Mt, with 0.21 Mt on farm and 54,000 t in commercial position. By comparison, last year's total stocks were 0.38 Mt with 0.31 Mt on farm and 67,000 t in commercial position as of December 31, 2020.

Exports are forecast to decrease by about 41%, to 0.30 Mt as a result of the constrained domestic supplies. Similarly, total domestic use is forecast to

fall by 23%, to 79,900 t, on reduced feed waste and dockage. Carry-out stocks are forecast to fall by 41% to 35,000 t, while flaxseed prices rally sharply to \$1,150/t, versus \$693/t in 2020-21 and the 5-year average of \$526/t.

For 2022-23, the area seeded to flaxseed in Canada is forecast to fall slightly to 0.41 Mha, vs the 5-year average of 0.39 Mha, as support from the near doubling of prices in 2021-22 is offset by concerns over low soil moisture and attractive prices for alternate crops. Flaxseed production is forecast at 0.58 Mt, assuming an area loss of 2% prior to harvest and near normal yields of 1.5 t/ha. Total supply is forecast to increase by 51%, to 0.63 Mt, due to higher output.

Exports are forecast to rebound to 0.45 Mt on steady to stronger Chinese, European and United States consumption. Total domestic use is forecast to rise by about 38% to 0.11 Mt, on higher feed, waste and dockage. Carry-out stocks are forecast to nearly double to 0.07 Mt. Flaxseed prices are forecast to decline by 26%, to a still very strong \$850/t for 2022-23.

Soybeans

For 2021-22, domestic supplies of soybeans are estimated down 6% from last year, to 7.0 Mt, versus 7.4 Mt last year, as a result of a marginal decrease in carry-in stocks and a 1%, decrease in production. Soybean imports are estimated down slightly to 0.4 Mt for the current crop year compared to the 0.44 Mt imported for 2020-21.

Canadian exports of soybeans are estimated to be down by 14%, to 4.0 Mt for the current crop year as tight domestic supplies mutes support from strong world demand. Domestic processing of soybeans is forecast to increase by 10% from last year's pace to a historically normal 1.8 Mt, on strong crush margins and robust demand for vegetable oils. Soybean prices are estimated to rise to \$650/t, for the current crop year versus the simple average of \$605/t earned in 2020-21.

The factors to watch for the rest of the crop year are: (1) the uncertainty and volatility in world oilseed markets resulting from the Russian invasion of

Ukraine, (2) South American production challenges, (3) US planting intentions for 2022-23, (4) the strength of Chinese buying and (5) Canadian crush and export pace, (2) South American growing conditions, (3) strength of Chinese import demand and (4) US planting intentions for 2022-23.

For 2022-23, planted area in Canada is forecast to rise by 7% to 2.3 Mha, on support from high prices, with area gains limited by concerns over low sub soil moisture, the short growing season in Western Canada and attractive prices for competing crops. Assuming 5-year average yields, production is forecast at 6.6 Mt, versus 6.3 Mt in 2021-22 and the 6.4 Mt grown in 2020-21. Total supply is forecast to increase to 7.4 Mt, on the rise in production, higher carry-in and stable imports.

On the demand side, exports are forecast to increase by 13% to 4.5 Mt, with shipments headed to a diverse group of countries. Domestic processing is forecast up slightly to 1.9 Mt compared to last year. Carry-out stocks are forecast to rise slightly to 0.50 Mt versus the 0.45 Mt estimated for 2021-22 and the 5-year average of 0.49 Mt.

Soybean prices are forecast to fall by \$50/t to \$600/t, as support from the ongoing South American drought offsets an expected rise in US output. A stable Canada-US dollar exchange rate is assumed.

In its first outlook for the 2022-23 cropping season, the USDA predicted a 0.8 million acre rise in US soybean area, to 88.0 million acres, on support from high old crop year prices. Production was forecast to rise slightly, to 4.49 billion bushels under the assumptions of normal rates of crop area abandonment and trend yields of 51.5 bushels per acre. Total US soybean supplies were forecast at 4.83 billion bushels.

On support from strong demand for soybean co-products, US processing of soybeans was forecast to rise to 2.25 billion bushels, partly in response to an expected 1 billion pound increase in demand for biofuel to 12.0 million pounds. Total US soybean exports were projected at 2.15 billion bushels on strong world demand. Ending stocks were estimated at 305 million bushels, down slightly from last year,

while the expected average farm-gate price was predicted at US\$12.75 a bushel, down slightly from US\$13.00 a bushel for 2020-21 but well above the five-year average of US\$9.67 a bushel. US soybean meal prices are projected to fall to US\$375 a short ton while the average price of soybean oil rises to US68 cents a pound. The predictions released at the USDA's Agricultural Outlook Forum were finalized

prior to the Russian invasion and likely represents the best case scenario for the world oilseed markets for the upcoming crop year.

Chris Beckman: Oilseeds Analyst
Chris.Beckman@agr.gc.ca

Pulse and Special Crops

Dry Peas

For 2021-22, exports are forecast to fall to 2.1 million tonnes (Mt), with China and the US ranking as Canada's top two markets. Through August to January of this crop year, Canadian dry pea exports total 1.0 Mt, 1.1 Mt lower than the same period in 2020-21. Carry-out stocks are expected to fall, largely due to lower supply from the drought in western Canada. The average price is expected to be higher than 2020-21, with record prices for all types of dry peas.

During the month of February, the on-farm price of yellow peas in Saskatchewan fell by \$20/t and the price of green peas decreased by \$40/t. Monthly dry pea exports have continued to slow down. The remaining yellow pea stocks are lower than the previous year at this time. Indications are that there will be another large winter pulse crop in India. If a higher-than-average pulse crop in India is realized, Canadian dry pea export demand is expected to remain similar through the remainder of the crop year. Support factors include a rationing of exports due to the lower exportable supply and increased demand from the US. Yellow dry peas prices are expected to maintain a premium of \$50/t to green pea prices, compared to the \$5/t premium green pea prices had over yellow peas in 2020-21.

US dry pea production is estimated by the USDA at nearly 1.0 Mt, down marginally from 2020-21. This is largely due to below average yields and lower area. As a result, Canadian exports to the US are forecast to be higher than the previous year. For the 2021-22 crop year to-date (August to January), Canadian dry pea exports to the US totaled 201 Kt, up sharply from 2020-21.

For 2022-23, seeded area is forecast to be marginally higher than 2021-22 at 1.65 Mha because of good returns relative to other crops. Production is forecast to 3.8 Mt, up 68% due to the increase in area seeded and improved yields. Supply is also expected to rise sharply, despite lower carry-in stocks. Exports are expected to be higher than the current crop year and carry-out stocks are expected to rise. The average price in 2022-23 is expected to be lower than the previous year.

Lentils

For 2021-22, exports are forecast to fall to 1.7 Mt. India, Turkey and the United Arab Emirates are currently the top three export markets. Through August to January of this crop year, Canadian lentil exports totaled over 0.8 Mt, down almost 36% from the same period in 2020-21.

Carry-out stocks are forecast to decrease to below 0.1 Mt. The overall average price is forecast to rise sharply to record levels due to lower carry-out stocks.

During the month of February, the on-farm price of large green lentils fell by \$110/t and the price of red lentils decreased by \$90/t in Saskatchewan. Canadian lentil export demand has been slowing but stocks are beginning to tighten, particularly for green lentil types. The price premium for large greens over red lentils is forecast to increase to \$325/t versus \$135/t in 2020-21.

US lentil production, dominated by the green types, is estimated by the USDA at 231 thousand tonnes (Kt), down 31% from 2020-21. Despite this, Canadian lentil exports to the US to-date (August to January) are higher than last year at this time at 38 Kt.

For 2022-23, area seeded in Canada is expected to be marginally higher at 1.8 Mha, due to good returns relative to other crops. A higher yield is forecast and production is expected to rise to 2.5 Mt. Supply is expected to increase to 2.65 Mt, with smaller carry-in stocks. Exports are forecast to be higher at 2.1 Mt. Carry-out stocks are expected to increase but remain historically tight. The average price is forecast to decrease from 2021-22, with the assumption of an average grade distribution and discounts for lower grades.

Dry Beans

For 2021-22, exports are expected to be lower than for the 2020-21 crop year with the reduced supply. The EU and the US continue to be the main markets for Canadian dry beans, with reduced volumes exported to Japan, Angola and Mexico. Canadian carry-out stocks are expected to increase. The

average Canadian dry bean price is forecast to rise to a record \$1,180/t, due to expectations for lower carry-out stocks in North America. To-date (August-February), Canadian white pea bean prices are 25% higher, pinto and black bean prices are 50% higher than were realized in 2020-21.

US total dry bean production (excluding chickpeas) is estimated by the USDA at just over 1.0 Mt, down 31% from 2020-21. US dry bean production fell for nearly all bean types, while production increased for cranberry and pink types. This is expected to continue to support record US and Canadian dry bean prices in 2021-22.

For 2022-23, the area seeded is forecast to fall from 2021-22 to 170 thousand hectares because of lower potential returns compared to other crops. Production is expected to increase to 390 Kt due to lower area but improved yields. Supply is expected to rise, but only marginally, with higher production combining with a small increase in carry-in stocks. Exports are forecast to be slightly higher with steady demand from the EU and the US. Carry-out stocks are forecast to rise slightly. The average Canadian dry bean price is forecast to fall due to expectations for higher supply in North America.

Chickpeas

For 2021-22, exports are expected to rise slightly from 2020-21, due to increased import demand from the US. As a result of a rise in exports and with limited supply, carry-out stocks are expected to fall sharply. The average price is expected to be higher than last year, due to smaller world supplies of chickpeas, including in North America.

US chickpea production is estimated by USDA at 130 Kt, a 30% decrease from 2020-21. As a result, US import demand for Canadian chickpeas is expected to reach 45 Kt.

For 2022-23, the area seeded is expected to rise by 10 Kha from 2020-21 because of lower carry-in stocks and higher potential returns relative to other crops. As a result, production is expected to increase to 125 Kt. Supply, however, is forecast to fall from 2021-22 due to lower carry-in stocks. Exports are forecast to be lower and carry-out stocks are expected to decrease for the third consecutive year.

The average price is forecast to be lower, due to expectations for larger world chickpea supplies.

Mustard Seed

For 2021-22, exports are forecast to be limited to 80 Kt, and carry-out stocks are forecast to fall significantly. The US and the EU are the main export markets to date for Canadian mustard seed. The average price is forecast to rise to record levels for all types of mustard seed from the previous year due to the lower world supply and expectations for tight Canadian carry-out stocks.

For 2022-23, the area seeded is forecast to be sharply higher than the previous year. Production is forecast to rise to 115 Kt, with increased area and improved yields when compared to the previous year. Supply is expected to rise by only 30 Kt from the previous year due to lower carry-in stocks. Exports are expected to be similar and carry-out stocks are forecast to rise. The average price is forecast to be lower than 2021-22, but remain historically high.

Canary Seed

For 2021-22, exports are expected to be lower than 2020-21 with reduced demand from the EU, one of the top export markets. Carry-out stocks are expected to be tight. The average price is forecast to rise from 2020-21 to a record \$1,100/t.

For 2022-23, the area seeded is forecast to rise due to competitive returns relative to other crops. Production is expected to increase, assuming improved yields. Supply is forecast to rise to 180 Kt. Exports are expected to be higher than 2021-22, and carry-out stocks are expected to remain tight. The average price is expected to be lower than the 2021-22 level, but remain historically high.

Sunflower Seed

For 2021-22, exports are forecast to be similar to last year assuming the strong export pace to the US remains. Carry-out stocks are forecast to fall, due to lower supply. The US remains Canada's main export market for sunflower seed. The average price is forecast to rise from 2020-21 to a record level due to lower North American supply.

For the US, sunflower seed production is estimated by the USDA to have decreased significantly to nearly 0.9 Mt. With a smaller US oilseed and confectionery crop, this has supported Canadian sunflower seed prices.

The world supply of sunflower seed is estimated by the USDA at a record 62 Mt. This is 13% higher than last year, due to higher production in Russia and Ukraine. World exports are expected to rise marginally to 3.1 Mt, with domestic use expected to rise to 54 Mt. Global carry-out stocks are expected to nearly double to a record high carry-out of 4.3 Mt, with nearly half of these stocks in Russia and Ukraine. This is largely due to the Russian invasion of Ukraine.

For 2022-23, area seeded is anticipated to be similar to 2021-22 due to competition with other crops. Production is forecast to fall marginally to 80 Kt and supply is also expected to fall marginally to 220 Kt. Exports are expected to be lower, but, carry-out stocks are forecast to decrease further. The average price is forecast to fall from 2021-22 due to similar prices for confectionery sunflowers in Canada and the US combines with lower prices for oil types.

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

CANADA: GRAINS AND OILSEEDS SUPPLY AND DISPOSITION

March 18, 2022

Grain and Crop Year (a)	Area Seeded <i>thousand ha</i>	Area Harvested <i>thousand ha</i>	Yield <i>t/ha</i>	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
Durum												
2020-2021	2,302	2,295	2.86	6,571	13	7,321	5,766	198	388	802	753	302
2021-2022f	2,238	2,157	1.23	2,654	25	3,432	2,350	180	199	582	500	675
2022-2023f	2,450	2,401	2.30	5,522	25	6,047	4,300	200	434	847	900	415
Wheat Except Durum												
2020-2021	7,892	7,723	3.70	28,612	129	33,503	20,567	3,243	4,025	8,023	4,913	271
2021-2022f	7,255	7,090	2.68	18,998	200	24,111	13,200	3,000	3,886	7,611	3,300	420
2022-2023f	7,598	7,446	3.44	25,636	100	29,036	17,250	3,200	4,011	7,986	3,800	375
All Wheat												
2020-2021	10,194	10,018	3.51	35,183	142	40,824	26,333	3,442	4,414	8,825	5,666	
2021-2022f	9,493	9,247	2.34	21,652	225	27,543	15,550	3,180	4,085	8,193	3,800	
2022-2023f	10,048	9,847	3.16	31,158	125	35,083	21,550	3,400	4,445	8,833	4,700	
Barley												
2020-2021	3,060	2,809	3.82	10,741	294	11,991	4,277	299	6,417	7,003	711	294
2021-2022f	3,357	3,002	2.31	6,948	150	7,809	2,950	219	4,060	4,559	300	425
2022-2023f	3,300	2,960	3.58	10,590	60	10,950	3,350	319	6,001	6,600	1,000	340
Corn												
2020-2021	1,440	1,408	9.63	13,563	1,639	17,762	1,438	5,376	8,764	14,155	2,169	272
2021-2022f	1,413	1,391	10.06	13,984	4,000	20,153	1,500	5,400	11,087	16,503	2,150	305
2022-2023f	1,420	1,390	9.78	13,600	2,000	17,750	1,450	5,450	8,884	14,350	1,950	280
Oats												
2020-2021	1,554	1,314	3.48	4,576	17	5,019	2,971	105	1,170	1,391	657	301
2021-2022f	1,385	1,112	2.34	2,606	15	3,277	2,270	120	562	807	200	560
2022-2023f	1,500	1,230	3.54	4,360	15	4,575	2,750	120	1,079	1,325	500	400
Rye												
2020-2021	237	153	3.19	488	2	530	153	41	243	306	72	225
2021-2022f	246	147	3.22	473	2	546	152	44	279	344	50	310
2022-2023f	240	140	3.36	470	2	522	160	44	167	231	130	200
Mixed Grains												
2020-2021	168	97	2.41	233	0	233	0	0	233	233	0	
2021-2022f	133	65	2.53	164	0	164	0	0	164	164	0	
2022-2023f	140	65	2.69	175	0	175	0	0	175	175	0	
Total Coarse Grains												
2020-2021	6,459	5,780	5.12	29,601	1,952	35,535	8,839	5,820	16,827	23,087	3,608	
2021-2022f	6,534	5,716	4.23	24,175	4,167	31,949	6,872	5,783	16,151	22,377	2,700	
2022-2023f	6,600	5,785	5.05	29,195	2,077	33,972	7,710	5,933	16,307	22,681	3,580	
Canola												
2020-2021	8,410	8,325	2.34	19,485	125	23,044	10,573	10,425	259	10,750	1,722	730
2021-2022f	9,097	9,002	1.40	12,595	150	14,467	5,400	8,500	116	8,667	400	1,050
2022-2023f	8,800	8,732	2.31	20,200	150	20,750	10,000	10,000	99	10,150	600	900
Flaxseed												
2020-2021	377	371	1.56	578	26	667	505	N/A	85	103	59	693
2021-2022f	416	404	0.86	346	10	415	300	N/A	60	80	35	1,150
2022-2023f	405	399	1.45	580	10	625	450	N/A	90	110	65	850
Soybeans												
2020-2021	2,052	2,041	3.12	6,359	438	7,417	4,659	1,636	606	2,465	294	605
2021-2022f	2,153	2,139	2.93	6,272	400	6,966	4,000	1,800	516	2,516	450	650
2022-2023f	2,300	2,292	2.86	6,551	400	7,401	4,500	1,900	301	2,401	500	600
Total Oilseeds												
2020-2021	10,839	10,738	2.46	26,421	588	31,129	15,736	12,061	950	13,318	2,075	
2021-2022f	11,666	11,545	1.66	19,212	560	21,847	9,700	10,300	691	11,262	885	
2022-2023f	11,505	11,423	2.39	27,331	560	28,776	14,950	11,900	490	12,661	1,165	
Total Grains And Oilseeds												
2020-2021	27,491	26,536	3.44	91,205	2,682	107,487	50,908	21,322	22,190	45,230	11,349	
2021-2022f	27,693	26,507	2.45	65,039	4,952	81,339	32,122	19,263	20,927	41,832	7,385	
2022-2023f	28,153	27,055	3.24	87,684	2,762	97,830	44,210	21,233	21,241	44,175	9,445	

(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 (Average Prairie producer price, FOB farm); Canola (No. 1 Canada, cash, Track Vancouver); Flaxseed (No. 1 CW, cash, I/S Saskatoon); Soybeans (No. 2 CE, cash, I/S Chatham)

Source: Statistics Canada (STC) and Agriculture and Agri-Food Canada (AAFC)

f: forecasts by AAFC except for area, yield and production for 2021-2022 which are STC

CANADA: PULSES AND SPECIAL CROPS SUPPLY AND DISPOSITION

March 18, 2022

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											
2020-2021	1,722	1,685	2.73	4,594	81	4,909	3,582	768	559	13%	340
2021-2022f	1,546	1,491	1.51	2,258	30	2,846	2,100	596	150	6%	600
2022-2023f	1,650	1,610	2.36	3,800	80	4,030	3,000	730	300	8%	450
Lentils											
2020-2021	1,713	1,705	1.68	2,868	110	3,187	2,326	454	407	15%	645
2021-2022f	1,742	1,716	0.94	1,606	50	2,063	1,700	288	75	4%	1,000
2022-2023f	1,800	1,775	1.41	2,500	75	2,650	2,100	425	125	5%	725
Dry Beans											
2020-2021	185	183	2.68	490	63	578	396	72	110	24%	930
2021-2022f	177	171	2.26	386	75	571	360	71	140	32%	1,180
2022-2023f	170	165	2.36	390	75	605	390	70	145	32%	1,045
Chickpeas											
2020-2021	121	120	1.79	214	41	506	159	71	275	119%	640
2021-2022f	75	74	1.04	76	20	371	165	56	150	68%	960
2022-2023f	85	83	1.51	125	45	320	125	60	135	73%	860
Mustard Seed											
2020-2021	104	101	0.98	99	6	165	111	15	40	32%	885
2021-2022f	125	113	0.44	50	7	97	80	12	5	5%	2,700
2022-2023f	150	145	0.79	115	7	127	80	32	15	13%	1,800
Canary Seed											
2020-2021	111	110	1.62	178	0	193	160	7	26	16%	690
2021-2022f	127	125	0.87	109	5	140	125	10	5	4%	1,100
2022-2023f	130	128	1.37	175	0	180	160	10	10	6%	800
Sunflower Seed											
2020-2021	45	45	2.25	101	36	241	51	74	116	93%	620
2021-2022f	41	40	2.03	82	35	233	50	73	110	90%	815
2022-2023f	40	39	2.05	80	30	220	45	75	100	83%	700
Total Pulses and Special Crops (c)											
2020-2021	4,000	3,949	2.16	8,545	338	9,778	6,784	1,461	1,533		
2021-2022f	3,832	3,730	1.22	4,567	222	6,322	4,580	1,107	635		
2022-2023f	4,025	3,945	1.82	7,185	312	8,132	5,900	1,402	830		

(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.

Source: Statistics Canada (STC) and Agriculture and Agri-Food Canada (AAFC)

f: forecasts by AAFC except for area, yield and production for 2021-2022 which are STC