CANADA: OUTLOOK FOR PRINCIPAL FIELD CROPS *June 20, 2022*

Market Analysis Group / Crops and Horticulture Division
Sector Development and Analysis Directorate / Market and Industry Services Branch

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This report is an update of Agriculture and Agri-Food Canada's (AAFC) May Outlook 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 outlook for the world's grain markets continues to be uncertain on a combination of strong demand and tight supplies, highlighted by the Russian invasion of Ukraine which has disrupted Black Sea production and global trade patterns.

The Outlook incorporates information from (i) Statistics Canada's (STC) March 2022 Field Crop Area Survey and Survey of Stocks of Principal Field Crops in Canada as of March 31, 2022, (ii) the United States Department of Agriculture (USDA) - World Agriculture Supply and Demand Estimates (WASDE), (iii) the International Grains Council Grain Market Report, and (iv) the Agricultural Market Information Systems (AMIS) Market Monitor.

For 2021-2022, export movement of cereals, oilseeds, pulses and special crops slowed sharply in late May on tight domestic stocks and is expected to remain slow until newly harvested supplies become available. In general, domestic processing of grains is maintaining a steadier pace than shipments out of the country with the domestic disappearance of some crops for the year to-date running ahead of last year. Some domestic users are responding to tight domestic stocks by increasing imports. Carry-out stocks (ending year inventories) for all principal field crops are forecast to end the crop year at a record low level.

Crop prices are forecast to remain strong on support from: (i) growing world demand for grains, (ii) tight global grain supplies, (iii) tight Canadian supplies, (iv) supply disruptions caused by the Russian invasion of Ukraine and (v) the adoption of export restrictions by a number of countries in an effort to lower domestic food costs.

For 2022-2023, STC's April 26 report on the Seeding Intentions of Principal Field Crops in Canada indicated that total seeded area is largely unchanged from last year. Seeding progress across Canada is variable with some regions delayed by 3 to 4 weeks on cool temperatures and wet soils. The eastern half of the Prairies was particularly hard hit, experiencing a series of heavy rain storms, although seeding progress accelerated in early June with a return to more seasonal weather. Although the dry conditions in the western Prairies were eased by recent rainfall steady rains are still required during the summer to achieve normal yields. Crop development is also slightly slower than normal across eastern Canada following a series of damaging storms.

Total field crop production is forecast to increase significantly, although supplies will be tempered by record low carry-in stocks. Domestic demand is forecast to remain steady while exports are projected to increase significantly on strong world demand. Consequently, carry-out stocks (ending inventory) are forecast to remain historically tight.

Crop prices in general are forecast to remain strong in 2022-23, easing slightly as the forecasted return to normal production is matched by rising world demand. The price forecasts carry a significant downside risk and are vulnerable to a possible and unpredictable sharp correction. The next AAFC Outlook for Principal Field Crops is scheduled for release on July 21, 2022. STC is scheduled to publish final area estimates for principal field crops on July 05, 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	50,897	45,241	11,349
2021-2022f	27,693	26,507	2.45	65,039	5,502	81,889	30,790	44,109	6,990
2022-2023f	27,703	26,611	3.25	86,497	2,712	96,198	43,495	43,628	9,075
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	1.23	4,577	230	6,340	4,360	1,145	835
2022-2023f	3,799	3,733	1.84	6,873	312	8,020	5,555	1,415	1,050
All Principal Field Crops									
2020-2021	31,491	30,485	3.27	99,750	3,019	117,265	57,681	46,702	12,882
2021-2022f	31,525	30,237	2.30	69,616	5,732	88,230	35,150	45,254	7,825
2022-2023f	31,502	30,343	3.08	93,370	3,024	104,218	49,050	45,043	10,125

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

f: forecasts by AAFC except for area, yield and production for 2021-2022 and seeded area for 2022-23 which are STC

Durum

For 2021-22, Canadian durum production decreased by 60% from 2020-21 to 2,654 million tonnes (Mt), due to the drought in the Prairies; total supply decreased by 53%. Exports are forecast to decline to 2.3 Mt, due to the lower supply. According to Statistics Canada, exports of durum to April 2022, are 1.9 Mt, lagging last year's levels by over 50%. Carry-out stocks are forecast to fall to 0.55 Mt, 27% less than in 2020-21 and 60% lower than the previous five-year average of 1.33 Mt.

World durum production in 2021-22 was the smallest in twenty years according to the International Grains Council (IGC). Production fell 10% compared to the previous year, coming in at 30.7 Mt and total supply came in at 38.9 Mt, down 9% year over year (y/y). Total trade is estimated at 6.2 Mt, down 31% due to the reduced exportable surplus from North America, namely Canada. Use is estimated at 38.9 Mt (-2 Mt y/y) and carry-out stocks are forecast to close in at 6.4 Mt, down from 8.2 Mt one year prior.

The average Saskatchewan spot price for Canadian Western Amber Durum, no.1, 13% protein (CWAD 1, 13%) remains pegged at $640/tonne for 2021-22.

For 2022-23, the area seeded to durum in Canada is expected to increase by 13% from 2021-22, according to Statistics Canada's (STC) seeding intentions survey released last month. Production is forecast to more than double to 5.68 Mt as the increase in seeded area is compounded by a gradual return to average yields. Total supply is project to grow 82% to 6.25 Mt, despite tight carry-in stocks. Durum planting has been progressing well in Saskatchewan and Alberta, with 96% and 100% of the crop planted as of May 30. Attention has turned to the weather since adequate precipitation will be needed to fill soil moisture deficits, especially in Alberta and southern/western Saskatchewan. Canadian exports are projected to rebound to 4.4 Mt, or 71% of total supply and up 91% from 2021-22, due to increased supply. Canadian domestic use is forecast at average levels, that is just over 0.8 Mt, and carry out stocks at 1.0 Mt.

According to the IGC, world durum production is forecast to increase 10% to 33.8 Mt, thanks to increased supplies in North America. Supply is projected to grow 3.5% to 40.3 Mt, limited by tight opening stocks. Total world use is forecast to grow 4.5% to 33.9 Mt, on higher food and feed use, with trade growing 40% y/y to 8.7 Mt, while ending stocks are forecast to fall 1.7% to 6.3 Mt with reductions in Africa and Europe.

The Saskatchewan spot price for CWAD 1, 13% is forecast to decrease from current levels, but still remain strong at $500/tonne on average over 2022-23.

Wheat (excluding durum)

For 2021-22, Canadian wheat production dropped by 34% to 18.99 Mt due to poor yields resulting from the drought in western Canada; total supply is estimated at 24.2 Mt, -28% y/y. As a result, exports are forecast to fall 39% to 12.5 Mt as a result of the lower supply. The export forecast was lowered another 0.3 Mt compared to the May report, based on the continued slow pace of shipments. According to STC, exports of wheat (excluding durum), to the end of April totaled 8.9 Mt, 43% less than the previous year and 33% less than the last five-year average. Domestic use is anticipated at 8.7 MT, 8% more than the previous year, due to higher feed use. Carry-out stocks are forecast to decline 39% to 3.0 Mt, the lowest on record since 2007-08.

According to the United States Department of Agriculture (USDA), world all wheat (including durum) production increased by 3.3 Mt to 779.03 Mt, while supply decreased by 3.3 Mt to 1,070.6 Mt because of low carry-in stocks. Total use is estimated to increase by 8.9 Mt to 791.2 Mt. World all wheat carry-out stocks are estimated to decrease by 12.2 Mt to 279.4 Mt with over 49% held in China and not available to the world. US all wheat production dropped by about 5 Mt from 2020-21 to 44.8 Mt. Supply is 10.1 Mt lower at 70.4 Mt. Domestic use is estimated at 30.7 Mt, up 0.2 Mt compared to the previous year. Carry-out stocks are pegged at 17.8 Mt, down from 23.0 Mt last year.

The average 2021-22 Saskatchewan spot price for Canadian Western Red Spring Wheat no. 1, 13.5% protein (CWRS 1, 13.5) is forecast at $445/tonne.

For 2022-23, Canadian area seeded to wheat is expected to increase by 6% from 2020-21, with a 7% increase in the spring wheat area and 13% decline in the area remaining for winter wheat, according to STC's seeding intention survey. Production is projected to rise 44% to 27.4 Mt and supply to rise by 26% to 30.5 Mt with a forecasted return to average yields. Uncertainty of yield prospects however remains as seeding is delayed in Manitoba due to cold and wet weather, and dryness persists across Alberta and some regions of Saskatchewan. Domestic use in 2022-23 is forecast to remain at current levels, around 8.7 Mt, and exports to rebound to 17.8 Mt thanks to greater exportable supplies and increased consumption in Africa and Asia.

World all wheat production is forecast at 773.4 Mt, 5.6 Mt lower than the previous year due to a decrease in production of wheat primarily in the Ukraine, but also to a lesser extent in Argentina, Australia and the European Union. Supply is forecast to drop 17.7 Mt to 1,052.8 Mt with tight carry-in stocks exacerbating supply fundamentals. Total use is forecast at 786.0 Mt. Trade is projected to rise 5.2 Mt from 2021-22 levels to 204.6 Mt, because of an increase in exports from Canada, Russia and the European Union, despite the lower production forecast. Carry-out stocks are forecast to decline to 266.8 Mt, 12.5 Mt less than opening levels.

US all wheat production is forecast to rise by 2.5 Mt to 47.3 MT, according to the USDA; total US supply is projected at 68.3 Mt, down 2.0 Mt compared to the previous year. Trade is forecast to fall by 0.8 Mt to 21.09 Mt, while domestic use is projected to fall by 0.4 Mt to 30.2 Mt. Carry-out stocks are projected to fall by 0.8 Mt to 17.05 Mt- they have been revised up from the May forecast of 16.8 Mt.

Saskatchewan spot price for CWRS 1, 13.5% is forecast to remain strong in 2022-23 due to uncertainty in the market caused by the Russian invasion of Ukraine, lower world production and tight supply/demand fundamentals. It is forecast at $450/tonne on average for 2022-23.

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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, as compared to last year. Carry-out stocks are projected at 0.4 million tonnes (Mt), a record low level, due to sharply decreased supply. The stocks-to-use ratio will continue to fall to a record low of 4%, versus 6% last year and 13% for five-year average.

The Lethbridge feed barley price for 2021-22 is forecast to hit a new high of $435/t, up sharply from the old record of $294/t set in 2020-21 and well above the previous five-year average. The 2021-22 prices are supported by uncertain new crop production prospects, 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.

For 2022-23, Canadian barley acreage is projected at 3.0 million hectares (Mha), 10% lower than 2021-22 but still 5% and 8% above the previous five- and ten-year averages. Of the total, approximately 96% are located in the three Prairie provinces: Alberta (50%), Saskatchewan (41%) and Manitoba (5%). Production is projected to increase by 34% from 2021-22 to 9.3 Mt, based on assumptions for average yield potentials despite smaller acreage.

Supply is projected to increase by 24% from 2021-22 to 9.8 Mt, assuming higher production offsetting historically low carry-in stocks and smaller imports. However, this level will be the third lowest since 2016-17.

In responding to larger supply, domestic use, including industrial use and feed use, and exports are predicted to increase from 2021-22. Carry-out stocks are projected to rise to 0.5 Mt, which is still a historically low level.

The average price is predicted to fall from the record level in 2021-22 to $400/t, due to expectations for a recovery in domestic supplies. But it will remain historically high, largely underpinned by strong corn prices.

According to the United States Department of Agriculture (USDA), the 2022-23 barley production is lowered for the EU, mostly on forecast declines for Spain and France that are partially offset by an increase for Germany. Barley production for Australia and Ukraine is reduced based on declines in area.

Corn

For 2021-22, the Canadian corn supply and demand situation includes larger production, imports and supply, greater industrial use, feed consumption and export demand, relative to last year. Carry-out stocks are predicted at 1.9 Mt, a decrease of 12% and 18% from a year ago and the previous five-year average. The stocks-to-use ratio will continue to fall to 10%, versus 14% last year and 15% for five-year average.

The 2021-22 Chatham corn price average is forecast at a new record of $310/t, up $38/t and over $100/t respectively from the old record set in 2020-21 and the previous five-year average. The surge in corn price is linked to concerns about global corn supply prospects along with strong demand.

The USDA lowered 2021-22 US corn exports and raised food, seed & industrial use in its June update, without notable revisions made to other supply and demand categories. The average farm price was raised by US$0.05/bu to US$5.95/bu, up sharply from $4.53 last year and the highest since 2013-14.

For 2022-23, Canadian corn acreage is projected at 1.5 Mha, 6% higher than 2021-22 and, if realized, it will be an all-time high. Of the total, about 98% are located in the three major corn growing provinces: Ontario (62%), Quebec (24%) and Manitoba (12%). Yield is expected to be below the historical high seen in 2021-22. Production is expected to increase by 2% from 2021-22 to 14.3 Mt, supported by

increased area despite decreased yield. However, the Manitoba government reported in its June 7 crop report that "Corn planting is complete. Crop insurance deadlines for grain corn have passed, unplanted corn acres have shifted into canola or wheat". This is due to late planting concerns caused by wet field conditions.

Supply is projected at 18.2 Mt, decreasing by 11% and 2% from 2021-22 and the five-year average, due to significantly smaller carry-in stocks and imports, despite larger production forecast.

Domestic use is predicted to decrease from 2021-22 on lower feed use. Exports are forecast to remain unchanged. Carry-out stocks are projected at 2.1 Mt, up 11% from a year ago to 2.1 Mt, but down 5% from the previous five-year average.

The average price is predicted at $330/t, up from the record level of 2021-22, supported by strong new crop corn prices in the US, due largely to uncertain global corn supply prospects.

The USDA raised world corn production for 2022-23 due to an increase in corn production projected for Ukraine, reflecting higher harvested area.

For the US, the USDA lifted US corn beginning stocks, food, seed & industrial use and ending stocks for 2022-23, without notable revisions made to other supply and demand categories, as well as average farm price. The average farm price is projected at US$6.75/bu, up sharply from $5.90 for 2021-22 and approaching the record high of $6.89 reached in 2012-13.

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, significantly lower than last year and a record low level. The stocks-to-use ratio will fall to a record low of 6%, versus 15% last year and five-year average.

The CBOT oat futures average price for 2021-22 is projected at 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. For the crop year to date, oat price in the CBOT market averaged $572/t ($572/t a month ago, $293/t a year ago). In the Canadian Prairie provinces, oat prices averaged $497/t ($490/t, $244/t) for Alberta/Edmonton, $457/t for Saskatchewan ($460/t, $206/t), and $552/t for Manitoba ($554/t, $249/t).

For 2022-23, Canadian oat acreage is projected at 1.6 Mha, 17% higher than 2021-22 and, if realized, it will be a twelve-year high. Of the total, approximately 90% is located in the three Prairie provinces: Alberta (25%), Saskatchewan (46%) and Manitoba (19%). Production is projected to increase sharply, up by 67% from 2021-22 to 4.3 Mt, based on assumptions for a return to average yield and larger area. This would be partly offset by historically low carry-in stocks, which will lead supply to increase by 39% from 2021-22 to 4.6 Mt.

In responding to larger supply, domestic use, specifically feed use, and exports are predicted to increase. Carry-out stocks are projected to rise sharply to 0.5 Mt, however will still remain significantly below normal levels.

The average price is predicted to fall from the record level set in 2021-22 to $500/t, due to expectations for a recovery in supplies for North America, but it remains historically high, supported by strong prices in neighboring markets.

Rye

For 2021-22, the Canadian rye supply and demand situation includes marginally increased supply, record high domestic feed use and decreased exports, relative to last year. Carry-out stocks are projected at 60 thousand tonnes (Kt), 17% and 33% 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 acreage is estimated at

239 thousand hectares, edging down from 2021-22, which reflects lower fall rye area. Fall rye accounts for over 98% of all rye area in Canada. Rye area in both Eastern and Western Canada has exhibited an upward trend in the recent decade. Despite the decline, Canadian rye area for 2022-23 is still at the high end of range in the recent decade and is 28% higher than the previous five-year average. Production is projected to edge up from 2021-22 to 482 Mt on assumptions for a return to average yields and an increase in harvested area.

Supply is projected at 544 Kt, close to 2021-22 level, due to lower carry-in stocks offsetting the slightly increased production, but 17% 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 and above the 2021-22 level. Carry-out stocks are projected to increase significantly from 2021-22 and the previous five-year average, as lower feed demand offsets higher exports while supply is stable.

The 2022-23 average price is projected at $260/t, significantly lower than the 2021-22 price forecast, based on expectations for larger 2022-23 feed grain supplies on the Canadian Prairies.

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Canola

For 2021-22, canola supplies tightened sharply, falling 37% to 14.5 million tonnes (Mt), on a 49% drop in carry-in stocks and a 35% decline in production due to drought.

Demand for Canadian canola remains firm on a strong world oilseed crush and high prices for competing oilseeds, vegetable oils and protein meals. Disruption of Black Sea exports of sunflowerseed oil due to the Russian invasion of Ukraine is tightening world supplies and supporting world prices. Domestically, processing of canola is estimated to fall to 8.3 Mt, a drop of 20% from last year, while exports are expected to fall by 51% to 5.2 Mt, as commercial buyers outbid exporters for 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 0.40 Mt, for a stock-to-use ratio of 3% versus 8% in 2020-21 and the 5-year average of 13%. For the crop year, Canadian canola prices are estimated at $1,100/t vs $730/t last year and the 5-year average of $556/t.

For 2022-23, canola seeded area is expected to decrease by 7% to 8.5 million hectares (Mha) based on Statistics Canada's Seeding Intentions Survey, as farmers shift into cereals following last summer's drought. Harvested area is forecast at 8.4 Mha while yields are forecast at 2.14 t/ha versus the 1.4 t/ha achieved last year.

Canola seeding is running 3 to 4 weeks behind normal across the eastern half of the prairie provinces following several large storms which resulted in overland flooding in many regions. Currently, conditions are dry across southern Alberta and excessively wet in eastern Saskatchewan and across Manitoba. A period of warm and dry weather is required to allow farmers to finish seeding and to speed crop development.

Production is forecast at 17.9 Mt, the 8th highest level on record. By province, Saskatchewan is forecast to grow 9.4 Mt of canola, Alberta 5.4 Mt and Manitoba 3.0 Mt. Total supply is forecast to rise sharply from last year to 18.4 Mt as the increase in production is moderated by tight carry-in.

Usage of Canadian canola is forecast to recover with exports up 71% to 8.8 Mt while domestic crush rises to 9.0 Mt versus 8.3 Mt last year. Carry-out stocks are up 25% to 0.5 Mt for a stocks-to-use ratio of 3%. Canola prices are forecast to decline to $1000/t track Vancouver, a drop of about 10% from the record highs in 2021-22. If realized, this would be the second highest canola price on record.

The 2022-23 outlook remains sensitive to several key factors: (i) the disruption in Ukrainian oilseed production and exports due to the Russian invasion, (ii) the rate of growth in the renewable diesel sector, (iii) world output of alternate oilseed crops – this outlook assumes a minimal shift in seeded areas, normal temperatures and moisture, and normal yields, (iv) strength of Chinese buying – China is the world's largest importer of oilseeds and its buying decisions can and do affect canola prices, (v) policy shifts in Indonesia as the country temporarily restricts palm oil exports to suppress domestic prices.

Flaxseed

For 2021-22, supplies are estimated down 38%, to 0.41 Mt, versus 0.67 Mt last year, due to lower production and slightly smaller carry-in stocks. Limited supplies of flaxseed may be imported into Canada due to high domestic prices.

Exports are forecast to decrease by about 44%, to 0.29 Mt as a result of the constrained domestic supplies. Similarly, total domestic use is forecast to fall slightly to 99,900 t, on lower feed, waste and dockage. Carry-out stocks are forecast to fall by 49% to 30,000 t, while flaxseed prices rally sharply to $1,250/t, versus $693/t in 2020-21 and the 5-year average of $526/t.

For 2022-23, Statistics Canada estimates a slight decline in the area seeded to flaxseed, to 0.35 Mha versus the 5-year average of 0.39 Mha, based on its

survey of farmer seeding intentions. Harvested area for flaxseed is forecast at 0.34 Mha, while yields are 1.3 t/ha based on the five-year average. Flaxseed production is forecast at 0.47 Mt with 70% of the output occurring in Saskatchewan. Total supply is forecast to increase by 22% to 0.51 Mt, as higher output is constrained by very tight carry-in stocks.

Exports are forecast to increase to 0.39 Mt on steady to stronger Chinese, European and United States consumption. Total domestic use falls by about 24% to 0.08 Mt, on lower feed, waste and dockage while carry-out rises by about 50% to 45,000 tonnes. Flaxseed prices are forecast to decline by 12%, but remain historically very strong at $1,100/t for 2022-23.

Soybeans

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

Canadian exports of soybeans are down 14%, to 4.0 Mt, as tight domestic supplies mute support from strong world demand. Domestic processing of soybeans increases by 10% from last year to a historically normal 1.8 Mt on strong crush margins and robust demand for vegetable oils. Soybean prices are estimated at $680/t versus the simple average of $605/t earned in 2020-21.

The factors to watch for the remainder of the crop year are: (1) US planting pace (2) instability in world oilseed, protein meal and vegetable oil trade flows, (3) volatility in world oilseed prices, (4) South America's production and export pace, (5) the strength of Chinese buying and (6) Canadian crush and export pace.

For 2022-23, farmers intend to plant 2.17 Mha to soybeans in Canada, up marginally from last year, based on Statistics Canada April 26th release of its Seeding Intentions Estimates. The largest soybean growing provinces in Canada are Ontario at 1.27 Mha, Manitoba 0.53 Mha and Quebec with 0.37 Mha. Assuming 5-year average yields, production is forecast at 6.4 Mt, versus 6.3 Mt in 2021-22 and similar to the 6.4 Mt grown in 2020-21. Total supply is forecast to increase to 7.3 Mt, on the combined rise in production and carry-in along with 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 fall slightly to 0.35 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 $30/t to $650/t, as pressure from a large US soybean crop is offset by a drop in South American production. A stable Canada-US dollar exchange rate is assumed for the duration of the 2022-23 crop year.

For 2022-23 world oilseed production is forecast at 647 Mt by the USDA, a rise of 48 Mt from last year. US soybean production is projected at 4.64 billion bushels (Bbu), 5% higher than last year, supporting a 3% rise in American soybean supplies. US soybean exports is forecast at 2.2 Bbu while domestic crush increases to 2.26 Bbu. Ending stocks are predicted to rise to 0.28 Bbu, versus 0.21 Bbu for 2021-22 and the five year average of 0.47 Bbu. The USDA projects the farm-gate price of soybeans to rise to US$14.70/bu, up from last month's outlook of US$14.40/bu and above the US$13.35 expected for 2021-22

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Dry Peas

For 2021-22, Canada's exports are expected to be sharply lower from 2020-21 at 2.1 million tonnes (Mt) with lower imports from China and no imports from Bangladesh. For the August to April period, Canadian exports to the US are at record levels, mostly due to a smaller US dry pea crop. Carry-out stocks in Canada are expected to be significantly lower than the previous year, despite smaller domestic use and rationed export demand. The average dry pea price is expected to rise sharply to record levels from the price in 2020-21, for all dry pea types.

For this particular crop year, there has been a price discount for green dry pea prices below yellow dry peas of $65/t, compared to the $5/t green pea premium observed in 2020-21. During the month of May, the yellow pea farmgate prices fell $10/t while green pea farmgate prices rose $5/t, with expectations for a larger Canadian yellow pea supply in 2022-23.

For 2022-23, Canadian dry pea seeded area is expected to fall 7% from 2021-22 to 1.44 Mha despite record returns from the previous year. By province, Saskatchewan is expected to account for 52% of the dry pea area, Alberta 40%, with the remainder spread across Canada.

Production is expected to increase sharply to 3.5 Mt due to higher yields. Supply is forecast to increase by 31% due to the higher production estimate. Exports are forecast to increase, due to the larger supply, with China and Bangladesh returning as Canada's top markets. Carry-out stocks are forecast to rise to 0.3 Mt, lower than the long-term average. The average price is expected to be lower than in 2021-22 due to expectations for higher domestic and world supply.

In the US, area seeded to dry peas is forecast by the USDA to increase by 11% to 1.09 million acres. This is largely due to an expected rise in North Dakota area. Assuming normal yields and abandonment, US dry pea production is forecast by AAFC to more than double to 0.86 Mt. The US has been successful in exporting small amounts of green dry peas to Canada, the Philippines, China and Yemen. It is expected the US will regain its market share in 2022-23.

Lentils

For 2021-22, lentil exports are forecast to be sharply lower than 2020-21 at 1.5 Mt. The main markets are India, Turkey and the United Arab Emirates. Carry-out stocks are forecast to decrease. The average price, for all types and grades, is forecast to rise to record levels. This is due to lower carry-out stocks and stronger prices for all types, particularly large green types. For the crop year, large green lentil prices are expected to maintain a premium of C$340/t over red lentil prices. During May, Saskatchewan large green lentil prices fell $10/t and red lentil farm gate prices increased by $65/t.

For 2022-23, area seeded to lentils in Canada is expected to be marginally higher than the previous year at 1.8 Mha, due the sharp rise in farmgate lentil prices in the 2021-22 crop year. Saskatchewan is expected to account for 89% of the lentil area, with the remainder in Alberta and Manitoba. Production is forecast by AAFC to rise by 59% to 2.55 Mt. Supply is expected to rise to 2.9 Mt, as a result of increased production partly offset by lower carry-in stocks. Exports are expected to be higher than in 2021-22 at 2.1 Mt. Carry-out stocks are forecast to rise to 0.35 Mt. The average price is forecast to fall from 2021-22 due to higher world supply with lower prices for the top grades and the assumption of an average grade distribution.

In the US, the area seeded to lentils for 2022-23 is forecast by the USDA at 0.79 million acres, up 11% from 2021-22 due to higher area seeded in North Dakota and Montana. Assuming normal yields and abandonment, US lentil production is forecast by AAFC to more than double from 2021-22 at 415 thousand tonnes (Kt). The main US export markets for lentils continue to be the EU, Canada and Mexico.

Dry Beans

For 2021-22, dry bean exports are expected to fall to 340 Kt, down 14% from the previous year. The US and the EU remain the main markets for Canadian dry beans, with smaller volumes exported to Japan and Mexico. The smaller North American supply has resulted in record prices. This is expected to support US and Canadian dry bean prices for the remainder of 2021-22 crop year.

For 2022-23, the area seeded in Canada is forecast to decrease by 23% from 2021-22, mainly because of poor yields last year as a result of the drought in North America. By province, Ontario is expected to account for 33% of the dry bean area, Manitoba 38%, Alberta 21%, with the remainder seeded in Saskatchewan, Quebec and the Maritimes. Production is expected to fall to below 0.33 Mt. Supply is expected to fall marginally with large carry-in stocks. Exports are forecast to rise despite the similar supply. Carry-out stocks are expected to fall. The average Canadian dry bean price is forecast to fall marginally with similar expected supply in North America, particularly for the white pea bean and pinto types.

In the US, area seeded to dry beans is forecast by the USDA to fall by 6% to 1.31 million acres due to a decrease in area seeded in most US dry bean growing states. Assuming normal yields and abandonment, 2022-23 US total dry bean production (excluding chickpeas) is therefore forecast to rise to 1.1 Mt, up 5% from 2021-22.

Chickpeas

For 2021-22, Canadian chickpea exports are expected to be relatively unchanged at 160 Kt due to increased export demand from the US offsetting lower demand from Pakistan. Carry-out stocks are expected to fall sharply. The average price is forecast to be significantly higher when compared to the previous year with a decrease in North American chickpea supply.

For 2022-23, the area seeded is expected to decrease from 2021-22 due to lower yields experienced by producers in the previous year. By province, Saskatchewan is expected to account for the majority of the chickpea area, with the remainder in Alberta. Production, however, is forecast to rise significantly to 110 Kt, with higher yields. Supply is forecast to decrease, as higher production will be buffered by lower carry-in stocks. Exports are forecast to be lower but carry-out stocks are expected to fall due to the lower supply. The average price is forecast to be unchanged due to similar world supply, with the expectation of an average grade distribution in 2022-23.

US chickpea area for 2022-23 is forecast by the USDA to decrease to 0.3 million acres, down 18% from the previous year. This is largely due to an expected fall in area in Idaho. Assuming normal yields and abandonment, 2022-23 US chickpea production is therefore forecast by AAFC at 0.2 Mt, up 57% from 2021-22. The US is expected to continue to improve its market share in the EU, Pakistan and Canada.

Mustard Seed

For 2021-22, Canadian mustard exports are forecast to be rationed to 85 Kt. The US and the EU have been the main export markets for Canadian mustard seed. Carry-out stocks are forecast to decrease to low levels. Prices are forecast to rise to record levels from 2020-21 due to decreased carry-out stocks and limited exportable supply for all types.

For 2022-23, the area seeded is expected to rise by 48% due to record prices from the previous year. By province, Saskatchewan is expected to account for 76% of the mustard seeded area, with 23% seeded in Alberta. Production is forecast by AAFC to nearly triple to 145 Kt due to higher area and improved yields. Supply is expected to be up sharply, due to higher production offsetting lower carry-in stocks. Exports are expected to rise to 90 Kt and carry-out stocks are forecast to increase but remain tight. The average price is forecast to be lower than that observed for the previous year but still historically high.

Canary Seed

For 2021-22, exports are expected to be lower than 2020-21 at 130 kt. The EU and Mexico have remained the main markets. Carry-out stocks are expected to tighten. The average price is forecast to increase to record levels compared to 2020-21.

For 2022-23, the area seeded is expected to decrease due to strong returns for competing crops. Production is forecast to rise by 26% and supply is expected to increase. Exports are expected to increase from 2021-22 due to the increased supply. Carry-out stocks are expected to remain tight. The average price is forecast to be lower than the 2021-22 level.

Sunflower Seed

For 2021-22, sunflower seed exports are forecast to decrease to 45 Kt due to lower demand from the US. The US and Japan have been Canada's main export markets for sunflower seed. Carry-out stocks are expected to fall marginally. The average Canadian price for sunflower seed is forecast to increase from 2020-21 to a record, for both oil and confectionary type sunflower seed prices.

For 2022-23, the area seeded is expected to rise from 2021-22, due to good potential returns compared to other crops. Production is forecast to be higher at 93 Kt, assuming average yields, and supply is expected to decrease to 238 Kt. Exports are expected to rise and carry-out stocks are forecast to remain unchanged. The average price is forecast to fall from 2021-22 due to expectations for higher North American sunflower seed supply and weaker oil and confectionery type prices in the US and Canada.

US sunflower seed area for 2022-23 is forecast by the USDA at 1.4 million acres, up 10% from 2021-22 due to increased area in North Dakota. The area seeded to oil type varieties is expected to rise to 1.27 million acres and the area seeded to confectionery type varieties is forecast to increase to just below 0.15 million acres. Assuming normal yields and abandonment, 2022-23 US sunflower seed production is forecast by AAFC to rise by 13% to nearly 1.0 Mt.

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CANADA: GRAINS AND OILSEEDS SUPPLY AND DISPOSITION

June 20, 2022

Grain and Crop Year (a)	Area Seeded	Area Harvested	Yield	Production	Imports (b)	Total Supply	Exports (c)	Food & Industrial Use (d)	Feed, Waste & Dockage	Total Domestic Use (e)	Carry-out Stocks	Average Price (g)
	thousand ha		*t/ha*	*thousand tonnes*								*$/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	20	3,427	2,300	180	194	577	550	640
2022-2023f	2,519	2,468	2.30	5,677	25	6,252	4,400	200	439	852	1,000	500
Wheat Except Durum												
2020-2021	7,892	7,723	3.70	28,612	129	33,503	20,538	3,265	4,033	8,053	4,913	271
2021-2022f	7,255	7,090	2.68	18,998	300	24,211	12,500	2,500	5,486	8,711	3,000	445
2022-2023f	7,683	7,530	3.64	27,414	100	30,514	17,800	3,200	4,739	8,714	4,000	450
All Wheat												
2020-2021	10,194	10,018	3.51	35,183	142	40,824	26,303	3,463	4,422	8,855	5,666	
2021-2022f	9,493	9,247	2.34	21,652	320	27,638	14,800	2,680	5,680	9,288	3,550	
2022-2023f	10,202	9,998	3.31	33,092	125	36,767	22,200	3,400	5,178	9,567	5,000	
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	200	7,859	2,590	289	4,320	4,869	400	435
2022-2023f	3,032	2,720	3.42	9,300	60	9,760	3,050	319	5,611	6,210	500	400
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	4,400	20,553	1,750	5,400	11,487	16,903	1,900	310
2022-2023f	1,503	1,468	9.75	14,310	2,000	18,210	1,750	5,450	8,894	14,360	2,100	330
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	20	3,282	2,070	95	782	1,012	200	560
2022-2023f	1,615	1,316	3.30	4,342	15	4,557	2,650	120	1,161	1,407	500	500
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	145	29	291	341	60	310
2022-2023f	239	150	3.22	482	2	544	160	39	244	303	80	260
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	137	59	2.63	155	0	155	0	0	155	155	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	4,622	32,404	6,555	5,813	17,044	23,289	2,560	
2022-2023f	6,526	5,712	5.00	28,589	2,077	33,226	7,610	5,928	16,066	22,435	3,180	
Canola												
2020-2021	8,410	8,325	2.34	19,485	125	23,044	10,589	10,425	243	10,734	1,722	730
2021-2022f	9,097	9,002	1.40	12,595	150	14,467	5,150	8,300	566	8,917	400	1,100
2022-2023f	8,457	8,391	2.14	17,950	100	18,450	8,800	9,000	99	9,150	500	1,000
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	285	N/A	80	100	30	1,250
2022-2023f	351	344	1.35	466	10	506	385	N/A	57	76	45	1,100
Soybeans												
2020-2021	2,052	2,041	3.12	6,359	437	7,417	4,661	1,636	603	2,462	294	605
2021-2022f	2,153	2,139	2.93	6,272	400	6,966	4,000	1,800	516	2,516	450	680
2022-2023f	2,168	2,165	2.96	6,400	400	7,250	4,500	1,900	300	2,400	350	650
Total Oilseeds												
2020-2021	10,839	10,738	2.46	26,421	588	31,129	15,755	12,061	931	13,299	2,075	
2021-2022f	11,666	11,545	1.66	19,212	560	21,847	9,435	10,100	1,161	11,532	880	
2022-2023f	10,975	10,900	2.28	24,816	510	26,206	13,685	10,900	456	11,626	895	
Total Grains And Oilseeds												
2020-2021	27,491	26,536	3.44	91,205	2,682	107,487	50,897	21,343	22,180	45,241	11,349	
2021-2022f	27,693	26,507	2.45	65,039	5,502	81,889	30,790	18,593	23,885	44,109	6,990	
2022-2023f	27,703	26,611	3.25	86,497	2,712	96,198	43,495	20,228	21,700	43,628	9,075	

(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 and seeded area for 2022-23 which are STC

CANADA: PULSES AND SPECIAL CROPS SUPPLY AND DISPOSITION

June 20, 2022

Grain and Crop Year (a)	Area Seeded	Area Harvested	Yield	Production	Imports (b)	Total Supply	Exports (b)	Total Domestic Use (c)	Carry-out Stocks	Stocks-to-Use Ratio	Average Price (d)
	thousand ha		***t/ha***	***thousand tonnes***						***%***	***$//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	1,437	1,410	2.48	3,500	80	3,730	2,700	730	300	9%	480
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	1,500	313	250	14%	1,000
2022-2023f	1,815	1,790	1.42	2,550	75	2,875	2,100	425	350	14%	835
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	340	71	160	39%	1,200
2022-2023f	137	133	2.45	325	75	560	360	70	130	30%	1,180
Chickpeas											
2020-2021	121	120	1.79	214	41	506	159	71	275	119%	640
2021-2022f	75	74	1.04	76	25	376	160	66	150	66%	960
2022-2023f	71	70	1.57	110	45	305	120	65	120	65%	960
Mustard Seed											
2020-2021	104	101	0.98	99	6	165	111	15	40	32%	885
2021-2022f	125	113	0.44	50	15	105	85	15	5	5%	3,000
2022-2023f	185	179	0.81	145	7	157	90	42	25	19%	2,050
Canary Seed											
2020-2021	111	110	1.62	178	0	193	160	7	26	16%	690
2021-2022f	127	125	0.95	119	0	145	130	10	5	4%	1,125
2022-2023f	108	107	1.40	150	0	155	135	10	10	7%	900
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	45	73	115	98%	875
2022-2023f	45	44	2.11	93	30	238	50	73	115	93%	850
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	1.23	4,577	230	6,340	4,360	1,145	835		
2022-2023f	3,799	3,733	1.84	6,873	312	8,020	5,555	1,415	1,050		

(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 and seeded area for 2022-23 which are STC