CANADA: OUTLOOK FOR PRINCIPAL FIELD CROPS ***August 22, 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) July 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 and volatile due to a number of factors: strong demand and relatively tight supplies, the Russian invasion of Ukraine which has disrupted Black Sea production and global trade patterns, rising inflation and increasing recession concerns.

The Outlook incorporates information from (i) the United States Department of Agriculture (USDA) - World Agriculture Supply and Demand Estimates (WASDE), (ii) the International Grains Council - Grain Market Report, and (iii) the Agricultural Market Information Systems (AMIS) Market Monitor.

The 2021-22 crop year closed at the end of July for most crops other than corn and soybeans. Total carry-out stocks (ending year inventories) for all principal field crops ended the year at a record low level. Grain prices in Canada for the year were historically high on relatively tight world and domestic grain supplies.

For 2022-23, total field crop production in Canada is forecast to increase significantly due to improved weather conditions across the Prairies, compared to the drought conditions of last year, resulting in a return to more "normal" yields. This will allow for a rebound in supply and exports to around average levels.

Crop prices, in general, are forecast to remain strong in 2022-23, although decreasing from the record to near- record highs of 2021-22. The price forecasts are subject to significant volatility due to the elevated amount of uncertainty in global markets.

The next AAFC Outlook for Principal Field Crops is scheduled to be released on September 23, 2022. Statistics Canada is scheduled to publish its first model-based yield and production estimates for principal field crops in Canada on August 29, 2022, and its estimates for stocks of principal field crops as of July 31, 2022 on September 7, 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	7,402	83,789	31,467	44,367	7,955
2022-2023f	27,767	26,732	3.32	88,693	3,712	100,360	45,060	45,015	10,285
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	229	6,339	4,320	1,194	825
2022-2023f	3,683	3,620	1.82	6,572	312	7,709	5,500	1,374	835
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	7,631	90,129	35,787	45,561	8,780
2022-2023f	31,450	30,352	3.14	95,265	4,024	108,069	50,560	46,389	11,120

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 supply decreased by 53% year over year (y/y) to 3.43 Mt, due to a drop in production caused by the drought in Western Canada. Exports were raised on account of better movement in July, and according to the Canadian Grain Commission (CGC), they are now forecast at 2.66 Mt, of which grain shipments make up 2.64 Mt while the rest consist of product made from durum. Domestic use was trimmed to 0.27 Mt and carry-out stocks are forecast to fall by 34% from 2020-21 to 0.50 Mt.

Feed waste and dockage, calculated as a residual, is currently negative. This is likely indicative of a low estimate for production or carry-in stocks by Statistics Canada (STC). Appropriate revisions will be made upon release of the September stock report by STC.

According to the International Grain Council (IGC), production for 2021-22 is estimated at 30.7 Mt, 10% less than the previous year, on account of smaller harvests in North America. Consumption is estimated at 32.6 Mt, and trade to close in at 6.2Mt, down 31% y/y. Closing stocks are estimated at 6.4 Mt, a 14 year low.

The average Saskatchewan (SK) spot price for CWAD 1, 13% was $631/tonne in 2021-22, with a high of $724/tonne obtained in September.

For 2022-23, seeded area for durum is reported at 2,431 thousand hectares (kha), according to STC. Yields were raised to 2.63 tonne/hectares on account of better weather conditions across Saskatchewan and Alberta, resulting in reports of average to above average yields. Total production is now pegged at 6.26 Mt, for a total supply of 6.79 Mt, up 98% y/y and 7% more than the last five year average. Record production was set in 2016-17 at 7.76 Mt.

Exports are increased to 5.0 Mt on account of the higher production and increased international demand, in particular from Europe and North Africa where local crops have been negatively affected by extreme heat and dry conditions. Carry-out stocks were also raised to 0.9 Mt on account of the higher overall supply. Despite being 81% above 2021-22 stocks, they remain relatively tight and 15% below average levels.

Looking globally, the IGC's forecast for world durum production was lowered 0.5 Mt from last month's report to 32.9 Mt on account of a smaller harvest in Algeria and poor yields expected in Europe. This is 7% above last year's levels but 4% below the five year average. Global supplies remain tight, pegged at 39.1 Mt, on account of small carry-in stocks. Total use remains relatively unchanged month over month (m/m) at 33.6 Mt, up 3% year on year with increased food use, particularly in North America where production is set to rebound. Closing stocks are forecast at 5.5 Mt, down 11% compared to last month's report, due to inventory draw downs in Europe and Algeria. World trade is forecast to increase 36% to 8.7 Mt, with strong demand from Europe, Morocco and Turkey.

The 2021-22 SK average spot price for CWAD 1 13% is forecast to come down from the high levels seen last year, but remain relatively strong at $450/tonne.

Wheat (excluding durum)

For 2021-22, Canadian wheat production dropped by 34% and supply by 28% on account of the drought in Western Canada. Exports were lowered slightly to 12.3 Mt, of which 12.1 Mt consist of grain. According to the CGC, exports to week 52 reached 11.5 Mt and account for about 94% of exports on average. The bulk, captured by STC, also includes cross border road shipments outside the licensed elevator system and direct sales by farmers, among others. To the end of June, total Canadian exports, as reported by STC, amount to 10.78 Mt, 44% behind last year's levels. Domestic use and carry-out stocks remains unchanged at 8.6 Mt and 3.2 Mt, respectively.

According to United States Department of Agriculture (USDA), world all wheat (including durum) production reached 779.24 Mt in 2021-2022, up 4.96 Mt compared to the previous year. Total

supply, however, dropped 2.98 Mt to 1,069.51 Mt due to low carry-in stocks. Trade is estimated at 202.67 Mt and global demand at 793.16 Mt. Ending stocks dropped close to 5% y/y, estimated at 276.35 Mt to close out the 2021-22 crop year.

The average SK CWRS 1 13.5% spot price was $447/tonne in 2021-22, with a high of $579 obtained the week ending May 13.

For 2022-23, expected Canadian area seeded to wheat is 7,915 Kha, according to STC. Provincial reports estimate average to above average yields for most of the Prairies, with some exceptions. As such, yields remain unchanged at 3.64 t/ha, in line with the last five year average. Total production is forecast at 28.2 Mt and total supply at 31.54 Mt, up 31% year on year and 4% above the last five year average. Record production for wheat was set in 2013-14 at 31.09 Mt. 2022-23 exports are forecast at 18 Mt, domestic use at 8.5 Mt, and carry-out stocks, up 56% year on year, at 5.0 Mt.

According to the United States Department of Agriculture – World Agricultural Supply and Demand Estimates (USDA-WASDE), world all wheat (including durum) production was raised to 779.6 Mt (+1.5 Mt) and supply to 1,055.9 Mt (+4.2 Mt) on higher production for Russia, Australia and China. Total use was also raised by 4.4 Mt to 788.6 Mt on higher feed and residual use in Russia and Australia. The wheat trade is pegged at 208.6 Mt (+3.2 Mt m/m) thanks to higher exports from Russia and the Ukraine, following the United Nations agreement allowing movement of ships through the Black Sea, but also on increased shipments from Canada and the United States due to a rebound in production. World all wheat carry-out stocks were revised down marginally to 267.3 Mt and remain the lowest on record in six years.

US all wheat supply and demand fundamentals were all raised marginally this month compared to last, resulting in a decline in ending stocks. According to the USDA-WASDE, total production and supply are now pegged at 48.52 Mt and 69.48 Mt, respectively. Exports were raised to 30.43 Mt and domestic use to 22.45 Mt. Ending stocks were lowered to 16.6 Mt.

Saskatchewan spot price for CWRS 1, 13.5% is expected to come down from the highs seen in 2021-22, but remain relatively strong with support from tight world supply/demand fundamentals and continued uncertainty around grain movement in the Black Sea. It is forecast at $415/tonne on average for 2022-23.

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Barley

For 2021-22, the Canadian barley supply and demand situation includes sharp declines in carry-in stocks, production and supply, as well as significantly reduced domestic feed consumption and exports, compared to last year. Carry-out stocks are raised by 70 thousand tonnes (Kt) to 470 Kt, remaining at a record low. This adjustment is based on the Canadian Grain Commission's (CGC) estimate for higher than expected commercial stocks. The stocks-to-use ratio is pegged at 6%, remaining at a historical low and 13% below the five-year average.

Canadian barley exports in June increased sharply from April and May to 91 Kt. This is because of China, the largest buyer of Canadian barley (accounting for 75% of Canadian barley exports), returning after being absent for two months. The August 2021 – June 2022 exports were at 1,854 Kt, down 47% and 14%, respectively, than last year and the five-year average, due to short supply. Exports of malt during the same period reached 482 Kt (grain equivalent 645 Kt), slightly behind last year's pace of 506 Kt (grain equivalent 675 Kt). The US has been the major Canadian malt destination, representing more than 55% of Canadian malt exports; Mexico and Japan follow, accounting for almost 20% each.

The Lethbridge feed barley price for 2021-22 is finalized at a new high of $432/t, up sharply from the old record of $294/t set in 2020-21 and well above the previous five-year average. The average feed barley price for SK and Winnipeg/MB is finalized at $350/t and $387t, respectively.

For 2022-23, Canadian producers seeded nearly 2.85 million hectares (Mha) of barley in total, the lowest in four years, according to Statistics Canada's (STC) June seeded area survey. National yield forecast is raised from the July forecast and above the previous five-year average, which leads production to increase to 9.40 million tonnes (Mt). If realized, it will be 35% and 2% higher, respectively, than last year's record low and the pre-2021 five-year average. Owing to the larger production offsetting historically low carry-in stocks and smaller imports, supply is projected to increase by 26% from 2021-22 to 9.93 Mt, but 7% below the pre-2021 five-year average.

The increase in supply will support domestic use, including industrial and feed use, and exports in 2022-23. Carry-out stocks are projected to rise to 0.50 Mt, which is still a historically low level.

The average price is predicted to drop from the record level in 2021-22 to $370/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), 2022 barley production in the US is projected at 3.44 Mt, lowered from 3.81 Mt estimated in July, but still 34% higher than the 2.56 Mt seen in last year. The combined 2022-23 barley production in the world's major barley exporting regions and countries is forecast by the USDA to decline by 2% (1.89 Mt) from 2021-22 to 105.9 Mt, with production in Australia, EU and Ukraine to decrease by 2.2 Mt, 2.0 Mt and 3.5 Mt, respectively, and those in Canada and Russia to increase by 3.0 Mt and 2.5 Mt, respectively, while in Argentina it remains unchanged.

Corn

For 2021-22, the Canadian corn supply and demand situation includes an increase in production, imports and supply, greater industrial use, feed consumption and export demand, relative to last year. Carry-out stocks are predicted at 2.2 Mt, slightly above last year but 5% below the previous five-year average.

Corn flowing into Western Canada during the past several months of 2021-22 has been at a record pace, pushing the national imports during the September 2021 – June 2022 period to 5,424 Kt. This is almost triple the level of last year and the five-year average, also a historical high, and is caused by short feed grain supplies in Western Canada. As usual, the US is Canada's top corn supplier.

The exporting pace of Canadian corn in June has slowed down from the record pace in the preceding two months. The September 2021 – June 2022 exports reached 1,854 Kt, significantly higher than last year and the five-year average, which could bring the entire year's exports to a record high. Nearly 90% of exports were shipped to European countries, with Ireland, United Kingdom and Spain being the top three countries.

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.

For 2022-23, Canadian producers seeded nearly 1.47 Mha of corn in total, the third largest on record. Production is projected at 14.4 Mt, assuming higher than average yield potential and normal abandonment. If realized, it will be a record level; 3% and 4% higher than last year and the five-year average, respectively, thanks to historically high production expected in Ontario. Supply is projected at 19.6 Mt, 13% lower than 2021-22 due to a significant decline in imports, despite the larger production forecast, but still 3% higher than the five-year average.

Domestic use is predicted to decrease from 2021-22 on lower feed use. Exports are forecast to decline from the record high seen in 2021-22 but increase by 15% from the previous five-year average. Carry-out stocks are projected at 2.20 Mt, remaining unchanged from last year and 3% lower than the previous five-year average.

The average price is predicted at $300/t, down from the record level of 2021-22, but still a relatively high level, supported by strong new crop corn prices in the US, due largely to uncertain global corn supply prospects. The US farm average price is projected by the USDA at US$6.65/bu, up sharply from $5.95/bu for 2021-22 and only slightly below the record high of $6.89 reached in 2012-13.

Worldwide, the combined 2022-23 corn production in the major corn exporting countries is forecast by the USDA to decline by 3% (19.3 Mt) from 2021-22 to 575.7 Mt; production in Ukraine and the US is forecast to decrease by 12 Mt and 19 Mt respectively, and those in Argentina and Brazil to increase by 2 Mt and 10 Mt respectively. For the EU, corn production is expected to decrease by 11 Mt from 2021-22 to 60 Mt, the lowest in the last seven years. Regarding global trade, the EU, one of the major destinations of corn, is forecast by the USDA to raise its import demand by 3 Mt from the July estimate to 19 Mt, which would be the second highest level on record. For Ukraine, the forecast for its available exports has been raised by 3.5 Mt from the previous estimate to 12.5 Mt due to the resumption of Ukrainian grain exports through Black Sea ports. This volume would still be the lowest since 2011-12.

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 raised by 20 Kt to 220Kt, remaining at a record low. This adjustment is based on the CGC's estimate for higher than expected commercial stocks. The stocks-to-use ratio will fall to a record low of 7%.

Canadian oat exports for the August 2021 – June 2022 period were 1,270 Kt, 37% and 28%, respectively, lower than last year and the five-year average, due to short supply. Exports of oat products during the same period were at a record level, reaching 565 Kt (grain equivalent 895 Kt), slightly ahead of last year's pace of 553 Kt (grain equivalent 895 Kt). Of the total exports of grain and products, more than 90% were shipped to the US, and the majority of the rest were shipped to Mexico and Japan.

The CBOT oat futures average price for 2021-22 is finalized to hit a new high at CAD$565/t, up sharply from the old record set in 2020-21. For Canadian Prairie oats, the 2021-22 average prices are finalized at $501/t, $448/t and 538/t, respectively, for Lethbridge/AB, SK and Winnipeg/MB. They are

more than double last year's prices, and two and a half times the five-year averages.

For 2022-23, Canadian producers seeded nearly 1.61 Mha of oats in total, the highest level in fourteen years. National yield forecast is raised from the July forecast and above the previous five-year average, which leads production to increase from the July forecast to 4.59 Mt. If realized, it will be 76% and 20%, respectively, higher than last year's record low and the pre-2021 five-year average. Owing to the larger production offsetting historically low carry-in stocks, supply is projected to increase by 47% from 2021-22 to 4.83 Mt, a comfortable level.

In responding to larger supply, domestic use, specifically feed use, and exports are predicted to increase. Carry-out stocks are projected to rise sharply from 2021-22 to 0.6 Mt and be on par with the pre-2021 five-year average.

The average price is predicted to fall sharply from the record level in 2021-22 to $435/t, due to an expected supply rebound in North America, but remain historically high, supported by strong prices in neighbouring markets.

The US is the world's largest oat importing country and, in recent years, more than half of its domestic supply comes from imports. The 2022 production in the US is projected to increase significantly from last year. Demand remains strong and will increase sharply from last year. Imports are projected to rise. Ending stocks are predicted to fall.

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, respectively.

The August 2021 – June 2022 exports have reached 136 Kt, about 10% lower than last year and the five-year average. As usual, over 95% have been shipped to the US.

The 2021-22 average price is finalized at $320/t, a new record and up sharply from 2020-21, due to robust demand and strong alternative feed grain prices.

For 2022-23, Canadian producers seeded 238 thousand hectares of rye in total, 3% lower than last year due to slightly lower fall rye acreage. Fall rye accounts for over 98% of all rye area in Canada. Fall rye acreage remaining after winter fell by 9% from last year, but was still 24% higher than the five-year average.

Production is projected to edge down from 2021-22 to 467 thousand tonnes, assuming average yield and abandonment. This is still a large production estimate. Supply is projected at 529 Kt, 3% lower than 2021-22, but 13% higher than the 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 average level and increase from 2021-22. Carry-out stocks are projected to increase significantly from 2021-22 and the five-year average, due to decreased feed use.

The 2022-23 average price is projected at $240/t, significantly lower than the 2021-22 price forecast, based on expectations for larger 2022-23 feed grain supplies on the Canadian Prairies and lower other feed grain prices.

The US is the world's largest rye importing country and almost half of its domestic supply comes from imports. Rye production for 2022 in the US is projected to increase significantly from last year. Demand remains strong and will increase significantly from last year. Imports are projected to drop. Ending stocks are predicted to rise slightly.

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Oilseeds

Canola

For 2021-22, Canada exported an estimated 5.2 Mt of canola, a sharp decline from the previous year following the western Canadian drought, while domestic crush is estimated at 8.3 Mt. Carry-out is estimated at a tight 0.8 Mt, versus the 5-year average of 2.7 Mt, due to a combination of tight domestic supplies and strong world demand. These estimates will be updated as official data is released by Statistics Canada (STC). The simple average price for canola is $1,075/t compared to $730/t last year and the 5-year average of $556/t.

For 2022-23, canola seeded area is estimated at 8.7 million hectares (Mha), a drop of 5% from last year, based on STC's Seeded Area survey. Harvested area is forecast at 8.6 Mha based on historic abandonment rates. Based on the 5-year average, yields are estimated at 2.14 tonnes per hectare (t/ha) compared to 1.4 t/ha last year due to the severe, widespread drought across Western Canada. The yield estimates are consistent with a variety of unofficial intra-government and private sector yield estimates ranging from 2.14 t/ha to 2.26 t/ha. These estimates are considered consistent for this time of year and collectively project a return to a "normal" Canadian crop.

These assorted outlooks are supported by weather conditions across Western Canada, which range from slightly dry in the west to above-normal moisture –but delayed – crop in the eastern Prairies. Ultimately, yields will be determined by growing conditions going forward and by harvest-weather conditions. Environment Canada's 3-month outlook for above normal autumn temperatures is supportive towards yields.

Production is forecast at 18.4 Mt, the 7th highest on record. By comparison, the assorted production outlooks range from 18.4 Mt to 19.4 Mt. By province, Saskatchewan is forecast to grow 9.6 Mt of canola, Alberta 5.6 Mt and Manitoba 3.0 Mt. Total supply is forecast to rise sharply from last year to 19.3 Mt, as the increase in production is constrained by tight carry-in.

Usage of Canadian canola is forecast to recover; expected exports are up almost 80% to 9.2 Mt while domestic crush rises to 9.5 Mt versus 8.3 Mt last year. Carry-out stocks are up moderately to 0.45 Mt for a stocks-to-use ratio of 3%. Canola prices are forecast to decline to $900/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 factors: (i) growing conditions across Western Canada, the US and the world, (ii) supply chain shocks, (iii) shifts in trade patterns due to the Russian invasion of Ukraine and export policies i.e., Indonesia, (iv) rate of growth of the biodiesel sector, (v) strength of Chinese oilseed buying and (vi) assorted shocks such as fluctuating crude oil prices, inflation and rising interest rates, and recession fears.

Flaxseed

For 2021-22, exports are an estimated 0.29 Mt, versus 0.50 Mt the previous year, as a result of constrained domestic supplies. Total domestic use is estimated at 69,900 t, on lower feed, waste and dockage. Carry-out stocks are estimated stable at 60, 000 t, while flaxseed prices rally sharply to $1,206/t, versus $693/t in 2020-21 and the 5-year average of $526/t.

For 2022-23, flaxseed area is estimated at 0.32 Mha, versus the 5-year average of 0.39 Mha, with harvested area projected at 0.31 Mha. Yields are projected at 1.4 t/ha based on the 5-year average. Production is forecast at 0.42 Mt, 70% of which occurs in Saskatchewan. Total supply is forecast to increase by 18% to 0.49 Mt, as higher output is constrained by very tight carry-in stocks.

Exports are forecast to increase to 0.35 Mt on stable Chinese, European and United States consumption. Total domestic use rises by about 22% to 0.09 Mt, on lower feed, waste and dockage while carry-out stocks fall to 55,000 tonnes. Flaxseed prices are

forecast to decline by 32%, but remain historically strong at $800/t for 2022-23.

Soybeans

For 2021-22, 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 protein meal. Soybean prices are estimated at $678/t versus the simple average of $605/t earned in 2020-21.

For 2022-23, farmers planted 2.13 Mha to soybeans in Canada, versus 2.15 Mha last year, with harvested area estimated at 2.13 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 7.2 Mt, on higher production and carry-in combined with stable imports.

Exports are forecast to increase by 8% to 4.3 Mt, with shipments headed to a diverse assembly 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 rise by $47/t to $725/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 2022-23.

For 2022-23, world oilseed production is forecast at 646 Mt by the United States Department of Agriculture (USDA), a rise of 46 Mt from last year. US soybean production is projected at 4.53 billion bushels (Bbu), 2% higher than last year, supporting a slight rise in American soybean supplies. US soybean exports are forecast at 2.16 Bbu while domestic crush increases to 2.25 Bbu. Ending stocks are predicted to rise to 0.25 Bbu, versus 0.23 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$14.35/bu, up from last month's outlook of US$14.40/bu and above the US$13.30 expected for 2021-22.

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Dry Peas

For 2021-22, exports are estimated at 1.9 million tonnes (Mt), sharply lower than the 2020-21 level, with lower exports to China and the absence of Bangladesh as a Canadian dry pea destination. This combined with lower domestic use is still expected to result in a decrease in carry-out stocks. For all dry pea types, the crop year average price was sharply higher than 2020-21. With lower carry-out stocks, the average dry pea price was 74% higher than 2020-21.

For 2022-23, Canadian dry pea production in Canada is forecast to rise sharply from 2021-22, to 3.3 Mt. This is largely due to normal crop conditions across Western Canada that is expected to lower abandonment and raise yields. Saskatchewan is estimated to account for 51% of the dry pea production, with 41% in Alberta, and the remainder across Canada. Supply is forecast to rise 28% to above 3.6 Mt, due to the rise in production. Exports are forecast to rise to 2.6 Mt, with China, Bangladesh and the US expected to be Canada's top markets. Carry-out stocks are forecast to increase marginally. The average price is expected to be lower than 2021-22.

In the US, area seeded to dry peas for 2022-23 is forecast by the United States Department of Agriculture (USDA) to rise by 4% from 2021-22, to just over 1.0 million acres. This is largely due to an expected small rise in area in Montana. With higher yields and lower abandonment, US dry pea production is forecast by the USDA to rise to over 0.8 Mt. The US has been successful in exporting small amounts of dry peas to markets in China, Canada and Yemen. It is expected the US will continue to try to increase its market share in these markets in 2022-23.

Lentils

For 2021-22, lentil exports fell sharply to 1.6 Mt, 31% lower from the previous year. Exports of red lentils were 1.0 Mt while 0.6 Mt were green lentils. The main markets were India, the United Arab Emirates and Turkey. Total domestic use was lower than 2020-21 at 0.3 Mt. Carry-out stocks fell to 0.15 Mt. The average Canadian lentil price was 50% higher than it was for 2020-21. No.1 large green lentil prices maintained an average crop year premium of $330/t over No.1 red lentil prices.

For 2022-23, lentil production is forecast to rise by 53% to 2.46 Mt. Lower abandonment and higher yields are expected due to improved crop conditions in Western Canada. Total green and red lentil area rose. Saskatchewan is expected to account for 88% of the lentil production, with the remainder in Alberta and Manitoba. Supply is also forecast to increase sharply due to the improvement in yields, despite smaller carry-in stocks. Exports are forecast to rise to 2.1 Mt, with the increase in exportable supply. Carry-out stocks are forecast to rise compared to the previous year. The average price is forecast to fall by 18% from 2021-22 with the expectations of larger world supply.

In the US, the area seeded to lentils for 2022-23 is forecast by the USDA to fall by 8% to 0.65 million acres (mln ac), due to lower area seeded in Montana. Assuming higher yields and lower abandonment, 2022-23 US lentil production is therefore forecast by AAFC at 0.34 Mt, up 125% from last year. The main US export markets for lentils are expected to continue to be Canada, Mexico and the EU.

Dry Beans

For 2021-22, dry bean exports were lower than 2020-21 with lower Canadian supply and stronger world prices. The US and the EU remained the main markets for Canadian dry beans, with smaller volumes exported to Japan and Mexico. A Canadian/US dollar exchange rate similar to the previous year and a smaller North American supply provided the majority of the support for Canadian dry bean prices in 2021-22, which rose 30% from the previous year.

For 2022-23, Canadian production is forecast to decrease to 0.29 Mt, as lower seeded area is partly offset with higher yields. By province, Ontario is expected to account for 39% of total dry bean production, Manitoba 35%, Alberta 22%, with the remainder in Saskatchewan, Quebec and the Maritimes. Supply is expected to fall due to the

lower production despite higher carry-in stocks. Exports are forecast to be higher than the previous year. Canada is expected to maintain its market share in the US, Europe and Japan. As a result, carry-out stocks are expected to fall. The average Canadian dry bean price is forecast to be marginally lower despite smaller expected supply in North America.

In the US, area seeded to dry beans is forecast by the USDA to fall by 8% to 1.28 million acres, largely due to decreased area seeded in North Dakota. Total US dry bean production for 2022-23 (excluding chickpeas) is forecast by the USDA to rise to 1.1 Mt, up 8% from 2021-22.

Chickpeas

For 2021-22, Canadian chickpea exports were higher than the previous year at 175 thousand tonnes (Kt). This was largely due to higher exports to Turkey and the US offsetting lower exports to Pakistan. With the lower supply and higher exports, carry-out stocks are expected to fall. The average price was 52% higher than the previous year due to lower world supply.

For 2022-23, production is forecast to rise to 112 Kt due to improved yields, despite lower area. By province, Saskatchewan is expected to account for the majority of the chickpea production, with the remainder in Alberta. Supply is forecast to be lower than last year. Exports are forecast to be lower than in 2021-22 and carry-out stocks are expected to fall. The average price is forecast to be marginally lower than 2021-22.

US chickpea area for 2022-2023 is forecast by the USDA at 0.35 million acres, down 5% from the previous year. Assuming average yields and abandonment, 2022-23 US chickpea production is therefore forecast by AAFC at 0.23 Mt, up 78% from last year.

Mustard Seed

For 2021-22, Canadian mustard seed exports were limited from the previous year to 110 Kt due to the drought in Western Canada. Carry-out stocks fell due to the decreased supply to pipeline levels. This was largely due to price support from the lower Canadian and US domestic yellow and brown mustard seed stocks. Prices for all mustard types were sharply higher than the previous year. As a result, the average price across all types was up over three times the amount from 2021-22.
Total domestic use, calculated as a residual, is currently negative. This is likely indicative of a low estimate for production or carry-in stocks by Statistics Canada (STC). Appropriate revisions will be made upon release of the September stock report by STC.

For 2022-23, production is estimated at 175 Kt, 250% higher than last year, with a large rise in seeded area. Expectations for improved yield and lower abandonment are also a factor for the increased production forecast. Supply is expected to increase by 84%, to 182 Kt, as lower carry-in stocks combine with the rise in output. Exports are expected to be stable at 110 Kt, with the US and the EU being the main markets for Canadian mustard seed. With the increased supply, carry-out stocks are forecast to rise. The average price is forecast to be 29% lower than 2021-22 with a price of $2050/t.

Canary Seed

For 2021-22, exports were 165 Kt, higher than the previous year with lower Canadian supply. The average producer price was 63% higher from a year earlier. Total domestic use, calculated as a residual, is currently negative. This is likely indicative of a low estimate for production or carry-in stocks by STC. Appropriate revisions will be made upon release of the September stock report by STC.

For 2022-23, production is estimated at 163 Kt, up 37% from last year, with lower area expected to be offset by lower abandonment and higher yields. Supplies are forecast to increase due to increased production, despite lower carry-in stocks. Exports are forecast to decrease from 2021-22 despite the rise in supply, with the EU and Mexico continuing to be the main markets, followed by the US and Brazil. The average price is forecast to be 20% lower than in 2021-22.

Sunflower Seed

For 2021-22, sunflower seed exports decreased to 45 Kt due to decreased demand from the US.

Despite this, carry-out stocks were similar to the previous year. The total average Canadian price for sunflower seed increased sharply from the previous year mostly due to higher oil type sunflower seed prices.

For 2022-23, production is estimated at 77 Kt, down from last year, as seeded area decreased from 2021-22, to 38 thousand hectares. Yields are expected to be higher than last year. Exports are forecast to be unchanged at 45 Kt due to expectations for similar US demand. The US remains Canada's main export market for sunflower seed, with small amounts moving to the Middle East and South America. Carry-out stocks are forecast to fall to 105 Kt. Sunflower seed prices are forecast to fall by 6% to $850/t, due to lower prices for oil and confectionery types.

For the US sunflower crop, USDA forecasts that the area seeded to oil-type varieties is expected to rise to 1.54 million acres, while the area seeded to confectionery-type varieties is forecast to increase to 0.12 million acres. Assuming higher yields and lower abandonment, 2022-23 US sunflower seed production is forecast by AAFC to rise sharply to 1.2 Mt.

For 2022-23, the global supply of sunflower seed is estimated by the USDA at 63 Mt, marginally lower than last year. This is due to lower expected production in Ukraine. World exports and total domestic use is expected to rise marginally, to 4.2 Mt and 52 Mt, respectively. As a result, world carry-out stocks are expected to fall 20% to 6.6 Mt. This is expected to be supportive for Canadian oil-type sunflower seed prices in 2022-23.

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CANADA: GRAINS AND OILSEEDS SUPPLY AND DISPOSITION

August 22, 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	2,660	175	(97)	271	496	631
2022-2023f	2,431	2,382	2.63	6,265	25	6,786	5,000	200	472	886	900	450
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	200	24,111	12,300	3,000	4,796	8,611	3,200	447
2022-2023f	7,915	7,756	3.64	28,240	100	31,539	18,000	3,200	4,564	8,539	5,000	415
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	220	27,538	14,960	3,175	4,699	8,883	3,695	
2022-2023f	10,345	10,138	3.40	34,505	125	38,325	23,000	3,400	5,037	9,425	5,900	
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	2,620	289	4,240	4,769	470	432
2022-2023f	2,851	2,598	3.62	9,400	60	9,930	3,450	319	5,381	5,980	500	370
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	6,400	22,553	2,000	5,400	12,937	18,353	2,200	310
2022-2023f	1,470	1,437	10.02	14,400	3,000	19,600	1,750	5,450	10,184	15,650	2,200	300
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	2,300	95	533	762	220	565
2022-2023f	1,608	1,311	3.50	4,590	15	4,825	2,850	120	1,129	1,375	600	435
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	29	284	334	60	320
2022-2023f	238	143	3.28	467	2	529	160	39	229	288	80	240
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	138	64	2.53	161	0	161	0	0	161	161	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	6,622	34,404	7,072	5,813	18,158	24,382	2,950	
2022-2023f	6,305	5,553	5.23	29,018	3,077	35,045	8,210	5,928	17,085	23,455	3,380	
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	166	8,517	800	1,075
2022-2023f	8,667	8,599	2.14	18,400	100	19,300	9,200	9,500	99	9,650	450	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	285	N/A	50	70	60	1,206
2022-2023f	315	310	1.36	420	10	490	350	N/A	66	85	55	800
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	678
2022-2023f	2,135	2,132	2.98	6,350	400	7,200	4,300	1,900	300	2,400	500	725
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	731	11,102	1,310	
2022-2023f	11,116	11,041	2.28	25,170	510	26,990	13,850	11,400	465	12,135	1,005	
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	7,402	83,789	31,467	19,088	23,588	44,367	7,955	
2022-2023f	27,767	26,732	3.32	88,693	3,712	100,360	45,060	20,728	22,587	45,015	10,285	

(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

August 22, 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	1,900	696	250	10%	590
2022-2023f	1,363	1,337	2.47	3,300	80	3,630	2,600	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	1,600	313	150	8%	970
2022-2023f	1,748	1,725	1.43	2,460	75	2,685	2,100	385	200	8%	800
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	325	71	175	44%	1,210
2022-2023f	120	117	2.44	285	75	535	360	70	105	24%	1,180
Chickpeas											
2020-2021	121	120	1.79	214	41	506	159	71	275	119%	640
2021-2022f	75	74	1.04	76	30	381	175	71	135	55%	975
2022-2023f	72	71	1.58	112	45	292	130	72	90	45%	960
Mustard Seed											
2020-2021	104	101	0.98	99	6	165	111	15	40	32%	885
2021-2022f	125	113	0.44	50	9	99	110	(11)	0	0%	2,885
2022-2023f	225	217	0.81	175	7	182	110	42	30	20%	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	165	(20)	0	0%	1,125
2022-2023f	118	116	1.41	163	0	163	155	3	5	3%	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%	900
2022-2023f	38	37	2.11	77	30	222	45	72	105	90%	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	229	6,339	4,320	1,194	825		
2022-2023f	3,683	3,620	1.82	6,572	312	7,709	5,500	1,374	835		

(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