



**CANADA: OUTLOOK FOR PRINCIPAL FIELD CROPS**

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**Market Analysis Group/Grains and Oilseeds Division  
Sector Development and Analysis Directorate/Market and Industry Services Branch**

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This report provides an update of Agriculture and Agri-Food Canada’s (AAFC) January outlook report for the current crop year, 2016-17, and the up-coming 2017-18 crop year. For most crops in Canada, the crop year runs from August 1 to July 31 but for corn and soybeans, it starts on September 1 and ends on August 31.

For **2016-17**, information has been incorporated from Statistics Canada’s (STC) survey on Stocks of Principal Field Crops which was released on February 4, 2017. The survey of 8,559 Canadian farms was conducted during January 3 to 15, 2017. This information on stocks has been employed by AAFC in its forecast of carry-out stocks of field crops for 2016-17. In comparison to AAFC’s January 30, 2017 Field Crop report, the forecast for total carry-out stocks has decreased slightly. However, carry-out stocks for wheat and durum have increased notably while the forecast for carry-out stocks of canola has decreased substantially.

For **2017-18**, farmers have not yet finalized their seeding intentions. Expected prices, input costs, delivery opportunities and moisture conditions are expected to play a crucial role in determining actual seeding decisions in the spring. However, based on current market conditions and historical trends, the area seeded to field crops in Canada is currently forecast by AAFC to increase marginally compared to 2016-17. Normal rates have been assumed for precipitation, abandonment, crop quality, grades and protein levels. For all crops, average or trend yields have been assumed which are forecast to be significantly lower than the near-record yields which were achieved in 2016-17. Total crop production is forecast to decrease by about 4 percent to 87.6 million tonnes (Mt) but total crop supply is forecast to decrease only slightly due to higher carry-in stocks. Due to lower supply, carry-out stocks are expected to decrease by about 8 percent. In general, world grain prices are expected to be pressured downward by an abundant supply of grain at the global level but the impact on grain prices in Canada will be partly mitigated by the low value of the Canadian dollar.

**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		-----	
<b>Total Grains And Oilseeds</b>									
2015-2016	26,554	25,596	3.08	78,877	2,042	94,486	42,885	39,147	12,520
2016-2017f	25,612	23,791	3.48	82,891	1,563	96,974	41,878	41,661	13,435
2017-2018f	25,810	24,946	3.17	79,145	1,664	94,244	41,613	41,156	11,475
<b>Total Pulse And Special Crops</b>									
2015-2016	3,592	3,556	1.81	6,424	148	7,836	5,556	1,971	310
2016-2017f	4,616	4,475	1.97	8,805	268	9,382	6,089	1,863	1,430
2017-2018f	4,440	4,365	1.95	8,495	158	10,083	6,195	1,743	2,145
<b>All Principal Field Crops</b>									
2015-2016	30,146	29,152	2.93	85,302	2,190	102,322	48,440	41,118	12,830
2016-2017f	30,228	28,267	3.24	91,695	1,831	106,356	47,967	43,524	14,865
2017-2018f	30,250	29,311	2.99	87,640	1,822	104,327	47,808	42,899	13,620

Source: Statistics Canada (STC),

f: forecast by AAFC except for area, yield and production for 2016-17 which are STC.

## Wheat

### Durum

**For 2016-17**, Canadian production rose by 44% to a record of 7.8 million tonnes (Mt) as the 6% increase in seeded area was compounded by a 41% rise in yields from the drought reduced level of 2015-16. Due to excessive rain, the average grade quality of the durum crop is lower than it was for 2015-16 and the past five-year average. The average protein content is lower than it was for 2015-16 but is equal to the average of the past five years.

Supply increased by 40%. Exports are forecast to decrease by 1% because of the delayed harvest and the lower average quality of the Canadian durum crop. A significantly larger portion of the crop is expected to end up in the feed, waste and dockage category. Based partly on information from the Statistics Canada stocks report, carry-out stocks are forecast to more than double to 2.8 Mt which compares to the past five-year average of 1.28 Mt., carry-out stocks are expected to consist mostly of lower grade durum.

World durum production increased by 1.6 Mt from 2015-16 to 40.7 Mt. Supply rose by 3.9 Mt to 49.5 Mt because of higher carry-in stocks. Use is forecast to rise by 1.6 Mt to 38.4 Mt while carry-out stocks increase by 2.3 Mt to 11 Mt. Durum production in the US rose by 0.54 Mt to 2.83 Mt.

The average Canadian producer price for the crop year is forecast to be lower than for 2015-16 due to the higher supply in Canada, the US and the world. The price discount for lower grades of durum, relative to the base grade No. 1 CWAD 13% protein, has increased because of a limited supply of high grade durum.

**For 2017-18**, the area seeded to durum in Canada is forecast to decrease by 20% from 2016-17 due to large carry-in stocks. Production is forecast to fall by 29% to 5.5 Mt as the decrease in area is compounded by a return to trend yields, which are lower than the record yields of 2016-17. Supply is expected to decrease by only 6% as higher carry-in stocks mostly offset the fall in production. Exports are forecast to increase by 7%, assuming a return to a normal harvest period and normal quality. Carry-out stocks are forecast to fall by 21% to 2.2 Mt.

World durum production is forecast to fall by 1.7 Mt from 2016-17 to 39 Mt, while supply increases by 0.5 Mt to 50 Mt because of higher carry-in stocks. Use is expected to rise by 0.6 Mt to 39 Mt and carry-out stocks are forecast to be unchanged at 11 Mt. US durum production is

forecast to fall by 0.33 Mt to 2.5 Mt because of lower winter durum seeded area and lower expected yields.

The average Canadian producer price for 2017-18 is forecast to be lower than for 2016-17 due to the expected higher world supply and assuming a return to normal quality for Canada. The price discount for lower grades from the base grade is expected to decrease.

### Wheat (excluding durum)

**For 2016-17**, Canadian production rose by 8% to 24 Mt as a 7% decrease in seeded area was more than offset by a 20% increase in average yields. The average yields are a record. The quality of the wheat crop in Eastern Canada is good but the average grade quality in Western Canada is lower than for 2015-16 and lower than the past five-year average. The average protein content for Canada Western Red Spring wheat (CWRS) is lower than for 2015-16 but higher than the past five-year average.

Supply fell by 1% from 2015-16 as the rise in production was more than offset by lower carry-in stocks. Exports are forecast to fall by 4% to 16.5 Mt because of the lower supply and the lower average quality of the western Canadian wheat crop. Carry-out stocks are forecast to fall by 2% to 4 Mt, 27% lower than the past five-year average of 5.5 Mt.

For 2016-17, production rose for most classes of wheat.

<b>Canada: Wheat Production</b>		
	2015-16	2016-17
	thousand tonnes	
Winter *	2,243	3,513
Eastern Hard Red Spring	512	434
Western Hard Red Spring	16,868	16,670
Canada Prairie Spring	1,346	1,720
Extra Strong	156	278
Soft White Spring	788	895
Other spring	292	457
<b>Canada Total</b>	<b>22,205</b>	<b>23,967</b>
Source: Statistics Canada		
* hard red winter, soft red winter and soft white winter		

World all wheat (including durum) production increased by 13 Mt to a record 748 Mt. Supply rose by 36 Mt to 989 Mt. Total use is expected to increase by 28 Mt to 740 Mt. Carry-out stocks are forecast to rise by 8 Mt to 249 Mt.

All wheat production in the US rose by 6.7 Mt to 62.9 Mt. Supply increased by 13.1 Mt to 92.8Mt. Domestic use is

expected to rise by 1.9 Mt and exports are forecast to increase by 6.8 Mt. Carry-out stocks are forecast to rise by 4.4 Mt to 31 Mt.

The average crop year producer price in Canada for the base grade wheat, 1 CWRS 13.5 protein, is forecast to be the same as for 2015-16 because of the limited supply of high grade, high protein wheat and strong demand for that quality of wheat in world markets. However, prices for lower protein and lower grade wheat are expected to decline because of higher US and world supply.

**For 2017-18**, area seeded in Canada is forecast to rise by 3% as a 5% increase in spring wheat area more-than offsets a 12% decrease in the area seeded to winter wheat. The expected increase in spring wheat area is the result of low carry-in stocks, a shift out of winter wheat and durum, and increased interest in growing high yielding varieties. Production of wheat is forecast to decrease by 4% to 23.1 Mt because of a return to trend yields. Supply is expected to fall by 3%. Exports are forecast to be unchanged at 16.5 Mt. Carry-out stocks are forecast to fall by 12% to 3.5 Mt.

World all wheat (including durum) production is forecast to decrease by 13 Mt to 735 Mt because of lower yields.

The supply is forecast to fall by 5 Mt to 984 Mt, as lower production is mostly offset by higher carry-in stocks. Total use is forecast to increase by 7 Mt to 747 Mt due to growing demand in the food market. Carry-out stocks are forecast to fall by 12 Mt to 237 Mt.

Area seeded to winter wheat in the US fell by 10% from 2016-17 but the spring wheat area is expected to be similar to 2016-17, resulting in an 8% overall decrease. Production is forecast to decrease by 10.9 Mt to 52 Mt due to the lower seeded area and expected higher abandonment and lower yields, while supply decreases by 5 Mt to 87 Mt. Domestic use is forecast to fall by 0.9 Mt due to lower feed use and exports are forecast to be unchanged from 2016-17. Carry-out stocks are forecast to decrease by 5Mt to 26 Mt.

The average crop year producer price in Canada for wheat is forecast to increase from 2016-17 because of the lower world, US and Canadian supply, and the forecast for a weaker Canadian dollar.

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### Barley

**For 2016-17**, total domestic use is forecast to increase by 5% due to higher feed use in cattle and hog production. Exports are forecast to decrease by 6% due to lower world feed barley demand. However, trade in malting barley remains largely unchanged. Barley carry-out stocks are forecast to increase by 39% to 2.0 Mt, well above the previous 10-year average. The price of feed barley is forecast to decrease from 2015-16 due to the higher supplies, softer US corn prices and domestic competition with other feed grain substitutes.

The Statistics Canada stocks report showed that barley stocks are about 12% higher than 2015. Commercial stocks decreased by 9% from last year at this time. For the main barley-producing region, the Prairie Provinces, farm stocks are up 14% from last year and are 15% higher than the previous five-year average.

Throughout January, the Lethbridge cash price of feed barley decreased due to long term seasonality, soft demand and competition from other feed grain alternatives. Prices are expected to stay flat through February before mounting a rally in March.

World FOB feed barley prices, quoted in US dollars, strengthened with the run-up in futures prices for US corn and a softer US dollar. Argentina had overtaken Australia as the lowest cost source for feed barley as better than expected yields increased their 2016-17 barley production. In 2017 to-date, the world malt barley price has decreased due to strong Australian supplies and the premium to feed barley has deteriorated to its lowest level so far this crop year.

**For 2017-18**, seeded area is forecast to decrease 3% from 2016-17 due to high barley carry-in stocks. Production is forecast to decrease 9% to 8.0 Mt due to the lower area and lower yields. Despite the lower production, the large carry-in stocks will allow total supply to decrease by only 2% to 10.1 Mt. Total domestic use is forecast to increase by 3% due to slightly higher feed use in cattle and hog production. Exports are forecast to increase by 4% due to steady world supplies and trend trade patterns. Due to slightly higher total use and exports, barley carry-out stocks are forecast to decrease by 25% to 1.5 Mt. The Lethbridge cash feed barley price is forecast to increase slightly from 2016-17 due to the general recovery in coarse grain prices led by US corn prices.

For the second straight year, malt barley contracting in the US barley states has declined. In the US, two years of

large malt quality barley production has increased inventories and the large US brewers continue to reduce barley area under contract. Some of the northern US states report that 2017 malt barley contracting is down by 20 to 60% from 2016.

### Corn

**For 2016-17**, total domestic usage is forecast to increase by 4% due to higher livestock feeding, ethanol production and industrial use. Exports are forecast to decrease by 21% to 1.4 Mt due to the strong competition from the major corn and wheat exporting countries. Carry-out stocks are forecast to decrease slightly from record levels by 2% to 2.2 Mt, but remain well above the previous five and ten-year averages. The Chatham corn price is forecast to decrease from 2015-16 due to the large North American supplies and a lower US corn future's price.

As of December 31, total corn stocks were 3% higher than 2015 and reached a record high level, surpassing the 2013-14 crop year. Total commercial and farm corn stocks are 5% and 2% higher than 2015 and well above all previous averages.

The corn crop in Eastern Canada was good in terms of bushel weight, grade and moisture although there are pockets of high fusarium damage. The province of Quebec saw a farm stock increase, going up 4% compared to 2015 and 10% higher than the previous three-year average. The average yield in Ontario was just slightly above the previous three-year average although lower than each of the previous two crop years.

Manitoba's corn production is small compared to Ontario and Quebec but is the largest corn producer in Western Canada and with record yields in 2016 its farm stocks increased by 45% over 2015. They are 188% higher than the previous 10-year average. For Manitoba, the expansion in corn is producing an offsetting decline in farm stocks of barley which are 12% lower than the previous 10-year average.

Since the beginning of the calendar year, the nearby Chatham corn price has been trading in a tight channel of just \$5/tonne (t). The US corn futures have been up and down with volatility coming from generally higher US corn futures prices and demand factors, softer US dollar, expectations for a large South American corn crop and good US ethanol production numbers. As a result, there has been there has been little price movement. Over the past month, the world average corn price has also been flat following the US corn futures prices. However, the

price spread between the major exporters has decreased. US corn exports remain ahead of the previous five-year average pace but increased supplies from South America are expected to generate more competition for market share.

**For 2017-18**, seeded area is forecast to decrease by 2% from 2016-17, despite lower Eastern Canadian winter wheat area and strong competition from other cropping choices such as soybeans. The crop year begins with carry-in stocks at near record levels. Production is forecast to decrease 3% to 12.9 Mt due to the lower area and the assumption for average yields. Despite near record carry-in stocks, lower production will cause total supply to decrease by 2%. Imports are forecast to increase by 10% due to the lower domestic supply. Total domestic usage is forecast to increase by 3% due to trend increases in ethanol production, industrial use and livestock feeding. Exports are forecast to decrease by 26% due to the lower total supply and continuing high world corn stocks. Carry-out stocks are forecast to decrease by 14% to 1.9 Mt and remain close to the previous five-year average. The nearby Chatham corn price is forecast to increase marginally due to the higher US corn price and the weak Canadian dollar.

For 2017-18, a shortage of world corn is not anticipated. The South American corn crop is generally in good shape and production could be 10-20% higher than last crop year. For US corn, the winding down of the La Nina phenomenon and a shift to a neutral or mild El Nino pattern would greatly reduce any major weather threat in 2017. The US Corn Belt may be setting up for relatively benign summer conditions which could translate into trend yields and a fourth straight good crop.

### **Oats**

**For 2016-17**, total domestic usage is forecast to decrease by 2% due to lower feed use and trend human consumption. Exports are forecast to increase by 11% due to lower 2016 US oat production and trend increases in milling demand. Carry-out stocks are forecast to decrease by 28% to 0.7 Mt due to the lower supply and higher export movement. The Canadian oat price is forecast to decrease due to the forecasted lower US oat futures price.

As of December 31, total Canadian oat stocks were estimated to be 5% lower higher than 2015 and were 10% lower than the previous three-year average. Despite an all-time record total average oat yield, a smaller harvested area was the main reason for the oat stock decline. Farm stocks showed a similar decline of 5% while commercial stocks were down by 4%. For Western Canada, only Alberta experienced higher farm stocks for 2016,

increasing 66% from 2015 while both Manitoba and Saskatchewan had declines of 39% and 13%, respectively. In Eastern Canada 2015 oat production had increased sharply with the highest total production since 1992. However, for 2016 it dropped back to more recent levels, closer to the previous five-year average.

In January, after posting strong gains and crop year highs, the nearby US oat futures decreased due to profit taking and the decline in the US corn futures prices. Long-term seasonality supports the January slump. However, the futures generally recover and regain strength into mid-March as the oat market battles for new crop seeded area. However, the inverted market between the old and new crop oat futures months remain a bearish concern.

**For 2017-18**, seeded area is forecast to increase 7% from 2016-17 due to stronger than expected US oat futures levels which have contributed to very competitive new crop pricing against other cropping choices. With a return to an average rate of abandonment and yield, Canadian oat production is forecast to increase by 5%. Despite higher area and production, the 30% decline in carry-in stocks will cause total supply to decrease by 2%. Total domestic usage is forecast to increase by 3% due to slightly higher feed use. Oat grain and product exports are forecast to remain unchanged as 2016-17 exports climbed to a nine-year high due to strong US demand. Carry-out stocks are forecast to decrease 19% to a five-year low at 0.55 Mt due to the flat supply and good disappearance. The Canadian oat price is forecast to increase slightly due to a higher US oat prices and a continuing weak Canadian dollar.

Similar to the nearby oat future's price, the Chicago December 2017 contract has been moving higher. The general run-up in the US oat futures has attracted much attention but, given the channel-bound December 2017 US corn futures contract, additional oat price gains may not be achieved. Currently, the USDA projection for lower 2017 US seeded oat area and a tightening of Canadian oat stocks is a bullish factor which is price supportive.

### **Rye**

**For 2016-17**, total domestic use is forecast to increase by 23% with higher rates of feed and human use. Exports are forecast to increase 57% due to the higher total supply and good export demand. Rye carry-out stocks are forecast to increase sharply to 0.16 Mt, the highest in the past eleven years and are well above the previous five and ten-year averages. The demand outlook is good. However, the large North American supplies will push Canadian rye prices much lower from 2015-16 as rye has been unable

to escape the decline in US corn and overall coarse grain prices.

As of December 31, the Stocks Report estimated farm and commercial rye stocks to be 193% higher than in 2015. With a higher harvested area and an all-time record total average rye yield gone are the days of tight supplies of Canadian rye. Based on the previous 10-year average, the Canadian Prairies produce almost 85% of Canada's rye grain crop and hold a near equal percentage of the farm stocks. The high rye prices from the past couple of crop years made rye an attractive cropping option in addition to its low input costs. However, the large North American supply of rye grain has been a drag on Canadian exports to the US which is the world's largest rye import market. Although the total Canadian rye supply nearly doubled from the 2015-16 crop year, the export pace has been closer to the previous five and 10-year averages.

**For 2017-18**, seeded area is forecast to decrease by 15% from 2016-17. Production is expected to decrease 27%

due to the lower seeded area and a return to average rates of abandonment and lower yields. However sharply higher carry-in stocks will more than offset the production decline and total supply is forecast to remain unchanged at the 10-year high of 0.46 Mt. Total domestic use is forecast to decrease 7% due to lower feed and trend industrial use. Exports are forecast to increase by 7% due to the large total supply and soft rye grain prices. Rye carry-out stocks are forecast to remain unchanged at 0.16 Mt and stay well above the previous five and ten-year averages.

Canadian rye prices are forecast to increase slightly from 2016-17 due to the continued strong demand from the domestic and international beer and spirits industries and similar to last crop year burdensome supplies will limit any major price recovery.

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### Canola

**For 2016-17**, the forecasts for canola crush, exports and feed waste and dockage were raised from AAFC's January report while the forecast for carry-out stocks decreased significantly. Statistics Canada reaffirmed its production estimate in the release of the December 31 stocks survey. The report indicated there were 10.3 Mt of canola remaining on-farm and 1.8 Mt of canola in commercial position. Statistics Canada's estimates matched industry expectations.

Domestic processing of canola is forecast at a record 9.0 Mt versus 8.3 Mt for 2015-16. The pace of crush to-date is running about 14% ahead of last year. The oil content of the canola crush is averaging 43.5%, based on Statistic Canada's monthly canola crush report.

Exports of canola are forecast at 10 Mt versus 10.3 Mt in 2015-16 on a tightening of domestic supplies. For the crop year to January 29, the pace of exports through licensed terminals is 11% ahead of last year on strong world demand for high content oilseeds such as canola.

The effect of the drought in Indonesia and Malaysia is easing, with palm oil output returning to near-normal. However, world consumption is expected to strengthen which will support world, and Canadian, prices, into the spring of 2017.

Carry-out stocks are forecast to decrease significantly to 1.1 Mt from 2.0 Mt for 2015-16 and the stocks-to-use ratio is forecast to decrease to 5.7% from 10.5% last year. The tightening of the stocks-to-use ratio should support canola prices above levels implied by world soybean oil and soybean meal prices. Canola prices are forecast to rise to \$505-535/t versus \$509/t for 2015-16.

Looking forward, the main factors to watch include: (1) Canada's Oilseed Processor Association (COPA) crush pace, (2) Canadian Grain Commission (CGC) export pace, (3) the pace of US soybean export sales and shipments, (4) harvest progress, sales pace and transportation problems for Brazil and Argentina and (5) the strength of Chinese oilseed and oilseed product buying.

**For 2017-18**, seeded area in Canada is forecast to rise by 3%, to 8.5 million hectares (Mha), as returns remain attractive compared to other field crops. Production is forecast to rise marginally to 18.5 Mt, slightly under the record 18.6 Mt in 2013-14. However, total supply is forecast to decrease by 4% due to lower carry-in stocks.

Exports are forecast to decline to 9.5 Mt due to steady world demand and tight domestic supplies. Domestic crush is forecast steady at 9.0 Mt, as processors compete with exporters for raw seed.

Carry-out stocks are forecast to remain unchanged at 1.1 Mt, for a stocks-to-use ratio of 5.9% which is considered tight. Canola prices are forecast to ease slightly to \$490-530/t, in line with an expected easing of world palm oil and soy oil prices.

### Flaxseed

**For 2016-17**, exports are forecast to decline marginally to 0.60 Mt. Total domestic use is forecast to fall sharply to 63,000 tonnes on significantly lower feed, waste and dockage. Carry-out stocks are forecast to decrease to 0.20 Mt. Flaxseed prices are estimated at \$455-485/t, up from 2015-16.

**For 2017-18**, seeded area is forecast to increase by 12%, to 0.43 Mha, on competitive returns versus alternate field crops. Production is forecast to rise to 0.64 Mt, assuming a steady abandonment and harvested area and using the five-year average historic yields. Supply is forecast to decline slightly as the rise in output is more than offset by a significant drop in carry-in stocks.

Exports are forecast at 0.8 Mt, the same as 2016-17, on a stable international market. Total domestic use is forecast to fall by about 28% due to a drop in feed, waste and dockage. Carry-out stocks are forecast unchanged at 0.20 Mt. Flaxseed prices are forecast to decrease slightly, to \$440-480/t.

### Soybeans

**For 2016-17**, exports are forecast at a record 4.4 Mt, up from 4.2 Mt in 2015-16 on ample domestic supplies, a wide basis and the discount of the Canadian dollar against the US dollar. Domestic processing of soybeans is forecast to fall from last year's level to 1.85 Mt, under pressure from weak soymeal prices. Carry-out stocks are projected at 0.30 Mt. Soybean prices are forecast marginally higher at \$445- 475/t.

For the remainder of the crop year, the main factors to watch are: (1) South America growing, harvest and transportation conditions, (2) import demand from China, (3) US planting intentions and (4) changes in exchange rate values.

**For 2017-18**, planted area is forecast to rise by 8%, to a record 2.4 Mha, due to relatively attractive returns compared to alternate crops. Production is forecast to rise to a record 6.8 Mt as average yields decline to the five-year average. Total supply is forecast to rise slightly to 7.4 Mt and exports are forecast to rise to a record 4.6 Mt. Domestic processing is forecast to rise marginally to 1.9 Mt, slightly below the record pace set in 2015-16.

Carry-out stocks are forecast to rise to 0.37 Mt from 0.30 Mt anticipated for 2016-17. Soybean prices are forecast to fall to \$435-475/t as pressure from lower US prices is mostly offset by the weakness of the Canadian dollar against the US dollar.

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### Dry Peas

**For 2016-17**, exports are expected to rise to a record 3.2 Mt as higher exports to India and China have more-than offset lower exports to Bangladesh. Canadian dry pea exports to India are forecast to reach 1.4 Mt. Carry-out stocks are forecast to increase due to record supply. The average price is expected to fall from 2015-16 levels, largely due to lower yellow pea prices.

During the month of January, the on-farm price of yellow peas in Saskatchewan was unchanged while the green pea price fell marginally. This was largely due to continued solid export demand and despite early indications that the seeded area for the winter pulse crop in India is expected to be 10% higher than last year. If a higher than average pulse crop in India is realized, the export demand for Canadian dry peas may be weaker in the remainder of the crop year. The other factor is the continued weakness of the Canadian dollar against the US dollar. Green dry peas prices are expected to maintain a small premium over yellow dry peas, compared to the C\$76/t premium yellow peas had over green peas in 2015-16.

US dry pea production is estimated by the USDA at a record 1.3 Mt, an increase of 52% from 2015-16. This was largely due to a sharp increase to a record area and above average yields. Canadian dry pea exports to the US are moving at an above average pace, as evidenced by strong export demand from the August-December period of 2016.

**For 2017-18**, seeded area is forecast to fall marginally from 2016-17 to 1.7 million hectares (Mha) because of higher potential returns for other crops. Production is expected to decrease by 12% to 4.3 Mt, due to a return to average yields. Supply, however, is forecast to rise marginally due to higher carry-in stocks. Exports are expected to be unchanged from 2016-17. Carry-out stocks are expected to increase sharply for the second consecutive year. The average price is expected to remain strong, due to strong global demand, but be lower than 2016-17.

### Lentils

**For 2016-17**, exports are forecast to increase to a record 2.2 Mt due to strong import demand from India and Turkey which are Canada's top two export destinations. However, carry-out stocks are expected to rise sharply. The overall average price is forecast to fall from the record level in 2015-16 due to the expected increase in Canadian carry-out stocks and a below average grade

distribution with large discounts for the grades below No.1.

During the month of January, the on-farm price of large green lentils in Saskatchewan was unchanged while the red lentil price decreased by \$20/t. Prices have been supported by record export demand. The other factor is the continued weakness of the Canadian dollar against the US dollar. Prices for No.1 large green lentils are expected to maintain a premium of C\$700/t over No.1 red lentil prices, compared to a C\$415/t premium in 2015-16.

For 2016-17, US lentil production, mostly green types is estimated at a record 0.58 Mt, up 141% from 2015-16. Canada is a minor exporter to the US. Canadian lentils exports to the US are expected to be higher than 2015-16, at 35 kt.

**For 2017-18**, area seeded in Canada is forecast to decrease by 5% to 2.3 Mha due to lower prices. However, due to higher average yields, production is forecast to increase by 8% to a record 3.5 Mt. Supply is expected to increase by 15% to 3.9 Mt because of higher production and higher carry-in stocks. Exports are expected to be higher than 2016-17 at 2.3 Mt due to the larger exportable supply. Carry-out stocks are forecast to increase sharply. With the assumption of a more normal grade distribution and lower grade discounts, the overall lentil price is forecast to increase sharply from 2016-17 despite the increase in carry-out stocks.

### Dry Beans

**For 2016-17**, exports are forecast to be similar to 2015-16 despite a smaller supply. The EU and the US remain the top two export markets. Carry-out stocks are also forecast to decrease from 2015-16. The average Canadian dry bean price is expected to increase due to lower supply in North America. To-date, Canadian white pea bean prices are 30% higher, pinto beans are 25% higher and black beans are over 40% higher than last year.

US total dry bean production (excluding chickpeas) is estimated by the USDA at 1.1 Mt, down 16% from 2015-16. US dry bean production fell sharply for white pea and black beans, while US pinto bean production rose marginally. This is expected to continue to support US and Canadian dry bean prices for 2016-17.

**For 2017-18**, the area seeded is forecast to be unchanged from 2016-17 at 0.12 Mha due to lower potential returns compared to other crops, particularly soybeans. Production is forecast to rise, however, to 0.26 Mt due to

higher expected yields. Supply is expected to increase by 6%, largely due to higher production. Exports are expected to be higher than 2015-16 due to the larger supply and carry-out stocks are expected to be tight. The average Canadian dry bean price is forecast to decrease due to higher North American supply.

### **Chickpeas**

**For 2016-17**, exports are forecast to decrease from 2015-16, largely due to decreased demand from the US and Pakistan. Carry-out stocks are expected to decrease for the third year in a row. The average price is forecast to rise to extremely high levels due to larger world demand and lower world carry-out stocks.

US chickpea production is estimated by USDA at 0.25 Mt, more than double from 2015-16, due to record area and yields. As a result, Canadian chickpea exports to the US are forecast to fall marginally to 40 kt in 2015-16.

**For 2017-18**, the area seeded is forecast to increase from 2016-17, largely due to competitive prices compared to other crops. As a result, production is expected to nearly double to 145 kt. Supply is expected to rise only 30% from last year due to lower carry-in stocks. Exports are expected to be lower than last year due to an expected increase in world supply and carry-out stocks are expected to remain unchanged. The average price is forecast to increase to an expectation for an average grade distribution but will be limited by higher expected world supply.

### **Mustard Seed**

**For 2016-17**, exports are forecast to be marginally higher than last year at 115 kt but carry-out stocks are expected to increase significantly. The US and the EU currently account for over 80% of Canada's total exports to-date for Canadian mustard seed. The average price is expected to decrease, from the record level in 2015-16, due to the high supply in Canada.

**For 2017-18**, the area seeded is forecast to decrease sharply due to lower returns from the previous year. Production is expected to fall by 34% to 155 kt due a fall in seeded area and average yields. Supply is forecast to decrease only marginally, however, due to higher carry-in stocks. Exports are expected to increase to 125 kt, but carry-out stocks are expected to decrease. The average price is expected to increase compared to 2016-17.

### **Canary Seed**

**For 2016-17**, exports are forecast to be lower than last year due lower demand from Belgium and the US. The

EU and Mexico currently account for 53% of the total Canadian canary seed export market. Carry-out stocks are forecast to remain unchanged. The average price is forecast to fall from the 2015-16 level.

**For 2017-18**, the area seeded to canary seed is expected to increase due to higher returns relative to other crops. Production is forecast to increase due to higher area but average yields compared to 2016-17. Supply is expected to increase to 135 kt. Exports are expected to be higher than 2016-17 and carry-out stocks are expected to remain unchanged. The average price is forecast to be unchanged from the 2016-17 level.

### **Sunflower Seed**

**For 2016-17**, exports are expected to be lower than the previous year and carry-out stocks are forecast to rise. The US is Canada's main export market for sunflower seed and accounts for over 95% of Canada's total exports. The average price is expected to rise from 2015-16 due to a weaker Canadian dollar and a smaller US sunflower seed supply.

For the US, sunflower seed production is estimated by the USDA to have decreased by 9% to 1.2 Mt. About 1.1 Mt of the US sunflower seed crop is estimated to be oilseed types, similar to last year. US confectionery type production fell sharply this year to 0.13 Mt.

The global supply of sunflower seed is estimated by the USDA at a record of 49 Mt. This is higher than last year due to record production in Russia and Ukraine. As a result, world exports are expected to decrease by 12% while domestic use is forecast to rise to a record 45 Mt. World carry-out stocks are expected to increase marginally to 2.3 Mt, but will be supportive for world sunflower seed prices.

**For 2017-18**, the area seeded is forecast to rise marginally from 2016-17 due to expectations for good returns relative to other crops. Production is forecast to rise to 55 kt due to higher yields and supply is also expected to increase compared to 2016-17. Exports and carry-out stocks are expected to rise. The average price in Canada is forecast to increase from 2016-17 as the prices for the oil type varieties are expected to fall from 2016-17 levels while prices for the confectionary type varieties increase.

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# CANADA: GRAINS AND OILSEEDS SUPPLY AND DISPOSITION

February 17, 2017

Grain and Crop Year (a)	Area Seeded ----- thousand ha	Area Harvested ----- thousand ha	Yield t/ha	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
<b>Durum</b>												
2015-2016	2,355	2,327	2.32	5,389	13	6,367	4,542	180	302	724	1,101	290
2016-2017f	2,505	2,367	3.28	7,762	10	8,873	4,500	200	1,177	1,573	2,800	270-290
2017-2018f	2,010	1,970	2.79	5,500	10	8,310	4,800	200	905	1,310	2,200	240-270
<b>Wheat Except Durum</b>												
2015-2016	7,445	7,250	3.06	22,205	95	28,425	17,179	3,298	3,156	7,175	4,070	225
2016-2017f	6,915	6,511	3.68	23,967	100	28,137	16,500	3,300	3,593	7,637	4,000	215-235
2017-2018f	7,140	7,000	3.30	23,100	100	27,200	16,500	3,350	3,094	7,200	3,500	220-250
<b>All Wheat</b>												
2015-2016	9,800	9,577	2.88	27,594	108	34,792	21,721	3,478	3,458	7,899	5,171	
2016-2017f	9,420	8,878	3.57	31,729	110	37,010	21,000	3,500	4,770	9,210	6,800	
2017-2018f	9,150	8,970	3.19	28,600	110	35,510	21,300	3,550	3,999	8,510	5,700	
<b>Barley</b>												
2015-2016	2,641	2,354	3.50	8,226	134	9,577	2,014	384	5,735	6,120	1,443	209
2016-2017f	2,586	2,223	3.95	8,784	75	10,301	1,900	399	6,002	6,401	2,000	160-180
2017-2018f	2,500	2,270	3.52	8,000	75	10,075	1,975	400	6,200	6,600	1,500	165-195
<b>Corn</b>												
2015-2016	1,325	1,312	10.34	13,559	1,325	16,286	1,705	5,281	7,057	12,338	2,243	179
2016-2017f	1,345	1,325	9.96	13,193	1,000	16,436	1,350	5,416	7,470	12,886	2,200	170-190
2017-2018f	1,325	1,310	9.81	12,850	1,100	16,150	1,000	5,516	7,734	13,250	1,900	175-205
<b>Oats</b>												
2015-2016	1,350	1,055	3.25	3,428	17	4,118	2,228	205	755	960	930	193
2016-2017f	1,147	895	3.52	3,147	18	4,095	2,475	216	729	945	675	185-205
2017-2018f	1,225	1,000	3.30	3,300	19	3,994	2,475	221	748	969	550	185-215
<b>Rye</b>												
2015-2016	120	95	2.39	226	0	268	98	55	64	119	51	221
2016-2017f	164	127	3.22	409	0	460	153	59	88	147	160	130-150
2017-2018f	140	110	2.73	300	0	460	163	60	77	137	160	135-165
<b>Mixed Grains</b>												
2015-2016	100	52	3.00	156	0	156	0	0	156	156	0	
2016-2017f	116	58	2.86	165	0	165	0	0	165	165	0	
2017-2018f	110	55	2.91	160	0	160	0	0	160	160	0	
<b>Total Coarse Grains</b>												
2015-2016	5,537	4,866	5.26	25,594	1,476	30,404	6,045	5,926	13,767	19,693	4,667	
2016-2017f	5,359	4,627	5.55	25,697	1,093	31,456	5,878	6,090	14,453	20,543	5,035	
2017-2018f	5,300	4,745	5.19	24,610	1,194	30,839	5,613	6,197	14,919	21,116	4,110	
<b>Canola</b>												
2015-2016	8,363	8,322	2.21	18,377	105	21,055	10,295	8,315	368	8,744	2,016	509
2016-2017f	8,242	7,769	2.37	18,424	100	20,539	10,000	9,000	388	9,439	1,100	505-535
2017-2018f	8,500	8,400	2.20	18,500	100	19,700	9,500	9,000	49	9,100	1,100	490-530
<b>Flaxseed</b>												
2015-2016	664	646	1.46	942	12	1,052	633	0	129	146	274	449
2016-2017f	378	338	1.71	579	10	863	600	0	47	63	200	455-485
2017-2018f	425	418	1.52	635	10	845	600	0	25	45	200	440-480
<b>Soybeans</b>												
2015-2016	2,190	2,185	2.92	6,371	341	7,183	4,191	1,923	515	2,666	393	440
2016-2017f	2,213	2,179	2.97	6,463	250	7,105	4,400	1,850	355	2,405	300	445-475
2017-2018f	2,435	2,413	2.82	6,800	250	7,350	4,600	1,900	285	2,385	365	435-475
<b>Total Oilseeds</b>												
2015-2016	11,216	11,153	2.30	25,690	458	29,290	15,119	10,238	1,013	11,556	2,682	
2016-2017f	10,833	10,286	2.48	25,465	360	28,507	15,000	10,850	790	11,907	1,600	
2017-2018f	11,360	11,231	2.31	25,935	360	27,895	14,700	10,900	359	11,530	1,665	
<b>Total Grains And Oilseeds</b>												
2015-2016	26,554	25,596	3.08	78,877	2,042	94,486	42,885	19,642	18,237	39,147	12,520	
2016-2017f	25,612	23,791	3.48	82,891	1,563	96,974	41,878	20,440	20,013	41,661	13,435	
2017-2018f	25,810	24,946	3.17	79,145	1,664	94,244	41,613	20,647	19,277	41,156	11,475	

(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, while excluding oilseed products.

(d) Food and Industrial Use for soybeans is based on data from the Canadian Oilseed Processors Association. Total number excludes food and industrial use for flaxseed due to data confidentiality.

(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 (No. 1 CW, cash, I/S Saskatoon); 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), f: forecast by AAFC except for area, yield and production for 2016-17 which are STC.

# CANADA: PULSES AND SPECIAL CROPS SUPPLY AND DISPOSITION

February 17, 2017

Grain and Crop Year (a)	Area	Area	Yield t/ha	Production	Imports (b)	Total Supply	Exports (b)	Total	Carry-out Stocks	Stocks-to- Use Ratio %	Average Price (d) \$/t
	Seeded	Harvested						Domestic Use (c)			
----- thousand ha ----- thousand metric tonnes -----											
<b>Dry Peas</b>											
2015-2016	1,489	1,470	2.18	3,201	16	3,901	2,646	1,078	176	5	365
2016-2017f	1,715	1,686	2.87	4,836	25	5,037	3,200	962	875	21	290-310
2017-2018f	1,700	1,672	2.54	4,250	25	5,150	3,200	850	1,100	27	255-285
<b>Lentils</b>											
2015-2016	1,633	1,630	1.56	2,541	16	2,921	2,146	702	73	3	965
2016-2017f	2,372	2,323	1.40	3,248	100	3,422	2,200	797	425	14	615-635
2017-2018f	2,250	2,215	1.58	3,500	15	3,940	2,300	715	925	31	720-750
<b>Dry Beans</b>											
2015-2016	108	107	2.31	249	80	364	324	30	10	3	775
2016-2017f	115	113	2.07	234	80	324	319	0	5	2	930-950
2017-2018f	115	113	2.30	260	80	345	325	15	5	1	850-880
<b>Chickpeas</b>											
2015-2016	50	50	1.80	90	14	229	151	63	15	7	815
2016-2017f	68	44	1.86	82	25	122	115	2	5	4	910-930
2017-2018f	75	74	1.96	145	8	158	90	63	5	3	960-990
<b>Mustard Seed</b>											
2015-2016	140	133	0.93	123	2	160	113	42	5	3	985
2016-2017f	212	201	1.16	234	8	247	115	47	85	53	635-655
2017-2018f	160	155	1.00	155	0	240	125	45	70	41	670-700
<b>Canary Seed</b>											
2015-2016	132	128	1.17	149	0	159	146	8	5	3	580
2016-2017f	105	81	1.48	120	0	125	115	5	5	4	495-515
2017-2018f	110	107	1.21	130	0	135	125	5	5	4	490-520
<b>Sunflower Seed</b>											
2015-2016	41	38	1.89	73	20	103	29	49	25	32	550
2016-2017f	28	28	1.84	51	30	106	25	51	30	40	560-580
2017-2018f	30	29	1.90	55	30	115	30	50	35	44	580-610
<b>Total Pulses and Special Crops (c)</b>											
2015-2016	3,592	3,556	1.81	6,424	148	7,836	5,556	1,971	310	4	
2016-2017f	4,616	4,475	1.97	8,805	268	9,382	6,089	1,863	1,430	18	
2017-2018f	4,440	4,365	1.95	8,495	158	10,083	6,195	1,743	2,145	27	

(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. Total domestic use is calculated residually.

(d) Producer price, FOB plant, average over all types, grades and markets.

Source: Statistics Canada (STC) and industry consultations. f: forecast, by AAFC except area, yield and production for 2016-17 which are STC.