



CANADA: GRAINS AND OILSEEDS (G&O) OUTLOOK

March 15, 2011

For 2010-11, total exports are forecast to be slightly lower than 2009-10 due to lower exports of wheat (ex-durum), canola, oats and flaxseed. Total domestic use is forecast to increase due to higher feed use of corn in eastern Canada, higher feed wheat use in western Canada and increased canola crush in western Canada. Total carry-out stocks are expected to decrease by 22%. Grain prices are expected to average much higher than 2009-10, partly due to weather related production problems in many key exporting countries and strong demand from China.

For 2011-12, the areas seeded to the major crops are forecast to increase due to the expected decrease in the area in summerfallow, assuming that a major portion of the area which was too wet to seed in western Canada in 2010 will be seeded. Normal precipitation, abandonment and crop quality are assumed. For all crops, yields are expected to return to trend levels. Total production of G&O in Canada is forecast to increase by about 6% to 65.6 million tonnes (Mt). Total supply is forecast to decrease slightly to 78.1 Mt, as significantly lower carry-in stocks more-than offsets the rise in production. Exports and domestic use are expected to be similar to 2010-11. However, carry-out stocks are expected to decrease significantly to a record low level, about 33% below the 10 year average. Prices are expected to remain historically high, although slightly pressured by the strong Canadian dollar which is forecast to be near par with the US dollar. The main factors to watch are planting intentions and spring moisture conditions in Canada and the US, commodity prices, input costs and exchange rates.

DURUM

For 2010-11, exports are forecast to increase slightly to 3.9 Mt. Carry-out stocks are forecast to decrease by 63% to a historically low level. The CWB PRO is 52% higher than for 2009-10 because of the lower Canadian and world supply of durum. World durum production fell by 6.5 Mt to 34.5 Mt and supply fell by 3.5 Mt to 44.8 Mt.

For 2011-12, seeded area is forecast to increase by 28% from 2010-11 because of sharply higher prices and low carry-in stocks. Production is expected to rise by 26% to 3.8 Mt, but the lower carry-in stocks will result in a 16% decrease in supply. Exports are forecast to decrease by 18% to 3.2 Mt due to the lower supply. Carry-out stocks are forecast to decrease by 20% to a very low level of 0.8 Mt. The CWB PRO is 20% higher than for 2010-11 because of the lower Canadian and world supply. World durum production is forecast to rise to 35.5 Mt, but supply is forecast to fall by 2.6 Mt to 42.2 Mt. Carry-out stocks are forecast to fall by 1.7 Mt to a historically low 5 Mt.

WHEAT (ex durum)

For 2010-11, exports are forecast to decrease by 7% to 13.6 Mt because of the lower supply and expected lower world trade. Domestic use is expected to increase because of increased demand for food, industrial and seed uses and the increased supply of feed wheat resulting from the late harvest. Carry-out stocks are forecast to fall to a historically low level. The CWB PRO is 50% higher than for 2009-10 due to

support from the lower Canadian and world supply, the export ban by Russia and the tight supply of high protein hard wheat. The world production of wheat (including durum) fell by 35 Mt from 2009-10 to 647.6 Mt and supply decreased by 4.9 Mt to 844.9 Mt.

For 2011-12, total seeded area is forecast to increase by 3% from 2010-11. The winter wheat seeded area increased by 21% because of higher prices and better seeding conditions in Ontario. Despite higher prices, the area seeded to spring wheat area is forecast to increase by only 2% because of very wet soil conditions in some of the wheat growing areas of western Canada. Production is expected to increase by 3% to 20.7 Mt. Supply is forecast to fall marginally because of lower carry-in stocks. Exports are expected to increase by 3% to 14 Mt because of the expected return to normal quality and an expected increase in world trade. Domestic use is forecast to increase marginally as lower feed use is more than offset by higher food and industrial use. Carry-out stocks are expected to decrease by 11% to a low level of 4 Mt. The CWB PRO is 3% higher than for 2010-11, because of the expected lower US supply and lower Canadian, US and world carry-out stocks. The world production of wheat (including durum) is forecast to rise by 22.4 Mt from 2010-11 to 670 Mt, while the supply is forecast to rise by only 7 Mt to 851.9 Mt because of sharply lower carry-in stocks. Use is forecast to rise, resulting in a 1.9 Mt decrease in carry-out stocks to 180 Mt.

BARLEY

For 2010-11, exports are forecast to decrease 21% to 1.7 Mt, due to much lower selection rates for designated barley. Carry-out stocks are forecast to decrease 61% to a record low of 1.0 Mt. Non-board prices have increased due to low barley production. In response to the tight supply of barley, imports of US corn DDGS are forecast at 1.0 Mt, about 25% higher than the previous 3-year average.

For 2011-12, seeded area is forecast to increase 7% from 2010-11 because of higher prices and a recovery in production. Production is forecast to increase 13% to 8.6 Mt, but the low carry-in stocks will result in a 6% decrease in supply. Exports are forecast to increase by 6% due to higher selection rates for malt barley. Carry-out stocks are forecast to decrease by 50% to a new record low of 0.50 Mt. The CWB pool returns for feed and malt barley are forecast to be higher than for 2010-11 as tight world supplies will maintain strong prices. Non-board prices are forecast to rise slightly from 2010-11 due to the very tight supply and carry-out situation.

CORN

For 2010-11, exports are forecast to increase to 1.2 Mt from 0.1 Mt, due to the significant increase in corn production in Ontario and Quebec, tight corn supplies in the US and very competitive Canadian corn prices in the export market. Imports are forecast to decrease significantly due to the high supplies. Total domestic use is forecast

to increase by 2% to near records levels. Carry-out stocks are forecast to increase 8% to 1.9 Mt. Prices have increased sharply due to lower US corn production and lower world coarse production and are nearing the records levels of 2008.

For 2011-12, seeded area is forecast to increase 3% from 2010-11 because of higher prices. Production is forecast to decrease 4% to 11.2 Mt, due to lower yields, but supply is forecast to decrease by only 3% due to slightly higher carry-in stocks. Imports are forecast to decrease due to strong supplies. Exports are forecast to decrease by 25% due to a recovery in corn production in US and world corn production. Carry-out stocks are forecast to decrease due to the lower production and higher than average exports. Prices are forecast to rise slightly due to the continued tight supply situation in US corn production and world coarse grain production.

OATS

For 2010-11, exports are forecast to decrease by 13% due to lower production and lower US demand. Total domestic use is forecast to decrease due to lower supply. Carry-out stocks are forecast to fall significantly to a near record low of 0.55 Mt. Prices have increased sharply, following US corn.

For 2011-12, seeded area is forecast to increase 27% from 2010-11 because of higher prices and a recovery in oat production. Production is forecast to increase 35% to 3.1 Mt. Supply is forecast to increase by 5% as sharply higher production more-than offsets the lower carry-in stocks. Exports are forecast to increase due to slightly lower US oat production and continued high US prices. Carry-out stocks are forecast to increase significantly to 0.8 Mt. Prices are forecast to remain unchanged due to the tight oats supplies and strong US corn prices.

RYE

For 2010-11, exports are forecast to decrease slightly due to lower production caused by poor seeding conditions in the fall of 2009. Total domestic use is forecast to increase by 5% due to higher feeding rates caused by the low barley production in

2010. Carry-out stocks are forecast to decrease significantly to 0.10 Mt.

For 2011-12, area seeded to rye is forecast to decrease by 6% due to wet seeding conditions last fall, especially in Saskatchewan. Production is forecast to decrease by 5%, mainly due to the lower seeded area. Total supply is forecast to decrease by 14% due to lower carry-in stocks and lower production. Exports are forecast to decrease by 11% due to the lower total supply. Total domestic use is forecast to decrease by 12% due mainly to lower feed use as barley production recovers. Prices are forecast to rise slightly from 2010-11 due to the tight supply and carry-out situation.

CANOLA

For 2010-11, exports are forecast to decline by 6%, to 6.7 Mt due to tight supplies, despite exceptionally strong world demand. Total domestic use is forecast to rise by 31%, to a record 6.4 Mt, as attractive crush margins allow processors to take advantage of expanded capacity. Carry-out stocks are forecast to fall to a 7 year low of 1.1 Mt for a stocks-to-use ratio of 8%. Prices are forecast to average significantly higher than 2009-10, and may exceed the record set in 2007-08, on strong world demand and tight world vegetable oil supplies.

For 2011-12, seeded area is forecast to increase by 10%, setting a new record, on support from strong prices and expected good yields. Production is forecast to rise by 9% to a record high 12.9 Mt, but supply is forecast to decrease marginally due to low carry-in stocks. Exports are forecast to rise by about 4%, while total domestic use declines slightly due to lower feed, waste and dockage. Prices are forecast to rise slightly due to higher world soybean, palm and crude oil prices.

FLAXSEED (excluding solin)

For 2010-11, exports are forecast to decrease by 22%, due to tight supplies, although world demand remains strong. Total domestic use is forecast to fall by 36% due to high prices. Carry-out stocks are forecast at a very tight 50,000 t for a stocks to use ratio of 7%. Flaxseed prices are forecast to average 25% higher than 2009-10 due to tight supplies and strong world demand.

For 2011-12, seeded area is forecast to rise by 70% on support from high prices. Production is forecast to rise by 100% to a more normal 0.85 Mt. However, supply is forecast to rise by only 26% due to low carry-in stocks. Exports are forecast to rise slightly on steady world demand while total domestic use rises by 86%, but still remains below the 5 year average. Carry-out stocks are forecast to increase significantly but will remain historically low. Prices are expected to rise slightly on support from higher world oilseed and vegetable oil prices.

SOYBEANS

For 2010-11, exports are forecast to rise by 23%, to a record 2.6 Mt, due to the combination of large supplies and strong world demand. Total domestic use is forecast to rise by 15% due to an higher crush pace. Carry-out stocks are forecast to rise to 0.35 Mt. Prices are forecast to average 23% higher than 2009-10 on support from high US prices with the gains muted by the strength of the Canadian dollar.

For 2011-12, planted area is forecast to rise by 5%, due to expected attractive returns. However, production is forecast to fall by 8% as yields return to trend from the record highs of 2010-11. Supply is forecast to fall by 4%, as the drop in output is partially offset by higher carry-in stocks. Exports are forecast to decline marginally due to tight supplies with world demand remaining strong. Total domestic use is forecast to rise marginally on a steady crush pace. Carry-out stocks are forecast to fall by 29%, for a stocks-to-use ratio of 6%. Prices are forecast to rise moderately on support from higher US prices.

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CANADA: GRAINS AND OILSEEDS SUPPLY AND DISPOSITION
March 15, 2011

Grain and Crop Year (a)	Area		Yield t/ha	Production	Imports (b)	Total Supply	Exports (c)	Food & Industrial Use (e)	Feed, Waste & Dockage	Total Domestic Use (d)	Carry-out Stocks	Average Price (g) \$/t
	Seeded thousand ha	Harvested thousand ha										
Durum												
2009-2010	2,291	2,230	2.42	5,400	2	7,305	3,820	261	394	779	2,706	203
2010-2011f	1,275	1,244	2.43	3,025	22	5,753	3,900	265	429	853	1,000	308*
2011-2012f	1,630	1,580	2.41	3,800	10	4,810	3,200	270	376	810	800	371*
Wheat Except Durum												
2009-2010	7,775	7,408	2.90	21,448	115	26,207	14,662	3,291	2,381	6,421	5,124	218
2010-2011f	7,274	7,024	2.87	20,142	20	25,286	13,600	3,420	2,991	7,186	4,500	326*
2011-2012f	7,500	7,220	2.87	20,700	20	25,220	14,000	3,490	2,940	7,220	4,000	335*
All Wheat												
2009-2010	10,065	9,638	2.79	26,848	117	33,512	18,481	3,552	2,774	7,201	7,830	
2010-2011f	8,549	8,269	2.80	23,167	42	31,039	17,500	3,685	3,420	8,039	5,500	
2011-2012f	9,130	8,800	2.78	24,500	30	30,030	17,200	3,760	3,316	8,030	4,800	
Barley												
2009-2010	3,506	2,918	3.26	9,517	42	12,402	2,149	141	7,284	7,671	2,583	153
2010-2011f	2,797	2,387	3.19	7,605	35	10,223	1,700	115	7,128	7,523	1,000	170-190
2011-2012f	3,000	2,650	3.25	8,600	35	9,635	1,800	105	6,950	7,335	500	180-210
Corn												
2009-2010	1,204	1,142	8.37	9,561	2,125	13,520	110	3,940	7,698	11,651	1,758	144
2010-2011f	1,214	1,203	9.74	11,715	1,500	14,973	1,200	4,150	7,709	11,873	1,900	190-210
2011-2012f	1,250	1,240	9.03	11,200	1,400	14,500	900	4,300	7,786	12,100	1,500	190-220
Oats												
2009-2010	1,510	948	3.07	2,906	17	4,450	2,075	56	1,048	1,205	1,170	167
2010-2011f	1,179	841	2.73	2,298	15	3,482	1,800	65	967	1,132	550	235-255
2011-2012f	1,500	1,100	2.82	3,100	15	3,665	2,000	70	730	915	750	230-260
Rye***												
2009-2010	168	115	2.43	281	1	404	128	40	86	137	139	143
2010-2011f	130	89	2.43	216	1	356	112	37	97	144	100	160-180
2011-2012f	122	85	2.41	205	1	306	100	40	77	126	80	160-190
Mixed Grains												
2009-2010	189	78	2.75	213	0	213	0	0	213	213	0	
2010-2011f	172	80	2.92	233	0	233	0	0	233	233	0	
2011-2012f	170	80	2.81	225	0	225	0	0	225	225	0	
Total Coarse Grains												
2009-2010	6,577	5,201	4.32	22,478	2,184	30,989	4,462	4,177	16,330	20,877	5,650	
2010-2011f	5,492	4,600	4.80	22,066	1,551	29,266	4,812	4,367	16,133	20,904	3,550	
2011-2012f	6,042	5,155	4.53	23,330	1,451	28,331	4,800	4,515	15,768	20,701	2,830	
Canola												
2009-2010	6,556	6,105	2.03	12,417	128	14,204	7,163	4,788	81	4,919	2,123	426
2010-2011f	6,806	6,514	1.82	11,866	250	14,239	6,700	6,000	391	6,439	1,100	540-580
2011-2012f	7,500	7,368	1.75	12,900	125	14,125	7,000	6,000	226	6,275	850	550-590
Flaxseed												
2009-2010	692	623	1.49	930	6	1,165	772	n/a	n/a	104	289	424
2010-2011f	374	353	1.20	423	5	717	600	n/a	n/a	67	50	520-550**
2011-2012f	635	630	1.35	850	5	905	650	n/a	n/a	125	130	530-560
Soybeans												
2009-2010	1,394	1,382	2.54	3,507	371	4,098	2,111	1,293	240	1,687	300	359
2010-2011f	1,483	1,477	2.94	4,345	250	4,895	2,600	1,500	300	1,945	350	420-460
2011-2012f	1,550	1,542	2.59	4,000	350	4,700	2,500	1,500	305	1,950	250	425-465
Total Oilseeds												
2009-2010	8,642	8,110	2.08	16,854	505	19,467	10,046	6,081	321	6,709	2,712	
2010-2011f	8,663	8,345	1.99	16,635	505	19,852	9,900	7,500	691	8,452	1,500	
2011-2012f	9,685	9,540	1.86	17,750	480	19,730	10,150	7,500	531	8,350	1,230	
Total Grains and Oilseeds												
2009-2010	25,284	22,949	2.88	66,180	2,807	83,967	32,989	13,809	19,425	34,787	16,192	
2010-2011f	22,704	21,214	2.92	61,868	2,098	80,157	32,212	15,552	20,244	37,395	10,550	
2011-2012f	24,857	23,495	2.79	65,580	1,961	78,091	32,150	15,775	19,615	37,081	8,860	

(a) Crop year is August-July except corn and soybeans which are September-August.

(b) Excludes imports of products. (c) Includes exports of products for wheat, durum, oats, barley, and rye. Excludes exports of oilseed products.

(d) Total Domestic Use = Food and Industrial Use + Feed Waste & Dockage + Seed Use

(e) Soybean food and industrial use is based on data from the Canadian Oilseed Processors Association. Total excludes flaxseed due to data confidentiality.

(g) Crop year average prices: No.1 CWRS 12.5% protein and No.1 CWAD 12.5% (CWB final price I/S St. Lawrence/Vancouver), Barley (No. 1 feed, ICE Futures Canada, cash, I/S Lethbridge), Corn (No.2 CE, cash, I/S Chatham), Oats (US No. 2 Heavy, CBOT nearby futures); Rye (No. 1 CW I/S Saskatoon); Canola (No. 1 Canada, ICE Futures Canada, cash, I/S Vancouver); Flaxseed (No. 1 CW, ICE Futures Canada, cash, I/S Saskatoon); Soybeans (No. 2 cash, I/S Chatham).

* Canadian Wheat Board - February 2011 Pool Return Outlook (PRO)

**Flaxseed price location changed to I/S Saskatoon from I/S Thunder Bay

***Rye Area Seeded is an estimate from the previous fall and is before winterkill or abandonment due to poor stands.

f: forecast; Agriculture and Agri-Food Canada:

March 15, 2011

Source: Statistics Canada