

Canadian Crop Outlook

Wheat: Situation & Outlook

Durum

For 2019-20, the area seeded to durum decreased by 21% from 2018-19, according to Statistics Canada's survey. Saskatchewan accounts for 84% of the seeded area and Alberta for 16%.

Production is forecast to decrease by 11% to 5.1 Mt, as the lower area is partly offset by a return to average yields from the well below average yields of 2018-19. Supply is expected to decrease by 7%, as the lower production is partly offset by higher carry-in stocks. Exports are forecast to increase by 4% to 4.7 Mt due to stronger demand resulting from a decrease in world production.

Carry-out stocks are forecast to fall by 25% from 2018-19 to 1.2 Mt. The production forecast is 0.1 Mt higher than in the July report, because of improved crop conditions, and the carry-out stocks forecast is 0.1 Mt higher.

World durum production is forecast by IGC to fall by 1.6 Mt from 2018-19 to 36.5 Mt, while supply decreases by 1.4 Mt to 45.9 Mt. Use is expected to fall by 0.3 Mt to 37.6 Mt as higher food use is more than offset by lower feed use. Carry out stocks are forecast to fall by 1.2 Mt to 8.2 Mt, the lowest since 2014-15.

The United States Department of Agriculture (USDA) is forecasting US durum production at 1.56 Mt, down 0.54 Mt from 2018-19.

The average Canadian crop year producer price for durum is forecast to rise from 2018-19 due to lower world, Canadian and US supply and stronger export demand.

Wheat (excluding durum)

For 2019-20, the area seeded to wheat in Canada increased by 7.5% from 2018-19, according to Statistics Canada. Saskatchewan accounts for 44% of the wheat area, Alberta 33%, Manitoba 16%, Ontario 5%, Quebec 1%, with the remaining 1% in the Maritimes and BC.

Seeded area by class of wheat, with 2018-19 area in brackets:

- winter (hard red, soft red and soft white) 545 thousand hectares (Kha) (565);
- Canada Western Red Spring (CWRS), premium quality hard wheat, 6,679 Kha (5,963);
- Canada Prairie Spring (CPS) 366 Kha (377);
- Canada Northern Hard Red Spring (CNHR) 210 Kha (302);
- soft white spring (CWSWS) 134 Kha (119);
- other western spring wheat 78 Kha (121);
- eastern spring wheat, mainly hard red spring (CERS), 129 Kha (124).

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Production is projected to rise by 5% to 27.4 Mt, as the higher seeded area is partly offset by higher abandonment for winter wheat because of winter damage. Supply is forecast to increase by only 2%, as lower carry-in stocks partly offset the increase in production. Exports are forecast to decrease by 2% to 18.9 Mt, as more competition is expected from other exporters because of higher production. **Carry-out stocks are forecast to increase by 19% to 4.3 Mt.** The production forecast is 0.4 Mt higher than in the July report, because of improved crop conditions, and the carry-out stocks forecast is 0.3 Mt higher.

World all wheat (including durum) production is forecast to increase by 37 Mt to 768 Mt, while the supply increases by 32 Mt to 1,044 Mt, according to USDA. Total use is expected to increase by 22 Mt to 758 Mt. **Carry out stocks are forecast to rise by 10 Mt to 285 Mt.** Excluding China, world all wheat stocks are expected to increase by 5 Mt to 140 Mt.

US all wheat production is forecast to rise by 2.6 Mt from 2018-19 to 53.9 Mt, according to USDA. Supply is expected to increase by 1.9 Mt to 86.7 Mt. Domestic use is forecast to increase by 2.4 Mt, while exports increase by 1 Mt. Carry out stocks are forecast to decrease by 1.6 Mt to 27.6 Mt.

Average Canadian producer prices for wheat for the crop year are forecast to fall from 2018-19 because of the higher world and US supply.

Barley

For 2019-20, the area seeded to barley in Canada increased by 14% from 2018-19 to almost 3.0 million hectares (Mha), according to Statistics Canada. The provinces of Alberta and Saskatchewan accounted for most of the increase. Using average yields and average abandonment rate for harvested area,

production is expected to increase and largely offset the decline in carry-in stocks. A large barley supply is expected for this year, which will support exports, ease domestic feed supply tightness and replenish carry-out stocks.

The average price of feed barley in Lethbridge feedlots for 2019-20 is forecast to decrease from 2018-19 on an abundant domestic and world supply expected for 2019-20. Supportive factors include strong US corn prices expected for 2019-20 and uncertain production prospects for new barley and hay crops, as well as worries about pasture development across the Prairie Provinces.

World barley production for 2019-20 is projected to rise to its highest level in ten years, largely due to improved output from the world's major exporters, according to USDA. World trade is projected to rise. Deliveries to Saudi Arabia, China and Morocco are expected to increase. World carry-out stocks are expected to increase to the highest level in the recent three years but remain low.

Corn

For 2019-20, the planted area for corn in Canada increased slightly from 2018-19 with the provinces of Ontario and Manitoba contributing most of the increase, according to Statistics Canada. Production is expected to rise slightly assuming normal yields and abandonment rate for harvested area. Imports are expected to decrease significantly due to higher domestic production of corn and barley. Combined with lower carry-in stocks, supply is forecast to decrease. Exports are forecast to decrease on lower deliveries to the EU. Total domestic use is forecast to decrease slightly on lower feed use. Carry-out stocks are forecast to decline on smaller supply.

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The average price of corn in Chatham elevators for 2019-20 is forecast to remain at the same level as in 2018-19. Uncertainties about new crop production prospects in the US and Canada are still a concern, which will support prices.

US corn production for 2019-20 is projected to decrease by 3.6% from 2018-19 owing to a decline in yields, according to USDA's August supply and demand report. The average farmgate price of corn in the US is projected at US\$3.60/bu, unchanged from US\$3.60/bu for 2018-19. Corn production in other major world exporters remains abundant in Argentina and Brazil and is expected to increase in Russia and Ukraine, which should weigh on corn prices.

Oats

For 2019-20, the area seeded to oats in Canada increased by 18% from 2018-19 to 1.46 Mha, according to Statistics Canada. The Prairie Provinces, especially Saskatchewan, accounted for most of the increase. Total supply is expected to increase, mainly due to higher production. Exports are projected to remain strong, as larger shipments to the US are expected to be partly offset by smaller exports overseas - assuming larger oat output from the competing oat exporting countries. **Carry-out stocks are expected to increase from 2018-19 on higher supply. Canadian oat prices for 2019-20 are projected to decrease from 2018-19 on increased supplies.** Uncertainties about 2019 oat production prospects in Canada should provide support to prices.

US oat production for 2019-20 is forecast to increase by 4% over 2018-19, mainly due to higher expected yields, although crop condition for oat in major states has not been ideal. US oat imports are projected to increase by 23%.

Rye

For 2019-20, the area seeded to rye in Canada increased significantly from 2018-19, according to Statistics Canada. Production and supply are forecast to increase, respectively. Rye exports are forecast to decrease due to lowered estimates of rye delivered to the US and offshore markets, as rye production in the world's major exporters is forecast to increase and world trade is expected to decline. Total domestic use is forecast to increase, mainly due to higher industrial use. Carry-out stocks are forecast to rise on increased supply. The average price of rye in Saskatchewan elevators for 2019-20 is forecast to decrease from 2018-19.

Canola

For 2019-20, the area seeded to canola fell by 8%, according to Statistics Canada's Seeded Area Survey to the lowest level in 3 years. 55% of the canola area is in Saskatchewan, 28% in Alberta and 15% is located in Manitoba. **Production is forecast at 18.6 Mt, assuming a normal rate of crop abandonment and normal yields.** After a cool and dry spring, growing conditions improved mid-summer across much of the Prairies on improved moisture and warmer temperatures.

Total supplies of canola are forecast to fall to 22.4 Mt, down 0.4 Mt from last month and almost 0.6 Mt from last year, as lower output is mostly offset by sharply higher carry-in stocks. Domestic processing of canola is forecast steady at about 9.3 Mt with the industry expected to continue operating at near full capacity. Canola exports are forecast at 9.0 Mt, versus the 5 year average of 10.1 Mt.

Carry-out stocks are forecast to rise marginally, to 3.8 Mt with about 2.8 Mt

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remaining on farm. Canola prices are forecast to fall slightly to \$460-500/t, with the discounted Canadian dollar providing underlying support.

At the world level, canola-rapeseed production is forecast to fall to a four year low based on an amended USDA outlook.

World output is estimated at 68.5 Mt, compared to 70.4 Mt for 2018-19 and 73.2 Mt grown in 2017-18. Australian production is expected to rebound slightly from 2018-19, to 2.6 Mt as the country recovers from drought but output is expected to remain well below the high of 4.3 Mt set in 2016-17.

USDA's canola production estimate of 20.1 Mt was amended to bring it in line with AAFC's estimate of 18.6 Mt due to the drop in seeded area north of the 49th parallel.

Chinese and Indian rapeseed production is expected to remain roughly steady, at 13.1 Mt and 7.7 Mt, respectively. **Rapeseed production in Kazakhstan remains minimal at about 0.3 Mt this year, but production has increased sharply in Russia and Ukraine with output doubling and tripling respectively within the past four years.** Canola production in the US is forecast steady at 1.6 Mt for 2019-20.

Flaxseed

For 2019-20, seeded area is estimated at 0.38 Mha, based on Statistics Canada's survey. 84% of the flaxseed area is in Saskatchewan with Alberta and Manitoba, respectively, accounting for 12% and 9% of total area. Production is forecast to rise to 0.56 Mt, assuming normal abandonment and 5-year average yields. Supply is forecast to increase slightly as higher output exceeds the slight drop in carry-in stocks.

Exports are forecast to rise to 0.50 Mt while total domestic use falls due to lower feed, waste and dockage. Carry-out stocks are forecast to decline by 12% to 0.08 Mt. Flaxseed prices are forecast at \$460-500/t.

Soybeans

For 2019-20, planted area is estimated down by 10% from last year, to 2.3 Mha based on Statistics Canada's Seeded Area survey. Production is forecast down by 8% to 6.7 Mt on lower area. Growing conditions improved across the major growing regions in Eastern Canada as a warm and drier July moderated the cold and wet spring. Corn heat units across Ontario are running slightly behind the 30 year average.

Total supply is forecast to decrease by 14% to 7.7 Mt, which is expected to pressure exports by 10%, to 4.7 Mt. Exports are destined for a diverse group of countries. Domestic processing is forecast to decrease slightly to 1.9Mt on stable domestic soyoil consumption and a shortfall in domestic soymeal supplies filled by imports of US product. Carry-out stocks of soybeans are forecast to tighten to 0.58Mt. Soybean prices are forecast to rise to \$380-420/t while a stable Canadian/United States currency exchange rate is forecast.

For 2019-20, the USDA resurveyed farmers and revised its soybean planted area estimate to 76.7 million acres, (mln ac) down from the earlier estimate of 80 mln ac and a sharp drop from the 89.2 mln ac planted in 2018-19. Production is estimated at 3.7 billion bushels, (bln bu) versus the July estimate of 3.9 bln bu and last year's output of 4.5 bln bu. US ending stocks are estimated at 0.76 bln bu, compared to 0.82 bln bu in July and 1.07 bln bu for 2018-19, assuming a slight rise in domestic crush and exports. US soybean prices are projected at US\$8.40/bu, versus July at US\$8.40/bu and US\$8.50/bu for 2018-19 and US\$9.33/bu for 2017-18.

Dry peas

For 2019-20, Canadian dry pea production in Canada is forecast to rise by 20% from 2018-19, to 4.3 Mt. This is largely due to an increase in harvested area. Saskatchewan is estimated to account for 50% of the dry pea production, with 45% in Alberta, 3% in Manitoba, and the remainder in British Columbia and Eastern Canada. **Supply is forecast to rise by only 5% to 4.5 Mt due to lower carry-in stocks.** Exports are forecast to fall to 3.1 Mt, with China, Bangladesh and the US expected to be Canada's top markets. **Carry-out stocks are forecast to increase. The average price is expected to be similar to 2018-19.**

In the US, area seeded to dry peas for 2019-20 is forecast by USDA to rise by 18% from 2018-19, to over 1.0 million acres. This is largely due to an expected rise in area in North Dakota and Montana. Assuming a return to normal yields and abandonment, US dry pea production is forecast by AAFC to rise to over 0.8 Mt. The US has been successful in exporting small amounts of dry peas to markets in Canada and the Philippines. It is expected the US will continue to try increasing its share in these markets in 2019-20.

Lentils

For 2019-20, lentil production is forecast to rise by 5% to 2.2 Mt, the fifth largest Canadian lentil crop on record. Similar seeded area is expected to be offset by higher yields than the previous year. Total green lentil area fell while red lentil area increased. Saskatchewan is expected to account for 89% of the lentil production, with the remainder in Alberta. **Supply, however, is forecast to decrease by 7% due to lower carry-in stocks.** Exports are forecast to fall to 1.8 Mt. Carry-out stocks are forecast to fall compared to the previous year.

The average price is forecast to rise from 2018-19 due to lower carry-out stocks.

Dry beans

For 2019-20, Canadian production is forecast to decrease to nearly 0.33 Mt, as mostly unchanged seeded area combines with lower yields. By province, Ontario is expected to account for 36% of the dry bean production, Manitoba 43%, Alberta 16%, with the remainder in Quebec and the Maritimes. Supply is expected to rise with higher carry-in stocks. Exports are forecast to be unchanged from the previous year. Canada is expected to maintain its market share in the US, Europe and Japan. Despite this, carry-out stocks are expected to rise. The average Canadian dry bean price is forecast to be unchanged due to similar expected supply in North America.

In the US, area seeded to dry beans is forecast by the USDA to rise marginally to 1.3 million acres, largely due to increased area seeded in Michigan and Minnesota. Total US dry bean production for 2019-20 (excluding chickpeas) is forecast by AAFC at 1.1 Mt, unchanged from 2018-19.

Chickpeas

For 2019-20, production is forecast to fall to 260 Kt, due to lower area and yields. By province, Saskatchewan is expected to account for 88% of the chickpea production, with the remainder in Alberta. Supply is also forecast to be higher than last year. Exports are forecast to be lower than in 2018-19 and carry-out stocks are expected to rise sharply. The average price is forecast to be similar to 2018-19.

US chickpea area for 2019-20 is forecast by the USDA at 0.56 million acres, down 35% from the previous year. Assuming normal yields and abandonment, 2019-20 US chickpea production is therefore forecast by AAFC at 0.36Mt, down nearly 40% from last year.