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Grain and Feed

Canadian Barley Supplies Weigh Down Price

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Report Highlights:

Barley markets have been feeling the weight of the planting intentions announced by Statistics Canada last month. In Western Canada, farmers told the agency they plan to grow 12.585 million acres, a 24 percent jump from last year.

Includes PSD changes: No
Includes Trade Matrix: No
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Canadian Supplies Drag Down Barley's Price

The following was taken from a May 25, 2000 Western Producer news article. Begin text.

It's spring, and a barley grower's fancy turns to thoughts of plump kernels and fat malting premiums. But the sheer size of the crop going in the ground this spring may wither many farmers' hopes for strong returns.

Barley markets have been feeling the weight of the planting intentions announced by Statistics Canada last month. In Western Canada, farmers told the agency they plan to grow 12.585 million acres, a 24 percent jump from last year.

Barley markets have been depressed ever since, said Rob Dzisiak of Linco Futures Group (Canada) Inc. in Winnipeg. "The market just kind of fell on its back," he said. "People look at that (acreage projection) and say, 'there's just no need to worry.' "

Many producers are hoping their barley will be selected for malt. But with such a large crop, malt barley selection will be more of a lottery than usual, said Paul Cassidy of Mitcon Inc. in Calgary. Cassidy projects that up to 450,000 tonnes of barley will be selected for the domestic malt market, and another 600,000 to 700,000 tonnes for malt to be exported.

Adding an optimistic 1.4 million tonnes of malting barley exports will result in up to 2.5 million tonnes of barley that will fetch the malting premium. That's less than 15 percent of the total barley expected in Canadian bins for the new crop year.

With normal weather and average yields, Cassidy thinks Canadian farmers will produce more than 15 million tonnes of barley. Plus, they will be taking more than three million tonnes of old-crop barley into the 2000-01 crop year. "It's the largest carry-over we'll have since '93-'94," said Cassidy.

Producers reduced feeding barley to their livestock last winter because of more competitively priced feed wheat, rye and triticale, he said. There was also a smaller than usual number of cattle on feed last winter.

Beyond Burdensome

Generally, a stocks-to-use ratio of more than 20 percent indicates burdensome supplies of barley, he said. Next year, the ratio could top out beyond 30 percent.

Leafing through charts showing barley supplies since 1967, Cassidy said it looks like Canada could have its largest-ever supply of barley this year.

He does not expect much feed barley to move to Eastern Canada. There's been no demand east of Manitoba for the past two crop years, he said.

Lots of Corn

Eastern Canadian grain producers are going into the new crop year with large stocks of corn, and they have planted their largest-ever corn crop this spring, he said.

Even with optimistic projections for increased livestock numbers in Western Canada, and an aggressive feed barley export program of one million tonnes, the large supplies are bound to depress prices. "It's going to be difficult to get ending stocks below four million tonnes" at the end of 2000-01, he said. End text.

Comment:

According to May 24 data from Agriculture and Agri-Food Canada (which reflects Statistics Canada's April 20 seeding intentions report), barley production for 2000/01 is estimated to be 15.4 million metric tonnes (MMT), up 17 percent from 1999/2000 levels. This is up almost 15 percent from post's last estimate of April 17, 2000 for barley for the 2000/01 crop year. Corn production is estimated to be a record 9.4 MMT, up three percent from the previous crop year, and up over 13 percent above post's April 17 estimate for the 2000/01 crop year.

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