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Canada

Grain and Feed

Monthly Update

2004

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Report Highlights:

For 2004/2005, Canadian wheat production is forecast to increase to 24.7 MMT due to increased moisture and higher yields. Canadian barley production is forecast to increase to roughly 13.0 MMT, as the higher yields offset the reduced seeded areas. Canadian corn production is forecast to decline to 8.2 MMT as a result of lower seeded areas and a decline in the yields, especially in Ontario. As many crops were seeded late, time and weather will play an important factor in the quality and the yields of all the major crops.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Ottawa [CA1]
[CA]

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MONTHLY GRAIN AND FEED UPDATE**Total Wheat**

Canadian total wheat production for 2004/2005 is forecast to increase to 24.7 million metric tonnes (MMT), a 5% increase from 2003/2004 as a result of higher yields in western Canada. Ontario wheat production is forecast to decline from the record of 2.3 MMT in 2003/2004 to 1.7 MMT, a 26% decline as a result of lower seeded areas. Despite larger total production, exports are forecast to increase only 4% from 2003/2004. This is a dramatic difference in comparison to the increase from 2002/2003 to 2003/2004, which forecast an increase of 43% in exports. The large production in Ontario wheat in 2003/2004 helped to increase the export numbers for that year. The smaller crop in Ontario and the questionable quality will reduce Ontario's wheat exports for 2004/2005. Quality will also play a factor in Western Canada's wheat exports. Ending stocks are forecast to increase 5% from 2003/2004. The increase in durum ending stocks is the primary reason for the increase in ending stocks, as non-durum wheat ending stocks remain relatively constant.

Quality is the greatest challenge facing the wheat crop this year. The cool, wet weather in the spring delayed seeding or in some instances prevented it all together. The below seasonal summer temperature has hampered crop development, and in some places in Western Canada, the wheat is 2-3 weeks behind. All three Prairie Provinces have already had frost and with crops so far behind, the persistent wet, cool weather is slowing maturation. While the frost that has already occurred has caused only minor damage to the wheat (more in non-durum than in durum as the frost occurred in areas that is predominantly non-durum), there is a very real possibility of more frost before the wheat is harvested. On the Prairies, the difference between the average frost dates and predicted ripe dates is ranging from 25-65 days to 15-25 days to 5-15 days. This does not bode well for the possibility of harvesting the wheat in many areas prior to a killer frost.

With high levels of moisture and low levels of heat, protein levels are forecast to be below normal levels this year, particularly in Manitoba. As a result, the forecast is for a larger than normal amount of wheat being downgraded to No. 3 or feed. In Ontario, the quality is also quite variable depending on the region. The cooler summer in Ontario has also lead to a decline in the protein levels. As well, fusarium has been a major issue in some regions in the winter wheat crop, resulting in the wheat being downgraded.

It is very obvious when traveling from province to province in Western Canada, that the weather has had an impact on crop development. Even moving from the eastern half of Saskatchewan into the southwest portion of Manitoba, there is a difference in the stage of development of the wheat. The crop in Saskatchewan was a little further ahead than the crop in Manitoba. In the early seeded wheat in Manitoba, there was some lodging occurring as a result of the large snowfall in early May. In both provinces, the crops looked good and would have benefited from some warm, dry weather to help finish them off.

Durum

Canadian durum wheat production for 2004/2005 is forecast to increase to roughly 4.5 MMT, up 5% from 2003/2004, but a 6% decline from what was originally forecast in June. The decline from the June forecast is as a result in a decline in harvested area forecast. Despite a decrease in the harvested area, the forecast increase in yields will result in higher production than in 2003/2004. The wet spring and rain throughout the summer has helped replenish soil moisture and ensured adequate moisture levels throughout the growing season in Western Canada. Exports of durum are forecast to remain relatively stable at roughly 3.4 MMT, slightly below the five-year average of 3.7 MMT, as world demand remains relatively weak due to large crops in the EU and North Africa. Quality may be an issue in those crops, possibly resulting in a slight increase in exports later on. Higher beginning stocks combined with increased production and below average exports, will result in a forecast increase of 14% of durum wheat ending stocks from 2003/2004 to 2.1 MMT.

Barley

Canadian barley production for 2004/2005 is forecast to increase to approximately 13.0 MMT, an increase of 5% over production in 2003/2004. As with many cereals, barley production benefited from the wet spring and rain throughout the summer, which helped improve growing conditions in the barley regions, despite a decrease in the harvested acreage. Alberta, the largest barley-producing province in Canada, is forecasting a very good barley crop this year. With higher beginning stocks and increased production, total supply is forecast to increase by 10%. Feed use of barley is forecast to increase as a result of the larger supply, the forecast drop in corn production, and the ongoing BSE crisis, which is forcing Western producers to rely on what they have grown rather than importing corn from the United States or eastern Canada. Barley exports are forecast to increase slightly to 2.6 MMT from 2.4 MMT in 2003/2004. The increase will be mainly in malting barley, as feed barley exports are facing tough competition from the EU, Australia and the Black Sea region. As a result of the increase in production and only small increase in exports, barley ending stocks are forecast to increase 12% to 2.6 MMT from 2.3 MMT in 2003/2004.

Corn

Canadian corn production for 2004/2005 is forecast to fall by 15% from 2003/2004 to 8.2 MMT as a result of lower area seeded and yields, especially in Ontario. Imports of corn, especially into eastern Canada, are forecast to increase almost 20% from 2003/2004 as a result of smaller domestic supply. The increase in imports into eastern Canada will offset the decrease in imports in western Canada, where the increase in barley production will offset the necessity for corn. Corn exports are forecast to be down 43% from 2003/2004 as a result of the decreased production levels. The end stocks are forecast to decline 12% from the 2003/2004 levels.

The decline in production is mainly attributed to the cool, wet spring, which delayed seeding in some and prevented seeding in other areas across the country. Some regions of Ontario were fortunate to seed early and will mostly likely produce a good crop. The later-than-normal seeded crop is facing large obstacles come the fall. With the cooler summer temperatures across the country, the late-seeded crops are facing a time crunch for maturation. The late-seeded Ontario corn crop is most likely destined for light test weight, high moisture and immaturity problems. Supplies of corn, especially high quality corn is tight, making access to corn difficult for processors and buyers. The poor weather conditions are resulting in no early-harvested Ontario corn this year, again limiting supplies for the processors and buyers, which could result in a greater reliance on U.S., imported corn to cover the needs.

The corn crop in Western Canada has been hampered by the weather. The cool, wet spring delayed seeding until well into June or not at all. The corn crops in Saskatchewan and Manitoba were well behind normal development as of late July. Unfortunately for both provinces, the weather has not improved dramatically and the heat required to help the crops mature has just not developed. Through the month of August, Manitoba is at least 400 heat units behind what is required to help the corn mature. There is a very strong possibility that the corn crop out west will be a write off. Early frosts have occurred across the Prairies, but so far the damage to the corn has been minimal. With the corn 2-3 weeks behind, increased risks of more frost and just not enough maturation time will most likely result in corn that would be feed.

Oats

Canadian oat production for 2004/2005 is forecast to increase slightly to 3.77 MMT as a result of increased yields despite a decline in harvested acreage. Total supply is forecast to increase 8% from 2003/2004, mainly as a result of the higher beginning stocks. Increased production in combination with higher beginning stocks and only a marginal increase in exports will see a forecast increase of 11% in end stocks from 2003/2004. Exports are forecast to increase slightly to 1.5 MMT from 1.45 MMT in 2003/2004, with exports into the United States forecast to increase a small amount from 2003/2004.

STATISTICAL TABLES

Table 1: Wheat PSD

PSD Table

Country Commodity	Canada		(1000 HA)(1000 MT)				UOM
	2002	Revised	2003	Estimate	2004	Forecast	
Market Year Begin	USDA Official [	Estimate [DA	Official |	Estimate [DA	Official |	Estimate [New]	
	08/2002	08/2002	08/2003	08/2003	08/2004	08/2004	MM/YYYY
Area Harvested	8836	8836	10470	10470	10200	10200	(1000 HA)
Beginning Stocks	6729	6729	5725	5725	5975	5800	(1000 MT)
Production	16198	16198	23500	23500	24500	24700	(1000 MT)
TOTAL Mkt. Yr. Imports	382	178	200	20	200	20	(1000 MT)
Jul-Jun Imports	382	179	200	20	200	20	(1000 MT)
Jul-Jun Import U.S.	129	21	0	15	0	10	(1000 MT)
TOTAL SUPPLY	23309	23105	29425	29245	30675	30520	(1000 MT)
TOTAL Mkt. Yr. Exports	9403	9054	15500	16000	16000	16600	(1000 MT)
Jul-Jun Exports	9393	9029	15500	16000	16000	16600	(1000 MT)
Feed Dom. Consumption	4058	4188	3800	3800	4000	3900	(1000 MT)
TOTAL Dom. Consumpti	8181	8326	7950	7445	8200	7820	(1000 MT)
Ending Stocks	5725	5725	5975	5800	6475	6100	(1000 MT)
TOTAL DISTRIBUTION	23309	23105	29425	29245	30675	30520	(1000 MT)

Table 2: Durum Wheat PSD

PSD Table

Country Commodity	Canada		Wheat, Durum		(1000 HA)(1000 MT)		UOM
	2002	Revised	2003	Estimate	2004	Forecast	
Market Year Begin	USDA Official [	Estimate [1]	USDA Official [	Estimate [1]	USDA Official [	Estimate [New]	MM/YYYY
	01/2002		01/2003		01/2004		
Area Harvested	0	2246	0	2450	0	2170	(1000 HA)
Beginning Stocks	0	1545	0	1619	0	1800	(1000 MT)
Production	0	3877	0	4280	0	4475	(1000 MT)
TOTAL Mkt. Yr. Imports	0	6	0	1	0	1	(1000 MT)
Jul-Jun Imports	0	6	0	1	0	1	(1000 MT)
Jul-Jun Import U.S.	0	6	0	1	0	1	(1000 MT)
TOTAL SUPPLY	0	5428	0	5900	0	6276	(1000 MT)
TOTAL Mkt. Yr. Exports	0	2968	0	3400	0	3400	(1000 MT)
Jul-Jun Exports	0	2958	0	3309	0	3400	(1000 MT)
Feed Dom. Consumption	0	284	0	250	0	500	(1000 MT)
TOTAL Dom. Consumpti	0	841	0	700	0	776	(1000 MT)
Ending Stocks	0	1619	0	1800	0	2100	(1000 MT)
TOTAL DISTRIBUTION	0	5428	0	5900	0	6276	(1000 MT)

Table 3: Barley PSD

PSD Table

Country Commodity	Canada		(1000 HA)(1000 MT)				UOM
	2002	Revised	2003	Estimate	2004	Forecast	
Market Year Begin	USDA Official [	Estimate [D]	USDA Official [	Estimate [D]	USDA Official [	Estimate [New]	
	08/2002		08/2003		08/2004	MM/YYYY	
Area Harvested	3348	3348	4450	4500	4400	4300	(1000 HA)
Beginning Stocks	2047	2048	1475	1475	2425	2300	(1000 MT)
Production	7489	7489	12300	12300	13500	12986	(1000 MT)
TOTAL Mkt. Yr. Imports	247	259	50	45	20	40	(1000 MT)
Oct-Sep Imports	199	215	50	45	20	40	(1000 MT)
Oct-Sep Import U.S.	148	151	0	40	0	35	(1000 MT)
TOTAL SUPPLY	9783	9796	13825	13820	15945	15326	(1000 MT)
TOTAL Mkt. Yr. Exports	403	420	1800	2400	2200	2600	(1000 MT)
Oct-Sep Exports	304	321	2000	2400	2100	2600	(1000 MT)
Feed Dom. Consumption	6505	6755	8200	8400	9000	9500	(1000 MT)
TOTAL Dom. Consumpti	7905	7901	9600	9120	10500	10126	(1000 MT)
Ending Stocks	1475	1475	2425	2300	3245	2600	(1000 MT)
TOTAL DISTRIBUTION	9783	9796	13825	13820	15945	15326	(1000 MT)

Table 4: Corn PSD

PSD Table

Country Commodity	Canada		Corn				UOM
	2002	Revised	2003	Estimate	2004	Forecast	
Market Year Begin	USDA Official [	Estimate [D]	USDA Official [	Estimate [D]	USDA Official [	Estimate [New]	
	09/2002		09/2003		09/2004	MM/YYYY	
Area Harvested	1283	1283	1230	1230	1200	1156	(1000 HA)
Beginning Stocks	1056	1056	1111	1111	711	911	(1000 MT)
Production	8999	8999	9600	9600	8700	8200	(1000 MT)
TOTAL Mkt. Yr. Imports	3946	3902	1800	2100	2500	2600	(1000 MT)
Oct-Sep Imports	3846	3797	1800	2000	2500	2500	(1000 MT)
Oct-Sep Import U.S.	3846	3797	0	2000	0	2500	(1000 MT)
TOTAL SUPPLY	14001	13957	12511	12811	11911	11711	(1000 MT)
TOTAL Mkt. Yr. Exports	314	313	300	300	300	170	(1000 MT)
Oct-Sep Exports	306	305	300	300	300	170	(1000 MT)
Feed Dom. Consumption	10276	10121	9000	9200	8300	8150	(1000 MT)
TOTAL Dom. Consumpti	12576	12533	11500	11600	11000	10741	(1000 MT)
Ending Stocks	1111	1111	711	911	611	800	(1000 MT)
TOTAL DISTRIBUTION	14001	13957	12511	12811	11911	11711	(1000 MT)

Table 5: Oat PSD

PSD Table

Country Commodity	Canada		(1000 HA)(1000 MT)				UOM
	2002	Revised	2003	Estimate	2004	Forecast	
Market Year Begin	USDA Official [	Estimate [A	USDA Official [	Estimate [A	USDA Official [	Estimate [New]	
	08/2002	08/2002	08/2003	08/2003	08/2004	08/2004	MM/YYYY
Area Harvested	1379	1379	1570	1580	1500	1450	(1000 HA)
Beginning Stocks	363	363	524	524	739	800	(1000 MT)
Production	2911	2911	3700	3700	3600	3770	(1000 MT)
TOTAL Mkt. Yr. Imports	48	21	15	20	20	20	(1000 MT)
Oct-Sep Imports	49	21	15	20	20	20	(1000 MT)
Oct-Sep Import U.S.	15	17	20	20	20	20	(1000 MT)
TOTAL SUPPLY	3322	3295	4239	4244	4359	4590	(1000 MT)
TOTAL Mkt. Yr. Exports	928	1190	1200	1450	1200	1500	(1000 MT)
Oct-Sep Exports	1058	1017	1200	1450	1200	1500	(1000 MT)
Feed Dom. Consumption	1270	1228	1650	1700	1700	1900	(1000 MT)
TOTAL Dom. Consumpti	1870	1581	2300	1994	2400	2190	(1000 MT)
Ending Stocks	524	524	739	800	759	900	(1000 MT)
TOTAL DISTRIBUTION	3322	3295	4239	4244	4359	4590	(1000 MT)

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