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Oilseeds and Products

Oilseeds Annual Report

2006

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Report Highlights:

Total Canadian oilseed production during 2006/07 is forecast to decline sharply, in the range of 15-18%, as a result of a significant decline in the area planted to canola. Due to rising costs and cash flow issues, there is a high degree of uncertainty this year among prairie farmers on what to plant and recent government assurances on funding for agriculture may yet alter planting decisions. Summerfallow intentions at March 31, 2006 stood at 4.7 million hectares, more than 15% above last year's total at that time of 4.1 million hectares. Despite reduced production, large carry-in stocks are expected to enable total Canadian canola exports to equal, or slightly exceed, last year's record level. U.S. exports of soybean meal to Canada are currently projected to decline slightly in 2006/07 due, in part, to the potential for weaker demand reflecting lower hog numbers in Ontario and Quebec.

Includes PSD Changes: No
Includes Trade Matrix: No
Annual Report
Ottawa [CA1]
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Executive Summary

Summary: Total Oilseeds

Total Canadian oilseed production during 2006/07 is forecast to decline sharply, in the range of 15-18%, as a result of a significant decline in the area planted to canola. In late April, 2006 Statistics Canada reported that canola producers intended to plant 14.5% fewer hectares than last year. However, 2005/06 canola yields were historically high and with the expectation among oilseed analysts that last year's yields are unlikely to be repeated, canola production will be lower reflecting declines in both area and yield. Similarly, Canadian soybean plantings in 2006/07 are forecast to be 8% greater than a year ago, but Agriculture and Agri-Food Canada oilseed analysts anticipate production to fall about 1.5% in line with yield forecasts. Post analysis for soybean production differs and points to the possibility for soybean output to be close to, or slightly above, last year's level (see page 7). Canadian sunflower production is forecast to increase moderately in 2006/07, but the small increase in tonnage will not offset the production declines of the major oilseeds. On balance, total Canadian oilseed output during 2006/07 is forecast to reach about 10.6 million metric tons, a decline of more than 17% from the 12.9 million metric tons produced a year earlier.

Summary: Total Meals

Total oilseed meal production in Canada (canola and soybean) in 2006/07 is forecast at 3.31 million metric tons, about 1.5% above the year earlier level. The small increase is attributable to large carry-in oilseed stocks, particularly for canola. U.S. exports of soybean meal to Canada are currently projected to decline slightly in 2006/07 due, in part, to the potential for weaker demand reflecting lower hog numbers in Ontario and Quebec.

Summary: Total Oils

Total Canadian production of oil from oilseeds in 2006/07, is expected to be up about 2% from a year ago reflecting high carry-in canola stocks and the prospect for continued increases in rapeseed oil exports mostly to the United States and to Pacific Rim markets.

Quality Reports

Much of the responsibility for the quality of Canadian grain and oilseeds entering domestic and international markets belongs with the Canadian Grain Commission (CGC). The CGC's annual "Harvest Reports" are available on the CGC website, www.grainscanada.gc.ca. The harvest reports describe the quality of Canadian oilseeds surveyed from the annual harvest in the Prairie Provinces and in Ontario. For example, the 2005 harvest report indicates that Ontario's top grades of soybeans yielded above the ten-year average for oil content but below the ten-year average for protein content.

Canola (Rapeseed)

For 2006/07 Canadian prairie farmers have indicated that they favor planting more spring wheat and oats than canola. According to Statistics Canada's seeding intentions survey, canola area will fall to 4.7 million hectares, 14.5% under the 5.5 million hectares seeded last year. In contrast, spring wheat planting intentions rose almost 11% to 8.0 million hectares and oat planting intentions are increased almost 18% over last year to 2.2 million hectares.

Whether the decline in the canola area will be as profound through the planting season remains to be seen. Statistics Canada reports a significant year-to-year increase in summerfallow intentions reflecting a relatively high degree of uncertainty among prairie farmers as to what they are going to plant. Summerfallow intentions at March 31, 2006 stood at 4.7 million hectares, more than 15% above last year's total at that time of 4.1 million hectares. A week after the planting intentions report, the federal budget was announced (May 2, 2006) providing additional monies for Canadian farmers. This could result in a more optimistic view among farmers at planting time, thereby influencing their planting decisions. Planting projections show the decline in canola, almost 800,000 hectares, will be shared proportionately by all three Prairie Provinces. Since input costs for canola are higher when compared with the cost of producing alternative crops, additional promised federal monies for agriculture in the budget could alter planting intentions in the coming weeks.

Commodity	Oilseed, Rapeseed					
	2004		2005	Estimate	2006	Forecast
	USDA Official	Revised Estimate	USDA Official	Estimate	USDA Official	Estimate
Market Year Begin	08/2004	08/2004	08/2005	08/2005	08/2006	08/2006
Area Planted	5050	5319	5300	5491	0	4693
Area Harvested	4938	4938	5280	5283	0	4500
Beginning Stocks	570	608	1440	1629	2681	3000
Production	7728	7728	9660	9660	0	7300
MY Imports	108	108	150	125	0	130
MY Imp. from U.S.	108	106	150	120	0	125
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	8406	8444	11250	11414	2681	10430
MY Exports	3493	3412	4600	4500	0	4700
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. Consumption	3025	3031	3300	3300	0	3600
Food Use Dom. Consumption	0	0	0	0	0	0
Feed,Seed,Waste Dm.Cn	448	372	669	614	0	600
TOTAL Dom. Consumption	3473	3403	3969	3914	0	4200
Ending Stocks	1440	1629	2681	3000	0	1530
TOTAL DISTRIBUTION	8406	8444	11250	11414	0	10430
Calendar Year Imports	101	175	150	101	0	120
Calendar Yr Imp. U.S.	99	173	148	99	0	115
Calendar Year Exports	3999	3469	4600	3999	0	4600
Calndr Yr Exp. to U.S.	443	454	450	443	0	500

Canola (Rapeseed) Meal

Commodity	Meal, Rapeseed (1000 MT)(PERCENT)					
	2004 USDA Official [	Revised Estimate[1]	2005 USDA Official [	Estimate Estimate[1]	2006 USDA Official [	Forecast Estimate[1]
Market Year Begin	08/2004		08/2005		08/2006	
Crush	3025	3031	3300	3300	0	3200
Extr. Rate, 999.9999	0.570909	0.628176	0.570606	0.624242	0	0.65625
Beginning Stocks	24	23	20	18	37	20
Production	1727	1904	1883	2060	0	2100
MY Imports	2	2	1	1	0	2
MY Imp. from U.S.	2	2	1	1	0	2
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	1753	1929	1904	2079	37	2122
MY Exports	1343	1414	1400	1550	0	1600
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump	0	0	0	0	0	0
Feed Waste Dom. Consu	390	497	467	509	0	505
TOTAL Dom. Consumptic	390	497	467	509	0	505
Ending Stocks	20	18	37	20	0	17
TOTAL DISTRIBUTION	1753	1929	1904	2079	0	2122
Calendar Year Imports	2	2	1	1	0	1
Calendar Yr Imp. U.S.	2	2	1	1	0	1
Calendar Year Exports	1412	1539	1400	1412	0	1450
Calndr Yr Exp. to U.S.	1361	1445	1400	1361	0	1400

Crush Capacity Utilization

According to the Canadian Oilseed Processors Association, the utilization of canola crush capacity in Canada over calendar year 2005 dropped slightly from 2004 as shown below:

2002 Jan-Dec 53.8%
 2003 Jan-Dec 67.4%
 2004 Jan-Dec 84.7%
 2005 Jan-Dec 84.5%

Canola (Rapeseed) Oil

Commodity	Oil, Rapeseed (1000 MT)(PERCENT)					
	2004 USDA Official [	Revised Estimate[1]	2005 USDA Official [	Estimate Estimate[1]	2006 USDA Official [	Forecast Estimate[1]
Market Year Begin	08/2004		08/2005		08/2006	
Crush	3025	3031	3300	3300	0	3600
Extr. Rate, 999.9999	0.41157	0.411415	0.415152	0.412727	0	0.388889
Beginning Stocks	102	36	85	38	20	40
Production	1245	1247	1370	1362	0	1400
MY Imports	65	66	30	20	0	20
MY Imp. from U.S.	65	64	30	19	0	19
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	1412	1349	1485	1420	20	1460
MY Exports	814	903	950	1000	0	1100
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consum	513	408	515	380	0	330
Feed Waste Dom. Consu	0	0	0	0	0	0
TOTAL Dom. Consumptic	513	408	515	380	0	330
Ending Stocks	85	38	20	40	0	30
TOTAL DISTRIBUTION	1412	1349	1485	1420	0	1460
Calendar Year Imports	10	50	10	49	0	50
Calendar Yr Imp. U.S.	10	49	10	48	0	49
Calendar Year Exports	872	1022	950	872	0	880
Calndr Yr Exp. to U.S.	498	555	550	498	0	500

Soybean

2006/07 Canadian soybean area is forecast to increase 8.1% to 1.3 million hectares from 1.2 million seeded hectares last year according to the planting intentions survey released by Statistics Canada in late April, 2006. All of the intended increase in soybean area is attributable to the Maritimes and to Manitoba where the planned increases more than offset the forecast declines in Ontario, the major producing province, and in Quebec. According to Statistics Canada, Manitoba farmers indicated that they might increase soybean plantings by more than 100,000 hectares to about 156,000 hectares. However, recent flooding in the Red River valley this spring season and the reports about the availability of seed may result in a tempering of this projection. The following are the intended seeding areas to soybeans in the other producing provinces with the 2005 seeded area in parenthesis: Ontario, 930,000 ha. (940,900); Quebec, 180,000 ha. (187,000); Maritimes, 4,900 ha. (4,000).

Despite the decline in the soybean intended area, total soybean output in 2006/07 is expected to be slightly above, but still close to last year's level (see table below) if yields are good. At present, Ontario provincial crop analysts are predicting that up to 300,000 of Ontario corn area could be diverted to cereal crops and soybeans given that corn imports from the United States could potentially increase following the Canadian International Trade Tribunal's recent negative injury finding in the corn trade case (see CA6018).

Commodity	Oilseed, Soybean					
	2004		2005	Estimate	2006	Forecast
	USDA Official	Revised Estimate	USDA Official	Estimate	USDA Official	Estimate
Market Year Begin	09/2004	09/2004	09/2005	09/2005	09/2006	09/2006
Area Planted	1190	1229	1180	1176	0	1272
Area Harvested	1174	1178	1170	1169	0	1250
Beginning Stocks	133	140	312	270	430	326
Production	3042	3048	3160	3161	0	3200
MY Imports	393	393	370	370	0	309
MY Imp. from U.S.	388	388	350	365	0	305
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	3568	3581	3842	3801	430	3835
MY Exports	1124	1122	1167	1310	0	1400
MY Exp. to the EC	301	104	350	75	0	100
Crush Dom. Consumption	1580	1610	1695	1615	0	1625
Food Use Dom. Consumption	0	0	0	0	0	0
Feed,Seed,Waste Dm.Cn	552	579	550	550	0	500
TOTAL Dom. Consumption	2132	2189	2245	2165	0	2125
Ending Stocks	312	270	430	326	0	310
TOTAL DISTRIBUTION	3568	3581	3842	3801	0	3835
Calendar Year Imports	390	509	325	390	0	350
Calendar Yr Imp. U.S.	384	506	300	384	0	345
Calendar Year Exports	1181	984	1165	1178	0	1300
Calndr Yr Exp. to U.S.	94	74	75	91	0	100

Soybean Meal

Crush Capacity Utilization

According to the Canadian Oilseed Processors Association, the utilization of soybean crush capacity in Canada in calendar year 2005 improved from 2004 as shown below.

2002 Jan-Dec 84.8%
 2003 Jan-Dec 84.5%
 2004 Jan-Dec 70.0%
 2005 Jan-Dec 79.4%

Commodity	Meal, Soybean					
	2004		2005	Estimate	2006	Forecast
	USDA Official	Estimate	USDA Official	Estimate	USDA Official	Estimate
Market Year Begin	09/2004	09/2004	09/2005	09/2005	09/2006	09/2006
Crush	1580	1610	1695	1615	0	1625
Extr. Rate, 999.9999	0.779114	0.738509	0.779351	0.743034	0	0.744615
Beginning Stocks	10	18	25	34	25	89
Production	1231	1189	1321	1200	0	1210
MY Imports	1131	1131	1130	1310	0	1290
MY Imp. from U.S.	1129	1129	1130	0	0	1285
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	2372	2338	2476	2544	25	2589
MY Exports	90	87	138	120	0	150
MY Exp. to the EC	14	0	50	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consum	0	0	0	0	0	0
Feed Waste Dom. Consu	2257	2217	2313	2335	0	2375
TOTAL Dom. Consumptic	2257	2217	2313	2335	0	2375
Ending Stocks	25	34	25	89	0	64
TOTAL DISTRIBUTION	2372	2338	2476	2544	0	2589
Calendar Year Imports	1135	1120	1130	1134	0	1125
Calendar Yr Imp. U.S.	1132	1116	1130	1132	0	1120
Calendar Year Exports	85	52	140	108	0	115
Calndr Yr Exp. to U.S.	85	52	140	81	0	100

Soybean Oil

Commodity	Oil, Soybean		(1000 MT)(PERCENT)			
	2004	Revised	2005	Estimate	2006	Forecast
Market Year Begin	09/2004	09/2004	09/2005	09/2005	09/2006	09/2006
Crush	1580	1610	1695	1615	0	1625
Extr. Rate, 999.9999	0.168354	0.165217	0.167552	0.170279	0	0.172308
Beginning Stocks	8	8	8	8	10	10
Production	266	266	284	275	0	280
MY Imports	76	76	75	77	0	75
MY Imp. from U.S.	76	85	75	125	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	350	350	367	360	10	365
MY Exports	9	9	13	20	0	20
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consum	333	333	344	330	0	335
Feed Waste Dom. Consu	0	0	0	0	0	0
TOTAL Dom. Consumptic	333	333	344	330	0	335
Ending Stocks	8	8	10	10	0	10
TOTAL DISTRIBUTION	350	350	367	360	0	365
Calendar Year Imports	74	87	115	74	0	80
Calendar Yr Imp. U.S.	74	87	115	74	0	80
Calendar Year Exports	15	14	20	15	0	15
Calndr Yr Exp. to U.S.	11	13	20	11	0	10

Sunflower

Commodity	Oilseed, Sunflowerseed (1000 HA)(1000 MT)					
	2004 USDA Official [	Revised Estimate[1]	2005 USDA Official [	Estimate Estimate[1]	2006 USDA Official [	Forecast Estimate[1]
Market Year Begin	08/2004		08/2005		08/2006	
Area Planted	63	87	85	93	0	105
Area Harvested	60	59	75	75	0	85
Beginning Stocks	20	25	6	18	6	20
Production	60	54	89	89	0	100
MY Imports	35	35	15	30	0	30
MY Imp. from U.S.	28	31	13	26	0	26
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	115	114	110	137	6	150
MY Exports	32	32	37	40	0	50
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. Consumptior	0	0	0	0	0	0
Food Use Dom. Consump	10	10	10	10	0	11
Feed,Seed,Waste Dm.Cn	67	54	57	67	0	75
TOTAL Dom. Consumptic	77	64	67	77	0	86
Ending Stocks	6	18	6	20	0	14
TOTAL DISTRIBUTION	115	114	110	137	0	150
Calendar Year Imports	19	20	20	35	0	40
Calendar Yr Imp. U.S.	18	19	19	31	0	35
Calendar Year Exports	40	71	78	34	0	50
Calndr Yr Exp. to U.S.	35	60	45	29	0	45

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Peanut

Peanut production in Canada is constrained by climatic conditions. Agriculture extension reports indicate that a minimum of 3,000 corn heat units is required for normal growth and development. Peanuts grown in areas with fewer heat units will not reach optimum maturity and generally the yield is too low to justify commercial production. As a result, minor peanut production is limited to a few farms in southern Ontario that plant in the range of 200-400 hectares. As a result, Canada is a net importer of peanuts with the United States and China being the top suppliers. For Canadian peanut trade data, see the statistical section of this report.

Table 1: Total Peanut Imports, In-Shell Basis

Marketing Year October/September Data
HS 120210 (in-shell); HS120220 (shelled); 2008112000 (blanched)
Quantity: MT

	Oct 02-Sep 03	Oct 03-Sep 04	Oct 04-Sep 05
World	109,371	119,475	112,364
United States	70,979	86,363	76,249
China	19,837	16,467	22,985
Vietnam	19	43	70
Hong Kong	14	21	42
India	10	8,248	3,378

* Shelled and Blanched Converted to In-Shell Basis using factor of 1.3333

Table 2: In-Shell Peanut Import Trade Matrix

Marketing Year October/September Data
HS 120210
Quantity: MT

Country	-	Oct 02-Sep 03	Oct 03-Sep 04	Oct 04-Sep 05
-- The World --	-	7,623	6,264	7,209
United States		3,196	4,260	5,355
China		4,324	1,596	1,829
Vietnam		18	18	16
Hong Kong		9	19	9
All Others		-	-	-

Source: Statistics Canada/World Trade Atlas

Table 3: Shelled Peanut Import Trade Matrix

Marketing Year October/September Data

HS 120220

Quantity: MT

Country	Oct 02 Sep 03	Oct 03 Sep 04	Oct 04 Sep 05
The World	73,258	80,659	74,457
United States	48,836	58,709	49,547
China	10,595	9,825	15,153
Argentina	10,814	3,878	5,743
India	8	6,186	2,534
Nicaragua	2,755	1,627	1,120
Brazil	-	38	174
Indonesia	15	11	53
Cote d'Ivoire	0	0	34
Hong Kong	45	22	33
Turkey	32	38	31
All Others	-	-	-

Source: Statistics Canada/World Trade Atlas

Table 4: Blanched Peanut Import Trade Matrix

Marketing Year October/September Data

HS 2008112000

Quantity: MT

Country	Oct 02 Sep 03	Oct 03 Sep 04	Oct 04 Sep 05
The World	3,055	4,251	4,411
United States	2,003	2,869	3,625
China	1,040	1,329	715
Vietnam	1	19	41
Hong Kong	4	2	25
All Others	0	0	0

Source: Statistics Canada/World Trade Atlas

Table 5: Peanut Oil Import Trade Matrix

Marketing Year October/September Data

HS 1508

Quantity: MT

Country	Oct 02 Sep 03	Oct 03 Sep 04	Oct 04 Sep 05
The World	2,430	1,977	1,786
United States	2,006	1,722	1,566
Hong Kong	102	59	100
Argentina	195	121	65
China	81	35	27
France	29	26	12
Australia	-	-	11
All Others	-	-	-

Source: Statistics Canada/World Trade Atlas

Table 6: In-Shell Peanut Export Trade Matrix

Marketing Year October/September Data

HS 120210

Quantity: MT

Country	Oct 02 Sep 03	Oct 03 Sep 04	Oct 04 Sep 05
The World	45	1	-
United States	1	-	-
France	0	-	-
China	36	-	-
Thailand	-	-	-
Guyana	7	-	-
St. Kitts & Nevis	1	-	-
Grenada	-	-	-
Netherlands Antilles	-	-	-
Aruba	-	1	-

Source: Statistics Canada/World Trade Atlas

Table 7: Shelled Peanut Export Trade Matrix

Marketing Year October/September Data
 HS 120220
 Quantity: MT

Country	-	Oct 02-Sep 03	Oct 03-Sep 04	Oct 04-Sep 05
-- The World --	-	44	11	14
Grenada	-	11	10	12
France	-	0	1	1
St. Vincent & the Grenadi-	-	-	-	1
Antigua & Barbuda	-	0	-	0
China	-	-	-	-
Guyana	-	34	-	-
Jamaica	-	-	0	-

Source: Statistics Canada/World Trade Atlas

Table 8: Peanut Oil Export Trade Matrix

Marketing Year October/September Data
 HS 1508
 Quantity: MT

Country	Oct 02 Sep 03	Oct 03 Sep 04	Oct 04 Sep 05
The World	834	59	39
United States	820	44	30
Taiwan	-	1	5
Chile	-	12	2
China	-	-	1
Barbados	-	0	1
Brazil	14	-	-
Netherlands Antilles	-	0	-
Hong Kong	-	2	-
India	-	-	-

Source: Statistics Canada/World Trade Atlas

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