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Report Highlights:

FAS Ottawa forecasts total wheat production to be 31.1 million metric tons (MT), down ten percent year-over-year (y/y) on lower yields due to widespread drought across the prairie provinces. While MY 23/24 average wheat yields are lower than last year, dryness throughout most of the growing season in the prairie provinces has given rise to high wheat quality grades. Canada imported a record USD $269 million in U.S. wheat products and flour in MY 2022/23 because of low domestic supply due to drought, and high food prices.

Table 1: Wheat Production, Supply, and Demand

WHEAT	2021/2022		2022/2023		2023/2024 (f)	
Market Begin Year	Aug-21		Aug-22		Aug-22	
	USDA Official	Post	USDA Official	Post	USDA Official	Post
Area Harvested (1000 HA)	9,199	9,199	10,082	10,082	10,600	10,600
Beginning Stocks (1000 MT)	5,953	5,953	3,663	3,663	3,658	3,658
Production (1000 MT)	22,422	22,422	34,335	34,335	31,000	31,058
MY Imports (1000 MT)	552	552	552	552	600	550
TY Imports (1000 MT)	558	558	545	545	600	550
TY Imp. from U.S. (1000 MT)	395	395	303	303		
Total Supply (1000 MT)	28,927	28,927	38,550	38,550	35,258	35,266
MY Exports (1000 MT)	15,116	15,136	25,746	25,574	23,000	22,000
TY Exports (1000 MT)	14,990	15,010	25,459	25,292	23,000	22,000
Feed and Residual (1000 MT)	5,152	5,132	4,000	4,172	3,500	4,500
FSI Consumption (1000 MT)	4,996	4,996	5,146	5,146	5,200	5,250
Total Consumption (1000 MT)	10,148	10,128	9,146	9,318	8,700	9,750
Ending Stocks (1000 MT)	3,663	3,663	3,658	3,658	3,558	3,516
Total Distribution (1000 MT)	28,927	28,927	38,550	38,550	35,258	35,266
Yield (MT/HA)	2.44	2.44	3.41	3.41	2.93	2.93

Source: FAS Ottawa, incorporating MY 2023/24 wheat yield and harvest from the October 23, 2023 USDA WASDE and historic Statistics Canada production, supply, and distribution data.

Production MY 2023/24

FAS Ottawa’s forecast incorporates MY 2023/24 wheat yield and harvest from the October 23, 2023 USDA WASDE. Final estimates for yield and harvested area will be published by Statistics Canada in December. The yield and harvest estimates used in this report represent a 13 percent drop in yield estimate from FAS Ottawa’s July forecast, and a one percent decrease in area harvested.

FAS Ottawa forecasts total wheat production to be 31.1 million metric tons (MT), down ten percent year-over-year (y/y) on lower yields due to widespread drought across the prairie provinces.

According to preliminary data from Statistics Canada’s September 14, 2023, Model Based Principal Field Crop Estimates, average provincial yields were down for spring wheat and durum in every wheat-growing province. Only winter wheat in Manitoba saw a yield increase. Yields were up 33 percent y/y to 4.66 tons per hectare. Manitoba produced four percent of Canada’s winter wheat, according to early estimates, in line with the five-year average of three percent (’18 - ’22).

Early estimates from Statistics Canada indicate spring wheat production falling 12 percent despite an eight percent increase in area planted over the previous year. Seventy-one percent of area planted to wheat in Canada was spring wheat, consistent with the five-year average.

Durum wheat production is estimated to be down 30 percent, despite a marginal increase in area planted, on a reduction of yield of 36 percent in Alberta and 27 percent in Saskatchewan.

Winter wheat production is estimated up 16 percent y/y on a 20 percent increase in area planted across Canada, which offset an 18 percent decline in average national yield.

Table 2: Preliminary wheat production estimates by Statistics Canada

Geography	Type of crop	2021	2022	2023(e)	10-yr avg
Canada	Wheat, durum	3,032,490	5,789,579	4,058,800	5,355,927
	Wheat, spring	16,161,901	25,844,133	22,637,217	22,526,439
	Wheat, winter remaining	3,227,759	2,701,075	3,138,819	2,783,365
	total	**22,422,150**	**34,334,787**	**29,834,836**	**31,195,984**
Quebec	Wheat, durum				
	Wheat, spring	252,730	243,245	182,082	228,876
	Wheat, winter remaining	76,488	93,476	95,187	56,055
	total	**329,200**	**347,135**		**286,926**
Ontario	Wheat, durum				-
	Wheat, spring	166,441	157,612	125,746	149,490
	Wheat, winter remaining	2,826,576	2,227,872	2,596,989	2,121,264
	total	**2,993,017**	**2,385,484**	**2,722,735**	**2,270,704**
Manitoba	Wheat, durum	16,759	53,368		32,657
	Wheat, spring	3,686,732	4,668,394	4,572,345	4,321,577
	Wheat, winter remaining	59,331	37,586	137,364	169,418
	total	**3,762,800**	**4,758,248**		**4,482,883**
Saskatchewan	Wheat, durum	2,416,061	4,516,489	3,359,200	4,359,565
	Wheat, spring	6,377,062	10,669,336	9,137,338	9,243,994
	Wheat, winter remaining	40,759	90,550	57,409	204,132
	total	**8,833,882**	**15,276,375**	**12,553,947**	**13,807,700**
Alberta	Wheat, durum	598,923	1,194,495	699,600	979,032
	Wheat, spring	5,597,900	9,963,746	8,479,449	8,442,250
	Wheat, winter remaining	178,034	185,064	200,100	194,440
	total	**6,374,900**	**11,343,305**		**9,642,012**
British Columbia	Wheat, durum		2,958		1,253
	Wheat, spring	45,779	97,436	99,715	92,163
	Wheat, winter remaining	12,240	10,453		12,599
	total	**58,019**	**110,847**	**99,715**	**98,838**

Source: Statistics Canada

Wheat quality

While MY 23/24 average wheat yields are generally lower than last year, dryness throughout most of the growing season in the prairie provinces has given rise to high wheat quality grades.

Canada Grain Commission's sampling program reported Canadian Western Red Spring grown in Western Canada as 71 percent grade No. 1; 27 percent grade No. 2; two percent feed grade. The average protein was 13.8 percent.

Saskatchewan crop quality

The Saskatchewan provincial government's final crop production report of the year covers the period of October 10 to 16, 2023 and indicates the percent of wheat that falls within each grade.

Table 3: Saskatchewan spring wheat quality grades by percent

	1CW	2CW	3CW	CW feed
		Spring Wheat		
2013	57	32	9	2
2014	9	42	29	20
2015	26	41	23	10
2016	10	42	28	20
2017	77	20	3	0
2018	46	28	19	7
2019	13	35	28	24
2020	67	26	5	2
2021	49	37	11	2
2022	74	22	3	1
10 yr avg	43	33	16	9
2023	**59**	**35**	**5**	**1**

Source: Saskatchewan Ministry of Agriculture

Note: Ten-year average is calculated from 2013 to 2022

Table 4: Saskatchewan durum wheat quality grades by percent

	1CW	2 CW	3CW	Other (4&5)
		Durum		
2013	21	34	34	11
2014	2	13	37	48
2015	20	40	25	15
2016	4	14	34	48
2017	72	23	4	1
2018	51	23	16	10
2019	12	26	33	29
2020	58	28	8	6
2021	39	36	21	4
2022	52	36	10	2
10 yr avg	**33**	**27**	**22**	**17**
2023	**46**	**36**	**16**	**2**

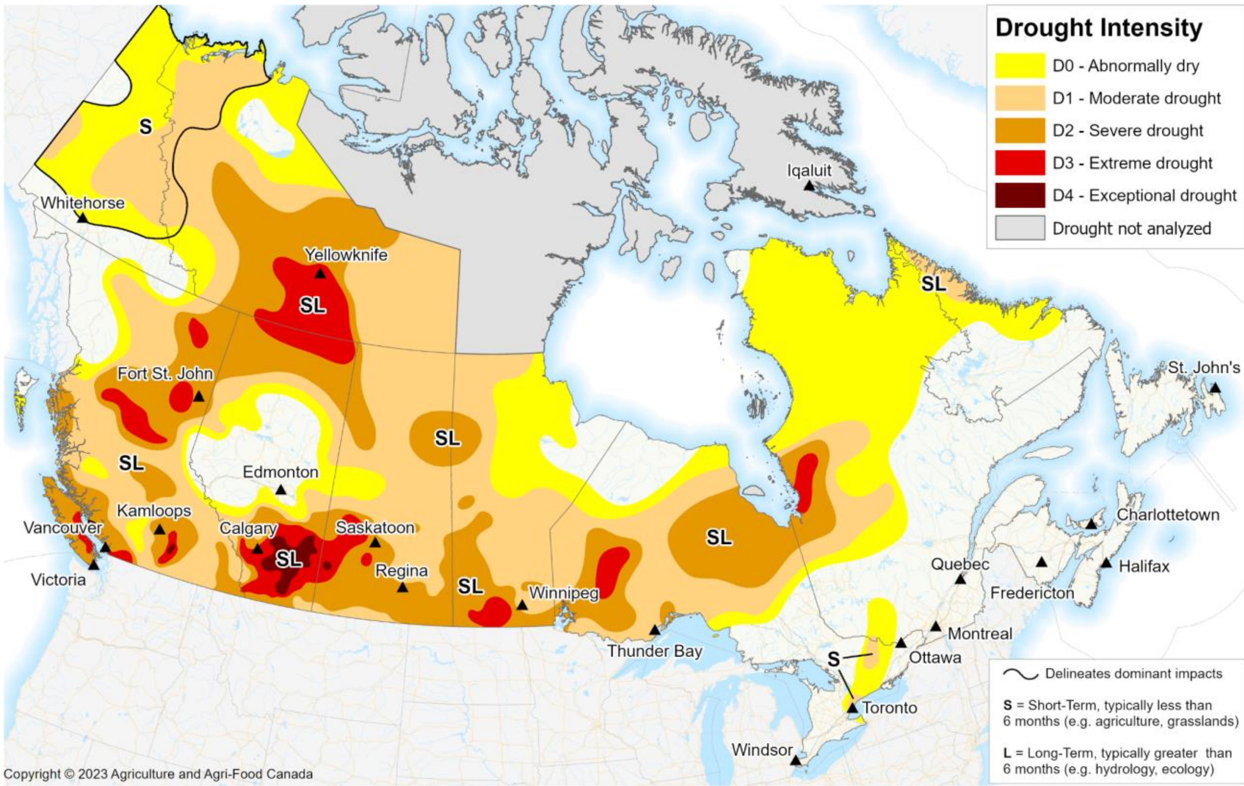
Source: Saskatchewan Ministry of Agriculture

Note: Ten-year average is calculated from 2013 to 2022

Heading into winter, cropland topsoil moisture in Saskatchewan is improved over this time last year, with 31 percent of cropland having adequate moisture (compared to 22 percent in October 2022), 44 percent short (35 percent last year), and 25 percent very short (43 percent last year).

Much of the prairie provinces, Ontario, and Quebec received their first snowfall the week of October 22, 2023, and the following week.

Figure 1: Canadian Drought Monitor, Conditions as of September 30, 2023



Source: Agriculture and Agri-Food Canada

Consumption – MY 2023/24

Data thus far indicates that the quality of the 2023 wheat crop is high and the supply of feed grade wheat in MY 2023/24 remains low. Alberta feed grain prices in Lethbridge, Alberta (near Canada's 'feedlot alley') were CDN $352.50 the week of October 23, down from CDN $452.50 the week of January 2. Prices from a year ago were unavailable during the preparation of this report.

Consumption – MY 2022/23

Table 5: Milled wheat ('000 MT), August to July

	MY2017/18	MY 2018/19	MY 2019/20	MY 2020/21	MY 2021/22	MY 2022/23
Total wheat milled	3,188	3,206	3,218	3,178	3,253	3,292
Western red spring wheat milled	2,235	2,251	2,279	2,214	2,188	2,194
Western amber durum wheat milled	222	215	234	212	219	220
Other western wheat milled	126	105	76	65	99	81
Ontario winter wheat milled	496	553	547	584	610	620
Other eastern wheat milled	113	81	81	101	138	174

Source: Statistics Canada

Over the past two years, the share of human consumption of wheat products and flour met by imports has increased due to low domestic supplies. Human consumption of wheat products and flour has increased three percent over the past two years to 3.2 million MT, while imports of wheat products and flour have increased 25 percent y/y to 0.5 million MT.

Imports – MY 2023/24

Wheat grain imports are projected to remain low due to Canada's position as a major producer of wheat. Some demand for feed wheat from the United States will be driven by the scarcity of feed grade wheat in a year of high-quality production, but freight rates will determine the level of feed wheat imported. Feed wheat has represented an annual average of only 13 percent of total distribution over the past five years, and only 12 percent of feed wheat consumption was met by U.S. imports.

Feed corn and barley are preferred over feed wheat. U.S. wheat is generally imported primarily for the purpose of feeding livestock, because of sufficient domestic supplies for other end uses and because of Canada's varietal registration system.

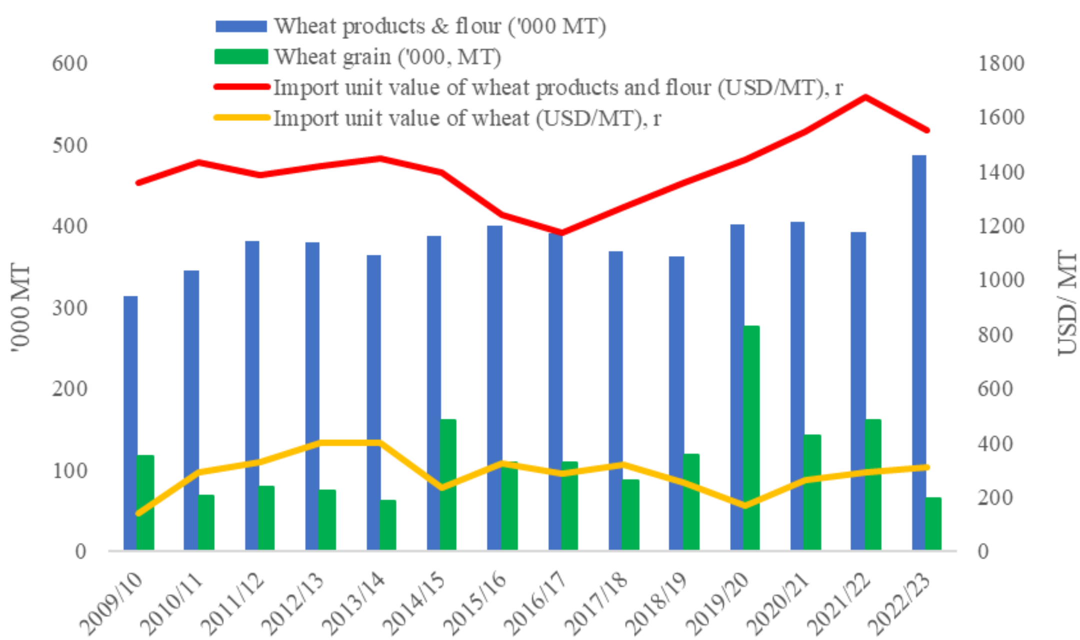
Post projects that Canadian demand for U.S. wheat products (e.g., flour, pasta) will remain higher than historic levels due to the prairie drought leaving less Canadian wheat available to domestic millers and processors.

Imports – MY 2022/23

Canada imported a record USD $269 million in U.S. wheat products and flour in MY 2022/23, up from a five-year average (MY17/18 to MY 21/22) of USD $219.7 million, as a result of low domestic supply due to drought and high food prices. Imports of wheat products and flour from the United States reached 272,280 MT, the highest volume since MY 2012/13.

Ninety-three percent of wheat grain imports and 56 percent of wheat products came from the United States in MY 2022/23.

Figure 2: Imports of wheat grain, wheat products, and flour in grain equivalent



Data source: Trade Data Monitor, LLC

Table 6: Imports of wheat products and flour, in grain equivalent, '000, MT

Partner	MY 18/19	MY 19/20	MY 20/21	MY 21/22	MY 22/23	MY 22/23 % Share
World	362	405	404	391	487	100
United States	219	215	209	212	272	55.99
Italy	42	53	51	45	55	11.28
China	30	48	45	49	55	11.2
Turkey	15	22	24	20	29	5.92
Thailand	12	12	13	14	16	3.35
India	16	20	26	18	15	3.04
South Korea	9	10	11	12	13	2.59

Source: Trade Data Monitor, LLC

Table 7: Imports of wheat, including durum, '000, MT

Partner	MY 18/19	MY 19/20	MY 20/21	MY 21/22	MY 22/23	MY 22/23 % Share
World	118.94	275.08	141.81	160.59	65.28	100
United States	110.07	271.47	141.70	160.51	60.63	92.89
Romania	-	-	-	-	4.00	6.12

Source: Trade Data Monitor, LLC

EXPORTS -- 2023/24

Total wheat exports are projected to fall nearly 14 percent year-over-year on lower domestic supplies due to lower production in MY 2022/23 and stocks that have remained historically low since the drought year MY 2021/22. Durum wheat exports to North Africa (particularly Morocco) and Italy are forecast to decrease due to a 30 percent reduction in production and stocks that have remained low since MY 2021/22.

EXPORTS – MY 2022/23

Total exports of wheat and wheat products, combined, increased 69 percent, y/y, on improved domestic supplies.

Table 8: Exports of wheat (excluding durum), '000, MT

Partner	MY 18/19	MY 19/20	MY 20/21	MY 21/22	MY 22/23	MY 22/23 % Share
World	19,593	18,534	20,385	12,136	20,194	100
China	2,093	1,806	3,324	690	3,033	15.02
Indonesia	2,307	2,198	2,280	1,221	2,072	10.26
Japan	1,521	1,838	1,547	1,627	1,645	8.15
Peru	1,147	1,197	1,825	807	1,426	7.06
Bangladesh	1,234	1,092	1,108	656	1,383	6.85
United States	1,545	1,220	1,089	1,139	1,237	6.12
Colombia	1,344	1,309	1,463	969	1,181	5.85
Mexico	899	678	700	327	800	3.96
Ecuador	691	565	869	678	742	3.68
Nigeria	703	635	919	481	695	3.44
Philippines	102	226	1	282	466	2.31

Source: Trade Data Monitor, LLC

Table 9: Exports of durum wheat, '000, MT

Partner	MY 18/19	MY 19/20	MY 20/21	MY 21/22	MY 22/23	MY 22/23 % Share
World	4,513	5,282	5,752	2,703	5,025	100
Algeria	1,058	365	1,121	413	1,225	24.37
Italy	616	1,257	1,398	301	1,156	23.01
Morocco	792	885	1,057	679	822	16.36
United States	766	501	329	500	601	11.96
Tunisia	178	208	287	0	325	6.47
Japan	174	227	231	202	182	3.62
Spain	-	110	17	27	100	1.98
Peru	131	125	158	73	95	1.88
Nigeria	62	159	173	123	72	1.43
Venezuela	-	35	82	70	61	1.21
Portugal	4	-	28	-	57	1.13

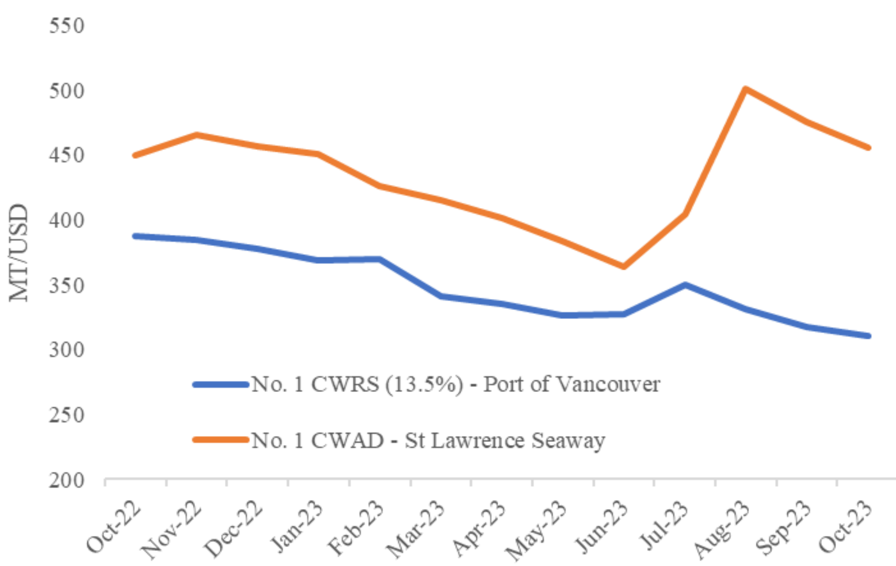
Source: Trade Data Monitor, LLC

Table 10: Exports of wheat products and flour, in grain equivalent, '000, MT

Partner	MY 18/19	MY 19/20	MY 20/21	MY 21/22	MY 22/23	MY 22/23 % Share
World	320.4	322.9	291.9	297.7	355.3	100
United States	295.6	299.1	273.4	284.4	315.7	88.85
Thailand	0.0	0.0	0.0	0.0	12.4	3.48
Bahamas	2.7	3.2	3.6	3.9	5.8	1.64
Cuba	0.0	0.0	0.0	0.0	3.8	1.07

Source: Trade Data Monitor, LLC

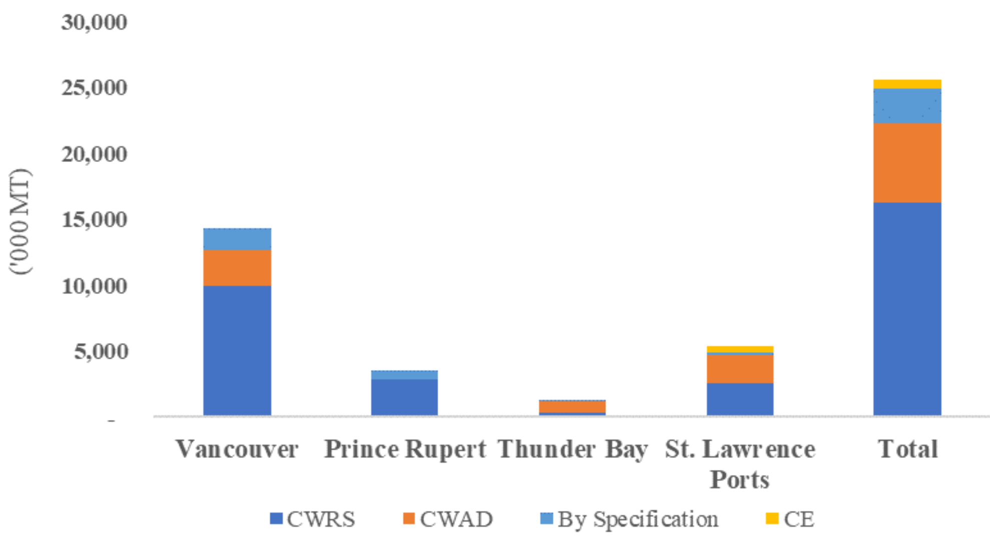
Figure 3: FOB monthly export prices of CWRS and CWAD



Source: International Grains Council

Average monthly FOB export prices of Canadian Western Red Spring (CWRS) with 13.5% protein, at the Port of Vancouver, fell 20 percent from October 2022 to October 2023. Average monthly FOB export prices of No 1 Canadian Western Amber Durum (CWAD) at the Saint Lawrence Seaway increased 1.4 percent from October 2022 to October 2023.

Figure 4: Volume of wheat exports from Canadian ports, MY 2022/23



FAS/Ottawa, with data from Canadian Grain Commission

Note: The Canadian Grain Commission's category "St Lawrence Ports" includes the Port of Halifax. Exported wheat in Figure 4 includes Canadian Western Red Spring (CWRS), Canadian Western Amber Durum (CWAD), Canadian Eastern (CE), and wheat sold on specification of characteristics such as protein, gluten, etc.

Saint Lawrence Seaway Closure

The Saint Lawrence Seaway shut down for eight days, ending October 30, 2023, due to a labor strike that shut down Seaway locks. The St Lawrence Seaway Management Corp. and the striking labor union (Unifor) reached a tentative agreement on October 29.

Each year, six to eight million tons of non-durum wheat, soybeans, durum wheat, corn, and pulses (e.g., chickpeas and lentils) flow through the Saint Lawrence Seaway to be sold in Canada, the United States and around the world In an average month, between 500,000 and 700,000 tons of bulk grain travels through the Seaway. In each of the past five years, 23 percent to 63 percent of Seaway grain traffic has moved through the Seaway during the months of October and November -- a busy period that lies between the annual fall harvest and the annual closure of the Seaway (around December 31 each year).

Industry sources state that October and November are also critical months for the movement of potash out of Canada to farmers around the world and the importation of nitrogen for fertilizer use in Canada and the United States.

Storage Stocks – MY 2023/24

FAS Ottawa has reduced its MY 2023/24 ending stocks forecast by seven percent to 3.5 million MT in light of new information on lower yields affecting domestic supplies. This takes the stocks-to-use ratio to ten percent, well below the ten year average of 19 percent.

Storage Stocks – MY 2022/23

According to Statistics Canada, total wheat stocks fell 2.2 percent y/y to 3.6 million MT as of July 31, despite higher total supplies (up 33.4 percent to 38.1 million MT). Commercial stocks were unchanged, at 2.7 million MT, while on-farm stocks fell 8.2 percent to 875,000 MT. Compared with the same date in 2022, wheat excluding durum rose 3.1 percent to 3.2 million MT, while durum wheat stocks fell 30.4 percent to 396,000 MT.

Attachments:

No Attachments