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Canada

Grain and Feed Update

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Report Highlights:

Wheat

2011/2012

Production statistics suggest wheat production (including durum) for 2011/2012 is expected to reach 24,160 thousand metric tons (TMT). This forecast production level represents a 4% increase above 2010/2011 production levels. The production increase is mainly attributable to a substantial rise in area seeded to durum compared to year 2010/2011 levels. Slightly lower seeded area to wheat (excluding durum) in 2011/2012 is expected to have been offset by higher yields. Wheat quality in 2011/2012 is expected to be average. The forecasted increase in production will help lift 2011/2012 wheat supplies.

Exports in 2011/2012 are forecast to reflect the increase in supplies. Exports in 2011/2012 are forecast to reach 17.3 million metric tons (MMT). This is 6% higher than the 5 year average of 16.3 MMT but 4% below the 5 year average of 18.0 MMT. Stocks are forecast to be drawn down as a result of the increase in supplies not being enough to offset demand.

2010/2011

Based on trade statistics, wheat exports in 2010/2011 are estimated at 16,576 TMT. Exports in 2010/2011 were limited by lower supplies resulting from lower production caused by difficult to impossible seeding condition in the spring of 2010. Areas normally seeded to durum were particularly affected. Carry-out stocks are expected to be 7,189 TMT.

Policy

The Canadian Wheat Board (CWB), through legislation, currently has the sole marketing authority for wheat and barley produced by Western Canadian grain farmers and destined for export and/or human consumption. The manner in which the 2011/2012 wheat crop (current crop) will be marketed will remain unchanged. However, significant legislative changes to the CWB mandate are anticipated to come into effect by the next crop year (beginning August 1, 2012) that will affect the way Canadian wheat and barley are marketed.

Bill C-18, also known as the Marketing Freedom for Grain Farmers Act, was introduced into the Canadian Parliament on October 18, 2011, and is currently making its way through the parliamentary system. The Canadian government has made clear its intention to pass Bill C-18 before the end of the year (2011). The purpose of the 5-part bill is to transition the CWB from a state trading enterprise into a commercial/privatized corporation over a five year period. This transition begins as soon as the bill comes is enacted (anticipated to be as early as January 2012). The first change will be to reduce and re-structure the Board of Directors and will allow forward contracting by any person, not just by the CWB as is currently the case, for sales to be executed in the ***next*** crop year. Should the proposed legislation become law, the current CWB Act will be revoked at the beginning of the new crop year and replaced with the Canadian Wheat Board Interim Operations Act. The CWB Interim Operations Act eliminates the single-desk powers of the CWB and requires the CWB to operate voluntary pools. The CWB Interim Operations Act retains the credit and borrowing guarantees that are backed by the Canadian government, as well as the government guarantees on initial payments to farmers. The CWB Interim Operations Act has a five year lifespan. After five years, it is revoked due to the fact that the Act requires the CWB to have been privatized or have been dissolved within that time period.

While the timeframe being proposed by the Canadian government reduces some the uncertainty, there are many outstanding questions including how any out-standing long-term contracts made by the CWB will be handled.

More information on Bill C-18 can be found at the following URL address:
http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Bill%20C-18%20-%20The%20Marketing%20Freedom%20for%20Grain%20Farmers%20Act_Ottawa_Canada_11-03-2011.pdf

Barley

2011/2012

Barley production statistics for year 2011/2012 suggest that Canadian barley production will reach 7,898 TMT, a slight 4% increase from year 2010/2011's very low levels and is expected to be the third smallest barley crop in over 10 years. Barley acreage has been trending downwards for many years as barley acreage competes with more lucrative oilseed crops. Imports in 2011/2012 are forecast to rise due to very low supplies and a steady domestic demand.

Exports in 2011/2012 will be limited by low supplies and are forecast to fall to 1,000 TMT from 2010/2011 expected levels of 1,207 TMT. This is significantly below the 5 year average of 1,655 TMT. Ending stocks will be drawn down further. Industry is anticipating a resurgence in barley acreage in 2012/2013 based on the expectation that barley prices will rise to encourage area seeded to barley. In addition, the likely changes to the way barley will be marketed as of August 1, 2012 may also encourage some producers to seed barley (see Policy section under Wheat for more detail on anticipated marketing changes).

2010/2011

Exports were limited by lower supplies resulting from a lower area seeded. While unfavorable spring conditions were part of the reason for lower barley acreage, area seeded to barley has been steadily declining over time. As mentioned above, this is largely attributed to the fact that that barley acreage competes with more lucrative oilseed crops such as canola, as well as pulses. Trade statistics suggest that barley exports will fall to 1,207 TMT. Carry-out stocks are estimated to be drawn down to 1,441 TMT, reflecting lower production levels.

Corn

2011/2012

Corn production statistics for 2011/2012 suggests that corn production fell 14% from 2010/2011 levels due to a return to normal yields. Production levels are estimated at 10,067 TMT. Imports are forecast to increase to 1,700 TMT from 1,213 TMT in 2010/2011 due to lower supplies. This is still significantly lower than the 5 year average of 2,090 TMT.

Lower supplies are also expected to result in lower exports in 2012/2012 compared to 2010/2011's record export levels. Exports are forecast to fall 70% to 500 TMT, close to the 10 year average. Feed use and industrial use of corn are forecast to remain steady. Stocks are forecast to be drawn down due to lower supplies and steady demand.

2010/2011

Corn exports in 2010/2011 reflect increased supplies resulting from higher than average yields and high stocks. Trade data shows corn exports increasing to 1,710 TMT, up over 1200% from year 2009/2010 levels of 129 TMT. Higher supplies are expected to result in a 42% fall in imports from 2009/2010 levels. 2010/2011 imports are estimated to be 1,213 TMT. Industrial use of corn is expected to increase 8% due to increased use for ethanol purposes resulting from higher than average domestic supplies of corn. Significantly higher than average exports will draw down higher than average carry-in stocks.

Oats

2011/2012

Production statistics for 2011/2012 suggest that oats production has rebounded in 2011/2012. Canadian oats production is expected to reach 2,896 TMT, up 17% from 2010/2011 production levels of 2,480 TMT. This rebound is due to favorable fall weather, as well as an increase in area seeded compared to the low levels in 2010/2011. Difficult seeding conditions in the spring of 2010 negatively affected oats production in 2010/2011. The increase in supplies for 2011/2012 is forecast to result in a 20% decrease in imports. Imports are forecast at 16 TMT. Increased supplies, combined with increased demand from the United States resulting from low supplies, are expected to lift exports slightly to 1,415 TMT. Feed use and domestic use are forecast to remain steady.

2010/2011

Trade statistics suggest that oats exports will fall to 1,375 TMT due to limited supplies caused by a drop in production. This represents a 10% decrease from year 2009/2010 levels. Limited supplies, higher prices and the availability of ample supplies of feed wheat also limited feed use. Feed use is anticipated to fall over 20% from year 2009/2010 levels when higher supplies of oats were available.

Statistics:

Wheat Canada	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Aug 2009		Market Year Begin: Aug 2010		Market Year Begin: Aug 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	9,638	9,638	8,269	8,269	8,600	8,578
Beginning Stocks	6,547	6,547	7,829	7,829	7,189	7,189
Production	26,848	26,848	23,167	23,167	24,200	24,160
MY Imports	403	431	429	413	400	400
TY Imports	403	427	429	403	400	400
TY Imp. from U.S.	315	342	330	310	0	310
Total Supply	33,798	33,826	31,425	31,409	31,789	31,749
MY Exports	19,042	19,042	16,500	16,576	18,000	17,300
TY Exports	18,992	18,992	16,768	16,769	18,000	17,300
Feed and Residual	2,222	2,768	2,886	3,248	3,700	3,575
FSI Consumption	4,705	4,187	4,850	4,396	5,100	4,774
Total Consumption	6,927	6,955	7,736	7,644	8,800	8,349
Ending Stocks	7,829	7,829	7,189	7,189	4,989	6,100
Total Distribution	33,798	33,826	31,425	31,409	31,789	31,749
1000 HA, 1000 MT, MT/HA						

Barley Canada	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Aug 2009		Market Year Begin: Aug 2010		Market Year Begin: Aug 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	2,918	2,918	2,387	2,387	2,350	2,431
Beginning Stocks	2,843	2,843	2,583	2,583	1,441	1,441
Production	9,517	9,517	7,605	7,605	7,900	7,898
MY Imports	36	36	44	43	50	50
TY Imports	29	29	50	50	50	55
TY Imp. from U.S.	29	29	0	49	0	54
Total Supply	12,396	12,396	10,232	10,231	9,391	9,389
MY Exports	1,309	1,309	1,207	1,207	700	1,000
TY Exports	1,203	1,203	1,100	1,150	700	900
Feed and Residual	7,269	7,283	6,449	6,406	6,125	6,299
FSI Consumption	1,235	1,221	1,135	1,177	1,100	1,190
Total Consumption	8,504	8,504	7,584	7,583	7,225	7,489
Ending Stocks	2,583	2,583	1,441	1,441	1,466	900
Total Distribution	12,396	12,396	10,232	10,231	9,391	9,389
1000 HA, 1000 MT, MT/HA						

Corn Canada	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Sep 2009		Market Year Begin: Sep 2010		Market Year Begin: Sep 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	1,142	1,142	1,203	1,203	1,200	1,192

Beginning Stocks	1,833	1,833	1,758	1,758	1,278	1,278
Production	9,561	9,561	11,714	11,715	10,000	10,067
MY Imports	2,099	2,117	949	1,213	1,400	1,700
TY Imports	1,961	1,977	975	1,405	1,400	1,700
TY Imp. from U.S.	1,959	1,976	0	1,404	0	1,699
Total Supply	13,493	13,511	14,421	14,686	12,678	13,045
MY Exports	129	129	1,709	1,710	500	500
TY Exports	184	186	1,700	1,690	500	500
Feed and Residual	6,996	7,033	6,674	6,697	6,300	6,631
FSI Consumption	4,610	4,591	4,760	5,001	4,700	4,914
Total Consumption	11,606	11,624	11,434	11,698	11,000	11,545
Ending Stocks	1,758	1,758	1,278	1,278	1,178	1,000
Total Distribution	13,493	13,511	14,421	14,686	12,678	13,045
1000 HA, 1000 MT, MT/HA						

Oats Canada	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Aug 2009		Market Year Begin: Aug 2010		Market Year Begin: Aug 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	980	980	906	906	1,000	993
Beginning Stocks	1,527	1,527	1,170	1,170	769	769
Production	2,906	2,906	2,480	2,480	2,900	2,896
MY Imports	16	16	20	25	15	20
TY Imports	21	21	20	17	15	20
TY Imp. from U.S.	20	20	0	16	0	19
Total Supply	4,449	4,449	3,670	3,675	3,684	3,685
MY Exports	1,526	1,526	1,376	1,375	1,450	1,415
TY Exports	1,539	1,539	1,350	1,400	1,450	1,415
Feed and Residual	1,043	1,041	775	821	800	820
FSI Consumption	710	712	750	710	700	700
Total Consumption	1,753	1,753	1,525	1,531	1,500	1,520
Ending Stocks	1,170	1,170	769	769	734	750
Total Distribution	4,449	4,449	3,670	3,675	3,684	3,685
1000 HA, 1000 MT, MT/HA						

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