

Required Report: Required - Public Distribution

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Report Name: Grain and Feed Update

Country: Canada

Post: Ottawa

Report Category: Grain and Feed

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Report Highlights:

Wheat area rose to its highest level since 2001, at the expense of oats, rye, mixed grains, and lentils. Export volumes of wheat grain year-to-date (August to May) are up 78 percent over the same time last year, and wheat products (in grain equivalent) are up 21 percent. Up until the termination of the Black Sea Grain Initiative, wheat export prices had been declining throughout the marketing year due to a large global wheat supply and relatively fluid global grain trade. Extreme drought conditions persist in southern Alberta, with severe drought stretching to central Alberta. Scattered showers have helped stabilize crop conditions in northern regions of the prairie provinces; however, crop conditions are deteriorating, and more rain is needed.

Table 1. Production, Supply, and Distribution of Wheat in Canada

WHEAT	2021/2022		2022/2023		2023/2024	
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	10,700
Beginning Stocks (1000 MT)	5,953	5,953	3,663	3,663	2,537	3,337
Production (1000 MT)	22,422	22,422	33,824	33,824	35,000	35,800
MY Imports (1000 MT)	552	552	550	550	600	550
TY Imports (1000 MT)	558	558	550	550	600	550
TY Imp. from U.S. (1000 MT)	392	392	-	-	-	-
Total Supply (1000 MT)	28,927	28,927	38,037	38,037	38,137	39,687
MY Exports (1000 MT)	15,116	15,136	25,500	25,100	26,500	26,500
TY Exports (1000 MT)	14,990	15,010	25,500	25,200	26,500	26,500
Feed and Residual (1000 MT)	5,152	5,132	4,500	4,500	4,000	4,500
FSI Consumption (1000 MT)	4,996	4,996	5,500	5,100	5,100	5,120
Total Consumption (1000 MT)	10,148	10,128	10,000	9,600	9,100	9,420
Ending Stocks (1000 MT)	3,663	3,663	2,537	3,337	2,537	3,767
Total Distribution (1000 MT)	28,927	28,927	38,037	38,037	38,137	39,687
Yield (MT/HA)	2.44	2.44	3.36	3.35	3.30	3.35

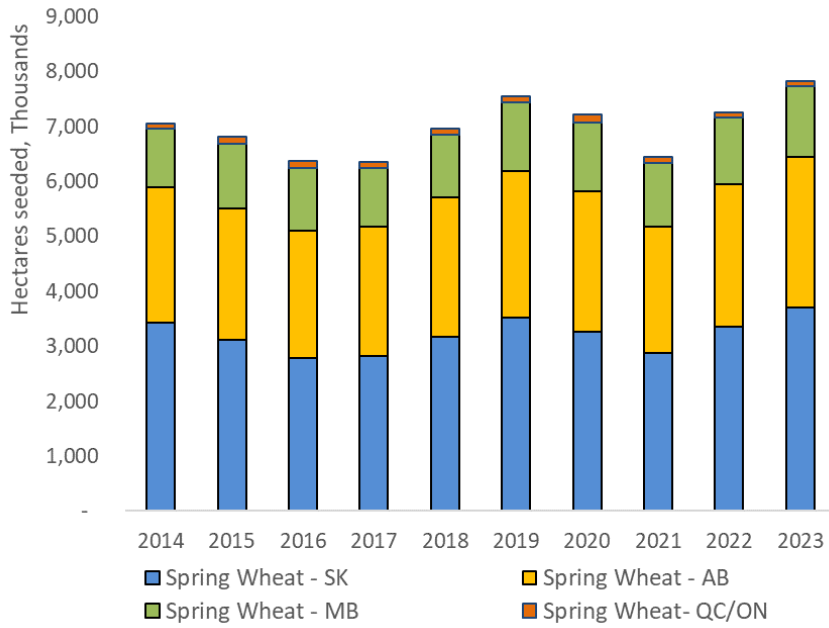
Production – Marketing Year 2023/24

Statistics Canada’s Seeding Intentions of Principal Field Crops survey indicates that farmers reported planting 10.9 hectares of wheat in 2023, up 6.4 percent from 2022, at the expense of oats, rye, mixed grains, and lentils. Wheat area expansion was led by spring wheat (up eight percent to 2.4 million hectares) and durum wheat area (up 0.5 percent to 2.4 million hectares). Winter wheat, grown predominantly in Eastern Canada, increased 20 percent to 572,000 hectares.

Spring wheat area grew the most in Saskatchewan, which accounts for 47 percent of Canada’s spring wheat area and 34 percent of total wheat area in 2023. Alberta accounts for 35 percent of Canada’s spring wheat area and 25 percent of total wheat area.

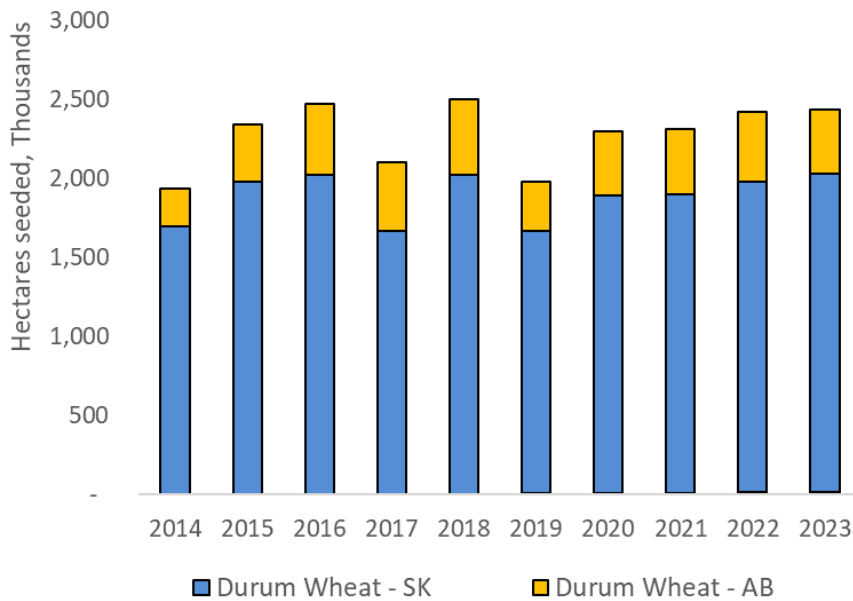
The additional 0.66 million hectare increase in wheat area is likely attributable to strong prices leading into planting season, low input requirements relative to some other crops, and a willingness of farmers to switch to wheat from competing crops such as oats, which are in over-supply. In 2023, oats saw a reduction in area by 0.4 million hectares from a multi-year high of 1.6 million hectares in 2022. Oat storage stocks, as of March 2023, were the highest stocks on record of any March since 2009, deterring many farmers from planting oats in 2023.

Figure 1: Area Planted to Spring Wheat



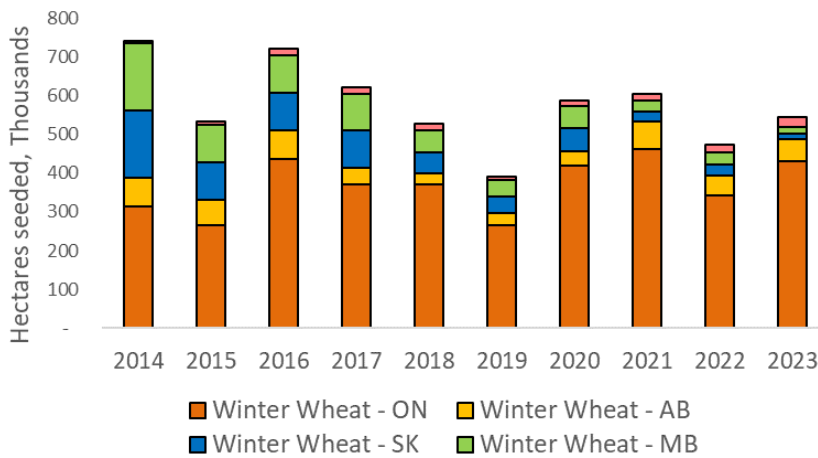
Data source: Statistics Canada

Figure 2: Area Planted to Durum



Data source: Statistics Canada

Figure 3: Area Planted to Winter Wheat

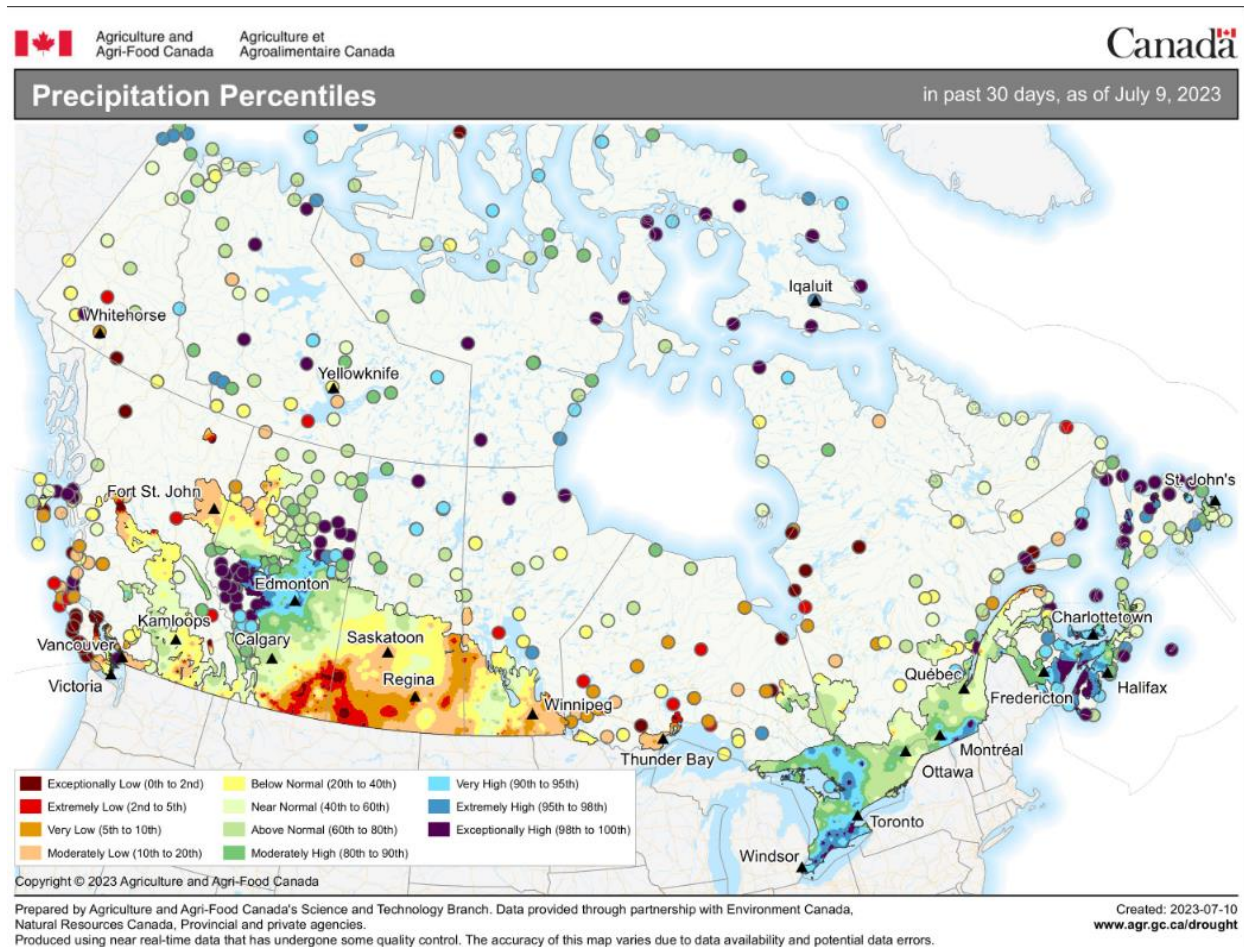


Data source: Statistics Canada

Saskatchewan: The Saskatchewan provincial government [reports](#) that as at July 10, wheat is beginning to flower in many areas. Across Saskatchewan, spring wheat conditions rated at 50 percent good/excellent (70 percent as of June 26). Durum conditions rated at 26 percent good/excellent (42 percent as of June 26).

In the 30 days ending July 9, southern Saskatchewan received extremely low precipitation.

Figure 4. Precipitation Percentiles in the past 30 days as of July 9, 2023



Source: [Agriculture Agri-Food Canada](#)

Alberta: Scattered showers across the northern Alberta in the last week of June and first week of July have helped stabilize crop conditions. Low subsoil moisture was reported at seeding time, so timely rain was needed. Agriculture and Agrifood Canada (AAFC) reports that in the 30 days ending July 9, southern Saskatchewan received extremely low precipitation.

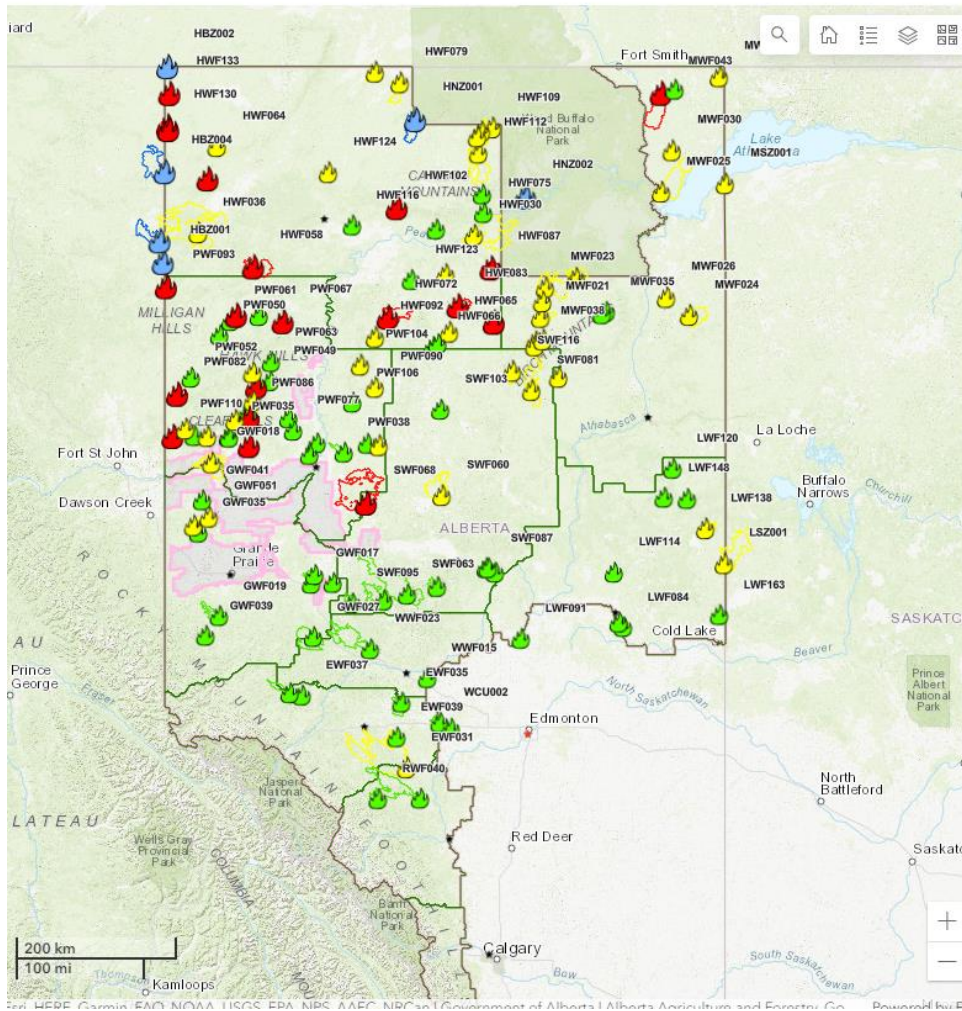
The government of Alberta reports that across the province, spring wheat crop conditions were rated the highest in the Peace Region with 63 percent rated good/ excellent as of July 11 (67 percent as of June 27). In the northeast region, 60 percent rated good/excellent (61 percent as of June 27). In central Alberta 35 percent rated good/excellent (27 percent as of June 27). Durum wheat growing conditions were rated 36 percent good/excellent in the south and 23 percent good to excellent in the central region of the province. Durum area is minimal in other regions of the province. Winter wheat represents less than two percent of provincial wheat area.

Irrigated farmland in southern Alberta is challenged by a [leak in a canal system](#) in the Lethbridge Irrigation District limiting the availability of water for irrigation. As of mid-June, some farmers in the region said their crops are a complete loss due to lack of irrigation in this typically hot, dry area. Water availability improved by June 20.

Fire risk has been high across Alberta farm country since early May but has had minimal impact on production, according to farmer contacts. The demise of summer fallowing over the past 25 years means there are no longer natural fire breaks on the landscape and fires can quickly get out of control. Fires remain active in the High Level and Peace River regions of Alberta.

An industry contact told FAS/Ottawa that, according to some farmers, the smoke appears to be providing a shading/cooling effect during the critical flowering period. Farmers are hopeful that this will help increase potential yields by allowing for a longer period of flowering and helping to limiting moisture evaporation, leaving more for the crop to use as seed development begins.

Figure 5: Alberta Wildfire Status Dashboard



Source: [Alberta Wildfire Status Dashboard](#)

Note: Red flames indicate wildfires that are out of control and expected to continue to grow; Yellow flames indicates wildfires that are not anticipated to grow past expected boundaries; Green flames indicate wildfires that are completely contained and will be extinguished; Blue flames indicate mutual aid is being provided.

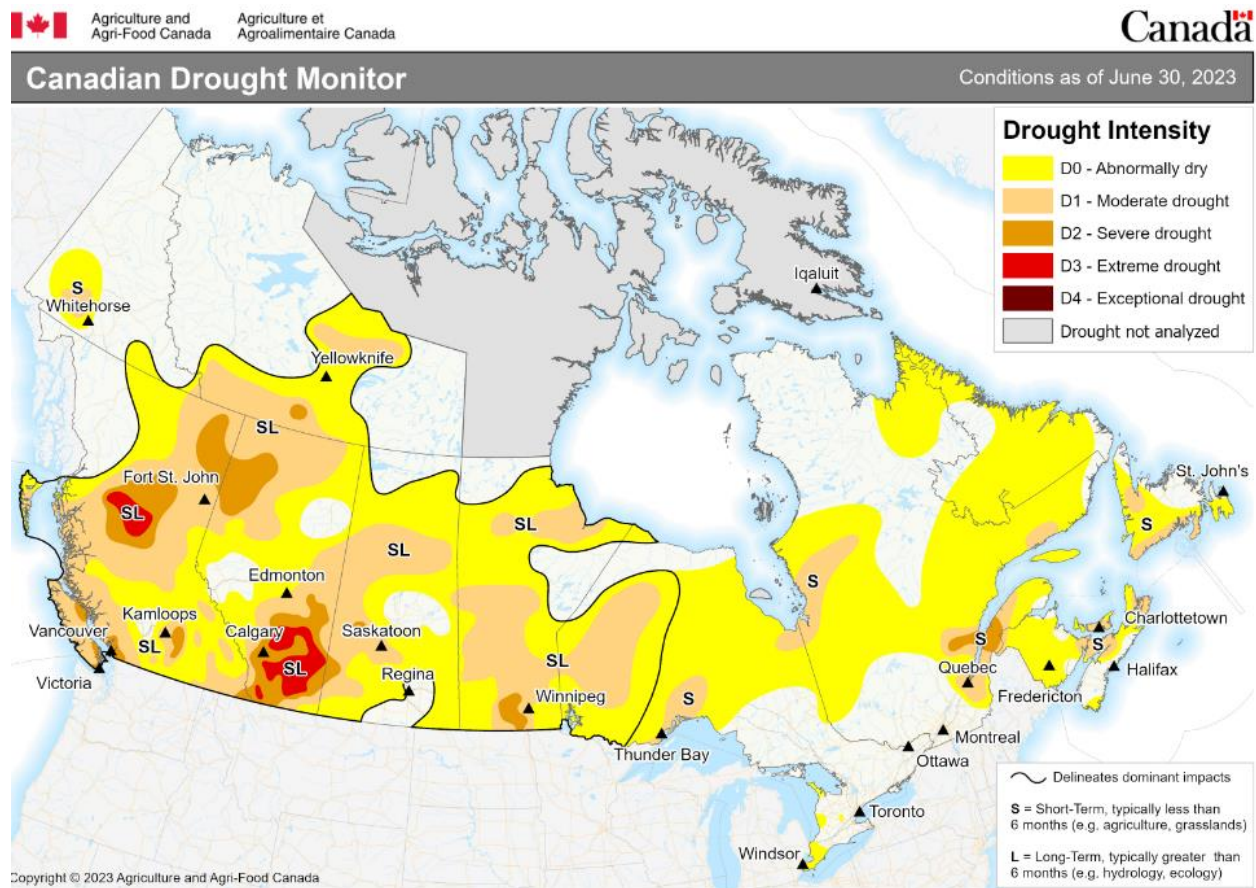
Manitoba: The Manitoba provincial government reports that spring wheat conditions were rated mostly fair to good as of July 18. Winter cereals remained in good to excellent condition, and weather permitting, threshing could get underway within the next ten to 14 days.

Ontario: Ontario winter wheat emerged in excellent condition by mid-April across most growing regions in the province, with the exception of northern Ontario where [some winter wheat was terminated](#) due to winter kill.

The Grain Farmers of Ontario [report](#) that winter wheat is ripening across the province as at July 13, with the deep southwest firing up combines (when it isn't too wet to operate). Reported yields so far are average.

Drought: The most recently published drought map published by AAFC indicates that drought is most severe in southern Alberta, northeastern Alberta, and southern Manitoba.

Figure 6: Canadian Drought Monitor



Source: [Agriculture and Agri-Food Canada](#)

Imports – MY 2023/24

Imports are forecast to fall marginally MY 2023/24. This forecast is based on an expected larger volume of domestic wheat supply and the assumption that flour and wheat products will be produced in Canada to meet steady domestic demand, reducing import demand of wheat flour and products.

Imports – MY 2022/23

In MY 2022/23, imports of wheat products and flour are forecast to increase more than 20 percent to 477,000 metric tons (MT) while wheat imports for animal feed are forecast to fall more than 50 percent to 72,000 MT. On average (2017/18 to 2021/22), 72 percent of imports are composed of wheat products and flour and most of the remainder is wheat grain used as animal feed, due to Canada's restrictive varietal registration system. Year-to-date, 88 percent of imports are wheat products or flour, representing the largest share in at least two decades.

Exports – MY 2023/24

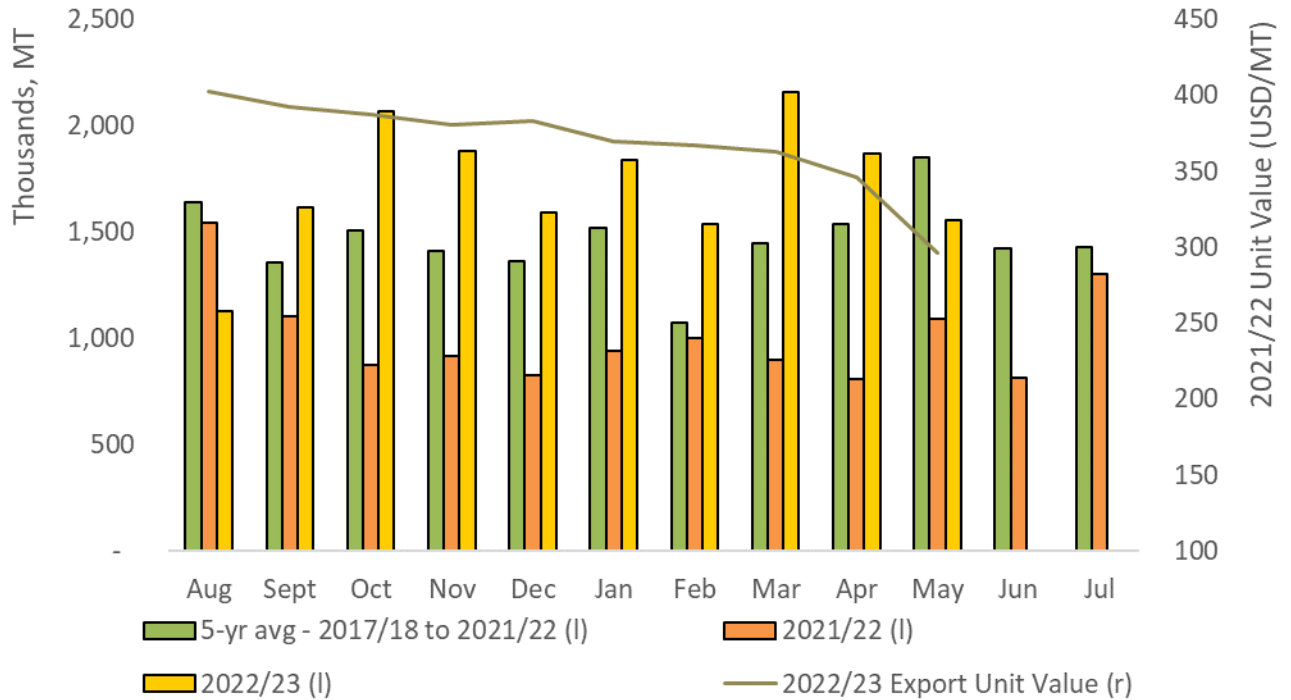
Exports of wheat grain are forecast to grow on increased domestic supplies due to an expansion of area planted and expected production challenges elsewhere. The downside risks to this forecast include the potential for drought conditions that lower domestic wheat production.

Forecasts in this report do not fully reflect recent trade disruptions at Black Sea ports.

Exports – MY 2022/23

Exports of both spring wheat and durum year-to-date in MY 2022/23 (Aug to May) have already exceeded total exports in MY 2021/22, due to larger exportable supplies and the fluid movement of grain.

Figure 7: Volume exports of wheat grain (excluding durum) and monthly average export unit value



Data Source: Trade Data Monitor, LLC

According to data from the International Grains Council, Canadian Western Red Spring (13.5% protein), FOB Vancouver was USD \$356 per MT on July 17, 2023, down seven percent from the same time in 2022. Prices have been declining throughout the marketing year, and more drastically since the spring, because of large global supply and fluid movement of grain globally.

Table 2. Exports of wheat cereal, excluding durum (MT, thousands) and unit value

Partner	MY 2020/21	MY 2021/22	YTD (Aug - May) MY 2022/23	Unit Value, USD/MT; YTD MY 2022/23	MY 2020/21 % Share	MY 2021/22 % Share	MY 2022/23 % Share
World	20,385	12,136	17,249	368.37	100	100	100
China	3,324	690	2,707	388.66	16.3	5.7	15.7
Indonesia	2,280	1,221	1,685	360.80	11.2	10.1	9.8
Japan	1,547	1,627	1,345	380.94	7.6	13.4	7.8
Bangladesh	1,108	656	1,241	362.71	5.4	5.4	7.2
Peru	1,825	807	1,173	348.44	9.0	6.7	6.8
United States	1,089	1,138	1,026	388.13	5.3	9.4	5.9
Colombia	1,463	969	1,011	369.07	7.2	8.0	5.9
Mexico	700	327	922	276.19	3.4	2.7	5.4
Ecuador	869	678	607	342.59	4.3	5.6	3.5
Nigeria	919	481	518	356.05	4.5	4.0	3.0
United Kingdom	485	474	347	426.83	2.4	3.9	2.0

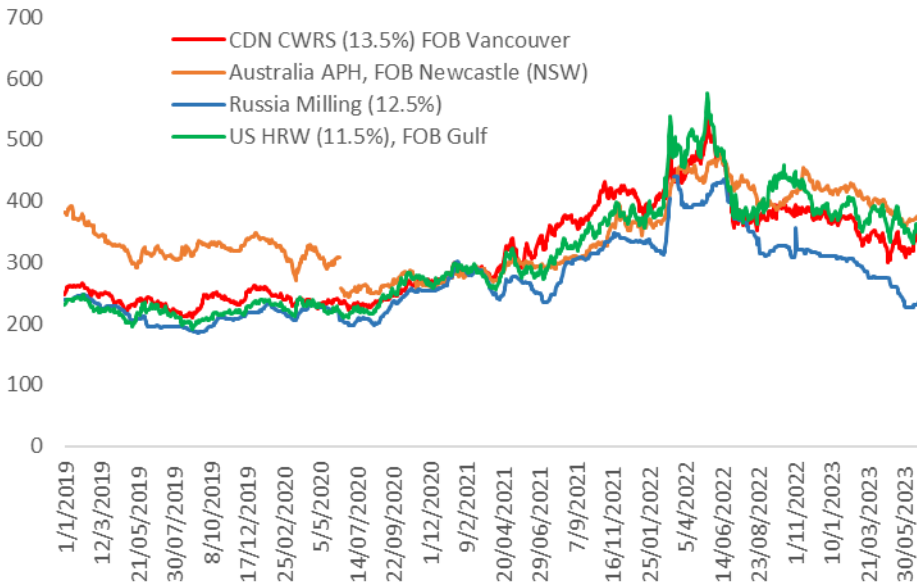
Source: Trade Data Monitor, LLC

Table 3. Volume exports of durum (MT, thousands) and unit value

Partner	MY 2020/21	MY 2021/22	YTD (Aug - May) MY 2022/23	Unit Value, USD/MT; YTD MY 2022/23	MY 2020/21 % Share	MY 2021/22 % Share	MY 2022/23 % Share
World	5,752	2,703	4,500	432.51	100	100	100
Italy	1,398	301	1,117	456.35	24.3	11.1	24.8
Algeria	1,121	413	1,030	415.58	19.5	15.3	22.9
Morocco	1,057	679	770	424.20	18.4	25.1	17.1
United States	329	500	544	426.43	5.7	18.5	12.1
Tunisia	287	0	298	441.75	5.0	-	6.6
Japan	231	202	146	423.18	4.0	7.5	3.2
Spain	17	27	100	426.57	0.3	1.0	2.2

Source: Trade Data Monitor, LLC

Figure 8: Free on Board (FOB) Export Prices of Wheat



Data Source: International Grains Council

FOB Vancouver prices for CWRS have been higher than the prices of competing grain but became more competitive in 2022.

Wheat flour and products: Year-to-date (Aug to May) exports of wheat products and flour have already exceeded the total volume and value exported in each marketing year since MY 2017/18, primarily due to an additional 28,200 MT (year-over-year) exported from Manitoba and Saskatchewan.

In the Prairie provinces (Alberta, Saskatchewan, and Manitoba), the export value of wheat flour and products increased by 26 percent from USD \$50 million in the entire MY 2021/22 to USD \$63 million in MY 2022/23 year-to-date (Aug to May). This represents 23 percent of national export value, year-to date, and 29 percent of volume.

Ninety-six percent of total wheat product and flour exports go to the United States.

Table 4. Export volumes of wheat products & flour (including bulgar, flour, uncooked pasta, other pasta, couscous); MT in wheat grain equivalent

Exporting Province	MY 2020/21	MY 2021/22	YTD MY 2022/23 (Aug to May)	08/2020 - 05/2021 % Share	08/2021 - 05/2022 % Share	08/2022 - 05/2023 % Share
Canada	291,856	297,667	302,060	100%	100%	100%
ON	87,804	93,552	95,586	30%	31%	32%
BC	80,174	88,635	76,641	27%	30%	25%
QC	49,169	41,427	38,128	17%	14%	13%
MB	5,323	10,215	49,311	2%	3%	16%
SK	47,649	38,527	19,866	16%	13%	7%
AB	18,140	22,620	19,919	6%	8%	7%

Data Source: Trade Data Monitor

Table 5. Export value of wheat products & flour (including bulgar, flour, uncooked pasta, other pasta, couscous); USD, millions

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Data Source: Trade Data Monitor

Fires: The fires have had minimal impact on the transportation of grains and oilseeds. Industry contacts told FAS/Ottawa that Canadian National (CN) Rail was shut down from Alberta to Vancouver for a few hours in May; however, since then both CN and Canadian Pacific Kansas City (CPKC), the two major rail lines in Canada, have been operating as normal, although at lower speeds through high-risk areas so that the rail lines can be sprayed by water. Grain shippers that FAS/Ottawa spoke with stated that the impact has been minimal under the circumstances.

Strike Action: After months of contentious negotiations, the International Longshore and Warehouse Union (ILWU) Canada, representing over 7,200 longshore workers in British Columbia (BC), began strike action July 1 against the British Columbia Maritime Employers Association (BCMEA). The strike action ended 13 days later, on July 13, and resumed July 18. As of July 19, the [resumed strike was called off](#). FAS/Ottawa continues to closely monitor this situation.

As of July 19, there have been minimal impacts on bulk grain vessel loading due to Section 87.7 (1) of the Canada Labor Code, and because grain volumes were already depressed due to seasonal market lulls; railcar demand to move grain is approximately a third of what would be transported in the fall or winter following harvest.

Section 87.7 (1) of the Canada Labor Code states that during a strike or lockout, grain trade is considered an “essential service” and parties shall continue to provide the services they normally provide to ensure the “tie-up, let-go and loading of grain vessels at licensed terminal and transfer elevators, and the movement of the grain vessels in and out of a port.”

Once strike action ended on July 13, rail cars that had been parked with other commodities began moving. Both CN and CPKC Rail were taking a metered approach to ensure they do not deliver more than facilities or local yard operations can handle. Industry contacts from two large grain-handling companies told FAS/Ottawa that Canada will need three or more weeks to catch up but, as stated above, they are in a slower shipping period for grain and both railways have power and crews to work strike action. Given the now prolonged strike action as of July 18, it is assumed that the catch-up period will be further extended.

Domestic Consumption – MY 2023/24

Domestic consumption in MY 2023/24 is forecast to remain at current levels, around 9.4 to 9.6 million MT. The share of total domestic consumption used for animal feed is expected to remain within the five-year range of 44 to 51 percent.

Domestic Consumption – MY 2022/23

Approximately 47 percent of total consumption is forecast to be used for animal feed. About two percent of feed wheat use will be met by imports from the United States.

Total wheat milled year-to-date (Aug 2022 to May 2023) increased one percent as an additional 48,000 MT of Ontario wheat milled offset a 24,000 MT reduction of Western wheat milled.

Table 6. Wheat Milled ('000 MT)

	MY 2019/20	MY 2020/21	MY 2021/22	MY 2022/23 YTD (Aug to May)
Total wheat milled	3,218	3,178	3,253	2,727
Western red spring wheat milled	2,279	2,214	2,188	1,807
Western amber durum wheat milled	234	212	219	188
Other western wheat milled	76	65	99	67
Ontario winter wheat milled	547	584	610	518
Other eastern wheat milled	81	101	138	144

Source: Statistics Canada, FAS Ottawa

Note: Figures do not add to totals because of rounding

Storage Stocks – MY 2022/23

Statistics Canada reports that total wheat stocks were up 18.2 percent year over year to 13.3 million tons as of March 31, 2023. On-farm stocks rose 31.0 percent to 9.3 million tons, while commercial stocks decreased 4.1 percent to 3.9 million tons.

Stocks increased compared with the same date one year earlier despite an increase in deliveries of wheat off farm and exports, because of higher production, most notably in Western Canada, where improved growing conditions resulted in better yields.

Final ending stocks for the marketing year will record stocks as of July 2023.

POLICY AND NEWS

Canada condemns Russia's withdrawal from the Black Sea Grain Initiative

On July 18, Canada's Minister of Foreign Affairs, Mélanie Joly, and Minister of International Development, Harjit S. Sajjan, [issued a statement](#) condemning the decision of the Russian Federation to withdraw its participation in the Black Sea Grain Initiative (BSGI) brokered by the

United Nations and Turkey as part of the Istanbul Agreements in July 2022. “This reimposes a de facto blockade of Ukraine’s Black Sea Ports, significantly affecting global food exports as well as security in the Black Sea.”

Bill C-234 – An Act to Amend the Greenhouse Gas Pollution Pricing Act

Bill C-234, An Act to Amend the Greenhouse Gas Pricing Act, is currently in the Senate and awaiting consideration in the Standing Senate Committee of Agriculture and Forestry.

Bill C-234 seeks to amend the Greenhouse Gas Pollution Pricing Act to extend the exemption for qualifying farming fuel to marketable natural gas and propane. Canadian farmer groups state that the current carbon price rebate, introduced last year through Bill C-8, does not fully account for the individual breadth of carbon surcharges applied to farms.

Attachments:

No Attachments