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Canada

Grain and Feed

Quarterly Report

2008

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Report Highlights:
Increases in wheat production in 2008/2009 is expected to be off-set by decreases in the production of barley, corn and oats. As a result, total production of wheat, barley, corn and oats in 2008/2009 is forecasted to be at levels similar to 2007/2008 levels, increasing only marginally to 47.415 million metric tons in 2008/2009 from 47.383 million metric tons in 2007/2008. Canada will be removing its varietal controls on wheat (kernal visual distinguishability requirements) as of August 1, 2008. This could result in increased opportunities for U.S. wheat varieties.

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

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QUARTERLY GRAIN AND FEED UPDATE

Increases in wheat production in 2008/2009 is expected to be off-set by decreases in production of barley, corn and oats. As a result, total production of wheat, barley, corn and oats in 2008/2009 is forecasted to be at levels similar to 2007/2008 levels, increasing only marginally to 47.415 million metric tons in 2008/2009 from 47.383 million metric tons in 2007/2008.

For 2008/2009, production for all wheat is forecasted to increase by 20.7%, increasing from 20.1 million metric tons in 2007/2008 to 24.2 million metric tons in 2008/2009. For 2008/2009, production for durum is forecasted to increase to 5.0 million metric tons, a 36% increase from the previous year's levels. Despite the increased wheat production, the increases in supply will be limited due to low carry-in stocks. Total wheat supplies are forecast to increase 5.14% in 2008/2009 from the previous year's levels. As a result of increased supply and continued strong demand, exports are forecasted to increase 7% from year 2007/2008.

A 17% decrease in seeded area is partially off-set with higher yields leading to barley production for 2008/2009 being forecasted at 9.9 million metric tons, a 10.0% decrease from the previous year's level. The lower area seeded may be a consequences of a full year of uncertainty on whether or not the Canadian Wheat Board would retain its single desk authority over barley. The promise by the Canadian government to liberate the barley before August 1, 2008 did not happen due to the legislative changes required for such a change. Barley supplies are expected to fall 11%, and exports are expected to fall 32% from the previous year's level.

Corn production is expected to decrease by 17%, falling to 9.7 million metric tons from the previous year's record high production of 11.6 million metric tons. The high carry-in stocks will not be high enough to off-set the decrease in production, and supplies are expected to fall 11% from 2007/2008 levels. This drop in production will drive supplies down to 13.8 million metric tons. Demand for corn for feed will decrease, however Canada's emerging ethanol industry will result in increased demand for corn for industrial use.

Oats production is forecasted to decrease by 34% to 3.5 million metric tons in 2008/2009 from 2007/2008 levels of 4.7 million metric tons. High beginning stocks help off-set the significant decrease in production. Oat supplies in 2008/2009 are forecast to be 4.5 million metric tons, a 17% decrease from the previous year's level of 5.3 million metric tons. Exports are expected to decrease from 2007/2008 record highs.

ELIMINATION OF KVD

The Canadian varietal controls requirements for Canadian wheat will be eliminated as of August 1, 2008. Kernel visual distinguishability (KVD) had been a requirement to register wheat varieties in Canada as part of the quality control system. Wheat in each class has had to meet visual criterion so that grain inspectors could determine the variety of wheat that was being delivered by simply looking at the wheat. This created a trade barrier as it meant that U.S wheat varieties which did not meet KVD requirements could not be registered in Canada. U.S> wheat therefore would be imported as feed wheat (the lowest grade), even if it had the same functional quality as the registered KVD-compliant varieties. With the emergence of niche markets, creating varieties that meet the needs of those markets and that are KVD compliant became hard to do. The KVD requirement had become a hindrance to seed developers and producers and so in the early 2008, the Canadian Minister of Agriculture gave the order to have the KVD requirements removed by August 1, 2008.

Producers will now self-declare what they are delivering. What this ultimately means for the U.S. wheat interests is that U.S. wheat varieties will have an easier time being registered in Canada, and be able to be sold at a price that reflects their qualities.

Statistical Tables

All Wheat

PSD Table

Country **Canada**

Commodity **Wheat**

(1000 HA)(1000 MT)(MT/HA)

	2007	Revised		2008	Estimate		2009	Forecast		UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Year Begin		08/2007	08/2007		08/2008	08/2008		08/2009	08/2009	MM/YYYY
Area Harvested	8640	8650	9682	8640	8636	8636	10000	10049	10049	(1000 HA)
Beginning Stocks	6849	6827	9638	6849	6803	6803	3749	4000	4050	(1000 MT)
Production	20050	20600	25265	20050	20054	20054	24500	24800	24200	(1000 MT)
MY Imports	275	275	335	350	322	322	300	325	325	(1000 MT)
TY Imports	275	275	330	350	320	320	300	320	320	(1000 MT)
TY Imp. from U.S.	0	210	255	0	245	245	0	245	245	(1000 MT)
Total Supply	27174	27702	35238	27249	27179	27179	28549	29125	28575	(1000 MT)
MY Exports	14000	14000	19580	16500	15256	15256	16500	16460	16260	(1000 MT)
TY Exports	14500	14000	19263	16800	14950	14950	16500	16624	16424	(1000 MT)
Feed Consumption	4500	4000	4468	3000	3303	3293	3000	3474	3384	(1000 MT)
FSI Consumption	4600	4744	4387	4000	4620	4580	4700	4691	4631	(1000 MT)
Total Consumption	9100	8744	8855	7000	7923	7873	7700	8165	8015	(1000 MT)
Ending Stocks	4074	4958	6803	3749	4000	4050	4349	4500	4300	(1000 MT)
Total Distribution	27174	27702	35238	27249	27179	27179	28549	29125	28575	(1000 MT)
Yield	2.320602	2.381503	2.609482	2.320602	2.32214	2.32214	2.45	2.467907	2.4082	(MT/HA)

Durum Wheat

PSD Table

Country **Canada**

Commodity **Wheat, Durum**

(1000 HA)(1000 MT)(MT/HA)

	2006	Revised		2007	Estimate		2008	Forecast		UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Year Begin		08/2006	08/2006		08/2007	08/2007		08/2008	08/2008	MM/YYYY
Area Harvested	0	1518	1518	0	1926	1926	0	2363	2450	(1000 HA)
Beginning Stocks	0	3267	3255	0	1233	1233	0	800	800	(1000 MT)
Production	0	3346	3346	0	3681	3681	0	5000	5000	(1000 MT)
MY Imports	0	1	1	0	2	2	0	1	1	(1000 MT)
TY Imports	0	1	0	0	1	1	0	0	0	(1000 MT)
TY Imp. from U.S.	0	1	0	0	1	1	0	0	0	(1000 MT)
Total Supply	0	6614	6602	0	4916	4916	0	5801	5801	(1000 MT)
MY Exports	0	4460	4442	0	3200	3200	0	3900	3900	(1000 MT)
TY Exports	0	4430	4317	0	3200	3200	0	3900	3900	(1000 MT)
Feed Consumption	0	451	450	0	431	431	0	416	405	(1000 MT)
FSI Consumption	0	471	477	0	485	485	0	485	495	(1000 MT)
Total Consumption	0	922	927	0	916	916	0	901	900	(1000 MT)
Ending Stocks	0	1232	1233	0	800	800	0	1000	1001	(1000 MT)
Total Distribution	0	6614	6602	0	4916	4916	0	5801	5801	(1000 MT)
Yield	0	2.204216	2.204216	0	1.911215	1.911215	0	2.115954	2.040816	(MT/HA)

Barley

PSD Table

Country	**Canada**									
Commodity	**Barley**						(1000 HA)(1000 MT)(MT/HA)			
	2006	Revised		2007	Estimate		2008	Forecast		UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Year Begin		08/2006	08/2006		08/2007	08/2007		08/2008	08/2008	MM/YYYY
Area Harvested	3223	3223	3223	4000	3998	3998	3300	3400	3400	(1000 HA)
Beginning Stocks	3289	3289	3289	1485	1492	1492	1035	1300	1200	(1000 MT)
Production	9573	9573	9573	11000	10984	10984	10000	10200	9900	(1000 MT)
MY Imports	43	50	43	50	45	50	100	35	35	(1000 MT)
TY Imports	41	50	41	50	43	48	100	33	33	(1000 MT)
TY Imp. from U.S.	41	0	41	0	43	43	0	33	33	(1000 MT)
Total Supply	12905	12912	12905	12535	12521	12526	11135	11535	11135	(1000 MT)
MY Exports	1224	1224	1231	2900	1950	2200	1150	1495	1495	(1000 MT)
TY Exports	1337	1500	1337	2800	1950	2200	1150	1495	1495	(1000 MT)
Feed Consumption	8896	8896	8860	7300	7680	7535	7450	7450	7150	(1000 MT)
FSI Consumption	1300	1300	1322	1300	1591	1591	1400	1390	1390	(1000 MT)
Total Consumption	10196	10196	10182	8600	9271	9126	8850	8840	8540	(1000 MT)
Ending Stocks	1485	1492	1492	1035	1300	1200	1135	1200	1100	(1000 MT)
Total Distribution	12905	12912	12905	12535	12521	12526	11135	11535	11135	(1000 MT)
Yield	2.970214	2.970214	2.970214	2.75	2.747374	2.747374	3.030303	3	2.911765	(MT/HA)

Corn

PSD Table

Country	**Canada**									
Commodity	**Corn**						(1000 HA)(1000 MT)(MT/HA)			
	2006	Revised		2007	Estimate		2008	Forecast		UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Year Begin		09/2006	09/2006		09/2007	09/2007		09/2008	09/2008	MM/YYYY
Area Harvested	1061	1061	1061	1370	1369	1369	1160	1170	1162	(1000 HA)
Beginning Stocks	2001	2001	2001	1343	1343	1343	1693	1600	1600	(1000 MT)
Production	8990	8990	8990	11650	11649	11649	9700	9850	9725	(1000 MT)
MY Imports	2102	2091	2091	2800	2500	2600	2800	2500	2500	(1000 MT)
TY Imports	2226	2221	2221	2800	2500	2500	2800	2500	2500	(1000 MT)
TY Imp. from U.S.	2169	2198	2198	0	2475	2475	0	2475	2475	(1000 MT)
Total Supply	13093	13082	13082	15793	15492	15592	14193	13950	13825	(1000 MT)
MY Exports	314	314	314	600	600	600	300	300	300	(1000 MT)
TY Exports	322	322	322	600	600	600	300	300	300	(1000 MT)
Feed Consumption	8456	8469	8469	9900	9777	9877	8600	8385	8310	(1000 MT)
FSI Consumption	2980	2956	2956	3600	3515	3515	4000	4015	4015	(1000 MT)
Total Consumption	11436	11425	11425	13500	13292	13392	12600	12400	12325	(1000 MT)
Ending Stocks	1343	1343	1343	1693	1600	1600	12600	1250	1200	(1000 MT)
Total Distribution	13093	13082	13082	15793	15492	15592	25500	13950	13825	(1000 MT)
Yield	8.473139	8.473139	8.473139	8.50365	8.509131	8.509131	8.362069	8.418803	8.369191	(MT/HA)

Oats

PSD Table

Country Canada
Commodity Oats

(1000 HA)(1000 MT)(MT/HA)

	2006	Revised		2007	Estimate		2008	Forecast		UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Year Begin		08/2006	08/2006		08/2007	08/2007		08/2008	08/2008	MM/YYYY
Area Harvested	1537	1537	1537	1810	1816	1816	1300	1400	1325	(1000 HA)
Beginning Stocks	872	872	872	551	556	556	771	1000	1000	(1000 MT)
Production	3852	3852	3852	4700	4696	4696	3500	3650	3500	(1000 MT)
MY Imports	20	20	18	20	18	18	25	10	10	(1000 MT)
TY Imports	18	20	18	20	18	18	25	10	10	(1000 MT)
TY Imp. from U.S.	17	0	18	0	18	18	0	10	10	(1000 MT)
Total Supply	4744	4744	4742	5271	5270	5270	4296	4660	4510	(1000 MT)
MY Exports	1905	1900	1786	2100	1848	1948	1575	1655	1655	(1000 MT)
TY Exports	1921	1800	1798	2100	1848	1948	1575	1655	1655	(1000 MT)
Feed Consumption	1628	1628	1606	1700	1600	1500	1450	1545	1395	(1000 MT)
FSI Consumption	660	660	794	700	822	822	600	760	760	(1000 MT)
Total Consumption	2288	2288	2400	2400	2422	2322	2050	2305	2155	(1000 MT)
Ending Stocks	551	556	556	771	1000	1000	671	700	700	(1000 MT)
Total Distribution	4744	4744	4742	5271	5270	5270	4296	4660	4510	(1000 MT)
Yield	2.506181	2.506181	2.506181	2.596685	2.585903	2.585903	2.692308	2.607143	2.641509	(MT/HA)