

**CANADA: OUTLOOK FOR PRINCIPAL FIELD CROPS**

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This report is an update of Agriculture and Agri-Food Canada's (AAFC) January outlook report for the 2021-2022 and 2022-2023 crop years. For most crops in Canada, the crop year starts on August 1 and ends on July 31, although for corn and soybeans, the crop year starts on September 1 and ends on August 31. The economic outlook, for the world and Canadian grain markets, is expected to be affected by the domestic and international uncertainty caused by COVID-19, geopolitical tensions, rising energy prices, as well as increased fertilizer and transportation costs.

For 2021-2022, the outlook incorporates the results of Statistics Canada's (STC) release of stocks of principal field crops in Canada as of December 31, 2021, which was released on February 8, 2022. Stocks of principal field crops were reported by STC to be 30.8% lower compared to December 31, 2020, with all crops except for corn experiencing a drop in stock levels year over year and most seeing a significant decrease. As a consequence, carry-out stocks (ending-year inventories) for all principal field crops are forecast to end the crop year at a record low level, as a sharp decline in production combined with a low level of carry-in stocks (beginning-year inventories) more than offset a decrease in exports and domestic use.

Grain prices are forecast to remain relatively strong on support from: (i) tight Canadian supplies (ii) relatively tight global grain supplies (iii) expectations for a continuation of firm international demand.

For 2022-2023, based on current market conditions and historical trends, the area seeded to field crops in Canada is forecast to increase marginally from 2021-22. The area seeded for wheat, coarse grains, pulse and special crops is expected to increase, while area seeded to oilseeds decreases. The average yield and production for all crops is forecast to increase significantly, based on a return to trend or just below trend yields, resulting in expected total field crop production and supply rebounding to more normal levels, and ending-stocks increasing but remaining relatively tight as exports and domestic use are expected to bounce back.

In general, prices are expected to remain relatively strong, but decrease from the high levels experienced in 2021-22 as Canadian and world production are expected to increase.

The next AAFC Outlook for Principal Field Crops is scheduled to be released on March 18, 2022. STC will conduct its 2022 Field Crop Area Survey in March, which will collect information from farmers on their crop planting intentions for principal field crops and is scheduled to be published on April 26, 2022. STC will release data on Stocks of Principal Field crops as of March 31, 2022, on May 6, 2022.

Canada: Principal Field Crops Supply and Disposition

	Area Seeded	Area Harvested	Yield	Production	Imports	Total Supply	Exports	Total Domestic Use	Carry-out Stocks
	-- thousand hectares --		t/ha	----- thousand tonnes -----					
Total Grains And Oilseeds									
2020-2021	27,491	26,536	3.44	91,205	2,682	107,487	50,908	45,230	11,349
2021-2022f	27,693	26,507	2.45	65,039	4,952	81,339	31,925	41,779	7,635
2022-2023f	28,153	27,055	3.24	87,684	2,762	98,080	43,910	44,225	9,945
Total Pulse And Special Crops									
2020-2021	4,000	3,949	2.16	8,545	338	9,778	6,784	1,461	1,533
2021-2022f	3,832	3,730	1.22	4,567	225	6,325	4,595	1,115	615
2022-2023f	4,025	3,945	1.82	7,185	317	8,117	5,900	1,407	810
All Principal Field Crops									
2020-2021	31,491	30,485	3.27	99,750	3,019	117,265	57,692	46,691	12,882
2021-2022f	31,525	30,237	2.30	69,605	5,177	87,664	36,520	42,894	8,250
2022-2023f	32,178	31,000	3.06	94,869	3,079	106,197	49,810	45,632	10,755

Source: Statistics Canada (STC) and Agriculture and Agri-Food Canada (AAFC)

f: forecasts by AAFC except for area, yield and production for 2021-2022 which are STC

All Wheat

Durum

For 2021-22, Canadian durum production decreased by 60% from 2020-21 to 2.65 million tonnes (Mt), but with very good quality and high protein content. The Canadian Grain Commission's (CGC) final harvest report released January 27, shows that the bulk of Canadian Western Amber Durum (CWAD) was graded within the top two tiers. More specifically, 39% of the 818 samples were graded as No. 1, 31% as No. 2 and another 22% as No. 3; average protein content for durum is 15.7%.

Total supply decreased by 53%, due to tight carry-in stocks exacerbating the low production. Exports are forecast at 2.35 Mt, that is 68% of the total supply. Domestic use was revised down to 0.58 Mt, with a reduction in feed use. Based on STC's stocks at the end of December 2021, carry out stocks were expanded 11% to 0.50 Mt, the lowest on record since 1984/1985.

The International Grains Council revised their world durum production forecast down by 0.4 Mt to 30.06 Mt, 10% less than in 2020-21; supply is forecast at 38.6 Mt, down 9% year over year. Due to the lower production estimate, demand side fundamentals were trimmed as well. Consumption is now forecast at 32.7 Mt (-5% y/y), trade at 6.0 Mt (-32% y/y), while carry-out stocks are expected at 5.9 Mt, down 27% compared to 2020-21, with significant drawdowns in Europe (-52%), the USA (-43%) and Canada (-40%).

In their latest WASDE report, the USDA downgraded their forecast for domestic use of durum by 0.08 Mt, to 1.77 Mt, down 30% year over year, while supply and other trade indicators stayed constant, that is, estimates for 2021-22 production of durum holds at 1.01 Mt and total supply at 2.86 Mt, 46% and 29% less than the previous year; exports are forecast at 0.41 Mt. Carry-out stocks were raised compared to last month's report on the lower use anticipated; they are now projected at 0.68 Mt, 7% less than last year.

The average Saskatchewan (SK) spot price for 1 CWAD 13% from August 2021 to January 31, 2022

has averaged \$699/tonne, with downward movement on pressure from low import demand. However, global supply fundamentals remain tight and supportive of prices. The average spot price forecast for SK 1 CWAD 13% remains \$700/tonne.

For 2022-23, the area seeded to durum in Canada is forecast to increase by 9% year over year to 2,450 thousand hectares (Kha) due to strong pricing, firm global demand and tight carry-in stocks. Yields are forecast at 2.3 Mt, up 87% compared to the previous year, but still below peak yields seen in 2016-2017 (3.33 t/ha) and below the 2016-17 to 2020-21 average of 2.71 t/ha. Production is expected at 5.52 Mt and total supply at 6.05 Mt, 76% more than this year's volume but 5% below the last five-year average. Domestic use is expected to return to average levels with average quality and protein contents. Exports are forecast at 4.3 Mt, 83% of the total exportable surplus, while carry-out stocks are forecast to recover, pegged at 0.90 Mt, with a stocks/use ratio of 17.5%.

World durum production is forecast to increase with a recovery of crops in North America and a better quality crop in Europe. Demand is expected to increase in line with population growth and the growing middle class. Current weather in Europe is favourable for an average crop but dryness in North Africa may impede crop prospects in that region. Low carry-in stocks will keep the supply/demand complex tight, especially for high quality durum; this is expected to remain supportive of prices.

The average Canadian crop year producer price for durum is forecast to decline from current levels due to larger world production, but will still remain relatively strong due to tight carry-in stocks. The average SK CWAD 1 13% cash price for 2022-23 is forecast at \$400/tonne.

Wheat (excluding durum)

For 2021-22, Canadian wheat production dropped by 34% from 2020-21 to 18.99 Mt and total supply dropped 28% year over year to 24.1 Mt. Average quality however was good with high protein content. According to the CGC's final harvest quality report

released January 27, the bulk of Western Red Spring (CWRS) was graded within the top 2 tiers. More specifically, 65% of the 3,727 samples were graded No. 1, 25% as No. 2 and another 6% as No. 3, with an average protein content of 14.7%.

Exports were revised down on progressively sluggish movement now tracking 42% less than last year's levels (August to January) according to the CGC. Exports are now forecast at 13.0 Mt, with stocks expanded to 3.5 Mt, 29% less than the previous year. Domestic use was raised from last month's level to 7.61 Mt, on STC feed data to December 31; it remains 5% less than last year's level.

The USDA revised their forecasts for supply, consumption, trade and stocks this month in their latest WASDE report. The world wheat production was revised down by 2.18 Mt, to 731.63 Mt on lower forecasts for the Middle East due to persistently dry weather in the region. World consumption was raised 0.6 Mt compared to last month's report, now pegged at 788.1 Mt, with increases in Canada and China. Trade was expanded by 2.3 Mt, to 184.65 Mt, on higher exports from India and Argentina. Closing stocks were reduced by 1.7 Mt to 278.2 Mt, the lowest in 5 years.

The average Canadian Western Red Spring Wheat (CWRS) 1, 13.5% spot price in Saskatchewan for the 2021-22 crop year was raised to \$415/tonne on continued strength in cash prices and Minneapolis nearby contracts.

For 2022-23, Canadian area seeded to wheat (excl. durum) is forecast to increase 5% year over year to 7,598 Kha. Area seeded to winter wheat is estimated at 547 Kha (+1%), while that for spring wheat is projected at 7,051 Kha (+6%). Yields are expected to recover to 3.44 t/ha, 28% higher than the previous year, but still below the highs experienced between 2016-17 and 2020-21, which averaged 3.64 t/ha. Production is currently pegged at 25.64 Mt, and

supply at 29.24 Mt.

With domestic use remaining relatively in line with average levels (-1% to avg.), and higher supplies, exports are projected to increase to 17 Mt, up 31% year over year, but still 5% less than the last five-year average. Carry-out stocks are projected at 4.25 Mt, 21% more than carry-in, but still 6% below the last five-year average, maintaining a stock/use ratio of 17%.

Seeding to wheat production globally is expected to increase in 2022-23, but with drought continuing to plague the US winter wheat belt and most of the Prairies, all eyes are on the weather as precipitation is needed to alleviate dryness in North America and to maintain the favourable conditions across Europe. Large harvests coming out of the southern hemisphere will help the supply/demand complex, but it will remain constrained given low stocks, especially in key exporting nations. IGC's 5 year projections forecast demand increasing in line with population growth, about 2% per annum.

USDA's long term outlook puts total wheat seeding at 19.8 million hectares in 2022-23. On January 10, 2022, the USDA reported that the area seeded to winter wheat, the major wheat type in the US, was 13.9 million hectares, 2% higher than last year and up 12% from 2020. As of January 25, the crop progress report shows that around 19% of the US winter wheat is rated "poor to very poor", 45% "fair" and 33% in "good" condition. Only 3% was rated "excellent". Dryness continues to plague the US wheat belt and additional precipitation is needed for crop conditions to recover.

The average Saskatchewan spot price for CWRS 1, 13.5% is forecast to come down from current highs, but still remain relatively strong at \$350/tonne.

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Coarse Grains

Barley

For 2021-22, Canadian barley supply is projected at 7.81 million tonnes (Mt), down sharply from 2020-21 and a record low level. This is primarily due to significant production issues during the 2021 growing season in Canada's Prairie provinces, as well as record low carry-in stocks. As a result of the tight supply, demand for both domestic feed consumption and exports will be sharply lower than last year. Carry-out stocks are projected at 0.3 Mt, a record low level.

According to the stocks report published by Statistics Canada (STC), Canadian barley stocks at December 31, 2021 were pegged at 3.15 Mt, 44% and 46% lower than last year and the previous five-year average, and the lowest in at least two decades. This primarily reflected the changes in on-farm stocks on the Prairies, the main barley producing region. The significant drop in barley stocks was primarily caused by the production issues during the 2021 growing season on the Prairies. Commercial stocks also decreased significantly from last year, although were slightly higher than the previous five-year average. This implies a much slower shipping pace of barley over the coming months. Of the total stocks, approximately 89% are stored on farms and 11% in commercial positions.

Total disappearance, including exports and domestic disappearance, for the August-December 2021 period decreased by nearly 25% and 5% from last year and the previous five-year average, as a result of sharply lower 2021 production. Total barley exports for the period were 7% and 52% higher than last year and the previous five-year average, mainly reflecting the changes in barley grain exports. Exports of barley products were 11% and 15% lower than last year and the previous five-year average. However, we expect the exporting pace of barley grain will slow down drastically for the remaining months of 2021-22, pushing total barley exports for the entire crop year down sharply from 2020-21. Domestic disappearance was 39% and 24% lower than last year and the previous five-year average, mainly reflecting the changes in domestic feed demand. Industrial use fell by 39% and 7%

from last year and the previous five-year average.

Based on STC data, 2021-22 Canadian barley exports were revised higher compared to the January report, on increased barley grain exports, offsetting lower barley product exports. Total domestic use was revised lower by the same amount on reduced domestic industrial use and feed demand. Carry-out stocks were unchanged.

The Lethbridge feed barley price for 2021-22 is forecast to hit a new high of \$420/t, up sharply from the previous record of \$294/t set in 2020-21 and well above the three- and five-year averages. The 2021-22 prices are supported by tight domestic barley supplies, the decline in the availability of other domestic feed grain substitutes, robust demand and stronger prices of other grains.

Following continued strong demand of barley worldwide and higher corn and wheat prices, world FOB feed barley prices in the major barley exporting countries and regions strengthened compared to a year ago with Argentina having the highest increase, followed by Black Sea. World FOB malting barley prices strengthened further, supported by brisk demand and feed barley prices.

For 2022-23, Canadian barley supply is projected to increase to a comfortable level, mainly reflecting the expected recovery in production on the Prairies. This is based on the assumption of a return to normal weather conditions and trend yields for the 2022 growing season on the Prairies. Tight old crop supplies, robust demand and high spot prices will prevent the 2022 barley area from shrinking too much, despite strong competition for acres from other crops. Total barley area on the Prairies in 2021 was a twelve-year high and is expected to decrease slightly in 2022, resulting in the national barley area decreasing by only 2% in 2022. With a return to average levels for abandonment and yield, Canadian barley production is expected to increase by 52%.

Domestic feed use and exports are expected to increase significantly from 2021-22, given the tight domestic supply in 2021-22 rationing demand to

very low levels. Carry-out stocks for 2022-23 are projected at 1.0 Mt, increasing sharply from that projected for 2021-22 and well above the previous three- and five-year averages.

Based on expectations for a recovery in domestic barley supplies and lower US corn prices for 2022-23, the Lethbridge feed barley price for 2022-23 is forecast at \$320/t, considerably lower than the price forecast for 2021-22.

Corn

For 2021-22, Canadian corn supply is projected at 20.2 Mt, up from 2020-21 and a record high level. This is primarily due to a bumper corn crop in Eastern Canada, as well as an expected sharp increase in corn imports to Western Canada, where the significant feed grain production problems will lead to large quantity of US corn imports to meet local feed demand. Domestic use is projected to increase mainly due to higher feed use. Exports are expected to increase only slightly from last year. Carry-out stocks are predicted to decrease marginally.

According to STC, corn stocks at December 31, 2021 were set at 11.5 Mt, 4% higher than last year and on par with the previous five-year average. This is due to a significant increase in commercial stocks and a moderate decrease in on-farm stocks both in Eastern Canada and Western Canada. The significantly increased commercial stocks might indicate a faster pace of corn shipped from the US and finally to Canadian end-users. Of the total stocks, approximately 65% are stored on farms and 35% in commercial positions.

The monthly pace of corn imports has maintained a strong upward trend during the September-December 2021 period, pushing total imports for this period above 1.7 Mt, versus 0.5 Mt a year ago. Exports for this period were higher than last year. Industrial use was essentially flat. Feed consumption was at record high in at least two decades. Based on the trend showing in the STC data, 2021-22 corn imports were revised up by 1.0 Mt from the January forecast. The same amount was added to domestic feed use, leaving carry-out stocks unchanged.

Following higher corn prices in the US, the Chatham corn price for 2021-22 is forecast at a new record of \$285/t, up from the old record of \$272/t set in 2020-21.

Worldwide, the forecast for 2021-22 Brazilian corn production was revised down by 1.0 Mt in the January report, reflecting reduced yield expectations for the world's major corn producing country. This has provided support to world corn prices.

For 2022-23, the Canadian corn supply is projected to decrease by 12% from 2021-22 to 17.8 Mt, mainly on projections for a 33% fall in imports, a 3% drop in production and slightly lower carry-in stocks. The projected drop in imports reflects the expected recovery of barley production in Western Canada, which will reduce Western Canada's imports of US corn to meet local feed needs. Total corn area for 2022-23 is projected to expand slightly from 2021-22, but will be 2% lower than the previous five-year average. Assuming average abandonment rate and trend yields, Canadian corn production is expected to decrease from the record high level in 2021-22 when Ontario achieved historical high levels for corn yield and production, and Quebec also realized a significant increase.

Total domestic demand is projected to decrease by 13% from 2021-22, mainly reflecting lower feed demand in Western Canada, as barley production is projected to rebound to a comfortable level in this region, which will essentially meet local feed demand. Industrial use of corn is projected to increase on a recovery in the economy. Exports are expected to be at an average level. Carry-out stocks are projected to decrease from 2021-22 and be at the lowest level since 2015-2016.

Based on the sharply lower US corn price forecast for 2022-23, the Chatham corn price for 2022-23 is projected at \$255/t, 11% lower than that forecast for 2021-22.

Oats

For 2021-22, Canadian oat supply is projected at 3.3 Mt, down sharply from 2020-21 and close to a record low level. This is primarily due to significant production issues in Prairie provinces, despite

sharply higher carry-in stocks. Accordingly, total demand, including exports and domestic use, is anticipated to drop sharply. Carry-out stocks are projected at 0.2 Mt, drastically lower than last year and a record low level.

The situation regarding oat stocks is very similar to that of barley. Oat stocks at December 31, 2021 were pegged at 1.66 Mt, 39% and 37% lower than last year and the previous five-year average, and the lowest in at least two decades. This indicates a much slower shipping pace of oats in the coming months. Of the total stocks, approximately 82% are stored on farms and 18% in commercial positions.

The monthly exporting pace of oats slowed down during the September-December 2021 period, and has been lower than last year and the previous five- and ten-year averages. Domestic disappearance for the same period was 43% and 30% lower than last year and the previous five-year average, mainly reflecting the changes in domestic feed demand. Oat demand for human consumption decreased from a year ago but remains relatively stable. Compared with the January forecast, demand of oats for human consumption was revised lower, following STC's trimming for this category for the previous crop year. Feed use was revised up by the same amount, leaving carry-out stocks unchanged.

The CBOT oat futures price for 2021-22 is projected at a new record of CAD\$560/t, up sharply from the old record set in 2020-21, due to significant crop production problems in North America and stronger prices of other grains. During the past month, oat prices on the Prairies increased by about \$20-\$30/t. For Alberta, Saskatchewan and Manitoba, oat prices to-date have averaged \$431/t, \$426/t and \$498/t, respectively, compared to \$222/t, \$201/t and \$233/t a year ago.

For 2022-23, Canadian oat supply is projected to increase by 40% to 4.6 Mt, mainly reflecting the expected recovery of production in the Prairie provinces, despite record low carry-in stocks. Total area seeded to oats in 2022 is expected to increase by 8% from 2021, the second-highest level since 2009, largely reflecting higher oat acres in the Prairie provinces. Tight old crop supplies, robust

demand and strong prices are the major factors encouraging producers to grow more oats, but the increase will be limited by strong competition for acres from other crops. Total oat production on the Prairies is expected to increase by 67% to 4.4 Mt, on expectations of a return to average abandonment rates and trend yields.

Total demand in 2022-23, including domestic feed use and exports will increase significantly from 2021-22 when tight domestic supply rationed demand to a very low level. Carry-out stocks for 2022-23 are projected at 0.5 Mt, a decent level, despite increasing sharply from the record low forecast for 2021-22.

The CBOT oat futures price for 2022-23 is projected at CAD\$400/t, notably lower than in 2021-22, due to expectations for a recovery in oat production for North America in 2022-23.

Rye

For 2021-22, Canadian rye supply is projected at 546 thousand tonnes (Kt), up 3% from 2020-21 and 20% from the previous five-year average. Domestic use (mostly for feed use) is expected to increase from 2020-21 on tight feed grain supplies. Exports are expected to be stable compared to last year. Carry-out stocks are predicted to decrease due to increased feed demand. The 2021-22 average price is projected at \$310/t, up sharply from 2020 21, and a new record, due to robust demand and stronger prices of other grains.

Rye stocks at December 31, 2021 were pegged at 289 Kt, slightly lower than a year ago but 12% above the previous five-year average, reflecting the changes in on-farm rye stocks, as well as commercial stocks. Of the total stocks, approximately 89% are stored on farms and 11% in commercial positions.

For 2022-23, Canadian rye supply is projected to decrease by 5% from 2021-22 due to sharply lower carry-in stocks and relatively stable production, but still be 12% higher than the previous five-year average. Area seeded to all rye in 2022 is expected to decrease by 2% from 2021 due to lower fall rye area, which accounts for over 98% of all rye area in

recent decades. Total production is projected to decrease only marginally from the previous year on expectations of a return to trend yields in Western Canada.

Total demand for rye in 2022-23 is projected to decline from 2021-22 due to lower feed use, given expected ample feed grain supplies in Western Canada. Exports are projected to be at the previous five-year average. Carry-out stocks are projected to increase sharply from 2021-22 due to lower demand,

to the highest level since 2017-18.

The 2022-23 simple average weekly price for rye is projected at \$200/t, dramatically lower than that forecast for 2021-22, based on anticipations for ample 2022-23 feed grain supplies, a decrease in demand for rye and lower prices in neighboring markets.

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Canola

For 2021-22, canola supplies are significantly tighter than last year, declining 37% to 14.5 million tonnes (Mt), due to a 49% drop in carry-in stocks and 35% lower production following last summer's drought. Total canola stocks as of December 31st are 43% lower than last year at 7.6 Mt, according to Statistics Canada. Commercial stocks were estimated at 1.9 Mt, similar to last year while on-farm stocks totaled 5.6 Mt vs 11.4 Mt for December 2020.

Demand for Canadian canola remains strong on support from an expanding world oilseed crush and high prices for competing oilseeds, vegetable oils and protein meals. Domestically, processing of canola is estimated to fall to 8.5 Mt, a drop of 18% from last year, while by comparison, exports are expected to fall by 49% to 5.4 Mt, due to the tight supplies. The disruption of rail and road access to the Port of Vancouver because of bad weather in November has been rectified. For the crop year, the major importers of Canadian canola to-date are China, Japan, Mexico and the European Union.

Carry-out stocks are forecast to fall by 74% from last year, to a tight 0.45 Mt, for a stock-to-use ratio of 3% versus 8% in 2020-21 and the 5-year average of 13%. For the crop year to-date, Canadian canola prices are trading in a relatively narrow range and are estimated at \$1,050/t vs \$730/t last year and the 5-year average of \$556/t.

For 2022-23, seeded area in Canada is forecast to decrease by 3% to 8.8 million hectares (Mha) as farmers shift into alternate crops such as cereals. Harvested area is forecast at 8.7 Mha while yields are forecast at 2.31 tonnes per hectare (t/ha), up from the 1.4 t/ha achieved in 2021-22. Production is forecast to rise by 60% to 20.2 Mt, the third highest on record. Total supply is forecast to rise sharply to 20.8 Mt as higher output offsets the drop in carry-in.

Exports are forecast to rebound by 85% to 10.0 Mt on strong world demand and a rebuilding of domestic supplies, assuming a return to normal yields. Domestic crush is forecast to rise by 18% to

10.1 Mt, with the industry operating at near-full capacity to serve the strong world demand for canola oil and canola meal. Carry-out stocks are forecast to rise by 44% to a still very tight 0.7 Mt for a stocks-to-use of 3%. Canola prices are forecast to decline to \$900/t track Vancouver, a drop of 14% from the record highs in 2021-22. If realized, this would be the second highest canola price on record.

The accuracy of the 2022-23 outlook is sensitive to several key factors. The first is the anticipated rate of growth in the renewable diesel sector as the world seeks to reduce its dependence on mineral oils in order to combat climate change. The second factor is the expected world production of alternate oilseeds crops- this outlook currently assumes a minimal shift in seeded area for most oilseed crops, normal temperatures and moisture across most growing regions, and normal yields for most crops. The outlook is also sensitive to the strength of food demand for oilseeds, particularly in China. China is the world's largest importer of oilseeds but remains a volatile purchaser, which can have either a positive or negative impact on the canola market.

Flaxseed

For 2020-21, supplies are estimated to be down 38%, to 0.41 Mt, versus 0.67 Mt last year, as the result of lower production and slightly smaller carry-in stocks. Statistics Canada's December Stocks Report estimates total flaxseed stocks of 0.26 Mt, with 0.21 Mt on farm and 54,000 t in commercial position. By comparison, last year's total stocks were 0.38 Mt with 0.31 Mt on farm and 67,000 t in commercial position as of December 31, 2020.

Exports are forecast to decrease by about 41%, to 0.30 Mt as a result of the constrained domestic supplies. Similarly, total domestic use is forecast to fall by 23%, to 79,900 t, on reduced feed waste and dockage. Carry-out stocks are forecast to fall by 41% to 35,000 t, while flaxseed prices rally sharply to \$1,250/t, versus \$693/t in 2020-21 and the 5-year average of \$526/t.

For 2022-23, the area seeded to flaxseed in Canada is forecast to fall slightly to 0.41 Mha, vs the 5-year

average of 0.39 Mha, as support from the near doubling of prices in 2021-22 is offset by concerns over low soil moisture and attractive prices for alternate crops. Flaxseed production is forecast at 0.58 Mt, assuming an area loss of 2% prior to harvest and near normal yields of 1.5 t/ha. Total supply is forecast to increase by 51%, to 0.63 Mt, due to higher output.

Exports are forecast to rebound to 0.45 Mt on steady to stronger Chinese, European and United States consumption. Total domestic use is forecast to rise by about 38% to 0.11 Mt, on higher feed, waste and dockage. Carry-out stocks are forecast to nearly double to 0.07 Mt. Flaxseed prices are forecast to decline by 32%, to a still very strong \$850/t for 2022-23.

Soybeans

For 2021-22, domestic supplies of soybeans are estimated down 6% from last year, to 7.0 Mt, versus 7.4 Mt last year, as a result of a marginal decrease in carry-in stocks and a 1%, decrease in production. Soybean imports are estimated down slightly to 0.4 Mt for the current crop year compared to the 0.44 Mt imported for 2020-21.

Canadian exports of soybeans are estimated to be down by 14%, to 4.0 Mt for the current crop year as tight domestic supplies mutes support from strong world demand. Domestic processing of soybeans is forecast to increase by 10% from last year's pace to a historically normal 1.8 Mt, on strong crush margins and robust demand for vegetable oils. Soybean prices are estimated to rise marginally to \$610/t, for the current crop year versus the simple average of \$605/t earned in 2020-21.

In the February 2022 release of the WASDE the USDA lowered its global production estimate for soybeans by 8.7 Mt from last month to 363.9 Mt, on drought in South America. Brazil's soybean crop was lowered by 5 Mt to 134 Mt, Paraguay's was reduced by 2.2 Mt to 6.3 Mt and Argentina's was

reduced by 1.5 Mt to 45 Mt. World supplies of soybeans are estimated at 464 Mt, a 0.5% rise from last year, as larger beginning stocks supplement the rise in output. World domestic consumption of soybeans is estimated at 369 Mt, a rise of about 6 Mt from last year. Of this, crush is forecast to rise by 5 Mt to 320 Mt. World trade is expected to rise by slightly under 1.0 Mt to 165 Mt while ending stocks decline to 93 Mt from 100 Mt in 2020-21.

The factors to watch for the rest of the crop year are: (1) Canadian crush and export pace, (2) South American growing conditions, (3) strength of Chinese import demand and (4) US planting intentions for 2022-23.

For 2022-23, planted area in Canada is forecast to rise by 7% to 2.3 Mha, on support from high prices, with area gains limited by concerns over low sub soil moisture, the short growing season in Western Canada and attractive prices for competing crops. Assuming 5-year average yields, production is forecast at 6.6 Mt, versus 6.3 Mt in 2021-22 and the 6.4 Mt grown in 2020-21. Total supply is forecast to increase to 7.4 Mt, on the rise in production, higher carry-in and stable imports.

On the demand side, exports are forecast to increase by 13% to 4.5 Mt, with shipments headed to a diverse group of countries. Domestic processing is forecast up slightly to 1.9 Mt compared to last year. Carry-out stocks are forecast to rise slightly to 0.50 Mt versus the 0.45 Mt estimated for 2021-22 and the 5-year average of 0.49 Mt.

Soybean prices are forecast to fall by \$10/t to \$600/t, as support from the ongoing South American drought offsets an expected rise in US output. A stable Canada-US dollar exchange rate is assumed.

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Pulse and Special Crops

Dry Peas

For 2021-2022, exports are expected to fall to 2.1 million tonnes (Mt) largely due to lower exports to China and zero exports to Bangladesh. Carry-out stocks are forecast to fall with the smaller supply. The average price is expected to be sharply higher than 2020-2021 levels, with record prices for all types of dry peas.

During the month of January, the on-farm price of yellow peas in Saskatchewan fell by \$35/t while the green pea price fell by \$50/t. This was largely due to weaker export demand and indications that the seeded area for the winter pulse crop in India is expected to be higher than the previous year. Yellow dry peas prices are expected to maintain a \$35/t premium over green dry peas, compared to the \$5/t premium that green peas had over yellow peas in 2020-2021.

US dry pea production is estimated by the USDA at nearly 1.0 Mt, down marginally from 2020-21. This was largely due to below average yields and lower area. Canadian dry pea exports to the US are moving above last year's pace, and are forecast at just over 0.3 Mt in 2021-2022.

For 2022-2023, seeded area is forecast to increase marginally from 2021-22, at 1.65 million hectares (Mha) because of good expected returns for yellow pea types when compared to other crops. Production is forecast to increase by 68% to 3.8 Mt, however, supply is expected to rise by only 43% from 2021-22 due to the smaller carry-in stocks. Exports are expected to rise to 3.0 Mt with increased exportable supply. Carry-out stocks are expected to increase. The average price is expected to be lower than in 2021-22, due to increased global supply.

Lentils

For 2021-2022, exports are forecast to decrease to 1.7 Mt despite strong import demand from Turkey. With the lower supply and despite lower exports, carry-out stocks are expected to fall, which will continue to support record No.1 lentil prices throughout 2021-2022.

During the month of January, the on-farm price of large green and red lentils in Saskatchewan fell by \$155/t. Prices have been pressured by a large Australian export program recently. Prices for No.1 large green lentils are expected to maintain a premium of \$320/t over No.1 red lentil prices, compared to a \$135/t premium in 2020-2021.

For 2021-2022, US lentil production, mostly green types, is estimated at 231 Kt, down 31% from 2020-2021. Canada is a minor exporter to the US. Canadian lentil exports to the US are expected to be higher than 2020-2021, at 70 thousand tonnes (Kt).

For 2022-2023, area seeded in Canada is forecast to rise marginally to 1.8 Mha with good potential returns compared to other crops. Production is forecast to increase by 56% to 2.5 Mt. Supply is expected to rise to 2.65 Mt as higher production is moderated by lower carry-in stocks. Exports are expected to be higher than in 2021-2022 at 2.1 Mt. Carry-out stocks are forecast to be higher than the previous year. The overall lentil price is forecast to decrease from 2021-2022 due to the higher world supply and carry-out stocks.

Dry Beans

For 2021-2022, exports are forecast to be lower than 2020-2021. The EU and the US remain the top two export markets. Carry-out stocks are forecast to increase from 2020-2021 despite the lower supply. The average Canadian dry bean price is expected to increase to record levels due to smaller supply in North America. To-date, Canadian white pea bean prices are 25% higher, pinto and black beans are 50% higher than last year.

US total dry bean production (excluding chickpeas) is estimated by the USDA at just over 1.0 Mt, down 31% from 2020-2021. US dry bean production decreased for all bean types with the exception of cranberry and pink dry bean types, which rose marginally. This, along with a similar Canadian/US dollar exchange rate is expected to continue to support record Canadian dry bean prices throughout 2021-2022.

For 2022-2023, the area seeded is forecast to decrease due to lower potential returns compared to other crops, particularly soybeans. Production is forecast to rise marginally to 0.39 Mt due to lower expected area but higher yields. Supply is expected to increase marginally, with higher carry-in stocks. Exports are expected to be higher than 2021-2022 and carry-out stocks are expected to increase. The average Canadian dry bean price is forecast to decrease due to expectations for increased North American supply and a similar exchange rate for the Canadian dollar against the US dollar.

Chickpeas

For 2021-2022, exports are forecast to be higher than 2020-2021, with the US and Turkey as the top markets. Carry-out stocks are expected to fall sharply. The average price is forecast to rise sharply to record levels due to stronger world demand and lower world supply.

US chickpea production is estimated by USDA at 130 Kt, 30% lower than 2020-2021, due to poor yields, despite higher area. Canadian chickpea exports to the US are forecast to be higher than last year at 50 Kt.

For 2022-2023, the area seeded is forecast to increase from 2021-2022, largely due to good potential returns compared to other crops. As a result, production is expected to rise sharply to 125 Kt. Supply, however, is expected to fall from last year due to lower carry-in stocks. Exports are expected to fall from last year, but despite this, carry-out stocks are expected to decrease due to the lower supply. The average price is forecast to be lower than the previous year.

Mustard Seed

For 2021-2022, exports are forecast to be lower than last year at 80 Kt but carry-out stocks are expected to tighten to the lowest level since 2015-2016 due to significantly reduced supply. The US and the EU currently account for 78% of Canada's total exports to-date for mustard seed. The average price is expected to increase sharply to record levels, due to the tighter expected carry-out stocks in Canada and the US.

For 2022-2023, the area seeded is forecast to rise sharply and production is expected to increase to 115 Kt due to the higher area and a return to average yields. Supply is forecast to be 31% higher than the previous year, as the increase in production is moderated by lower carry-in stocks. Exports are expected to be unchanged and carry-out stocks are expected to increase but remain tight. The average price is expected to fall sharply compared to 2021-2022, but remain historically high.

Canary Seed

For 2021-2022, exports are forecast to be lower than last year. The EU and Mexico currently account for 59% of the total Canadian canary seed export market. Carry-out stocks are forecast to be tight. The average price is forecast to increase to a record \$1,170/t from \$690/t in 2020-2021.

For 2022-2023, the area seeded is expected to increase marginally due to higher returns relative to other crops. Production is forecast to be sharply higher than last year with an increase in seeded area and improved yields. Supply is expected to be higher at 180 Kt. Exports are expected to be higher and carry-out stocks are forecast to rise but remain tight. The average price is forecast to be lower than the 2021-2022 level.

Sunflower Seed

For 2021-2022, exports are expected to be marginally lower than the previous year but carry-out stocks are forecast to fall marginally. The US is Canada's main export market for sunflower seed and accounts for 95% of Canada's total exports. The average price is expected to rise from 2020-2021 on higher oilseed and confectionery prices, due to smaller North American sunflower seed supply.

For the US, sunflower seed production is estimated by the USDA to have decreased by 36% to nearly 0.9 Mt. Nearly 0.8 Mt of the US sunflower seed crop is estimated to be oilseed types, lower than last year. US confectionery type production was also lower this year at 76 Kt.

The global supply of sunflower seed is estimated by the USDA at a record 62.8 Mt, up 15% from last year. This is largely due to increased production in Ukraine and Russia. As a result, world exports are

expected to increase by 31% while domestic use is forecast to rise by 14% to a record 56.6 Mt. World carry-out stocks are expected to rise to 2.4 Mt and this has limited upward movement in world sunflower seed prices.

For 2022-2023, the area seeded is forecast to be relatively unchanged from 2021-2022 due to expectations for solid returns relative to other crops. Production is forecast to fall to 80 Kt. Supply is expected to decrease as the fall in production

combines with lower carry-in stocks. Exports are expected to be lower than the previous year and carry-out stocks are also expected to fall. The average price in Canada is forecast to be lower than in 2021-2022 as the prices for confectionary type varieties remain unchanged while prices for oil type varieties are expected to decrease.

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CANADA: GRAINS AND OILSEEDS SUPPLY AND DISPOSITION

February 18, 2022

Grain and Crop Year (a)	Area Seeded <i>thousand ha</i>	Area Harvested <i>thousand ha</i>	Yield <i>t/ha</i>	Production	Imports (b)	Total Supply	Exports (c)	Food & Industrial Use (d)	Feed, Waste & Dockage	Total Domestic Use (e)	Carry-out Stocks	Average Price (g) \$/t
Durum												
2020-2021	2,302	2,295	2.86	6,571	13	7,321	5,766	198	388	802	753	302
2021-2022f	2,238	2,157	1.23	2,654	25	3,432	2,350	180	199	582	500	700
2022-2023f	2,450	2,401	2.30	5,522	25	6,047	4,300	200	434	847	900	400
Wheat Except Durum												
2020-2021	7,892	7,723	3.70	28,612	129	33,503	20,567	3,243	4,025	8,023	4,913	271
2021-2022f	7,255	7,090	2.68	18,998	200	24,111	13,000	3,000	3,886	7,611	3,500	415
2022-2023f	7,598	7,446	3.44	25,636	100	29,236	17,000	3,200	4,011	7,986	4,250	350
All Wheat												
2020-2021	10,194	10,018	3.51	35,183	142	40,824	26,333	3,442	4,414	8,825	5,666	
2021-2022f	9,493	9,247	2.34	21,652	225	27,543	15,350	3,180	4,085	8,193	4,000	
2022-2023f	10,048	9,847	3.16	31,158	125	35,283	21,300	3,400	4,445	8,833	5,150	
Barley												
2020-2021	3,060	2,809	3.82	10,741	294	11,991	4,277	299	6,417	7,003	711	294
2021-2022f	3,357	3,002	2.31	6,948	150	7,809	2,950	219	4,060	4,559	300	420
2022-2023f	3,300	2,960	3.58	10,590	60	10,950	3,350	319	6,001	6,600	1,000	320
Corn												
2020-2021	1,440	1,408	9.63	13,563	1,639	17,762	1,438	5,376	8,764	14,155	2,169	272
2021-2022f	1,413	1,391	10.06	13,984	4,000	20,153	1,500	5,400	11,087	16,503	2,150	285
2022-2023f	1,420	1,390	9.78	13,600	2,000	17,750	1,450	5,450	8,884	14,350	1,950	255
Oats												
2020-2021	1,554	1,314	3.48	4,576	17	5,019	2,971	105	1,170	1,391	657	301
2021-2022f	1,385	1,112	2.34	2,606	15	3,277	2,270	120	562	807	200	560
2022-2023f	1,500	1,230	3.54	4,360	15	4,575	2,700	120	1,129	1,375	500	400
Rye												
2020-2021	237	153	3.19	488	2	530	153	41	243	306	72	225
2021-2022f	246	147	3.22	473	2	546	155	44	276	341	50	310
2022-2023f	240	140	3.36	470	2	522	160	44	167	231	130	200
Mixed Grains												
2020-2021	168	97	2.41	233	0	233	0	0	233	233	0	
2021-2022f	133	65	2.53	164	0	164	0	0	164	164	0	
2022-2023f	140	65	2.69	175	0	175	0	0	175	175	0	
Total Coarse Grains												
2020-2021	6,459	5,780	5.12	29,601	1,952	35,535	8,839	5,820	16,827	23,087	3,608	
2021-2022f	6,534	5,716	4.23	24,175	4,167	31,949	6,875	5,783	16,148	22,374	2,700	
2022-2023f	6,600	5,785	5.05	29,195	2,077	33,972	7,660	5,933	16,357	22,731	3,580	
Canola												
2020-2021	8,410	8,325	2.34	19,485	125	23,044	10,573	10,425	259	10,750	1,722	730
2021-2022f	9,097	9,002	1.40	12,595	150	14,467	5,400	8,500	66	8,617	450	1,050
2022-2023f	8,800	8,732	2.31	20,200	150	20,800	10,000	10,000	99	10,150	650	900
Flaxseed												
2020-2021	377	371	1.56	578	26	667	505	N/A	85	103	59	693
2021-2022f	416	404	0.86	346	10	415	300	N/A	60	80	35	1,250
2022-2023f	405	399	1.45	580	10	625	450	N/A	90	110	65	850
Soybeans												
2020-2021	2,052	2,041	3.12	6,359	438	7,417	4,659	1,636	606	2,465	294	605
2021-2022f	2,153	2,139	2.93	6,272	400	6,966	4,000	1,800	516	2,516	450	610
2022-2023f	2,300	2,292	2.86	6,551	400	7,401	4,500	1,900	301	2,401	500	600
Total Oilseeds												
2020-2021	10,839	10,738	2.46	26,421	588	31,129	15,736	12,061	950	13,318	2,075	
2021-2022f	11,666	11,545	1.66	19,212	560	21,847	9,700	10,300	641	11,212	935	
2022-2023f	11,505	11,423	2.39	27,331	560	28,826	14,950	11,900	490	12,661	1,215	
Total Grains And Oilseeds												
2020-2021	27,491	26,536	3.44	91,205	2,682	107,487	50,908	21,322	22,190	45,230	11,349	
2021-2022f	27,693	26,507	2.45	65,039	4,952	81,339	31,925	19,263	20,874	41,779	7,635	
2022-2023f	28,153	27,055	3.24	87,684	2,762	98,080	43,910	21,233	21,291	44,225	9,945	

(a) Crop year is August-July, except corn and soybeans, for which the crop year is September-August.

(b) Imports exclude products.

(c) Exports include grain products but exclude oilseed products.

(d) Food and Industrial use for soybeans is based on data from the Canadian Oilseed Processors Association.

(e) Total Domestic Use = Food and Industrial Use + Feed Waste & Dockage + Seed Use + Loss in Handling

(g) Crop year average prices: Wheat (No.1 CWRS, 13.5% protein) and Durum (No.1 CWAD, 13% protein), both are average Saskatchewan producer spot prices. Barley (No. 1 feed, cash, I/S Lethbridge), Corn (No.2 CE, cash, I/S Chatham), Oats (US No. 2 Heavy, CBOT nearby futures); Rye (No. 1 CW, cash, I/S Saskatoon); Canola (No. 1 Canada, cash, Track Vancouver); Flaxseed (No. 1 CW, cash, I/S Saskatoon); Soybeans (No. 2 CE, cash, I/S Chatham)

Source: Statistics Canada (STC) and Agriculture and Agri-Food Canada (AAFC)

f: forecasts by AAFC except for area, yield and production for 2021-2022 which are STC

CANADA: PULSES AND SPECIAL CROPS SUPPLY AND DISPOSITION

February 18, 2022

Grain and Crop Year (a)	Area		Yield t/ha	Production	Imports (b)	Total Supply	Exports (b)	Total Domestic Use (c)	Carry-out Stocks	Stocks-to- Use Ratio %	Average Price (d) \$/t
	Seeded thousand ha	Harvested thousand ha									
Dry Peas											
2020-2021	1,722	1,685	2.73	4,594	81	4,909	3,582	768	559	13%	340
2021-2022f	1,546	1,491	1.51	2,258	35	2,851	2,100	601	150	6%	600
2022-2023f	1,650	1,610	2.36	3,800	85	4,035	3,000	735	300	8%	450
Lentils											
2020-2021	1,713	1,705	1.68	2,868	110	3,187	2,326	454	407	15%	645
2021-2022f	1,742	1,716	0.94	1,606	50	2,063	1,700	288	75	4%	1,040
2022-2023f	1,800	1,775	1.41	2,500	75	2,650	2,100	425	125	5%	725
Dry Beans											
2020-2021	185	183	2.68	490	63	578	396	72	110	24%	930
2021-2022f	177	171	2.26	386	75	571	380	71	120	27%	1,180
2022-2023f	170	165	2.36	390	75	585	390	70	125	27%	1,045
Chickpeas											
2020-2021	121	120	1.79	214	41	506	159	71	275	119%	640
2021-2022f	75	74	1.04	76	20	371	165	56	150	68%	1,000
2022-2023f	85	83	1.51	125	45	320	125	60	135	73%	860
Mustard Seed											
2020-2021	104	101	0.98	99	6	165	111	15	40	32%	885
2021-2022f	125	113	0.44	50	7	97	80	12	5	5%	2,400
2022-2023f	150	145	0.79	115	7	127	80	32	15	13%	1,500
Canary Seed											
2020-2021	111	110	1.62	178	0	193	160	7	26	16%	690
2021-2022f	127	125	0.87	109	0	135	120	10	5	4%	1,170
2022-2023f	130	128	1.37	175	0	180	160	10	10	6%	800
Sunflower Seed											
2020-2021	45	45	2.25	101	36	241	51	74	116	93%	620
2021-2022f	41	40	2.03	82	38	236	50	76	110	87%	815
2022-2023f	40	39	2.05	80	30	220	45	75	100	83%	700
Total Pulses and Special Crops (c)											
2020-2021	4,000	3,949	2.16	8,545	338	9,778	6,784	1,461	1,533		
2021-2022f	3,832	3,730	1.22	4,567	225	6,325	4,595	1,115	615		
2022-2023f	4,025	3,945	1.82	7,185	317	8,117	5,900	1,407	810		

(a) Crop year is August-July. Grains Include pulses (dry peas, lentils, dry beans, chick peas) and special crops (mustard seed, canary seed, sunflower seed).

(b) Imports and exports exclude products.

(c) Total Domestic Use = Food and Industrial Use + Feed Waste & Dockage + Seed Use + Loss in Handling

(d) Producer price, FOB plant, average over all types, grades and markets.

Source: Statistics Canada (STC) and Agriculture and Agri-Food Canada (AAFC)

f: forecasts by AAFC except for area, yield and production for 2021-2022 which are STC