

**CANADA: OUTLOOK FOR PRINCIPAL FIELD CROPS**

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This report updates Agriculture and Agri-Food Canada's (AAFC) outlook report for the 2020-21 and 2021-22 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 outlook incorporates recent information from Statistics Canada's (STC) March 2021 Field Crop Area Survey and from its survey of Stocks of Principal Field Crops in Canada as of March 31, 2021. The economic outlook for the world and Canadian grain markets is expected to continue to be impacted by the domestic and international uncertainty caused by COVID-19.

For 2020-21, despite record production in 2020, stocks of all principal field crops reported by STC in Canada as of March 31, 2021 declined by 16.3% relative to March 31, 2020, due to historically high exports. Stocks of all principal field crops except for corn and rye declined year over year, with Canola (-37.7%), Barley (-20.5%), Wheat ex Durum (-12.9%), Durum Wheat (-16.7%) and Lentils (-14.5%) down significantly. Carry-out stocks for all principal field crops for the 2020/21 crop year are forecast to decrease to their lowest level in eight years, on record exports. Grain prices in Canada are forecast to remain high on strong international demand and relatively tight world and domestic grain supplies.

For 2021-22, STC's April 27 report on the Seeding Intentions of Principal Field Crops in Canada indicated that total seeded area is expected to decline marginally year over year, with oilseed and coarse grains area increasing by 4.0% and 5.2% respectively, at the expense of wheat and pulse & special crop area which are decreasing by 6.9% and 5.2% respectively. Total field crop production is forecast to decrease on slightly lower total seeded area and the assumption of a return to trend yields from the record production of 2020-21. Growing conditions are currently favourable in Eastern Canada and planting is progressing at historically average rates. Extremely dry conditions prevail in large parts of Western Canada, allowing for rapid seeding progress which is trending ahead of normal, however timely precipitation this spring and throughout the growing season will be needed to achieve trend yields. In general, grain prices in Canada are forecast to stay relatively strong on robust international demand.

The next AAFC Outlook for Principal Field Crops is scheduled to be released on June 18, 2021. STC is scheduled to publish final area estimates for principal field crops on June 29, 2021. The survey is to be conducted from mid May to mid June and will collect information from approximately 24,500 farms on their crop planting intentions for grains, oilseeds and special crops.

Canada: Principal Field Crops Supply and Disposition

	Area Seeded -- thousand hectares --	Area Harvested	Yield t/ha	Production	Imports	Total Supply ----- thousand tonnes -----	Exports	Total Domestic Use	Carry-out Stocks
Total Grains And Oilseeds									
2019-2020	27,568	26,242	3.32	87,125	2,643	104,292	44,827	46,163	13,302
2020-2021f	27,492	26,531	3.41	90,444	2,417	106,162	51,295	46,052	8,815
2021-2022f	27,484	26,462	3.35	88,703	2,262	99,779	45,150	45,234	9,395
Total Pulse And Special Crops									
2019-2020	3,911	3,804	1.99	7,559	328	9,425	7,219	1,311	896
2020-2021f	4,000	3,949	2.16	8,527	355	9,778	7,442	1,396	940
2021-2022f	3,791	3,714	2.01	7,473	318	8,731	6,522	1,349	860
All Principal Field Crops									
2019-2020	31,479	30,046	3.15	94,685	2,972	113,717	52,046	47,474	14,198
2020-2021f	31,492	30,479	3.25	98,971	2,772	115,940	58,737	47,448	9,755
2021-2022f	31,275	30,176	3.19	96,176	2,580	108,510	51,672	46,583	10,255

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

f: forecasts by AAFC except for area, yield and production for 2020-2021 which are STC

All Wheat

Durum

For 2020-21, production of durum is reported at 6.57 Mt by Statistics Canada, 3.2% more than the previous year due to a 16% increase in seeded area accompanied by a 5% increase in yields. However, total supply was revised downward by 0.1 Mt to 7.3 Mt, on a slight reduction in human consumption based on Statistics Canada use estimates to March 2021, which are relatively on level with food use in 2020.

On the demand side, high prices and strong demand have supported exports to date. Total durum exports have been revised upward to 5.7 Mt (1% year-over-year (y/y)) on a strong export pace, movement of Canadian Grain Commission producer deliveries and terminal receipts. For the period of August to March, Statistics Canada reports exports of durum at 3.9 Mt, 26% ahead of last year's levels and 34% greater than the last five year average. Carry out stocks were reduced to 0.75 Mt, the second lowest over the past 10 years, if realized. Statistics Canada ending stocks to March 2021 suggest stocks of durum are on average 17% less than this time last year.

The International Grains Council (IGC) expects 2020/2021 global production to be 33.8 Mt, 1% more than the previous year; total supply, however, was trimmed slightly to 42.6 Mt (-0.1 Mt month over month (m/m)) due to tighter than expected carry-in stocks world-wide. Total consumption was also trimmed 1% m/m and is now expected at 34.6 Mt. World trade is forecast to reach 8.7 Mt, up 4% m/m, on higher exports from North America. Closing stocks were increased slightly to 8.1 Mt, one of the lowest on record. International pricing for durum has remained relatively stable over the last month with FOB prices for US durum (Great Lakes) quoted at US\$295/tonne by the US Wheat Associates, and Canadian durum (St Lawrence) quotes at US\$338/tonne.

The average Canadian crop year producer price for Saskatchewan No. 1 Canadian Western Amber Durum (CWAD) 13% protein remains unchanged at \$290/tonne.

For 2021-22, total supply is projected to decline to 6.8 Mt (-7% y/y) due to tight carry-in stocks, stable seeded area and a return to average yields.

According to Statistics Canada, seeded area for durum is expected at 2,310 thousand hectares, up only 0.3% y/y. To date, seeding is well underway and ahead of last year, but with dry conditions plaguing the majority of the Prairies, downward revisions may be necessary if the area does not receive required precipitation for proper germination and growth. Canadian exports are forecast to fall from current levels due to reduced international demand, and are projected at 5 Mt. With domestic use expected to remain relatively steady at 0.9 Mt, carry out stocks are reduced to 1.0 Mt, down 8% m/m, but 33% more than this year's tight volume.

According to the IGC, preliminary forecasts for world durum production are reported at 36.2 Mt, 7% more than the current year, but with downward pressure if weather does not improve in Canada and the United States. According to the USDA, area seeded to durum is expected to decline by 9% y/y, but could come under additional pressure if dryness persists. Furthermore, some reports out of Italy and France suggest some damage to their durum crop due to colder than expected temperatures this spring. Total consumption is projected to rise 3% to 35.5 Mt, with an increase in both food and feed use. Trade is expected to drop 7% from current levels to 8.1 Mt due to a decline in imports from Europe and North Africa who are expected to have healthier harvests this crop year. Closing stocks are projected to grow 8% as countries rebuild them to healthier levels.

The average Canadian producer price for durum for 2021-2022 is forecast at \$270/tonne, pressured by thinning import demand.

Wheat (excluding durum)

For 2020-21, total supply of wheat is estimated at 33.5 MT, 5% more than the previous year and 11% more than the last five year average thanks to an increase in overall production. Production of wheat, excluding durum, is reported at 28.6 Mt by Statistics Canada, 5% more than the previous year and the

second highest on record since 2013-2014. On the demand side, exports are projected at 21.05 Mt, with carry out stocks reduced to 4 Mt due to higher feed use, supported by the high cost of other feed grains.

According to the USDA – WASDE estimates for 2020-2021, overall world production is expected at 776.1 Mt, up 1.5% compared to the previous year on large harvests in Australia and Canada. Total supply is estimated at 1,075 Mt. Total use is expected at 780.87 Mt, up 4% y/y; trade at 199.6 Mt, with the 6 major exporters accounting for 146.5 Mt of the total (74%). Closing stocks are estimated at 294.67 Mt, with half reported for China. For the US, the supply estimate for 2020-21 is reported at 80.53 Mt, down 5% y/y due to a decline in production. Exports and domestic use are expected to remain relatively on par with the previous year at 26.3 Mt and 30.5 Mt respectively. Closing stocks are forecast to tighten further to 23.72 Mt.

For the 2020-2021 crop year, average Canadian producer prices for Saskatchewan for No. 1 Canadian Western Red Spring (CWRS) 13.5% are forecast at \$260/tonne.

For 2021-22, projections have been revised downwards due to the results from the Statistics Canada seeding report published in April 2021. Total supply is projected at 29.1 Mt, down 13% year on year due to a decline in seeded area and tight carry-in stocks. According to Statistics Canada, the area seeded to wheat is projected to decline 10% to 7,104 thousand hectares, of which 6,613 is spring wheat; winter wheat remaining after over-winter losses amounts to 491.5 thousand hectares with the biggest losses in Ontario (-56.8 thousand ha) and Alberta (-33.5 thousand ha).

Yields are assumed at average levels, but given the current drought persisting in the Canadian prairies, as with the durum forecast, there is downward pressure on production projections if timely precipitation is not realized. Production is currently projected at 25.0 Mt, 12% less than the previous year.

Compared to last month, exports have also been

revised downward on lower overall supply and increased competition from foreign markets. They are projected at 17.1 Mt, 19% less than current levels, and just slightly below the last five year average. Demand for wheat for animal feed is forecasted to continue as prices for other feed grains remain high; it is forecast to remain relatively stable around 4 Mt. With food, seed and industrial use maintained at average levels, carry out stocks are projected to increase marginally to 4.05 Mt (+1% y/y).

The USDA-WASDE released their first outlook for the 2021-22 crop season on May 12, and they are calling for larger supplies and larger consumption worldwide. More specifically, total supply is projected to increase to 108.3 Mt (+8.1 Mt y/y) with production forecasted at a new record high of 789 Mt with reductions in Canada and Australia more than offset by increases in the EU, UK, Morocco and the Ukraine; Russia's production is projected to remain relatively in line with current levels. Consumption is projected at 788.7 Mt (+7.8 Mt) on higher food, seed and industrial use, continuing the upward trend in many foreign countries. Wheat feed and residual use is also expected to increase, but to a lesser degree with a decline in use in China.

A first look at 2021-22 international trade by the USDA points to a record 202.4 Mt (+2.8 Mt y/y) on increased supply overall; imports are projected to rise on larger demand from Algeria, Indonesia, the EU and the Middle East, but projections for China, who has been leading 2021-22 in aggressive purchases of wheat, are pointing to a marginal decline in demand to 10 Mt, (-0.5 Mt y/y), due to their volume in inventory. Projection for ending stocks is currently at 295 Mt with China holding about ½ of the volume.

Average Canadian producer prices for wheat for the crop year are forecast at \$275/tonne in the short term, underpinned by tight stocks and prices for alternative feed grains.

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Coarse Grains

Barley

For 2020-21, the forecast for total Canadian barley exports (raw barley grain and grain equivalent of malt) is pegged at 4.2 million tonnes (Mt), up by 450 thousand tonnes (Kt) from the April forecast, based on the ongoing heavy exports of raw barley grain. It is expected to be 38% higher than last year, the highest since 1997-98. Statistics Canada (STC) reported that exports of raw barley grain for the first eight months (August 2020 – March 2021 period) of the crop year increased by 68%, largely due to strong demand from China, although exports to the US and Japan fell. Exports of barley products decreased by 7%, largely due to lower demand from the US and Japan, although exports to Mexico, South Korea and Colombia increased.

Barley imports for 2020-21 are expected to rise sharply from last year to 270 Kt, based on the ongoing strong import pace, relative to a year ago. STC reported imports at 166 Kt for the August 2020 – March 2021 period, compared to 36 Kt for the same period last year. Imports to all western provinces surged for the same period and Alberta led the increase. Most of the imported barley was shipped from Montana, North Dakota and Maine in the US.

Total domestic use is projected to decrease marginally, mainly due to decreased demand for feed consumption. Carry-out stocks are projected to decline sharply from last crop year to 0.5 Mt, the lowest level on record.

For the crop year to-date, the average feed barley price in Lethbridge sat at \$273/t, underpinned by heavy exports, which has led to the average feed barley price in Lethbridge surging to above \$350/t in Mid-May. Assuming the trend continues for the rest of the crop year, the average price for the entire crop year is expected to be above \$285/t, higher than the record level of \$279/t in 2012-13.

For 2021-22, the planned barley area in Canada is forecast to increase by 14%, or 426 thousand hectares (Kha), from 2020-21 to almost 3.5 million hectares (Mha), according to STC's March 2021

principal field crop acreage report. Producers in the Prairie provinces decided to plant more barley, while producers in Quebec and Ontario plan to grow less. If accurate, the nationwide barley area would be at its highest point in 12 years. Saskatchewan is expected to lead the growth in barley acreage, increasing by 309 Kha to near the intended barley acreage in Alberta. Barley area in Alberta and Manitoba is expected to rise by 116 Kha and 18 Kha, respectively. If realized, Saskatchewan, Alberta and Manitoba would have the largest barley area since 2007, 2009 and 2013, respectively.

With projections for harvest area to be up by 13% and yields to be down by 2%, production is forecast to rise by 11%. Supply is forecast to rise by 4.6%, the highest in twelve years, which accordingly will support exports and domestic consumption. Canadian barley exports are anticipated to remain strong, based on predictions for continued heavy demand from Canada's major barley importers and ample domestic supply. However, exports are expected to be lower than the previous year, based on the assumptions of expanded feed grain (such as wheat and corn) supplies in the world's major exporters and an appreciating Canadian currency. Domestic use is anticipated to increase based on predictions for growth in feed consumption and industrial use. Carry-out stocks are forecast to rise sharply due to ample supply.

The average price of feed barley for 2021-22 is forecast to decrease, based on the projection for higher 2021-22 supply, compared to lower demand. However, the predicted higher US corn price for 2021-22 is expected to provide support for feed barley price.

The United States Department of Agriculture (USDA) is expecting a slightly smaller 2021 barley area in the US, at 2.59 million acres (Mac), versus 2.62 Mac actually seeded in 2020. There are only minor downward cuts applied to the supply and demand projections for the US barley, when compared with 2020-21.

Worldwide, the USDA projects that the combined

area and production for 2021-22 in the world's major barley exporters will decline slightly. Australia's barley area and production are anticipated to have a significant drop in 2021-22, but will be offset by the expanded area and increased production in other major export countries, such as Ukraine, Argentina, etc. Notably, barley production in Morocco, one of the world major barley importers, is expected to increase to 2,400 Kt from 640 Kt in 2020-21. In total, world barley production for 2021-22 is predicted to drop by 2% from 2020-21 to 153.6 Mt, based on projections for lower harvested area and yield. However, it would still be 5% higher than the previous five-year average.

Corn

For 2020-21, corn imports were lower by 100 Kt from the April projection to 1.5 Mt, decreasing by 20% from 2019-20. STC reported corn imports for the first seven months (September 2020 – March 2021 period) of the current crop year at 918 Kt, a decrease of 12% from the same period in 2019-20, mainly reflecting reduced imports to Quebec, Ontario, Manitoba and British Columbia, in spite of increased imports to New Brunswick, Saskatchewan and Alberta.

The 2020-21 corn exports are forecast at 1.2 Mt, increasing from 677 Kt last year. Exports were lowered by 200 Kt from 1.4 Mt in the April forecast, mainly reflecting the slowdown in the pace of exports to the EU. STC reported 606 Kt of corn exported for the first seven months of the current crop year, compared with 170 Kt and 804 Kt for the same period in 2019-20 and 2018-19, respectively. During the January – March period, corn exports from Western Canada dropped sharply.

Domestic use for 2020-21 is predicted to increase by 3% to 14.4 Mt due to rising feed use. Carry-out stocks are forecast to fall by 22% to 2.0 Mt from the record high in the previous year.

The average price of Chatham corn for 2020-21 is expected to increase by 25% from 2019-20 to \$245/t, underpinned by stronger US corn prices.

In its May report, the USDA predicted further

tightening of 2020-21 corn carry-out stocks in the US, mainly based on the anticipation for higher exports. The 2020-21 carry-out stocks were pegged at 1,257 million bushels, 35% lower than last year and the lowest in seven years. The marketing-year weighted average price received by farmers was set at US\$4.35/bu, versus US\$4.30/bu in the April report and US\$3.56/bu for last year.

The USDA has cut Brazil's 2020-21 corn production by 7 Mt due to the adverse effects of dry weather. Brazil's maize imports have been revised up by 2 Mt, while exports have been revised down by 4 Mt, which would result in an 1 Mt increase in Brazil's carry-out stocks, when compared with last predictions.

For 2021-22, the planned corn area in Canada is forecast to increase by 2%, or 26 Kha, from 2019-20, to nearly 1.5 Mha, largely due to the fact that farmers in the three major corn producing provinces (Ontario, Quebec and Manitoba) intend to grow more corn. If realized, corn area in Ontario will be at a record level. Despite the intention for higher 2021 area, corn area in Quebec and Manitoba would be lower than their previous five-year average. Farmers in Saskatchewan and Alberta plan to grow less corn in 2021, as barley and canola are expected to gain more acreage in the two provinces.

Production is forecast to increase by 2% from the previous year to 13.9 Mt on projections for higher harvested area and better yield potential. Imports and exports are expected to remain unchanged from the previous year. Domestic use is projected to decrease on expected lower feed use, in spite of higher industrial use. Carry-out stocks are projected to decrease by 5% to 1.9 Mt.

Following the forecast for a surge in the 2021-22 corn price in the US, the 2021-22 corn price in the Chatham region is forecast to increase, but to a lesser extent.

The USDA's Prospective Plantings report indicates that US farmers intend to grow 91.1 Mac of corn this year, which is only slightly higher than the actually seeded area of 90.8 Mac in 2020. Based on projections for larger harvested area and higher

yield, production is forecast to increase by 6%. The feed consumption is forecast to be unchanged from 2020-21. Demand for ethanol production is forecast to increase by 5% while exports are predicted to decrease by 12%. Carry-out stocks are predicted to expand by 20% from the 2020-21 low point, but are still 23% lower than the previous five-year average. The marketing-year weighted average price received by farmers was set at US\$5.70/bu, increased significantly from US\$4.35/bu for last year.

For other major exporting countries, including Argentina, Brazil and Ukraine, the combined corn area and production are predicted to be at record levels, according to the USDA.

For China, its corn production in 2021 is forecast to increase by more than 7 Mt. However, owing to heavy feed consumption, China is expected to import 26 Mt of corn in 2021-22, unchanged from 2020-21. For other corn importing countries, imports are forecast to climb due to continued strong demand for feed consumption and recovering industrial use.

Oats

For 2020-21, total exports of raw oat grain and oat products are projected at 2.95 Mt, 13% higher than last year and the highest level on record. STC reported an increase of 18% and 19%, respectively, for the exports of oat grain and oat products for the first eight months of the current crop year, compared to the same period last year. The major destinations of raw oat grain and oat products include the US, Mexico, Chile and Japan. About 74% of oat grain and 84% of oat products were exported to the US during the period.

Total domestic use for 2020-21 is expected to increase by 8%, largely due to a forecasted increase in feed use. Carry-out stocks are expected to fall to a record low level, due to robust exports and solid domestic feed use.

For the crop year to date, the average cash oat prices in the Prairie provinces have increased by 10%, 8% and 5%, respectively, for Alberta, Saskatchewan and Manitoba. The Chicago Board of Trade (CBOT) oat futures price for 2020-21 is expected to rise by 6%

from last year to \$290/t, the highest level on record, supported by tight oat stocks in North America and gains in other grain prices.

For 2021-22, the planned oat area in Canada is forecast to decrease by 6% to nearly 1.5 Mha, as farmers in most of the provinces have decided to plant less oats, with the exception of farmers in Manitoba. Most of the decrease is expected to be in Saskatchewan, where oat area is anticipated to fall by 84 Kha. Oat areas in Alberta, Quebec and Ontario are expected to fall by 10 Kha, 13 Kha and 15 Kha, respectively, while it is projected to increase in Manitoba by 25 Kha. If realized, it would be the largest oat seeded area in Manitoba since 2008.

Nationwide production is forecast to decrease by 8% to 4.2 Mt based on projections for lower harvested area and yield, which, along with lower carry-in stocks, will lead to the total supply to drop by 9% to nearly 4.6 Mt. Domestic use is anticipated to fall on lower feed use. Exports are expected to drop due to lower supply but will remain strong based on expectations for continued strong demand in the world's major importing countries. Carry-out stocks are forecast to drop, mainly due to continued strong demand along with smaller supply.

The average price of oats for 2021-2022 is forecast to increase due to the expectation of a decline in carry-out stocks, as a result of reduced supply and strong demand.

The USDA's Prospective Plantings report indicates a sharply reduced 2021 oat acreage in the US, at 2.5 Mac, 17% lower than the actually seeded area of 3.0 Mac in 2020. Along with the forecasts for a 20% drop in harvested area and a 2% increase in yield, the 2021 oat production in the US is predicted to be 18% lower than in 2020. Imports are forecast to increase by 6%.

Worldwide, the USDA projects reduced area and production for the world's major oat exporters, such as Australia and the EU. Demand in the world's major importing countries is expected to rise, which will lead to increased imports by these countries.

Rye

For 2020-21, Canadian rye exports are estimated to fall by 6% to 155 Kt, based on the current export pace. Almost all the exports are shipped to the US. STC reported that Canadian rye exports for the first eight months of the current crop year decreased by 8% to 115 Kt from the same period last year.

Domestic industrial use is expected to increase significantly to 40 Kt, based on STC's data showing sharply increase in industrial use for the August 2020 – March 2021 period. Feed use for 2020-21 is expected to increase significantly due to relatively cheap prices and good supplies. Carry-out stocks are projected to rise sharply due to a plentiful supply.

Rye prices are expected to rise slightly from 2019-20, due to a rebound in demand.

For 2021-22, the area seeded to fall rye in Canada increased to 240 Kha, versus 231 Kha for a year ago. It is also the highest level since 2006-07. After winterkill, the area of fall rye remaining is estimated at 169 Kha, 7% higher than a year ago and the

highest since 2006-07.

Production and total supply are projected to be at record high levels, based on the large fall rye area. The bumper supply is expected to encourage exports and domestic feed use. Carry-out stocks are forecast to increase sharply from 2020-21 and remain at the four-year high. The average price of rye for 2021-22 is forecast to decrease due to ample supply.

Based on expected lower area and production in the world's major rye exporters (the EU and Russia), the USDA projects global rye production in 2021-22 to be at 13.1 Mt, 9% lower than the 2020-21 level.

For the US, its domestic supply and demand of rye for 2021-22 are forecast to fall by the same amount. Imports by the US are forecast to remain unchanged from 2020-21.

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Oilseeds

Canola

For 2020-21, canola supplies are estimated at 22.0 Mt, unchanged from last month but down 9% from last year on a 29% decline in carry-in stocks and a 5% drop in production. The tightness of Canadian supplies was confirmed in the March 31st release of the Stocks Report by Statistics Canada which estimated about 4.8 Mt of canola remained on farm with another 1.8 Mt stored commercially. By comparison for the same period last year, about 9.1 Mt of canola was on farm with 1.5 Mt located in commercial position.

Demand for Canadian canola remains strong with the export and crush pace running well ahead of last year and supporting forecasts for crop year exports of 10.9 Mt and a 10.2 Mt domestic crush. Carry-out stocks are forecast at a tight 0.7 Mt, down sharply from last year, for a stocks-to-use ratio of 3% vs 15% last year and the 5 year average of 14%. The canola price estimate was raised \$55/t from last month to \$745/t, surpassing the previous record of \$650/t set in 2012-13. Price volatility remains high with prices underpinned by a complex interplay of support from higher Chinese and European imports, the delayed South American harvest, a declining US\$ and a tightening of world vegetable oil ending stocks.

For 2021-2022, seeded area in Canada is forecast to increase by 4%, to 8.71 million hectares, (Mha), while harvested area rises to 8.66 Mha, as farmers expand canola area at the expense of wheat, forages and summerfallow. The early spring moisture situation for canola across western Canada is dry, with most of the agricultural area across western Canada significantly drier than normal. The current National AgroClimate Risk Report states there is significant concern for drought across southern Manitoba and Saskatchewan as fall, winter and spring precipitation was well below normal. Significantly higher than normal rains are required to return soil moisture to normal growing conditions.

Normal yields are forecast for the upcoming crop year but AAFC is monitoring the situation closely

and will adjust the yield estimates in upcoming releases of the Outlook as warranted by growing conditions. Canola yields are projected at the 5 year average of 2.32 tonnes per hectare (t/ha), up from the 2.25 t/ha achieved in 2020-21. For comparison, the lowest modern day yields were achieved in the drought year of 2012-13, at 1.57 t/ha.

Production is forecast to rise by 7% to the third highest level on record based on the current area and yield estimates. This forecast carries a significant downside risk if normal summer precipitation fails to materialize. Total supply is forecast to tighten to 20.9 Mt as sharply lower carry-in stocks more than offset the expected rise in production.

Exports are forecast to fall by 8% to 10.0 Mt, as tighter domestic supplies limit Canada's ability to service strong world demand for vegetable oils and protein meals. Domestic crush is forecast to decline to 10.0 Mt, while carry-out stocks rise marginally to a still tight 0.75 Mt, for a stock-to-use ratio of 4%. Canola prices are forecast to decline slightly to \$700/t, track Vancouver, under pressure from an expected easing of new crop US soybean prices. Price volatility remains high and this forecast contains significant downside price risk.

Flaxseed

For 2020-21, supplies increased by 17%, to 0.66 Mt, versus 0.57 Mt last year, due to increased production and marginally higher carry-in stocks. Statistics Canada confirmed March 31 stocks on farm are down about 35% versus the same time last year. Exports are estimated up by 55%, to 0.54 Mt on strong European buying, as the EU's traditional supplier Kazakhstan switches to supplying China instead. Total domestic use is expected to fall by 54%, to 71,700 t, on sharply lower feed waste and dockage. Carry-out stocks are forecast down 14% to 0.05 Mt while flaxseed prices rally sharply to \$690/t, versus \$518/t in 2019-20 and the 5 year average of \$477/t.

For 2021-22, the area seeded to flaxseed in Canada is forecast to rise by 6% to a four-year high of 0.40 Mha, on support from the 2020-21 price rally.

The shift into flaxseed is expected to be constrained by low spring soil moisture, and by competition for crop area from alternate crops. Flaxseed production is forecast at 0.59 Mt, assuming an area loss of 2% prior to harvest and five year average yields of 1.50 t/ha. Total supply is forecast to decrease by 3%, to 0.65 Mt, as the decline in carry-in exceeds the rise in output.

Exports are forecast down by 15% from 2020-21, to 0.46 Mt, on reduced Chinese, European and United States buying. Total domestic use is forecast to rise by about 53% to 0.11 Mt, on higher feed, waste and dockage. Carry-out stocks are forecast to increase by 45% to 0.08 Mt while flaxseed prices decline by \$40/t to \$650/t for 2021-22.

Soybeans

For 2020-2021, domestic supplies of soybeans are estimated up 4% from last year to 7.4 Mt due to a marginal increase in carry-in stocks and a 3% increase in production. Soybean imports are estimated up slightly to 0.4 Mt for the current crop year, versus the 0.24 Mt imported for 2019-20.

Canadian exports of soybeans are forecast to rise by 29% to 4.6 Mt for the current crop year on strong world demand. Domestic processing of soybeans is forecast to increase by 3% from last year to 1.8 Mt on good crush margins and strong demand for vegetable oils and protein meal. Soybean prices are estimated to increase by 45%, to \$610/t, versus the simple average of \$420/t earned in 2019-20.

The factors to watch for the remainder of the crop year are: (1) price volatility, (2) US weather forecasts, (3) the 2021-22 soybean planting pace, (4) South American harvest and shipping delays and (5) the strength of Chinese buying.

For 2021-2022, planted area in Canada is forecast to increase by 5% to 2.2 Mha on support from high prices, with the gains in area limited by low sub soil moisture and a short growing season in western Canada combined with attractive prices for competing crops. Moisture conditions across eastern Canada are mixed and range from normal to slightly

drier than normal. Assuming 5-year average yields, production is forecast at 6.2 Mt, versus 6.4 Mt in 2020-21 and the 6.1 Mt grown in 2019-2020.

Total supply is forecast to decrease to 7.0 Mt on lower production, stable imports and lower carry-in stocks. The tightening of supplies will pressure exports down by 2%, to 4.5 Mt despite support from strong world demand. Domestic processing is forecast stable at 1.8 Mt while carry-out stocks fall to 0.23 Mt, versus 0.40 Mt for 2020-21 and the 5 year average of 0.55 Mt. Soybean prices are forecast to fall by \$20/t to \$590/t, in line with US prices.

For 2021-22, the outlook for US soybeans remains tight. In its first outlook for the upcoming crop year the USDA bumped up its ending stocks estimate slightly to 140 million bushels (mln bu) for a stocks to use ratio of 3% vs 120 mln bu (2.6%) for 2020-21 and 525 mln bu (13.3%) for 2019-20. Production is forecast at 4.4 billion bushels (bln bu) assuming a yield of 50.8 bu/ac. Supplies will tighten for the upcoming crop as the sharp drop in beginning stocks more than offsets the rise in output. Domestic crush is forecast to rise to a record 2.2 Mbu but exports are expected to fall by 9% despite strong world demand due to tight US supplies. The farm-gate price is forecast at US\$13.85/bu versus US\$11.25/bu for the current crop year and US\$8.57/bu for 2019-20.

For 2021-22, the outlook is for a slight loosening of the world soybean market but overall supplies remain tight. Ending stocks are projected to rise 5% to 91.1 Mt. World soybean production is forecast up 6%, to a record 386 Mt on increased output in the United States, Argentina and Brazil. World total domestic consumption of soybeans is forecast at 381 Mt, a rise of 3% from the last crop year with world trade expected to rise to 173 Mt from 171 Mt. World soybean meal and soybean oil production is forecast at a record 260 Mt and 62 Mt, on support from the record world crush of 332 Mt.

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Pulse and Special Crops

Dry Peas

For 2020-21, dry pea supply is higher than the previous year at 4.9 million tonnes (Mt). Canada's exports are forecast to rise to 3.9 Mt, up from the 2019-20 level. Steady demand from Bangladesh has been augmented by the record export pace to China. Canadian exports to the US for the year-to-date (August-March) are lower than for the same period last year due to the large US dry pea crop. With larger domestic supply offset by higher exports and domestic use, carry-out stocks in Canada are expected to be marginally higher than the previous year at 0.25 Mt.

The average price is expected to be sharply higher than 2019-20, due to increased yellow and feed pea prices being offset by lower green pea prices. Green dry peas prices are expected to be equal to yellow dry peas, compared to a green pea premium of \$115/t in 2019-20. During the month of April, Saskatchewan yellow and green pea farmgate prices fell \$5/t.

For 2021-22, producers intend to reduce seeded area in Canada to 1.55 million hectares (Mha), 10% lower than 2020-21. This is largely due to good returns for other crops despite the continued recognition of the benefits of dry peas as part of crop rotation plan. By province, Saskatchewan is expected to account for 55% of the dry pea area, Alberta 37%, with the remainder seeded across Canada.

Production is forecast to fall marginally to below 4.0 Mt due to average yields but lower area seeded. Supply is forecast to fall by 13% to 4.3 Mt due to lower production. Exports are expected to be lower than 2020-21 at 3.3 Mt and carry-out stocks are forecast to decrease. The average price is expected to be similar to 2020-21 with decreased domestic supply and expectations for similar world production.

In the US, area seeded to dry peas for 2021-22 is forecast by the USDA to fall by 11% to 0.89 million acres (Mac). This is largely due to a decrease in expected area in North Dakota.

Lentils

For 2020-21, Canada's lentil supply is 3.2 Mt and exports are forecast to be similar to 2019-20 at 2.7 Mt. The main markets continue to be Turkey, the United Arab Emirates and India. Carry-out stocks are forecast to fall to 0.1 Mt.

The average price of lentils in Canada is forecast to rise sharply from levels recorded for the previous year largely due to strong import demand, particularly from Turkey and the United Arab Emirates. Large green lentil prices are forecast to have a \$155/t premium over red lentil prices for the entire crop year, compared to a \$105/t premium to red lentils in 2019-20. During the month of April, Saskatchewan large green lentil farmgate prices fell \$10/t while red lentil farmgate prices increased \$40/t.

For 2021-22, producers intend to leave the area seeded to lentils in Canada relatively unchanged at 1.7 Mha. By province, Saskatchewan is expected to account for 89% of the lentil area, with the remainder seeded in Alberta and Manitoba.

Production is forecast by AAFC to fall 8% to 2.65 Mt and supply is expected to decrease to 2.8 Mt, due to smaller production and carry-in stocks. Exports are expected to be limited by supply to 2.4 Mt. Carry-out stocks are forecast to remain tight at 0.1 Mt. The average price is forecast to be higher than 2020-21, with the assumption of an average grade distribution and with higher prices for No.1 red and green lentils grades.

In the US, the area seeded to lentils for 2021-22 is forecast by the USDA at 0.61 Mac, 16% higher than in 2020-21, due higher area seeded in North Dakota and Montana.

Dry Beans

For 2020-21, dry bean exports are forecast to increase to a record 0.4 Mt due to the higher export demand related to the COVID-19 pandemic, compared to the previous year. The US and the EU remain the main markets for Canadian dry beans,

with smaller volumes exported to Japan and Angola. Large North American carry-out stocks of canning quality dry beans and a stronger Canadian dollar have pressured Canadian dry bean prices for 2020-21. To-date (August-April), Canadian white pea bean prices have averaged 10% lower, black beans are 12% higher and pinto bean prices are 17% lower, than 2019-20 levels.

For 2021-22, the area seeded in Canada is forecast to fall by 9% from 2020-21 to 167 Kha due to lower returns compared to the previous year. By province, Ontario is expected to account for 36% of the dry bean area, Manitoba 38%, Alberta 16%, with the remainder in Saskatchewan, Quebec and the Maritimes.

Production is expected to decrease to about 385 thousand tonnes (Kt), but with higher carry-in stocks, supply is expected to be unchanged. Exports are forecast to fall marginally and stocks are expected to rise. The average Canadian dry bean price is forecast to be higher due to expectations for lower North American supply.

In the US, area seeded to dry beans is forecast by the USDA to decrease by 11% to 1.54 Mac, with lower area across most of the US dry bean growing states.

Chickpeas

For 2020-21, the chickpea supply is sharply higher than the previous year. Canadian chickpea exports are expected to increase to 115 Kt, largely due to higher exports to the US, one of Canada's largest markets. Carry-out stocks are expected to rise significantly as the increase in export demand has not kept pace with the increase in supply. The average price is forecast to be up sharply from 2019-20, largely due to lower production in Turkey, Argentina and Mexico.

For 2021-22, the area seeded is expected to fall significantly from 2020-21 due to prospects for lower returns compared to other crops. By province, Saskatchewan is expected to account for a significant portion of the chickpea area, with the remainder seeded in Alberta.

Production is forecast to fall by 32% to 145 Kt, assuming a return to average yields lower than the previous year. Supply, however, is forecast to fall only marginally compared to 2020-21, with higher carry-in stocks. Exports are forecast to increase from the previous year. Carry-out stocks are expected to decrease but remain burdensome. The average price is forecast to be higher than in 2020-21.

US chickpea area for 2021-22 is forecast by the USDA to rise to 0.29 Mac, up 7% from 2020-21. This is largely due to an expected rise in area in Idaho.

Mustard Seed

For 2020-21, the mustard seed supply is 166 Kt, down 22% from 2019-20. Canadian mustard exports are forecast at 112 Kt, unchanged from the previous year. The US and the EU remain the main export markets for Canadian mustard seed. Carry-out stocks are forecast to tighten. Prices are forecast to rise sharply due to decreasing carry-out stocks.

For 2021-22, the area seeded is expected to rise by 35% due to higher prices from the previous year. Saskatchewan and Alberta account for 75% and 24% of the area seeded, respectively. Production is forecast to rise sharply to 133 Kt due to higher area, and trend yields. However, due to smaller carry-in stocks, supply is expected to be unchanged. Exports are expected to be similar and carry-out stocks are forecast to tighten for the third consecutive year. The average price is forecast to be higher than 2020-21.

Canary Seed

For 2020-21, supply is at 176 Kt, down slightly from the previous year. Exports are expected to be similar to slightly lower than last year. The EU and Mexico are the main markets, followed by the South American region, mostly Brazil. The average price is forecast to rise from 2019-20 due to tighter carry-out stocks.

For 2021-22, producers intend to decrease the area seeded due to more competitive returns for other crops. Production is expected to decrease to 140 Kt with similar yields to the previous year. Supply is

forecast to tighten due to lower carry-in stocks. Exports are expected to be limited by supply and carry-out stocks are expected to remain tight. The average price is forecast to be higher than the 2020-21 level.

Sunflower Seed

For 2020-21, supply is 29% higher than the previous year. Sunflower seed exports are forecast to be higher than the previous year at 50 Kt due to higher import demand from the US. The US is the top export market, followed by Japan and Chile which import small volumes. Carry-out stocks are expected to rise sharply.

The average price for sunflower seed in Canada is forecast to fall from 2019-20 due to lower oil type sunflower seed prices.

For 2021-22, area seeded is expected to fall by 24% due to lower returns compared to the previous year.

Production is forecast to be lower at 70 Kt, assuming average yields. Supply is expected to fall, but be offset by large carry-in stocks to 225 Kt. Exports are forecast to fall and carry-out stocks are forecast to decrease marginally. The average price is forecast to rise from 2020-21 due to expectations for a decrease in North American sunflower seed supply.

The area seeded to sunflower in the US for 2021-22 is forecast by the USDA at 1.2 Mac, down 29% from 20-21. Sharply lower area seeded in North and South Dakota is expected to combine with decreased area in other US states. The area seeded to oil type varieties is expected to decrease sharply to below 1.1 Mac and the area seeded to confectionery type varieties is forecast to fall to 0.14 Mac.

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CANADA: GRAINS AND OILSEEDS SUPPLY AND DISPOSITION

May 20, 2021

Grain and Crop Year (a)	Area Seeded ----- thousand ha	Area Harvested ----- thousand ha	Yield t/ha	Production	Imports (b)	Total Supply	Exports (c) ----- thousand tonnes	Food & Industrial Use (d)	Feed, Waste & Dockage	Total Domestic Use (e)	Carry-out Stocks	Average Price (g) \$/t
Durum												
2019-2020	1,980	1,902	2.62	4,977	96	6,906	5,268	216	464	901	737	270
2020-2021f	2,302	2,295	2.86	6,571	20	7,328	5,700	215	440	878	750	290
2021-2022f	2,306	2,259	2.66	6,010	25	6,785	4,900	200	462	885	1,000	270
Wheat Except Durum												
2019-2020	8,145	7,754	3.53	27,371	179	31,758	19,081	3,369	3,727	7,915	4,763	225
2020-2021f	7,892	7,723	3.71	28,616	80	33,459	21,050	3,500	4,122	8,409	4,000	260
2021-2022f	7,100	6,958	3.60	25,047	100	29,147	17,100	3,200	4,020	7,997	4,050	275
All Wheat												
2019-2020	10,125	9,656	3.35	32,348	275	38,664	24,349	3,585	4,191	8,816	5,499	
2020-2021f	10,194	10,018	3.51	35,187	100	40,786	26,750	3,715	4,561	9,286	4,750	
2021-2022f	9,405	9,217	3.37	31,057	125	35,932	22,000	3,400	4,482	8,882	5,050	
Barley												
2019-2020	2,996	2,728	3.81	10,383	63	11,308	3,054	277	6,759	7,298	957	232
2020-2021f	3,060	2,809	3.82	10,741	270	11,967	4,200	268	6,699	7,267	500	285
2021-2022f	3,486	3,186	3.75	11,959	60	12,519	4,000	318	6,920	7,519	1,000	275
Corn												
2019-2020	1,496	1,451	9.24	13,404	1,870	17,254	677	5,303	8,698	14,017	2,560	195
2020-2021f	1,441	1,408	9.63	13,563	1,500	17,623	1,200	5,300	9,107	14,423	2,000	245
2021-2022f	1,466	1,430	9.72	13,900	1,500	17,400	1,200	5,400	8,884	14,300	1,900	255
Oats												
2019-2020	1,459	1,171	3.61	4,227	13	4,637	2,615	143	1,324	1,597	426	274
2020-2021f	1,554	1,314	3.62	4,576	20	5,021	2,950	140	1,459	1,721	350	290
2021-2022f	1,460	1,185	3.55	4,210	15	4,575	2,800	140	1,209	1,475	300	300
Rye												
2019-2020	175	103	3.25	333	3	386	165	19	140	180	40	221
2020-2021f	237	153	3.20	488	2	530	155	54	240	314	60	225
2021-2022f	244	163	3.24	529	2	590	190	44	247	310	90	215
Mixed Grains												
2019-2020	145	68	2.84	192	0	192	0	0	192	192	0	
2020-2021f	168	97	2.41	233	0	233	0	0	233	233	0	
2021-2022f	148	69	2.74	188	0	188	0	0	188	188	0	
Total Coarse Grains												
2019-2020	6,271	5,520	5.17	28,539	1,950	33,777	6,510	5,743	17,113	23,284	3,982	
2020-2021f	6,459	5,780	5.12	29,601	1,792	35,374	8,505	5,762	17,737	23,959	2,910	
2021-2022f	6,804	6,033	5.10	30,785	1,577	35,272	8,190	5,902	17,448	23,792	3,290	
Canola												
2019-2020	8,481	8,456	2.32	19,607	155	24,197	10,042	10,129	835	11,025	3,131	484
2020-2021f	8,410	8,320	2.25	18,720	100	21,950	10,900	10,200	90	10,350	700	745
2021-2022f	8,713	8,660	2.32	20,050	150	20,900	10,000	10,000	99	10,150	750	700
Flaxseed												
2019-2020	379	339	1.43	486	22	568	350	N/A	138	154	64	518
2020-2021f	377	371	1.56	578	25	667	540	N/A	52	72	55	690
2021-2022f	398	389	1.50	585	10	650	460	N/A	90	110	80	650
Soybeans												
2019-2020	2,313	2,271	2.71	6,145	242	7,087	3,577	1,742	930	2,885	626	419
2020-2021f	2,052	2,041	3.12	6,359	400	7,385	4,600	1,800	385	2,385	400	610
2021-2022f	2,164	2,162	2.88	6,225	400	7,025	4,500	1,800	300	2,300	225	590
Total Oilseeds												
2019-2020	11,172	11,066	2.37	26,239	419	31,852	13,968	11,871	1,902	14,064	3,820	
2020-2021f	10,839	10,732	2.39	25,656	525	30,002	16,040	12,000	526	12,807	1,155	
2021-2022f	11,275	11,212	2.40	26,860	560	28,575	14,960	11,800	489	12,560	1,055	
Total Grains And Oilseeds												
2019-2020	27,568	26,242	3.32	87,125	2,643	104,292	44,827	21,198	23,206	46,163	13,302	
2020-2021f	27,492	26,531	3.41	90,444	2,417	106,162	51,295	21,477	22,824	46,052	8,815	
2021-2022f	27,484	26,462	3.35	88,703	2,262	99,779	45,150	21,102	22,420	45,234	9,395	

(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 (Average Prairie FOB Farm); 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 2020-2021 which are STC

CANADA: PULSES AND SPECIAL CROPS SUPPLY AND DISPOSITION

May 20, 2021

Grain and Crop Year (a)	Area	Area	Yield t/ha	Production	Imports	Total Supply	Exports	Total	Carry-out Stocks	Stocks-to- Use Ratio %	Average Price (d) \$/t
	Seeded	Harvested			(b)		(b)	Domestic Use (c)			
	----- thousand ha -----					----- thousand tonnes -----					
Dry Peas											
2019-2020	1,753	1,711	2.48	4,237	82	4,631	3,709	689	233	5%	265
2020-2021f	1,722	1,685	2.73	4,594	100	4,927	3,900	777	250	5%	340
2021-2022f	1,553	1,520	2.60	3,950	90	4,290	3,300	790	200	5%	340
Lentils											
2019-2020	1,530	1,489	1.60	2,382	90	3,327	2,734	384	209	7%	485
2020-2021f	1,713	1,705	1.68	2,868	105	3,182	2,700	382	100	3%	630
2021-2022f	1,707	1,680	1.58	2,650	75	2,825	2,400	325	100	4%	660
Dry Beans											
2019-2020	160	150	2.11	317	75	442	361	56	25	6%	985
2020-2021f	185	183	2.68	490	65	580	405	55	120	26%	900
2021-2022f	167	161	2.39	385	75	580	400	55	125	27%	925
Chickpeas											
2019-2020	159	156	1.61	252	48	440	105	85	250	132%	490
2020-2021f	121	120	1.79	214	43	507	115	87	305	151%	620
2021-2022f	86	84	1.73	145	45	495	125	85	285	136%	660
Mustard Seed											
2019-2020	161	155	0.87	135	7	214	112	42	61	39%	700
2020-2021f	104	101	0.98	99	7	166	112	29	25	18%	860
2021-2022f	145	140	0.95	133	8	166	112	34	20	14%	885
Canary Seed											
2019-2020	118	115	1.52	175	0	186	161	10	15	9%	630
2020-2021f	111	110	1.46	161	0	176	160	6	10	6%	665
2021-2022f	99	96	1.46	140	0	150	140	5	5	3%	685
Sunflower Seed											
2019-2020	31	29	2.18	63	26	186	37	45	103	125%	615
2020-2021f	45	45	2.25	101	35	240	50	60	130	119%	575
2021-2022f	34	33	2.12	70	25	225	45	55	125	125%	595
Total Pulses and Special Crops (c)											
2019-2020	3,911	3,804	1.99	7,559	328	9,425	7,219	1,311	896	11	
2020-2021f	4,000	3,949	2.16	8,527	355	9,778	7,442	1,396	940	11	
2021-2022f	3,791	3,714	2.01	7,473	318	8,731	6,522	1,349	860	11	

(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 2020-2021 which are STC