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Canada

Grain and Feed Annual

Canada: Grain and Feed Annual

Approved By:
Robin Tilsworth

Prepared By:
Robin Gray

Report Highlights:

For 2009/10, prices for grains in Canada have fallen sharply from 2008/09 under pressure from increased supply, world economic slowdown and the rising Canadian dollar. Canadian wheat exports are forecast to fall by almost 10 percent, to 32.1 million metric tons, (MMT). For 2010/11, the areas seeded to durum is expected to drop precipitously but will be somewhat offset by expanded spring wheat area. Total wheat is currently forecast at 9.4 million hectares and 24.38 MMT for 2010/11. Exports are forecast at 17.2 MMT. Declining barley prices are forecast to push production down to 9.2 MMT while exports are forecast at 1.7 MMT in 2010/11. In spite of shrinking livestock numbers, domestic consumption of corn is forecast for 2010/11 at 12.19 MMT, up slightly for 2009/10 levels, because of increased usage for ethanol. In 2010/11, oat exports are forecast to increase significantly to 2.2 MMT due to stronger U.S. demand and in spite of the stronger Canadian dollar.

Executive Summary:

- Canada's total wheat production hit 26.5 MMT in 2009/2010 and planting intentions for 2010/11 show a sharp decline in durum wheat. Overall total wheat production is forecast at 24.3 MMT with the drop in durum partially offset by an expected expansion in spring wheat.
- Wheat exports are estimated at 17.5 MMT in 2009/10 and, for 2010/11, exports are expected to decrease to 17 MMT because of the lower supply.
- Responding to low export prices pushed by large supply, Statistics Canada reports farmers will cut durum area by almost 40 percent in 2010/11 and production is forecast at 3.8 MMT compared to 5.4 MMT in 2009/10. Exports are forecast at 3.7 MMT in 2009/10 and 3.8 MMT in 2010/11.
- Weaker demand internationally combined with relatively strong world supplies due to a bumper crop suppressed barley prices, resulting in a drop in Canadian barley production in 2009/10. Production for the year is estimated at nearly 9.21 MMT. Due to continued lower prices the 2010/11 planting intentions indicate a further reduction to 9.2 MMT.
- Barley exports are forecast at about 1.5 MMT in 2009/10, and back up to 1.7 MMT in 2010/11. The increase in exports in 2010/11 is projected principally due to increases in malting barley exports to China fostered by a new long term agreement negotiated by the Canadian Wheat Board, (CWB).
- Planting intentions suggest Canadian corn area will expand to about 1.2 million hectares and, assuming normal yields, production should expand to 11 MMT compared to the weather-ravaged crop of 2009/10 which totaled 9.6 MMT. In spite of shrinking livestock numbers, domestic consumption of corn is forecast for 2010/11 at 12.19 MMT, up slightly for 2009/10 levels, because of increased usage for ethanol.
- Flush oat supplies in the North American market due to a bumper crop in 2008/09, suppressed prices and pushed production down to 2.798 MMT in 2009/10. Despite continued forecasts of declining prices Statistics Canada reported farmers expect to expand area to 1.6 million hectares with production of 3.5 MMT forecast for 2010/11.
- In 2010/11, oat exports are forecast to increase significantly to 2.2 MMT due to stronger U.S. demand and in spite of the stronger Canadian dollar.
- Canadian production of pulses (lentils, peas and beans) in 2009/10 decreased 6 percent from year 2008/09 levels with increased in beans and lentils offset by decreased pea production. Further reductions in planted area and production are expected in 2010/11 due to decreased export prices.
- Canadian dry pea exports are forecast to remain at high levels in 2010/11, 2.55 MMT because of strong demand. Lentil exports are expected to increase slightly to 972,000 MT.

Commodities:**WHEAT****Production:**

As anticipated, 2009/10 wheat production was down from that in 2008/09, for a variety of reasons including a large carry-over stock going into 2009 and the global recession that drove down wheat future prices. Canada is forecast to have produced over 26.0 MMT of wheat in 2009, a decrease from the 2008/09 production level of 29 MMT. While farmers reduced wheat acreage, several factors have helped to minimize the drop in production levels. The overall impact of the weather was not as negative as originally anticipated. Additionally, yields in both Alberta and Saskatchewan improved thanks to a decrease in the intensity of wheat midge during 2009.

Statistics Canada reported in April 2010, that the 2010 intentions for total wheat is forecast to decrease 5.1 percent from 2009/10, to 9.4 million hectares, because of lower prices and competition from other crops. Production is expected to decrease to 24.4 MMT because of lower area and assumption of average yields. Supply is forecast to drop both because of decreased production and lower carry-in stocks. A new wheat variety with resistance to fusarium head blight will be available in limited quantities in 2010. It is estimated that fusarium has cost growers more than C\$1 billion over the last 30 years.

Wheat prices are expected to remain constrained by large global stocks in the 2010/11 marketing year, with world production expected to exceed demand. In addition, the Canadian dollar, which still hovers near parity with the U.S. dollar, which has remained strong against the Euro, has made European wheat more competitive in Asia and Latin America. Generally speaking, the profitability of producing cereal crops is declining and Canadian farmers are shifting production to crops such as pulses and canola, where they expect a better return. Cereal crops are now used more for crop rotation.

Consumption:

On average, 30 percent of Canada's wheat production is consumed domestically. Domestic consumption increased significantly during 2008/09, bringing it back inline with ten-year averages. Domestic consumption in 2009/2010 and 2010/11 are expected remain relatively flat, but still remain above the pre-2008 levels. Demand from the food manufacturing industry has faltered only slightly during the recession as most consumers have changed their consumption patterns to lower cost, generic products. Moreover, the food-manufacturing exports have been hindered by strong Canadian dollar. However, less than a third of the food processed in Canada is exported, so the impact of the strong Canadian dollar on this sector is less severe. Generally speaking, millers do not anticipate a dramatic change in food consumption. Some additional domestic demand for wheat is coming from the western ethanol

plants, which use soft white winter wheat as feed stock. Demand for feed use is also expected to decline as the stock numbers are decreasing.

Trade:

Domestic feed demand in 2010/11 is expected to remain about the same as 2009/10. Prices in the export market are expected to be lower than domestic prices. These market conditions will limit Canadian exports. For 2010/11, exports are expected to decrease to 17 MMT because of the lower supply.

Due to the fact that Canada is one of the world's top wheat producers, Canada imports only a limited amount of wheat. The CWB reported exports for the 2009/10 marketing year of 18.7 MMT, as a result of higher-than-expected production after a challenging growing season. The export program consists of 13.5 million tons of wheat, with total exports the highest in ten years.

Wheat markets are generally well supplied although access to high quality, high protein wheat is tight in some markets around the world. The CWB noted that wheat supplies are generally abundant and competition is described as fierce in global markets. In mid-April the CWB announced that wheat prices are expected to remain constrained by large global stocks in the 2010/11 marketing year. Canadian exports have benefited from recent access to new markets, including Saudi Arabia and Brazil.

Additional rail capacity in Canada has also helped move the large wheat crop. The recession has particularly hit the manufacturing, softwood and automotive sectors of the Canadian economy. These sectors traditionally compete with grains for transportation across Canada. A slow down in rail traffic and resulting increased rail capacity has benefited wheat getting to the ports for export.

Stocks:

The CWB pool return is forecast to be only marginally higher than for 2009/10, as support from the lower Canadian supply is mostly offset by the expected stronger Canadian dollar. Year-end stocks of wheat for 2010/11 are estimated 1.1 MMT less than year-end stocks for 2009/10 as a result of increased exports for the fall shipping period. Carry-out stocks are forecast to decrease.

Policy:

Reining in the Canadian Wheat Board

In early 2010, the Canadian Supreme Court declined to consider the case of the Canadian Wheat Board (CWB) v. Attorney General of Canada, and brought an end to a long, rancorous debate over the question of who, ultimately, has authority over the CWB. The Court's decision means the CWB remains a creature of government, answerable to Canada's elected representatives. Changes made under the previous Liberal government, allowed a majority of directors to be

elected by farmers, reducing the federal government appointees to a minority. The Conservative government elected in 2008 began to chip away at the CWB's 75-year-old monopoly over western barley and wheat sales. The CWB's directors unleashed an advertising and public relations and legal campaign designed to frustrate the government's work, using funds collected from western farmers who pay for the Wheat Board, some of whom support deregulating the CWB's monopoly. In 2006, Chuck Strahl, then the agriculture minister in charge of the CWB, issued a directive to the board's directors that the revenues they collect were to be spent on the orderly marketing of grain, not on political crusades. The CWB directors took him to court, insisting the Minister was not the one who was controlling and calling the shots for the organization. A federal judge initially agreed with the directors, an appeals court found that ruling was made in error. The Supreme Court's refused on January 21, 2010, to reconsider the decision.

Farmers seem to generally agree that democracy is the proper way to determine this issue. However, many of them argue that since this is farmers' marketing system, only farmer/members of the CWB should be allowed to cast a vote. This has created a second CWB issue – determination of the voters' list. The current Minister of Agriculture, Gerry Ritz, instructed the CWB to limit the list to only those farmers who delivered wheat or barley to the CWB in the 2007/08 or 2008/09 crop years. The Court determined that it found no evidence that any of the individuals who filed the CWB's application had been directly affected, or might be directly affected, by Ritz's order.

Ethanol Sector Usage:

In 2010/11, it is forecast that 1.15 MMT of wheat will be directed towards ethanol production, a 50 percent increase from year 2009 levels. In 2010, the openings of wheat-based ethanol plants in western Canada will increase the demand of wheat destined for ethanol production to 1.19 MMT. The need for high-yielding, low-protein wheat by the livestock industry and the ethanol plants are in direct conflict with the needs of the flour industry. Increases in ethanol efficient wheat is expected to affect production patterns and result in more Canadian wheat farmers seeding area to lower protein/high starch wheat such as winter wheat and Canadian Prairie Spring Wheat rather than higher protein/lower starch wheat varieties used by the milling industry. The livestock sector, especially the hog sector, competes for the same wheat varieties as the ethanol producers. The CWB controls the sales of wheat for human consumption and export and therefore as long as the ethanol is going to be used as fuel and the dried distillers grain (DDG's) are going to be fed to livestock, the CWB has no involvement.

Call for Greater Research Effort

A number of grains groups from across Canada are pushing the federal government to increase its spending on agronomic research. The groups include the Grain Farmers of Ontario, the Grain Growers of Canada, the Atlantic Grains Council and the Federation des Producteurs de Culture Commerciales du Quebec. The farmers claim that federal funding for agronomics has dropped as much as 40 percent since 1994. The cuts took place at a time when the federal government was facing a huge budget shortfall and needed to reign in a runaway deficit. Since then funding levels have languished, to the detriment of agriculture. This initiative calls on the federal government to double its core agronomic research over the next 10 years and bring it back to 1994 level of C\$560 million by 2020.

Production, Supply and Demand Data Statistics:

WHEAT Canada All data in 1,000 hectares 1,000 metric tons	2008/2009		2009/2010			2010/2011	
	Market Year Begin: Aug 2008		Market Year Begin: Aug 2009			Market Year Begin: Aug 2010	
	USDA Official Data	New Post Data	USDA Official Data	Old Post Data	New Post Data	USDA Official Data	New Post Data
Area Harvested	10,032	10,032	9,500	9,539	9,539		9,000
Beginning Stocks	4,406	4,406	6,556	6,556	6,915		7,250
Production	28,611	29,005	26,500	26,515	26,512		24,380
MY Imports	378	385	400	300	382		380
TY Imports	387	394	400	300	387		380
TY Imp. from U.S.	301	306	0	250	208		200
Total Supply	33,395	33,796	33,456	33,371	33,809		32,010
MY Exports	18,812	18,606	18,000	18,500	18,000		17,300
TY Exports	18,583	18,450	18,000	18,500	17,500		17,200
Feed and Residual	3,207	3,536	3,200	2,500	3,652		3,536
FSI Consumption	4,820	4,739	4,900	5,400	4,907		5,060
Total Consumption	8,027	8,275	8,100	7,900	8,559		8,596
Ending Stocks	6,556	6,915	7,356	6,971	7,250		6,114
Total Distribution	33,395	33,796	33,456	33,371	33,809		32,010

Commodities:
WHEAT, DURUM

Production:

Statistics Canada reported in April 2010, that the 2010 intentions for durum wheat are forecast to decrease almost 40 percent from 2009/10, to 1.5 million hectares due to low world prices. In 2010 /11, production is expected to fall by 30 percent to 3.8 MMT, but the higher carry-in stocks will result in less than a 10 percent decrease in supply.

Trade:

Exports of the 2009/10 crop are forecast to increase marginally to 3.7 MMT from 3.6 MMT in 2008/09, due to lower production in the EU and higher Canadian carry-in stocks. In 2010 /11, exports are forecast to increase by 3 percent to 3.8 MMT aided by the lower world supply.

Stocks:

Buoyed by low supplies and increased exports in 2010/11, carry-out stocks are forecast to decrease by more than a quarter. In 2009/10, stocks of durum wheat increased for a second year in a row.

Production, Supply and Demand Data Statistics:

DURUM Canada	2008/2009	2009/2010	2010/2011
	Market Year Begin: Aug 2008	Market Year Begin: Aug 2009	Market Year Begin: Aug 2010
All data in 1,000 hectares 1,000 metric tons	New Post Data	New Post Data	New Post Data
Area Harvested	2416	2230	1665
Beginning Stocks	0	1727	2700
Production	5948	5400	3800
MY Imports	2	2	2
TY Imports	2	2	2
TY Imp. from U.S.	0	0	0
Total Supply	5950	7129	6502
MY Exports	3639	3700	3800
TY Exports	3639	3700	3800
Feed and Residual	354	479	452
FSI Consumption	230	250	260
Total Consumption	584	729	712
Ending Stocks	1727	2700	1990
Total Distribution	5950	7129	6502

Commodities:**BARLEY****Production:**

Statistics Canada reported in April 2010, that the 2010 intentions for barley is forecast to decrease 3.7 percent from 2009/10, to 3.38 million hectares, but harvested area is expected to rise if a more normal growing season emerges. Production is forecast to decrease marginally to 9.2 MMT if yields fall to trend levels. Total supply is forecast to fall by 6 percent due to tighter carry-in stocks.

A weaker demand internationally combined with relatively strong world supplies due to a bumper crop suppressed barley prices, resulting in a drop in Canadian barley production in 2009/10. Production for the year is estimated at nearly 9.21 MMT.

Large North American corn production numbers and smaller livestock numbers pressured barley prices throughout the summer, encouraging more barley to be cut for greenfeed.

Consumption:

Domestic feed use is expected to decrease due to lower livestock numbers and competition from dried distillers' grain. The off-Board price of feed barley is forecast to rise slightly from 2009/10.

Malting Barley may be successfully working to meet new demand with new programs to link beer producers and Canadian barley growers. "The Farming with Your Brewer" program is set to create a production strategy with growers that will result in consistent supplies of low-protein barley.

Approximately 75 percent of Canadian barley production goes into domestic feed consumption. Despite the fact that there has been a steady decline in the livestock numbers in Canada in recent years, the amount of barley going into feed has not varied very much. However, that is forecast to change with the 2009/10 crop. Feed barley is forecast to fall by about C\$25/MT from 2008/09. The market will be marked by an unhappy combination of reduced demand from a shrinking livestock sector, increased usages of DDGs which have cut into barley's share of the feed market, and grower reluctance to sell at current prices.

Trade:

Total exports are forecast to increase to about 1.7 MMT in 2010/11. Domestic feed demand is expected at 6 MMT, from nearly 7 MMT in 2009/10, likely resulting in offshore prices that are lower than domestic. Reduced barley area in Europe and North America is expected to help reduce malting-grade barley supplies by the end of 2010/11. However, market conditions are expected to limit Canadian exports. Canada, U.S., Europe and Australia are all forecast to have lower production of

designated (malting) barley, with quality remaining a particular issue. Canada's prairies have seen some moisture but need more rains to ensure a good supply of quality barley. Moisture conditions in Australia look better as some eastern Australian farmers begin seeding their barley. Moreover, supplies in Europe will make European-origin malting barley a significant competitive force. Additionally, the weakness of the Euro has pressured the Canadian-dollar price level that can be had in world markets.

Strong competition in the world malting barley market is exerting pressure on Canadian exports. Exports for the 2009/10 marketing year are expected to reach 1.5 MMT, despite a higher-than-expected production after a challenging growing season. However, barley markets may be difficult as prices have come under pressure.

Sales of malting barley to China are on the rise in 2009/10, with exports to China of 325,623 tons during the first half of the year, compared to exports of 120,434 tons during the same period of the previous year. During the second week of April, the CWB signed its biggest ever long-term agreement for malting barley for the Chinese market. The deal, worth more than \$100 million, is for at least 500,000 tons of malting barley over three years. The CWB has sold, on average, 400,000 tons of bulk malting barley to China each year. They expect to significantly surpass that level in the current crop year.

Canada imports only a limited amount of barley. Barley imports for 2009/2010 are expected to be at levels similar to those seen in 2008/2009. Abundant domestic supplies will continue to limit import demand.

Stocks:

Carry-out stocks are forecast to fall to 2.5 MMT by the end of 2009/10, slightly below the 10-year average. Production has been moving generally away from barley as farmers anticipate greater returns from other crops, resulting in declining carry-out stocks.

Policy:

Government Invests in Barley

The Government of Canada announced a \$400,000 investment in the Canadian Malting Barley Technical Centre (CMBTC) in Winnipeg through the AgriMarketing program. The investment will help the Center in its efforts to promote Canadian malting barley to international customers. It will evaluate and promote new varieties that Canadian growers can plant and export to niche markets around the world. Key markets in Taiwan and China will be targeted. The project will also provide export and technical support for Canadian producers. The CMBTC is a non-profit organization that provides education, training, research and technical marketing support for Canadian malting barley to both domestic and international customers.

Future of CWB Monopoly

The ruling party's throne speech on March 3, 2010, once again listed a commitment to end the CWB's monopoly on western barley. The Harper government had been seen as putting the issue on the back burner, after the CWB board elections in late 2008. Specifically, the speech called for the government to "ensure the freedom of choice for which western barley farmers overwhelmingly voted is granted to them." This refers to the plebiscite in early 2007, which showed over 63 percent of prairie producers either want a dual market in which the CWB would continue as a voluntary provider of marketing services, or its removal from the barley market altogether. The speech did not say how the government proposed to accomplish this task, but later the Minister of Agriculture, Ritz, indicated that legislation would be brought forth.

Production, Supply and Demand Data Statistics:

BARLEY Canada All data in 1,000 hectares 1,000 metric tons	2008/2009		2009/2010			2010/2011	
	Market Year Begin: Aug 2008		Market Year Begin: Aug 2009			Market Year Begin: Aug 2010	
	USDA Official Data	New Post Data	USDA Official Data	Old Post Data	New Post Data	USDA Official Data	New Post Data
Area Harvested	3502	3502	2920	2918	2918		3,000
Beginning Stocks	1568	1568	2843	2340	2883		2545
Production	11,781	11,823	9520	9517	9212		9200
MY Imports	42	40	50	47	50		60
TY Imports	42	40	50	45	50		60
TY Imp. from U.S.	42	40	0	45	50		60
Total Supply	13,391	13,431	12,413	11,904	12,145		11,805
MY Exports	1483	1483	1500	1500	1500		1700
TY Exports	1618	1700	1500	1500	1500		1700
Feed and Residual	7715	7715	7100	7400	6950		6250
FSI Consumption	1350	1350	1350	1300	1150		1405
Total Consumption	9065	9065	8450	8700	8100		7655
Ending Stocks	2843	2883	2463	1704	2545		2450
Total Distribution	13,391	13,431	12,413	11,904	12,145		11,805

Commodities:

CORN

Production:

Statistics Canada reported in April 2010, that the 2010 intentions for corn are forecast to increase 1.4 percent from 2009/10, to 1.2 million hectares. Production in 2010/11 is expected to rise to 11 MMT, primarily due to improved yields and better weather. The long wet harvest last year had a substantial impact on yields, decreasing corn production in 2009/10. Less seed corn was grown as there was less demand from Eastern Europe and the former Soviet block countries due to credit issues related to the global economic crisis. Cool, wet weather during harvest in Manitoba and Ontario affected both yield and quality, limiting production in both provinces. Some corn remains in the field and will be harvested later this spring. Good prices encouraged producers to sell corn into the domestic market, especially lower grade and high moisture corn. Corn prices are forecast to fall under pressure from lower corn prices.

Consumption:

Domestic consumption for feed purposes is expected to decline in 2009/10 only slightly with shrinking hog numbers in western Canada. Increased corn going into ethanol with the federal renewable fuel standards coming into effect will increase total domestic consumption slightly in 2009/10 and more in 2010/11 to a total of over 12.1 MMT.

Trade:

Imports in 2010/11 are forecast to remain at 2.0 MMT. Imports in 2009/10, are forecast to increase slightly to 2.0 MMT from 2008/09 levels due to strong demand from the ethanol sector. The federal renewable fuels mandate will require that 5 percent of the gasoline pool be replaced by ethanol. The proposal for both ethanol and biodiesel was published in the Canadian Gazette on April 10, 2010 (<http://www.gazette.gc.ca/rp-pr/p1/2010/2010-04-10/html/reg1-eng.html>). Comments must be submitted within 60 days after the date of publication of the notice, approximately June 9, 2010. Industry sources have indicated that while the ethanol proposal seems generally acceptable, the biodiesel act is complicated and there are likely to be many comments.

Stocks:

Carry-out stocks are forecast to increase in 2010/11 to over 1.9 MMT, compared to 1.2 MMT in 2009/10. The average Chatham elevator price is forecast to fall by C\$15 per ton from 2009/10. Corn stocks declined from December 2008 by almost 780,000 metric tons to levels comparable to the 2005/2006 and 2006/2007 marketing years. The average corn price is expected to decline due to lower U.S. corn prices and the stronger Canadian dollar.

Production, Supply and Demand Data Statistics:

CORN	2008/2009	2009/2010	2010/2011
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Canada All data in 1,000 hectares 1,000 metric tons	Market Year Begin: Aug 2008		Market Year Begin: Aug 2009			Market Year Begin: Aug 2010	
	USDA Official Data	New Post Data	USDA Official Data	Old Post Data	New Post Data	USDA Official Data	New Post Data
Area Harvested	1169	1169	1400	1142	1181		1260
Beginning Stocks	1457	1457	1857	1853	1842		1400
Production	10592	10563	9560	9561	9561		11,000
MY Imports	1843	1863	2000	1800	2000		2000
TY Imports	1844	1863	2000	1800	2000		2000
TY Imp. from U.S.	1844	1863	0	1800	2000		2000
Total Supply	13,892	13,883	13,417	13,214	13,403		14,400
MY Exports	372	327	300	300	200		300
TY Exports	366	327	300	300	200		300
Feed and Residual	7533	7594	7500	7500	7503		7685
FSI Consumption	4130	4,120	4,300	4300	4,300		4500
Total Consumption	11,663	11,714	11,800	11,800	11,803		12,185
Ending Stocks	1857	1842	1317	1114	1400		1915
Total Distribution	13,892	13,883	13,417	13,214	13,403		14,400

Commodities:

OATS

Production:

The North American market is highly dependent on food-use oats from east-central Saskatchewan and western Manitoba. Flush supplies in the North American market due to a bumper crop in 2008/09, suppressed prices and pushed production down to 2.8 MMT in 2009/10. The average nearby CBoT oats futures price is forecast to fall by about 13 percent from 2008/09. Statistics Canada reported in April 2010, that the 2010 intentions for oats are forecast to increase 7 percent from 2009/10, to 1.6 million hectares. Production for 2010/11 is forecast to rise to over 3.5 MMT, but tighter carry-in stocks will result in supply rising to only 4.6 MMT. Prices are forecast to decrease by C\$10 per ton from 2009/10.

Consumption:

On average, 40 percent of the Canadian oats production goes into its feed market with a large amount of feed oats being produced and feed on farms, and a small amount going to the race horse industry. For 2009/2010, lower supplies resulting from lower production combined with a decreased demand for feed from Canada's livestock industry is expected to result in a drop in domestic consumption levels

in 2009/10 compared to levels in 2008/2009, with a slight rebound in 2010/11 to 1.15 MMT.

Trade:

In 2010/11, exports are forecast to increase significantly to 2.2 MMT due to stronger U.S. demand and in spite of the stronger Canadian dollar. On average, about 50 percent of Canadian oat production is exported. Exports in 2009/10 are on track to decrease to 1.7 MMT as a result of weak U.S. import demand due to a flush oats market and lower Canadian supplies.

Stocks:

In 2010/11, carry-out stocks are forecast to remain at about 1.2 MMT. Carry-out stocks are estimated to decrease by 35 percent in 2009/10 to 1.09 MMT, from 1.53 MMT in 2008/09, because of tighter supplies resulting from a drop in production and a slight increase in exports.

Production, Supply and Demand Data Statistics:

OATS Canada All data in 1,000 hectares 1,000 metric tons	2008/2009		2009/2010			2010/2011	
	Market Year Begin: Aug 2008		Market Year Begin: Aug 2009			Market Year Begin: Aug 2010	
	USDA Official Data	New Post Data	USDA Official Data	Old Post Data	New Post Data	USDA Official Data	New Post Data
Area Harvested	1448	1448	950	948	950		1325
Beginning Stocks	950	950	1527	1527	1527		1090
Production	4273	4272	2800	2798	2798		3535
MY Imports	16	17	15	15	15		15
TY Imports	14	14	15	15	15		15
TY Imp. from U.S.	14	14	0	15	15		15
Total Supply	5239	5239	4342	4340	4340		4640
MY Exports	1942	1942	1700	1600	1700		2200
TY Exports	1789	1789	1700	1550	1700		2200
Feed and Residual	1110	1110	900	1050	900		1150
FSI Consumption	660	660	650	600	650		90
Total Consumption	1770	1770	1550	1650	1550		1240
Ending Stocks	1527	1527	1092	1090	1090		1200
Total Distribution	5239	5239	4342	4340	4340		4640

PULSE CROPS – LENTILS, PEAS, and BEANS

Production:

Statistics Canada reported in April 2010, that the 2010 intentions for dry peas is forecast to decrease 3.7 percent from 2009/10, to 1.465 million hectares, because of lower prices and record carry-in stocks. Production and supply are expected to decrease slightly. Area seeded to lentils is forecast to rise to a record high as farmers expect a better return from lentils and are shifting production. Assuming average yields, production forecast shows a more modest bounce to 1.04 MMT.

Canadian production of pulses (lentils, peas and beans) decreased 6 percent from year 2008/09 levels. Increases of 5 percent and 9 percent in beans and lentil production, respectively, offset a 10 percent decrease in pea production. A drop in pea acreage occurred in response to lower prices due to high carry-in stocks. Lentil acreage increased in response to higher prices, moreover farmers are expected to shift production to lentils and away from cereal crops which have shown a poor return. While the acreage seeded to beans decreased due to competition with good prices for crops that are easier to grow, bean production increased due to higher yields.

From a pricing standpoint, demand from Asia and the Indian subcontinent will be a major factor in determining the market direction, although overall market conditions were looking reasonably steady.

Trade:

Canadian dry pea exports are forecast to remain at high levels in 2010/11, 2.55 MMT due to strong demand. Lentil exports are expected to increase slightly to 972,000 tons. Canadian dry bean exports are forecast to rise with higher North American demand. For 2009/10, exports of dry peas are forecast to fall from 2008/09 due to lower demand. Lentil exports are expected to climb sharply from 2008/09 due to increased supply. Exports of dry beans are expected to decrease from 2008/09 due to lower supply.

Stocks:

Carry-out stocks of dry peas are forecast to fall but remain high in 2010/11. The average price is expected to fall from 2009/10 due to the large Canadian supply. Lentil carry-out stocks are forecast to increase to near record levels, with the average price forecast to fall from 2009/10 because of the higher world and Canadian supply. Dry bean stocks are forecast to rise marginally, with the average price forecast to decrease because of the higher U.S. and Canadian supply.

In 2009/10, carry-out stocks of dry peas are expected to rise sharply to a record level with the average price expected to fall because of higher world supply. Carry-out stocks of lentils are expected to increase sharply from 2008/09 due to increased supply. The average price is expected to significantly decrease from the previous year but remain historically high.

Carry-out stocks of dry beans in 2009/10 are expected to rise marginally with the average price expected to fall.