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Canada

Grain and Feed

Quarterly Update

2005

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Report Highlights:
For 2005/2006, total wheat production is forecast to decline to 23.5 MMT as a result of a return to average yields and reduced seeded acreage. Barley production is expected to decline to 12.5 MMT as an increase in seeded acreage fails to offset the return to average yields. Once again corn seeded acreage in Ontario and Quebec is expected to decline and coupled with the return to average yields, overall corn production in Canada is forecast to decline to 8.6 MMT. As corn production declines, industries that rely on corn, such as ethanol production, will turn to the large supply of corn in the U.S. to fulfill their corn requirements. As a result, imports of corn in 2005/2006 are forecast to increase to 2.2 MMT. Oat production for 2005/2006 is expected to increase to 4.0 MMT as an expected increase in seeded acreage offsets the decline in yield.

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

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QUARTERLY GRAIN AND FEED UPDATE

Total Wheat

Total wheat production in Canada is forecast to decline 10% from 25.9 million metric tons (MMT) in 2004/2005 to 23.5 MMT in 2005/2006 as a result of a return to average yields and reduced seeded acreage. Overall seeded acreage is forecast to decline in 2005/2006 to 10.2 million hectares (ha) from 10.3 million ha in 2004/2005. Spring wheat seeded acreage is forecast to decline in western Canada, but increase in Ontario. Winter wheat seeded acreage is expected to decline in Ontario and western Canada. Beginning moisture levels on the Prairies are considered relatively normal in most areas, with only some areas in Saskatchewan and Alberta below normal levels. Increased input costs and low returns for the poor 2004 crop are impacting producers' choice of crops to seed in the 2005/2006. Some are looking towards crops like oats and flax, which are currently providing a higher return to those producers who have grown either. Total supply of wheat is forecast to decline 2 percent from 2004/2005 levels to 31.5 MMT in 2005/2006, as the high carry-in stocks fail to offset the decrease in production.

Wheat imports for 2005/2006 are forecast to remain around 2.0 MMT, similar to 2003/2004 and 2004/2005 levels. Exports of wheat are forecast to increase roughly 5 percent from 15 MMT in 2004/2005 to 15.8 MMT in 2005/2006, as the return to more normal quality levels results in a larger portion of the 2005/2006 crop that will be either grade 1 and grade 2 quality wheat, as compared to 2004/2005 where the a majority of the crop was graded 3 or lower. This will most likely result in Canadian wheat returning to the premium markets, which in the past have purchased the higher quality Canadian wheat. The Canadian Wheat Board (CWB) will continue to seek out new markets for Canadian wheat, including efforts to increase exports to China.

Domestic use of wheat in 2005/2006 is forecast to decline as the large feed wheat supply from the 2004/2005 crop begins to diminish and livestock producers move back to more traditional feed crops of barley and corn. However, the slow decline in feed wheat stocks will maintain wheat feeding at an above average level. Carry-out stocks will remain higher than the 5 -year average of 7.4 MMT and are forecast to be 7.6 MMT in 2005/2006.

Durum Wheat

Canadian durum production is forecast to decline to 4.8 MMT in 2005/2006, due to the return to average yields and despite a 5.5 percent increase in seeded acreage. Supplies are forecast to increase by 10 percent to 7.4 MMT as the high carry-in stocks offset the decline in production, helping to maintain the higher than average supply levels. The forecast returns to average supplies of top-quality durum and reduced export competition from the European Union is expected to result in an increase of 16 percent in durum export levels in 2005/2006. Carry-out stocks will remain at higher than average levels of 2.9 MMT, as a result of the high carry-in stocks of poor quality durum from the 2004/2005 crop year and despite the increase in 2005/2006 durum export levels.

Barley

Canadian barley production is expected to decline to 12.5 MMT in 2005/2006 from 13.2 MMT in 2004/2005 as a result of the return to average yields and despite an increase in seeded acreage and an increase in forecast harvested acreage. The increase in barley-seeded acreage may be as a result of increased acreage for malt barley as feed barley prices are not enticing enough to draw an increase in acreage. Total supply of barley is forecast to increase 5 percent in 2005/2006 due to high carry-in stocks from the 2004/2005 crop year, which will offset the decrease in production. The forecast return to better quality malting barley is expected to result in a significant increase in barley exports from 1.2 MMT in 2004/2005 to 2.0 MMT in 2005/2006. Imports for 2005/2006 are expected to decline from 2004/2005 as a result of better quality barley crops, both in feed and in malting barley, and as well to high carry-in stocks. Domestic use of barley is forecast to increase roughly 2 percent due to the increase in supply and as livestock producers return to using feed barley rather than feed wheat in the livestock rations. The large feed barley supplies provide ample feed at cheap prices for cattle producers, who are continuing to be impacted financially by the ongoing border closure. The increase in exports and domestic consumption will not offset the high carry-in stocks and decent production levels, resulting in only an 11 percent decline in carry-out stocks in 2005/2006.

Corn

Canadian corn production is forecast to decline to 8.6 MMT from 8.9 MMT as a result of a return to normal yield levels, as well as decline in seeded acreage in both Ontario and Quebec. Large corn supplies in the U.S., low corn prices, and higher input costs, have all contributed to the overall forecast decline in corn seeded acreage in the two primary corn producing provinces in Canada. Manitoba is forecast to increase its corn seeded acreage for 2005/2006, despite the disastrous 2004/2005 corn crop year. But the increase in seeded acreage in Manitoba will not offset the decline in Ontario and Quebec. The large supply of U.S. corn from 2004/2005 and another expected large corn crop in 2005/2006 will provide ample supplies to fulfill market demand in Canada, as total supply of corn in Canada for 2005/2006 is forecast to decline. The decline in production expected to contribute to the increase in corn imports for 2005/2006, as the ethanol industry is forecast to expand, requiring a stable corn supply. Imports of corn into western Canada are forecast to remain stagnant as the ongoing U.S. border closure to live Canadian cattle exports continues, resulting in livestock producers being reluctant to incur the cost of importing corn, while large supplies of feed wheat and feed barley are readily available on the Prairies. Exports of corn in 2005/2006 are forecast to decline due to the decrease in production and the large world supply of corn. The expansion of the ethanol industry in Ontario, which relies on corn, will most likely contribute the forecast increase in total domestic consumption of corn in 2005/2006. Carry-out stocks are forecast to drop by 20 percent from 1 MMT in 2004/2005 to 0.8 MMT in 2005/2006.

Oats

Canadian oat production is forecast to increase in 2005/2006 to 4.0 MMT as a result of increased seeded acreage, which will offset the expected return to average yields. With cash constraints posing a problem for some producers in Canada, they are looking towards planting crops with lower input costs, leading to the expected increase in seeding intentions for oats, especially in western Canada. The poor quality crop in 2004/2005 resulted in higher prices for oats and producers may have been looking to capitalize on the higher prices, but unfortunately the expectation is that oat prices, which have already come down since November 2004, will not likely rally back up to that level and will fall short of producer expectations. Total oat supply is forecast to increase 15 percent from 4.5 MMT in 2004/2005 to 5.2 MMT in 2005/2006 as a result of high carry-in stocks and the increase in production. Imports are expected to decline slightly in 2005/2006 as the higher supply from the increase in production and high carry-in stocks negate the need to import a high quantity of oats. Oat exports are forecast to increase to 1.5 MMT in 2005/2006 from 1.2 MMT in 2004/2005 due to a return to more normal quality, increased supplies and strong U.S. demand.

STATISTICAL TABLES

Table 1: Wheat PSD

PSD Table

Country	**Canada**						
Commodity	**Wheat**				(1000 HA)(1000 MT)		
	2003	Revised	2004	Estimate	2005	Forecast	UOM
	USDA Official [	Estimate [	DA Official [	Estimate [	DA Official [	Estimate [New]	
Market Year Begin		08/2003		08/2004		08/2005	MM/YYYY
Area Harvested	10467	10467	9865	9862	0	9982	(1000 HA)
Beginning Stocks	5725	5725	6062	6080	7412	7800	(1000 MT)
Production	23552	23552	25850	25860	0	23458	(1000 MT)
TOTAL Mkt. Yr. Imports	229	229	200	160	0	200	(1000 MT)
Jul-Jun Imports	226	228	200	160	0	200	(1000 MT)
Jul-Jun Import U.S.	143	154	0	110	0	150	(1000 MT)
TOTAL SUPPLY	29506	29506	32112	32100	7412	31458	(1000 MT)
TOTAL Mkt. Yr. Exports	15789	15789	15500	15000	0	15800	(1000 MT)
Jul-Jun Exports	15526	15521	15500	15000	0	15700	(1000 MT)
Feed Dom. Consumption	3455	3455	5000	5000	0	4300	(1000 MT)
TOTAL Dom. Consumpti	7655	7637	9200	9300	0	8058	(1000 MT)
Ending Stocks	6062	6080	7412	7800	0	7600	(1000 MT)
TOTAL DISTRIBUTION	29506	29506	32112	32100	0	31458	(1000 MT)

Table 2: Durum Wheat PSD

PSD Table

Country Canada
Commodity Wheat, Durum

				(1000 HA)(1000 MT)			
	2003	Revised	2004	Estimate	2005	Forecast	UOM
	USDA Official [	Estimate [	DA Official [	Estimate [	DA Official [	Estimate [New]	
Market Year Begin		01/2003		01/2004		01/2005	MM/YYYY
Area Harvested	0	2459	0	2141	0	2306	(1000 HA)
Beginning Stocks	0	1660	0	1788	0	2656	(1000 MT)
Production	0	4280	0	4967	0	4750	(1000 MT)
TOTAL Mkt. Yr. Imports	0	1	0	1	0	1	(1000 MT)
Jul-Jun Imports	0	1	0	1	0	1	(1000 MT)
Jul-Jun Import U.S.	0	1	0	1	0	1	(1000 MT)
TOTAL SUPPLY	0	5941	0	6756	0	7407	(1000 MT)
TOTAL Mkt. Yr. Exports	0	3437	0	3100	0	3600	(1000 MT)
Jul-Jun Exports	0	3292	0	3100	0	3600	(1000 MT)
Feed Dom. Consumption	0	250	0	500	0	450	(1000 MT)
TOTAL Dom. Consumpti	0	716	0	1000	0	900	(1000 MT)
Ending Stocks	0	1788	0	2656	0	2907	(1000 MT)
TOTAL DISTRIBUTION	0	5941	0	6756	0	7407	(1000 MT)

Table 3: Barley PSD

PSD Table

Country Canada
Commodity Barley

					(1000 HA)(1000 MT)		
	2003	Revised	2004	Estimate	2005	Forecast	UOM
	USDA Official [	Estimate [	DA Official [	Estimate [	DA Official [	Estimate [New]	
Market Year Begin		08/2003		08/2004		08/2005	MM/YYYY
Area Harvested	4446	4446	4050	4050	0	4150	(1000 HA)
Beginning Stocks	1475	1475	2106	2106	3026	3556	(1000 MT)
Production	12328	12328	13200	13200	0	12492	(1000 MT)
TOTAL Mkt. Yr. Imports	50	35	20	75	0	30	(1000 MT)
Oct-Sep Imports	50	30	20	70	0	30	(1000 MT)
Oct-Sep Import U.S.	27	30	0	45	0	25	(1000 MT)
TOTAL SUPPLY	13853	13838	15326	15381	3026	16078	(1000 MT)
TOTAL Mkt. Yr. Exports	1839	1839	1800	1200	0	2000	(1000 MT)
Oct-Sep Exports	1935	1935	1700	1100	0	1900	(1000 MT)
Feed Dom. Consumption	8508	8508	9000	9500	0	9900	(1000 MT)
TOTAL Dom. Consumpti	9908	9893	10500	10625	0	10878	(1000 MT)
Ending Stocks	2106	2106	3026	3556	0	3200	(1000 MT)
TOTAL DISTRIBUTION	13853	13838	15326	15381	0	16078	(1000 MT)

Table 4: Corn PSD

PSD Table

Country Canada
Commodity Corn

					(1000 HA)(1000 MT)		
	2003	Revised	2004	Estimate	2005	Forecast	UOM
	USDA Official [	Estimate [	)A Official [	Estimate [	)A Official [	Estimate [	New]
Market Year Begin		09/2003		09/2004		09/2005	MM/YYYY
Area Harvested	1230	1230	1075	1075	0	1117	(1000 HA)
Beginning Stocks	1111	1111	1143	1143	1293	1000	(1000 MT)
Production	9600	9600	8850	8850	0	8590	(1000 MT)
TOTAL Mkt. Yr. Imports	2039	2083	2000	2000	0	2200	(1000 MT)
Oct-Sep Imports	2039	2066	2000	2000	0	2200	(1000 MT)
Oct-Sep Import U.S.	2013	2066	0	2000	0	2200	(1000 MT)
TOTAL SUPPLY	12750	12794	11993	11993	1293	11790	(1000 MT)
TOTAL Mkt. Yr. Exports	369	372	300	200	0	150	(1000 MT)
Oct-Sep Exports	367	370	300	200	0	150	(1000 MT)
Feed Dom. Consumption	8738	8900	7700	8300	0	8235	(1000 MT)
TOTAL Dom. Consumpti	11238	11279	10400	10793	0	10840	(1000 MT)
Ending Stocks	1143	1143	1293	1000	0	800	(1000 MT)
TOTAL DISTRIBUTION	12750	12794	11993	11993	0	11790	(1000 MT)

Table 5: Oat PSD

PSD Table

Country Canada
Commodity Oats

					(1000 HA)(1000 MT)		
	2003	Revised	2004	Estimate	2005	Forecast	UOM
	USDA Official [	Estimate [	DA Official [	Estimate [	DA Official [	Estimate [New]	
Market Year Begin		08/2003		08/2004		08/2005	MM/YYYY
Area Harvested	1575	1575	1315	1315	0	1604	(1000 HA)
Beginning Stocks	524	524	800	800	905	1100	(1000 MT)
Production	3691	3691	3685	3682	0	4045	(1000 MT)
TOTAL Mkt. Yr. Imports	16	19	20	20	0	15	(1000 MT)
Oct-Sep Imports	18	21	20	20	0	15	(1000 MT)
Oct-Sep Import U.S.	18	21	0	20	0	15	(1000 MT)
TOTAL SUPPLY	4231	4234	4505	4502	905	5160	(1000 MT)
TOTAL Mkt. Yr. Exports	1256	1255	1200	1200	0	1514	(1000 MT)
Oct-Sep Exports	984	984	1200	1000	0	1500	(1000 MT)
Feed Dom. Consumption	1535	1700	1750	1900	0	2000	(1000 MT)
TOTAL Dom. Consumpti	2175	2179	2400	2202	0	2446	(1000 MT)
Ending Stocks	800	800	905	1100	0	1200	(1000 MT)
TOTAL DISTRIBUTION	4231	4234	4505	4502	0	5160	(1000 MT)

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