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Canada

Grain and Feed

Grain and Feed Quarterly Report

2007

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Report Highlights:
A wet spring and then a drought at the end of July severely impacted wheat production in Canada. Wheat production (all wheat) dropped 18% in 2007 compared to 2006 levels. Durum wheat production increased by 8% due to large areas seeded to durum in the spring. Barley, corn and oats production also reached production levels above year 2006 production levels. The Government of Canada (GOC) has decided to appeal a July 31 Federal Court decision that reversed amendments made to the Canadian Wheat Board (CWB) regulations that would have removed the CWB's monopoly over barley. Canada's Minister of Agriculture, Minister Ritz, has also stated that his government will try legislation to free barley from the CWB monopoly should it lose its appeal of the court ruling that stated the government could not end the monopoly through regulation.

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

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QUARTERLY GRAIN AND FEED UPDATE

Total Wheat

The Prairie Provinces have had to contend with a wet spring and then were hit with drought like conditions at the end of the growing season. The former had negative impact on wheat planting decisions and the latter on wheat yields. A 10% decrease from 2006 levels in area seeded to wheat due to a wet spring, and then an estimated 8.7% drop in yield levels from crop year 2006 yield levels have resulted in 2007 production levels for all wheat being estimated at 20.6 million metric tonnes (MMT). This represents an 18.5% drop compared to 2006 levels. Domestic usage will compete with exports, as increased usage for ethanol will have to compete with supplying a world market with historically high wheat prices resulting from low world supplies.

Durum Wheat

Despite a 27% increase in area seeded to durum wheat, lower yields due dry hot weather in the major durum growing area has resulted in an increase in production levels of only 8% above 2006 levels. Production of durum wheat is estimated to be 3.6 MMT. Exports and carry-out stocks will also be reduced in the coming marketing year.

Barley

Increased seeding to barley resulted in increased barley production in 2007. Statistics Canada estimates barley production at 11.8 MMT, up from 9.6 MMT in 2006. Strong world demand for feed barley (due to tighter than expected world supplies) is expected to drive an increase in exports.

Corn

The decrease in average yield from 2006 levels for corn is attributed to the hot and dry conditions in July. Higher seeded areas however, helped offset these drops in yield. Corn for grain had lower than anticipated yields, offsetting the 26.9% increase in area seeded from 2006 levels. Despite this, corn production is estimated to be 10.6 MMT, a 17.0% increase from 9.0 MMT in 2006. Grain corn production has reached record highs in both Ontario and Quebec. Much of this increase in production is driven by the need to supply the burgeoning corn-based ethanol industry in Quebec and Ontario.

Oats

A 6% increase in area seeded to oats and a 8% yield increase over 2006 levels has resulted in 2007 production levels for oats being significantly higher than production levels in 2006. Oats production in 2007 is estimated to be 5.0 MMT, which is 30% higher than oat production of 3.9 MMT in 2006. Due to competition from the European Union, Canadian analysts do not believe this large crop will result in a rise in exports.

Trade Update on Elimination of the Canadian Wheat Board Monopoly on Barley

The Government of Canada (GOC) has decided to appeal a Federal Court decision that reversed amendments made to the Canadian Wheat Board (CWB) regulations that would have removed the CWB's monopoly over barley. On August 30th 2007, Canadian Minister of Agriculture and Agri-food and Minister for the Canadian Wheat Board, Gerry Ritz, made the announcement stating that the government feels that appealing the decision is the right thing to do. He explained that the government is acting on the will of the farmers and went on to cite the results of a plebiscite held earlier this year on this issue in which 62% of farmers voted in favor of marketing choice, one that included the CWB. In response to the government's announcement, the CWB issued a press statement stating that the CWB does not believe that there are strong legal grounds for an appeal and that it is confident that it will win the appeal. The CWB expressed its disappointment with the decision and accused the government of introducing more uncertainty into the market place. Minister Ritz has also stated that his government is prepared to try legislation to free barley from the CWB monopoly, especially if it loses its appeal of the July 31 court ruling that stated the government could not end the monopoly through regulation.

STATISTICAL TABLES

PSD Table

Country **Canada**

Commodity **Wheat**

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

	2005	Revised		2006	Estimate		2007	Forecast		UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Year Begin		08/2005	08/2005		08/2006	08/2006		08/2007	08/2007	MM/YYYY
Area Harvested	9404	9826	9404	9682	9683	9682	8650	8620	8650	(1000 HA)
Beginning Stocks	7922	7922	7922	9638	9708	9638	6827	6898	6827	(1000 MT)
Production	25748	26775	25748	25265	25265	25265	20600	22140	20600	(1000 MT)
MY Imports	290	275	290	322	275	322	275	275	275	(1000 MT)
TY Imports	287	278	287	321	275	321	275	275	275	(1000 MT)
TY Imp. from U.S.	201	201	201	240	240	240	0	0	0	(1000 MT)
Total Supply	33960	34972	33960	35225	35248	35225	27702	29313	27702	(1000 MT)
MY Exports	16003	16096	16003	19660	19200	19660	14000	15000	14000	(1000 MT)
TY Exports	15616	15644	15616	19613	19200	19613	14000	15000	14000	(1000 MT)
Feed Consumption	4184	4968	4184	4328	4800	4328	4000	4500	4000	(1000 MT)
FSI Consumption	4135	4200	4135	4410	4350	4410	4744	4600	4744	(1000 MT)
Total Consumption	8319	9168	8319	8738	9150	8738	8744	9100	8744	(1000 MT)
Ending Stocks	9638	9708	9638	6827	6898	6827	4958	5213	4958	(1000 MT)
Total Distribution	33960	34972	33960	35225	35248	35225	27702	29313	27702	(1000 MT)
Yield	2.737984	2.724913	2.737984	2.609482	2.609212	2.609482	2.381503	2.568445	2.381503	(MT/HA)

PSD Table

Country **Canada**

Commodity **Wheat, Durum**

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

	2005	Revised		2006	Estimate		2007	Forecast		UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Year Begin		01/2005	01/2005		01/2006	01/2006		01/2007	01/2007	MM/YYYY
Area Harvested	0	2297	0	0	1738	0	0	1930	1935	(1000 HA)
Beginning Stocks	0	2487	0	0	3267	0	0	1301	1301	(1000 MT)
Production	0	5915	0	0	3346	0	0	4370	3614	(1000 MT)
MY Imports	0	4	0	0	1	0	0	1	1	(1000 MT)
TY Imports	0	4	0	0	1	0	0	1	1	(1000 MT)
TY Imp. from U.S.	0	4	0	0	1	0	0	1	1	(1000 MT)
Total Supply	0	8406	0	0	6614	0	0	5672	4916	(1000 MT)
MY Exports	0	4206	0	0	4300	0	0	3795	3450	(1000 MT)
TY Exports	0	4223	0	0	4265	0	0	3840	3500	(1000 MT)
Feed Consumption	0	453	0	0	573	0	0	420	300	(1000 MT)
FSI Consumption	0	480	0	0	440	0	0	450	400	(1000 MT)
Total Consumption	0	933	0	0	1013	0	0	870	700	(1000 MT)
Ending Stocks	0	3267	0	0	1301	0	0	1007	766	(1000 MT)
Total Distribution	0	8406	0	0	6614	0	0	5672	4916	(1000 MT)
Yield	0	2.575098	0	0	1.925201	0	0	2.264249	1.8677	(MT/HA)

PSD Table

Country	Canada									
Commodity	Barley						(1000 HA)(1000 MT)(MT/HA)			
	2005	Revised		2006	Estimate		2007	Forecast		UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Year Begin		08/2005	08/2005		08/2006	08/2006		08/2007	08/2007	MM/YYYY
Area Harvested	3634	3889	3634	3223	3292	3223	4050	3924	4050	(1000 HA)
Beginning Stocks	3435	3435	3435	3289	3289	3289	1492	1495	1492	(1000 MT)
Production	11678	12481	11678	9573	9573	9573	11800	12000	11800	(1000 MT)
MY Imports	44	44	44	50	40	50	50	35	50	(1000 MT)
TY Imports	46	46	46	50	40	50	50	35	50	(1000 MT)
TY Imp. from U.S.	45	45	45	0	0	0	0	0	0	(1000 MT)
Total Supply	15157	15960	15157	12912	12902	12912	13342	13530	13342	(1000 MT)
MY Exports	2257	2257	2257	1224	1700	1224	2400	2000	2400	(1000 MT)
TY Exports	1876	1876	1876	1500	1700	1500	2400	2000	2400	(1000 MT)
Feed Consumption	8376	8914	8376	8896	9092	8896	8300	9200	8300	(1000 MT)
FSI Consumption	1235	1500	1235	1300	615	1300	1400	700	1400	(1000 MT)
Total Consumption	9611	10414	9611	10196	9707	10196	9700	9900	9700	(1000 MT)
Ending Stocks	3289	3289	3289	1492	1495	1492	1242	1630	1242	(1000 MT)
Total Distribution	15157	15960	15157	12912	12902	12912	13342	13530	13342	(1000 MT)
Yield	3.213539	3.209308	3.213539	2.970214	2.907959	2.970214	2.91358	3.058104	2.91358	(MT/HA)

PSD Table

Country	Canada									
Commodity	Corn						(1000 HA)(1000 MT)(MT/HA)			
	2005	Revised		2006	Estimate		2007	Forecast		UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Year Begin		09/2005	09/2005		09/2006	09/2006		09/2007	09/2007	MM/YYYY
Area Harvested	1085	1096	1085	1061	1062	1061	1360	1357	1360	(1000 HA)
Beginning Stocks	1802	1802	1802	2001	2001	2001	1591	1601	1591	(1000 MT)
Production	9361	9361	9361	8990	8990	8990	10560	11400	10560	(1000 MT)
MY Imports	1928	1928	1928	2100	2100	2100	2000	1600	2000	(1000 MT)
TY Imports	1962	1962	1962	2100	2100	2100	2000	1600	2000	(1000 MT)
TY Imp. from U.S.	1918	1924	1918	0	0	0	0	0	0	(1000 MT)
Total Supply	13091	13091	13091	13091	13091	13091	14151	14601	14151	(1000 MT)
MY Exports	253	253	253	300	200	300	200	200	200	(1000 MT)
TY Exports	239	239	239	300	200	300	200	200	200	(1000 MT)
Feed Consumption	8547	8547	8547	8300	8400	8300	8500	8700	8500	(1000 MT)
FSI Consumption	2290	2290	2290	2900	2890	2900	3900	3900	3900	(1000 MT)
Total Consumption	10837	10837	10837	11200	11290	11200	12400	12600	12400	(1000 MT)
Ending Stocks	2001	2001	2001	1591	1601	1591	1551	1801	1551	(1000 MT)
Total Distribution	13091	13091	13091	13091	13091	13091	14151	14601	14151	(1000 MT)
Yield	8.62765	8.541058	8.62765	8.473139	8.46516	8.473139	7.764706	8.400884	7.764706	(MT/HA)

PSD Table

Country Canada
Commodity Oats

	2005	Revised		2006	Estimate		2007	Forecast		UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	(1000 HA)(1000 MT)(MT/HA)
Market Year Begin		08/2005	08/2005		08/2006	08/2006		08/2007	08/2007	MM/YYYY
Area Harvested	1271	1326	1271	1537	1537	1537	1850	1623	1850	(1000 HA)
Beginning Stocks	974	974	974	872	872	872	556	544	556	(1000 MT)
Production	3283	3432	3283	3852	3852	3852	5000	4200	5000	(1000 MT)
MY Imports	17	17	17	20	20	20	20	10	20	(1000 MT)
TY Imports	21	21	21	20	20	20	20	15	20	(1000 MT)
TY Imp. from U.S.	21	21	21	0	0	0	0	0	0	(1000 MT)
Total Supply	4274	4423	4274	4744	4744	4744	5576	4754	5576	(1000 MT)
MY Exports	1436	1436	1436	1900	2300	1900	1900	2200	1900	(1000 MT)
TY Exports	1754	1754	1754	1800	2200	1800	1900	2100	1900	(1000 MT)
Feed Consumption	1276	1465	1276	1628	1635	1628	1700	1605	1700	(1000 MT)
FSI Consumption	690	650	690	660	265	660	700	255	700	(1000 MT)
Total Consumption	1966	2115	1966	2288	1900	2288	2400	1860	2400	(1000 MT)
Ending Stocks	872	872	872	556	544	556	1276	694	1276	(1000 MT)
Total Distribution	4274	4423	4274	4744	4744	4744	5576	4754	5576	(1000 MT)
Yield	2.583006	2.588235	2.583006	2.506181	2.506181	2.506181	2.702703	2.5878	2.702703	(MT/HA)