



CANADA: PULSE AND SPECIAL CROPS (P&SC) OUTLOOK

August 4, 2011

In this report, harvested area for peas and lentils was lowered from the July 5th release as a result of cool temperatures and excessive moisture this spring across much of western Canada. The area seeded estimates are from Statistics Canada's (STC) June 23 report. Crop progress is about 1 to 2 weeks behind normal on average but is catching up because of warmer temperatures. Subsoil moisture conditions range from adequate to excessive while weather forecasts call for continued hot and dry weather. Harvesting of early crops may begin by mid-August with disease concerns remaining above normal. STC will release its first production estimates for P&SC on August 24th. AAFC will update its outlook on September 8, 2011.

Total production and supply are both forecast to decrease sharply to 3.98 million tonnes (Mt) and 4.95 Mt, respectively. Exports are expected to fall by 28% to 3.5 Mt due to the lower exportable domestic supply and lower world demand. Domestic use is expected to decrease by 18% to 0.9 Mt, assuming that the crop is of average quality and grade distribution. Total carry-out stocks are expected to fall for the third consecutive year to 0.6 Mt which will provide positive support for prices. Prices, averaged over all types, grades and markets, are forecast to rise for most crops, with the exception of chickpeas. Prices are expected to be pressured by the strong Canadian dollar which is forecast to remain above par against the US dollar.

DRY PEAS

For 2011-12, harvested area is forecast to fall 26% from last year. Production is estimated at 2.1 Mt, down 26% from 2010-11, and the lowest since 2003-04. This is largely due to lower harvested area in Saskatchewan. Production of yellow peas is expected to fall to 1.7 Mt and green pea production is forecast to fall to 0.3 Mt. Supply is forecast to fall by 36% to 2.4 Mt as lower production combines with lower carry-in stocks. Domestic use is also expected to decrease as feed quality pea prices rise. Exports are forecast to decrease to 1.8 Mt due to the lower domestic supply. Carry-out stocks are also forecast to fall for the third consecutive year to 0.1 Mt, the lowest since 1993-94. Unless the dry pea production outlook changes, the average price is expected to increase from 2010-11 due to the smaller Canadian supply and tighter carry-out stocks.

For 2011-12, US dry pea production is expected to fall sharply to 0.5 Mt due to lower harvested area and yields resulting from excessive moisture and late seeding.

For 2010-11, Canada's dry pea exports are forecast at a record 3.0 Mt, with a record 1.6 Mt, mostly yellow types, going to India. Canada is also forecast to export a record 0.5 Mt of dry peas to China.

LENTILS

Harvested area is forecast to fall by 25% from last year due to high abandonment rates and lower seeded area. Production is estimated to fall by 29% from 2010-11 due to a sharply lower harvested area and yields. Large green lentil production is forecast to fall to 0.6 Mt and red lentil production is expected to fall sharply to 0.7 Mt. Supply is estimated to fall only 9% to 1.8 Mt due to large quantities of lower quality carry-in stocks.

Despite this, exports are expected to remain unchanged from last year at 1.2 Mt due to a larger proportion of higher quality lentils. Turkey and India are expected to be Canada's main export markets but exports to the EU-27 may be constrained by the low limits for glyphosate established for imported lentils. Carry-out stocks are forecast to continue to be burdensome due to the historically large supply and lower expected domestic use. The average price is forecast to rise from last year as lower expected prices are offset by a more favorable grade distribution.

For 2011-12, US lentil production is forecast to rise marginally to 0.4 Mt due an increase in harvested area.

DRY BEANS

For 2011-12, harvested area is forecast to fall sharply from last year. Total production is expected to decrease by 43% to 145 thousand tonnes (kt), the lowest since 1996-97, due to lower area and yields.

Total white pea bean production is expected to fall sharply to 50 kt and coloured types are forecast to fall to 96 kt. As a result, supply is estimated to decrease sharply. Exports are forecast to decrease due to the limited supply and carry-out stocks are expected to fall. The US and the EU-27 are forecast to continue to be the main markets for Canadian dry beans, with smaller volumes going to Japan. Canadian carry-out stocks are expected to decrease sharply. The average price over all types and grades is forecast to increase sharply due to the lower North American supply.

US dry bean harvested area is expected to fall sharply, due to more attractive alternative crops and high abandonment. US dry bean production is forecast to fall by 38% to 0.8 Mt, the lowest since 2004-05. This is largely due to lower expected production in North Dakota for all bean types.

CHICKPEAS

Harvested area is forecast to fall by 48% from last year. As a result, production is expected to fall to 65 kt. Kabuli and desi type production is expected to fall. Despite market prices at record levels in 2010-11, high production costs and the risk associated with growing chickpeas, caused many producers to shift area out of chickpeas in 2011-12. Total supply is estimated to fall sharply due to lower production and carry-in stocks. Exports are forecast to decrease as a result of limited supply. Carry-out stocks are expected to fall marginally. The average price is forecast to fall, but remain high from a historical perspective due to marginally higher world supply.

US chickpea production is expected to fall marginally to 80 kt.

MUSTARD SEED

For 2011-12, harvested area is forecast to decrease by 25% from last year. Average yields are expected to decrease to normal from the highs of 2010. Production is estimated to decrease sharply to 130 kt due to a lower seeded area and a high rate of abandonment. Yellow and oriental type production is expected to fall while brown types rise. Total supply is estimated to decrease marginally as high carry-in stocks partly offset lower production. Exports are expected to return to a more normal level, particularly to the EU-27 and the US. Carry-out stocks are forecast to decrease sharply. The average mustard price, for all types is expected to increase compared to 2010-11.

US production is forecast to fall sharply to 10 kt, the lowest since 1996-97 due to lower harvested area.

CANARY SEED

Harvested area is forecast to fall by 11% compared to last year. Production is expected to fall to 100 kt due to lower area and yields. Supply is estimated to fall to a historically tight level due to lower carry-in stocks and production. Exports are expected to decrease because of the limited supply. The EU-27, Brazil and the US are forecast to be the main markets for Canadian canary seed, with smaller volumes going to Brazil and the US. The interim agreement between Mexican and Canadian plant protection officials regarding weeds of quarantine concern is set to expire on August 15. While negotiations

are still underway, terms of a new agreement have not been reached and there is no indication if trade will continue with Canada's largest export canary seed market. Carry-out stocks are expected to continue to remain historically low and unchanged from last year. As a result, the average price is forecast to rise from 2010-11.

SUNFLOWER SEED

For 2011-12, harvested area is forecast to fall by nearly 40% compared to last year. Production is estimated to decrease sharply to 40 kt, the lowest since 1997-98, due to lower harvested area and yields. Production of both confectionary and oilseed types is expected to fall. As a result, supply is forecast to fall by 32% to 95 kt. Total Canadian exports are expected to decrease due to the limited supply. Canadian carry-out stocks are expected to fall for the third consecutive year. The average price is also forecast to rise from 2010-11 because of the lower US supply, tight Canadian carry-out stocks and forecasts for stronger world vegoil prices.

US production is forecast by the USDA to fall marginally to 1.1 Mt as lower confectionary type production is partly offset by higher oil type production. World sunflower seed production is forecast by the USDA to rise by 11% to record 34 Mt, largely due to record area in Russia and the Ukraine.

FURTHER INFORMATION:

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CANADA: PULSES AND SPECIAL CROPS SUPPLY AND DISPOSITION

August 4, 2011

Grain and Crop Year (a)	Area		Yield t/ha	Production	Imports (b)	Total Supply	Exports (b)	Total Domestic Use (d)	Carry-out Stocks	Stocks- to-Use Ratio	Average Price (e)
	Seeded thousand ha	Harvested									
-----thousand metric tonnes-----											
											\$/t
Dry Peas											
2008-2009	1,617	1,582	2.26	3,571	15	3,841	2,826	571	445	13	250
2009-2010	1,522	1,487	2.27	3,379	55	3,880	2,178	907	795	26	185
2010-2011f	1,396	1,322	2.17	2,862	40	3,697	3,000	497	200	6	250
2011-2012f	1,018	975	2.18	2,125	40	2,365	1,800	465	100	4	245-275
Lentils											
2008-2009	706	700	1.49	1,043	7	1,102	973	97	32	3	750
2009-2010	971	963	1.57	1,510	10	1,552	1,387	120	45	3	645
2010-2011f	1,408	1,336	1.46	1,947	35	2,027	1,200	377	450	29	440
2011-2012f	1,133	1,000	1.38	1,375	15	1,840	1,200	265	375	26	475-515
Dry Beans											
2008-2009	128	125	2.13	266	54	341	282	50	8	2	815
2009-2010	121	114	1.96	224	55	287	256	26	5	2	705
2010-2011f	136	127	2.00	254	55	314	245	44	25	9	650
2011-2012f	78	74	1.97	145	55	225	190	25	10	5	750-780
Chickpeas											
2008-2009	53	51	1.30	67	4	163	53	48	62	61	560
2009-2010	32	30	2.49	76	5	143	66	57	20	16	540
2010-2011f	83	77	1.67	128	8	156	95	46	15	11	650
2011-2012f	43	40	1.63	65	8	88	50	33	5	6	620-650
Mustard Seed											
2008-2009	194	186	0.87	161	1	189	131	14	44	30	845
2009-2010	212	208	1.00	208	0	253	128	45	80	46	510
2010-2011f	194	186	1.00	186	0	266	120	46	100	60	570
2011-2012f	146	140	0.93	130	0	230	130	35	65	39	675-705
Canary Seed											
2008-2009	168	164	1.19	196	0	261	153	25	83	47	480
2009-2010	128	121	1.31	159	0	242	181	20	41	20	395
2010-2011f	130	121	0.92	111	0	152	130	17	5	3	560
2011-2012f	118	112	0.89	100	0	105	85	15	5	5	555-585
Sunflower Seed											
2008-2009	69	69	1.63	112	20	145	88	35	22	18	630
2009-2010	65	64	1.60	102	26	150	49	59	42	39	505
2010-2011f	55	51	1.32	68	30	140	55	60	25	22	620
2011-2012f	32	31	1.29	40	30	95	40	50	5	6	635-665
Total Pulses and Special Crops (c)											
2008-2009	2,935	2,878	1.88	5,417	102	6,041	4,505	839	696		
2009-2010	3,051	2,988	1.89	5,658	151	6,505	4,244	1,233	1,028		
2010-2011f	3,402	3,220	1.73	5,556	168	6,752	4,845	1,087	820		
2011-2012f	2,568	2,372	1.68	3,980	148	4,948	3,495	888	565		

(a) August-July crop year.

(b) Excludes products.

(c) Includes Pulses (dry peas, lentils, dry beans, chick peas) and Special Crops (mustard seed, canary seed, sunflower seed)

(d) Includes food, feed, seed, waste and dockage. Total domestic use is calculated residually.

(e) Producer price, FOB plant. Average over all types, grades and markets.

f: forecast, Agriculture and Agri-Food Canada August 4, 2011

Source: Statistics Canada and industry consultations.