



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

June 7, 2011

Canadian producers are expected to decrease the area seeded to the majority of all P&SC for 2011-12. Seeding progress in parts of Saskatchewan, where the majority of P&SC are grown, and Manitoba is currently well-behind schedule due to very wet soil conditions. A significant portion of the area which was intended to be seeded, as reported in Statistics Canada's (STC) March seeding intentions survey, may not be seeded or harvested. Thus, abandonment rates, relative to the STC intended area seeded, are expected to be above normal in many areas. In eastern Canada, there are also some seeding delays because of wet weather. For the following outlook, AAFC has reduced the area harvested, relative to its May report, to account for area which is not expected to enter into production. Normal precipitation, crop quality, and trend yields have been assumed for both western and eastern Canada.

Total production and supply are both forecast to decrease by 19% to 4.5 million tonnes (Mt) and 5.5 Mt, respectively. Exports are expected to fall by 18% to 3.9 Mt due to the lower exportable domestic supply and lower world demand. Domestic use is expected to decrease, assuming that the crop is of average quality and grade distribution. Total carry-out stocks are expected to fall for the third consecutive year 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 be stronger than the US dollar. The main factors to watch are precipitation and seeding progress in western Canada, crop conditions around the world, particularly in the US, and exchange rates.

DRY PEAS

For 2011-12, harvested area is forecast to fall by 23% from 2010-11. The strength in yellow pea types relative to green types in 2010-11 may encourage more area seeded to yellow peas at the expense of green peas. Supply is forecast to decrease due to lower production and significantly lower carry-in stocks. Exports are forecast to decrease to 2.0 Mt, due to 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. The average price is expected to increase from 2010-11 due to the smaller Canadian supply and tighter carry-out stocks.

For 2010-11, Canada's pea exports are expected to reach a record 2.9 Mt. The increase was largely due to strong demand from India, which is expected to represent over 50% of Canada's pea exports, mostly the yellow types.

Canadian dry pea exports to China, the EU-27 and Pakistan are also on pace to increase compared to 2010-11. For 2010-11, the pulse crop in India is expected to reach a record to about 17.3 Mt, due to record seeded area. Domestic consumption of pulses in India is currently estimated at about 19.5 Mt and imports are expected to fall to 2.2 Mt. With the large Rabi pulse crop in India harvested in the February-March period, this is expected to slow the pace of Canadian dry pea exports to India for the remainder of the 2010-11 crop year and into the beginning of the 2011-12 crop year.

LENTILS

For 2011-12, harvested area is expected to decrease by 21% from 2010-11. The majority of the fall in area is expected to be the red lentil types. However, near record supply is forecast as record carry-in stocks of low quality lentils will more than

offset the lower production. Exports are expected to increase modestly from 2010-11 due to higher supply and a more favourable grade distribution. Exports to the EU-27 may be constrained by the low limits for glyphosate established for imported lentils. Carry-out stocks are forecast to rise to a record level due to the larger supply and lower expected domestic use. The average price is forecast to rise from 2010-11 due to a more normal grade distribution.

Canada's lentil exports decreased slightly for 2010-11, although supply increased significantly. This was due to an unfavourable grade distribution, heavily weighted by low grade red lentils. Turkey, India and the EU-27 are forecast to remain the main markets for Canadian lentils, with smaller volumes going to various countries in the Middle East and South America.

DRY BEANS

For **2011-12**, harvested area is forecast to fall sharply from 2010-11. Some of the seeded area is expected to shift to soybeans due to the comparative ease of growing soybeans, the availability of new shorter season varieties and the ability of soybeans to better withstand wet growing conditions as well as stronger per acre returns. Production and supply are expected to fall as a result. 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. US dry bean area is expected to fall by 34%, due to more attractive alternative crops. US dry bean production is also expected to fall sharply to about 0.9 Mt. The majority of the fall in production is expected to occur in North Dakota, the largest US dry bean producing state. The average price for Canadian dry beans is forecast to increase because of the lower US and Canadian supply.

CHICKPEAS

For **2011-12**, harvested area is forecast to fall by 19% from 2010-11. As a result, production is expected to fall. Supply is forecast to be lower than last year due to the lower production and carry-in stocks. Exports are forecast to be lower and carry-out stocks are expected to fall. The EU-27, the US and Pakistan are forecast to remain the main markets for Canadian chickpeas. The average price is forecast to fall, but remain high from a historical perspective due to lower Canadian and world supply.

MUSTARD SEED

For **2011-12**, harvested area is forecast to decrease by 25% from 2010-11. Average yields are expected to decrease to normal from the highs of 2010. Production and supply are expected to fall significantly. The US and the EU-27 are the main markets for Canadian mustard seed. For 2011-12, exports to the EU-27 are expected to return to a more normal level. Carry-out stocks are forecast to decrease sharply which will support prices which are forecast to rise compared to 2010-11.

CANARY SEED

For **2011-12**, harvested area is forecast to increase by 12% compared to 2010-11. Production is expected to increase nearly 45% due to increased area and a return to trend yields. Supply is forecast to rise but remain historically tight. Exports are expected to rise with the increase in supply and the agreement with Mexico to permit imports subject to appropriate testing. The EU-27 and Mexico are forecast to remain the main markets for Canadian canary seed, with smaller volumes going to Brazil and the US. Carry-out stocks are expected to continue to remain historically low. The average price is forecast to rise compared to 2010-11.

Canada's 2010-11 exports of canary seed are expected to decrease to 130 thousand tonnes (Kt) from 180 Kt in 2009-10, of which exports to Mexico are expected to decrease to 35 Kt from about 40 Kt. Exports have been constrained by Mexico's zero tolerance policy on weed seeds, particularly for wild buckwheat.

It is currently uncertain whether the Canadian industry will continue to export product to Mexico when the temporary access agreement expires on June 21.

SUNFLOWER SEED

For **2011-12**, harvested area is forecast to decrease by over 50% compared to 2010-11. Production and supply are expected to fall sharply compared to 2010-11. Exports and carry-out stocks are forecast to fall. The US is forecast to continue to be Canada's main export

market for sunflower seed, with smaller volumes going to the United Arab Emirates. US sunflower seed area is expected to fall by 8% due to more attractive alternative crops. As a result, US sunflower seed production is expected to decrease by 9% to 1.1 Mt. World carry-in stocks are expected to rise by 15% compared to 2010-11 due to higher stocks in Argentina. The average Canadian price is forecast to increase from 2010-11, due to forecasts for stronger world vegoil prices and lower sunflower seed supply in the US and Canada.

FURTHER INFORMATION:

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CANADA: PULSES AND SPECIAL CROPS SUPPLY AND DISPOSITION

June 7, 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	50	3,707	2,900	557	250	7	230-260
2011-2012f	1,111	1,020	2.25	2,300	50	2,600	2,000	500	100	4	235-265
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	445-475
2011-2012f	1,128	1,050	1.48	1,550	15	2,015	1,300	215	500	33	500-530
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	635-675
2011-2012f	100	96	1.98	190	52	267	230	32	5	2	680-710
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	85	56	15	11	630-660
2011-2012f	67	62	1.69	105	5	125	60	55	10	9	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	560-590
2011-2012f	145	140	0.93	130	0	230	130	35	65	39	640-670
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	545-575
2011-2012f	140	135	1.19	160	0	165	145	15	5	3	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	28	138	55	58	25	22	590-620
2011-2012f	26	25	1.60	40	25	90	40	40	10	13	630-660
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	176	6,760	4,735	1,155	870		
2011-2012f	2,717	2,528	1.77	4,475	147	5,492	3,905	892	695		

(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 June 7, 2011

Source: Statistics Canada and industry consultations.