



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

May 10, 2011

**For 2011-12, Canadian producers intend to decrease the areas seeded to the majority of all P&SC according to Statistics Canada's (STC) March seeding intentions survey which was released on April 26, 2011. The outlook assumes normal precipitation, abandonment and crop quality, and trend yields. However, the actual areas seeded may differ from the intended areas because seeding progress in western Canada has been delayed by cold weather and wetter than normal soil-moisture conditions in many areas and changes in the market conditions.**

**The total area seeded to P&SC in Canada is forecast to decrease by 20% to 2.7 million hectares. The areas seeded for all crops, except canary seed, are intended to decrease. Average yields are generally expected to increase from the low levels attained in 2010. Total production and supply are both forecast to decrease by 16% to 4.6 million tonnes (Mt) and 5.7 Mt, respectively. Exports are expected to fall by 11% to 4.0 Mt due to the lower exportable domestic supply and lower world demand. Domestic use is expected to fall assuming an average quality crop 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. The main factors to watch are precipitation and seeding progress in western Canada, crop conditions around the world, particularly in Asia, and exchange rates.**

### **DRY PEAS**

For **2011-12**, seeded area is intended to fall by 20% from 2010-11 because of lower expected returns relative to other crops and high carry-in stocks. 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 2.1 Mt, due to lower domestic supply. Carry-out stocks are also forecast to fall for the third consecutive year. 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 be about 30% higher than the year before. 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 forecast at 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 Feb-Mar 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**, the area seeded is intended to decrease by 20% due to lower returns compared to other crops. The majority of the fall in area is expected to be the red lentil types. However, record supply is forecast to increase for the third consecutive year 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 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.

For 2010-11, Canada's lentil exports decreased slightly 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**, the intended area seeded is intended to fall sharply from 2010-11 because of lower returns compared to other crops. Some of the 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 remain 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**, the area seeded is intended to fall by 19% from 2010-11 because of the lower new crop potential returns compared to many alternative crops. 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**, the area seeded is intended to decrease by 25%, due to lower returns relative to competing crops. Average yields are expected to decrease to normal from the highs of 2010.

Production and supply are expected to decrease 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**, the area seeded is forecast to increase due to good returns relative to other crops and lower carry-in stocks. 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 remain historically high at the 2010-11 level.

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 Mexico will allow re-cleaning when the temporary access agreement expires on June 21. This is creating some uncertainty for producers heading into seeding.

### **SUNFLOWER SEED**

For **2011-12**, the area seeded is expected to decrease over 50% due to lower expected returns relative to other crops. Production and supply is expected to fall sharply compared to 2010-11. Exports and carry-out stocks of sunflowerseed are forecast to fall. The US is forecast to remain the main market for Canadian 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 fall by 9% to 1.1 Mt. 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:**

**Bobby Morgan .....(204) 983-8465**

[bobby.morgan@agr.gc.ca](mailto:bobby.morgan@agr.gc.ca)

**Fred Oleson.....(204) 983-0807**

[fred.oleson@agr.gc.ca](mailto:fred.oleson@agr.gc.ca)

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**CANADA: PULSES AND SPECIAL CROPS SUPPLY AND DISPOSITION**

**May 10, 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
<b>Dry Peas</b>											
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	35	3,692	2,700	692	300	9	220-250
2011-2012f	1,111	1,070	2.24	2,400	30	2,730	2,100	530	100	4	230-260
<b>Lentils</b>											
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	30	2,022	1,200	367	455	29	495-525
2011-2012f	1,128	1,095	1.48	1,620	10	2,085	1,300	260	525	34	500-530
<b>Dry Beans</b>											
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	620-650
2011-2012f	100	96	1.98	190	52	267	230	32	5	2	680-710
<b>Chickpeas</b>											
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	7	155	75	65	15	11	630-660
2011-2012f	67	62	1.69	105	5	125	60	55	10	9	600-630
<b>Mustard Seed</b>											
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	545-575
2011-2012f	145	140	0.93	130	0	230	130	35	65	39	570-600
<b>Canary Seed</b>											
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	545-575
<b>Sunflower Seed</b>											
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	27	137	55	57	25	22	570-600
2011-2012f	26	25	1.60	40	25	90	40	40	10	13	600-630
<b>Total Pulses and Special Crops (c)</b>											
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	154	6,738	4,525	1,288	925		
2011-2012f	2,717	2,623	1.77	4,645	122	5,692	4,005	967	720		

(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 May 10, 2011

Source: Statistics Canada and industry consultations.