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Report Highlights:

FAS/Ottawa forecasts more hectares of barley and durum wheat, and fewer hectares of corn, oats, and spring wheat planted in 2021. Domestic demand for feed grains is high and supplies are tight. Strong exports are drawing down stocks of wheat and barley. Regions of Alberta, Manitoba, and Saskatchewan require significant precipitation ahead of planting.

Executive Summary

FAS/Ottawa forecasts more hectares of barley and durum wheat, and fewer hectares of corn, oats, and spring wheat planted in 2021. Statistics Canada conducted its 2021 planting survey in March, collecting information from farmers on their crop planting intentions. This information is expected to be published on April 27, 2021.

Significant precipitation is needed in southeastern and southcentral Saskatchewan, Northern Alberta, and Manitoba. Planting for most principal crops typically begins around mid-May, but many farmers in southern Alberta began in early April this year due to a lack of snow cover and favorable temperatures.

Feed grains are facing high demand and low supply. Moisture deficits in Northern Alberta, southeast Saskatchewan, and throughout Manitoba may exacerbate feed availability constraints thus creating challenges for cattle producers and feeders.

Production of most principal field crops increased in 2020 from the previous year. However, higher exports, driven by strong global demand, contributed to lower stocks of wheat and barley as of December 31, 2020 (the most recent storage stocks data available).

This report refers to marketing years, which for grains run from August to July, except for corn, which runs from September to August. Trade years run from July to June for wheat, and October to September for corn, barley, and oats.

WHEAT

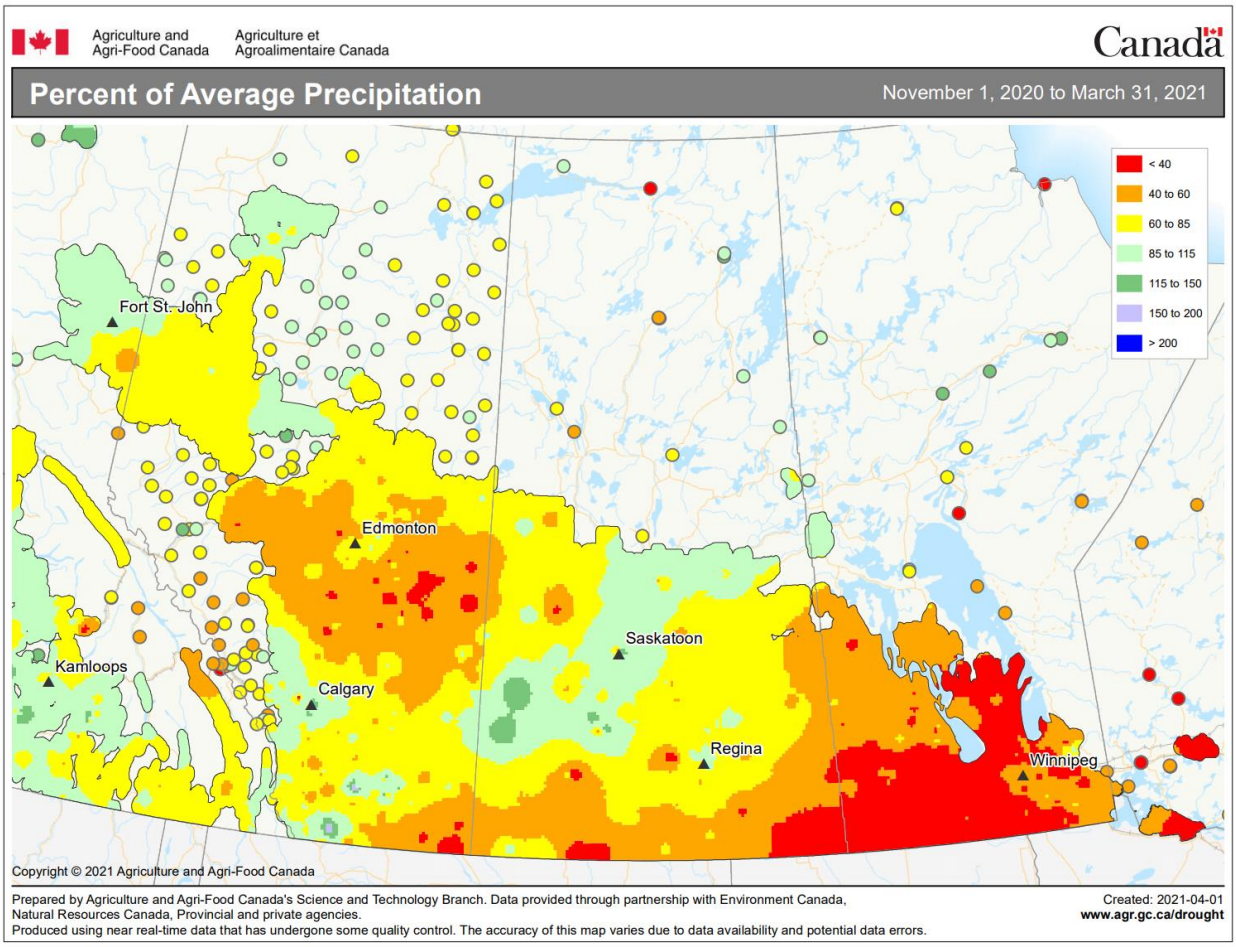
WHEAT	2019/2020		2020/2021		2021/2022	
Market Begin Year	Aug-19		Aug-20		Aug-21	
	USDA Official	Post	USDA Official	Post	USDA Official	Post
Area Harvested (1000 HA)	9,656	9,656	10,018	10,018		9,810
Beginning Stocks (1000 MT)	6,041	6,041	5,499	5,499		5,332
Production (1000 MT)	32,670	32,670	35,183	35,183		33,500
MY Imports (1000 MT)	678	674	550	520		400
TY Imports (1000 MT)	675	674	550	520		400
TY Imp. from U.S. (1000 MT)	390	390				
Total Supply (1000 MT)	39,389	39,385	41,232	41,202		39,232
MY Exports (1000 MT)	24,627	24,140	27,000	27,100		24,100
TY Exports (1000 MT)	23,478	22,989	27,000	27,100		24,100
Feed and Residual (1000 MT)	4,163	4,754	4,700	3,640		3,962
FSI Consumption (1000 MT)	5,100	4,992	5,200	5,130		4,970
Total Consumption (1000 MT)	9,263	9,746	9,900	8,770		8,932
Ending Stocks (1000 MT)	5,499	5,499	4,332	5,332		6,200
Total Distribution (1000 MT)	39,389	39,385	41,232	41,202		39,232
Yield (MT/HA)	3.38	3.38	3.51	3.51		3.41

MY 2021/22 Wheat Production

There is currently no survey information available on marketing year (MY) 2021/22 planting intentions; however, FAS Ottawa projects Canada's total production of wheat to fall five percent on reduced area planted and a return to average yields (2016-2020).

Spring wheat production is projected to fall while durum wheat production is expected to increase. This change in production reflects higher returns on investment for durum and low on-farm stocks.

Significant precipitation is needed in Manitoba as well as southeastern and southcentral Saskatchewan, where severe drought conditions persist. The rest of the prairie growing region is experiencing less severe drought or abnormal dryness. Planting of wheat typically begins in late April or early May, although many prairie farmers in southern Alberta began in early April this year due to a lack of snow cover and favorable temperatures.

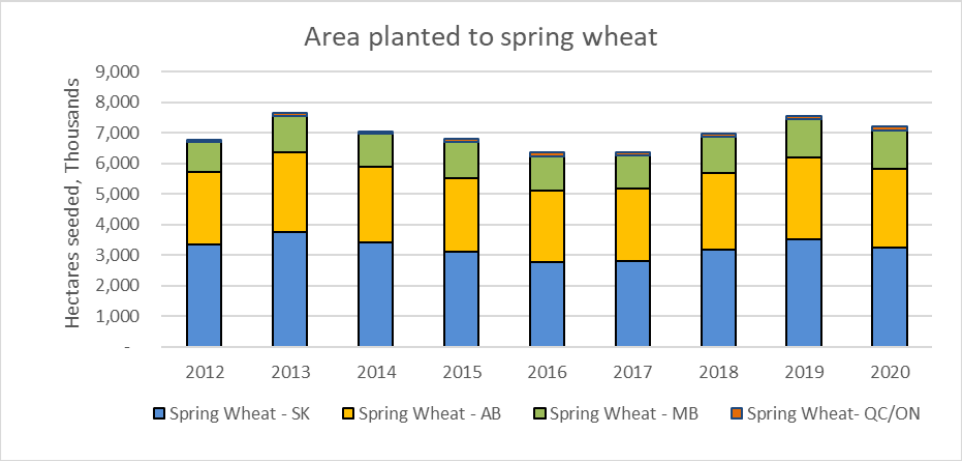


Source: Agriculture Agri-Food Canada

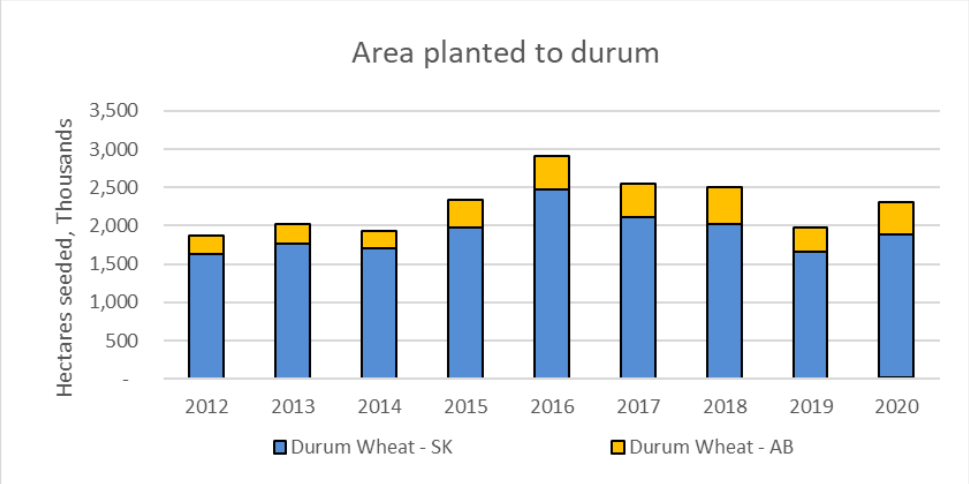
Canadian grain and oilseed producers are closely monitoring several recent developments related to carbon usage that will impact their cost of doing business. These developments include increased fuel taxes, exemptions and rebates on fuel taxes, and the publication of Canada's carbon offset credit regulations. See GAIN report Canada's Carbon Economy and the Impact on Grain and Oilseeds for additional information.

MY 2020/21 Wheat Production

After several years of dry growing conditions and challenging harvests in vast areas of the Canadian prairies, wheat producers experienced higher yields and greater quality in 2020 due to improved weather and soil conditions.



Source: Statistics Canada, FAS/Ottawa



Source: Statistics Canada, FAS/Ottawa

Wheat – Consumption

Wheat Milled ('000 MT), August to February				
	MY 2017/18	MY 2018/19	MY 2019/20	MY 2020/21
Total wheat milled	1,868	1,868	1,871	1,887
Western red spring wheat milled	1,311	1,300	1,341	1,304
Western amber durum wheat milled	131	123	131	131
Other western wheat milled	72	73	40	40
Ontario winter wheat milled	291	324	321	353
Other eastern wheat milled	66	46	39	59

Source: Statistics Canada

Wheat: Food, Seed, and Industrial (MT, '000)			
	18/19	**19/20**	**20/21(f)**
Seed requirements	996	1,011	990
Industrial use	500	565	500
Human food*	3,132	3,153	3,180
Imports of flour, products*	364	402	300
TOTAL FSI	**4,992**	**5,131**	**4,970**

Source: Statistics Canada; FAS/Ottawa

*Note: converted to grain equivalent

Wheat Exports – TY 2021/22

Canadian wheat exports are forecast to fall on reduced domestic supplies.

Domestic policy in Italy and Algeria risk dampening Canada's prospects for durum wheat exports in Trade Year (TY) 2021/22. Italy's country of origin labelling (COOL) rules are still in effect and the Government of Algeria's goal to reduce durum and bread wheat imports remains a top priority for the government. However, poor European and Algerian harvests will require both countries to buy wheat in the short-term to fulfill domestic demand and maintain stocks.

On average, Algeria has imported 922,670 metric tons (MT) per year of Canadian durum over the past five years. This represents 20 percent of Canada's annual durum exports. Italy has imported 784,360 MT on average over the past five years, or 17 percent of Canada's annual durum exports. Levels fluctuate year to year in each country, dependent on local harvest quality and quantity.

Wheat Exports – TY 2020/21

Non-durum wheat and wheat product exports have increased nearly 35 percent over this time a year ago, primarily on a 1.6 MMT[1] increase in non-durum wheat exports to China.

Durum exports have increased 23 percent over the previous year, as exports to Italy, Morocco, and Algeria nearly doubled on low production and quality in Europe and Algeria.

A potential strike at the Port of Montreal is not expected to significantly impact exports of grains because only containerized exports are likely to be impacted. About 38,000 to 40,000 MT of wheat is exported from the Port of Montreal each year, according to industry estimates and Canadian Grain Commission data, far less than the more than 1 MMT of wheat that runs through the Port's bulk facilities each year.

Wheat Imports – TY 2021/22

Total wheat imports are forecast to ease due to higher domestic supplies of durum.

[1] MMT = million metric tons

Wheat Imports – TY 2020/21

Non-durum wheat imports are down 62 percent over this time a year ago due to increased domestic supply and a reduction in the use of feed wheat. Nearly one hundred percent of imports are from the United States.

Durum wheat imports, which come from the United States, are down 85 percent over this time a year ago, due to an increase in domestic supplies.

Wheat Storage Stocks – MY 2020/21

Storage stocks are forecast to end the year down on strong exports.

Statistics Canada's December 2020 storage stocks estimate show total wheat stocks down 3.8 percent year-over-year to 24.8 MMT. Commercial stocks were down 14.4 percent to 3.8 MMT, largely due to a 28.1 percent increase in exports. On-farm stocks decreased 1.6 percent to 21.1 MMT. FAS/Ottawa's ending stock estimates provided in the production, supply, and disposition tables represent year-end levels, in July, when stocks are further depleted.

Wheat Storage Stocks – MY 2021/22

Ending stocks are expected to increase from the previous year on weaker global demand.

BARLEY

	2019/2020		2020/2021		2021/2022	
Market Begin Year	**Aug-19**		**Aug-20**		**Aug-21**	
	USDA Official	**Post**	**USDA Official**	**Post**	**USDA Official**	**Post**
Area Harvested (1,000 HA)	2,728	2,728	2,809	2,809		2,830
Beginning Stocks (1000 MT)	877	863	957	957		500
Production (1000 MT)	10,383	10,383	10,741	10,741		10,750
Imports (1000 MT)	63	63	180	180		65
MY Imports, (1000 MT)	86	86	180	180		65
TY Imp. from U.S., (1000 MT)	85	85				
Total Supply, (1000 MT)	11,323	11,309	11,878	11,878		11,315
MY Exports, (1000 MT)	2,346	2,244	3,600	3,600		3,500
TY Exports, (1000 MT)	2,621	2,520	3,600	3,600		3,500
Feed and Residual, (1000 MT)	6,920	6,760	6,300	6,798		6,300
FSI Consumption, (1000 MT)	1,100	1,348	1,100	980		1,300
Total Consumption, (1000 MT)	8,020	8,108	7,400	8,247		7,600
Ending Stocks, (1000 MT)	957	957	878	500		215
Total Distribution, (1000 MT)	11,323	11,309	11,878	11,878		11,315
Yield (MT/HA)	3.81	3.81	3.82	3.82		3.80

MY 2021/22 Barley Production

Barley production is forecast to nudge upwards due to increased area planted in Alberta, driven by strong prices and low on-farm storage stocks. About 52 percent of area planted to barley is projected to be of malting varieties, 39 percent of general-purpose varieties, and the remainder of food varieties. This represents a percentage point decline in area planted to malting varieties. Area planted to malting barley, as a percent of total barley, has been declining by one to two percentage points each year since 2017, according to Canadian Grain Commission data. Malting barley varieties earn a premium but require intensive management and perfect climatic conditions to meet the high-quality standards of the malt market.

Most barley is planted in early to mid-May.

MY 2020/21 Barley Production

In MY 2020/21, barley production was up just over three percent from the previous year on a three percent increase in area planted. Growing conditions varied significantly across the prairies. Northern Alberta received unseasonably low temperatures and above-average rain, while southeastern and south-central Saskatchewan were dry. Despite the variable conditions, industry sources described most of the 2020 barley crop as very good quality.

Barley Consumption – MY 2020/21

Statistics Canada's December 2020 data shows domestic use, largely for feed, rose 5.7 percent over the same time in 2019.

Feed grain prices are up due to tightening supplies and high demand. Feed barley prices in Lethbridge (southern Alberta) were $296 CDN to $300 CDN per ton in mid-March, 30 percent higher than the year previous year and nine percent higher than the start of December.

Moisture deficits in Northern Alberta, southeast Saskatchewan, and throughout Manitoba may create further challenges for cattle producers and feeders and drive feed costs higher.

Barley Exports – TY 2021/22

Barley exports are forecast to remain high relative to historic levels supported by demand from China. Canadian farmers have benefitted from Beijing's application of an 80.5 percent tariff on imports of a number of Australian crops, including barley. Barring China's action, the tariffs remain in effect until May 2025, according to an announcement by China.

Barley Exports – TY 2020/21

Exports have increased 50 percent over this time a year ago, primarily on a doubling of barley exports to China, due to the tariffs imposed on Australia in May 2020. Favorable domestic growing and harvest conditions allowed Canadian farmers to produce a good quality malting barley crop in 2020 providing ample supply for demand from China.

Exports to Japan are down 82 percent to 45,400 MT, and exports to the United States are down 11 percent to 60,400 MT.

Barley Imports – TY 2021/22

Barley imports are forecast to ease as demand falls closer in line with the five-year average.

Barley Imports – TY 2020/21

Barley imports reached 128,800 MT in February, more than three times the three-year average. Imports are projected to reach 180,000 MT.

Barley – Storage Stocks

Statistics Canada's December 2020 storage stocks estimates show stocks of barley decreased 4.6 percent year over year to 5.7 MMT as of December 31. On-farm stocks were down 5.8 percent to 5.2 MMT, while commercial stocks rose 11.6 percent to 0.5 MMT. FAS/Ottawa's ending stocks estimate provided in the production, supply, and disposition table represent year-end in July.

Post MY 2019/20 beginning stocks differ from USDA Official and represent values currently reported by Statistics Canada.

CORN

CORN	2019/2020		2020/2021		2021/2022	
Market Begin Year	Aug-19		Aug-20		Aug-21	
	USDA Official	Post	USDA Official	Post	USDA Official	Post
Area Harvested (1,000 HA)	1,451	1,451	1,408	1,408		1,370
Beginning Stocks (1000 MT)	1,980	1,979	2,559	2,560		2,200
Production (1000 MT)	13,404	13,404	13,563	13,563		13,350
Imports (1000 MT)	1,843	1,827	1,700	1,700		1,800
TY Imports, (1000 MT)	1,867	1,689	1,700	1,600		1,600
TY Imp. from U.S., (1000 MT)	1,746	1,746	0	0		0
Total Supply, (1000 MT)	17,227	17,210	17,822	17,823		17,350
MY Exports, (1000 MT)	708	708	1,000	1,700		1,700
TY Exports, (1000 MT)	712	713	1,000	1,700		1,700
Feed and Residual, (1000 MT)	8,657	8,639	9,600	8,623		8,250
FSI Consumption, (1000 MT)	5,303	5,303	5,200	5,300		5,300
Total Consumption, (1000 MT)	13,960	13,942	14,800	13,923		13,550
Ending Stocks, (1000 MT)	2,559	2,560	2,022	2,200		2,100
Total Distribution, (1000 MT)	17,227	17,210	17,822	17,823		17,350
Yield (MT/HA)	9.24	9.24	9.63	9.63		9.74

Corn Production - MY 2021/22

FAS/Ottawa forecasts corn production to fall on reduced area planted as some producers rotate to soybeans. Soil conditions in the corn belt of Ontario are dry going into planting season, and conditions in Manitoba are extremely dry. The most favorable corn crops in Ontario and Quebec usually result from corn planted in late April and the first half of May because the crop can utilize the full growing season. In Manitoba, corn is typically seeded between May 1 and May 15.

Corn Production – MY 2020/21

Corn production decreased on reduced area planted in each of the largest corn-producing provinces: Ontario, Quebec, and Manitoba. Harvest in Ontario and Quebec occurred throughout September. Ontario yields were described as strong except where dryness stretched into the growing season.

The Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA), estimated yield for Ontario is 164 bu/ac, a two percent increase from the ten-year average grain corn yield of 161 bu/ac (2010-2019).[2]

Corn – Domestic Consumption

Domestic use for MY 2020/21 is projected to remain unchanged from the previous year, due to unchanged use in both consumption categories.

Corn – Imports 2021/22

Imports of corn are forecast up as domestic supplies fall.

Corn – Imports TY 2020/21

Corn imports are projected to be about seven percent lower than the previous year, due to higher domestic supplies.

Corn – Exports 2021/22

Exports are forecast to remain stable.

Corn – Exports TY 2020/21

Corn exports TY 2020/21 YTD are 30 percent above the five-year average, due to above-average demand from Ireland. Forty-six percent of Canada's exports have gone to Ireland, followed by 18 percent to the United States.

Corn – Storage Stocks

Statistics Canada's December 2020 storage stocks estimates show total stocks of corn for grain rose 3.3 percent year over year to 11 MMT as of December 31. Commercial stocks rose 11.8 percent to 3.0 MMT, while on-farm

[2] OMAFRA Crop Statistics.

stocks edged up 0.5 percent to 8.1 MMT. FAS/Ottawa's ending stocks estimate provided in the production, supply, and disposition table represent year-end in July.

Post MY 2019/20 and MY 2020/21 beginning stocks differ from USDA Official and represent values currently reported by Statistics Canada.

Oats

OATS	2019/2020		2020/2021		2021/2022	
Market Begin Year	Aug-19		Aug-20		Aug-21	
	USDA Official	Post	USDA Official	Post	USDA Official	Post
Area Harvested (1,000 HA)	1,167	1,167	1,314	1,314		1,220
Beginning Stocks (1000 MT)	397	397	426	426		400
Production (1000 MT)	4,227	4,227	4,576	4,576		4,240
Imports (1000 MT)	13	14	10	15		16
MY Imports, (1000 MT)	16	16	10	15		16
TY Imp. from U.S., (1000 MT)	10	10				
Total Supply, (1000 MT)	4,637	4,638	5,012	5,017		4,656
MY Exports, (1000 MT)	1,792	1,791	1,950	2,200		1,900
TY Exports, (1000 MT)	1,899	1,899	1,950	2,200		1,900
Feed and Residual, (1000 MT)	1,519	1,328	1,200	1,300		1,300
FSI Consumption, (1000 MT)	900	1,093	1,200	1,117		1,100
Total Consumption, (1000 MT)	2,419	2,421	2,400	2,417		2,400
Ending Stocks, (1000 MT)	426	426	662	400		356
Total Distribution, (1000 MT)	4,637	4,638	5,012	5,017		4,656
Yield (MT/HA)	3.62	3.62	3.48	3.48		3.48

Oats – Production MY 2021/22

MY 2021/22 oat production is forecast to fall on reduced area planted. As in recent years, area planted is expected to be concentrated in Saskatchewan (roughly 50 percent) and Manitoba (22 percent). Most oats are planted close to mid-May.

Oats – Production MY 2020/21

Oat production is up on a seven percent increase in area planted. Area planted was 18 percent above the five-year average driven by relatively strong returns.

Nearly 85 percent of the oats planted in 2020 were milling varieties, consistent with the previous two years, and make up nearly all the exports.

Oats – Domestic Consumption

Domestic disappearance in MY 2020/21 is expected to be flat from the previous year. About eight percent of oats planted in Canada in 2020 went to feed and forage.

Oats – Imports TY 2021/22

In TY 2021/22, imports are forecast to remain insignificant.

Oats – Imports TY 2020/21

In the first half of MY 2020/21, 97 percent of Canada's oat imports came from the United States, and three percent from the Netherlands. Typically, all of Canada's oat imports come from the United States.

Oats – Exports 2021/22

Exports are forecast to fall on reduced supplies. Demand from the United States and Latin America are expected to remain strong.

Canada is projected to remain the largest oat exporter in the world, capturing more than 70 percent of the global market.

Oats – Exports TY 2020/21

In TY 2020/21 YTD, oat exports have increased 21 percent over the same period last year, on strong demand from Chile, Peru, and China.

Since 2015, Canada has gradually diversified its oat export market beyond the United States, to Latin America. In TY 2020/21 YTD, export share to Chile, Mexico, and Peru reached 24 percent (206,000 MT), up from two percent (31,000 MT) in the entirety of TY 2014/15. Export share to the United States trended down to 71 percent in TY 2020/21 YTD, from 95 percent in TY 2014/15.

Oats – Storage Stocks

Statistics Canada's December 2020 storage stocks estimates show stocks of oats edged up 0.4 percent year over year to 2.7 MMT as of December 31. On-farm stocks fell 0.2 percent to 2.3 MMT while commercial stocks rose 5.9 percent to 0.3 MMT.

Attachments:

No Attachments