Required Report - public distribution

Date: 10/28/2016

GAIN Report Number: CA16043

Canada

Grain and Feed Update

October 2016

Approved By:
Jeff Zimmerman
Prepared By:
Lina Urbisci

Report Highlights:
Total production of Canadian wheat, barley, corn and oats is forecast to increase to 54.4 MMT in 2016/17, up 3 percent from marketing year 2015/16. The expected rise in production is attributed to stronger wheat and barley yields despite lower acreage in both of these crops. Quality issues with oats and wheat may pose a challenge for what remains to be harvested due to excess moisture. Expect to see corn production down in 2016/17 from last year with a return to average export levels as the Canadian Dollar strengthens. Snow and heavy rain has made for a staggered harvest in Saskatchewan and parts of Alberta. A more spread out harvest should help avoid any bottlenecks with shipping as industry consultations on Canada's Fair Rail for Grain Farmers Act continue through the fall.

Grain and Feed Update – October 2016

WHEAT

Wheat	2014/2015		2015/2016		2016/2017	
Market Begin Year	Aug 2014		Aug 2015		Aug 2016	
Canada	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	9,480	9,480	9,577	9,577	9,260	9,260
Beginning Stocks	10,405	10,405	7,054	7,054	5,167	5,167
Production	29,420	29,420	27,594	27,594	31,500	29,177
MY Imports	490	490	485	485	485	485
TY Imports	490	490	492	492	485	485
TY Imp. from U.S.	348	348	340	340	0	0
Total Supply	40,315	40,315	35,133	35,133	37,152	34,829
MY Exports	24,164	24,164	22,134	22,134	22,000	21,000
TY Exports	24,877	24,877	22,141	22,141	21,500	21,500
Feed and Residual	3,767	3,767	2,632	2,632	4,000	4,300
FSI Consumption	5,330	5,330	5,200	5,200	5,200	5,200
Total Consumption	9,097	9,097	7,832	7,832	9,200	9,500
Ending Stocks	7,054	7,054	5,167	5,167	5,952	4,329
Total Distribution	40,315	40,315	35,133	35,133	37,152	34,829
(1,000 HA) ,(1,000 MT)						

Despite strong yields throughout most of the country, a damp and snowy harvest in parts of Alberta and Saskatchewan is making for quality downgrades, which could see more wheat heading to feedlots than foreign destinations.

All wheat production for 2016/17 is estimated at 29.2 million metric tons (MMT), a 6 percent increase from year 2015/2016. This represents the highest level of production since the 2013/14 crop year. Improved yields are expected to bolster production in 2016/17 even with fewer planted acres.

As of October 18th, 2016, average protein levels for all grades of spring wheat for the 2015/16 crop are being reported at 13.7 percent, while the durum average being reported is 12.9 percent, down 0.4 and 1 percentage points from last year, respectively. More information of wheat quality for the 2016/2017 harvest is available at the following URL address:
https://www.grainscanada.gc.ca/wheat-ble/hqwm-mqrb-eng.htm

Post maintains market year export levels below USDA official numbers due to recent snow, frost and rain events in Alberta and Saskatchewan that has halted the fall harvest. Moisture and frost damage are expected to cause quality downgrading in wheat destined for exports, relegating it to feed use. Therefore, Post has revised feed use up from USDA's estimates to reach 4.3 MMT representing an 11 percent increase from the previous year.

BARLEY

Barley	**2014/2015**		**2015/2016**		**2016/2017**	
Market Begin Year	**Aug 2014**		**May 2015**		**Aug 2016**	
Canada	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Area Harvested	2,136	2,136	2,350	2,350	2,300	2,325
Beginning Stocks	1,950	1,950	1,217	1,217	1,443	1,443
Production	7,119	7,119	8,225	8,225	8,500	8,500
MY Imports	136	136	150	150	75	75
TY Imports	165	165	125	125	75	75
TY Imp. from U.S.	76	76	0	0	0	0
Total Supply	9,205	9,205	9,592	9,592	10,018	10,018
MY Exports	1,517	1,516	1,193	1,193	1,500	1,500
TY Exports	1,384	1,384	1,150	1,150	1,600	1,600
Feed and Residual	5,271	5,222	5,756	5,756	5,765	5,765
FSI Consumption	1,200	1,250	1,200	1,200	1,200	1,200
Total Consumption	6,471	6,472	6,956	6,956	6,965	6,965
Ending Stocks	1,217	1,217	1,443	1,443	1,553	1,553
Total Distribution	9,205	9,205	9,592	9,592	10,018	10,018
(1,000 HA) ,(1,000 MT)						

Barley production in 2016/2017 is estimated at 8.5 MMT, up 3 percent from last year. Production forecasts are up due to near-record yields in 2016/17 despite seeded and harvested areas being down from 2015/16. Post is projecting more optimistic harvested acreage than USDA's official number to more closely reflect the historical proportion of area harvested to area seeded of 90 percent.

Post is forecasting higher exports of barley due to lower world supply and a strong demand for malt barley. Protein content for the 2015/16 crop is averaging at 11.3 percent toward the lower end of the ideal range for high quality malting. Further details on harvest quality reports can be found at the following URL:
https://www.grainscanada.gc.ca/barley-orge/harvest-recolte/2016/qbsm16-qosm16-2-en.htm

Given softer world feed barley prices, Canadian cattle and hog production are expected to rise in 2016/17, leading Post to forecast higher barley feed use than USDA's estimate.

CORN

Corn	2014/2015		2015/2016		2016/2017	
Market Begin Year	Sep 2014		Sep 2015		Sep 2016	
Canada	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	1,227	1,227	1,310	1,310	1,320	1,320
Beginning Stocks	1,600	1,600	1,402	1,402	1,490	1,490
Production	11,487	11,487	13,600	13,600	12,500	12,800
MY Imports	1,558	1,558	1,326	1,326	1,500	1,300
TY Imports	1,533	1,533	1,300	1,300	1,500	1,000
TY Imp. from U.S.	1,472	1,472	0	0	0	0
Total Supply	14,645	14,645	16,328	16,328	15,490	15,590
MY Exports	423	423	1,738	1,738	700	800
TY Exports	395	395	1,750	1,750	600	800
Feed and Residual	7,426	7,426	7,700	7,700	7,800	7,800
FSI Consumption	5,394	5,394	5,400	5,400	5,500	5,500
Total Consumption	12,820	12,820	13,100	13,100	13,300	13,300
Ending Stocks	1,402	1,402	1,490	1,490	1,490	1,490
Total Distribution	14,645	14,645	16,328	16,328	15,490	15,590
(1,000 HA) ,(1,000 MT)						

Corn production in 2016/2017 is expected to reach 12.8 MMT, which represents a 6 percent decrease over estimated 2015/2016 production. Post's forecasted production is lower than USDA's, which is expected to translate into lower import numbers.

Post is expecting a modest drop of 6 percent in corn yields closer to Statistics Canada's forecasted 3 percent decrease from 2015/16.

OATS

Oats	**2014/2015**		**2015/2016**		**2016/2017**	
Market Begin Year	**Aug 2014**		**Aug 2015**		**Aug 2016**	
Canada	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Area Harvested	928	928	1,050	1,050	930	930
Beginning Stocks	1,054	1,054	673	673	930	930
Production	2,979	2,979	3,430	3,430	3,000	3,000
MY Imports	13	13	10	10	15	15
TY Imports	12	12	10	10	15	15
TY Imp. from U.S.	11	11	0	0	0	0
Total Supply	4,046	4,046	4,113	4,113	3,945	3,945
MY Exports	1,692	1,692	1,567	1,567	1,500	1,550
TY Exports	1,729	1,729	1,600	1,600	1,500	1,550
Feed and Residual	901	901	816	816	850	820
FSI Consumption	780	780	800	800	800	810
Total Consumption	1,681	1,681	1,616	1,616	1,650	1,630
Ending Stocks	673	673	930	930	795	765
Total Distribution	4,046	4,046	4,113	4,113	3,945	3,945
(1,000 HA) ,(1,000 MT)						

Production of oats is expected to drop to 3 MMT, down 13 percent from the previous year. The decline is attributed to lower seeded area and yields with excess moisture affecting quality in the western provinces.

There have been reports out of Western Canada that oat quality is mixed due to heavy rain and snow affecting nearly a quarter of Saskatchewan's crop which has yet to be harvested. The portion of production usable for the mill market is yet to be determined, but the concern is that anything still out in the fields will not be of quality suitable for milling.

Post is forecasting strong beginning stocks in 2016/17 providing an export opportunity for Canadian oats. Post expects that lower production and good export opportunities will translate into a lower carry-out for oats in 2016/17.

Proposed Re-Evaluation of Glyphosate

Canada's Pest Management Regulatory Agency (PMRA) routinely conducts re-evaluations of products licensed under the *Pest Control Act*. The PMRA is proposing continued registration of products containing glyphosate for sale and use in Canada. "An evaluation of available scientific information found that products containing glyphosate do not present unacceptable risks to human health or the environment when used according to the proposed label directions". The re-evaluation will nonetheless propose new risk reduction measures to further protect human health and the environment.

Glyphosate plays an important role in Canadian weed and crop management due to its wide application window ranging from pre-seeding to post-harvest as a desiccant. The final review decision is set for March 2017. For more information about the review process and recommendations, please visit:

http://www.hc-sc.gc.ca/cps-spc/pest/part/consultations/_prvd2015-01/prvd2015-01-eng.php

Re-Evaluation of Neonicotinoids

The PMRA is in the process of completing a routine re-evaluation of neonicotinoid pesticides used on corn and soybeans in North America. Preliminary results on imidacloprid were released in January 2016. "No potential risk to bees was indicated for seed treatment use". Initial findings on thiamethoxam and clothianidin are expected later this year. For the full preliminary report on imidacloprid please visit:

http://www.hc-sc.gc.ca/cps-spc/pest/part/consultations/_rev2016-05/rev2016-05-eng.php

A value assessment was also conducted to comply with provisions under the *Pest Control Products Act* which require all products licensed under the *Act* to have an actual or potential contribution to pest management. " The economic benefit analysis determined that the national economic value of neonicotinoid seed treatment to the soybean industry results in an estimated economic benefit of about 1.5% to 2.1% of the national farm gate value for 2013 (about $37.3 to 51million)." For the full assessment, please visit:

http://www.hc-sc.gc.ca/cps-spc/pest/part/consultations/_rev2016-03/rev2016-03-eng.php