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of

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MULTIS E GENTIBUS VIRES

Grain Commodities Outlook

Presented by:

Robert Moss, BA, MSc

Policy Branch

Government of Saskatchewan

Overview

- Globally crop production in 2013/14 was very high across many key commodities (corn, wheat and soybean).
- Western Canada had a record harvest in 2013/14. Saskatchewan produced a record crop of 38.4 Mt.
- Large global production in most grains has significantly decreased prices from last year. Logistical issues are making it difficult to move grain in Saskatchewan.

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2013/14 Wheat Projections (All types)

World Wheat Projections – United States Department of Agriculture				
	2010/11	2011/12	2012/13	2013/14
Production	651.5 Mt	697.1 Mt	656.3 Mt	711.9 Mt
Consumption	654.4 Mt	697.3 Mt	679.4 Mt	703.99 Mt
Trade	202.4 Mt	157.7 Mt	137.4 Mt	159.4 Mt
Ending Stocks	199.5 Mt	198.9 Mt	175.8 Mt	183.7 Mt

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Canadian Wheat Supply and Demand

	2010/11	2011/12	2012/13	2013/14
	Thousands of Acres			
Seeded Acres	19,536	17,653	19,165	21,290
	Thousands of Tonnes			
Carry-in	5,151	5,833	4,446	3,902
Production	20,275	21,116	22,579 (Estimate)	27, 591 (Projection)
Total Use	19,520	22,612	23,0375 (Estimate)	23,350 (Projection)
Ending Stocks	5,833	4,446	3,902 (Estimate)	7900 (Projection)

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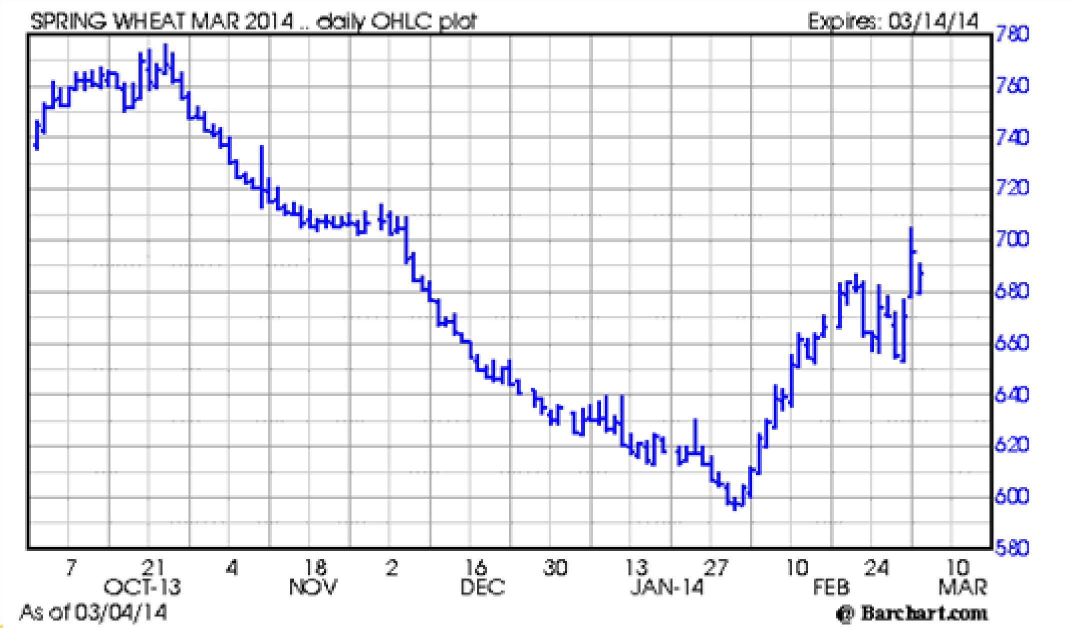
Minneapolis Futures March 2014 Contract



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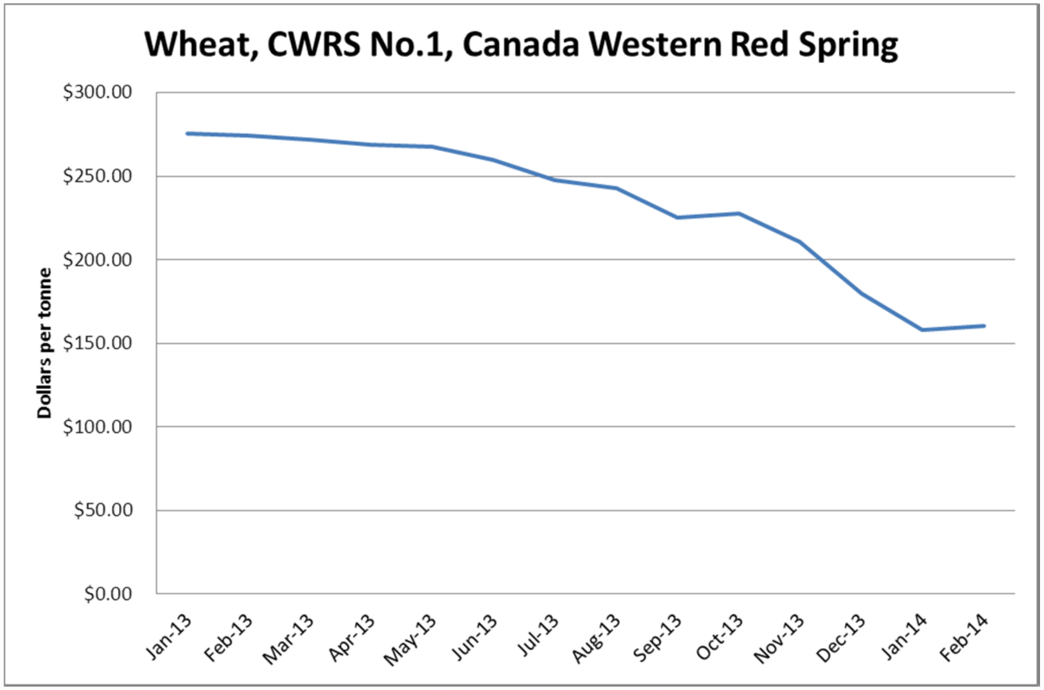
Average Saskatchewan CWRS Prices



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Durum

- Canada dominates the global export market in durum.
- Canada's 10 year average for durum exports is 3.56 Mt.
- This means our success as a durum exporter is highly dependent on the crop situation of our usual customers.

Canadian Durum Supply and Demand

	2010/11	2011/12	2012/13	2013/14
	Thousands of Acres			
Seeded Acres	3,150	3,929	4,640	5,105
	Thousands of Tonnes			
Carry-in	2,708	1,618	1,518	1,152
Production	3,025	4,172	4,627 (Estimate)	6,505 (Projection)
Total Use	4,186	4,290	4,864 (Estimate)	5,816 (Projection)
Ending Stocks	1,618	1,518	1,152 (Estimate)	2,300 (Projection)

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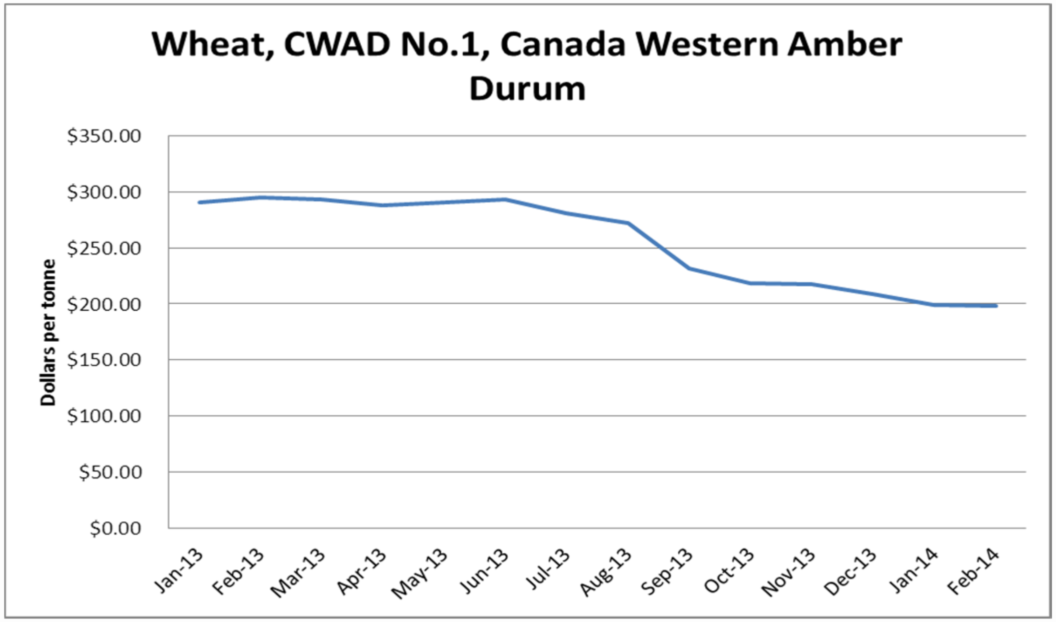
Average Saskatchewan Durum Prices



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Canola

- Canada is the global leader in canola production.
- Australian production has grown and they are strong competitors in Asian markets.
- Global demand for canola remains strong; however, the global oilseed market (soy, palm, etc.) has softened due to strong global supplies of edible oil.

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Canadian Canola Supply and Demand

	2010/11	2011/12	2012/13	2013/14
	Thousands of Acres			
Seeded Acres	17,608	18,990	21,530	19,936
	Thousands of Tonnes			
Carry-in	1,659	2,198	728	608
Production	12,889	14,608	13,310 (Estimate)	17,960 (Projection)
Total Use	14,676	16,175	13,812 (Estimate)	15,393 (Projection)
Ending Stocks	2,198	728	608 (Estimate)	3,300 (Projection)

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Nearby Canola Contract: May 2014

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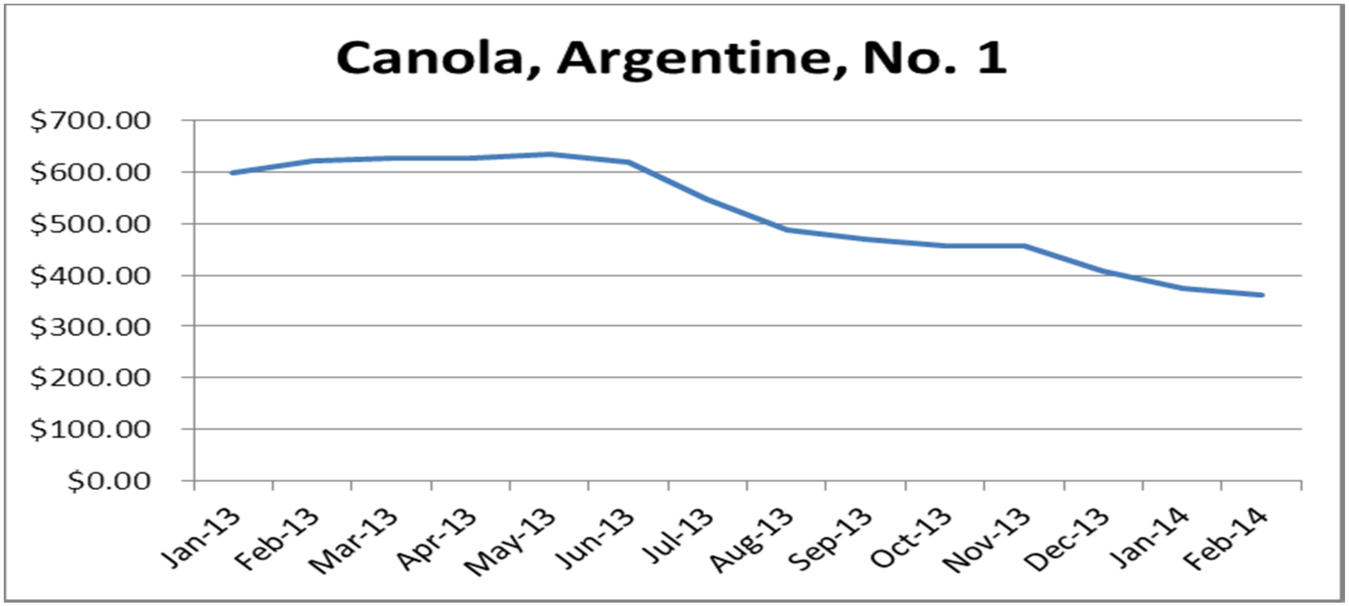
Fall Pricing:
November 2014 Contract

Average Farm-Gate Canola Prices



Flax

- Unlike other crops, Flax prices have retained some of their pre-harvest strength.
- This is primarily the result of poorer global flax production and continued strong demand.
- Prices have dropped, however, as line companies focus on moving other high volume crops (wheat, barley and canola).

Canadian Flax Supply and Demand

	2010/11	2011/12	2012/13	2013/14
	Thousands of Acres			
Seeded Acres	650	738	981	1,240
	Thousands of Tonnes			
Carry-in	167.3	137	137	71
Production	565	399	489 (Estimate)	712 (Projection)
Total Use	517	470	506 (Estimate)	633 (Projection)
Ending Stocks	150	137	71 (Estimate)	160 (Projection)

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Looking forward

- Flax prices are moderately strong and demand looks stable. Canadian grain companies are finding homes for flax.

- While Russia and Kazakhstan have tried to service the European market, they have not been completely successful in displacing Canadian product.

- Flax acres in Saskatchewan have returned to pre-Triffid levels. Expect to see strong flax acres this spring if early season production conditions look normal.

Barley

- The incredible turnaround in the U.S. corn market has substantially affected barley.
- Canadian feed barley prices are very weak; however, the instability in Ukraine is pushing markets higher.
- Malt premiums have remained fairly stable. There is light demand from China.

U.S. Corn Futures: May 2014 CME

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U.S. Corn Futures: December 2014 CME

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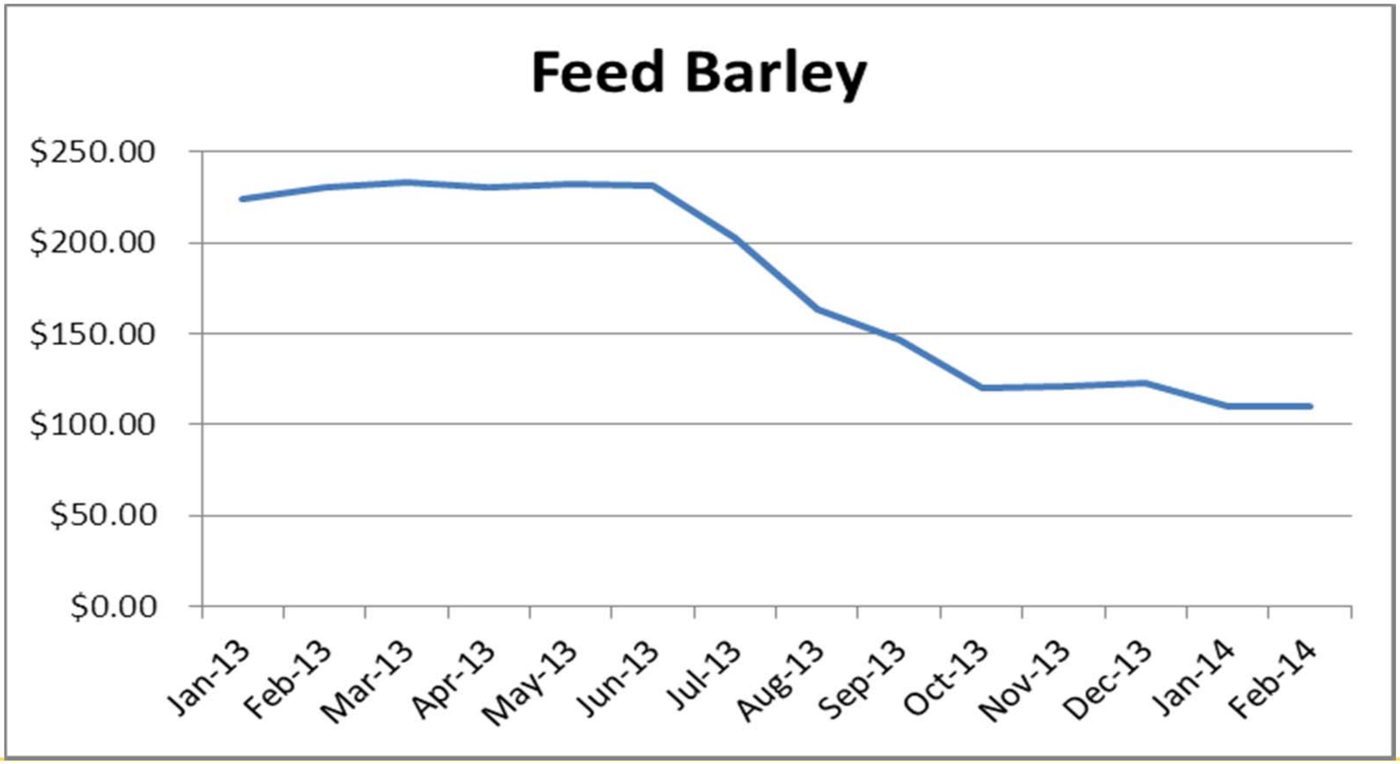
Canadian Barley Supply and Demand

	2010/11	2011/12	2012/13	2013/14
	Thousands of Acres			
Seeded Acres	6,910.7	6,587	7,405	7,240
	Thousands of Tonnes			
Carry-in	2,583	1,541	1,195	810
Production	7,627	7,892	8,012 (Estimate)	10,237 (Projection)
Total Use	8,712	8,199	8,279 (Estimate)	8,664 (Projection)
Ending Stocks	1,541	1,195	810 (Estimate)	2,400 (Projection)

Saskatchewan Feed Barley Pricing



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Pulses

- The principal markets are in India, Bangladesh and Middle East. India and Bangladesh are very price sensitive markets with lots of product substitution.

- Pea prices have declined due to currency issues in India related to changes in U.S. monetary policy.

- Canadian producers have been aggressively marketing grain into China. Yellow peas are being used by Chinese processers to manufacture high protein vermicelli style noodles.

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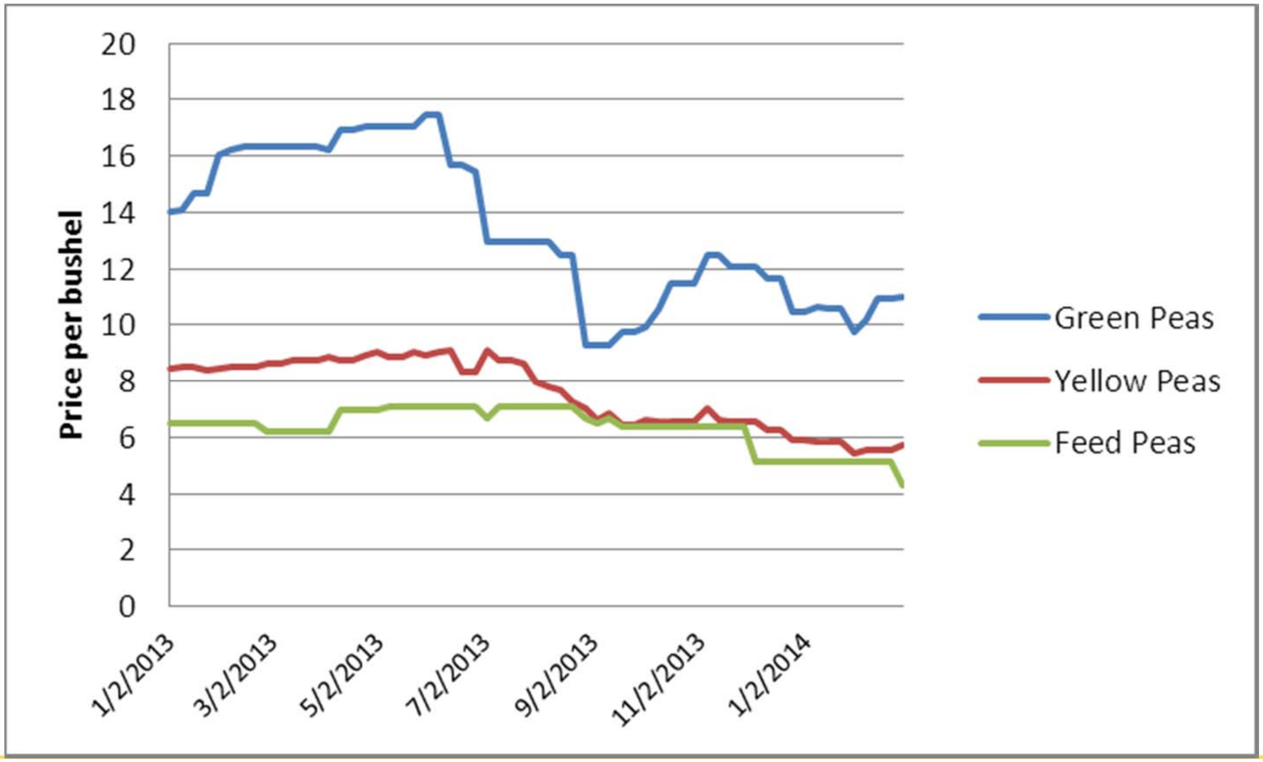
Saskatchewan Pea Prices



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Transportation

- The sheer volume of this year's record crop is testing the limits of our grain handling and transportation system.

- While many components of the grain supply chain fall under federal jurisdiction, the Ministries of Agriculture and Highways and Infrastructure have taken several measures to address producer concerns related to poor grain movement.

- Ensuring the timely and efficient movement of grain through the system this year is crucial to the sector's long-term success as we must maintain our reputation as a reliable exporter.

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Wrapping Up

- Cash management is going to be key as delivery opportunities for grain will need to be carefully managed.

- There is a strong likelihood that the 2014/15 crop marketing year will be will be as challenging as 2013/14.

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