

AG NEWS

Canadian wheat production expected to grow 60 per cent

Written by Glenda-Lee Vossler Tuesday, Sep 27 2022, 5:45 AM

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Statistics Canada recently released the September Outlook for Principal Field Crop Report.

Neil Townsend is the Chief Market Analyst with FarmLink and GrainFox.

He says right now we are in a month where the fundamentals are not all that vital it's more about dealing with the macro economics, and what's happening with foreign exchange and inflation.

In the report, winter wheat production nationally is expected to fall 16 per cent, while 2022-23 wheat production is expected to grow 60 per cent to 26 million tonnes.

Overall production (excluding durum) is estimated to rebound to 28.59 Mt, up 48 per cent year on year and 12 per cent more than the five-year average thanks to an 11 per cent increase in seeded area and return to trend yields. Spring wheat production is estimated to grow 60% to 26.05 Mt with the following provincial breakdown: MB (5.05 Mt), SK (10.61 Mt), AB (9.94 Mt), BC (81.27 Mt).

Stats Can says the total supply of wheat is estimated to increase by 29 per cent to 31.79 Mt, this is also 4 per cent more than the last five-year average.

Townsend says with a larger than expected wheat crop the big question is how will our exports perform?

"Wheat supplies are relatively tight if you factor out the Black Sea, including Russia which had a massive crop over 100 million tonnes. Obviously, the war in Ukraine and other factors maybe limiting their export participation for now."

Meantime, durum production is expected to hit 6.1 million tonnes which is more along the 5-year average, but more than double last years crop thanks to an increase in seeded areas and a recovery of yields.

The 2021-22 durum crop took a hit with the drought in southwest Saskatchewan.

When it comes to marketing this years durum crop Townsend thinks we'll see more demand.

"The quality is sufficient for all of the demand. We have enough supply of CWAD 1, CWAD 2, CWAD 3 and even CWAD 4 and 5. So we don't have any problems really there."

The Stats Can report says exports are expected to increase due to the recovery in supply, decline in prices, and increase in demand from Europe and North Africa (particularly Morocco, where poor weather led to disappointing harvests).

Exports are forecast at 5.0 mt, up 84 per cent from 2021-22.

Domestic use is forecast at an average level of 0.81 mt, and carry-out stocks is expected to increase to 0.90 mt due to the increase in supply outweighing demand.

Although this is a 59 per cent increase over current levels, it remains 17 per cent less than the five-year average.

World durum production is forecast to increase by 8 per cent to 32.99 mt, but remain 3 per cent below the last five-year average, according to the International Grains Council (IGC).

You can listen to Glenda-Lee Allan Vossler's full interview with FarmLink and GrainFox Chief Market Analyst Neil Townsend below.

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