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**Report Highlights:**

Canadian wheat exports are up 33 percent, the first five months of trade year 2020/21 (July to November), driven by increased exports to China, Italy, and Peru. Vast portions of Canada's wheat producing region currently suffer from a lack of moisture and significant winter precipitation is needed in order to replenish soil and water reserves for the 2021 growing season.

## 2021 Grain and Feed Update

WHEAT	2018/2019		2019/2020		2020/2021	
	Market Begin Year		Aug-18		Aug-19	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	9,881	9,881	9,656	9,656	10,018	10,018
Beginning Stocks (1000 MT)	6,732	6,732	6,041	6,041	5,499	5,499
Production (1000 MT)	32,352	32,352	32,670	32,670	35,183	35,183
MY Imports (1000 MT)	482	482	678	676	450	450
TY Imports (1000 MT)	478	478	675	675	450	450
TY Imp. from U.S. (1000 MT)	293	290	390	390		
Total Supply (1000 MT)	39,566	39,566	39,389	39,387	41,132	41,132
MY Exports (1000 MT)	24,380	24,403	24,627	24,085	26,500	26,000
TY Exports (1000 MT)	24,452	24,475	23,478	22,934	26,500	26,000
Feed and Residual (1000 MT)	4,156	4,131	4,163	4,679	4,400	4,600
FSI Consumption (1000 MT)	4,989	4,991	5,100	5,124	5,200	5,200
Total Consumption (1000 MT)	9,145	9,122	9,263	9,803	9,600	9,800
Ending Stocks (1000 MT)	6,041	6,041	5,499	5,499	5,032	5,332
Total Distribution (1000 MT)	39,566	39,566	39,389	39,388	41,132	41,132
Yield (MT/HA)	3.27	3.27	3.38	3.38	3.51	3.51

This report refers to marketing years (MY) and trade years (TY), which for wheat run from August to July and July to June, respectively.

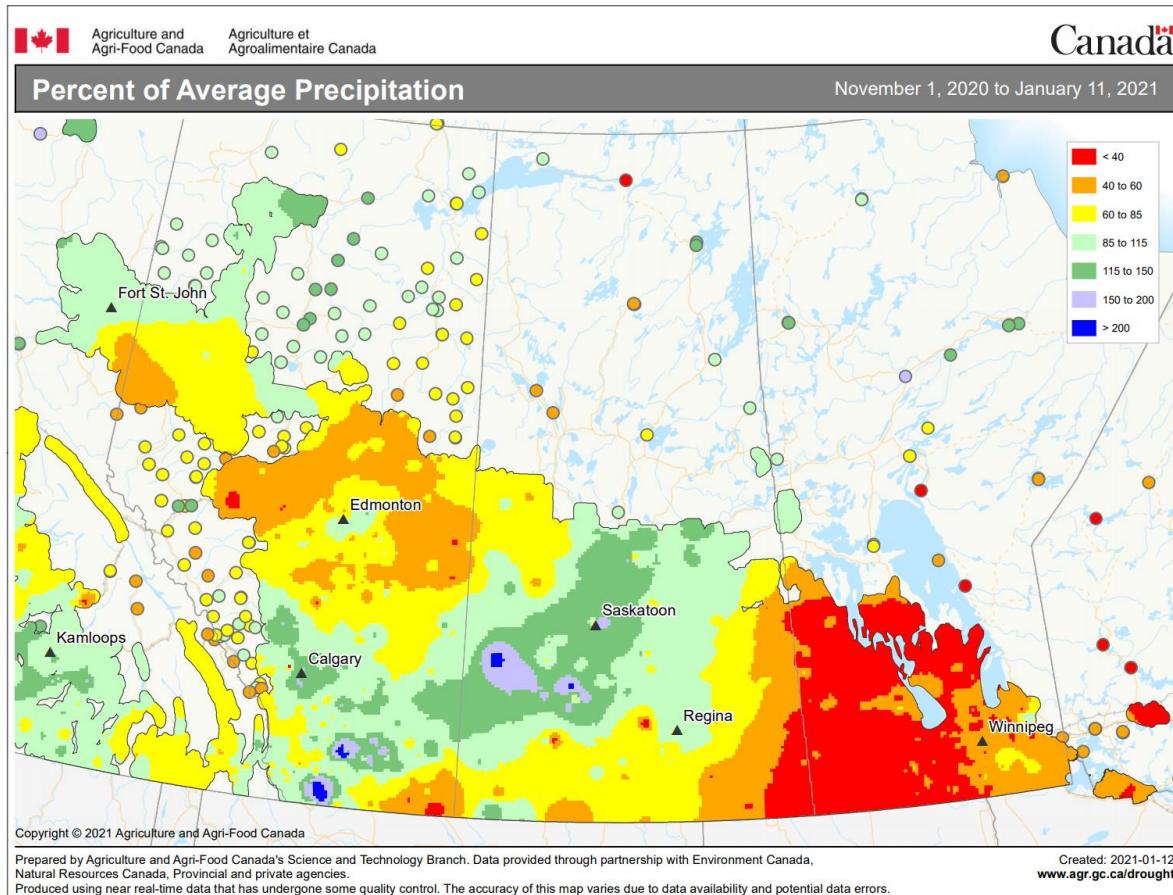
## Production

### MY 2020/21

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.

### MY 2021/22

As of January, wheat-growing areas in Manitoba and Eastern Saskatchewan have not received the winter precipitation needed to replenish soil and water reserves for the 2021 growing season. Alberta benefited from good to fair moisture conditions going into winter, but the northern and central tiers of Alberta will require more winter snow, along with the wheat-growing regions of Saskatchewan and Manitoba.



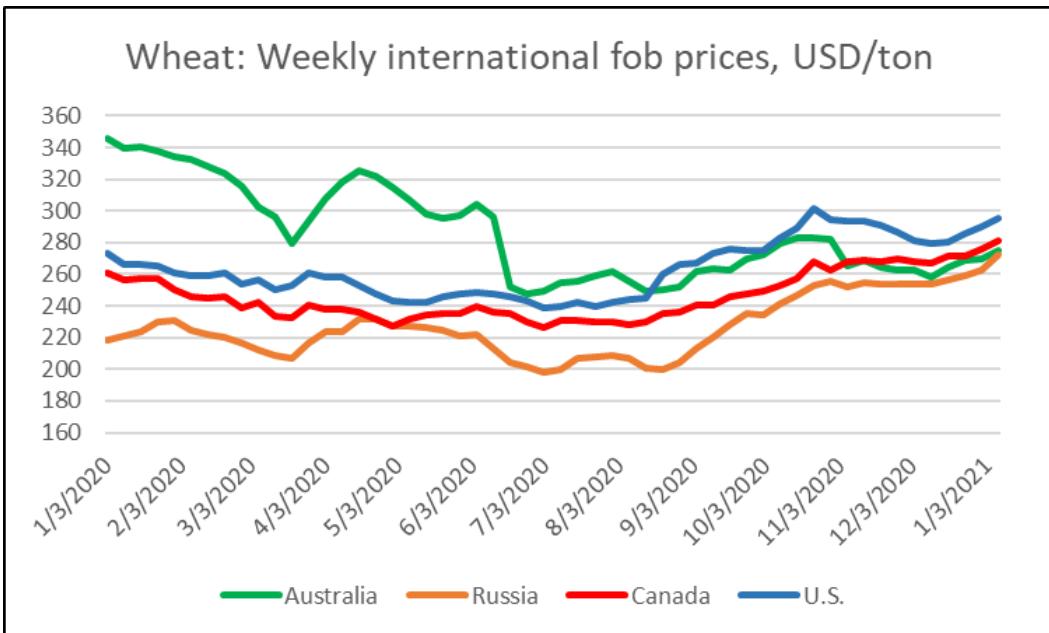
Source: [Agriculture Agri-Food Canada](#)

## Trade – Exports

Canada: Top eight markets for wheat grain (incl durum), excluding product and flour, by trade year to date (July - Nov), metric tons							
	Destination	2018/19	2019/20	2020/21	% Chg	Difference	Share of exports
	<b>World</b>	9,594,350	8,652,444	11,577,294	34%	2,924,850	100%
1	<b>China</b>	656,624	301,497	1,254,414	316%	952,917	11%
2	<b>Indonesia</b>	1,006,592	889,231	1,004,973	13%	115,742	9%
3	<b>Italy</b>	261,306	501,001	931,454	86%	430,453	8%
4	<b>Peru</b>	657,563	492,286	900,879	83%	408,593	8%
5	<b>Japan</b>	599,316	840,419	805,801	-4%	(34,618)	7%
6	<b>United States</b>	1,155,067	565,886	773,169	37%	207,283	7%
7	<b>Bangladesh</b>	399,833	437,034	696,342	59%	259,308	6%
8	<b>Colombia</b>	535,497	512,645	565,372	10%	52,727	5%

Source: *Trade Data Monitor, LLC; FAS Ottawa*

Canadian wheat exports are up 33 percent the first five months (July to November) of TY 2020/21, as countries such as China, Italy and Peru increased imports. Strong demand for wheat drove up export prices globally, but a weak Canadian dollar (compared to USD) during the first five months of TY 2020/21, coupled with lower exports from Russia and Argentina, have given Canada a trade advantage.



Source: International Grains Council; FAS Ottawa

Note: Australia - APH, Newcastle; Russia - Black Sea - milling; Canada - CWRS (13.5%), Vancouver; United States - DNS (13.5), Pacific North West

Data from the Canadian Grain Commission indicate that wheat shipments out of ports in Western Canada are up 35 percent from the previous marketing year. Vancouver experienced the largest year-over-year increase, up 45 percent. While the Port of Thunder Bay<sup>1</sup> shipped the same volume of total wheat (including durum) as the previous year, durum exports are up 28 percent due to increased purchases from Morocco and Italy. Ports east of Thunder Bay, Ontario increased wheat shipments 25 percent from the previous crop year, serving the Middle East, Europe, and Africa.

Access to transportation remains an important factor for Canadian wheat and wheat product exports. Rail demand from non-agricultural industries has contracted due to the COVID-19 situation, providing greater capacity for wheat exports.

<sup>1</sup> The Port of Thunder Bay is a key export gateway. Prairie wheat is trans-shipped to Europe, the Middle East and Africa via the Great Lakes and St. Lawrence Seaway System.

Terminal Receipts (in '000s of tonnes) - first 22 weeks of marketing year						
	Wheat			Amber Durum		
	19/20	20/21	% chg	19/20	20/21	%chg
Vancouver	3,174.6	4,601.7	45%	795.8	757.2	-5%
Prince Rupert	1,526.0	1,730.3	13%	15.6	24.3	56%
Churchill	-	-		100.4	95.4	-5%
Thunder Bay	1,710.8	1,523.1	-11%	1,083.8	1,382.0	28%
Bay & Lakes	346.3	768.7	122%	56.5	59.2	5%
St. Lawrence	1,661.4	1,737.3	5%	828.5	973.1	17%
<b>Total</b>	<b>8,419.1</b>	<b>10,361.1</b>	<b>23%</b>	<b>2,880.6</b>	<b>3,291.2</b>	<b>14%</b>

Source: Canadian Grain Commission; FAS Ottawa

### Western Hemisphere

Total wheat exports to the United States, including durum, flour and wheat products, are up 23 percent year-to-date (YTD) (July to November) over the previous year, but below the five-year average.

Eastern winter wheat exports to the United States have more than doubled as compared to the same period last year, driven by a tight winter wheat 2020/21 balance sheet in the United States due to drought.

FAS/Ottawa estimates that 47,000 metric tons (MT) of SRW has been exported from Ontario to the United States in the first five months of the trade year, more than double the previous year. The Soft Red Winter (SRW) wheat class represented just eight percent of national wheat production in Canada in 2020, typical of recent years, but has garnered interest from the United States recently due to low supplies. SRW represents about 14 percent of all winter wheat exported to the United States.

Canadian wheat exports to Peru have increased 83 percent YTD. Peru is the fifteenth largest importer of wheat in the world, and Canada has 65 percent market share in TY 2020/21 YTD.

### China

Canadian wheat exports to China have more than quadrupled in TY 2020/21 YTD. Canada remains the leading supplier, holding 35 percent market share YTD, according to official Chinese government statistics.

### South and Southeast Asia

Exports to South Asia and Southeast Asia increased by 48 percent and 14 percent, respectively, in the first five months of the trade year. Eighty percent of these exports were made up of Canadian Western Red Spring (CWRS).

Indonesia is the third largest importer of wheat in the world YTD, and Canada has 25 percent of the market share. Wheat exports to Bangladesh increased 60 percent to 696,000 MT YTD.

The Philippines continues to be a stable but smaller buyer of Canadian wheat exports. It is the fourth largest wheat buyer in the world and Canada typically maintains two to five percent market share.

### **Europe**

Canada exported durum to Italy at a record-breaking pace in TY 2020/21 YTD, driving exports to five times the 2019 level. Thirty-nine percent of all Canadian durum exports YTD were destined for Italy.

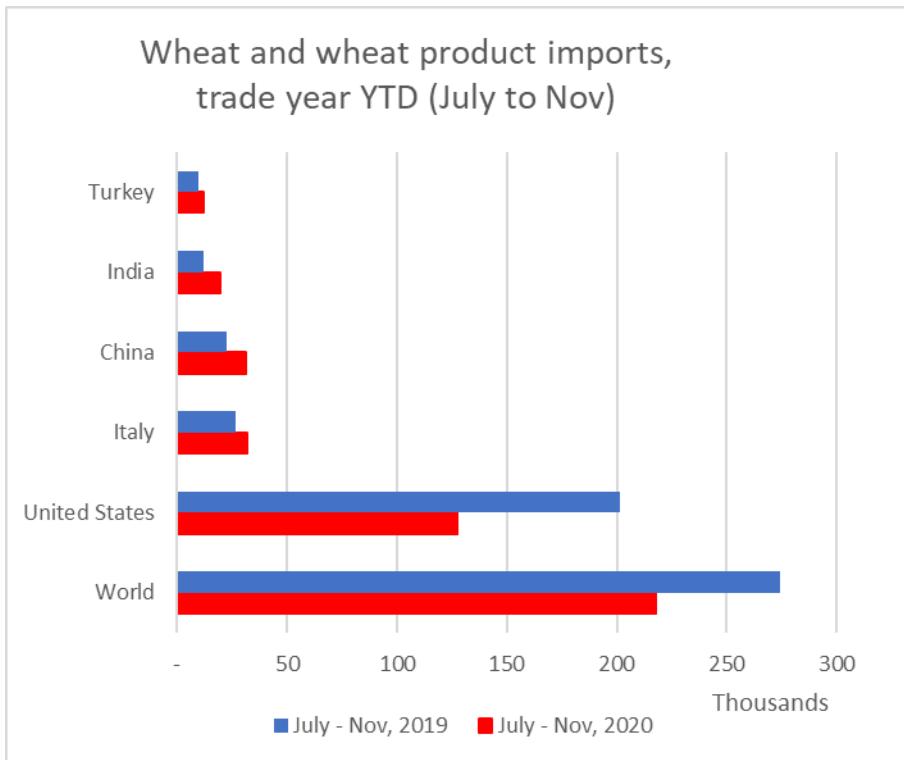
### **Africa**

Morocco has increased its imports of Canadian durum wheat 33 percent in TY 2020/21 YTD to 449,000 MT, representing 20 percent of Canada's total durum exports. Canada continues to be Morocco's primary supplier of durum wheat.

Exports of Canadian wheat to Nigeria are growing at their fastest pace ever, reaching levels 38 percent higher than the previous year, as of November. Nigerian mills blend high-quality CWRS wheat with wheat from countries such as Latvia and Lithuania. The December 31, 2020 winter closure of the St Lawrence Seaway will negatively impact exports to Africa and Europe until the seaway reopens in late March. Nigeria has become a priority market for Canada in recent years according to industry and government sources.

### **Trade – Imports**

Five months into the trade year, wheat grain imports are down 66 percent from the record level imports of the previous year. However, imports of wheat flour and products are up 11 percent, nearly reaching a new monthly high in October, as millers were likely incentivized to make purchases in order to take advantage of lower prices.



*Source: Trade Data Monitor; FAS Ottawa*

*Note: Wheat products (Flour, uncooked pasta, other pasta, couscous) in wheat equivalence.*

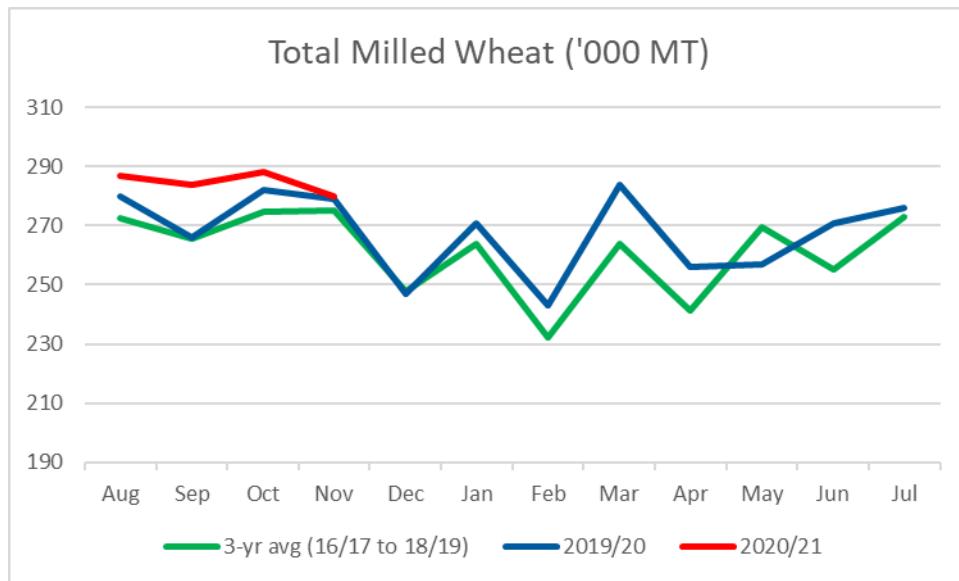
### **Animal Feed**

In Canada's feed grain alley, in Alberta, feed wheat is reaching January highs that were CDN \$0.15 to \$0.30 more than grades 1 and 2 CWRS. By the end of 2020, corn prices ended the year at a six-year high, which pulled the prices of competing feed grains higher.

Quebec's demand for cattle feed wheat has increased after yields in the province fell significantly. The Montreal, Quebec area has been railing in relatively large volumes of winter wheat from Ontario as the price spread between corn and wheat has narrowed.

Typically, a fair amount of wheat moves from the prairies to Quebec, particularly last year when feed grade wheat was abundant. This marketing year the quality of the western Canadian spring wheat crop is high and there is strong export demand for it, leading Quebec to source more wheat from Ontario instead.

## Human Food Consumption



Source: Statistics Canada; FAS Ottawa

Overall, the COVID-19 pandemic did not contribute to a notable change in the quantity of wheat milled in Canada in MY 2019/20. During the first four months of MY 2020/21, monthly milling levels have been hovering near record levels and reached an all-time monthly high in October, when wheat prices fell below pre-pandemic levels. Millers were likely taking advantage of lower wheat prices during the beginning of the marketing year, but wheat milled is expected to ease significantly for the remainder of the marketing year.

[Canada's Food Price Report 2021](#) forecasts bakery prices to rise 3.5 to 5.5 percent in 2021, related to the increase in wheat futures.

Total wheat milled ('000 MT), marketing year YTD (Aug to Nov.)				
	MY 2017/18	MY 2018/19	MY 2019/20	MY 2020/21
<b>Total wheat milled</b>	1,099	1,110	1,107	1,415
<b>Western red spring wheat milled</b>	772	770	797	977
<b>Western amber durum wheat milled</b>	78	72	76	96
<b>Other western wheat milled</b>	42	47	24	41
<b>Ontario winter wheat milled</b>	173	194	190	255
<b>Other eastern wheat milled</b>	35	25	20	45

Source: Statistics Canada; FAS Ottawa

Note: Figures do not add to totals because of rounding

## **Storage stocks**

The most recent storage stocks data available is July 2020, which indicated storage stocks down nine percent compared to the same time the previous year. This is attributed to strong exports reducing durum stocks, primarily commercial. December stocks of principal field crops will be released by Statistics Canada February 5.

## **Review of the Canada Grain Act**

In January 2021, The Minister of Agriculture and Agri-Food Canada (AAFC) Marie-Claude Bibeau [announced](#) that the consultation phase of the of the Canada Grain Act will resume. Consultations will be available [online](#) from January 12, 2021 until April 30, 2021. AAFC launched the review of the Canada Grain Act in March 2019 and held stakeholder meetings that year. The review was put on hold in March 2020 due to the COVID-19 pandemic.

## **Canada-UK Trade Continuity Agreement**

In December 2020, the federal government introduced in the House of Commons Bill C-18, the implementing legislation for the Canada-UK Trade Continuity Agreement (TCA). A handful of goods (certain agricultural and fish and seafood goods) subject to tariff rate quotas under the Comprehensive Economic and Trade Agreement (CETA) were carried over with new volumes that are the result of a negotiated outcome. Under the TCA, the UK provided access for several products of interest to Canada, including 51,600 MT in wheat.

Under CETA, wheat TRQs (as well as beef and pork TRQs) are administered under a licensing system that the U.K. was unable to replicate in the TCA. Instead, wheat (and beef, pork) TRQs will be administered on a first-come, first-served basis under the TCA.

## **Attachments:**

No Attachments