2008 Flax Outlook
WHERE TO NOW?

Flax Day 2008

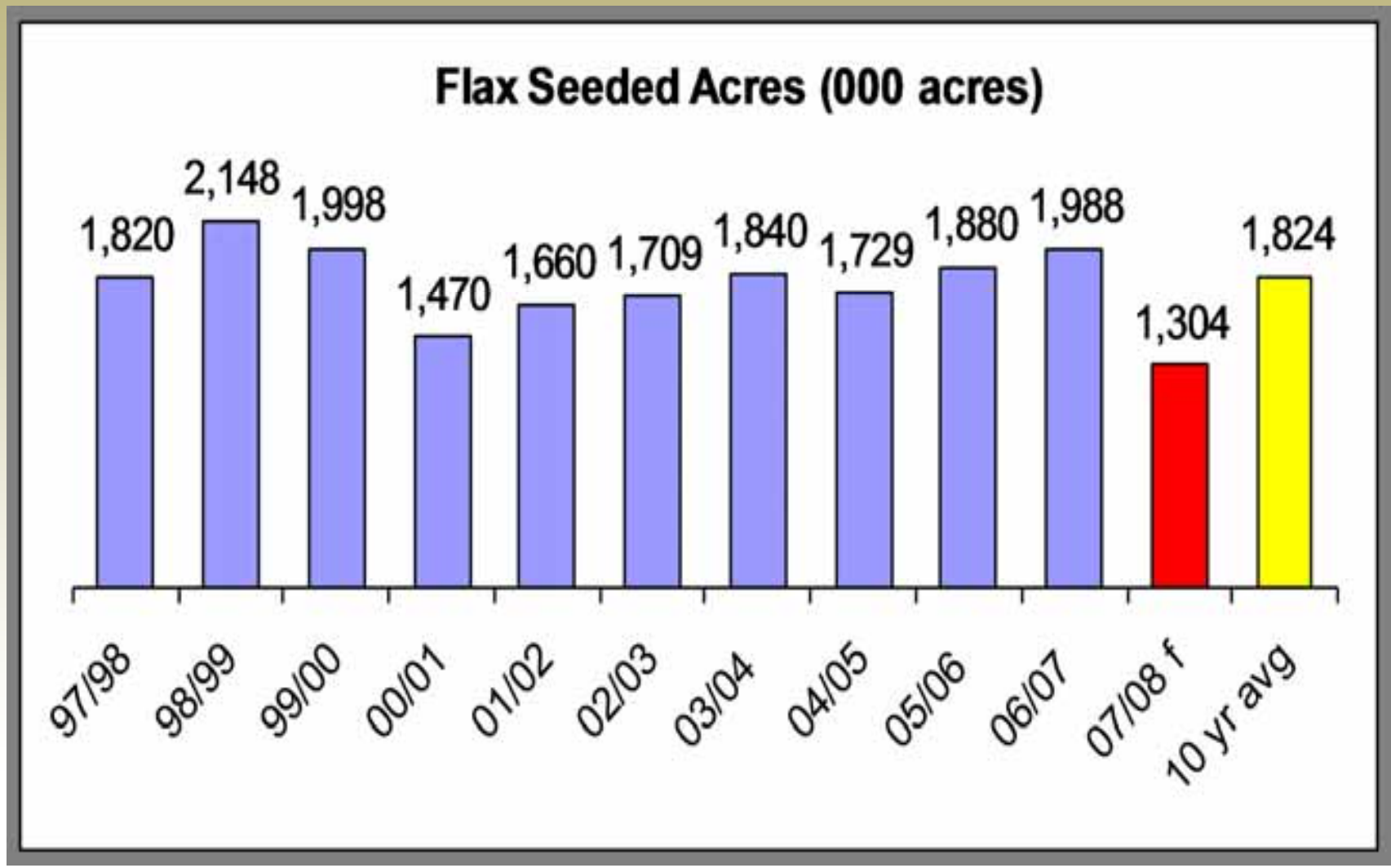
Monday, January 07, 2008

Saskatoon, SK

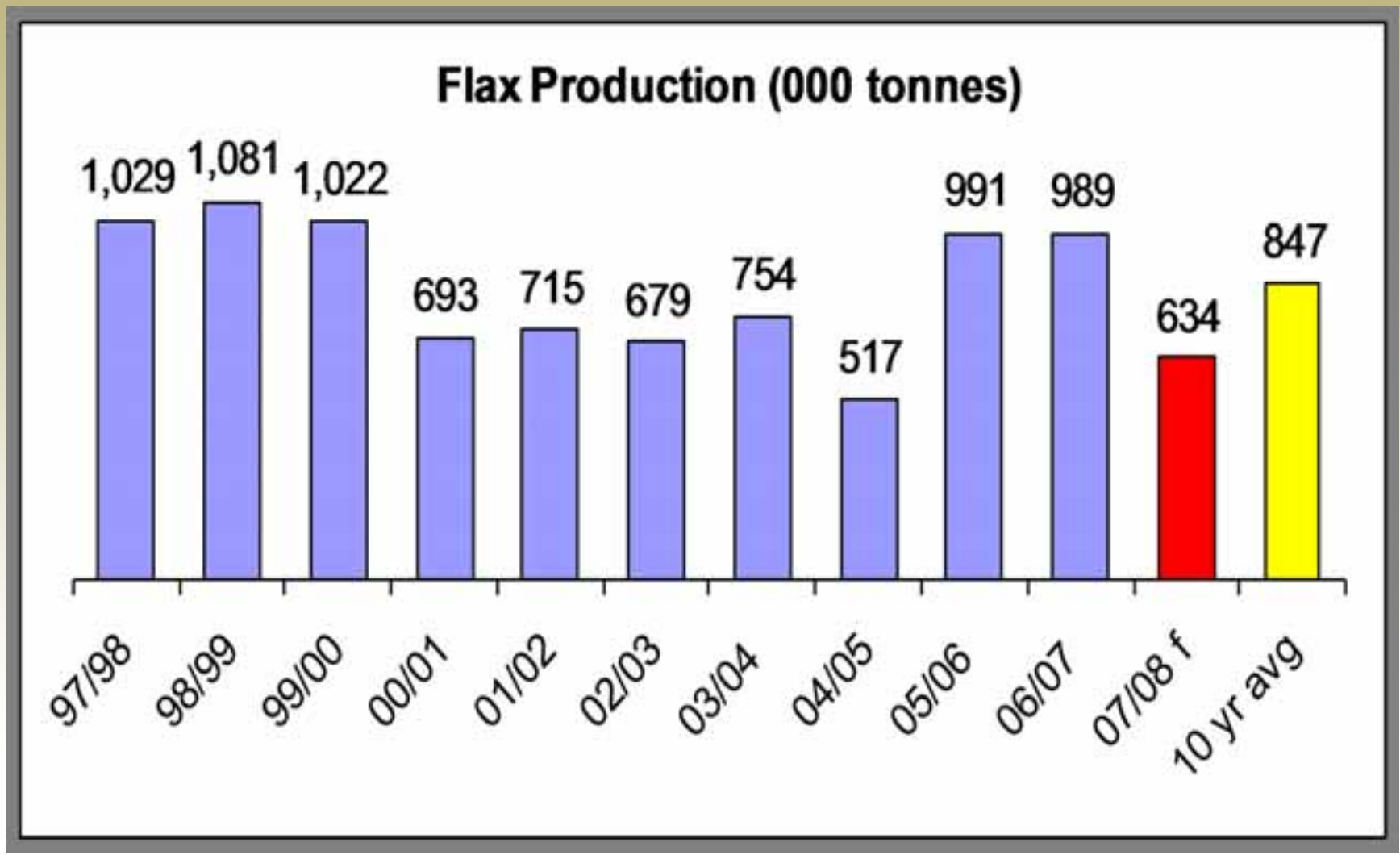
Agenda

- Brief look at 2007
- Supply/Demand
- Nutraceutical demand – the forgotten entity
- Seeding intentions 2008
- Prices
- Weather
- Summary

2007 Seeded Acres



2007/08 Flax Production



The great news –Omega's

Bioriginal

Nature's Omega 3 and 6

Fish and Flax Oil are higher in Omega-3s than other oils		
Type of Oil	**Omega-3**	**Omega-6**
Fish Oil	30-70%	2%
Flaxseed Oil	55%	17%
Safflower Oil	none	79%
Sunflower Oil	none	69%
Corn Oil	none	60%
Soy Oil	8%	50%
Canola Oil	10%	24%

Fish and flaxseed oil help compensate for excess omega-6 fats found in vegetable oils and in the typical American diet.

World Production

WORLD: FLAXSEED
SUPPLY AND DISPOSITION

	2005 -2006	2006 -2007e	2007 -2008f
	...million tonnes.....		
Carry-in Stocks	0.09	0.53	0.70
Production			
Canada*	1.08	1.04	0.60
China	0.48	0.48	0.45
United States	0.48	0.35	0.23
India	0.23	0.21	0.21
EU	0.18	0.18	0.17
C.I.S.	0.10	0.10	0.10
Bangladesh	0.05	0.05	0.05
Argentina	0.05	0.05	0.04
Other	0.20	0.21	0.28
Total Production	**2.85**	**2.67**	**2.13**
Total Supply	**2.94**	**3.20**	**2.83**
Crush	2.09	2.19	2.15
Other	0.32	0.31	0.35
Total Use	**2.41**	**2.50**	**2.50**
Carry-out Stocks	**0.53**	**0.70**	**0.33**
Trade	0.80	0.86	0.86

e: estimate, Oil World, December 14, 2006
f: forecast, AAFC, February 2007
Source: Oil World, except *which is Statistics Canada

Flax Facts

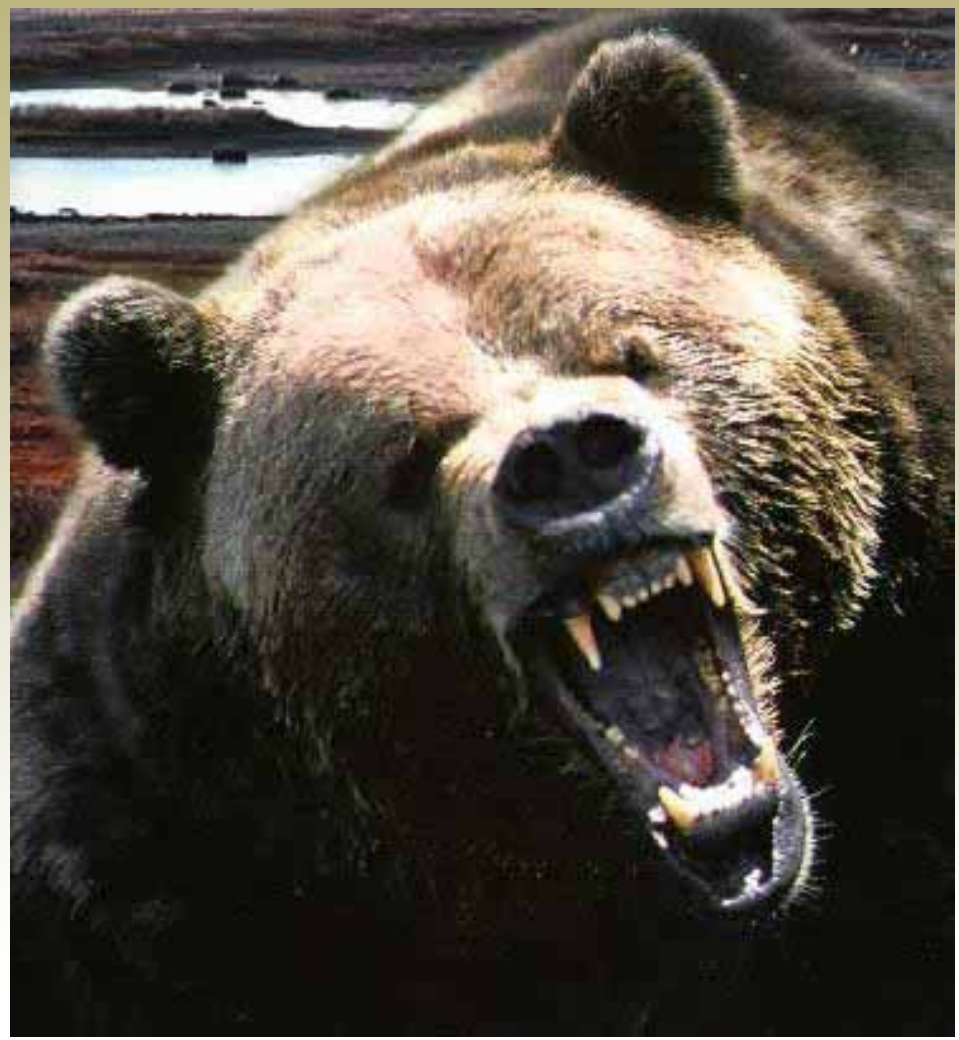
- **World trade was 900,000 MT in 2006**
- **Canada responsible for 80%**
- **EU accounts for 65% of world trade**
- **U.S. second largest market**
- **Egypt – third**
- **World flax crush = 2.2 MMT**
- **Most of U.S. flax grown in ND**

2008 – What's it going to be?

Staying on the Bull?

Or is the Bear done hiding?

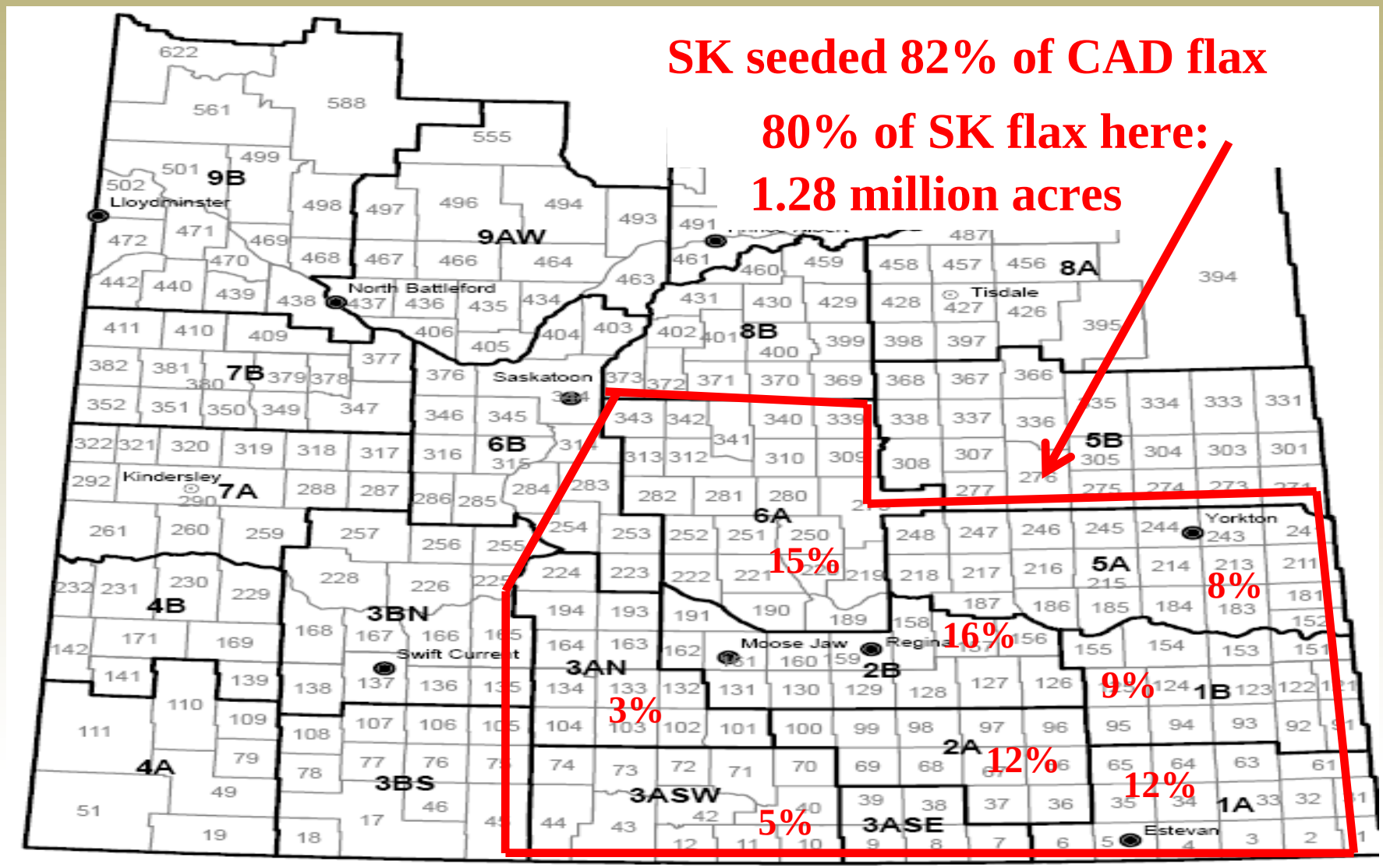
History says the Bear wins



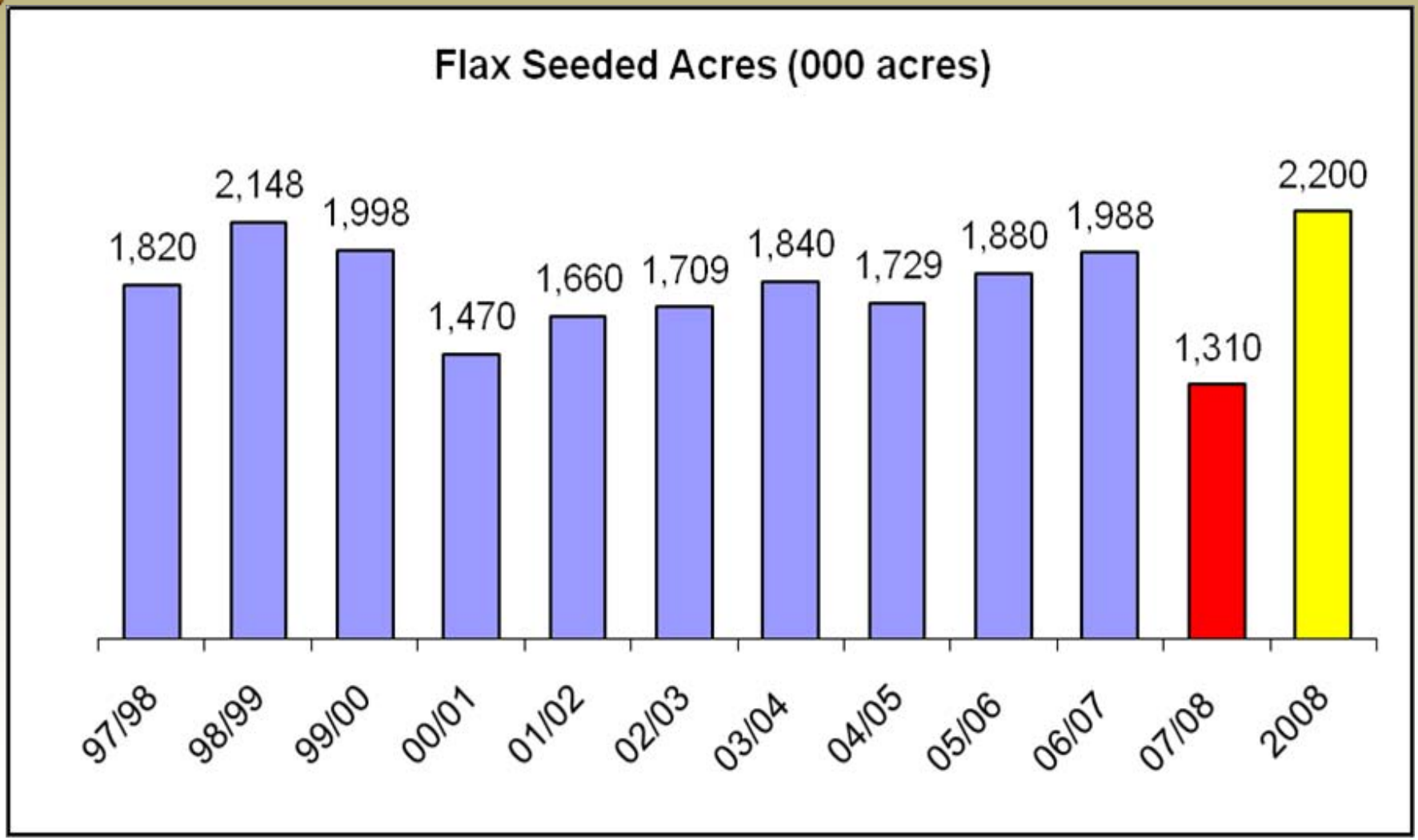
Seeding: Its about numbers

- **SK Ag and Food's 10 year average bushels per acre:**
  - **Flax – 18.1 bushels**
  - **Canola – 23.8 bushels**
  - **To compete with canola @ $11.37 flax needs to be $19.00+**
  - **Will it temper flax acres ?**

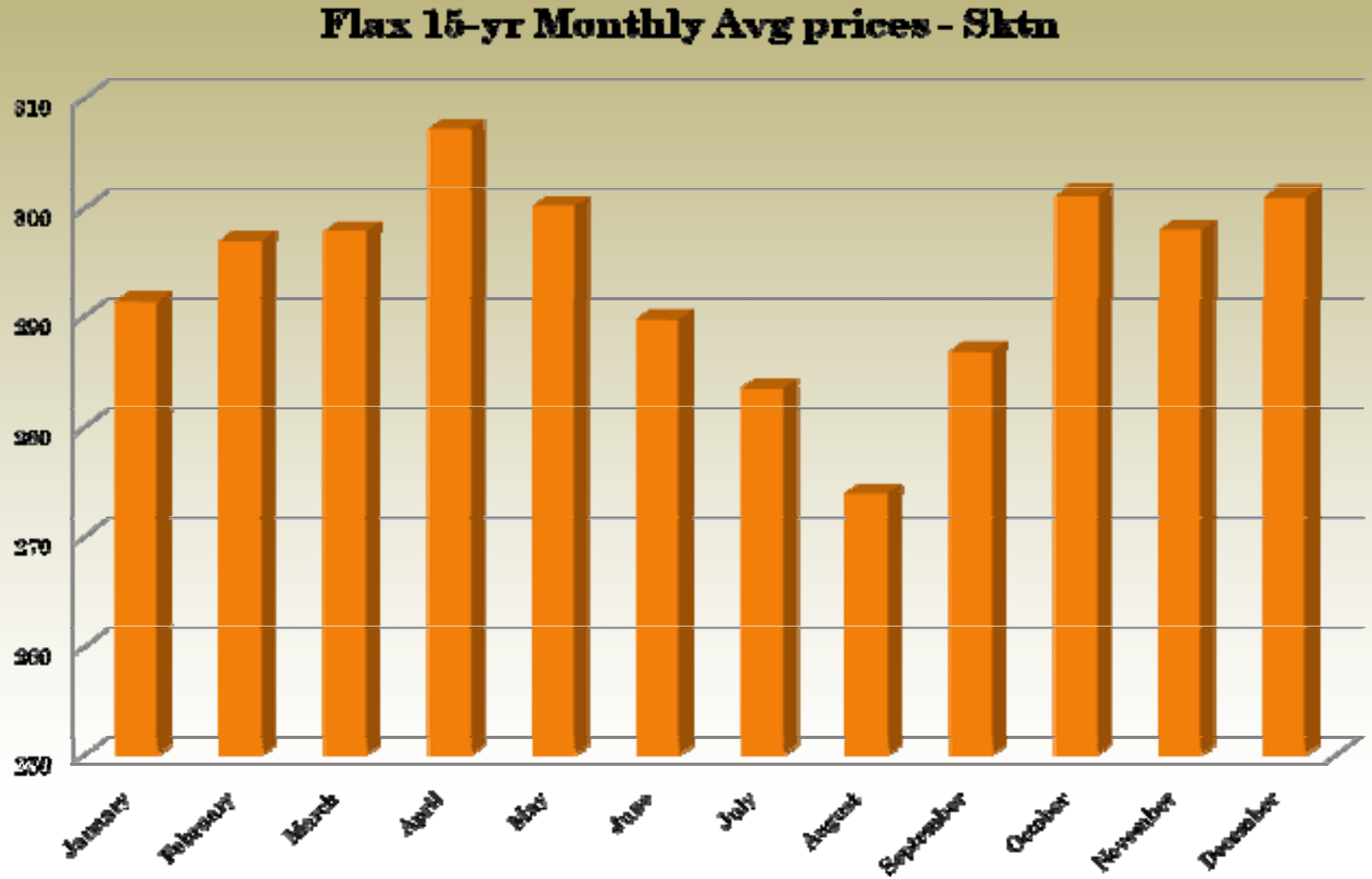
Flax Acres – 2006



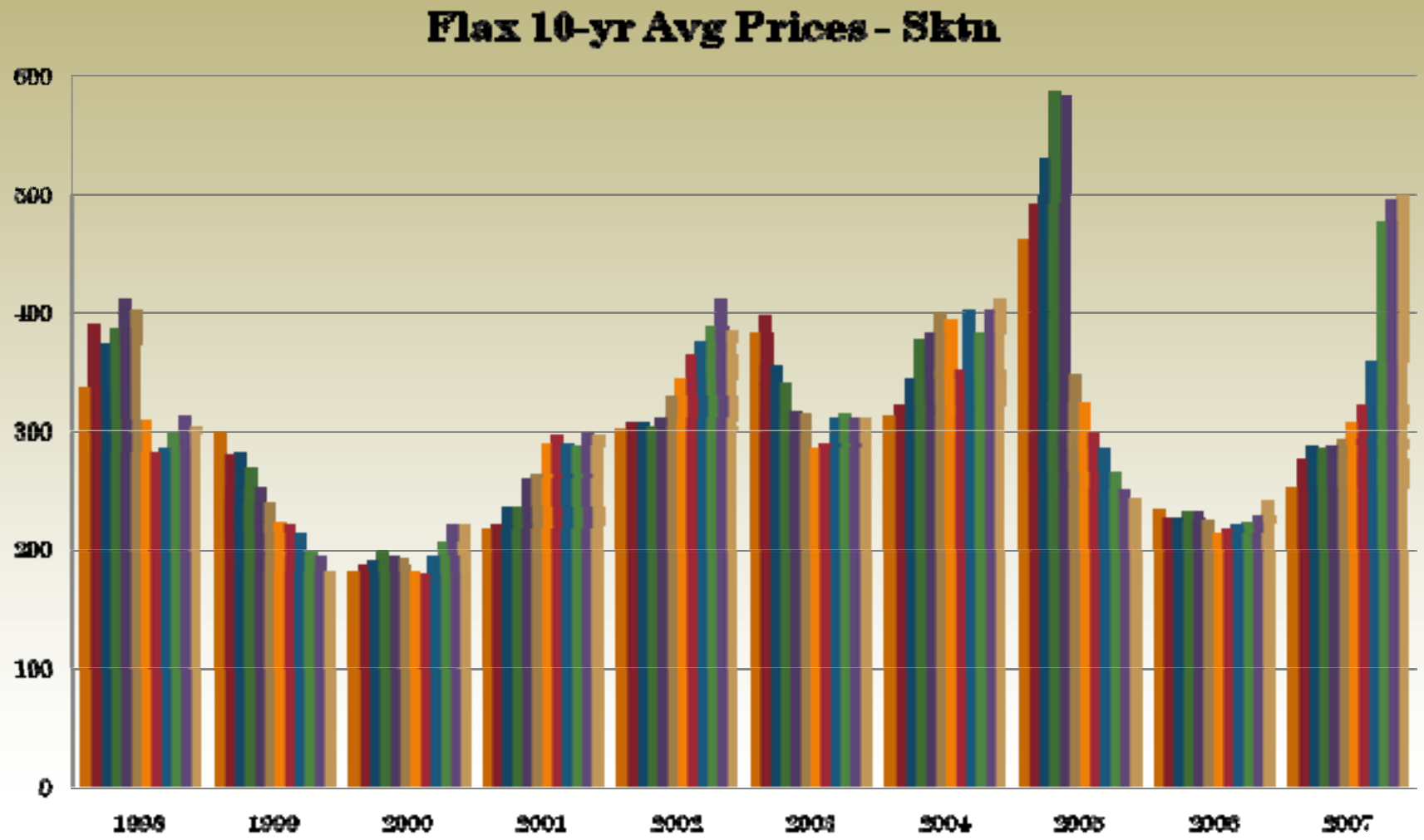
2008 - Where to now?



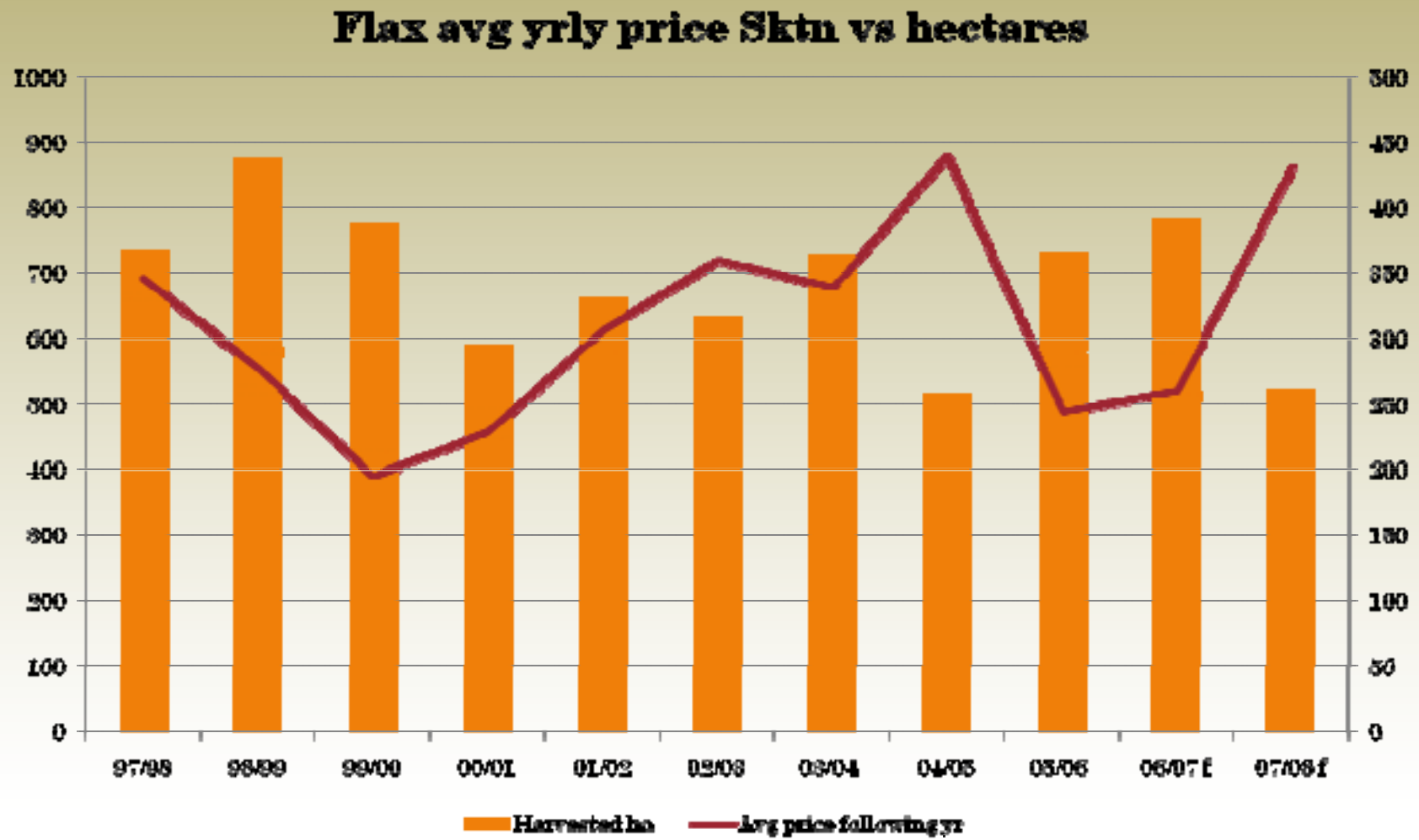
Flax – Optimal sell signals



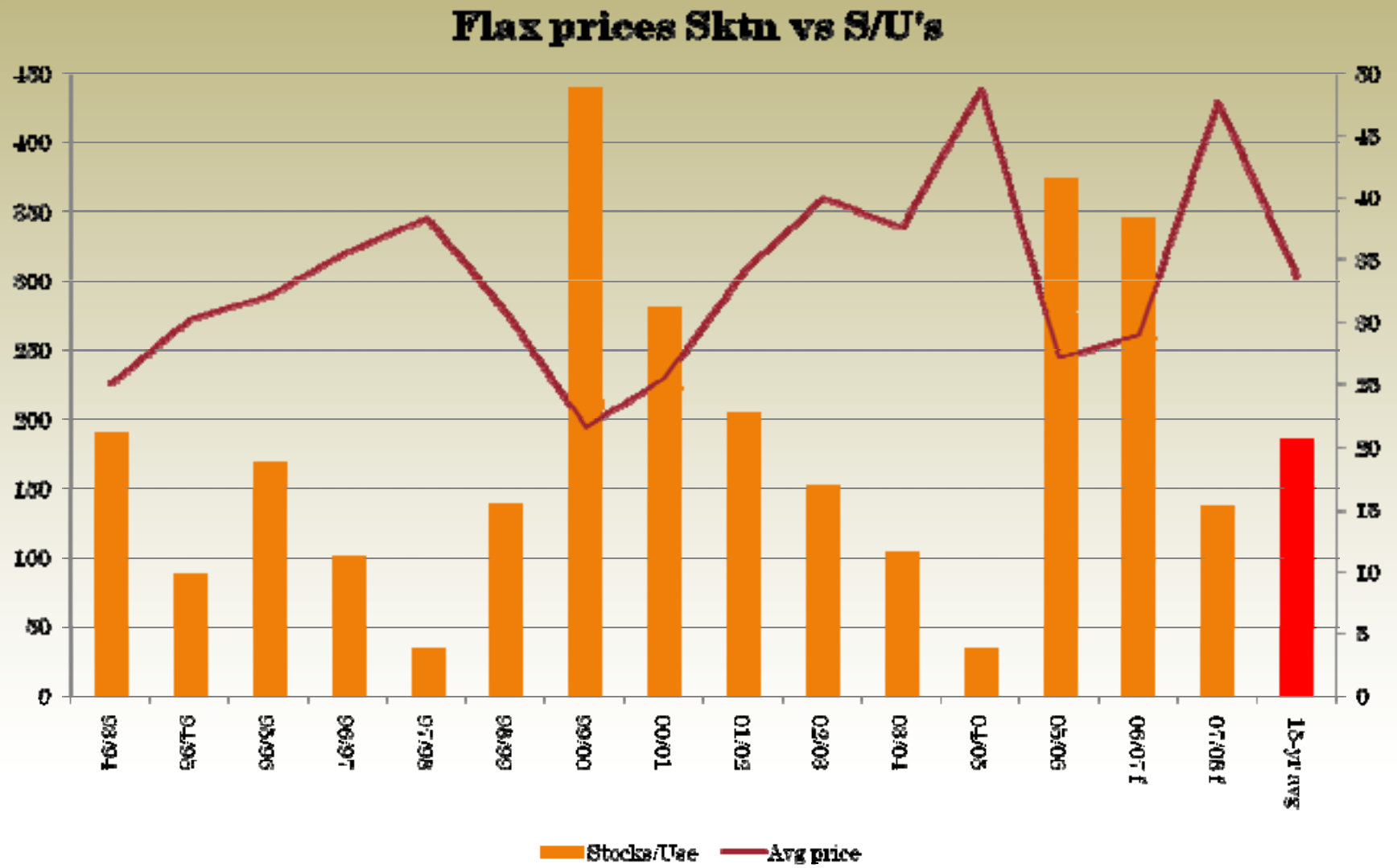
10 Year Average Prices



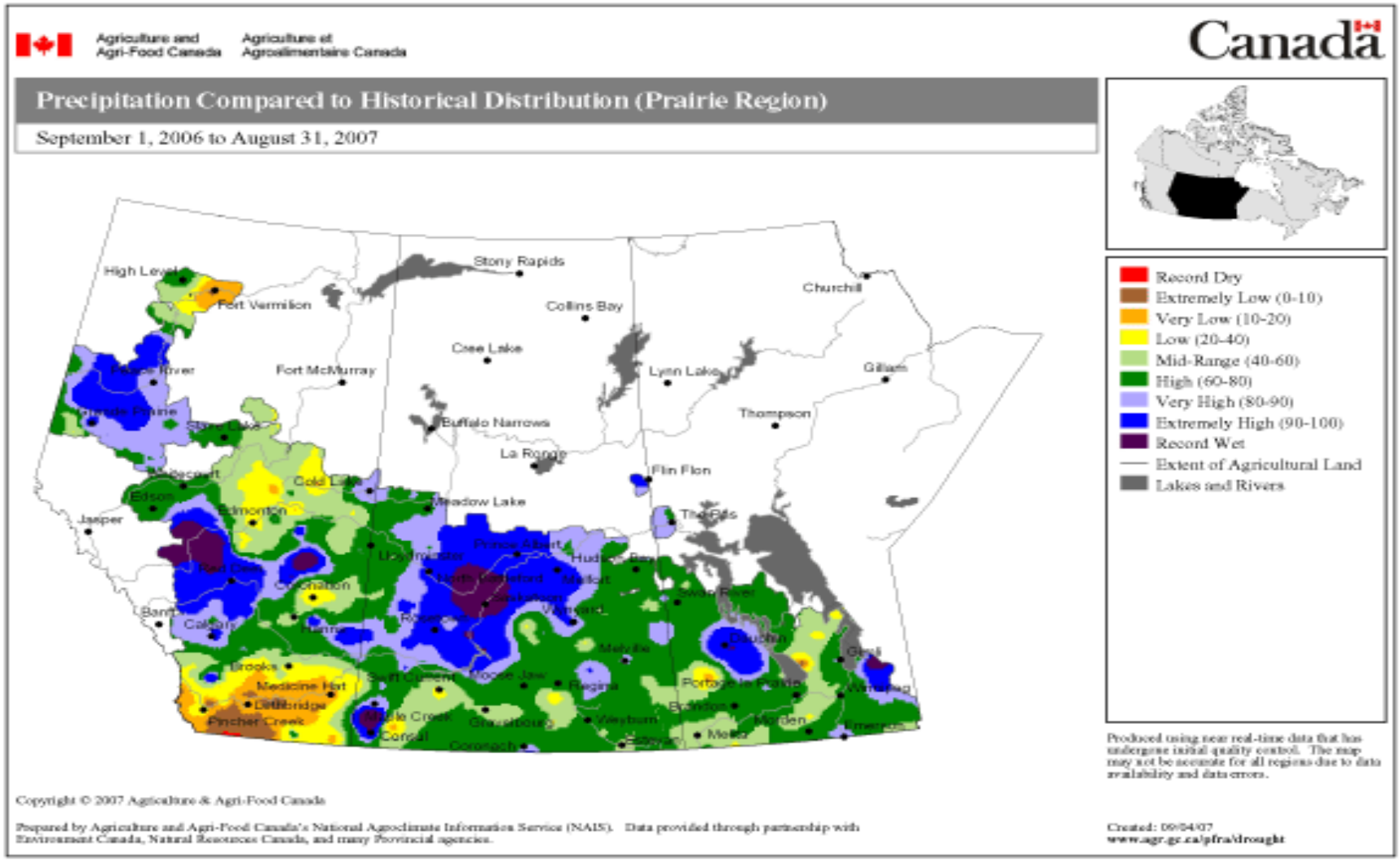
Acres and Price Correlation



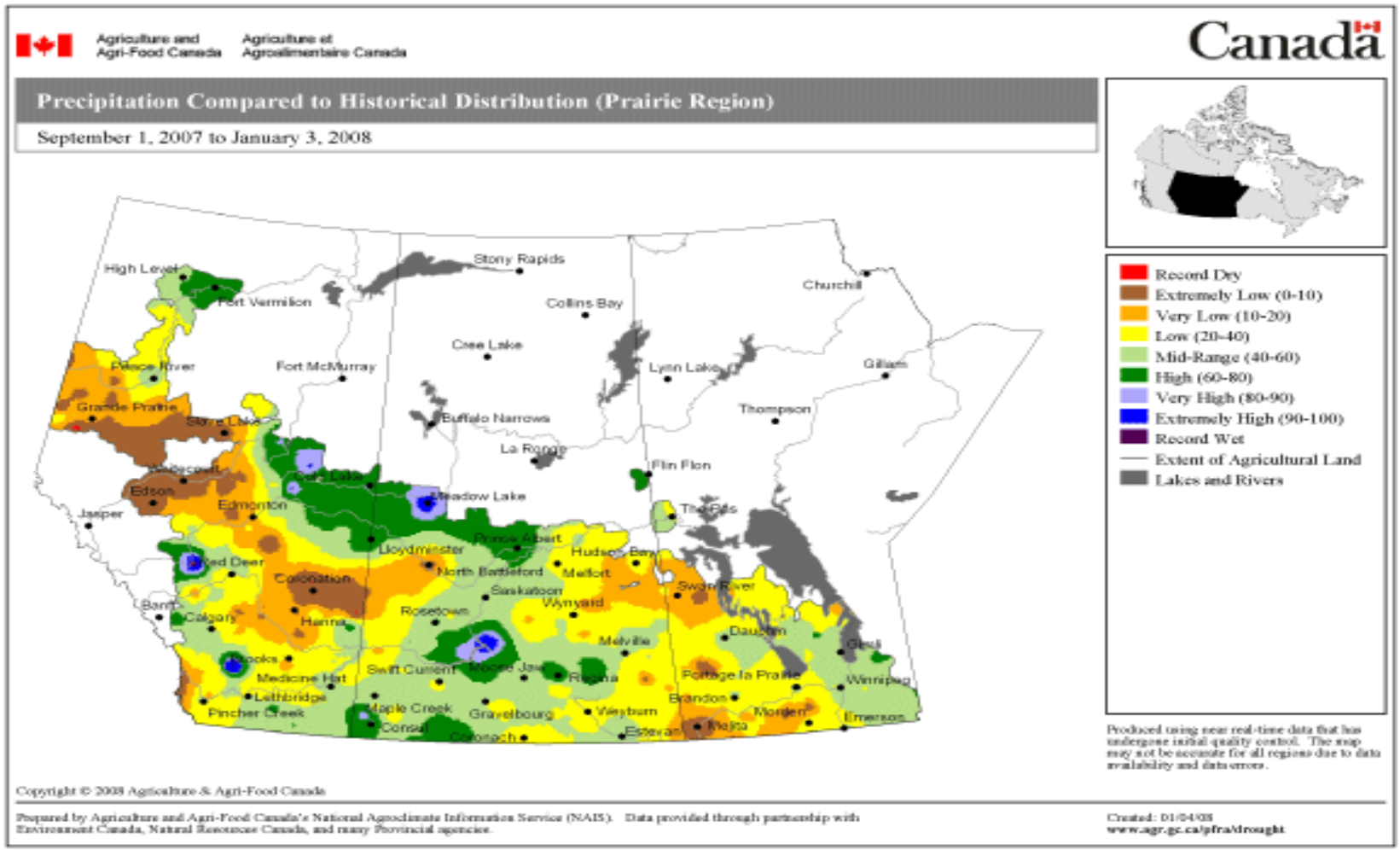
Supply Use Ratios vs Price



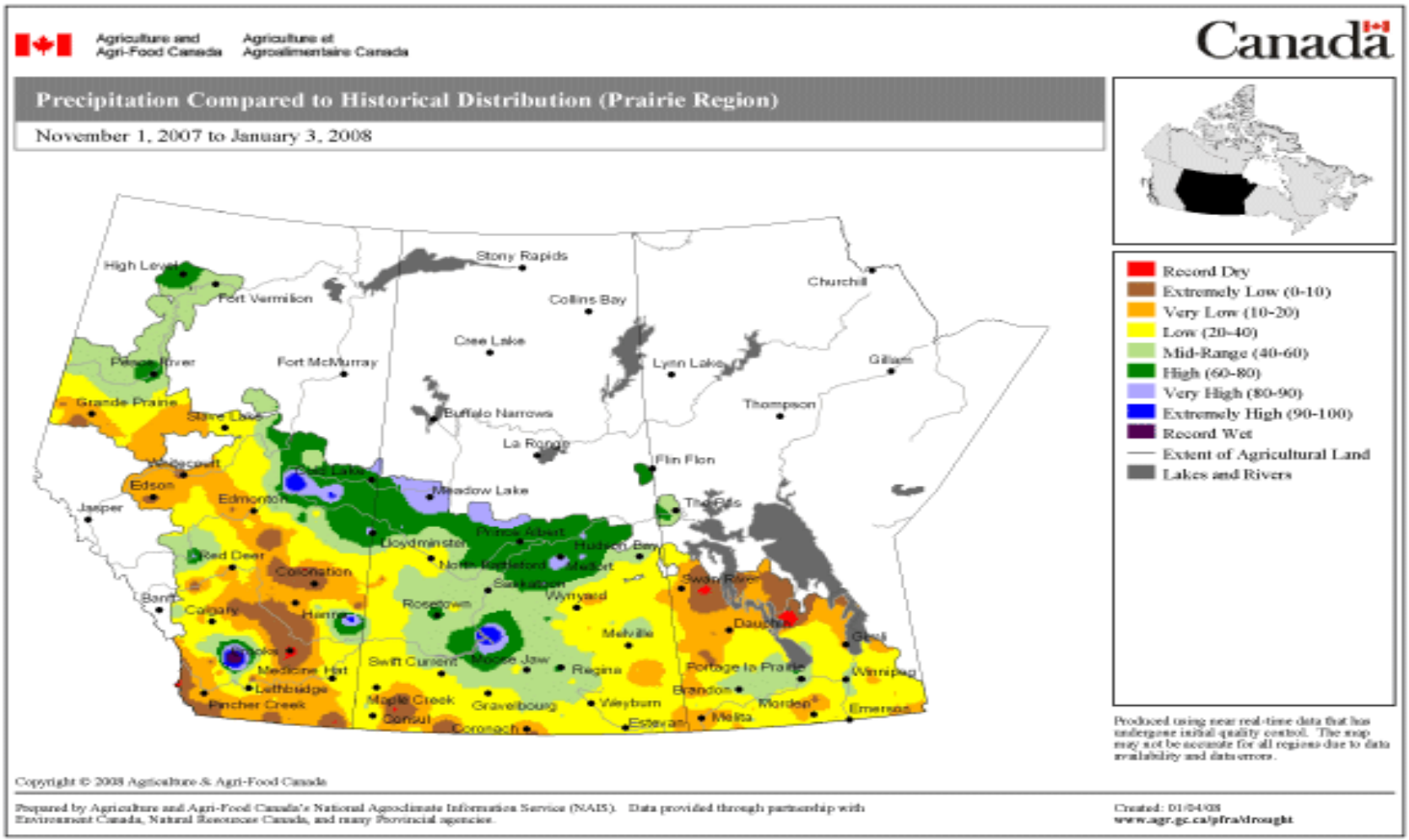
Weather - 2007



Weather - 2008

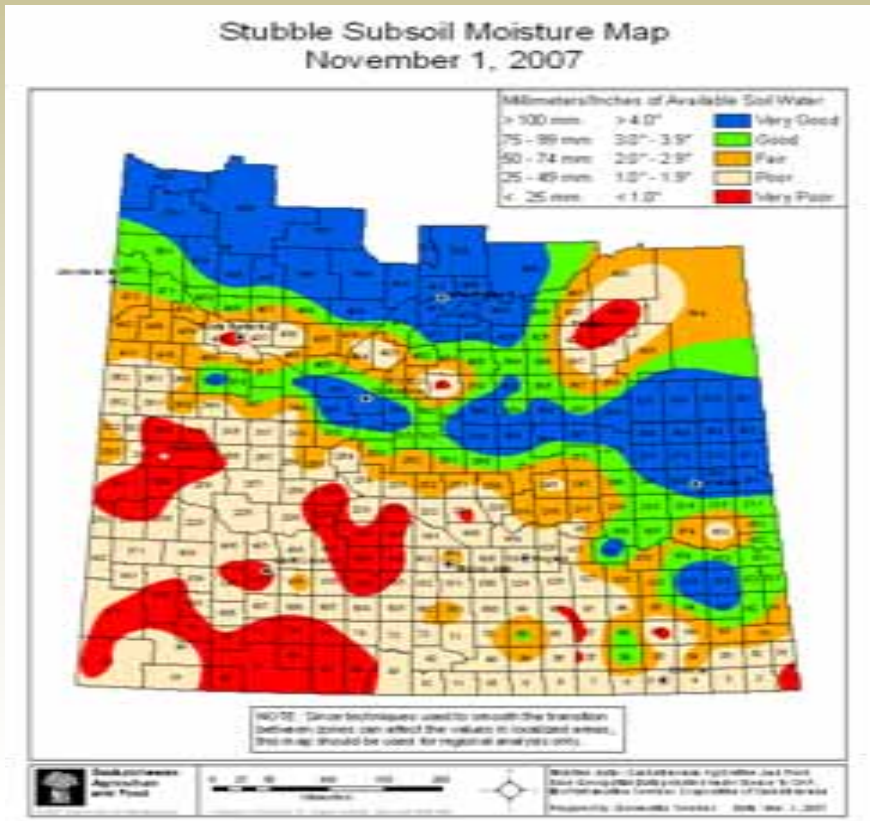


Winter Moisture

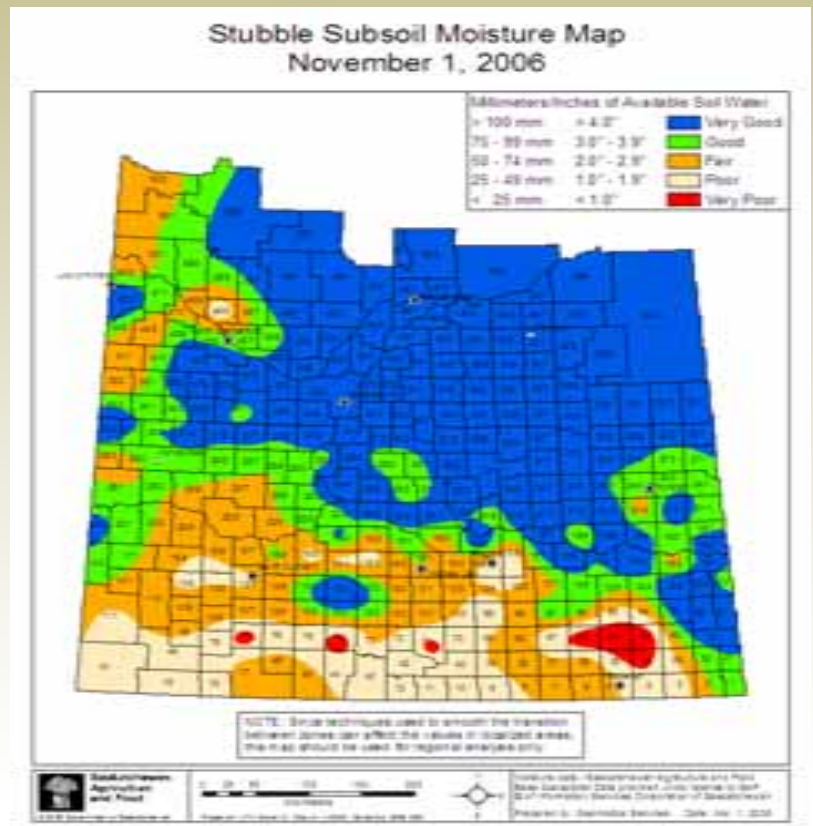


SK Subsoil Moisture

November 2007

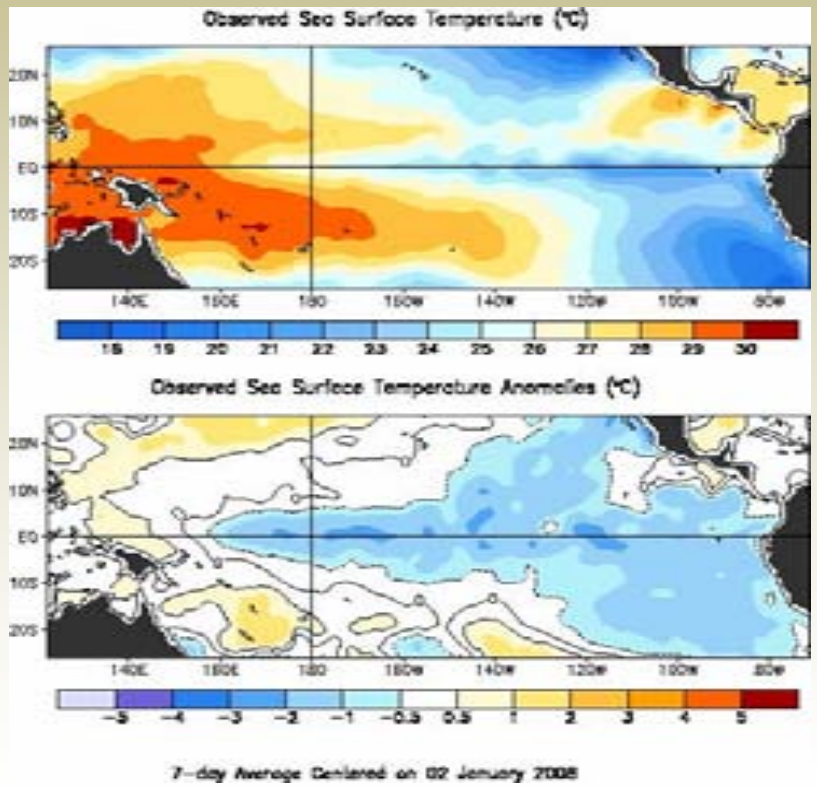


November 2006



2008 - La Nina?

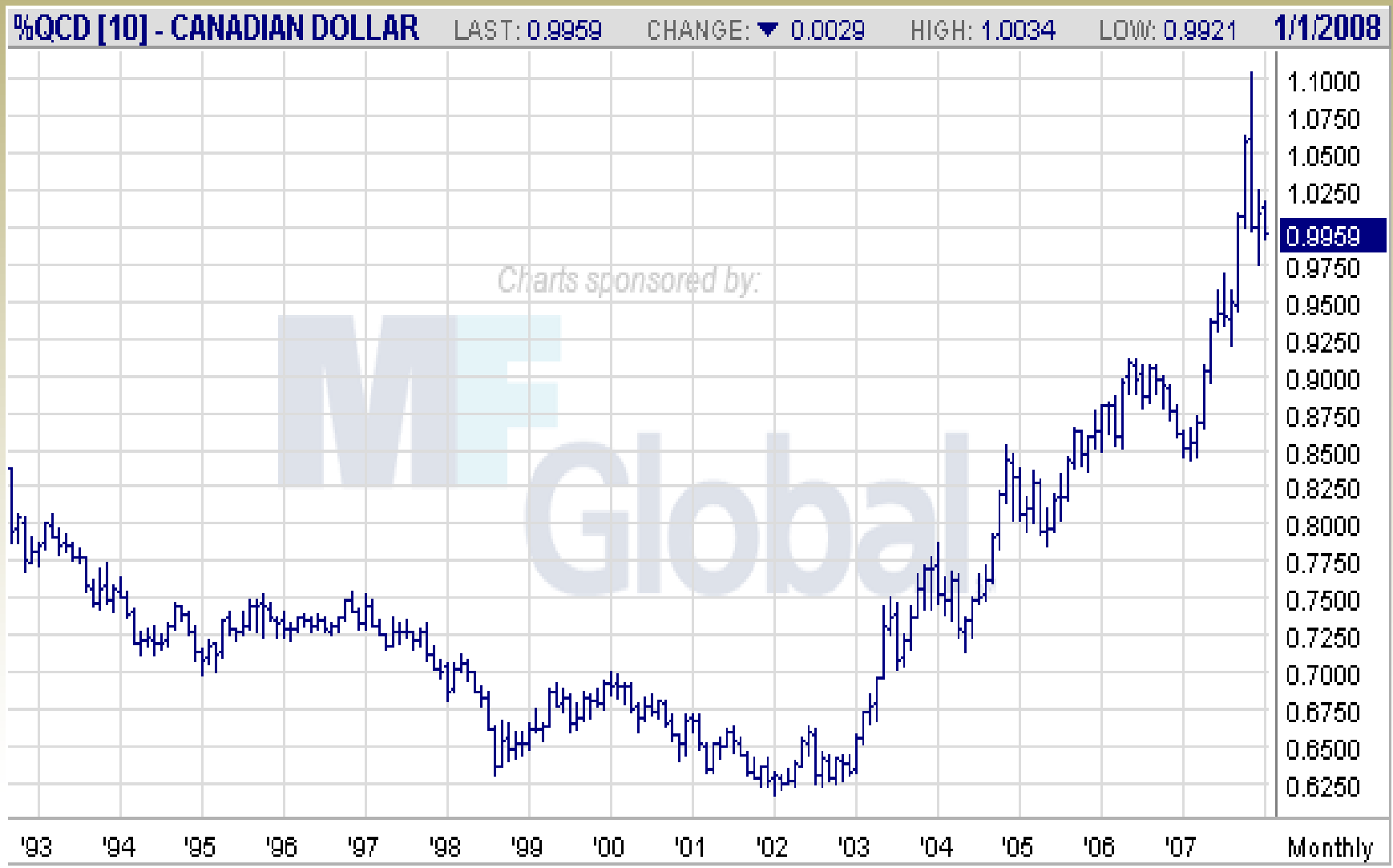
Cause



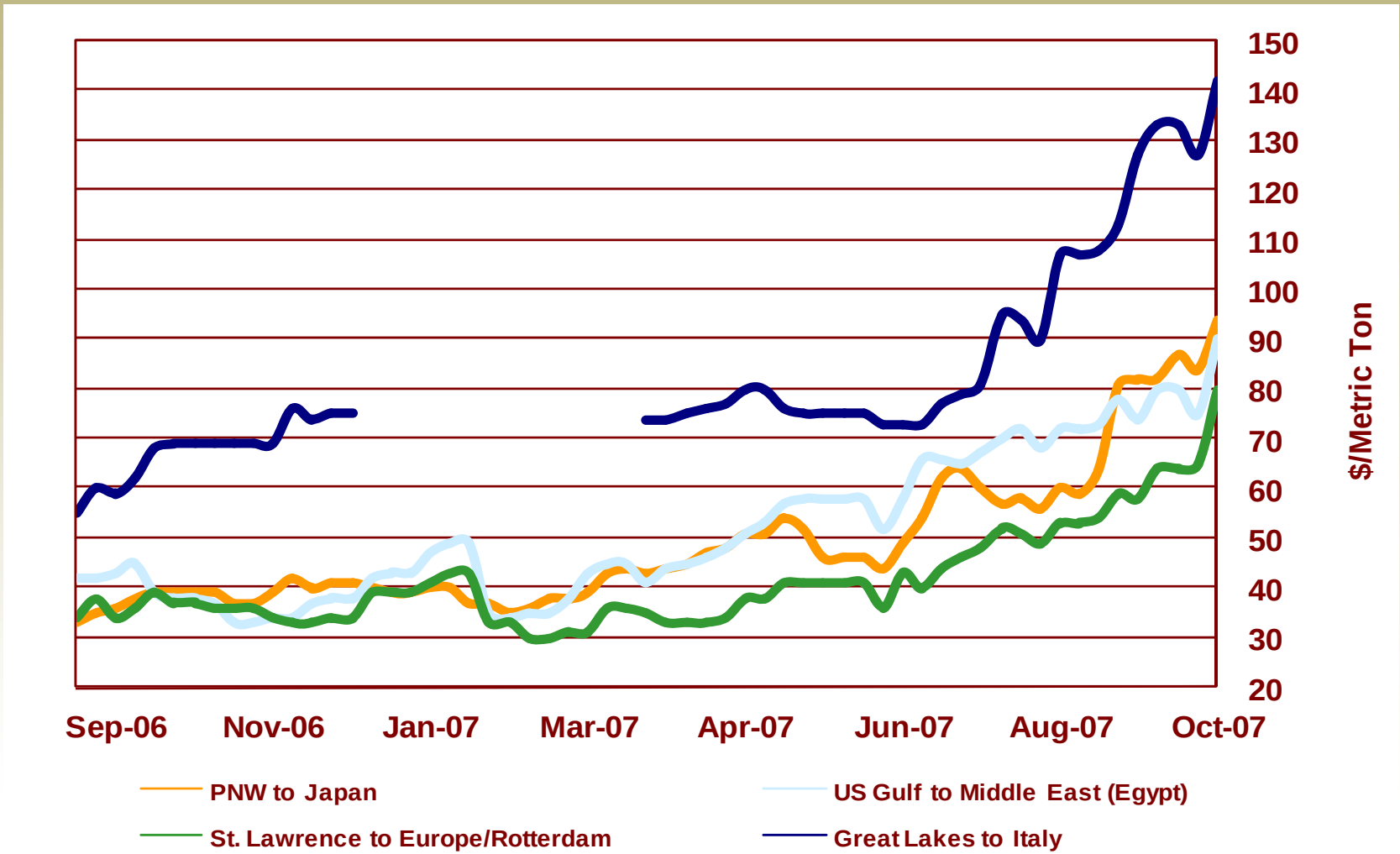
Effect

- In a La Nina winter, the Canadian air temperature (especially west of Quebec) tends to be below normal
- Precipitation in southern Canada tends to be above normal
- Poor Canadian prairie wheat harvests often follow La Nina events

Canadian Dollar



Ocean Freight



At home perception needs to change

The World Thinks:

Farmers think:

FLAXMAX

When to apply FLAXMAX

FLAXMAX has a wide window of application, so you can control early-emerging weeds before they affect yield.

Crop	Flax: 2-6 inches (5-15 cm) tall
Broadleaf weeds	2- to 4-true-leaf stage†
Grassy weeds	1- to 6-true-leaf stage, up to 3 tillers

†Treatments made to broadleaf weeds after the 4-leaf stage may result in less than satisfactory control.

Can Flax get on the Bull?

- Corn, soybeans and canola have benefitted from biofuels
- Canola's health benefits
- Demand creation
- Can flax be next?

Questions