



# **2008 Flax Outlook**

## **WHERE TO NOW?**

**Flax Day 2008**

**Monday, January 07, 2008**

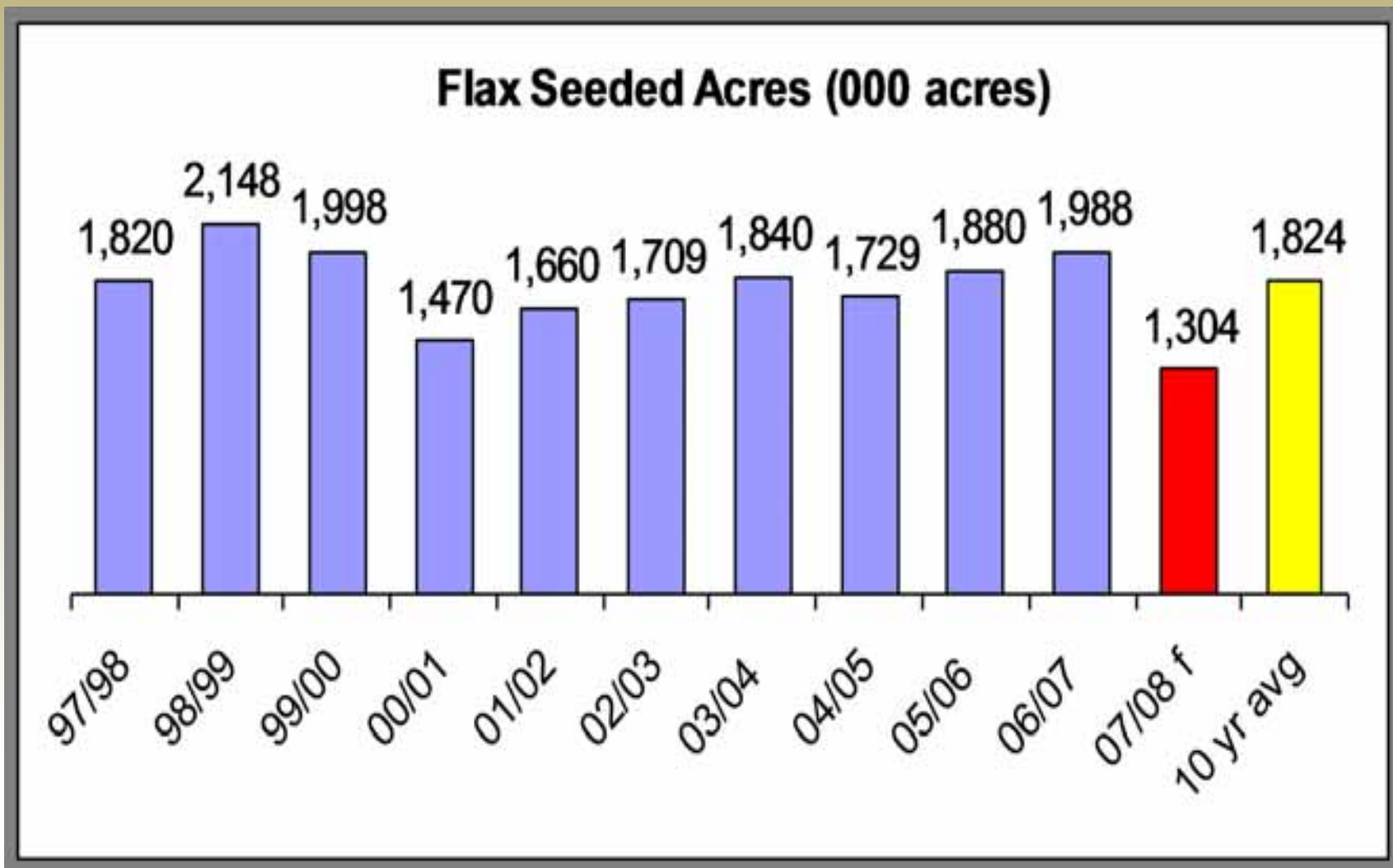
**Saskatoon, SK**



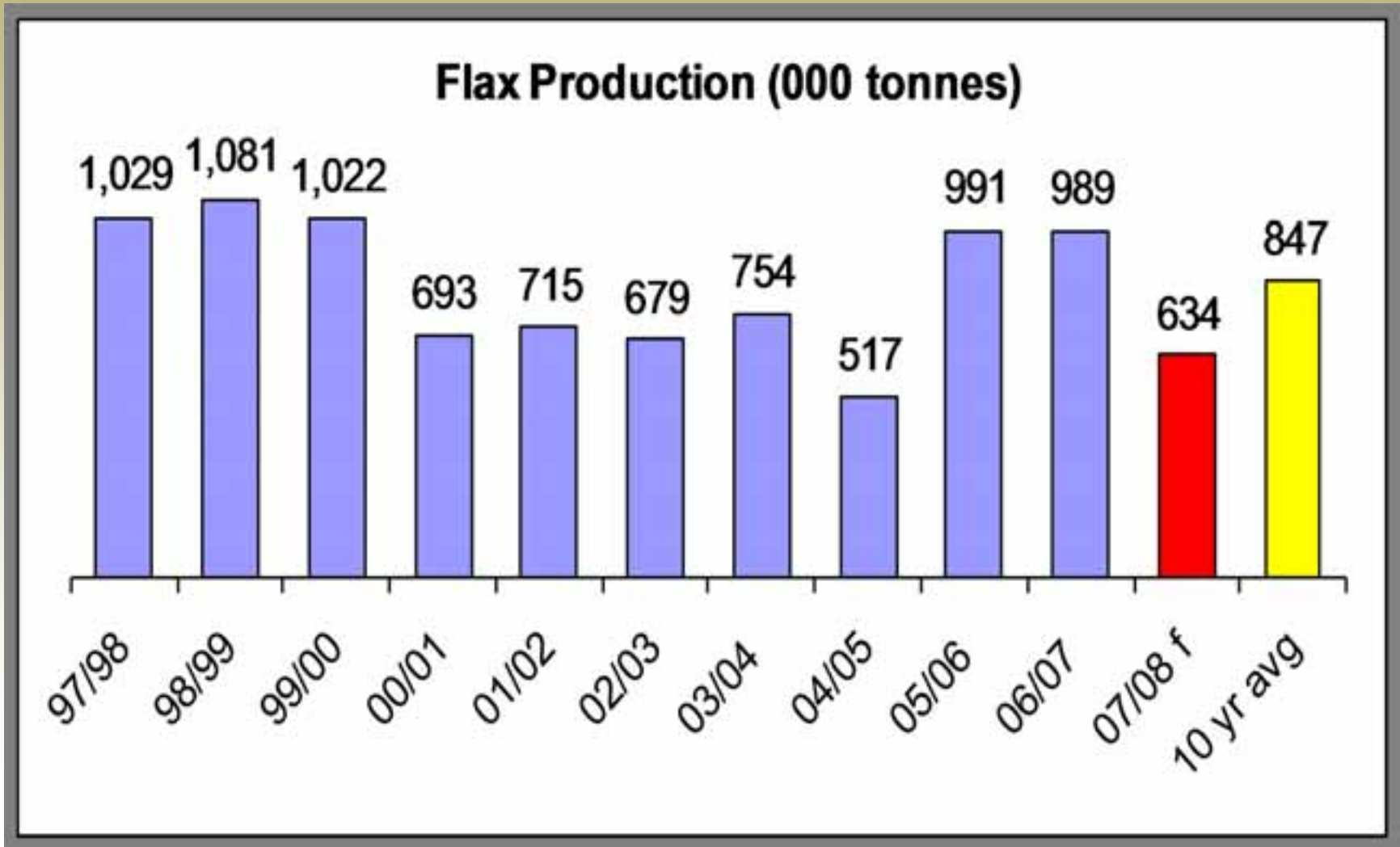
# Agenda

- **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





# Nature's Omega 3 and 6

**Fish and Flax Oil are higher in Omega-3s than other oils**

<b>Type of Oil</b>	<b>Omega-3</b>	<b>Omega-6</b>
<b>Fish Oil</b>	<b>30-70%</b>	<b>2%</b>
<b>Flaxseed Oil</b>	<b>55%</b>	<b>17%</b>
<b>Safflower Oil</b>	<b>none</b>	<b>79%</b>
<b>Sunflower Oil</b>	<b>none</b>	<b>69%</b>
<b>Corn Oil</b>	<b>none</b>	<b>60%</b>
<b>Soy Oil</b>	<b>8%</b>	<b>50%</b>
<b>Canola Oil</b>	<b>10%</b>	<b>24%</b>

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

# World Production

<b>WORLD: FLAXSEED SUPPLY AND DISPOSITION</b>			
	<b>2005</b>	<b>2006</b>	<b>2007</b>
	<b>-2006</b>	<b>-2007e</b>	<b>-2008f</b>
	... million tonnes.....		
<b>Carry-in Stocks</b>	0.09	0.53	0.70
<b>Production</b>			
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
<b>Total Production</b>	<b>2.85</b>	<b>2.67</b>	<b>2.13</b>
<b>Total Supply</b>	<b>2.94</b>	<b>3.20</b>	<b>2.83</b>
<b>Crush</b>	2.09	2.19	2.15
<b>Other</b>	0.32	0.31	0.35
<b>Total Use</b>	<b>2.41</b>	<b>2.50</b>	<b>2.50</b>
<b>Carry-out Stocks</b>	0.53	0.70	0.33
<b>Trade</b>	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

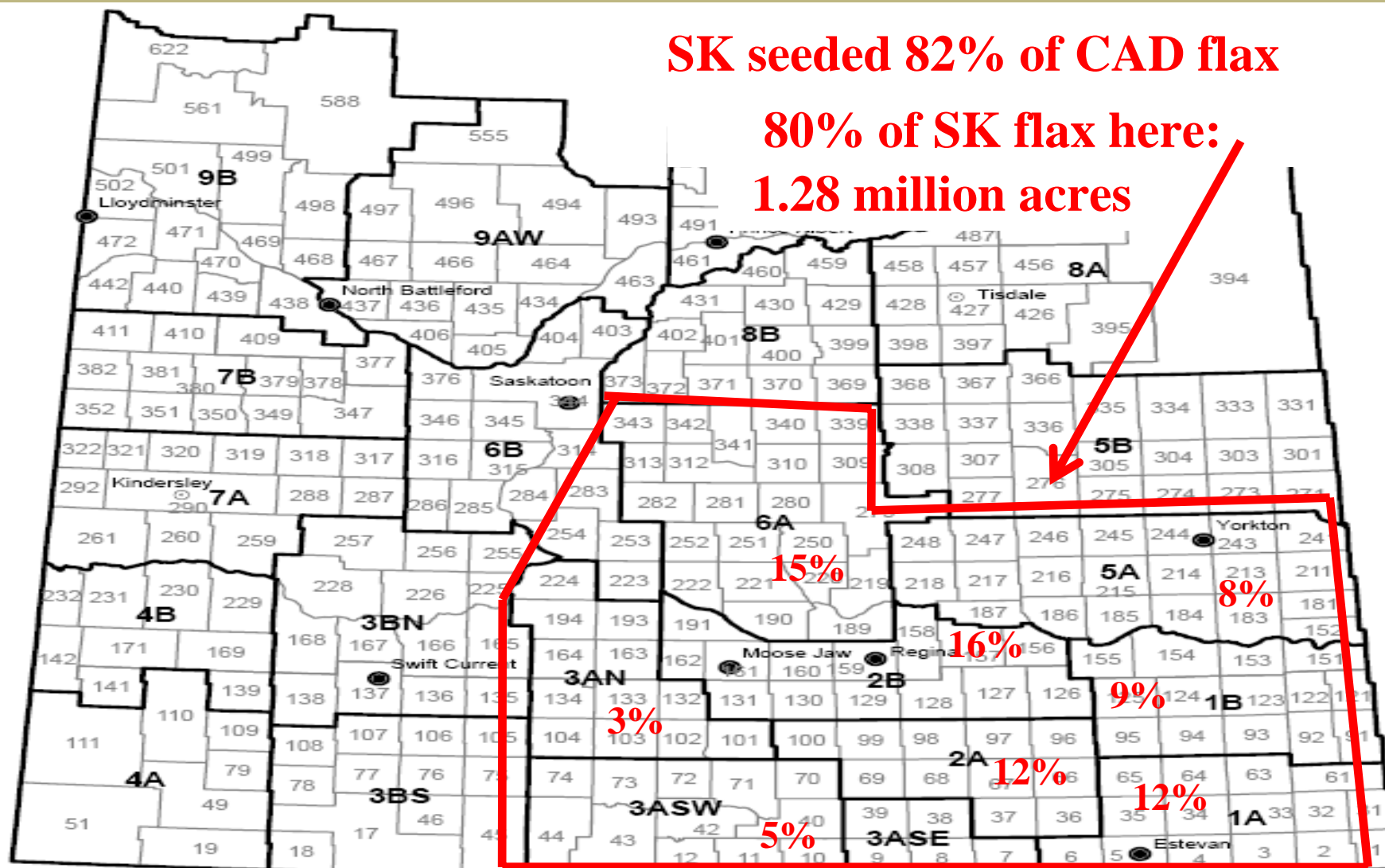




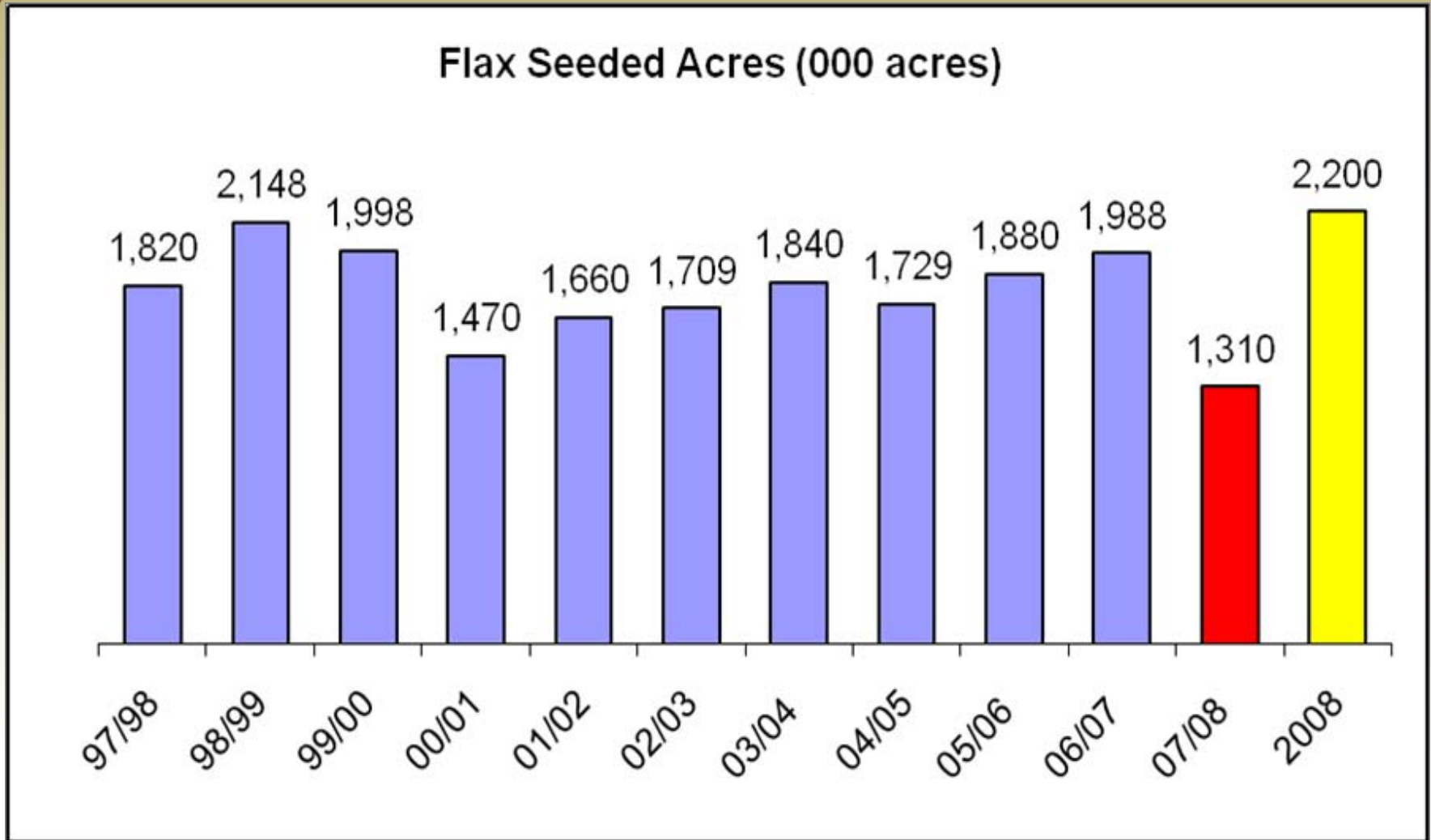
# Seeding: Its about numbers

- **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



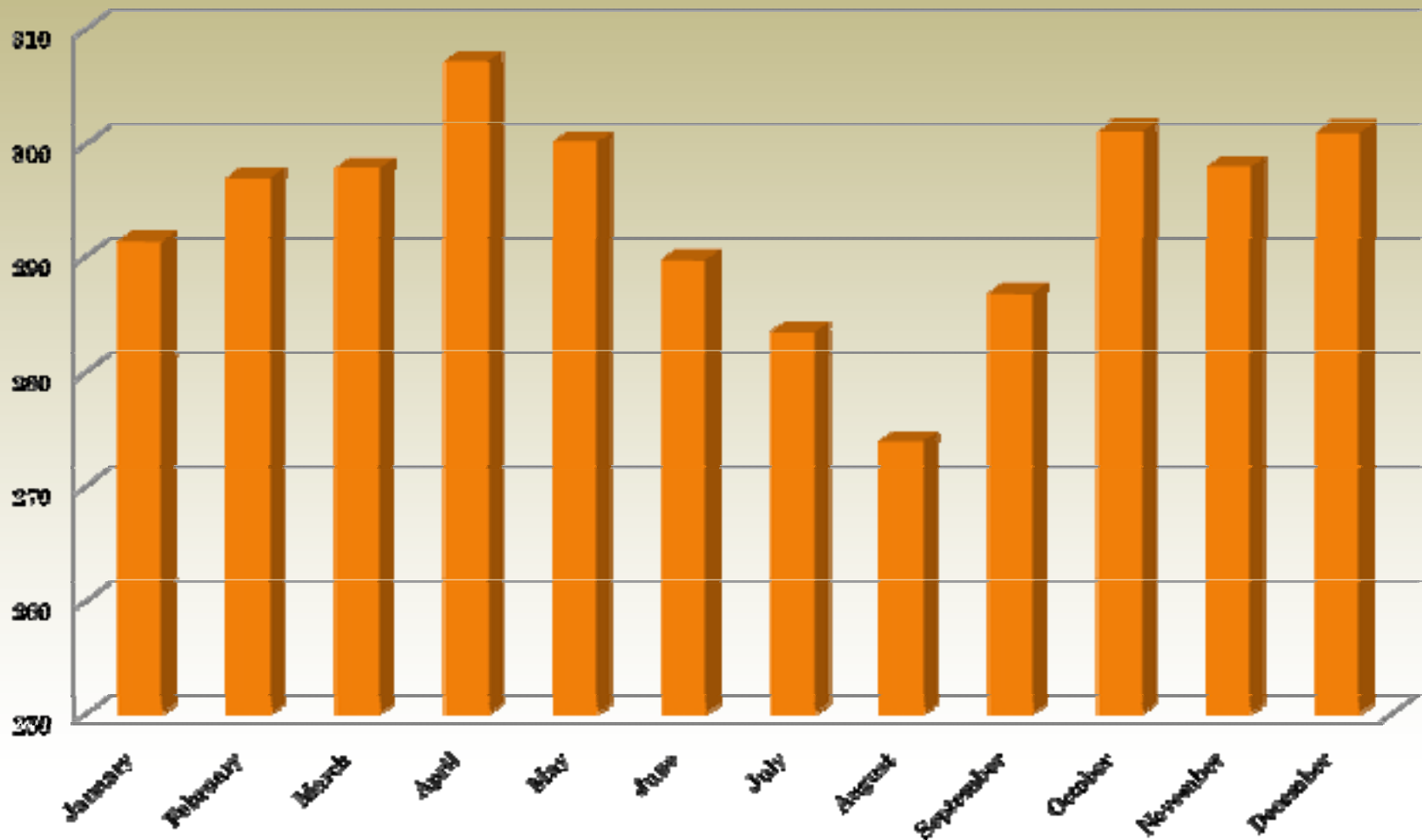
# 2008 - Where to now?





# Flax – Optimal sell signals

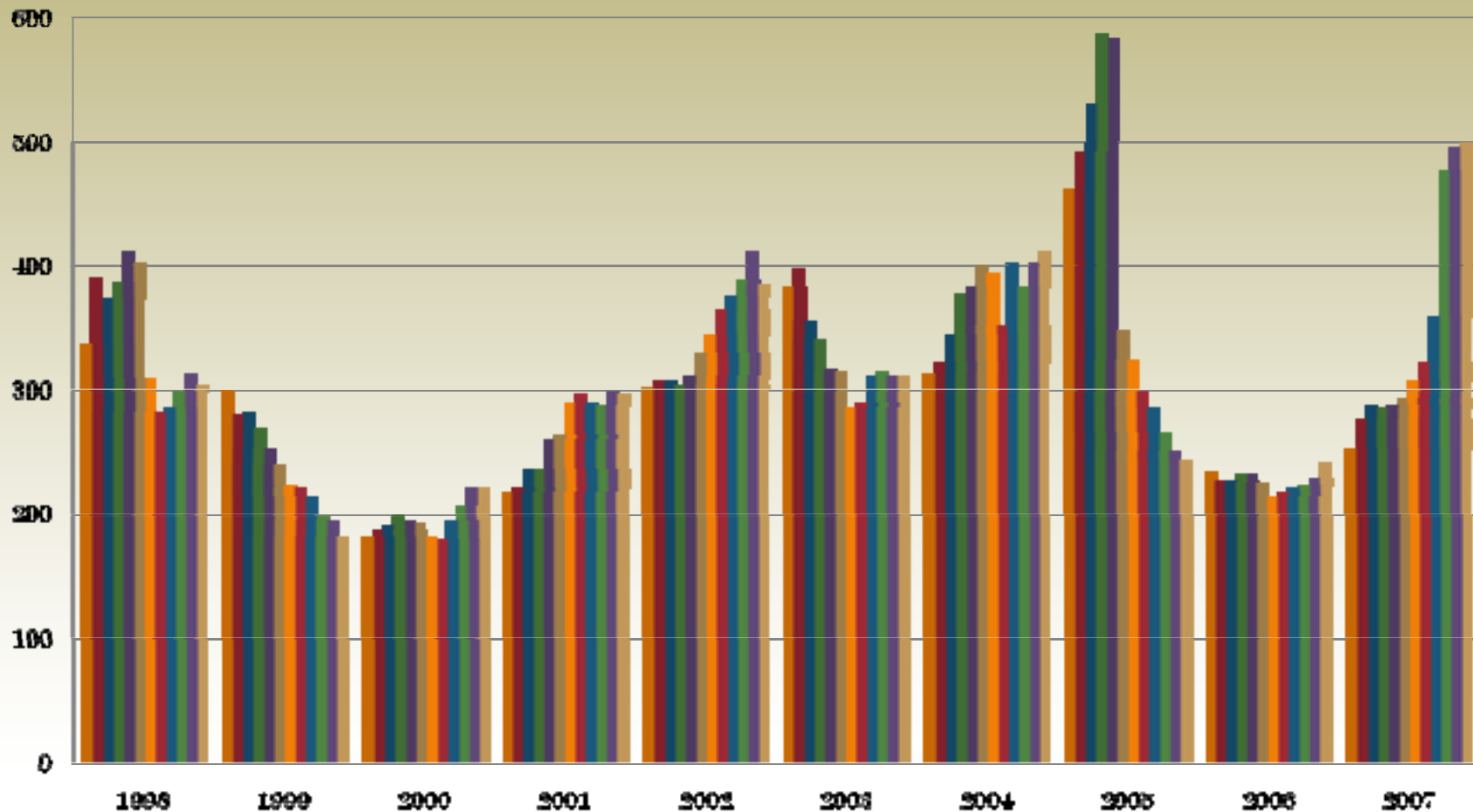
**Flax 15-yr Monthly Avg prices - Sktn**





# 10 Year Average Prices

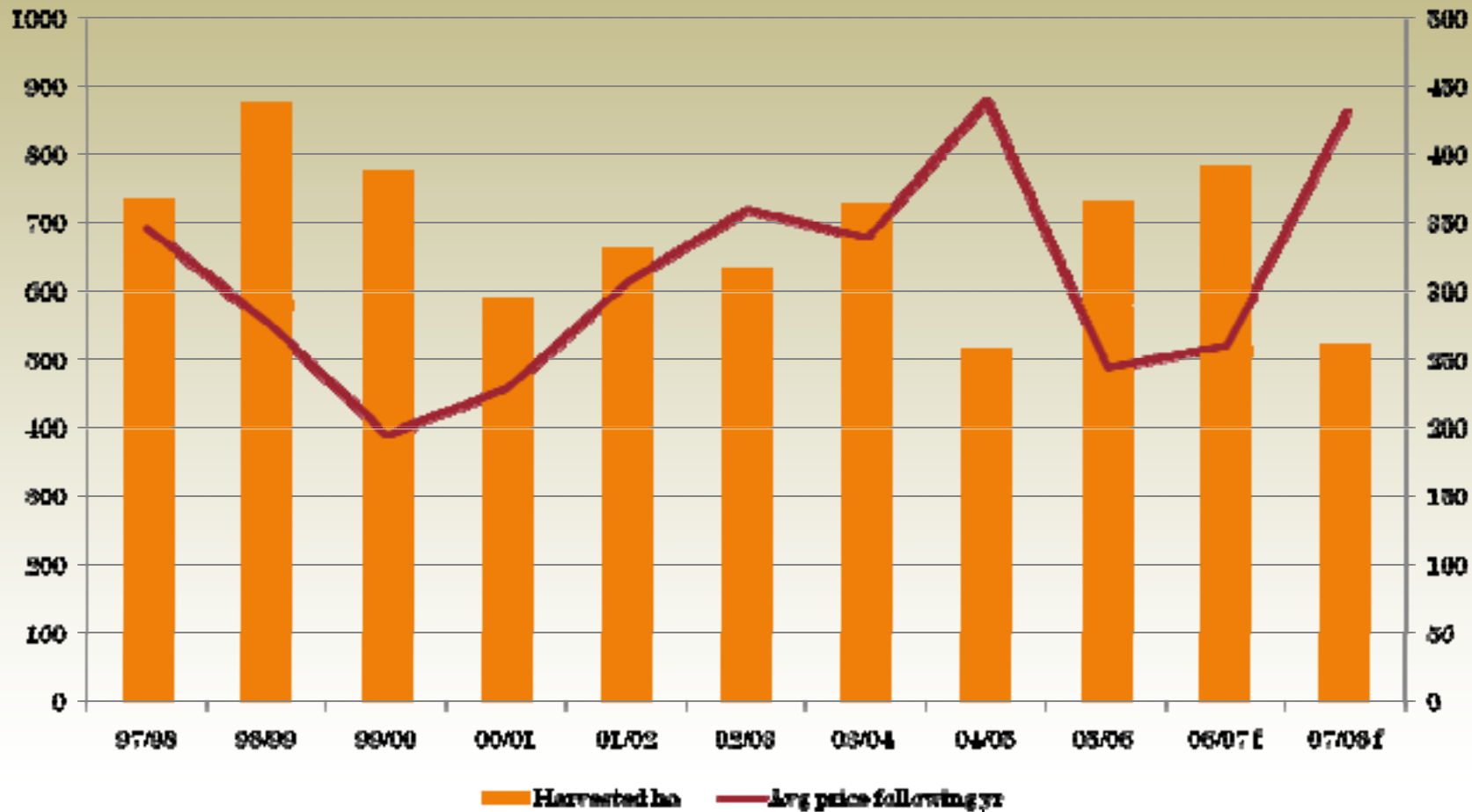
**Flax 10-yr Avg Prices - Sktn**





# Acres and Price Correlation

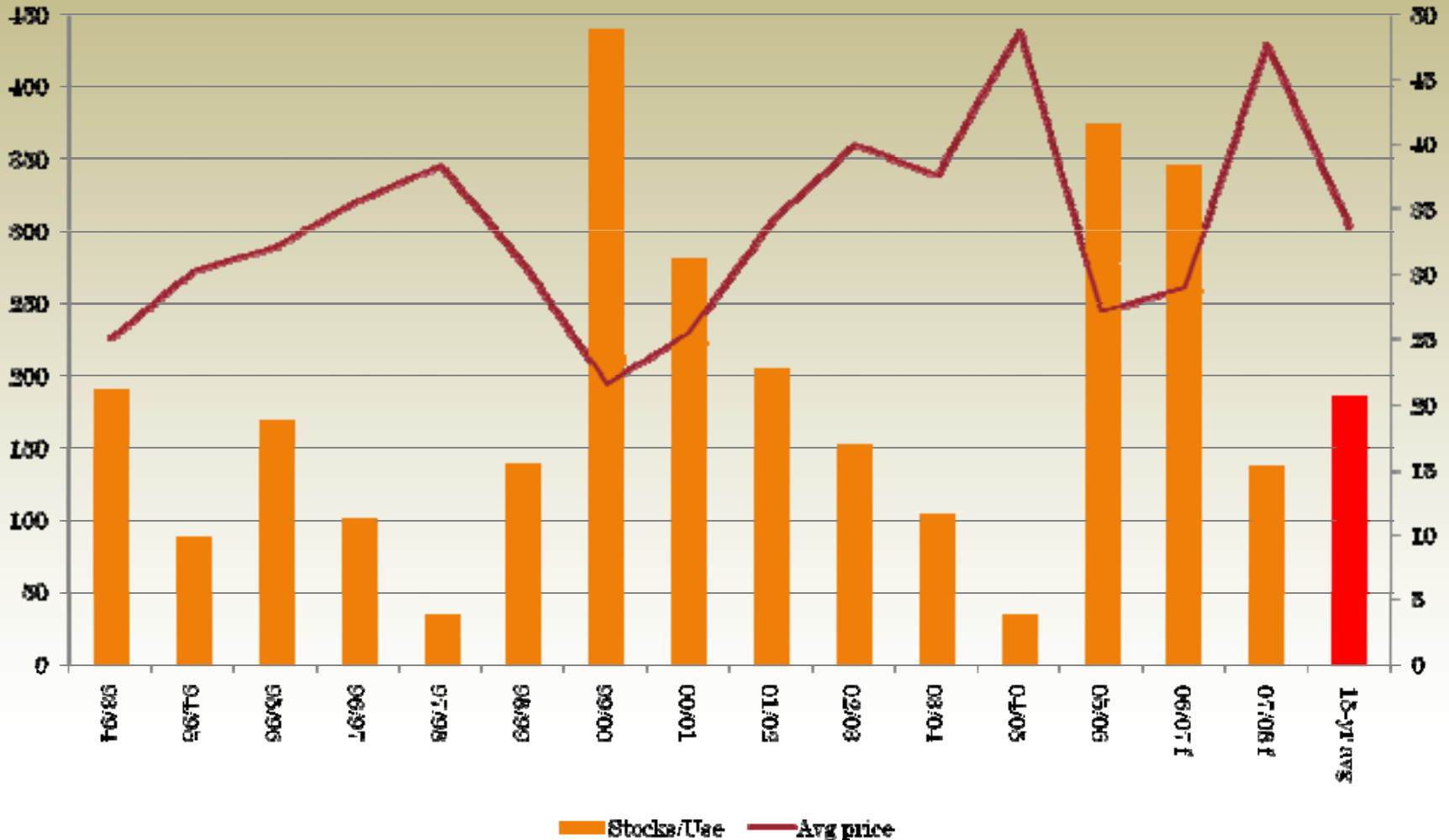
**Flax avg yrly price Sktn vs hectares**





# Supply Use Ratios vs Price

**Flax prices Sktn vs S/U's**



# Weather - 2007



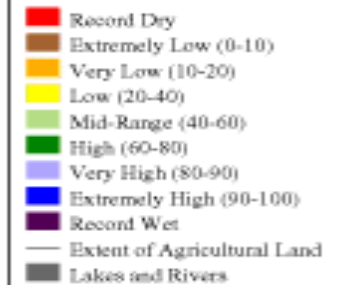
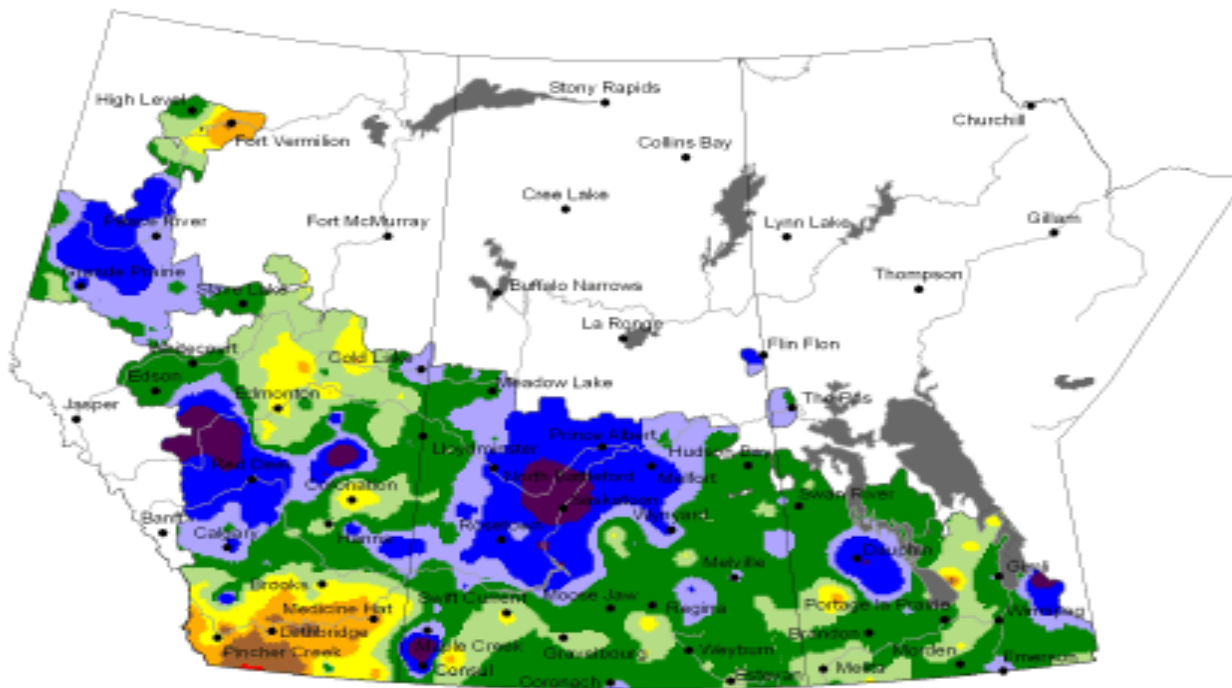
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Canada

## Precipitation Compared to Historical Distribution (Prairie Region)

September 1, 2006 to August 31, 2007



Produced using near real-time data that has undergone initial quality control. The map may not be accurate for all regions due to data availability and data errors.

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Prepared by Agriculture and Agri-Food Canada's National Agroclimate Information Service (NAIS). Data provided through partnership with Environment Canada, Natural Resources Canada, and many Provincial agencies.

Created: 09/04/07  
[www.agr.gc.ca/pfra/drought](http://www.agr.gc.ca/pfra/drought)

# Weather - 2008



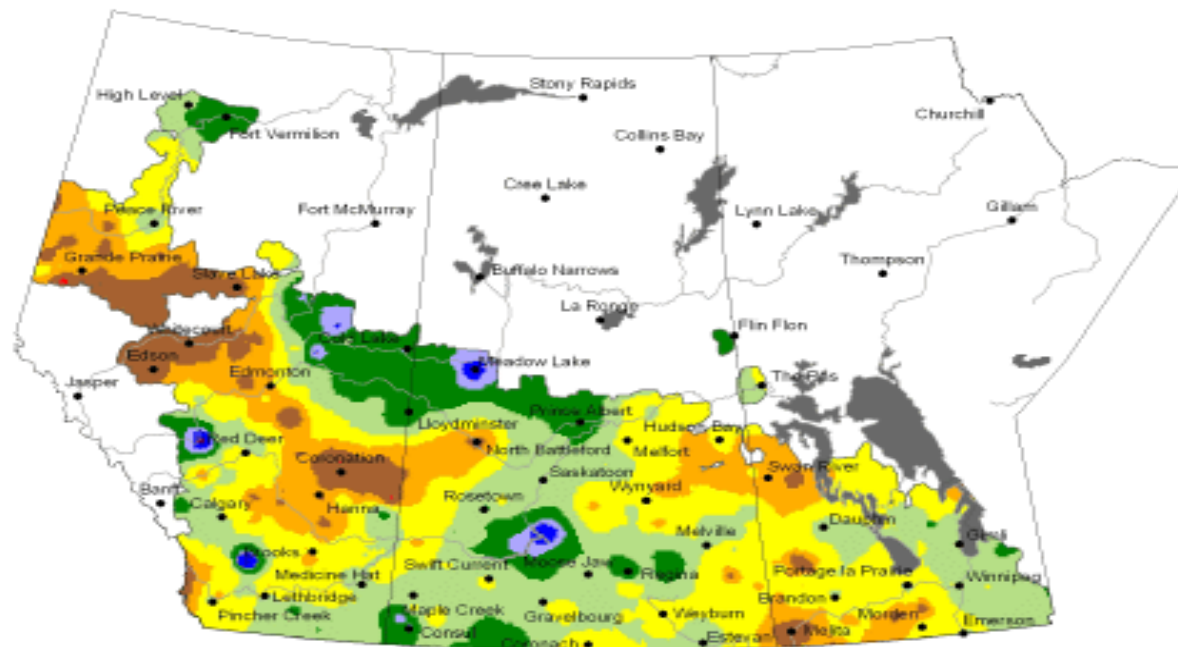
Agriculture and Agri-Food Canada

Agriculture et Agroalimentaire Canada

Canada

## Precipitation Compared to Historical Distribution (Prairie Region)

September 1, 2007 to January 3, 2008



- Record Dry
- Extremely Low (0-10)
- Very Low (10-20)
- Low (20-40)
- Mid-Range (40-60)
- High (60-80)
- Very High (80-90)
- Extremely High (90-100)
- Record Wet
- Extent of Agricultural Land
- Lakes and Rivers

Produced using near real-time data that has undergone initial quality control. The map may not be accurate for all regions due to data availability and data errors.

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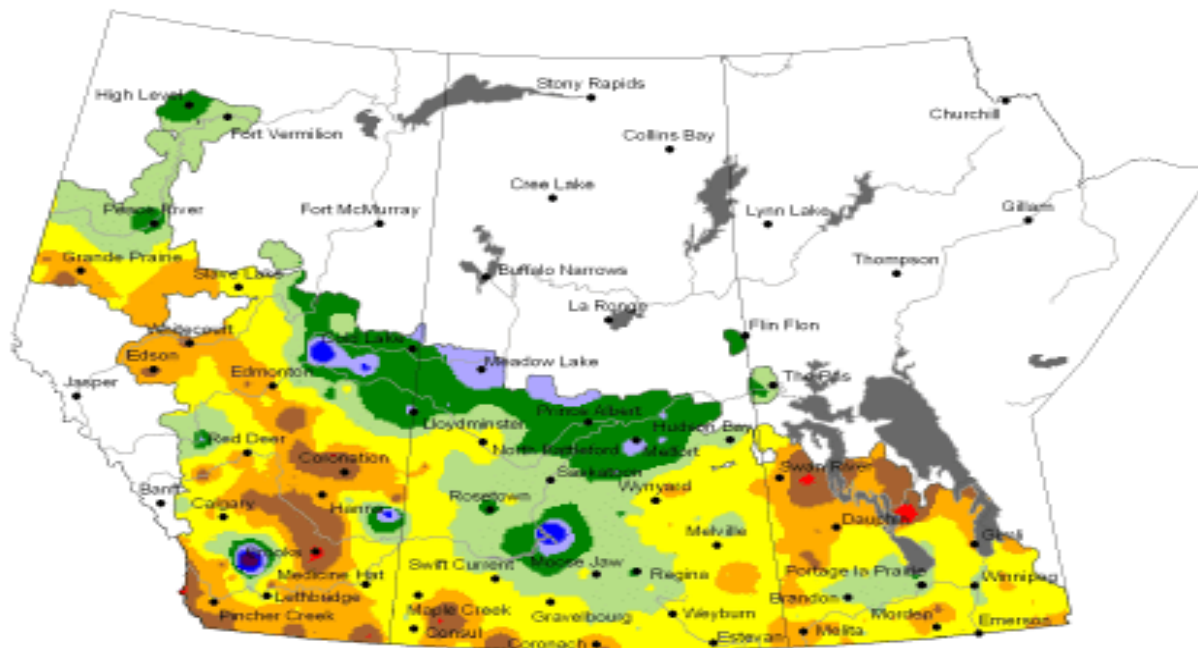
Prepared by Agriculture and Agri-Food Canada's National Agrometeorological Information Service (NAIS). Data provided through partnership with Environment Canada, Natural Resources Canada, and many Provincial agencies.

Created: 01/04/08  
www.agr.gc.ca/pfra/drought

# Winter Moisture

## Precipitation Compared to Historical Distribution (Prairie Region)

November 1, 2007 to January 3, 2008



- Record Dry
- Extremely Low (0-10)
- Very Low (10-20)
- Low (20-40)
- Mid-Range (40-60)
- High (60-80)
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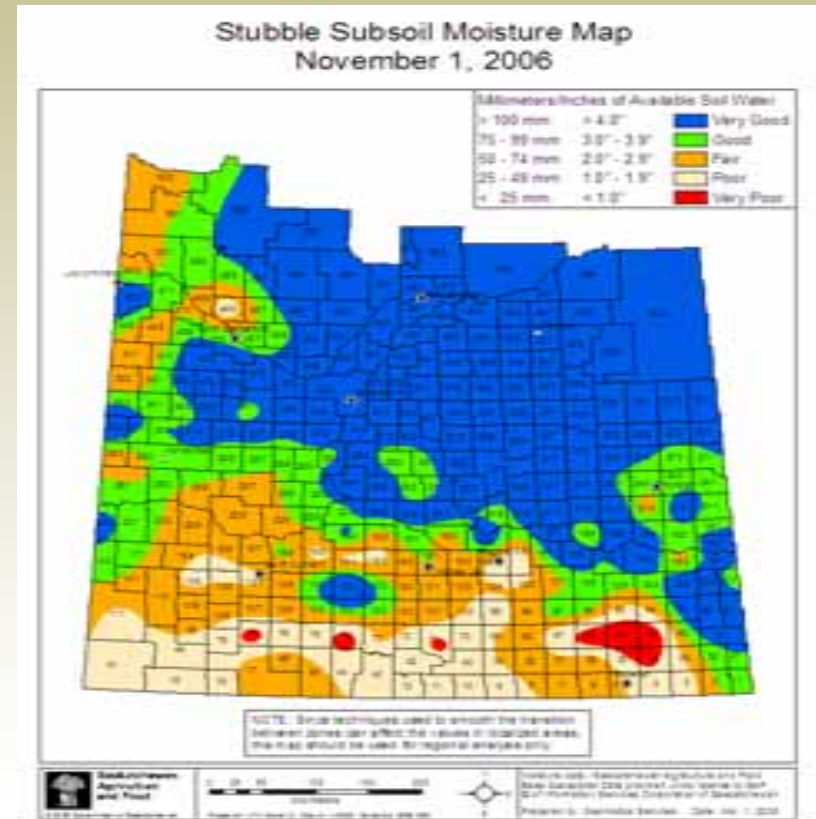
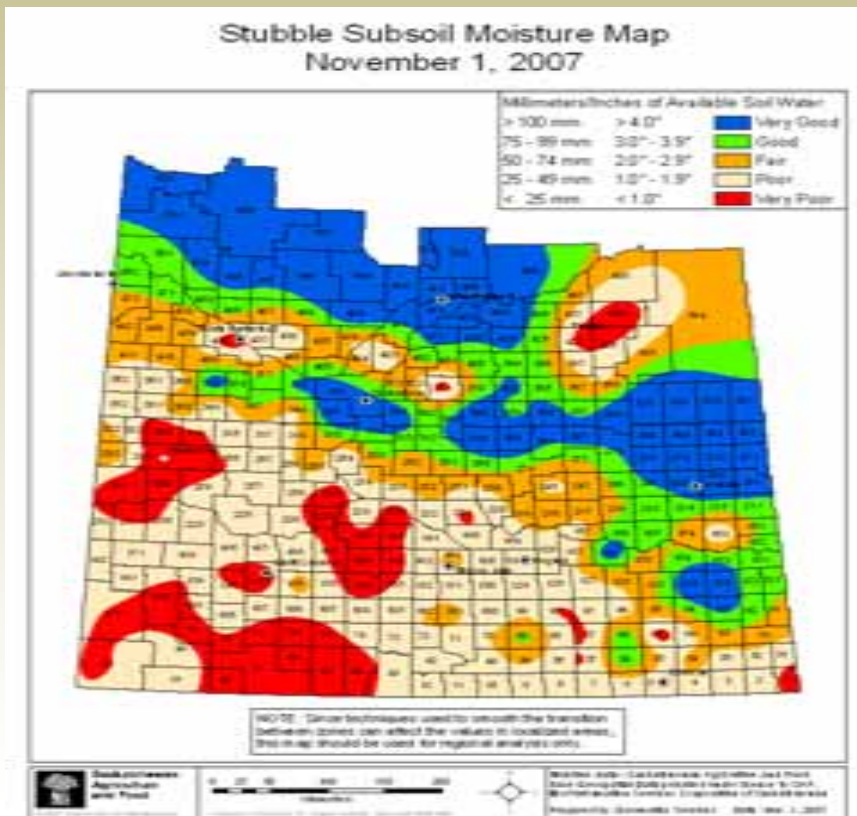
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# SK Subsoil Moisture

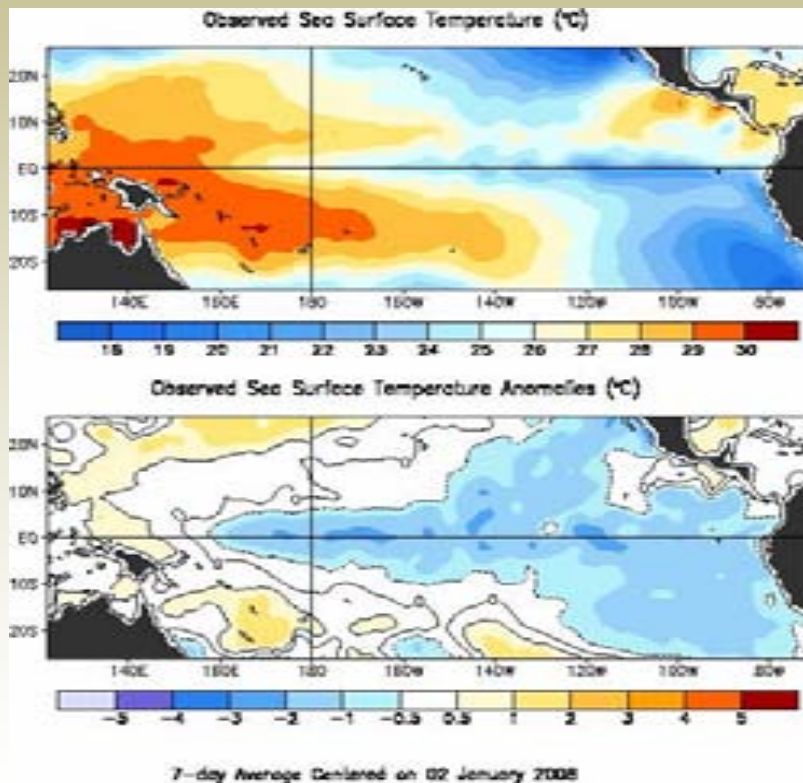
November 2007

November 2006



# 2008 - La Nina?

## Cause

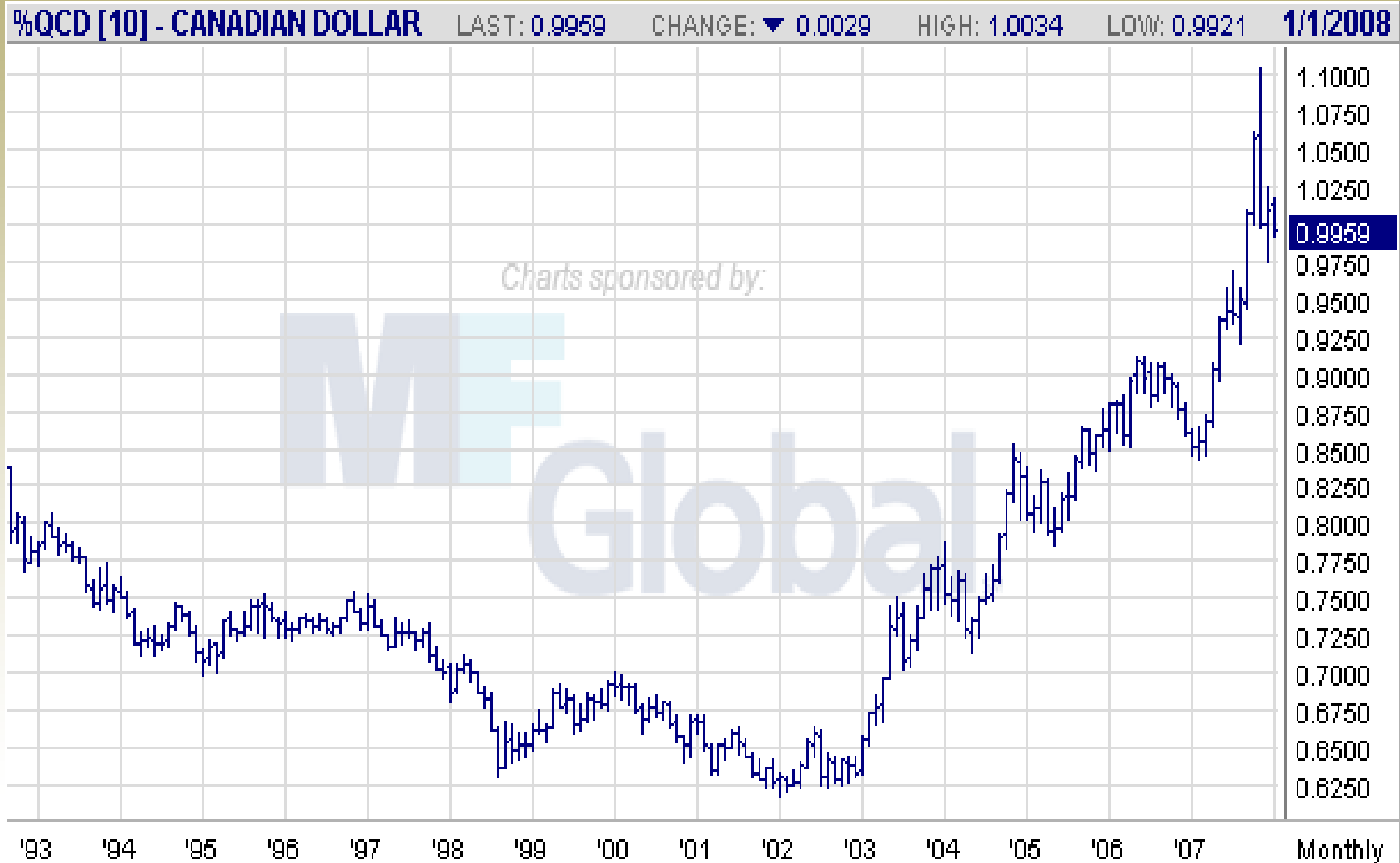


## Effect

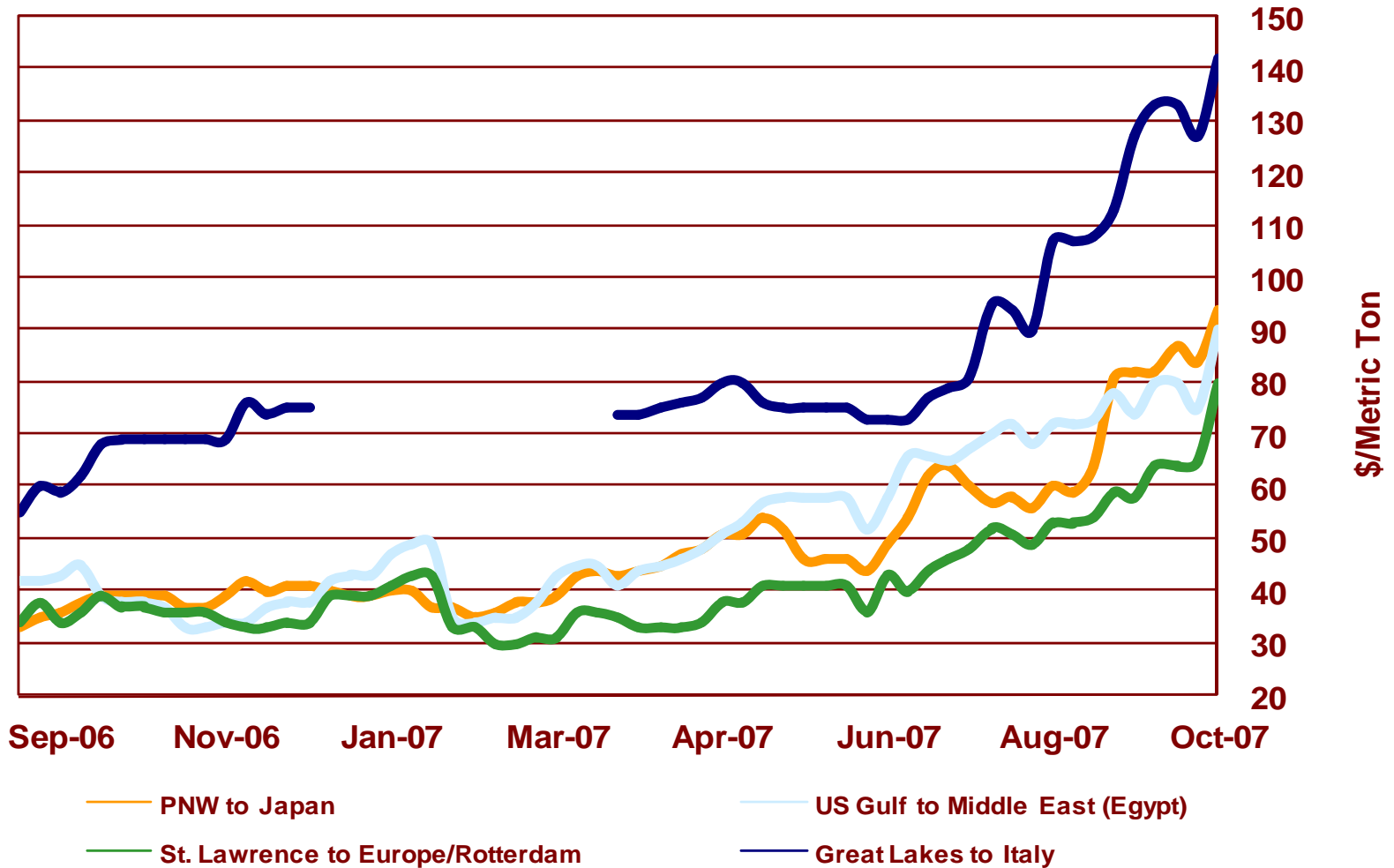
- In a La Nina winter, the Canadian air temperature (especially west of Quebec) tends to be below normal
- Precipitation in southern Canada tends to be above normal
- Poor Canadian prairie wheat harvests often follow La Nina events



# Canadian Dollar



# Ocean Freight



# At home perception needs to change

## The World Thinks:



## Farmers think:



### 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 <sup>†</sup>
Grassy weeds	1- to 6-true-leaf stage, up to 3 tillers

<sup>†</sup> 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

