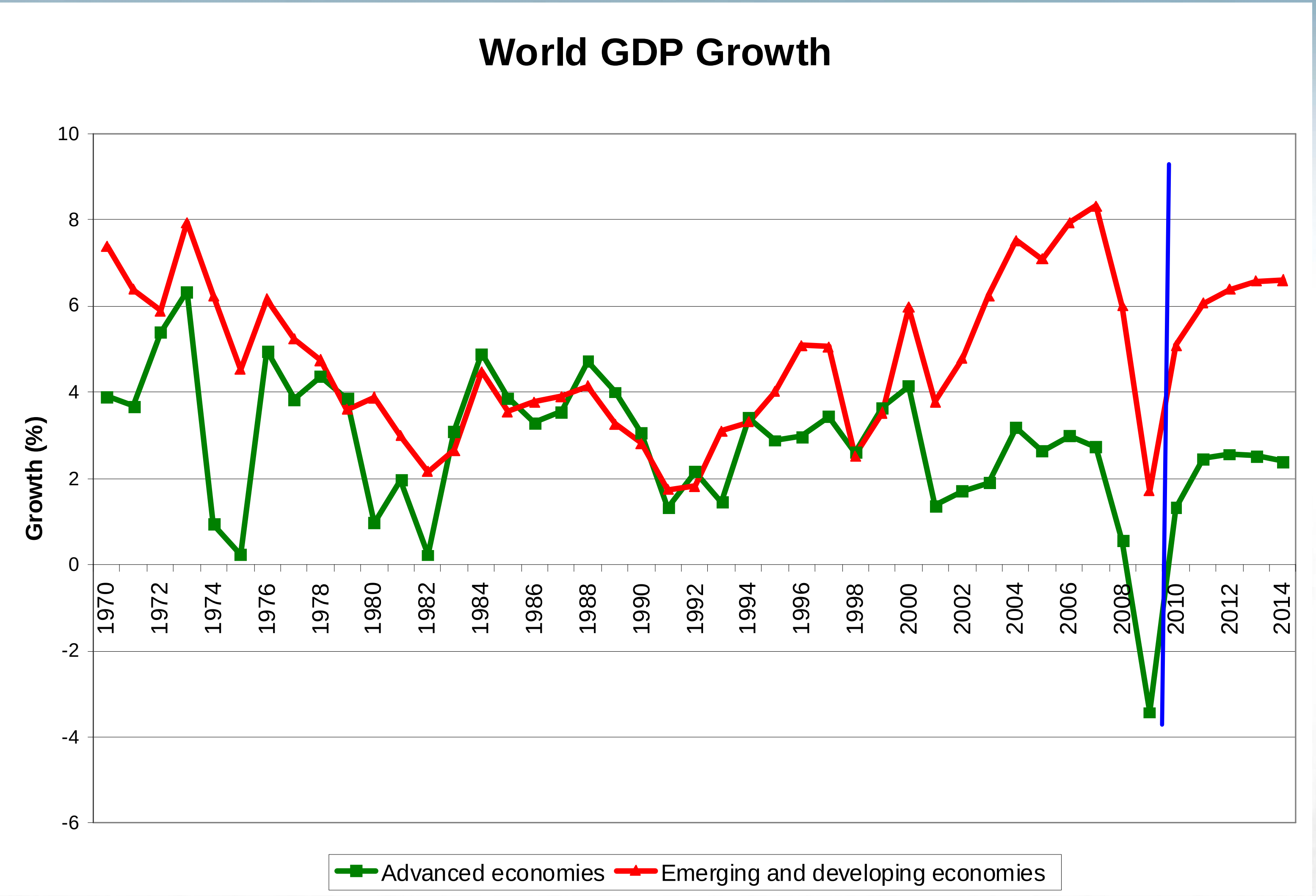
CWB Weather and Market Outlook 2010

Bruce Burnett

Director

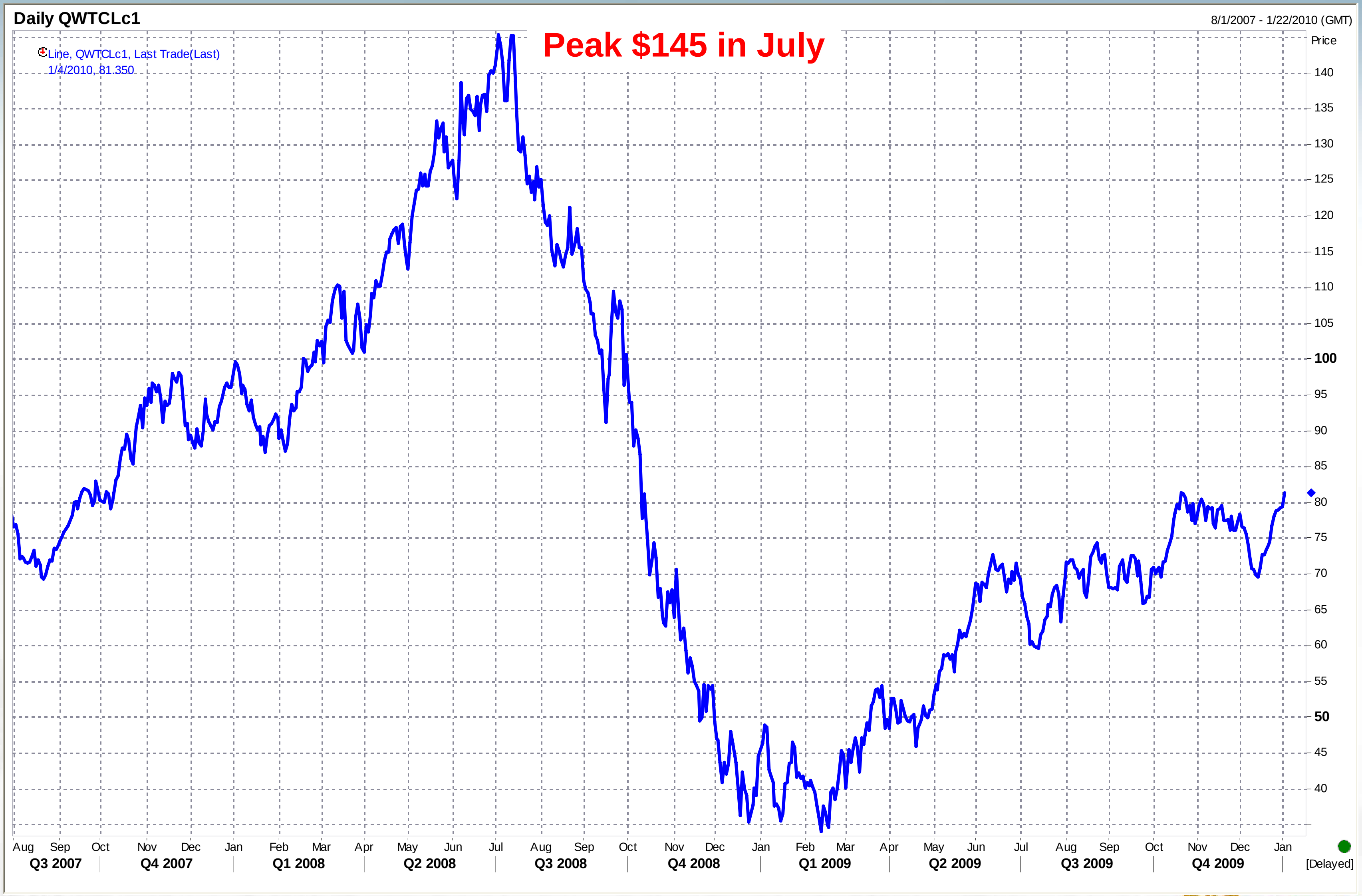
Weather and Market Analysis

World GDP Growth

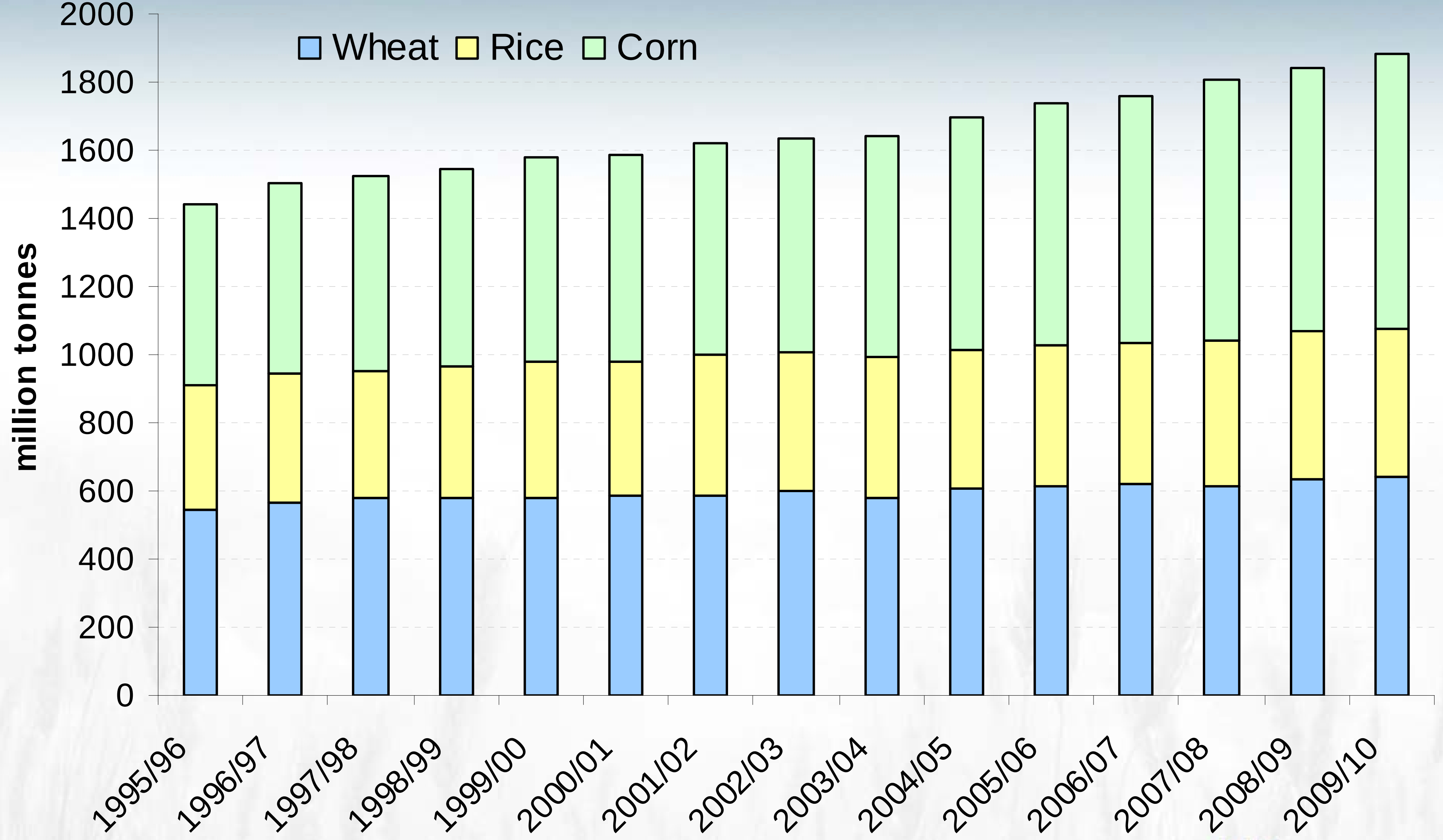


Source: IMF

Crude Oil Prices



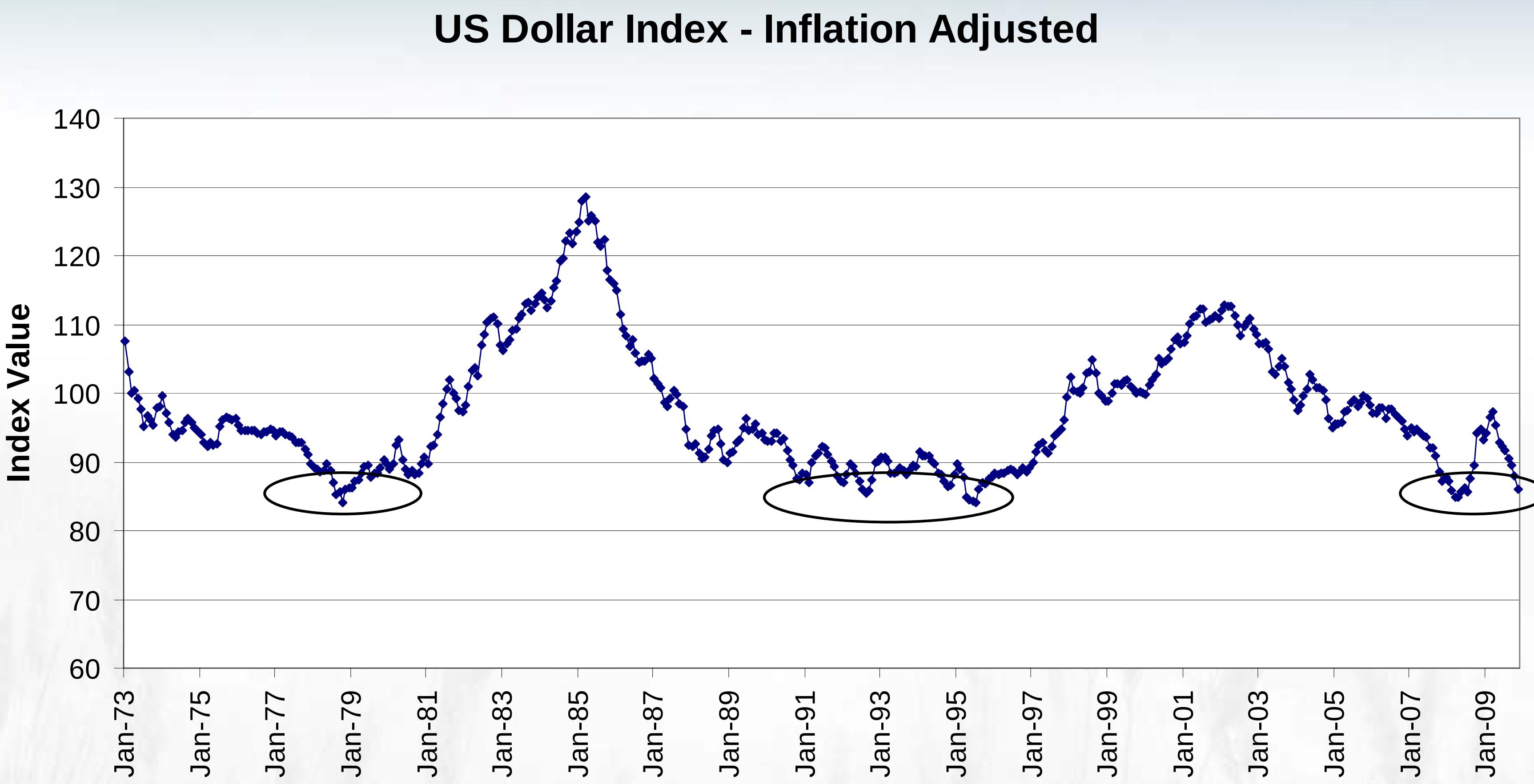
Global Grain Consumption



Source: USDA Nov 09

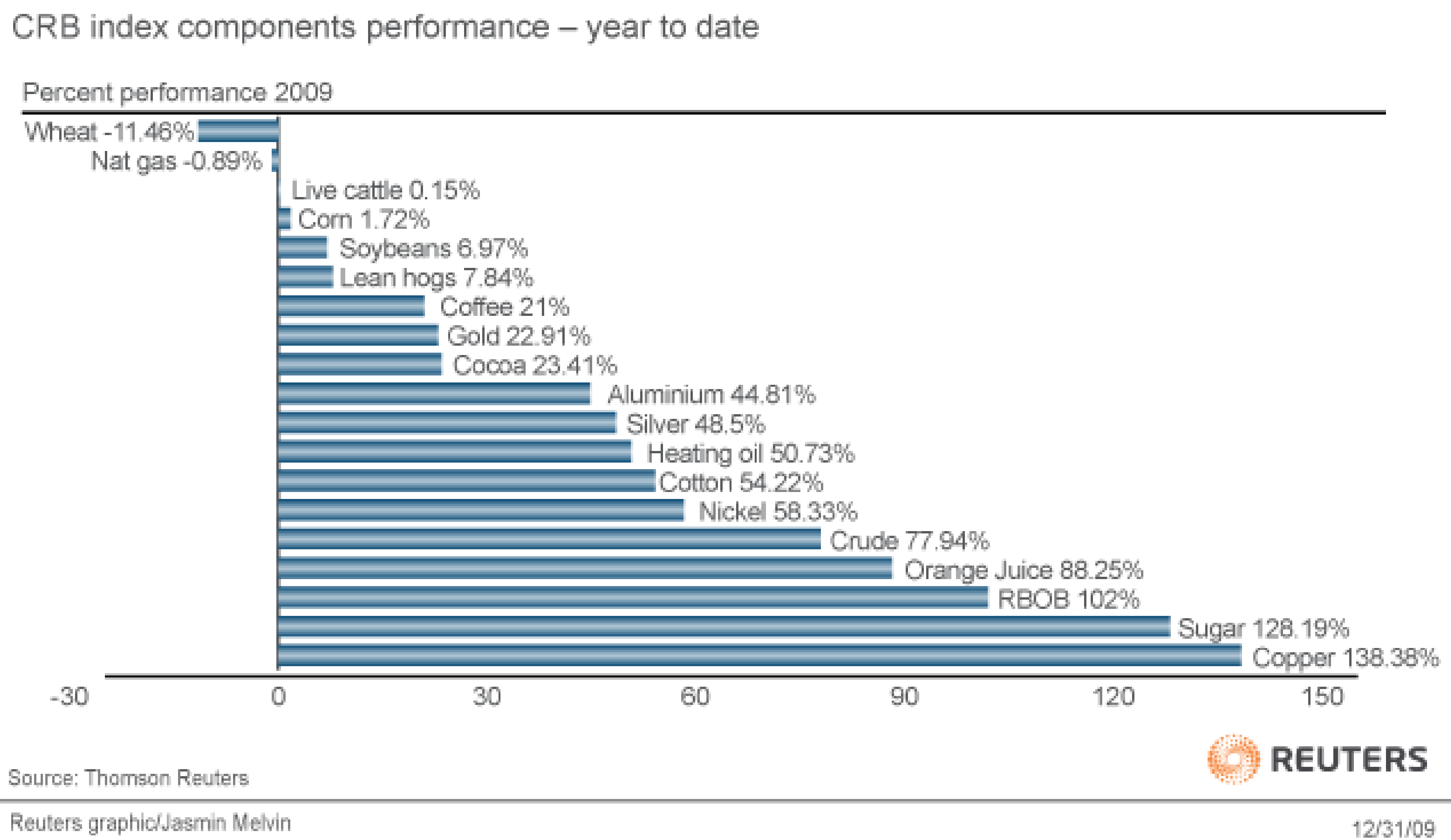
Canadian Dollar

Currencies

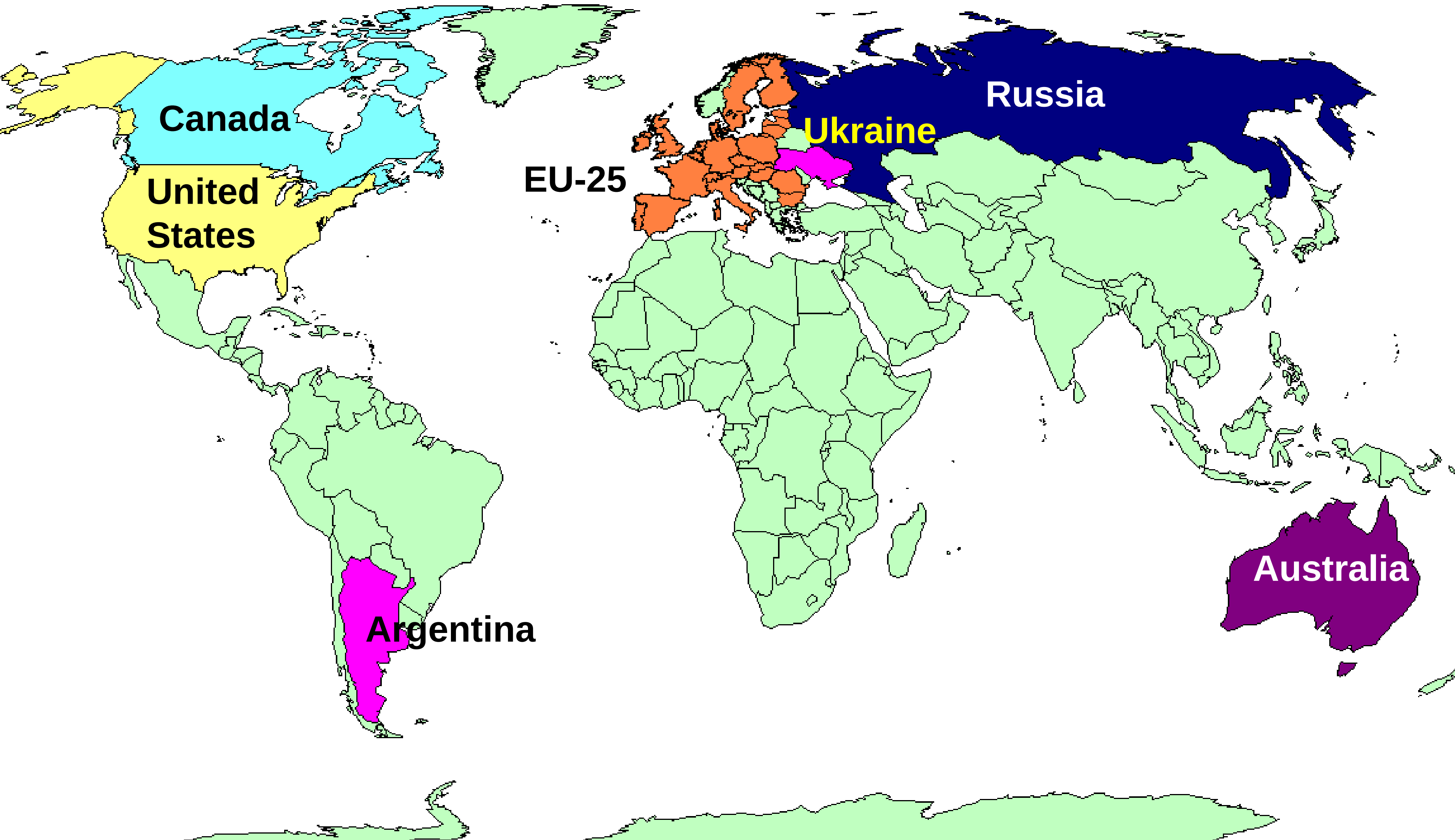


Source: US Federal Reserve

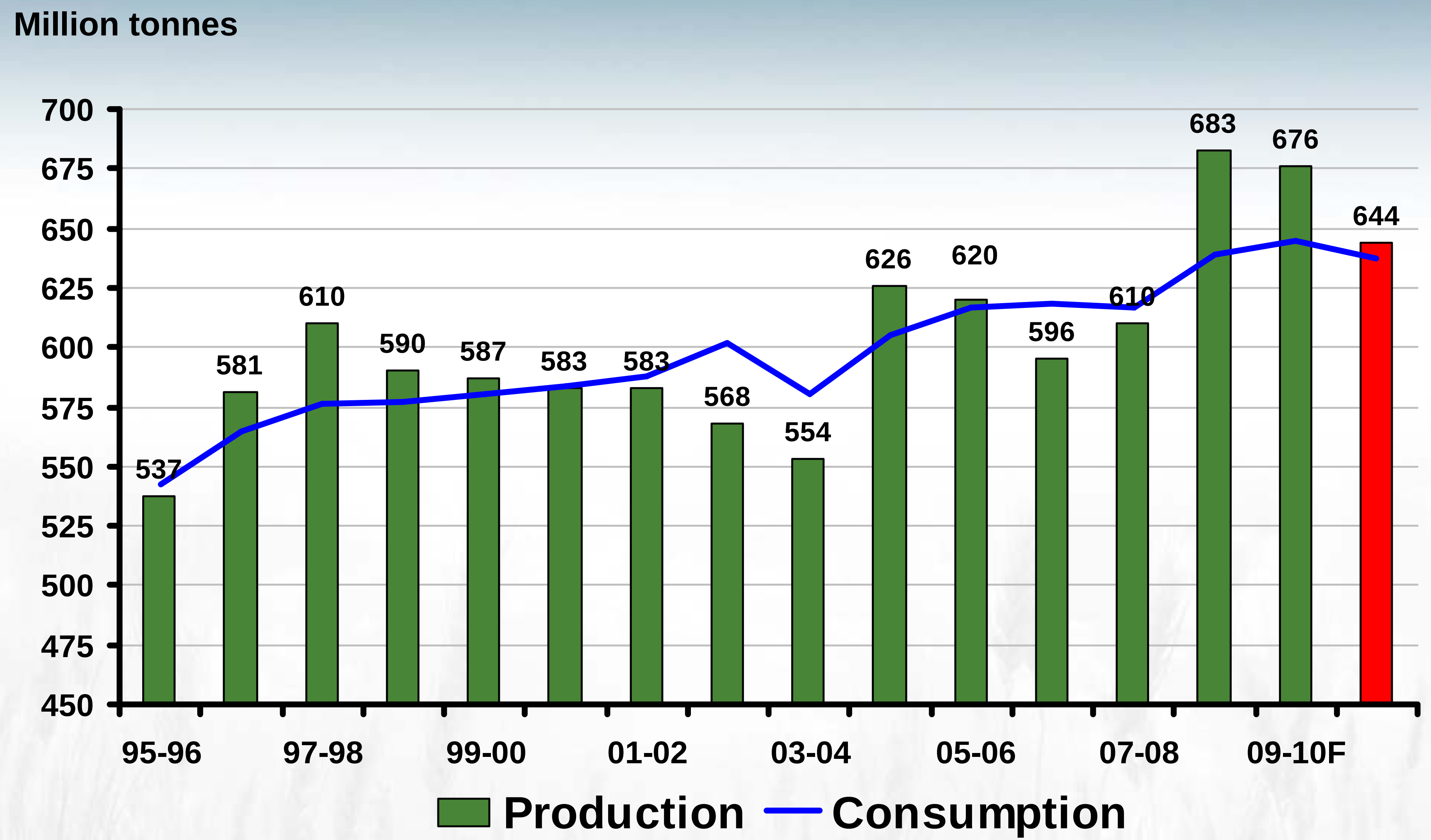
Reuters Jefferies CRB 2009 performance



Big Seven Suppliers



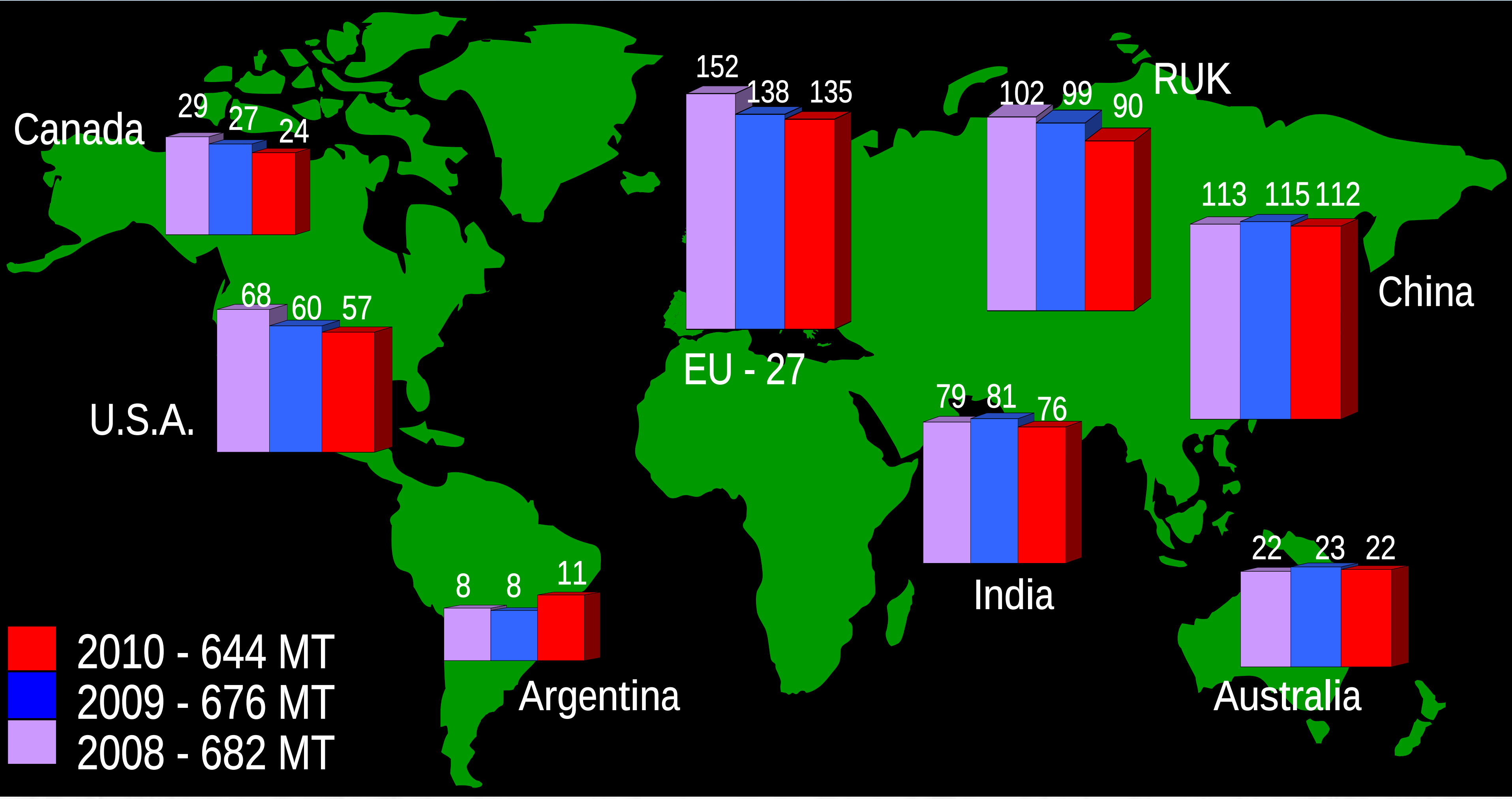
Global wheat production vs. consumption



Source: USDA, CWB - 2010

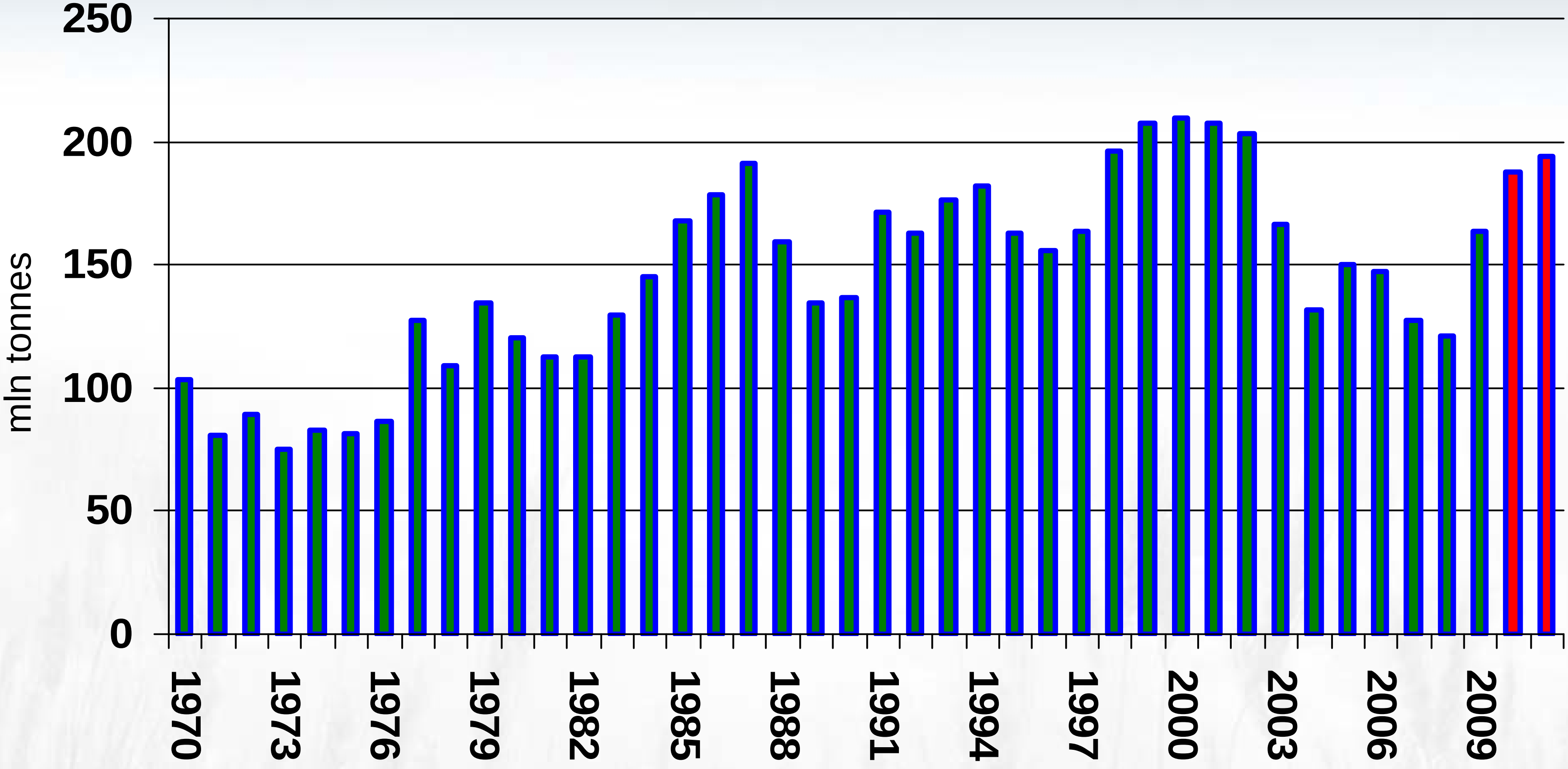
Major Wheat Producers

(million tonnes)



Source: USDA CWB - 2010

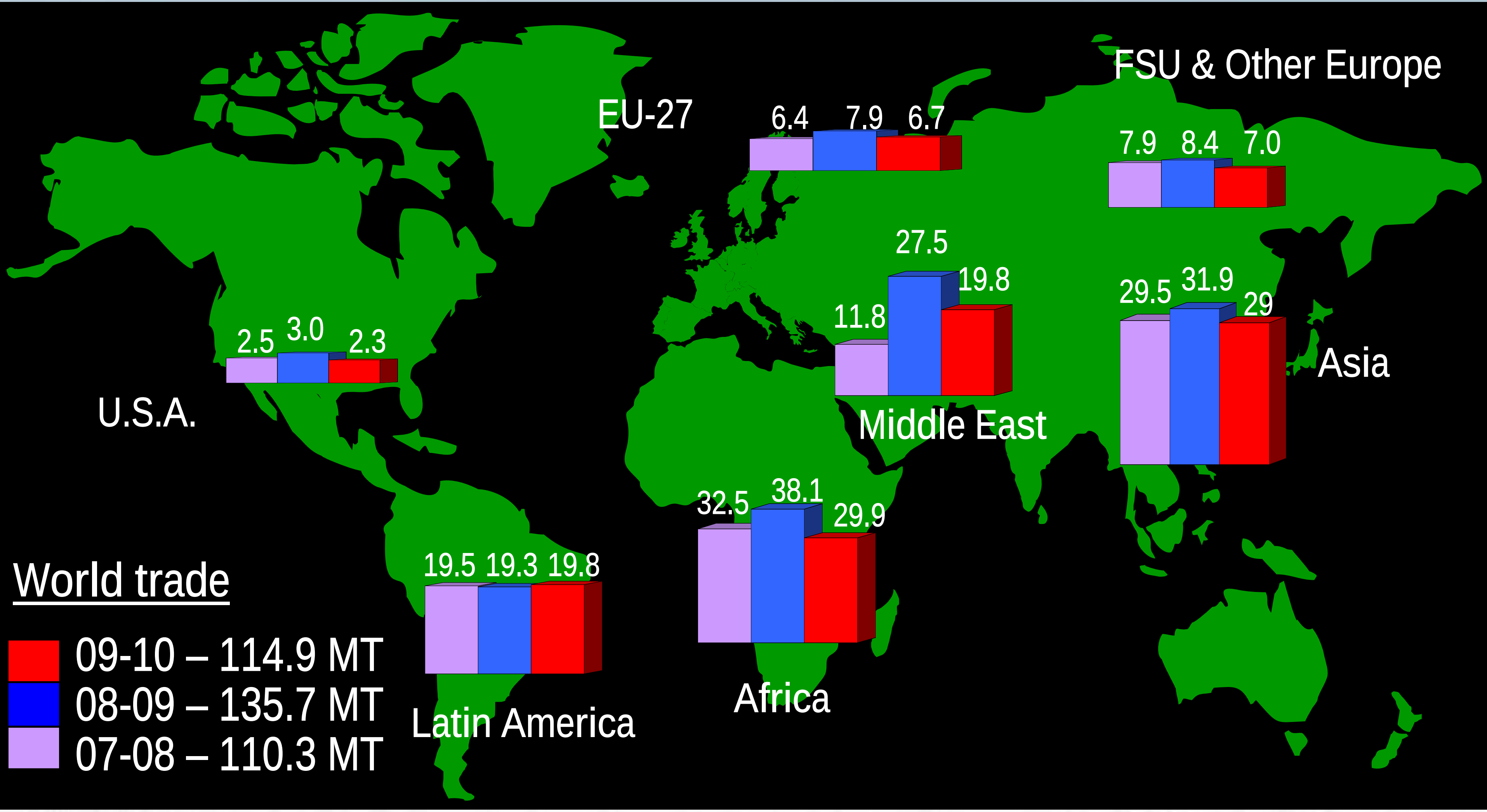
World Wheat Ending Stocks



Source: USDA, 2010 & 2011 - CWB

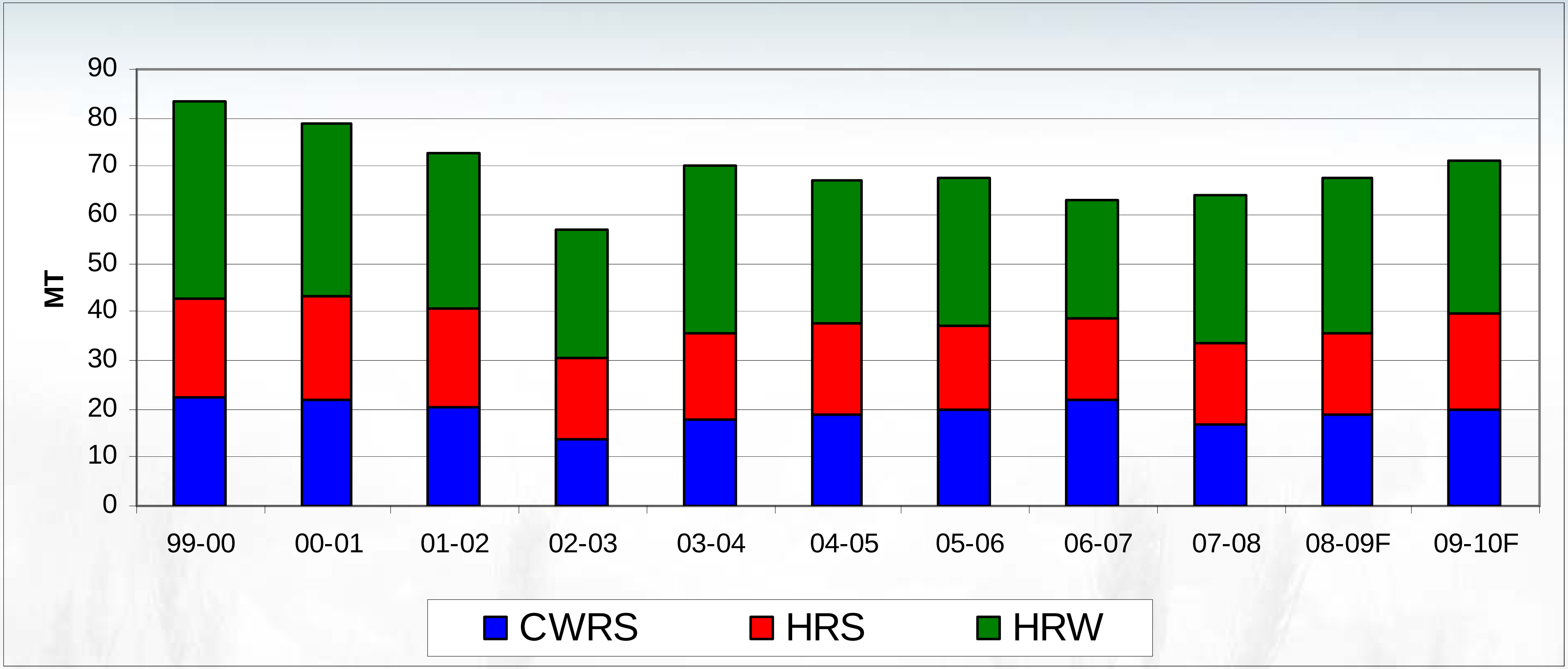
Regional Wheat Import Demand

(million tonnes)



Source: IGC, 2009 - CWB

North American Milling Wheat Supplies



Source: CWRS – CWB; HRW, HRS - USDA

U.S. HRS supply/disposition

(Jun-May) in MT

	2006-07	2007-08	2008-09	2009-10
Area Mac	*13.4*	*12.4*	*12.8*	*12.6*
Carry-in	3.6	3.2	1.9	3.9
Production	11.8	12.2	13.9	14.9
Total Supply	16.7	16.7	17.0	19.9
Domestic Use	6.7	6.6	7.3	7.2
Exports	6.8	8.3	5.7	5.4
Carry-out	3.2	1.9	3.9	7.3

Source: USDA

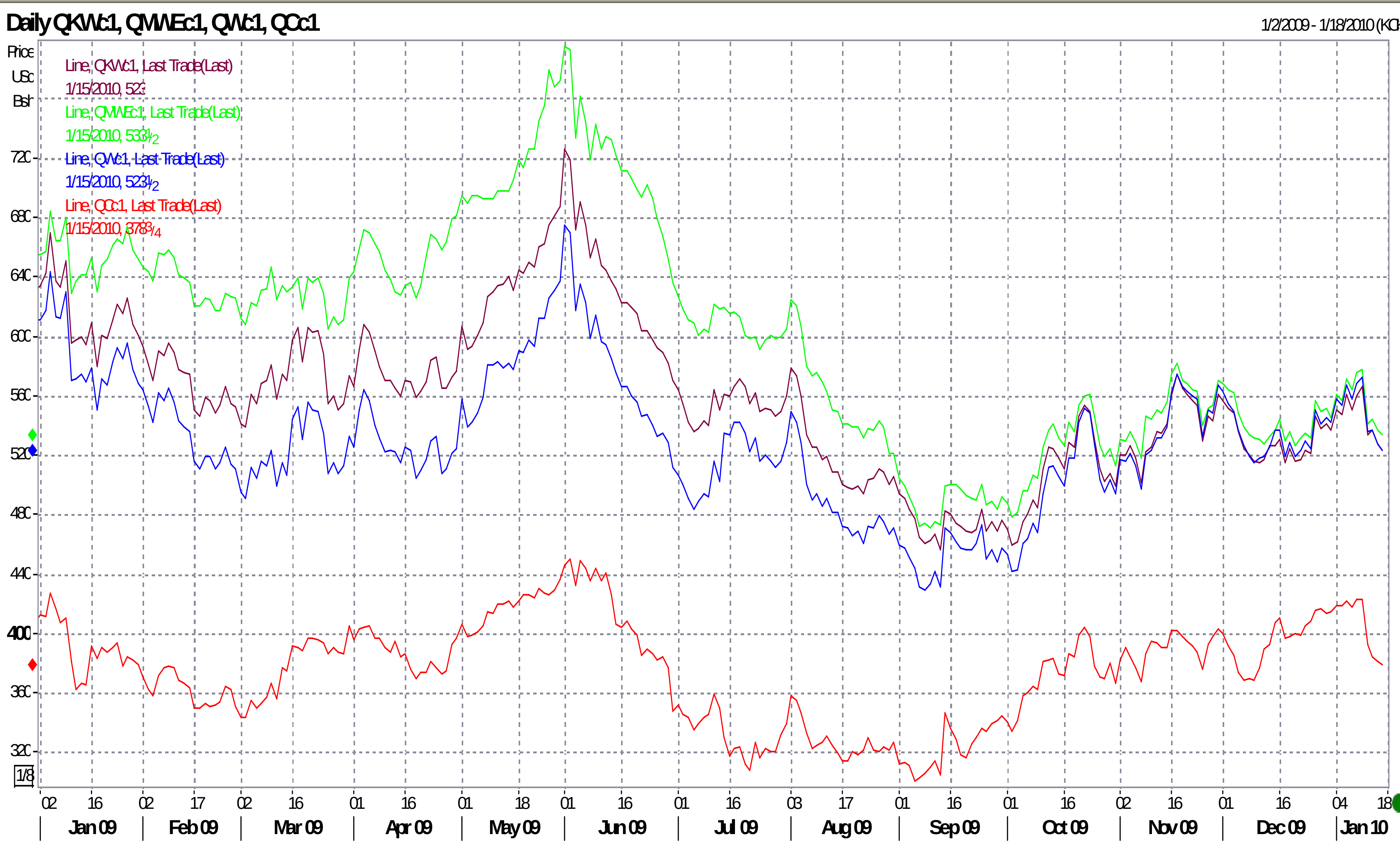
Canadian Wheat supply/disposition

(Aug-July) in MT

	2006-07	2007-08	2008-09	2009-10
Area Mha	*9.7*	*8.6*	*10.0*	*9.8*
Carry-in	9.7	6.9	4.4	6.6
Production	25.3	20.1	28.6	26.6
Total Supply	35.0	26.9	33.0	33.2
Domestic Use	8.7	6.7	7.9	8.0
Exports	19.4	15.9	18.6	18.0
Carry-out	6.9	4.4	6.6	7.2

Source: CWB

Nearby Wheat and Corn Futures 2009



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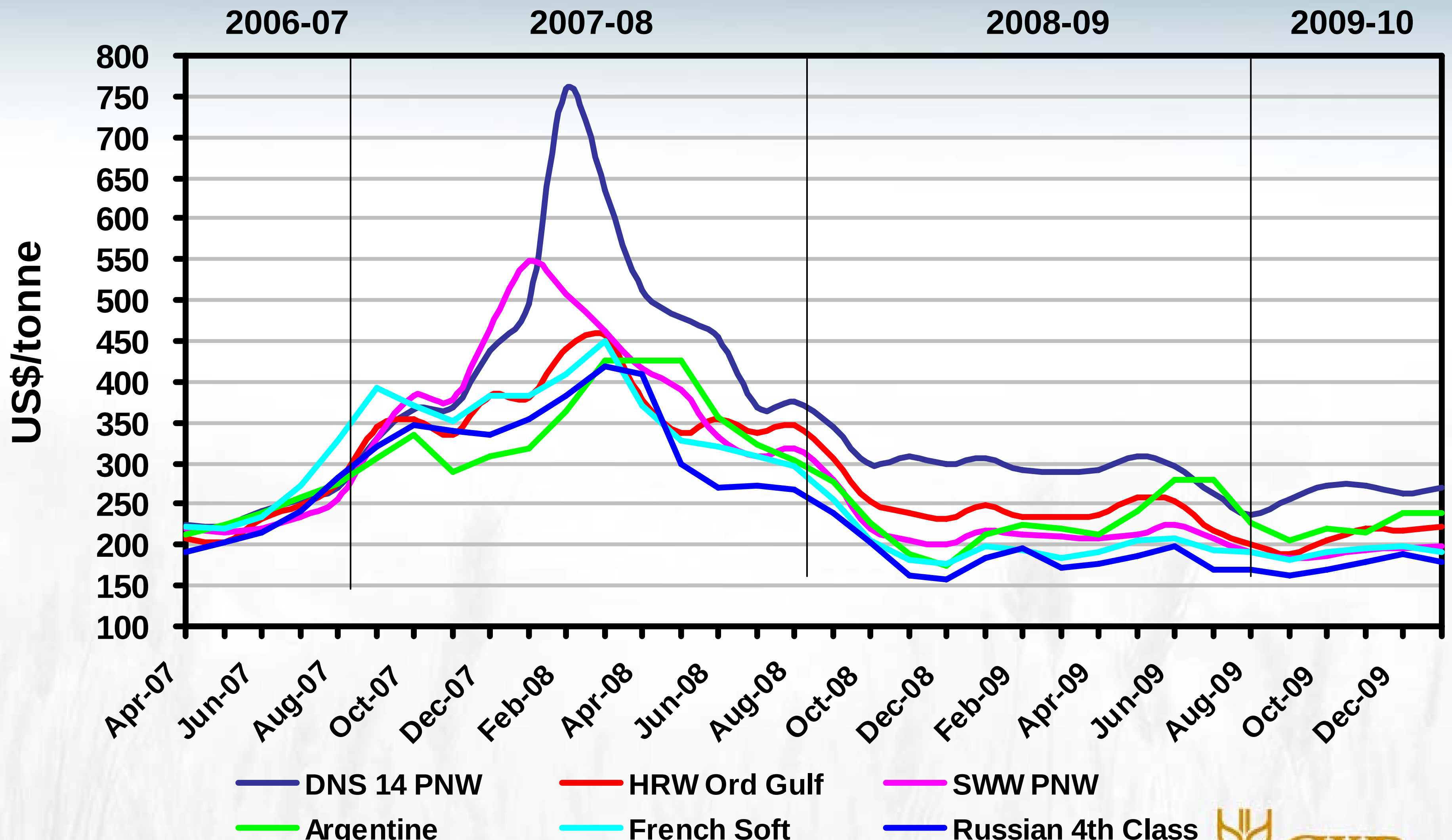
World Wheat Indicator Prices (USD)



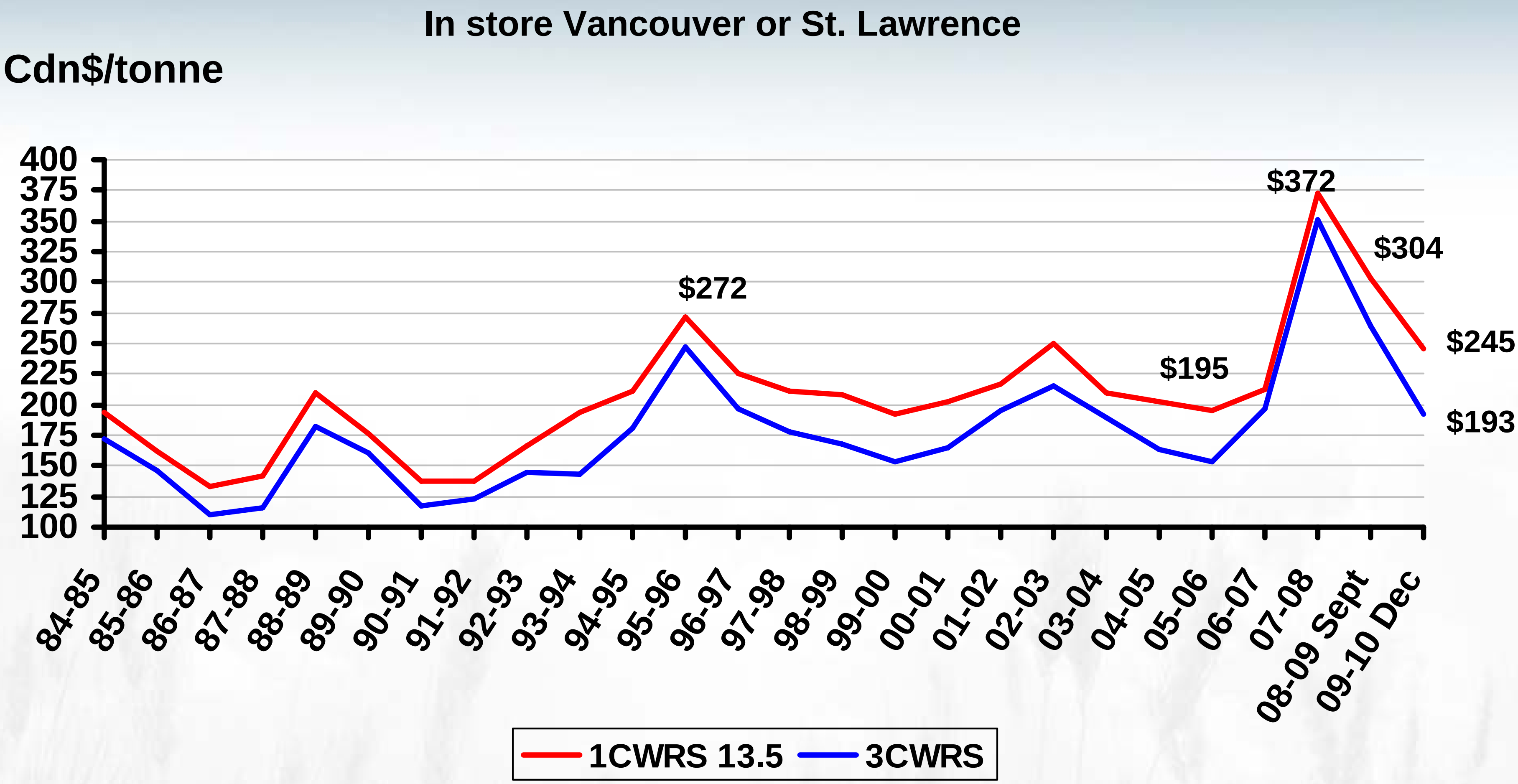
US Winter Wheat Area (mln ac)

	2010	2009	% Change
Total	37.1	40.5	-8.4
HRW	27.8	30.2	-8%
SRW	5.9	7.0	-16%
White	3.3	3.4	-3%

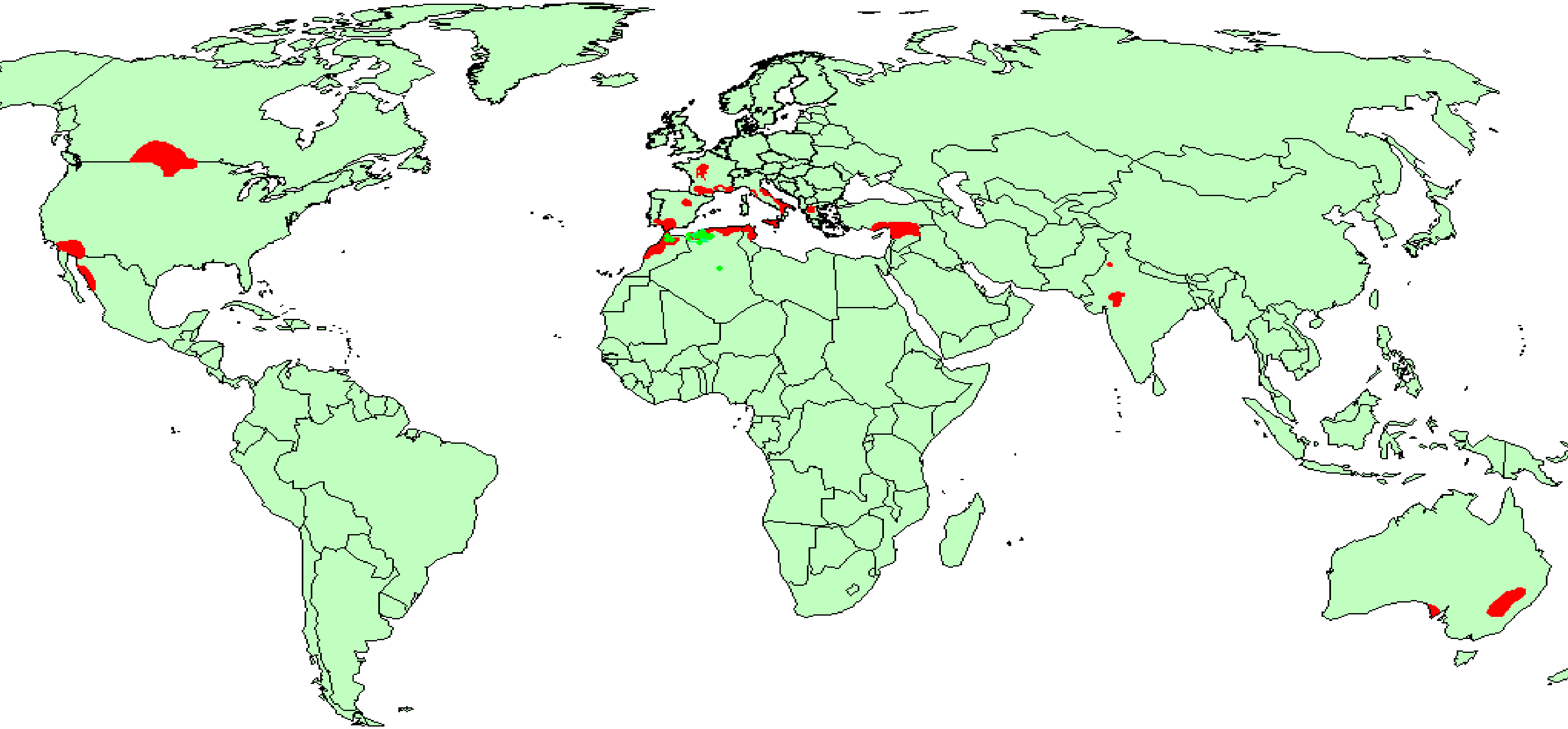
Global Wheat Prospects

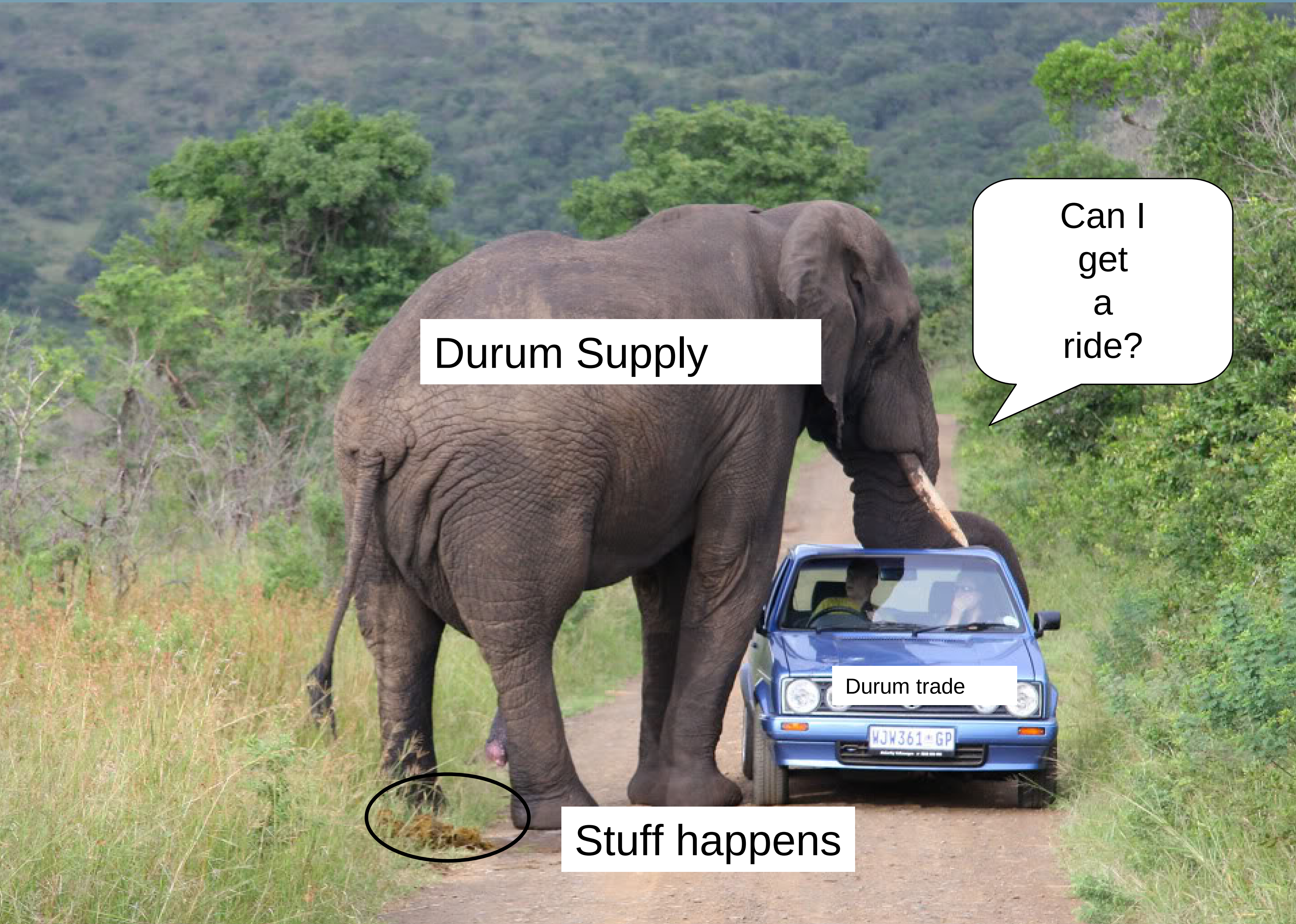
- Adverse weather is needed to tighten stocks and support prices
- Indian wheat areas suffering from lack of subsoil moisture
- US winter wheat area lowest since 1913
- No major winterkill threats in the Northern Hemisphere, despite the recent cold weather

CWRS Pool Returns to Farmers

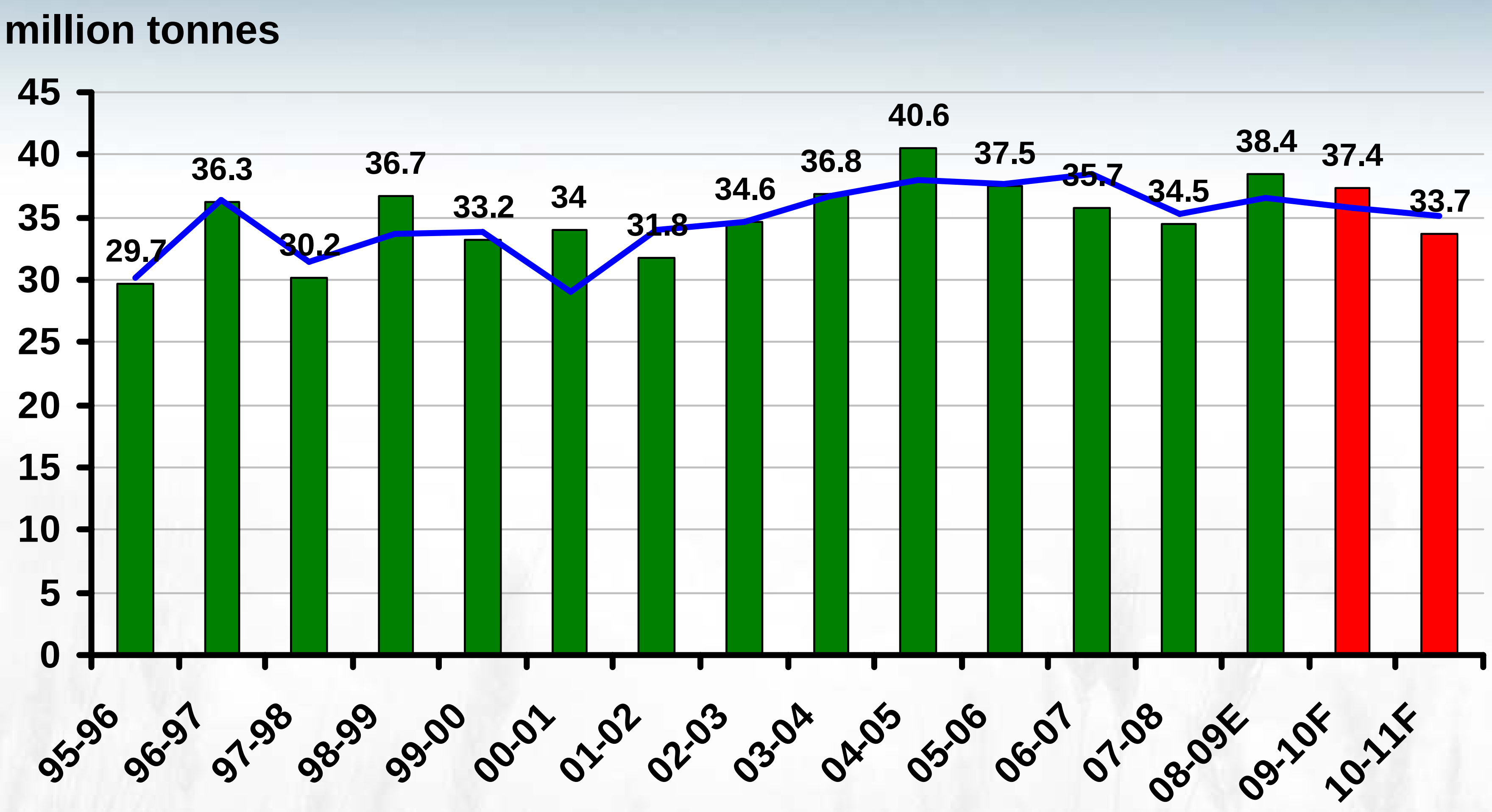


Durum wheat producing regions



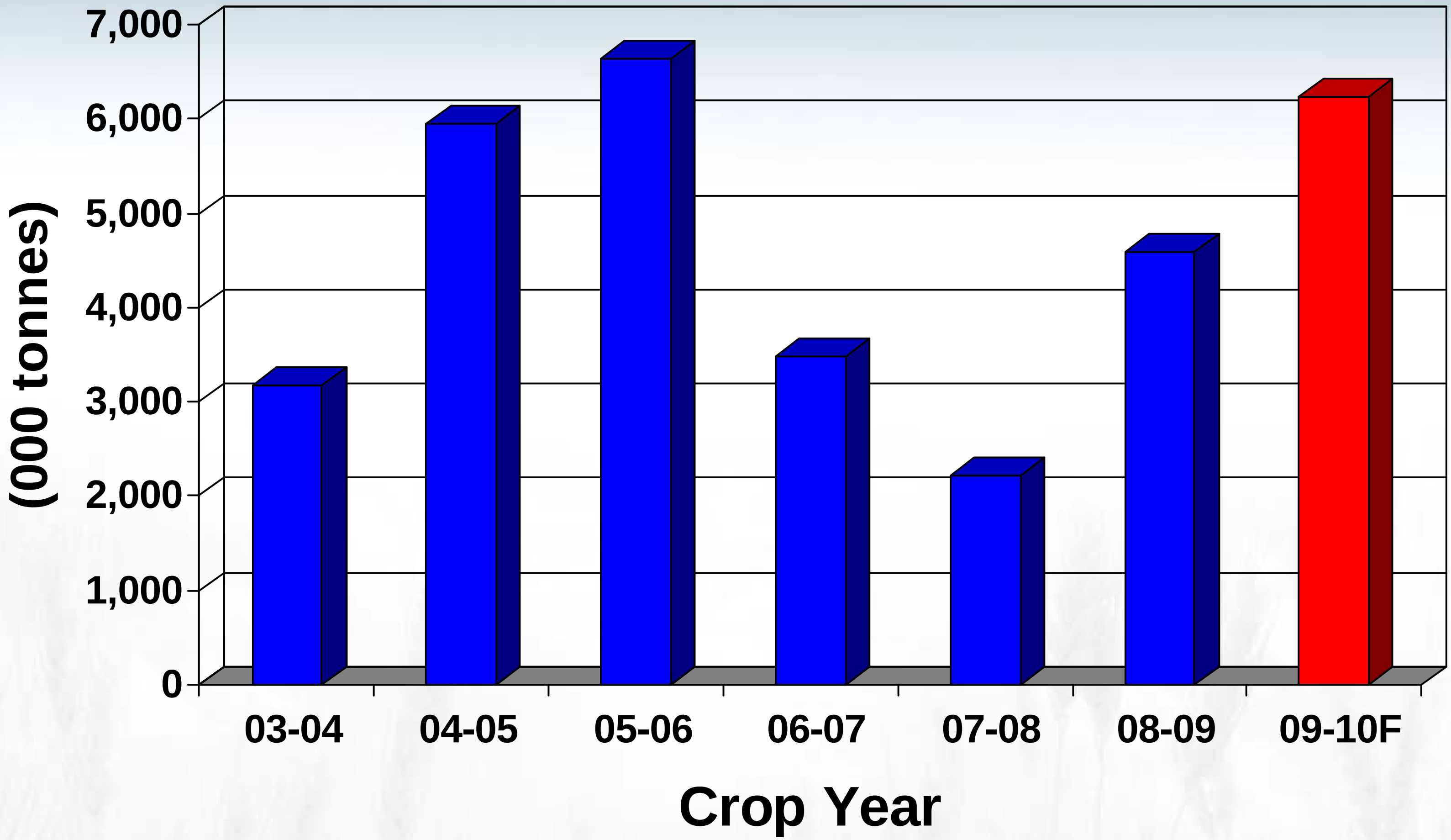

Durum Supply
Can I get a ride?
Durum trade
Stuff happens
WJW361 GP

Global Durum Wheat Production vs. Consumption



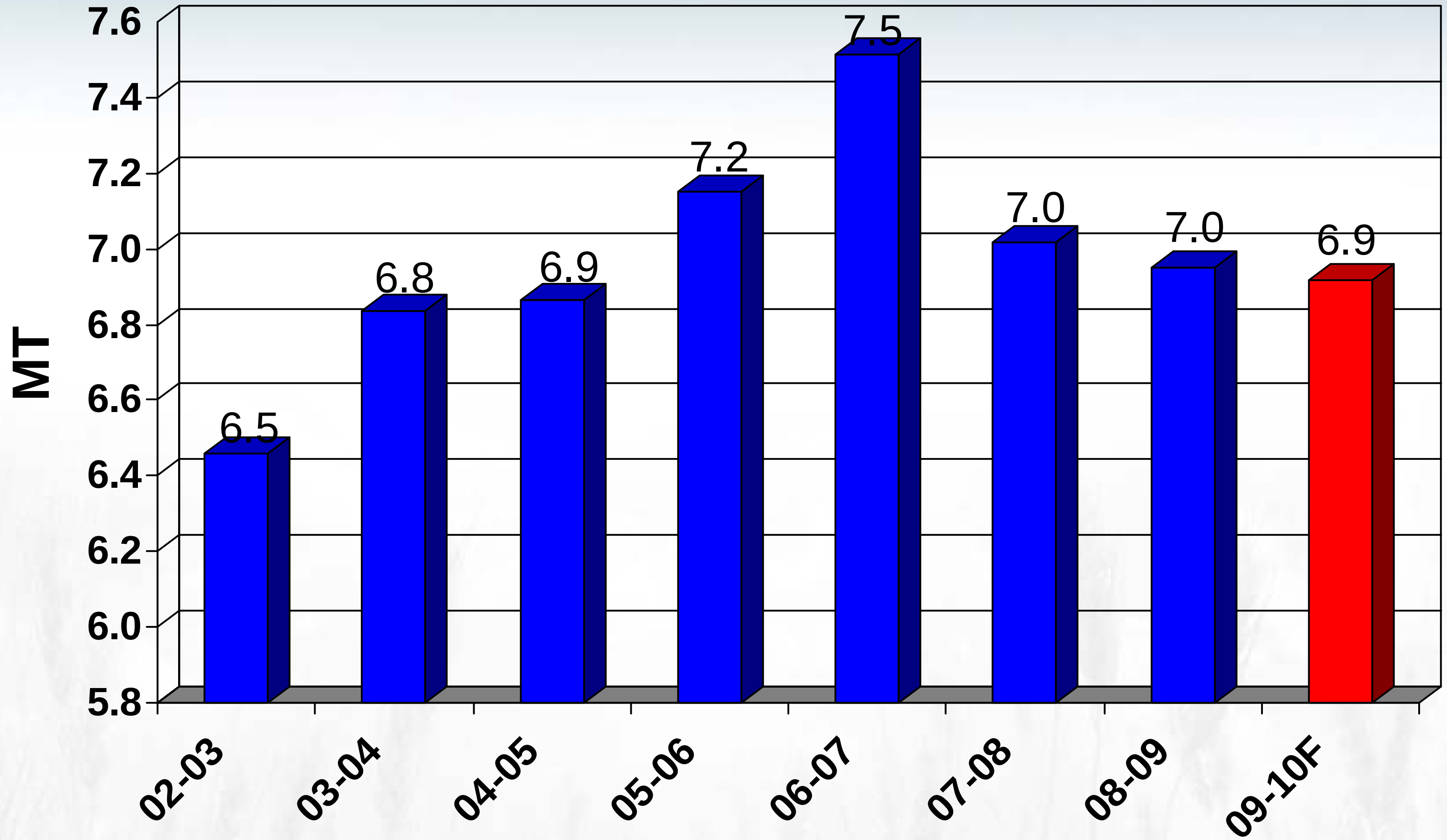
Source: IGC, 2009 & 2010 - CWB

Canada/US/EU-27 Ending Stocks



Source: CWB Nov 09

World Durum Wheat Trade
(excluding semolina trade)

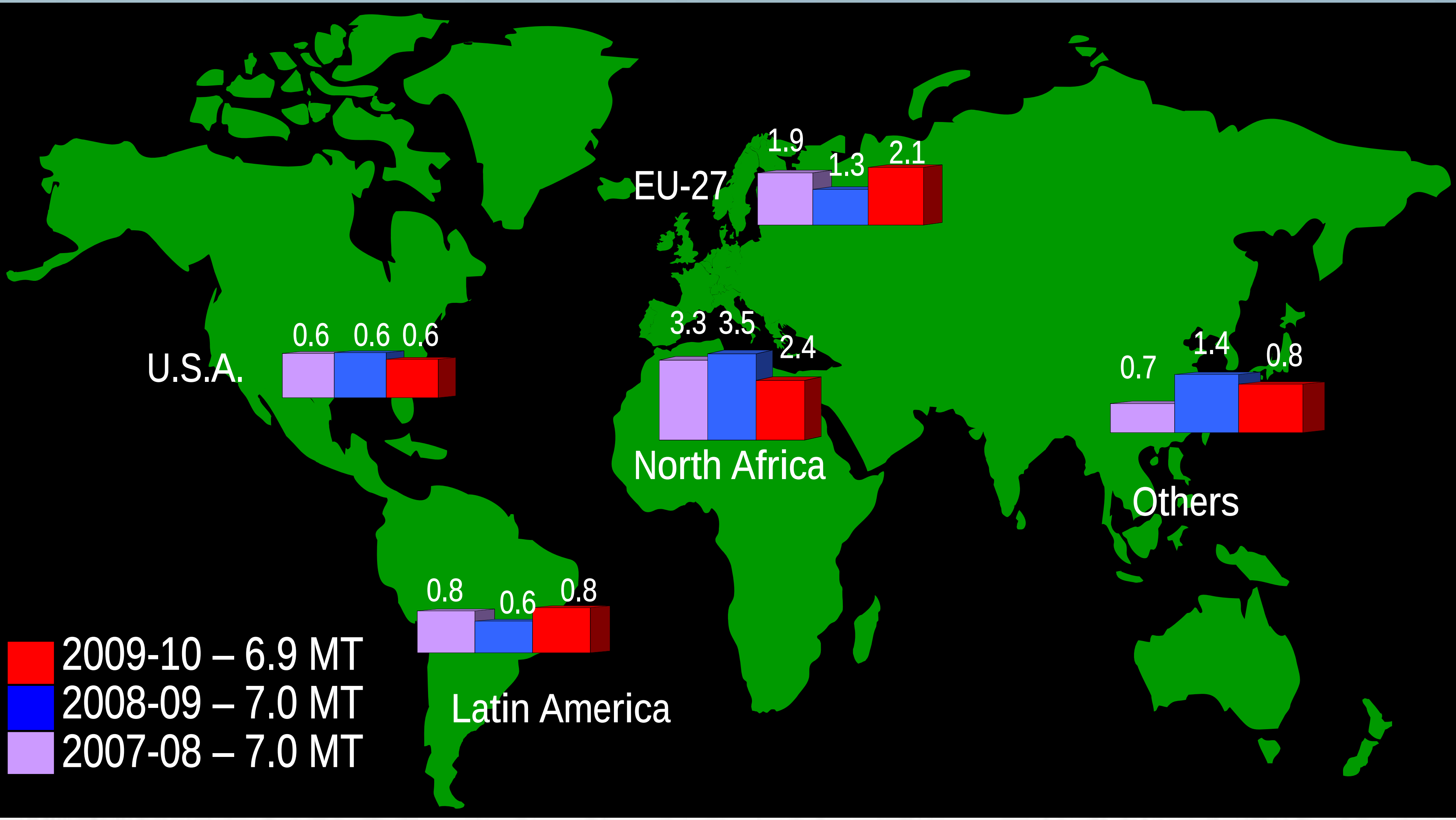


Source: IGC Nov 09, CWB - 2009-10

CWB

Regional Durum Import Demand

(million tonnes, includes semolina)



Source : 2007, 2008 - IGC, 2009 - CWB

Canadian durum supply/disposition
(Aug-July) in MT

	2006-07	2007-08	2008-09	2009-10
Area Mha	*1.5*	*1.9*	*2.4*	*2.2*
Carry-in	3.3	1.3	0.8	1.9
Production	3.3	3.7	5.5	5.5
Total Supply	6.6	4.9	6.3	7.4
Domestic Use	0.9	0.9	0.8	0.9
Exports	4.5	3.2	3.6	3.7
Carry-out	1.3	0.8	1.9	2.8

Source: CWB

Durum Scenarios -2008

Yield

bu/ac

Sown Area

mln ac

Production

	25	27.5	30	32.5	35
4.0	2.69	2.96	3.23	3.50	3.77
4.5	3.03	3.33	3.64	3.94	4.24
5.0	3.37	3.70	4.04	4.38	4.72
5.5	3.70	4.08	4.45	4.82	5.19
6.0	4.04	4.45	4.85	5.25	**5.66**

Stocks

	25	27.5	30	32.5	35
4.0	-0.86	-0.59	-0.32	-0.06	0.21
4.5	-0.53	-0.22	0.08	0.38	0.69
5.0	-0.19	0.15	0.48	0.82	1.16
5.5	0.15	0.52	0.89	1.26	1.63
6.0	0.48	0.89	1.29	1.70	**2.10**

Durum Scenarios -2009

Yield

bu/ac

Sown Area

mln ac

Production

	25	27.5	30	32.5	35
4.0	2.69	2.96	3.23	3.50	3.77
4.5	3.03	3.33	3.64	3.94	4.24
5.0	3.37	3.70	4.04	**4.38**	4.72
5.5	3.70	4.08	4.45	4.82	5.19
6.0	4.04	4.45	4.85	5.25	5.66

Stocks

	25	27.5	30	32.5	35
4.0	0.13	0.40	0.67	0.94	1.21
4.5	0.47	0.77	1.08	1.38	1.68
5.0	0.81	1.14	1.48	**1.82**	2.16
5.5	1.14	1.52	1.89	2.26	2.63
6.0	1.48	1.89	2.29	2.69	3.10

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Durum Scenarios -2010

Yield

bu/ac

Sown Area

mln ac

Production

	25	**27.5**	**30**	**32.5**	**35**
4.0	2.69	2.96	3.23	3.50	3.77
4.5	3.03	3.33	3.64	3.94	4.24
5.0	3.37	3.70	4.04	**4.38**	4.72
5.5	3.70	4.08	4.45	4.82	5.19
6.0	4.04	4.45	4.85	5.25	5.66

Stocks

	25	27.5	30	32.5	35
4.0	0.95	1.22	1.49	1.76	2.03
4.5	1.29	1.59	1.90	2.20	2.50
5.0	1.63	1.96	2.30	2.64	2.98
5.5	1.96	2.34	2.71	3.08	3.45
6.0	2.30	2.71	3.11	3.51	3.92

US Durum S&D
(June-May) in MT

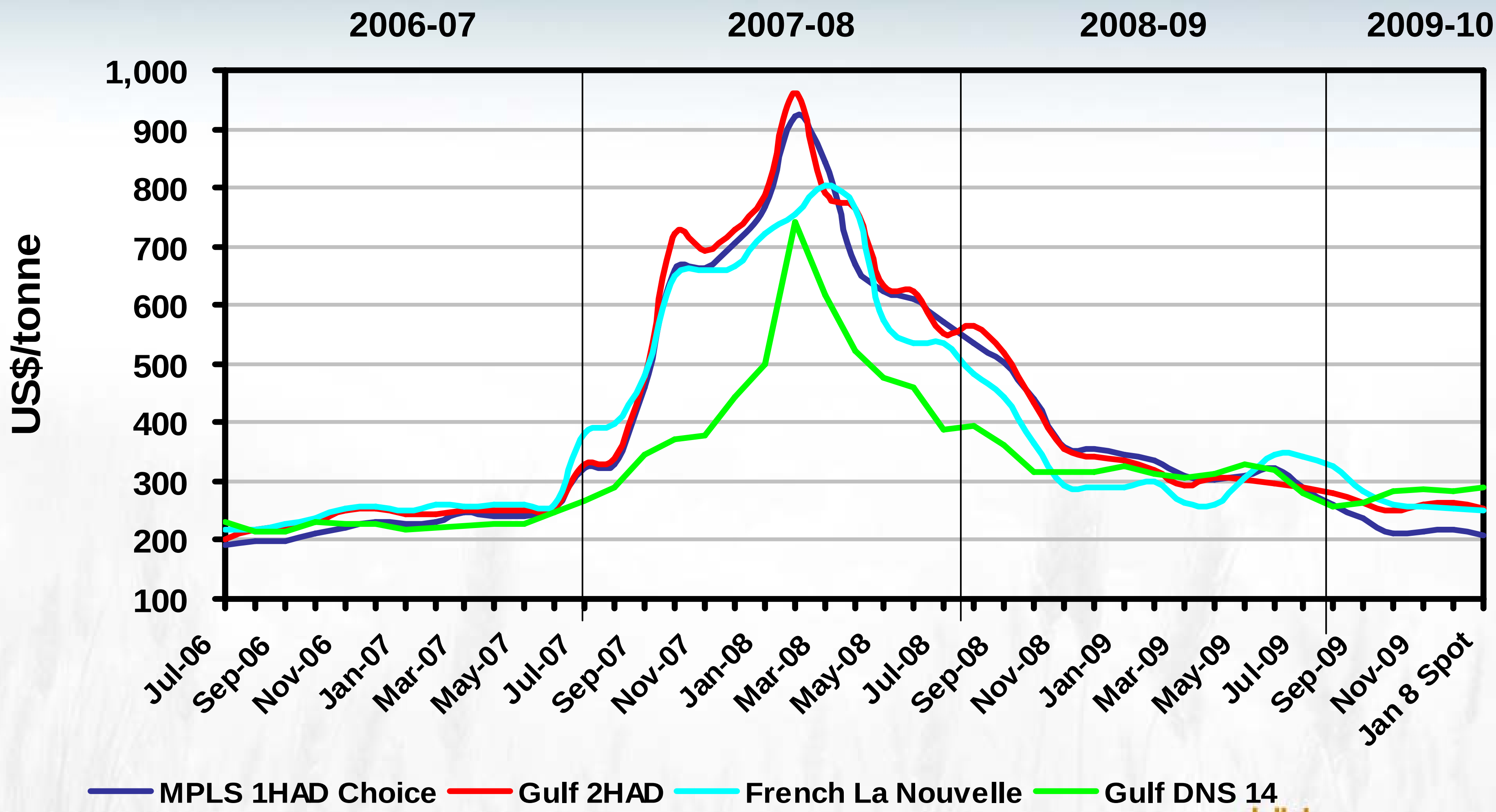
	2006-07	2007-08	2008-09	2009-10
Area Mha	*0.734*	*0.858*	*1.046*	*1.020*
Carry-in	1.1	0.6	0.2	0.7
Production	1.5	2.0	2.3	3.0
Imports	1.1	1.1	1.0	1.1
Total Supply	3.6	3.6	3.5	4.7
Domestic Use	2.1	2.3	2.2	2.3
Exports	1.0	1.1	0.6	1.4
Carry-out	0.6	0.2	0.7	1.1

Source: USDA

Durum Exports Aug 1 – Dec 31

	US	Canada
	000 T	**000 T**
EU	237	488
Algeria	119	149
Morocco	73	280
Tunisia	35	95
Turkey	38	0
Venezuela	6	159
Others	102	362
Total	610	1533

World Durum Indicator Prices (USD)



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Key Market Factors 2010-11

- Durum outlook heavy.
- North American durum area forecast down
  - US could be flat, encouraged by Marketing Loan Program and Deficiency payment
  - Canada durum seeding expected lower (full bins and low price)
- EU durum area expected slightly lower
- North Africa received good rains and crops are in good shape
-
- Freight rate and global economic recovery
- US$ trend?

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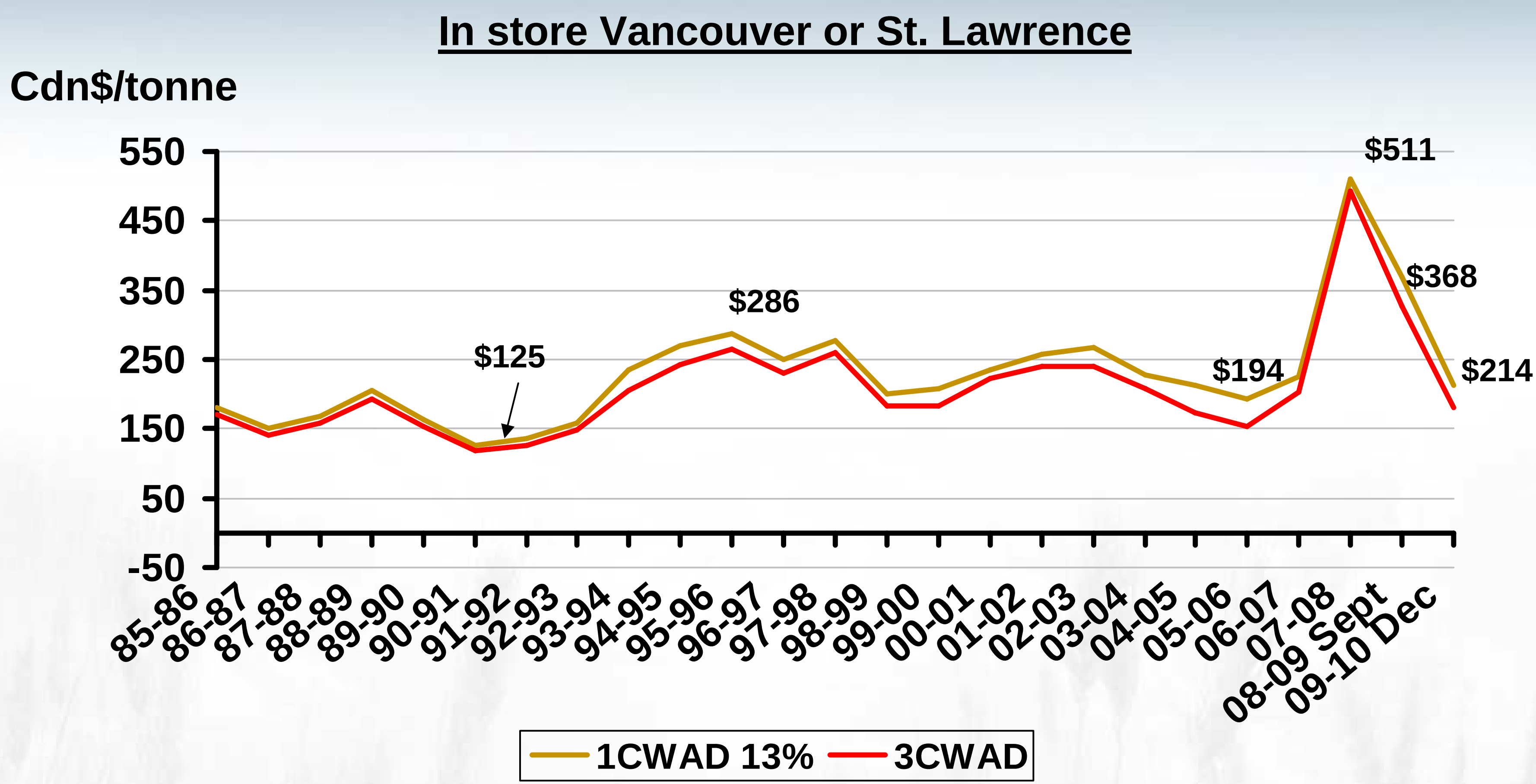
Durum Wheat Pool Returns to Farmers



Ethanol Demand

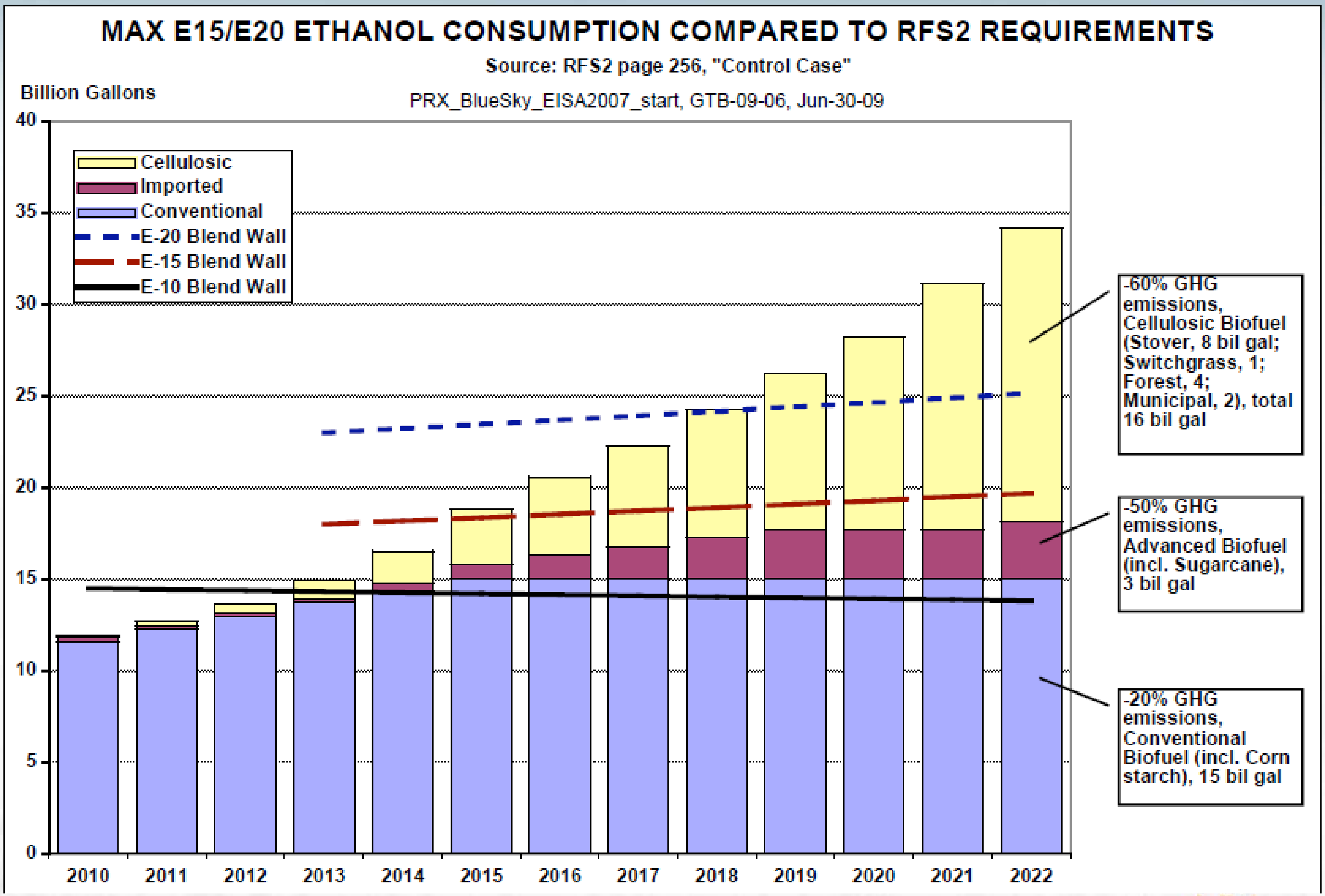
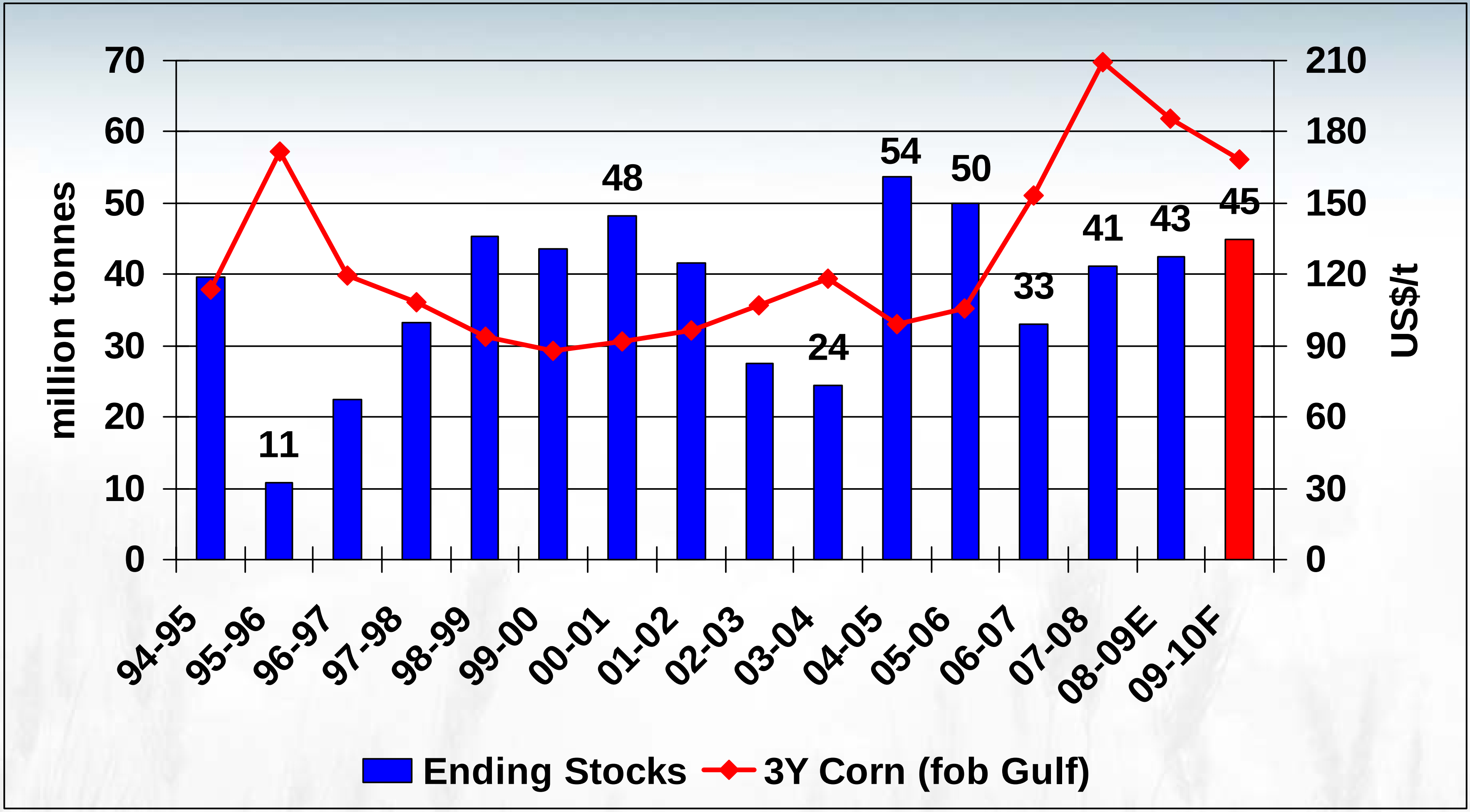


Chart provided by Pro Exporter

U.S. Corn Situation



Source: USDA; 2009-10 CWB estimate

09-10 3Y Corn = Dec 10 2009 value Corn (fob Gulf)

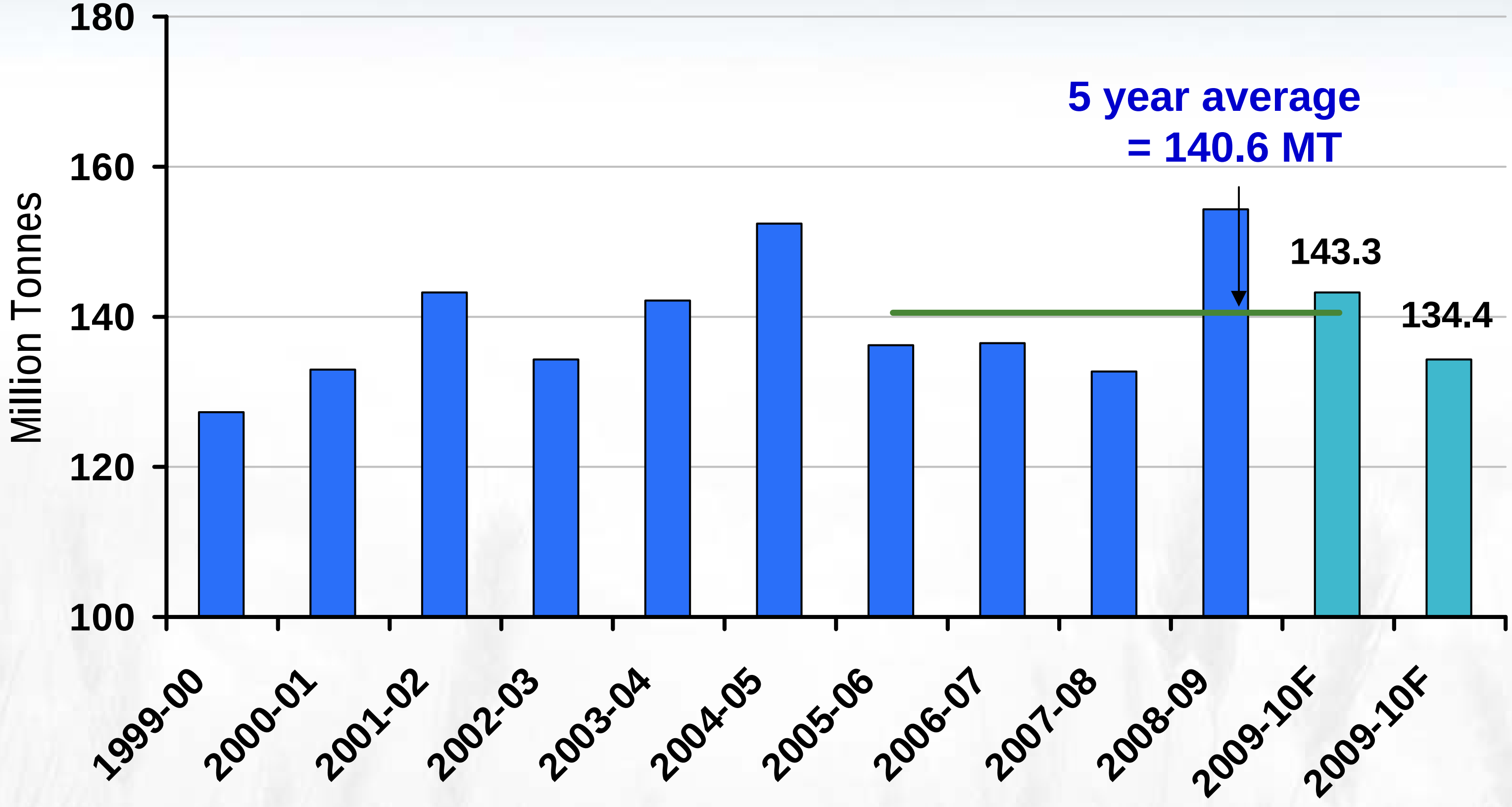
US Corn Supply/Disposition
(Sept/August)

	2007-08	2008-09	2009-10
Carry-in	33.1	41.3	42.5
Production	331.1	307.4	334.1
Total supply	364.8	349.0	376.8
Domestic use	261.7	259.3	279.2
feed	150.8	132.9	141.0
food	34.7	32.4	32.5
ethanol	76.2	94.0	106.7
Exports	61.9	47.2	52.1
Carryout	41.3	42.5	44.8

Source: USDA

World Barley Production

Million tonnes



Source: USDA, 2009 - CWB

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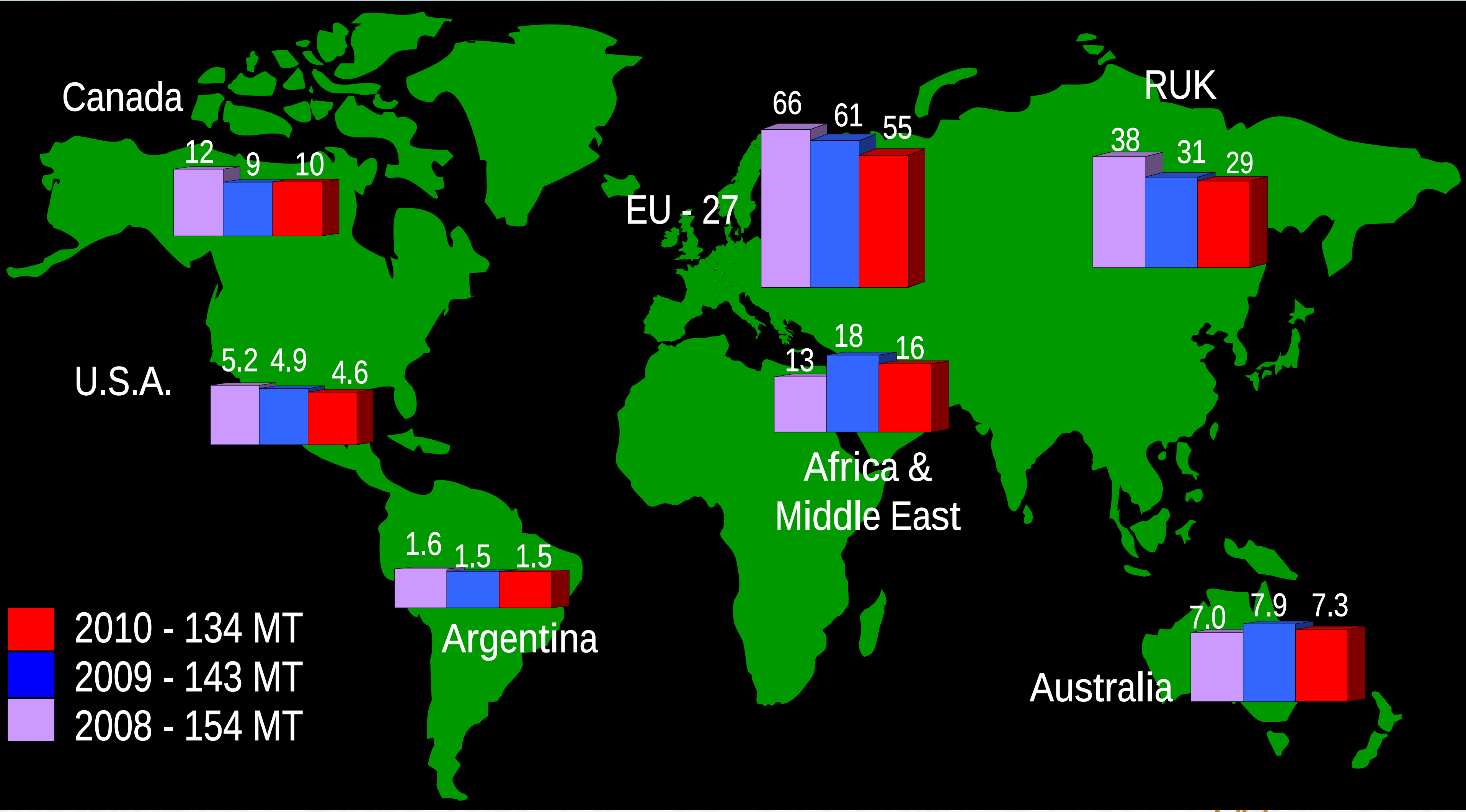
Major Barley Producers

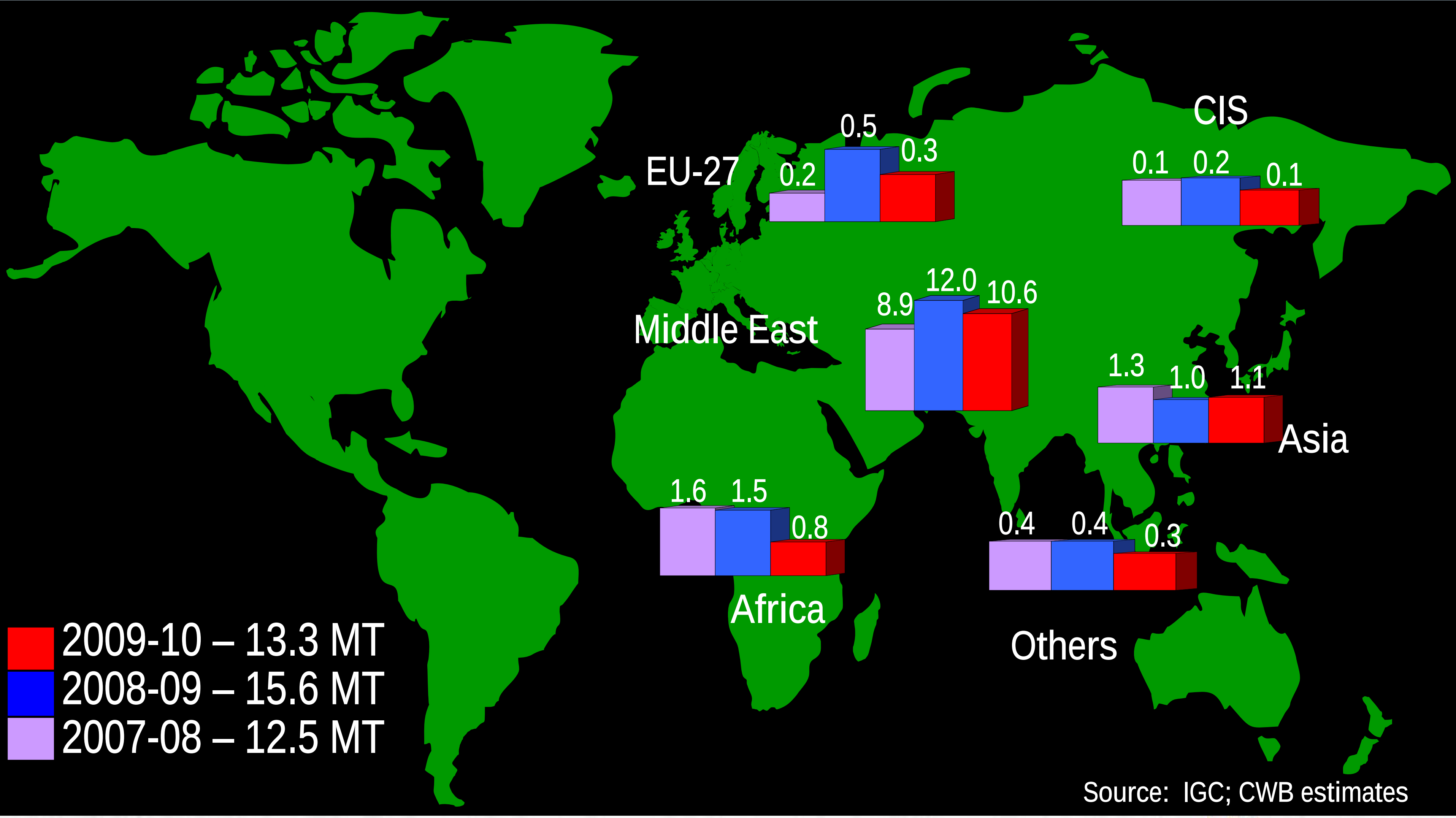
(million tonnes)



Source: USDA, 2009 & 2010 - CWB

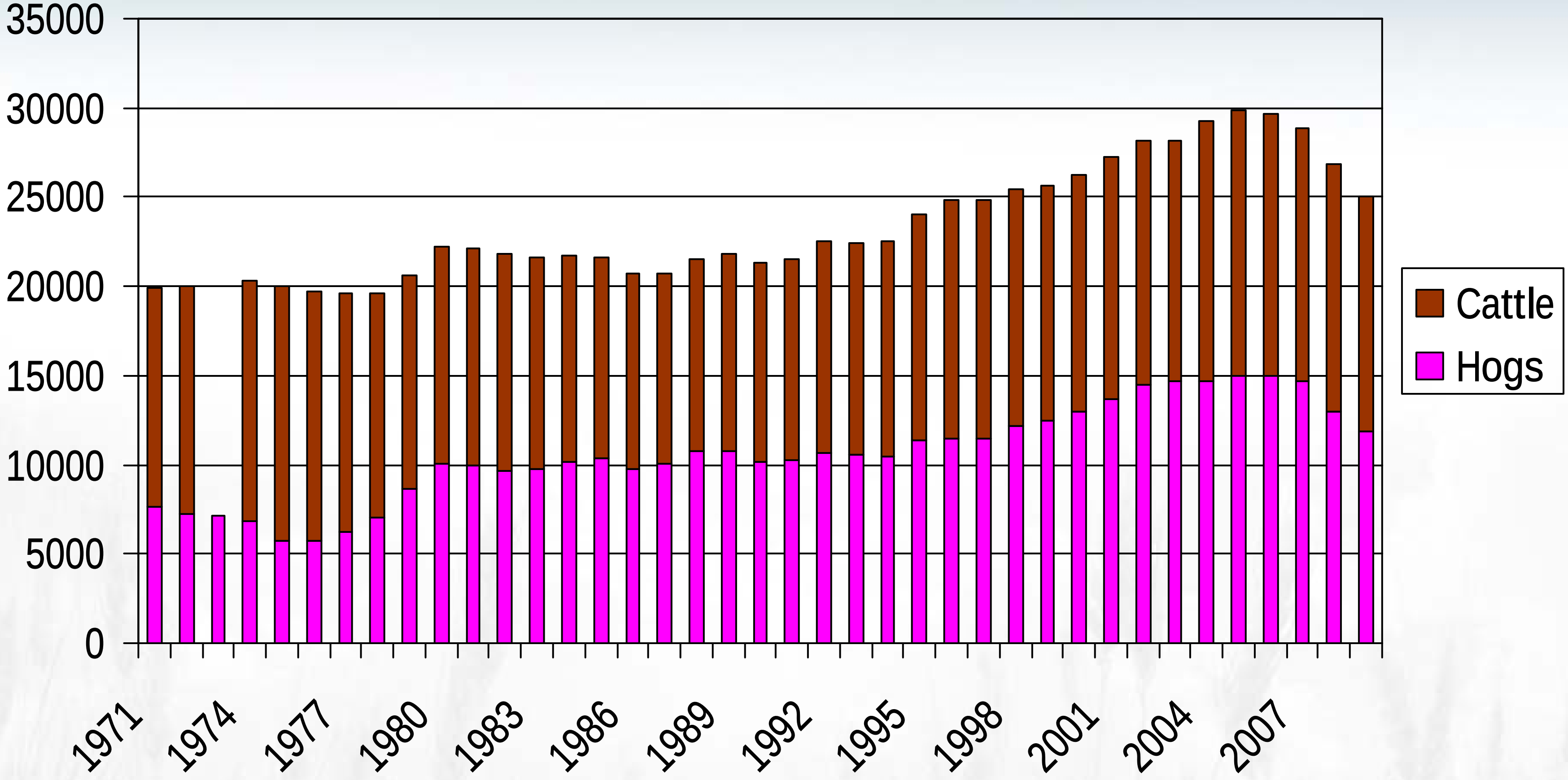
Regional Feed Barley Import Demand

(million tonnes)



Source: CWB

Canadian Livestock Inventories (end of Dec., x 1000)



Canadian Barley Supply/Disposition (August/July)

	2007-08	2008-09	2009-10
Carry-in	1.5	1.6	2.8
Production	11.0	11.8	9.5
Total supply	12.5	13.4	12.4
Domestic use	7.1	8.2	7.7
feed use	6.6	7.7	7.1
Exports	3.9	2.4	2.5
malt	0.969	0.879	0.850
malting barley	1.237	1.296	1.450
feed	1.705	0.199	0.250
Carryout	1.6	2.8	2.1

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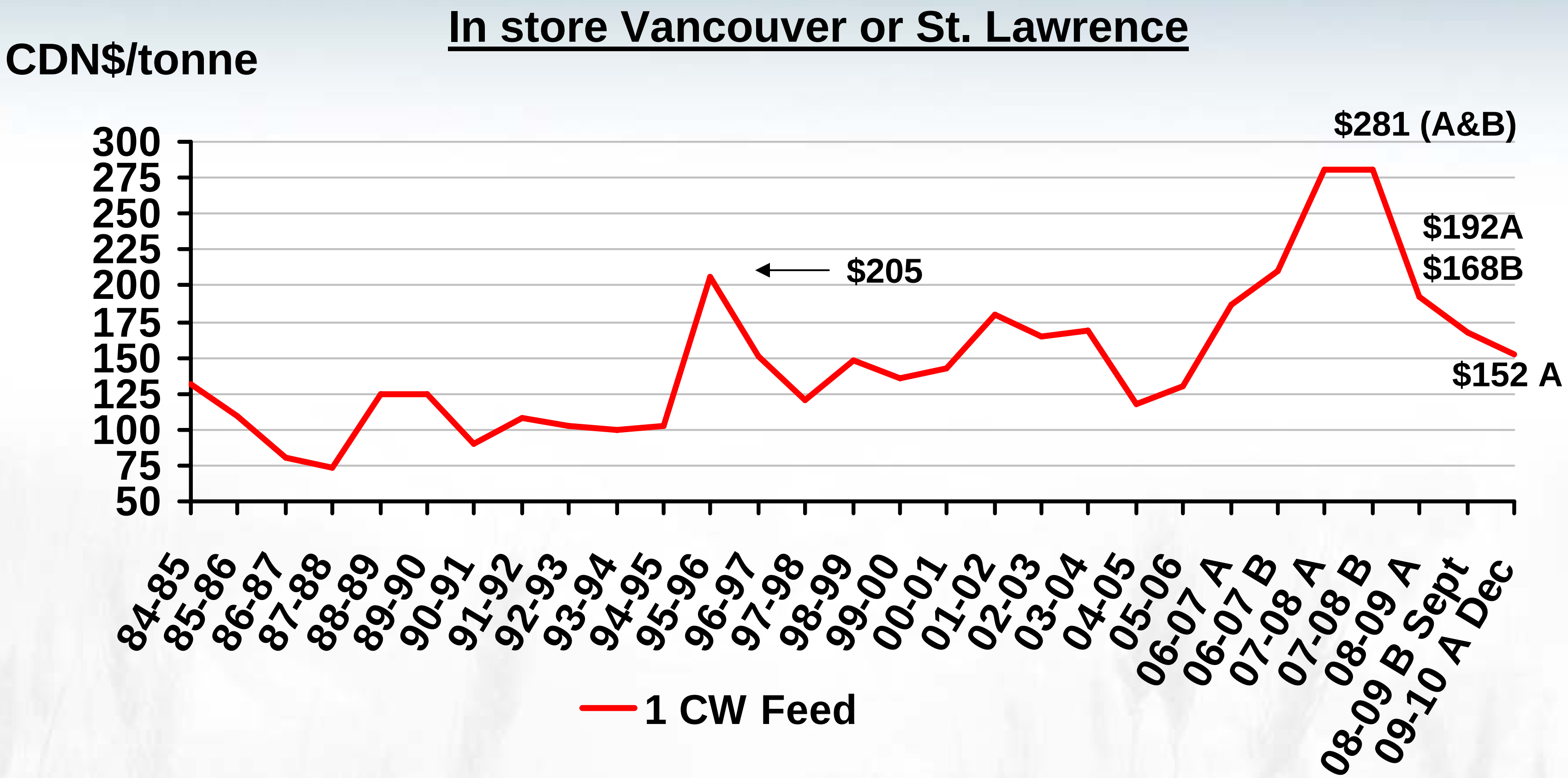
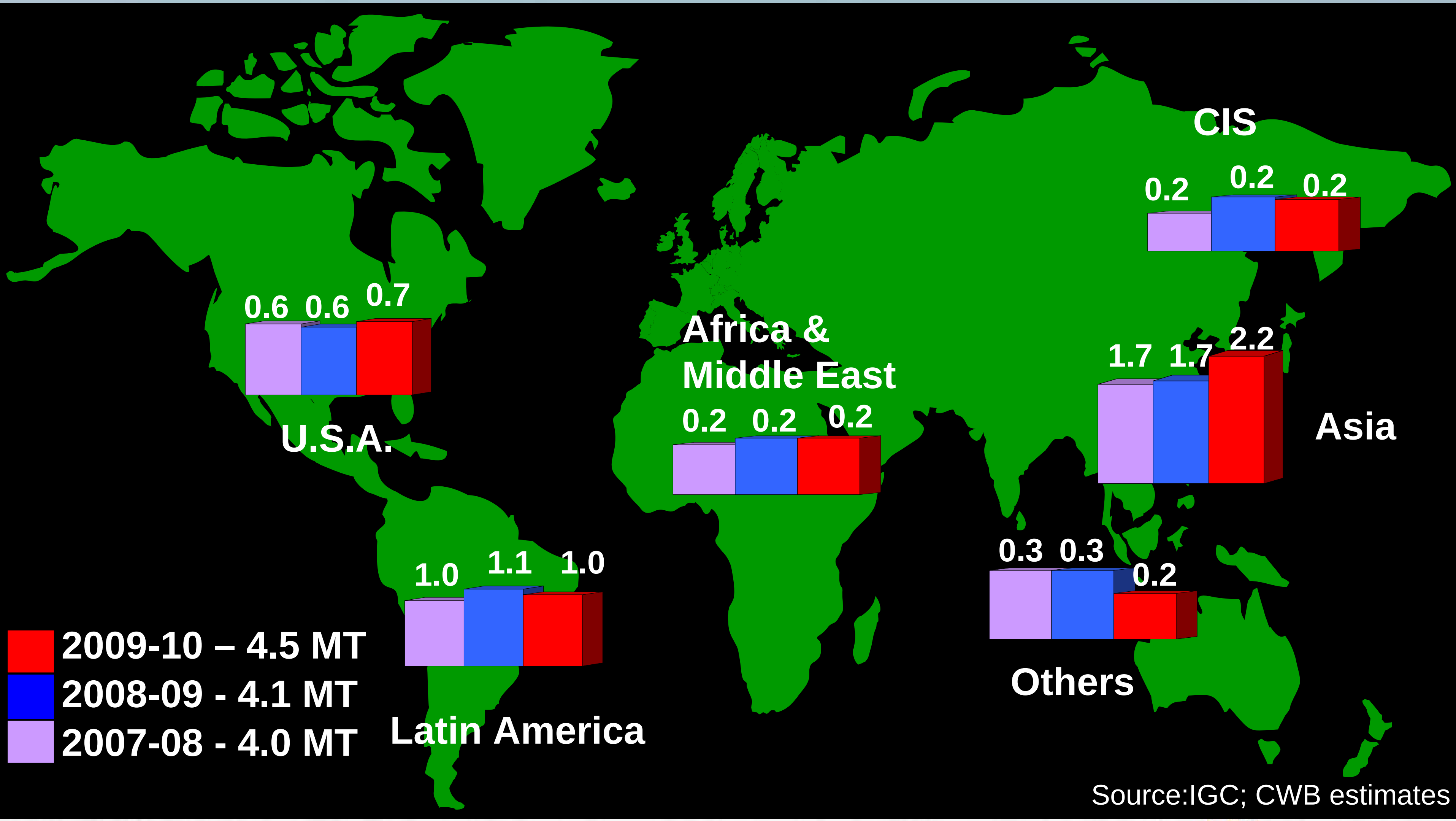
Pool Returns to Farmers (1 CW Feed)



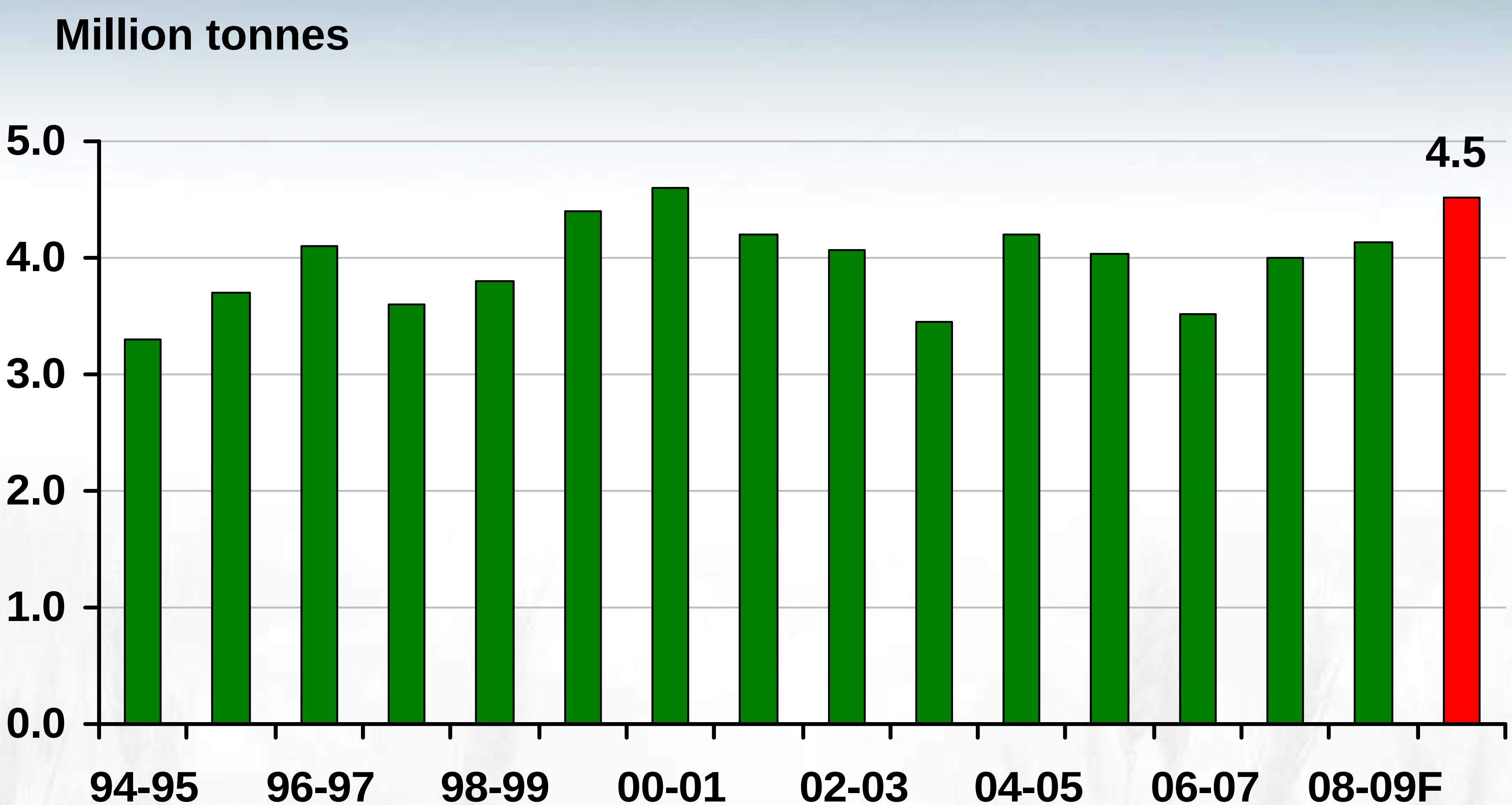
Regional Malting Barley Import Demand

(million tonnes)



Source: CWB

World Malting Barley Trade

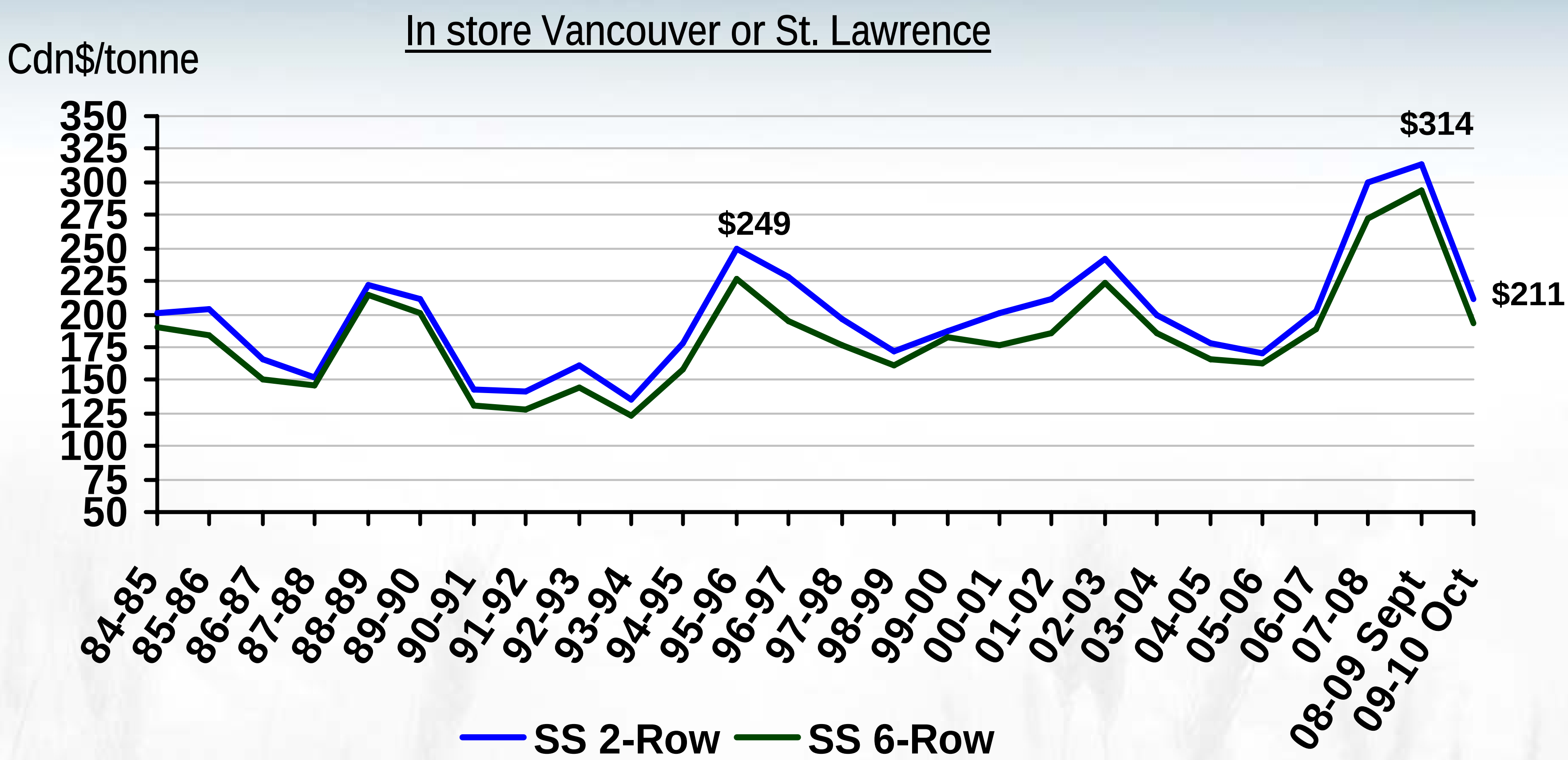


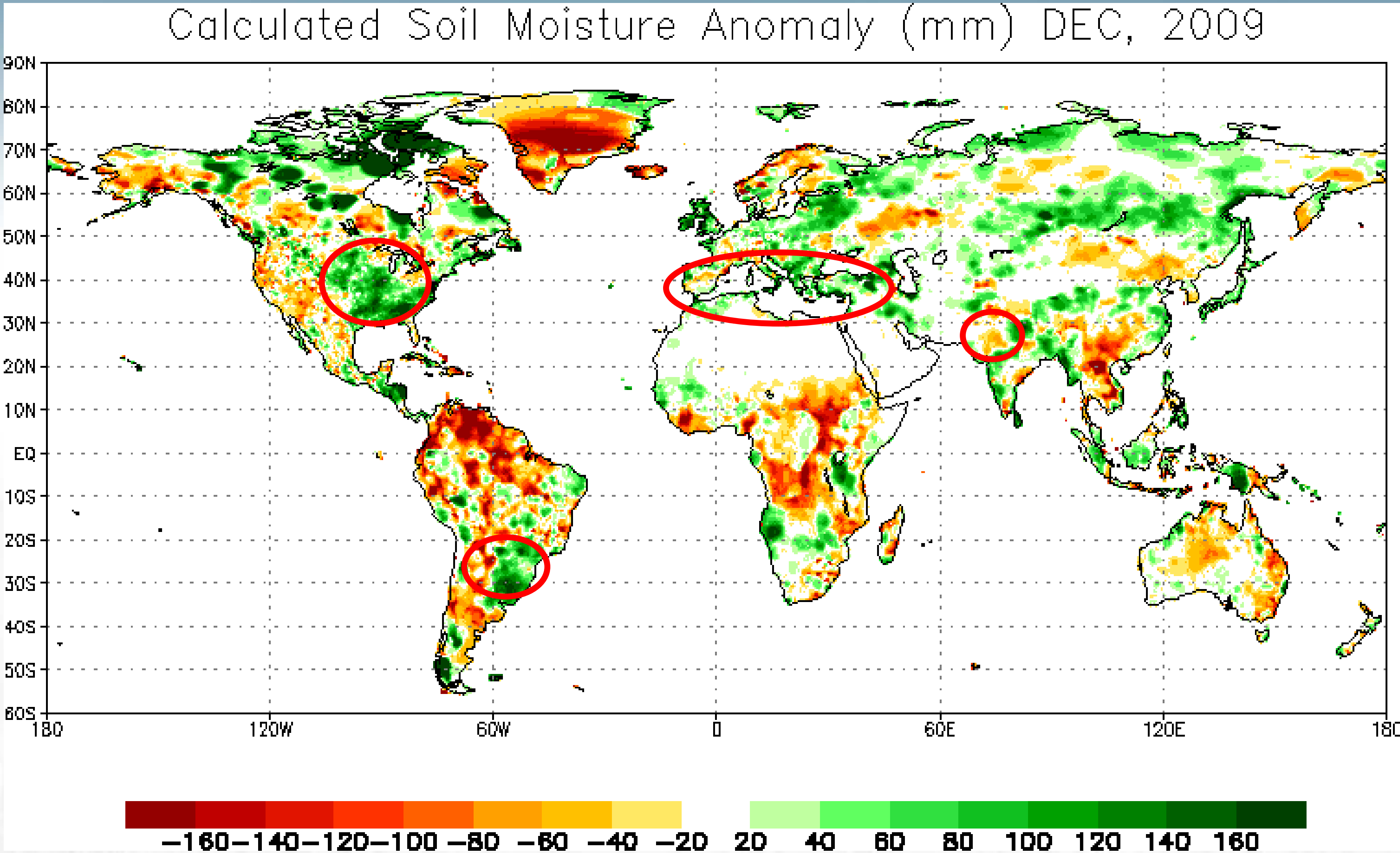
Source: CWB estimates

CWB

Pool Returns to Farmers

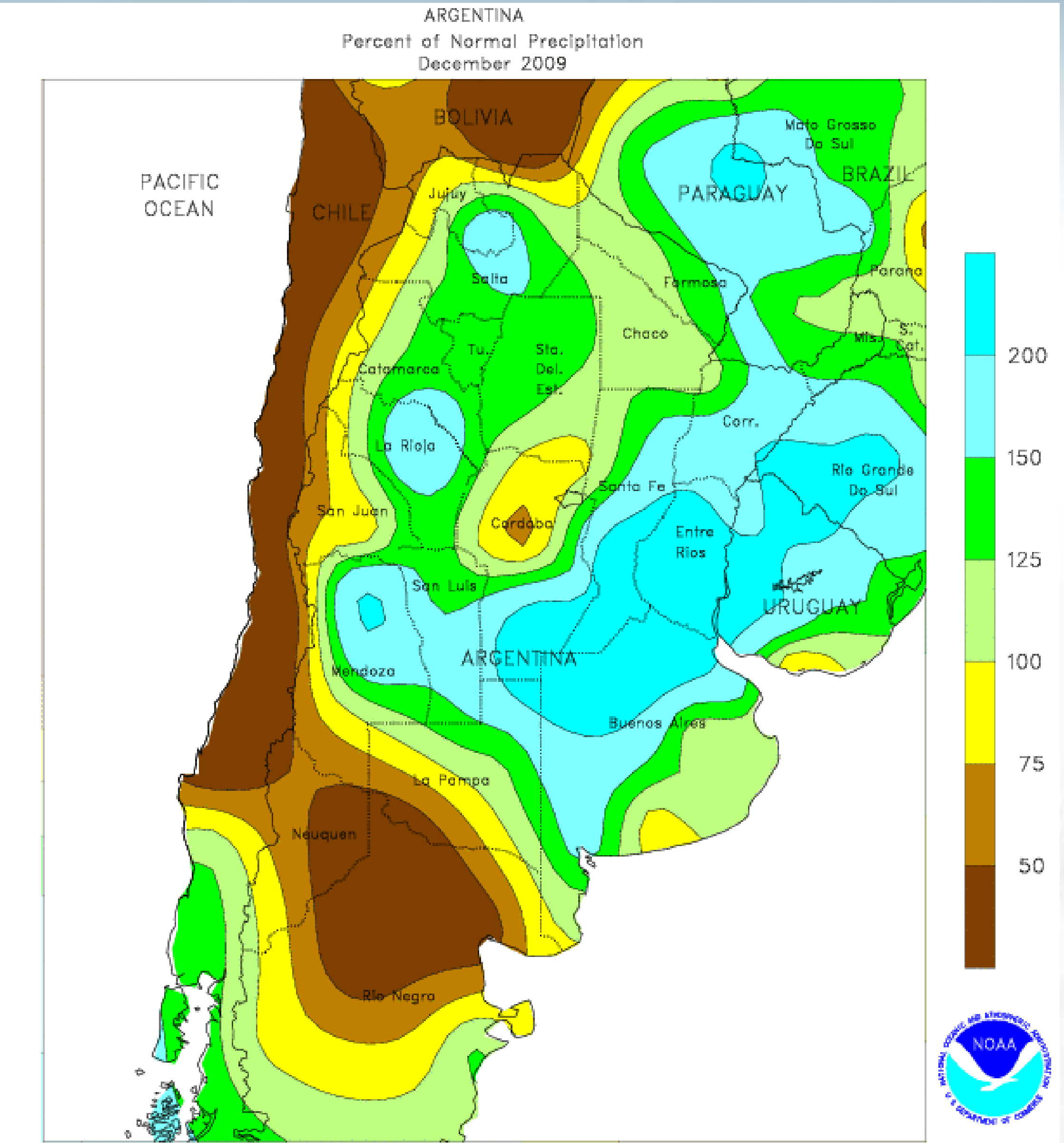
Designated barley



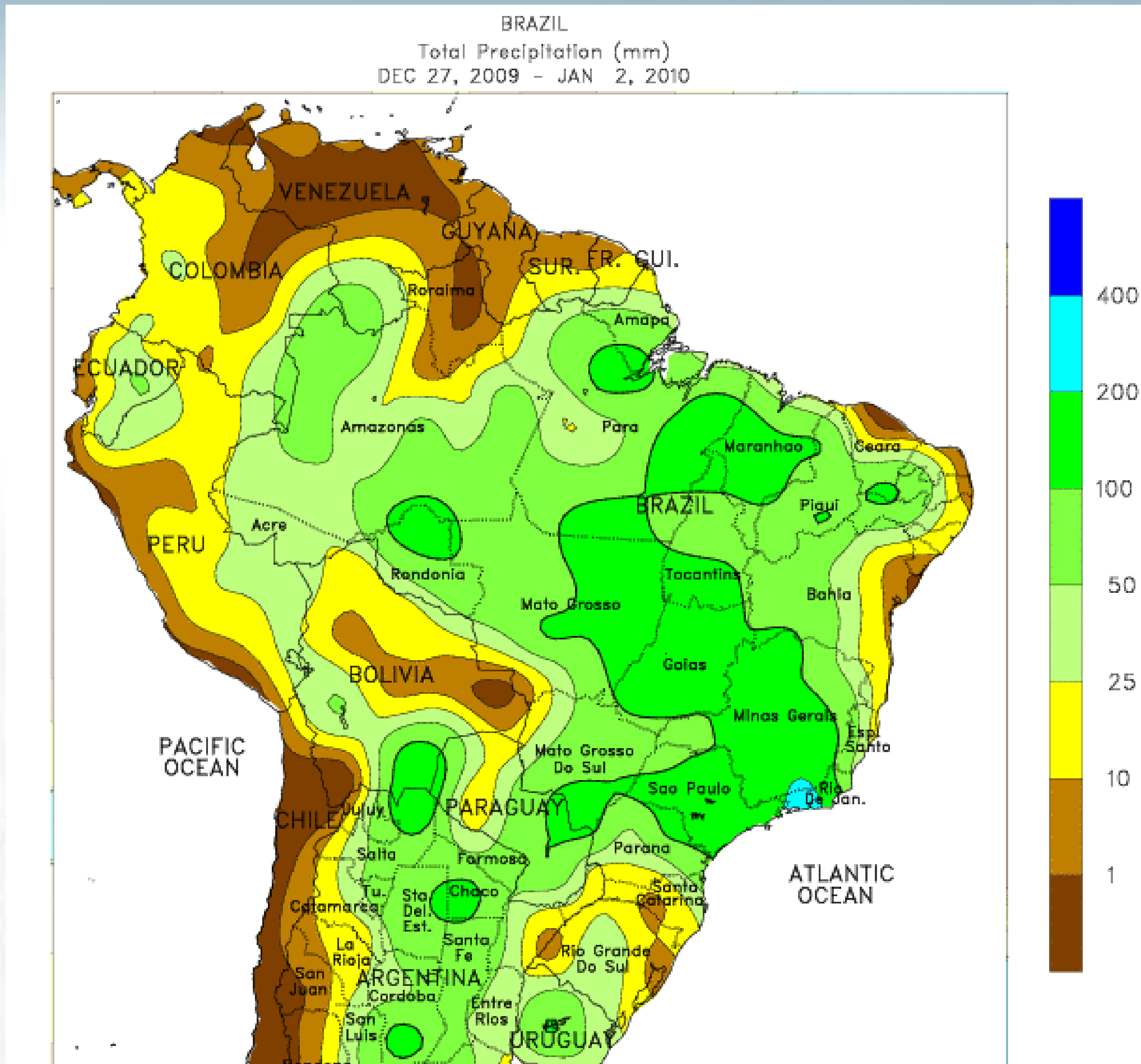

Calculated Soil Moisture Anomaly (mm) DEC, 2009
90N
80N
70N
60N
50N
40N
30N
20N
10N
EQ
10S
20S
30S
40S
50S
60S
180
120W
60W
0
60E
120E
180
−160 −140 −120 −100 −80 −60 −40 −20 20 40 60 80 100 120 140 160

CWB

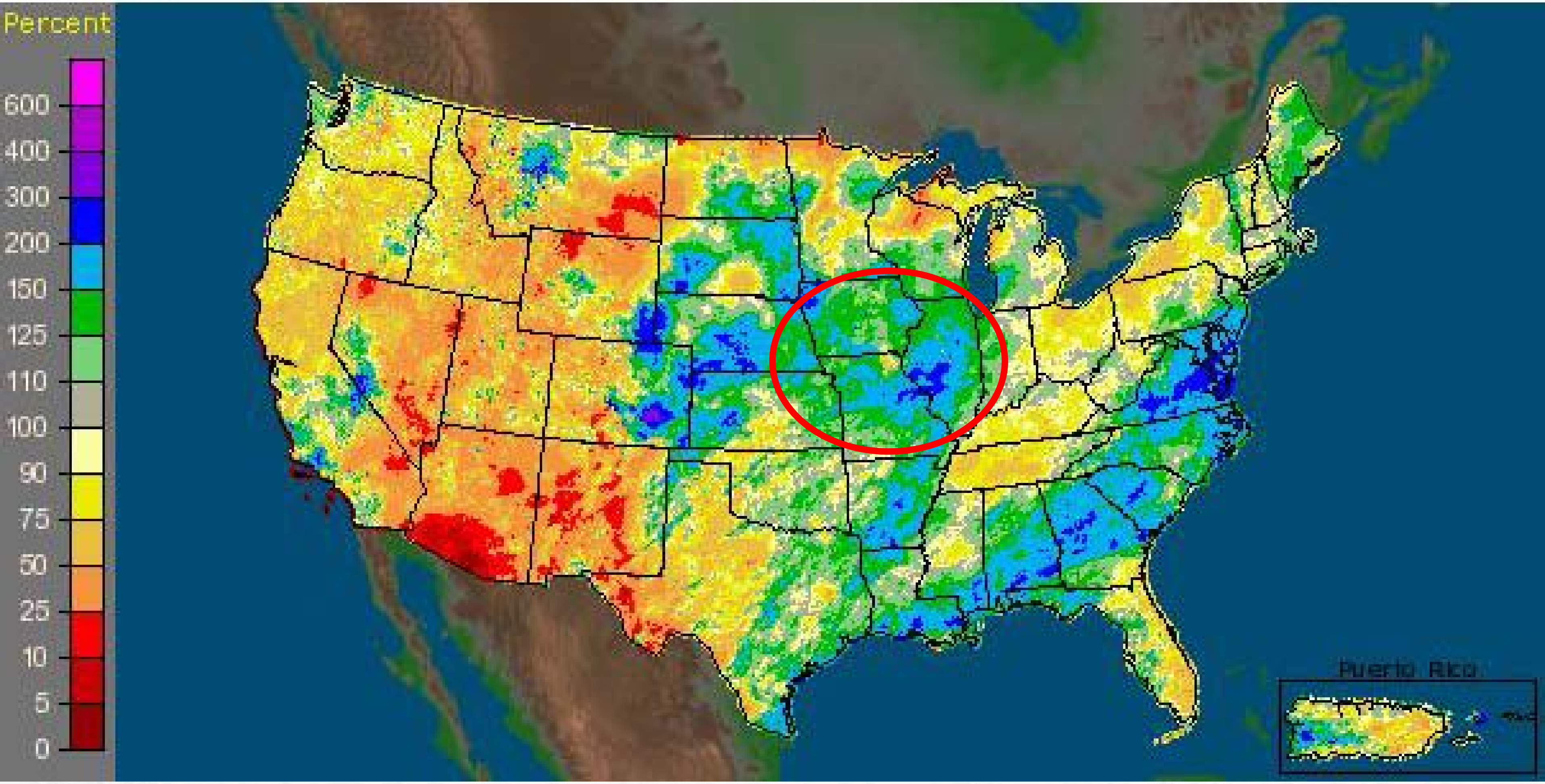
Argentina Precipitation - December



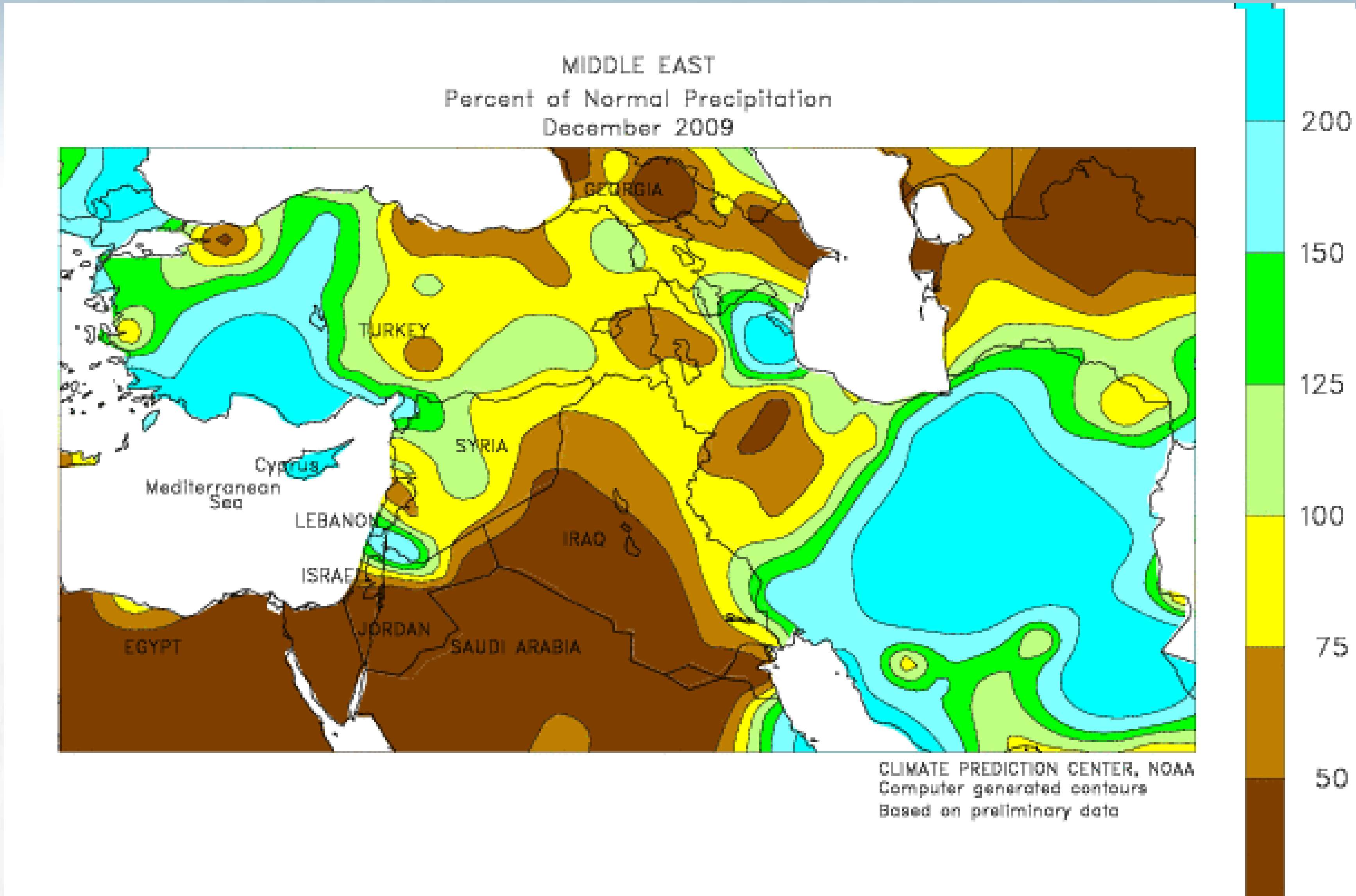
Brazil Precipitation - December



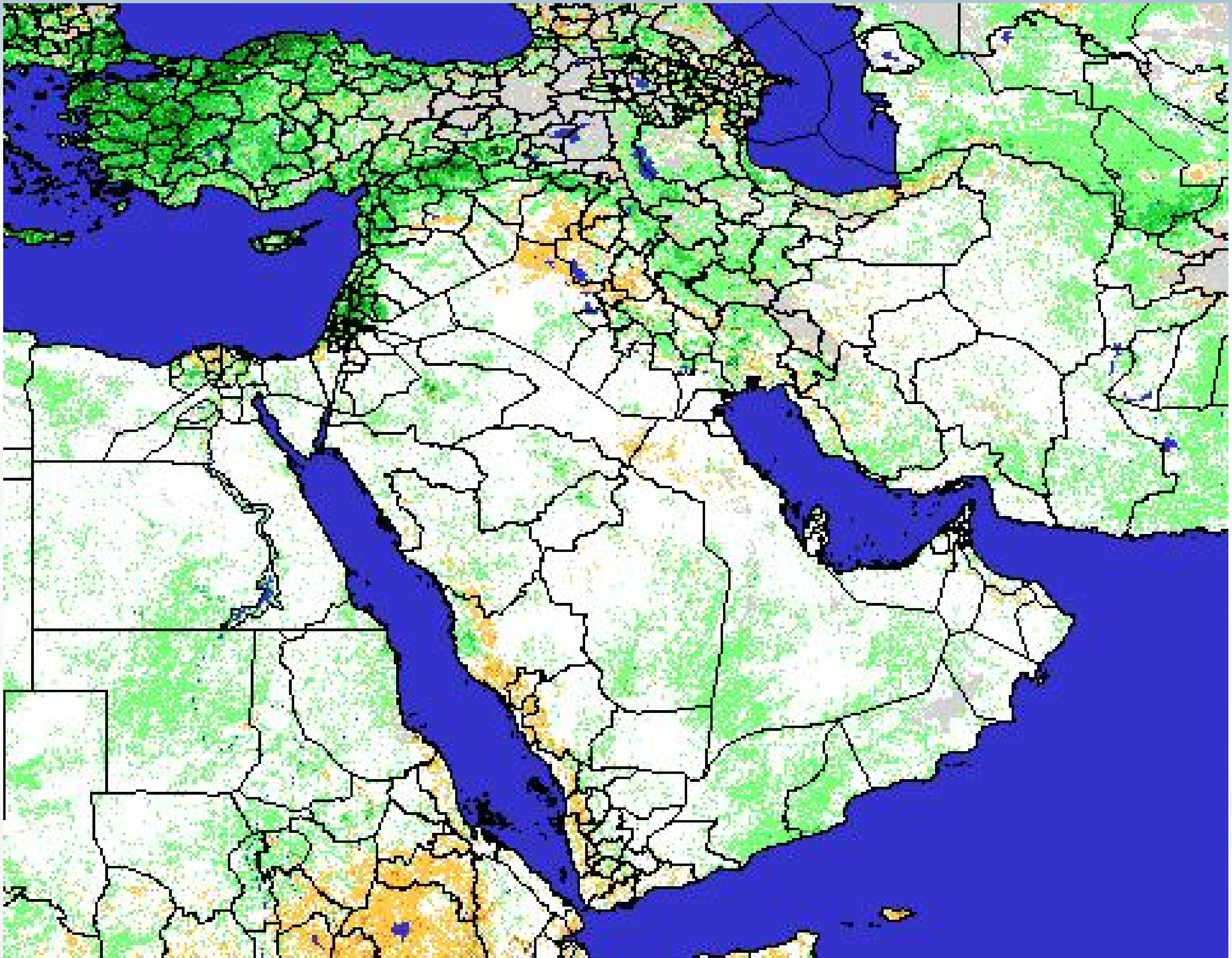
USA 90 day Precipitation

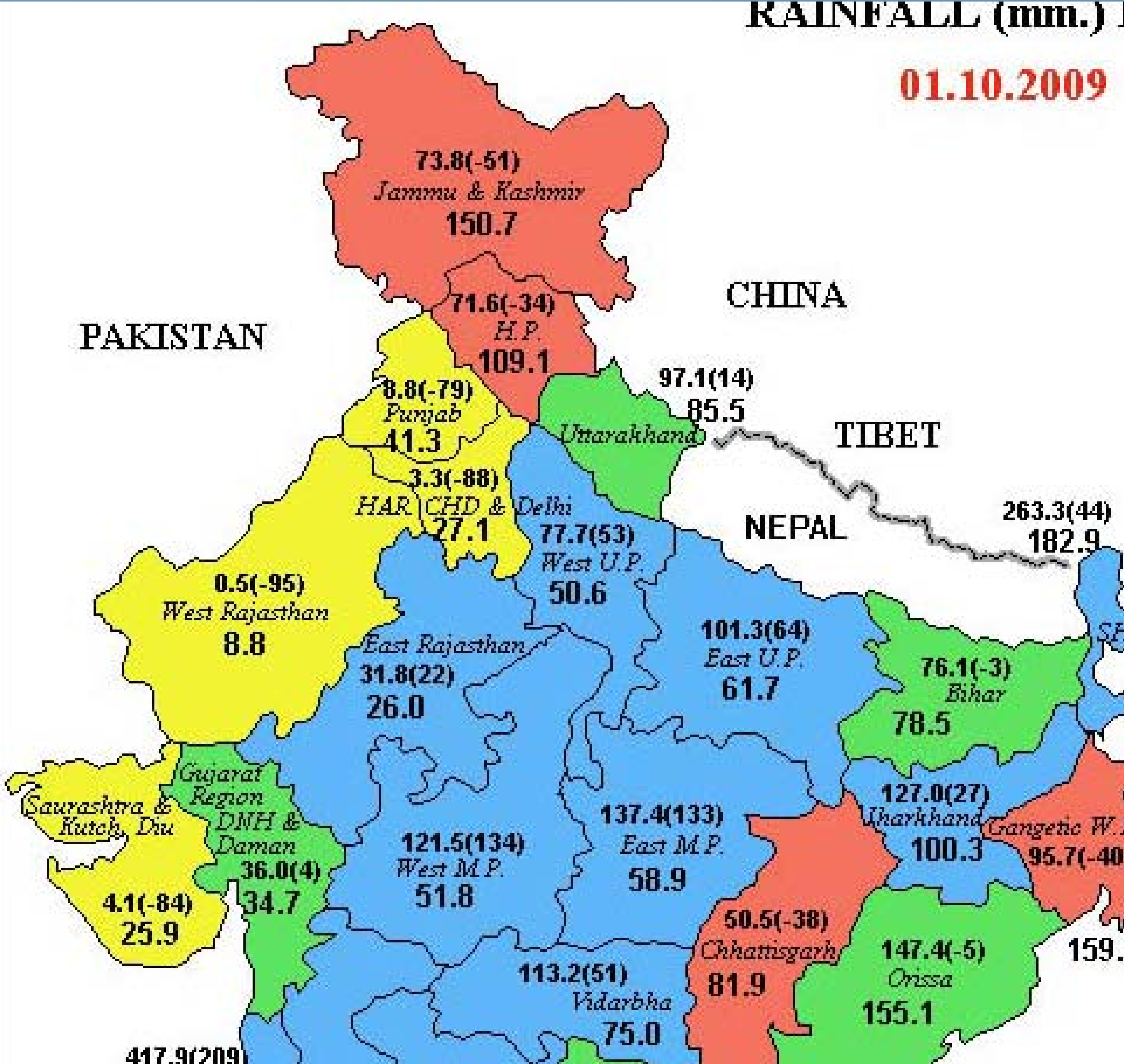


Middle Eastern Precipitation

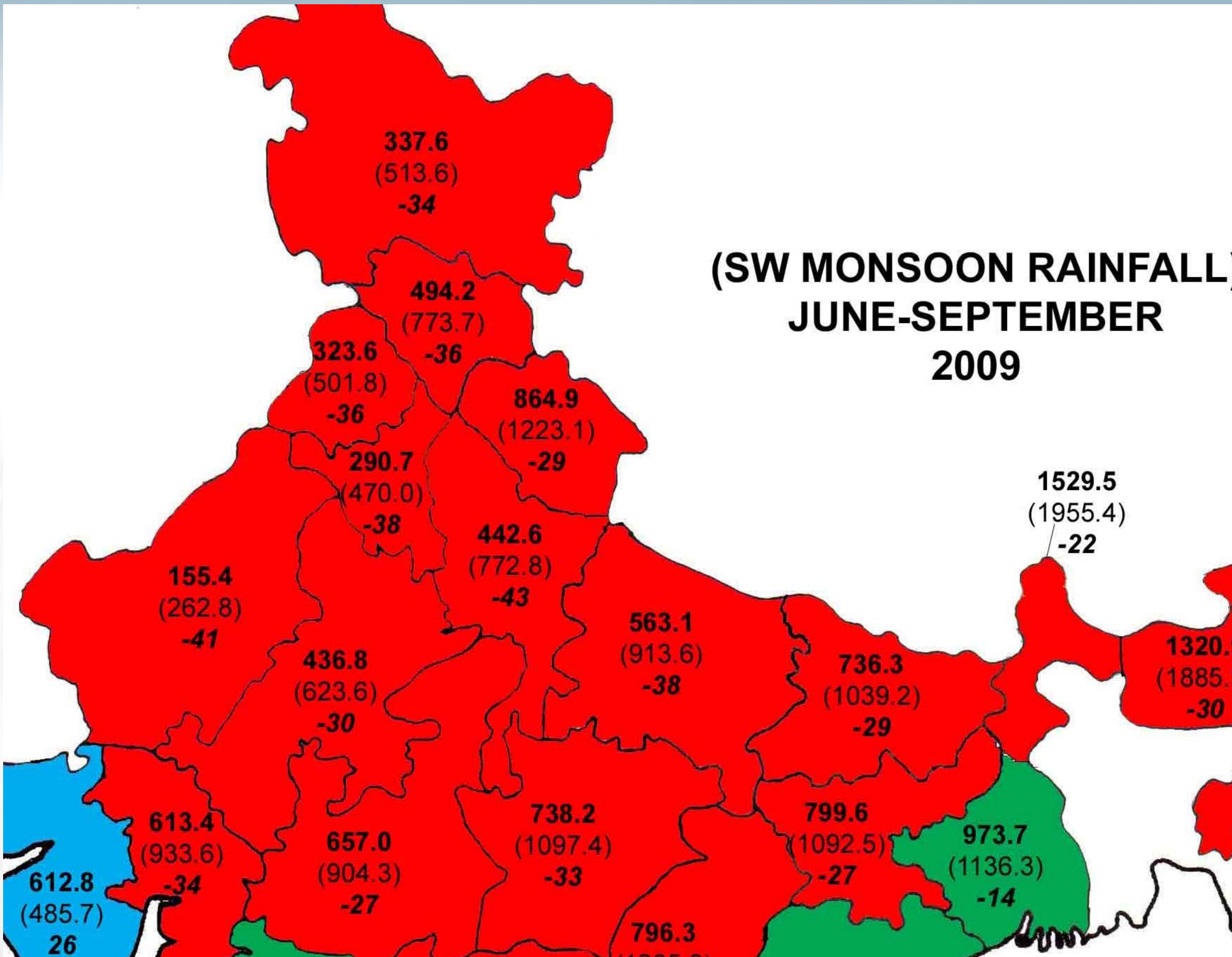


Satellite vegetation departure from normal




RAINFALL (mm.) F
01.10.2009
CHINA
PAKISTAN
TIBET
NEPAL
73.8(-51)
Jammu & Kashmir
150.7
71.6(-34)
H.P.
109.1
8.8(-79)
Punjab
41.3
3.3(-88)
HAR CHD & Delhi
27.1
97.1(14)
85.5
Uttarakhand
263.3(44)
182.9
77.7(53)
West U.P.
50.6
0.5(-95)
West Rajasthan
8.8
East Rajasthan
31.8(22)
26.0
101.3(64)
East U.P.
61.7
76.1(-3)
Bihar
78.5
Gujarat Region DNH & Daman
36.0(4)
34.7
Saurashtra & Kutch, Diu
4.1(-84)
25.9
121.5(134)
West M.P.
51.8
137.4(133)
East M.P.
58.9
127.0(27)
Jharkhand
100.3
Gangetic W.B.
95.7(-40)
50.5(-38)
Chhattisgarh
81.9
147.4(-5)
Orissa
155.1
113.2(51)
Vidarbha
75.0
417.9(209)

Monsoon Precipitation



India Monsoon Precipitation

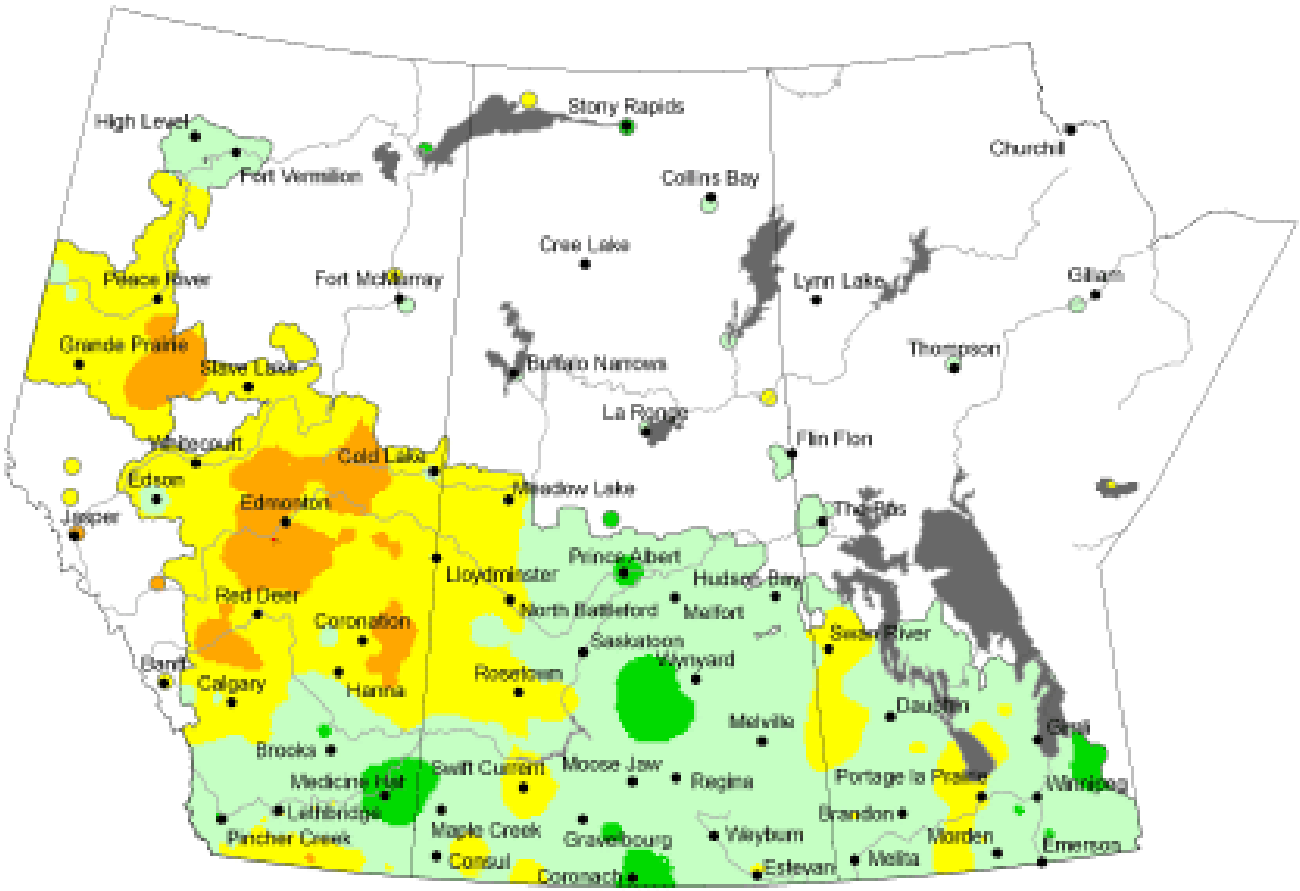
	Precipitation (mm)	Normal (mm)	Difference (mm)	Percent of Normal
India	689	892	-303	77%
North West	392	612	-220	64%
North East	1037	1427	-390	73%

Agriculture and Agri-Food Canada | Agriculture et Agroalimentaire Canada

Canada

Percent of Average Precipitation (Prairie Region)

April 1, 2009 to October 31, 2009



- < 40%
- 40 - 60%
- 60 - 85%
- 85 - 115%
- 115 - 150%
- 150 - 200%
- > 200%
- 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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www.agr.gc.ca/drought

Western Canadian Crops

- What we learned at Crop Production Show this week
  - Pulse outlook is good – strong demand and good prices
  - Canola/Oilseed outlook is OK – good demand but increasing supplies
- Today's message
  - Barley outlook is neutral – mixed demand picture
  - Wheat outlook is neutral to negative – good demand but large supplies
  - Durum outlook is negative - steady demand but burdensome supplies

Questions?