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Canada shifts from wheat, canola to more lentils

Drought in India has sparked an increased demand for Canadian pulses

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Canadian farmers plan to shift acreage away from major crops such as wheat and canola to lentils and dry peas to take advantage of higher prices.

Total wheat acreage this year will drop 11 per cent to 23.8 million acres from a year earlier, Statistics Canada said on Thursday in a report.

The average estimate of seven analysts surveyed by Bloomberg News was 23.2 million acres. Lentil plantings will surge 30 per cent to a record 5.1 million

acres, and dry field peas will climb to 16 per cent to 4.28 million acres. Canada is among the world's top exporters of the grain and the biggest canola shipper.

"Lentils and peas took acreage away from spring wheat and canola," Jerry Klassen, Manager of Canadian operations and trading at Gap SA Grains & Products in Winnipeg, Manitoba, said.

"The farmer has become very responsive to the price, and that's been the best returns per acre," Statistics Canada surveyed about 11,500 farmers from March

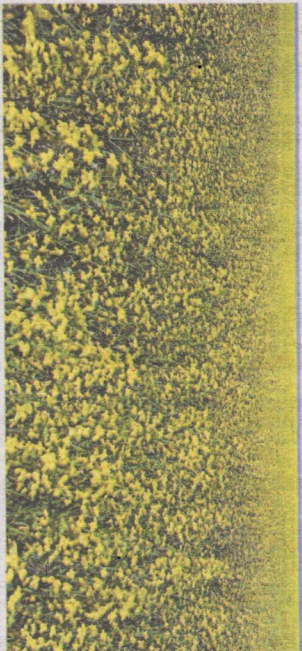
16 to March 31. The average lentil price this year at C\$1,030 (\$81) to C\$1,060 a tonne surged from C\$585 a year earlier, government data showed on April 13.

Lentils soar

"Lentils have just been going through the roof in the last couple of seasons," Brian Voith, President of Winnipeg-based Prairie Farm Consulting, said on a conference call with reporters.

"Prices for pulses climbed following a drought that sparked increased demand from India, while the Canadian dollar weakened," Voith said.

Most retailers sold out of pea seed in December, he said. Canola plantings will fall 3-7



A canola crop used for making cooking oil sits in full bloom on the Canadian Prairies

per cent to 19.3 million acres, trailing the 20.6 million average forecast by analysts. Soyabean seeding will drop 1.9 per cent to 5.3 million acres. Analysts projected 5.58 million.

"Canola prices probably will rise on export demand as supplies shrink by the end of the next crop year," Wayne Palmer, a senior market analyst at Agri-Trend in Winnipeg, said.

Spring-wheat planting will fall 5.7 per cent to 16 million acres, the government said. Durum will climb 5.2 per cent and winter wheat will jump 32 per cent. Barley acreage will expand 3.8 per cent.

"The forecast may support prices for spring wheat as inventories approach a record low amid high exports with a weaker Canadian dollar," Klassen of Gap SA Grains said.

"Wheat futures in Minneapolis may rise as much as \$1 a bushel in the autumn amid tight reserves," he said. "This lower acreage number is a sign we're going to have a sharply lower export number next year," Klassen said.

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