

Posted on Fri, Apr. 22, 2005

CANADA

Farmers plan to reduce wheat and canola acreage

According to a government survey, Canadian growers will reduce the planting of the grains because of rising fertilizer and fuel costs and depressed prices.

BY CHRISTOPHER DONVILLE AND ALEXANDRE DESLONGCHAMPS

Bloomberg News

VANCOUVER - Canadian farmers, the world's thirdlargest wheat exporters, said they plan to reduce planting of the grain this year, a government survey showed. Canola acreage may also fall.

Growers said they intend to seed 25.2 million acres of wheat, a 1.5 percent decrease from last season, according to Statistics Canada in Ottawa. Farmers plan to reduce seedings of spring wheat used by bread makers 2.1 percent to 18.2 million acres. They will plant 5.5 percent more durum wheat, which is used for pasta, bringing the acreage to 5.82 million acres.

Farmers may reduce the amount of wheat they plant and allow more acreage to go unplanted because of rising fertilizer and fuel costs and depressed wheat prices. Farmers in Canada's Prairie provinces, who grow most of the country's wheat, have been frustrated by low prices and higher costs for crop nutrients, StatsCan said in its report.

"Farmers are getting squeezed by their costs," said Dave Guichon, president of AgValue Group of Calgary, a commodity trading house. "At the present time, none of the major grains are high enough for farmers to break even."

About 12,000 farmers participated in the survey, which was conducted from March 14 to March 31, StatsCan said. Farmers in Canada do the bulk of their seeding in May.

Wheat for July delivery fell 0.25 cent to \$3.2075 a bushel today on the Chicago Board of Trade, down 18 percent from a year ago.

Growers said they would reduce their canola acreage by 8.1 percent to 12.1 million acres. Most of Canada's wheat is grown in the three Prairie provinces of Alberta, Saskatchewan and Manitoba. Those provinces also account for 98 percent of the canola. Canada is the world's biggest exporter of canola.

Canola futures rose C\$2.40, or 0.8 percent, to C\$288.30 (\$233) per metric ton on the Winnipeg Commodities Exchange. Prices have fallen 29 percent in a year.

Field peas are slated for 3.37 million acres, a 1.9 percent decrease from last year. Oats, of which Canada is the largest exporter, may rise 15 percent to 5.66 million acres, StatsCan said. Soybean acreage will contract 0.3 percent to 3.03 million acres.

Grain corn, most of which is grown in Ontario and Quebec, may contract 3.8 percent to 2.82 million acres, the fourth straight decrease, as a record U.S. supplies have lowered prices and dented expected returns, StatsCan said.

Only the U.S. and Australia export more wheat than Canada.