

WHEAT SECTOR

OVERVIEW OF THE WHEAT SECTOR IN MANITOBA



- Wheat is one of Manitoba's most important crops and occupies the largest area of crop by area.
- In 2011, Manitoba reported 5,680 wheat farms compared to 7,156 in 2006. This represents 10.9% of wheat farms in Canada. Annually, Manitoba produces approximately 14 to 17% of Canada's total wheat production.
- Wheat is a mainstay for farmers in Manitoba and it will remain an integral part of Western Canadian agriculture in the years to come.
- Although it is an important foundational rotational crop and in spite of growing worldwide market demand for wheat, production has declined in Manitoba and Western Canada due in part to a drop in competitive economic returns for wheat.
- Wheat is a very durable crop, producing acceptable yields even under extremely challenging conditions and having high yield potential under optimum growing conditions. It can be grown under zero-, minimum-and conventional-tillage systems.

Total wheat	Manitoba	Manitoba	Canada	Canada
	2011	2006	2011	2006
Number of farms	5,680	7,156	51,974	60,743
Acres	2,807,418	3,298,217	22,876,574	24,266,011
Hectares	1,136,122	1,334,741	9,257,820	9,820,105
Spring wheat (excluding durum)				
Number of farms	5,454	6,870	35,541	45,234
Acres	2,586,198	2,980,285	16,866,217	18,733,322
Hectares	1,046,597	1,206,078	6,825,515	7,581,105
Durum wheat				
Number of farms	48	83	7,276	8,455
Acres	8,515	18,769	4,249,193	3,819,552
Hectares	3,446	7,596	1,719,587	1,545,718
Winter wheat				
Number of farms	642	1,110	14,595	15,090
Acres	212,705	299,163	1,761,164	1,713,137
Hectares	86,079	121,067	712,718	693,282

Source: Census of Agriculture 2011

Processing Wheat in Manitoba

- Marketing options are many given the wide range of food, fuel and feed end uses for wheat. There are 8 different milling classes of western Canadian wheat, as well as a general purpose wheat for feed and ethanol. With over 60 varieties among milling classes and continued improvements in new varieties, producers can select cultivars based on agronomic characteristics, pest problems, or specific end use.
- Wheat processed into flour, cereal food and feed, pasta, bread and bakery products comprises a large component of food processing in Manitoba.
- 3/4 of all Manitoba grain products are made from wheat flour. Manitoba has 3 flour mills, numerous bakeries and processors of fresh, frozen or dry pasta.
- Hard red spring wheat offers superior gluten strength and can be blended with lower protein wheats to improve the quality of bread flours.
- While much of the pasta, bread and bakery products are consumed locally; Manitoba exports a substantial amount of flour and feed.
- Some wheat is also used to produce ethanol at a plant in Minnedosa, which in turn provides mash for animal feed as a by-product.
- An average acre of Prairie farmland can grow enough wheat each season to make 1,650 loaves of bread. One bushel of wheat:
 - contains approximately one million individual kernels
 - weighs approximately 60 pounds
 - yields approximately 42 pounds of white flour or 60 pounds of whole-wheat flour
 - makes about 67 sixteen-ounce loaves of bread or 45 twenty-four-ounce loaves
 - makes about forty-five 24-ounce boxes of wheat flake cereal
 - makes about 42 pounds of pasta or 210 servings of spaghetti

Canada Western Red Spring (CWRS) Wheat	hard wheat with superior milling and baking quality offered at various guaranteed levels of protein content
Canada Western Red Winter (CWRW) Wheat	hard wheat with excellent milling quality used for French bread, flat bread and steamed bread and noodles
Canada Western Extra Strong (CWES) Wheat	has extra gluten suitable for blending purposes and used for hearth and pan breads
Canada Prairie Spring Red (CPSR) Wheat	used for hearth, flat and steamed breads, and noodles
Canada Prairie Spring White (CPSW) Wheat	medium strength wheat used for flat breads, noodles and chapattis
Canada Western Amber Durum (CWAD) Wheat	produces a high yield of semolina with excellent pasta-making quality
Canada Western Soft White Spring (CWSWS) Wheat	soft wheat of medium-to-low protein content used for flat breads, noodles, steamed breads, chapattis, cookies, cakes and pastry
Canada Western Hard White Spring (CWHWS) Wheat	hard white spring wheat with superior milling quality producing flour with excellent colour, suitable for bread and noodle production

Trade

- Manitoba wheat is sold to countries all over the world for use in breads and pastas.
- The majority of provincial wheat exports are in unprocessed form and over 70 countries import Manitoba wheat, including the United States, Iran, Japan and Mexico.
- Western Canadian wheat is recognized throughout the world as the highest quality wheat and it is used to make doughnuts in Japan, pasta in Italy, bread in Mexico, noodles in China.
- Canada has consistently been a major producer of high-quality wheat on the world stage.
- Manitoba's wheat is subject to the strict quality standards of the Canadian Grain Commission's grain quality control program, which includes varietal control, licensing of elevators, product inspection and weighing, and sanitation and quality monitoring programs.
- By 2050, world wheat production is projected to reach 880 million tonnes from current levels estimated at 660 million tonnes.
- Globally wheat is the second most produced crop after maize, ahead of rice. Together the European Union and China produce close to 40% of the world's wheat, with almost all of their production used domestically
- Market growth for wheat is due, in part, to growth in market demand from emerging economies with limited capacity for increasing production of wheat.
- World wheat trade is expected to double, providing tremendous market opportunities along with challenges for Manitoba wheat farmers.
- Intense market competition highlights the need for Manitoba producers to seek cultivars that provide high return and also meet customers' needs for quality, cost and functionality.
- August 2012 marks the end of the Canadian Wheat Board (CWB) monopoly whereby since the 1940s western Canadian producers were required by federal law to market their wheat through the CWB.
- Contracts and options for feed wheat can be traded on the Winnipeg Commodity Exchange.

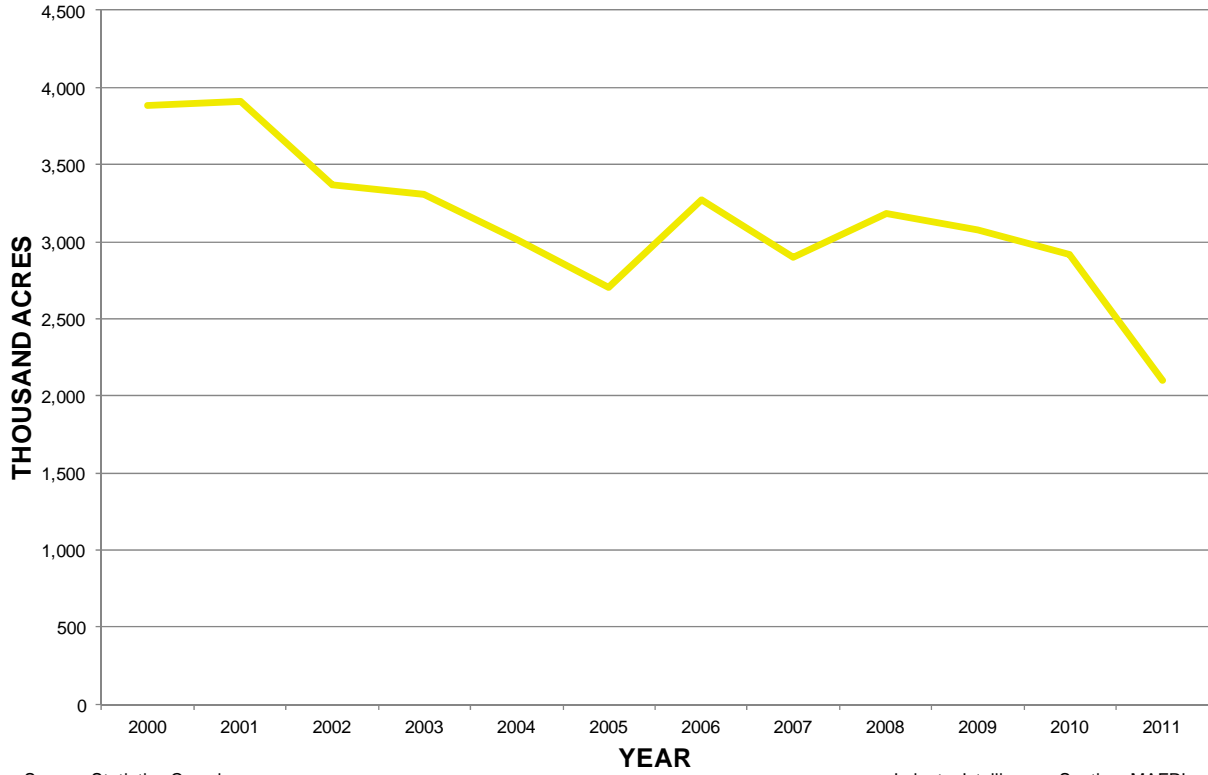
Wheat Outlook for Canada 2012-2013

- For 2012-13, seeded area is forecast to increase by 10% mostly because of drier soil conditions compared to 2011-12. Area seeded to winter wheat increased by 22%, while the area seeded to spring wheat is forecast to increase by 9%.
- Production is expected to increase by 3% to 21.8 Mt, as the higher seeded area is partly offset by lower yields.
- Supply is forecast to fall marginally from 2011-12 because of lower carry-in stocks.
- Exports are expected to increase by 2% to 14.4 Mt due to growing demand for wheat in the food market.
- Domestic use is forecast to decrease by 5% as higher food and industrial uses are more than offset by lower feed use. For 2011-12, feed use was supported by large carry-in of low quality wheat which won't be available for 2012-13.
- Carry-out stocks are expected to be the same as for 2011-12 at 4.8 Mt, slightly lower than the past 10 year average.
- The average price is forecast to be similar to 2011-12, as support from lower world supply is offset by higher US supply and the expected stronger Canadian dollar.
- US wheat production is forecast to increase to 60.8 Mt. Hard red winter wheat production is expected to increase significantly; hard red spring wheat production increase slightly; soft red winter and white wheat production decrease. Supply is forecast to increase by 4.1 Mt to 85.3 Mt. Domestic use and exports are forecast to increase, resulting in a 0.9 Mt drop in carry-out stocks to 20 Mt.
- World wheat production is forecast to decrease to 672 Mt and the supply is expected to fall by 24 Mt to 868 Mt. Total use is forecast to decrease as higher food and industrial use is more than offset by lower feed use because of the expected higher coarse grains supply. Carry-out stocks are forecast to fall by 10 Mt to 186 Mt.

Outlook for Wheat (ex-durum)	2010-2011	2011-2012p	2012-2013f
Area Seeded (kha)	7,274	7,112	7,845
Area Harvested (kha)	7,024	6,953	7,610
Yield (t/ha)	2.87	3.03	2.86
Production (kt)	20,142	21,089	21,800
Imports (kt)	32	20	30
Total Supply (kt)	25,295	26,732	26,630
Exports (kt)	12,888	14,100	14,400
Food & Industrial Use (kt)	3,345	3,450	3,510
Feed, Waste & Dockage (kt)	2,733	3,572	3,110
Total Domestic Use (kt)	6,815	7,832	7,430
Carry-out Stocks (kt)	5,592	4,800	4,800
Average Price (\$/t)	318	284	270 to 300

Source: Statistics Canada and Agriculture and Agri-Food Canada, June 2012

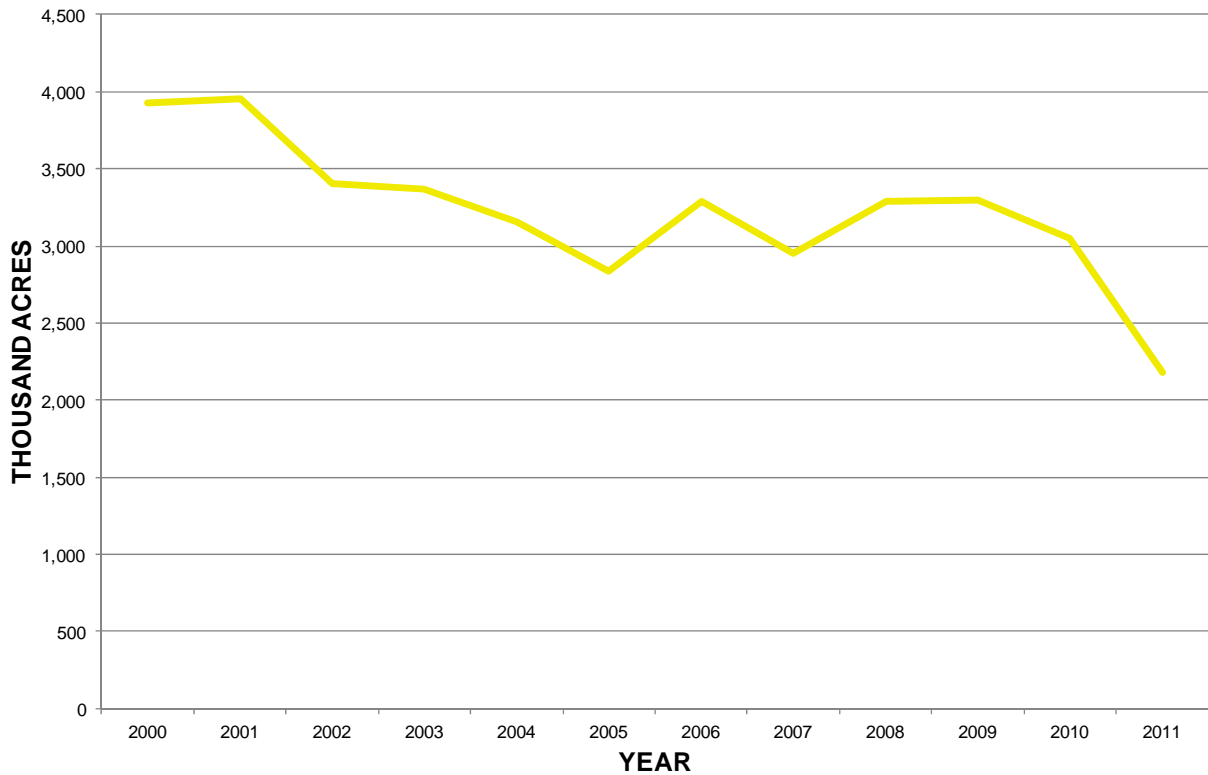
All Wheat - Harvested Acres in Manitoba 2000 - 2011



Source: Statistics Canada

Industry Intelligence Section, MAFRI

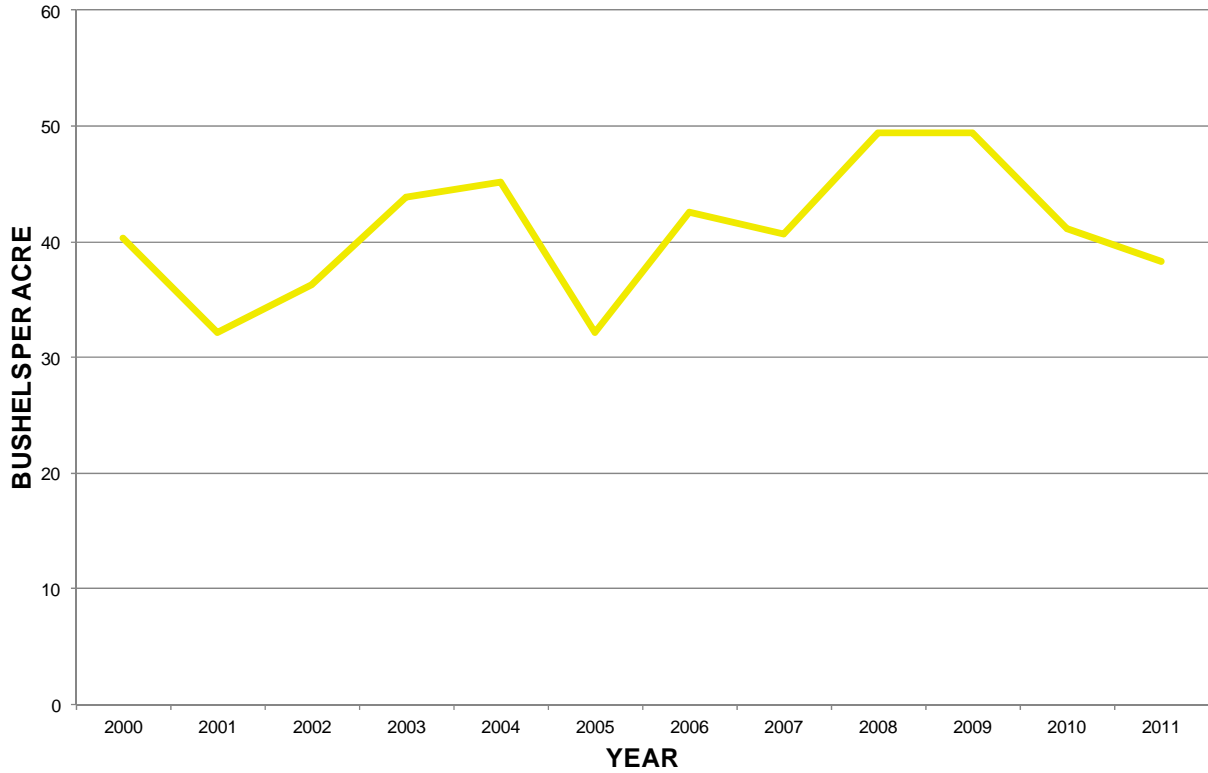
All Wheat - Seeded Acres in Manitoba 2000 - 2011



Source: Statistics Canada

Industry Intelligence Section, MAFRI

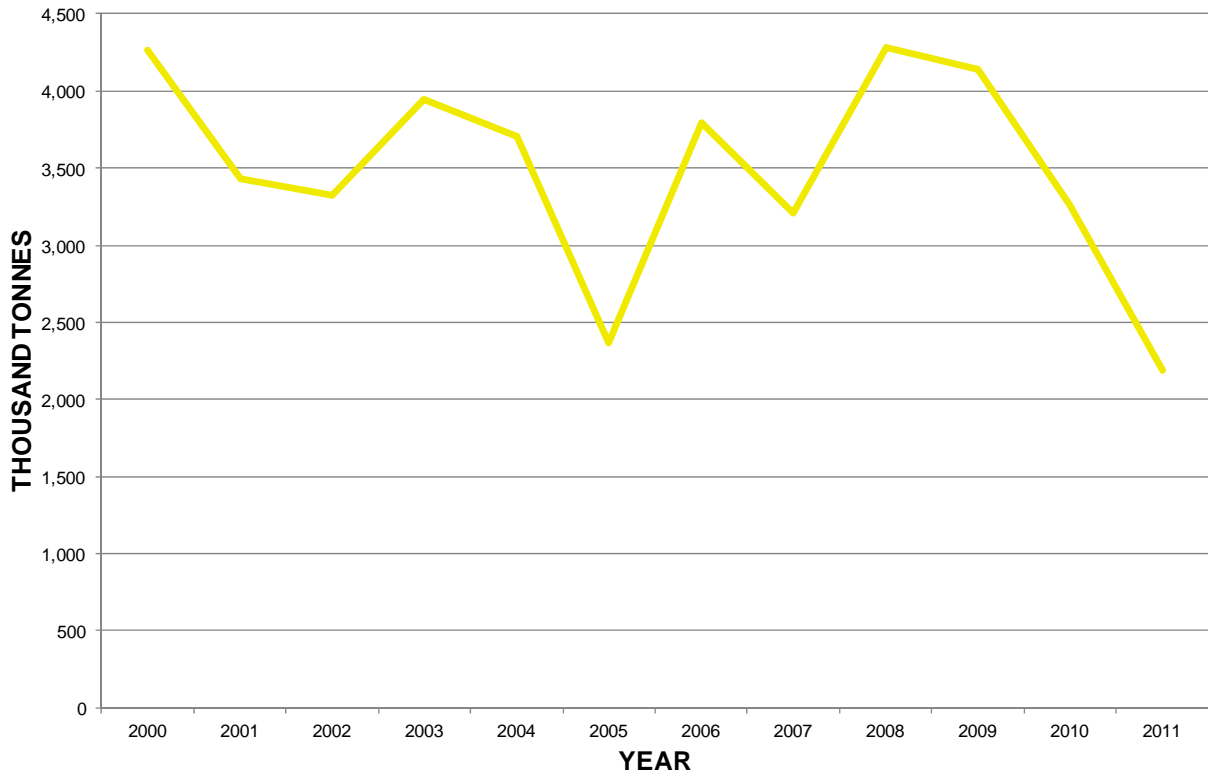
All Wheat - Yield per Acre in Manitoba 2000 - 2011



Source: Statistics Canada

Industry Intelligence Section, MAFRI

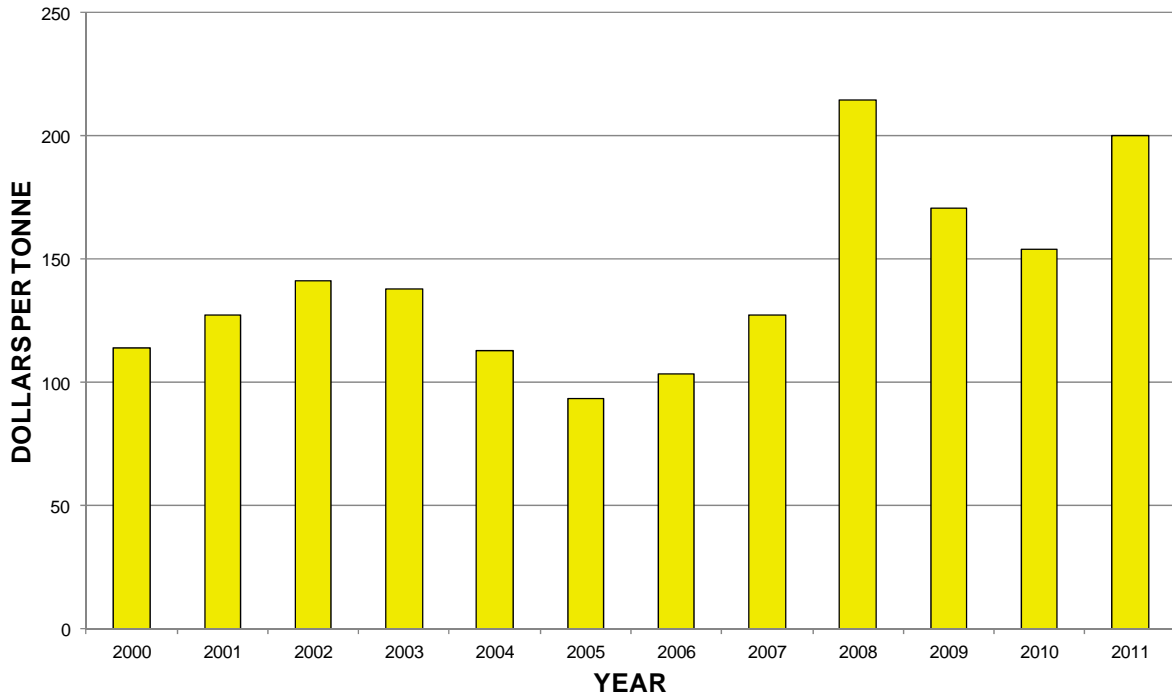
All Wheat - Tonnes Produced in Manitoba 2000 - 2011



Source: Statistics Canada

Industry Intelligence Section, MAFRI

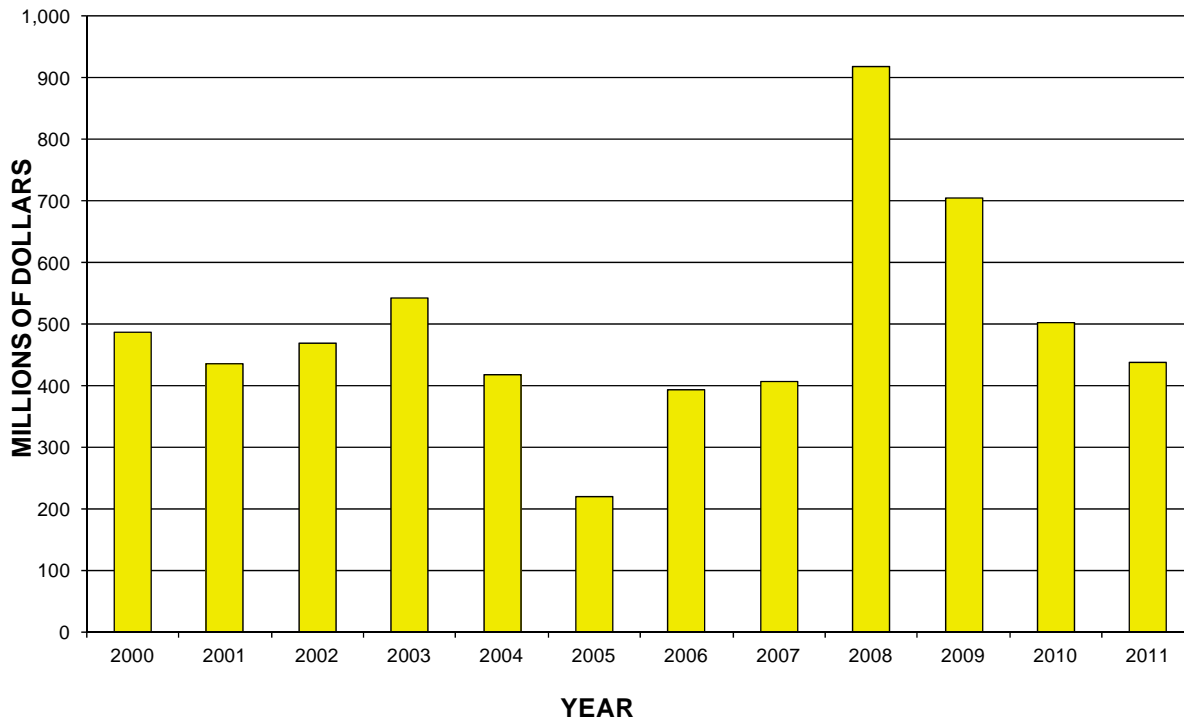
All Wheat Prices in Manitoba 2000 - 2011



Source: Statistics Canada

Industry Intelligence Section,

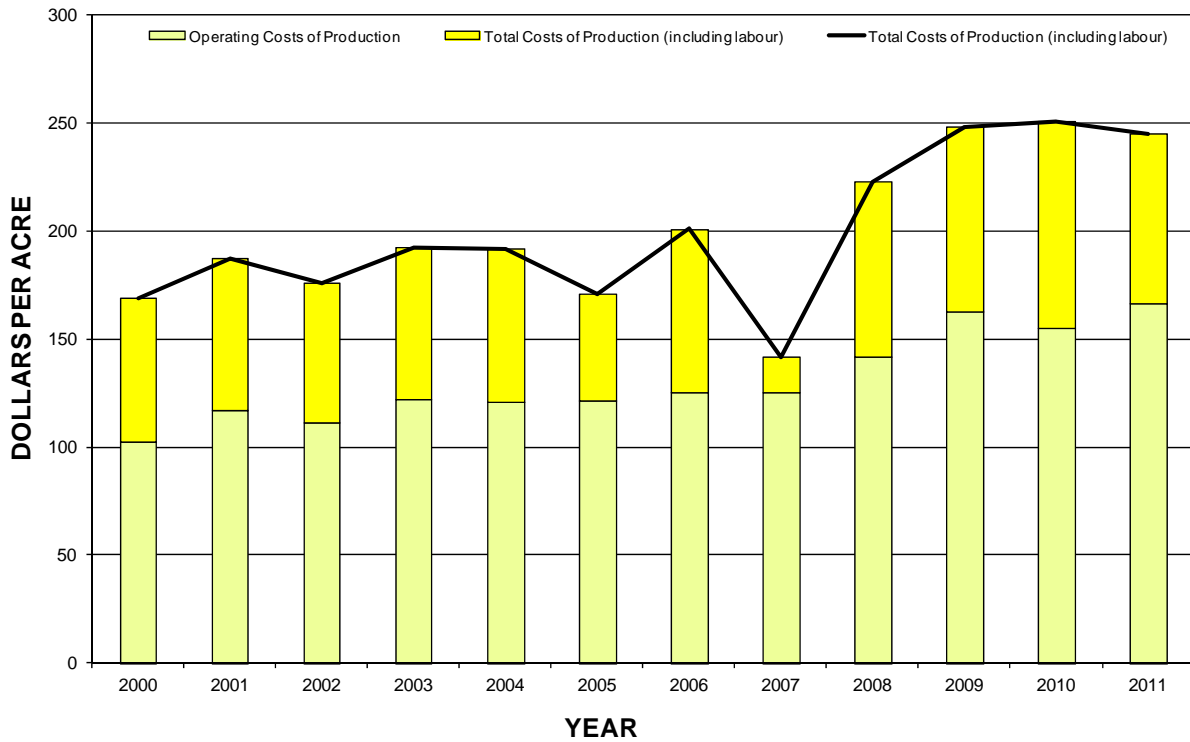
Value of All Wheat Production in Manitoba 2000 - 2011



Source: STC, AAFC, MAFRI

Industry Intelligence Section, MAFRI

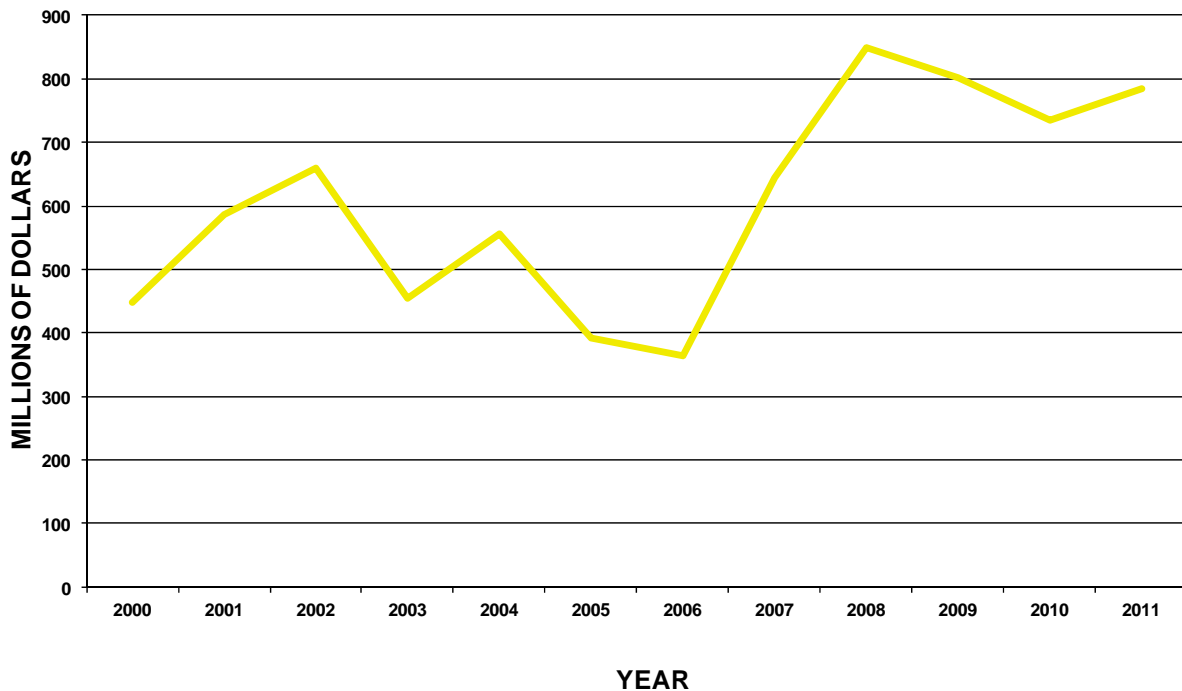
Cost of All Wheat Production in Manitoba 2000 – 2011



Source: MAFRI

Industry Intelligence Section, MAFRI

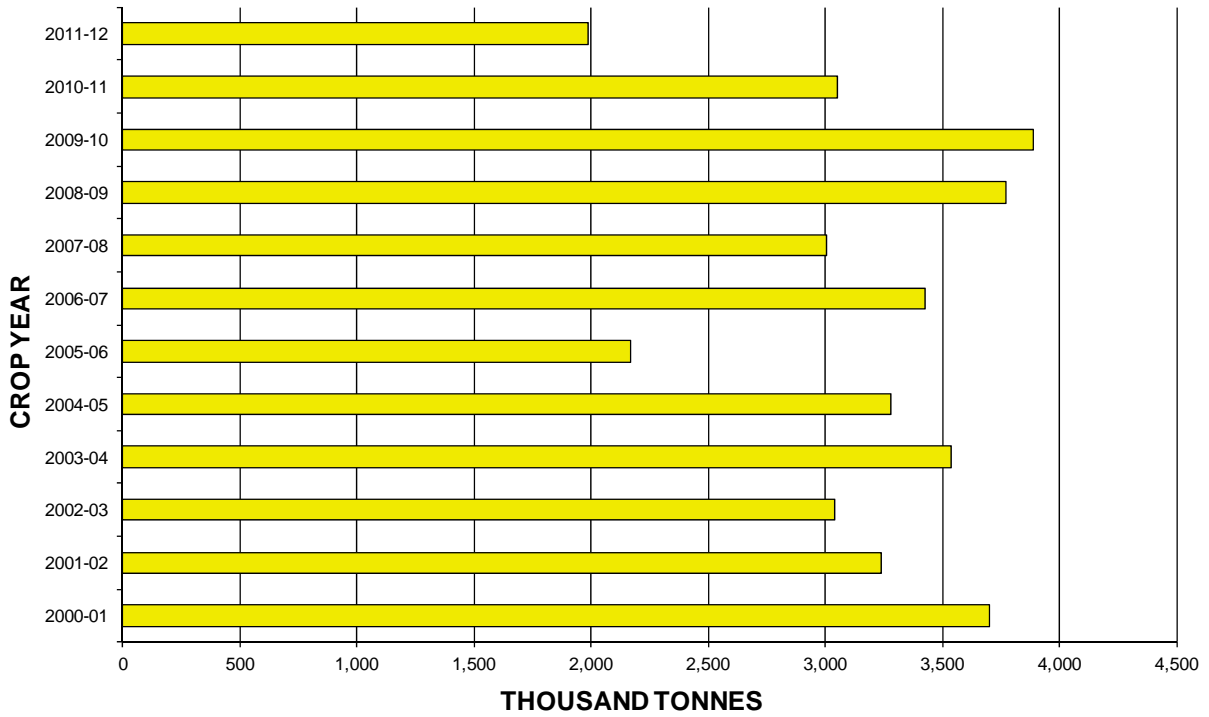
Farm Cash Receipts for All Wheat in Manitoba 2000 – 2011



Source: Statistics Canada

Industry Intelligence Section, MAFRI

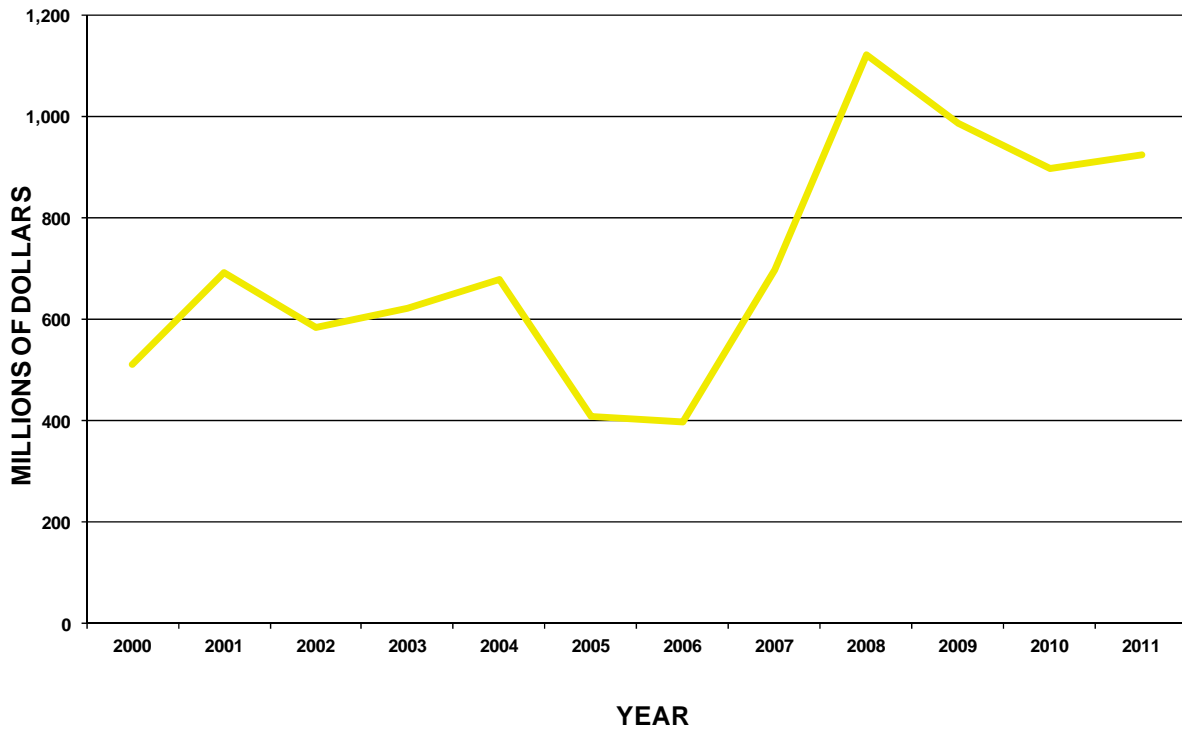
Marketings of Manitoba Wheat 2000 - 2011



Source: STC, AAFC, MAFRI

Industry Intelligence Section, MAFRI

Manitoba All Wheat Exports 2000 - 2011



Source: Statistics Canada

Industry Intelligence Section, MAFRI

Farm Supply and Disposition of Manitoba Wheat Crop, 2000/01 to 2011/12

<i>000 tonnes</i>	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Opening Stocks Aug1	280	216	210	40	145	150	130
Production	2,352	3,795	3,211	4,281	4,145	3,261	2,191
Total Supply	2,632	4,011	3,422	4,321	4,290	3,411	2,321
Marketings	2,170	3,426	3,004	3,771	3,889	3,050	1,985
Seed	110	99	111	111	102	77	100
Carry-over	216	210	40	145	150	130	130
Feed/Waste/Dockage	137	275	267	294	149	154	106
Total Disposition	2,632	4,011	3,422	4,321	4,290	3,411	2,321

<i>000 bushels</i>	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Opening Stocks Aug1	10,299	7,926	7,724	1,470	5,328	5,512	4,784
Production	86,422	139,440	118,000	157,297	152,300	119,830	80,499
Total Supply	96,721	147,365	125,723	158,767	157,628	125,341	85,283
Marketings	79,728	125,884	110,392	138,557	142,880	112,057	72,937
Seed	4,051	3,649	4,068	4,066	3,754	2,845	3,676
Carry-over	7,926	7,724	1,470	5,328	5,512	4,784	4,777
Feed/Waste/Dockage	5,017	10,109	9,793	10,817	5,483	5,655	3,893
Total Disposition	96,721	147,365	125,723	158,767	157,628	125,341	85,283

- **WHEAT - Common Conversions**

1 metric tonne wheat = 36.743 bushels.

There are 60 pounds in 1 bushel of wheat.

Production and Value of Manitoba Wheat

Year	Seeded Area (hectares)	Harvested Area (hectares)	Average Yield (kg per ha)	Production (tonnes)	Price per Tonne (\$/tonne)	Total Value (\$000)
1990	2,209,600	2,205,500	2,700	5,884,400	109	641,400
1991	2,175,084	2,173,054	2,200	4,806,300	109	523,887
1992	2,173,000	2,084,100	2,800	5,807,700	121	702,732
1993	2,077,200	1,983,000	1,800	3,637,300	104	378,279
1994	1,661,200	1,657,200	2,200	3,696,600	160	591,456
1995	1,626,700	1,614,500	2,100	3,404,700	205	697,964
1996	1,709,700	1,699,600	2,600	4,376,500	163	713,370
1997	1,574,200	1,570,200	2,100	3,350,200	145	485,779
1998	1,313,200	1,307,100	2,500	3,219,700	145	466,857
1999	1,288,800	1,272,700	2,500	3,158,300	120	378,996
2000	1,588,300	1,572,100	2,700	4,266,000	114	487,092
2001	1,598,400	1,582,200	2,200	3,430,600	127	436,647
2002	1,375,800	1,361,700	2,400	3,325,200	141	469,551
2003	1,361,800	1,339,500	2,900	3,944,800	138	543,791
2004	1,276,600	1,220,000	3,000	3,707,300	113	418,517
2005	1,149,300	1,092,700	2,200	2,367,600	93	220,589
2006	1,331,500	1,323,300	2,900	3,794,900	104	393,190
2007	1,195,800	1,173,500	2,700	3,211,400	127	408,040
2008	1,331,500	1,289,000	3,300	4,280,900	215	919,024
2009	1,333,400	1,246,400	3,300	4,144,900	170	706,001
2010	1,234,200	1,179,600	2,800	3,261,200	154	501,670
2011	883,000	849,900	2,600	2,190,800	200	438,160

Year	Seeded Area (acres)	Harvested Area (acres)	Average Yield (bu per acre)	Production (000 bushels)	Price per Bushel (\$/bushel)	Total Value (\$000)
1990	5,460,000	5,450,000	39.7	216,200	2.97	641,400
1991	5,374,664	5,369,664	32.9	176,600	3.00	523,887
1992	5,370,000	5,150,000	41.4	213,400	3.30	702,732
1993	5,133,000	4,900,000	27.3	133,650	2.85	378,279
1994	4,105,000	4,095,000	33.2	135,830	4.35	591,456
1995	4,020,000	3,990,000	31.4	125,100	5.60	697,964
1996	4,225,000	4,200,000	38.3	160,800	4.44	713,370
1997	3,890,000	3,880,000	31.7	123,100	3.96	485,779
1998	3,245,000	3,230,000	36.6	118,300	3.94	466,857
1999	3,185,000	3,145,000	36.9	116,050	3.30	378,996
2000	3,925,000	3,885,000	40.3	156,750	3.11	487,092
2001	3,950,000	3,910,000	32.2	126,050	3.46	436,647
2002	3,400,000	3,365,000	36.3	122,180	3.84	469,551
2003	3,365,000	3,310,000	43.8	144,950	3.75	543,791
2004	3,155,000	3,015,000	45.2	136,220	3.07	418,517
2005	2,840,000	2,700,000	32.2	87,000	2.54	220,589
2006	3,290,285	3,270,000	42.6	139,435	2.82	393,190
2007	2,955,000	2,900,000	40.7	118,000	3.46	408,040
2008	3,290,000	3,185,000	49.4	157,300	5.84	919,024
2009	3,295,000	3,080,000	49.4	152,300	4.64	706,001
2010	3,050,000	2,915,000	41.1	119,830	4.14	501,670
2011	2,182,000	2,100,000	38.3	80,500	4.14	438,160

Source: Statistics Canada; Agriculture and Agri-Food Canada; Manitoba Agriculture, Food and Rural Initiatives.

