CANOLA COUNCIL OF CANADA Canola Connection

Strategy Review

Now you should have a reasonable idea of some of the things you need to keep in mind as you plan your marketing strategy. Not only do you need to be aware of international market conditions, but also domestic ones. You should now be able to identify factors that affect prices from year to year, as well as during the year. Let's review some of the factors you need to keep in mind.

Year to year:

- Stocks/use ratio and carryover stocks.
- Contraction/expansion of livestock numbers.
- Currency exchange situations between exporting and importing nations and among exporting nations.
- Palm production cycle.
- Trends which would indicate shifts in production or consumption of any one oilseed.
- Policies of foreign governments concerning subsidies.

During the year:

- Weather conditions in the major oilseed growing areas - in particular the U.S. soybean belt.
- Timing of U.S.D.A. and Statistics Canada crop, stocks and supply/demand reports.
- Basis levels.
- Timing of world harvests, U.S. soybeans, South American soybeans, Canadian canola.

The degree to which you apply this information will depend on your personal interest in marketing and the marketing options which you feel best suit your operation. The amount of information which you need to have in order to make an informed decision may appear overwhelming. However, you should not feel that you have to gather and keep track of all the details yourself. There are knowledgeable sources of information within the industry which you can and should contact.

Most provincial departments of agriculture have market analysts who specialize in oilseeds and/or grains. Statistics Canada has statisticians who follow domestic and international markets related to oilseeds. Agricultural economics departments of universities will also have one or more professors who follow the markets. Commodity brokers, oilseed crushing companies, and grain handling companies should be able to supply you with information. Farmers who are experienced in marketing or use a number of marketing options are good sources of information. Check with these sources for magazines and newsletters which are helpful in analyzing the market. Make sure you have a good cross section of contacts. By analyzing the responses from your contacts you can fit all the pieces together to form a foundation from which you can make your own marketing plans.

Now that you have the pieces you need for your market intelligence, let's take a look at the mechanics which allow you to put your fundamental and technical analyses to work.

Table 1 WORLD PRODUCTION, MAJOR VEGETABLE AND MARINE OILS
(million tonnes)

	Crop Year					
	89/90	90/91	91/92	92/93	93/94	93/94 as % of 92/93
Soybeans	16.0	16.0	16.8	17.1	17.7	103.27
Palm	10.9	11.1	11.5	12.6	13.5	106.81
Sunflowerseed	7.9	8.0	7.7	7.8	8.4	107.03
Canola/rapeseed	7.8	8.7	9.4	8.7	8.6	99.08
Cottonseed	3.4	3.8	4.2	3.6	3.9	110.11
Peanut	3.4	3.4	3.4	3.6	3.6	98.35
Coconut	3.1	3.0	2.9	3.0	3.1	102.66
Olive	1.8	1.5	2.1	1.7	1.9	115.66
Fish	1.4	1.4	1.1	1.1	1.2	106.25
Palm Kernel	1.5	1.5	1.5	1.6	1.7	106.75
Total	57.1	58.3	60.7	60.9	63.6	104.45

Source USDA;
Totals may not add due to rounding

Table 2 CANADIAN SUPPLY & DEMAND AUGUST/JULY CROP YEAR
(000 tonnes)

	91/92	92/93	93/94	94/95e	95/96p
Carry-in	399	734	692	330	458
Production	4224	3872	5480	7228	6505
Imports	41	112	23	50	50
TOTAL SUPPLY	4664	4718	6195	7608	7013
Food, Seed & Crush	1852	1943	2237	2550	2550
Exports	1894	1876	3348	4000	3600
Feed & Waste	184	207	280	600	400
TOTAL DISAPPEARANCE	3930	4026	5865	7150	6550
Ending Stocks	734	692	330	458	463
Acres (000)	7760	7525	10140	14215	13340
Yield (bu/ac)	24.0	22.7	23.8	22.4	21.5
Stocks/Use %	18.7	17.2	5.6	6.4	7.1

Source: Statistics Canada; Canola Council of Canada; Alberta Agriculture
Totals may not add due to rounding
e - estimate
p - preliminary

Table 3 WORLD PRODUCTION OF CANOLA AND RAPESEED
(000 tonnes)

	91/92	92/93	93/94	94/95p	95/96f

Canada	4224	3872	5480	7228	6500
China	7436	7653	6939	7000	8700
India	5841	5600	5300p	5450p	5400
France	2238	1800	1550	1830	na
Poland	1043	758	594	751p	na
Sweden	252	247	313	214	na
Germany	3030	2617	2848	2788	na
Denmark	734	450	417	389	na
United Kingdom	1308	1250	1256	1292	na
Other European	1467	1438	996	1232	na
Total European	10072	8560	7974	8496	10110
Others	880	910	1260	1348	1550
Total	28453	26595	26954	29522	32250

Source: Oil World Annual supplied by Alberta Agriculture
Totals may not add due to rounding
p = preliminary
f = forecast

Table 4 WORLD PRODUCTION OF OILSEEDS
(million tonnes)

	91/92	92/93	93/94	94/95p	95/96f
Soybeans	108.05	117.61	116.90	135.93	126.60
Cottonseed	37.64	31.95	29.49	32.77	35.00
Peanuts	16.71	17.19	17.72	19.15	18.68
Sunflowerseed	22.57	21.63	21.36	23.68	23.79
Canola/rapeseed	28.49	25.59	27.04	29.16	32.25
Sesameseed	2.19	2.38	2.46	2.45	2.47
Palm Kernel	3.58	4.17	4.26	4.61	4.92
Copra	4.62	4.68	4.80	5.32	4.84
Flaxseed	2.46	1.97	2.18	2.43	2.63
Castorseed	1.17	1.14	1.14	1.29	1.28
Total	227.46	228.30	227.34	256.79	252.45

Source: Oil World Annual supplied by Alberta Agriculture
Totals may not add due to rounding
p = preliminary
f = forecast

Crops harvested in the Northern Hemisphere during the latter part of the first year are generally combined with those harvested in the Southern Hemisphere during the crop year October to September 30.

Table 5 WORLD PRODUCTION OF MAJOR HIGH PROTEIN MEALS
(million tonnes)

	89/90	90/91	91/92	92/93	93/94
Soybeans	70.0	69.3	72.5	76.1	85.0
Cottonseed	14.3	15.4	16.8	15.1	16.3

Peanut	5.7	5.6	5.6	5.8	8.6
Sunflowerseed	9.2	9.8	9.8	9.3	6.4
Canola/rapeseed	12.7	14.0	15.3	14.6	11.3
Linseed	1.3	1.4	1.3	1.2	n/a
Fish	6.3	6.2	6.0	6.1	n/a
Copra	1.9	1.9	1.7	1.8	5.6
Palm Kernel	1.8	1.8	1.8	2.0	1.5
Sesame	0.7	0.8	0.8	0.8	n/a
Corngerm	2.8	2.5	2.6	2.6	n/a
Corngluten	10.2	10.2	11.2	11.6	11.5
Total	136.9	139.5	145.2	147.0	146.2

Sources: Oil World Annual supplied by Alberta Agriculture
USDA