Resilient Grain and Oilseed Market Analysis April 22, 2025

Accurately assessing the market environment for timely sales recommendations

Canola Market Feels Toppy at Current Levels With Bearish Soybean Sentiment

July canola futures reached up to $687 on Friday which was the highest level since February 21. Demand continues to exceed year-ago levels which will result in a carryout sharply below the five-year average. Canadian crop year-to-date exports for the week ending April 13 were 7.4 million tonnes, up from the year-ago pace of only 4.2 million tonnes. Domestic usage for the same period was 8.1 million tonnes, up from 7.5 million tonnes last year. We're now expecting the Canadian canola carryout for 2024/25 to come in at 1.3 million tonnes, down from the 2023/24 ending stocks of 3.1 million tonnes and down from the five-year average of 2.6 million tonnes. The canola market has been rationing demand.

The market needs to encourage acreage for the 2025/26 crop year. Recent tariff announcements from the Trump Administration have eased concerns that the U.S. would tariff canola and canola products. **We're now expecting farmers to seed 21.3 million acres, down from the 2024 area 22.0 million acres and down from the five-year average of 21.7 million acres**. Given the lower carryout from 2024/25 crop year, the market will be extremely sensitive to weather and crop development. In any case, we want to be selling into this strength. Once the canola crop is well-established, the market will come under pressure. This week, we're advising farmers to sell 5% of expected new-crop canola production.

China has tariffs on U.S. soybeans of 135%. This will result in lower soybean exports at lower prices. There will be more soybean supplies available for the U.S. domestic crush. There will larger soybean oil and soybean meal supplies for the domestic market. The U.S. is the largest buyer of canola oil and canola meal. Chinese tariffs on U.S. soybeans will temper demand for canola oil and canola meal. The soybean fundamentals are bearish and U.S. seeding is underway in a timely fashion. There are no crop concerns.

Conclusion: The canola fundamentals are tight for 2024/25 and the market has rationed demand at the higher levels. Chinese tariffs on U.S. soybeans will result in lower U.S. demand for canola oil and meal.

Recommendation: Farmers should be 80% sold on old crop and 5% sold on new-crop.

The market formed a bullish reversal on Friday. On Monday, the market broke the minor upward trendline and the stochastics have now turned over. The market is due for a pull-back to the 20-day average at the $640 area but there is downside potential to $613. Resistance is at Friday's high of $687.10. A close above here would make the $730 the upside target.

Charts courtesy of DTNProphetX

U.S. Winter Wheat Harvest Will Begin in 40-50 days

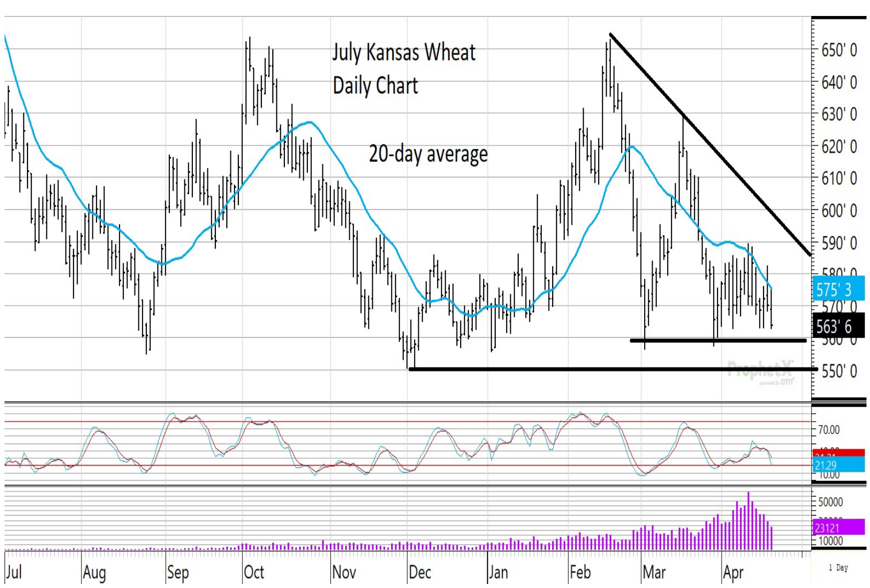
U.S. farmers harvested 20.1 million tonnes of hard red winter wheat last year. The 2024/25 carryout is estimated at 11.1 million tonnes. The U.S. is still holding over 50% of last year's crop. The 2025 hard red winter wheat output is now estimated at 19.2 million tonnes, up from earlier estimates of 18.6 million tonnes. U.S. farmers sell 50% of their winter wheat in the summer months. This fundamental situation will limit the upside in the wheat market over the next four months. There are rains in the forecast for the U.S. Southern Plains. The market needs to encourage demand. See the supply and demand on Page 5.

European winter wheat production is estimated at 126 million tonnes, up from the 2024 crop of 112 million tonnes. Russian production is estimated at 78-79 million tonnes, down from 82 million tonnes last year. The European and Russian harvests begin in late June and move into full swing in July.

U.S. hard red spring wheat production is projected to finish near 10.9 million tonnes, down from 2024 crop of 13.7 million tonnes and down from the five-year average of 12.2 million tonnes. **In Canada, we're projecting that farmers will seed 20.0 million acres of non-durum spring wheat, up from the 2024 area of 18.9 million.** Using a five-year average yield of 49.6 bu/acre, production has potential to finish near 26.7 million tonnes, up from the 2024 crop of 26.1 million tonnes and up from the five-year average of 25.9 million tonnes. Canadian farmers are focusing on wheat and barley production this year due to the Chinese tariffs on canola products and peas. Seeding as started in Southern Alberta but there has been limited progress in Saskatchewan. There are no reports of seeding in Manitoba. Conditions are dryer in Western Canada. The longer term forecast for Western Canada calls for below normal precipitation from June 15 through July 30.

Conclusion: The U.S. hard red winter wheat fundamentals are burdensome and this is weighing on the overall wheat complex. We may see a spring wheat rally in the summer if the forecast materializes.

Recommendation: Farmers should be 70% sold on feed and milling wheat.



July Kansas wheat has major support in the range of $5.50 to $5.60. A close below $5.50 would make the $5.00 level the downside objective. The stochastics reflect downward momentum and the market is making lower highs on each wave. Resistance is in the range of $5.80-$5.90. We need to see two closes above the 20-day average to suggest further upside.

Charts courtesy of DTNProphetX

Old Crop Barley Market Strengthens in Line with Corn Futures

This past week, Lethbridge area feedlots were buying feed barley in the range of $310-$315/tonne delivered, up from the values of $305-$310/tonne seven days earlier. Central Alberta prices were unchanged at $290/tonne to $300/tonne delivered. Seeding is in full force in Southern Alberta but there has been limited progress outside this region. The lack of farmer selling has contributed to strength in south of Calgary. Imported U.S. corn was trading at $320-$325/tonne delivered in Southern Alberta. Wheat for feed usage was quoted at $300-$325/tonne in Central and Southern Alberta.

Cattle on feed inventories in Alberta and Saskatchewan as of April 1 were 961,666 head, down only 4% from last year. On August 1, 2025, we're projecting that on feed numbers will be 700,000 head. Monthly feed demand decreases each month from now until August. Most feedlots have their requirements covered for May and June; however, there is open demand for July and August.

World barley values are relatively unchanged from last month. French barley was offered at US$230/tonne fob Rouen and US$225/tonne fob La Pallice. German feed barley was offered at $228/tonne fob Hamburg. Australian barley was quoted at US$230/tonne fob Port Adelaide. Russian and Ukrainian barley was quoted at US$235/tonne fob Black Sea.

French barley output is projected to reach 11.3 million tonnes, up from 9.8 million tonnes last year; German output is estimated at 10.5 million tonnes, unchanged from 2024. Russian barley production is estimated at 15.5 million tonnes, down from the 2024 crop of 16.3 million tonnes. Ukrainian farmers are expected to produce 5.5 million tonnes, down from the year-ago crop of 5.8 million tonnes.

Canadian barley production is expected to finish near 8.5 million tonnes, up from the 2024 crop of 8.1 million tonnes but down from the five-year average of 8.7 million tonnes. During September, October and November, Canadian farmers sell about 1.0-1.1 million tonnes per month. Domestic feed demand is a round 400,000 tonnes per month during August and September. There are large supplies and lower demand which results in a lower price. The market needs to push barley offshore. However, the the world barley market has to also absorb the European, Russian and Ukraine harvests. The world market is also at a seasonal low in the fall.

Europe is the largest malt barley producer. If there are no weather problems during harvest, the malt premium over feed will narrow to about US$20/tonne. Don't expect a significant malt premium over feed barley when making your seeding decisions.

Conclusion: The market is experiencing an seasonal rally. Sell into this strength. Barring adverse weather, the market is bearish for both malt and feed barley for September through December.

Recommendation: Farmers should sell 20% of their 2024 production bringing total sales to 90%. Producers should be 100% sold on malt barley.

World Durum Trade Goes Quiet as Traders Meet in Seville

The world durum market is quiet this week as traders from Russia, Kazak, France, Italy, Northern Europe, North Africa, Japan, and North America meet in Seville, Spain. If you would like to attend this conference next year, please let me know and I will provide details. It's a real eye-opener for farmers who attend.

In Southern Alberta, elevator bids for No.1 CWAD for June delivery are averaging $9.27/bu. For September, bids are around $8.66/bu. During June, old-crop prices will be discount to new-crop in Western Canada.

No.1 CWAD 13.0 is offered at US$325/tonne fob Thunder Bay for June delivery. U.S. milling durum is quoted at US$320-US$325/tonne fob Duluth depending on the quality. Ocean freight from Thunder Bay to Italy is about US$50/tonne. French durum is offered at US$332/tonne fob La Pallice and US$352/tonne Port La Nouvelle (Mediterranean Port). Spanish durum is valued at US$320/tonne fob Seville. In Italy, domestic durum in Sicily is quoted at US$345-US$355 fob ocean port and in Puglia region, US$350-US$365 delivered mill.

In Turkey, the crop is heading and production estimates are in the range of 3.7-3.9 million tonnes, down from the 2024 crop of 4.5 million tonnes but up from the five-year average of 3.4 million tonnes.

European durum production is estimated at 7.8-8.0 million tonnes, up from 7.2 million tonnes last year. The largest change will occur in Italy where production is estimated at 4.4 million tonnes, up from the 2024 crop of 3.4 million tonnes. This will result in lower import demand. French durum output is estimated at 1.2 million tonnes, unchanged from last year. Spanish output is forecasted to finish near 700,000 tonnes, also unchanged from 2024. The European Mediterranean harvests will being during the last week of May and move into full swing in June. The main harvest in Italy and France occurs in July.

Seeding is in the early stages in Southern Alberta but we haven't heard of too much activity in Saskatchewan. The main growing region of Saskatchewan and North Dakota has received below normal precipitation over the past 30 days. It's still early so the market is not concerned about Canadian or U.S. weather developments. Canadian production is estimated at 6.2 million tonnes, up from 5.8 million tonnes last year. U.S. output is estimated at 2.0 million tonnes, down from the year-ago level of 2.2 million tonnes.

On the Accuweather.com forecast for Swift Current, overnight temperatures drop down to 1 degree Celsius from May 11 to May 14. The 30-day forecast is for normal to below normal precipitation and below normal temperatures. It's basically cold and dry. In June and July, temperatures are expected to be normal but there is no major precipitation event in Southwest Saskatchewan. **At this time, the weather forecast for Southwest Saskatchewan is hot and dry for June and July.** Western Canadian weather patterns occur in 18-year cycles. The growing season for 2007 resulted in an average durum yield of only 28.4 bu/acre. The Canadian 10-year average yield is 36.0 bushels per acre.

Conclusion: At this time, all three major exporters are expected to experience a year-over-year increase in production. However, the Saskatchewan weather forecast is for dryer conditions.

Recommendation/Strategy: Farmers should be 80% sold on their 2024 production. We still have 20% left in case there is a weather rally later in spring or summer.

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Feature: U.S. Hard Red Winter Wheat Supply and Demand

US Hard Red Winter Wheat								
Supply and Disposition of US Hard Red Winter Wheat (000 tonnes)								
	USDA 19/20	USDA 20/21	USDA 21/22	USDA 22/23	USDA 23/24	5-Year average	USDA 24/25	USDA 25/26
Seeded Acreage	22.7	21.7	23.5	23.1	25.6	23.3	**23.8**	**23.6**
Harvested	16.5	16.0	17.2	15.3	15.6	16.1	**17.6**	**16.4**
Yield bu/acre	51.2	40.9	43.6	34.7	38.3	41.7	**43.9**	**43.0**
SUPPLY (000 tonnes)								
Opening Stocks June 1	14,042	13,765	11,653	9,691	6,069	11,044	**7,464**	**11,103**
Production	22,992	17,810	20,409	14,449	16,227	18,377	**20,948**	**19,192**
Imports	54	109	109	109	490	174	**163**	**136**
TOTAL SUPPLY	37,088	31,683	32,171	24,249	22,786	29,595	**28,575**	**30,431**
USE								
Exports	10,287	9,253	8,573	6,123	3,647	7,577	**5,579**	**5,715**
Seed	680	708	708	762	735	718	**735**	**735**
Human Food/Industrial \1	10,287	10,260	11,185	10,151	10,451	10,467	**10,505**	**10,478**
Feed-Waste-Dockage/Residual	2,068	-191	2,014	1,143	490	1,105	**653**	**1,089**
TOTAL USE	23,324	20,030	22,480	18,180	15,322	19,867	**17,472**	**18,017**
TOTAL CARRYOVER	13,765	11,653	9,691	6,069	7,464	9,728	**11,103**	**12,414**
\1 Human food and industrial includes all domestic processing included wheat milled to produce flour for export								

U.S. hard red winter wheat production is estimated at 19.2 million tonnes, down from 20.9 million tonnes last year. However, given the larger carry-in stocks, totally supplies for the 2025/26 crop year are estimated at 30.4 million tonnes, up from the 2024/25 starting point of 28.6 million tonnes and up from the five-year average of 29.6 million tonnes.

Notice that we have feed usage at 1.1 million tonnes for the 2025/26 crop year. Hard red winter wheat in Kansas trades into feed channels during the harvest period. Even with the larger feed usage, the 2025/26 ending stocks are projected to reach 12.4 million tonnes, up from the 2024/25 number of 11.1 million tonnes and up from the five-year average of 9.7 million tonnes. In the 2019/20 crop year, he carryout was 13.8 million tonnes and hard red winter wheat futures traded between $4.00 and $5.00/bu. Keep this in mind.

Chicago futures have potential to trade at a premium to the Kansas futures during June. The managed money is short Kansas, Chicago and Mpls wheat. The catalyst to spark a short-covering rally would likely come from a stronger corn market.

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Charts courtesy of DTNProphetX