



## I.D.E.A. Industry Update - May 23, 2003

### **New Crop PROs Continue Sliding**

The Canadian Wheat Board has released its May Pool Return Outlook (PRO) for the upcoming 2003-04 crop year. Compared to the estimates made in April, wheat values are \$3 a tonne lower, durum values are \$3 to \$7 per tonne lower, feed barley values are down by \$3 a tonne, while malting barley values have slipped \$4 to \$5 a tonne.

According to the CWB, the stronger Canadian dollar continues to more than offset the improved outlook for global wheat fundamentals. So-called minor exporters like Russian and Ukraine and expected to have drastically reduced wheat exports, but recent rains have stabilized production prospects in the EU, Australia, the U.S. and Canada.

On durum, bumper crops will soon be harvested in North Africa and a bigger crop than last year is expected in Western Canada.

On designated barley, the CWB says the continued appreciation of the dollar and improving moisture conditions in the EU and Australia are pressuring malting barley values. This is being offset to some extent by extremely tight carry in stocks.

The Pool Return Outlook from the Canadian Wheat Board for the current 2002-03 crop year has declined by \$2 to \$7 a tonne for wheat as compared to the last PRO released in March. Durum values are down by \$12 to \$15 per tonne. Feed barley values are \$5 a tonne lower, while the malting barley PRO has slipped by \$2 a tonne. On durum, prospects for a bumper crop in North Africa and a much larger North American crop are factors influencing the current crop year price forecast.

### **Feed Processing Plant Planned for Shoal Lake, Manitoba**

A group of ten producers and businessmen in the Shoal Lake area plan to create another value-added commodity for locally produced crops with the development of a new feed processing plant in their town. The Manitoba Rural Adaptation Council (MRAC) has approved funding for a new feed processing plant that will use the locally grown off-grade canola (green canola), peas, and beans in the Shoal Lake area. MRAC, through Agriculture and Agri-Food Canada Canadian Adaptation and Rural Development Fund (CARD) will contribute \$14,500 towards the \$1.1 million project.

EXP Feeds incorporated in August 2002 is owned by ten shareholders; each with a ten percent share. The new company has bought property for the plant and construction should start this summer with operations starting in late fall. EXP Feeds is recruiting an on-site manager to oversee the project.

EXP Feeds will purchase off-grade canola, thereby assisting producers challenged by an unevenly ripened harvest and take peas and beans to develop a tallow free livestock feed ingredient with high energy and protein content.

502 - 45th Street West, Second Floor  
Saskatoon, Saskatchewan  
CANADA S7L 6H2

Tel: (306) 933-4904  
Fax: (306) 244-4497  
office@independentdealers.com

### **Mad Cow Disease Discovered in Alberta**

As you have likely already heard, a case of BSE or Mad Cow Disease has been discovered in Alberta. The eight year old cow was detected when the animal was condemned at slaughter. The remains were sent for rendering. The cow was not showing symptoms of BSE.

Officials stress that no meat from the cow entered the food chain. Preliminary tests performed at a provincial laboratory and at the Canadian Food Inspection Agency's National Centre for Foreign Animal Disease were unable to rule out BSE. The CFIA sent specimens to the World Reference Laboratory in Weybridge, United Kingdom, and those tests have confirmed BSE. The CFIA and the Province of Alberta are investigating the animal's origin and how its remains were processed.

The affected herd of 150 head will be depopulated once the necessary samples are obtained for the ongoing investigation. Any additional herds found to be at risk will also be depopulated. The United States Department of Agriculture is placing Canada under its BSE restriction guidelines and will not accept any ruminants or ruminant products from Canada pending further investigation. The USDA is dispatching a technical team to Canada to assist in the investigation.

U.S. Agriculture Secretary Ann Veneman has issued a statement saying she feels that all appropriate measures are being taken in what appears to be an isolated case of Bovine Spongiform Encephalopathy.

### **Frost Damage Expected on Crops**

There may be a significant amount of reseeded in parts of Saskatchewan and Alberta due to frost over the Victoria Day long weekend.

Early Monday morning, temperatures as low as minus 7 were reported and the freezing lasted for many hours. While most crops still haven't emerged, in many areas there are some early seeded crops poking through the ground.

Field peas and lentils are often the first crops seeded and they are generally quite frost tolerant. However, temperatures that low for that long may have exacted a toll. Many acres of canola were seeded early and canola can be quite susceptible. There will also be an assortment of other crops that may have been exposed and vulnerable. It's likely to take awhile before the full extent of the frost damage is known.

### **Rain Welcomed in Parts of Manitoba**

Moisture conditions range from good to poor in Manitoba, according to the weekly crop report from Manitoba Agriculture issued May 20.

Dryness is a concern in many parts of the northwest. Ste. Rose, Dauphin and Swan River are the driest districts and have poor subsoil moisture reserves. Fall seeded crops are rated as fair due to dry conditions, while hay and pasture development continues to be poor.

Dry conditions are also a concern in the north interlake region.

In contrast, weekend rain soaked most of the eastern region of the province. Beausejour, Dugald, Vita and Steinbach received 50 to 55 mm, with some other areas receiving even more. In the southwest and central regions, rain was variable. While Gladstone reported no rain, 50 mm was received in Morden, 68 mm fell at Altona and Morris received 81 mm. Moisture conditions in the central region are now considered wet to ideal.

Seeding is well advanced in most areas of Manitoba. Seeding of cereals and oilseeds is nearing completion. In some areas, herbicide spraying will soon begin in both winter wheat and early seeded cereals.