

# Canaryseed Market Update



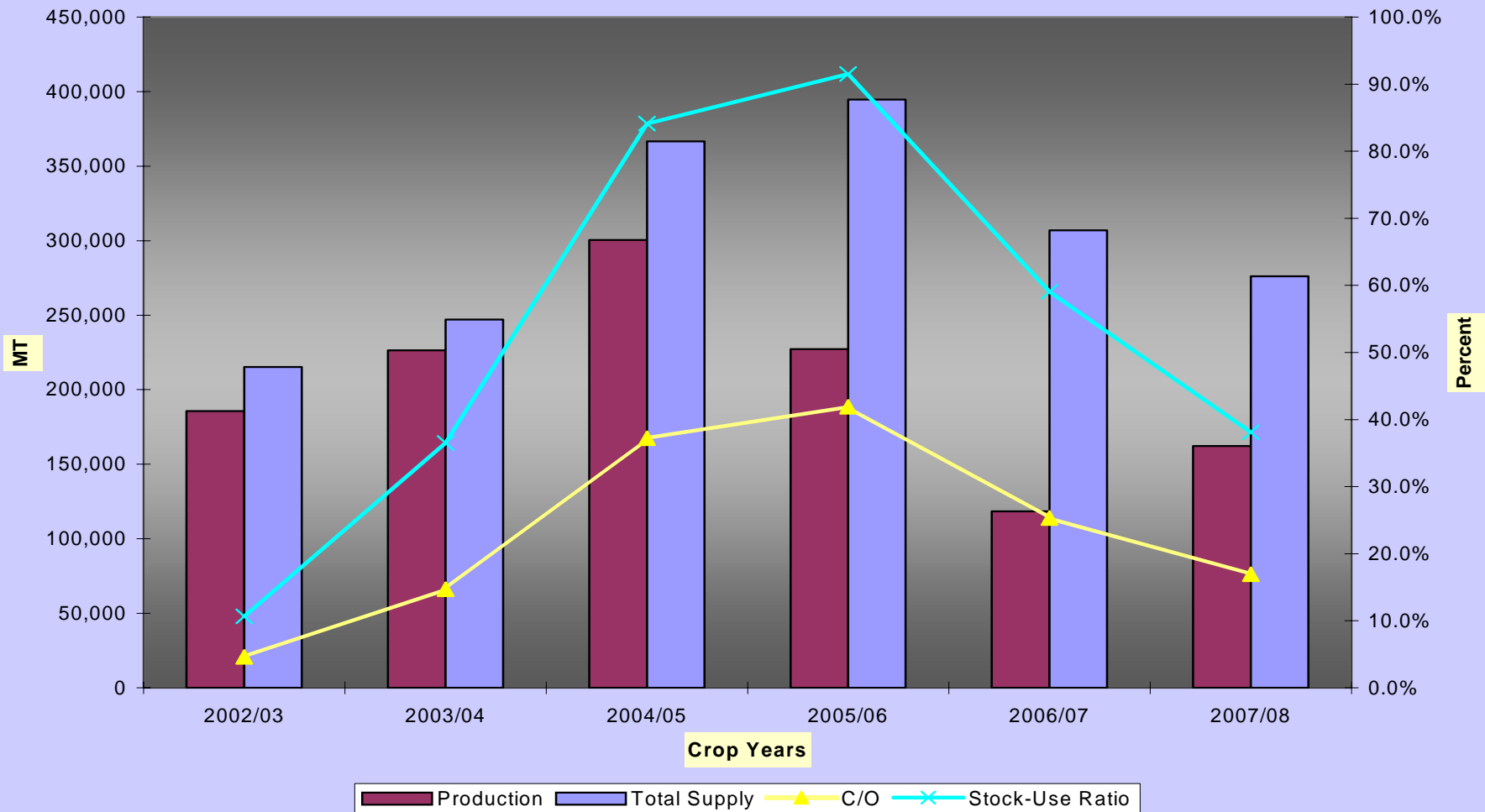
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Jan. 2008

# Canadian Canaryseed-Current Situation

Canaryseed Supply & Disposition, 2002/03-2007/08



# Canadian Canaryseed-Current Situation

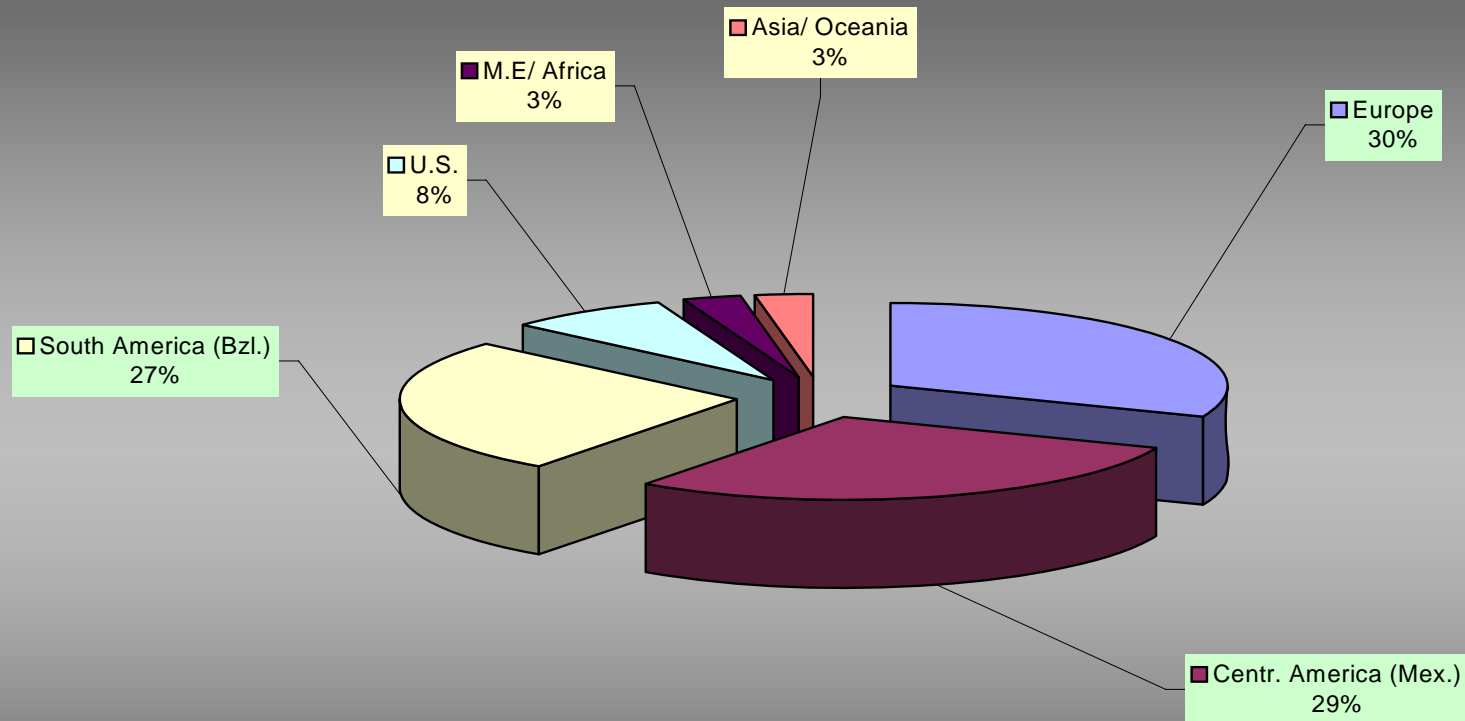
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## Canaryseed - Western Canada

	<u>2002/03</u>	<u>2003/04</u>	<u>2004/05</u>	<u>2005/06</u>	<u>2006/07</u>	<u>2007/08</u>
Acreage (hrvstd)	585,000	610,000	785,000	460,000	303,000	447,000
Yield (lbs/acre)	700	818	844	1,089	861	800
Production	185,700	226,400	300,500	227,200	118,400	162,205
Carry-In	29,500	20,700	66,100	167,500	188,600	114,000
Total Supply	215,200	247,100	366,600	394,700	307,000	276,205
Dom. Usage	30,800	14,000	36,000	21,400	13,000	20,000
Exports	163,700	167,000	163,100	184,700	180,000	180,000
Total Usage	194,500	181,000	199,100	206,100	193,000	200,000
C/O	20,700	66,100	167,500	188,600	114,000	76,205
Stock-Use Ratio	10.6%	36.5%	84.1%	91.5%	59.1%	38.1%

# Canadian Canaryseed Export Distribution

2007/08



# Assumptions underlying 2008/09 Canadian Canaryseed Projection

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- Price -\$22/cwt forward contracts  
[24c/cwt?]
- N/C Prices other commodities competing  
for acres/ Production costs
- Freight Issues: Rail freight to Mexico
- Production other countries
- Growing conditions Canada
- Acreage seeded '08: up 5-10% in Canada

# Comparison Return per Acre

Cost Analysis Spreadsheet based on Sample Farms' Costs

year 2008

adjusted yields

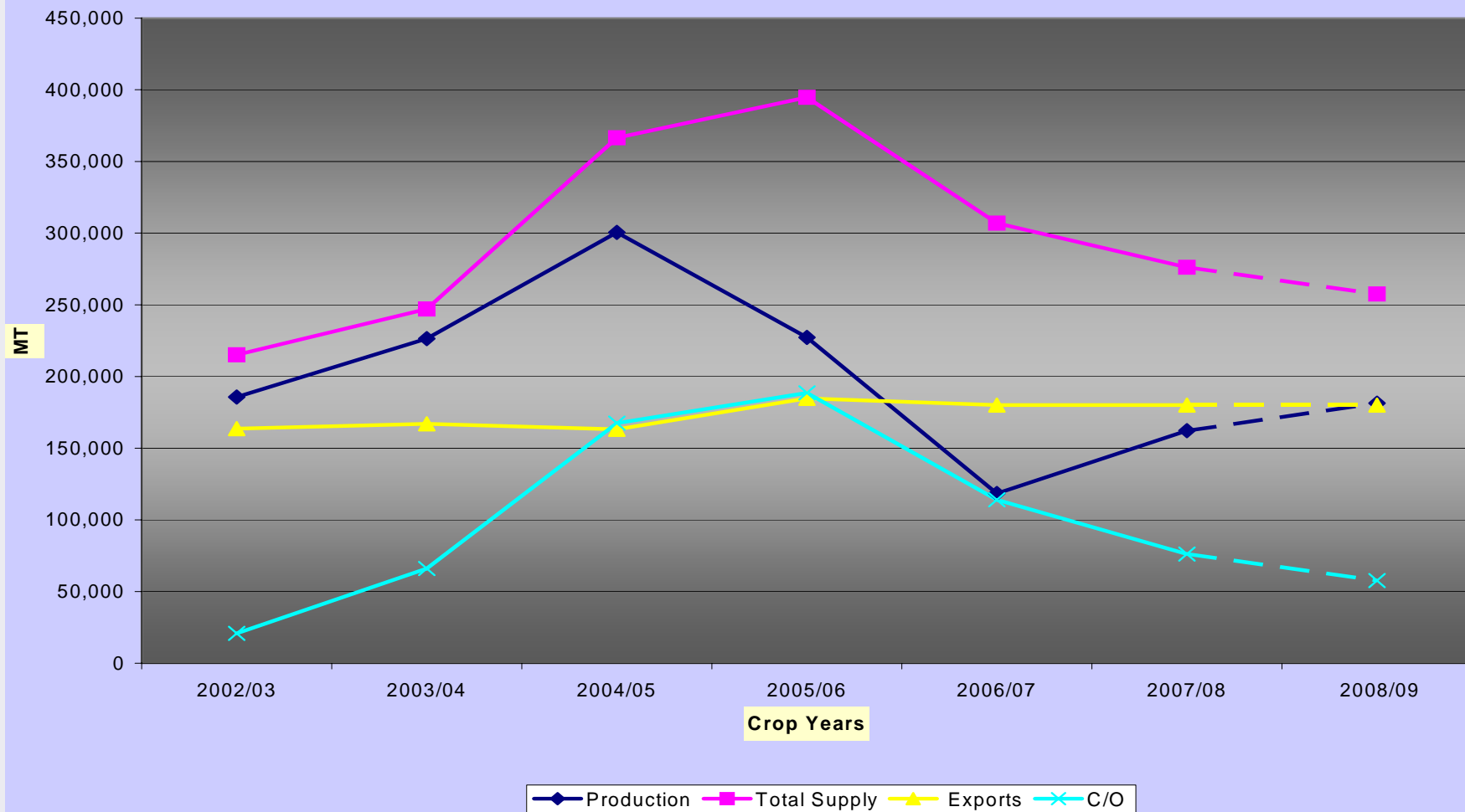
crop:		WW	HRSW	Pr.Ryegr.	Canary	Canary	RR-Soy	Oats	Flax	LLC	Barley	Peas	Lentils
<b>costs:</b>													
variable:	seed	\$ 20.00	\$ 20.00	\$ 15.00	\$ 20.00	\$ 20.00	\$ 30.00	\$ 10.00	\$ 12.00	\$ 30.00	\$ 10.00	\$ 30.00	\$ 30.00
	chem.	34.00	42.00	27.00	42.00	42.00	15.00	17.00	32.00	45.00	37.00	52.00	52.00
	fert.	75.00	70.00	50.00	55.00	55.00	-	55.00	60.00	80.00	70.00	20.00	20.00
	rep&mntn.	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
	fuel&oil	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00
	crop.ins.	6.00	5.00	6.00	10.00	10.00	10.00	5.00	6.50	7.00	6.00	5.00	5.00
	cust.work	-	-	-	-	-	-	-	-	-	-	-	-
subtotal		\$ 154.00	\$ 156.00	\$ 117.00	\$ 146.00	\$ 146.00	\$ 74.00	\$ 106.00	\$ 129.50	\$ 181.00	\$ 142.00	\$ 126.00	\$ 126.00
fixed:	machinery	\$ 40.00	\$ 40.00	\$ 40.00	\$ 40.00	\$ 40.00	\$ 40.00	\$ 40.00	\$ 40.00	\$ 40.00	\$ 40.00	\$ 40.00	\$ 40.00
	wages	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00
	landtax\rent	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00
	other	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
subtotal		\$ 84.00	\$ 84.00	\$ 84.00	\$ 84.00	\$ 84.00	\$ 84.00	\$ 84.00	\$ 84.00	\$ 84.00	\$ 84.00	\$ 84.00	\$ 84.00
<b>Ttl. costs</b>		\$ 238.00	\$ 240.00	\$ 201.00	\$ 230.00	\$ 230.00	\$ 158.00	\$ 190.00	\$ 213.50	\$ 265.00	\$ 226.00	\$ 210.00	\$ 210.00
revenue:	yield bu/ac	70	45	750	30	30	30	110	25	35	80	45	30
	lbs/ac				1500	1500							1500
	price \$/bu	7.00	7.00	0.45	11.00	12.00	8.00	2.60	10.00	10.50	4.50	8.00	11.50
	px \$/cwt				22.00	24.00							23.00
	cropins \$/ac	-	-	-	-	-	-	-	-	-	-	-	-
Gorss Reve		\$ 490.00	\$ 315.00	\$ 337.50	\$ 330.00	\$ 360.00	\$ 240.00	\$ 286.00	\$ 250.00	\$ 367.50	\$ 360.00	\$ 360.00	\$ 345.00
<b>MARGIN</b>		\$ 252.00	\$ 75.00	\$ 136.50	\$ 100.00	\$ 130.00	\$ 82.00	\$ 96.00	\$ 36.50	\$ 102.50	\$ 134.00	\$ 150.00	\$ 135.00

# 2008 Canadian Production

Canaryseed - Western Canada							F 1	F 2
	<u>2002/03</u>	<u>2003/04</u>	<u>2004/05</u>	<u>2005/06</u>	<u>2006/07</u>	<u>2007/08</u>	<u>2008/09</u>	<u>2008/09</u>
Acreage (hrvstd)	585,000	610,000	785,000	460,000	303,000	447,000	469,350	491,700
Yield (lbs/acre)	700	818	844	1,089	861	800	852	852
<b>Production</b>	<b>185,700</b>	<b>226,400</b>	<b>300,500</b>	<b>227,200</b>	<b>118,400</b>	<b>162,205</b>	<b>181,398</b>	<b>190,023</b>
Carry-In	29,500	20,700	66,100	167,500	188,600	114,000	76,205	76,205
<b>Total Supply</b>	<b>215,200</b>	<b>247,100</b>	<b>366,600</b>	<b>394,700</b>	<b>307,000</b>	<b>276,205</b>	<b>257,603</b>	<b>266,227</b>
Dom. Usage	30,800	14,000	36,000	21,400	13,000	20,000	20,000	20,000
Exports	163,700	167,000	163,100	184,700	180,000	180,000	180,000	180,000
Total Usage	194,500	181,000	199,100	206,100	193,000	200,000	200,000	200,000
<b>C/O</b>	<b>20,700</b>	<b>66,100</b>	<b>167,500</b>	<b>188,600</b>	<b>114,000</b>	<b>76,205</b>	<b>57,603</b>	<b>66,227</b>
Stock-Use Ratio	10.6%	36.5%	84.1%	91.5%	59.1%	38.1%	28.8%	33.1%

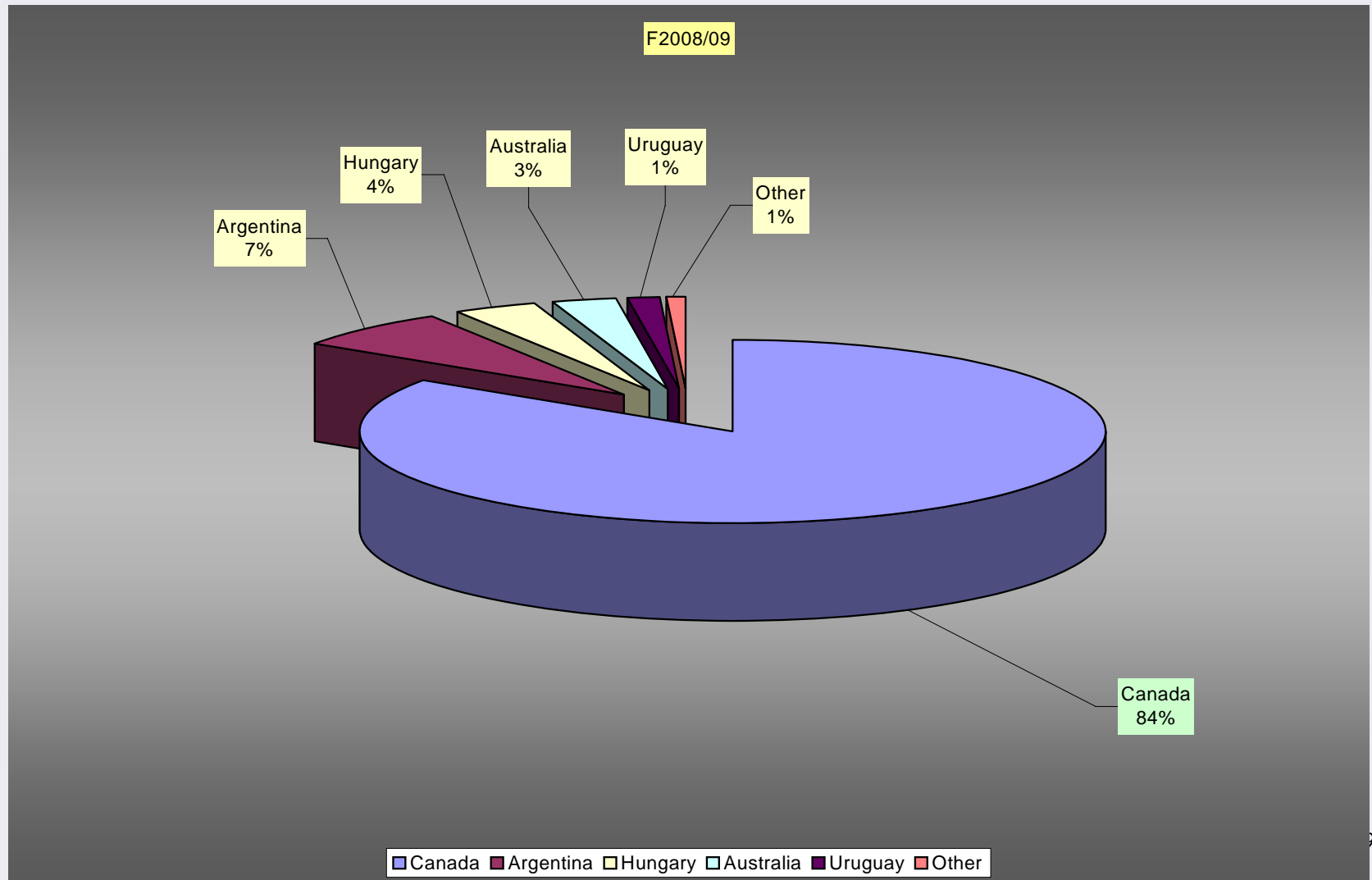
# 2008 Canadian Production

Canadian Canaryseed Supply & Disposition, 2002/03 - F2008/09





# Canaryseed World Production, F2008/09



# World Situation

## World Canaryseed Production Est.

('000 MT)	<u>2003/04</u>	<u>2004/05</u>	<u>2005/06</u>	<u>2006/07</u>	<u>2007/08</u>	<u>F2008/09</u>
<b>Canada</b>	<b>227</b>	<b>301</b>	<b>227</b>	<b>133</b>	<b>162</b>	<b>185</b>
<b>Argentina</b>	18	17	17	16	17	15
<b>Hungary</b>	8	20	13	13	10	8
<b>Australia</b>	6	6	6	6	4	6
<b>Uruguay</b>	3	3	3	3	3	3
<b>Other</b>	2	2	2	2	2	2
<b>Total</b>	<b>264</b>	<b>349</b>	<b>268</b>	<b>173</b>	<b>198</b>	<b>219</b>
<b>eC/I Stocks</b>	23	69	173	192	118	80
<b>Ttl. Supply</b>	<b>287</b>	<b>418</b>	<b>441</b>	<b>365</b>	<b>316</b>	<b>299</b>
<b>Ttl. Usage*</b>	218	245	249	247	236	229.84
<b>C/O Stocks</b>	<b>69</b>	<b>173</b>	<b>192</b>	<b>118</b>	<b>80</b>	<b>69.16</b>
<b>Stock-Use ratio</b>	31.7%	70.6%	77.1%	47.8%	33.9%	30.1%

# Conclusions

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- Canada is firmly in control of this market
- \$22-24/cwt will attract sufficient acres to feed into the world demand
- Less incentive will create shortfalls; in an inelastic market that would be explosive
- Increases of 10% (+) would keep the market ~ in balance with prices likely in the \$22-\$26/cwt range.