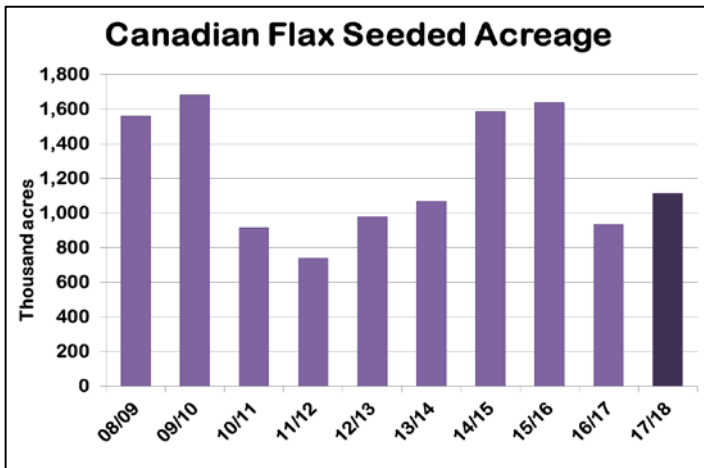
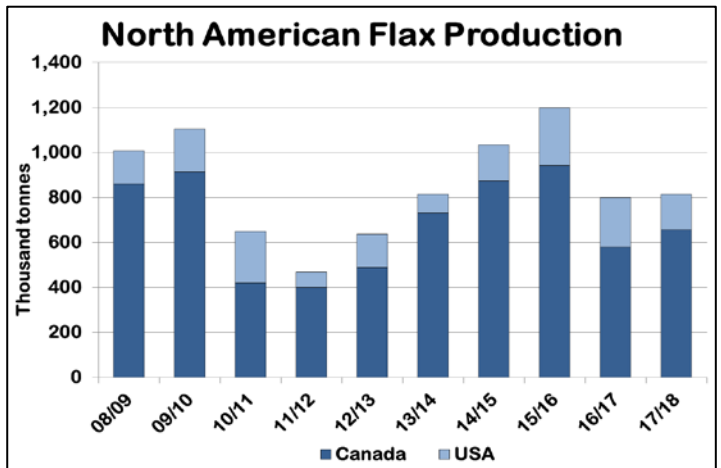


# Flax Market Snapshot

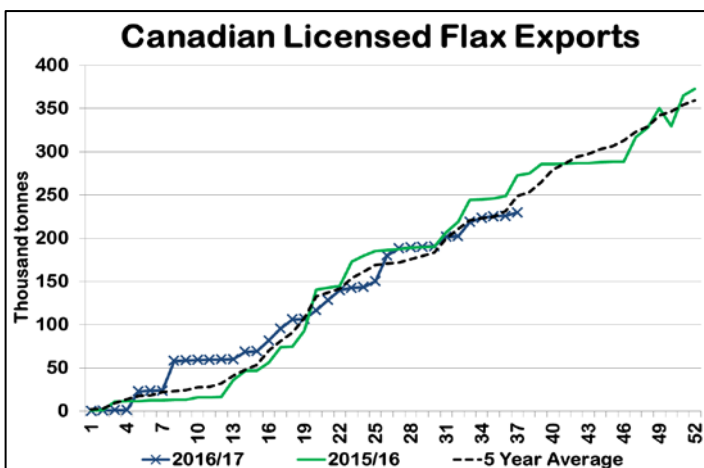
April 28, 2017



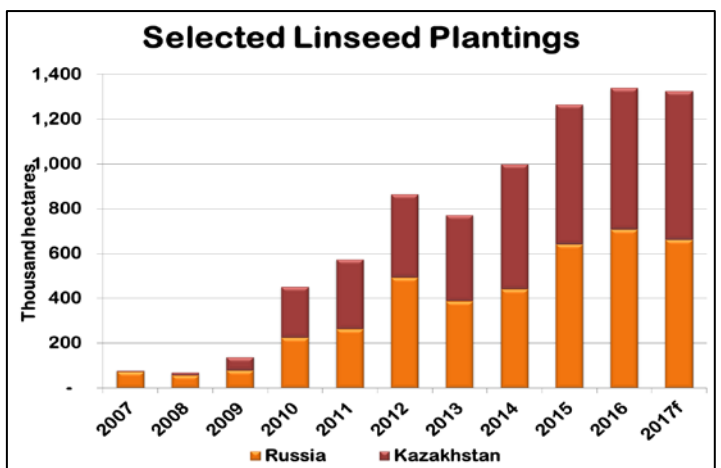
The first StatsCan acreage forecast for 2017 showed flax seeded area at 1.115 million acres, up 19% from last year, but slightly below the average trade guess of 1.13 million acres. One reason for the gain is fewer acres of durum and lentils in the same production regions. Despite this increase, the 2017 acreage would still be far below 2014 and 2015.



Earlier, the USDA projected a 16% drop in US flax area for 2017. With 5-year average yields in Canada and the US, total North American production in 2017 would be close to 800,000 tonnes, similar to last year. Carryover from 2016/17 is expected to be smaller in both countries, which would mean reduced flax supplies for 2017/18.

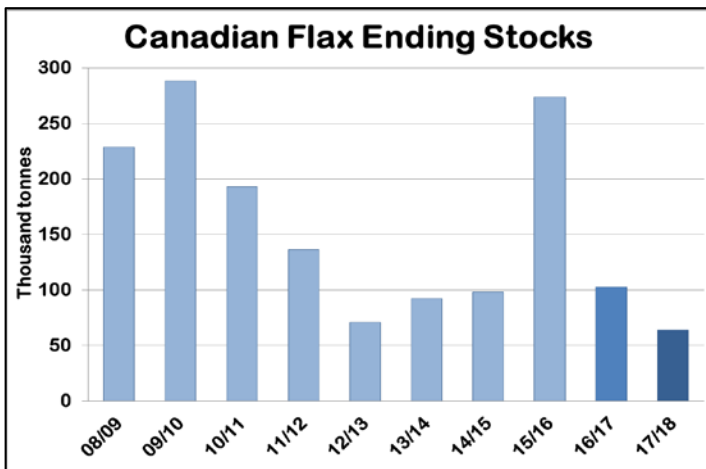


Flax exports through licensed channels tend to move in a stepwise fashion and that's been the case so far in 2016/17. Total volumes of licensed exports through mid-April are 230,000 tonnes, 40,000 tonnes less than last year. Exports to China have been steady again in 2016/17 but volumes to the US have lagged due to larger domestic supplies there.

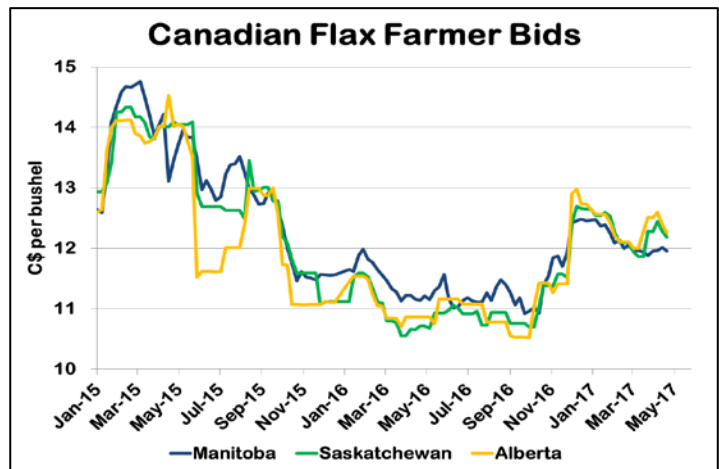


Early reports from the Black Sea region are calling for a minor reduction in 2017 linseed plantings. In 2016, yields were very positive, especially in Russia, and a return to average yields this year would likely mean a smaller 2017 crop. Now that this region is producing more flax than Canada, it has become a more important piece of the market outlook.

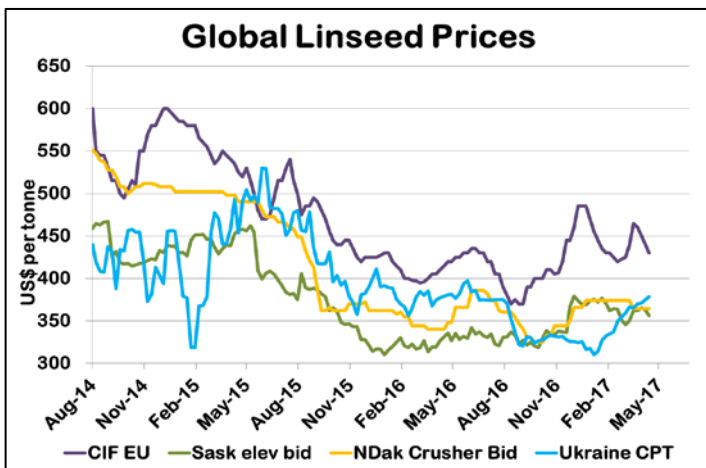
## Flax Market Snapshot - April 28, 2017



The smaller 2016 Canadian flax crop and the limited acreage response in 2017 will keep 2017/18 supplies from rebuilding. Even if 2017/18 exports remain subdued and domestic use is average, ending stocks could conceivably drop even lower in 2017/18 than they are forecast in the current year. That's a large turnaround from the heavy stocks a year ago.



Canadian flax bids have shown a little more volatility recently in response to export demand. Fresh purchases from European buyers gave bids a boost late in 2016 and again a few weeks ago. Regular Chinese purchases have provided smaller bumps but buyers' bids have slipped when a sale doesn't need to be filled immediately.



Linseed prices in North America have been more stable than in other markets so far in 2016/17, although US prices are relatively weaker than in Canada. In Europe, prices had risen due to restricted Russian supplies and then declined again when Canadian supplies showed up. Prices in Ukraine have been climbing fairly steadily as old-crop supplies dwindle.

	13/14	14/15	15/16	16/17	17/18
Seeded Acres, 000's	1,070	1,585	1,640	935	<b>1,115</b>
Harvested Acres, 000's	1,043	1,534	1,595	836	<b>1,068</b>
Yield (bu/acre)	27.6	22.4	23.3	27.3	<b>24.2</b>
<b>Supply ('000 tonnes)</b>					
Carry-In	71	92	98	274	<b>103</b>
Production	731	873	942	579	<b>655</b>
Imports	14	11	12	10	<b>10</b>
<b>Total Supply</b>	816	975	1,052	<b>863</b>	<b>768</b>
<b>Disposition ('000 tonnes)</b>					
Seed	27	28	16	28	<b>28</b>
Other Domestic	80	143	130	122	<b>126</b>
Exports	616	707	633	610	<b>550</b>
<b>Total Disposition</b>	724	877	779	<b>760</b>	<b>704</b>
<b>Ending Stocks</b>	92	98	274	<b>103</b>	<b>64</b>
<b>Stocks/Use</b>	13%	11%	35%	<b>14%</b>	<b>9%</b>

*Source: Statistics Canada with LeftField projections in bold*

In 2016/17, reduced acreage coupled with large yields kept flax supplies fairly comfortable, although lower than the year before. For 2017/18, supplies could drop further, due to a modest acreage base, average yields and lower carryover from 2016/17. If so, it would limit 2017/18 export potential and leave historically low ending stocks.

### The Fine Print

At LeftField, we do our best to provide accurate information in this newsletter but we don't guarantee its accuracy nor accept liability for any errors. This newsletter provides market information and does not offer specific marketing recommendations.