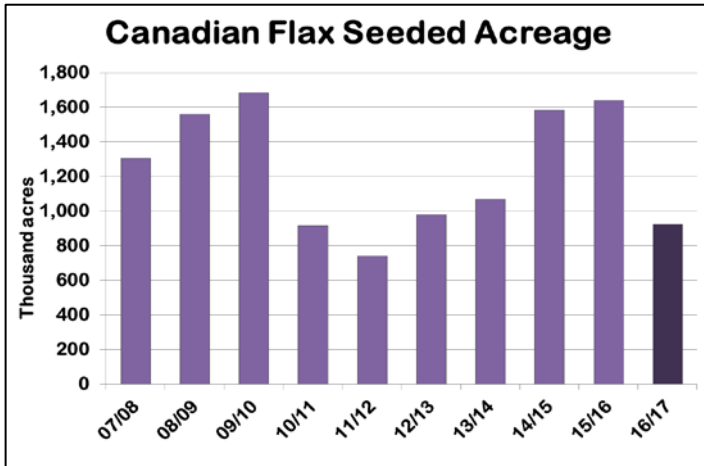
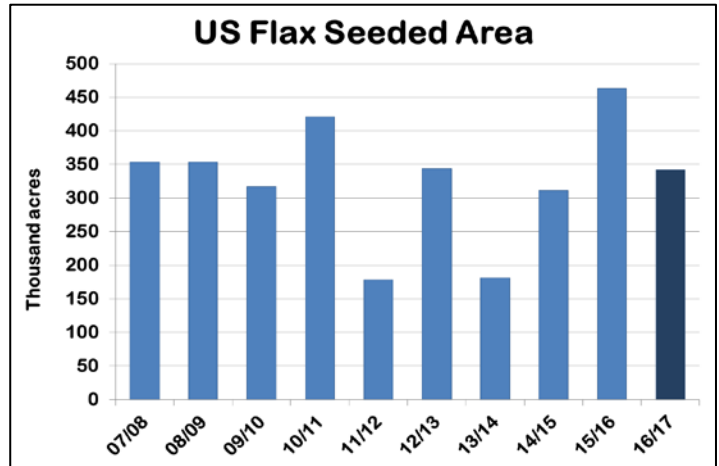


# Flax Market Snapshot

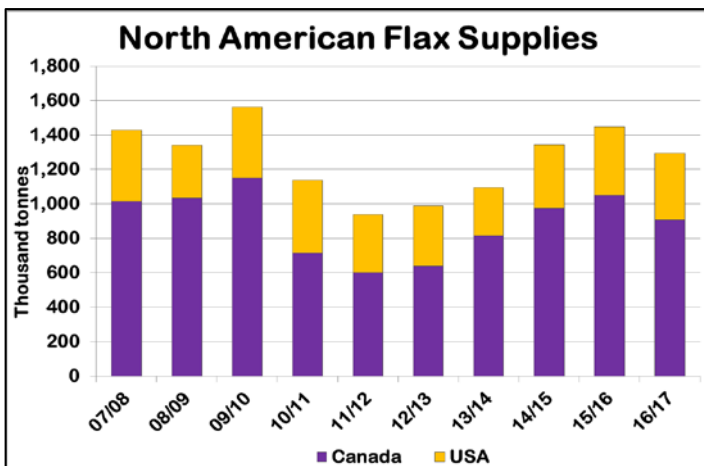
July 4, 2016



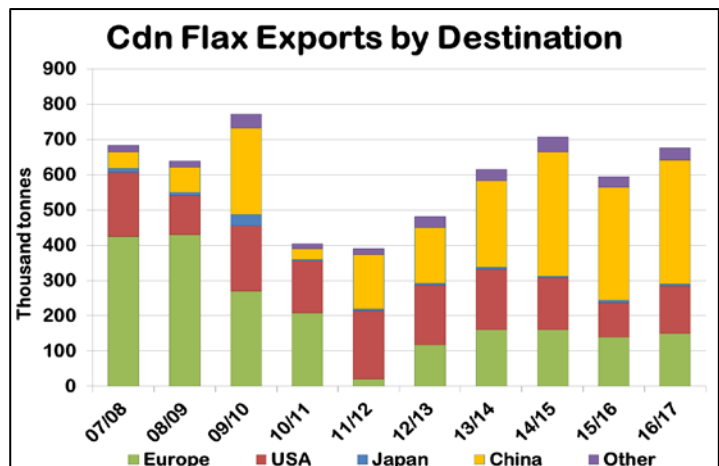
The June seeded acreage report from StatsCan showed an even larger drop in plantings than in the April seeding intentions report. Area is now estimated to drop to 925,000 acres, 44% less than last year and the smallest area since 2011. This low estimate was unexpected, as some in the trade had expected acreage would be larger than in the intentions report.



In the US, 2016 seeded area was estimated by the USDA to decline to 342,000 acres, 26% less than last year. While the drop is sizable, seeded area remains toward the higher end of the previous 10 years. A reduced 2016 US crop would provide some modest support for imports of Canadian flax but this will be partly offset by a larger US carryover from 2015/16.

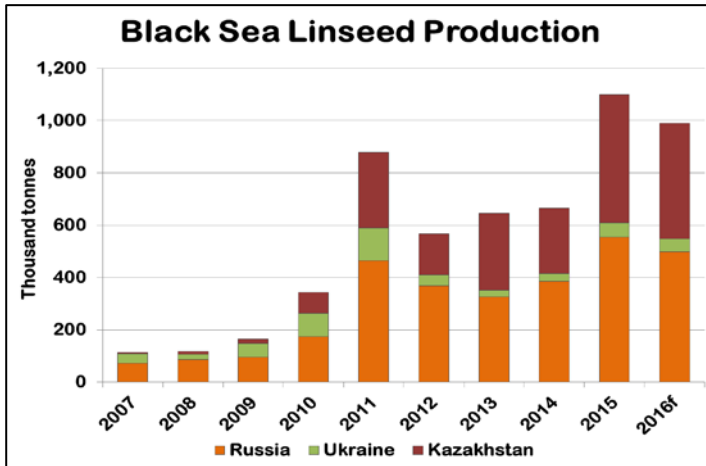


Despite the large declines in seeded area, flax supplies in North America are forecast to remain comfortable in 2016/17. This is partly the result of good conditions and above-average yield expectations in western Canada. Sizable stocks of flax will also be carried over in both countries from 2015/16 into the next marketing year.

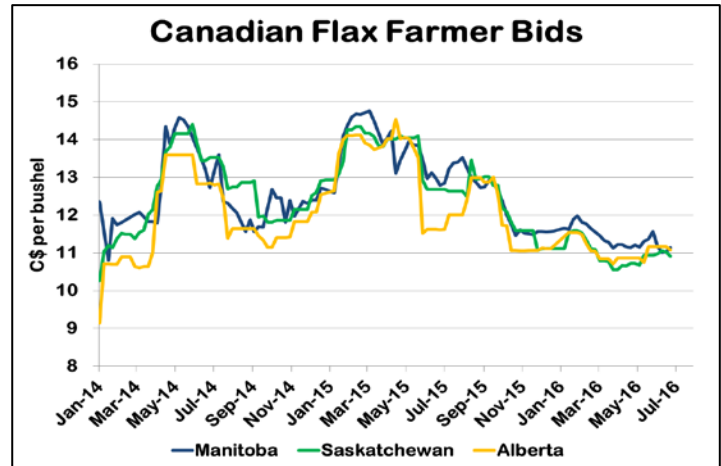


Canadian flax exports for 2015/16 should end up close to the 600,000 tonne mark. Volumes to the US and EU are the main reasons for the weaker demand. In 2016/17, a recovery is expected to the US and volumes to Europe and China should also see modest increases. The total export program for next year is forecast to reach 675,000 tonnes.

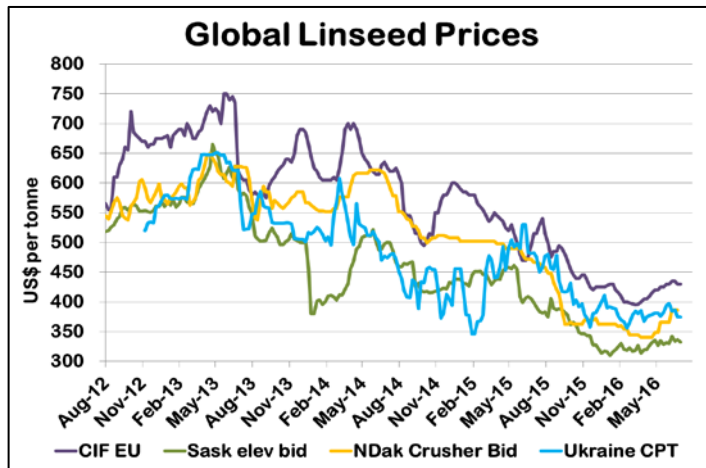
## Flax Market Snapshot - July 4, 2016



Production of flax in the Black Sea region for 2016 is expected to be reduced from the 2015 record of 1.1 million tonnes. Hard estimates from the region aren't widely available, but seeded area is reported to be reduced from last year while yield outlooks are favourable for Russia and Kazakhstan. This will enable strong export competition again in 2016/17.



Flax bids in western Canada have moved sideways through the 2015/16 marketing year, mostly \$11-12 per bushel. Export sales were reduced but farmers remained patient sellers, which kept the market supported. For 2016/17, the supply/demand relationship is expected to remain fairly stable, which would set the stage for steady prices again.



Linseed prices in most key global markets hit their lows earlier in 2016, saw a recovery but have leveled off again. Some of this strength has spilled over from the gains in soy meal, but gradually shrinking linseed supplies have also provided some lift. The prospect for smaller crops could allow for firm prices in 2016/17.

	12/13	13/14	14/15	15/16	16/17
Seeded acres, 000's	980	1,070	1,585	1,640	925
Harvested acres, 000's	950	1,043	1,534	1,595	893
Yield (bu/acre)	20.3	27.6	22.4	23.3	25.4
<b>Supply ('000 tonnes)</b>					
Carry-in	137	71	92	97	322
Production	489	731	873	942	576
Imports	15	14	11	10	10
<b>Total Supply</b>	640	815	975	1,049	908
<b>Disposition ('000 tonnes)</b>					
Seed	18	27	28	26	24
Other Domestic	71	80	143	106	116
Exports	481	616	708	595	675
<b>Total Disposition</b>	569	724	879	727	815
<b>Ending Stocks</b>	71	92	97	322	93
<b>Stocks/Use</b>	12%	13%	11%	44%	11%

*Source: Statistics Canada with LeftField projections in bold*

The large 2015 crop and reduced exports have resulted in large ending stocks for 2015/16. That carryover will partly buffer the smaller 2016 crop estimated at 576,000 tonnes due to reduced acres but above-average yields. An improved export program would mean 2016/17 ending stocks could drop back to levels seen in the previous three years.

### 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.