UNITED
POTATO GROWERS OF CANADA
LES PRODUCTEURS UNIS DE POMMES DE TERRE DU CANADA

April 2015 Newsletter

The Potato Storage Holdings report just released for April 2015 (Page 2), shows Canadian holdings to be almost 1% below that of a year ago, with 41.4 million cwt. left to go to market.

In all categories, stocks are generally above last year in the east, and below last year in the west. Manitoba, Saskatchewan, Alberta, and B.C., are in the enviable position of having reduced their storage potatoes in all three categories below that of April 2014.

Seed holdings are almost a million hundred weight (-10.4%) below last year at 7.8 million cwt. This cannot be attributed to an early spring for moving seed with the temperature and snowfall levels in Eastern Canada. Alberta's rapid disappearance however could be due to the early plantings in their major Pacific Northwest market.

Potatoes destined for chips or French fries have about a million less hundredweight available than the spring of 2014. This equates to a reduction of around 4% at 26.4 million cwt. Although some areas started the shipping season with less potatoes due to contract volume reductions incurred last year, it is also reflective of an industry that ran processing plants hard across the country this year.

The potatoes intended for fresh utilization reveals a very interesting scenario. April, 2014 showed 5.6 million cwt. left, while April,2015 indicates there are 7.2 million hundred weight that could potentially enter the table market. This additional 1.5 million cwt. represents 27.6%. PEI leads the way with 61.4%, followed by NB with 55%, Quebec and Ontario with 12.4% and 14.9% respectively. Western Canada is well below last year and may even clean up earlier than anticipated.

A couple of key points to keep in mind on the fresh category; Many packers in Eastern Canada ran out early last year due to a shortage of table potatoes – this will give them the ability to service their customers later into the season. At this point there is no way of knowing exactly what volume of potatoes will actually get packed into a bag or a box, hence the term "intended utilization". We do know for example, of some lots stored warm as processing overages that may not make the journey. Finally, it has been an excellent season for storage quality to enhance packing later in the season from long-term storages.

April 1 2015 Potato Stocks by Intended Use (Thousand Cwt.) Source: AAFC Infohort

	2012	2013	2014	2015	Change
Fresh					
PEI	1,961	2,055	1,394	2,250	61.4%
NB	1,276	1,095	716	1,110	55.0%
Quebec	2,128	1,967	2,213	2,487	12.4%
Ontario	363	519	524	602	14.9%
Manitoba	470	330	530	514	-3.0%
Alberta	80	193	180	145	-19.4%
BC	45	34	48	Est.42	Na
Total	**6,323**	**6,193**	**5,605**	**7,150**	**27.6%**
Processing					
PEI	6,531	7,046	7,675	8,640	12.6%
NB	1,432	2,982	3,139	3,534	12.6%
Quebec	1,300	1,331	1,503	1,291	-14.1%
Ontario	1,221	1,484	1,735	1,402	-19.2%
Manitoba	4,170	7,190	7,622	5,807	-23.8%
Alberta	4,413	5,846	5,763	5,705	-1.0%
BC	79	64	10	Est. 51	Na
Total	**19,146**	**25,943**	**27,447**	**26,379**	**-3.9%**
Seed					
PEI	2,160	1,934	1,961	2,020	3.0%
NB	1,455	2,048	1,889	1,626	-13.9%
Quebec	731	832	937	896	-4.4%
Ontario	87	163	162	138	-14.8%
Manitoba	1,072	1,150	1,320	1,262	-4.4%
Alberta	1,083	1,566	2,284	1,717	-24.8%
BC	156	166	187	Est. 170	Na
Total	**6,744**	**7,859**	**8,740**	**7,829**	**-10.4%**
All Stocks					
PEI	10,651	11,035	11,031	12,910	17.0%
NB	4,164	6,125	5,744	6,270	9.2%
Quebec	4,159	4,130	4,653	4,674	0.5%
Ontario	1,671	2,166	2,421	2,142	-11.5%
Manitoba	5,712	8,670	9,472	7,583	-19.9%
Alberta	5,576	7,605	8,227	7,583	-7.8%
BC	280	264	245	Est. 263	Na
Total	**32,628**	**39,995**	**41,792**	**41,425**	**-0.9%**

Provincial Updates (April 15 2015)

PEI The balance of the crop is storing well. Fresh movement continues to run behind schedule, however packers feel confident they will be able to use up the remaining stocks. Processing contracts have not been settled, however negotiators have moved through the mediation stage towards an arbitration submission deadline on April 22. Chip contracts are a roll over. The spring is about two weeks late with all fields covered by snow.

New Brunswick The quality of the remaining crop is very good. Warm weather is being welcomed, as April will be a busy shipping month, in contrast to a slower winter on the fresh side. Seed stocks are very manageable this year. Chip stock deliveries are on schedule. Surplus processing stocks are being purchased by the local fry plant and also by a fryer from outside the province. This will help clean up surplus opens. Processing contracts have not been settled. Fields are starting to bare off with planting time expected to be close to average.

Quebec No quality issues with the remaining crop. Seed and processing stocks are down, however the fresh side is more challenging with the level of supply. It could take until July 20th to clean up the 2014 crop. Processing contracts have not been settled and are still in negotiation. The first planting on the early sands will probably start next week. Overall it is not an early spring but will probably come close to average.

Ontario The balance of the crop is generally of good quality after working through some issues in both chip and table potatoes. Chip stock holdings are expected to clean up in good time. Tablestock will be more of a challenge to finish before the new crop is ready. Contracts are settled with most being the second year of two-year agreements made in 2014. Approximately 600 acres have been planted in the Leamington area. At this point it is an average spring but the weather needs to warm up very soon or it will become a late spring.

Manitoba Remaining quality is good as the crop rapidly moves to market, almost a little ahead of schedule. No processing contracts have been settled yet. Negotiations are in progress with all companies. There was not a lot of snow cover this winter so fields are fairly dry. The first spuds on early land will likely go in by the end of next week. Planting of other rotational crops is ready to get started as well.

Saskatchewan Storage quality is excellent. The majority of the seed crop has been sold, although there is some concern about selling the last little bit in the bins. The planting season is looking like average, which will be good compared to the late start of the last couple of years.

Alberta Remaining crop is storing excellent as all problem bins have either been cleaned up or disposed of. The Alberta crop should be cleaned up by the first week of August. All three fryers are processing spuds at a record breaking pace. No contracts have been settled however negotiations have been happening for sometime. As in all areas of Canada, the declining value of the Canadian dollar is a stumbling block. Spring has arrived which is average for Alberta. Chippers and Shepody's are being planted this week, with the balance starting next week. Seed will be 2-3 weeks away yet, with May 5th being average.

British Columbia The remaining crop is winding down with very few potatoes left in storage. Some Kennebec's will be kept to supply the local chip market. The first early Warbas were planted in the first week of March. Growers are now planting their second round of early reds and yellows. The planting season is about two weeks early, and relatively dry compared to some years.

UPGC 's Insight on How Growers Should Approach Planting Season
Use caution in your planning. There are large amounts of potatoes yet to move through the fresh channel. No French fry contracts have been settled yet from one end of the country to the other. Planting in most areas of the United States is two weeks early. If there ever were a year to test the potential of trend line yields, this would be it. Consider the effect of trend line yields in Canada and the data presented at our United Partner Seminars this winter. Only plant what spuds you have a known market for, at a known price. Historical evidence shows that open potatoes are seldom bought for more than contract price and they diminish your bargaining power in the next year. In the fresh category, sales of round whites have severely declined. Russets are currently experiencing sluggish demand. On the other hand, reds and yellows have increased their pricing and market share.

Canadian Table Exports
Monthly by Province – Value ($000) and Volume (Tonnes)

Source: Statistics Canada, (CATSnet March 16 2015), AAFC
HS Code: 07019000

	Oct	Oct	Nov	Nov	Dec	Dec	Jan	Jan
Province	Can ($)	Tonnes	Can ($)	Tonnes	Can ($)	Tonnes	Can ($)	Tonnes
PEI	$6,028	12,119	$5,198	10,776	$5,453	11,652	$7,383	15,290
NS	$18	38	$40	86	$0	0	$0	0
NB	$2,082	3,875	$2,854	6,164	$3,277	7,025	$3,290	7,239
Quebec	$1,490	2,926	$1,554	3,570	$1,371	2,636	$1,180	2,455
Ontario	$1,186	4,474	$1,365	4,682	$1,638	5,707	$1,580	5,173
Manitoba	$3,029	5,172	$3,692	7,584	$2,963	6,196	$3,423	6,523
Sask.	$295	349	$398	481	$571	358	$466	633
Alberta	$773	416	$965	538	$693	443	$940	619
BC	$940	901	$771	880	$577	751	$383	503
Total	**$15,843**	**30,270**	**$16,839**	**34,761**	**$16,544**	**34,768**	**$18,645**	**38,435**

In the table above, Canada's monthly exports of Table Potatoes continues to grow from $15,842,899.00 in October to $18,645,476.00 in January (there is a 60 day lag from shipment time until we receive the data). PEI leads the fresh shipments followed by Manitoba in dollar value, but followed by New Brunswick in shipment volume.

In the table below Canada's monthly exports of frozen and frozen prepared potato products was at $90,441,004.00 in October, dropped to $83,147,563.00 in November and climbed to $88,129,333.00 in January. The February data will be available next week. Manitoba leads the frozen shipments followed by Alberta.

Canadian Frozen Exports
Monthly by Province – Value ($000) and Volume (Tonnes)

Source: Statistics Canada (CATSnet March 16 2015), AAFC
HS Codes: 07101000 (frozen) and 20041000 (prepared frozen)

	Oct	Oct	Nov	Nov	Dec	Dec	Jan	Jan
Province	Can ($)	Tonnes	Can ($)	Tonnes	Can ($)	Tonnes	Can ($)	Tonnes
PEI	$23,047	20,885	$18,072	16,500	$20,261	18,466	$19,236	17,284
NS	$144	109	$151	124	$215	178	$285	225
NB	$15,310	$12,578	$15,187	11,862	$15,065	11,613	$16,303	12,016
Quebec	$2,228	2,052	$1,696	1,480	$2,286	2,057	$2,201	1,813
Ontario	$118	177	$103	101	$156	132	$64	42
Manitoba	$27,416	27,067	$26,655	26,149	$26,320	25,667	$25,348	24,243
Alberta	$18,808	15,572	$19,541	16,162	$19,480	15,084	$21,811	16,398
BC	$3,371	2,470	$1,743	1,288	$2,510	2,017	$2,880	2,306
Total	**$90,441**	**80,909**	**$83,148**	**73,665**	**$86,293**	**75,213**	**$88,129**	**74,326**

Canadian Exports of Fries for Feb 2015
Volume (Tonnes), Value (Millions of Dollars Canadian), Price (Canadian Dollars per Tonne)

Source: World Potato Markets, Global Trade Information Service
Harmonized System Code 200410

	Feb				**Mar-Feb**			
Tonnes	**2015**	**% chan**	**2014**	**2013**	**2014/15**	**% chan**	**2013/14**	**2012/13**
Total	**65,973**	**+1.8%**	**64,820**	**64,884**	**925,337**	**+0.4%**	**921,237**	**870,352**
US	52,351	-4.5%	54,815	53,892	764262	-2.2%	781,838	711,077
China	1,291	+7.9%	1,197	538	31,166	+272.7	8,362	6,826
Japan	2,881	+9.5%	2,631	2,827	28,798	-30.0%	41,165	34,275
Mexico	1,545	+523%	248	763	22,242	+93.4%	11,498	33,016
Can$Mill								
Total	**$80.4**	**+16.3%**	**$69.1**	**$65.6**	**$1026.1**	**+8.3%**	**$947.5**	**$858.5**
US	$59.9	+2.0%	$58.8	$55.4	$824.3	+1.2%	$814.5	$709.2
China	$1.1	-2.3%	$1.2	$.5	$29.3	+269%	$7.9	$6.5
Japan	$4.2	+83.3%	$2.3	$2.4	$37.2	+8.3%	$34.4	$32.2
Mexico	$2.6	+897%	$.3	$.8	$26.8	+158%	$10.4	$25.1
Can$/t								
Total	**$1,219**	**+14.3%**	**$1,067**	**$1,012**	**$1,109**	**+7.8%**	**$1,029**	**$986**
US	$1,145	+6.8%	$1,072	$1,029	$1,079	+3.5%	$1,042	997
China	$874	-9.5%	$966	$912	$940	-0.9%	$949	$954
Japan	$1,458	+67.4%	$871	$833	$1,292	+54.8%	$835	$940
Mexico	$1,687	+60.0%	$1,054	$1,026	$1,207	+33.4%	$905	$760
Costa Ri.	$1,399	+60.7%	$871	$993	$1,363	+68.7%	$808	$884
Taiwan	$1,648	+24.8%	$1,320	$1,095	$1,370	+13.6%	$1,206	$1,172

Increased sales to China and Mexico are outweighing reduced demand for Canadian fries in the US and Japan. The average price of finished product in February was $1,219.00/tonne, the highest monthly price ever received and 14.3% up on the February 2014 value. A weakening Canadian dollar against the US dollar helped cushion the increase in price to purchasing customers. Canadian exports to the US have leveled off, due to greater availability of US product, as the West Coast port dispute is resolved. Total sales of exported fries on the previous 12 months, also reached a new annual record at $1.026 billion Canadian dollars. Canadian exporters should be encouraged by the increasing diversity of their market with growing demand from Latin American countries as well as Asian ones. Exports to Mexico were up 523% in February and exports to Costa Rica were up 56%.


Crop
TRANSITION
Conference
June 17-18, 2015
Minneapolis, MN
Market Conditions
Historical Trends
Comprehensive Crop Analysis
Preview of 2015-16 Projections
Wednesday, June 17
8:00am: UPGC Board Meeting
12:00pm: UPGC-UPGA Luncheon
1:00pm: UPGA S&D/Board Meeting
5:00pm: Social Hour
7:00pm: Twins vs. Cardinals
Thursday, June 18
7:30am: Continental Breakfast
8:00am: Crop Transition Conference
12:00pm: Luncheon
3:00pm: Conference Ends
Registration:
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