



## **Canadian Crop and Market Report**

### **March 15, 2019**

The UPGC board of directors met last week in Halifax and reviewed the potato crop and market status across Canada. Overall Potato Stocks for March 1<sup>st</sup> are down 11.5% or 6.3 million hundredweight compared to March 1 of 2018. Fresh stocks are down 16.6% compared to a year ago and potatoes intended for processing are down 4,287,000 cwt. Seed stocks are 5.6% below one year ago.

#### **Prince Edward Island**

Fresh potato movement to Canadian markets is above last year and ahead of their 3-year average. U.S exports are below other years and overall movement including exports is behind last year, year to date. The Island's fresh holdings are down 19% compared to a year ago and fresh supplies are at their lowest levels since they began tracking them. As a result pricing is significantly higher than a year ago. The Fresh Weighted Average is \$4.27 above last year (\$28.28) and Grower Return Index is \$3.58 higher than 2018 (\$17.95). Current ten-pound price is \$2.88 FOB (CDN \$).

Processing potato stocks are down 9% from March, 2018 somewhat buoyed by the vast imports of potatoes from Alberta and Idaho. The local processor is doing its best to keep the plants running as long as possible, by bringing in potatoes from long distances with high freight costs attached.

Seed holdings in PEI are down 13% from a year ago. Seed inquiries are being fielded from areas a long distance from the province. The pass rate on virus levels has been very good but seed supply will be tight, especially on the Russet Burbank variety. Many growers purchase crop insurance each year and now need to receive payments back from the program. Like many other provinces, the PEI Potato Board has also applied to the Agri-Recovery program for assistance to help producers move out of this disastrous year.

## **New Brunswick**

Potato stocks in New Brunswick are down 14% compared to a year ago. Fresh holdings are down 46% below 2018 and as a result, prices are steady with very few lows reported. Some growers continue to wait for prices to move up even higher. Packers are challenged with high cullage rates due to growth cracks, off types and generally rough potatoes. Processing stocks are down 7.5% from 2018 and fryers have aggressively searched out lots for within province use and export to other provinces (a lot of potatoes left the province early in the fall for PEI and Quebec). Frost damage and storage issues are prevalent this year and the form line (chopped product) continues to use as much product as possible, given a crop that has much lower solids this year. Seed stocks are the lowest in four years, down 9.5%. New Brunswick is an active participant in Crop Insurance and has applied to Agri-Recovery for assistance as well.

## **Quebec**

Total storage holdings are down 7.4% compared to one year ago. Fresh packers report slower sales in the last month. Normal disappearance would be 650,000cwt./month, however usage has dropped to 400,000cwt. to try and stretch the crop out to the end. Fresh prices are good with \$3.75/10lb. bag on coloured varieties and \$3.65/10lb. bag on russets. GRI's are in the \$16.00 to \$20.00 range. Storage issues are prevalent. Given a smaller size profile this year, Quebec would like to see the 2inch minimum size requirement extended after September 30<sup>th</sup> through out the rest of the year (instead of the current 2 ¼ in. minimum).

With a 22.7% reduction in processing stocks; the local French fry processor is finding it difficult to get enough potatoes to run at full capacity. It is a similar situation with chip factories. The French fry contract is in the second year of a two-year agreement, however chip contracts are being negotiated now. Growers felt the Frito Lay offer was below their expectations and have decided to go to mediation instead. Although seed stocks are above last year, 90% of the seed was already sold by January. Quality is good.

Quebec growers, who purchased crop insurance, have claimed losses this year and in addition the Quebec Potato Producers Association has applied for Agri-Recovery Assistance to help ten growers who were severely affected this year.

## **Ontario**

Ontario yields were below average last year resulting in current total stocks 12.6% below last year. Fresh stocks are 35% below March 2018, which would be the lowest since 2008. Given the short supply of #1 product this year, more “alternatives” (imperfect, #2, etc.) have been entering the market this winter.

Chip processing contracts have been negotiated this year and increases awarded in one year deals.

## **Manitoba Fresh**

Fresh stocks on March 1<sup>st</sup> are down 37% compared to a year ago, due a 30% reduction in yield combined with storage losses. These are the lowest in the last 7 years Prices are currently almost double last year in the \$34.00/cwt. range. A lot of product was moved fast early in the season, but now has to be slowed to maintain supply for long-term customers. As a result, Manitoba is shipping far fewer potatoes into the United States.

## **Manitoba Processing**

Process movement has been strong as indicated by a 19.4% reduction in stocks compared to a year ago. These holdings are the lowest since the 2011 crop. The strong movement has occurred even with significant plant down time; The McCain plant in Portage la Prairie down for 3 weeks to carry out upgrades to raw receiving and the Simplot plant in Portage down for 11 days to remove snow off the roof of the plant that was blowing from the newly constructed section. Storage issues are prevalent and there are still some frost-damaged lots that have been stored below 45 degrees F. to try and keep them until spring. Growers who purchased Crop Insurance are submitting claims this year, and the province has also applied to the Agri-Recovery Program for assistance. Potatoes are being imported from Alberta and the United States. 1.3 million hundredweight may be needed to keep plants running until new crop startup on August 7-8. Keystone Potato Producers have had initial contract negotiation meetings with each party putting out positions. A lot of storages are being priced out now for the JR Simplot expansion and some have already built sheds to accommodate additional supply. Equipment is being installed now in the new factory, and Simplot hopes to start up in January of 2020. Seed holdings are down 22% in Manitoba, and will likely create tight supply, as growers require additional stocks for the process expansion.

## **Alberta**

Overall March stocks are down 4% lower than a year ago and processing holdings are 8.4% less, likely related to large volumes of potatoes being exported to Prince Edward Island and Manitoba. This has supplemented down time from the McCain factory has been down for three weeks due to scheduled maintenance. Alberta points out that their good crop and fortune this year was due to a “couple of degrees and a couple of days”, that other areas did not happen to receive. Some of the lots dug after the cold weather came around in terms of color and others did not, having to go to feedlots for cattle use. Product imported from Idaho was being trans loaded in Alberta and moving east to PEI. The Cavendish Farms Plant expansion is progressing and the opening is now expected in the timeframe from July 29<sup>th</sup> to August 29<sup>th</sup>. The expansion will require an additional 6,500 acres this spring. Potatoes are just one of several crop options in Alberta, and growers are increasingly spending more time analyzing which ones bring most profitability to their individual operations. In addition to return on investment; sustainability and grower health, are key components of future expansion plans.

Seed holdings in Alberta are 12% above last year and are needed to supply additional markets in PEI, NB, Florida, Washington, etc. Seed quality is good, however some growers are closely watching late harvested storages.

## **British Columbia**

BC is the only province in Canada with more potatoes in storage than a year ago. However, they wish to point out that last year’s crop was a very poor one and a more accurate comparison would be a 3 or 5 yr. average. On March 1, British Columbia holdings were 29% above their 3-year average. The 2018 crop was originally predicted to be down, but it filled storages. Many growers have moved to irrigation which helped get through the summer weather. With great demand, trucks have been moving product east and some storages are being emptied ahead of schedule. Quality is good and prices are well above last year.

**For further information please contact**

**Kevin MacIsaac**

**[Kevin@unitedpotatocanada.com](mailto:Kevin@unitedpotatocanada.com)**



Equipment Manufacturing Ltd.



**AEPTQ**

Association des emballeurs  
de pommes de terre du Québec

ET FILS  
**ÉMILE SÉNÉCHAL**



**Sac  
Drummond  
inc.**



Farm Credit Canada  
Financement agricole Canada