



POTATO GROWERS OF CANADA

LES PRODUCTEURS UNIS DE POMMES DE TERRE DU CANADA

Canadian Crop and Market Report

March 23, 2020

The UPGC board of directors met last week in Ottawa and reviewed the potato crop and market status across Canada. Overall Potato Stocks for March 1st are down 1.9% or 1 million hundredweight compared to the 3-yr. average.

Prince Edward Island.

Potato stocks on March 1 in PEI were up 3.9% above the 3-yr. average. Crop movement is up in Canada and the U.S. but down in export markets.

Movement has picked up in the last few weeks with particularly good movement on large size profiles. The 10lb price is down \$.24/10lb below last year at \$2.67 FOB, but the fresh weighted average on long whites is \$28.59, which is up \$.44/cwt over last year and GRI is \$17.93 which is up \$.37 from a year ago. Storability has been a concern since harvest and continues to challenge storages. Processing stocks on March 1 were .9% above the 3-yr. average. French fry contract negotiations have started with growers laying out their position. Chip contracts are under discussion as well. For seed, post-harvest tests have been a little later coming back but

results have been good and even with 10% more seed in storage than a year ago, supplies are expected to be tight, as some newer seed orders are being shipped to customers in Manitoba this year. The 2020 planted acreage in PEI is expected to be the same, around 85,500 acres, however it ultimately depends on the contract settlement and whether growers see increased value and return on their investment.

New Brunswick.

March 1 holdings for potatoes in all categories were 7.2% below 3-yr. average. Some sheds have been dealing with pink rot issues. Demand has been heavy on the processing side with very few open potatoes available. Contract negotiations have started with one meeting with McCain Foods and one with Old Dutch. Growers have indicated to processors that their cost of production has risen significantly since their last settlement and need to be recognized in this round. On the fresh side, inventories on March 1, are 7.3% below 3 -yr. average. Seed movement has started, and quality is good with some of the lowest post-harvest virus tests out of the last 10 years.

Quebec.

Fresh holdings on March 1 were 2% below the 3-yr. average. Fresh demand and movement has been good with packers now looking towards a shorter crop. Fresh prices are good at \$3.40/10lb. on whites and \$3.85/10lb. on colours. Comparable prices year ago were at the \$3.65/10lb. level. The size profile is better this year than last with count cartons bringing premium prices. Processing inventories on March 1, are 8% above 3-yr. average, but still appear to be under supplied, with ministerial exemptions being signed to allow imported potatoes to enter the province. Chip negotiation is underway with both sides still at the table and French fry discussions have not yet begun. Quebec's acreage for 2020 will need to increase this year in the 2,000-acre range.

Ontario.

March 1 fresh holdings are 11.3% above the 3-yr. average. Movement has been mediocre on the fresh side but will likely clean up ahead of the chip sector. Processing inventories destined for chips on March 1 were 7.2% above 3-yr. average so it is anticipated that there will be more chipstock to ship later in the season. Better recoveries and specific gravities are likely contributing to this year's raw chipstock inventory. The chip industry is also

reacting to the smaller size profiles being requested by manufacturers as they move to smaller package sizes in the upcoming months. Chip negotiations have been completed with Frito-Lay.

Manitoba Fresh.

Fresh inventory is 4.3% above 3-yr. average on March 1, with most of that in the red category. Record prices are being recorded with red A's going to the U.S. currently bringing \$26.00-\$27.00/cwt, and red B's at \$36.00-\$40.00. Yellows are moving stateside are \$25.00-\$27.00/cwt with good movement on B's. Red creamers seem to be the only category a little sluggish in movement. There were a few quality issues related to last fall's harvest, but the trade seems more willing to accept that dynamic this year. Seed appears short and is becoming more compounded by the attraction to move some of that seed category to the fresh side, given current table prices.

Manitoba Processing.

Processors are trying to utilise every potato they can, to get as far into the season as possible. Processing holdings on March 1 were 15.5% below 3-yr. average at 6.8 million hundred weight. Storage issues continue, particularly with those potatoes dug after the frost. Even with these measures,

extensive downtime will be required by both fry plants bringing an early end to the processing season. Currently, 8 to 10 loads of potatoes per day are being imported into the province from the United States. Contract negotiations have begun with a couple of meetings already held. With the new JR Simplot expansion, the province will require an additional 5,000 acres of potatoes, which may be a struggle to get, even with creative incentives. Some dryland acreage and pivot corners which were taken out back in 2006-07 may need to go back into production. They have only been three new grower entrants in the last two years as producers size up the increasing levels of risk. Grower organizations continue to ask for yield and production improvements to Crop Insurance and Business Risk Management Programs which have not adequately protected potato growers in recent years. Seed to plant the processing crop is scarce and a lot of imported seed is required, coming from as far away as Prince Edward Island.

Saskatchewan.

Saskatchewan, largely a seed growing province, was pretty much unscathed by the weather issues last fall, allowing most of the crop to get into storage before the weather hit. Seed acreage has been similar over the last three

years with good prices, and significant shipping already done for 2020 customers. Acreage is expected to remain around the 6,300 level.

Alberta.

Alberta stocks on hand for March 1 were 1.7% above their 3-yr. average.

Processors are just now getting through crop inventory damaged by hail last summer. Two processors are importing raw product into the province, but each plant will need to take extended down time to finish the season.

In total there are six contracts to settle in Alberta this year. One French fry contract offer has already been taken to the growers for their approval.

PGA officials were not at liberty to share further details at this time, but growers do seem eminent that it is time to receive a raise as they focus on

additional pricing for increased volume and return per acre. An additional

3,500 acres will need to be planted this year to meet the needs of the

Cavendish Farms Expansion. Alberta's seed crop grown on dryland,

received just the right amount of rain this year, producing great yields. A

month ago, Alberta's seed inventory was almost 21% above their 3-yr

average, however thanks to rapid movement, seed stocks on March 1 were

only 0.8% above their 3-yr. average. In addition to increased demand,

customers seem anxious to take their seed home earlier this year. Some growers also feel that seed supply seems a bit short in Alberta this year.

British Columbia.

Stocks on hand on March 1 in BC were 17% below their 3-yr. average, so disappearance has been excellent for this crop. Supplies of whites and yellows are on track to clean up by June. Prices are 8% above normal and russets are being imported from the U.S. to keep store shelves filled. Spuds for the 2020 marketing season have already been planted in the last week of February. These early Warbas' should hit the market in May. Potato acreage in BC is expected to remain at 6,700 acres.

* It should be noted this report was prepared before COVID-19 was declared a Pandemic.

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