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

UNITED POTATO GROWERS OF CANADA

CROP UPDATE

NOVEMBER 2023

PERSPECTIVES ON POTATO SUPPLY 2023/24

FRESH SECTOR

It is estimated that we had approximately 89,000 acres planted in Canada intended for the fresh sector, generating approximately 29.6 million potatoes available for fresh sales.

In North America, we continue to see a trend from red to yellow, which has the effect of improving yields and increasing production, even if acreage remains stable.

With the surplus in the United States, prices have dropped significantly in the U.S., however they have been holding well so far in Canada, although there have been more recent reports of continued downward pressure.

Idaho is trying to recover lost table market sales after two years of shortages, especially for russets - and we've seen this in very aggressive pricing since September. These very low prices in the Pacific Northwest could lead to a drop in Canadian exports to the U.S. compared to last year.

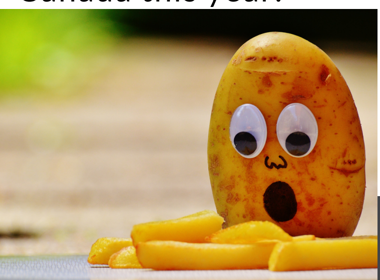
We continue to monitor surplus potatoes in the processing sector that could be dumped into the fresh sector, there have not yet been any significant reports of this type of movement however it is early in the marketing year.

PROCESSING SECTOR

There are large surpluses of potatoes in North America, especially Russets, in the Pacific Northwest. Processors over-contracted acres in reaction to shortages over the past two years and have disposed of extra potatoes under contract, including in Alberta and Manitoba

There is continued expansion in the sector; Idaho (Lamb Weston, American Falls), Washington (Simplot, Moses Lake), Oregon (Simplot, Kraft/Heinz plant in Ontario, not the province but in the state of Oregon) Alberta (McCain, Coaldale). However, the earliest will be only in the spring 2024 in Idaho, not soon enough to take much of this surplus.

Hollow heart and rot have been seen in russets in Eastern Canada and Maine due to the abundant rainfall received throughout the growing season, and even up to harvest in some areas, there are also reports of low gravities. Growers have tried to leave low-lying areas in the fields, but long-term storage problems may remain. UPGC does expect a tight supply of processing potatoes in eastern Canada this year.



North American processors may try to regain market share thanks to the additional supply available and the difficulties of the European harvest, as global demand continues unabated.

Contract negotiations have begun in Washington and are very positive to date.

Seed Sector

Most regions of Canada reported very good seed harvests. The seed regions seem to have avoided the heavy precipitation in the east and the very hot temperatures in the west.

If processors end up reducing contracted acreage for next year as is being indicated, what will be the impact on the seed business - we have to make sure we keep seed growers in business, none of us can continue without them.

As in other sectors, some costs have stabilized, such as fertilizer and fuel, but overall, the cost of growing potatoes is the highest it's been in years.

With regard to overall certified acres in the US, 5 out of the top 7 seed producing states registered decreases in overall acreage, however this was offset by an almost 4,000 acreage increase in Idaho, however most of that increase is in 3 types of russets and and just over 2500 acres in “other” varieties according to the USDA seed acreage report.

In Canada, certified seed acres decreased in all provinces in 2023 except Alberta, Manitoba, Newfoundland and Nova Scotia, from 57,353 acres to in 2022 to 56,272 in 2023, a total decrease across the country of just over 1000 acres. We should note that there was a decrease of just over 2100 acres in the Top 50 varieties and an increase in “all other” varieties of approximately 1,050 acres that makes up the difference year over year, indicating perhaps an overall reduction in seed acres but more experimentation with new varieties at a smaller scale.

Although harvest in Canada, and North America in general, was good for seed this year, there may still be regional and varietal shortages as were seen in the 2022-23 season.

RETAIL ADS CANADA

Ads were up in all categories this month compared to October, including 5 front page ads, most notably that of Walmart in the last week of November for a 10lb bag of whites or russets ranging from $1.24 at the lowest to $2.49 across Canada.

Prices for a 10 lb bag were averaging $5.20 for russets, $5.19 for reds, $4.93 for yellows and $3.85 for whites based on all ads across Canada, compared to $5.38, $6.16, $4.66, and $4.45 respectively for October.

EUROPEAN UPDATE

Europe has a challenging supply scenario with unprecedented rainfall and flooding that have made this year’s harvest one of the most difficult on record. Many growers had delayed harvest to bolster yields, following delayed plantings at the start of the season, resulting in a higher proportion of the crop remaining in the ground when poor weather conditions began. Belgium, Netherlands, Ireland, UK still estimating 20-30% of crops to be harvested just prior to the end of November.

Ukraine prices are on the rise, however there is a high percentage of substandard products in the current season, which is not suitable for long-term storage.

With as much as 20% of the crop still in very wet ground in the major potato processing growing countries and more rain expected, they are resigning themselves to another year of tight supplies and rising prices. Perhaps Canada and the US may both be able to take market share from European processors.

US SUPPLY

- Largest US potato crop since 2000
- Production in Idaho increased 21.15 million cwt over the 2022 crop
- Russet table potato supplies will be plentiful this year. 9 out of 13 reporting states posted increases in production
- Red potato supplies could be down this year
- Yellow potato supplies continue to rise again this year
- Frozen processors and dehydrators should have more than enough raw product