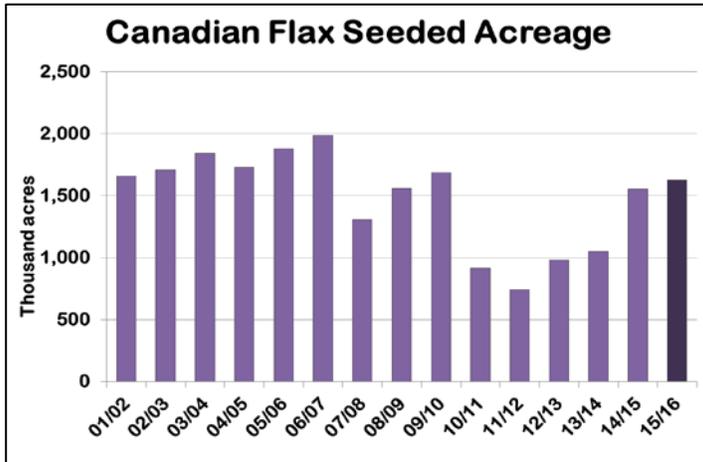
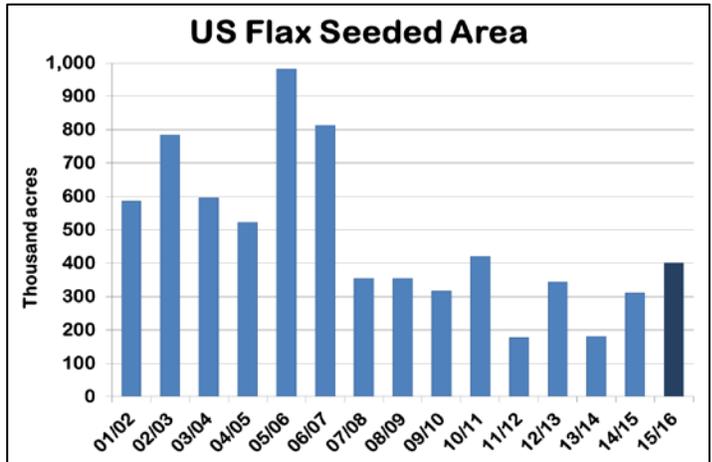


Flax Market Snapshot

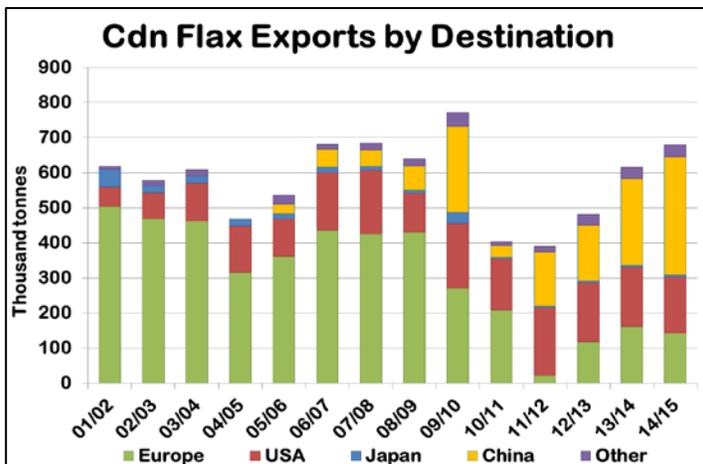
April 30, 2015



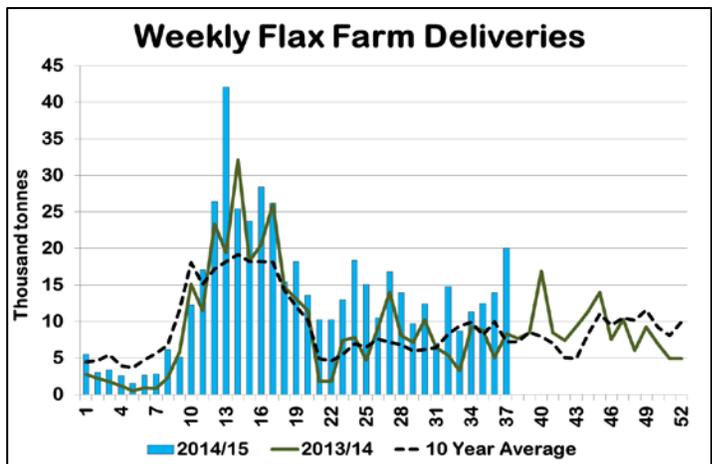
In StatsCan's planting intentions report for 2015, flax seeded area was estimated at 1.63 million acres, a 5% increase over the previous year. This was toward the lower end of analysts' forecasts of 1.5-1.8 million acres. With this increase, flax production appears to have recovered and is stabilizing at more typical levels seen prior to the Triffid issue.



In its prospective plantings report, the USDA estimated the 2015 flax area at 401,000 acres, 29% more than 2014. This would be the second-highest acreage in the past eight years but still well below levels seen earlier. With average yields, the US crop would be roughly 30,000 tonnes larger than 2014 which could reduce import requirements in 2015/16.

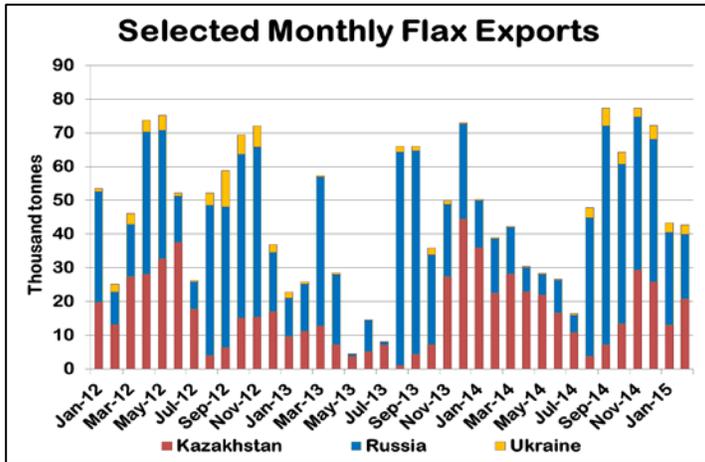


Flax exports for 2014/15 are forecast at 680,000 tonnes, 10% higher than the previous year. The chart shows export volumes to the US and the EU have been fairly steady with increases attributed to Chinese demand. For 2014/15, China is expected to account for roughly half of Canadian exports, shifting movement into Vancouver and away from Thunder Bay.

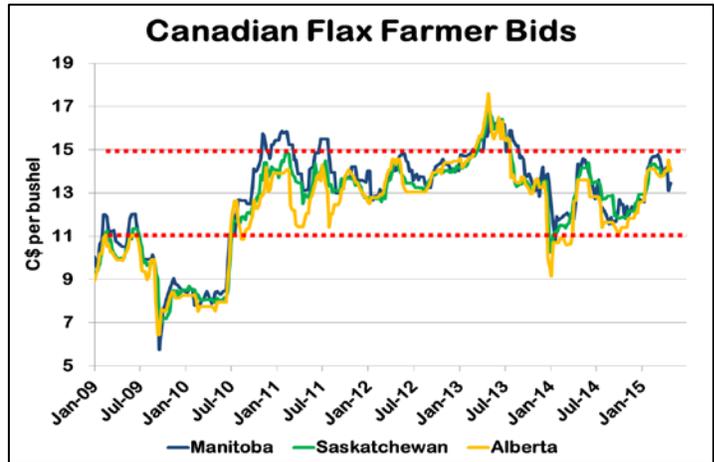


Flax deliveries into licensed elevators have been well ahead of average the entire 2014/15 marketing year. As of shipping week 37, 518,500 tonnes have been delivered compared to last year at 346,000 tonnes and the 10-year average of 351,000 tonnes. A large 2014 flax crop has allowed heavier deliveries with the pace now picking up ahead of seeding.

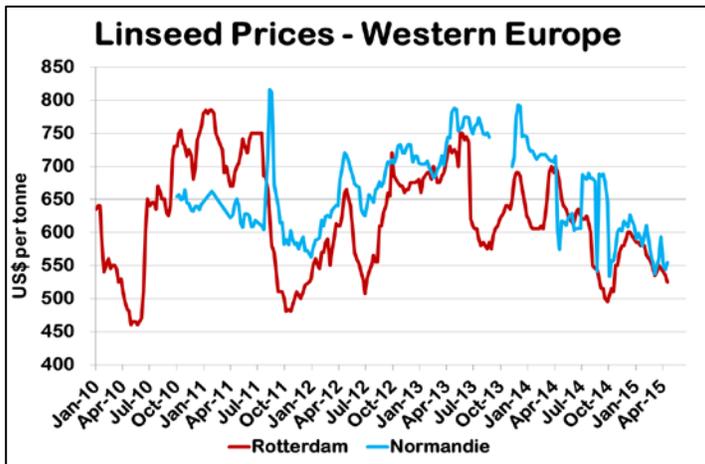
Flax Market Snapshot - April 30, 2015



Flax exports from the Black Sea region were very strong in late 2014 but have dropped in January and February. The seasonal decline through the first half of 2015 could be limited as the unharvested 2014 Kazakh crop now comes to market. It's still unclear if this lower quality flax will compete in the EU with Canadian flax or will move to other markets.



Flax bids in western Canada have remained well supported and continue to run close to the high end of the price range in place since mid-2010. A few old-crop bids are starting to transition toward new-crop levels near the bottom of the price range. Strong Chinese demand and reluctant farmer selling have provided most of the support.



Linseed prices in western Europe have been declining since peaking at US\$600 per tonne in late 2014. Much of this latest weakness is related to declines in cash oil and meal markets along with continuing flax imports from the Black Sea. The longer-term trend is also lower, making Canadian flax at current prices less attractive to EU buyers.

	11/12	12/13	13/14	14/15	15/16
Seeded acres, 000's	740	980	1,050	1,555	1,630
Harvested acres, 000's	720	950	1,033	1,503	1,574
Yield (bu/acre)	21.8	20.3	27.6	22.2	22.2
Supply ('000 tonnes)					
Carry-In	193	137	71	80	112
Production	399	489	724	847	887
Imports	9	15	14	5	10
Total Supply	601	640	809	932	1,009
Disposition ('000 tonnes)					
Seed	17	18	26	24	24
Other Domestic	57	71	86	116	151
Exports	391	481	616	680	670
Total Disposition	465	569	729	820	845
Ending Stocks	137	71	80	112	164
Stocks/Use	29%	12%	11%	14%	19%

Source: Statistics Canada with LeftField projections in bold

The balance sheet for flax includes a projection for 2015/16 based on StatsCan's acreage estimate and the 5-year average yield. The larger crop and carryover from 2014/15 would put supplies just over 1.0 million tonnes. Exports are forecast to remain roughly steady, which would allow ending stocks to rise but not become heavy.

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.