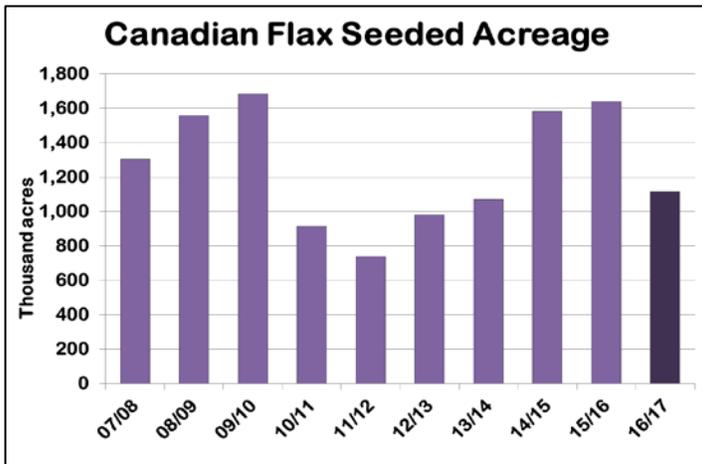
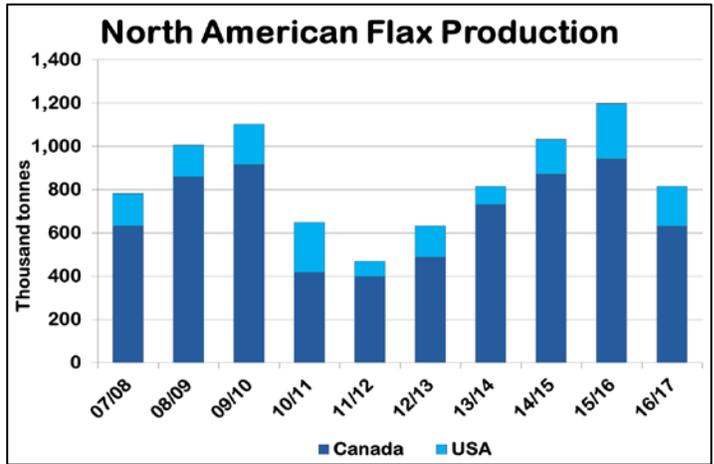


Flax Market Snapshot

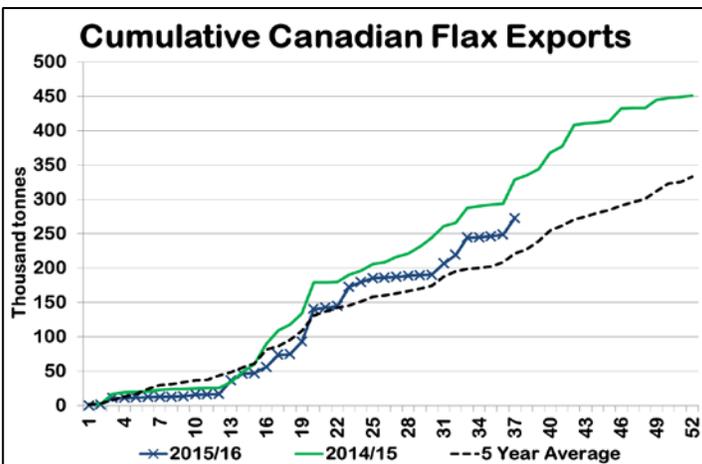
April 28, 2016



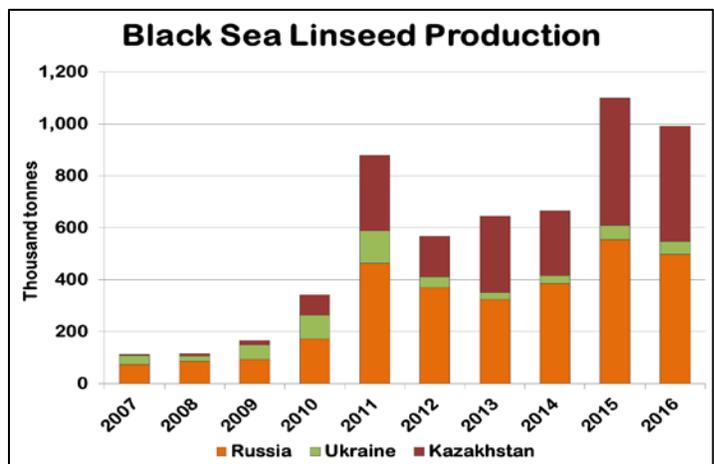
The first StatsCan acreage forecast for 2016 showed a larger-than-expected 32% drop in flax seeded area at 1.115 million acres. This compares to the average trade gues of 1.6 million acres and is the lowest in three years. Reasons for the reduced acreage include declining flax bids and lower projected returns than pulse crops in key production areas.



The USDA projected a drop in US flax area, down 16% over last year but higher than the previous four years. With average yields in Canada and the US, total North American production would decline to 800,000 tonnes. This smaller 2016 crop would be partly offset by larger 2015/16 carryover, meaning 2016/17 supplies would remain comfortable.

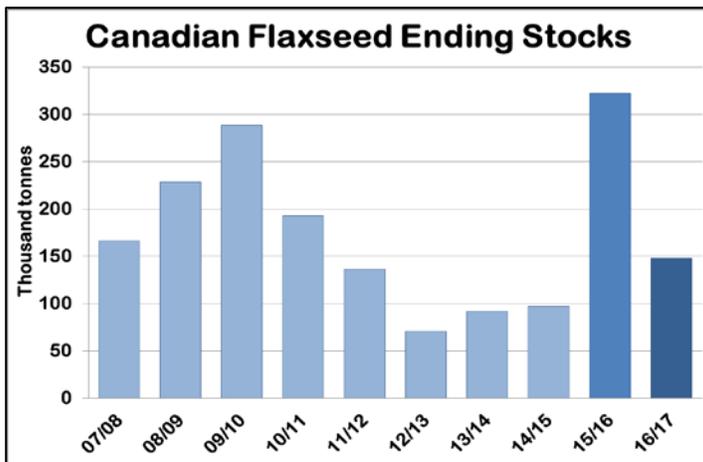


Flax exports through licensed channels are picking up and remain above the recent average, but volumes are below last year. The latest CGC YTD data shows 273,000 tonnes of flax exports compared to 329,000 last year. The slower pace is the result of lower exports to the US because of its larger 2015 crop and the EU due to competition from Black Sea origins.

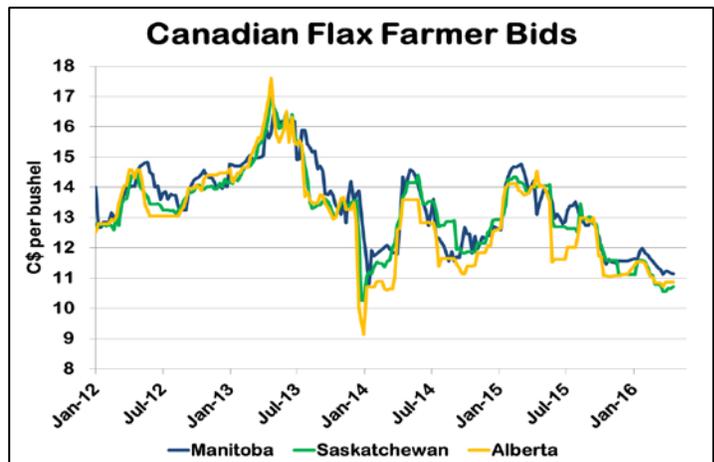


In 2015, flax production jumped sharply in the Black Sea region, particularly Russia and Kazakhstan to hit an estimated 1.1 million tonnes. This increased competition for the EU market and lowered Canadian exports. Forecasts for 2016 are still tentative, but acres are expected to decline. With average yields, production would remain well above previous years.

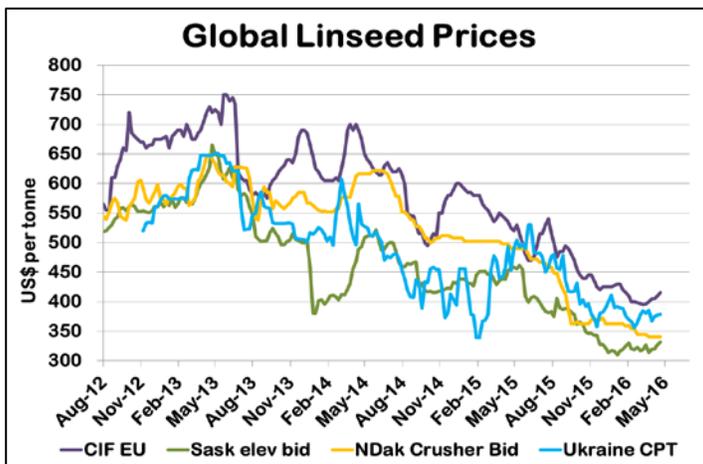
Flax Market Snapshot - April 28, 2016



The large 2015 crop along with reduced exports have caused 2015/16 ending stocks to rise to the highest level since 2006/07. These heavier stocks are the main factor behind the lower prices in 2015/16. Based on forecast 2016 production and an improved export outlook, ending stocks for 2016/17 are projected to decline again closer to recent averages.



Canadian flax bids have stabilized recently but the overall downward trend that began in April 2015 is still in place. Bids are well off the levels seen earlier, down 40-50 cents per bushel since late December and \$2.00-3.00 lower than a year ago. Current bids around \$11 per bushel, close to some longer-term lows and could find some support there.



Linseed prices in numerous global markets have declined during 2015 due to higher production in key exporting countries. In the last two months however, those losses seem to have stabilized and, in some cases are turning slightly higher. The next key market development will be crop development, especially in places like Canada and the Black Sea region.

	12/13	13/14	14/15	15/16	16/17
Seeded acres, 000's	980	1,070	1,585	1,640	1,115
Harvested acres, 000's	950	1,043	1,534	1,595	1,077
Yield (bu/acre)	20.3	27.6	22.4	23.3	23.1
Supply ('000 tonnes)					
Carry-In	137	71	92	97	322
Production	489	731	873	942	631
Imports	15	14	11	10	10
Total Supply	640	815	975	1,049	963
Disposition ('000 tonnes)					
Seed	18	27	28	26	24
Other Domestic	71	80	143	106	116
Exports	481	616	708	595	675
Total Disposition	569	724	879	727	815
Ending Stocks	71	92	97	322	148
Stocks/Use	12%	13%	11%	44%	18%

Source: Statistics Canada with LeftField projections in bold

In 2015/16, increased acreage and higher yields produced the largest crop in nine years, lifting supplies to a multiyear high. At the same time, larger crops in the US and the Black Sea region reduced export potential, causing higher 2015/16 ending stocks. For 2016/17, production is expected to decline sharply but supplies are still comfortable and will leave moderate ending stocks.

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.