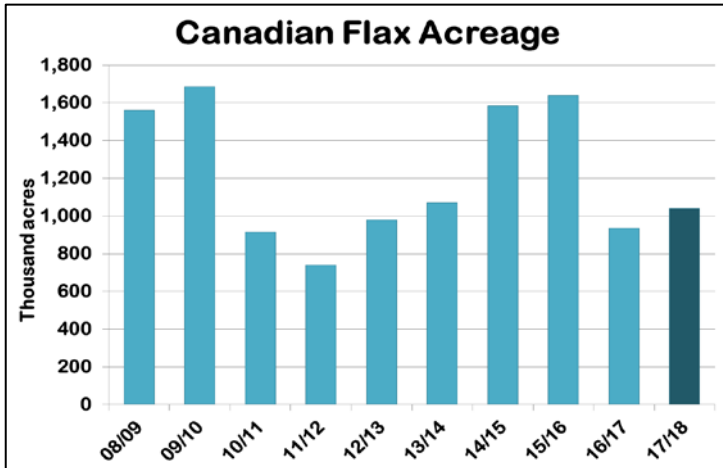
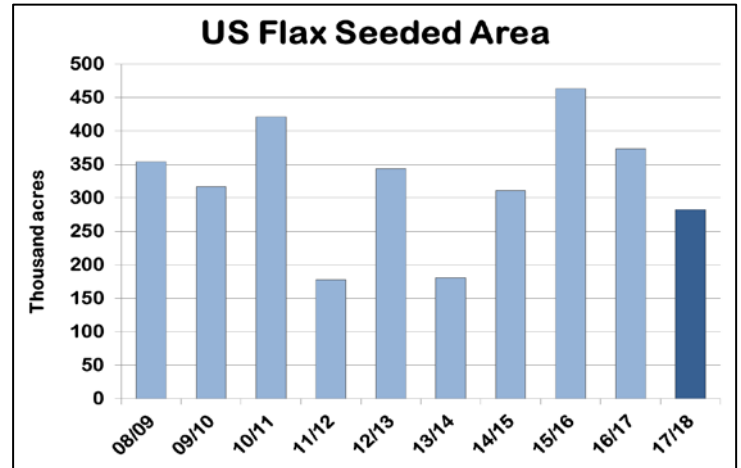


Flax Market Snapshot

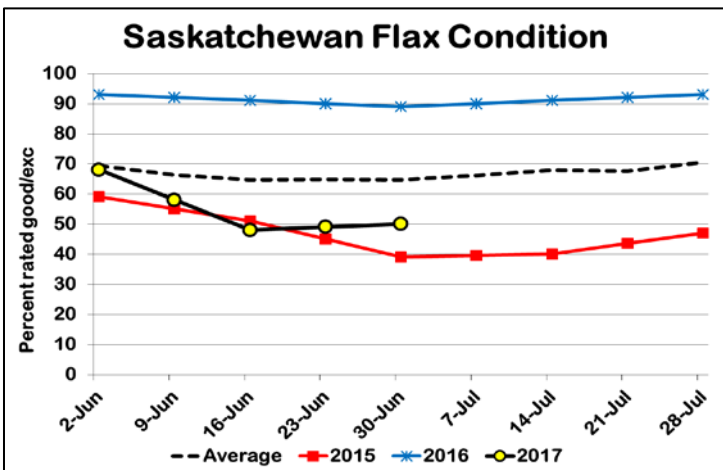
July 5, 2017



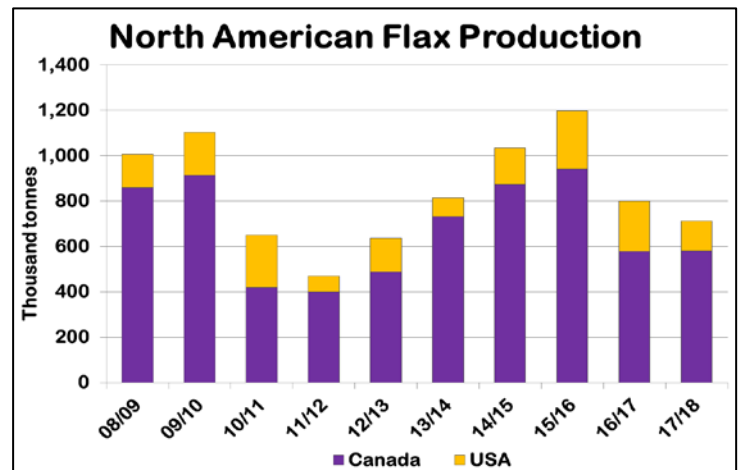
In late June, StatsCan estimated 2017 seeded area of flax at 1.04 million acres, down slightly from April intentions but 11% more than in 2016. Acreage is well off the highs but in line with the majority of the past eight years. The modest acreage increase leaves the 2017/18 supply outlook vulnerable to yield threats from dry conditions.



The USDA estimate of 2017 US flax area at 283,000 acres is 24% smaller than last year, the second straight year of sizable declines. This acreage estimate was also lower than the USDA's planting intentions report and is below the 5-year average of 335,000 acres. A smaller 2017 US flax crop will likely require increased imports in the coming marketing year.

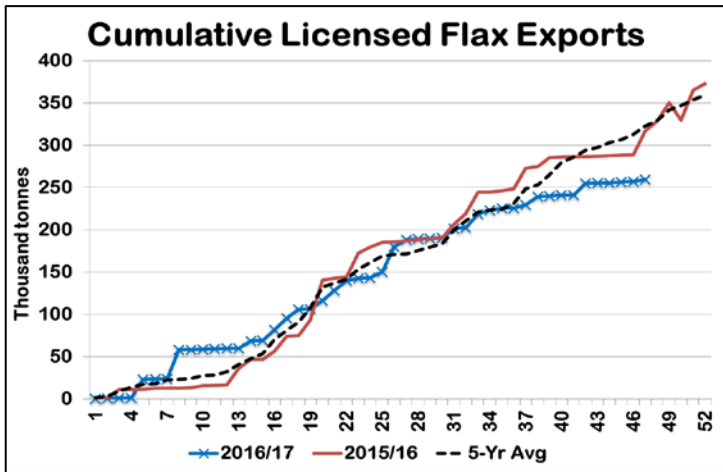


As of late June, the Saskatchewan flax crop was rated 50% good/exc. This was a slight increase from the previous report, in contrast to declines for other crops. Even so, this rating is well below the 10-year average of 65% and suggests flax will have difficulty achieving an average yield in 2017. Conditions in Alberta are somewhat better while North Dakota ratings are poor.

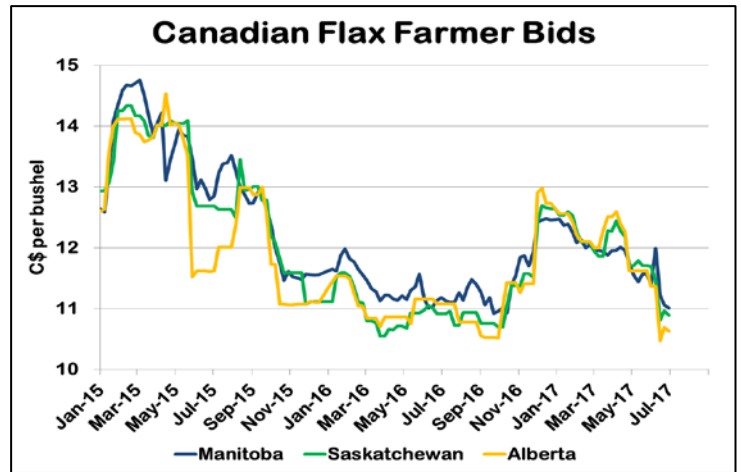


The updated acreage estimates along with indications from crop condition ratings are suggesting a smaller 2017 North American flax crop. In western Canada, reduced yields will offset the increased acreage for a similar sized crop as in 2016, but the US crop is considerably smaller. The total 2017 crop is forecast at 710,000 tonnes, compared to 800,000 tonnes in 2016.

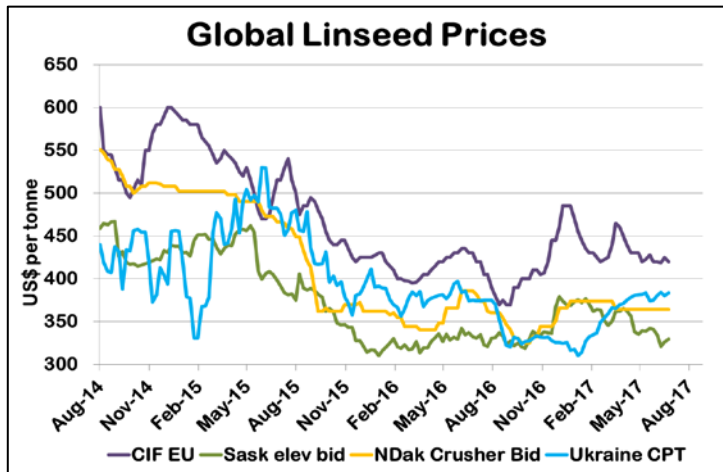
Flax Market Snapshot - July 5, 2017



Canadian flax exports tend to move in spurts and that is the case again in 2016/17. Bulk exports through licensed elevators have been very limited in the past few weeks, although another step higher is expected soon. Year-to-date licensed exports are 260,000 tonnes, compared to 317,000 last year and the five-year average of 323,000 tonnes.



Bids for flax at Canadian elevators have dropped sharply recently due to a slowdown in export movement. A decline at this time of year is typical although this move is sharper than usual. Bids are now close to levels seen a year ago. Seasonal price patterns show that flax bids tend to remain low until after harvest, and 2017 could follow that tendency.



In key markets, linseed prices have been moving mostly sideways, suggesting a fairly well-balanced supply/demand situation. Over the winter, prices in Ukraine have strengthened while Canadian prices have declined. Developing crop conditions in North America and the Black Sea region will introduce fresh dynamics to the market and provide new price direction.

	12/13	13/14	14/15	15/16	16/17	17/18
Seeded Acres, 000's	980	1,070	1,585	1,640	935	1,040
Harvested Acres, 000's	950	1,043	1,534	1,595	836	996
Yield (bu/acre)	20.3	27.6	22.4	23.3	27.3	22.9
Supply ('000 tonnes)						
Carry-In	137	71	92	98	274	163
Production	489	731	873	942	579	580
Imports	15	14	11	13	10	10
Total Supply	640	816	975	1,053	863	753
Disposition ('000 tonnes)						
Seed	18	27	28	16	28	28
Other Domestic	71	80	143	133	122	111
Exports	481	616	707	631	550	565
Total Disposition	569	724	877	780	700	704
Ending Stocks	71	92	98	274	163	49
Stocks/Use	12%	13%	11%	35%	23%	7%

Source: Statistics Canada with LeftField projections in bold

The forecast for 2017/18 suggests increased acreage will be offset by lower yields, leaving the Canadian crop unchanged. Reduced carryover from 2016/17 however will mean lower supplies in 2017/18. Even with exports and domestic use similar to last year, the potential exists for a sizable drop in ending stocks which would be supportive for the price outlook.

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.