Market Vantage

May 2026

Wheat Outlook

Upside:

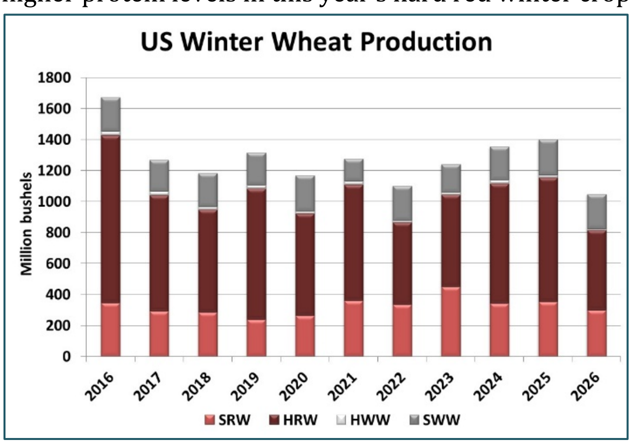
✓ The US winter wheat crop may be the lowest in 25 years.
✓ CGC data shows good exports over the past 6 weeks, after seeing a bit of a lull during the winter.
✓ Crops may be smaller for every major exporter in 2026.

Downside:

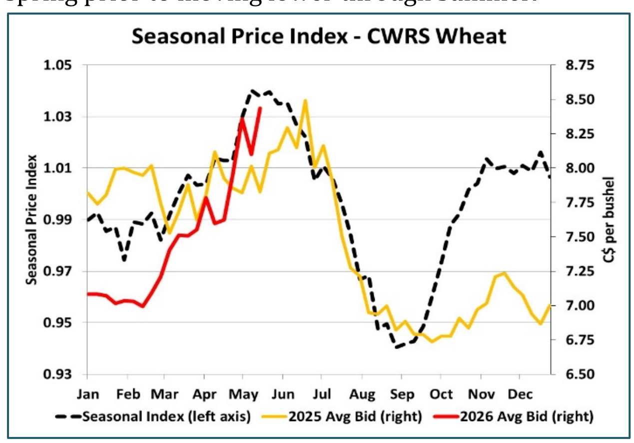
✓ US futures markets have run ahead of global values.
✓ The seasonal trend is for prices to turn lower through the summer after peaking in spring.
✓ StatsCan showed higher March 31st non-durum wheat stocks, and actual supplies are likely even bigger.

Key Notes:

✓ USDA estimated US winter wheat production at 1.05 bln bushels, the lowest in 25 years. This was led by a hard red winter figure of just 515 mln bushels, the smallest crop in over 50 years. Kansas City futures closed limit up on the day, reflecting the market's initial response, but gave back the gains in the following days. There is a significant loss of production, but prices were getting stretched given the lack of major problems in most other regions (so far). One factor to watch going forward is for higher protein levels in this year's hard red winter crop.



✓ After losing some momentum in winter, CGC data shows non-durum exports have been strong over the past two months. Our current 2025/26 forecast is for 23.25 mln tonnes of exports, very slightly behind last year's record. Total shipments as of week 39 are 17.07 mln tonnes, nearly 800,000 tonnes ahead of 2024/25. Last year saw big movement in the final few months, which may be difficult to repeat. But farmer deliveries have been strong the past month as well, which points to some good weeks of exports ahead.
✓ Wheat markets have been pushed higher by declining winter wheat conditions in the US and some Iran war premium being built into prices. There is also a strong tendency for CWRS bids to rise during late winter and spring. But much of the declining US wheat crop has been factored into the market and conditions in most other key growing regions are decent so far. From a seasonal perspective, values often put in a high in mid-spring prior to moving lower through summer.



Bottom Line:

✓ The North American wheat S&D is tightening, and the longer-term view is supportive, but futures values are stretched relative to other global markets.
✓ The fact prairie bids are walking into the window when they seasonally peak further adds to the risk.
✓ Smaller crops globally will keep prices sensitive to any meaningful weather threats in other key regions.

Wheat Price Indications (US$/mt)

Type	Location	This week	Week Ago	4 Wks Ago	Year Ago
CWRS	Alberta Avg	235	226	211	212
CPS	Alberta Avg	225	215	198	194
Feed	Alberta Avg	194	193	171	177
DNS 14%	Portland	287	276	261	237
HRS 14%	N Dak Avg	229	219	204	191
Soft 12%	Black Sea	238	239	239	242
H1	W Aust	289	264	268	236

Barley Outlook

Upside:

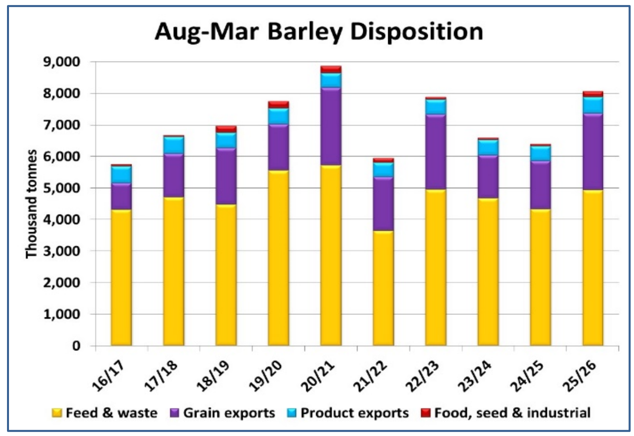
- ✓ Canadian barley exports in 2025/26 are the second highest on record, and a strong finish is expected.
- ✓ StatsCan's estimate of March 31 barley stocks was 3.0 mln tonnes, unchanged from last year, due to higher usage.

Downside:

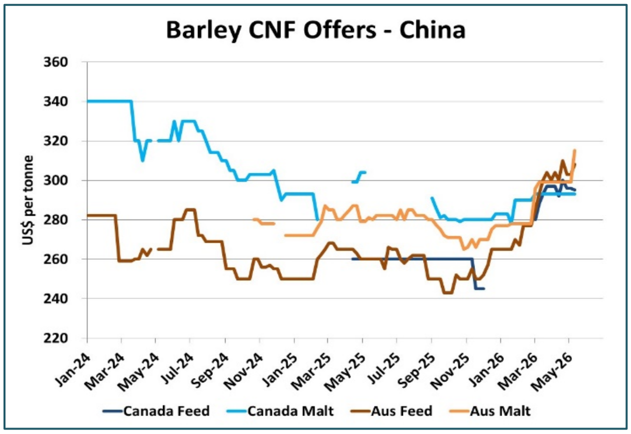
- ✓ USDA's 2026/27 barley S&D showed an increase in production, but that's likely too optimistic.
- ✓ Barley prices in southern Alberta are trending strongly higher, but seasonal patterns turn lower soon.
- ✓ Australia maintained very high barley exports in March at 1.36 mln tonnes, mainly to China.
- ✓ Offer prices for Australian and Canadian barley in China aren't showing any premium for malt barley.

Key Notes:

- ✓ StatsCan's estimate of March 31 barley stocks came in at 3.0 mln tonnes, unchanged from last year. The chart shows the sharp increase in Aug-Mar usage to 8.05 mln tonnes, the most since 2020/21, with the 950,000 tonne year-over-year increase in grain and malt exports the biggest change. Feed use was also larger at 4.94 mln tonnes, 600,000 tonnes above last year. While StatsCan uses the feed category to adjust for its misses on production, it's not too far out of line. As a result, we've raised our full-year feed use number and lowered 2025/26 ending stocks to 1.11 mln tonnes, now below the last two years. These tighter stocks are reflected in the strong 2025/26 price environment.



- ✓ Even though barley exports dropped to only 10,100 tonnes in week 39, the lowest weekly total since late November, the year-to-date pace is 2.79 mln tonnes, second only to 2020/21. More importantly, it appears the previous week's dip in exports is only temporary, as week 39 shipments from country elevators rose sharply to 148,000 tonnes to rebuild terminal inventories. Typically, movement slows in the final quarter of the marketing year and while that's still likely, this year's volumes should remain above average.
- ✓ The premium for malt barley in western Canadian elevator bids has been unusually small in 2025/26. One reason for the lack of a malt premium has been a very small spread in offer prices to China, the main destination for Canadian exports. Offer prices reported for Canadian barley are a little "patchy" but price quotes for Australian barley also reflect the lack of a malt premium in China. In fact, prices for imported malt barley in China have effectively lost their entire premium relative to feed.



Bottom Line:

- ✓ At the beginning of 2025/26, the Canadian barley S&D looked heavy, but strong exports and domestic feed use have drawn down ending stocks and supported a spring rally.
- ✓ That said, the seasonal peak is close, and prices will likely decline through the summer, especially if more 2026 acres shift to barley and moisture conditions remain favourable.
- ✓ The big unknown (and risk) is that much of this year's strength in barley prices was driven by exceptionally strong Chinese demand, and that is still uncertain for 2026/27.

Barley Price Indications (US$/mt)

Type	Location	This week	Week Ago	4 Wks Ago	Year Ago
Feed	Alberta Avg	186	189	186	185
Malting	Alberta Avg	206	207	217	203
Feed	N Dak Avg	155	155	155	149
Feed	W Aust	254	255	246	222
Malting	W Aust	248	256	247	222
Feed	Creil, FR	249	219	219	221
Spr Malt	Creil, FR	261	256	234	265
Feed	Ukraine	239	223	223	216

Durum Outlook

Upside:

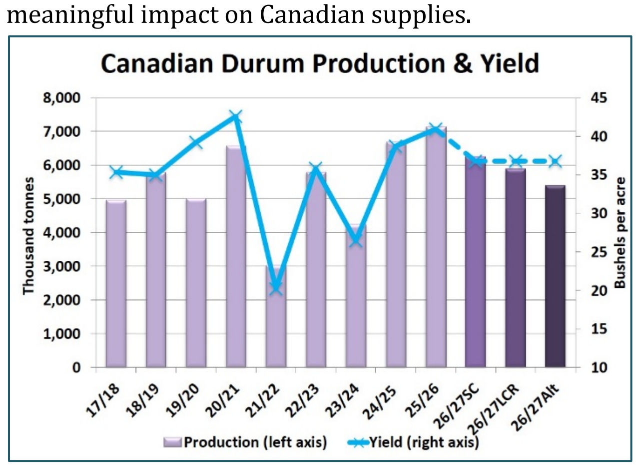
- ✓ Canadian durum acres could drop further than expected earlier, as more area shifts toward red spring wheat.
- ✓ The area of US durum affected by drought expanded in the last few weeks, with planting now in full swing.
- ✓ Canada exported 539,000 tonnes of durum in March, well above the average for the month.
- ✓ The French Ag Ministry reported a sizable decline in its ratings for the 2026 durum crop.

Downside:

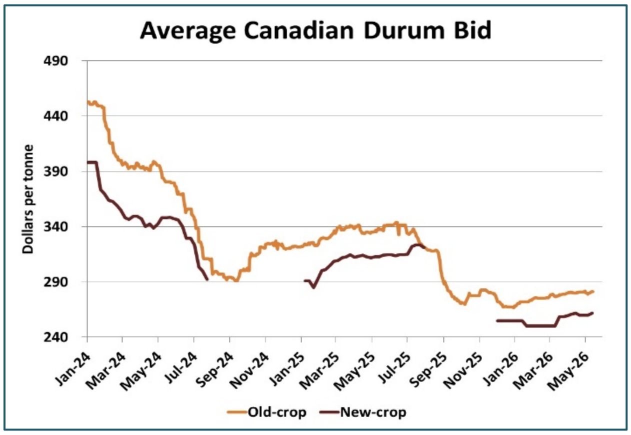
- ✓ There are hints that Moroccan durum imports will be reduced in the coming months due to a larger harvest.
- ✓ Durum prices in Italy have turned down in recent weeks and are testing the previous lows.
- ✓ March 31 durum stocks were reported at 3.41 mln tonnes, the highest since 2019.

Key Notes:

- ✓ Back in March (based on a Dec-Jan survey), StatsCan forecast 2026 durum acres at 6.38 mln acres, 2% less than last year. As durum prices stagnated and red spring wheat improved, we trimmed seeded area to 6.0 mln acres, down 8%. Since then, we've heard even more reports of farmers switching from durum to spring wheat. Under an alternate scenario, we're using seeded area of 5.5 mln acres, down a million (16%) from last year and a bit below 2020/21 and 2021/22. Using a 10-year olympic average yield, production under the three scenarios would drop to 6.26 mln, 5.89 mln and 5.40 mln tonnes respectively. At the lower end, this would have a meaningful impact on Canadian supplies.



- ✓ Old-crop and new-crop durum bids saw a small bump recently, but that may be more due to trying to coax in some extra deliveries rather than signalling a fresh demand pull, and possibly setting up for another pullback. Softer prices aren't unusual at this time of year, as they largely fit with the seasonal tendencies. From this point forward, prices don't typically start to recover until after the preharvest bottom in late summer.



Bottom Line:

- ✓ A small upturn was seen recently in North American spot durum bids, largely due to difficulties getting farmers to deliver during seeding. Otherwise, the global market isn't sending any bullish signals at this time.
- ✓ The durum acreage outlook is still unclear and has the potential to cause a tighter supply situation in 2026/27. Even if that occurs, export demand will be reduced next year which would partially offset smaller crops.
- ✓ Still, there is some room for stronger prices next year, once the harvest lows are in the rearview mirror.
- ✓ A few cracks are starting to show in the favourable conditions of the European durum crop but not enough to cause prices to respond yet. North African demand will slow as its harvest progresses, adding more headwinds.

Durum Price Indications (US$/mt)

Type	Location	This week	Week Ago	4 Wks Ago	Year Ago
1/2 Durum	Prairie Avg	205	205	204	241
Durum	N Dakota	217	214	213	245
1 CWAD 13	Vancouver	275	276	282	305
1 CWAD 13	St Lawrence	293	294	297	311
Durum	La Pallice, Fr	308	295	303	315
Durum 13.5%	Central Italy	303	305	316	333
Durum	Turkey	335	334	335	325