

Farm Management Consulting



MNP Canadian Agriculture Industry Outlook Fall 2024

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Ag Industry Outlook – Table of Contents

- Canadian Agricultural Industry Outlook 2024
 - Market Fundamentals
 - Trade
 - Poultry
 - Dairy
 - Crops
 - Hogs
 - Beef
 - Wineries
 - Cannabis
 - Food and Beverage
- Contacts
- Appendices
 - Our People

Industry Outlook 2024

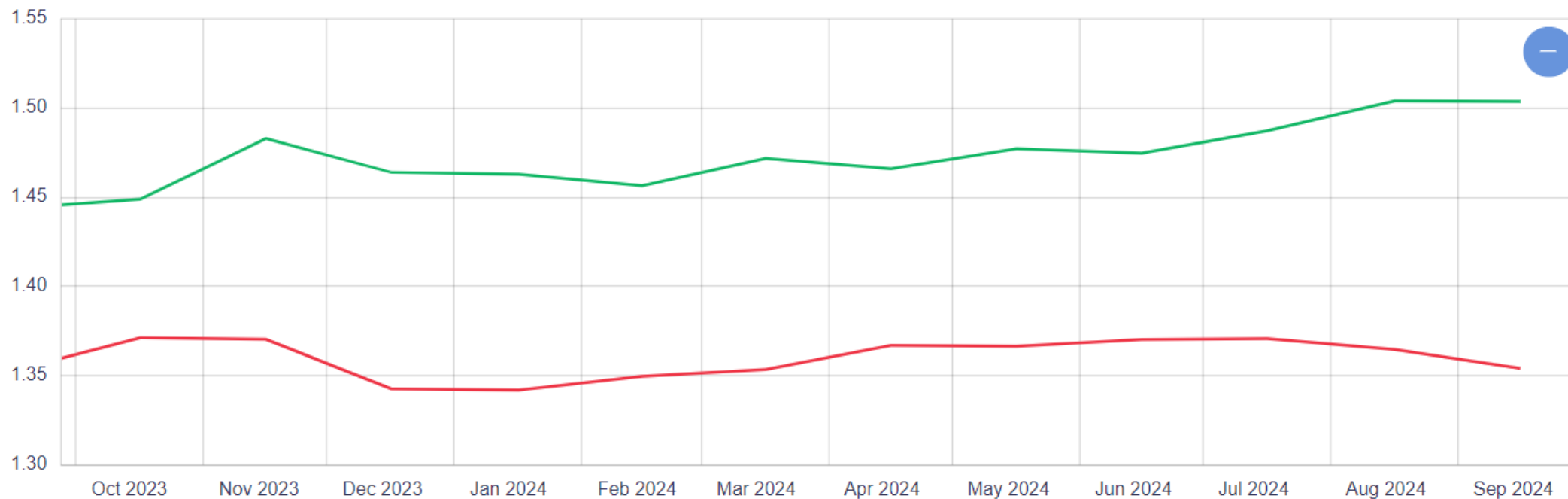


The Market Fundamentals

- Supply - Demand
- Trade
- Supply Management

Exchange Rates

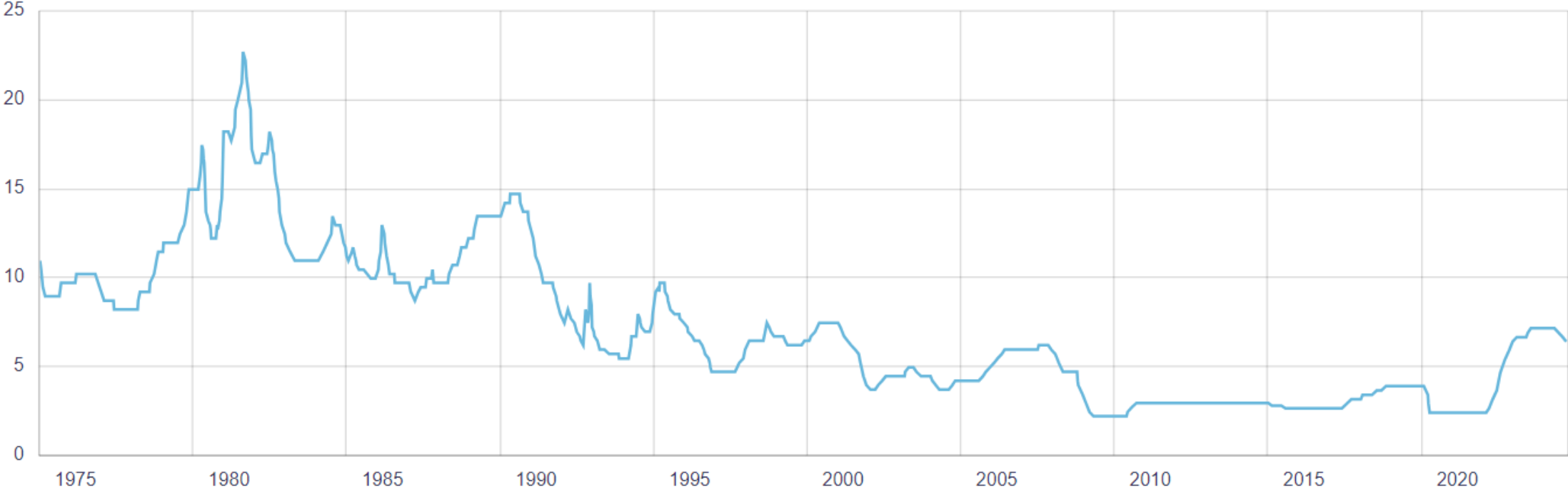
Monthly Exchange Rates



Green – Euro Red - USD

Source: Bank of Canada

Interest Rates



Source: Bank of Canada

Industry Outlook - 2024

Trade – China (Canola)

- China said there was a relationship between the rise in imports of canola by Canada and the drop in the domestic price
- Covers period from Jan 1 – Dec 31, 2023
- Canada has until early November to respond with preliminary data to support its position that there was no dumping.



Industry Outlook - 2024

Trade – China (Canola)

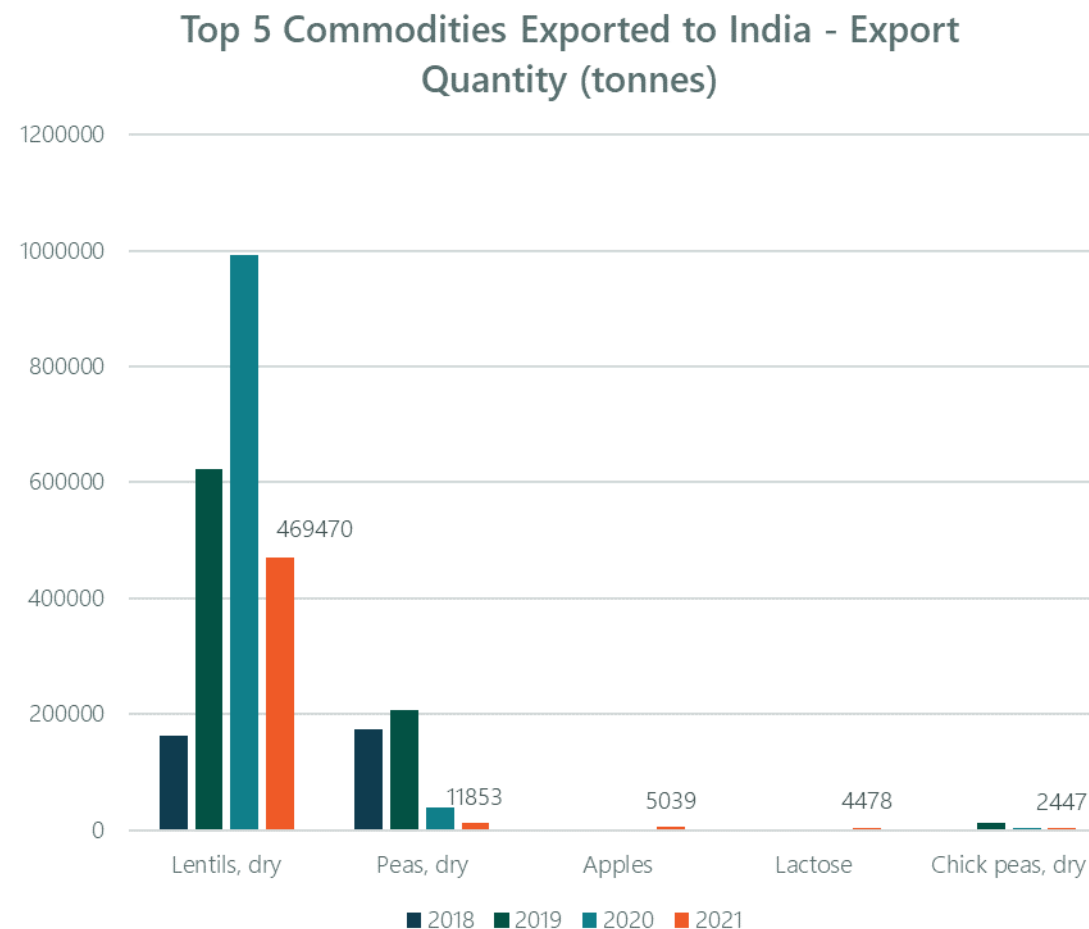
- More than half of Canada's canola exports land up in China while almost all that China imports comes from Canada (94%)
- Largely seen as retaliatory based on Canadian tariffs on EV vehicles and Steel/Aluminum from China
- China also involved in trade disputes with EU dairy and EU pork



Industry Outlook - 2024

Canada – India Conflict

- Both Canada and India have expelled each others diplomats out of their respective countries
- Canada indicates they have evidence of Indian involvement in crimes against Canadians within Canada
 - Concerns for impact on (ag) trade with India as 77% of lentil imports comes from Canada
- Other significant exports:
 - Crude rapeseed or canola oil
 - Dry beans
 - Coal
 - Potash fertilizer
 - Newsprint paper



Industry Outlook 2024



Poultry

- Outlook for improved prices
- Continued growth in 2024
- Challenges for new entrants

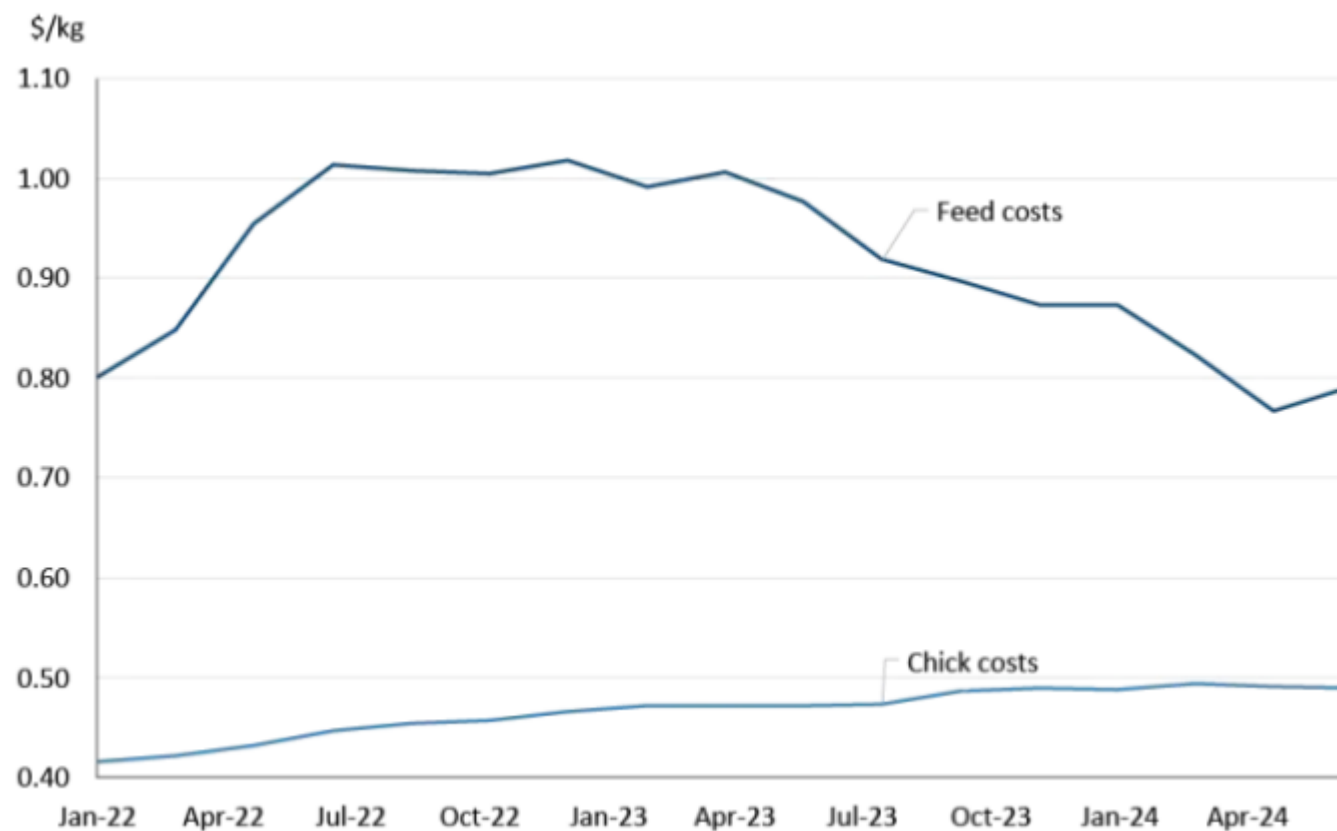
Safe Guards

- *Understand the quota:*
 - *Provincial legislation re: transferability.*
 - *Debtor's utilization and options to lease out quota.*
 - *Understanding compensation rules will have bearing on security.*
- *High land values may support security position*

Industry Outlook - 2024

Poultry

- Feed costs declining
- Chick prices increasing
- Industry still feeling effects of AI



Industry Outlook 2024



Dairy

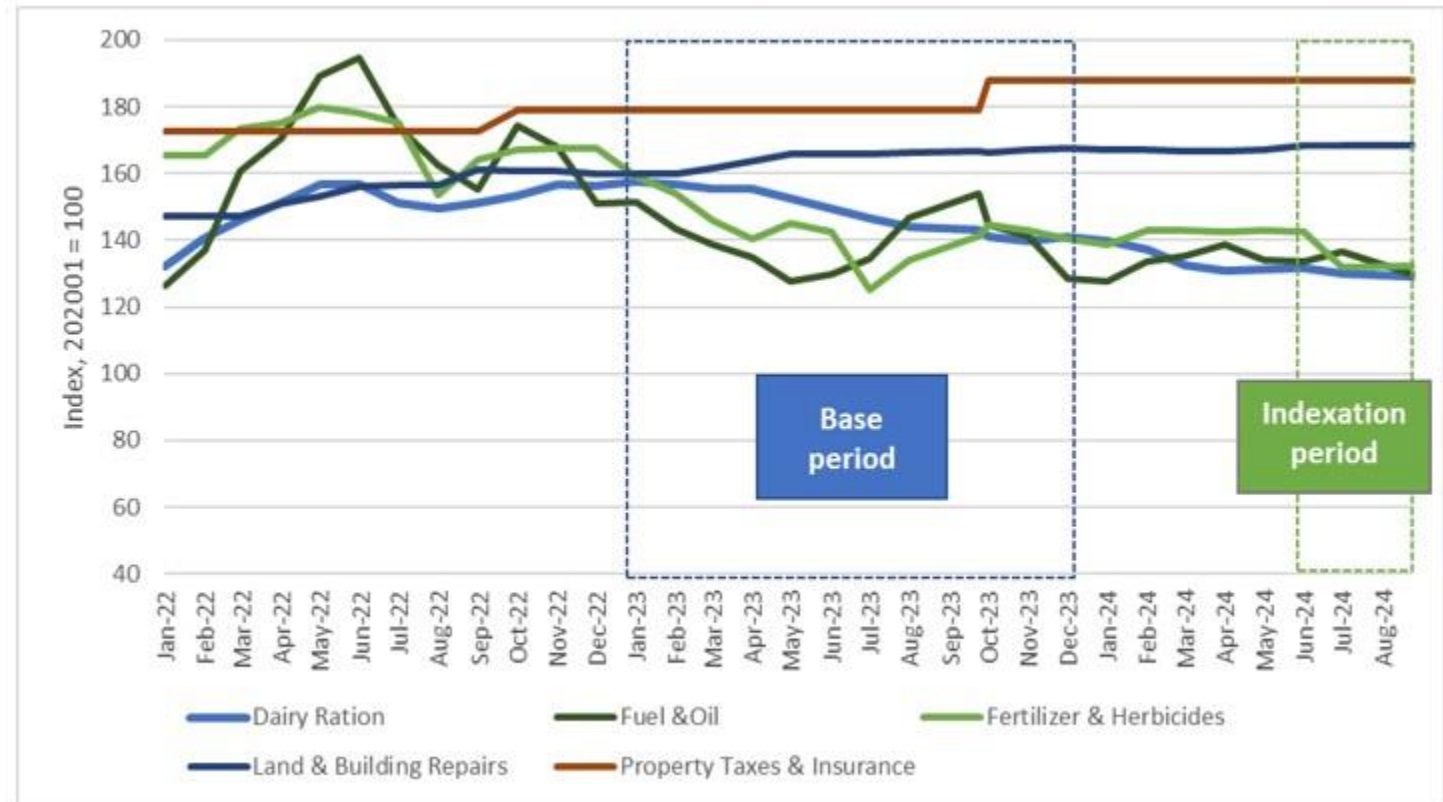
- Moderate profitability
- Increased demand
- Costs decreasing

Safe Guards

- *Understand the quota:*
 - *Provincial legislation re: transferability.*
 - *Debtor's utilization and options to lease out quota.*
 - *Understanding compensation rules will have bearing on security.*
- *High land values may support security position*

Industry Outlook 2024

- Feed costs declining
- Repair costs trending up
- Cattle sales still strong



Source: Statistics Canada indices: v1324952483; v1230996147; v1230996090; v41691060; v41691058

Industry Outlook 2024

- CDC COP relatively flat
- Likely no significant change in price of milk in February
- Nationally pricing impacts regions differently

	2023	2024	% change
iCOP	\$93.09/std hl	\$90.36/std hl	-2.93%
CPI	155.4	159.9	+2.89%
NPF result	-0.0237%		

Industry Outlook 2024



Crops

- 2024 Harvest Outlook
- Farm Equipment
- Farmland Values

Safe Guards

- *Equipment ratio on grain farms is important.*
- *Ensure all property of creditor included on debt security*
- *Verify proper registration on land and related farm equipment*
- *Verify crop insurance & AgriStability status*

Industry Outlook 2024

Corn

The 2024 USDA forecast from October are the following:

- Harvest expected at 15.2 billion bu
- Average expected yield of 183.8 bushels/acre which is up from 177.3 bushels/acre in 2023
- USD\$4.10/bushel season expected price in 2024/2025



Soybeans

The 2024 USDA forecast from February are the following:

- Harvest expected at 4.6 billion bu
- Average expected yield of 53.1 bushels/acre which is up from 50.6 bushels/acre in 2023
- USD\$10.80/bushel season expected price in 2024/2025



Grain Production - Canada

Soybeans

- 5.7 million expected harvested acres in 2024
- 5.6 million harvested acres in 2023
- Estimated yield of 46.4 bushels/acre which is up from 45.9 bushels/acre in 2023

Canola

- 21.7 million expected harvested acres for 2024
- 21.9 million harvested acres in 2023
- Estimated yield of 38.5 bushels/acre which is up from 36.9 bushels/acre in 2023

Wheat (excl. Durum)

- 19.8 million expected harvested acres for 2024
- 20.5 million harvested acres in 2023
- Estimated yield of 52.3 bushels/acre which is up from 49.9 bushels/acre in 2023



Industry Outlook 2024

Machinery purchases slowing

- 2WD farm tractors down 25.3% YOY
- 4WD farm tractors up 13.6% YOY
- Combine sales down 51.9% YOY

Source: Association of Equipment Manufacturers



Industry Outlook 2024

Canadian Farmland Values

Table 1: Average farmland values changes in the first half of 2024 by province

Provinces	Average % change Jan 2024 - June 2024 (6 months)	Average % change July 2023 - June 2024 (12 months)	Average % change Jan 2023 – Dec 2023 (12 months)
B.C.	5.0	6.6	-3.1
Alta.	4.6	8.1	6.5
Sask.	7.4	12.0	15.7
Man.	3.9	9.6	11.1
Ont.	2.1	5.1	10.7
Que.	5.4	8.2	13.3
N.B.	5.2	5.8	5.6
N.S.	3.8	9.6	7.8
P.E.I.	1.7	3.4	7.4
Canada	5.5	9.6	11.5

Source: FCC calculations

Industry Outlook 2024



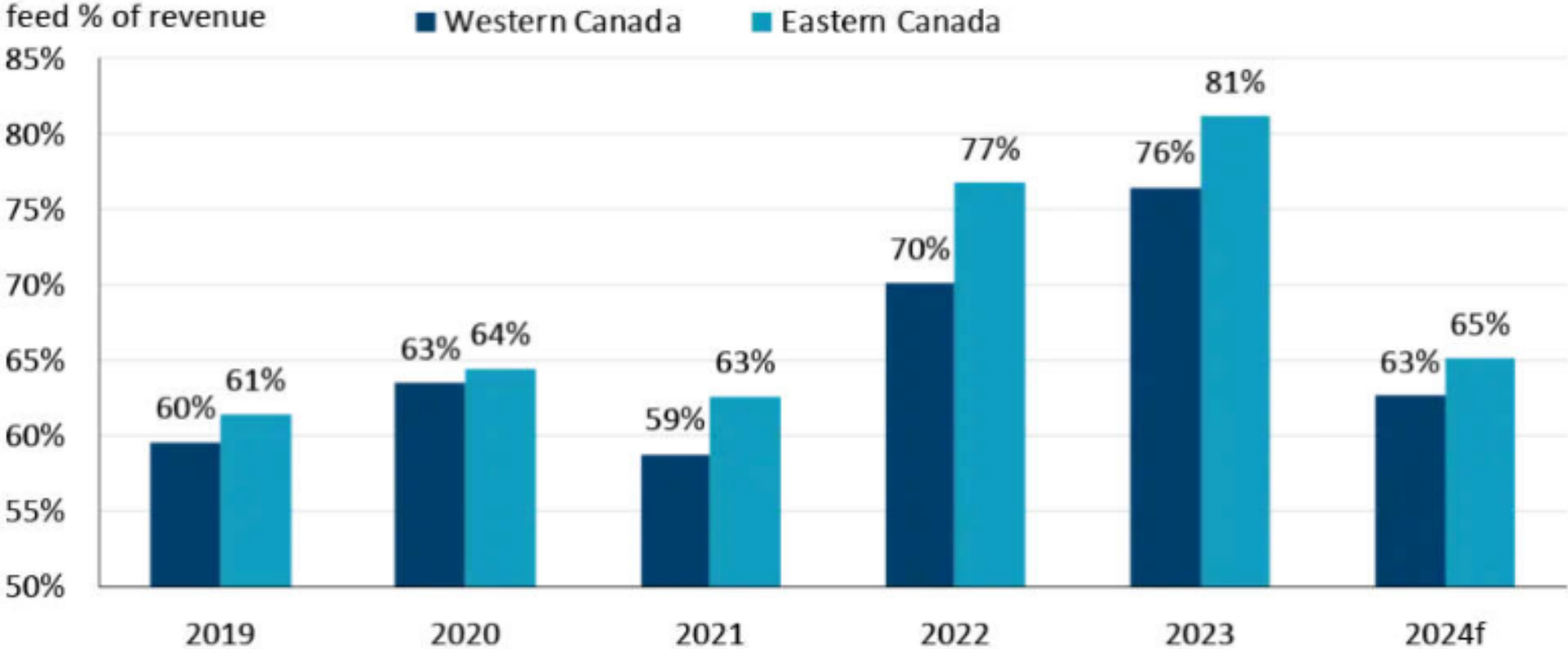
Hogs

- Outlook for improved margins on lower feed costs
- Weak demand from key importing countries leading to softer price outlook
- Demand

Safe Guards

- *Perform walk-through on short notice and assess condition of herd and barn operations*
- *Verify proper registration on land and related farm equipment*
- *Verify AgriStability status.*

Industry Outlook - 2024



Source: FCC

Industry Outlook 2024



Cattle

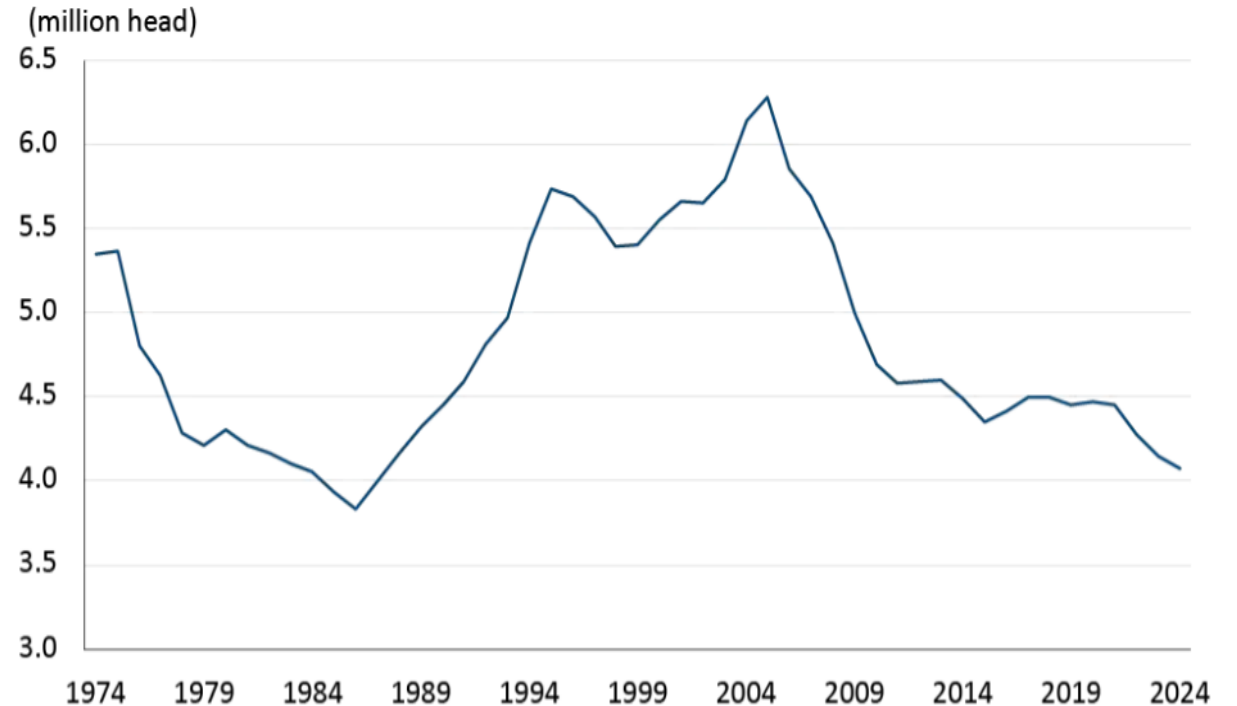
- Continued strong outlook for overall sector moving forward
- Lower inventories in industry
- Feedlot margins improving due to lower feed grains

Safe Guards

- Perform walk-through on short notice
- Verify inventory and require manifests and/or proof of purchase or sale. Look closely at inventory values.
- Verify AgriStability and risk management practices.

Industry Outlook 2024

- Canadian cow and heifer for beef replacement at its lowest since 1987
- COOL could impact Canadian pricing if US processors feel they can take advantage of the opportunity (Jan 2026)



Source: Statistics Canada

Industry Outlook 2024



Wineries

- Frost in BC interior has result in major expected losses in tree fruit/grape
 - Reduced tariffs on grapes brought in from outside the province
- BC has \$70-million replanting program after devastating crop loss
- Sales coming off of pandemic high levels

Safe Guards

- *Verify Inventory (and value in-use).- sample to ensure quality.*
- *Confirm terms of licences to produce and sell are being met.*
- *Seek rolling 5 year plans/third-party input – primary downfall is cash and inventory management.*

Industry Outlook 2024



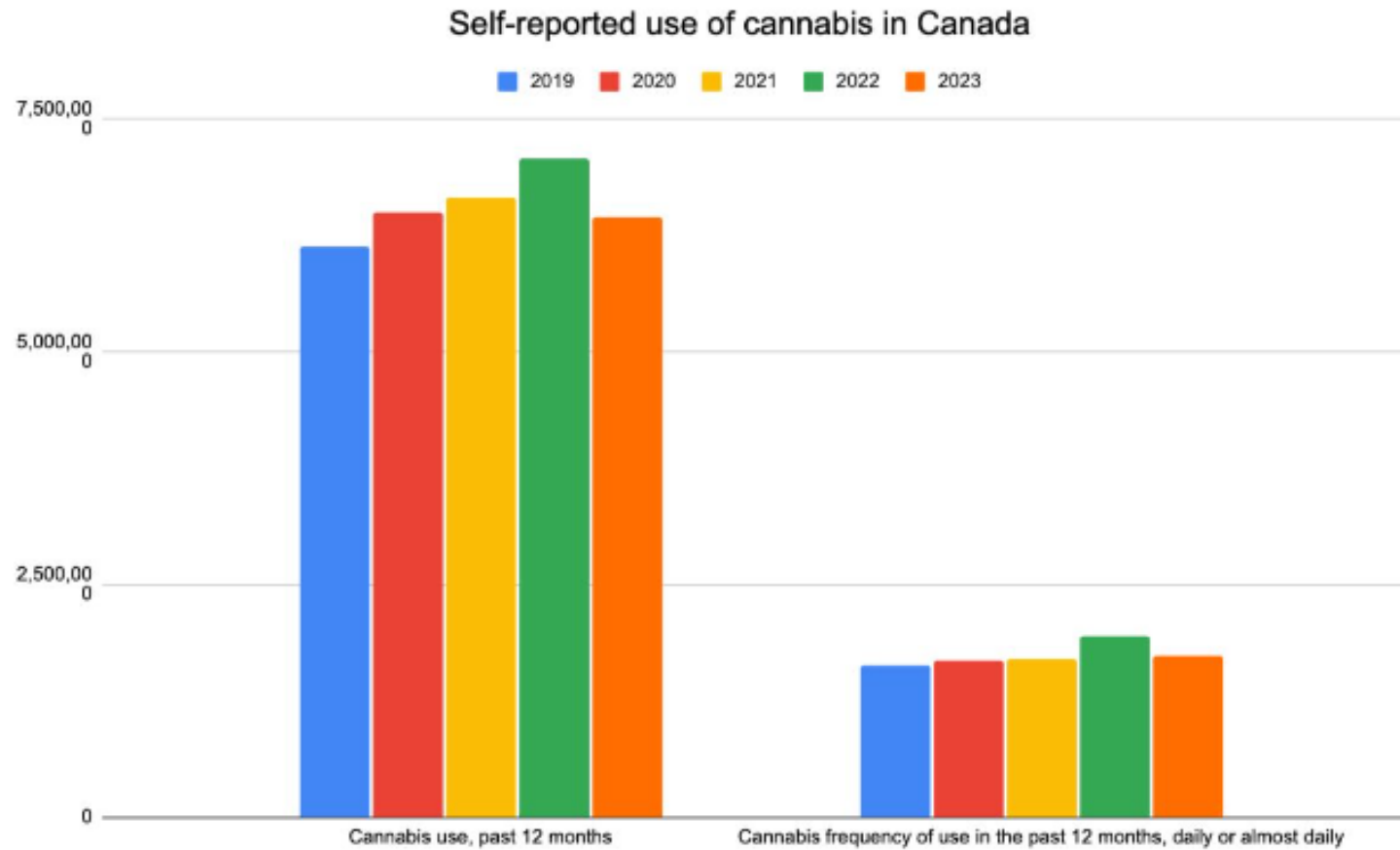
Cannabis

- Usage declining YOY.
- Industry reaching state of maturity

Safe Guards

- *Ensure all property of creditor included on debt security.*
- *Confirm terms of licences to produce and sell are being met.*
- *Confirm key individuals named in licences are tied to the company.*

Industry Outlook 2024



Source: Statistics Canada

Industry Outlook 2024



Food and Beverage

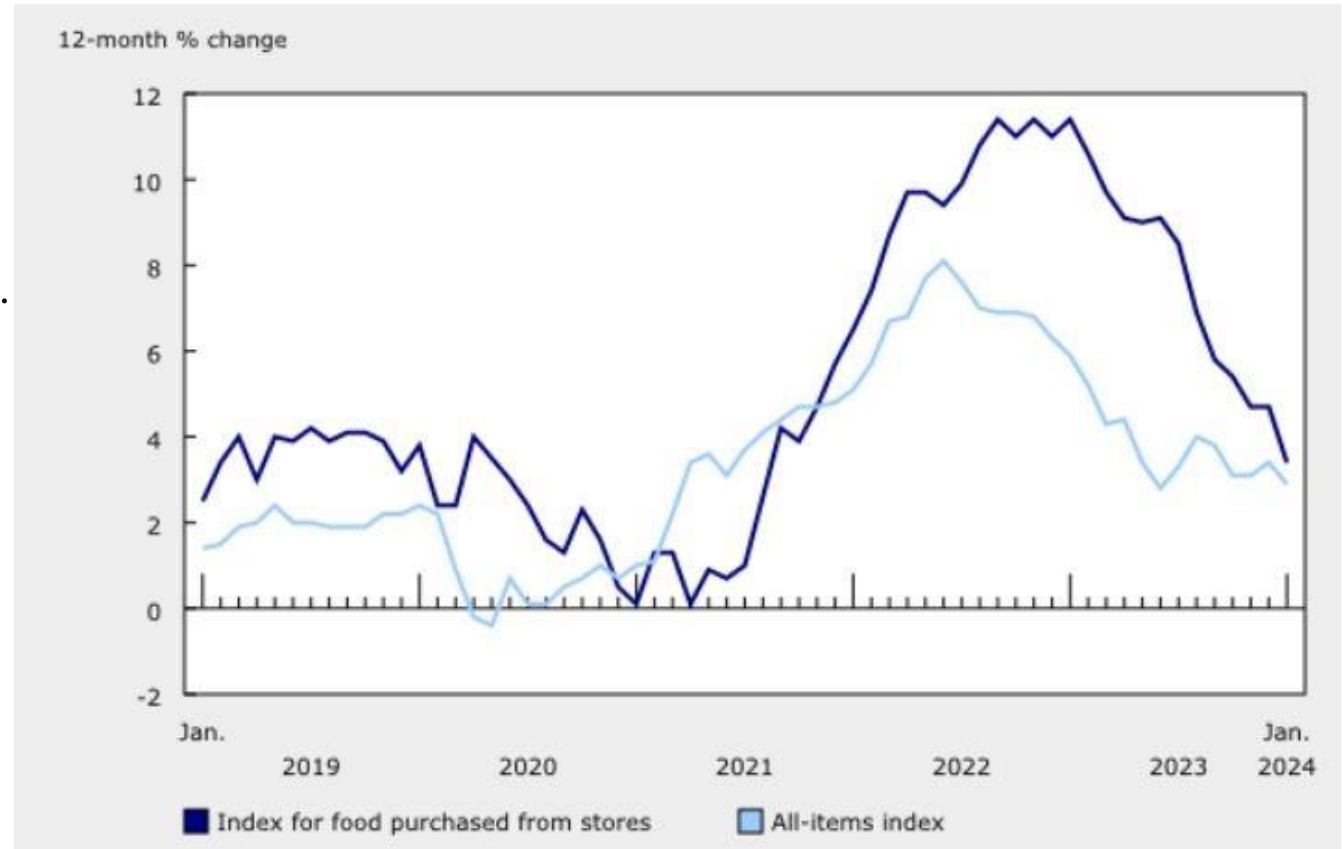
- Population growth driving sales
- EGS requirements could add uncertainty to supply chains
- Food insecurity on the rise in Canada, even amid dropping interest rates and slowing inflation

Safe Guards

- *Ensure all property of creditor included on debt security.*
- *Confirm terms of licences to produce and sell are being met.*
- *Confirm key individuals named in licences are tied to the company.*

Industry Outlook 2024

- Consumer Price Index for food purchased from stores, 12-month percentage change.



Source: Statistics Canada

Contacts

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