

Economic Update for Agriculture



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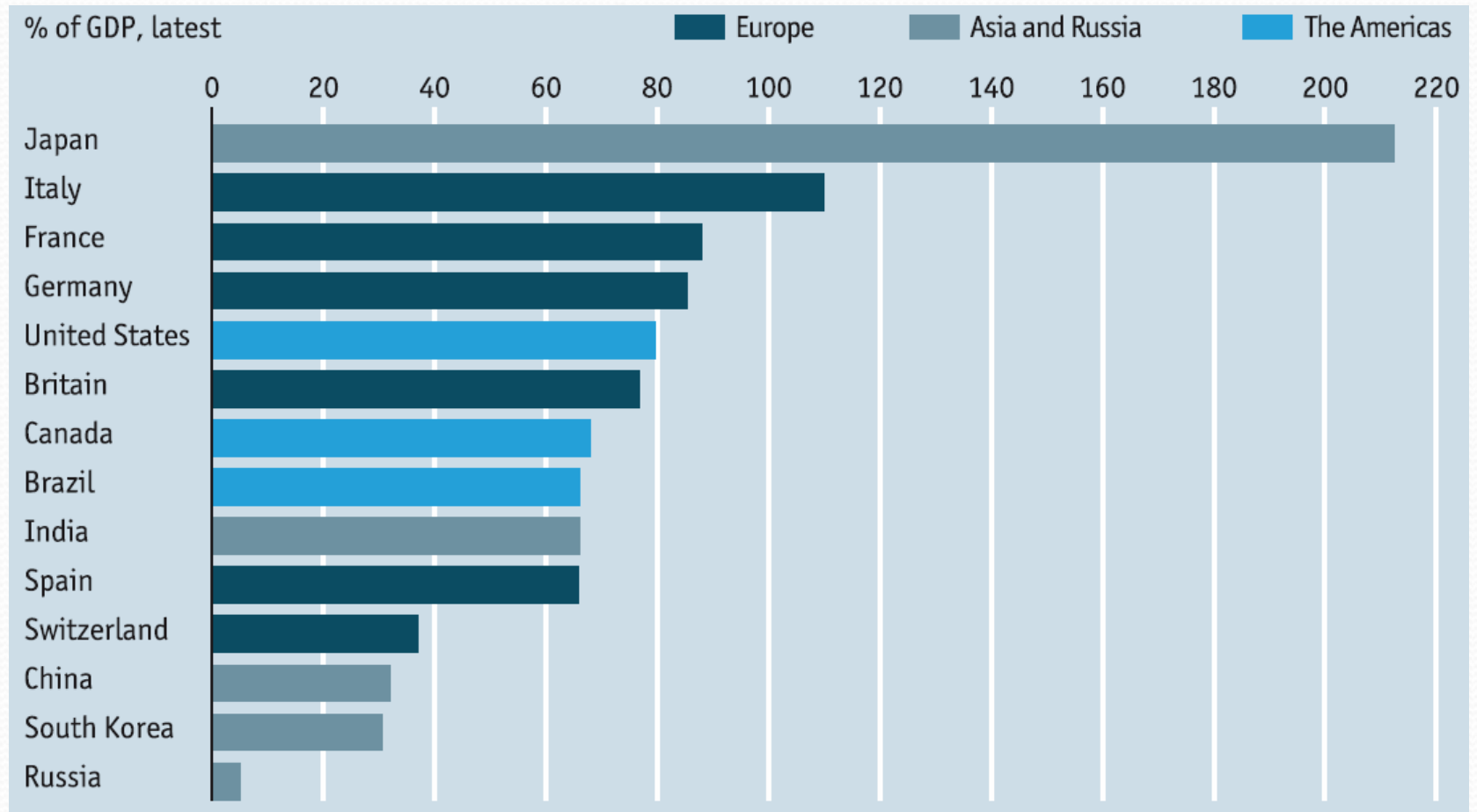


Homestead shack of Roy Hursh. Roy and brother Verney.

Realized Net Farm Income (\$ millions)

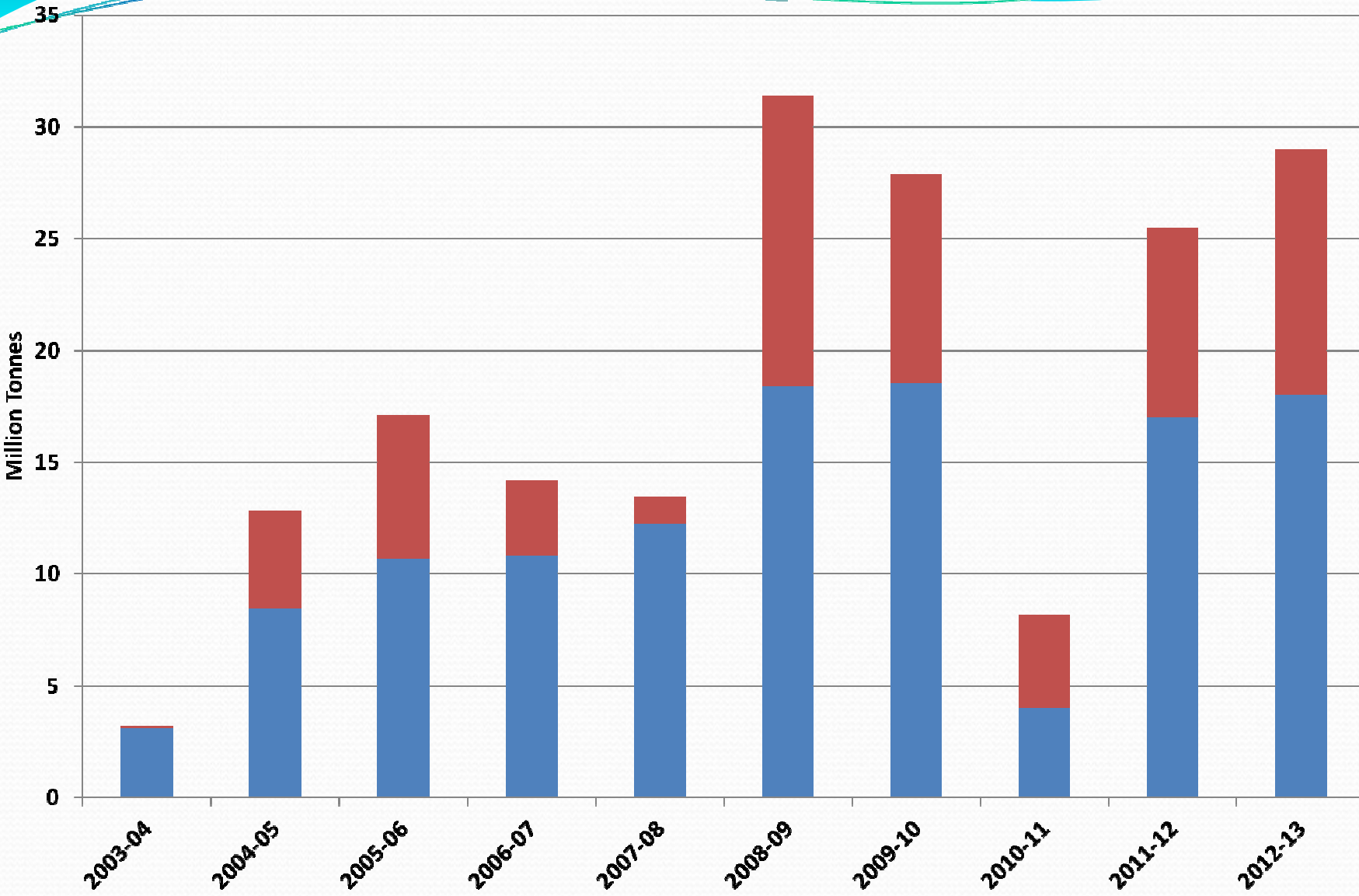
	Sask	Alberta	Manitoba
● 2009	1,630	264	553
● 2010	1,760	64	404
● 2011	593	250	127

Government debt-to-GDP ratio



Source: McKinsey, compiled by The Economist

Russia/Ukraine Wheat Exports



Source: USDA

■ Russia Exports ■ Ukraine Exports

D6 - Canadian Dollar - Weekly Nearest OHLC Chart



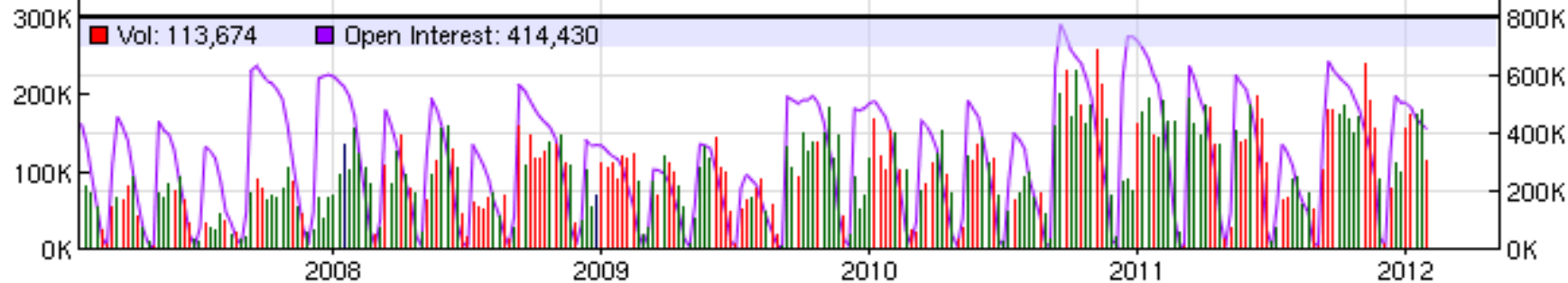
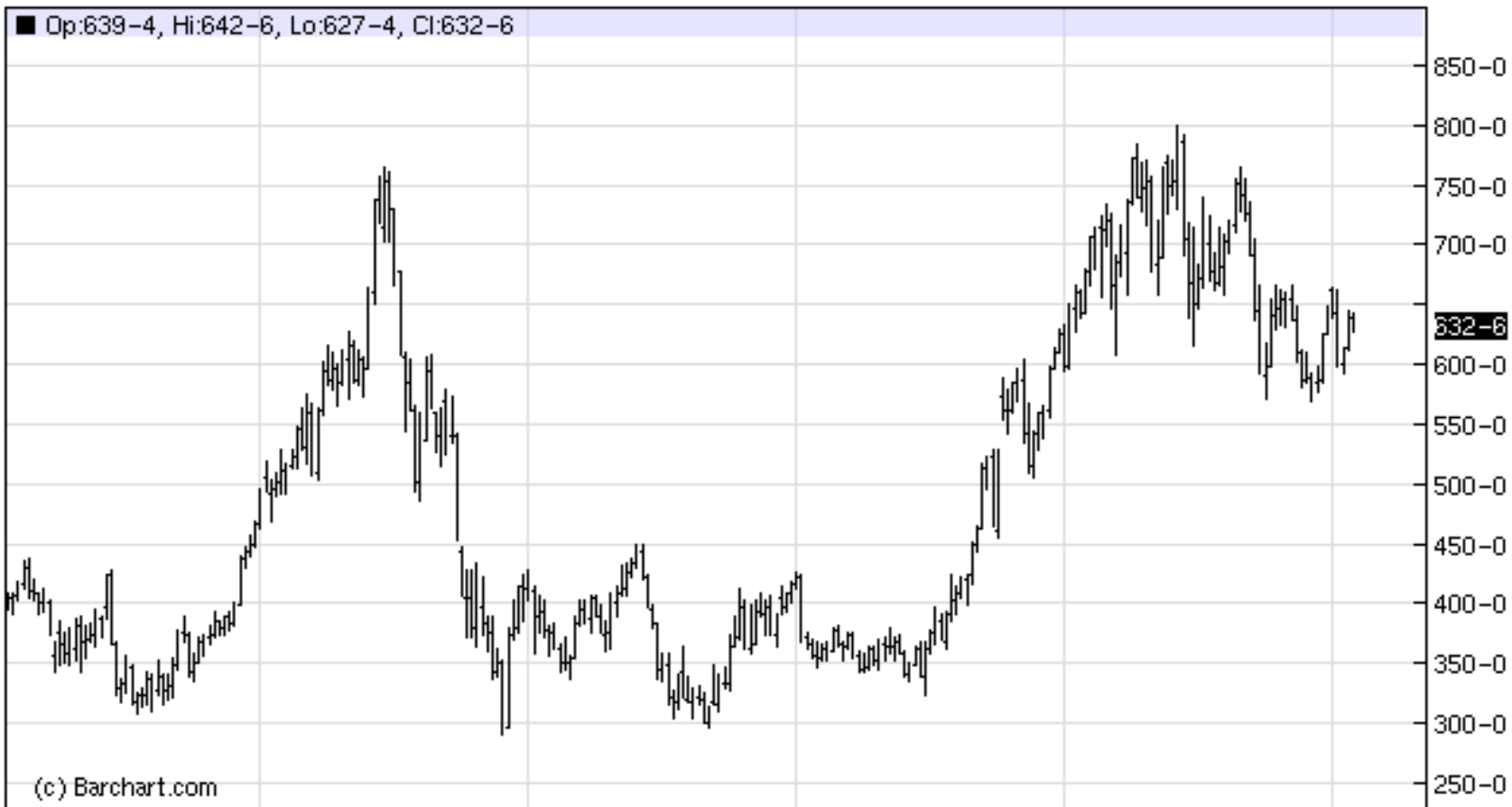
CL - Crude Oil WTI - Weekly Nearest OHLC Chart

■ Op:98.78, Hi:98.78, Lo:98.78, Cl:98.78

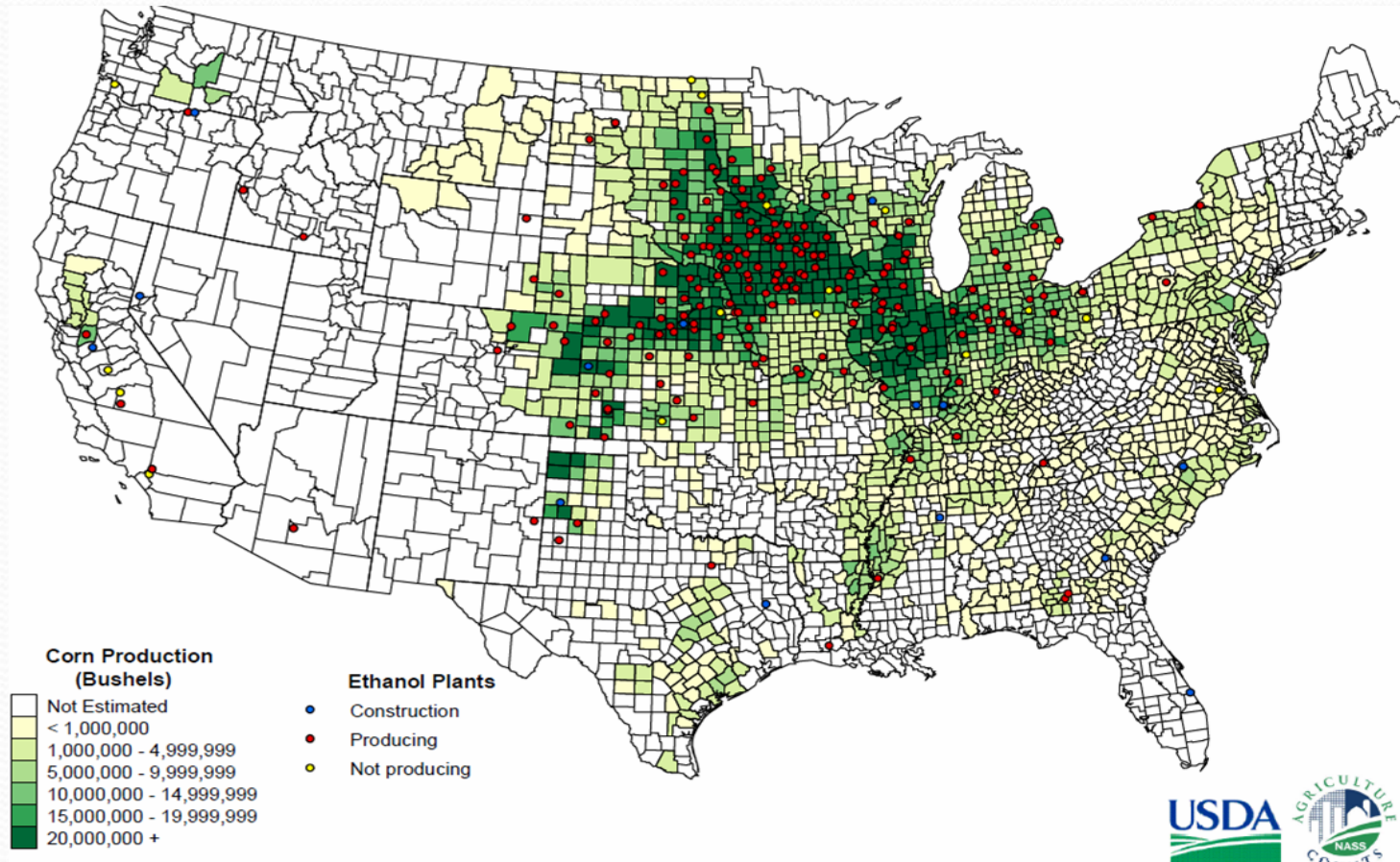


98.78

ZC - Corn - Weekly Nearest OHLC Chart

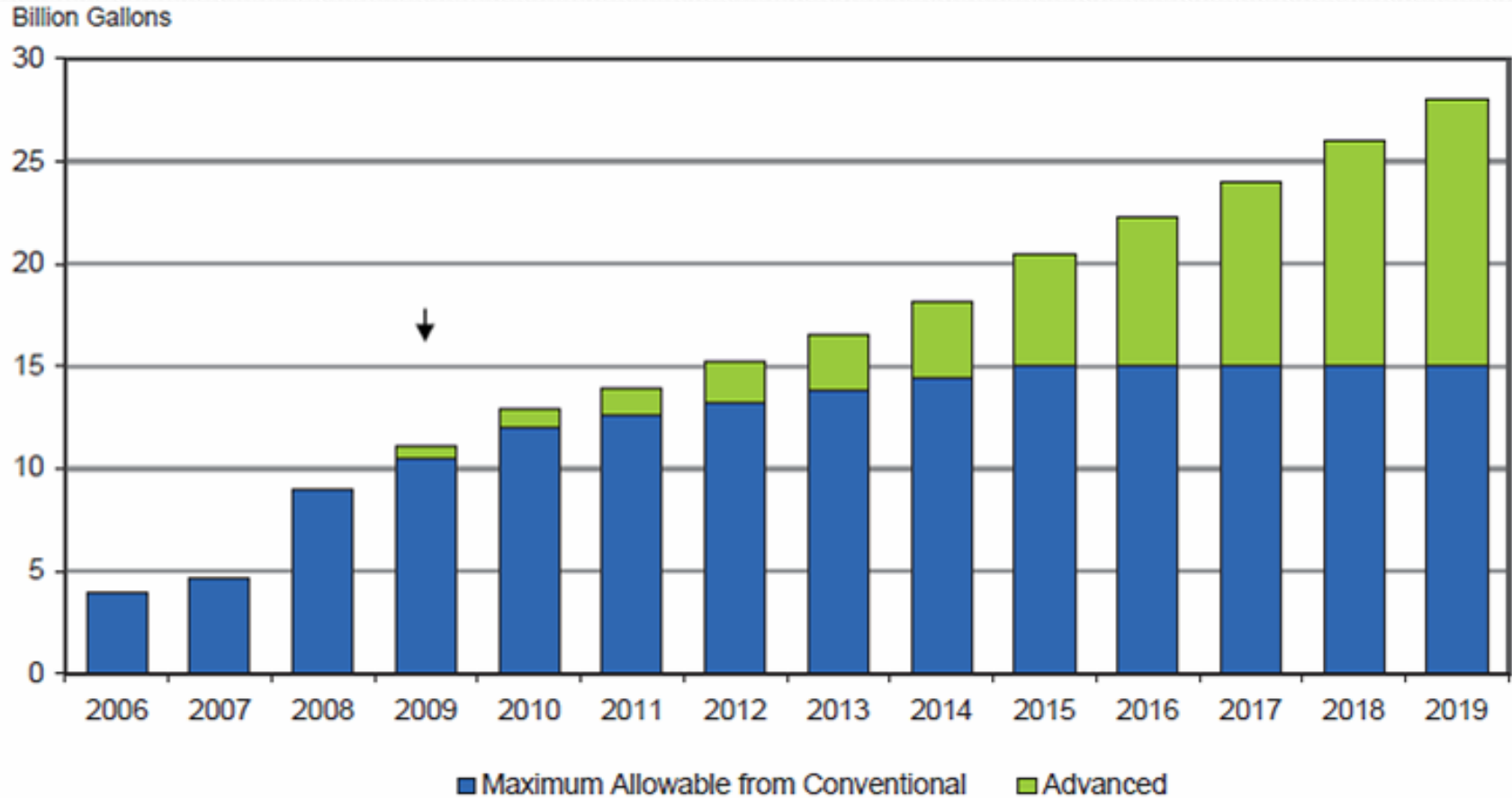


American ethanol production likely to continue



Source: USDA

American Ethanol Production

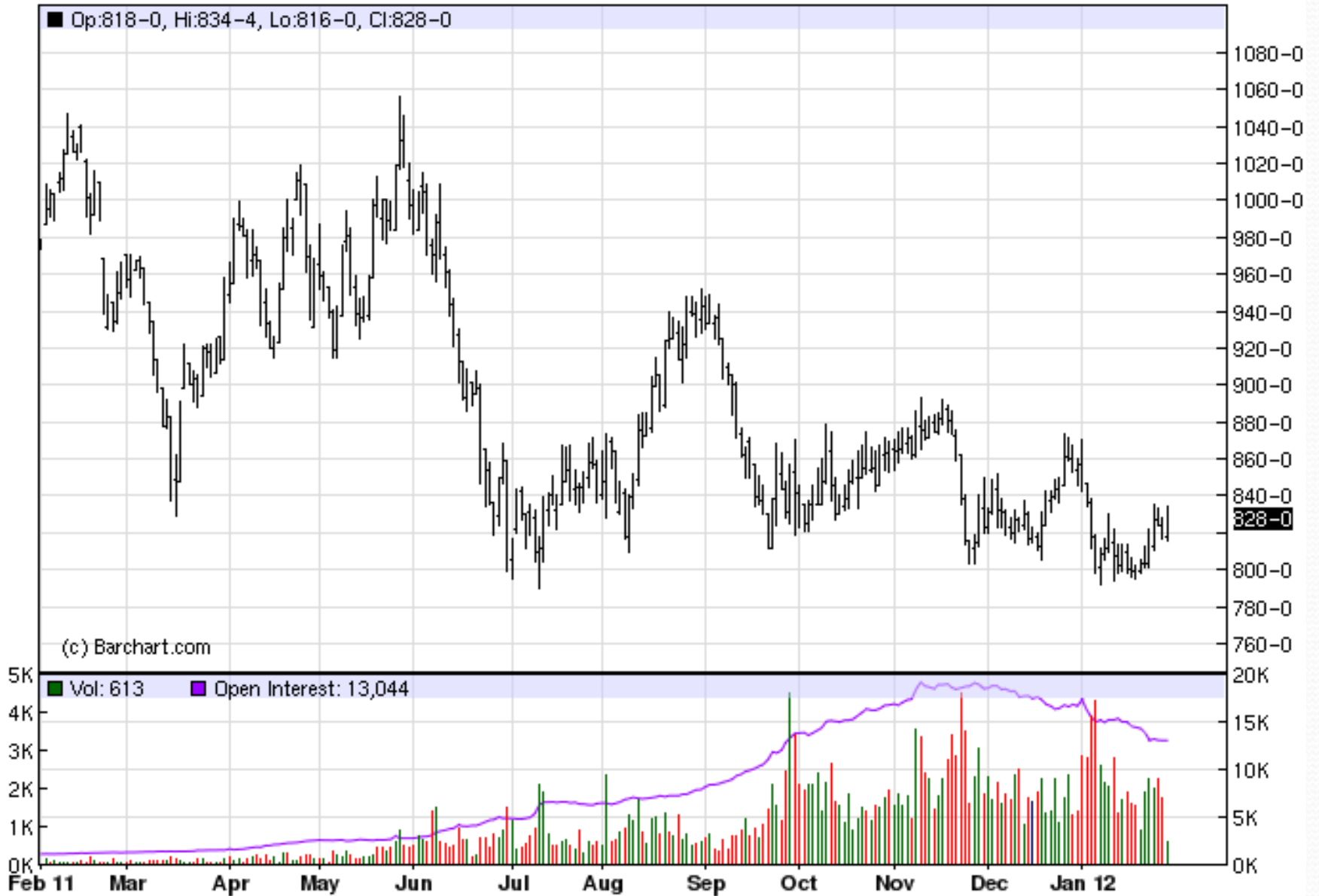


Source: FAPRI

MW - Spring Wheat - Weekly Nearest OHLC Chart



MWH12 - Spring Wheat - Daily OHLC Chart

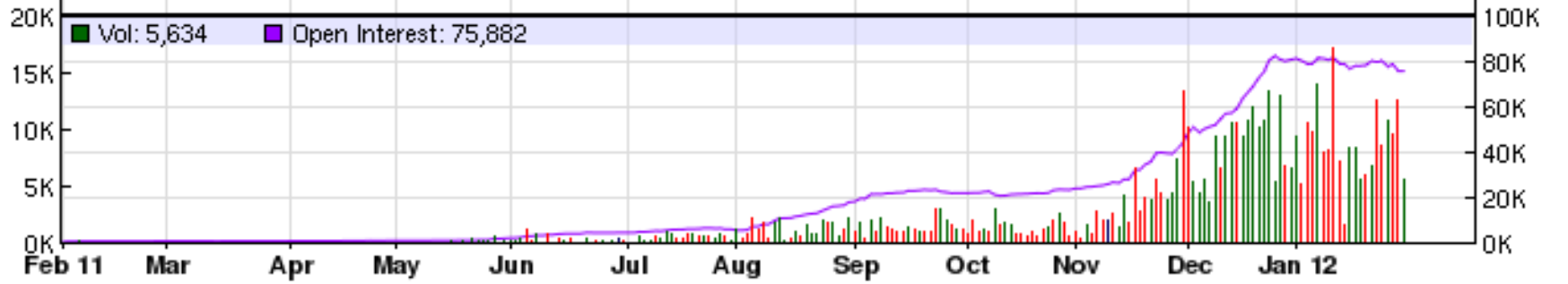


RS - Canola - Weekly Nearest OHLC Chart

Op:524.70, Hi:525.20, Lo:516.50, Cl:518.00

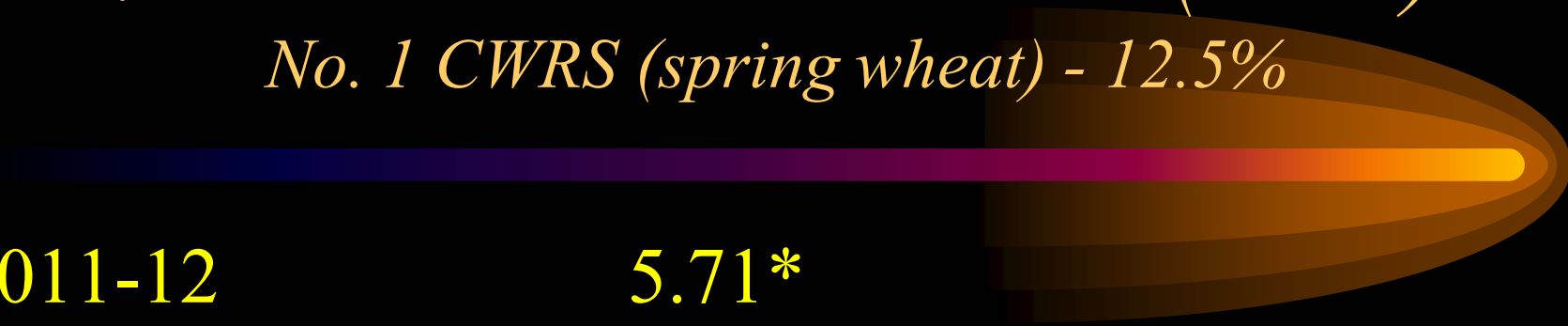


RSH12 - Canola - Daily OHLC Chart



\$/Bushel at the Elevator(Sask)

No. 1 CWRS (spring wheat) - 12.5%



2011-12	5.71*
2010-11	7.02
2009-10	4.30
2008-09	6.56
2007-08	8.40
2006-07	4.10

\$/Bushel at the Elevator (Sask)

#1 CWAD(Durum) - 12.5%

2011-12	7.53*
2010-11	6.62
2009-10	3.96
2008-09	8.58
2007-08	12.42
2006-07	4.65
2005-06	3.79

\$/Bushel At The Elevator(Sask)

Designated Barley (2-row)

2011-12	5.25*
2010-11	4.26
2009-10	3.01
2008-09	5.37
2007-08	5.13
2006-07	3.06
2005-06	2.38

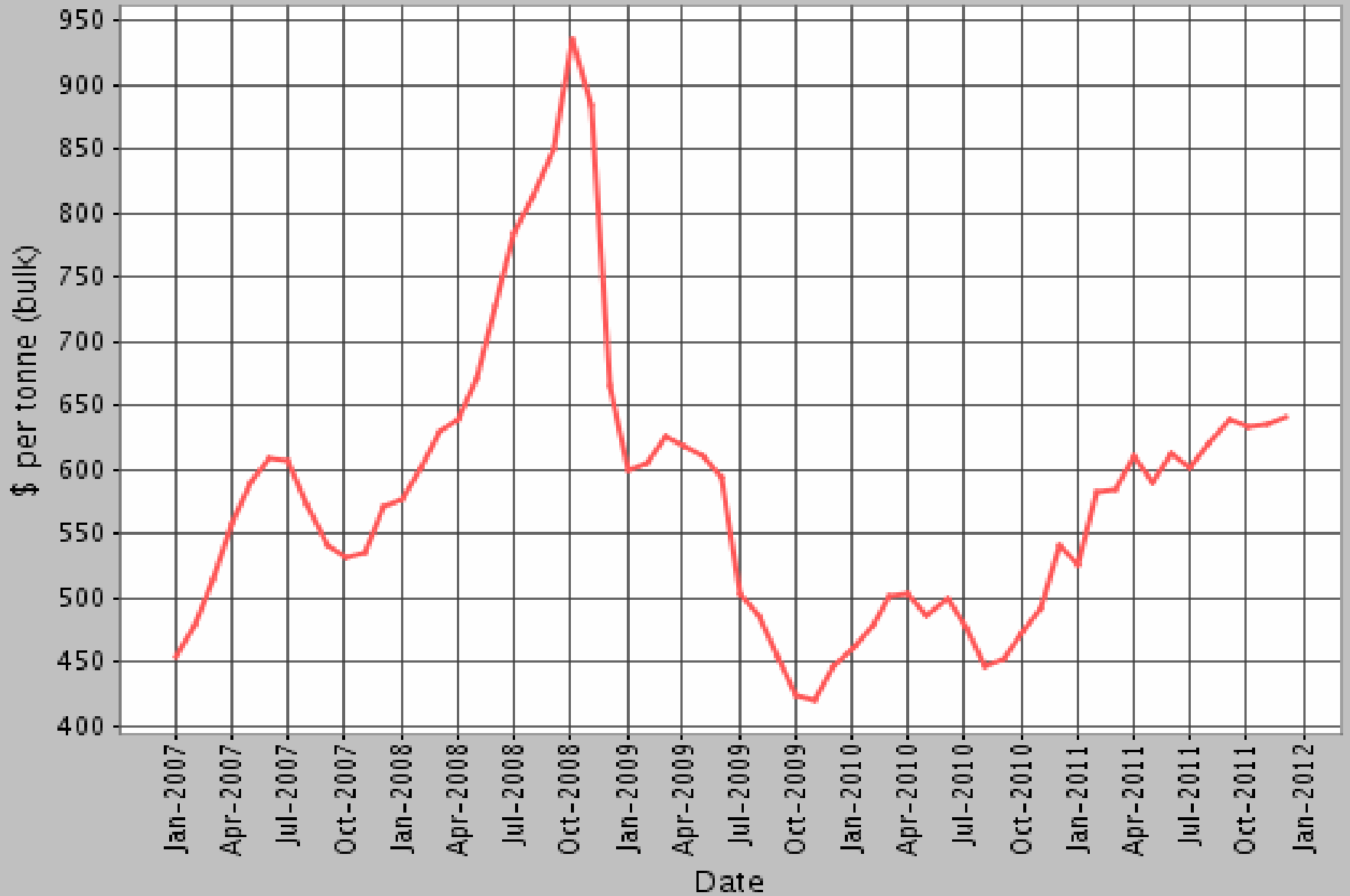
Current Crop Prices

Canola	\$11.60/ bu
Yellow Peas	\$8.00 / bu
Flaxseed	\$12.50 / bu
LG Lentils / Red Lentils	27 cents / 17 cents / lb.
Oats	\$2.80 / bu
Canaryseed	26 cents / lb.
Yellow Mustard	35 cents/ lb.
Feed barley	\$4.00 / bu

New Crop Prices

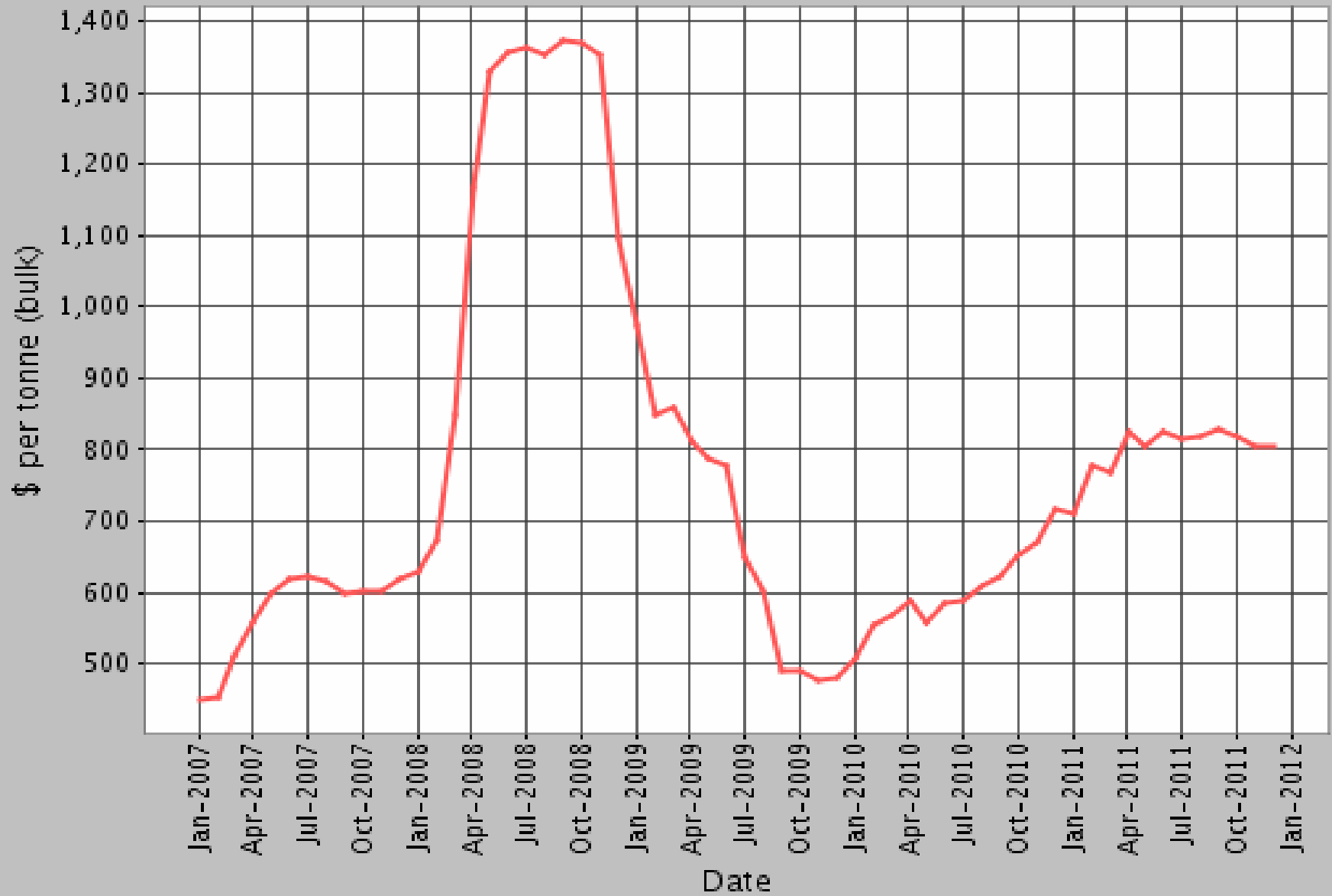
Canola	\$10.70/ bu
Yellow Peas	\$7.50 / bu*
Flaxseed	\$12.50 / bu*
LG Lentils / Red Lentils	25 cents / 18 cents / lb.*
Oats	\$2.70 / bu*
Canaryseed	25 cents / lb.*
Yellow Mustard	35 cents/ lb.
Feed barley	\$3.80 / bu

January 31, 2012



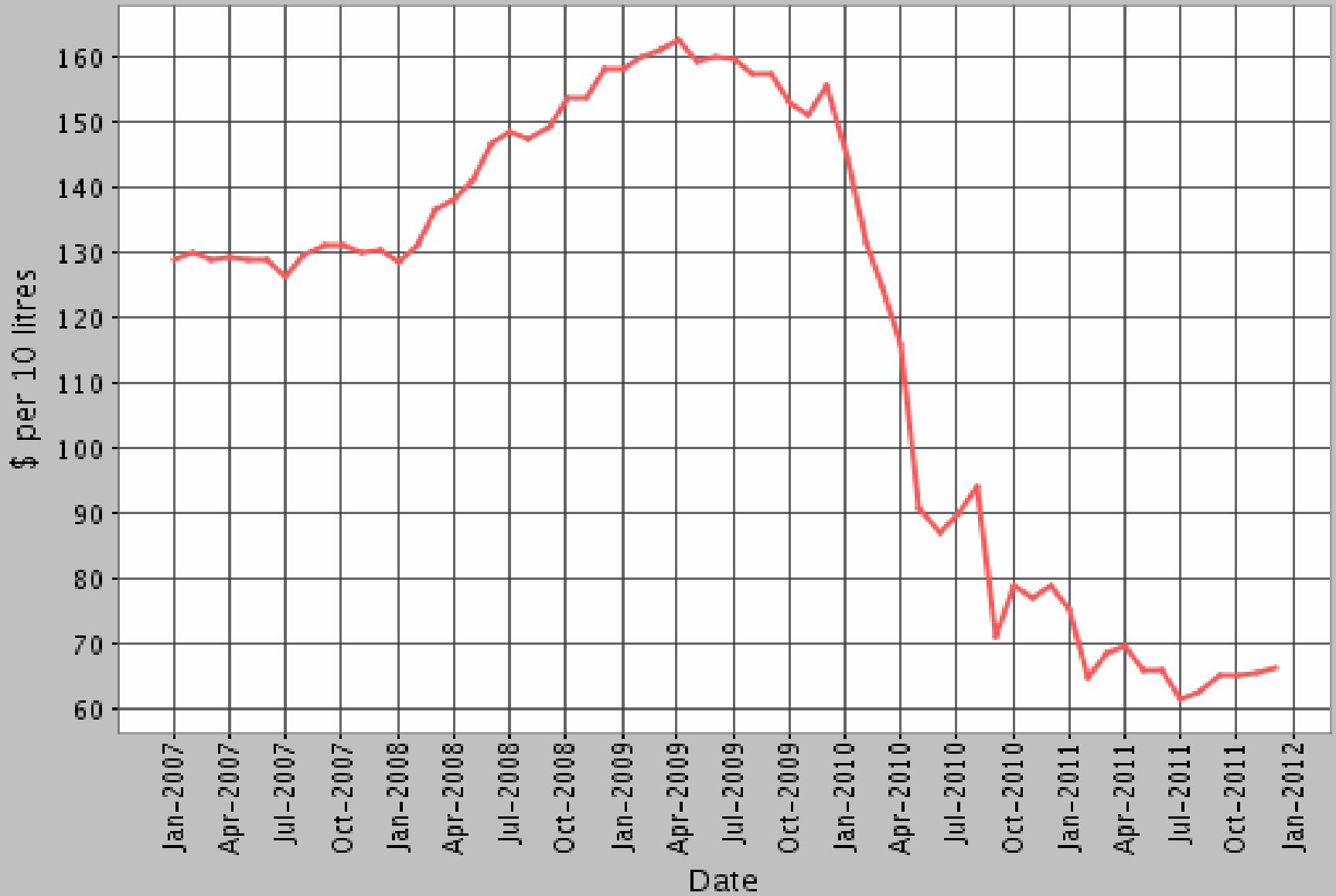
Fertilizer, 46-0-0, Urea, bulk

January 31, 2012



Fertilizer, 11-51-0, bulk

January 31, 2012

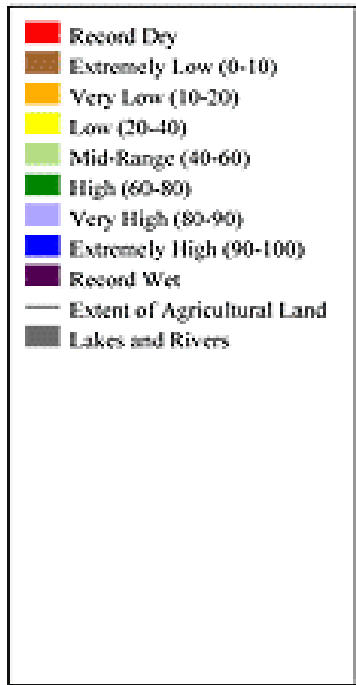
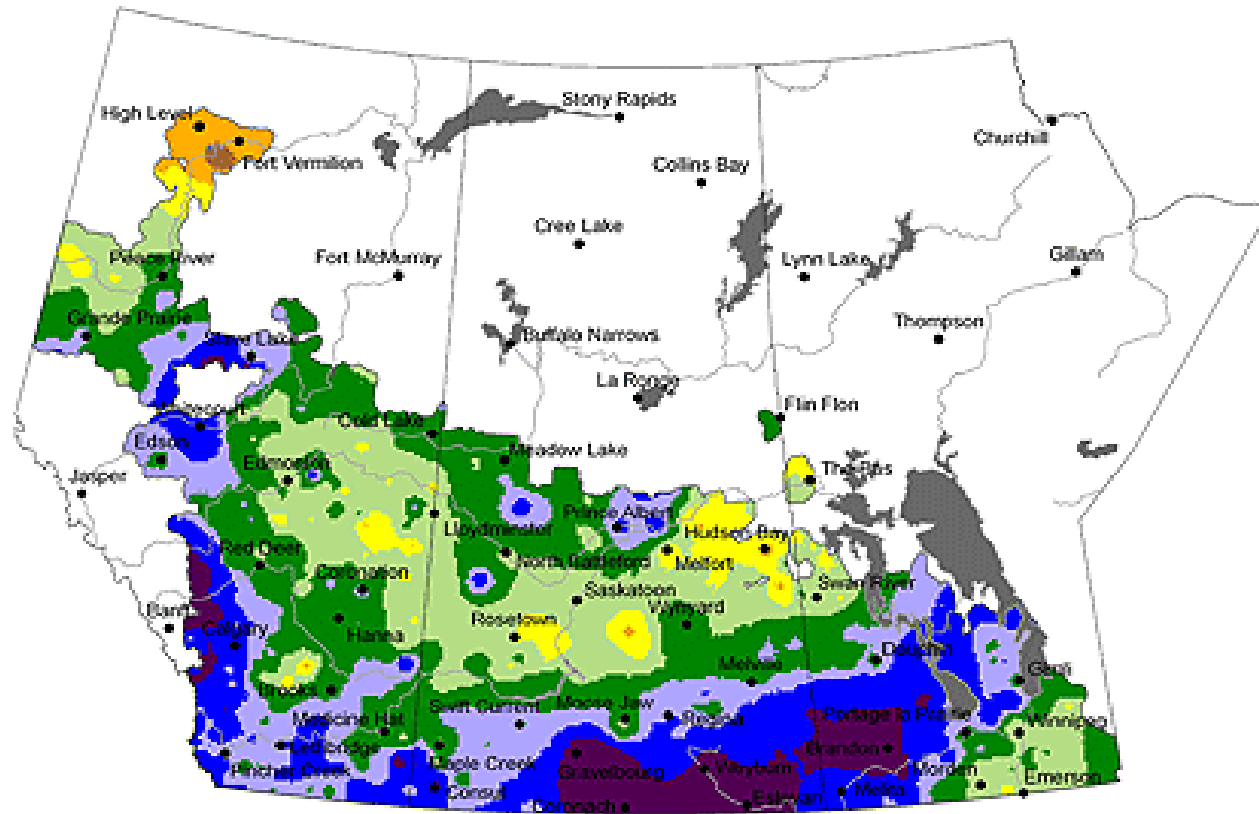


— Roundup WeatherMAX, liquid



Precipitation Compared to Historical Distribution (Prairie Region)

April 1, 2011 to June 19, 2011

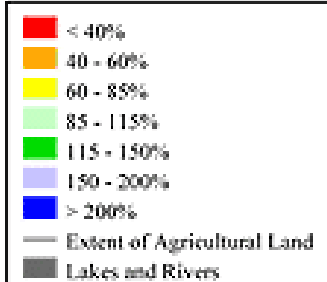
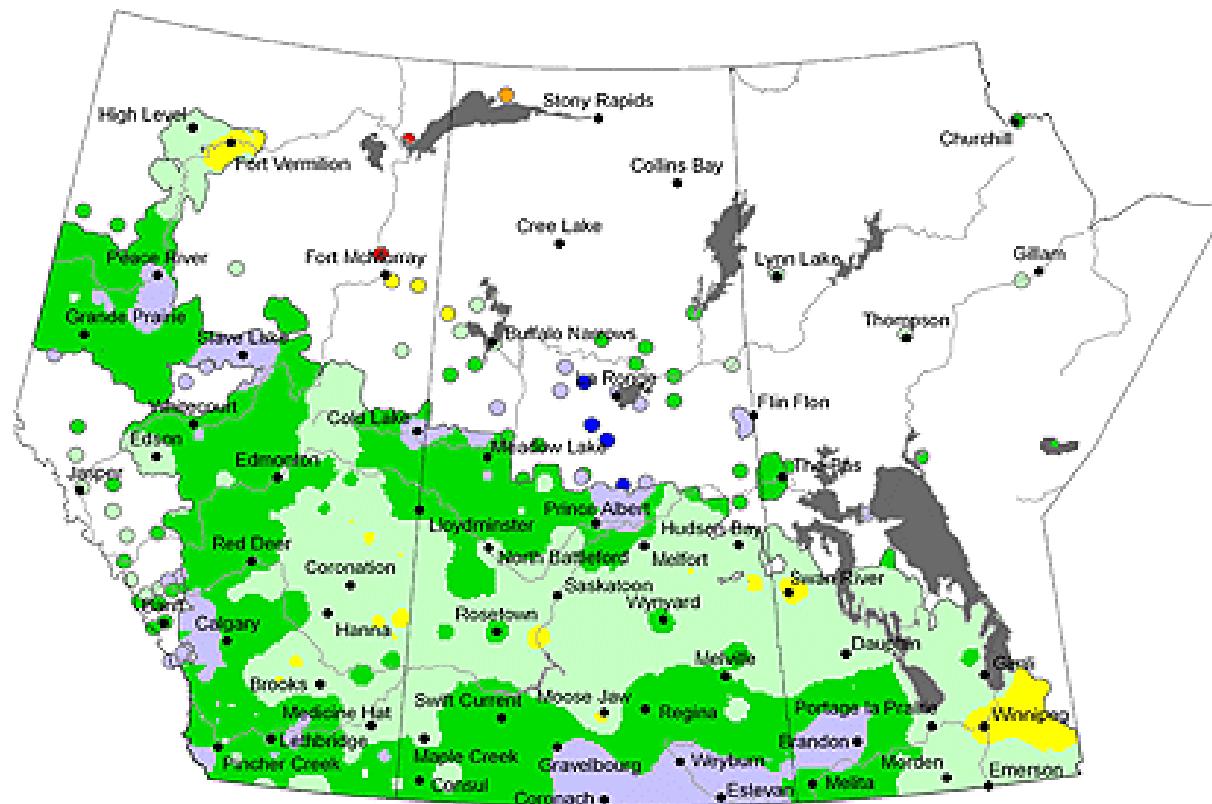


Produced using near real-time data that has undergone initial quality control. The map may not be accurate for all regions due to data availability and data errors.



Percent of Average Precipitation (Prairie Region)

April 1, 2011 to August 1, 2011



Produced using near real-time data that has undergone initial quality control. The map may not be accurate for all regions due to data availability and data errors.



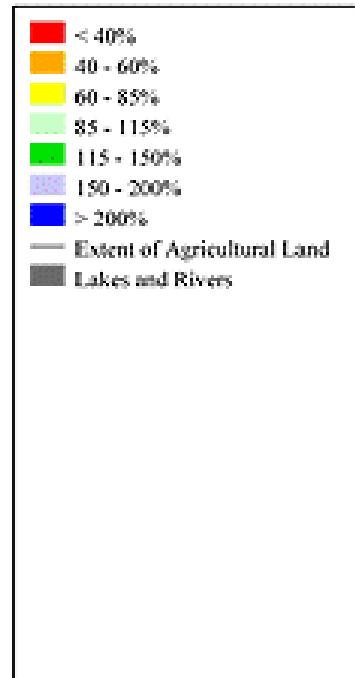
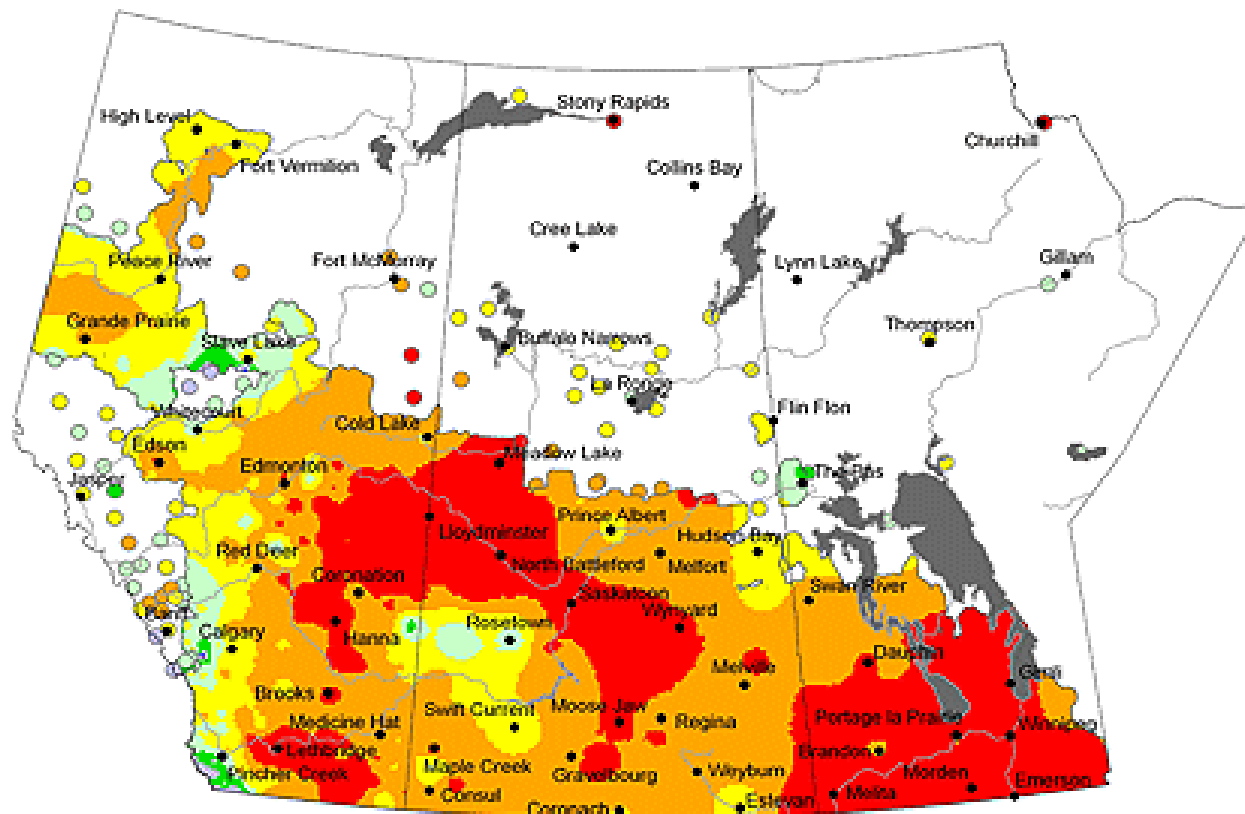
Agriculture and Agri-Food Canada

Agriculture et Agroalimentaire Canada

Canada

Percent of Average Precipitation (Prairie Region)

November 1, 2011 to January 23, 2012



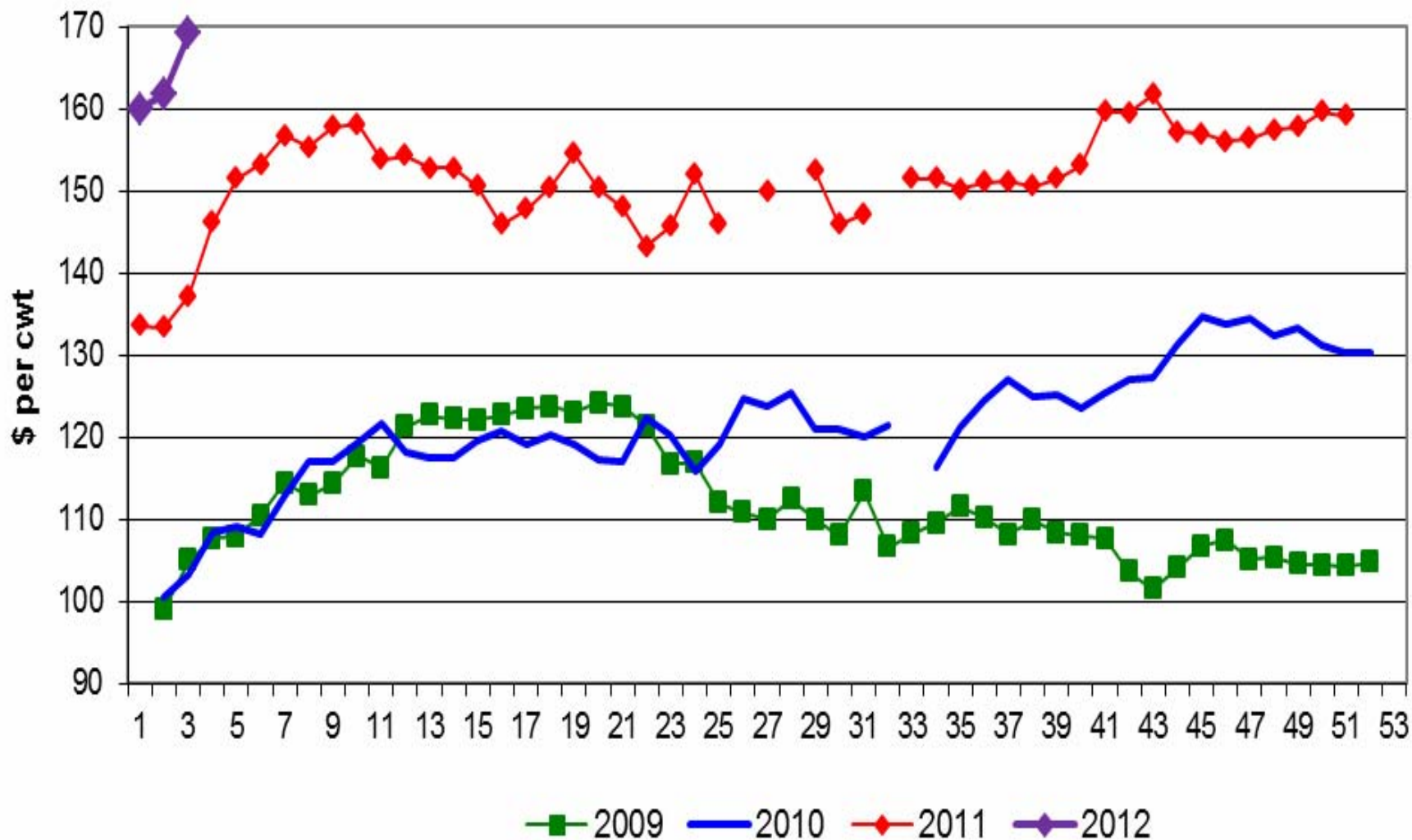
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Prepared by Agriculture and Agri-Food Canada's National Agroclimate Information Service (NAIS). Data provided through partnership with Environment Canada, Natural Resources Canada, and many Provincial agencies.

Created: 01/24/12
www.agr.gc.ca/drought

Weekly Western Canadian 500 - 600 lb Steer Price



How much prod'n to reach \$250K

- 1300 acres of wheat – 32 bu/ac at \$6.00 / bu
- 700 acres of canola – 30 bu/ac at \$12 / bu
- 300+ beef cows – 284 calves at 550 lb at \$1.60

Marketing Freedom

- Sales to CWB or to a grain company
- Cash and pooling contracts
- ICE Futures Canada has wheat, durum & barley futures
- New crop contracts available, but grade discounts not defined

General Observations

- Acreage shifts?
- Fewer grades / protein breaks
- Rail Service Agreements still needed
- Big grain companies believe they will have an advantage
- New players and alliances likely

The Aussie View



The Aussie View

- Containers for wheat have gone from zero to two million tonnes
- Increased use of advisors / brokers
- Disintegration of grower sector representation
- Standardized grower contract established

Per Acre Value Farmland and Buildings

	Sask	Alberta
● 1971	- \$59	
● 1982	- \$413	\$592
● 1993	- \$253	\$413
● 2000	- \$336	\$721
● 2007	- \$408	\$1221
● 2008	- \$453	\$1392
● 2009	- \$498	\$1428
● 2010	- \$523	\$1506

2010 Per Acre Value Farmland and Buildings

- Ontario - \$5,061
- B.C. - \$4,113
- Quebec - \$2,908
- Alberta - \$1,506
- Manitoba - \$896
- Saskatchewan - \$523

The Future?



The Future?

- Growing population and demand
- Lots of production capacity
- “Millions of Americans are digging their own graves with a knife and fork.”
- Good nutrition is the best medicine
- Agriculture and Environment linked

Know where you're going

- Written goals and objectives
- Business partners all on the same page
- Clear succession plan



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