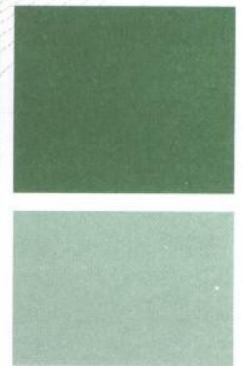




# Agriculture Statistics

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## FARM INCOME FORECAST, 2009<sup>P</sup> AND 2010<sup>E</sup>

### MANITOBA HIGHLIGHTS

#### Situation 2009:

- Manitoba farm cash receipts are estimated at \$4.763 billion in 2009, relatively unchanged from 2008 due to mixed performance in the crops sector and continuing challenges in the livestock sector.
- A small improvement in crop receipts and an increase in program payments combined with reduced operating expenses supported a strong rise in aggregate net cash income.
- Crop cash receipts were \$2.786 billion in 2009, up 2% from the previous year, led by canola, wheat and potatoes.
- In 2009, livestock receipts were \$1.598 billion, a drop of 4% from \$1.673 billion in 2008 as farmers reduced herds and productive capacity of hogs and cattle.
- Direct payments to Manitoba producers totalled \$379 million in 2009, an increase of 8% from \$350 million in 2008, due to AgriInvest-Kickstart, AgriStability and Crop Insurance.
- Total farm operating expenses after rebates were \$3.699 billion in 2009, down 7% from \$3.957 billion in 2008, mainly due to lower fertilizer expenses due to price reductions and somewhat lower usage, a reduction in machinery operation and fuel expenditures due to lower fuel prices, and a decrease in interest expenditures mainly due to interest rates. Changes to most other costs were consistent with the overall inflation rate.
- Net cash income was \$1.064 billion for 2009, up 32% from \$809 million in 2008. Realized net income after depreciation was \$548 million in 2009, up 75% from \$312 million in 2008.
- Total net income decreased 33% to \$542 million in 2009 from \$814 million in 2008, largely due to lower returns to livestock and a substantial reduction in the value of inventory change.

**SOURCE:** Agriculture and Agri-Food Canada.  
[http://www4.agr.gc.ca/resources/prod/doc/pol/pub/pdf10/fif\\_09-10\\_hl\\_v2\\_eng.pdf](http://www4.agr.gc.ca/resources/prod/doc/pol/pub/pdf10/fif_09-10_hl_v2_eng.pdf)  
released April 23<sup>rd</sup>, 2010.

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## Manitoba Outlook 2010:

- The outlook projected for 2010 indicates a trend towards decreases in both net cash income and total net income. While both these values reflect declining grain prices, structural changes in the livestock sector and the associated impact on income, and a return to more normal market volumes for grains and oilseeds, the major contributor to the significant difference between the two income values (net cash income of \$759.9 million compared to total net income of \$39.1 million) is a substantial negative swing in inventory value from -\$5.4 million in 2009 to -\$194.2 million estimated for 2010. More minor contributors to this differential include a modest increase in expenditures and depreciation charges.
- Farm cash receipts are estimated at \$4.559 billion in 2010, down 4% from 2009.
- Receipts from crops are expected to decrease by 7% to \$2.584 billion in 2010, led by canola and grains. Expected decreases in production, softening prices and lower marketings are all expected to contribute to this drop. However on a medium term perspective, receipts are 39% above the five year average.
- Livestock projections for 2010 are estimated at \$1.556 billion, down 3% from 2009 and 10% below the five year average. While there are preliminary indications that the hog industry may see some slight improvement in price, marketings are expected to continue to be below 2009. The factors that adversely impacted livestock producers in 2009 are anticipated to continue in 2010. Declining cattle sales are forecast to occur because of COOL regulations and an appreciating Canadian dollar, which contribute to weak beef prices.
- In 2010, direct payments are estimated at \$418.6 million, up 11% from 2009 due to increases in AgriStability payments and a carryover of crop insurance payments. This increase should be tempered by the fact that the actual dollar amount is relatively small when viewed in relation to market receipts.
- Total operating expenses after rebates in 2010 are expected to reach \$3.799 billion, an increase of almost 3% from one year earlier and 13% above the five year average. Higher energy costs and a slight increase in pesticide prices are anticipated due to tightening of world oil markets as higher oil prices increase the cost of raw materials.
- Fertilizer prices are expected to be around the same level as 2009. However, a continuing increase in world population and returning global economic growth has the potential to generate a tight global fertilizer supply and demand balance that could allow fertilizer prices to rebound during the year.
- Net cash income is estimated to decrease by 29% in 2010, projected at \$760 million. After depreciation and inventory change allowances the total net income is expected to be \$39 million, down significantly from the previous year due to an expected negative value of inventory change and the short-term cost commitments that farmers are expected to make in the 2010 production year as hogs and cattle are caught in a structural transition period.

## Definitions:

- The forecasts are based on available market and industry information as at December 31, 2006 and a number of assumptions on economic and industry performance. Overall, the forecasts show Manitoba crop receipts increasing in 2006 and net farm income adversely affected with rising fuel and feed costs.
- Farm cash receipts measure the gross revenue of farm businesses and include revenues from the sales of crops and livestock products, program payments from government agencies and payments from private agricultural insurance programs.
- Farm operating expenses represent business costs incurred by farm businesses for goods and services used in the production of agricultural commodities.
- Net cash income represents the amount of cash generated by the farm business that is available for debt repayment, investment or withdrawal by the owner. It is a measure of gross farm revenue minus farm operating expenses.
- Realized net income includes net cash income minus depreciation plus income-in-kind. It represents the cash and non-cash financial flows that are attributable to the farm business and does not include changes in stocks.
- Total net income includes return to owner's equity, unpaid labour, management, risk and accounts for changes in the total value of inventories.

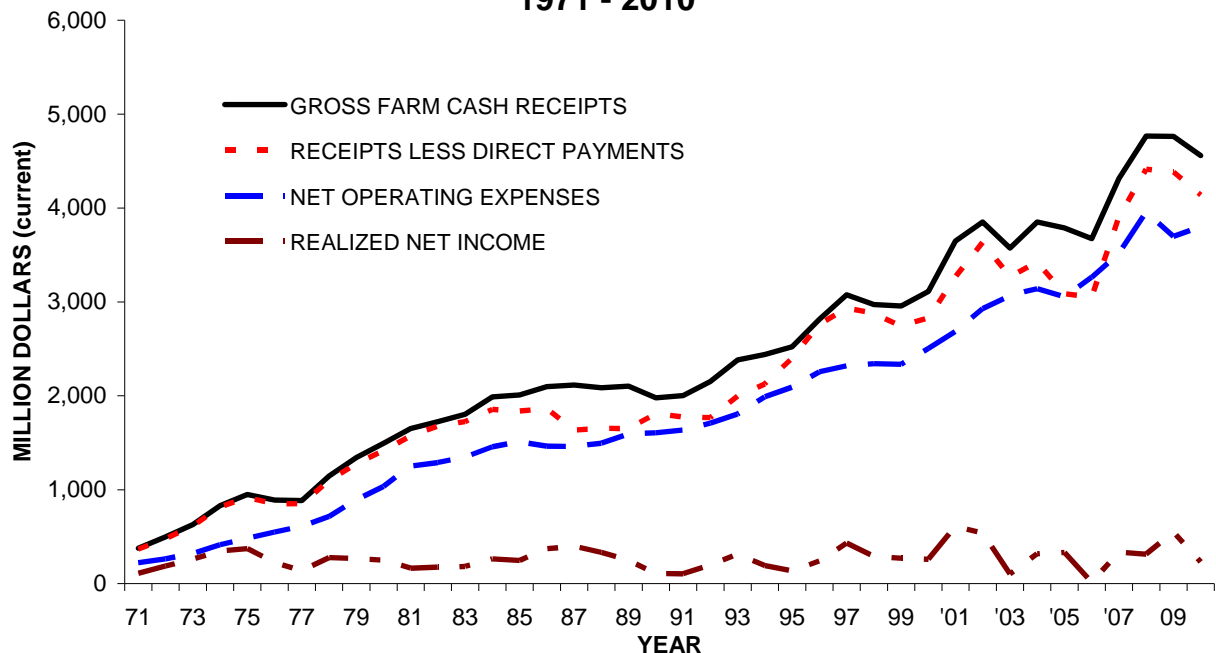
**TABLE 1: FARM INCOME SUMMARY, MANITOBA, 2007-2010\***

	2007	2008 <sup>R</sup>	2009 <sup>R</sup>	2010 <sup>P</sup>	2010/09
	- million of dollars -				%
Crop Receipts	2,175.6	2,742.9	2,786.2	2,584.3	93
Livestock Receipts	1,725.7	1,672.7	1,597.9	1,556.1	97
Market Receipts	3,901.3	4,415.6	4,384.2	4,140.4	94
Total Payments <sup>1</sup>	412.6	350.4	378.5	418.6	111
<b>Total Cash Receipts</b>	<b>4,313.9</b>	<b>4,766.0</b>	<b>4,762.7</b>	<b>4,559.1</b>	<b>96</b>
<b>Net Operating Expenses</b>	<b>3,519.9</b>	<b>3,957.4</b>	<b>3,698.9</b>	<b>3,799.1</b>	<b>103</b>
<b>Net Cash Income</b>	<b>794.0</b>	<b>808.6</b>	<b>1,063.8</b>	<b>759.9</b>	<b>71</b>
<b>Realized Net Income</b>	<b>337.4</b>	<b>312.3</b>	<b>547.5</b>	<b>233.4</b>	<b>43</b>
<b>TOTAL NET INCOME</b>	<b>275.8</b>	<b>813.5</b>	<b>542.1</b>	<b>39.1</b>	<b>7</b>

\* Totals may not add due to rounding. <sup>R</sup> Revised <sup>P</sup> Preliminary <sup>E</sup> Estimated

<sup>1</sup> Includes gross payments directly paid to producers under Crop Insurance including private hail insurance, Dairy Subsidy, NISA and ad-hoc income support programs including Canada Farm Income Program, Canada/Manitoba Adjustment Program, AIDA, Manitoba Farm Disaster Assistance Programs and other payments. Program premiums or levies paid by producers are included in operating expenses.

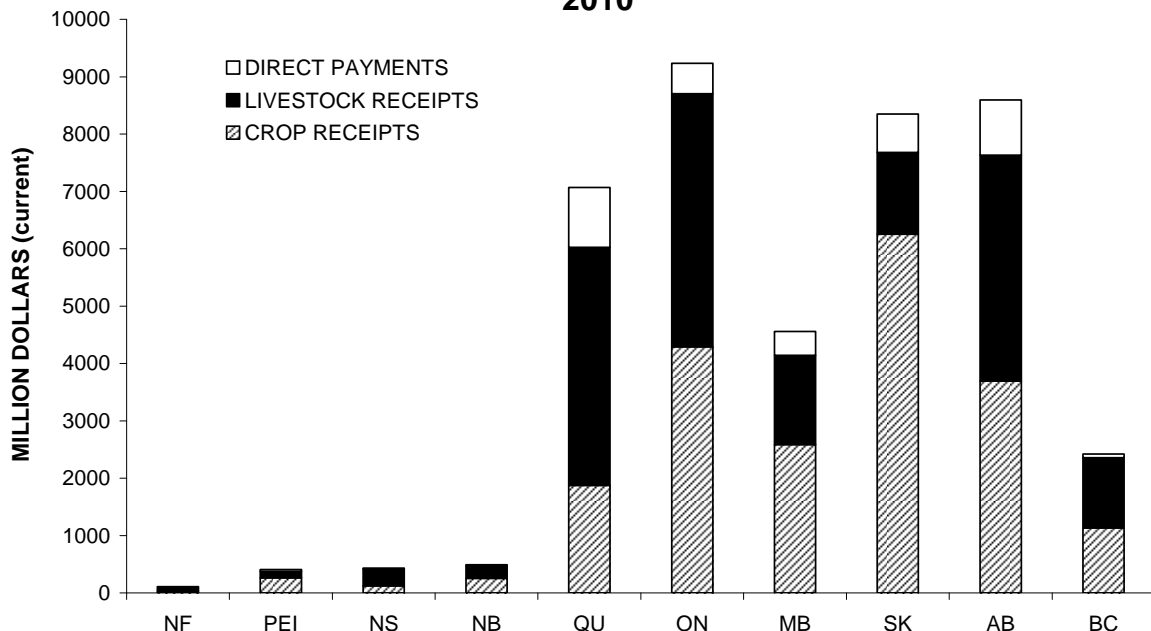
### MANITOBA FARM INCOME AND EXPENSES 1971 - 2010



Source: Statistics Canada, AAFC.

Knowledge Management, Manitoba Agriculture, Food and Rural Initiatives

### FARM CASH RECEIPTS BY PROVINCE 2010



Source: Statistics Canada, AAFC.

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**TABLE 2: FARM INCOME SUMMARY, PROVINCES, 2008-2010**

	2008 <sup>R</sup>	2009 <sup>R</sup>	2010 <sup>P</sup>	2010/09
	million dollars			%
<b>SASKATCHEWAN</b>				
Crop Receipts	6,996.8	7,201.0	6,254.6	87
Livestock Receipts	1,736.5	1,510.4	1,423.5	94
Market Receipts	8,733.3	8,711.4	7,678.1	88
Total Payments <sup>1</sup>	680.4	551.5	672.3	122
Total Cash Receipts	9,413.7	9,262.9	8,350.4	90
Net Operating Expenses	6,761.3	5,980.1	6,262.2	105
Net Cash Income	2,652.5	3,282.8	2,088.2	64
Realized Net Income	1,607.6	2,193.8	979.7	45
Total Net Income	3,705.9	2,495.2	487.9	20
<b>ALBERTA</b>				
Crop Receipts	4,729.9	4,428.6	3,695.8	83
Livestock Receipts	4,254.3	4,087.5	3,937.3	96
Market Receipts	8,984.2	8,516.1	7,633.1	90
Total Payments <sup>1</sup>	1,173.8	785.8	963.4	123
Total Cash Receipts	10,158.0	9,301.9	8,596.6	92
Net Operating Expenses	8,200.8	7,610.1	7,734.5	102
Net Cash Income	1,957.2	1,691.8	862.1	51
Realized Net Income	646.9	334.9	-516.3	-
Total Net Income	1,372.1	-447.4	-337.4	-
<b>BRITISH COLUMBIA</b>				
Crop Receipts	1,109.7	1,077.1	1,131.9	105
Livestock Receipts	1,286.0	1,261.4	1,226.0	97
Market Receipts	2,395.8	2,338.5	2,358.0	101
Total Payments <sup>1</sup>	108.8	111.2	63.3	57
Total Cash Receipts	2,504.5	2,449.7	2,421.3	99
Net Operating Expenses	2,389.4	2,196.5	2,257.6	103
Net Cash Income	115.1	253.2	163.7	65
Realized Net Income	-209.1	-79.2	-174.4	-
Total Net Income	-252.8	-94.7	-189.7	-
<b>ONTARIO</b>				
Crop Receipts	4,575.8	4,268.3	4,288.9	100
Livestock Receipts	4,787.6	4,569.5	4,414.8	97
Market Receipts	9,363.4	8,837.8	8,703.7	98
Total Payments <sup>1</sup>	823.7	375.5	528.5	141
Total Cash Receipts	10,187.1	9,213.2	9,232.2	100
Net Operating Expenses	8,637.1	8,315.8	8,448.6	102
Net Cash Income	1,550.0	897.4	783.6	87
Realized Net Income	362.9	-321.9	-457.5	-
Total Net Income	334.7	-330.5	-499.6	-
<b>QUEBEC</b>				
Crop Receipts	2,105.4	1,924.5	1,874.1	97
Livestock Receipts	4,297.7	4,224.7	4,153.8	98
Market Receipts	6,403.1	6,149.2	6,027.9	98
Total Payments <sup>1</sup>	1,092.0	1,057.2	1,041.2	98
Total Cash Receipts	7,495.1	7,206.4	7,069.1	98
Net Operating Expenses	5,956.1	6,058.3	6,104.3	101
Net Cash Income	1,539.0	1,148.1	964.8	84
Realized Net Income	855.9	432.7	231.4	53
Total Net Income	697.1	386.7	335.4	87
<b>CANADA</b>				
Crop Receipts	22,862.7	22,311.7	20,483.4	92
Livestock Receipts	18,802.3	17,985.6	17,427.5	97
Market Receipts	41,665.0	40,297.3	37,910.9	94
Total Payments <sup>1</sup>	4,308.3	3,350.5	3,759.5	112
Total Cash Receipts	45,973.3	43,647.8	41,670.4	95
Net Operating Expenses	37,209.9	35,119.2	35,886.7	102
Net Cash Income	8,763.4	8,528.6	5,783.7	68
Realized Net Income	3,560.9	3,137.0	291.5	9
Total Net Income	6,604.7	2,571.2	-164.3	-

<sup>1</sup> See previous page for footnote.