



# Farm Management Consulting



## MNP Canadian Agriculture Industry Outlook Spring 2025

Presented by: John Loepky P.Ag

Date: April 2025

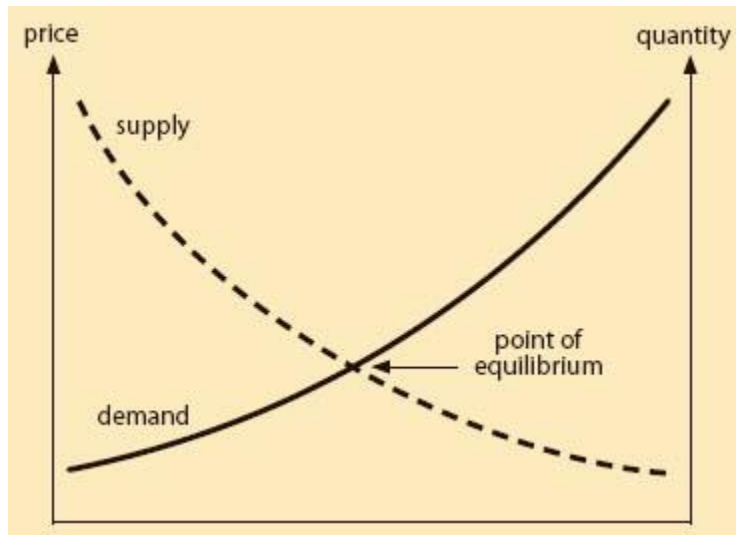
# Ag Industry Outlook – Table of Contents

- Canadian Agricultural Industry Outlook 2025
  - Market Fundamentals
  - Trade
  - Poultry
  - Dairy
  - Crops
  - Hogs
  - Beef
- Contacts
- Appendices
  - Our People

# Industry Outlook 2025

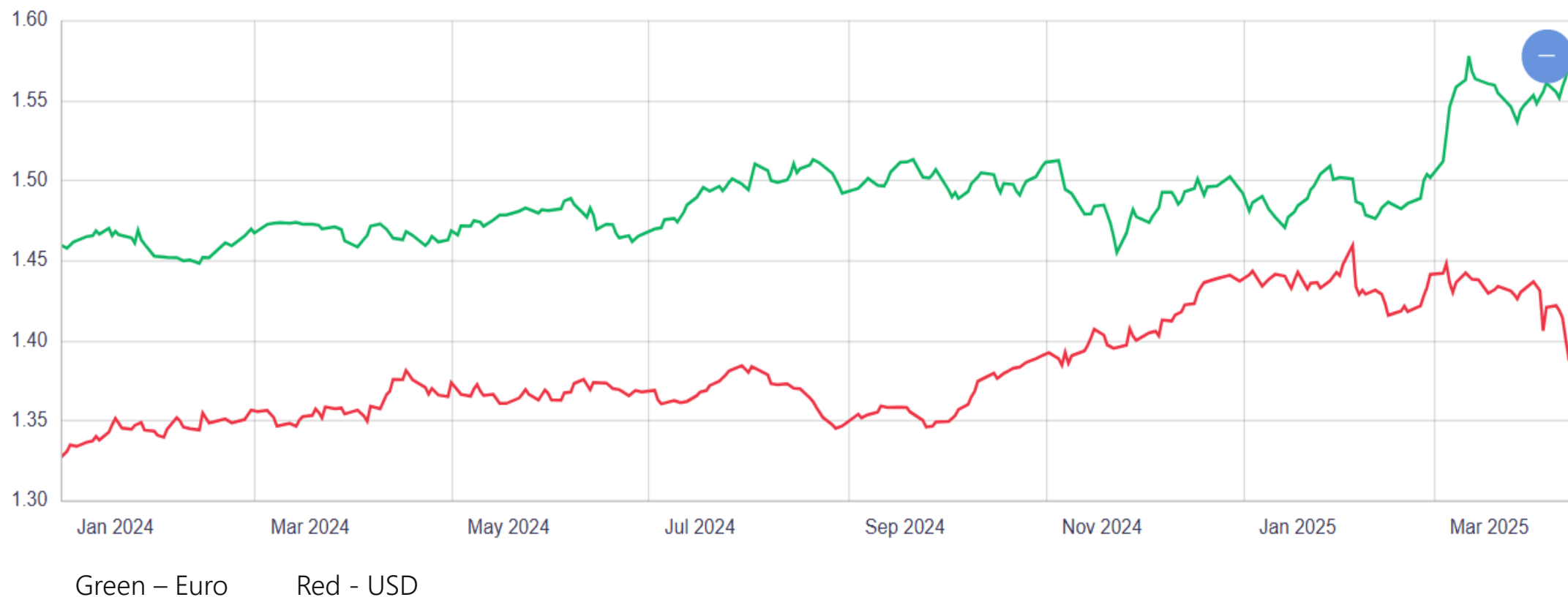
## The Market Fundamentals

- Supply - Demand
- Trade !!!!
- Supply Management



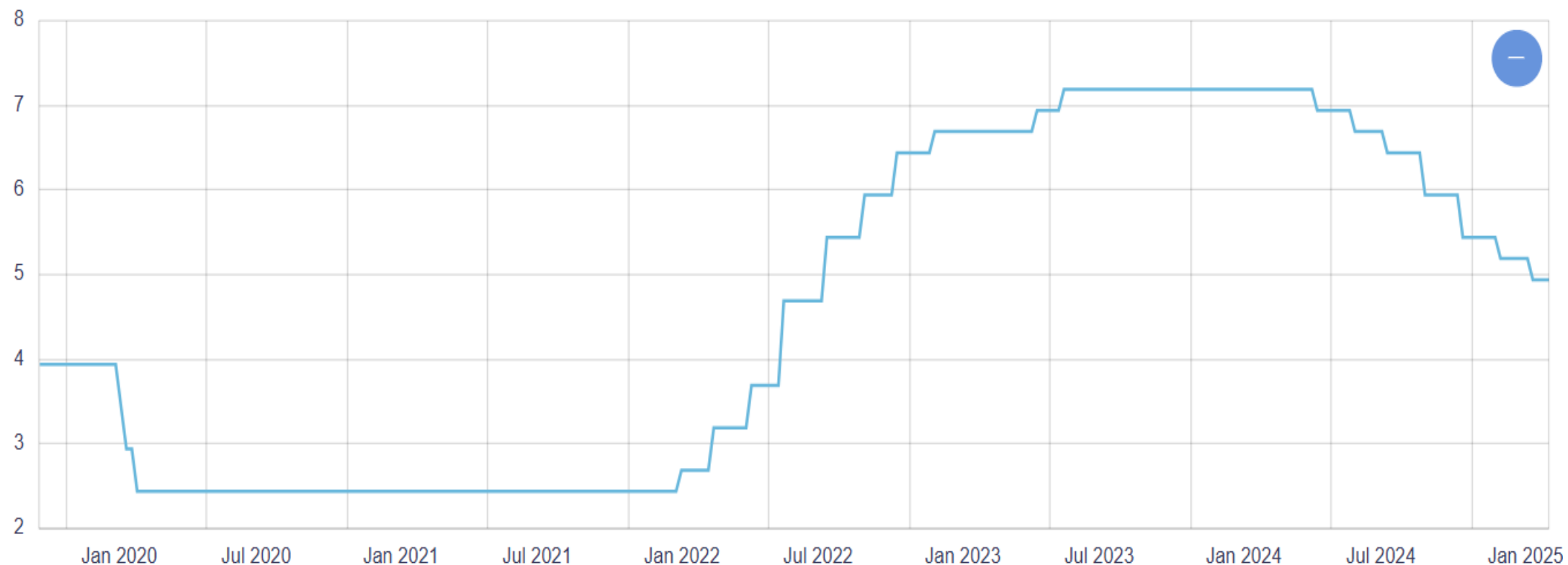
# Exchange Rates

Daily Exchange Rates



Source: Bank of Canada

# Interest Rates



Source: Bank of Canada

# Interest Rates

- BoC announcement April 16<sup>th</sup>: held at 2.75%
- Next BoC announcement June 4<sup>th</sup>
  - Expectation is a small cut in June or July
  - Keeping the interest rate constant will soften the economic landscape, eventually resulting in inflation to align with its target
  - Numerous Canadians and Canadian farms are still adjusting their mortgages to the rising rates
    - More and more fixed rate mortgages will have to be renewed in the short term



# Industry Outlook - 2025

## Trade – USA



# Industry Outlook - 2025

## Trade – USA

### US Tariffs

- 25% tariff on goods not compliant with CUSMA
- 25% tariff on steel and aluminum imports
- 10% tariff on imports of energy and potash not covered by CUSMA

### Canadian Reciprocal Tariffs

- 25% tariffs on \$15.6 billion of steel and aluminum products
- 25% tariffs on goods valued at \$44.2 billion
- 25% tariffs on U.S.-made vehicles that do not comply with CUSMA
- 25% tariffs on the U.S. components of CUSMA-compliant vehicles made in the U.S.



# Industry Outlook - 2025

## Trade – China

- 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 imposed additional tariffs on Canada effective March 20<sup>th</sup>
  - 100% on canola oil, peas and oil cakes
  - 25% on aquatic products and pork



# Industry Outlook - 2025

## Trade – China

- Exports of canola seed, oil and meal into China valued @ \$4.9 billion in 2024
- Canada exports 10% of our pork to China (\$514 million in 2018)



# Industry Outlook - 2025

## Trade: USA - China

- Trump has started an economic war on China
- On April 9<sup>th</sup>, China responded to the United States tariffs by imposing restrictions on 18 US companies and an 84% on ALL U.S. goods
  - The U.S. then raised tariffs to 145% on Chinese imports
- Soybeans are the United States #1 export to China valued at \$12.8B

# Industry Outlook - 2025

## Trade: USA – Rest of the World

- Trump declared April 2 as “Liberation Day”
- Trump implemented a 10% tariff on all countries with exclusions
- 86 countries face additional reciprocal higher tariffs ranging from 11 to 50%
  - A 90-day pause is in place while Trump tries to make deals with other countries to equalize trade





# Industry Outlook - 2025



## Poultry

- Demand slowing for chicken as population growth slows
- Consumer demand down for turkeys
- Positive outlook for eggs

---

## 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 – 2025

## Poultry

- AI seems to have stabilized in Canada
- This time last year, there were 14 premises actively infected
- Estimated number of birds affected this time last year was 11 million
- Migratory season could cause increase in transmission and infected premises

Province	Number of infected premises (current IPs)	Number of previously infected premises (released IPs)	Estimated number of birds impacted (as of 2025-04-10)
Alberta	1	85	2,019,000
British Columbia	5	234	8,735,000
Manitoba	0	24	408,000
New Brunswick	0	2	Under 100
Newfoundland and Labrador	2	2	400
Nova Scotia	2	8	12,000
Ontario	5	56	1,175,000
Prince Edward Island	0	0	0
Quebec	0	59	1,465,500
Saskatchewan	0	46	751,000
<b>Total</b>	<b>15</b>	<b>516</b>	<b>14,566,000</b>

# Industry Outlook - 2025



## Dairy

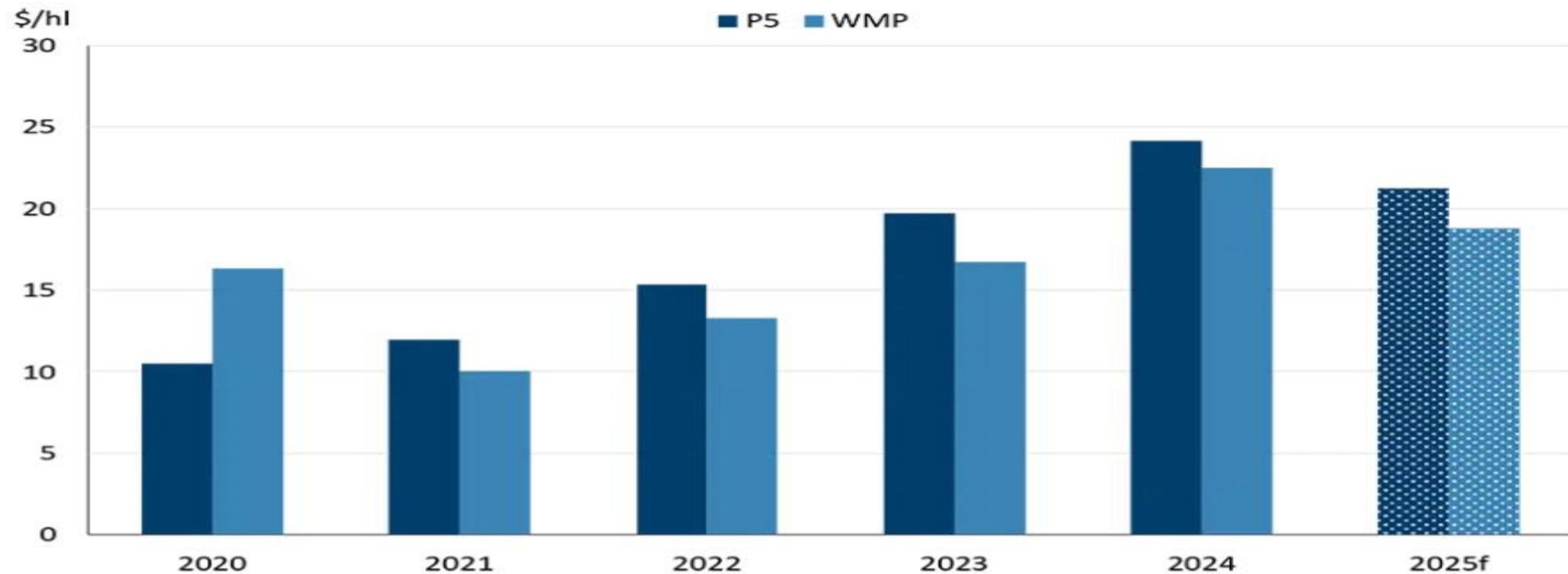
- Profitability stabilizing
- Increased demand (quota increases)
- Processors starting to look for a different ratio of BF/SNF

---

## 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 - 2025



Sources: Statistics Canada, Canadian Dairy Commission, Government of Alberta, FCC Economics

# Industry Outlook - 2025



## Crops

- 2025 Seeding Intentions
- 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*

# Grain Production - US

## Corn

- 95.3 Million seeded acre estimate
  - Up 4.73 million acres (5%) from 2024
- Stocks down 2 % from this time last year
  - On-farm stocks down 11%

## Soybeans

- 86.5 Million seeded acre estimate
  - Down 4% from 2024
- Stocks up 4% from last year
  - On-farm stocks down 6%





# Grain Production - Canada

## Soybeans

- Estimate of 5.63 million acres
  - Down 1.3% from 2024

## Canola

- Estimate of 21.64 million acres
  - Down 365,000 acres, or 1.65% from 2024

## Wheat (excl. Durum)

- Estimate of 19.42 million acres of Spring Wheat
  - Up 478,100 acres, or 2.52% from 2024



# Industry Outlook - 2025

Divergence between US and Canada

- Farm tractors down 13.6% YTD in US
  - Combine sales down 37.7% YTD in US
  - Driven by margin outlook
- 
- Farm tractors up 18.6% YTD in Canada
  - Combine sales up 69% YTD in Canada
  - Driven by tariff threat

Source: Association of Equipment Manufacturers

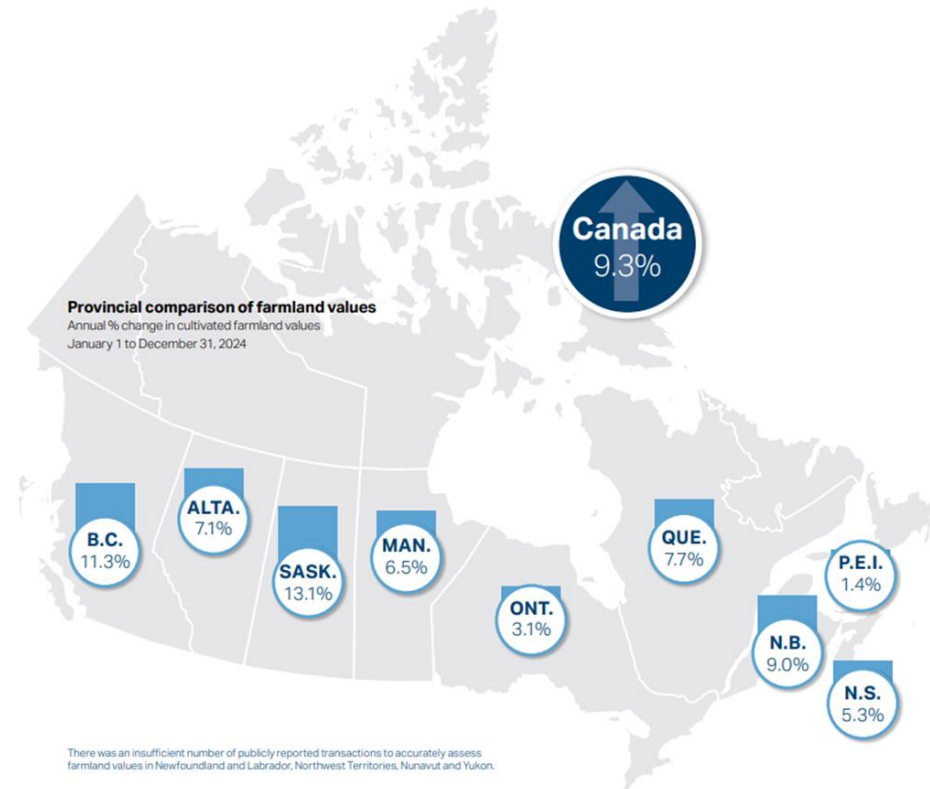
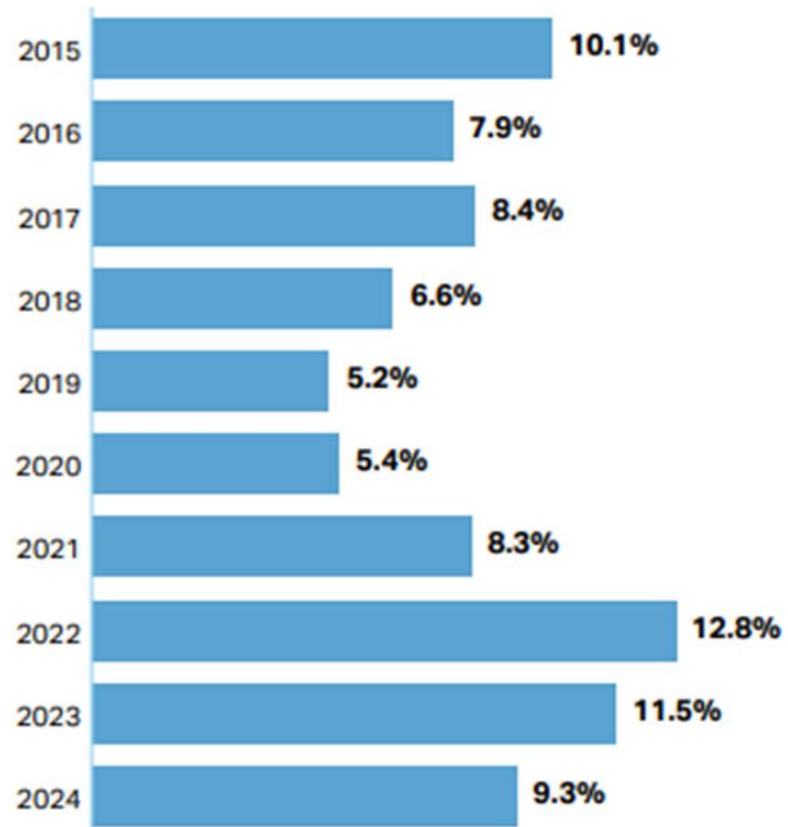


# Industry Outlook - 2025

## Canadian Farmland Values

### Canada

Annual % change in cultivated farmland values



# Industry Outlook - 2025



## Hogs

- Good price outlook
- Lower feed costs
- Demand could be impacted by trade disputes affecting Canada and USA

---

### 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 - 2025

## 5 Year MB Farrow to Finish Hog Margins (Per Head)

	2021	2022	2023	2024	2025 est
Total Revenue Per Pig Sold	223.45	253.00	226.52	243.09	240.12
Total Production Expenses	171.68	199.97	185.87	147.88	150.06
Gross Margin	51.78	53.03	40.65	95.21	90.06
Gross Margin %	23.2%	21.0%	17.9%	39.2%	37.5%



# Industry Outlook - 2025



## 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 - 2025

- Canadian herd is continuing to shrink in 2025 but signs of stabilization
  - Cow slaughter declines
  - Increase of heifer retention
- Imports and exports are forecasted to decline
- YTD feeder exports are running 56% higher YoY
- 2024 cash receipts were 11% higher compared to 2023
  
- Some producers may see this high price environment as an opportunity to exit industry

# Contacts

## Farm Management Consulting

John Loepky, P. Ag

Direct: 204.336.6148 Cell: 204.381.3260

[john.loepky@mnp.ca](mailto:john.loepky@mnp.ca)

## Corporate Recovery Services

Kristin Gray, CPA ,CA ,LIT, CIRP,

Direct: 780-705-0073 Cell: 604-889-8526

[Kristin.gray@mnp.ca](mailto:Kristin.gray@mnp.ca)