

Farm Management Consulting



MNP Canadian Agriculture Industry Outlook Fall 2025

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Date: November 2025

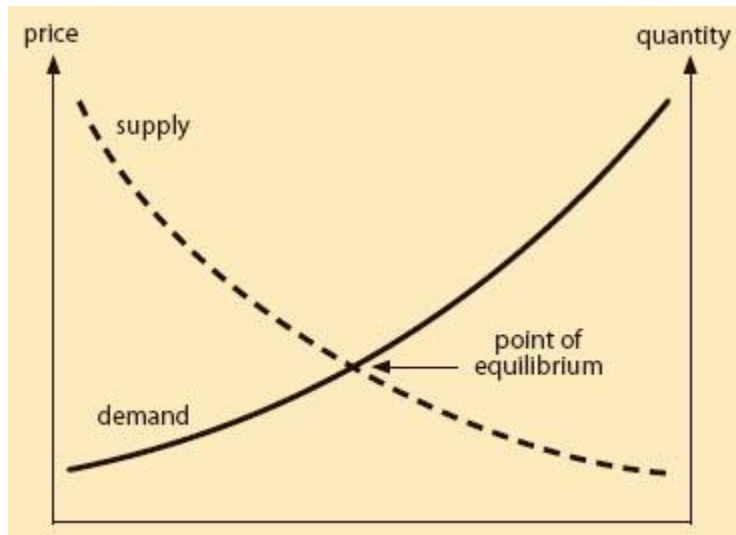
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Industry Outlook – Fall 2025

The Market Fundamentals

- Supply - Demand
- Tariffs
- Supply Management



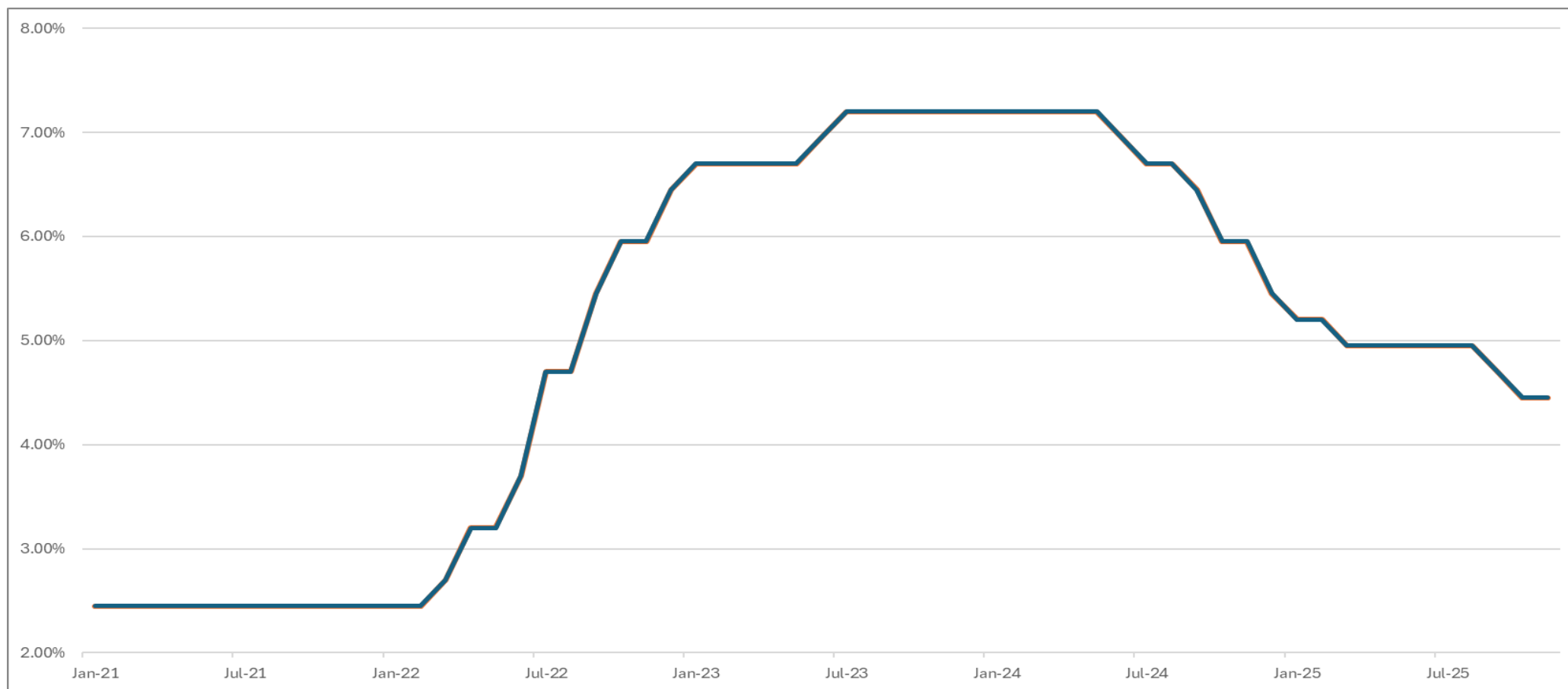
Exchange Rates

Daily Exchange Rates



Source: Bank of Canada

Interest Rates



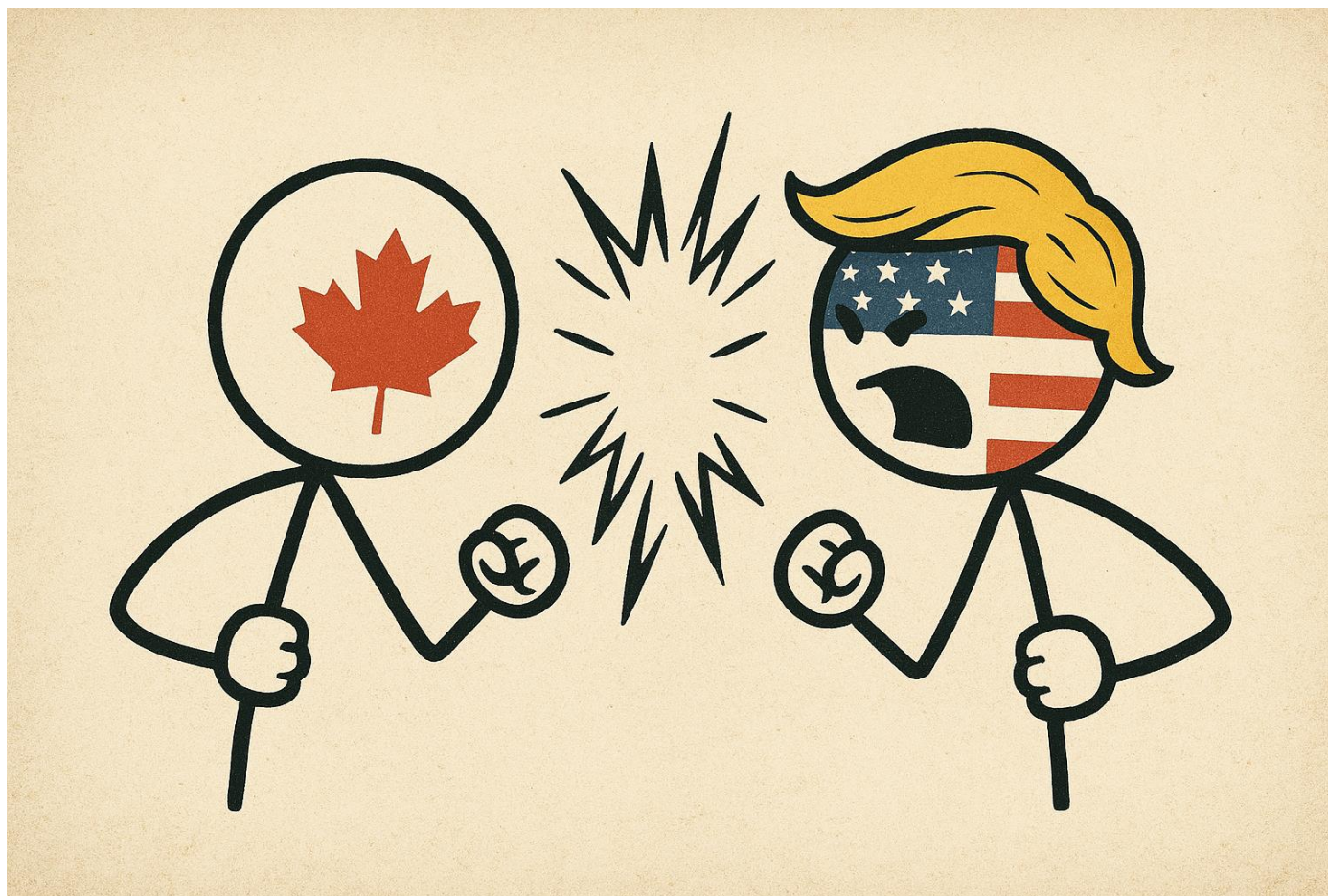
Source: Bank of Canada

Interest Rates

- BoC announcement October 29th lowered 0.25% to 2.25%
- Next BoC announcement December 10th
 - Expectations going forward are mixed
 - BoC feels that it is “at the right level” if economy behaves as forecasted
 - Some economists are suggesting the BoC will need to move below their neutral range to support the Canadian economy’s growth
 - Others feel this is the last cut for some time, as they believe rates do not need to be moved into stimulatory territory below 2%

Industry Outlook – Fall 2025

Trade – USA



Canada-United States Trade

- What will happen when CUSMA expires next year?
 - Issues concerning the dairy/supply management sectors
 - Odds it won't be a trilateral agreement?
- US replaced “Blender’s Tax Credit”
 - Loss of U.S. market access for Canadian biodiesel and canola
- Voluntary country of origin labeling (vCOOL) is being implemented in 2026
 - Could impact Canadian exports if consumers show preference to “product of USA labels)

Canada-United States Trade

- On September 1, Canada eliminated the 25% tariffs on U.S. goods that meet CUSMA requirements
 - Aims to ease trade tensions
 - Ease pressure on domestic industries
 - Goodwill gesture ahead of talks on economic and security agreements
- Tariffs on U.S. steel, aluminum, and automotive imports remain as leverage in negotiations

Industry Outlook – Fall 2025

Trade – China



Canada-China Conflict

- Trade Tensions
 - Canada imposed tariffs on Chinese EVs, steel, and aluminum
 - China retaliates with tariffs on Canadian agricultural exports
- Anti-Dumping Investigation
 - China investigates Canadian canola for unfair pricing
 - Imposed 75.8% duty on canola seed
- Economic Impact
 - Canola exports to China worth \$5B annually, total agricultural goods \$10B annually
 - \$30B total exports annually
 - Farmers face price drops

Canada-China Conflict

- Current Status
 - Investigation ongoing; possible WTO challenge
 - Diplomatic efforts underway to ease tensions
- The Chinese ambassador recently mentioned that China would lift canola tariffs if Canada eliminates EV levies
- Canada initially imposed these EV tariffs to strengthen Canada's standing with the US but did not receive the response they expected

Industry Outlook – Fall 2025

Trade: USA - China

- Trade war escalated during the summer
 - China halted U.S. soybean imports
 - China restricted exports of critical minerals, impacting U.S. tech and defense industries
 - U.S. announced 100% tariffs on Chinese goods starting Nov 1 in response
 - China retaliated with 125% tariffs on U.S. exports including farm equipment and tech components
- October 30th Trump and Xi announced they had a deal in place
 - China to buy 12MMT of soybeans this year, 25MMT per year for 3 years after that

Industry Outlook – Fall 2025

Trade: Canada – India

- In June 2025, Carney and the Indian Prime Minister met at the G7 summit and initiated efforts to repair ties
- In October 2025, the Canadian Foreign Minister traveled to India and agreed on a “New Roadmap” aimed at restoring bilateral ties.
- Their agreement includes:
 - Reinstating high commissioners
 - Resuming trade negotiations
- Effective November 1, 2025, India imposed a 30% import duty on yellow peas

Industry Outlook – Fall 2025

Trade: Canada's response to farmers

- AgriStability
 - Temporarily increased the program cap from \$3 million to \$6 million
 - Raised the compensation rate from 80% to 90%
- Advance Payment Program
 - Interest free limit increased to \$500,000 for the 2025 and 2026 program years
 - Farm Credit Canada
 - Providing \$1 billion in new lending through Trade Disruption Customer Support program

Industry Outlook – Fall 2025



Poultry

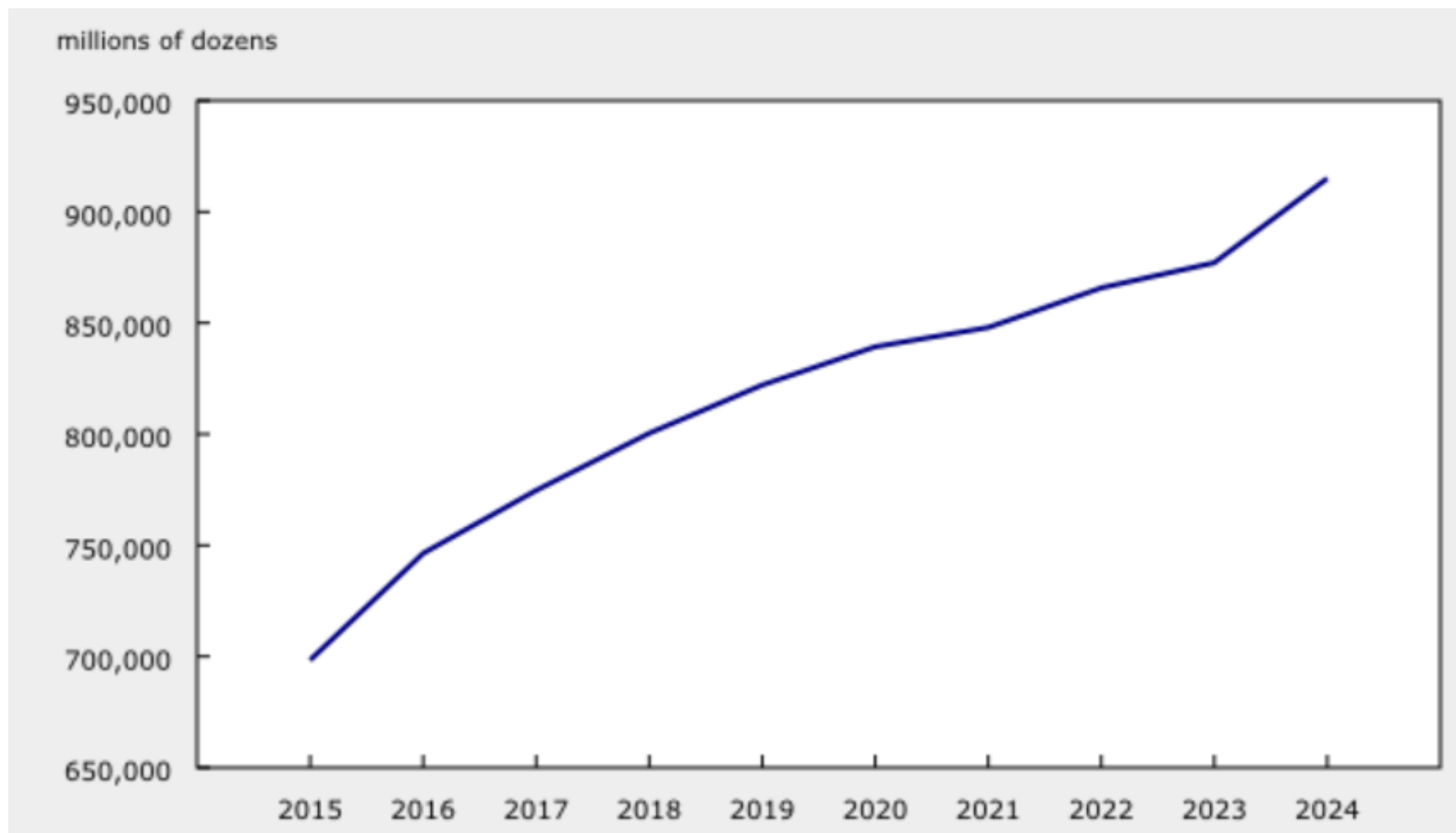
- Demand for chicken continuing to grow
 - Quota allocations averaging 7% nationally
- Consumer demand down for turkeys
- Positive outlook for eggs

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 – Fall 2025

Eggs



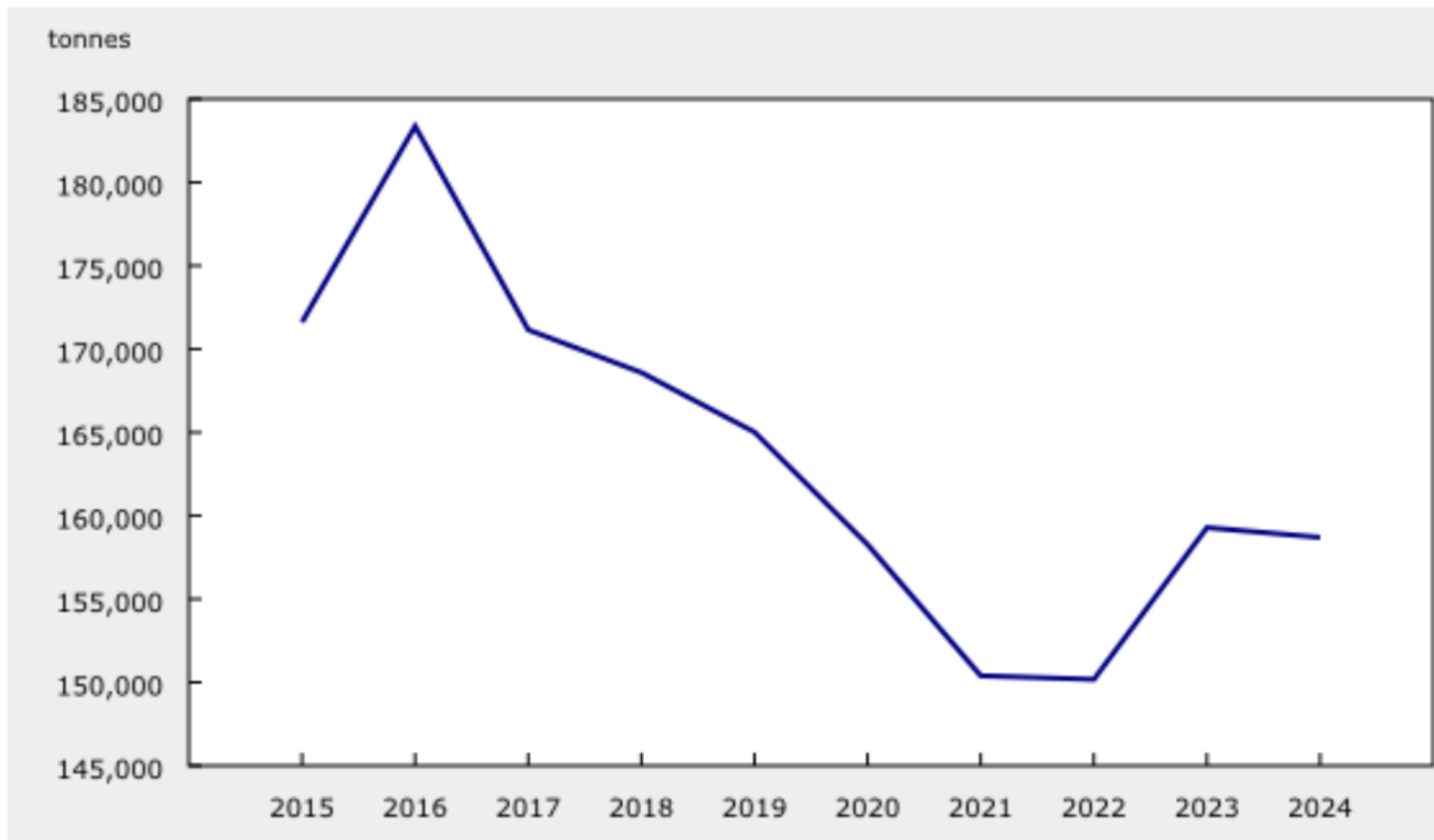
Source: Statistics Canada

Production of eggs

	millions of dozens
2015	698,362
2016	746,389
2017	774,679
2018	800,372
2019	822,072
2020	839,284
2021	847,978
2022	865,779
2023	877,073
2024	915,020

Industry Outlook – Fall 2025

Turkeys



Turkey
production

	tonnes
2015	171,609
2016	183,364
2017	171,152
2018	168,589
2019	165,018
2020	158,265
2021	150,393
2022	150,176
2023	159,289
2024	158,698

Source: Statistics Canada

Industry Outlook – Fall 2025

Poultry

- AI seems to have stabilized in Canada
- In the spring, there were 15 premises actively infected
- Estimated number of birds affected in spring year was 14.5 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 2025-10-28)
Alberta	13	89	2,099,000
British Columbia	15	238	11,439,000
Manitoba	5	26	514,000
New Brunswick	0	2	Under 100
Newfoundland and Labrador	0	4	500
Nova Scotia	0	10	12,000
Ontario	1	61	1,248,000
Prince Edward Island	0	1	200
Quebec	5	59	1,379,000
Saskatchewan	6	49	956,000
Total	45	539	17,647,800

Industry Outlook – Fall 2025



Rising Costs

- Price adjustment finalized Oct 31

Trade Uncertainty Ahead

- Improved standards for milk production, transport, and processing—enhancing quality, safety, and traceability across the supply chain
- The upcoming 2026 CUSMA review and a new U.S. administration raise concerns over dairy market access and import fill rates

Quota allocations still expected for WMP

Safe Guards

- *Understand the quota:*
 - *Provincial legislation re: transferability.*
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- *High land values may support security position*

Industry Outlook – Fall 2025

Dairy

- 2.33% milk price adjustment was finalized October 31st, for February 2026 under the National Pricing Formula

	2023 COP \$/std hl	2024 COP \$/std hl	\$/std hl change	% change
Cash costs	55.16	52.96	-2.20	-4.0%
Capital costs	19.44	20.77	+1.34	+6.9%
Producer labour costs	18.17	19.87	+1.71	+9.4%
Gov't Rebates and Others	-0.16	-0.16	0.00	0%
Total COP	92.60	93.45	+0.85	+0.9%

*The results shown in **Table 7** are the result of the survey, **non-indexed**, in \$/standard hectolitre. Non-indexed results **must be indexed** before they can be used for pricing.

Source: Canadian Dairy Commission

Industry Outlook – Fall 2025



Crops

- 2025 Harvest Results
- 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

- The 2025 USDA forecast is at 16.8 billion bushels
- Highest grain production year on record for the US
- 186.7 bushels/acre, record year
- Estimated 90 million harvested acres, up 9% from last year

Soybeans

- The 2025 USDA forecast is 4.3 billion bushels
- 53.5 bushels/acre, record year
- Estimated 80.3 million harvested acres, down 7% from last year



Grain Production - Canada



Corn

- Estimate of 5.68 million acres with yield expectation of 45.7 bu/acre
- Total production estimated at 7.1 million metric tonnes

Soybeans

- Estimate of 21.16 million acres and yield of 41.2 bu/acre
- Total production estimated at 20.1 million metric tonnes

Wheat (excl. Durum)

- Estimate of 20.5 million acres of Spring Wheat with estimated yield of 51.55 bu/acre
- Total production estimated at 28.9 million metric tonnes

Equipment Sales

Divergence between US and Canada

- Farm tractors down 8% YTD in US
- Combine sales down 39.7% YTD in US
- Driven by margin outlook

- Farm tractors up 2.1% YTD in Canada
- Combine sales up 4.7% YTD in Canada

Source: Association of Equipment Manufacturers



Land Value Changes – Canada

Table 1: Average farmland values change in the first half of 2025 by province

Provinces	Average % Change		
	Jan 2025 - June 2025 (6 months)	July 2024 - June 2025 (12 months)	Jan 2024 - Dec 2024 (12 months)
B.C.	0.0%	5.2%	11.3%
Alta.	6.6%	10.3%	7.1%
Sask.	6.0%	12.0%	13.1%
Man.	11.2%	14.4%	6.5%
Ont.	0.0%	1.8%	3.1%
Que.	2.6%	5.8%	7.7%
N.B.	9.4%	14.6%	9.0%
N.S.	1.0%	4.0%	5.3%
P.E.I.	2.3%	2.1%	1.4%
Canada	6.0%	10.4%	9.3%

Source: FCC calculations

Industry Outlook - 2025



Hogs

- Good price outlook
- Feed costs stabilizing
- 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 – Fall 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	258.52
Total Production Expenses	171.68	199.97	185.87	147.88	150.36
Gross Margin	51.78	53.03	40.65	95.21	108.15
Gross Margin %	23.2%	21.0%	17.9%	39.2%	41.8%

Industry Outlook – Fall 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.

Cattle Production – USA

- USDA Cattle on Feed Report – September 19, 2025:
 - Feedlot placements in August reached 1.78 million head (-10% year-over-year)
 - Marketings of fed cattle in August were 1.57 million head (-14% year-over-year)
 - This marks the lowest August figure since the report began in 1996.
- Total slaughter has reached 3.282 million head (-13% year-over-year)
 - Beef cow slaughter totaled 1.563 million head (-18% year-over-year, the lowest since 2015)
 - Dairy cow slaughter was 1.719 million head (-7% year-over-year, the lowest since 2008)
- The slaughter rate stands at 6.22% of the beef starting inventory
- 2025 is considered an expansion year

Cattle Production – USA

- Beef imports are expected to range between 4.77 and 5.18 billion pounds in 2025 (+11.9% year-over-year)
 - Australia and Brazil remain major suppliers.
 - Mexican beef imports have declined by 6% year-over-year
- The USDA has suspended live cattle imports from Mexico
 - Due to the presence of New World Screwworm (NWS), a parasite affecting cattle
- Prepared beef imports from Mexico increased by 14% year-over-year in July
- Cattle prices are anticipated to reach record levels in 2026
 - This is driven by tightening supply conditions.

Cattle Production - Canada

- Canadian beef herds are projected to increase through 2026.
- As of July 1, the number of beef cows that had calved rose by 13,100 head year-over-year
- Replacement beef heifers on July 1 increased by 11,500 head year-over-year
- Cattle slaughter from January to June 2025 down 5% year-over-year
- Canada is on track for a record \$7B in beef exports
 - U.S. tariffs could impact pricing and market access

Contacts

Farm Management Consulting

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Appendices – Our People

The MNP Advantage:

- Offices in strategic urban and rural locations from coast-to-coast
- Experience with 18,000 commercial and 300 Hutterite Colony farm clients
- Over 60 years service to agriculture has given us unparalleled and unrivalled access to the industry from the producer level all the way up to industry associations and government.

Nobody does it better.

Appendices – Our People

“Think Global, Act Local”

- 130 offices from coast-to-coast.
- Member of Praxity Global Alliance of Independent Firms giving us worldwide presence
- The only professional accounting firm with a dedicated Farm Management Consulting group
- We have specialists located in the areas necessary to meet the needs of our agricultural clients

Appendices – Our People

Over 600 professionals focused on the agriculture industry with niche specialities in:

- Farm Management
- Crops
- Livestock
- Farm income stabilization programs
 - AgriStability and AgrilInvest
- Agriculture specific accounting & tax
- Food & Ag Processing
- Hutterite Colonies

Appendices – Our People

Farm Programs

Farm Programs are a complex and highly specialised service-line.

With several hundred file preparers preparing over 9,000 applications a year backed up by 100 internally certified specialists MNP is the only firm in Canada to:

- Take a full-service approach to Farm Programs.
- Develop a specialised team to maximise program-revenue for our clients.
- Prepare such a large volume of applications.

Appendices – Our People

Farm Programs

A Full-Service approach means that MNP does more than just complete the forms – we know what and how much we are applying for which means:

- We know when payments are wrong and when it is worth following up and/or appealing.
- We get what we claim 90% of the time.
- We have a robust track record of reviewing non-MNP prepared applications and collecting under-claimed amounts.
- Only firm in Canada with ability to analyse interaction between risk management programs enabling them to be truly used for risk management with our ARMP tool.

Appendices – Our People

- The 25 professionals in MNP's Farm Management Consulting group bring to bear a combination of on-the-farm experience and formal education
- Education and experience include:

Bachelors of Science in
Agriculture (B. Sc.)

Professional Agrologists
(P. Ag)

Certified Agricultural
Consultants (CAC)

Former and current farm
managers and
producers

Appendices – Our People

Within the Farm Management Consulting team we have niche professionals in:

- Crop production and marketing (dryland and irrigated)
- Intensive livestock production and marketing
- Supply managed (dairy and poultry)
- Commodity and food processing
- Exotics
- Greenhouse and Market Gardening
- Orchard Fruit

Appendices – Special Situations

Working closely with Corporate Recovery Services, the Farm Management Consulting team have assisted with the provision of:

- Initial assessment of a debtor
- Monitoring
- Restructuring
- Liquidation

Appendices – Special Situations

The Farm Management Consulting team has provided the following services to Corporate Recovery Engagements:

- Assisting with taking possession of farm operations
- Determining and executing strategies for ongoing operations
- Providing executive management of day-to-day farm operations
- Consulting on key decision points in farm operations
- Preparation of risk analysis and mitigation strategies
- Providing input into realization plans