



Outlook for Canadian agriculture

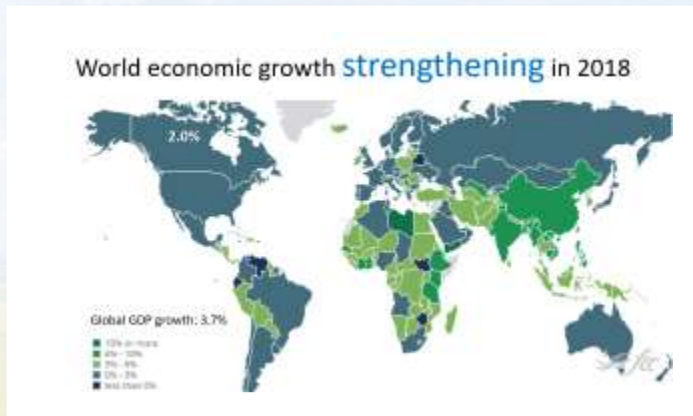
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Agenda

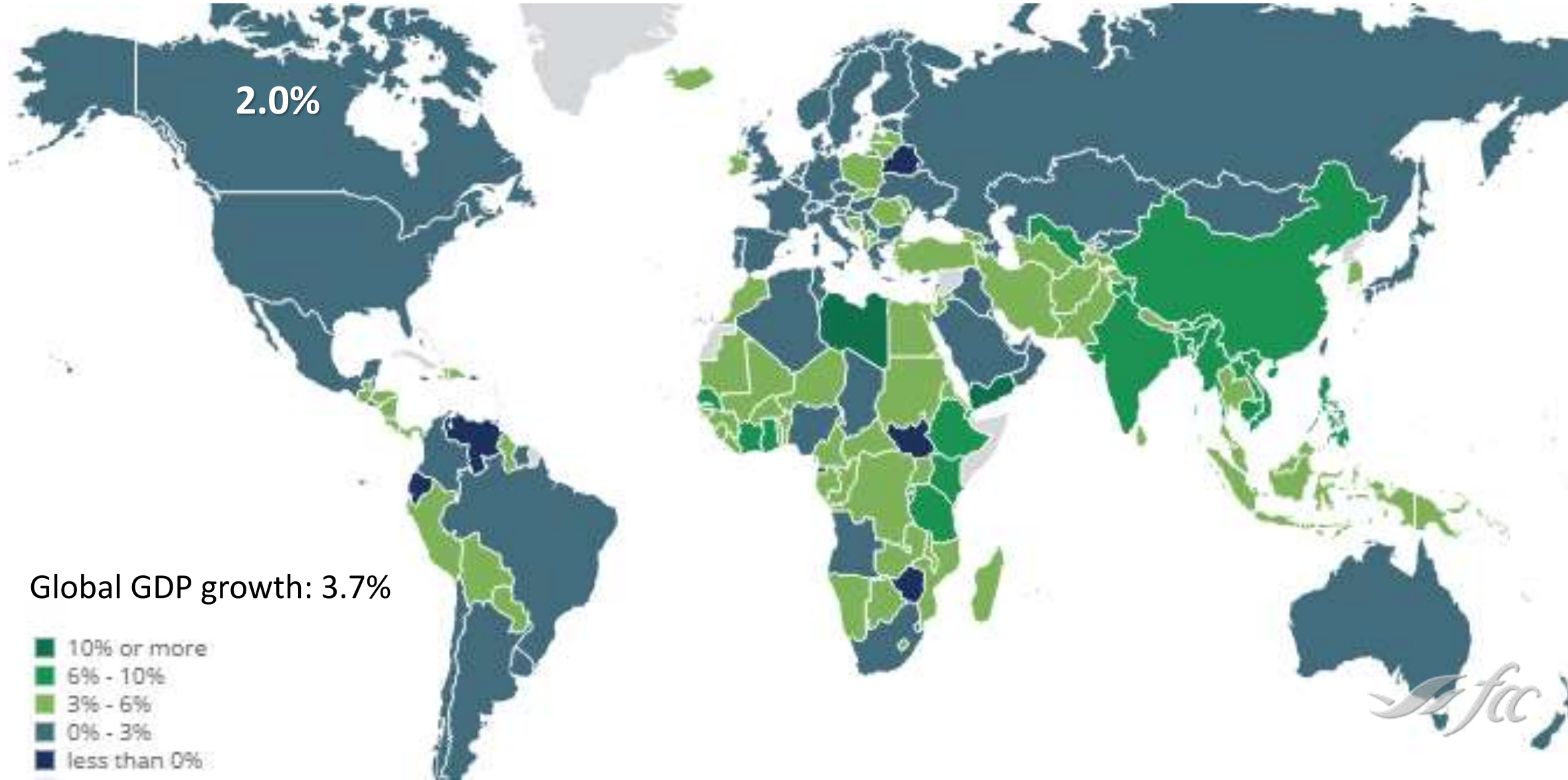


Macroeconomic
environment



Baseline for
Canadian agriculture

World economic growth **strengthening** in 2018



Canada's labour market
is on fire, but growth
is slowing down

GDP:
1.7% in Q3
4.5% in Q2

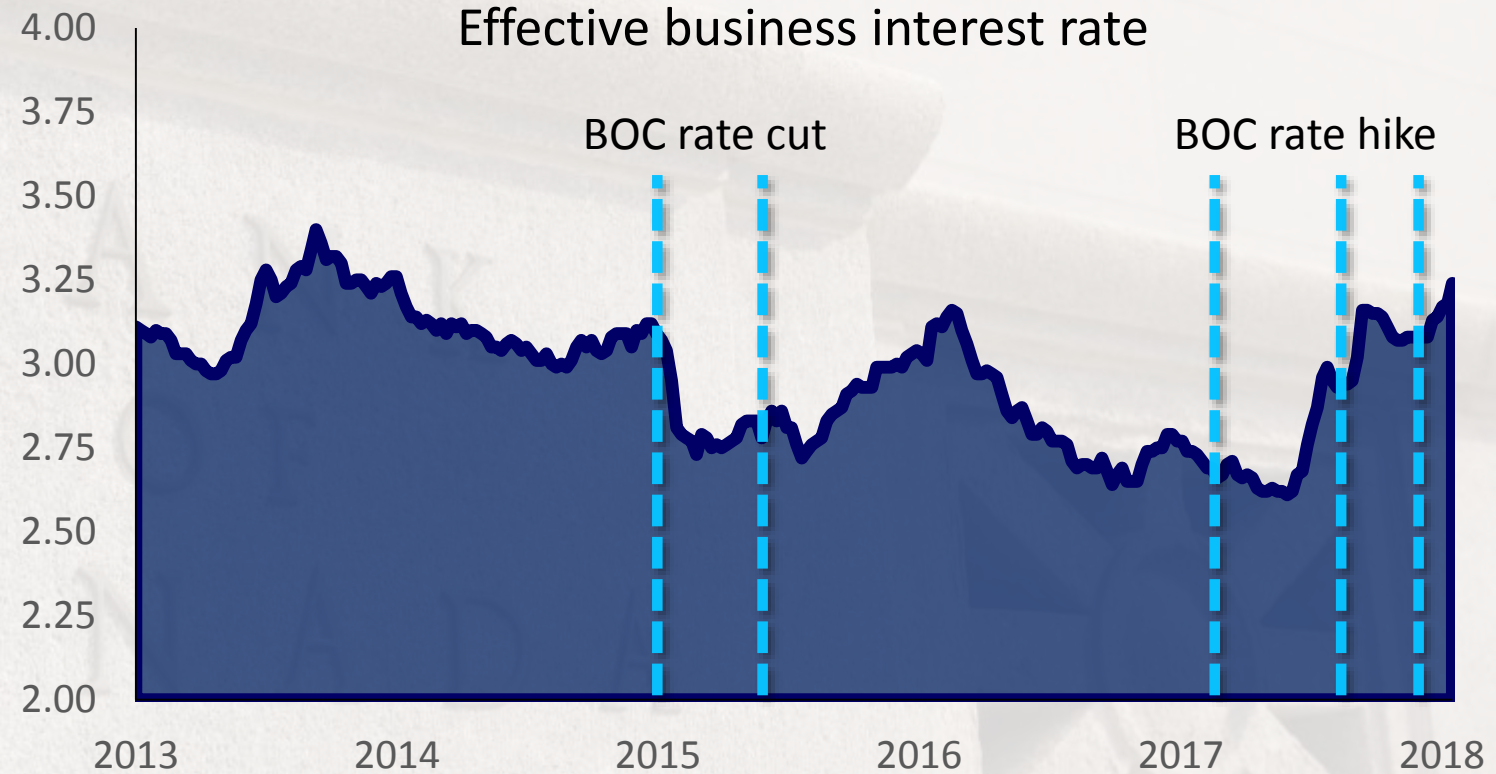


Household debt ratio ... **overblown?**



171%

Are recent rate hikes the beginning of a **long-term** trend?



Source: Bank of Canada





Oil steady and rates
slightly up implies a
loonie below US

\$0.80

The U.S. economy is rebounding

GDP:

2.9% in Q4

3.0% in Q3

3.1% in Q2

1.2% in Q1



fec

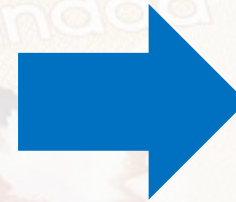
A clear connection



Wages

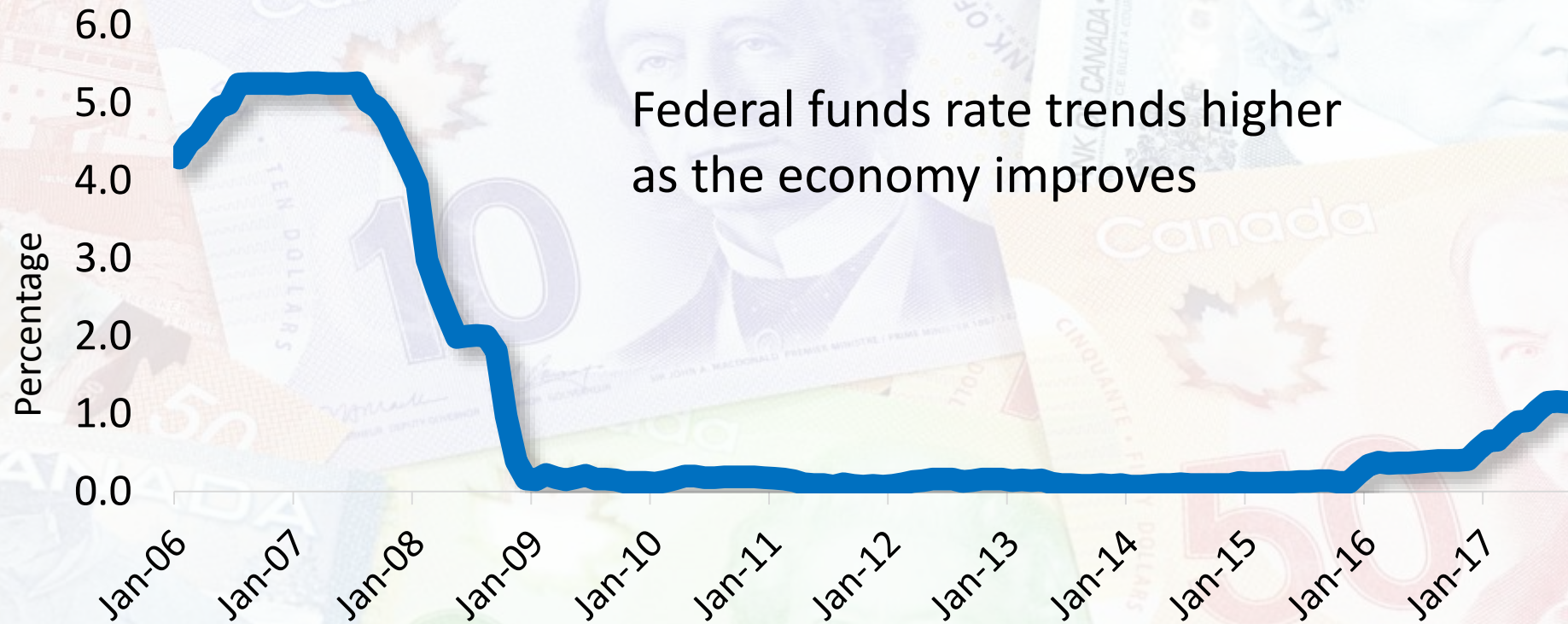


Inflation expectations



Interest rate

A clear connection



Source: St. Louis Federal Reserve



fcc baseline for agriculture



The impact of the loonie
on **profitability** is
direct, not just a matter
of **competitiveness**



For every **penny**...

- \$1 per hog
- \$13 to \$16 per cattle
- \$5 per acre (cash crops)

Canadian farm revenue strong



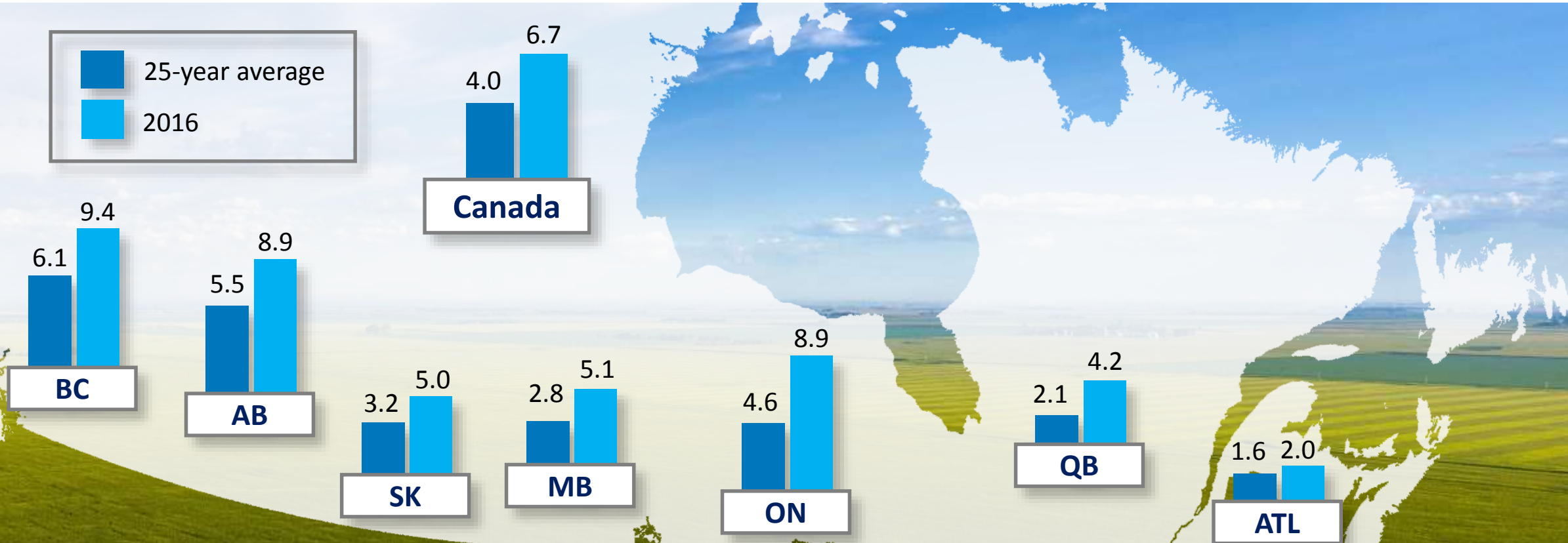
Source: Statistics Canada, FCC computations

Farmland values beginning to stabilize



Source: Statistics Canada, FCC computations

Land has become more expensive compared to cash receipts



Farm debt outstanding continuing to increase



Source: Statistics Canada, FCC computations

Outlook remains positive

