

Agri-Food Statistics Update



Issue No: FI18-1

Collected from a variety of sources, the Statistics and Data Development Section monitors statistical indicators of agri-food activity for Alberta. The Agri-Food Statistics Update is designed to provide users with commentary on current issues, trends and new developments related to agriculture and the food and beverage processing industries. Up-to-date statistics are supplemented with informative charts and diagrams. To gauge Alberta's performance, comparative data and information are often available for Canada and the provinces.

Following are definitions of terms used in this update:

Farm Cash Receipts measure the gross revenue of farm businesses, in current dollars. Revenues are generated either from sales of crops, livestock and livestock products (except inter-farm sales), or from direct program payments. Receipts are recorded when the money is paid to producers, and before producers pay any operating expenses.

Farm Operating Expenses represent business costs incurred by farm businesses for goods and services used in the production of agricultural commodities.

Net Cash Income (NCI) is defined as farm cash receipts minus farm operating expenses. It represents the amount of cash generated by the farm business that is available for debt repayment, investment or withdrawal by the owner.

Realized Net Income (RNI) is defined as the net cash income minus depreciation plus income-in-kind. It represents the financial flows, both cash and non-cash, attributable to the farm business. RNI does not account for changes in stocks (i.e. value of inventory change for crops and livestock).

Total Net Income (TNI) measures the financial flows and stock changes of farm businesses (i.e. net cash income minus depreciation plus income-in-kind and value of inventory change). It represents the return to owner's equity, unpaid labour, management and risk.

Please visit the following website for a complete listing of Agri-Food Statistics Update releases:

[http://www1.agric.gov.ab.ca/\\$department/deptdocs.nsf/all/sdd5270](http://www1.agric.gov.ab.ca/$department/deptdocs.nsf/all/sdd5270)

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Agriculture and Agri-Food Canada Farm Income Forecast (2017-2018) - Alberta Highlights

On March 27, 2018, Agriculture and Agri-Food Canada (AAFC) released for all provinces and Canada, its 2017 and 2018 farm income forecasts (January to December). Unlike the 2017 forecast which is based mostly on administrative data, the 2018 forecast is extremely soft, and is based entirely on assumptions and should be considered as such.

Key Messages

Farm Income Forecast - January to December 2017

- The 2017 AAFC forecast suggests a healthy farm income situation for Alberta, with several records for key indicators, if realized.
- Total farm cash receipts (FCR) for the province is pegged at \$14.5 billion, up 7.2 per cent from 2016, and if realized, would be the highest on record and rank first among provinces.
- Fuelling the gain were higher crop and livestock market receipts plus program payments to producers.
- Farm operating expenses are forecast at \$10.2 billion, up marginally 0.9 per cent from 2016, and second highest on record.
- Net cash income, realized net income and total net income are forecast to reach record highs at \$4.3 billion, \$2.5 billion, and \$2.6 billion respectively.

Farm Income Forecast - January to December 2018

- Although quite soft, Alberta's total FCR is forecast up 1.0 per cent to \$14.6 billion in 2018, while total farm operating expenses is up 2.2 per cent to \$10.4 billion. Expected to decline are net cash income, realized net income and total net income, down 1.9 per cent, 3.3 per cent and 10.3 per cent, respectively.
- More information regarding the AAFC Forecasts can be found at:

<http://www.agr.gc.ca/eng/about-us/publications/economic-publications/2018-canadian-agricultural-outlook/?id=1522075641095>

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2017 Farm Income Forecast Suggests Another Great Year for Alberta

On March 27, 2018, Agriculture and Agri-Food Canada (AAFC) released its 2017 and 2018 farm income forecasts for Canada and the provinces. As with any forecast, it is only as good as the data incorporated and assumptions made, and should be considered as such. Unlike the 2017 forecast which is based mostly on administrative data, the 2018 forecast is extremely soft, and is based entirely on assumptions.

In 2017, Alberta's total farm cash receipts (FCR) is forecast to increase 7.2 per cent, to a new high of \$14.5 billion (see Table 1). Fuelling the gain were higher crop and livestock market receipts plus program payments to producers. Total FCR is the sum of crop and livestock market receipts plus program payments to producers.

Crop market receipts are forecast to increase 7.9 per cent, to a record \$7.2 billion in 2017, driven by an increase in marketings and higher prices for some major crops. Record receipts are forecast for canola (up 9.2 per cent, to \$3.1 billion) and potatoes (up 4.5 per cent, to \$251.0 million). Other notable receipt gains include wheat (up 11.4 per cent, to \$2.1 billion) and oats (up 3.7 per cent, to \$30.6 million), while expected to fall are barley (down 4.8 per cent, to \$253.6 million), dry peas (down 16.5 per cent, to \$534.1 million) and lentils (down 23.0 per cent, to \$172.6 million).

In the province's livestock sector, market receipts are forecast up 6.6 per cent to \$6.5 billion. If realized, this would be the second highest on record, mainly due to increased marketings, notably for cattle. Receipts for cattle and calves are forecast up 6.8 per cent, to \$4.9 billion, and hogs up 9.4 per cent, to \$432.8 million. For supply management, new forecast highs are expected for dairy (up 4.7 per cent, to \$587.2 million), poultry (up 1.6 per cent, to \$279.3 million) and eggs (up 5.4 per cent, to \$95.8 million).

Total program payments to producers are forecast up 6.3 per cent to \$740.4 million, due to higher payments under Crop Insurance (up 6.0 per cent to \$482.6 million), AgriStability (up 77.3 per cent to \$99.7 million), AgriRecovery (at \$7.1 million, from \$0.4 million in 2016) and Compensation for Animal Losses (at \$37.8 million, from \$3.8 million in 2016).

At \$10.2 billion, total farm operating expenses are forecast to increase a marginal 0.9 per cent from 2016, and would be the second highest on record, if realized (see Table 2). Notable gains in farm operating expenses are expected for commercial feed (up 2.5 per cent, to \$1.4 billion), machinery fuel and repairs (up 5.4 per cent, to \$1.3 billion), while expected to fall are fertilizer and lime (down 3.3 per cent, to \$1.2 billion), and livestock and poultry purchases (down 1.2 per cent, to \$980.5 million).

In 2017, net cash income (NCI), the difference between FCR and farm operating expenses, is forecast at a record \$4.3 billion (up 25.8 per cent). When adjusted for depreciation (a non-cash cost of \$1.8 billion), the resulting realized net income (RNI) jumps 50.8 per cent, to another new high of \$2.5 billion, while total net income (TNI) is pegged at a record \$2.6 billion, and 12.8 per cent above 2016.

Table 1. Total Alberta Farm Cash Receipts - Calendar Year

Revenue Source	Avg	2013	2014	2015	2016	2017f	2018f	'17f vs	'17f vs
	'13-'16							'16	Avg
\$ Millions									
% Change									
Crops Total	6,286.7	6,365.5	5,940.9	6,164.4	6,676.0	7,203.6	7,270.3	7.9	14.6
Wheat (incl. Durum)	2,005.4	2,244.0	1,905.8	1,979.9	1,891.8	2,106.6	2,357.2	11.4	5.0
Barley	357.0	469.4	331.1	361.3	266.4	253.6	270.0	-4.8	-29.0
Canola	2,645.4	2,575.8	2,513.9	2,641.1	2,851.0	3,112.6	3,341.1	9.2	17.7
Potatoes	190.4	160.8	170.1	190.5	240.2	251.0	233.6	4.5	31.8
Dry Peas	405.8	325.8	306.8	351.2	639.3	534.1	321.6	-16.5	31.6
Livestock Total	6,021.9	4,782.2	6,404.3	6,775.3	6,125.8	6,527.0	6,487.8	6.6	8.4
Cattle and Calves	4,484.7	3,319.9	4,812.9	5,223.4	4,582.4	4,893.4	4,801.4	6.8	9.1
Hogs	431.1	419.1	498.1	411.8	395.6	432.8	429.6	9.4	0.4
Dairy Products	537.6	514.9	530.5	544.1	561.1	587.2	623.2	4.7	9.2
Poultry	263.1	262.4	251.8	263.3	274.9	279.3	292.3	1.6	6.1
Total Market Receipts*	12,308.6	11,147.7	12,345.1	12,939.6	12,801.8	13,730.6	13,758.1	7.3	11.6
Program Payments	648.7	696.4	549.2	652.6	696.4	740.4	853.8	6.3	14.1
Crop & Hail Insurance	496.5	524.7	417.1	515.3	529.0	504.1	603.6	-4.7	1.5
AgriStability	56.1	59.9	50.3	58.1	56.2	99.7	189.3	77.3	77.6
AgriInvest	74.7	89.7	71.5	64.5	73.1	56.4	43.0	-22.9	-24.5
AgriRecovery	---	---	---	---	0.4	7.1	---	---	---
Other Programs	---	22.0	10.3	14.8	37.8	73.2	18.0	93.8	---
Total FCR	12,957.2	11,844.1	12,894.3	13,592.2	13,498.2	14,471.0	14,612.0	7.2	11.7

Table 2. Alberta Net Farm Income - Calendar Year

	Avg	2013	2014	2015	2016	2017f	2018f	'17f vs	'17f vs
	'13-'16							'16	Avg
\$ Millions									
% Change									
Farm Cash Receipts	12,957.2	11,844.1	12,894.3	13,592.2	13,498.2	14,471.0	14,612.0	7.2	11.7
- Operating Expenses	10,043.4	9,537.0	10,131.0	10,411.5	10,094.3	10,188.6	10,412.8	0.9	1.4
= Net Cash Income	2,913.8	2,307.1	2,763.3	3,180.7	3,403.9	4,282.4	4,199.2	25.8	47.0
+ Income-in-kind	11.7	9.3	12.1	13.7	11.9	12.0	11.8	0.8	2.0
- Depreciation	1,648.1	1,527.7	1,603.0	1,718.5	1,743.3	1,772.7	1,773.4	1.7	7.6
= Realized Net Income	1,277.4	788.8	1,172.5	1,475.9	1,672.6	2,521.7	2,437.6	50.8	97.4
+ Inventory Change	337.6	1,727.1	-772.6	-232.8	628.9	74.7	-108.8	---	---
Total Net Income	1,615.1	2,515.9	399.9	1,243.1	2,301.5	2,596.4	2,328.8	12.8	60.8

Nationally, total FCR in 2017 is forecast at \$61.8 billion, up 2.5 per cent from 2016. All provinces are expected to show a higher FCR, with the exception of Saskatchewan, New Brunswick and Nova Scotia. Among provinces, Alberta is forecast to lead the nation in total FCR and cattle and calf market receipts. The province also ranks second behind Saskatchewan, in NCI, RNI and TNI.

At the farm level, in 2017, the average net operating income per farm in Alberta (excluding changes in inventories and depreciation), is forecast at \$112,133 (highest on record), compared to \$86,429 nationally. Likewise, the average total income per farm family is \$175,183 (highest on record) versus \$142,627 for Canada.

Alberta's Farm Income Measures Should Remain Strong in 2018

The AAFC 2018 forecasts for provinces are extremely soft and based entirely on assumptions. Nonetheless, the Alberta forecast suggests that total FCR is expected to increase 1.0 per cent, while total farm operating expenses up 2.2 per cent, resulting in a lower NCI, RNI and TNI. Just to note, unlike the AAFC forecasts, Statistics Canada will be releasing the official annual 2017 FCR estimates and first quarter (January to March) 2018 FCR on May 28, 2018.