

# FARM INCOME SITUATION, (2004)<sup>P</sup> AND OUTLOOK (2005)<sup>E</sup>

## MANITOBA HIGHLIGHTS

### **Situation 2004:**

- Manitoba farm cash receipts are estimated at \$3.72 billion in 2004, a 5.2% increase from \$3.54 billion in 2003.
- In 2004, crop cash receipts increased by 1.8% to \$1.71 billion from almost \$1.68 billion in 2003. Higher Canadian Wheat Board payments helped to offset lower prices for the major crops, with the exception of canola which had higher prices and lower marketings.
- Livestock receipts were estimated at \$1.552 billion in 2004, close to the 1.553 billion estimated for 2003. Hogs accounted for an estimated 61% of the 2004 livestock receipts, and are record high at \$941.8 million (25% higher than last year). Cattle and calves account for approximately 12% of the livestock receipts. The market for cattle and calves has been under duress since May 2003, and both prices and marketings declined from 2003. Cattle receipts were 50% lower than last year at \$144.5 million and calves were 37% lower at \$35.2 million.
- Direct payments to Manitoba producers totalled \$461.7 million in 2004, a 50% increase from \$308.1 million in 2003, due to increased payments from Crop Insurance and the Net Income Stabilization (NISA) withdrawals, as well as payments from the Transition Industry Support Program, BSE-related programming and the Canadian Agricultural Income Stabilization Program (CAIS).
- Farm operating expenses increased to \$3.085 billion in 2004 from \$3.031 billion in 2003. Higher costs for most inputs were partly offset by lower livestock purchase and feed costs.
- Net cash income for 2004 is estimated at \$636.8 million, up 25.2% from \$508.7 million in 2003. Realized net income (after depreciation) more than doubled to \$212 million. Total net farm income decreased by nearly 40% to \$290.6 million, despite a small positive value of inventory change.

### **Outlook 2005:**

- Farm cash receipts may decrease by 6.4% to \$3.48 billion in 2005. Livestock receipts could rise by 11.4% to \$1.73 billion due to higher prices and increased sales. Receipts from crops may decrease by 17.4% to \$1.41 billion due to sharp price declines.
- In 2005, direct payments could decline by 25.6% to \$343.7 million as a result of reduced Crop Insurance and the phase-out of Canadian Farm Income (CFIP), reduced Net Income Stabilization (NISA) withdrawals, BSE-related and transition program payments. Increased CAIS payments in 2005 could more than offset reduced NISA withdrawals.
- Operating expenses are expected to rise 4.1% in 2005, but this has been reduced to an estimated 3.1% net increase by the Manitoba School Tax Rebate program. Increases in livestock and crop inventories could improve the value of inventory change over the year.
- In 2005, net cash income could be \$302.8 million, more than halved from the 2004 level. After depreciation and inventory change allowances the Total Net Income could decline to a negative \$16.2 million.

**SOURCE:** Agriculture and Agri-Food Canada.

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TABLE 1: FARM INCOME SUMMARY, MANITOBA, 2002-2005\*

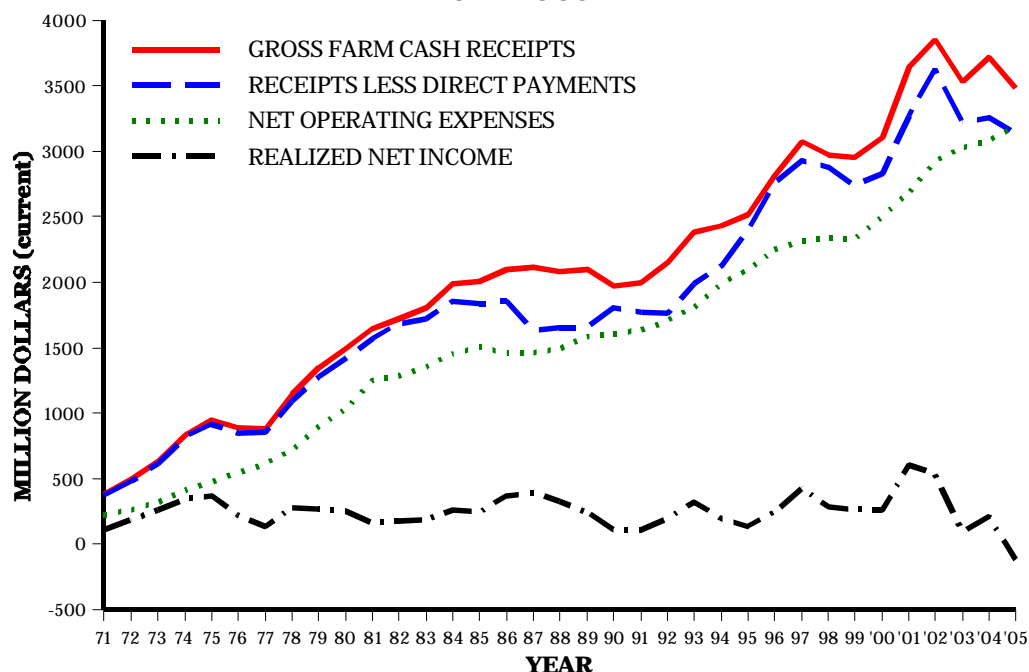
	2002 <sup>R</sup>	2003 <sup>R</sup>	2004 <sup>R</sup>	2005 <sup>E</sup>	05/04
	- million of dollars -				%
Crop Receipts	1,918	1,678	1,708	1,412	83
Livestock Receipts	1,716	1,553	1,552	1,729	111
Market Receipts	3,634	3,231	3,260	3,141	96
Total Payments <sup>1</sup>	219	308	462	344	74
<b>Total Cash Receipts</b>	<b>3,853</b>	<b>3,539</b>	<b>3,722</b>	<b>3,485</b>	94
<b>Net Operating Expenses</b>	<b>2,928</b>	<b>3,031</b>	<b>3,085</b>	<b>3,182</b>	103
<b>Net Cash Income</b>	<b>925</b>	<b>509</b>	<b>637</b>	<b>303</b>	48
Income-In-Kind	8	8	9	9	100
Depreciation Charges	397	427	433	431	100
<b>Realized Net Income</b>	<b>536</b>	<b>90</b>	<b>212</b>	<b>-119</b>	-
Value of Inventory Change	-26	409	78	103	132
<b>TOTAL NET INCOME</b>	<b>509</b>	<b>499</b>	<b>291</b>	<b>-16</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, Federal Bridge Income Assistance (FBIA) and Manitoba Farm Disaster Assistance Program. Program premiums or levies paid by producers are included in operating expenses.

### FARM INCOME AND EXPENSES

1971-2005

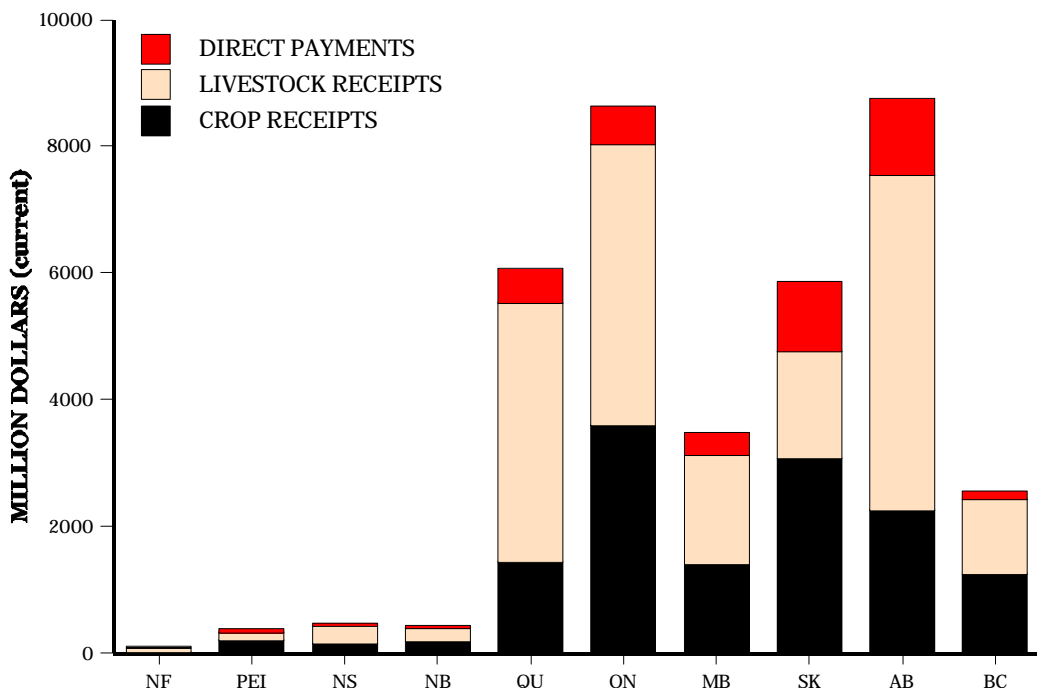


Source: Statistics Canada, AAFC

Market Analysis and Statistics Section, Manitoba Agriculture, Food and Rural Initiatives

### FARM CASH RECEIPTS BY PROVINCE

2005



Source: Statistics Canada, AAFC

Market Analysis and Statistics Section, Manitoba Agriculture, Food and Rural Initiatives

TABLE 2: FARM INCOME SUMMARY, PROVINCES, 2002-2005

	2002 <sup>R</sup>	2003 <sup>R</sup>	2004 <sup>R</sup>	2005 <sup>P</sup>	05/04
	million dollars				%
<b>SASKATCHEWAN</b>					
Crop Receipts	3,748	2,744	3,373	3,076	91
Livestock Receipts	1,710	1,337	1,434	1,702	119
Market Receipts	5,458	4,081	4,807	4,778	99
Total Payments <sup>1</sup>	1,004	1,601	1,163	1,093	94
Total Cash Receipts	6,462	5,682	5,970	5,871	98
Net Operating Expenses	4,803	5,044	5,233	5,461	104
Net Cash Income	1,659	639	737	410	56
Realized Net Income	758	-264	-166	-486	-
Total Net Income	7	707	615	-641	-
<b>ALBERTA</b>					
Crop Receipts	2,233	1,898	2,577	2,265	88
Livestock Receipts	5,086	3,753	4,182	5,290	126
Market Receipts	7,319	5,651	6,759	7,555	112
Total Payments <sup>1</sup>	1,039	1,362	1,418	1,202	85
Total Cash Receipts	8,357	7,014	8,178	8,758	107
Net Operating Expenses	6,309	6,300	6,274	6,487	103
Net Cash Income	2,048	713	1,904	2,271	119
Realized Net Income	943	-412	795	1,149	145
Total Net Income	-142	603	1,153	476	41
<b>BRITISH COLUMBIA</b>					
Crop Receipts	1,036	1,136	1,232	1,255	102
Livestock Receipts	1,129	1,082	975	1,173	120
Market Receipts	2,165	2,219	2,207	2,428	110
Total Payments <sup>1</sup>	31	59	184	126	68
Total Cash Receipts	2,197	2,278	2,390	2,554	107
Net Operating Expenses	1,901	1,966	1,996	2,046	103
Net Cash Income	296	312	394	508	129
Realized Net Income	46	62	135	246	182
Total Net Income	64	104	155	246	159
<b>ONTARIO</b>					
Crop Receipts	3,617	3,723	3,597	3,598	100
Livestock Receipts	4,271	4,161	4,300	4,447	103
Market Receipts	7,888	7,883	7,897	8,045	102
Total Payments <sup>1</sup>	623	585	713	591	83
Total Cash Receipts	8,512	8,469	8,609	8,636	100
Net Operating Expenses	7,227	7,348	7,544	7,745	103
Net Cash Income	1,285	1,121	1,066	892	84
Realized Net Income	205	45	-36	-229	-
Total Net Income	356	138	127	-194	-
<b>QUEBEC</b>					
Crop Receipts	1,419	1,429	1,469	1,440	98
Livestock Receipts	3,636	3,664	3,980	4,099	103
Market Receipts	5,055	5,093	5,449	5,539	102
Total Payments <sup>1</sup>	468	875	867	529	61
Total Cash Receipts	5,523	5,969	6,316	6,068	96
Net Operating Expenses	4,605	4,941	5,109	5,052	99
Net Cash Income	918	1,027	1,207	1,017	84
Realized Net Income	384	461	651	452	69
Total Net Income	403	584	683	403	59
<b>CANADA</b>					
Crop Receipts	14,559	13,182	14,482	13,612	94
Livestock Receipts	18,190	16,185	17,102	19,133	112
Market Receipts	32,749	29,367	31,584	32,745	104
Total Payments <sup>1</sup>	3,429	4,843	4,912	3,990	81
Total Cash Receipts	36,177	34,210	36,496	36,734	101
Net Operating Expenses	28,885	29,769	30,406	31,159	102
Net Cash Income	7,292	4,441	6,090	5,575	92
Realized Net Income	2,905	-28	1,603	1,052	66
Total Net Income	1,328	2,633	3,030	327	11