

Agroflash

March 28, 2005

ÉCONOMIE

2004 in a Nutshell

- Strong increase in the hog sector
- Continuous growth in the flowers and nurseries sector
- Significant rise in corn sector
- Second bad year for cattle and calf production

Headlines

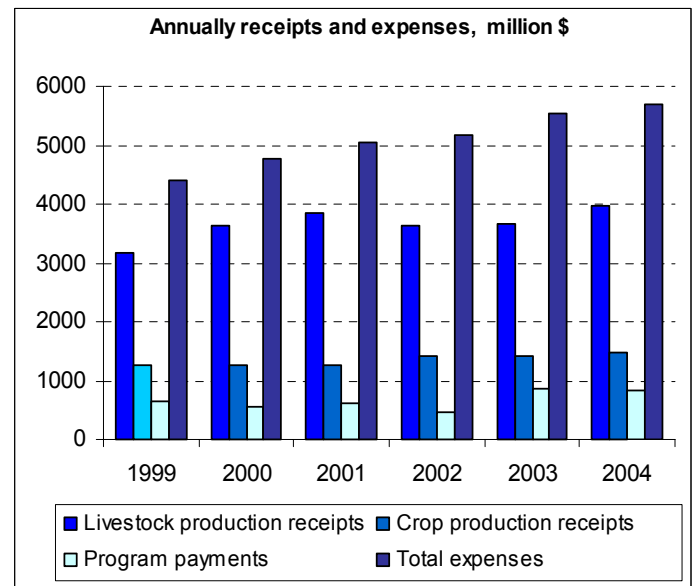
Hog sector :
main engine of growth of farm
cash receipts in Québec

Cash receipts

During 2004, the cash receipts of Québec farmers rose 5.4% compared with the previous year (+\$321.5 million). Receipts from livestock and crop production climbed 8.5% and 3.5% respectively, while program payments declined 4.6%.

In 2004, the proportions of cash receipts from livestock (63%), crops (24%) and programs (13%) were about the same as in 2003.

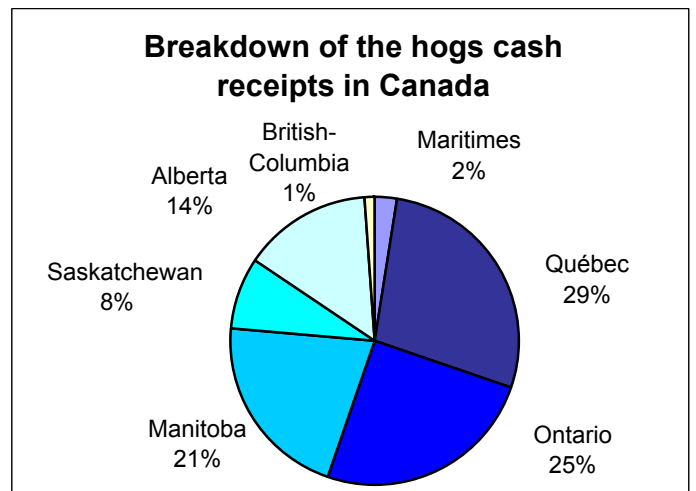
The increase in cash receipts was primarily due to the growth in livestock production receipts. Growth was strongest in the hog, dairy product, and hen and chicken sectors. Crop production receipts had the highest gains in the corn and ornamental horticulture sectors.



Livestock

The year 2004 was excellent from the standpoint of cash receipts in the hog sector. The simultaneous increase in Quebec in the number of hogs slaughtered and in prices boosted receipts by more than \$256 million to a peak of \$1,190 million, an improvement of 27.5% compared with the previous year. In Canada, the hog sector also did very well, soaring 25.1% over 2003. Québec made the largest contribution of all the provinces to Canadian receipts in the sector.

Receipts in the cattle and calf sector deteriorated again this year, by 5.7% compared with 2003 and by 33.0% compared with 2002. In 2004, the prices for slaughter cattle also dipped (-11.8%), while the number of slaughter cattle marketed gained ground (+39%). The number of slaughter calves bought and sold remained stable, while prices went up by 13.3%. Receipts from interprovincial sales of cattle and calves plummeted by 45% compared with 2003. No receipts for the international export of live cattle or calves were recorded in 2004.



Crops

Receipts for the corn sector advanced by more than \$33 million this year (+11%). Quantities marketed were mainly responsible for the improvement, since average prices remained stable.

Receipts from the ornamental horticulture sector have consistently gathered strength over the last few years and, in 2004, reached a record of nearly \$300 million. There was a difference of almost \$100 million in receipts between 2000 and 2004. The average annual change over the last five years was 10%. Fruit cash receipts rose, thanks particularly to good performances in the blueberry and strawberry sectors. The dwindling receipts for oil and protein seed crops were attributable to soybeans.

Programs

A decline in program payments of 4.6%, or \$40.4 million, was recorded in 2004. Payments to Québec farm producers totaled \$834.8 million. The provincial stabilization program accounted for three-quarters of program payments. The crop insurance program accounted for 7.5%, an increase over last year (+34.2%), in contrast to the provincial stabilization program (-12.0%).

Expenses

Farm expenses grew by \$134 million compared with the previous year (+2.4%). The increase was smaller than that recorded between 2002 and 2003 (+7.0%). Analysis of the various expense items will appear in the next issue of Agroflash, when detailed data will be published.

Net farm income in Québec by sector and quarter - 2002, 2003 and 2004

Sector	2002		2003				2004			
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
	M\$									
Total receipts¹	1 444,8	1 221,2	1 655,7	1 495,0	1 596,8	1 275,4	1 770,1	1 582,1	1 662,6	
Livestock production	906,4	951,6	955,0	865,6	891,9	938,6	1 016,5	1 017,6	1 003,4	
Cattle	77,1	78,0	66,3	19,4	34,9	35,5	52,2	55,2	52,0	
Calves	58,7	59,2	49,4	31,9	52,1	41,0	41,6	44,6	46,5	
Hogs	221,7	240,3	234,0	238,3	220,8	270,0	306,3	320,5	293,0	
Hens and chicken	97,8	103,5	108,2	105,4	104,3	110,7	110,0	112,6	114,5	
Other animals	24,2	19,8	21,3	21,5	22,7	21,4	23,3	21,4	22,3	
Dairy products	384,9	412,4	441,8	414,5	422,8	423,6	448,5	427,4	439,8	
Eggs	30,5	25,5	25,0	26,0	25,5	24,6	25,5	26,5	26,1	
Honey	2,2	1,5	1,1	1,2	1,0	0,7	0,5	1,2	1,1	
Other products of animal origin	9,2	11,4	8,0	7,3	7,6	11,0	8,5	8,2	8,3	
Crop production	424,1	223,4	391,7	383,5	430,8	228,6	413,1	429,4	408,3	
Grains other than corn	17,4	17,5	11,9	17,9	13,8	9,4	10,2	14,8	10,6	
Corn	108,5	81,7	60,3	63,5	93,2	92,2	84,2	79,2	76,0	
Flowers and nurseries	102,4	33,1	90,9	47,4	100,6	36,4	100,0	52,1	111,2	
Maple products	0,0	6,7	127,6	0,0	0,0	6,3	120,6	0,0	0,0	
Vegetables	53,2	23,9	35,9	168,9	55,9	23,7	34,0	175,6	60,3	
Potatoes	30,4	19,2	24,2	21,8	25,1	20,5	18,8	26,5	28,9	
Fruits	23,6	10,0	10,4	46,9	27,5	8,5	9,2	60,7	28,8	
Oil and protein seed crops	50,4	18,0	15,8	11,9	86,0	20,1	21,2	15,3	63,7	
Other crops	38,2	13,3	14,7	5,1	28,7	11,5	14,9	5,2	28,7	
Programs ²	114,3	46,2	309,0	245,9	274,1	108,2	340,5	135,1	251,0	
Total expenses after rebate¹	1 184,0	1 092,2	1 715,8	1 452,3	1 289,3	1 139,6	1 775,5	1 477,0	1 291,6	
Total receipts - total expenses after rebate	260,8	129,0	-60,1	42,7	307,5	135,8	-5,4	105,1	371,0	

1. Cash basis of accounting. The data of the second quarter 2004 is estimated and not seasonally adjusted.

2. Includes NISA payments, crop insurance payments, income disaster program payments, provincial stabilization payments, dairy subsidies and other payments.

Net farm income by sector and quarter - 1999 to 2004

Sector	1999	2000	2001	2002	2003	2004
	M\$					
Total receipts¹	5100,3	5422,5	5753,8	5523,3	5968,7	6290,2
Livestock production	3184,0	3624,2	3857,2	3636,3	3664,0	3976,0
Cattle	228,0	287,6	327,6	324,4	198,7	194,9
Calves	180,7	193,9	225,5	225,5	192,6	173,7
Hogs	725,9	996,9	1110,1	927,0	933,4	1189,8
Hens and chickens	373,9	383,7	423,7	404,6	421,4	447,8
Other animals	72,8	80,6	86,8	87,7	85,3	88,3
Dairy products	1479,1	1553,1	1543,9	1510,4	1691,4	1739,4
Eggs	82,8	87,5	98,7	115,0	102,0	102,6
Honey	5,4	4,0	4,7	6,7	4,9	3,5
Other products of animal origin	35,4	36,8	36,2	35,0	34,4	36,0
Crop production	1263,2	1256,8	1272,7	1418,9	1429,4	1479,4
Grains other than corn	32,3	32,0	49,3	62,4	61,2	45,0
Corn	265,6	246,8	221,4	306,7	298,6	331,7
Flowers and nurseries	194,8	199,4	220,7	256,1	271,9	299,7
Maple products	131,4	158,7	130,6	132,2	134,3	127,0
Vegetables	256,2	259,2	286,1	278,2	284,7	293,5
Potatoes	84,7	85,6	95,7	110,7	90,3	94,7
Fruits	106,7	95,5	102,3	96,5	94,9	107,2
Oil and protein seed crops	107,1	98,3	95,3	101,5	131,6	120,3
Other crops	84,5	81,2	71,4	74,5	61,9	60,4
Programs ²	653,1	541,5	623,9	468,0	875,2	834,8
Total expenses after rebates¹	4404,0	4771,3	5041,1	5184,2	5549,6	5683,8
Depreciation on machinery and buildings	502,0	542,9	571,8	579,4	608,1	..
Operating expenses after rebates¹	3902,1	4228,4	4469,2	4604,8	4941,5	5683,8
Commercial feed	951,8	967,0	1071,5	1167,9	1232,2	..
Cash wages ³	552,0	589,5	620,8	664,2	694,1	..
Interest	444,3	544,6	546,7	529,5	530,9	..
Repairs to buildings and machinery (and other machinery-related expenses)	363,6	387,3	398,9	410,9	424,6	..
Fertilizer and lime	195,0	193,8	213,2	215,3	221,8	..
Machinery fuel	121,8	156,4	162,7	154,5	163,8	..
Commercial seed	121,5	133,0	143,2	155,9	169,8	..
Artificial insemination and veterinary fees	125,8	132,7	142,0	149,5	154,5	..
Business insurance	124,6	129,6	133,5	143,6	155,1	..
Other expenses	901,8	994,3	1036,8	1013,4	1194,8	..
Net cash income	1198,2	1194,1	1284,6	918,5	1027,2	..
Income-in-kind	48,6	50,7	46,3	44,6	41,7	..
Realized net income	744,8	701,8	759,0	383,7	460,8	..
Value of inventory change	17,6	-67,8	88,2	19,6	123,2	..
Total net income	762,4	634,0	847,3	403,2	584,0	..

1. Cash basis of accounting.

2. Includes NISA payments, crop insurance payments, income disaster program payments, provincial stabilization payments, dairy subsidies and other payments.

3. Includes room and board.

Definitions

Farm cash receipts : Measures the gross revenue of farm businesses. They include sales of crops and livestock products (except sales between farms in the same province) and program payments.

Farm operating expenses : Represent business costs incurred by farm businesses for goods and services used in the production of agricultural commodities.

Net cash income : Total farm cash receipts including payments - total operating expenses after rebates. This income measures farm business cash flow generated from the production of agricultural goods. Net cash income represents the amount of money available for debt repayment, investment or withdrawal by the owner. It does not take depreciation into account.

Realized net income : Net cash income + income-in-kind - depreciation

Total net income : Realized net income + value of inventory change. It measures the financial flows and stock changes of farm businesses. Total net income values agriculture economic production during the year that the agricultural goods were produced. It represents the return to owner's equity, unpaid labour, management and risk.

N.B.: All data are the subject of intercensal revisions.

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Québec 