

Agroflash

September 26, 2005
ÉCONOMIE

2004 in a nutshell

- Strong increase in the hog sector
- Continued progression in ornamental horticulture sector
- Significant rise in corn sector
- Second bad year for cattle and calf production

Headlines

Unprecedented program payments in the 2nd quarter of 2005

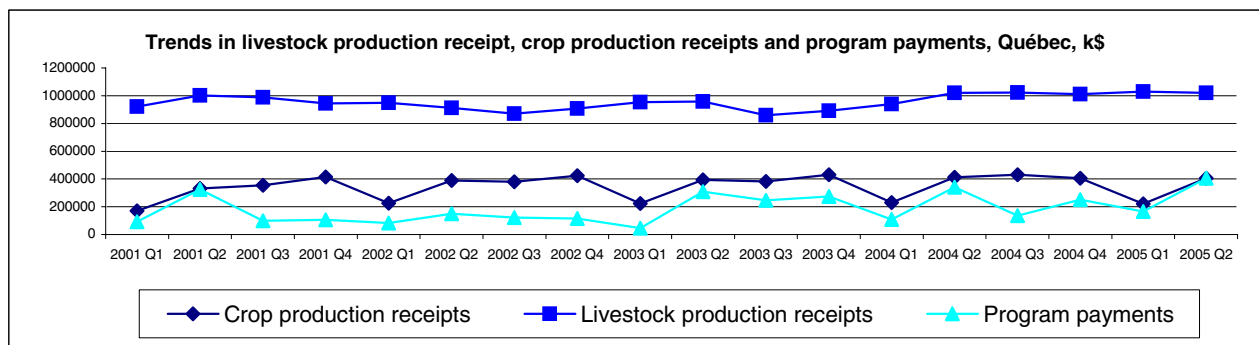
Farm cash receipts for the first half of 2005

Cash receipts for the first half of 2005 totaled \$3,247 million. They showed an increase of 6.4% over the same period last year, or a total boost of \$195 million. The bulk of that growth was attributable to the increase in program payments. The good results in the cattle sector were offset by a drop in receipts in the crop sector.

Of the additional \$195 million, \$122.8 million was derived from the increase in program payments (+27.4%) and \$89.2 million from the growth in receipts in the cattle sector (+4.6%). Receipts for the crop sector ebbed by \$17 million.

Among the Canadian provinces, Manitoba, Nova Scotia and Alberta recorded reductions in receipts of 2.7%, 0.9% and 0.3%, respectively. The most dramatic growth was observed in British Columbia (9.5%) and Prince Edward Island (7.7%).

In Canada, receipts rose 4.0% to total \$18.9 billion.



Unprecedented program payments

As in Canada, program payments reached a record level in the first half of 2005. In Québec, they totaled about \$571 million, while the average for the first half of each of the last four years fluctuated around \$363 million.

The provincial stabilization program alone accounted for 65% of total payments.

Half-year receipts rose in the livestock sector

Receipts for the livestock sector exceeded \$2 billion in the first half of 2005, a gain of 4.6% compared with the same period in 2004.

The cattle and calf sector made great strides, recording its first increase since 2001. Cattle and calf receipts for the first half of the year rose 31.1% over 2004 and totaled \$230 million. Despite that hike, the sector will have to grow by nearly \$60 million before equaling the results of 2001.

Marketing in 2005 reached the 2001 level, and even exceeded it in the case of calves. However, prices were still below their respective records, although they exceeded those in 2004. Slaughter cattle and calves accounted for 91% of total receipts in the sector. Given the reopening of the US border on July 18 to cattle under 30 months of age, it is expected that the proportion of slaughter cattle and calves will subside.

The dairy sector also experienced an increase in the first half of the year. Receipts rose from \$872 million in 2004 to \$918 million this year, a surge of 5.3%.

The hog sector declined by 2.3% to \$563 million, or \$13.1 million less than in the first half of 2004, a record year. That drop is explained by the reduction of nearly 1% in hogs marketed and in prices.

Falling receipts in the crop sector

The crop sector recorded receipts of \$626 million in the first half of the year, a slackening of 2.6% compared with the same period last year. The drop was mainly attributable to price weakness in the grain and oilseed crop sector. For example, producers sustained a retreat of 24.8% in the price of corn, while the slump in soybeans was even more pronounced, at 32.7%.

Despite these price declines, receipts in the oilseed crop sector rose because of strong growth in the volume of soybeans marketed (+125%) and, to a lesser extent, the volume of canola (+29%).

Half-year receipts for the potato sector (\$54 million) underwent a significant turnaround because of the recovery in selling prices (+37%).

The ornamental horticulture sector almost reached \$150 million in the first six months of 2005. It experienced growth of 15.7% compared with the previous year.

Net farm income in Québec by sector and quarter - 2004 and 2005

Sector	2004					2005		
	Q1	Q2	Q1+Q2	Q3	Q4	Q1	Q2	Q1+Q2
	M\$							
Total receipts¹	1 279,8	1 772,1	3 051,9	1 589,6	1 665,9	1 415,5	1 831,4	3 247,0
Livestock production	940,8	1 019,3	1 960,1	1 022,7	1 010,5	1 028,9	1 020,5	2 049,3
Cattle	37,1	54,1	91,2	58,9	55,5	59,0	73,9	132,9
Calves	41,6	42,6	84,2	44,9	47,5	48,1	48,9	97,0
Hogs	270,0	306,3	576,3	320,5	294,6	295,2	268,1	563,2
Hens and chicken	110,7	110,0	220,7	112,6	114,5	114,1	115,1	229,2
Other animals	21,4	23,3	44,7	21,5	22,5	20,0	21,2	41,2
Dairy products	423,6	448,5	872,1	427,4	439,8	457,6	460,9	918,5
Eggs	24,6	25,5	50,0	26,5	26,1	23,1	23,5	46,6
Honey	0,7	0,5	1,2	2,0	1,7	0,7	0,5	1,2
Other products of animal origin	11,0	8,5	19,6	8,3	8,5	11,2	8,3	19,5
Crop production	230,8	412,3	643,1	431,8	404,4	220,8	405,4	626,1
Grains other than corn	9,4	10,2	19,6	14,8	10,6	8,3	7,9	16,2
Corn	92,2	84,2	176,4	79,2	75,5	60,0	54,4	114,4
Flowers and nurseries	35,6	93,7	129,3	49,6	108,5	41,1	108,4	149,6
Maple products	6,3	120,6	127,0	0,0	0,0	5,9	111,7	117,6
Vegetables	25,1	37,7	62,7	179,2	62,6	28,4	37,0	65,4
Potatoes	20,5	18,8	39,3	26,5	28,9	21,3	32,7	54,0
Fruits	8,5	9,2	17,7	60,7	28,8	9,0	9,1	18,1
Oil and protein seed crops	19,9	21,2	41,2	14,9	58,5	34,0	27,2	61,2
Other crops	13,3	16,7	30,0	7,0	31,0	12,7	17,1	29,7
Programs ²	108,2	340,5	448,7	135,1	251,0	165,9	405,6	571,5
Total expenses after rebate¹	1 135,3	1 755,2	2 890,5	1 457,7	1 243,8	1 106,6	1 745,7	2 852,3
Total receipts - total expenses after rebate	144,5	16,9	161,4	131,9	422,1	309,0	85,7	394,7

1. Cash basis of accounting. The data of 2005 are estimated and not seasonally adjusted.

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

Sources: Statistics Canada

Institut de la statistique du Québec.

Net farm income by sector and quarter - 1999 to 2004

Sector	1999	2000	2001	2002	2003	2004
	M\$					
Total receipts¹	5 100,3	5 422,5	5 753,8	5 523,3	5 969,5	6 307,4
Livestock production	3 184,0	3 624,2	3 857,2	3 636,3	3 664,5	3 993,3
Cattle	228,0	287,6	327,6	324,4	245,2	205,5
Calves	180,7	193,9	225,5	225,5	161,7	176,7
Hogs	725,9	996,9	1 110,1	927,0	933,1	1 191,4
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	88,7
Dairy products	1 479,1	1 553,1	1 543,9	1 510,4	1 676,6	1 739,4
Eggs	82,8	87,5	98,7	115,0	102,0	102,6
Honey	5,4	4,0	4,7	6,7	4,9	4,8
Other products of animal origin	35,4	36,8	36,2	35,0	34,4	36,4
Crop production	1 263,2	1 256,8	1 272,7	1 418,9	1 429,8	1 479,3
Grains other than corn	32,3	32,0	49,3	62,4	58,0	44,9
Corn	265,6	246,8	221,4	306,7	300,4	331,1
Flowers and nurseries	194,8	199,4	220,7	256,1	271,9	287,4
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	304,6
Potatoes	84,7	85,6	95,7	110,7	85,6	94,7
Fruits	106,7	95,5	102,3	96,5	95,9	107,2
Oil and protein seed crops	107,1	98,3	95,3	101,5	131,1	114,6
Other crops	84,5	81,2	71,4	74,5	67,9	67,9
Programs²	653,1	541,5	623,9	468,0	875,2	834,8
Total expenses after rebates¹	4 404,0	4 771,3	5 041,1	5 184,2	5 499,0	5 592,0
Depreciation on machinery and buildings	502,0	542,9	571,8	579,4	603,3	582,1
Operating expenses after rebates¹	3 902,1	4 228,4	4 469,2	4 604,8	4 895,7	5 009,9
Commercial feed	951,8	967,0	1 071,5	1 167,9	1 232,2	1 274,0
Cash wages ³	552,0	589,5	620,8	664,2	684,2	704,7
Interest	444,3	544,6	546,7	529,5	513,8	506,6
Repairs to buildings and machinery (and other machinery-related expenses)	363,6	387,3	398,9	410,9	424,4	435,0
Fertilizer and lime	195,0	193,8	213,2	215,3	215,8	218,8
Machinery fuel	121,8	156,4	162,7	154,5	163,8	190,3
Commercial seed	121,5	133,0	143,2	155,9	169,8	178,8
Artificial insemination and veterinary fees	125,8	132,7	142,0	149,5	155,5	158,0
Business insurance	124,6	129,6	133,5	143,6	155,1	162,8
Other expenses	901,8	994,3	1 036,8	1 013,4	1 181,3	1 180,8
Net cash income	1 198,2	1 194,1	1 284,6	918,5	1 073,8	1 297,6
Income-in-kind	48,6	50,7	46,3	44,6	43,7	44,4
Realized net income	744,8	701,8	759,0	383,7	514,2	759,8
Value of inventory change	17,6	-67,8	88,2	19,6	120,8	118,4
Total net income	762,4	634,0	847,3	403,2	635,0	878,2

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.

Source: Statistics Canada

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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