

Canadian Agricultural Outlook – 2016

Recap of the Technical Briefing

(Check against delivery)

Overall, the outlook for Canadian agriculture is strong in the short and medium term.

- Net Cash Income is expected to set a new record high in 2015, and is forecast to be very strong in 2016.
- Fundamentals in major world agricultural commodity markets have weakened during 2015, and are expected to show further weakness in 2016.
- Canadian farmers are benefitting significantly from a declining Canadian dollar and lower world crude oil prices.
- If the Canadian dollar stabilizes at 70-cents there could be further upside to farm cash receipts compared to our current forecast.
- If the West Texas Intermediate crude oil price stabilizes in the US\$30-35 per barrel range that prevailed during January, machinery fuel expense could be lower than our current forecast.
- While there has been significant volatility in key macroeconomic variables such as the exchange rate and energy prices, longer-term economic and population growth are leading a growing demand for agricultural products. This, and our ability to supply global markets, contribute to a positive outlook for Canadian agriculture.