

Agroflash

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ÉCONOMIE

2006 in a nutshell

- Significant income drop in hog sector
- Upturn in cereal crop sector
- Drop in oil and protein seed crop receipts
- Substantial increase in program payments

Headline

Strong growth in potato and cattle sectors

Modest growth in cash receipts

In 2006, farm cash receipts from the market totalled \$6,237.8 million. They went up from the previous year, albeit modestly.

The growth rate of farming income in 2006 (+ 0.8%) was significantly below the average of the past five years (+ 3.2%). Despite this timid increase, the level of cash receipts was higher than the five-year average estimated at \$6,041.7 million.

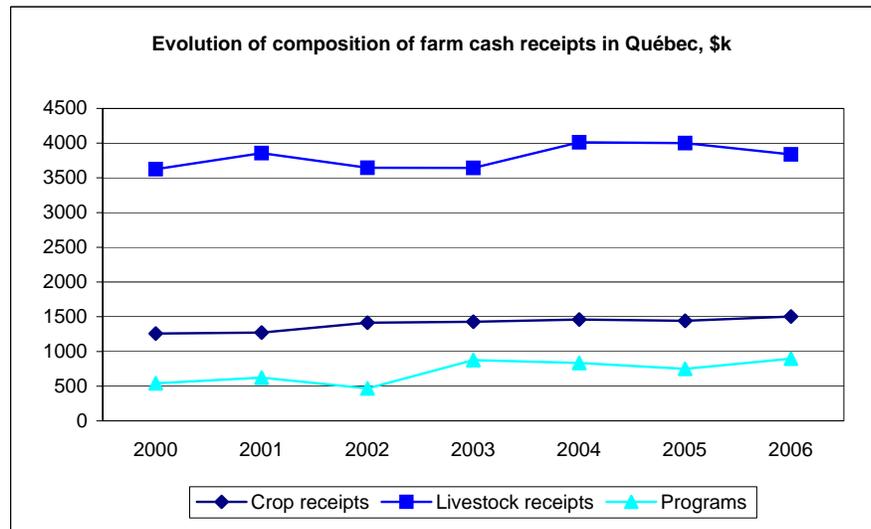
Livestock production

In the last year completed, income from livestock production fell 4.1% to \$3, 838.3 million.

The hens and chickens (- 4.1%) and hog sectors (- 19.9%) contributed to this decline. Hog receipts, i.e. \$829.8 million, dropped for the second year in a row, reaching their lowest level in the past seven years.

Nevertheless, other sectors continued to grow in 2006. Cattle (+ 14.5%) and calf (+ 10.2%) cash receipts posted an annual growth rate clearly higher than their five-year average.

Furthermore, it should be noted that despite a modest decline (- 0.3%) in 2006, the dairy sector saw its highest average annual growth (+ 22.2 %) in the past five years, all production combined.



Increase in program payments in 2006

Between 2005 and 2006, program payments rose 19.6%, registering the highest increase in the seven past years, with the exception of 2003.

From 2002 to 2006, payments to Québec farmers almost doubled, going from \$468.0 to \$896.2 million.

Crop production

Cash receipts for crop production were \$1,503.4 million in 2006, up 4.3% from 2005. Average annual growth, however, was only 1.6% between 2002 and 2006.

Grain corn prices, down since 2002, saw a slight upturn in 2006. Prices have gone up 18.7% over the past year, boosting receipts up to \$290.1 from \$259.3 million.

In 2006, the potato also performed well: over the past year, prices have risen 46.2%, increasing cash receipts by \$23.5 million to reach \$122.5 million. In spite of the decline in receipts in 2003 and 2004, the annual average of the last ten years showed a strong growth of 6.6%.

Vegetables (+ 14.5 million), fruits (+ 10.1 million), and flowers and nurseries (+ 8.2 million) posted noteworthy gains in cash receipts.

Among the sectors on the decline, oil and protein seed crop prices have declined since the ten-year high in 2004. Cash receipts for 2006 were down 12.1% from the previous year. They were evaluated at \$121.6 million.

Farming expenses up in 2006

The decline noted during the previous year stopped in 2006. Farming expenses in the first half of 2006 exceeded those in the same period in 2005 by \$45.2 million. In the second half of the year, Québec farmers also spent more compared to 2005, i.e. an additional \$66.9 million.

Farming expenses reached \$5,680.8 million: an increase of \$184.4 million compared to the average in the past five years.

The growth rate for 2006 (+ 2.0%) was, however, less than the average annual growth (+ 2.7%) in the last five-year period.

Net farm income in Québec by sector and semester - 2003, 2004, 2005 and 2006

Sector	2003		2004		2005		2006	
	S1	S2	S1	S2	S1	S2	S1	S2
	\$M							
Total receipts¹	2 869,1	3 087,9	3 048,4	3 262,2	3 125,5	3 082,8	3 164,8	3 073,0
Livestock production	1 896,9	1 755,2	1 960,3	2 057,1	2 064,0	1 968,7	1 925,4	1 912,9
Cattle	159,3	73,7	93,1	127,5	145,1	141,6	142,6	150,1
Calves	93,7	67,9	81,8	93,6	99,2	108,7	108,5	111,7
Hogs	474,3	458,8	576,3	615,1	555,7	476,2	410,5	419,4
Hens and chicken	211,7	209,7	220,7	227,0	229,1	198,2	207,8	201,7
Other animals	41,1	44,2	44,8	47,8	40,4	49,5	50,4	50,1
Dairy products	844,5	832,1	872,7	873,0	926,5	925,8	935,9	910,3
Eggs	50,4	51,5	50,0	52,6	46,6	47,9	49,0	49,1
Honey	2,6	2,2	1,2	3,6	2,0	4,4	2,2	4,5
Other products of animal origin	19,3	15,0	19,6	17,0	19,3	16,4	18,7	15,9
Crop production	617,0	812,7	639,4	818,9	629,4	796,8	642,7	863,1
Grains other than corn	29,4	28,5	19,6	25,8	17,2	24,5	17,5	29,5
Corn	141,9	158,5	176,4	152,1	116,3	143,0	134,1	156,0
Flowers and nurseries	124,0	148,0	129,6	158,3	125,8	155,8	130,9	159,3
Maple products	134,3	0,0	128,0	0,0	151,7	0,0	152,9	0,0
Vegetables	59,8	224,9	59,4	239,8	64,4	226,6	65,1	240,4
Potatoes	43,4	42,2	39,3	42,4	42,5	59,1	56,6	65,9
Fruits	20,5	75,5	17,7	89,5	19,1	87,9	19,2	98,4
Oil and protein seed crops	33,8	97,2	40,5	80,1	66,5	71,9	38,7	82,8
Other crops	29,9	38,0	28,8	30,9	25,9	28,0	27,7	30,7
Programs ²	355,2	520,0	448,7	386,1	432,1	317,3	597,6	298,5
Total expenses after rebate¹	2 770,8	2 700,8	2 898,8	2 732,8	2 848,5	2 720,2	2 893,7	2 787,1
Total receipts - total expenses after rebate	98,3	387,1	149,6	529,4	277,0	362,6	271,1	286,0

1. Cash basis of accounting. The data of 2006 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 in Québec by sector - 2000 to 2006¹

Sector	2000	2001	2002	2003	2004	2005	2006
	\$M						
Total receipts²	5 422,5	5 753,8	5 527,1	5 947,4	6 305,3	6 191,1	6 237,8
Livestock production	3 624,2	3 857,2	3 645,5	3 643,8	4 012,1	4 000,6	3 838,3
Cattle	287,6	327,6	334,5	231,6	217,4	255,7	292,7
Calves	193,9	225,5	224,4	153,3	175,3	199,8	220,2
Hogs	996,9	1 110,1	927,0	934,4	1 191,4	1 036,1	829,8
Hens and chickens	383,7	423,7	404,6	423,0	445,9	427,1	409,5
Other animals	80,6	86,8	87,7	85,5	92,3	93,3	100,4
Dairy products	1 553,1	1 543,9	1 510,4	1 676,6	1 745,7	1 852,5	1 846,2
Eggs	87,5	98,7	115,0	102,2	102,6	94,5	98,1
Honey	4,0	4,7	6,7	4,9	4,8	6,0	6,7
Other products of animal origin	36,8	36,2	35,1	32,3	36,5	35,6	34,6
Crop production	1 256,8	1 272,7	1 413,6	1 428,5	1 458,4	1 441,2	1 503,4
Grains other than corn	32,0	49,3	62,4	58,0	45,4	41,7	47,0
Corn	246,8	221,4	306,7	300,4	328,5	259,3	290,1
Flowers and nurseries	199,4	220,7	256,1	271,9	288,0	282,1	290,2
Maple products	158,7	130,6	132,2	134,3	128,0	168,7	152,9
Vegetables	259,2	286,1	278,2	284,7	299,3	291,1	305,5
Potatoes	85,6	95,7	110,8	85,6	81,7	99,0	122,5
Fruits	95,5	102,3	96,5	95,9	107,2	107,6	117,6
Oil and protein seed crops	98,3	95,3	101,5	129,9	120,7	138,3	121,6
Other crops	81,2	71,4	69,2	67,7	59,8	53,4	56,1
Programs ³	541,5	623,9	468,0	875,2	834,8	749,3	896,2
Total expenses after rebates²	4 771,3	5 041,1	5 129,2	5 471,6	5 631,6	5 568,7	5 680,8
Depreciation on machinery and buildings	542,9	571,8	578,9	603,5	582,9	620,0	..
Operating expenses after rebates²	4 228,4	4 469,2	4 550,3	4 868,1	5 048,7	4 948,8	..
Commercial feed	967,0	1 071,5	1 135,8	1 198,2	1 246,2	1 068,0	..
Cash wages ⁴	589,5	620,8	664,2	684,2	711,5	729,3	..
Interest	544,6	546,7	515,4	513,5	501,2	530,8	..
Repairs to buildings and machinery (and other machinery-related expenses)	387,3	398,9	410,9	424,4	442,8	453,1	..
Fertilizer and lime	193,8	213,2	215,3	215,8	221,2	238,6	..
Machinery fuel	156,4	162,7	154,5	163,8	188,4	213,8	..
Commercial seed	133,0	143,2	155,9	169,8	180,0	177,3	..
Artificial insemination and veterinary fees	132,7	142,0	149,5	155,5	157,1	160,5	..
Business insurance	129,6	133,5	143,6	155,1	163,5	170,0	..
Other expenses	994,3	1 036,8	1 005,1	1 187,8	1 237,0	1 207,3	..
Net cash income	1 194,1	1 284,6	976,8	1 079,3	1 256,6	1 242,4	..
Income-in-kind	50,7	46,3	44,6	43,4	41,8	39,4	..
Realized net income	701,8	759,0	442,5	519,2	715,4	661,8	..
Value of inventory change	-67,8	88,2	19,4	106,3	127,3	-22,4	..
Total net income	634,0	847,3	461,9	625,4	842,8	639,4	..

1. Datas revised for detailed expenses, 2003 to 2005.

2. Cash basis of accounting.

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

4. 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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