Native Agri Update

No. 375, February 2019

www.indianag.on.ca

2019 AGRICULTURAL OUTLOOK

sources: Rabobank - Agri-Commodity Price Stability, FCC - Ag Economic 2019 Outlook, https://newsuo guelph. ca/2018/12/pricey-produce, AAFC - Outlook for Principal Field Crops 2019,

Looking ahead in 2019, the overall outlook for farming is optimistic. While some potential global factors could impact markets, the low Canadian dollar will continue to insulated most farms from downside risk.

Looking globally, Rabobank , an international food and agribusiness bank, examined a range of thirteen commodities including corn, coffee, palm oil, sugar, soybeans, and wheat. According to Stefan Vogel, head of agri commodity markets at Rabobank, "the agri commodity price environment may be relatively stable currently, but it's difficult to remember a time there were so many threats to food commodity prices on so many fronts, from trade wars to currency movements to weather threats and livestock disease."

As Rabobank reported:

- The US and China trade war is expected to continues into 2019, altering global trade flows in the year ahead and beyond. Soybeans & pork will be most affected.
- The US dollar is currently at an 18-month high and it is anticipated to continue to strengthen into late 2019 before stabilizing.
- Biosecurity risks look set to spread and expect the spread of African Swine Fever (ASF) to continue to have a global impact on pork production, proving especially harmful in China with a decline in supply, rising prices and higher imports
- El Niño remains on the horizon and expect the weather event to drive further uncertainty across commodities markets.

For North America, El Nino generally means wetter weather in the US southern plains, drier in the north.

Canadian Grains and Oilseeds

In its 2019 Outlook, Agriculture and Agri Food Canada (AAFC) sees some optimism for both soybean and corn producers. With the USDA reporting a record soybean crop last year and the expectation of increased US corn acres(as result of fewer soy acres), AAFC is forecasting Canadian soybean prices to be up slightly to $405-445/tonne on support from strengthening US prices late in the crop year and a stable Canadian dollar-US dollar exchange rate. As well, Ontario corn prices are forecast to increase slightly due to a projected slightly higher US corn futures and the weak Canadian dollar. No major price recovery is expected for corn in spite of a smaller world corn, unless there is a severe drought in a major production area.

For wheat, there is less optimism with average Canadian producer prices for wheat for the crop year forecasted to fall from 2018-19 because of the higher Canadian supply. (continued on page 2)

WELCOME TYLER HILL

IAPO is pleased to announce that Tyler Hill has joined IAPO as Business Advisor for South Western Ontario. Working with First Nations farms across the region, Tyler is responsible for IAPO's financing and business advisory services.

Tyler, a member of Six Nations of the Grand River, brings to IAPO an immense passion for farming. In addition to his time spent helping out on his grandparent's farm, Tyler has worked in a variety of roles including agribusiness and custom farming. In 2018, Tyler graduated from Ridgetown College with a Diploma in Agriculture.

Tyler can be reached at 1-800-363-0329, by cell at 1-226-208-1600 or via email at tyler@indianag.on.ca.

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Inside

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Agribusiness

2019 AGRICULTURAL OUTLOOK

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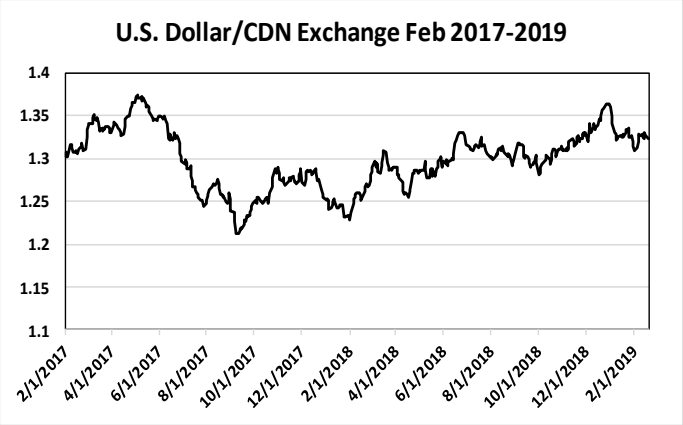
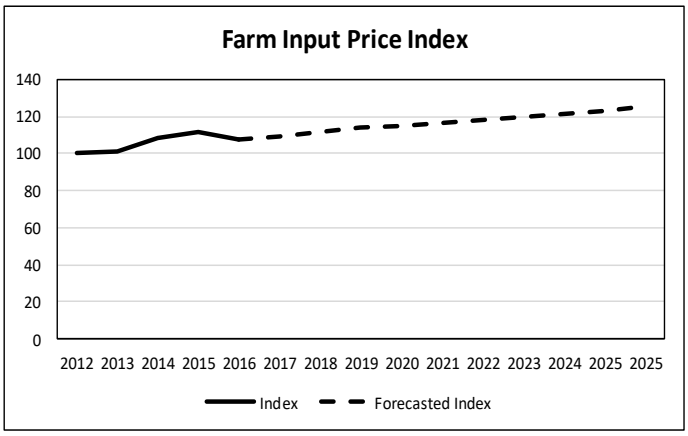


source: www.bank of Canada/rates/exchange

Farm Input Costs

According to FCC, those in the crop sector should expect tight profit margins in 2019 with farm input costs expected to increase. Input prices increased year-over-year in 2018, and they're expected to continue to rise, particularly labour costs and interest rates. Further, while global fertilizer demand remains strong but slowing, global supply faces a few challenges resulting in potentially higher 2019 prices.



source: Medium Term Outlook for Canadian Agriculture 2018, AAFC

Cattle & Hogs

Both the hog and cattle markets face increasing supply in 2019. While Canadian pork production is expected to remain flat, supply in the US is expected to increased by 5.3% FCC reports. For beef, with the beef cycle nearing the end of its expansion cycle , export demand for both US and Canadian beef is expected to support prices. (For more in depth beef commentary, see page 5.)

According to FCC, "Hog sector profitability in 2019 will be mixed. Interest rates, limited growth in Canadian production, slightly higher feed costs, and possible oversupply in the North American market suppress this outlook, while untapped potential in export markets and a lower Canadian dollar will support sector profits.

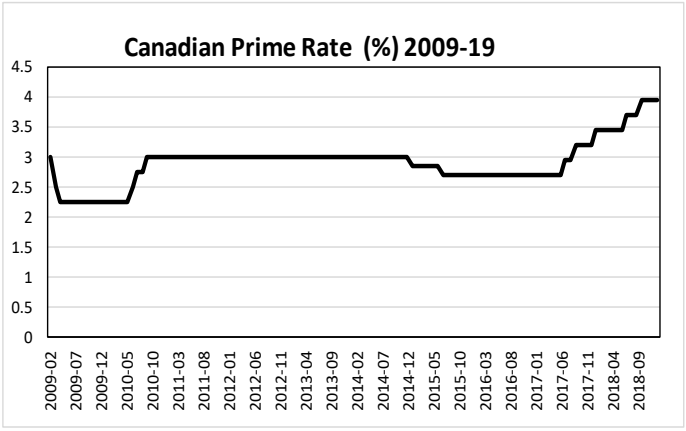
Profitability in the Canadian cattle sector will also vary. While still expected to be profitable, cow-calf margins in 2019 will be lower than the most recent three-year average. Feedlot revenues will be challenged but margins should, on average, be positive."

Horticulture

The ninth annual Canada's Food Price Report provides some insights on what market gardeners and vegetable farmers can expect in the market place for 2019. Looking eight food categories, it forecasts vegetable prices (retail) to rise 4-6% this year. According to Simon Somogyi, one of the lead authors on the report "poor growing conditions due to weather and increasing demand are potentially driving next year's rising costs of fruit and vegetables. There is a strong likelihood El Nino will return, which means North America will suffer from dryer conditions,"

Maple Syrup

As highlighted by FCC, total U.S. maple syrup production is estimated to have declined 3% for 2018, while Quebec harvested 118 million pounds of maple syrup from its estimated 47 million taps, well below the 2017 record of 152 million pounds. Producer prices for 2019 are expected to be in line with 2018 levels, supporting continued profitability in the maple syrup sector.



source: www.bank of Canada/rates/interest rate

Interest Rates

Following the Bank of Canada's January announcement to stay the course on rates, the National Bank reports it expects that rates will remain unchanged until later in 2019. According to the National Bank, The Bank of Canada's no-change decision was widely expected as the central bank had to be sensitive to the commodity price collapse (oil) in the fourth quarter of 2018 and opted to not tighten monetary policy further. Furthermore, as they reported, it may take the central bank four to five months before it gets a better picture of the underlying trend in the economy. No rate increase soon, good news!

JH

Market Information

BEEF MARKET WATCH

Prices are courtesy of the Beef Farmers of Ontario Weekly Market Information Report for the week ending Thursday February 7, 2019.

Changes here reflect the difference in prices from the week of December 7, 2018 to the week of February 7, 2019. Weekly reports provide prices on a per cwt basis for the week but do not include Friday sale results. Rail grades are not available due to small numbers selling the last 3 weeks. Fed steers and heifers have regained some of previous losses. Stocker steer and heifer prices are variable.

Fed steers and heifers are up $14 to $16.

Cull cows and bulls are up $12 and $5 respectively. Stocker steers are steady to $14 higher for lighter weight calves. Stocker heifers are quite variable with light weights down $13 but heavy weights up $16.

Cull cows prices are recovering from the normal high culling rates depressing prices last fall. Canadian exports of cull cows to the states is down with more cows staying in Canada for slaughter during 2018. U.S. herd expansion since 2014 has increased cow numbers with an expansion peak in sight. Similarly there are near record numbers of calves coming to market in the U.S. also due to expansion. It appears this year and 2020 will see peak beef production for the current beef cycle for North America.

To date strong consumer demand and increased exports are offsetting heavier beef supplies in the U.S. Hopefully this continues in 2019.

Category	Price Range $	Ave Price	Top Price	Change
Rail Steers	Not enough trade			
Fed steers	137-154	147	164	+16
Fed heifers	134-151	144	163	+16
Cows	48-68	56	103	+12
Bulls	71-91	83	123	+5
Stocker steers				
700 – 799	151-194	176	209	-4
600 – 699	161-215	192	234	Steady
500 – 599	173-223	202	256	+14
Stocker heifers				
700 – 799	134-170	157	185	+16
600 – 699	131-176	159	205	+3
500 – 599	122-178	155	205	-13

All prices are on a hundred pound basis (cwt) *ML*

CROP MARKET

Adapted from Monthly Market Trends February-March 2019 by Phillip Shaw GFO www.gfo.ca

The continued stimulus to Ontario cash grain prices is the value of the Canadian dollar, which has been fluttering in the 74 and $.75 range over the last month.

Corn The U.S. dominates the corn market and almost everybody on the production side would like to see corn prices break out of thier 4 year trading range. Will December 2019 corn breach $4.50 a bushel? With a 1.735 billion bushel carryout we are headed in the right direction. However, with December 2019 corn currently trading $3.99 as of February 8th, it seems a long way away. Seasonality counts for a lot and as we move into spring marketing opportunities close to $4.50 would be opportune. Seasonally corn prices tend to trade higher into June.

Soybeans The soybean market continues to be affected by every inflection of the China United States trade negotiations and the fact that we have too many soybeans. That lament will probably continue throughout 2019, but there are some cracks in that facade. For instance, we have heard of the hot and dry in Brazil over the last several weeks and USDA reduced its production estimate their 117 MMT, obviously taking baby steps down from the earlier estimate of 122 MMT. Keep in mind; Argentinian production is still pegged to 55 MMT.

Seasonally, soybean futures prices tend to trade higher into July.

Wheat Wheat seems to be in a never-ending loop of bearishness. Winter wheat seeding in the United States was one million acres below trade guesses and is the lowest number since 1909. At a certain point this should make a difference as Chicago wheat has been strong against Kansas City wheat.

In Ontario, some wheat is underneath the snow and some isn't. In fact, large acreages of wheat, which were planted last fall, never really did show up. There were opportunities to hedge Ontario cash wheat sales last summer at $7 a bushel for July 2019. It surely will be challenging for many farmers to satisfy those contracts based on the difficult wheat crop February reality. We'll hope for better things in April.

Coming Events

Mar. 20 **Atikameksheng Anishnawbek First Nation** - Introduction to Agriculture

Mar. 21 **IAPO Wiky Farmers Meeting,** Thursday, 6:30 p.m.

Mar. 23 **Sustainable Farming Meeting** - 9:30-3:30, All Saint's Church, Tyendinaga

TBA **Business Financing and Funding,** Alderville First Nation

For more info, or if you have an event you would like listed, call 1-800-363-0329.

Livestock Information

A SNAPSHOT OF THE BEEF INDUSTRY

The beef industry changes on a regular basis depending on what is having an impact on a given day. We will take a look at what influences we can expect on the price received by beef farmers in 2019. Keep in mind Canada exports at least 50% of beef produced.

Global trade, the beef cycle, feed costs, value of the Canadian dollar, disease, supply of other proteins like pork and poultry and consumer demand for beef have an impact on a continuous basis. For 2019 the big ones are global trade, beef cycle, supply of other proteins and consumer demand.

Trade Agreements

With trade, new and renewed agreements will impact the industry this year. Trade agreements are an on-going process, developing and maintain relationships with other countries. Since mad cow disease in 2003, Canada has been slowly regaining the confidence of those countries that stopped trade. Some amount to small trade volumes. The three major agreements are the Canada European Trade Agreement (CETA), Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the Canada US Mexico Agreement (CUSMA), the renewed NAFTA. While these agreements should be in place in 2019 with some impact felt, with CPTPP and CETA in particular, the full benefits will be realized over a number of years.

CETA involves 28 countries and has the potential for a $600M beef trade impact. In time, it will remove 99% of current tariffs.

CPTPP involves 11 countries including Canada, Mexico, Chile and Peru on this side of the Pacific and Japan, Australia, Malaysia, New Zealand, Singapore and Brunei Darussalam. On the outside looking in, is the United States. Tariffs on Canadian beef will be reduced over a 15 year period. The key here is access to the Japanese market. Japan is an example of how the change in tariffs will work. In 2018 the Japanese tariff on Canadian beef was 38%. January 1, 2019 the tariff was reduced to 27.5%. April 1, 2019 the tariff will be 26.6%. Eventually the tariff will reach 9%.

CUSMA is the renewed NAFTA Agreement. It is expected to be signed in 2019 with the US in particular dragging their feet for political reasons at home. It is expected to be very similar to NAFTA with no tariffs on beef and cattle.

Beef Production Cycle

With the beef production cycle, we are nearing the peak of the expansion phase which means cow numbers and beef production will probably reach the top in 2020. This is a North American market impacted heavily by what happens in the US. Expansion is followed by a turn around and then contraction where cow numbers and beef production slide downhill. Generally the beef production cycle is opposite to the price cycle. When there is a lot of beef on the market (like at present) the price moves down and when the production decreases the price heads upward.

The supply of protein meats including beef, pork and poultry is high. Pork production in the US is at a peak. The US and China trade disputes have backed up pork inventories in the US and as a result has put pressure on pork pricing in Canada as well. This means pork is priced attractively for the consumer.

The Canadian consumer continues to buy beef, regardless that retail prices are about 4% above the 5 year average. The general economy is strong for now. Going forward calf and fed cattle prices will be negatively impacted by high beef production and an abundant supply of pork and poultry. To balance, trade is currently strong and supported with new agreements and Canadian consumer demand continues to hold steady. Retail prices are higher than usual considering we are at or near the peak of the expansion phase.

There are opportunities for current and new beef farmers. With the contraction phase upon us the return for all cattle including cull cows, good quality heifers and mature cows tends to slide. Maximize your return while prices have strength. Quality bred cows are down about $500 from this time last year. For farmers staying in business for the long term, cull older or questionable cows and retain quality heifers as replacements and for expansion if that is in the plan. Beginning farmers and expanding farmers might consider purchasing quality females when the price is in the lower end. For cow-calf farmers looking to cut back the herd, consider selling in 2019 or 2020.

As a guideline females retained or purchased in the low part of the price cycle tend to produce calves in the high end of the price cycle. On the other hand females retained or purchased in the high end of the price cycle tend to produce calves in the low end of the price cycle. Get out when cows still have value. Get in or expand when cow prices are more reasonable. ML

Crop Information

SPRING DECISIONS ON WINTER WHEAT

sources: https://cropwatch.unl.edu/determining-seeding-rate-your-winter-wheat, https://www.youtube.com/watch?v=1rgrRab_nXY, https://extension.umn.edu/planting-small-grains/winter-wheat-seeding-rate-and-depth, https://www.farmprogress.com/grains/it-s-all-about-tillers-when-maximizing-wheat-profits-yields

As we head look ahead to spring, a question on many people's minds is the state of the wheat planted this past fall. Before the snow arrived, a great number of stands across Ontario were just beginning to make their appearance and in many cases rows were yet noticeable. The cool wet spring conditions in 2018 resulted in delayed soybean planting. This caused harvest and planting to be later than usual in the fall. With the success of the wheat crop up in the air in a large number of fields, what is the threshold that you as a farmer should adhere to before making that call to crop insurance?

According to Peter Johnson, host of Wheat Pete's Word, it is important to time your scouting. Many people take one look at their wheat after the snow melts and start to worry. It takes 10-14 warm sunny days for wheat to green up and come out of its winter hibernation. In addition it is also important to get a picture of the whole field and not just what you see from the road. Your low lying spots might only have an opportunity to produce 50% of their yield potential but if that only makes up 10% of the entire field you may still have good yield potential and little need for a crop insurance claim.

Do's and Don'ts of wheat scouting

- Don't look down the rows
- Don't focus on poorest spots
- Don't make decisions from the roadside
- Do allow 10-14 days for green up
- Do a wide range of stand counts
- Be patient

While you are out on your scouting missions be sure to bring a ruler with you to get an accurate number of plants per foot. According to test trials done in Ontario, even when the ground appears bare in the early spring it still has a decent yield potential of full crop yield.

Plants per Ft	Yield Potential
3	65-75%
4	80-85%
7	90-95%
10	100%

As you can see, the crop yield potential is still there even when there is a significant amount of plants killed off. It is important to remember that the plants response to nitrogen will be a lot better earlier in the spring and this will allow a poor crop the opportunity catch up and reach its full potential.

Dig Up Some Plants

It is also imperative to dig up some plants and count how many tillers the plant is growing. While doing this note, the number of tillers from plants throughout the field. A main stem with 3-4 tillers is ideal for optimum yield results. Tillers are best developed during the warmer temperatures in the fall, shortly after the main shoot emerges. For the maximum yield results you should have 40-55 heads per Sq/Ft. When checking the amount of tillers it is critical to disregard tillers that look sickly or under-developed as they have a high likelihood of getting aborted in the spring. Underdeveloped tillers have a high tendency to be less drought resistant and do not respond well to late top dressing in wet springs. Once you determine the amount of tillers, you can base your crop inputs on the number of healthy plants in an attempt to maximize your yield and profit potential.

source:https://cropwatch.unl.edu/managing-poor-wheat-stands-nebraska-panhandle

Another issue with winter wheat (WW) is the lack of emergence before winter's onset. In order to grow and produce a flower WW needs vernalization (winter dormancy) to occur. Vernalization is the beginning of a plants flowering process after germination during the winter months. Although there are fields in the province that have not yet emerged, this should not be an issue as there was adequate moisture in the ground for germination before the onset of the frost this winter. Last winter, with the 2018 crop, we had a large number of areas of winter kill because of the constant freezing and thawing of water in the low lying areas of the field. This causes the plant to be suffocated and can result in a significant loss in the wetter fields on your farm. This summer, after the wheat is off, take advantage of the dry weather to see if any additional measures can be taken drain wet areas and maximize your lands efficiency.

If you want to exceed your crop expectations there is a wide variety of information to arm yourself with. It's important to utilize all of your assets to help make a well-educated decision this spring. With last year's high prices and the affordability of seed, wheat has proven to be a staple in Ontario's commodity market yet again.

TH

Other News

FILTERING AND BOTTLING MAPLE SYRUP

Once sap is boiled to acceptable syrup state it is a good idea to filter before bottling. Filtering removes niter/sugar sand and other materials leaving a clear product. The sugar sand may contain levels of lead which are removed with good filtering. Lead and zinc in the syrup at certain levels are food safety concerns. Cloudy syrup sometimes has a burnt off-flavour that is reduced with proper filtering. Filter hot for best results at 185°F/85°C. A good filter will slow the filtering process particularly if the syrup is less than ideal temperature. There are some choices with filtering.

Reusable Polyester Cone Filter (above)

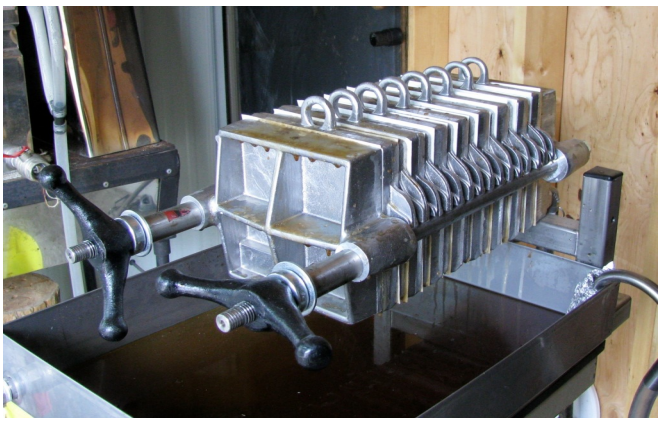
Some use a polyester cone filter that is hung in a collection container and is filtered by gravity. Polyester filters come in square sheets as well. With this system a pre-filter can be used to speed up the process or allow more syrup through the cone.

Filtering with chessecloth

Using the cone filter, pre-filter is inserted inside the cone and syrup is poured through. Gently remove the pre-filter as the system starts to clog. The pre-filter removes the heavier material allowing the rest to flow through the cone filter more readily. The cone filter is about $20 and the pre-filters are about $15 for 12. The cone filter is re-usable, the pre-filter is usually discarded after one use. After each use soak the polyester filter gently in water. Soaps or chlorine can leave a taste on the next batch of syrup and should be avoided. Squeeze the filter gently to remove water, don't wring it out and air dry. Worn and damaged filters should be discarded.

Some maple syrup makers use a cheesecloth like material. The guidelines for filtering and cleaning after each use are the same. The pre-filter is an option here.

Maple syrup will filter naturally with the sediment settling to the bottom of the container over time. The filtered syrup can be poured off. This is fine for home use, however sediment in the bottom of a container is not attractive for commercial sale



Commercial Filter Press

Commercial maple syrup producers often use a filter press. Syrup is forced through a series of pressure filters with a pump removing sediment in the process. This is a fast and effective filtering method. Food grade diatomaceous earth is mixed with the syrup before being pushed through the filters. Sediment and the diatomaceous earth are removed in the process. Large batches of syrup are required to use a filter press effectively. The cost is harder to justify for small operations or back yard syrup making.

Packaging/Bottling

Package/bottle syrup hot! This reduces mold and fermenting in containers. Syrup should be 185°F/85°C at time of packaging for effective sterilization. Small bottles with thick glass can cool quickly reducing the benefits of bottling hot. Consider preheating bottles. 100°C for 15 to 20 minutes is ideal. Wear rubber type oven mitts when bottling and handling containers. Fill container to top. As soon as container is filled, cap it quickly to maintain temperature and invert it to sterilize the inner lid. Stand upright and allow containers to cool quickly. As it cools syrup will shrink up to 4% in the container. Store in a cool dark location.

Sterilizing the inner lid

Moulds and yeast are a concern particularly for syrup that is below 66° Brix or 66% sugar content. For syrup over 68% sugar crystalizing may occur on the sides and bottom of the container. Moulds and yeast can be a food safety concern while crystallizing is looked upon as a food quality concern.

Filtering and bottling can be done at the same time remembering to start with hot syrup. Keep in mind sap and syrup should be in contact with only clean food grade plastic or stainless steel to avoid lead, zinc and other contaminants.

ML