



Native Agri Update

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Inside

| | |
|-----------------------|---|
| Agribusiness | |
| Page | 2 |
| Market Information | |
| Page | 3 |
| Calendar of Events | |
| Page | 2 |
| Livestock Information | |
| Page | 4 |
| Crop Information | |
| Page | 5 |
| Other News | |
| Page | 6 |

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Agribusiness

WRAPPING UP THE YEAR

Here we are again, at the end of another year. I am not sure if it is just me, but they seem to be moving quicker and quicker. As we look back at this year it was sort of a whirlwind with the uncertainty of the economy. Costs on many essentials soared, which in turn made interest rates skyrocket with the attempt to cool inflation pushing prices higher.

As we move into a new year, we are always optimistic, enthusiastic and have hope for the coming year. With that said, there is work to be done to set our farm businesses up for success. Let's start 2024 off on the right foot. The two financial statements most useful to farms are an accrual income statement and a balance sheet.

The first step to completing accruals is recording year end payables, receivables, & inventories. Year End to do list:

- Expenses and Payables - Spend a day or two ensuring all expenses are paid before December 31 and make a list of those expenses that will be carried over into the New Year, these are your Accounts Payable for year end. Accounts payable are expenses that have been incurred for the business but have not been paid for. This could include a variety of items such as drying and storage charges, accrued interest on operating and term loans, rent, and repairs.
- Revenues and Receivables - Deposit all income from sales and avoid keeping those uncashed cheques laying around. i.e. Accounts receivables. Accounts receivable might include custom work which has been performed but payment not received. You may be expecting a cheque from an insurance claim that has not been received. Prepaid expenses as of December 31 would include inputs and supplies that have been purchased and paid for but are for the following year's crop. The most common items are seed, chemicals, fertilizer, fuel, and feed. Fertilizer and nitrogen that have been applied in the fall for next year's crop are considered prepaid expenses.
- Inventories - Your list should be detailed and include such items as seed, fertilizer, hay in the barn, grain, livestock, fuel in the tank in addition to stored crops like unsold maple syrup and so on. Once a list is completed then values are attached to each item. Since machinery is usually a significant asset for most producers, it would be prudent to have a detailed machinery listing with individual valuations rather than just one total value. Machinery dealers can assist in estimating values for individual machinery. Once a list has been compiled it only needs to be updated at the end of each year.

With this to do list completed, you are well on your way to completing your farm financials and going from a "cash" basis to accrual income and expense statements. Accrual statements are the most accurate method of determining your farm profitability. To arrive at an accrual income statement, adjustments to income and expenses are made based on differences in farm values, for grain, livestock and other production inventories, accounts

receivable, accounts payable and prepaid expenses. The exact dollar amounts for these items are used in preparing your balance sheet as well. Accrual adjustments are easily made once you have made a list of payables, receivables, and inventories.

With your year end to do lists done, you will be one step ahead entering 2024. This allows you to take some time and make financial and production plans for the coming year.

INTEREST RATE FOR 2024

[HTTPS://FINANCIALPOST.COM/NEWS/ECONOMY](https://financialpost.com/news/economy)

We have all been pummeled by the every increasing interest rates in 2023, but there is rumbling that relief will be coming in 2024. Deloitte is forecasting three, 25-basis-point cuts from the central bank, which would reduce its overnight policy rate from 5% to 4.25% by the end of 2024.

Canada's inflation rate is still aways away from the Bank of Canada's 2% target but continues to come down. The consumer price index slowed to 3.1% year over year in October from 3.8% the month before.

Meanwhile, the economy remains weak as we exit 2023. Real gross domestic shrank by 0.3% in the third quarter and 1.1% on a yearly basis.

The decrease will come as Canada is currently in a mild recession but the pace should pick back up through the course of 2024.

CAREER OPPORTUNITY

We are accepting applications for a Farm Management Advisor working out of our Stirling office serving First Nation communities and members in Eastern and North Eastern Ontario.

The Farm Management Advisor is responsible for supporting the growth of First Nation farms and agribusinesses across the region. Key responsibilities include community engagement, as well as the delivery of farm and business financing, as well as business advisory and agriculture extension services.

Visit our website, www.indianag.on.ca for the job posting. If you, or someone you know, would like more information regarding the Farm Management Advisor position or to apply, contact Camden Lawrence, General Manager at camden@firstnationsag.ca or 1-800-363-0329.

Coming Events

Jan 16 FNWE Application Day - Hiawatha First Nation
For more info or to book an appointment
fnwe@firstnationsag.ca or 1 800 363 0328

Jan 17 Wiky Farmers Meeting - January 17 - for info -
1 800 363 0328 or info@firstnationsag.ca

Jan 19 First Nation Maple Syrup Seminar - January 19 -
Location TBD - 1 800 363 0328 or
info@firstnationsag.ca

CL

Market Information

BEEF MARKET WATCH

Prices are courtesy of the Beef Farmers of Ontario Weekly Market Information Report for the week ending Friday, December 8, 2023. Changes in this chart reflect the difference in prices from the week of October 9th, 2023 to the week of December 4th, 2023. Weekly reports provide prices on a per cwt basis for the week but do not include Friday sale results.

Receipts of fed steers and heifers selling through auction markets this week were lighter at 340 head, down 103 from the previous week but 49 more than the same week last year. Fed steers and heifers both saw a wide trading range this week indicating a large variety of quality. Fed steers sold from \$206.61- \$232.20 with a weekly weighted average price of \$222.75 up \$3.73 cwt from last week and \$35.17 higher than year ago prices. Fed heifers sold from \$197.09- \$230.76 averaging \$220.48 down \$3.85 cwt from the previous week but \$41.94 stronger than last year at this time. Fed cattle prices have only declined from November to December three times in the last twenty years. Auction markets reported trade as steady to barely steady and ended the week \$3.00 cwt lower. Much larger receipts of fed/cull cows sold through auction markets this week at 2,983 head, up 282 from the week before and 420 more than the same time last year and the largest weekly volume since the week ending January 19, 2023. Cows sold from \$92.17-\$134.14 cwt averaging \$111.04 down \$5.91 from the previous week's trade but \$24.65 stronger than year ago prices. Auction markets reported trade as active at slightly higher prices to start. Slightly lighter receipts of stocker and feeder cattle sold

through auction markets this week at 5,094 head, down 178 from the previous week and fully steady to the same time last year. Auction markets reported choice calves as active at higher prices while second cut calves were fully steady to start the week. As the week progressed calves were reported as selling steady with one special sale mid-week noting vaccinated calves as selling stronger.

| Category | Price Range \$ | Ave Price | Top Price | % Change |
|-----------------|----------------|-----------|-----------|----------|
| Rail Steers | 388 | | | |
| Fed steers | 204-230 | 218 | 230 | -5.2 |
| Fed heifers | 203-229 | 216 | 249 | -8.1 |
| Cows | 92-134 | 111 | 204 | -8.2 |
| Bulls | 130-168 | 149 | 205 | -11.3 |
| Stocker steers | | | | |
| 700 – 799 | 258-352 | 318 | 383 | +6.3 |
| 600 – 699 | 265-371 | 326 | 431 | -3 |
| 500 – 599 | 293-401 | 354 | 450 | -1.7 |
| Stocker heifers | | | | |
| 700 – 799 | 217-272 | 252 | 292 | -11.9 |
| 600 – 699 | 226-310 | 270 | 339 | -6.6 |
| 500 – 599 | 243-324 | 292 | 365 | -6.7 |

All prices are on a hundred pound basis (cwt)

BB

CROP MARKET

Adapted from Market Trends Report Nov & Dec 2023 by Phillip Shaw GFO www.gfo.ca

Corn — The November USDA report didn't do any favors to the corn market by raising yield up 1.9 bushels per acre. This makes the crop better than last year; in fact, it puts it in record territory better than 2016. This was after we thought that the crop was getting shorter.

Demand has grown according to USDA but still have ending stocks around 45 million bushels based on our higher production. Demand creation is much harder than demand destruction, which we got last year after our higher prices. It is cyclical and it will come back even more but, in the meantime, lower prices are the clearing house. Corn ending stocks continuing over 2 billion bushels seemed to be the norm for the near future.

The December corn contract is currently priced at 15 cents below the March 2024 contract which is a bearish indication of new crop corn demand. Seasonally, we know that corn prices tend to peak in early June and bottom out in early October.

Soybeans — China has been buying American soybeans, but how long this lasts is anybody's guess. Every year, China imports about 100 MMTs soybeans getting it mostly from Brazil. However, with that many beans involved invariably they come to the United States at a certain point. Whether this will continue or not will depend a lot on the availability of Brazilian beans currently growing in the field.

The soybean crop in Brazil is 53% planted and there are some analysts that say it is so dry it is about to wither away. However, as all farmers know soybeans can be the great liars and rain will eventually come to these fields like it does in the hottest days of a southwestern Ontario summer. For soybeans, this dryness in Brazil has caused a boost in January futures, characteristic of a weather market based solely on Brazil beans.

The January 2024 soybean contract is currently priced 14.75 cents below the March 2024 contract which is considered bearish. Seasonally, soybean prices tend to peak in early July and bottom out in early October.

Wheat — Big supply has certainly continued to manifest itself on the wheat market. USDA did not make any earth-shattering changes in their November report, which is very consistent with wheat fundamentals. We have continued to see a white-hot war in Ukraine and Russia but that seems to make no difference anymore as algorithms have those problems dialed in. Recently, we have seen wheat trade over its 50-day moving average so let's hope all the selling pressure has stopped. However, we must remember wheat is either planted or harvested every month of the year around the world. Big wheat supply just keeps winning.

In Ontario it has been an uneven wheat planting season. Earlier, in late September early October we experienced very warm weather giving wheat planting a boost. However, after thanksgiving the weather turned against wheat planting for much of southwestern Ontario. This will likely mean much less wheat being planted in the fall of 2023 than there was last year. As it is, the Canadian dollar remains a stimulus for wheat prices both now and into next July.

Livestock Information

BEEF CARCASS DETAILS

Occasionally, a customer will become concerned over the yield of meat they receive from purchasing a beef animal, usually in larger quantities for their freezer. How could it be that a 1,200-pound liveweight steer left you with only 475 pounds of beef? What might seem like a reasonable answer - that the butcher kept your meat - is very unlikely. Take into consideration what happens during the conversion of a market animal into cut and packaged meat, and chances are the math will make more sense. This article will attempt to explain the science and details behind beef carcass meat yields. One note - web sites for beef carcass valuation, grading, cut outs, etc. may be U.S. based and the grading system compared to Canada differs slightly. The US carcass weight includes the weight of the kidney, pelvic and heart fat, which is not included in the Canadian carcass weight. Dressing percentages for equivalent animals are, therefore, 2.5 to 3.0% higher in the United States than in Canada.

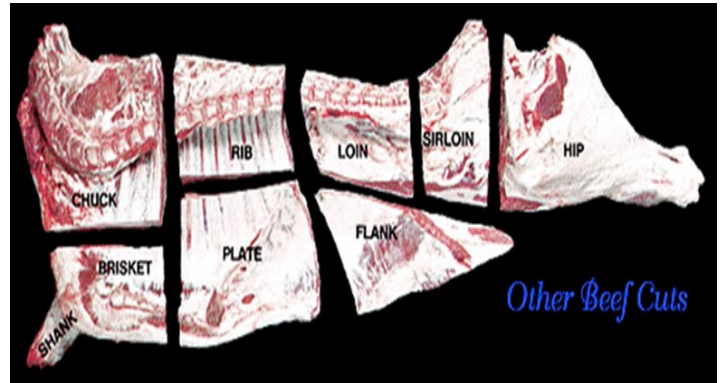
Converting a beef animal into a carcass - the dressing percentage (DP) relates the weight of the carcass to the weight of the live animal and is calculated as: $(\text{Carcass Weight} \div \text{Live Weight}) \times 100$. This can be affected by many things, such as gut fill, fatness, mud on the hide, etc. Very fat beef animals have a higher dressing percentage than light and very lean animals. The average dressing percentage for cattle is about 60-62%. Example: Cattle live weight = 1312 lbs. Actual DP = 60% Carcass wt. = 787 lbs.

This is where it starts to get tricky to predict just how much meat the carcass will yield because that depends largely on how you order the meat cut. Bone-in or boneless? Opting for boneless cuts will reduce your total pounds of meat returned. Do you want ground meat with 10% fat or 20% fat? Lower fat content ground meat will result in more discarded fat, thus reduced total pounds of product received. Was the animal overly fat to begin with? If the animal was fat from the start, more fat will need to be trimmed away, thereby reducing the total pounds of meat returned.

The amount of take-home beef and cost per pound of the beef in the freezer are two important considerations for potential beef buyers. Beef is often advertised and sold on a "hanging weight" basis. This term does not refer to take-home beef. In processing, there is a considerable amount of cutting loss. It is not unusual to have 30 to 45 percent of the hanging weight of a carcass or side as cutting loss.

For bone-in beef, expect no more than 65-70% of the carcass weight back as meat. For boneless, 55-60%. In addition, the longer a whole carcass ages (hangs), the more moisture it loses due to evaporation, thereby losing weight. So, for our example above, a carcass weight of 787 pounds at 60% boneless meat will return to the customer 472 pounds of meat. $(787 \times 60\%)$

Here is a picture of a side of beef showing what are called the primal cuts.



Below, we have a new carcass example broken down by the front and hind beef quarters. Our steer liveweight was 900 pounds so in this instance, our carcass weight is 540 pounds. $(900 \times 60\%)$. Our front weighed 280 pounds and the hind 260 pounds. Divide these weights by 2, and you get the "quarter weights" of the front and hind. The following chart shows the amount of meat to be processed, the meat weight that a customer can expect to receive, and the percentage of loss through boning, fat removal, and trimmings. These charts are the result of many cutting tests made by meat experts. It must be realized by consumers that the size of the animal, the amount of fat, the grade of the meat, and the amount of trimming and boning that is done by their meat processor affects the percentage of meat that they will receive. These charts can be considered as a rough guide to give some idea of the amount of meat to be received. These cuts are typically what you would find at "retail".

Here is the take-home meat to expect from our 140 lb. beef front quarter.

| Cuts | Weight | Percent |
|-----------------------|---------|---------|
| Rib roast, steaks | 12 lbs. | 9% |
| Boneless stew meat | 6 lbs. | 4% |
| Short ribs | 4 lbs. | 3% |
| Hamburger | 38 lbs. | 27% |
| Chuck roast, steaks | 37 lbs. | 26% |
| Meat total | 97 lbs. | 69% |
| Bone, fat & trimmings | 43 lbs. | 31% |

Here is the take-home meat to expect from our 130 lb. beef hindquarter.

| Cuts | Weight | Percent |
|------------------------|--------|---------|
| T-bones, club steak | 18 lbs | 14% |
| Sirloin steaks, roasts | 16 lbs | 12% |
| Round steaks or roasts | 29 lbs | 22% |
| Rump roasts (boneless) | 8 lbs | 6% |
| Flank steak | 2 lbs | 2% |
| Ground beef | 16 lbs | 12% |
| Meat total | 88 lbs | 68% |
| Bone, fat & trimmings | 42 lbs | 32% |

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Crop Information

VOMITOXINS IN CORN

With excerpts from *Identify Corn Ear Rots & Molds* by Dale Cowan from October 2023 issue of *Better Farming*

For those farmers that grow corn, 2023 will likely be remembered as a year with high yields and high vomitoxins. Vomitoxins are a type of mycotoxin, which is a naturally occurring toxin that is produced by certain types of molds or fungi. These mycotoxins can have a negative impact on animals that are fed grains that contain them. Pigs are extremely sensitive to being fed corn that has high vomitoxin levels, affecting feed intake and reproduction, while animals such as cattle and to a lesser extent poultry can also be affected by vomitoxins.

Vomitoxin is also known as deoxynivalenol and is more commonly referred to as DON in agricultural circles. DON levels are commonly measured in corn and wheat in Ontario. Depending on the part of Ontario you reside in, you may have experienced particularly high levels of DON in your corn this year. To understand why corn may have a high level of DON, you need to know what can cause DON.

DON is caused by a pink or white fungus called *Fusarium graminearum*, which can be found in both corn and wheat. This type of ear mold is called Gibberella ear rot and can occur throughout the United States Mid-West and Southern Ontario.

The spores that can develop into Gibberella ear rot overwinter on debris left in the field from the previous year and are found on residue from corn, wheat,



and barley. These spores then infect the ear when the corn plant is finishing silking (brown silk) and can continue infecting for up to three weeks after silking is complete. The conditions for infection to occur are very weather dependent. The ideal environment for development of ear molds and fungi is when the canopy is wet for several hours a day during the month of August. Rainfall is not the only source of moisture that can help ear molds develop, dew, fog and high humidity can also provide the right conditions.

Ear molds are more likely to occur and can be more severe in situations where corn is planted into a field that was corn the previous year (corn on corn), fields that were planted no-till, and when a variety of corn is more susceptible than average to molds. As mentioned before, rainfall prior to and after silking can be a major contributor to helping ear molds develop.

Preventing or reducing ear mold development can take some strategizing before planting. Rotation of crops (not planting corn on corn), selecting hybrids that have good resistance to ear molds, and managing residue from the previous crop (tillage) are all ways of reducing ear molds. If weather conditions are favorable for ear mold development, growers may want to consider utiliz-

ing a fungicide application. A fungicide is a type of pesticide that specifically targets leaf diseases and helps prevent the infection of fungi and molds in the major crops grown in Ontario (corn, wheat, oats, barley, soybeans, and canola). Typically in corn, to prevent ear mold development, a suitable fungicide is applied once the tassel has emerged and pollen has begun to be shed up to the point of when silks begin to dry. An application of a fungicide has been shown to reduced DON levels in corn by as much as 50%. Application in corn that is that tall is often done through the air (using a helicopter or by an airplane) or by a ground rig sprayer that has a specialized “lift kit” to help it get above the corn.

When corn harvest season comes, elevators and end users such as ethanol plants and feed mills are now testing corn for vomitoxins on a load-by-load basis. Specialized laboratory equipment is becoming standard at your local elevator to determine the level of DON in the sample drawn from the load of corn. DON levels are measured in parts per million (ppm) and when vomitoxins are found, elevators may take steps such as segregating loads (putting clean corn in certain bins and putting high DON corn in other bins). Discounts are applied to the corn depending on how high the vomitoxin levels are. Below is a table from an elevator in Southern Ontario that has discounts applied to loads depending on the vomitoxin levels in ppm.

| Vomitoxin (ppm) | Discount (\$/Metric Tonne) |
|-----------------|----------------------------|
| 2.5-3.0 | 5 |
| 3.1-4.0 | 10 |
| 4.1-5.0 | 20 |
| 5.1-6.0 | 30 |
| 6.1-8.0 | 45 |
| >8.1 | 60 |
| Vomitoxin >5.0 | Subject to Rejection |

If corn is currently being sold for around \$240 a metric tonne, a high level of vomitoxin could result in a discount of 25% of the selling price. Some elevators or end users may choose to reject the load based on high vomitoxin levels. As mentioned at the outset, animals are very sensitive to vomitoxin levels, and end processors may not be able to use the corn or corn byproducts in the feed trade because of high vomitoxin levels. Negative side effects can be seen when feeding pigs corn that has a vomitoxin level above 2 ppm.

If we think back to the year that was, in Southern Ontario, there was an abundant amount of rainfall in August, and when it wasn't raining, the air conditions were often humid. It was an ideal year for vomitoxin development. Growers that chose to spray their corn helped **reduce** their DON levels, but most growers still had some level of DON. Growers that chose not to spray were more likely to have increased levels of DON. Even some growers that chose to spray still had high DON levels, depending on the sensitivity of the variety of corn and the environmental conditions at silking. Ideal conditions for growing corn, and ideal conditions for fungal diseases.

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Other News

IMPORTANCE OF DIGITAL MARKETING

Digital marketing and e-commerce can play a vital roles in the success of your businesses moving into 2024. Here's some reasons why they are something you should implement into your business for the coming year:

1. Global Reach

Digital marketing and e-commerce break geographical barriers, allowing businesses to connect with customers worldwide, not just locally. Through online platforms, companies can promote their products or services to a vast audience beyond their local area, expanding their market reach.

2. Accessibility and Convenience

E-commerce provides customers with the convenience of shopping anytime, anywhere. With just a few clicks or taps, people can browse products, compare prices, and make purchases from the comfort of their own homes. This accessibility enhances customer satisfaction and encourages repeat business.

3. Cost-Efficiency

Both digital marketing and e-commerce are often more cost-effective than traditional methods. Businesses can save money by reducing expenses related to physical stores, print advertising, and other traditional marketing approaches. Additionally, digital marketing allows targeted advertising, optimizing spending by reaching specific audiences interested in the products or services offered.

4. Data-Driven Insights

Digital platforms offer valuable data and analytics. Businesses can gather information about customer behavior, preferences, and buying patterns. These insights help in understanding customers better, tailoring marketing strategies, and improving products or services based on feedback.

5. Increased Sales and Revenue

Through effective digital marketing strategies and a well-designed e-commerce platform, businesses can significantly boost sales and revenue. Digital marketing campaigns drive traffic to e-commerce sites, and when combined with user-friendly and secure online purchasing experiences, they lead to increased conversions and sales.

6. Customer Engagement and Relationships

Digital marketing and e-commerce platforms enable direct communication between businesses and customers. Engaging content, personalized offers, and customer support contribute to building strong relationships, fostering loyalty, and creating brand advocates.

7. Adaptability and Innovation

The digital landscape is constantly evolving. Businesses that embrace digital marketing and e-commerce are better positioned to adapt to changes, adopt new technologies, and stay ahead of competitors. They can swiftly adjust strategies based on market trends, customer feedback, and emerging technologies.

Digital marketing and e-commerce are indispensable for businesses in the modern era. They facilitate global reach, provide valuable insights, enhance customer engagement, and drive sales growth. Embracing these digital tools and strategies is essential for businesses aiming to thrive, remain competitive, and succeed in today's dynamic and interconnected marketplace.

Are you interested in utilizing e-commerce and digital marketing in your business? Check out our E-Commerce Toolbox (www.firstnationsag.ca/digital-e-commerce-toolbox)

FNAFO also offers an Ecommerce Grant Program to support the development of ecommerce for small to medium-sized businesses. The grants aim to support business success, such as increased sales, profitability, employment, capacity development, and business sustainability. The funding is provided through the Indigenous Economic Development Fund by the Ministry of Indigenous Affairs.

Eligible applicants include First Nations farms and businesses, including individuals, family-owned, and community-owned businesses. Joint ventures or consortiums are also considered First Nation businesses if they are majority-owned by First Nation partners. Applicants must have registered status to be eligible.

The grants can provide up to \$8,000 in funding for projects of up to \$10,000. The applicant must contribute at least \$2,000 towards the project. To apply, interested individuals must complete an Ecommerce application, including a grant proposal outlining how the funds will be used.

All applicants are required to complete an Ecommerce application including a grant proposal that indicates how the funds will be used.

- Applications will require cost estimates that includes how much funding is needed and how the money would be spent for eligible activities.
- Applications will need to demonstrate "value for money" and the benefits of the proposal including increased sales & profit ably, employment, capacity development and business sustainability.

Grant recipients can use the funding for a range of ecommerce related expenses.

For more information, or for an application, interested individuals can contact FNAFO at 1.800.363.0329 or via email at info@firstnationsag.ca.

Please also stay tuned for several digital marketing workshops that will be available early in the new year!



Indigenous Economic
Development Fund