



Outlook for Farmland Values

Leigh Anderson
Sr. Ag Economist
April 2016

 @AndersonLeigh3

My Intro & Background



The Role of FCC Ag Economics

Ag Economist



Insight from Canada's leading team of agricultural economists and researchers.



Latest Posts

APR

18

2016

BoC Monetary Policy Report: Cautious optimism for Canadian Economy

In the April 13 release of the Bank of Canada's (BoC) Policy Report, there was a noticeable shift from previous reports of resource sector challenges ... [Read more](#)

👍 0 💬 0

APR

11

2016

3 takeaways from the 2015 FCC Farmland Values Report

In 2015, Canadian farmland values increased, nationally on average, by 10.1%. Although this is the second consecutive year that Canadian farmland values ... [Read more](#)

👍 0 💬 3

APR

04

2016

3 myths about Canadian agriculture: Busted!

In the spirit of April's Fools Day, I'd like to submit three 'myths' to some analytical rigor, in an unabashed testament to the diversity and resilience ... [Read more](#)

👍 0 💬 3



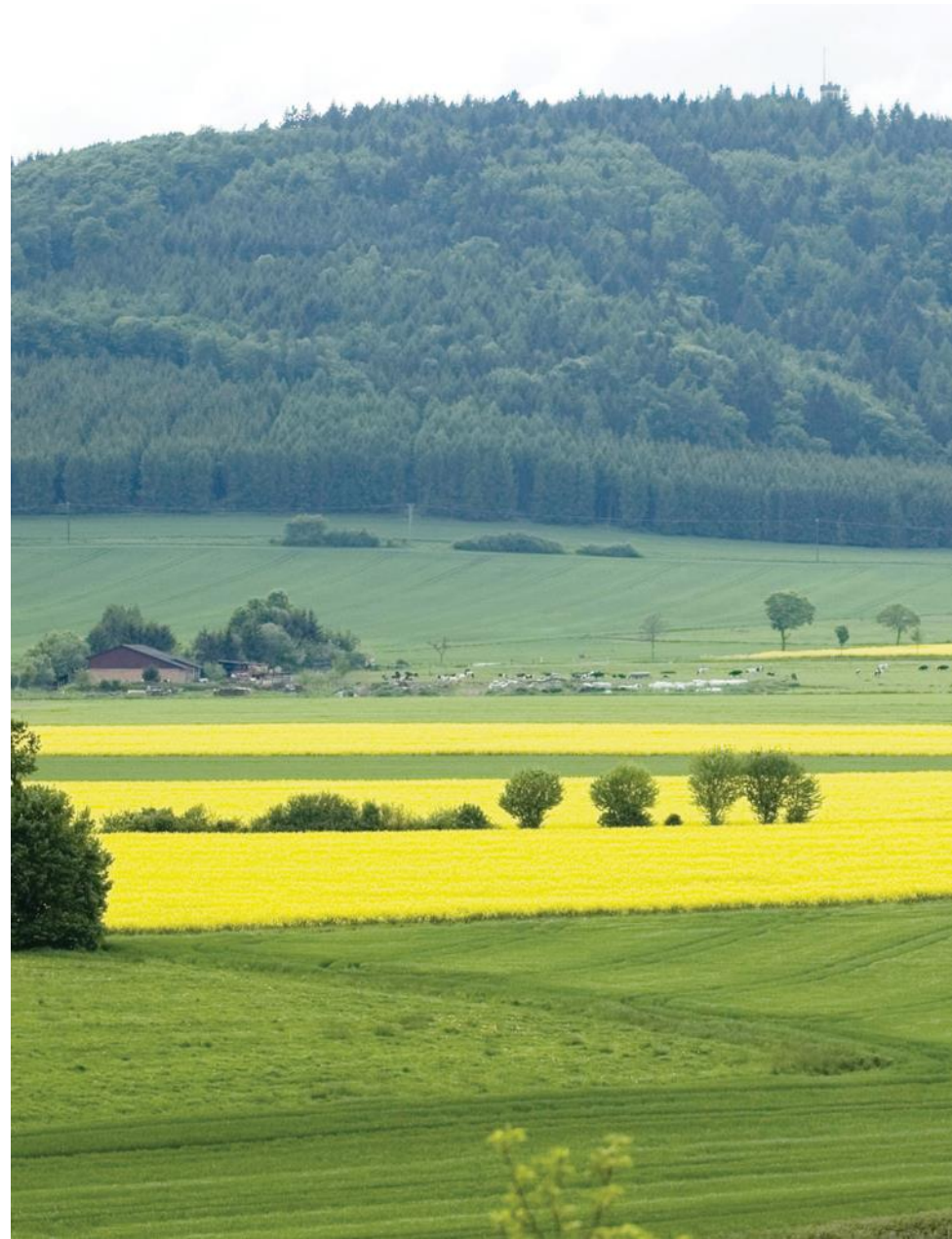
Farm Credit Canada
Advancing the business of agriculture

Canada

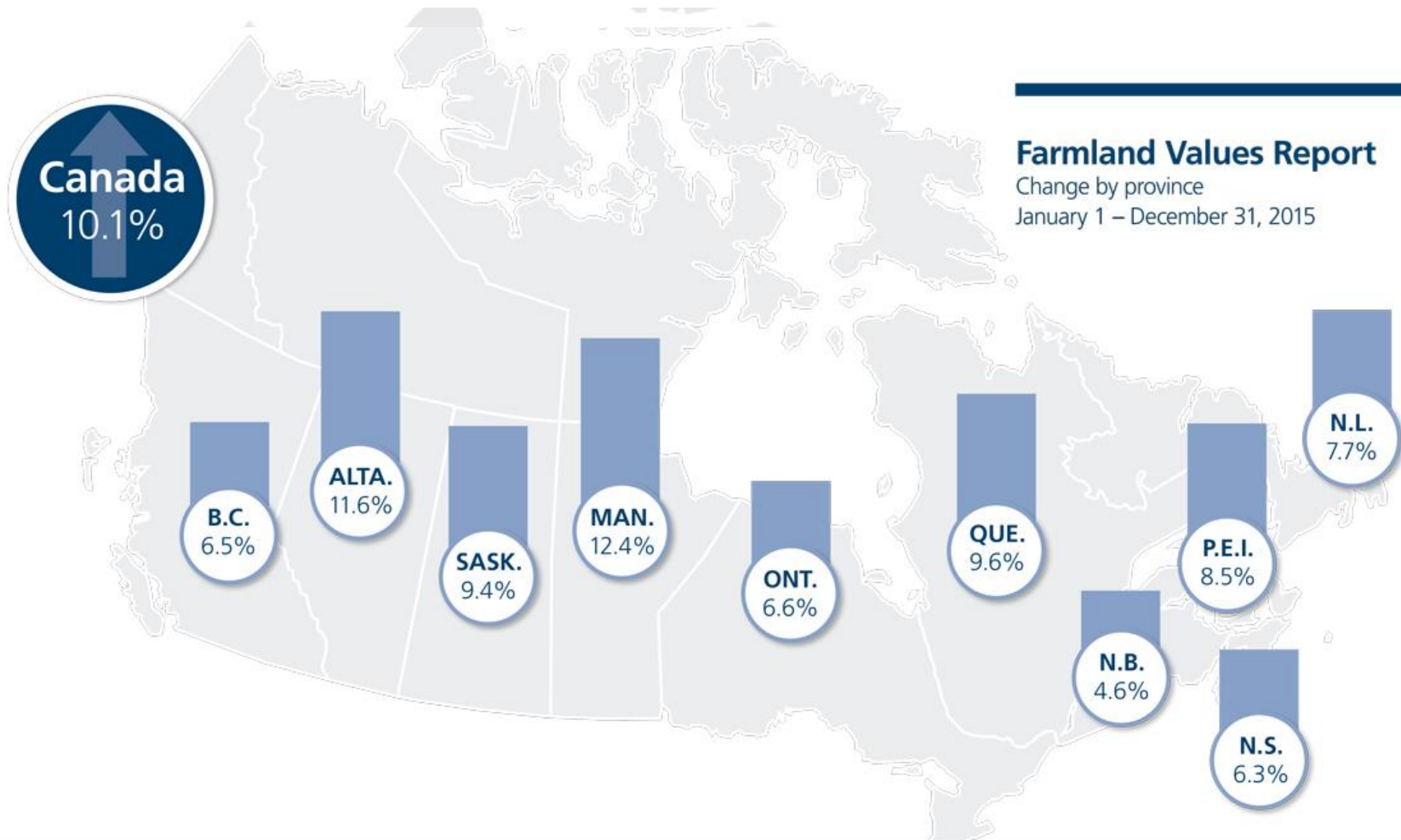


Outline

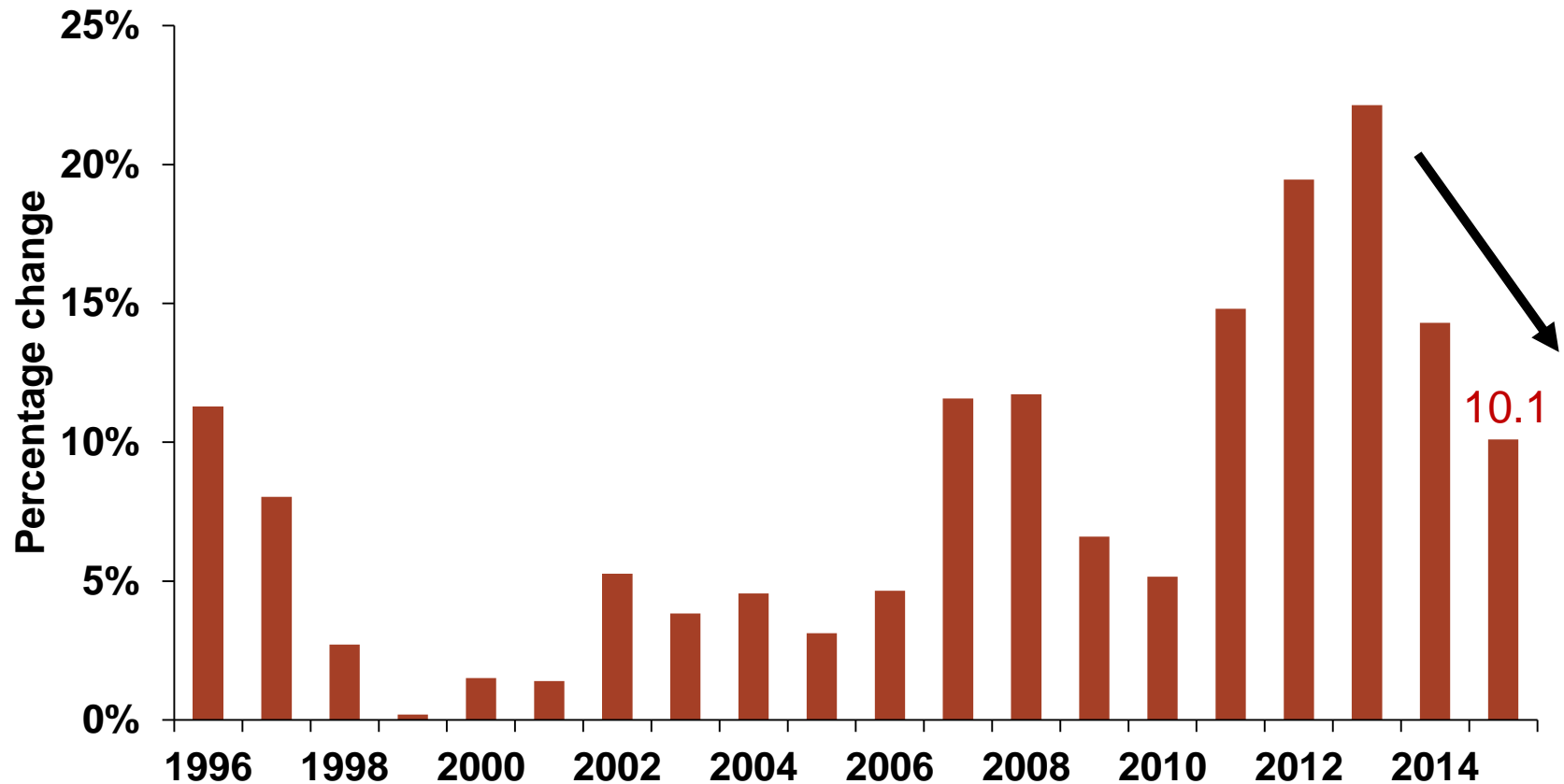
- 1. Results of the 2015 FCC Report**
2. Drivers of farmland values
3. Outlook



Average farmland values up in 2015



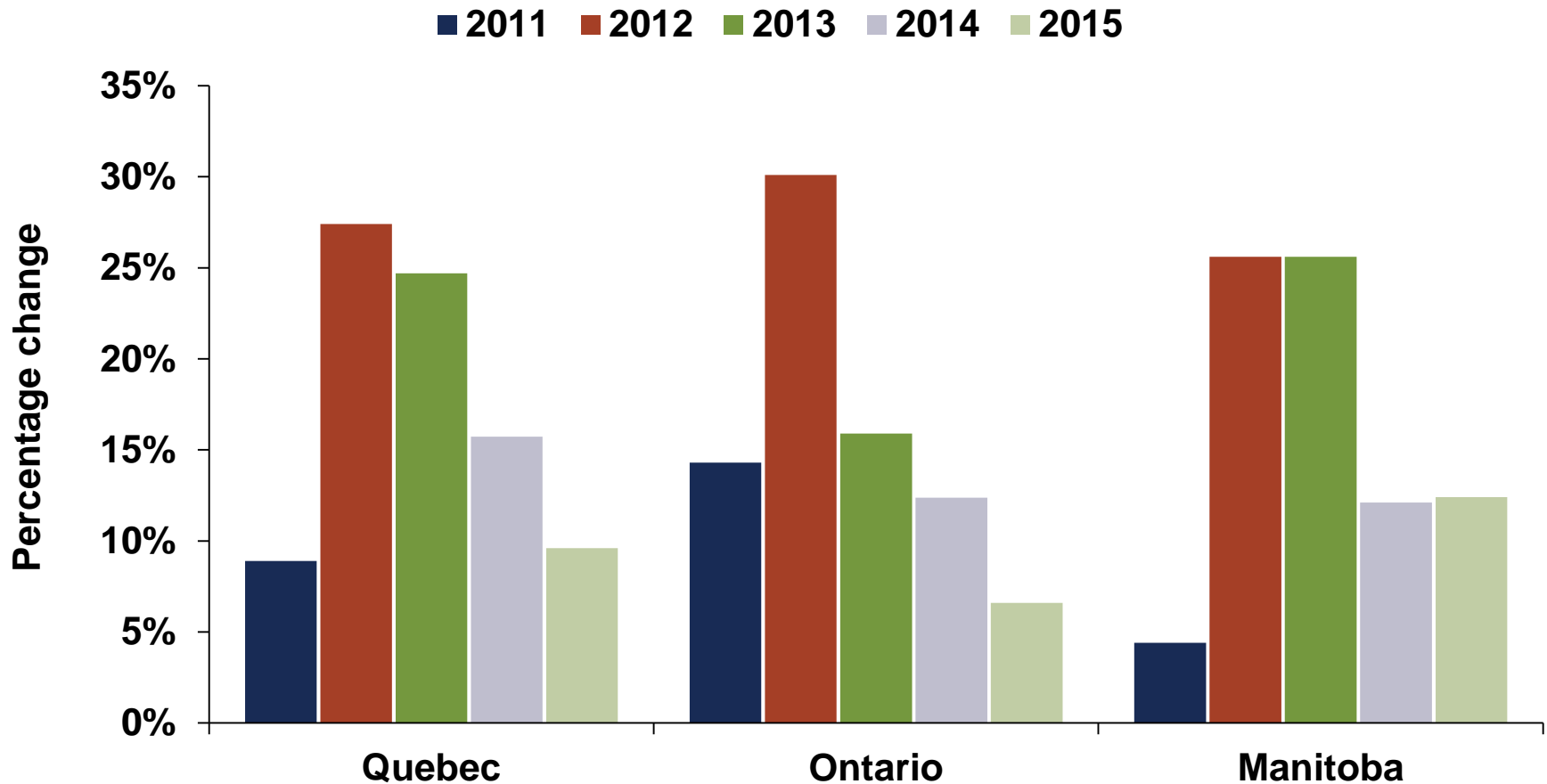
Annual % change in Canadian farmland values over time



Source: FCC Farmland Values Report



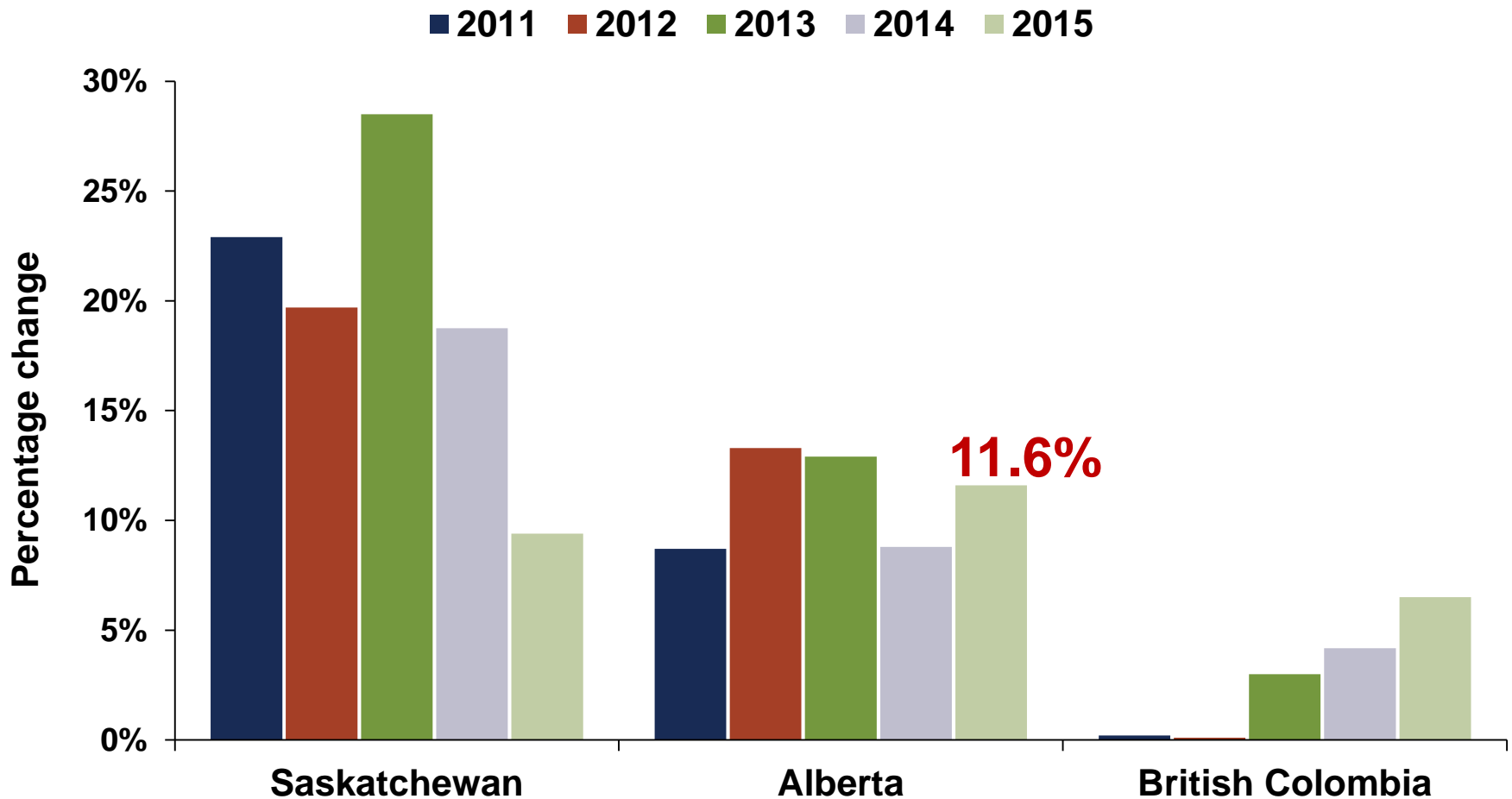
Annual % change in farmland values



Source: FCC Farmland Values Report



Annual % change in farmland values



Source: FCC Farmland Values Report

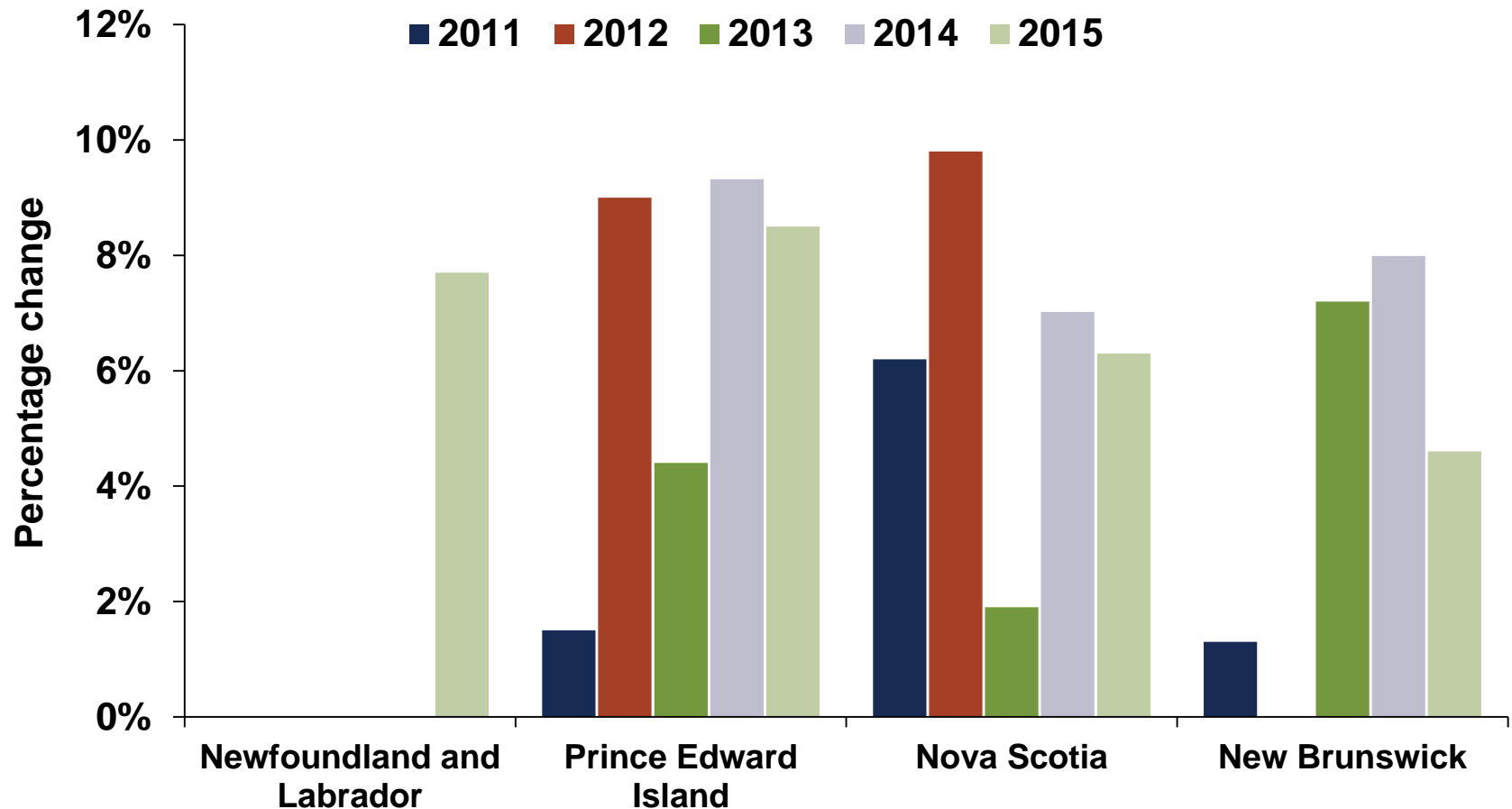


Farm Credit Canada
Advancing the business of agriculture

Canada



Annual % change in farmland values



Source: FCC Farmland Values Report



Farm Credit Canada
Advancing the business of agriculture

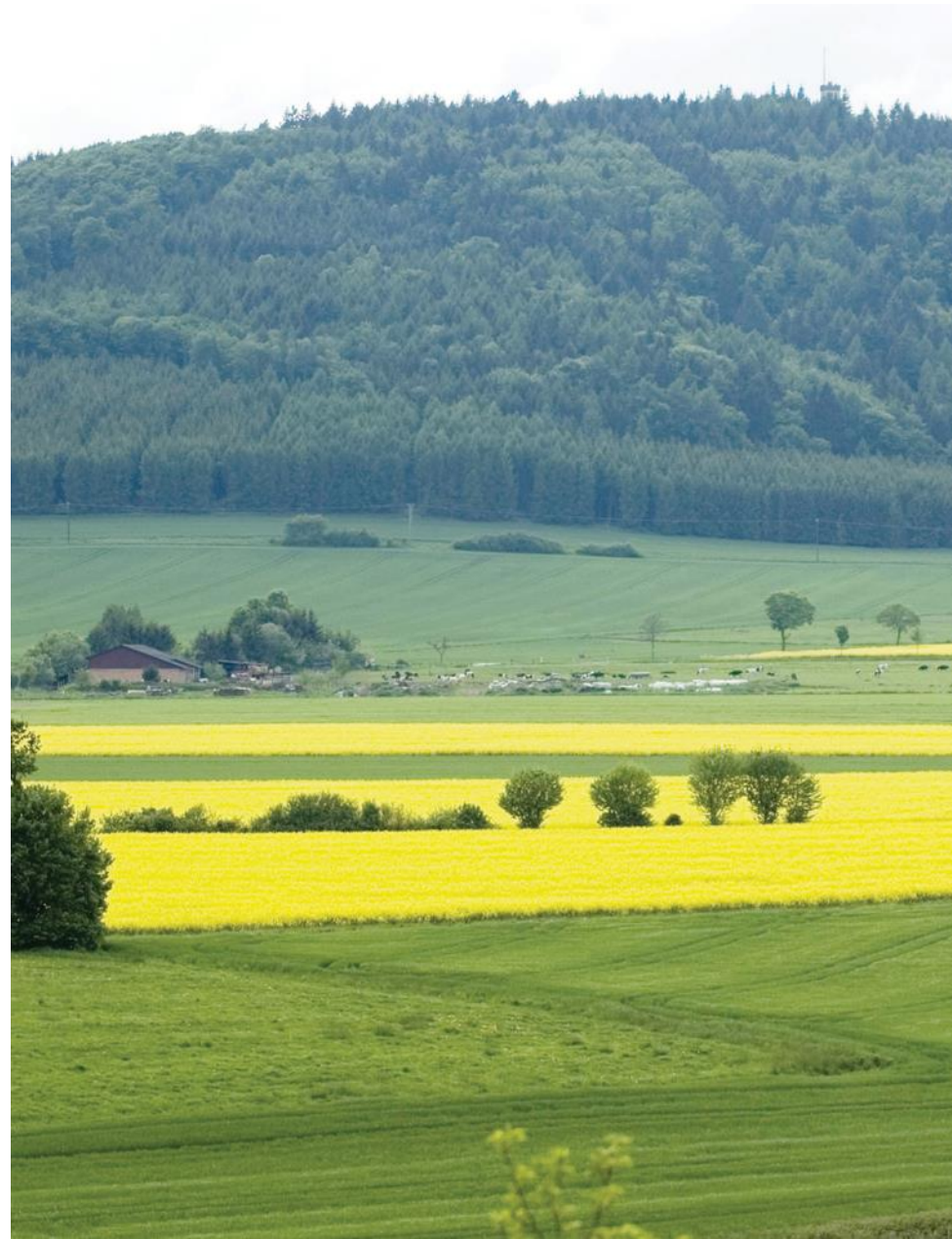
Canada



1. Results of the 2015
FCC Report

**2. Drivers of
farmland values**

3. Outlook



1. Interest Rates



Farm Credit Canada
Advancing the business of agriculture

Canada



Sluggish economic growth
kept interest rates low

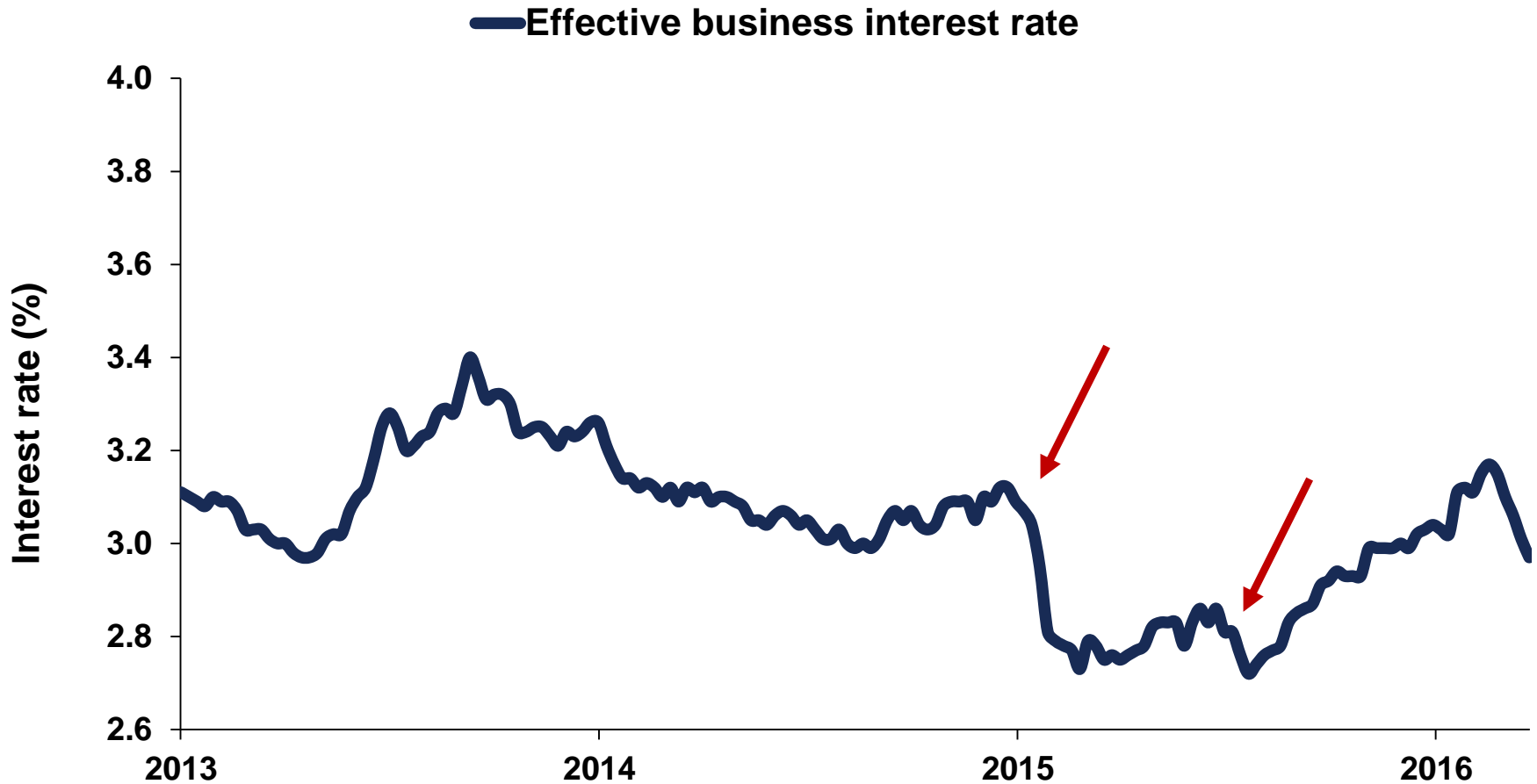


A low-angle photograph of the Bank of Canada building, showing its classical architecture with tall columns and statues in niches. The building is made of light-colored stone. A semi-transparent white banner is overlaid across the middle of the image.

Overnight rate cut twice in 2015

BANK
OF
CANADA

Rates are actually climbing.....?



Source: Bank of Canada



2. Crop Receipts

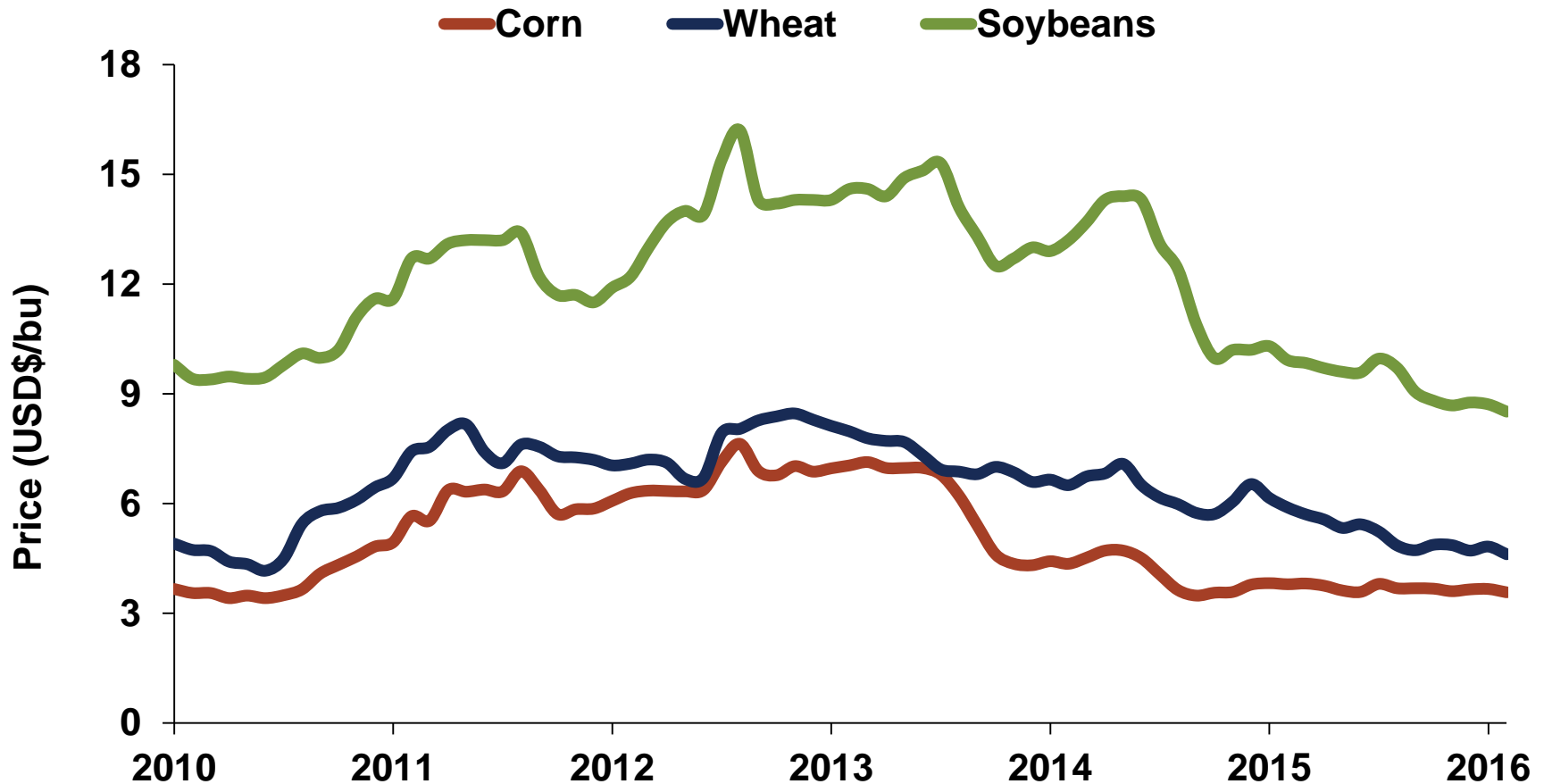


Farm Credit Canada
Advancing the business of agriculture

Canada



Grain and oilseed prices have declined, but remain higher than historical average



Source: NASS, USDA

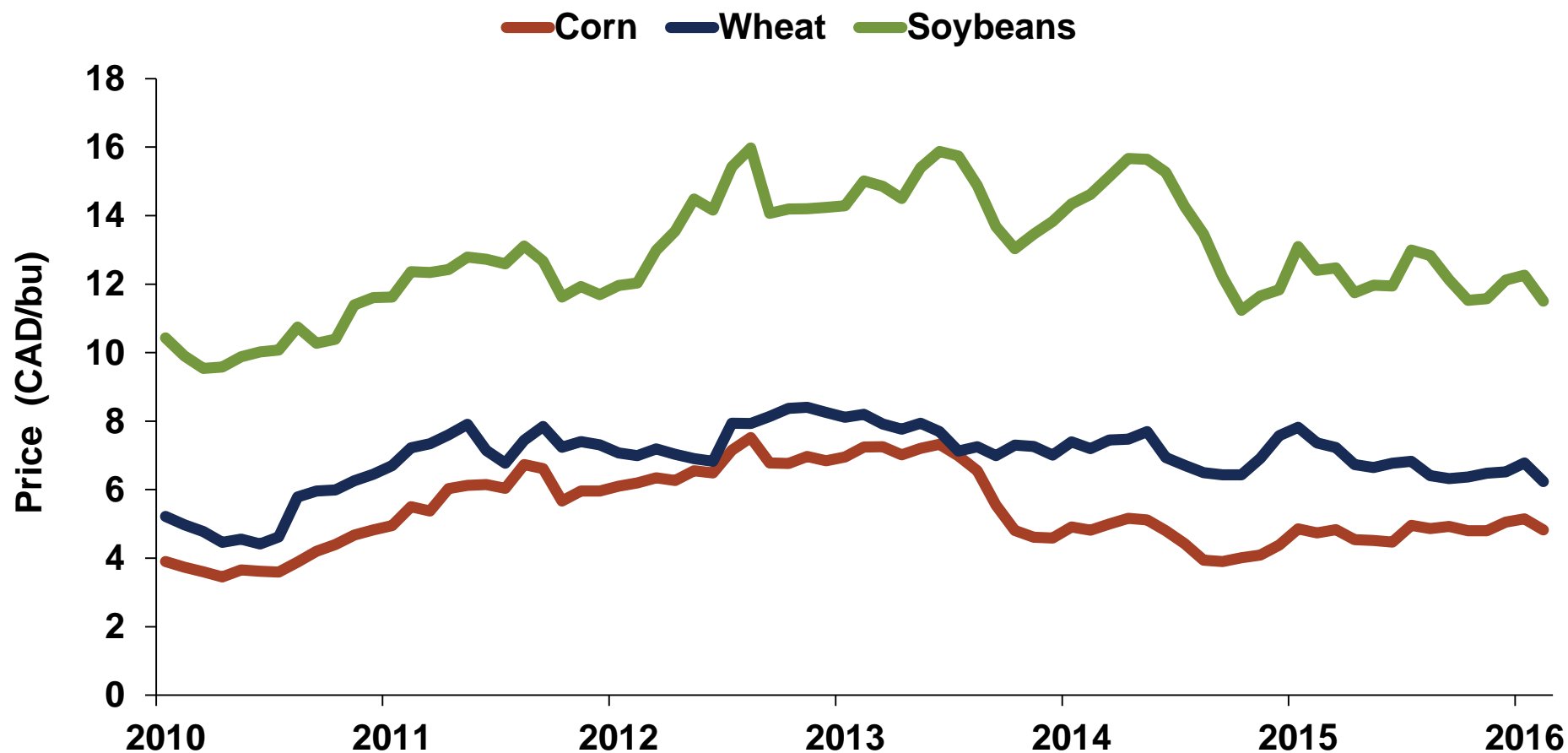


Farm Credit Canada
Advancing the business of agriculture

Canada



Canadian dollar prices



Source: NASS, USDA



Farm Credit Canada
Advancing the business of agriculture

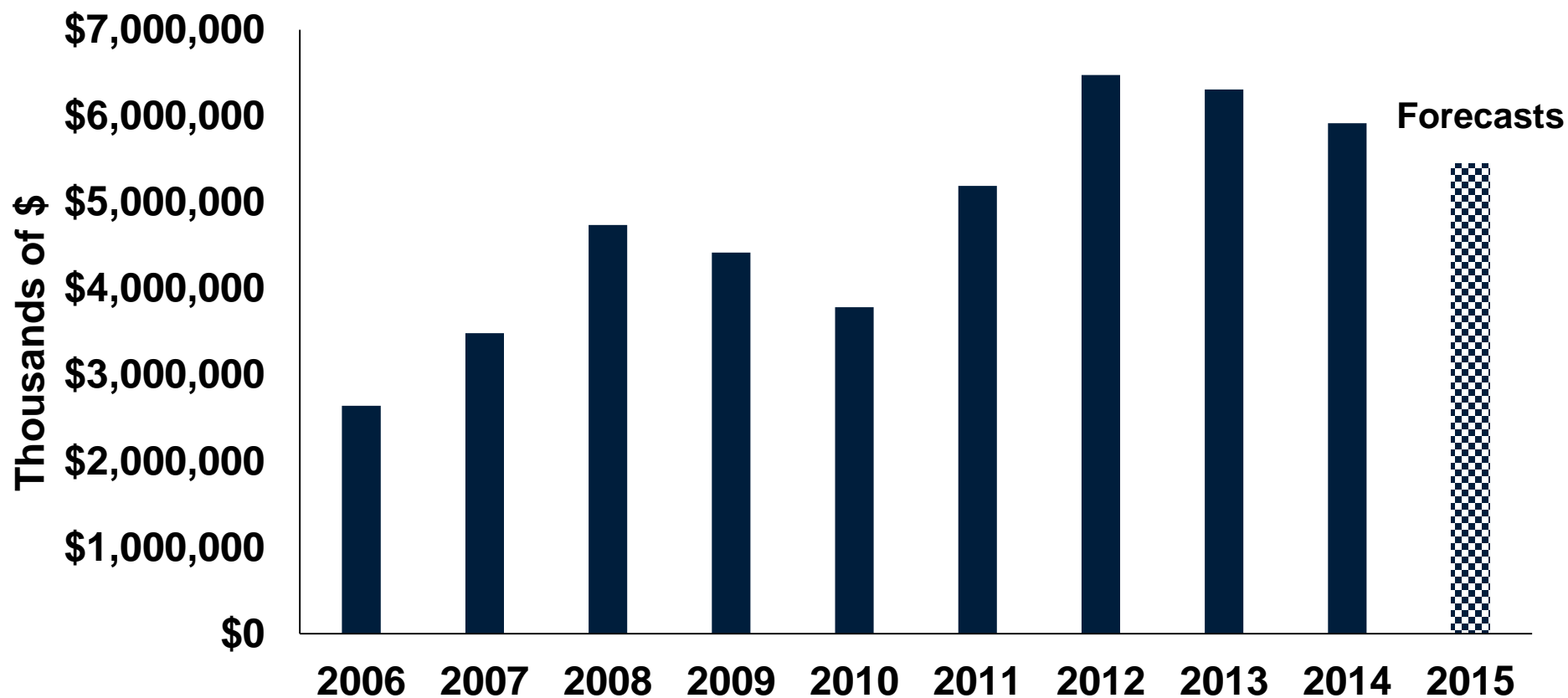
Canada



Grain and oilseed production is strong; with quality issues

	Canada			
	Production (metric tonnes)			
Year	Canola	Corn	Soybeans	Wheat
2010	12,788,600	12,043,300	4,444,600	23,299,600
2011	14,608,100	11,358,700	4,466,500	25,288,000
2012	13,868,500	13,060,100	5,086,400	27,205,200
2013	18,551,000	14,193,800	5,358,900	37,529,600
2014	16,410,100	11,486,800	6,048,600	29,419,600
2015	17,231,200	13,559,100	6,235,000	27,594,100
2010-2014 ave	15,245,260	12,428,540	5,081,000	28,548,400
2015/2014	5.0%	18.0%	3.1%	-6.2%
2014/2010-2014 ave.	7.6%	-7.6%	19.0%	3.1%
2015/2010-2014 ave.	13.0%	9.1%	22.7%	-3.3%
Source: Statistics Canada				

Beginning-of-the-year projections for Alberta crop receipts



Source: Statistics Canada and AAFC

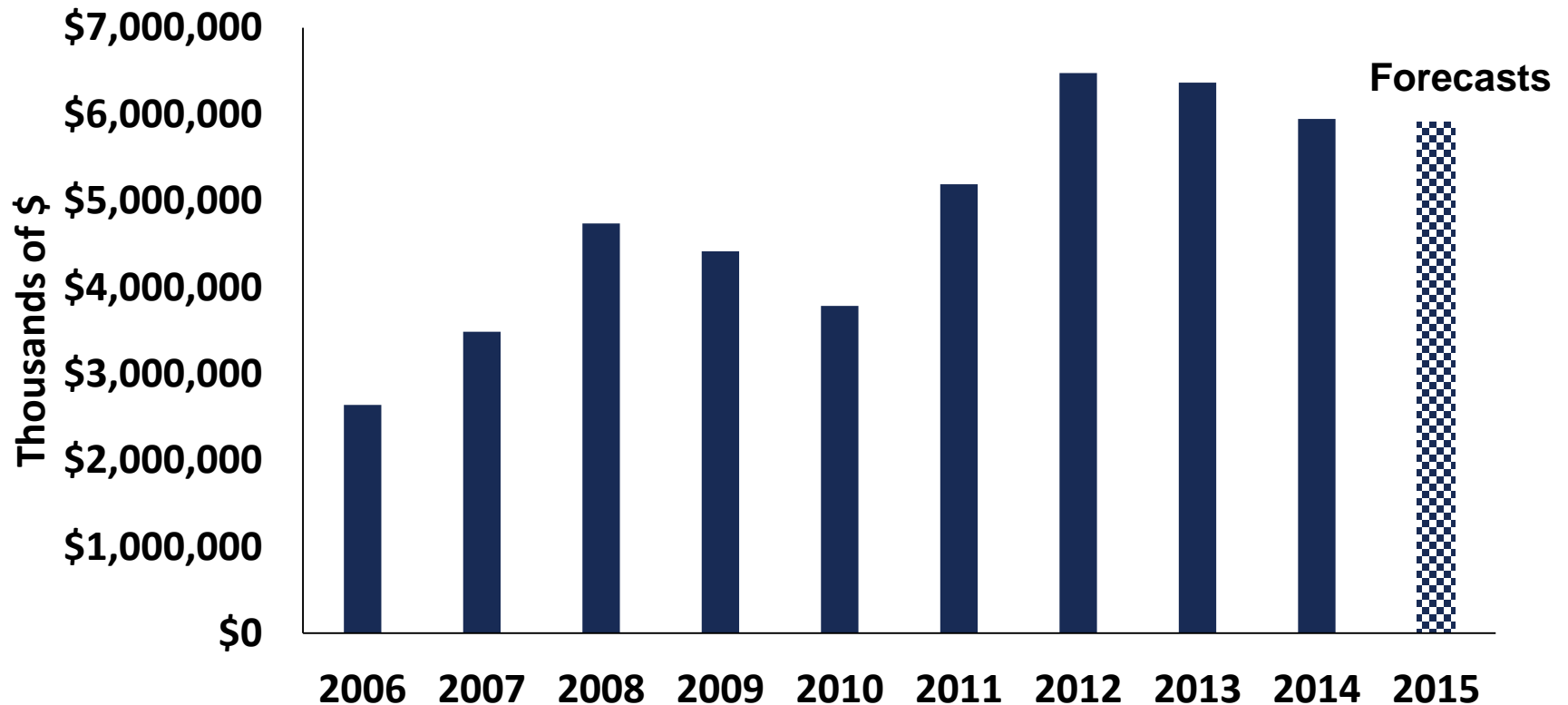


Farm Credit Canada
Advancing the business of agriculture

Canada



Latest 2015 crop receipt estimates closer to 2014



Source: Statistics Canada and AAFC



Farm Credit Canada
Advancing the business of agriculture

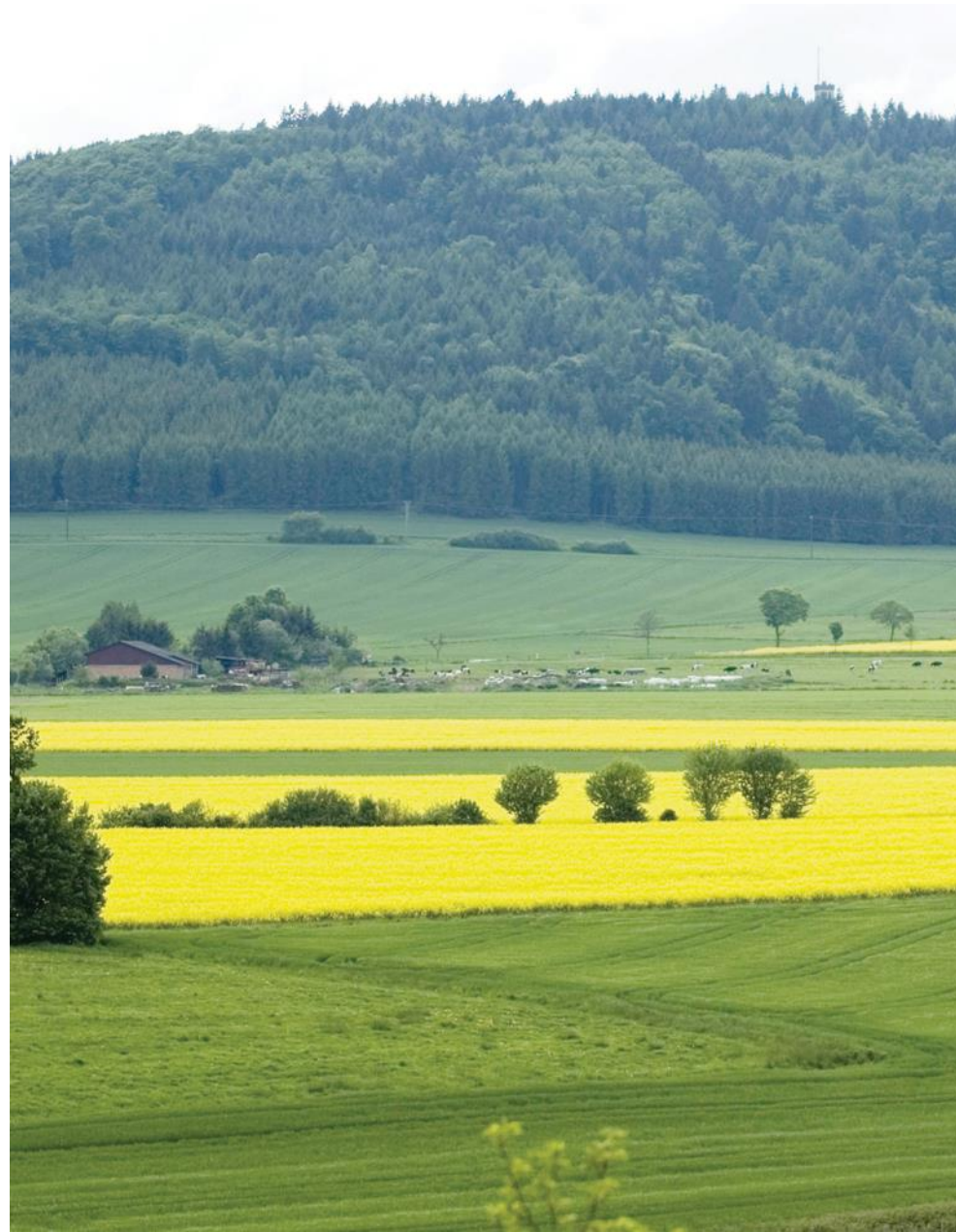
Canada



Farmland is a very local market...



1. Results of the 2015 FCC Report
2. Drivers of farmland values
- 3. Outlook**





Interest rates – lower for longer?



Source: Bank of Canada

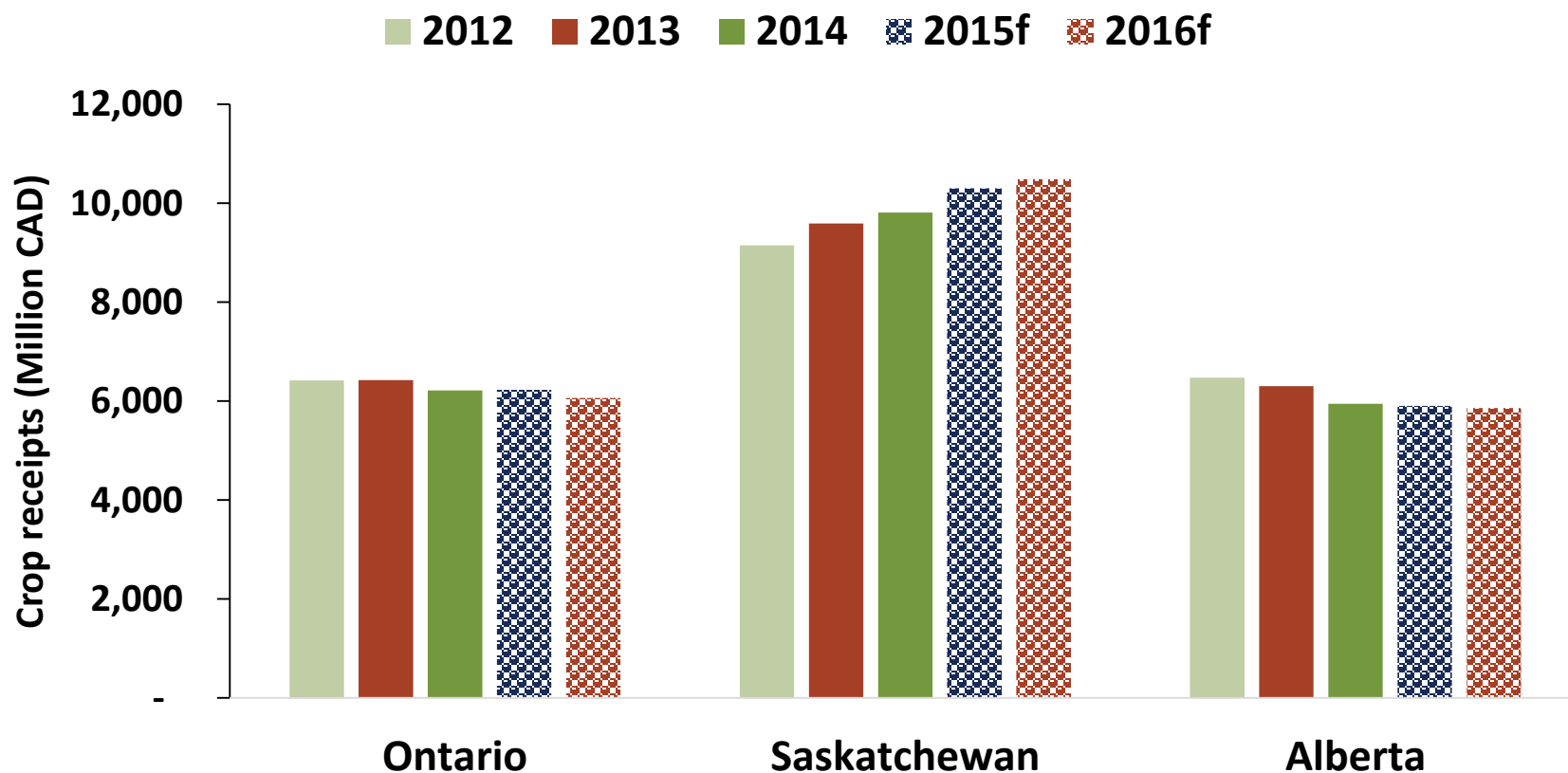


Farm Credit Canada
Advancing the business of agriculture

Canada



Crop Receipts Stable or Growing?



Source: Statistics Canada and AAFC



Farm Credit Canada
Advancing the business of agriculture

Canada



**Loonie is the wildcard in these
projections**



Caution vs. optimism



