

GLIMMER OF HOPE IN FARMER'S ECONOMIC OUTLOOK

*While Current Assessment Remains Bleak, Optimism for the
Next Six Months is Increased*



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Winnipeg, MB – The Canadian Farm Trends Report, prepared by Ipsos-Reid's Agribusiness, Food and Animal Health Division shows that commercial farmers continue to believe the Agriculture Economy is weak, and they remain cautious about their prospects for the next six months. Nevertheless, since the September Report their outlook for the agriculture economy is a little less negative, particularly in Alberta and among beef producers across the country where there are signs of increased optimism.

Perceptions of the current state of the agriculture economy have not changed much over the past few months. Less than one in a hundred Canadian farmers consider the agriculture economy to be "very strong" (1% rating 1 or 2 on a seven point scale) while almost six in ten feel it is "very weak" (58% rating 6 or 7 on a seven point scale).

- ✓ Nearly seven in ten farmers in Saskatchewan (69%) rate the current agriculture economy as "very weak", in contrast to British Columbia, where one in three farmers (34%) feel it is "very weak".
- ✓ Since September, farmers in Manitoba and Ontario had the most negative change in their view of the current status of the agriculture economy.



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A slight shift in optimism appears in the outlook for the next six months. Nearly seven in ten farmers (69%) think the agriculture economy will either remain the same or improve compared with just over six in ten who felt this way in September (62%).

- ✓ Producers in Alberta are most likely to expect the agriculture economy to strengthen (16%), double the number reported in Quebec and Manitoba (8% each).
- ✓ Producers in Alberta, Manitoba and Ontario are more likely than others to have a better economic outlook than they had in September while producers in Quebec record the most negative changes in their outlook for the next six months.
- ✓ Horticulture and Viticulture producers continue to have the most positive view of the current state of the agriculture economy, while Beef producers continue to have the most negative view. Dairy producers record the largest negative change in their perceptions of the current economic situation.
- ✓ In response to positive signals around the re-opening of the U.S. border to live cattle, beef producers show the most dramatic improvement in their outlook for the next six months. Nearly one in five Beef producers (19%, up 6 points from September) expect the agriculture economy will be stronger.



Perceptions of the agriculture economy have become more consistent across regions and farm types since the September Report. Views of the agriculture economy in general are also more in line with producers' sense of their own financial situations.

At the national level, a couple of bright spots have emerged, suggesting the agriculture economy may be turning a corner. The number of producers who expect to get out of farming in the next six months has dropped significantly. Less than one in twenty farmers (4%) now intend to transfer their operation to someone else, wind down their operation or sell their operation outright, compared to one in ten in September (10%). Also, intentions to purchase land are up despite lower expectations around other capital purchases. One in eight farmers (12%) said they are likely to purchase land in the next six months.

*These results are part of the findings of the Canadian Farm Trends Report poll conducted by **Ipsos-Reid Agribusiness, Food and Animal Health** between October 20th and November 6th, 2004. Telephone interviews were completed with a representative randomly selected sample of 875 commercial farmers with farm sales of \$50,000 or more. With a sample of this size, the results are considered accurate to within ± 3.3 percentage points, 19 times out of 20, of what they would have been had the entire Canadian commercial farm population been polled. The margin of error will be larger within regions and for other sub-groupings of the survey population. These data were weighted to ensure the sample's regional and farm type compositions reflect the actual Canadian commercial farm population according to the 2001 Census data.*



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