



Native Agri Update

No. 363, December
2016

www.indianag.on.ca

Published by
INDIAN AGRICULTURAL PROGRAM OF ONTARIO

Seasons greetings from the Board of Directors

Wishing you every happiness
this holiday season and
throughout the coming year.



IAPO Board of Directors

*Back Row left to right: Kevin Laidley OMAFRA, William J. Brant, Vice
Chairman (Peterborough District), Amanda Ioannou, Chairman,
(Peterborough District), Jay Wright (Brantford District), Front Row: Ted
Davis Jr. (Brantford District), Graham Hoogterp (London/Bruce
District), Margaret Manitowabi, Secretary Treasurer, (Sudbury District),
Robert Riddell (LRC Chairman)*

Holiday Hours: The Stirling and London offices will be
closed for the holidays at 1:00 pm Friday, December 23
and reopen at 8:30 Tuesday, January 3, 2017.



Inside

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

Contributors

Doug Macpherson—DM
External Programs
Coordinator

iapo-doug@on.aibn.com

Grant Edwards—GE
Farm Management Advisor
grant@indianag.on.ca

Jamie Hall -JH
General Manager
jamie@indianag.on.ca

Mark Leahy—ML
Business Advisor
mark@indianag.on.ca

IAPO
Box 100
Stirling, ON K0K 3E0
1-800-363-0329

info@indianag.on.ca

Agribusine

SS

Making a List and Checking it Twice

We find ourselves at the end of the year. For enterprising families there are a myriad of projects to complete. There are seasonal celebrations, gifts, parties, snow to be removed and cookies to be baked. It is a time that can tax everyone's time management strategy so it is time to have a list and check it twice. The list farm business owners includes a few tasks to allow completion of the farm's financial records.

The two main statements most useful to farmers are an accrual income statement and a balance sheet. The accrual income statement measures the profitability of the business for the year. The balance sheet measures the operator's level of ownership or equity in the business. The majority of farm operators use a calendar year (January 1-December 31) as their business year and the financial statements should be prepared as of December 31.

Do not get discouraged and weighed down by year end financials. Spend a day or two ensuring all expenses are paid before December 31. Make a list of those expenses that will be carried over into the New Year. Deposit all income from sales and avoid keeping those uncashed cheques in your wallet. For cash croppers, paying land rent is a task to complete before year end. This is your chance to feel like Santa. So by just completing sales and paying bills you are well on your way to completing the farm's financial year end.

Once the bank statement arrives for December 31, the final bookkeeping items can be entered.

Accrual Adjustments

To arrive at an accrual income statement, adjustments to income and expenses are made based on differences in farm values between January 1 and December 31, for grain, livestock and other production inventories, accounts receivable, accounts payable and prepaid expenses.

The exact dollar amounts for these items are also used in preparing a balance sheet. Grain and livestock inventories are generally the most significant items to consider when making these adjustments. Therefore it is very important to estimate the quantity and value of these items as accurately as possible. Grain should be valued based on the local cash market as of the end of the year. Determining the proper value for livestock can be more difficult. Again, it is important to get an accurate estimate of the number and weight of the animals. The current cash price can be used for estimating values for market livestock. A conservative "base value" should be used for breeding livestock. A conservative base value would reflect the value for slaughter purposes rather than for breeding stock purposes. However, judgment should be used in how these values reflect on individual circumstances. This base value can utilize local cash prices but should not fluctuate significantly from year to year. This prevents net farm income and net worth changes simply due to valuation changes in breeding livestock, an asset that normally wouldn't be liquidated for an on-going business.

Accrual adjustments are easily made once you have made a list of year end inventories on your farm. Your list should be detailed and include such items as seed, herbicide, hay in the barn, fuel in the tank in addition to the usual stored crops, hives in the yard, unsold maple syrup and so on. Once a list is completed then values are attached to each item.

Accounts Receivable

Other 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 in the present year, 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.

Accounts payable are expenses that have been incurred for the business year but have not been paid for as of Dec. 31. This could include a variety of items. Examples of accounts payable include outstanding drying and storage charges, accrued interest on operating and term loans, cash rent, and repairs

Balance Sheet Considerations

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 items. Once a list has been compiled it only needs to be updated at the end of the year.

DM

Summary Here is a short list of year-end requirements from the discussion above:

Detailed list of all farm inventories (supplies, feed, crops, livestock, honey, maple syrup, etc.) as of December 31

Complete updated list of machinery, equipment, land and buildings with values

List of unpaid bills & prepaid expenses

List of sales made for which money has not been received

Market

Information

BEEF MARKET



Prices are courtesy of the Beef Farmers of Ontario Weekly Market Information Report for the week ending December 2, 2016.

Changes here reflect the difference in prices from the week of October 6, 2016 to the week of Dec.1, 2016. Weekly reports provide average prices for the week but do not include Friday sale results.

With a reversal from our last report, rail grade and fed cattle prices have strengthened while stockers are weaker.

Rail grade steers are up \$28 and fed steers and heifers are up \$8 to \$14.

Cull cows are on a seasonal slide, off \$5. Bulls are down \$7. Stocker steers are down \$9 to \$16 and heifers are off \$7 to \$14 depending on weight category.

Herd expansion in Canada is minimal but the story is different in the U.S. where herd numbers are increasing. Protein production including beef, chicken and pork has increased 10% in the U.S from 2014 to 2016. This has impacted the Canadian beef picture considerably. Combined with the beef cycle now in the expansion phase it is expected prices will weaken further before we see an increase.

Feedlots have seen serious negative margins since September of 2014 forcing managers to reduce bids on stockers.

All prices are on a hundred pound basis (cwt)

All prices are on a hundred pound basis (cwt)

CROP MARKET

Source: Excerpts from Monthly Market Trends Nov Dec by Phillip Shaw GFO www.gfo.ca

One of the biggest harvests in US history is coming to completion. The 2016 growing season has been one of the best in years and on November 9th, the USDA raised yield expectations for both corn and soybeans. The USDA is now expecting record corn and soybean crops.

Corn The corn crop has exceeded expectations so far in Ontario. Dry weather did have a significant impact in Niagara and other parts of central Ontario with lower yields. However, corn yields have been better than expected in many areas where dry weather had manifested itself. In fact, it is very likely that the Ontario corn yield will be in the range of 155-160 bushels per acre giving us much more corn than originally had been expected. Corn is being planted in Brazil with favorable weather so far. With so much corn on the ground in the United States, more pressure from Brazil will not be welcome. Monitoring those crop conditions in the next few months may give us some clues to price direction. Seasonally corn futures tend to trend down into late November.

Soybeans There was some delay in the harvest of IP soybeans in deep southwestern Ontario as dry down has been elusive. However, soybean yields have been very strong across the province. There is some credence being given to the idea that the soybean crop will be a record.

Wheat Wheat supplies are onerous and prices are rising continues to hurt US exports. The wheat that is planted, but we all know it is really difficult to know how much wheat will be planted in adequate weather to get it planted like we did last year.

Upcoming Events

- January 7 & 8 - Southwest Ag Conference, University of Guelph, Ridgetown.
- January 20 First Nation Maple Syrup Seminar, Whitefish River First Nation Community Centre, Birch Island. For more info contact IAPO.
- January 26-29 - Guelph Organic Conference, University of Guelph.
- February 22 & 23—Ontario Fruit and Vegetable Conference, Niagara Falls.

Winter wheat production is forecast at 1.68 billion bushels, up 1 percent from July and up 13 percent from 2011. Based on August 1 conditions, the United States yield is forecast at a record high 48.0 bushels per acre, up 0.3 bushel from last month and 1.8 bushels higher than last year. The area expected to be harvested for grain or seed totals 35.0 million acres, unchanged from last month but up 8 percent from last year.

Hard Red Winter at 1.01 billion bushels is up slightly from a month ago. Soft Red Winter production is up 1 percent from

Livestock Information

Beef Production UPdate

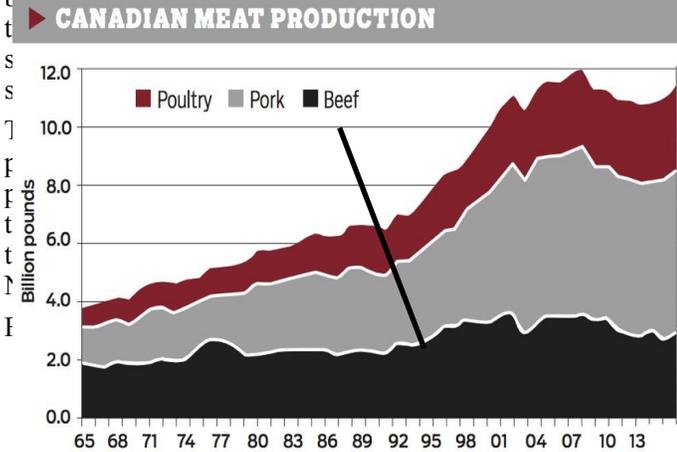
Current Beef Production

Beef farmers continue to be surprised at how quickly prices are falling. Prices rose rapidly to record highs in 2014 and have declined as rapidly in 2016. Total protein production made an impact in both scenarios. In 2014 porcine epidemic diarrhea virus (PEDv) crippled pork production and challenges in the U.S. broiler industry combined with low cow numbers and reduced beef production caused beef prices to soar. Keep in mind the U.S. market overshadows the picture in Canada. Pigs and chickens have a much shorter production cycle compared to beef. The PEDv condition was overcome, broiler challenges reduced along with beef herd expansion in the U.S. all contributing to a large increase in production of pork, chicken and beef to date. The result is declining prices for the cow-calf farmer and feedlot manager. The consumer has a number of options for quality reasonably priced meat. Pork and chicken have been winning out. *Courtesy: Statistics Canada/Canfax*

The chart above shows the growth in Canada of combined pork, chicken and beef production from 1965 to 2016. There has been a major increase starting about 2000 with pork being the biggest winner. Chart indicates the dip in production of poultry and pork in 2014. Not all production is consumed in Canada, for example, for export home. This emphasizes the importance of trade agreements.

There Are Opportunities

While cow-calf farmers may be overwhelmed with the sliding calf prices, beginning farmers and those looking to expand. Too often it seems



expensive with the low ending of the a low price market retained heifers have less market value, the good news here is that we have beginning and expanding First de to build their herd in anticipation of better times. grow in the cow-calf business.

Retaining Heifers.

In professional sports it is believed that the most successful way to build a winning team is through the draft of young players. The same is true in building a profitable cowherd. A careful heifer selection results in a more productive cow herd. The ideal replacement heifer may vary from farm to farm but with many similar traits.

Heifers that reach puberty early, breed early, drop potentially growthy calves without assistance and rebreed in a timely fashion are ideal additions to the herd. As in sports not all draft picks will be keepers. If ten heifers are chosen and retained perhaps seven will be in the herd at second calving. This is a better success rate than most teams.

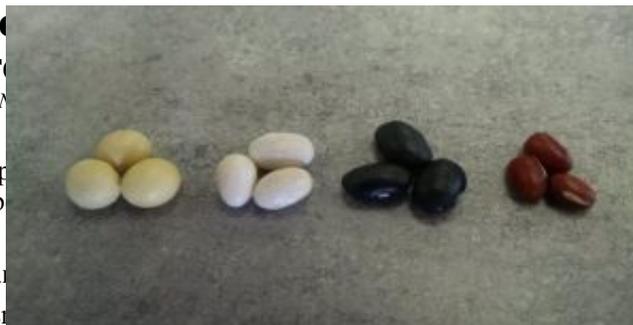
To end up with the best heifer draft consider conformation, cow family, birth time in the calving cycle and age to mature weight. Heifers born in the first 21 day calving period tend to mature and breed early and match the herd calving cycle. Records on cow families can be helpful. Early calving cows tend to produce offspring with a similar trait. Cows with a calm disposition generally produce calves with a quiet temperament. Good milking cows with tidy udders pass this along as well. Often sire selection is based on traits for growth, mature size and finishing qualities.

Selecting heifers with a plan in mind reduces the risk.

Crop Information

Comparing Soybean and Edible Bean Production

Source: Field Crop Magazine



What type of dry beans should a soybean grower try?

The small seeded types or “market classes” are probably the best option for size to soybeans, and adzuki are a bit smaller. These small seeded beans are better suited to the equipment used for soybeans.

What is the profit potential of soybean vs. small seeded dry beans?

Below is a table comparing the cost of production of the different small seeded beans. Yields are given, and a range of potential profits per acre is also given using an example price only.*Cost of production from OMAFRA Field Crop Budgets. The cost of land rent not included. The cost of production for adzuki are assumed to be similar to costs for white and black beans. Yield ranges are taken from Ontario performance data.

As you can see, at the lower end of the yield ranges, adzuki beans appear to be the most profitable but the other 3 bean types have a fairly similar profit per acre. Without the premium for IP soybeans, the profitability of an average or low yielding GM soybean crop would be the least profitable – on

* Bids for 2017 IP soybeans are over \$15.00/bu currently

paper, anyway. There are, of course, other factors to consider such as the amount of field work required for dry beans.

The earlier harvest of dry edible beans gives an opportunity to plant winter wheat in a timely fashion and many growers report excellent winter wheat results following dry beans.

IP soybean, white bean, black bean and adzuki bean

Other production facts about dry beans:

Dry beans are managed more intensely than soybean. Scouting for symptoms of disease or stress, applying foliar sprays, cultivating for weed control, or tracking maturity to ensure the harvested beans are high quality and suitable for consumers who value visual appeal.

Dry edible bean fields are typically tilled. Very few growers use a no-till system, as no-till systems can make it difficult to achieve good emergence and, in some cases, good weed control. Inter-row cultivation is also used in many cases to control weeds, because herbicide options are limited in dry beans.

Application of some nitrogen is common in dry beans, as is multiple fungicide applications to prevent white mould and anthracnose. Desiccants are applied where beans are direct harvested, to dry any green tissue and control weeds for ease of harvest and to keep beans free from green staining.

In Ontario, **nearly all dry edible beans are grown on contract.** Bean dealers will provide information on management and which pesticides are acceptable for the end use market, and may also offer custom services for field work, including harvesting.

GE

Requirements suggested for planting dry edible beans?

Page 5

Well-rotated ground with good soil structure (no heavy clay soils)

Corn and cereals as previous crops for weed control, alfalfa for soil structure

Low levels (less than 3000 eggs/100g of soil) of soybean cyst nematode (SCN) for adzuki beans



Alternative Agri Update

Preparing for Maple syrup season

The comment I hear from small family operations and commercial suppliers at tapping time. It is next to impossible to obtain evaporator the new year. Order equipment in the fall to have any Public Health For the smaller operator local stores. INDIAN AGRICULTURAL PROGRAM equipment. Make arrangements now. It may mean a drive to pick up supplies at a dealer. The good



lack of osmosis ng springs and filtering



and ne in etter. y to

From The Manager's Desk

Sap is a perishable product with a short shelf life particularly as the temperature warms up. It is important to have enough fuel for the season. In most cases this means dry firewood stacked nearby. Firewood needs some drying time depending if it is cut green or from a dead tree. Ready fuel means no interruptions in boiling. **Healthy Tapping**

Health of the maple bush is a concern with producers. Many First Nation producers practice healthy tapping methods. Recommended practices that encourage a healthy maple bush. Avoid tapping when the trees are frozen to prevent splitting the tree. Tap at 5C or above.

Type goes here

www.indianag.on.ca

By Doug Macpherson, General Manager

iapo-doug@on.aibn.com

Subheading

Table of Contents

From The Manager's



Information

General Information

Page #

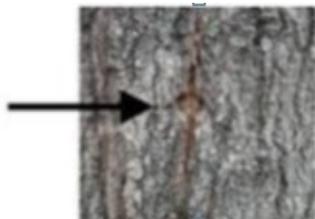
Calendar of Events

Page #

ML

Tap new holes 2" to left or right and 12 " inches above or below previous hole. This avoids the dead area resulting from last year's tapping. Rotate around the tree from season to season.

Last year's tap hole.



Use 5/16 inch diameter bit and push straight in on an upward angle, pull straight back out. This method encourages a clean hole. Avoid an oval shaped hole as this results in sap leakage.



and drill the drill bit over

5/16 health spile for buckets 5/16 health for pipeline

Drill tap hole at a slight upward angle to drain sap and rain water by gravity flow after season ends reducing bacteria

BEGINNING FARMER PROGRAM Now Accepting Applications for 2017 INDIAN AGRICULTURAL PROGRAM OF ONTARIO

IAPO will be accepting Beginning Farmer applications until January 27, 2017. Eligible farm businesses include: livestock, crop, vegetable, fruit, maple syrup, honey, floriculture and nursery production, mixed farming and aquaculture.

Successful applicants will be able to access financing and cost share funding for their new business.

Eligible costs include livestock, equipment, machinery, materials, inputs, building costs, storage etc. On approved projects, participants are eligible to receive 30% cost share up to a maximum of \$15,000.

Applicants must have Indian Status, be between the ages of 16 and 35 years old and contribute a minimum of 5% equity. As well, applicants must not have owned or operated a significant farm business previously. For more info, including eligibility requirements or an application, contact 1-800-363-0329 or info@indianag.on.ca

Western Office
Box 93 Station Lambeth
6453 Hamlyn Road
London, ON N6P 1P9
Phone: 519-652-2444
Toll Free: 1-800-663-6912
Eastern Office
Box 100
220 North Street
London, ON N6A 5E0
Phone: 519-395-5505
Toll Free: 1-800-363-0329