



NEWS RELEASE

“The Voice of Manitoba Farmers”

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Rising Dollar Puts the Squeeze on Farmers

Winnipeg – The Canadian dollar has reached its highest level in nearly thirty years, and Keystone Agricultural Producers (KAP) says that Manitoba’s farmers will be taking a hit in the wallet as a result. Everything from hogs to cattle to grains and oilseeds is likely to be affected as a result of the appreciating loonie.

Manitoba exports a large percentage of its agricultural products so when the Canadian dollar rises, international competitiveness decreases and triggers a real drop in the actual price received by farmers.

“Farmers will feel the negative side effects of the dollar’s surge almost immediately,” says KAP President David Rolfe. “Our commodity prices are going down and our cash flow is drying up, but we still don’t see any price drops for the inputs we buy from the international marketplace as a result of the change in currency values. The rising Canadian dollar turns out to be a lose-lose situation for most farmers.”

Rolfe also highlighted the importance of risk management programs in agriculture particularly when external factors, like the value of the Canadian dollar, can have such a significant impact on the financial situation on the farm. Should the trend continue, there may be a related increased demand on safety net programs as cash flow decreases and expenses remain constant.

The rise in the Canadian dollar has also fuelled speculation that interest rates will be increased. If this is the case, farmers will take another financial hit. Farming debt has hit a record high of \$50 billion, which has doubled since 1996. Increasing interest rates combined with lower commodity prices will limit farmers’ ability to service their debt.

“This is the real sleeper issue behind the rising dollar,” says Rolfe. “This could be a double-whammy for many farmers who would have to deal with a decrease in commodity prices, higher debt repayments, and higher borrowing costs.”

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