

# LEGUEE FARMS NEWSLETTER



April 2022

## OUR WEBSITE

Check out our website to find information on our farm, from our vision and mission, to Jake's blog, to a variety of photos of the farm. You can also find the numerous agriculture industry projects Jake & Sarah have helped with.

[www.legueefarms.com](http://www.legueefarms.com)



## A WORLD IN CHAOS

### Just when you thought things couldn't get any worse...

Remember “Black Swan” events? Known as rare, catastrophic, unpredictable events, they were popularized by author Nassim Nicolas Taleb in his popular 2001 book, *Foiled By Randomness*.

Well, the count of Black Swan events affecting agriculture over the past two years must number in the dozens. A pandemic, lockdowns, supply shortages, labour disruptions, rail service failures, energy shortages, a war... this list goes on.

In a year with much diminished production in Western Canada, we have not been able to answer the call for increased exports. Even if we had a large crop, the catastrophic flooding in BC last November, the subsequent failure of the railways to manage through it, and tough winter weather would never have allowed us to get our grains to port. The gargantuan demands from our challenged planet and limited supplies, not just here but in many other exporting nations, has resulted in unprecedented pricing. For those who have a crop, it is a big opportunity, but a great many don't have the production.

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*“This is the biggest supply shock that we can find, looking backwards at our data to 1914... on a caloric basis,” amounting to about 11% of the world's annual consumption. “God forbid we have a weather problem this year.” ~ Dan Basse, AgResource*

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The result of all this disruption is, despite one of our smallest crops in decades, is a successful year for us in 2021. But 2022 looms large with new – and returning – challenges and threats.

## INFLATION IS NOT NEWS ON THE FARM

We're hearing an awful lot about inflation these days. It is a real and worrying trend. Here on the farm, though, we have already seen extreme inflation in our fertilizers, fuel, chemical, and machinery – assuming we can even get them. Availability of our most crucial supplies is a real threat this year, so we took delivery of as much as we could last fall. Not an easy choice



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to make at the cost of everything we bought at that time, but I'm sure glad we bought what we did at that time.

It's also worth noting, despite all the news about high wheat prices affecting food prices, that here in Canada, it isn't really that big of a factor. Wheat itself makes up just 4% of the cost of a loaf of bread, so higher grain prices are far from the only reason for increasing food prices. In developing countries, though, this is a real food crisis.

## FERTILIZER PRICES AND LIMITED AVAILABILITY CONTINUE TO ASTONISH

Last fall, when nitrogen prices skyrocketed by almost two times their summer prices, it seemed reasonable to believe the worst was behind us. Even then, though, supply shortages were a clear danger, and prompted many of us to buy even at such inflated prices. By December-January, urea prices actually started to soften – and then collapsed (at least, at the port, not so much in the country). Were we seeing a repeat of the 2008 market on fertilizer? That year, nitrogen and especially phosphorus prices rocketed up in the fall, only to completely collapse by spring. Those who waited were rewarded.

Unfortunately, this time *was* different. Russia's invasion of Ukraine prompted a series of events around the world that caused fertilizer prices to spike even higher. Now, those who waited to book would not only pay more; they just might not get what they need – at all.

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*“(T)he breadth and intensity of this supply shock could have more severe consequences than previous commodity price spikes, by broadening inflationary pressure.” ~Barclays Chief U.K. and Senior European Economist Fabrice Montagné and Head of Economics Research Christian Keller said, in a report.*

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## BEYOND THE FARM

### Jake re-elected to the SaskWheat Development Commission

Jake started his second (and final) term with the SaskWheat Commission after winning the election in the fall of 2021. He continues to serve as vice-chair and as a director with the Canadian Wheat Research Coalition.

### Sarah travels to Ottawa

Sarah had the opportunity to join the APAS Youth Mentorship program in 2021, which was capped off by an excellent week in Ottawa. There, she was able to meet with federal politicians and government staff, along with meeting with other organizations, like the Canadian Federation of Agriculture.