ALBERTA CROP CONDITIONS REPORT

As of October 2, 2012

Provincial

Harvest is virtually complete with 96% of the crops in the bin. By region, harvest is 99% completed in the South, 95% in the Central, 92% in the North East, 95% in the North West and 98% completed in the Peace region. Producers are disappointed with yields as an average to slightly above average crop is expected. It appears that the hot weather of July and August caused significantly more damage than what was originally anticipated, possibly due to crops being shallow rooted.

Crop quality is generally good with 94% of the HRS wheat and 99% of the durum grading in the top 3 grades. 80% of the barley should grade 1 CW or higher and 70% of the field pea crop should be of food quality. The exception is canola with only 81% grading 1-Canada due primarily to green seed.

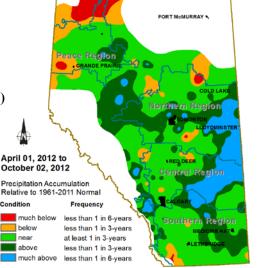
Precipitation is needed in all regions. Surface moisture ratings have stabilized in response to the light precipitation received this past weekend, with 65% rated poor/fair. In southern Alberta, ratings improved marginally, as the poor/fair rating declined slightly to 81%. Sub soil moisture ratings declined slightly.

Table #1: Regional Surface Moisture Ratings (as of October 2/12)

	Poor	Fair	Good	Excellent	Excessive
South	45.4	36.1	18.5	0	0
Central	13.0	54.4	22.4	9.3	0.9
North East	8.5	37.7	46.9	5.4	1.5
North West	8.9	28.6	36.1	26.4	0
Peace	21.2	55.8	23.1	0	0
Alberta	21.9%	42.6%	29.0%	5.9%	0.6%

Table #2: Regional Sub Soil Moisture Ratings (as of October 2/12)

	Poor	Fair	Good	Excellent	Excessive
South	23.9	42.6	31.5	2.0	0
Central	10.6	21.2	57.5	9.8	0.9
North East	2.3	24.7	59.2	12.3	1.5
North West	7.1	28.6	38.2	26.1	0
Peace	6.9	55.8	37.3	0	0
Alberta	11.5%	33.1%	46.4%	8.4%	0.6%



Region One: South (Strathmore, Lethbridge, Medicine Hat, Foremost)

With the exception a few odds and ends, harvest is complete. The sugar beet harvest is just getting underway. 98% of the HRS and durum wheat is expected to grade 3CW or better. 90% of barley is expected to grade 1 CW or better, 88% of the canola to grade 1-Canada and 83% of field peas should make food quality. Yields for all crops are projected to be 5 - 10% above the regional 5 year average.

Soil moisture is the issue as the region has seen very little precipitation since July. 81% of the region is rated poor or fair for surface moisture which has had a significant effect on the seeding of winter cereals. Winter cereals which have been seeded have been slow to emerge.

Region Two: Central (Rimbey, Airdrie, Coronation, Oyen)

Harvest is virtually complete in the east and central portions of the region with approximately 10% remaining to be completed in the west. 86% of the HRS wheat is anticipated to grade 3 CW or better though 12% is expected to grade Canada Feed. 81% of the barley should grade 1 CW or better and 65% of the field peas should meet food quality. Only 71% of the canola is expected to grade 1-Canada due principally to green seed. Yields are projected to be 5-10% above their regional 5 year average.

Soil moisture conditions are dry with 67% of region rating surface moisture as poor or fair.

Region Three: North East (Smoky Lake, Vermilion, Camrose, Provost)

This region has the lowest harvest completion at 92%. Quality is average to above average with 98% of the HRS wheat expected to grade 3 CW or better, 72% of the barley to grade 1 CW or higher and 82% of field peas to make food quality. 84% of the canola should grade 1-Canada, slightly above the provincial average. Yields are projected to be at the regional 5 year average with the exception of canola which is projected to be down 5 - 10%.

Soil moisture is not a big issue with over half the region rated as good or excellent.

Region Four: North West (Barrhead, Edmonton, Leduc, Drayton Valley, Athabasca)

Harvest is progressing nicely with only a few odds and ends to clean up. Quality is average to slightly below average this year. 90% of the HRS wheat should grade 3 CW or better and 72% of field peas should grade with food quality. On the other hand, only 60% of the barley is expected to grade 1 CW or higher and 79% of the canola will grade 1-Canada, below the provincial average. Yields are estimated to be average to 5% below average for the region.

Soil moisture is not a big issue with over 63% of the region rated as good or excellent.

Region Five: Peace River (Fairview, Falher, Grande Prairie, Valleyview)

Harvest is virtually complete. Quality is above average with the exception of field peas with only 54% of the crop expected to grade food quality. 95% of the HRS wheat is expected to grade 3 CW or better, 94% of the barley expected to grade 1 CW or higher, and 86% of the canola to grade 1-Canada. Current yield estimates are 10 - 15% above the regional 5 year average with the exception of canola which is projected at average to slightly below average yields.

Soil moisture conditions are getting very dry with 77% of the region rating surface moisture as poor or fair and 63% rating sub soil moisture similarly.

Please Note: With the 2012 Alberta crop production season virtually complete, this will be the last Crop Condition Report for this year.

Prepared by: James Wright

Risk Analyst

Agriculture Financial Services Corporation

Lacombe, Alberta