



**CULTIVATING
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Agrium[®]

**Crop Input
Market
Report**

February 2017

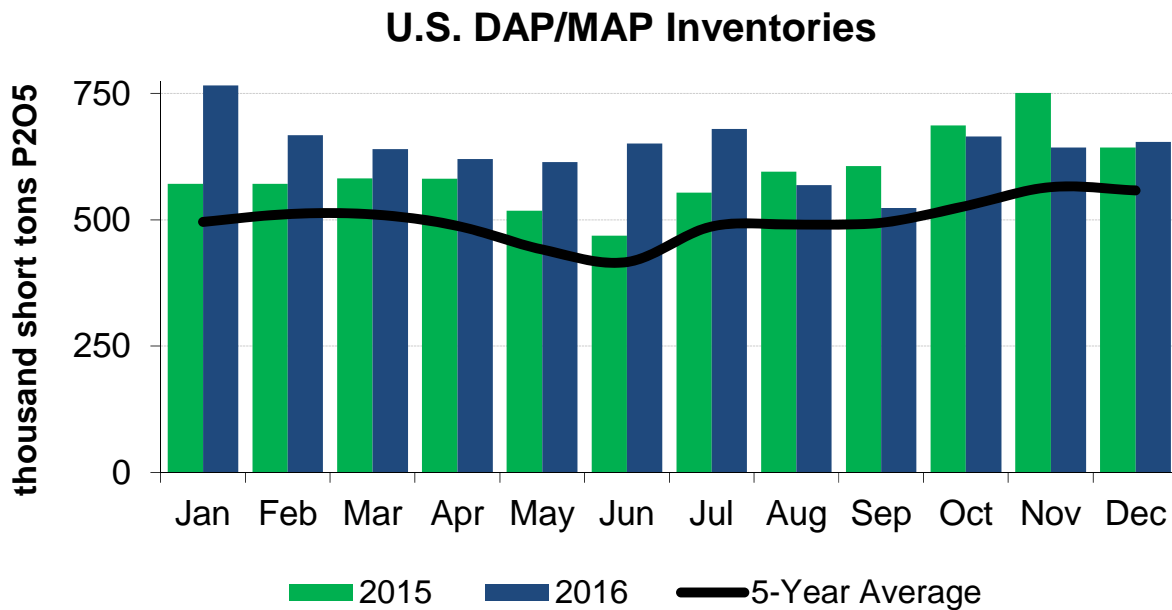


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U.S. DAP/MAP Inventories



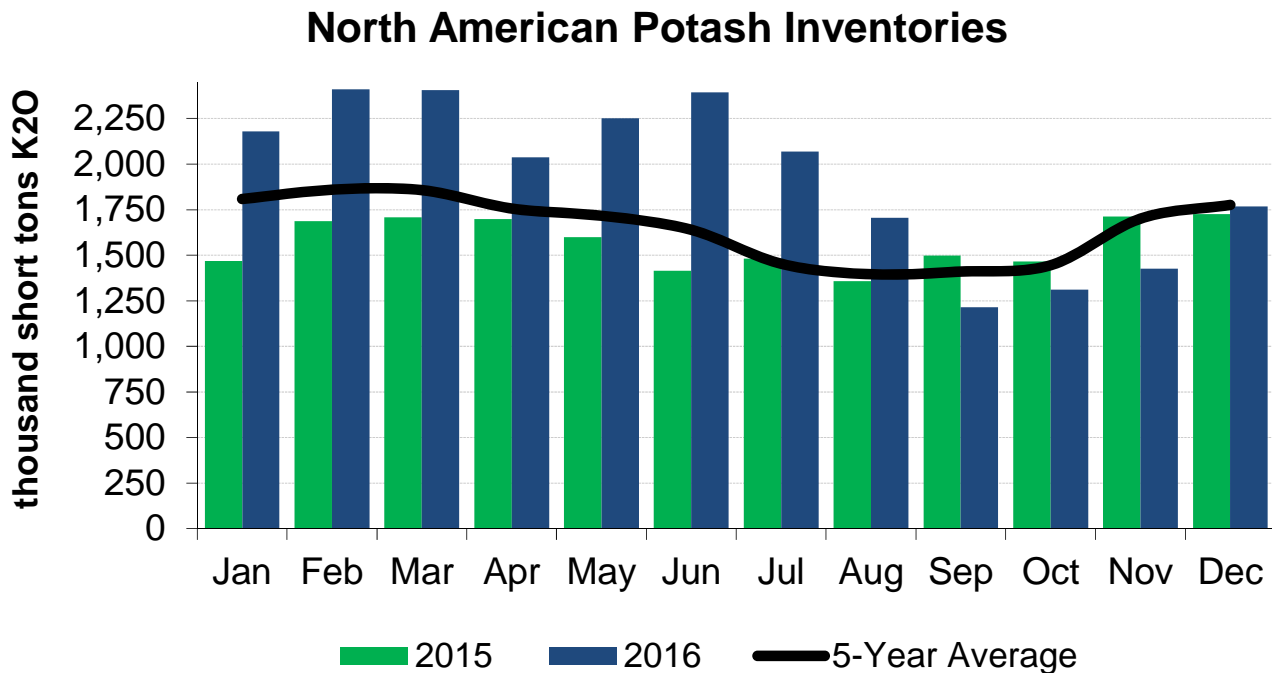
Source: TFI, Agrium

Note: Beginning in July 2014, TFI data is only published on a quarterly basis.

The Fertilizer Institute (TFI) reported that U.S. DAP/MAP inventories ended 2016 at levels 2% above 2015 levels and 17% above the 5-year average. U.S. DAP/MAP production increased by 9% in the fourth quarter of 2016 compared to the same period in 2015, while combined fourth quarter exports and apparent consumption in the U.S. were relatively flat.



North American Potash Inventories



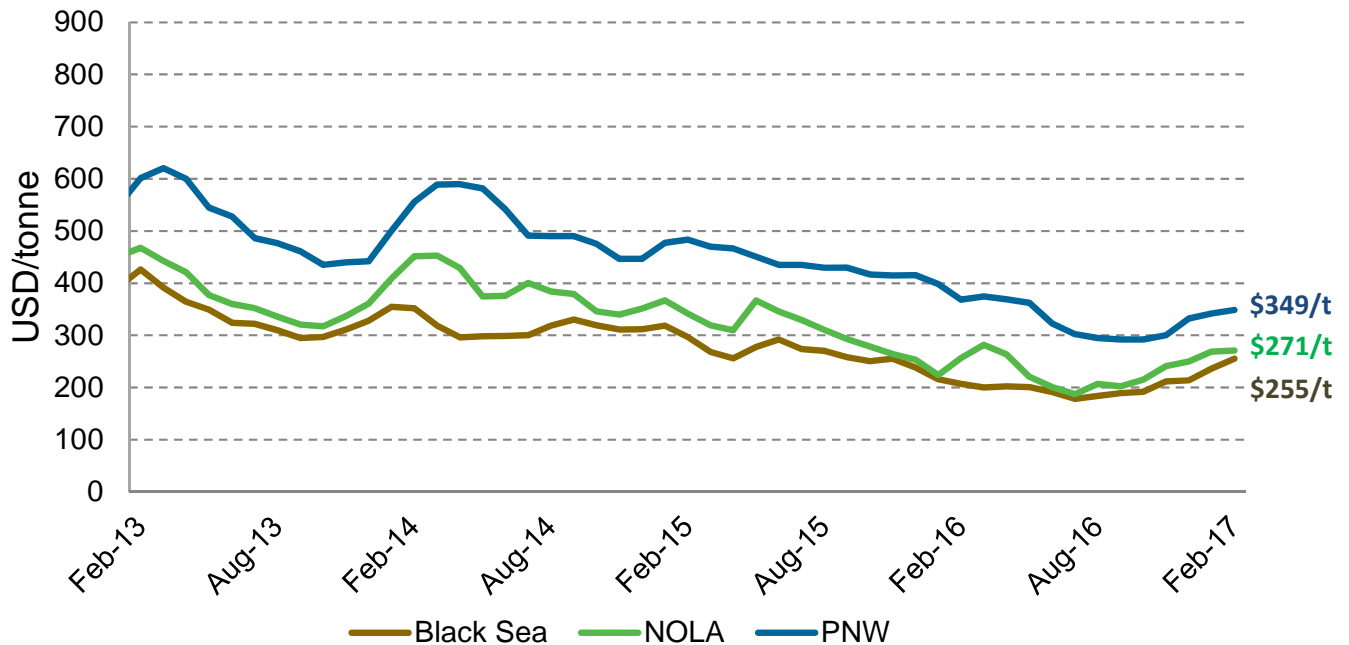
Source: TFI, Agrium

Note: As of July 2014, TFI potash data is only published on a quarterly basis.

North American potash inventories followed the seasonal trend in the fourth quarter of 2016, increasing by 45% between the end of September and end of December. Potash inventories ended 2016 2% above 2015 levels and levels roughly flat to the 5-year average. North American potash production was up 17% in the fourth quarter of 2016 to a record level for the quarter. The strong production was offset by historically high domestic apparent demand, which increased by 27% year-over-year in the fourth quarter.



Benchmark Prices: Urea



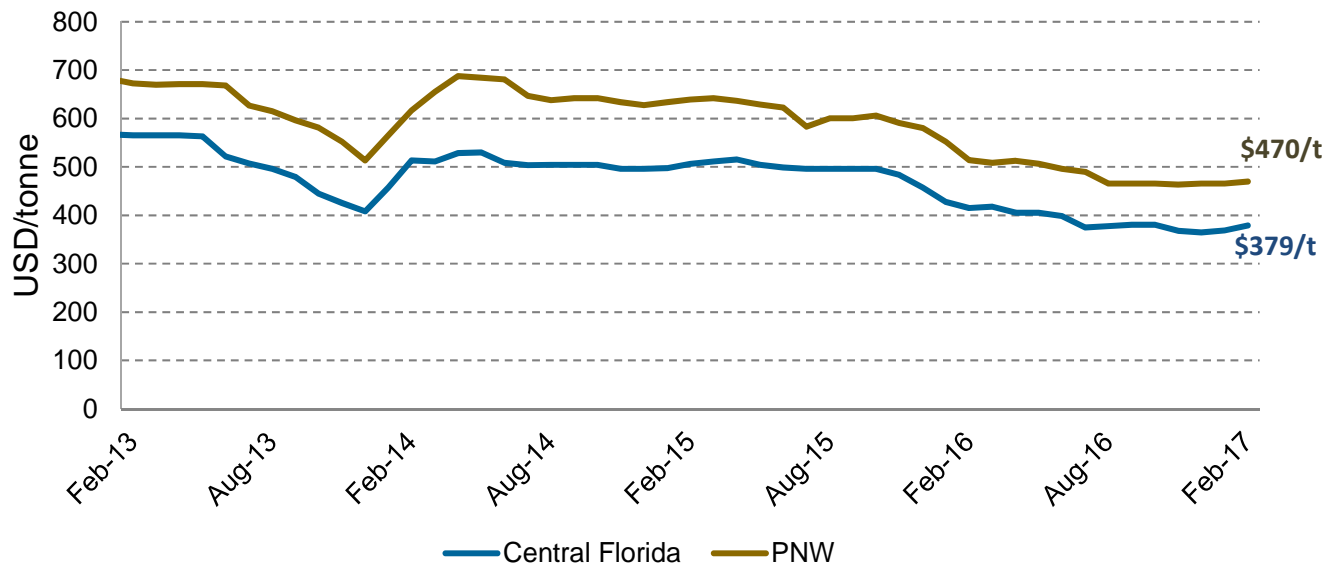
Black Sea Urea (per tonne)	
Avg. Feb. 2017(to date)	\$ 255
Avg. Feb. 2016	\$ 207
Avg. Feb. 2012-2016	\$ 333

Source: Blue, Johnson & Associates, Green Markets, Argus/FMB, Agrium

Low levels of exportable Chinese urea supply have continued to support the global urea market in early 2017. Chinese urea production costs have declined in 2017, but production rates have only recently started to increase and the exportable surplus is expected to remain tight until at least the end of the domestic Chinese application season. While U.S. offshore imports of urea were slow throughout much of the second half of 2016, the pace has increased in early 2017. The strength in U.S. demand supported prices in late 2016 and early 2017; however, it has also led to a robust import line-up, which has put some recent pressure on NOLA prices.



Benchmark Prices: Phosphate



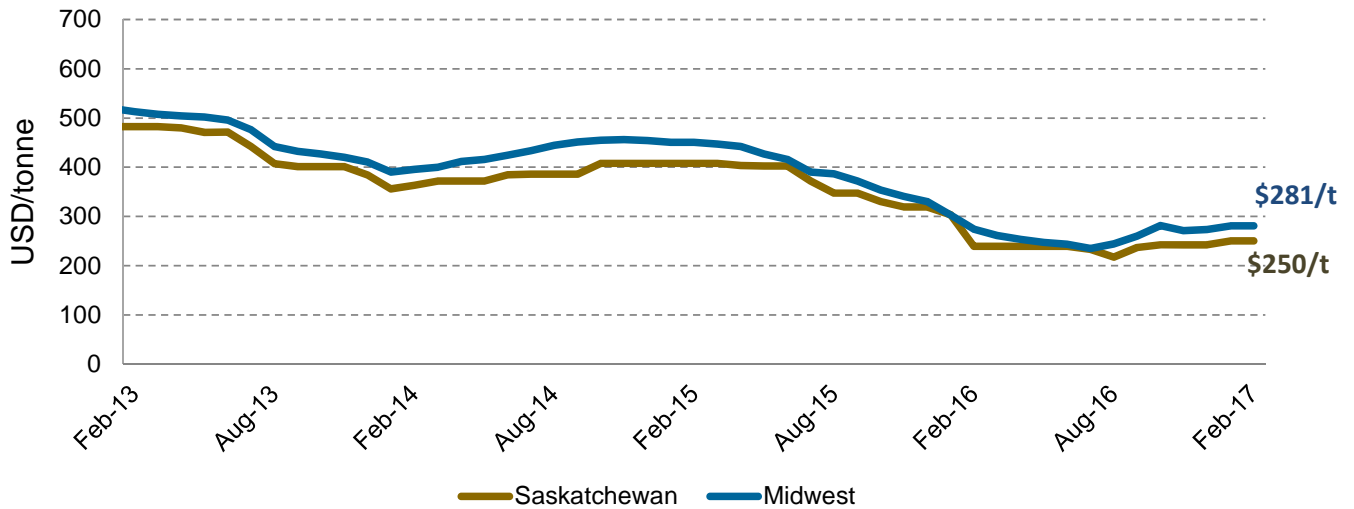
Central Florida MAP (per tonne)	
Avg. Feb. 2017(to date)	\$ 379
Avg. Feb. 2016	\$ 415
Avg. Feb. 2012-2016	\$ 510

Source: Blue, Johnson & Associates, Green Markets, Argus/FMB, Agrium

Global phosphate prices have been supported in early 2017 by a number of factors, including tightened Chinese export supply, a significant increase in raw material ammonia prices and recent delays on Moroccan shipping due to rough seas. The pace of demand has also increased, particularly in Pakistan and South America.



Benchmark Prices: Potash



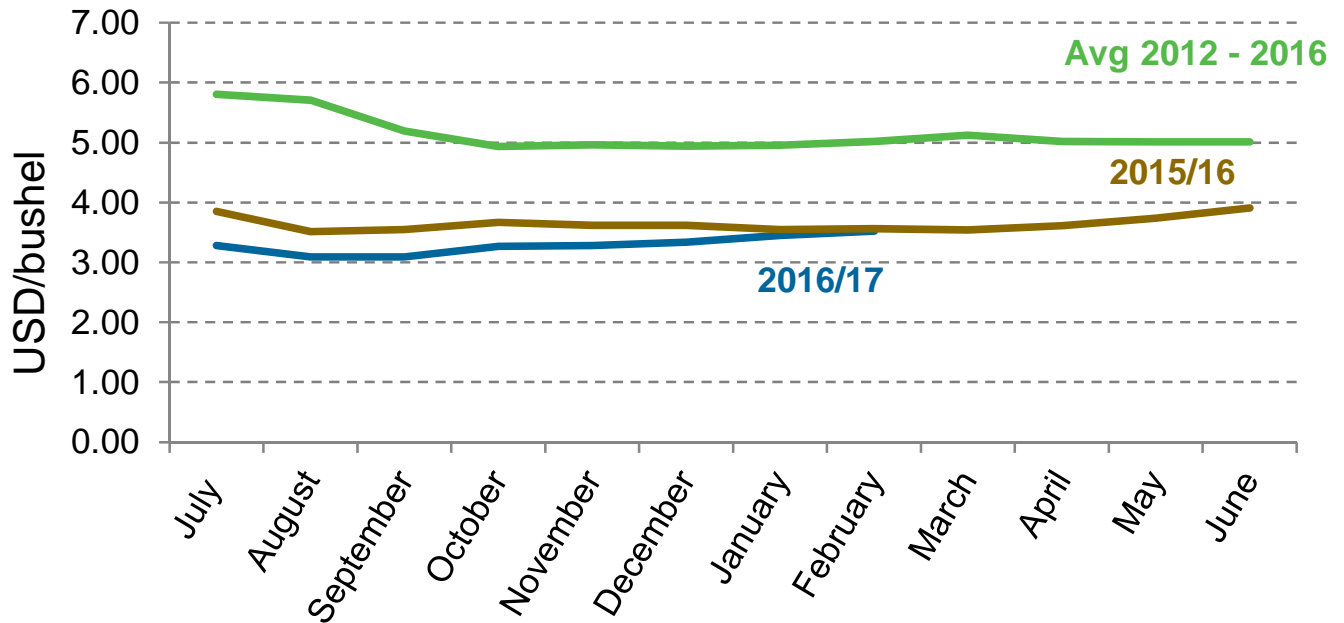
Midwest Potash (per tonne)	
Avg. Feb. 2017(to date)	\$ 281
Avg. Feb. 2016	\$ 274
Avg. Feb. 2012-2016	\$ 448

Source: Blue, Johnson & Associates, Green Markets, Argus/FMB, Agrium

The potash supply and demand balance has been relatively tight in early 2017 as the strong, pent-up demand that emerged following Chinese and Indian supply agreements in 2016 has continued. There remains uncertainty about the timing of Chinese and Indian 2017 agreements; however inventories in both countries are below year-ago levels.



Corn Prices



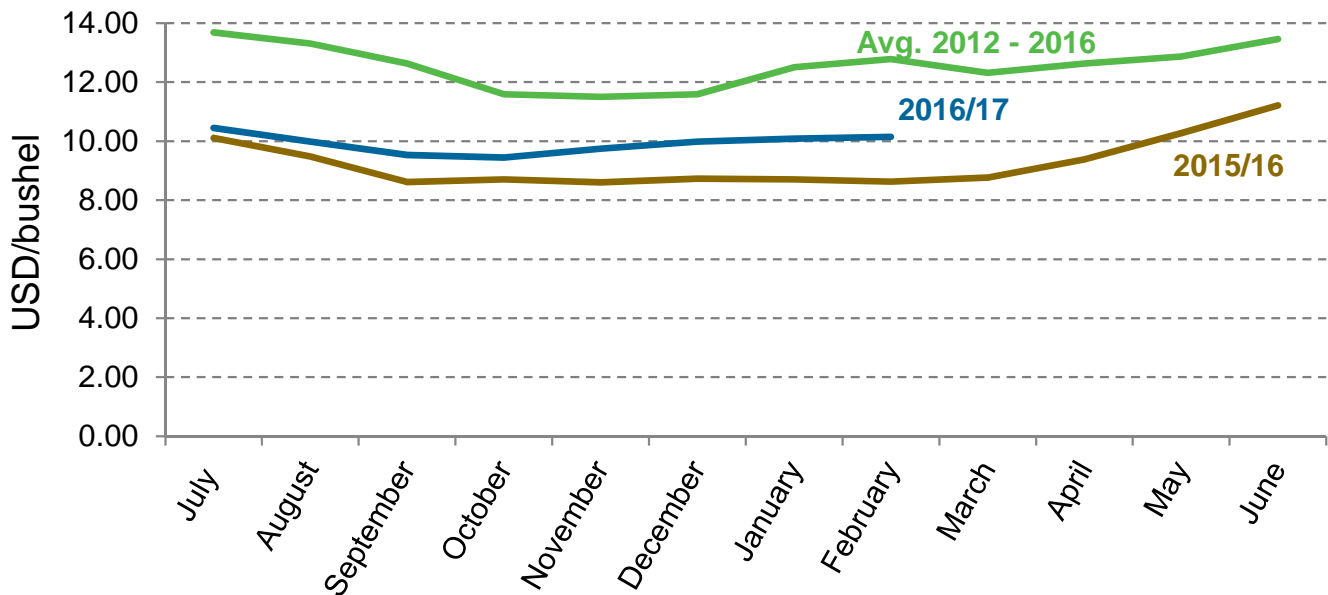
Cash Corn (per bushel)	
Avg. Feb. 2017(to date)	\$ 3.52
Avg. Feb. 2016	\$ 3.56
Avg. Feb. 2012-2016	\$ 5.02

Source: USDA, Agrium

Corn futures prices have increased in February, driven by strength in demand. U.S. corn export sales have continued to be supported by relatively low exportable supplies from Brazil. Exports are up more than 65 percent year-over-year, while weekly ethanol production rates have set new record highs a few times in 2017. While demand has been strong, the USDA is still projecting a significant increase in U.S. corn ending stocks in 2016/17.



Soybean Prices



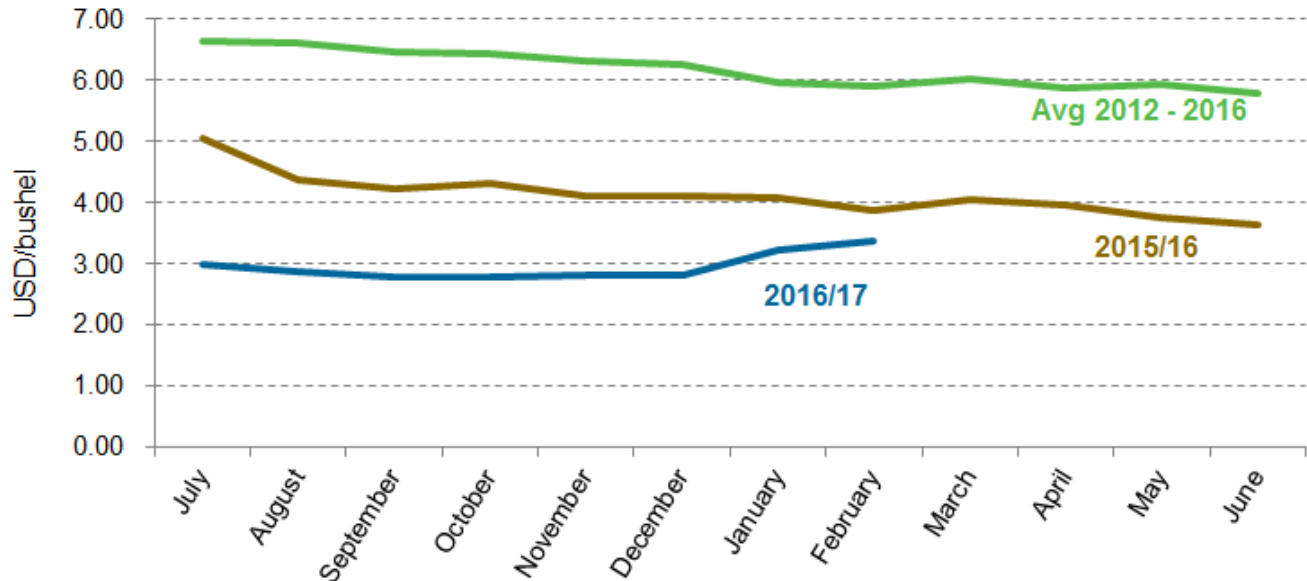
Cash Soybean (per bushel)		
Avg. Feb. 2017(to date)	\$	10.14
Avg. Feb. 2016	\$	8.63
Avg. Feb. 2012-2016	\$	12.78

Source: USDA, Agrium

Soybean futures have also been supported by relatively strong demand. Soybean prices are up by more than \$1/bushel from year-ago levels. There have been some delays in the Brazilian soybean harvest, but the USDA projects record South American production in 2016/17.



Wheat Prices



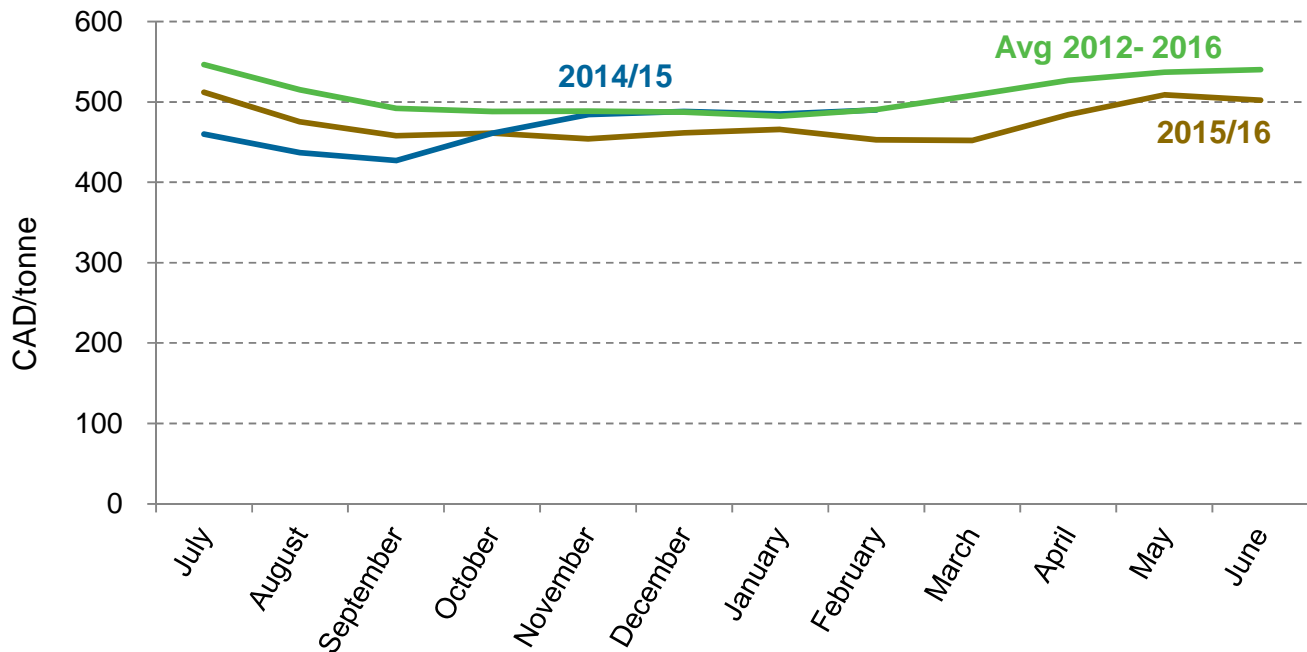
Cash Wheat (per bushel)	
Avg. Feb. 2017(to date)	\$3.37
Avg. Feb. 2016	\$3.89
Avg. Feb. 2012-2016	\$5.90

*Western, KS No. 1 Hard Red Winter Ordinary Prices
 Source: USDA, Agrium

Wheat prices remain relatively low, but have been supported by low winter wheat planted area and poor growing conditions in some regions. The USDA estimates that U.S. growers planted the lowest winter wheat area since 1909 in the fall of 2017, which combined with dry weather in the U.S. Southern Plains and poor establishment of the Ukrainian winter wheat crop has provided some support to the market.



Canola Prices



Cash Canola (per tonne)	
Avg. Feb. 2017(to date)	\$ 490
Avg. Feb. 2016	\$ 453
Avg. Feb. 2012-2016	\$ 490

Source: ICE Futures Canada, Agrium

Canadian canola prices have followed the rise in soybean prices and have increased since the beginning of 2017. Agriculture and Agri-Food Canada projects that Canadian canola acreage will increase by 3% to nearly 21 million acres in 2017.



Crop Budgets

U.S. Crop Budget Summary

		Corn						Soybeans					
		Avg.	2013/14	2014/15	2015/16	2016/17	2017/18	Avg.	2013/14	2014/15	2015/16	2016/17	2017/18
Price	\$/bu or lb.	3.97	4.39	3.70	3.60	3.57	3.81	9.52	13.72	10.05	8.95	10.22	9.95
Yield	bu/acre	149	159	171	168	174	168	41	43	48	48	49	48
Gross Revenue	\$/acre	593	697	633	605	621	640	393	594	477	430	500	478
Seed	\$/acre	62	98	101	102	103	103	44	59	60	60	59	59
Fertilizer	\$/acre	86	131	105	114	94	86	16	21	17	19	15	14
Crop Protection	\$/acre	26	29	29	28	27	27	19	28	27	26	25	25
Other	\$/acre	91	108	110	102	103	106	61	85	87	82	83	84
Total Cash Costs	\$/acre	265	365	345	346	327	321	140	194	192	187	182	182
Margin	\$/acre	328	332	287	259	294	319	253	400	286	242	318	296

Source: USDA, Doane, Green Markets, Agrium

U.S. Crop Budget Summary

		Wheat						Cotton (Prices in \$/lb)					
		Avg.	2013/14	2014/15	2015/16	2016/17	2017/18	Avg.	2013/14	2014/15	2015/16	2016/17	2017/18
Price	\$/bu or lb.	5.29	6.87	5.99	4.89	4.02	4.40	0.69	0.78	0.61	0.58	0.76	0.75
Yield	bu/acre	45	47	44	44	53	46	817	821	838	766	855	825
Gross Revenue	\$/acre	236	324	262	213	211	202	564	636	507	444	647	615
Seed	\$/acre	11	16	16	16	16	14	68	101	103	103	104	104
Fertilizer	\$/acre	38	55	44	48	40	36	72	109	88	97	78	72
Crop Protection	\$/acre	10	14	15	14	14	14	65	70	71	68	65	65
Other	\$/acre	60	72	72	68	68	68	249	270	293	276	280	280
Total Cash Costs	\$/acre	119	157	147	146	138	133	453	550	554	543	527	521
Margin	\$/acre	117	167	115	67	74	70	111	87	-47	-99	120	94

Source: USDA, Doane, Green Markets, Agrium

* Based on average for all wheat, Soft Red Winter (CBOT) is at a lower price

Fertilizer Price Assumptions:

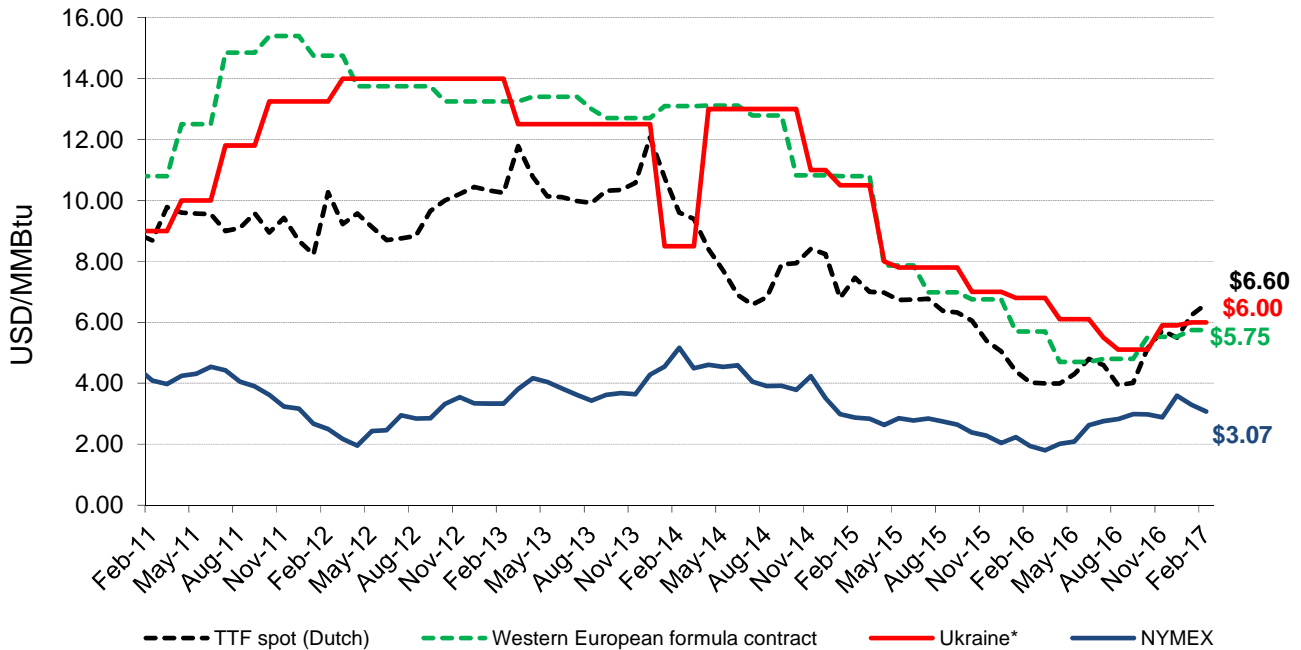
Ammonia	\$535 /st
DAP	\$455 /st
Potash	\$355 /st

Both spot and prospective cash margins have improved in recent weeks, driven by higher crop prices. The biggest mover has been cotton, as new crop 2017 futures have increased by over six cents per pound since the end of 2016. Each cent adds \$8/acre to revenues. Crop nutrient costs have increased from late-2016 levels, but have been more than offset by stronger crop prices.

- Fertilizer costs are developed by using current Green Markets pricing, plus a retail margin, multiplied by average application rates. 2013/14, 2014/15, 2015/16 and 2016/17 fertilizer costs are based on the average Corn Belt prices from the fall to the spring prior to planting, while 2017/18 fertilizer costs are based on spot Corn Belt prices. All other cost components are developed from USDA estimates/forecasts.
- Yield is based on the historical USDA estimates and adjusted trend yields going forward.
- Includes only cash costs and excludes cost of land such as cash rents for all periods.
- Corn, Wheat and Soybean 2013/14, 2014/15 and 2015/16 prices are based on the USDA's estimated average realized crop prices, while 2016/17 and 2017/18 prices are based on the relevant futures contract less a basis.
- Wheat prices are based off of average HRW and SRW cash prices.



Natural Gas Prices



Source: Fertecon, EIA, The Market, Agrium

*The Ukrainian price represents the estimated delivered price.

European natural gas prices have increased in early 2016 driven by higher crude oil prices in the second half of 2016. Hub-based European prices have increased to levels above the oil-based formula prices, which is unusual historically. NYMEX natural gas prices have declined in recent weeks and recently fell below \$3/MMBtu for the first time since November 2016. Relatively mild winter weather across much of the U.S. in January contributed to the decline in prices.