



**CULTIVATING
EXCELLENCE**

Agrium[®]

**Crop Input
Market
Report**

August 2017

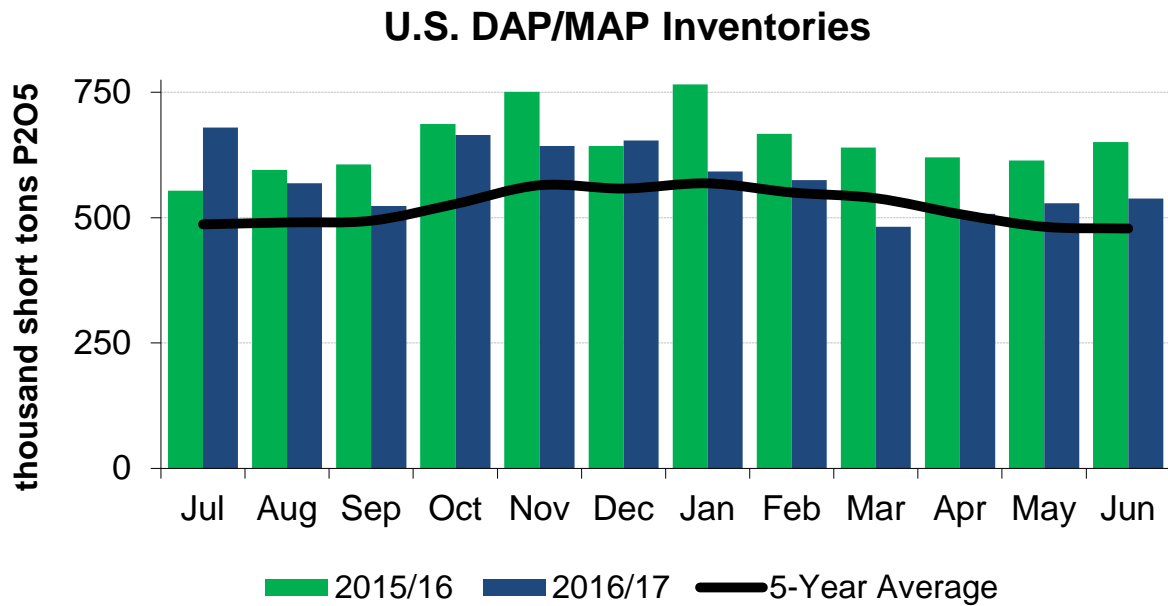


Forward Looking Statements

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U.S. DAP/MAP Inventories



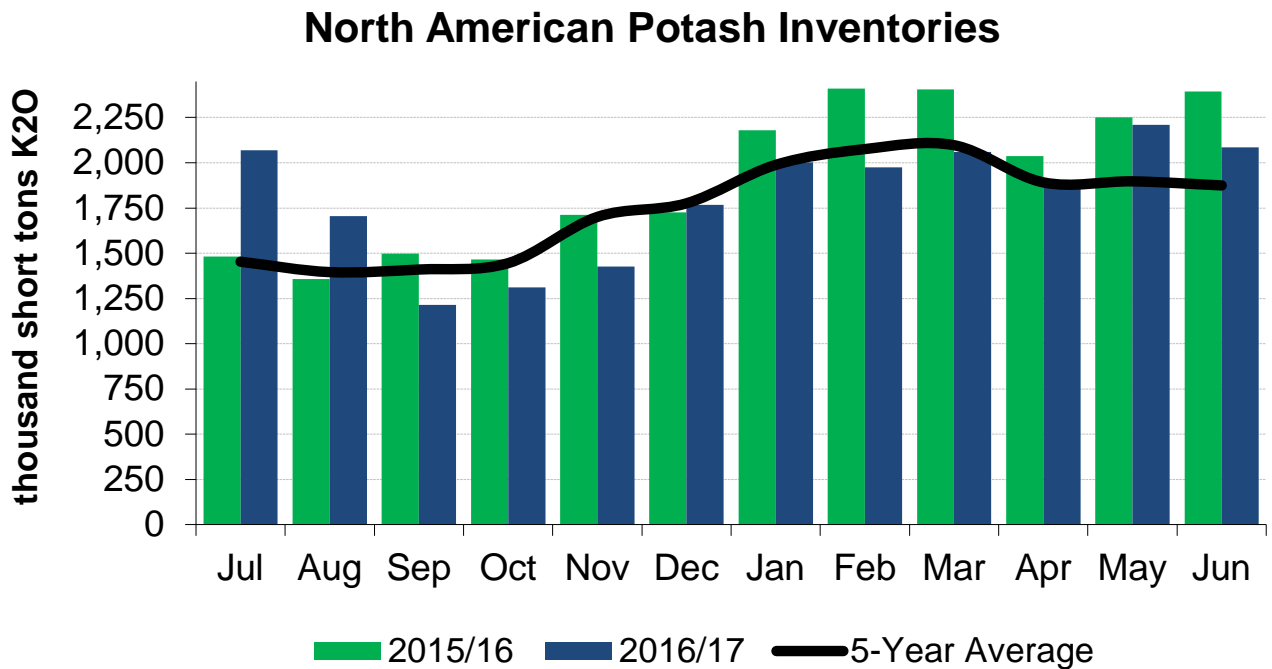
Source: TFI, Agrium

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

The Fertilizer Institute (TFI) reported that June 2017 U.S. DAP/MAP inventories increased by 12% compared to both March 2017 and 5-year average levels; however, they were down 17% year-over-year. U.S. DAP/MAP production declined 3% year-over-year in the second quarter of 2017.



North American Potash Inventories



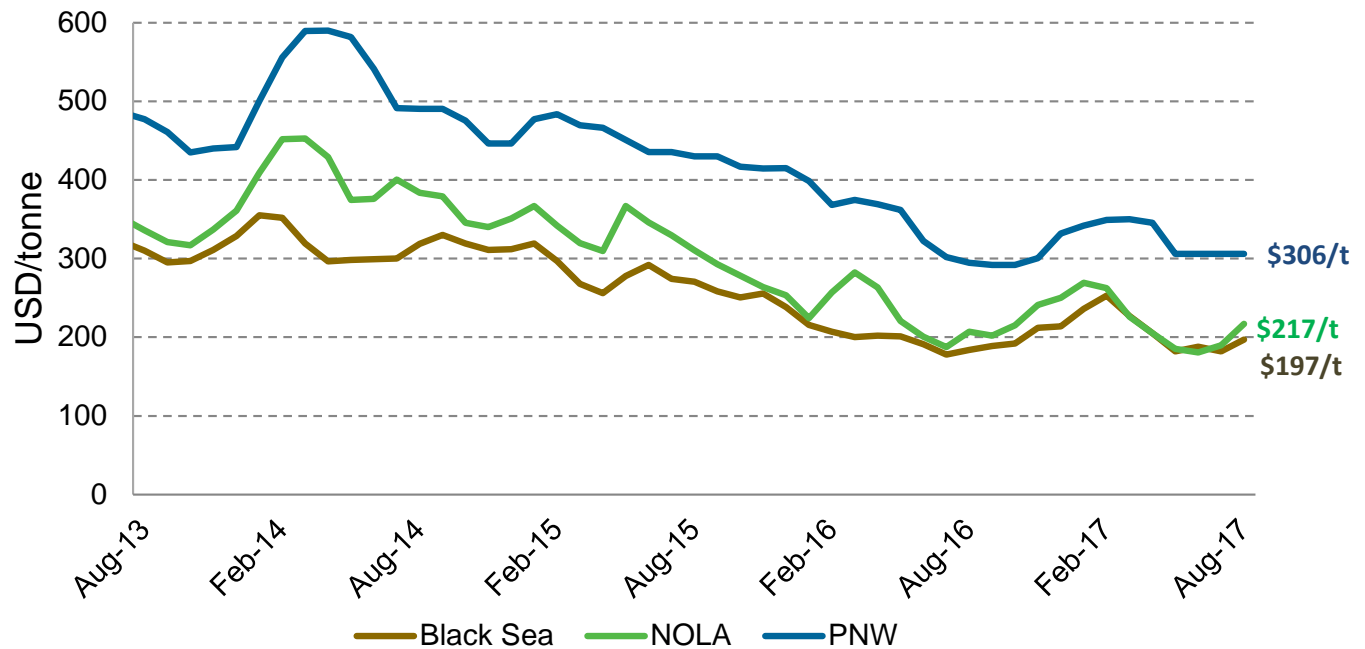
Source: TFI, Agrium

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

North American potash inventories finished the second quarter of 2017 at a similar level to inventories at the end of the first quarter of the year. June 2017 inventories were down 13% compared to historically high levels in June 2016, but were up 11% compared to 5-year average levels. North American potash production set a new record in the second quarter of 2017, up 25% year-over-year. Robust demand in both the domestic and international potash markets led to the limited change in inventories in the second quarter of 2017 despite record production.



Benchmark Prices: Urea



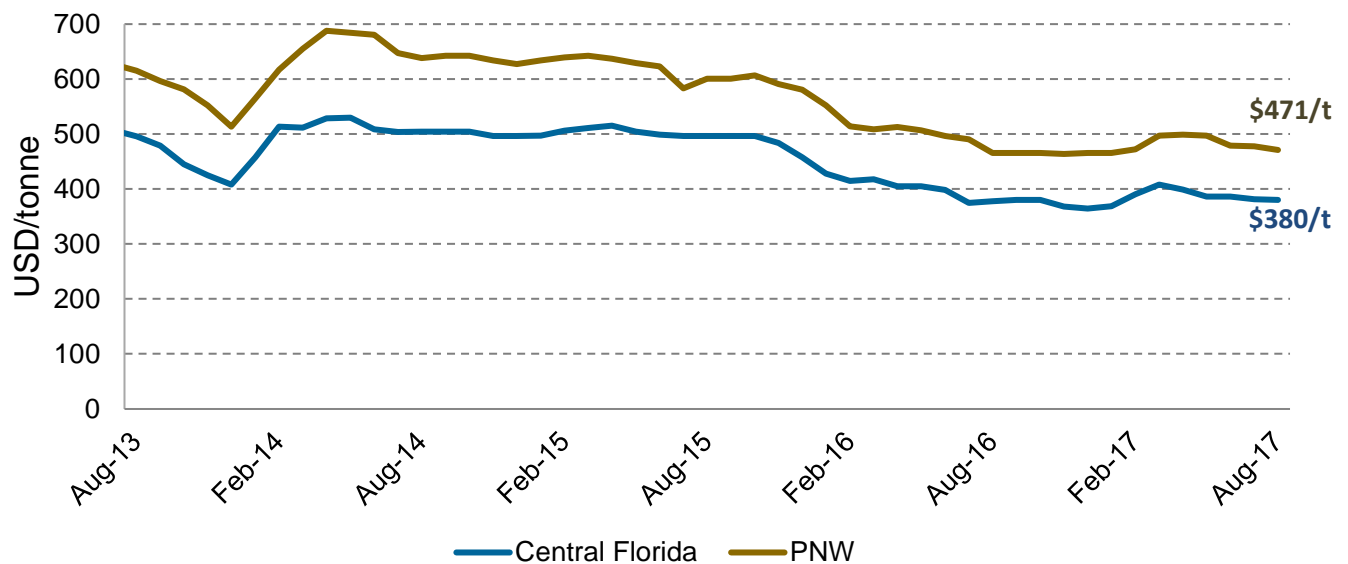
Black Sea Urea (per tonne)	
Avg. Aug. 2017(to date)	\$ 197
Avg. Aug. 2016	\$ 184
Avg. Aug. 2012-2016	\$ 292

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

Global urea prices have improved due to both planned and unplanned production outages, continued reduced Chinese supply and improvement in demand, particularly in India. U.S. Gulf urea prices were the lowest in the world throughout much of the second quarter until they began to improve in early July. While U.S. prices have increased relative to the rest of the world, they remain below import parity levels.



Benchmark Prices: Phosphate



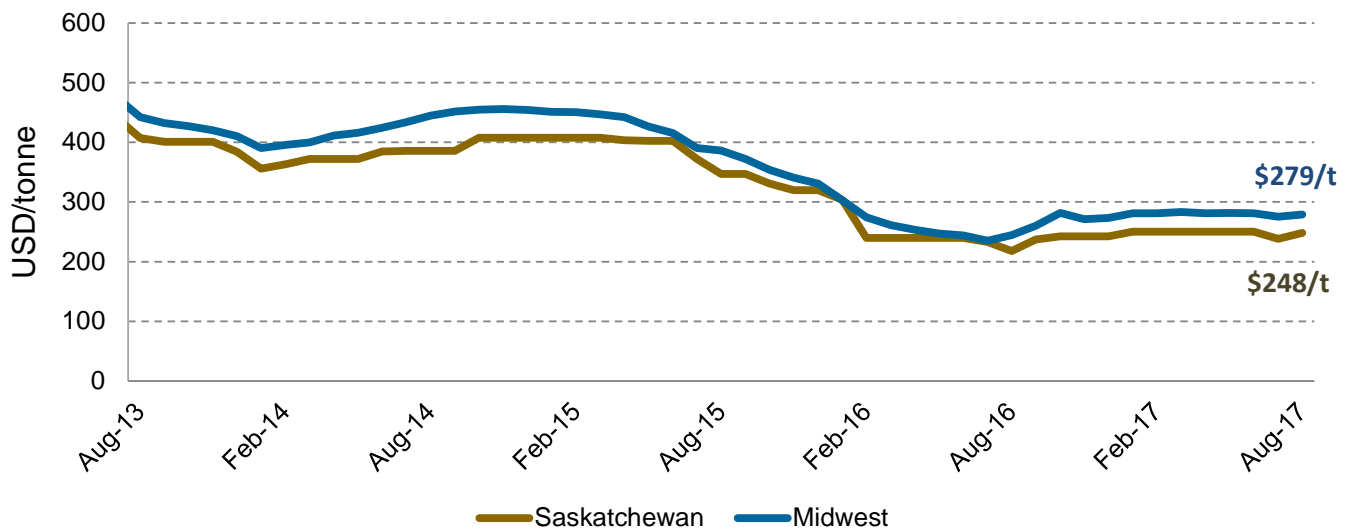
Central Florida MAP (per tonne)	
Avg. Aug. 2017(to date)	\$ 380
Avg. Aug. 2016	\$ 378
Avg. Aug. 2012-2016	\$ 489

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

Global phosphate prices have been under pressure for the past few months, driven by increased supply availability and the anticipation of capacity expansion in the second half of the year; however, recent offers from some exporters have shown signs of improvement. In North America, prices declined earlier in 2017, and have recently been stronger than early July lows. While low ammonia prices reduced ammonium phosphate costs, ammonia prices have shown signs of improvement in recent weeks.



Benchmark Prices: Potash



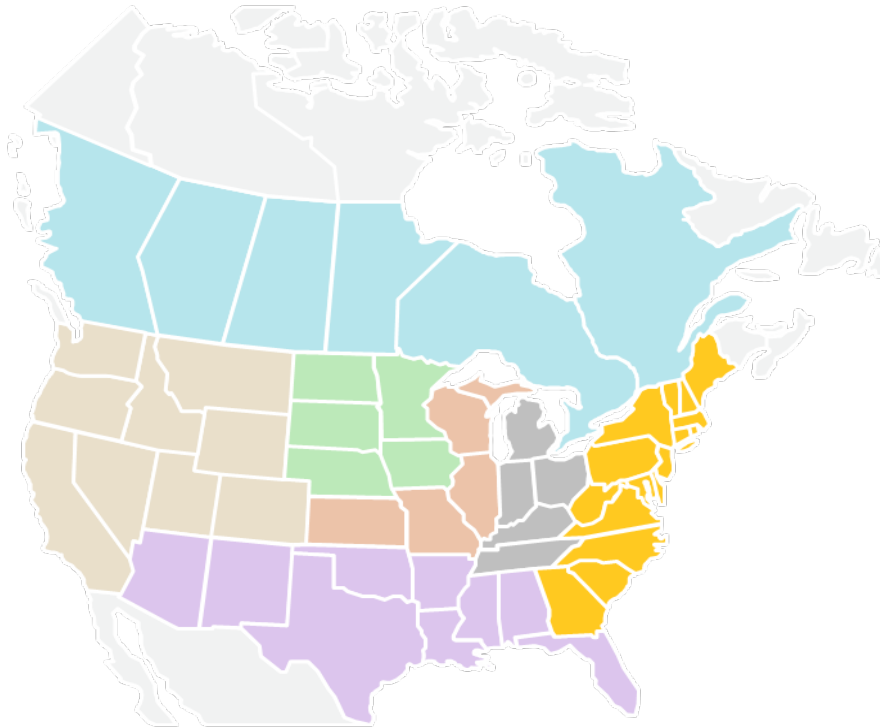
Midwest Potash (per tonne)	
Avg. Aug. 2017(to date)	\$ 279
Avg. Aug. 2016	\$ 245
Avg. Aug. 2012-2016	\$ 415

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

Global potash prices have continued to be stable to higher, as supplies are tight due to continued robust demand. International prices have shown firmer pricing than North America, likely partly due to the high volume of offshore imports into North America. In recent weeks, prices have firmed, indicating relatively strong fill demand and expectations for a solid fall season.



CPS North American Retail: Reports from the Field



Western Cornbelt

- Crop conditions vary in the region depending on the extent of the drought, with the worst hit area being western North Dakota;
- CPP demand has varied depending on the precipitation levels and resulting pest pressure-areas with rain had normal fungicide applications, while drought-affected areas often had higher than normal insect pressure.

Central Cornbelt

- Growers have mostly completed summer field work, with a small amount of crop protection products (“CPP”) and fertilizer applications taking place;
- Crop maturity is variable, and requires some warm weather to catch up to 2017 levels.

Eastern Cornbelt

- Continue to apply fungicides;
- Crop conditions vary, with Tennessee and Kentucky looking good, while other parts of the region are more variable due to excessive moisture in the spring.

South Region

- Early moisture followed by July heat supported weed development and CPP demand;
- After excessive moisture early in the growing season, conditions have been favorable to crop development in recent weeks.

West Region

- Harvest of grass seed and wheat is occurring in the Pacific Northwest;
- There continues to be a lot of activity in California, with crop nutrient, fungicide and insecticide applications taking place depending on the specific crops and disease/insect pressure.

East Region

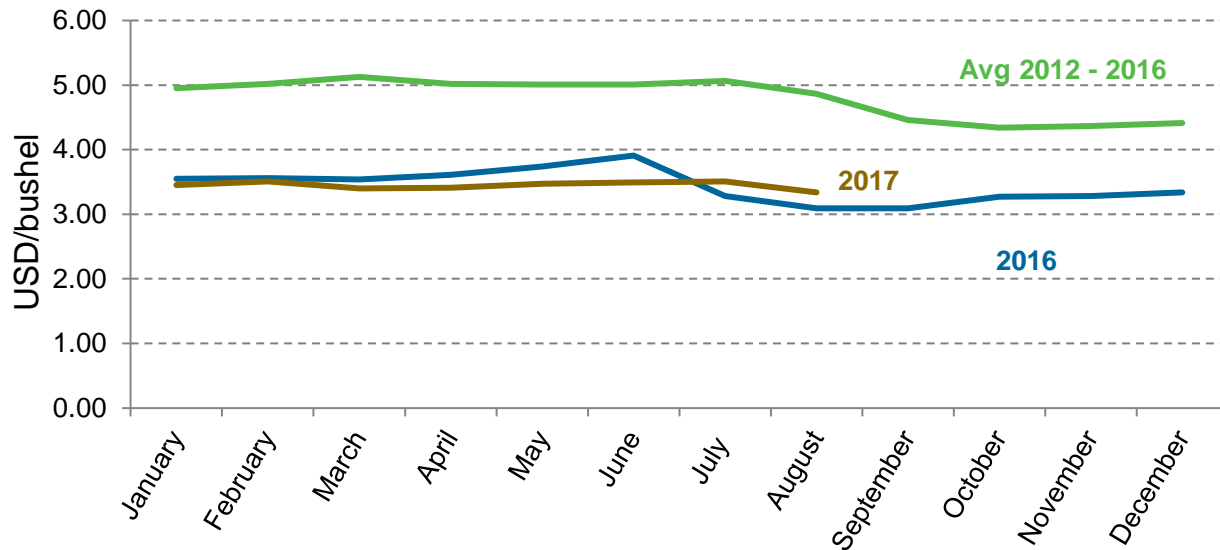
- There was a lot of field work in July with higher cotton acres and delayed applications supporting crop nutrient demand and wet June weather combined with high peanut area supporting disease development and fungicide demand;
- Harvest is in various stages of completion in Georgia, the Carolinas and Virginia and early indications are that yields of corn and soybeans are above-average.

Canada

- In general, crops are nearing maturity and harvest is underway – in southern Saskatchewan and Alberta, dryness has hastened crop maturity and reduced yield potential;
- Harvest is in various degrees of completion, desiccation of some crops is underway and there has been some insect pressure from diamondback moths in canola.



Corn Prices



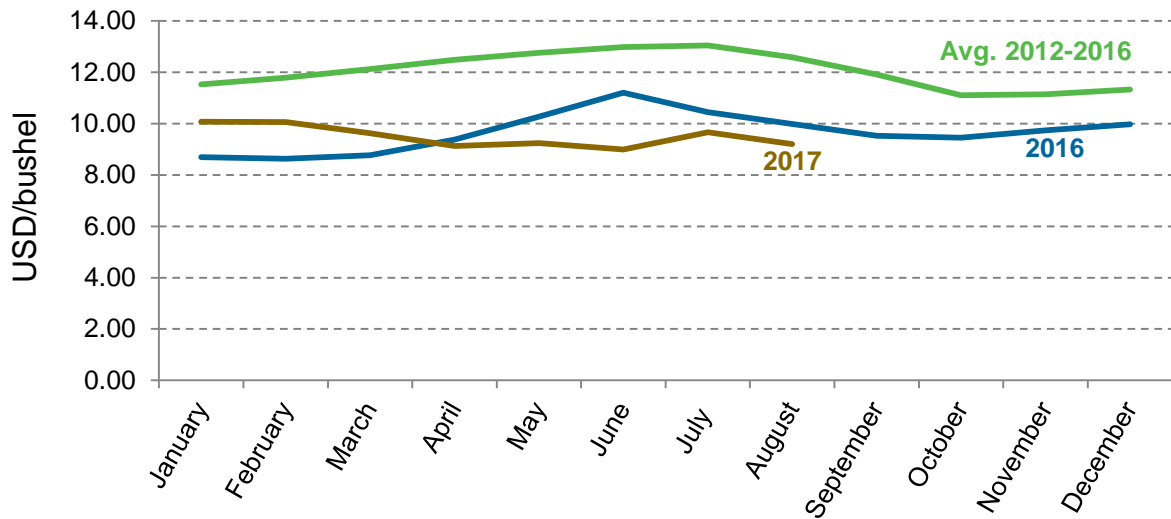
Cash Corn (per bushel)		
Avg. Aug. 2017(to date)	\$	3.34
Avg. Aug. 2016	\$	3.09
Avg. Aug. 2012-2016	\$	4.86

Source: USDA, Agrium

Corn prices have gone through normal seasonality throughout the growing season, with intensifying drought in parts of the Western Corn Belt providing support to prices in early July, but moderate temperatures and some moisture during pollination has led to pressure on prices. Corn prices are higher than they were a year ago, but high carry-in inventories and record South American production continue to be a source of pressure.



Soybean Prices



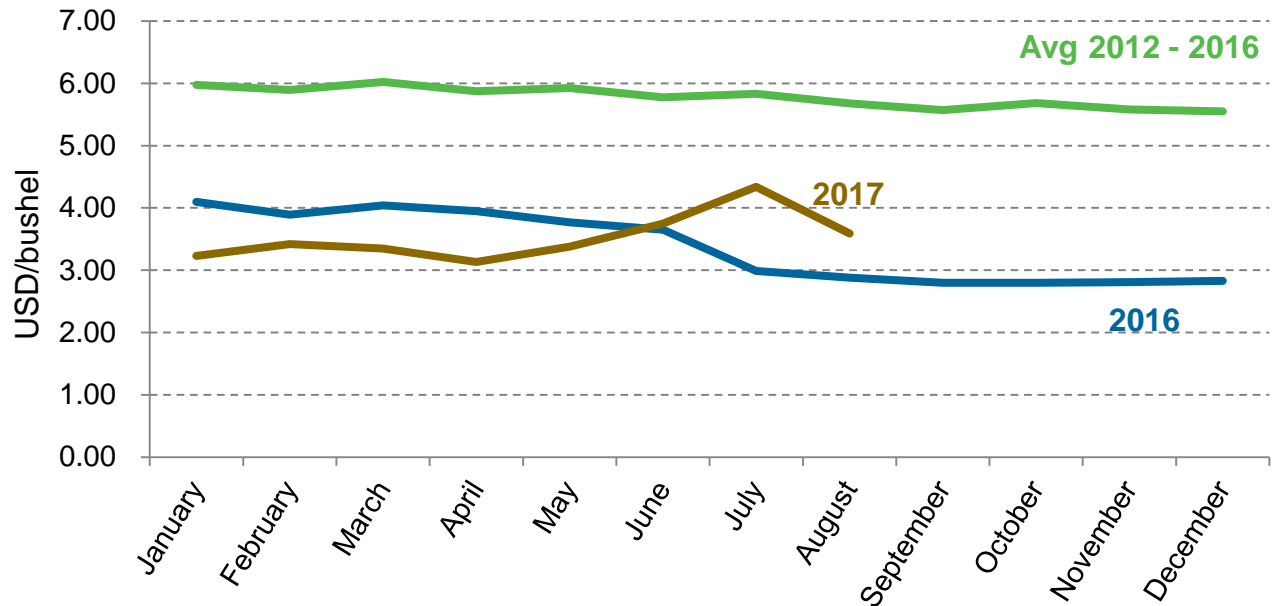
Cash Soybean (per bushel)		
Avg. Aug. 2017(to date)	\$	9.21
Avg. Aug. 2016	\$	9.99
Avg. Aug. 2012-2016	\$	12.59

Source: USDA, Agrium

Similar to corn prices, soybean prices have been volatile over the past month. In its August 2017 report, the United States Department of Agriculture (“USDA”) surprised traders by projecting above-trend yields for 2017/18, which has contributed to a significant decline in prices.



Wheat Prices



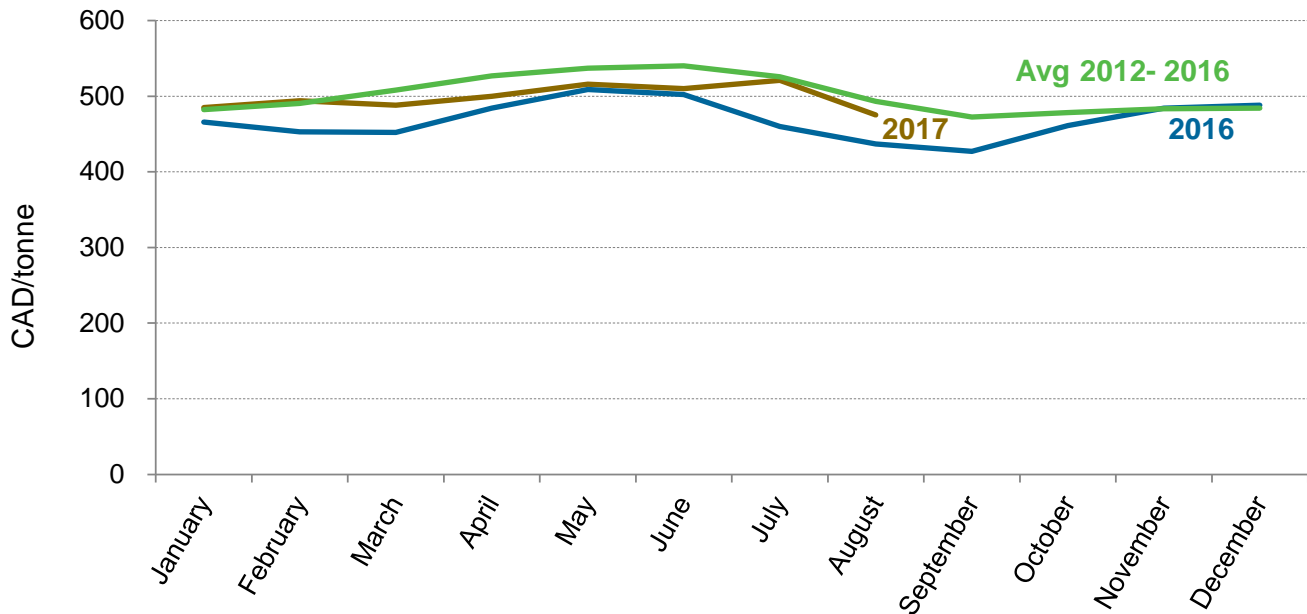
Cash Wheat (per bushel)	
Avg. Aug. 2017(to date)	\$3.59
Avg. Aug. 2016	\$2.88
Avg. Aug. 2012-2016	\$5.68

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

Wheat prices have also been highly volatile. Drought in the U.S. Northern Plains and parts of Western Canada, combined with dryness in Australia and excessive rainfall in Argentina led to a rally in Wheat prices in July; however, there are abundant supplies of wheat in other regions of the world and production in the Former Soviet Union is projected to set another record in 2017/18.



Canola Prices



Source: ICE Futures Canada, Agrium

Canadian canola prices have followed the price of soybeans lower over the past month, but prices remain slightly higher than year-ago levels. A hot, dry summer in Western Canada is projected to pressure canola yields and in turn production, despite record high planted acreage.



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	3.35	3.44	9.52	13.72	10.05	8.95	9.50	9.10
Yield	bu/acre	149	159	171	168	175	166	41	43	48	48	52	49
Gross Revenue	\$/acre	593	697	633	605	585	571	393	594	477	430	495	446
Seed	\$/acre	62	98	101	102	103	103	44	59	60	60	59	59
Fertilizer	\$/acre	86	131	105	114	94	84	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	319	140	194	192	187	182	182
Margin	\$/acre	328	332	287	259	258	252	253	400	286	242	313	264

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	3.89	4.00	0.69	0.78	0.61	0.58	0.68	0.68
Yield	bu/acre	45	47	44	44	53	46	817	821	838	766	867	892
Gross Revenue	\$/acre	236	324	262	213	205	184	564	636	507	444	590	603
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	70
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	132	453	550	554	543	527	520
Margin	\$/acre	117	167	115	67	67	52	111	87	-47	-99	62	83

Source: USDA, Doane, Green Markets, Agrium

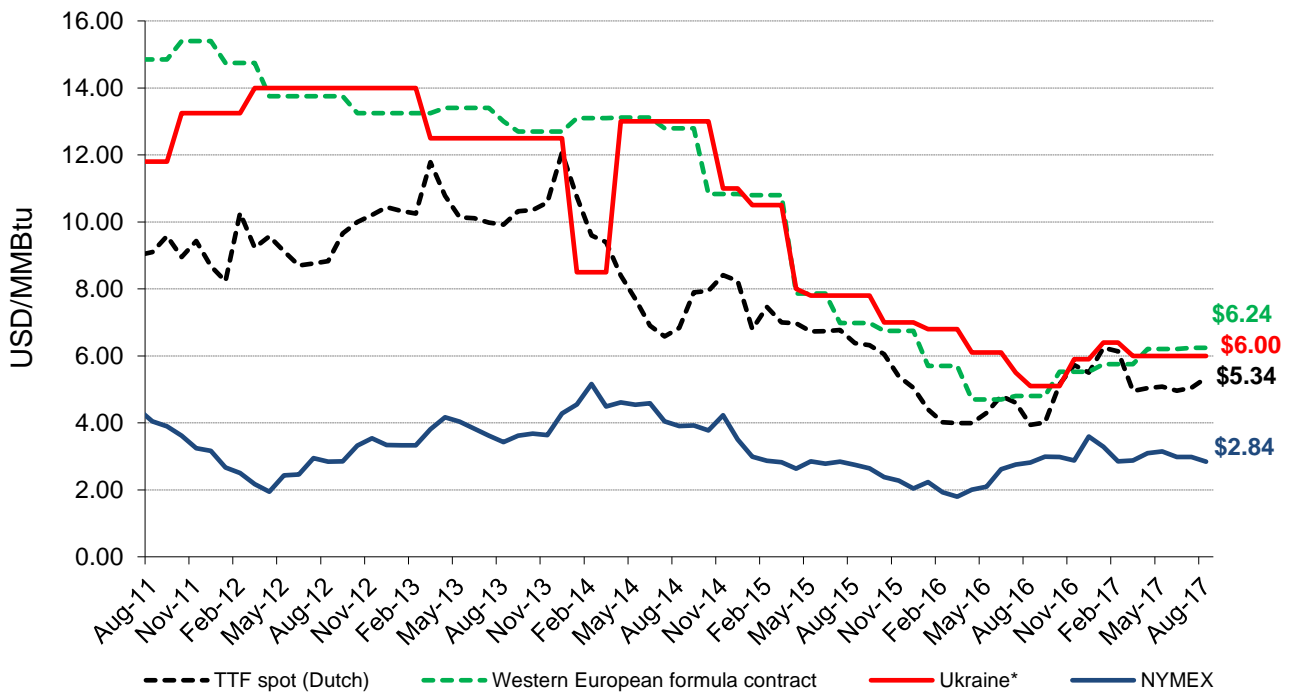
* Based on average for all wheat, Soft Red Winter (CBOT) is at a lower price

Crop margins have declined for most crops over the past month due to the decrease in crop prices. Compared to a year ago, margins are flat to higher, with the exception of soybeans.

- 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, 2016/17 and 2017/18 fertilizer costs are based on the average Corn Belt prices from the fall to the spring prior to planting. 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, 2015/16 and 2016/17 prices are based on the USDA's estimated average realized crop prices, 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.

Natural gas prices have been relatively stable throughout much of 2017. Formula-based natural gas prices in Europe and Ukraine have been stable due to relatively stable crude oil prices. While U.S. gas storage levels are below year-ago levels, they are near average levels and high Canadian storage levels have supported a wide AECO basis on average.