2009 Montana Agricultural Outlook

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Data Source: National Agricultural Statistics Service
Montana Field Office
Highlights

- 2008 was a very good year in Montana
  - High grain prices
  - Above average grain production
- Continuing story - *linkage between agricultural commodities and energy*
  - Influence of corn and other crops

2008 Farm Bill
2009 Outlook

- Wheat and other grains
  - Above average prices, but watch supply response
  - India, China

- Cattle
  - Brucellosis
  - High hay prices
  - Consumer demand
Cash Receipts and Government Payments, Montana

Payment Inflation Adjusted
Montana Net Farm Income
1949 – 2008 (million 2008$)
Spring Wheat Prices 1990–2009
Barley Production, 1990-2008

Thousand Bushels

# Futures Prices (01/16/09)

<table>
<thead>
<tr>
<th>Location</th>
<th>12/08</th>
<th>3/09</th>
<th>5/09</th>
<th>7/09</th>
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</thead>
<tbody>
<tr>
<td>Minneapolis Grain Exchange</td>
<td></td>
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<tr>
<td>Hard Red Spring Wheat</td>
<td>653</td>
<td>649</td>
<td>650</td>
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<tr>
<td>Hard Red Winter Wheat</td>
<td>556</td>
<td>556</td>
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<tr>
<td>Kansas City Board of Trade</td>
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<td></td>
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<tr>
<td>Wheat</td>
<td>609</td>
<td>620</td>
<td>630</td>
<td>641</td>
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<tr>
<td>Chicago Board of Trade</td>
<td></td>
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<tr>
<td>Corn</td>
<td>391</td>
<td>402</td>
<td>412</td>
<td>423</td>
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<tr>
<td>Country</td>
<td>2007/08</td>
<td>2008/09</td>
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<td></td>
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<tr>
<td></td>
<td>mmt</td>
<td>%</td>
<td>mmt</td>
<td>%</td>
</tr>
<tr>
<td>Australia</td>
<td>13.00</td>
<td>2.2</td>
<td>22.00</td>
<td>3.2</td>
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<tr>
<td>Canada</td>
<td>20.60</td>
<td>3.4</td>
<td>25.40</td>
<td>3.7</td>
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<td>China</td>
<td>106.00</td>
<td>17.6</td>
<td>114.00</td>
<td>16.8</td>
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<td>EU-27</td>
<td>120.86</td>
<td>20.0</td>
<td>147.00</td>
<td>21.6</td>
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<td>India</td>
<td>74.89</td>
<td>12.4</td>
<td>78.40</td>
<td>11.5</td>
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<td>Russian Federation</td>
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<td>8.0</td>
<td>60.00</td>
<td>8.8</td>
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<tr>
<td>U.S.</td>
<td>56.25</td>
<td>9.3</td>
<td>68.03</td>
<td>10.0</td>
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<tr>
<td>Other</td>
<td>163.70</td>
<td>27.1</td>
<td>165.37</td>
<td>24.3</td>
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<td>Total</td>
<td>603.30</td>
<td>100.0</td>
<td>680.20</td>
<td>100.0</td>
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</table>
Global & US Wheat Market

*(current situation)*

**World**

- 2008 Wheat Production → 12% Higher than 2007
  - Strong prices (supply response) 680 mmt (08), 603 mmt (07)
  - Global Ending Wheat Stocks – up from last year
  - 110 mmt in 2007 to 144.4 mmt in 2008

**US**

- 2008 Wheat Production – 21% Higher than 2007
- US Ending Wheat Stocks – up substantially
International Trade - Wheat

Wheat exports are expected to decline

- Stronger dollar
- More foreign competition (weather related)
Montana Wheat Outlook (forecast)

- 2009 W. Wheat Plantings → ?
- 2009 Production (Forecast) → ???

- MT 2009 All Wheat Price: $ ???
  - Early 2009 – prices soften
  - Late 2009 – two important factors
    - Demand – worldwide economic conditions (China/India)
    - Supply – worldwide growing conditions
Livestock Outlook

Cattle
Montana Cattle Inventory (Jan. 1)
U.S. Cattle Inventory (Jan. 1)
Montana Calf Prices
## Futures Prices (01/16/09)

<table>
<thead>
<tr>
<th>Location</th>
<th>06/09</th>
<th>09/09</th>
<th>12/09</th>
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</thead>
<tbody>
<tr>
<td>Chicago Mercantile Exchange</td>
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<tr>
<td>Live Cattle</td>
<td>86.20</td>
<td>90.00</td>
<td>91.75</td>
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<tr>
<td>Feeder Cattle</td>
<td>97.40</td>
<td>98.50</td>
<td>98.70</td>
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Cattle Outlook

- 2008/09
  - Brucellosis
    - Testing costs + some price discount
  - Higher hay and grain prices put downward pressure on . . .
    - cattle inventories and
    - feeder/stocker cattle prices
    - ethanol effects
      - Higher demand for corn + byproduct (DDG)

Consumer demand and quality
Questions