2010 Montana Agricultural Outlook

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Data Source: National Agricultural Statistics Service
Montana Field Office
Highlights for 2009

- **Financial Crisis**
- **Crops (primarily wheat)**
  - Lower prices (average prices down nearly 30%)
  - Production stable to higher
- **Livestock**
  - Stable prices (although, below historical averages)
  - Stable production
Financial Crisis

- Lower net farm income, but . . .
  - Good years in the last two years
  - Low debt:asset ratios
  - Stable agricultural land values
  - Farm program effect
Cash Receipts and Government Payments
Montana
1993 – 2009 (million 2009$)
Montana Net Farm Income
1949 – 2009 (million 2009$)

Source: NASS – Montana
Debt:Equity and Debt:Asset Ratios

Source:  www.ers.usda.gov/Publications/AgOutlook/AOTables/Table 32
Average Farm Real Estate Values

http://usda.mannlib.cornell.edu/usda/current/AgriLandVa/AgriLandVa-08-04-2009.pdf
Farm Program Effect

- **Crops**
  - Direct payment
  - Counter cyclical
  - Marketing loan assistance (loan deficiency program)
  - Average Crop Revenue Election (ACRE)
  - Supplement Revenue Assistance Program (SURE)
  - Others

- **Livestock**
  - Livestock Indemnity Program (LIP)
  - Livestock Forage Disaster Program (LFP)
  - Emergency Assistance for Livestock, Honey Bee and Farm-Raised Fish Program (ELAP)
  - Others
LOWER DEMAND FOR AGRICULTURAL PRODUCTS
Food Sales (Home/Away) 2008 to 2009

Source: www.ers.usda.gov/Publications/AgOutlook/AOTables/Table 36 - Food Sales
Organic Food Market (Growth)

Billions of dollars


3.5% of total food and beverage sales
LOWER EXPORT DEMAND
Wheat Exports
Percentage of Production, Marketing Year

Source: usda.mannlib.cornell.edu/usda/current/WHS/WHS-10-14-2009.pdf
U.S. Beef Exports
Percentage of Production, Carcass Weight

Source: USDA-FAS and ERS; Compiled and Forecasts by LMIC
COMMODITY PRICES AND YIELDS
Crop Production - #1 County
Chouteau (Fort Benton) – 9.5% share
Crop Production – Top 50%
Montana Winter Wheat Prices
1990 - 2009

Source: NASS - Montana
Montana Winter Wheat Production
1990-2009

Thousands of Bushels

Montana Spring Wheat Prices
1990 - 2009

Source: NASS - Montana
Montana All Barley Prices
1990–2009

Source: NASS - Montana
Montana Barley Production
1990-2009

Source: NASS - Montana
# Future Prices

<table>
<thead>
<tr>
<th>Location</th>
<th>Units</th>
<th>3/10</th>
<th>5/10</th>
<th>7/10</th>
<th>9/10</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>$/bu</td>
<td>5.13</td>
<td>5.11</td>
<td>5.23</td>
<td>5.34</td>
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<tr>
<td>Hard Red Winter Wheat</td>
<td>$/bu</td>
<td>4.90</td>
<td>4.98</td>
<td>5.10</td>
<td>5.19</td>
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<tr>
<td>Chicago Board of Trade</td>
<td></td>
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</tr>
<tr>
<td>Corn</td>
<td>$/bu</td>
<td>3.56</td>
<td>3.66</td>
<td>3.77</td>
<td>3.86</td>
</tr>
</tbody>
</table>

SW - $1.00 down, WW - $0.20 down, CN - $0.40 down from 2009
# Global Wheat Market Shares

<table>
<thead>
<tr>
<th>Country</th>
<th>2008/09 mmt</th>
<th>2009/10 mmt</th>
<th>2008/09 %</th>
<th>2009/10 %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>21.50</td>
<td>23.50</td>
<td>3.1</td>
<td>3.5</td>
</tr>
<tr>
<td>Canada</td>
<td>28.61</td>
<td>24.50</td>
<td>4.2</td>
<td>3.6</td>
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<tr>
<td>China</td>
<td>112.50</td>
<td>114.50</td>
<td>16.5</td>
<td>17.0</td>
</tr>
<tr>
<td>EU-27</td>
<td>151.07</td>
<td>139.08</td>
<td>22.1</td>
<td>20.7</td>
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<tr>
<td>India</td>
<td>78.60</td>
<td>80.58</td>
<td>11.5</td>
<td>12.0</td>
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<tr>
<td>FSU-12</td>
<td>115.59</td>
<td>106.42</td>
<td>16.9</td>
<td>15.8</td>
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<tr>
<td>U.S.</td>
<td>68.02</td>
<td>60.30</td>
<td>10.0</td>
<td>9.0</td>
</tr>
<tr>
<td>Other</td>
<td>106.86</td>
<td>123.02</td>
<td>15.7</td>
<td>18.3</td>
</tr>
<tr>
<td>Total</td>
<td>682.75</td>
<td>671.90</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>
Montana Wheat 2010

- 2010 Winter Wheat Plantings → down 22%
  - And low quality winter wheat crop
- 2010 Production (Forecast) → ???
  - MT 2010 All Wheat Price: ???
    - Early 2010 – prices soften
    - Late 2010 – two important factors
      - Demand – worldwide economic conditions
      - Supply – worldwide growing conditions
Montana Corn Prices

Corn Prices, 2009 Dollars

Source: NASS - Montana
Corn Prices (in Montana?)

- Almost nothing is going right for corn prices:
  - Higher Acreage
  - Ample supplies
  - Weak Exports
  - Very cool summer & high yields
  - But, delayed harvest

- Weak oil prices
- Ethanol uncertainty
- But, Good News for Cattle Producers
LIVESTOCK SECTOR
Livestock Production - #1 County
Yellowstone – 6.8% share
Livestock Production – Top 50%
Agricultural Products: Calves

Calf Prices, 2009 Dollars

Source: NASS - Montana
Montana Calves Marketed
1990 - 2008
Montana Cattle Inventory (Jan. 1)
# Futures Prices (01/20/10)

<table>
<thead>
<tr>
<th>Location</th>
<th>04/10</th>
<th>06/10</th>
<th>08/10</th>
<th>12/10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chicago Mercantile Exchange</td>
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<tr>
<td>Live Cattle</td>
<td>94.45</td>
<td>92.30</td>
<td>90.67</td>
<td>94.90</td>
</tr>
<tr>
<td>Feeder Cattle</td>
<td>105.95</td>
<td>106.80</td>
<td>108.90</td>
<td>108.00</td>
</tr>
</tbody>
</table>

- Up $8/cwt in last three months
Cattle Outlook 2010

- Consumer Demand
  - Domestic
  - International
    - Expect exports to increase by 10% over 2009 (Asia, Mexico and Canada)

- Ethanol
  - Price of corn
Any Questions

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