2011 Montana Agricultural Outlook

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Data Source: National Agricultural Statistics Service
Montana Field Office
Highlights for 2010

“Great Recession” and Agriculture
- Higher Net Farm Income in 2010
- Stable Balance Sheet

Crops
- Higher prices for wheat
- Record setting production

Livestock
- Improved prices
- Stable production
Escape the “Great Recession”
US GDP v Montana GDP (Ag)

Source: Bureau of Economic Analysis, Haynes forecast 2010
Cash Receipts and Government Payments
Montana
1994 – 2010 (million 2010$)

Source, National Agricultural Statistics Service, Montana Field Office
Montana Net Farm Income
1950 – 2010 (million 2010$)

Source, National Agricultural Statistics Service, Montana Field Office
Escape the “Great Recession”
Average Farm Real Estate Values

Source, National Agricultural Statistics Service, Montana Field Office
Flow of Capital
Agriculture and Small Business Loans from Depository Lenders

FDIC, Statistics on Depository Institutions
Flow of Capital
Agriculture and Small Business Loans from Depository Lenders with Headquarters in Montana

FDIC, Statistics on Depository Institutions
Winners and Losers
2009 to 2010

Winners

• Wheat producers
  • 28% price increase, record setting yields
• Cow/calf producers
  • Nearly 20% price increase, stable yields
• Sugar beet growers
  • 25% price increase (record prices), very good yields - sugar content

Loser

• Barley producers
  • 16% decline in prices, excellent yields
• Hay producers
  • 13% decline in prices, excellent yields
IMPROVED DEMAND FOR AGRICULTURAL PRODUCTS
Food Sales (Home/Away)
2009 to 2010

Source: www.ers.usda.gov/Publications/AgOutlook/AOTables/Table 36 - Food Sales
HIGHER EXPORT DEMAND
Wheat Exports
Percentage of Production, Marketing Year

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

Source: USDA-FAS and ERS; Compiled and Forecasts by LMIC
Where are these exports going?

- **Grain (wheat)**
  - Sub-Saharan Africa
  - Japan
  - Mexico
  - Egypt
  - South Korea

- **Cattle**
  - Mexico
  - Japan
  - South Korea
COMMODITY PRICES AND YIELDS
Crop Production - #1 County
Chouteau (Fort Benton) – 10.1% share
Grain Prices

Source, National Agricultural Statistics Service, Montana Field Office
Grain Production

Source, National Agricultural Statistics Service, Montana Field Office
## 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>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Minneapolis Grain Exchange</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hard Red Winter Wheat $/bu</td>
<td>8.76</td>
<td>8.86</td>
<td>8.95</td>
<td>9.07</td>
<td></td>
</tr>
<tr>
<td><strong>Chicago Board of Trade</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corn $/bu</td>
<td>6.58</td>
<td>6.68</td>
<td>6.71</td>
<td>6.15</td>
<td></td>
</tr>
</tbody>
</table>

SW & WW - $4.00 up, CN - $3.00 up from 2010
### Global Wheat Market Shares

<table>
<thead>
<tr>
<th>Country</th>
<th>2009/10 shares</th>
<th>2010/2011 shares</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>mmt</td>
<td>%</td>
</tr>
<tr>
<td>Australia</td>
<td>22.50</td>
<td>3.3</td>
</tr>
<tr>
<td>Canada</td>
<td>26.85</td>
<td>3.9</td>
</tr>
<tr>
<td>China</td>
<td>115.12</td>
<td>16.9</td>
</tr>
<tr>
<td>EU-27</td>
<td>138.06</td>
<td>20.2</td>
</tr>
<tr>
<td>India</td>
<td>80.68</td>
<td>11.8</td>
</tr>
<tr>
<td>FSU-12</td>
<td>113.84</td>
<td>16.7</td>
</tr>
<tr>
<td>U.S.</td>
<td>60.37</td>
<td>8.8</td>
</tr>
<tr>
<td>Other</td>
<td>125.28</td>
<td>18.4</td>
</tr>
<tr>
<td>Total</td>
<td>682.70</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source, WASDE-488, November 9, 2010
Montana Wheat 2011

- **2011 Winter Wheat Plantings → up 7%**
  - Average quality wheat crop (72% good or above)
- **2011 Production (Forecast) → “weather”**
  - MT 2011 All Wheat Price: optimistic
    - Early 2011– prices strong (Australia)
    - Late 2011– two important factors
      - Demand – worldwide economic conditions
      - Supply – worldwide growing conditions
LIVESTOCK SECTOR
Livestock Production - #1 County

Yellowstone – 6.5% share
Livestock Production – Top 10
Agricultural Products: Calves

Source, National Agricultural Statistics Service, Montana Field Office
Montana Cattle Inventory (Jan. 1)

Source, National Agricultural Statistics Service, Montana Field Office
Futures Prices (01/18/11)

<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>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Feeder Cattle</td>
<td>128.30</td>
<td>128.70</td>
<td>128.90</td>
<td>128.30</td>
</tr>
<tr>
<td>Live Cattle</td>
<td>114.30</td>
<td>113.20</td>
<td>113.70</td>
<td>117.20</td>
</tr>
</tbody>
</table>

20% increase from 2009
Cattle Outlook 2011

- Consumer Demand
  - Domestic, improving
  - International

- Inputs (supply)
  - Price of corn
Growth Market – Organic Foods


Organic Trade Association, 2010
## Market Share – Organic Foods

<table>
<thead>
<tr>
<th>Category</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organic Food</td>
<td>6,100</td>
<td>7,360</td>
<td>8,635</td>
<td>10,381</td>
<td>12,002</td>
<td>14,223</td>
<td>17,221</td>
<td>20,410</td>
<td>23,607</td>
<td>24,803</td>
</tr>
<tr>
<td>Growth</td>
<td>21.0%</td>
<td>20.7%</td>
<td>17.3%</td>
<td>20.2%</td>
<td>15.6%</td>
<td>18.5%</td>
<td>21.1%</td>
<td>18.5%</td>
<td>15.7%</td>
<td>5.1%</td>
</tr>
<tr>
<td>Total Food</td>
<td>498,380</td>
<td>521,830</td>
<td>530,612</td>
<td>535,406</td>
<td>544,141</td>
<td>566,791</td>
<td>598,136</td>
<td>628,219</td>
<td>659,012</td>
<td>669,556</td>
</tr>
<tr>
<td>Growth</td>
<td>5.0%</td>
<td>4.7%</td>
<td>1.7%</td>
<td>0.9%</td>
<td>1.6%</td>
<td>4.2%</td>
<td>5.5%</td>
<td>5.0%</td>
<td>4.9%</td>
<td>1.6%</td>
</tr>
<tr>
<td>Organic as % Total</td>
<td>1.2%</td>
<td>1.4%</td>
<td>1.6%</td>
<td>1.9%</td>
<td>2.2%</td>
<td>2.5%</td>
<td>2.9%</td>
<td>3.2%</td>
<td>3.6%</td>
<td>3.7%</td>
</tr>
</tbody>
</table>

Montana – Organic Foods

- Montana ranks 7th in total land area dedicated to organic food production
  - Less than 1 percent of farm/ranch land in Montana
    - 60 percent - - crop
    - 40 percent - - livestock
Outlook for 2011

- Strength of the economic recovery
  - Domestic
  - Foreign
- Farm Bill
  - Federal Budget
  - Brazil WTO Case
  - Baseline
- Weather
Any Questions