2013 Montana Agricultural Outlook

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MSU Extension

Data Source: National Agricultural Statistics Service
Montana Field Office (NASS) and Livestock Marketing Information Center (LMIC)
2012 “Recap”

- **Crops**
  - All wheat prices – strong
  - All wheat production
    - Winter wheat production – down
    - Spring wheat production – up
  - Hay prices - strong

- **Cattle**
  - Cattle and Calf Prices – strong
  - Cow Herd – stable

- **Consumer Food Prices**
  - Increased
Gross Revenue Estimates
(2012 dollars)

Source: NASS and MSU Estimates
Droughts 2011 and 2012
(severe, extreme & exceptional – D2 – D4)

2011

2012

<table>
<thead>
<tr>
<th>Week</th>
<th>Nothing</th>
<th>D0-D4</th>
<th>D1-D4</th>
<th>D2-D4</th>
<th>D3-D4</th>
<th>D4</th>
</tr>
</thead>
<tbody>
<tr>
<td>October 11, 2011</td>
<td>57.83</td>
<td>42.17</td>
<td>30.47</td>
<td>23.85</td>
<td>17.12</td>
<td>9.76</td>
</tr>
<tr>
<td>October 9, 2012</td>
<td>23.28</td>
<td>76.72</td>
<td>63.55</td>
<td>39.91</td>
<td>20.15</td>
<td>6.18</td>
</tr>
</tbody>
</table>
Drought Impacts:
Higher Corn, Barley, and Spring Wheat Prices

Source: LMIC and USDA, U.S. Corn, Feed Barley and Hard Red Spring Wheat
Drought Impacts:
Higher Cattle and Calf Prices

Source: NASS
CROPS (GRAIN AND HAY)
Wheat Exports
Percent of Total U.S. Production

Source: WASDE, Total U.S. Exports = 1,050 mb in 2011/2012 and 1,050 mb in 2012/2013 (higher wheat production in 2012)
Where are Montana exports going?

  - Total: 152.4 million bushels
  - Exports are 80% + of total Montana wheat production
  - Destination:
    - West: 121.8 million bushels
      - Japan (50%), other Asian, Canada, & Mexico
    - East: 30.6 million bushels

- **Export competition**
  - Canada, Australia, EU-27 & FSU-12 (Russia/Kazakhstan/Ukraine)
<table>
<thead>
<tr>
<th>Country</th>
<th>2011/2012</th>
<th></th>
<th>2012/2013</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>mmt</td>
<td>%</td>
<td>mmt</td>
<td>%</td>
</tr>
<tr>
<td>Australia</td>
<td>29.9</td>
<td>4.3</td>
<td>21.0</td>
<td>3.2</td>
</tr>
<tr>
<td>Canada</td>
<td>25.3</td>
<td>3.6</td>
<td>26.7</td>
<td>4.0</td>
</tr>
<tr>
<td>China</td>
<td>117.4</td>
<td>16.9</td>
<td>120.6</td>
<td>18.2</td>
</tr>
<tr>
<td>EU-27</td>
<td>137.2</td>
<td>19.7</td>
<td>131.7</td>
<td>19.9</td>
</tr>
<tr>
<td>India</td>
<td>86.9</td>
<td>12.5</td>
<td>93.9</td>
<td>14.2</td>
</tr>
<tr>
<td>FSU-12</td>
<td>114.8</td>
<td>16.5</td>
<td>77.8</td>
<td>11.7</td>
</tr>
<tr>
<td>U.S.</td>
<td>54.4</td>
<td>7.8</td>
<td>61.8</td>
<td>9.3</td>
</tr>
<tr>
<td>Other</td>
<td>130.5</td>
<td>18.7</td>
<td>114.7</td>
<td>17.3</td>
</tr>
<tr>
<td>Total</td>
<td>696.4</td>
<td>100.0</td>
<td>662.8</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: WASDE-513, December 2012
Grain Production (2012)

Thousands of Bushels

Source: NASS
Grain Prices
(2012 dollars)

Source: NASS
All Hay Production (2012)

Source: NASS
All Hay Prices
(2012 dollars)

Source: NASS
# Futures Prices
*(no basis adjustment – 02/04/13)*

<table>
<thead>
<tr>
<th>Location</th>
<th>Units</th>
<th>5/13</th>
<th>7/13</th>
<th>9/13</th>
<th>12/13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minneapolis Grain Exchange</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hard Red Spring Wheat</td>
<td>$/bu</td>
<td>8.61</td>
<td>8.69</td>
<td>8.71</td>
<td>8.76</td>
</tr>
<tr>
<td>Kansas City Board of Trade</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Winter Wheat</td>
<td>$/bu</td>
<td>8.30</td>
<td>8.39</td>
<td>8.49</td>
<td>8.64</td>
</tr>
<tr>
<td>Chicago Board of Trade</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corn</td>
<td>$/bu</td>
<td>7.35</td>
<td>7.26</td>
<td>6.16</td>
<td>5.93</td>
</tr>
</tbody>
</table>

Sources: MGE, KBOT, CBOT and MGGA Market Manager – 0.80 negative basis
Montana Wheat 2012

- 2012/2013 Winter Wheat Plantings → ???
- Influence of corn prices (public policy)
- Influence of the 2011 & 2012 droughts
- Protein matters
- 2013 Production/Prices
  - MT 2013 All Wheat Price: optimistic
CATTLE
U.S. Beef Production and Cattle Herd Size

Source: LMIC and MSU Agricultural Marketing Policy Center
U.S. Beef and Veal Exports
Percentage of Total U.S. Production

Source: LMIC, Beef and veal exports 2.5 billion pounds in 2012
Exports – who’s buying U.S. beef

Source: NASS
Montana Cattle Herd

Source: NASS
Calf Prices
(2012 dollars)

NASS, 190 – 2011, MSU 2012 estimate
## Futures Prices
(no basis adjustments – 02/04/13)

<table>
<thead>
<tr>
<th>Location</th>
<th>05/13</th>
<th>08/13</th>
<th>10/13</th>
<th>11/13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chicago Mercantile Exchange</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Feeder Cattle, $/cwt</td>
<td>155</td>
<td>160</td>
<td>162</td>
<td>162</td>
</tr>
<tr>
<td>Live Cattle, $/cwt</td>
<td>128</td>
<td>129</td>
<td>133</td>
<td>135</td>
</tr>
</tbody>
</table>

Source: Chicago Mercantile Exchange
Montana Cattle 2012/13

- **Strong prices for cow/calf producers**
  - Optimistic about calf prices through 2013 and beyond

- **Opportunity to increase cattle herd**
  - Beef demand – sell more beef at the same price
  - Farm programs – good insurance, good subsidies
  - Labor issue – more skills required to work on a ranch
  - Age of ranchers – little incentive

*why* produce beef
## Organic Agriculture

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Farms</td>
<td>144</td>
<td>99</td>
</tr>
<tr>
<td>Acreage (acres)</td>
<td>215,000</td>
<td>203,000</td>
</tr>
<tr>
<td>Sales</td>
<td>$24 million</td>
<td>$29 million</td>
</tr>
<tr>
<td>Grain &amp; Dry Beans</td>
<td>$21 million</td>
<td>$24 million</td>
</tr>
<tr>
<td>Organic Cattle</td>
<td>$1 million</td>
<td>$3 million</td>
</tr>
</tbody>
</table>
Consumer Food Prices

2013 Forecast

- **Crops**
  - Wheat, barley, & hay – prices higher than historical average

- **Livestock**
  - Cattle and calves – prices higher than historical average

- **Consumer Impact**
  - 3 to 4% increase in food prices