2014 Montana Agricultural Outlook

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Data Source: National Agricultural Statistics Service
Montana Field Office
2013 “80% Recap”

- **Crops**
  - All wheat & barley prices – down 15% or more
  - All wheat production
    - Winter wheat production – down 3%
    - Spring wheat production – up 9%
    - Barley production – up 7%
  - Sugar Beets – good yield, low sugar, low price

- **Cattle**
  - Cattle and Calf Prices – strong
    - Cow/calf producers are in the *right place*
  - Cow Herd – stable (to slight increase)
Montana
Gross Revenue Estimates

7% increase from 2012 – US net farm income up by 6%
Share of Gross Revenue by Region

Northwest – 6%, Central – 13%, North Central – 29%; 2010 estimates
Gross Revenue per Acre by Region

Northwest - 2nd highest gross revenue/acre in Montana ($81/ac.) Flathead - $186/ac.; 2010 estimates
Income Statement

U.S. Net Farm Income

Net Farm Income, $ Billions

2006 2007 2008 2009 2010 2011 2012 2013
Balance Sheet

U.S. Farm Debt:Asset Ratio

CRS, Schnepf – 8/30/13)
Drought Status – January 2014

Montana Water Supply and Moisture Status by County - January, 2014

Montana County Moisture Status - Climate Summary

Drought Impact Types:
- A = Agricultural - Soil Moisture, Range conditions
- H = Hydrological - Water Supplies, Streamflow, Groundwater

Map Key:
- Moisture Status
  - January 2013
  - Extremely Moist
  - Moderately Moist
  - Slightly Moist
  - Near Average (Normal)
  - Slightly Dry
  - Moderately Dry
  - Extremely Dry
  - Drought Alert
  - Severe Drought
CROPS (GRAIN, HAY & PULSES)
# Global Wheat Market Shares

<table>
<thead>
<tr>
<th>Country</th>
<th>2012/2013</th>
<th>2013/2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>mmt</td>
<td>%</td>
</tr>
<tr>
<td>Australia</td>
<td>22.1</td>
<td>3.2</td>
</tr>
<tr>
<td>Canada</td>
<td>27.2</td>
<td>4.0</td>
</tr>
<tr>
<td>China</td>
<td>121.0</td>
<td>17.8</td>
</tr>
<tr>
<td>EU-27</td>
<td>133.1</td>
<td>19.5</td>
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<tr>
<td>India</td>
<td>94.9</td>
<td>13.9</td>
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<tr>
<td>FSU-12</td>
<td>77.2</td>
<td>11.3</td>
</tr>
<tr>
<td>U.S.</td>
<td>61.8</td>
<td>9.1</td>
</tr>
<tr>
<td>Other</td>
<td>143.5</td>
<td>21.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>680.7</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
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Source, WASDE-522, September 2013
U.S. Wheat Exports
percent of total U.S. production

Total U.S. Exports = 1.0 b. bushels in 2012/2013 and 1.1 b. bushels in 2013/2014 – optimistic with increased sales to Brazil, EU and Russia
Montana Wheat Exports

NASS, wheat and barley shipments out of Montana – export 75% of total production
Montana Grain Production (2013)
Montana Grain Prices
(2013 dollars)

Prices – 12/2013: WW – 6.10; SW – 6.65; BAR – 6.25; MBAR – 9.50
Montana Hay Production (2013)
Montana Hay Prices
(2013 dollars)
Montana Pulse Production

Dry peas, 30% more acres (380,000) and yield increased by 400 lbs./acre from 2012; lentils down slightly (3%)
Montana Pulse Prices

![Graph showing Montana Pulse Prices from 1998 to 2013. The graph plots the price per hundredweight (cwt) for Lentils and Dry Edible Peas over the years. The price of Lentils fluctuates with a peak around 2008, while Dry Edible Peas show a more consistent pattern with minor variations.](image-url)
## Futures Prices
(no basis adjustment – 02/12/14)

<table>
<thead>
<tr>
<th>Location</th>
<th>Units</th>
<th>03/14</th>
<th>05/14</th>
<th>07/14</th>
<th>09/14</th>
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</thead>
<tbody>
<tr>
<td>Minneapolis Grain Exchange</td>
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<tr>
<td>Kansas City Board of Trade</td>
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<tr>
<td>Winter Wheat $/bu</td>
<td></td>
<td>6.63</td>
<td>6.54</td>
<td>6.44</td>
<td>6.54</td>
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<tr>
<td>Chicago Board of Trade</td>
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<tr>
<td>Corn $/bu</td>
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<td>4.40</td>
<td>4.46</td>
<td>4.51</td>
<td>4.52</td>
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</tbody>
</table>

September futures in March for HRSW were 9.50/bu. (-34%) - - corn futures were 7.95 (-44%)
Supply side (corn) – 10.8 b. bu 2012 - - 13.8b. bu 2013
Montana Wheat 2014

- **2013/2014 Winter Wheat Plantings → positive**

- **2014 Production/Prices**
  - *MT 2014 All Wheat Price: less optimistic*

- **Farm Bill**
  - *More insurance-type programs*
CATTLE
U.S. Beef Production and Cattle Herd Size

Source: LMIC, 12/2013
U.S Beef Exports
Percentage of Total Production

LMIC – 2% decline 2012 to 2013, but forecast 4.5% decline in 2014 – 2.5 b. lbs./year - $21 m. Russia (91% of exports MT)
Exports – who’s buying U.S. beef

52% surge in exports to Japan

- Japan: 18%
- Mexico: 17%
- Canada: 17%
- South Korea: 12%
- Others: 36%
Calf Prices
(2013 dollars)

Dollars per Hundred Pounds (2013 Dollars)


LMIC – price estimates 2013
### Futures Prices

(no basis adjustments – 2/12/14)

<table>
<thead>
<tr>
<th>Location</th>
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<th>08/14</th>
<th>9/14</th>
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<tbody>
<tr>
<td>Chicago Mercantile Exchange</td>
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<td>Feeder Cattle with Stocker</td>
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<tr>
<td>Adjustment, $/cwt</td>
<td>195</td>
<td>196</td>
<td>196</td>
<td>197</td>
</tr>
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Futures price + stocker index adjustment (+0.26)
Montana Cattle 2013/14

- **Strong prices for cow/calf producers**
  - Optimistic about calf prices through 2016

- **Opportunity to increase cattle herd**
  - **Headwinds**
    - Consumer demand
      - Beef as a “loss leader”
      - Source verification
  - Tax and regulatory policy *(and organic/natural/locally grown)*
    - Food Modernization Act
Questions

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