2015 Montana Agricultural Outlook

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MSU Extension

Data Source: National Agricultural Statistics Service
Montana Field Office (Eric Sommer, Director)
2014/15 Overview–US

Crops

• Wheat & barley prices – down…but better than predicted
• Wheat & barley production - down
• Pulse crop production continues to increase

Cattle

• Cattle and calf prices – very strong
• Cattle herd – small, shrinking
Montana Gross Revenue Estimates

Livestock
Crops
Government
Drought Status – October 2014

Montana Water Supply and Moisture Status by County - October 2014

Map Key
- Drought Impact Type
  - Continental Divide

Moisture Status
- Extremely Moist
- Moderately Moist
- Slightly Moist
- Near Average (Normal)
- Slightly Dry
- Moderately Dry
- Extremely Dry

(Drought Alert)
(Severe Drought)

Montana County Moisture Status - Climate Summary - October 8th, 2014
Drought Status – September 2014

Photo courtesy Marko Manoukian, Phillips County Extension
CATTLE
US Beef Production and Cattle Inventory (January 1, 2014)

Bil. Pounds

Mil. Head


Cattle Inventory  "U.S. Beef Production"

Mountains & Minds
Current price = $220.
Futures Prices
(no basis adjustments – 02/12/2015)

<table>
<thead>
<tr>
<th>Location</th>
<th>05/15</th>
<th>08/15</th>
<th>010/15</th>
<th>11/15</th>
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</thead>
<tbody>
<tr>
<td>Chicago Mercantile Exchange</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Feeder Cattle, $/cwt</td>
<td>200</td>
<td>200</td>
<td>202</td>
<td>200</td>
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<tr>
<td>Live Cattle, $/cwt</td>
<td>151</td>
<td>142</td>
<td>145</td>
<td>145</td>
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</tbody>
</table>

- Futures down 10% since late December
Supply Decline

- **Cost factors**
  - Drought
  - Grazing availability
  - Labor

- **Alternative production factors**
  - Crop profitability
  - Crop insurance
  - Age
Demand Increase

- **Domestic demand slightly stronger**
- **Foreign demand increasing**
  - Increasing incomes
  - Increasing population
Montana Cattle 2015/16

- High prices for cow/calf producers
  - Optimistic about calf prices for a few years at least!

- MT, US cattle inventory flat
  - Uncertainty may be the issue
    - COOL and WTO rulings?
    - Global macroeconomic conditions
    - Consumer demand
  - Quality issues
CROPS (GRAIN, HAY & PULSES)
## Global Wheat Production Shares

<table>
<thead>
<tr>
<th></th>
<th>2013/14</th>
<th>2014/15</th>
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<tbody>
<tr>
<td></td>
<td>mmt</td>
<td>%</td>
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<tr>
<td>Canada</td>
<td>38</td>
<td>5</td>
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<tr>
<td>China</td>
<td>122</td>
<td>17</td>
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<tr>
<td>EU-27</td>
<td>143</td>
<td>20</td>
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<tr>
<td>India</td>
<td>94</td>
<td>13</td>
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<td>FSU-12</td>
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<td>15</td>
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<tr>
<td>U.S.</td>
<td>58</td>
<td>8</td>
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<tr>
<td>Other</td>
<td>157</td>
<td>18</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>715</strong></td>
<td><strong>100</strong></td>
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</tbody>
</table>

Source, WASDE-534, 2014
Montana Grain Production

Millions of Bushels

Winter Wheat
Spring Wheat
Barley

1991 1993 1995 1997 1999 2001 2003 2005 2007 2009 2011 2013

- 40 80 120 160

Montana State University Extension
Mountains & Minds
Montana Grain Prices
(2014$)

$2014/Bushel

1991 1993 1995 1997 1999 2001 2003 2005 2007 2009 2011 2013

Winter Wheat Spring Wheat Barley

Montana State University Extension
## Futures Prices
($/bu, no basis adjustment – 02/12/15)

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<th>12/15</th>
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<tbody>
<tr>
<td>Minneapolis Grain Exchange</td>
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<tr>
<td>Hard Red Spring Wheat</td>
<td>5.76</td>
<td>5.79</td>
<td>5.86</td>
<td>5.95</td>
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<tr>
<td>Kansas City Board of Trade</td>
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<tr>
<td>Hard Red Winter Wheat</td>
<td>5.55</td>
<td>5.59</td>
<td>5.69</td>
<td>5.83</td>
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<tr>
<td>Chicago Board of Trade</td>
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<tr>
<td>Corn</td>
<td>3.92</td>
<td>4.00</td>
<td>4.06</td>
<td>4.14</td>
</tr>
</tbody>
</table>

Wheat gained $0.80/bushel in 12/14; corn up $0.30
Montana Hay Production

U.S. total production strong—149 million tons
Montana Pulse Production

Millions of Pounds

- Lentils
- Dry Edible Peas
- Dry Edible Beans
- Sum

1998 to 2014
Montana Crops 2015/16

- Production
  - Strong
  - Pulse crop production continues to grow

- Prices
  - Inching up…but not very far…
  - Global production strong
Questions?

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