2017 Montana Agricultural Outlook

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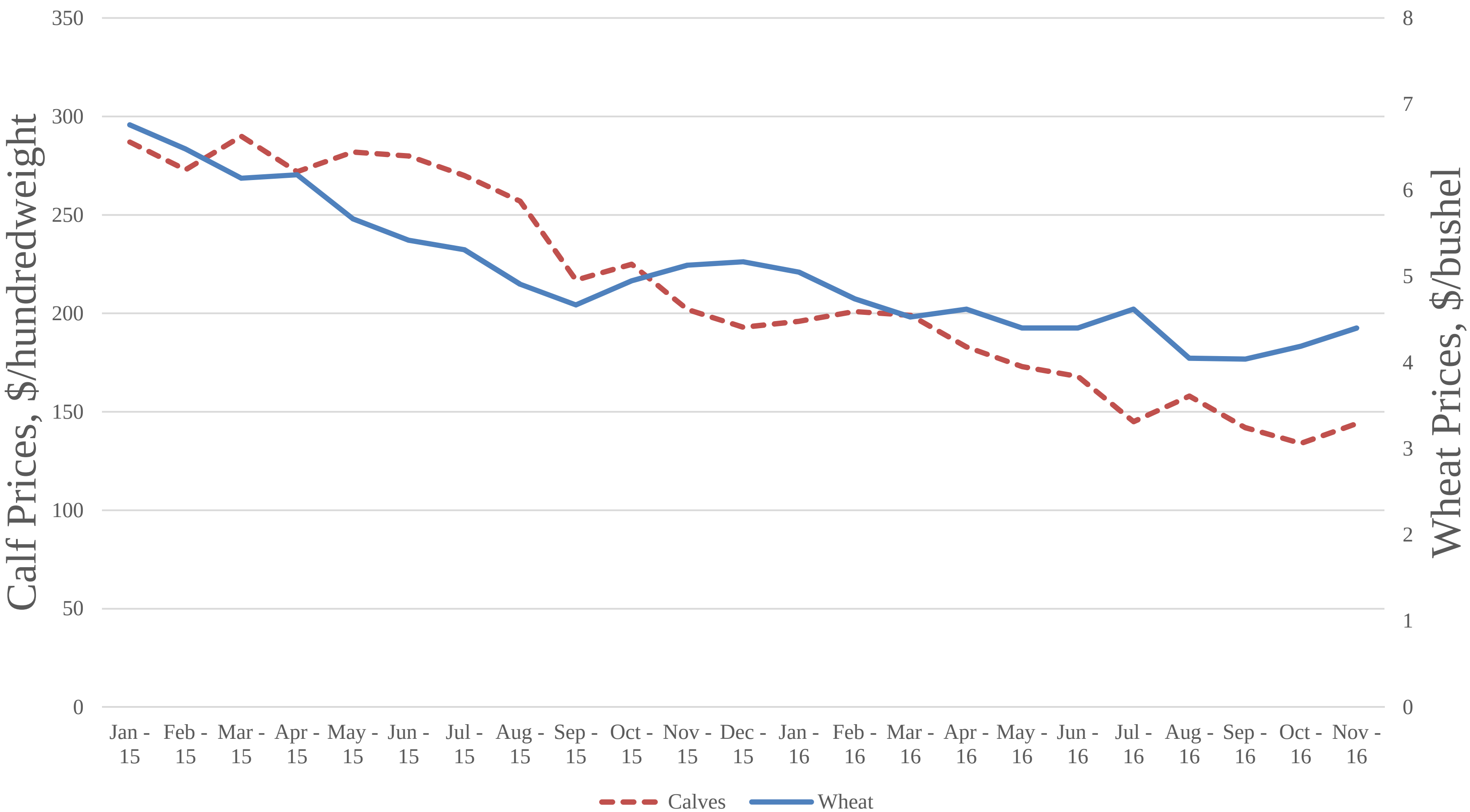
Major Data Source: National Agricultural Statistics Service
Montana Field Office (Eric Sommer, Director)

A Challenging Year



2016/17 Overview

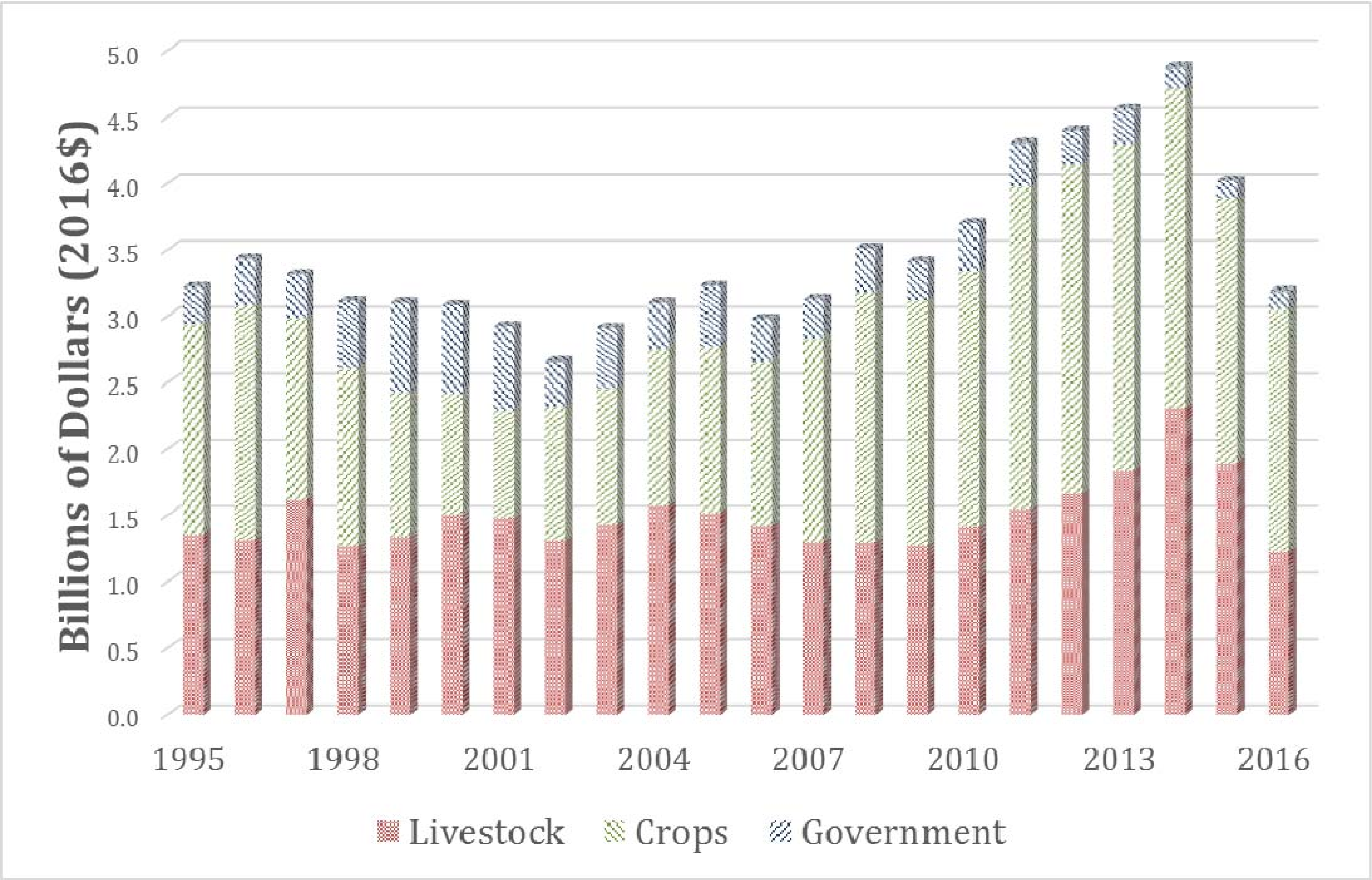
- Cattle
  - Declining cattle prices
    - US beef production increased by 6% in 2016
      - Anticipated to increase by 4% in 2017
    - US beef exports – expected to decrease in 2017
    - US beef imports – expected to decrease in 2017

2016/17 Overview

Crops

- Declining grain prices
  - Record worldwide wheat production (and stocks)
  - Improving, but low exports (*strong dollar*)
    - Japan, Mexico, Philippines, Nigeria, S. Korea, Taiwan
    - Australia competition on the horizon (largest crop in history)
- Pulse crop production continues to increase
- Beet production strong, other issues
- Local foods/farmer's markets

Cash Receipts (1995 – 2016f)

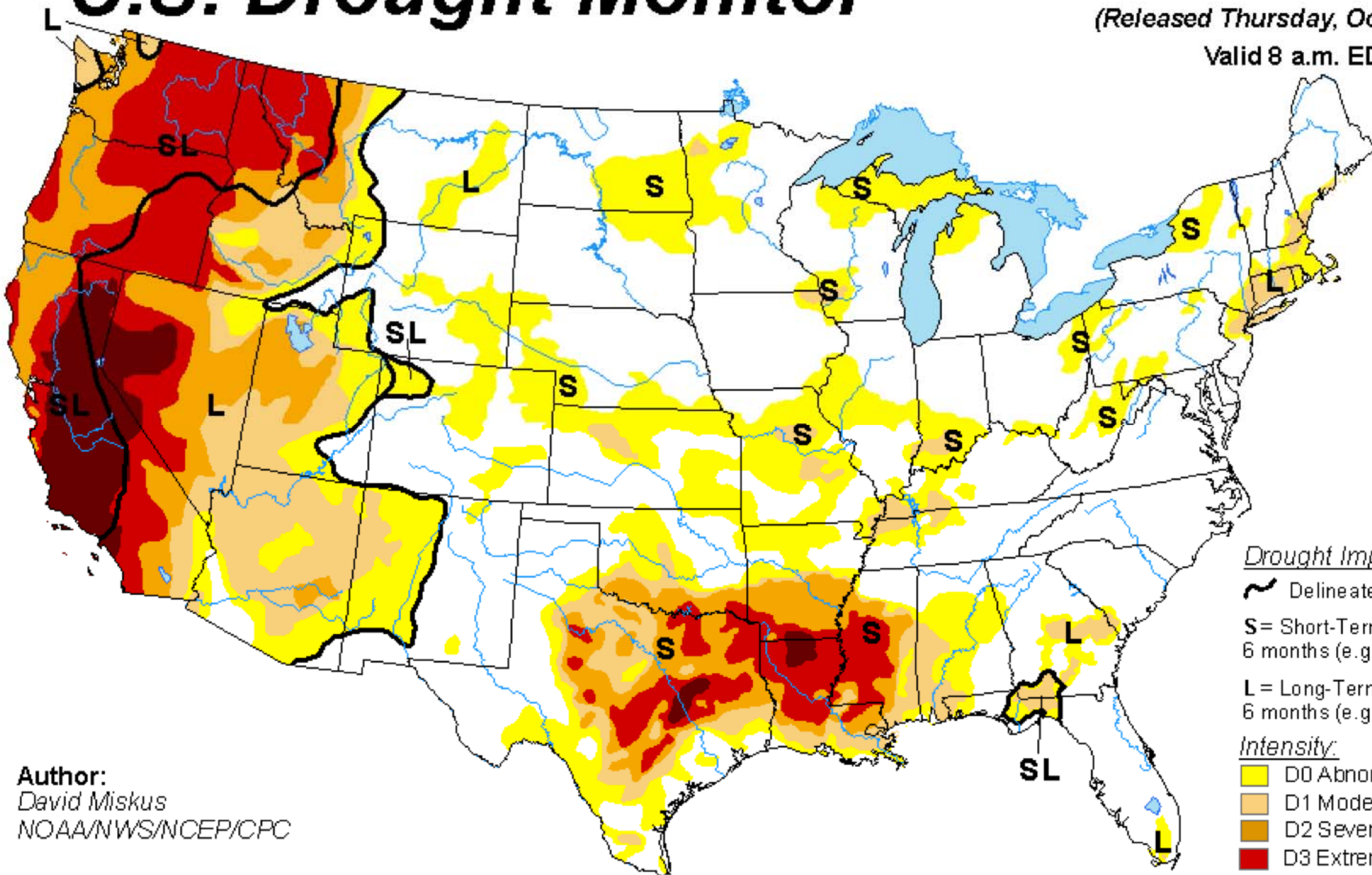


U.S. Drought Monitor

October 13, 2015

(Released Thursday, Oct. 15, 2015)

Valid 8 a.m. EDT



Drought Impact Types:

Delineates dominant impacts

S = Short-Term, typically less than 6 months (e.g. agriculture, grasslands)

L = Long-Term, typically greater than 6 months (e.g. hydrology, ecology)

Intensity:

- D0 Abnormally Dry
- D1 Moderate Drought
- D2 Severe Drought
- D3 Extreme Drought
- D4 Exceptional Drought

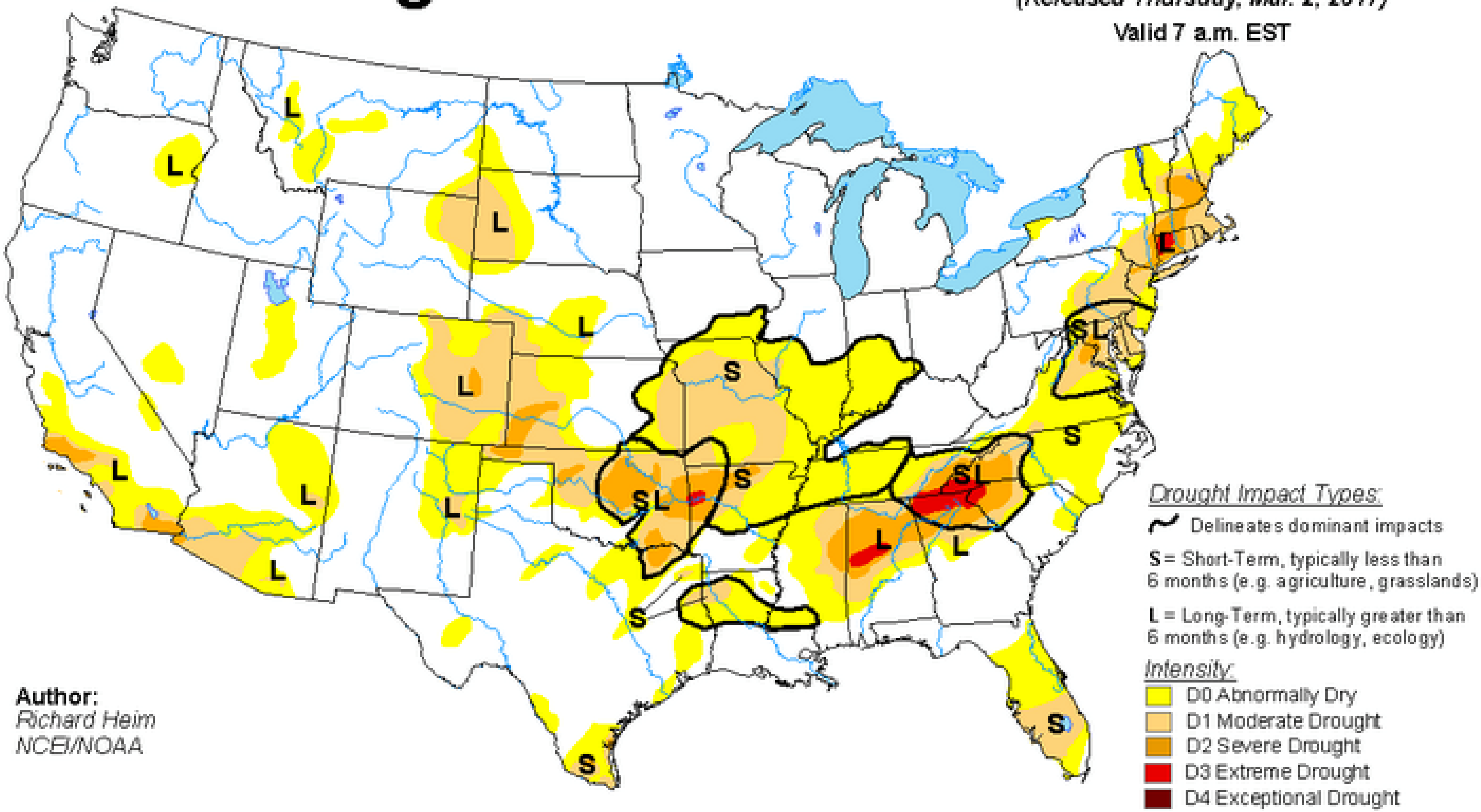
Author:
David Miskus
NOAA/NWS/NCEP/CPC

U.S. Drought Monitor

February 28, 2017

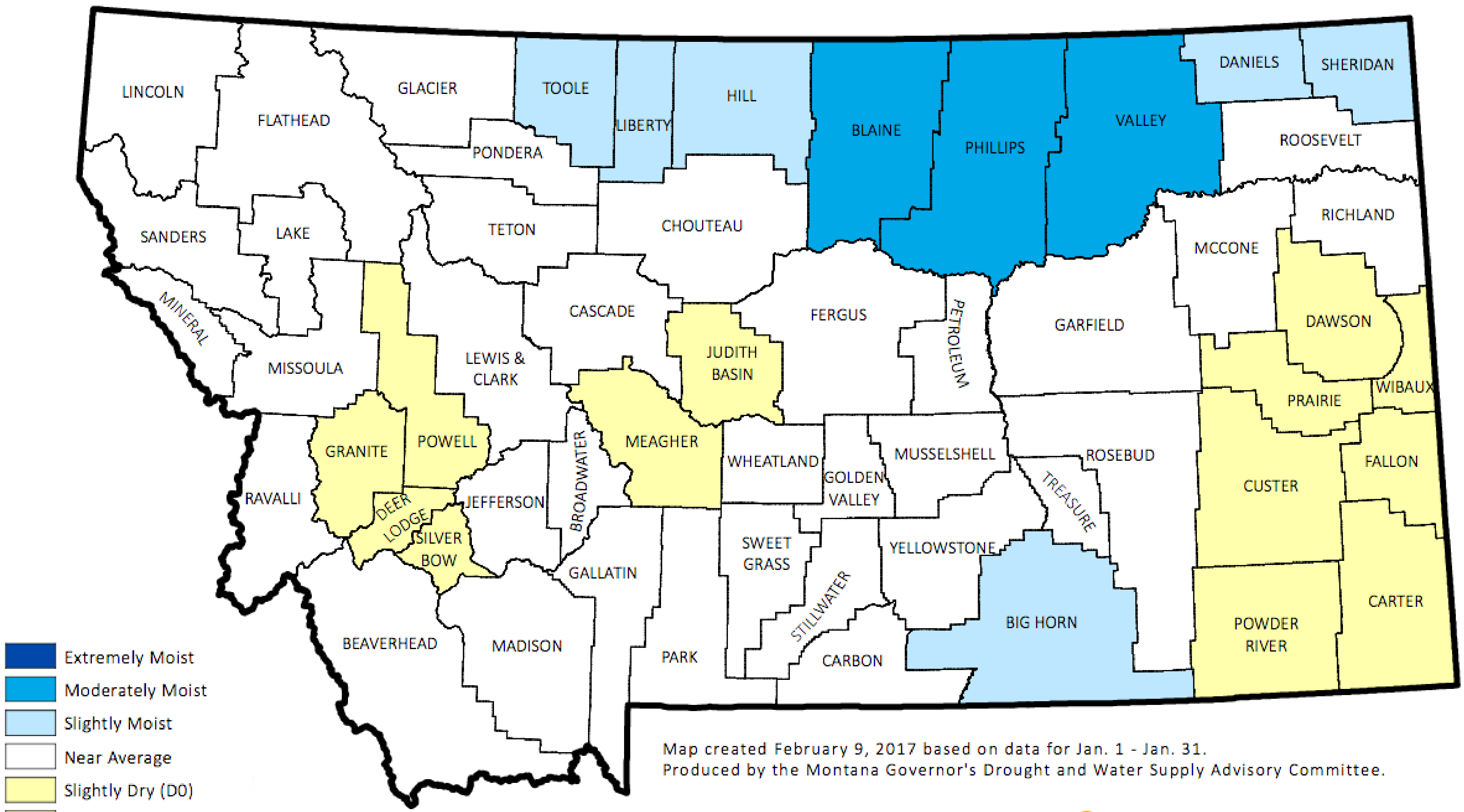
(Released Thursday, Mar. 2, 2017)

Valid 7 a.m. EST



Author:
Richard Heim
NCEI/NOAA

Drought Status – February 2017



More information: http://drought.mt.gov http://nris.mt.gov/drought

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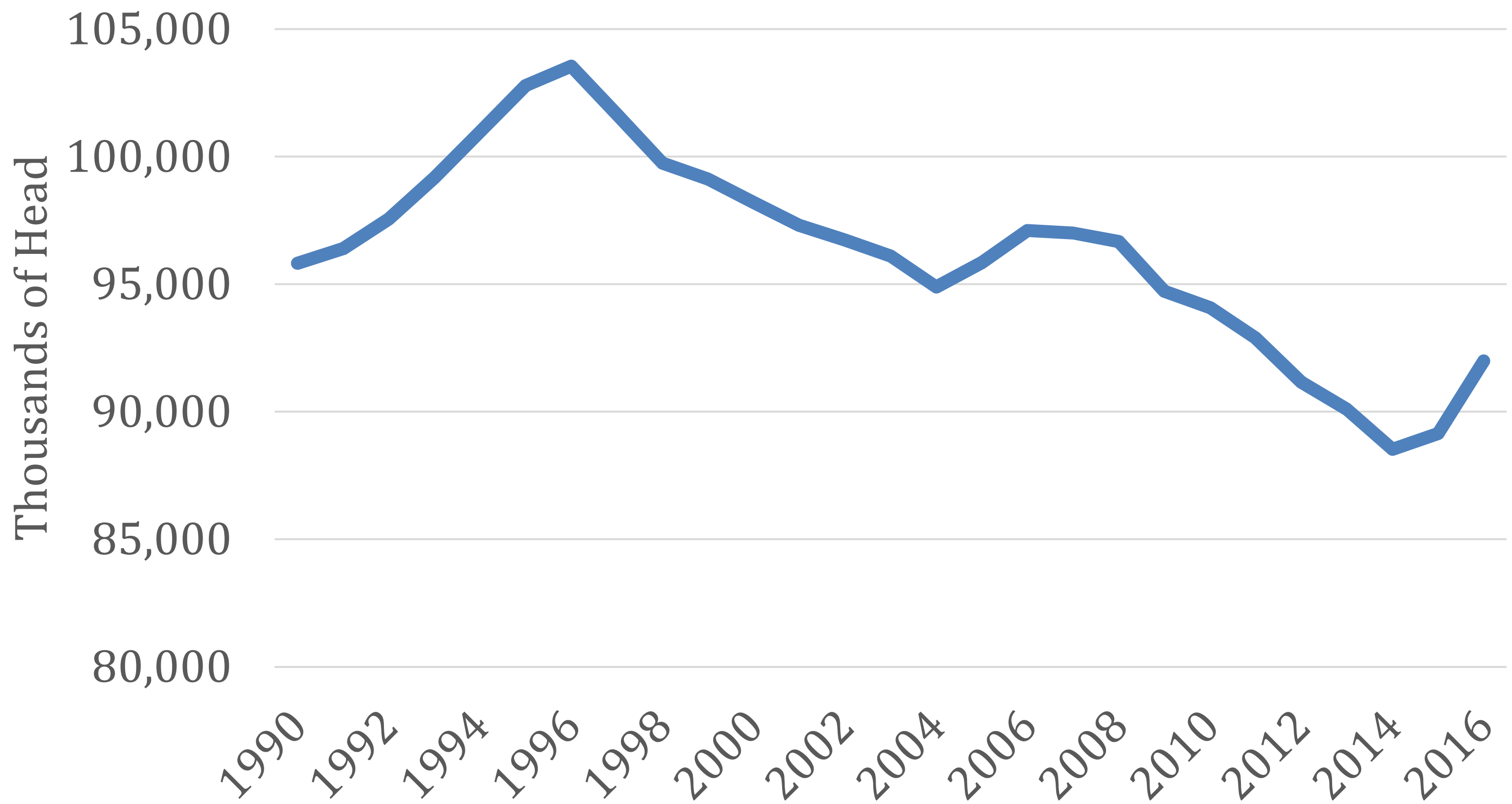
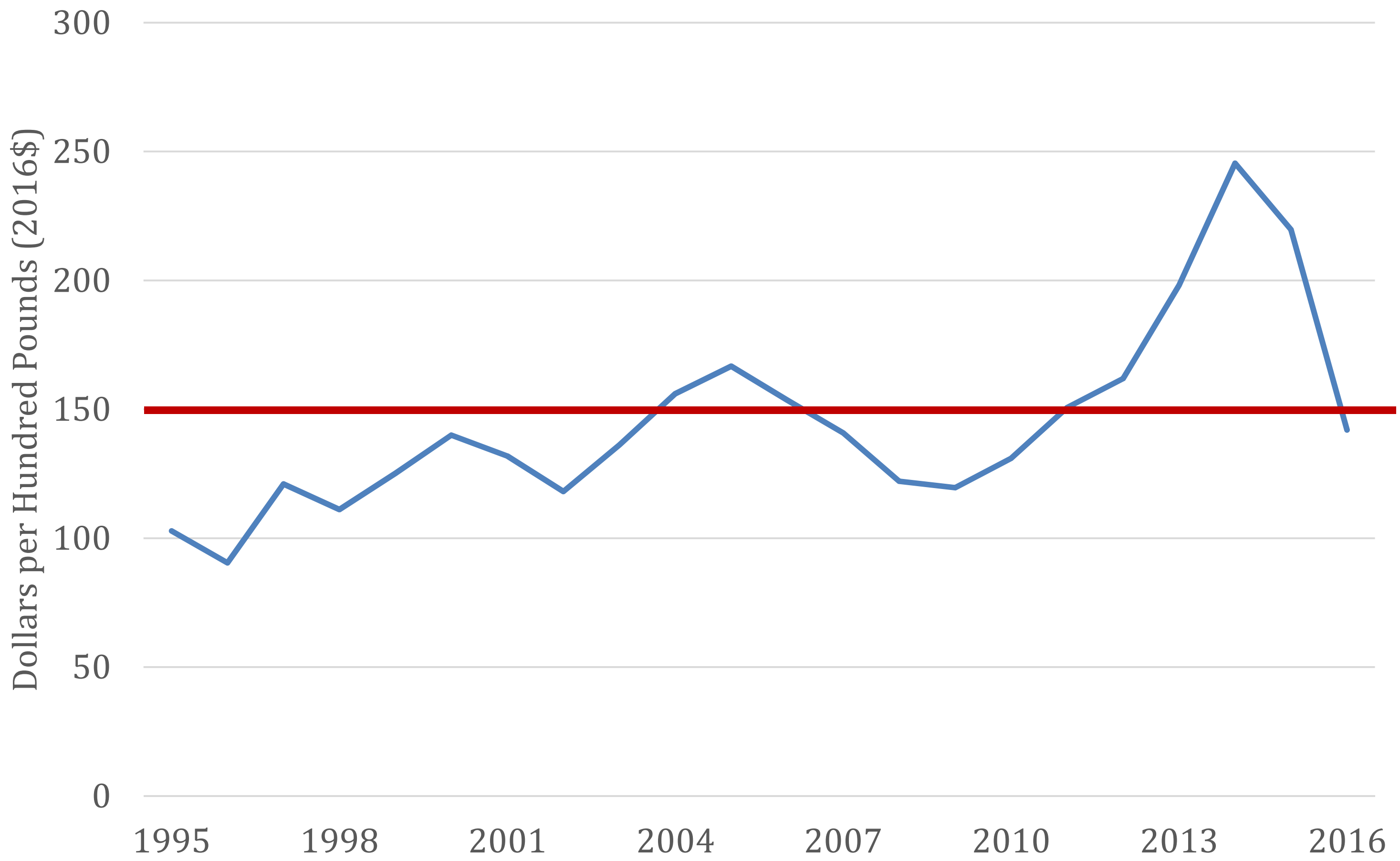
CATTLE

U.S. Cattle Inventory

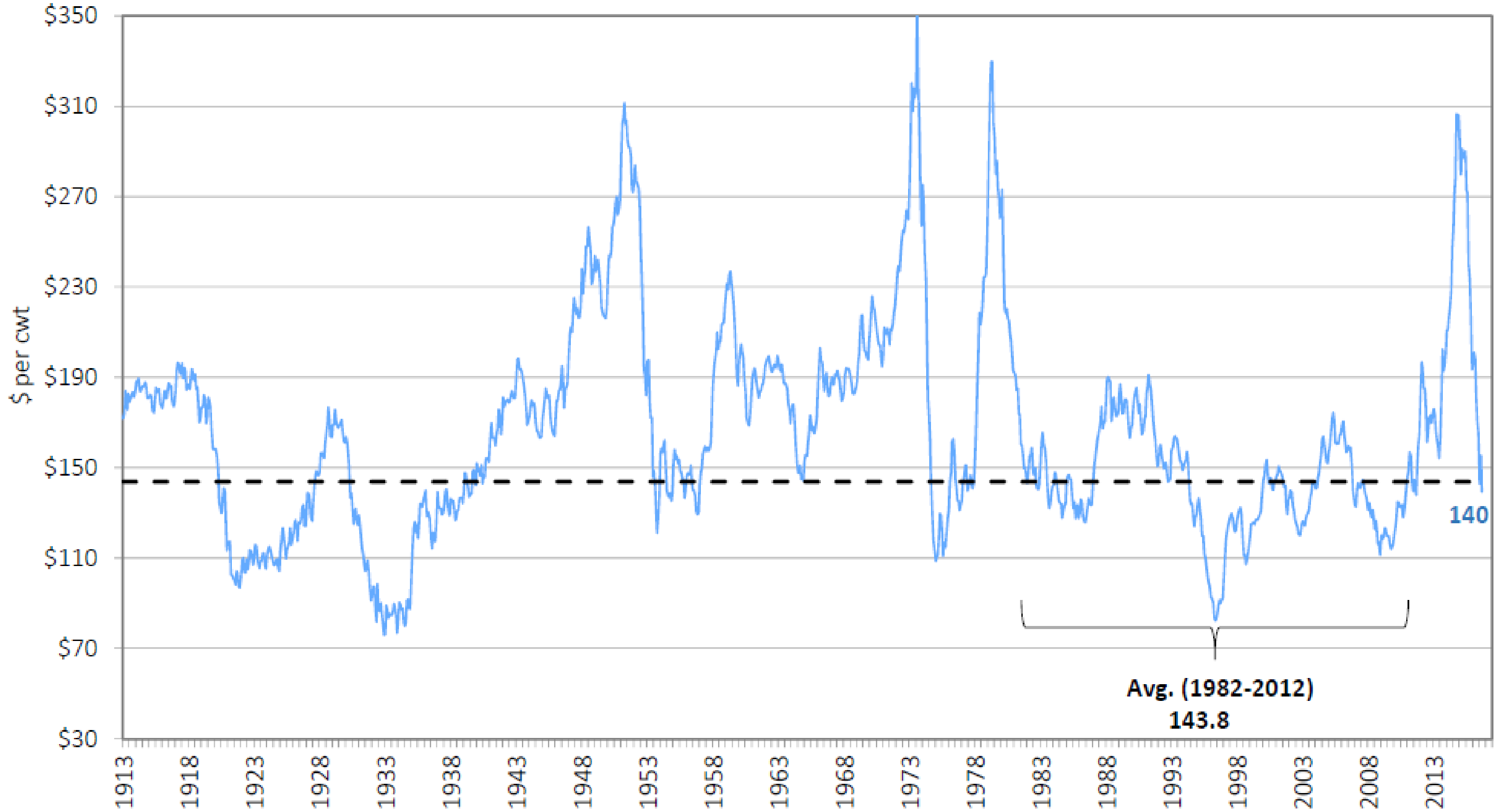


Montana herd flat at approximately 2.5 million head

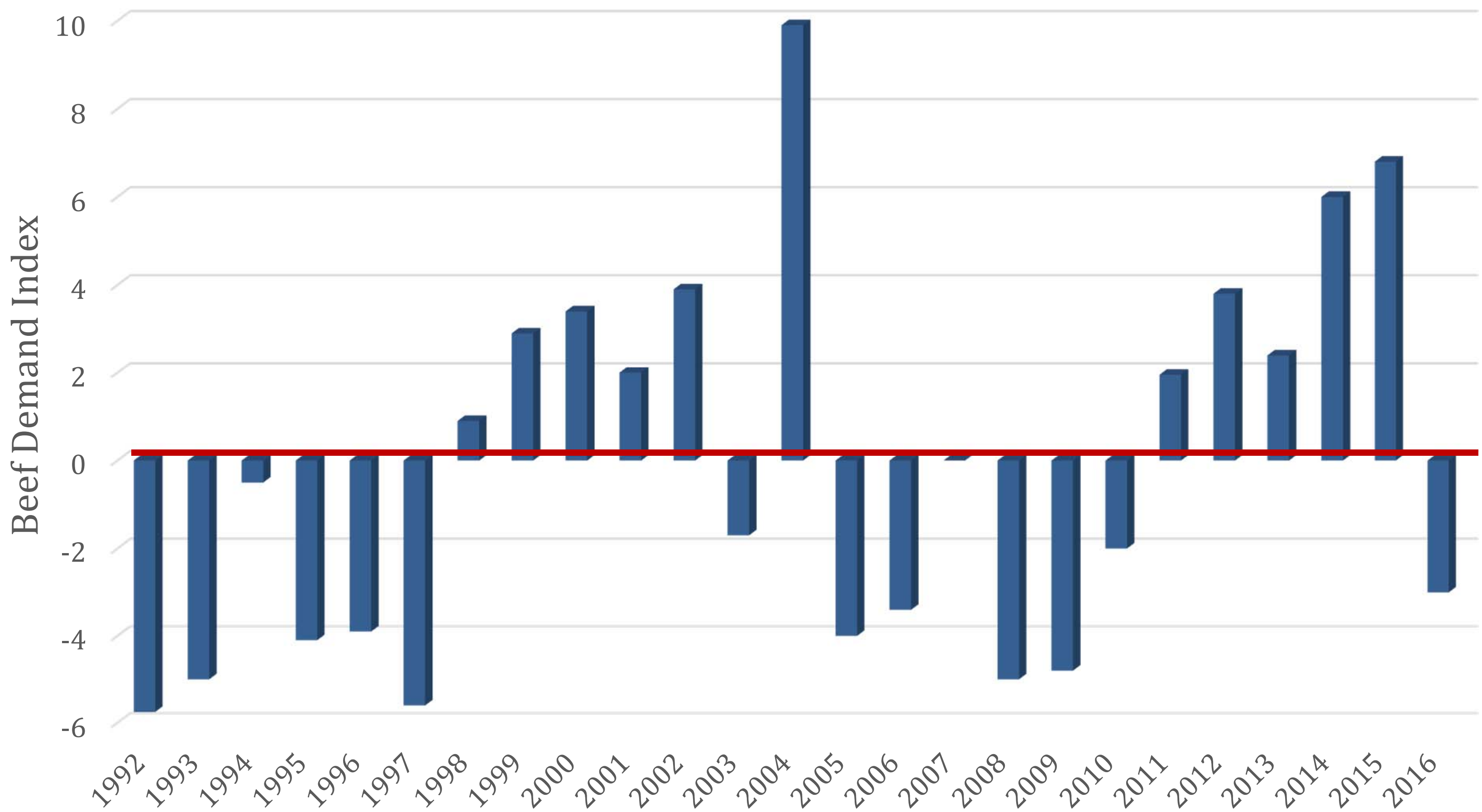
U.S. Average Calf Prices (2016$)



National Calf Prices 1913-2016

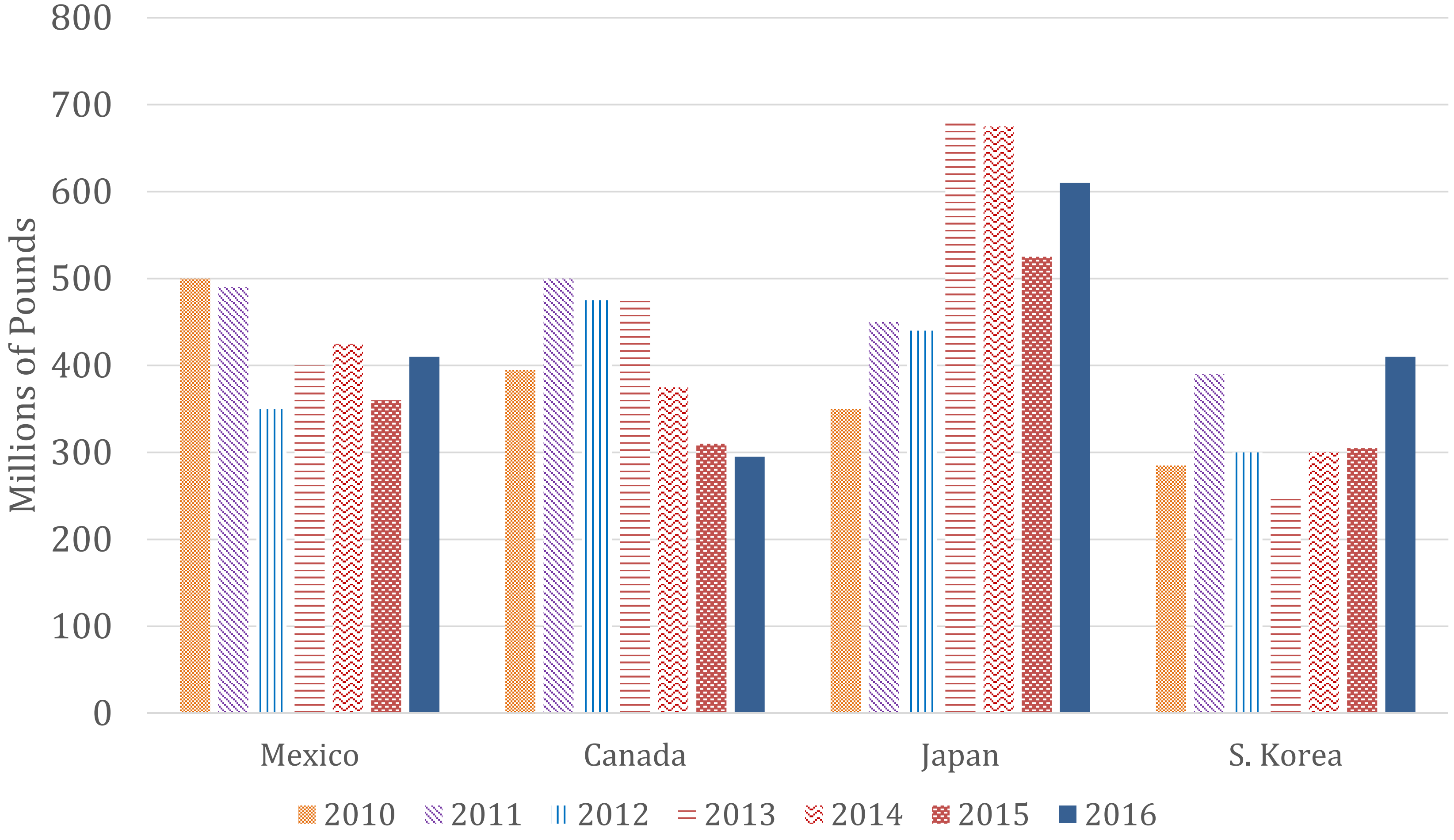


Demand Weakens
(beef demand index)



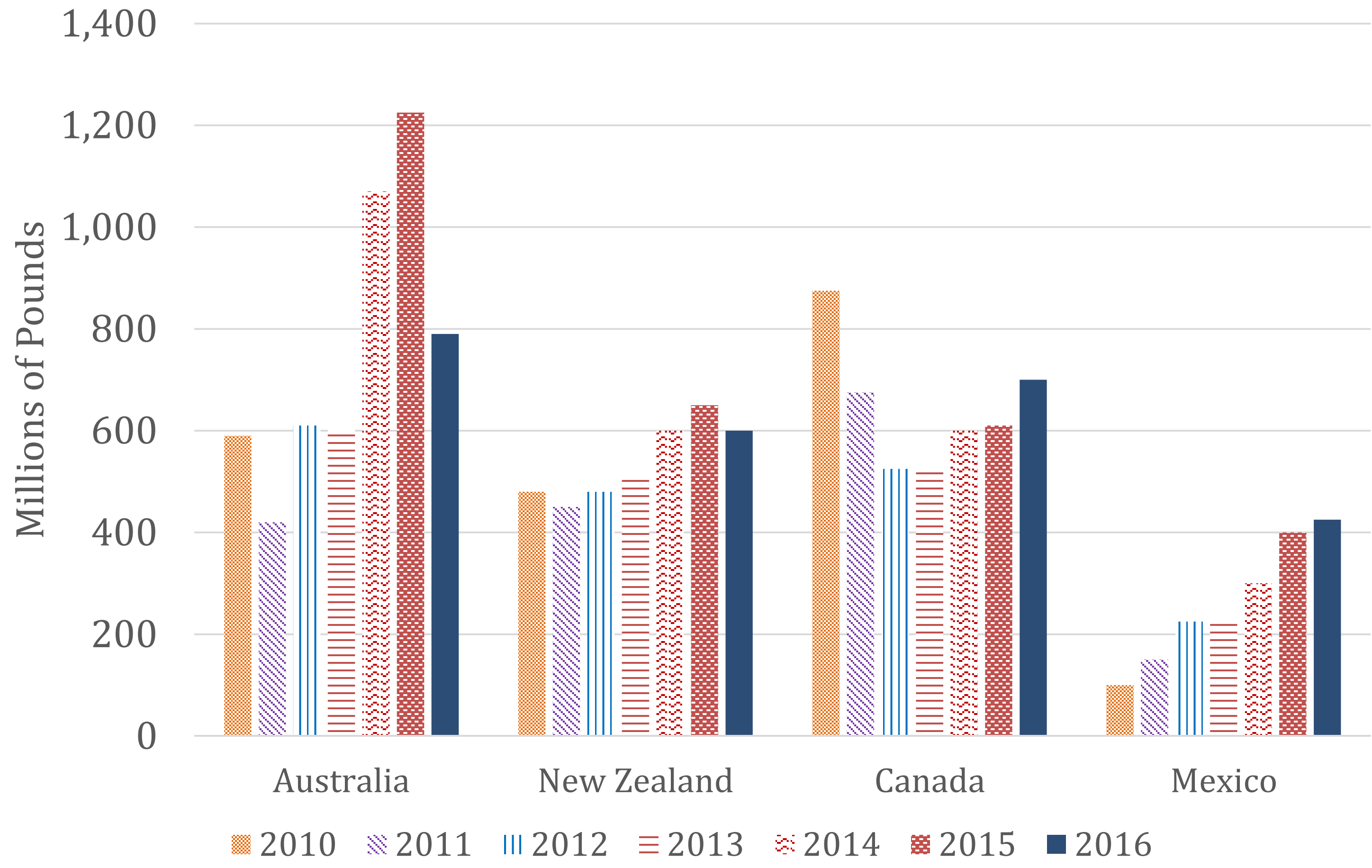
Source: BLS, USDA-ERS, Compiled & Analyzed by LMIC

Beef Exports



USDA, FAS

Beef Imports



2017 Futures Prices

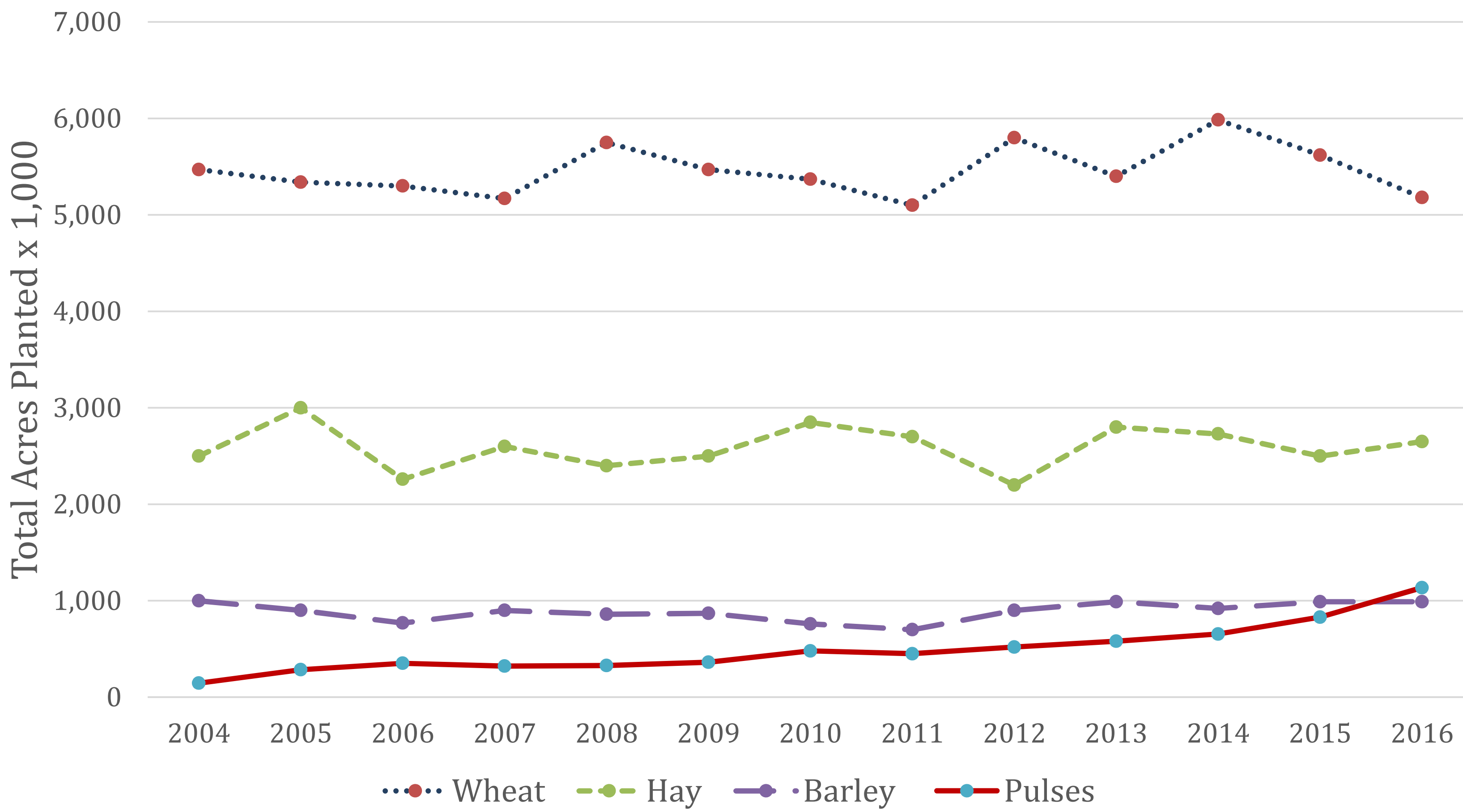
($/hundred pounds, no basis adjustments – 3/10/17)

Location	March	April	August	October
Chicago Mercantile Exchange				
Feeder Cattle	127	127	127	126
Live Cattle		118	103	103

Basis – 3/13/17: $9.98/cwt

CROPS (*GRAIN, HAY & PULSES*)

Montana Major Crop Acreage



Montana Grain Production

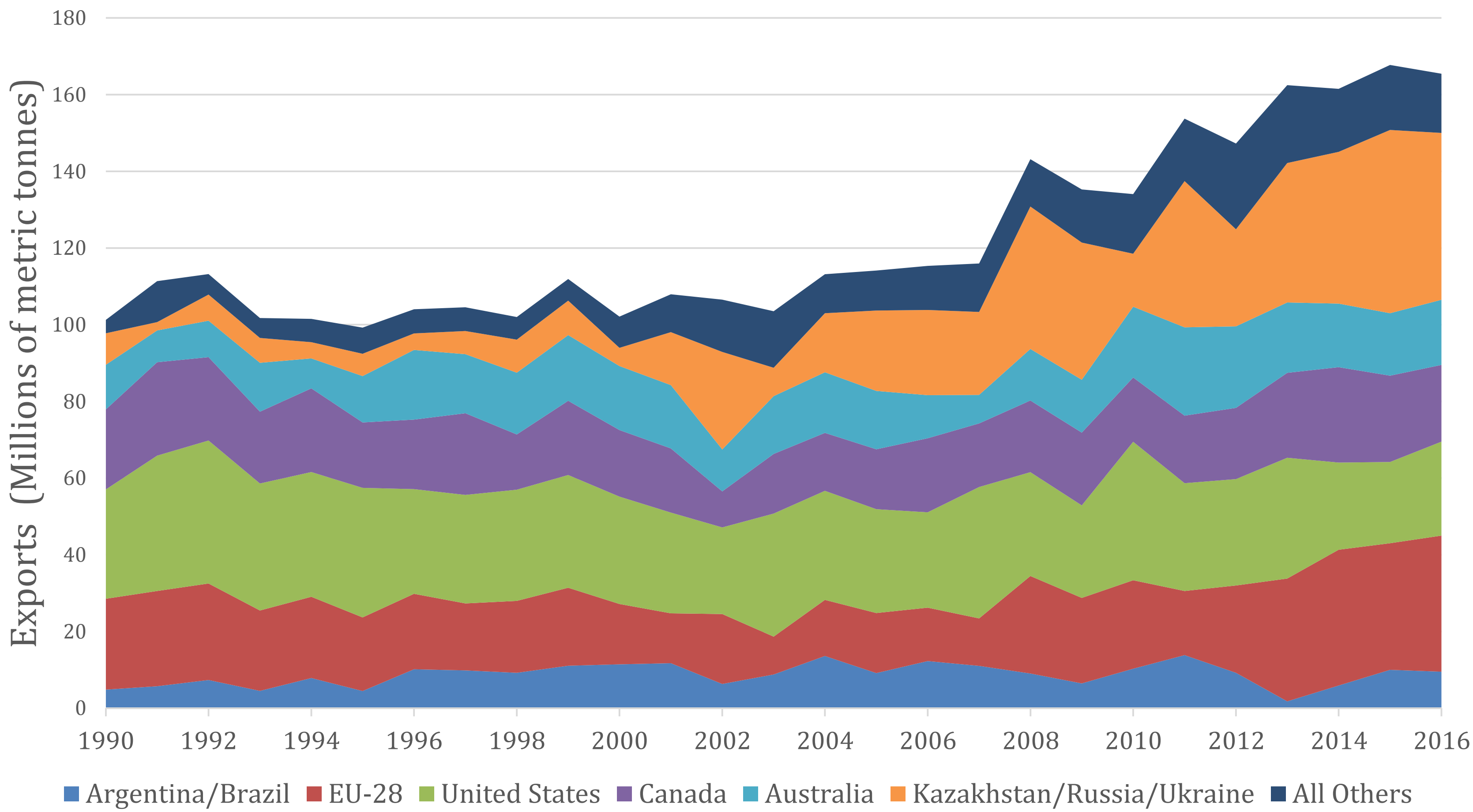
Global Wheat Production Shares

Country	2014/2015	shares	2015/2016	shares
	mmt	%	mmt	%
Australia	23.9	3.3	24.2	3.3
Canada	29.4	4.0	27.6	3.8
China	126.2	17.3	130.2	17.7
EU-27	156.9	21.5	160.0	21.8
India	95.9	13.2	86.5	11.8
FSU-12	112.7	15.5	118.2	16.1
U.S.	55.2	7.6	56.1	7.6
Other	128.1	17.6	132.5	18.0
Total	728.3	100.0	735.3	100.0

Source, WASDE-563, 2017

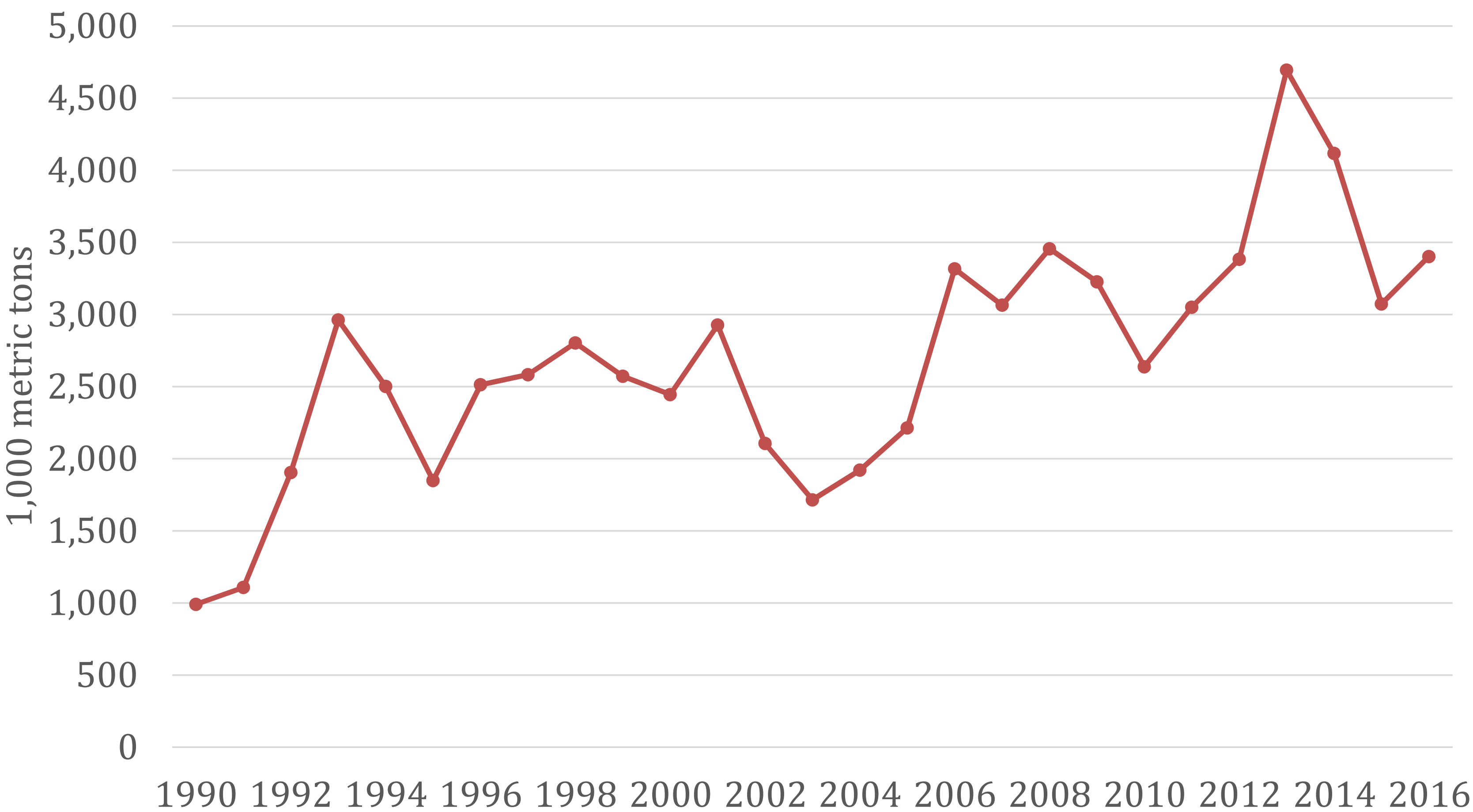
Australia 2016/17 projection: 35.0

World Wheat Exports (1990 – 2016)



USDA, FAS

U.S. Wheat Imports

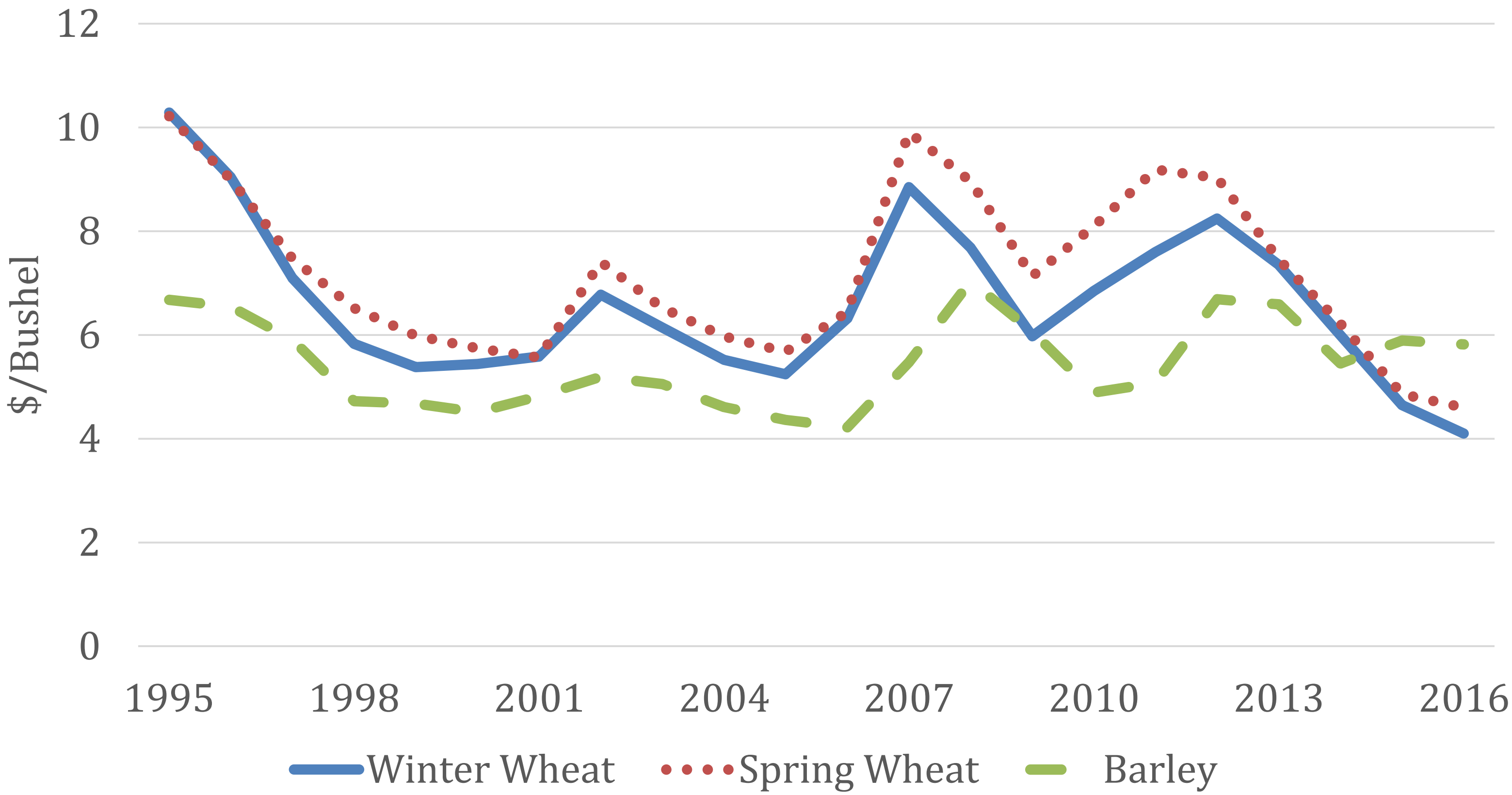


Source: USDA; almost all Canadian imports; imports – 16% of exports

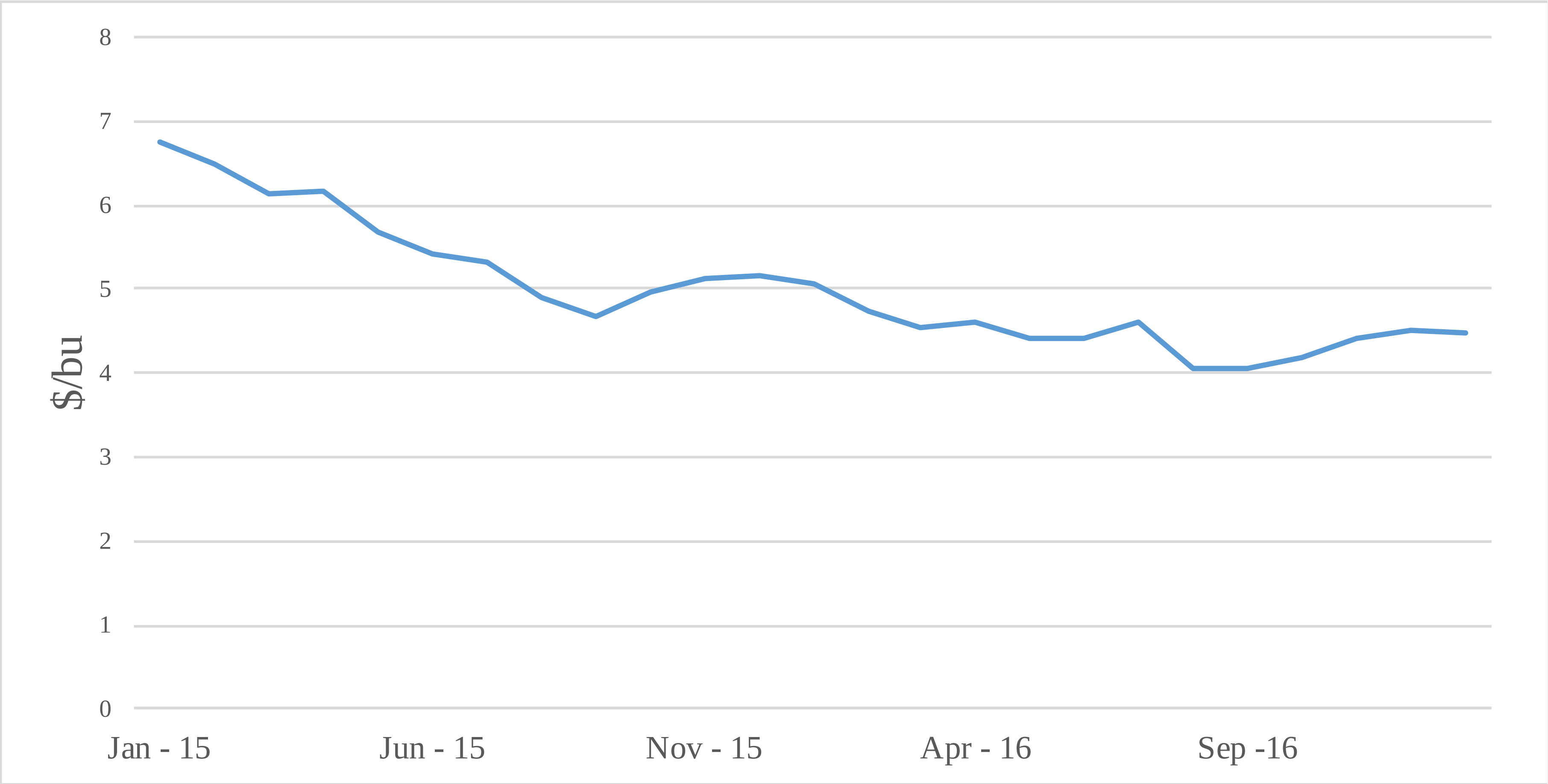
“Glut” – Yoder Bunker

Montana Grain Prices

(2015$)



Montana Wheat Prices (2015/2016)



38% decline since 1/2015; 17% decline in 2016

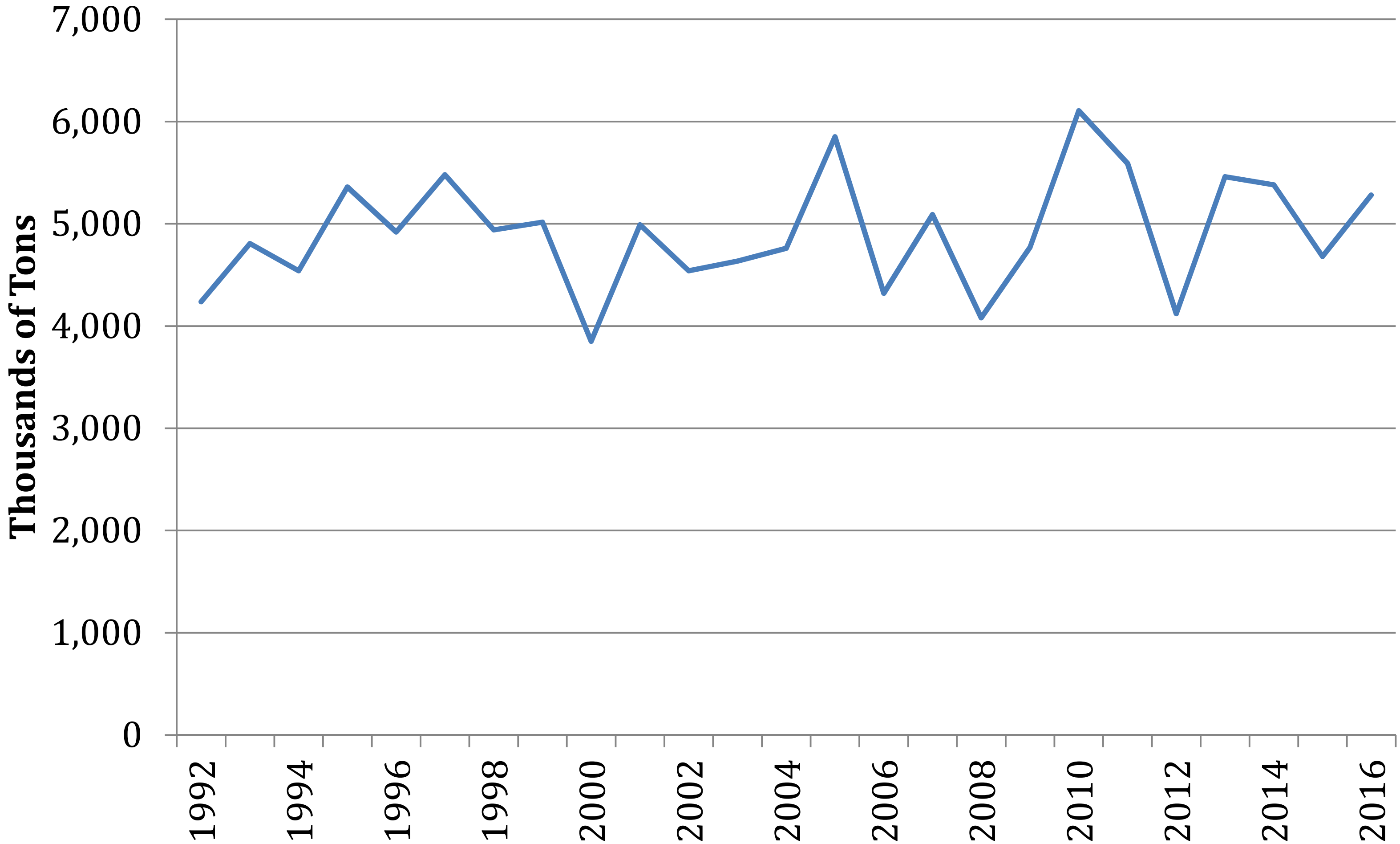
2017 Futures Prices

($/bu, no basis adjustment – 3/10/17)

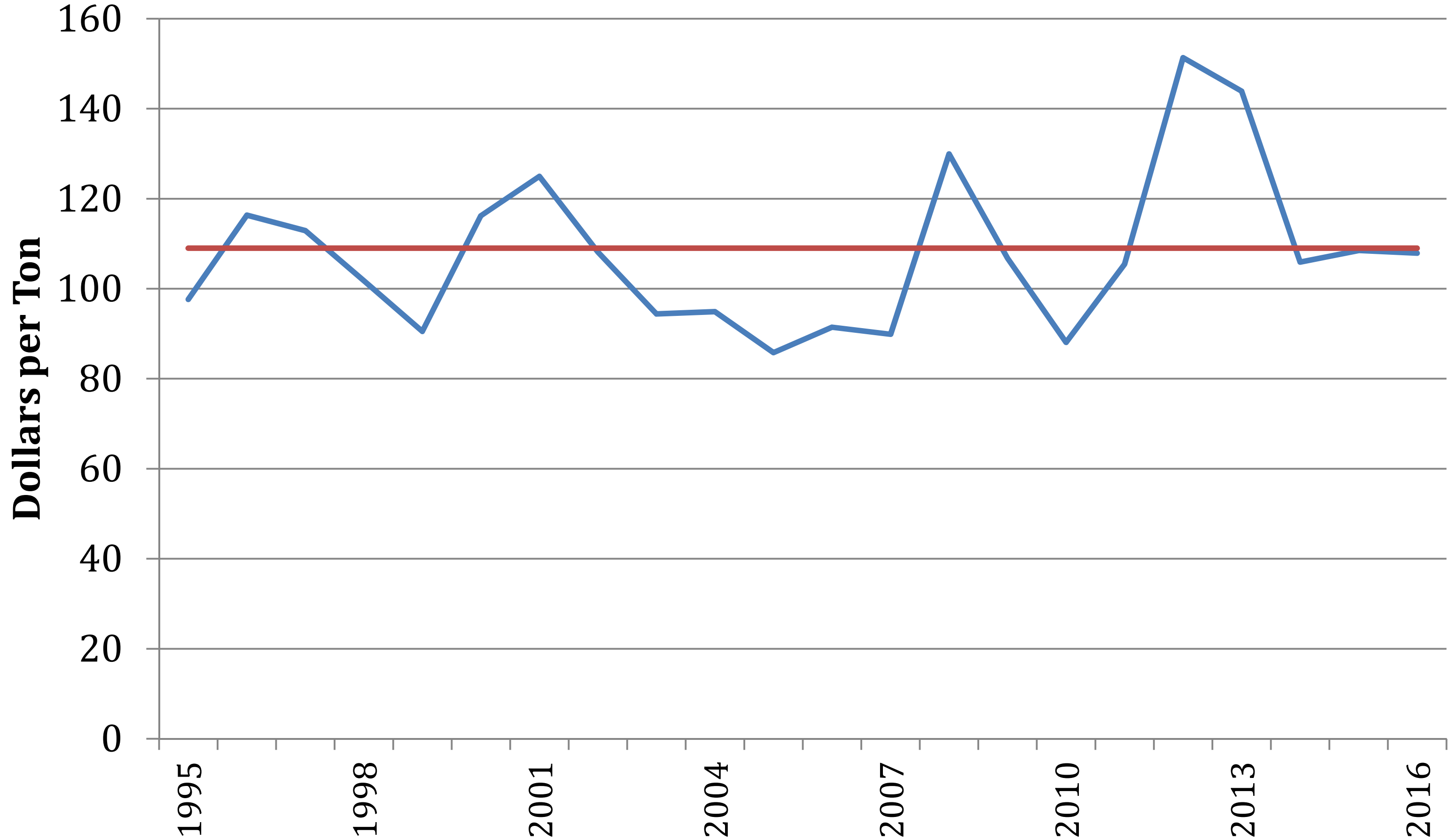
Location	May	July	Sept	Dec
Minneapolis Grain Exchange				
Hard Red Spring Wheat	5.38	5.45	5.52	5.62
Kansas City Board of Trade				
Hard Red Winter Wheat	4.55	4.67	4.82	5.02
Chicago Board of Trade				
Corn	3.64	3.72	3.79	3.98

Basis –$0.23/bu

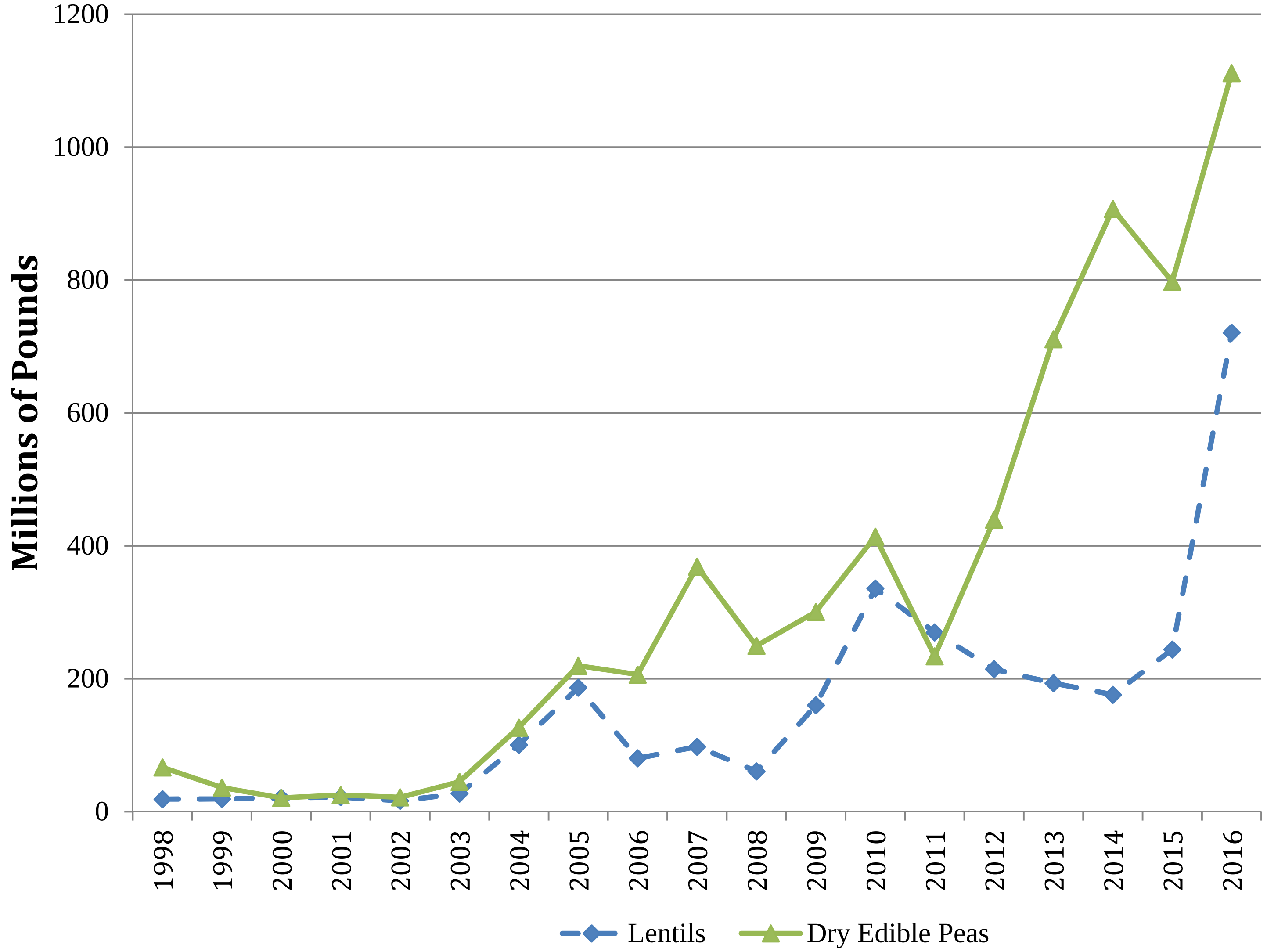
Montana Hay Production



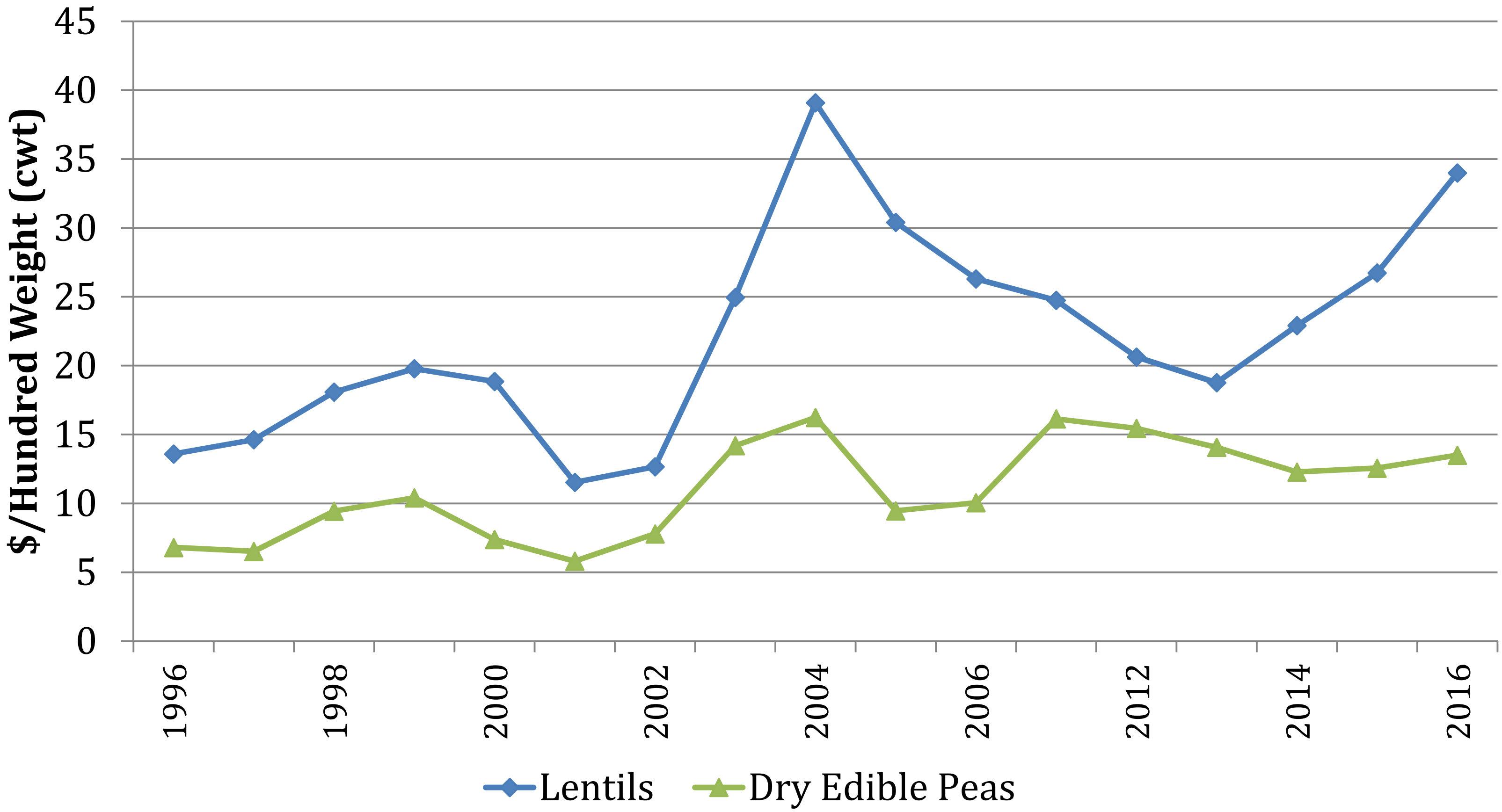
Montana Hay Prices
($2016)



Montana Pulse Production



Montana Pulse Prices
($2016)



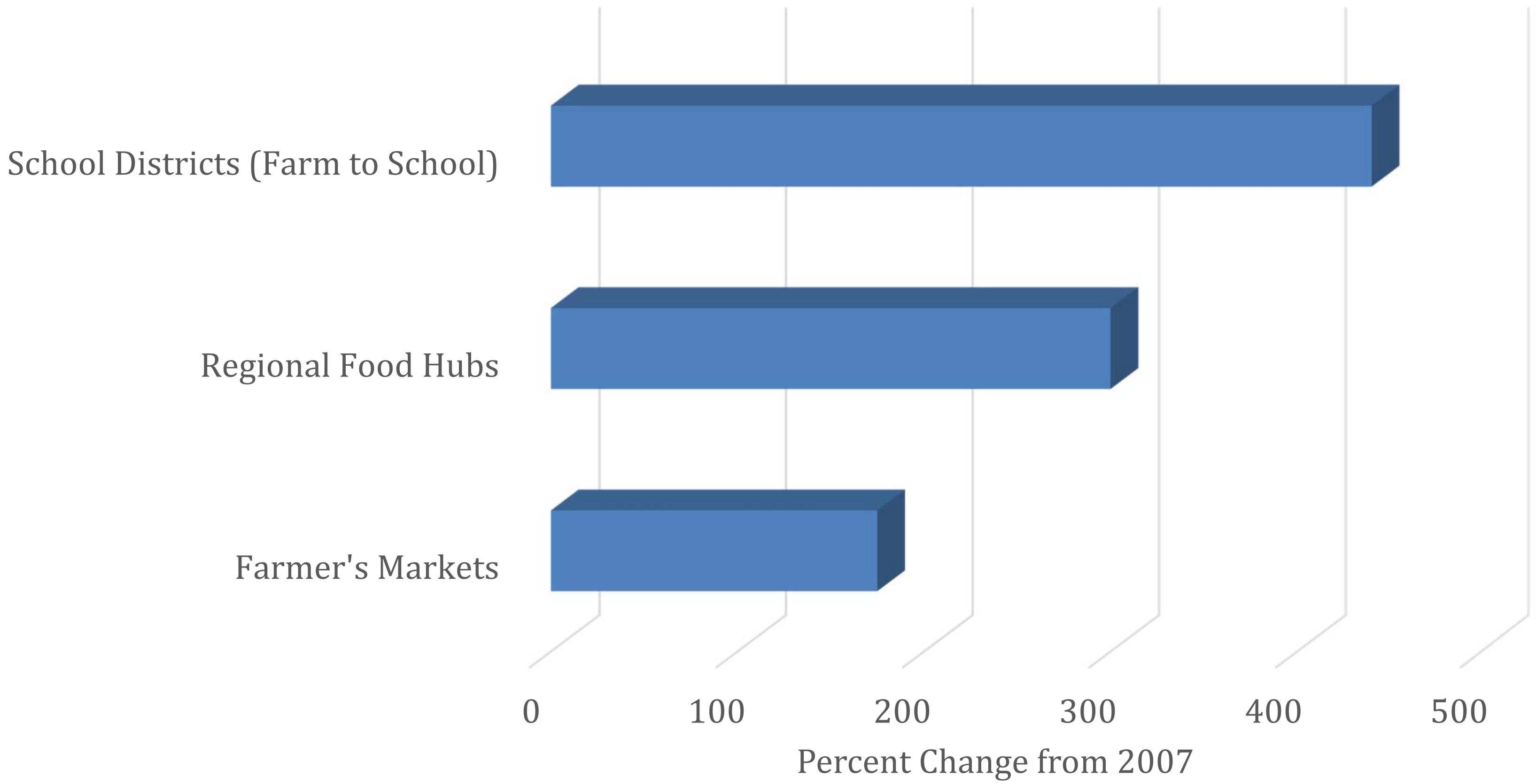
Farmer's Markets/Local Foods

- Farmer's Markets
  - 62+ communities markets
  - *Still growing* , but rate of growth rate has slowed in the past three years

- Local Foods
  - Maturing small farm agriculture
  - Major issues – crop insurance & farm programs

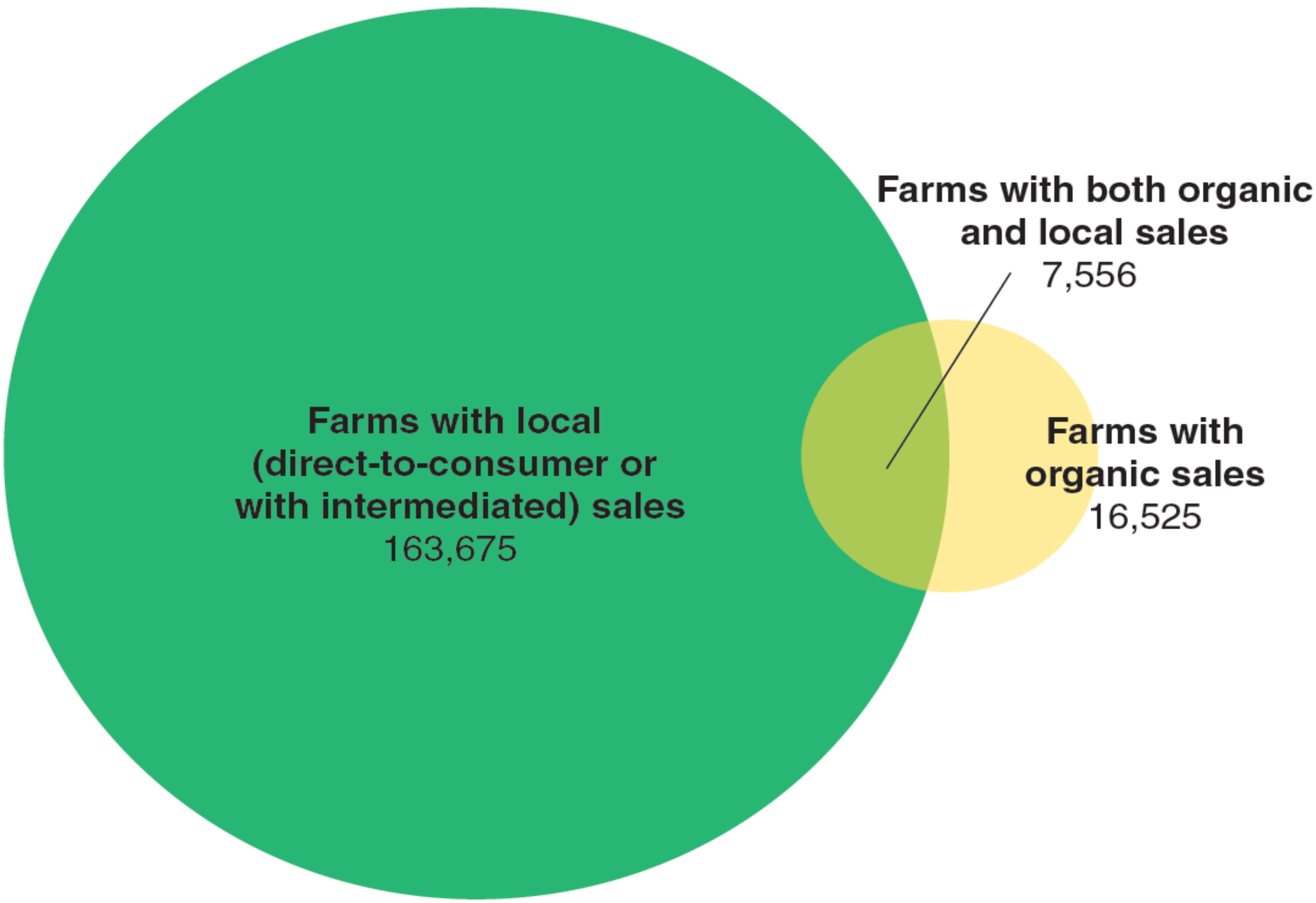
Department of Agriculture, Montana

Marketing Channels



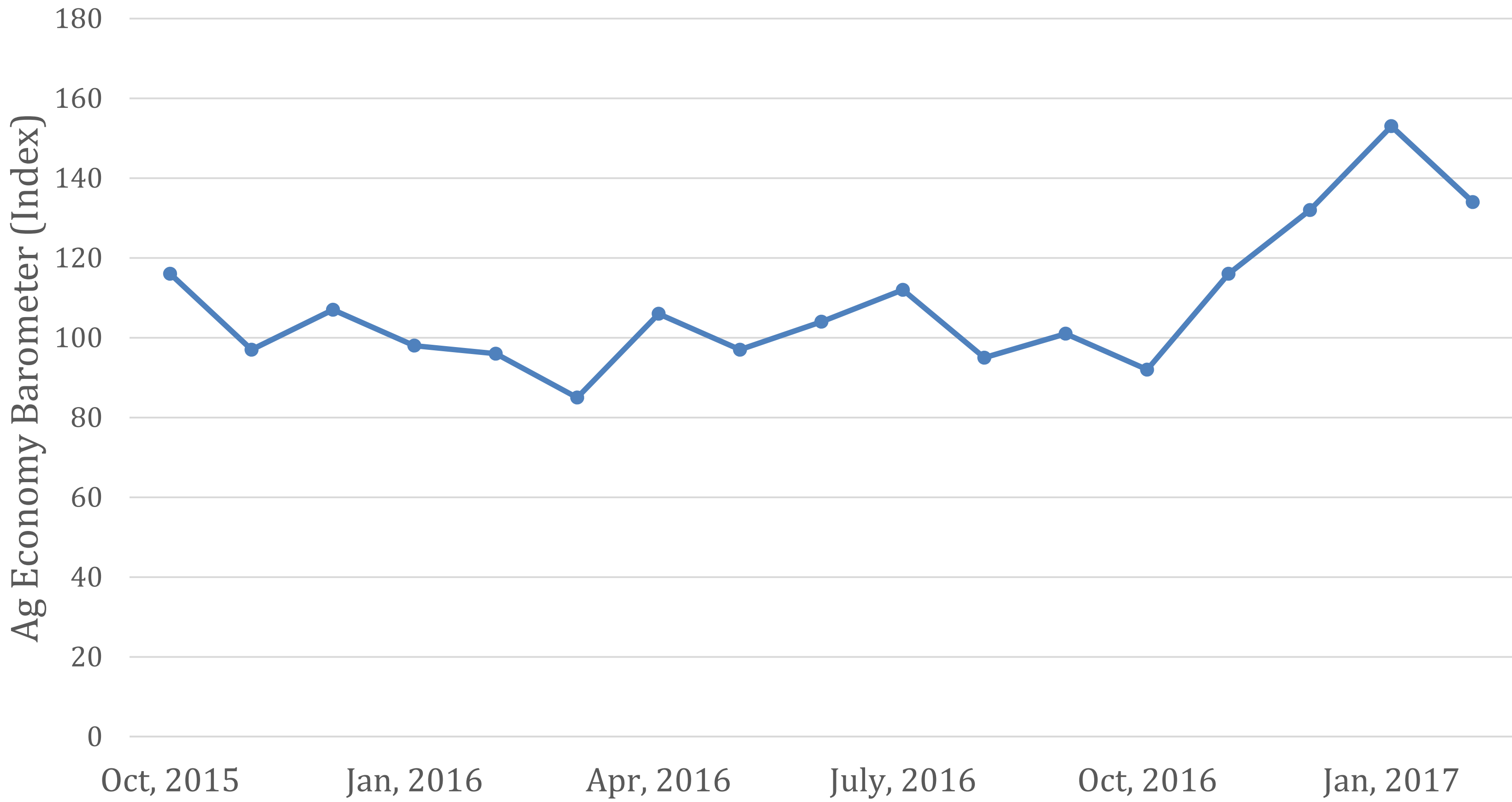
Trends in U.S. Local and Regional Food Systems, USDA/ERS, 1/2015 (068)

Local and Organic, US



Trends in U.S. Local and Regional Food Systems, USDA/ERS, 1/2015 (068)

Ag Economy Barometer



Purdue/CME Group Ag Economy Barometer

2017 Forecast

- Livestock:
  - Herd expansion continues
  - Lower prices, moving below historical averages

- Grains/Pulses:
  - World wheat "glut" continues
  - Prices below historical averages
  - Continued growth in pulse crop acreage

Questions?

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