2018 Montana Agricultural Outlook

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

KRTV Photograph, 2017
Drought

Billings Gazette, 2017
Uncertainty – April, 2017

Montana Drought Status by County - April 1, 2017

Produced by the Montana Governor's Drought and Water Supply Advisory Committee.
Uncertainty – September, 2017

Map showing Montana Drought Status by County - September 1, 2017

Legend:
- Extremely Moist
- Moderately Moist
- Slightly Moist
- Near Average
- Slightly Dry (BC)
- Moderately Dry (D1)
- Severely Dry (D2)
- Extremely Dry (D3)
- Exceptionally Dry (D4)

Map created Sept. 5, 2017 based on data through August 31. Produced by the Montana Governor’s Drought and Water Supply Advisory Committee.

Prices: Some Improvement

Calf Prices, $/hundredweight

Wheat Prices, $/bushel


Calves, US  All Wheat, MT
Production: Tough Year

Thousands of Bushels

- Pulses (Lentils, Dry Peas & Beans)
- Grain (Wheat & Barley)
2017/18 Overview

• Cattle
  – Improving cattle prices
    • US beef production increased by 5% in 2017
      – Anticipated to increase by 3% in 2018
    • US beef exports – increase 12% in 2017 - Japan
      – Forecasted to increase 4% in 2018
    • US beef imports – decreased slightly in 2017
      – Forecasted to increase 2% in 2018
      – (+) Australia and Mexico and (-) Brazil and Uruguay

Exports – Japan (+) and Imports – Australia/Mexico (+) and Brazil/Uruguay (-)
2017/18 Overview

Crops

– Improving grain prices
  • Montana wheat production down 40% in 2016/17
    – US wheat production down 25%
  • US wheat exports down 5%
    – Competition – Russia with tariff discounts
  • US wheat imports up 27%

– Pulse acreage continues to increase, “humbling” production
Cash Receipts (1995 – 2017f)
CATTLE
U.S. Average Calf Prices (2017$)
Stable U.S Demand for Beef

Source: http://agebb.missouri.edu/mkt/demand/bull2c.htm
Market Share (1990-2025f)

U.S. per capita meat consumption

USDA Long Run Projections
Beef Exports

USDA, FAS
Beef Imports

Millions of Pounds

Australia, New Zealand, Canada, Mexico

# 2018 Futures Prices
($/hundred pounds, no basis adjustments – 1/22/18)

<table>
<thead>
<tr>
<th>Location</th>
<th>Jan/Feb</th>
<th>Mar/Apr</th>
<th>August</th>
<th>October</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>148</td>
<td>146</td>
<td>149</td>
<td>148</td>
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<tr>
<td>Live Cattle</td>
<td>124</td>
<td>124</td>
<td>113</td>
<td>114</td>
</tr>
</tbody>
</table>

Basis ~$6.80 for Oct sales
CROPS (GRAIN, HAY, PULSES, AND ORGANIC CROPS)
Montana Major Crop Acreage

Canola – 115,000 acres in 2017 (increase of 2.5 fold increase from 2016)
## Global Wheat Production Shares

<table>
<thead>
<tr>
<th>Country</th>
<th>2015/2016</th>
<th></th>
<th>2016/2017</th>
<th></th>
</tr>
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<tbody>
<tr>
<td></td>
<td>mmt</td>
<td>%</td>
<td>mmt</td>
<td>%</td>
</tr>
<tr>
<td>Australia</td>
<td>24.5</td>
<td>3.3</td>
<td>33.5</td>
<td>4.4</td>
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<tr>
<td>Canada</td>
<td>27.6</td>
<td>3.8</td>
<td>31.7</td>
<td>4.2</td>
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<tr>
<td>China</td>
<td>130.2</td>
<td>17.7</td>
<td>128.9</td>
<td>17.1</td>
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<tr>
<td>EU-27</td>
<td>160.0</td>
<td>21.8</td>
<td>145.5</td>
<td>19.3</td>
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<tr>
<td>India</td>
<td>86.5</td>
<td>11.8</td>
<td>87.0</td>
<td>11.5</td>
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<tr>
<td>FSU-12</td>
<td>118.2</td>
<td>16.1</td>
<td>130.5</td>
<td>17.3</td>
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<tr>
<td>U.S.</td>
<td>56.1</td>
<td>7.6</td>
<td>62.8</td>
<td>8.3</td>
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<tr>
<td>Other</td>
<td>132.4</td>
<td>18.0</td>
<td>134.1</td>
<td>17.8</td>
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<tr>
<td>Total</td>
<td>735.5</td>
<td>100.0</td>
<td>753.9</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source, WASDE-571, 2017

USDA, WASDE 2000 – 2017, pages 16 and 18
U.S. Wheat Exports (2016)

U.S. Wheat Imports

Source: USDA; almost all Canadian imports; imports – 16% of exports
### 2018 Futures Prices
($/bu, no basis adjustment – 1/22/18)

<table>
<thead>
<tr>
<th>Location</th>
<th>Mar</th>
<th>July</th>
<th>Sept</th>
<th>Dec</th>
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<tbody>
<tr>
<td>Minneapolis Grain Exchange</td>
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<tr>
<td>Hard Red Spring Wheat</td>
<td>6.06</td>
<td>6.23</td>
<td>6.22</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>4.28</td>
<td>4.59</td>
<td>4.76</td>
<td>4.97</td>
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<tr>
<td>Chicago Board of Trade</td>
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<tr>
<td>Corn</td>
<td>3.52</td>
<td>3.68</td>
<td>3.76</td>
<td>3.85</td>
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</tbody>
</table>
Montana Hay Production

Production down 13%
Montana Hay Prices
($2017)
Montana Pulse Production

Average yield declines – lentils 52%; dry peas = 46%; dry beans = 35%
Montana Pulse Prices
($2017)

- Lentils
- Dry Edible Peas
- Dry Beans

$/Hundred Weight (cwt)
Montana Organic Production

• #1 Organic wheat producer in US
  – $28.4 million gross sales (27% of US organic wheat sales)

• #1 Organic pulse producer
  – $5.4 million revenue (55% of US organic pulse sales)

• 5% of certified organic acres
Organic Revenue Shares

- Wheat: 53%
- Livestock: 17%
- Pulses: 6%
- Hay: 3%
- Other: 21%

Other: 21%
Livestock: 17%
Pulses: 6%
Hay: 3%
Wheat: 53%
2018 Forecast

• Livestock:
  ▪ Herd expansion continues
  ▪ Stable to slightly *lower/higher* prices

• Grains/Pulses:
  ▪ World wheat stocks are high
  ▪ Prices below historical averages
  ▪ Continued growth in pulse and oilseed crop acreage
Questions?

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