2013 Montana Agricultural Outlook

George Haynes

Department of Agricultural Economic & Economics

MSU Extension

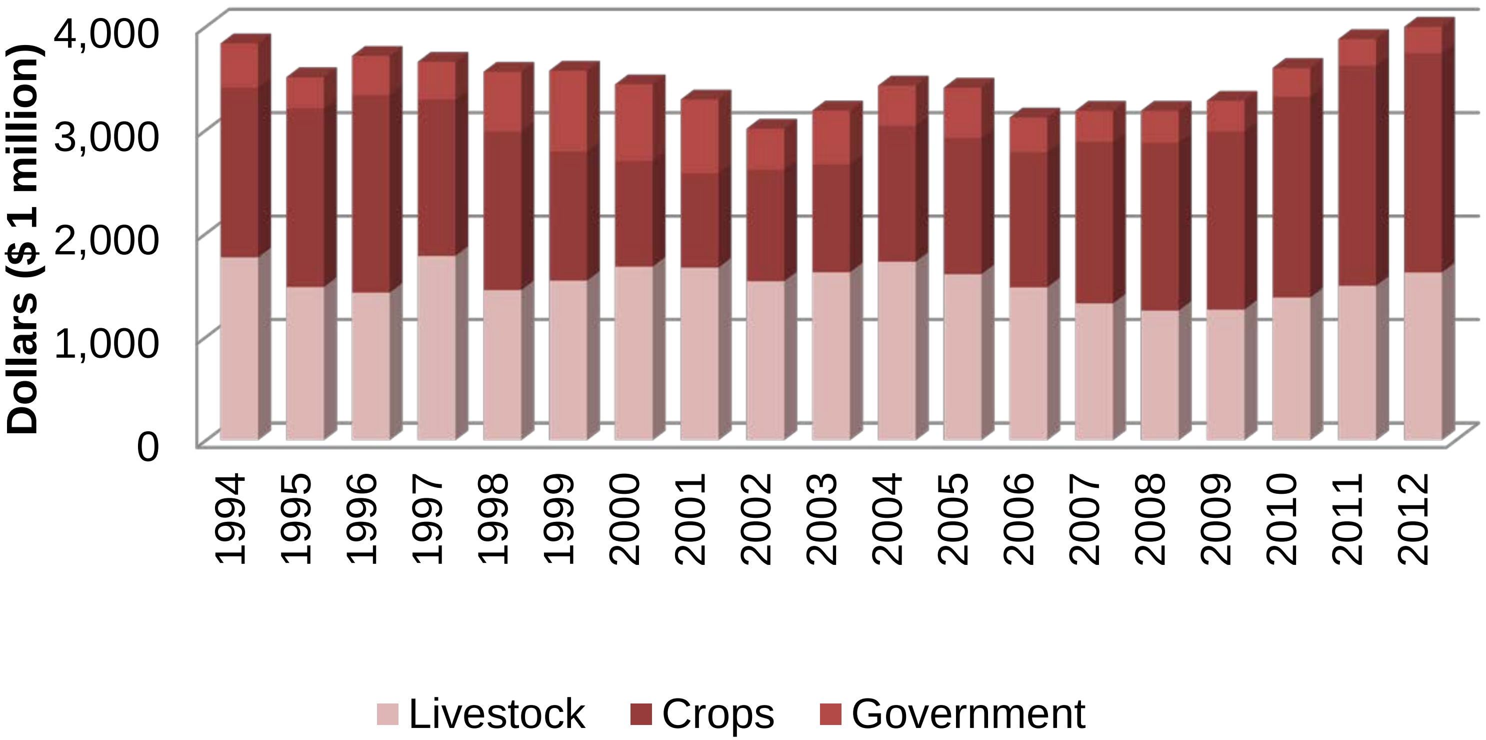
Data Source: National Agricultural Statistics Service Montana Field Office (NASS) and Livestock Marketing Information Center (LMIC)

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)



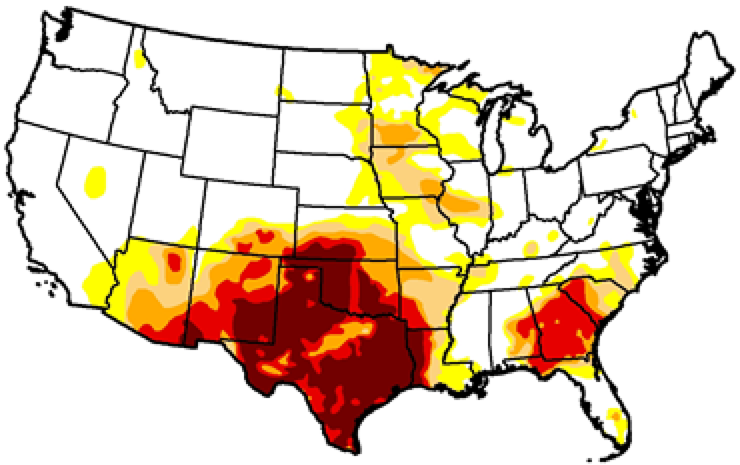
Source: NASS and MSU Estimates

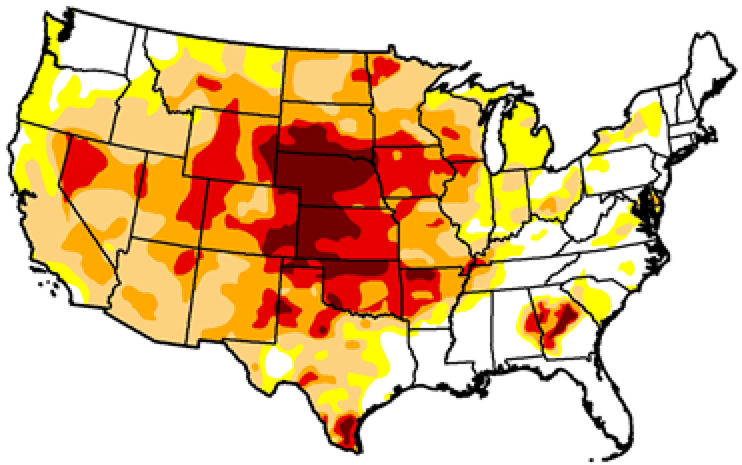

AgricultureProud.com

Droughts 2011 and 2012

(severe, extreme & exceptional – D2 – D4)

- **2011** **2012**

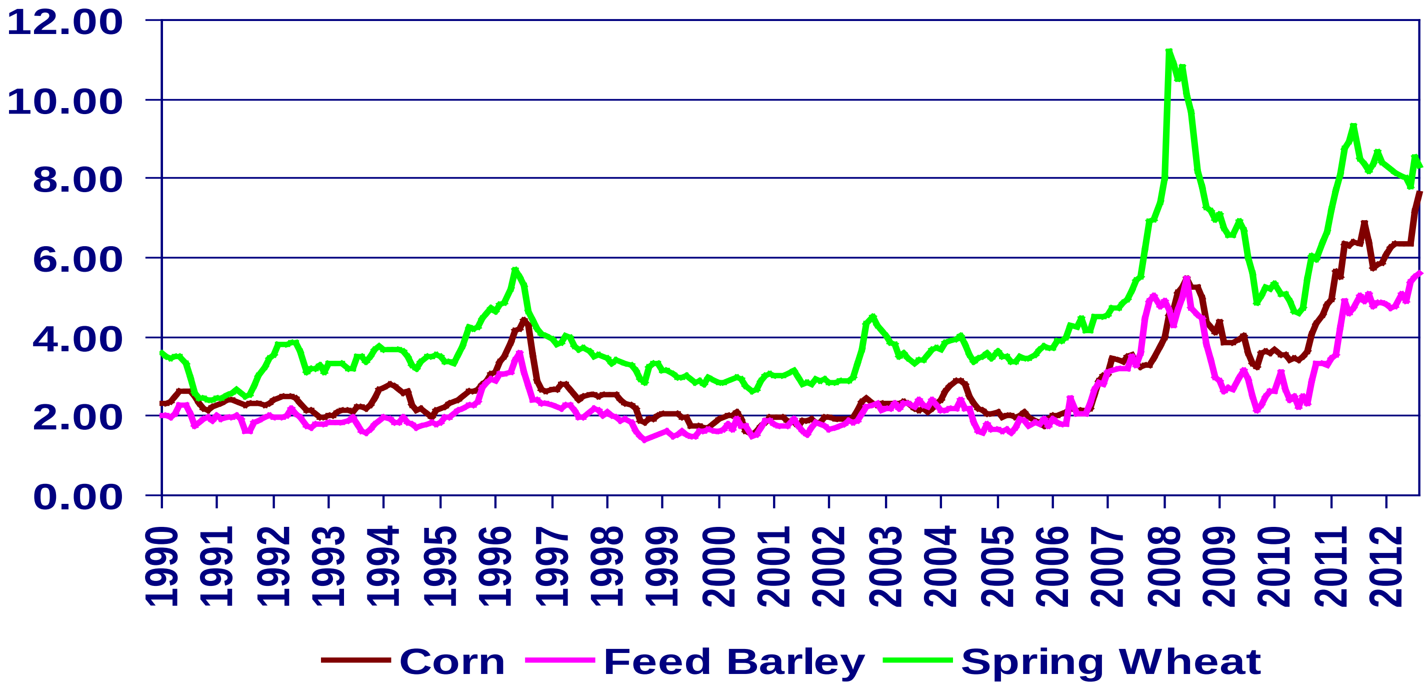




Week	Nothing	D0-D4	D1-D4	D2-D4	D3-D4	D4
October 11, 2011	57.83	42.17	30.47	23.85	17.12	9.76
October 9, 2012	23.28	76.72	63.55	39.91	20.15	6.18

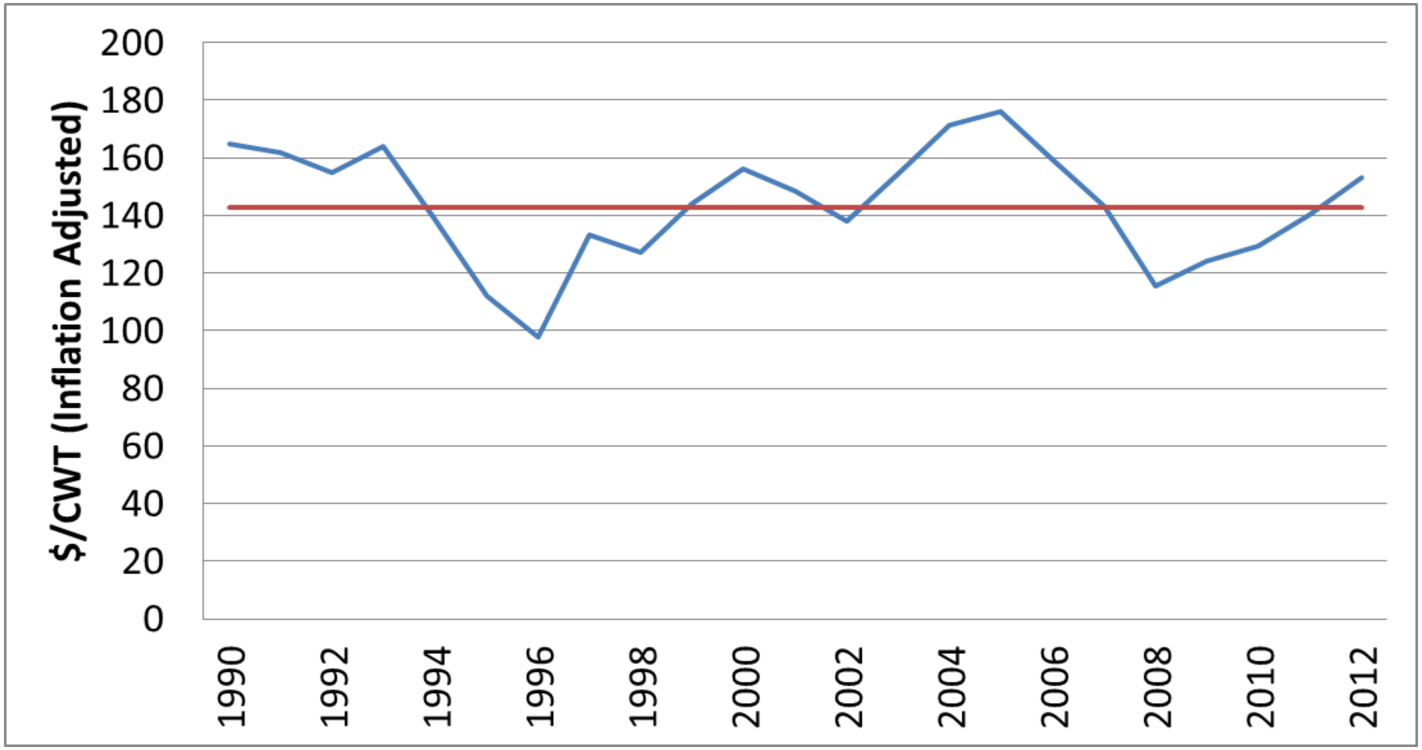
Drought Impacts:

Higher Corn, Barley, and Spring Wheat Prices



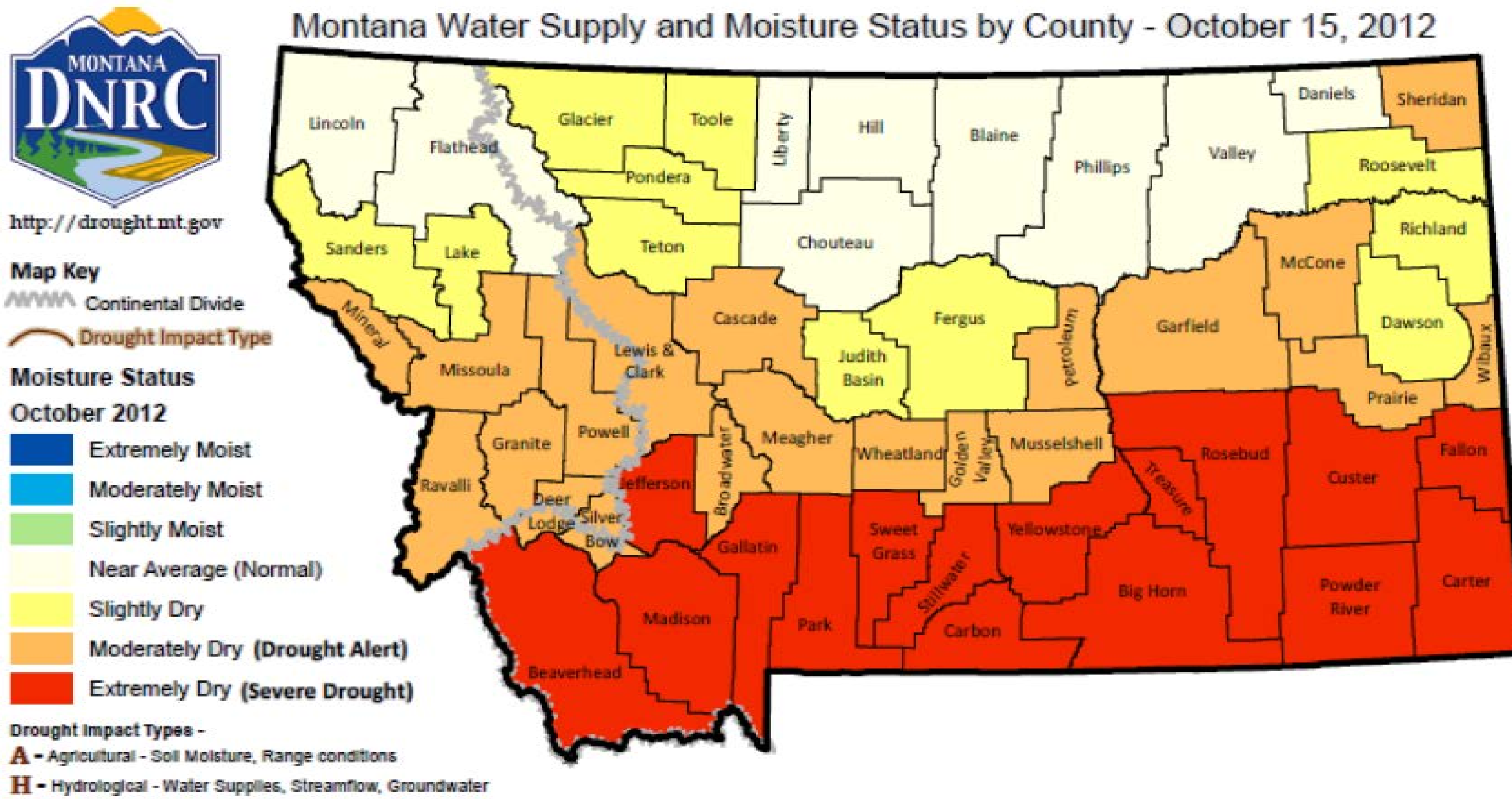
Source: LMIC and USDA, U.S. Corn, Feed Barley and Hard Red Spring Wheat

Drought Impacts:
Higher Cattle and Calf Prices



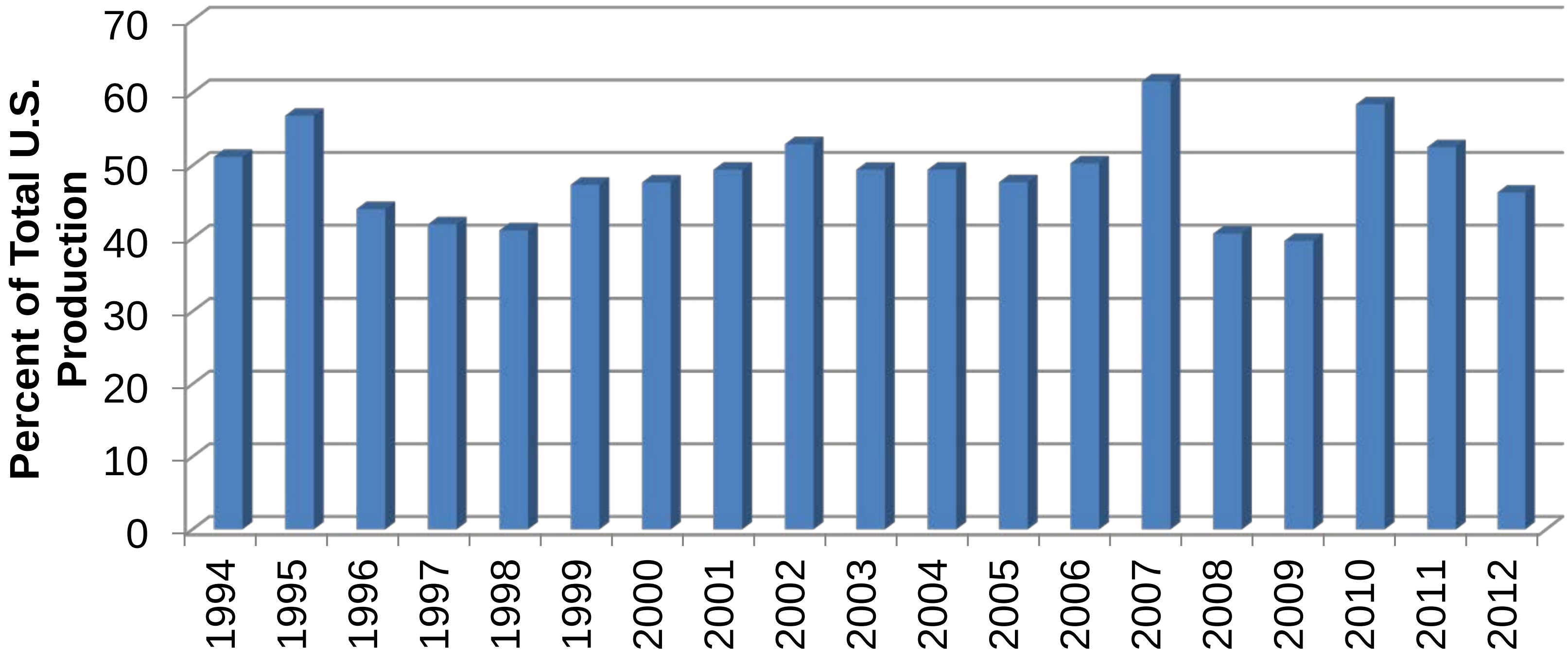
Source: NASS

Drought Status – October 2012



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?

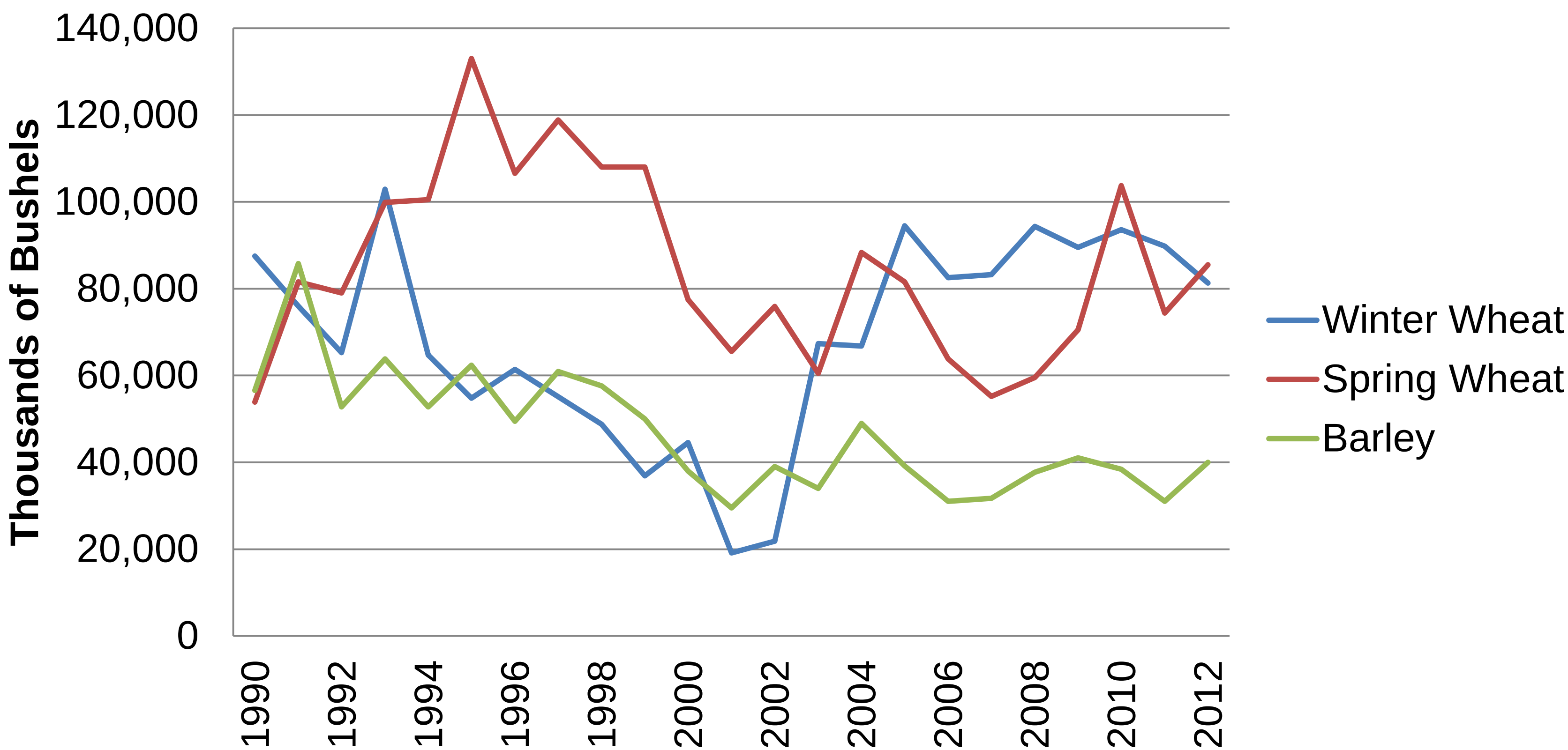
- **Montana wheat exports (6/2011 – 5/2012)**
  - Total 152.4 million bushels
    - Exports are *80% +* of total Montana wheat production
  - Destination
    - West 121.8 million bushels
      - Japan (50%), other Asian, Canada, & Mexico
    - East 30.6 million bushels
- **Export competition**
  - Canada, Australia, EU-27 & FSU-12 (Russia/Kazakhstan/Ukraine)

Global Wheat Market Shares

Country	2011/2012	shares	2012/2013	shares
	mmt	%	mmt	%
Australia	29.9	4.3	21.0	3.2
Canada	25.3	3.6	26.7	4.0
China	117.4	16.9	120.6	18.2
EU-27	137.2	19.7	131.7	19.9
India	86.9	12.5	93.9	14.2
FSU-12	114.8	16.5	77.8	11.7
U.S.	54.4	7.8	61.8	9.3
Other	130.5	18.7	114.7	17.3
Total	696.4	100.0	662.8	100.0

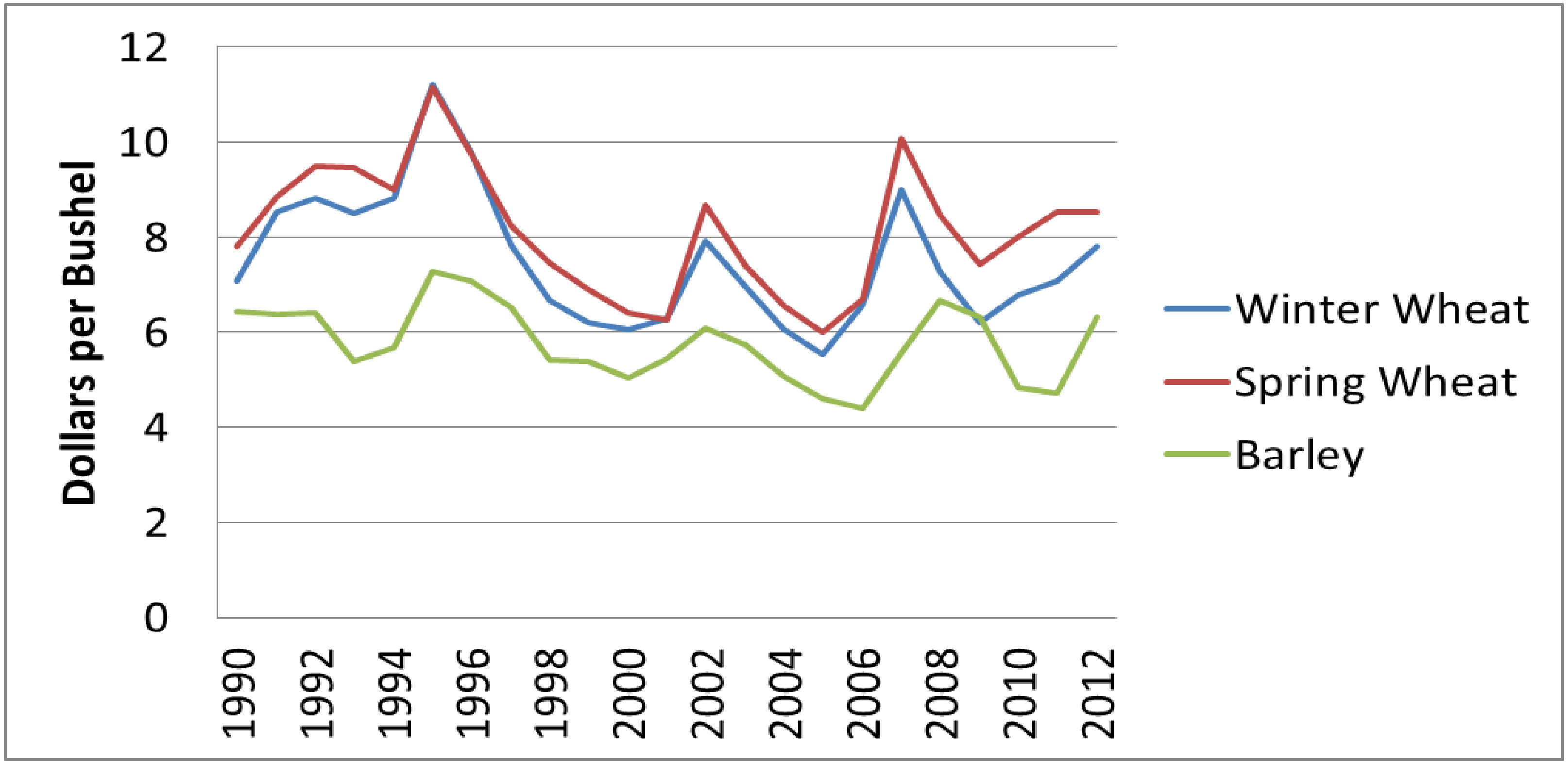
Source: WASDE-513, December 2012

Grain Production (2012)



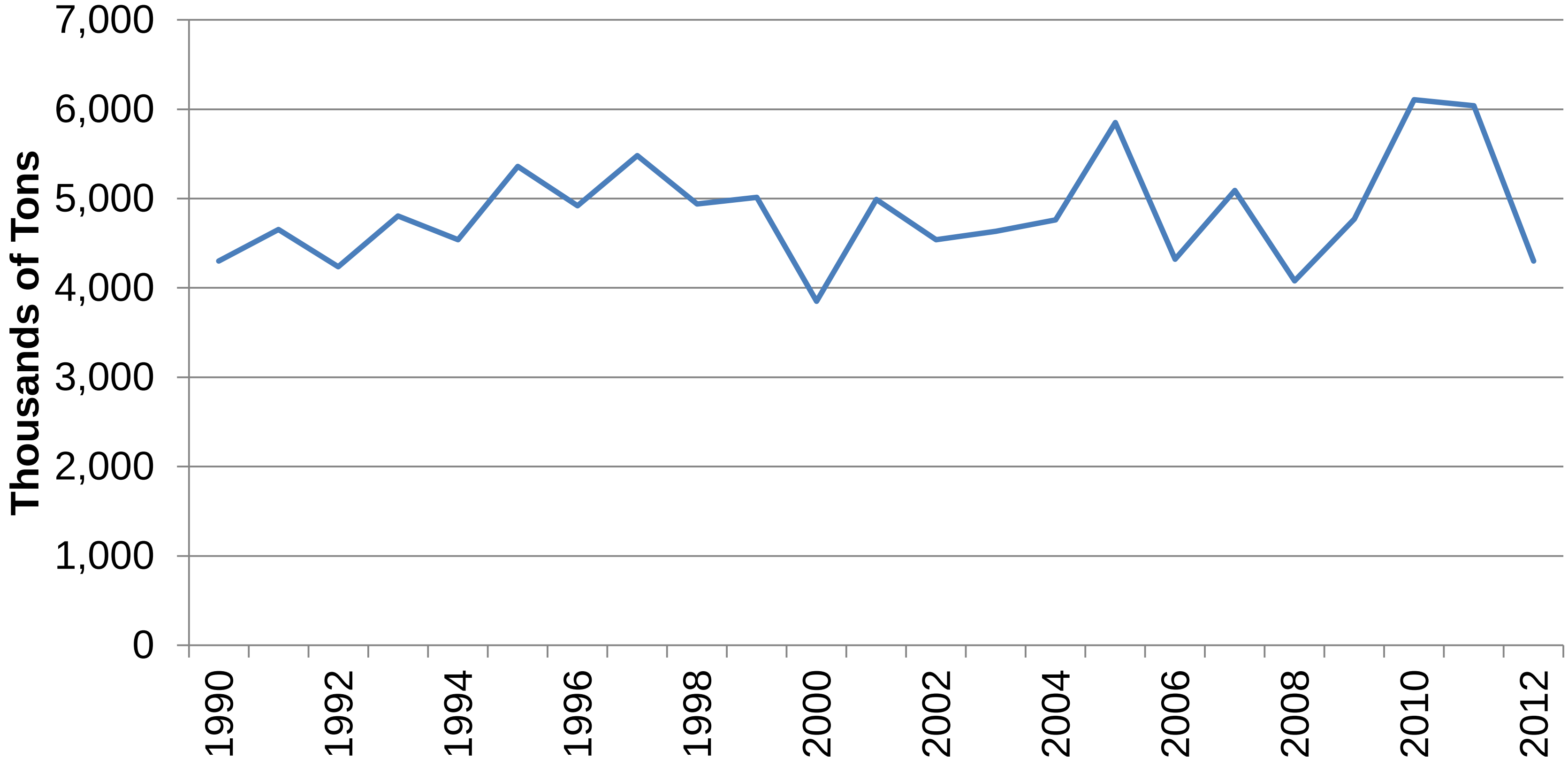
Source: NASS

Grain Prices
(2012 dollars)



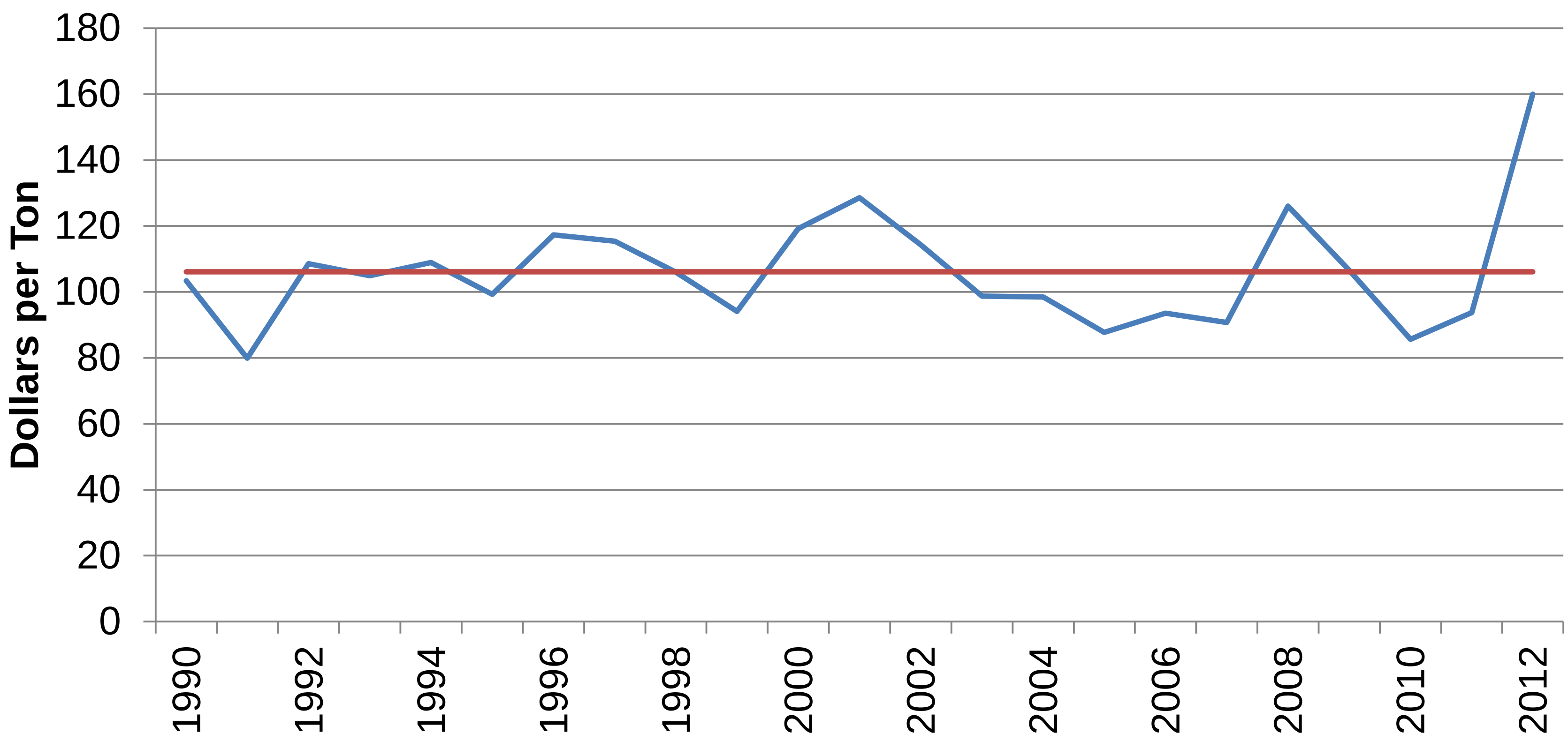
Source: NASS

All Hay Production (2012)



Source: NASS

All Hay Prices
(2012 dollars)



Source: NASS

Futures Prices
(no basis adjustment – 02/04/13)

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

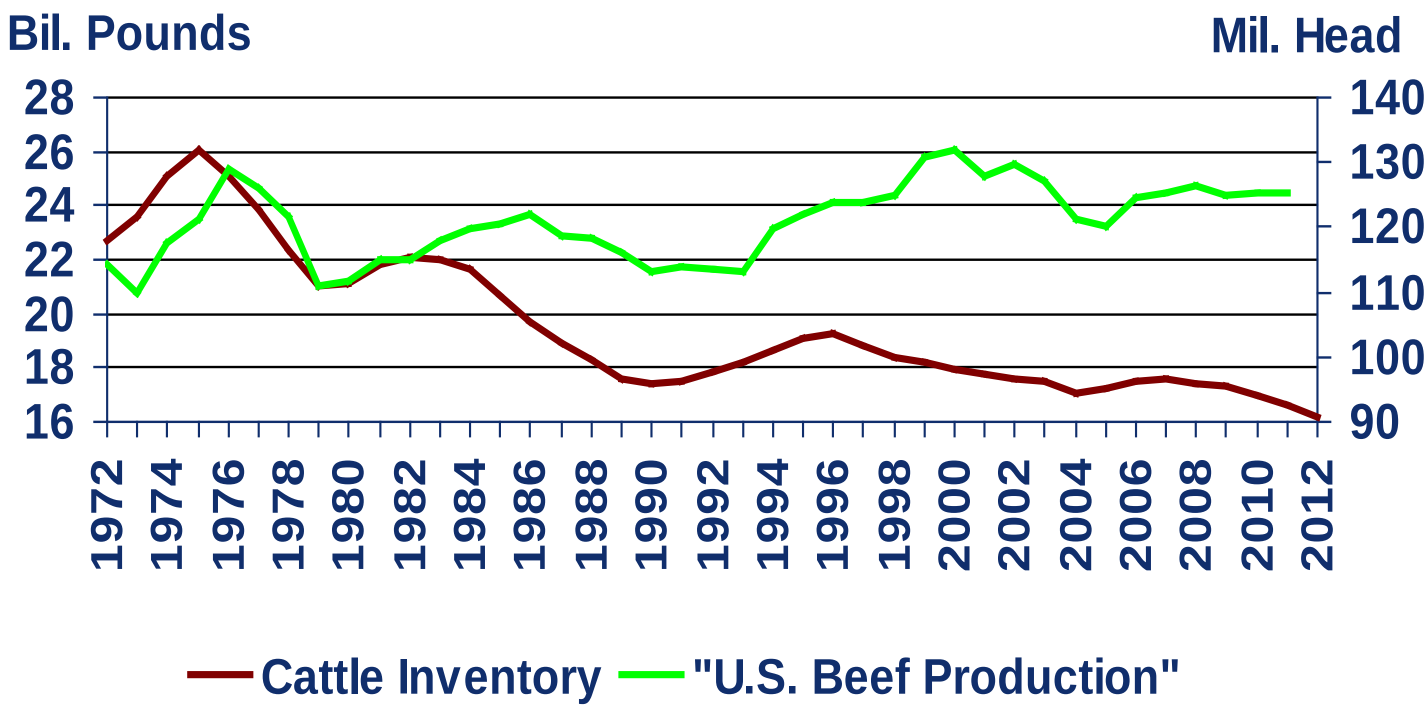
Sources: MGE, KBOT, CBOT and MGGA Market Manager – 0.80 negative basis

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

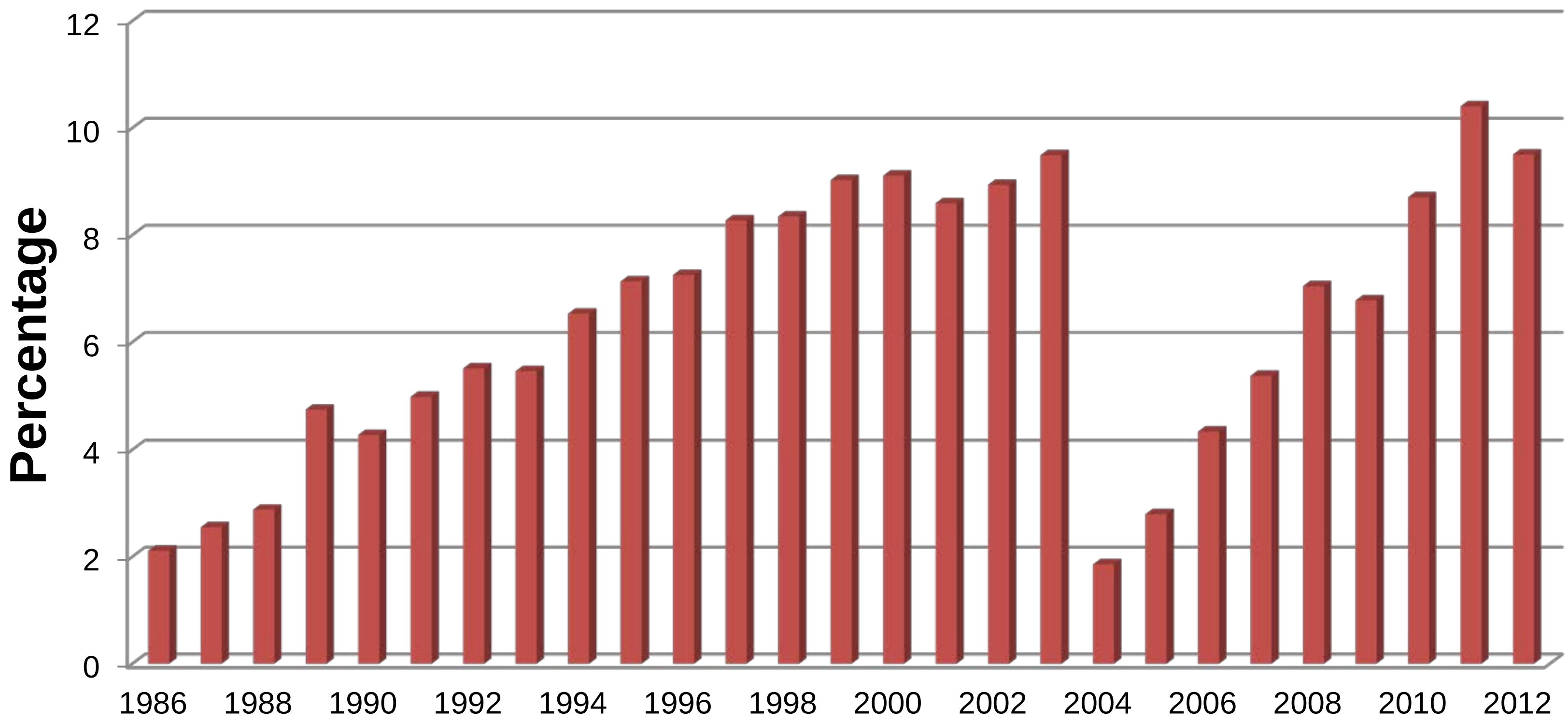
U.S. Beef Production and Cattle Herd Size



Source: LMIC and MSU Agricultural Marketing Policy Center

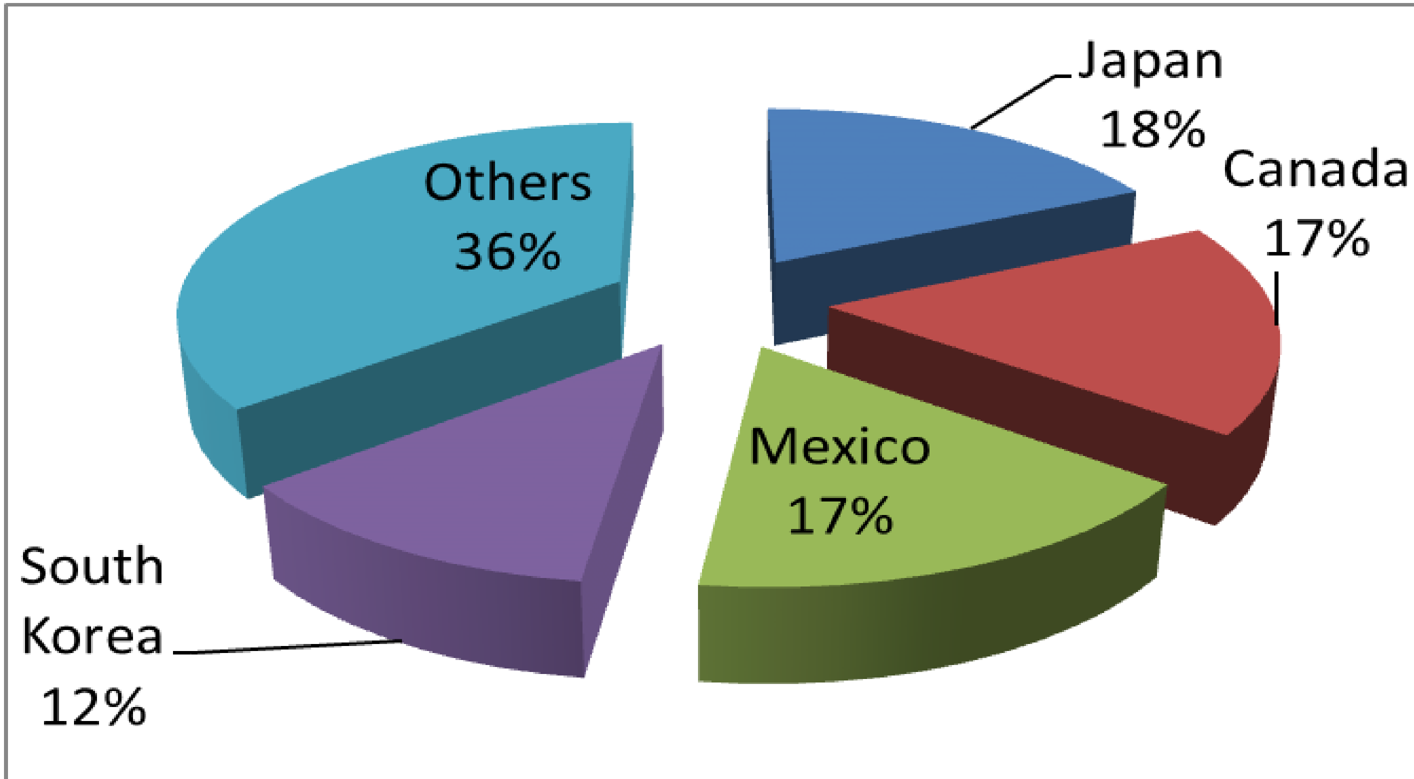
U.S Beef and Veal Exports

Percentage of Total U.S. Production



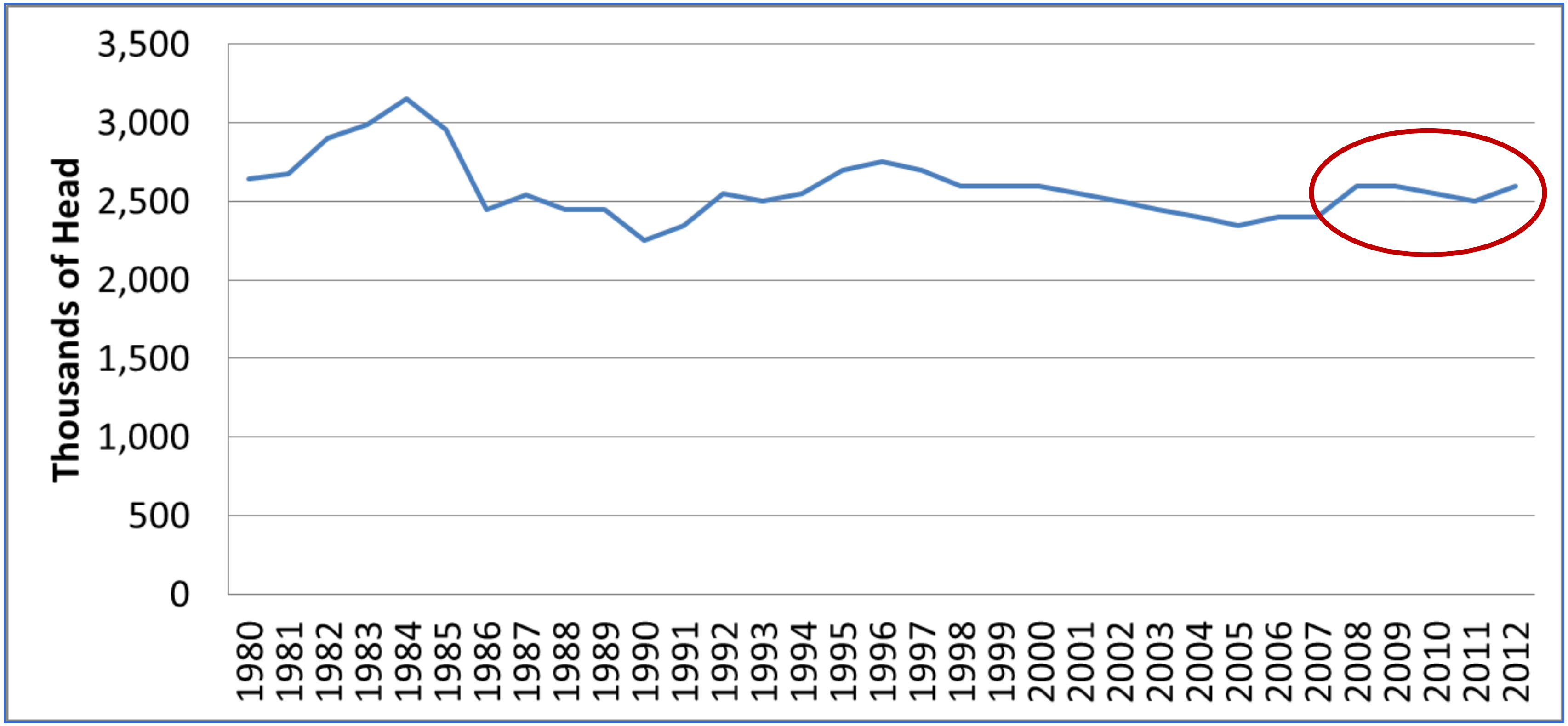
Source: LMIC, Beef and veal exports 2.5 billion pounds in 2012

Exports – who's buying U.S. beef



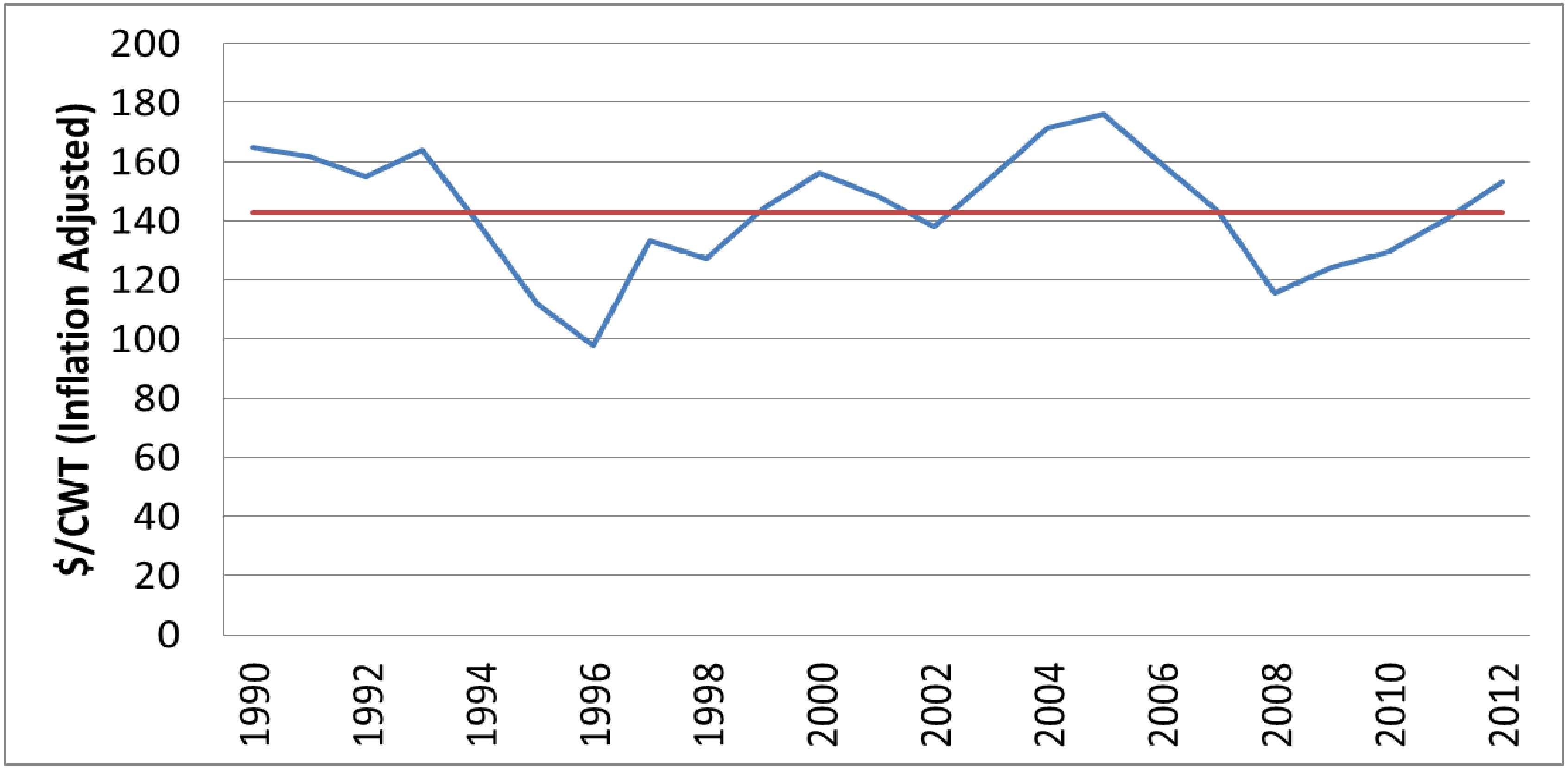
Source: NASS

Montana Cattle Herd



Source: NASS

Calf Prices
(2012 dollars)



NASS, 190 – 2011, MSU 2012 estimate

Futures Prices
(no basis adjustments – 02/04/13)

Location	05/13	08/13	10/13	11/13
Chicago Mercantile Exchange				
Feeder Cattle, $/cwt	155	160	162	162
Live Cattle, $/cwt	128	129	133	135

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
    why produce beef
  - Labor issue – more skills required to work on a ranch
  - Age of ranchers – little incentive

Organic Agriculture

	2008	2011
Farms	144	99
Acreage (acres)	215,000	203,00
Sales	$24 million	$29 million
Grain & Dry Beans	$21 million	$24 million
Organic Cattle	$ 1 million	$ 3 million

Consumer Food Prices

Source: USDA, http://www.ers.usda.gov/data-products/food-price-outlook.aspx

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