2018 Montana Agricultural Outlook

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Major Data Source: National Agricultural Statistics Service

Montana Field Office (Eric Sommer, Director)

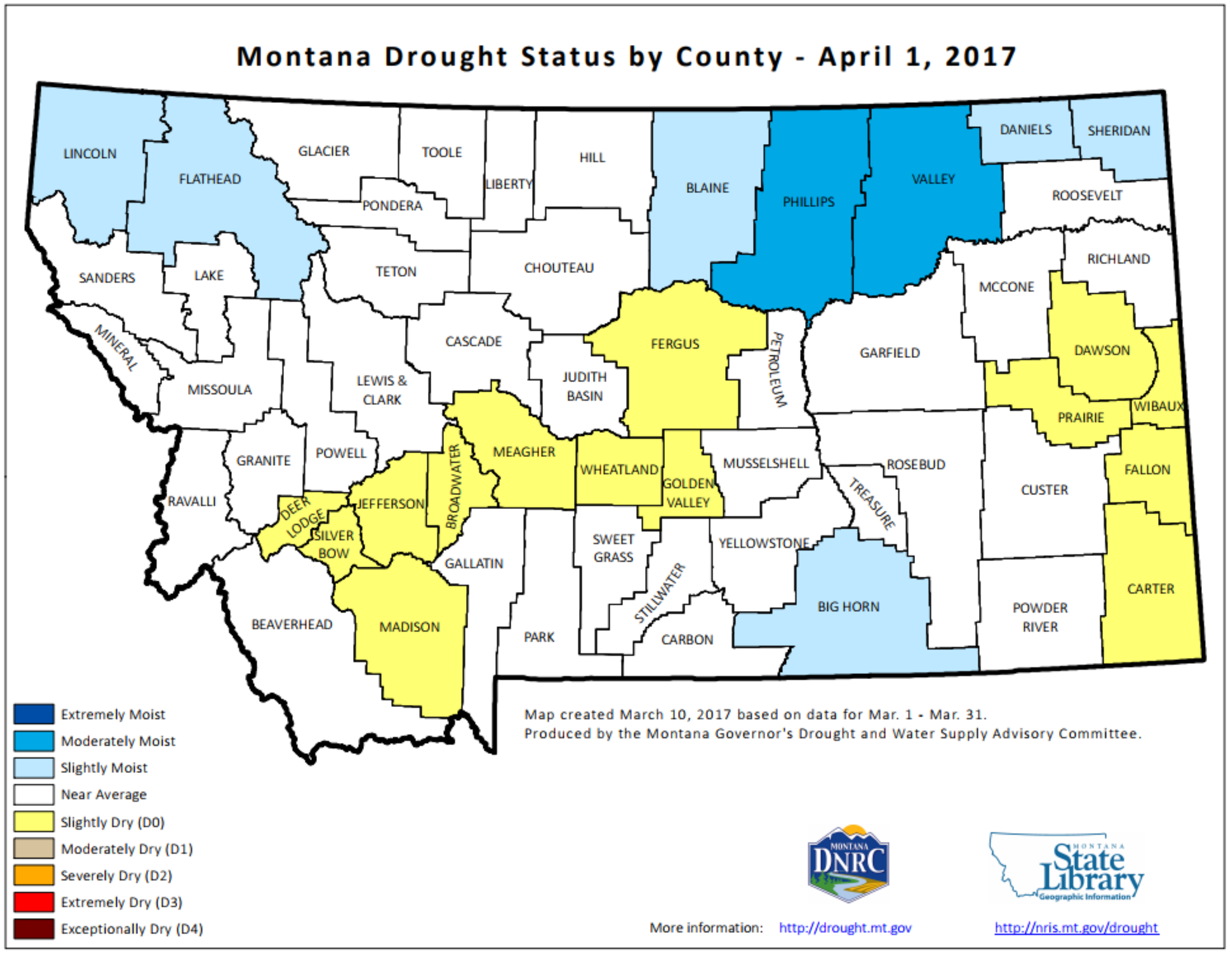
Range Fires

KRTV Photograph, 2017

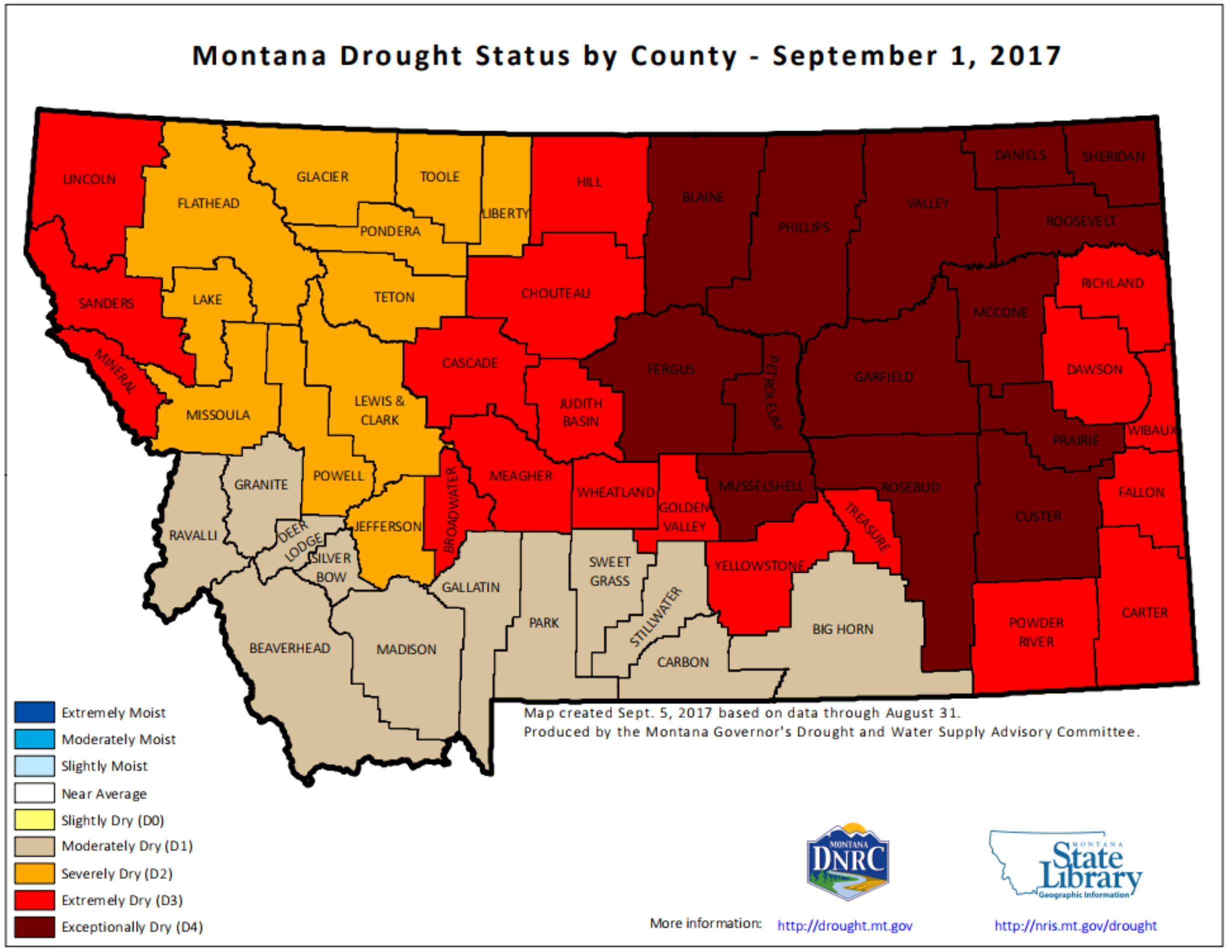
Drought

Billings Gazette, 2017

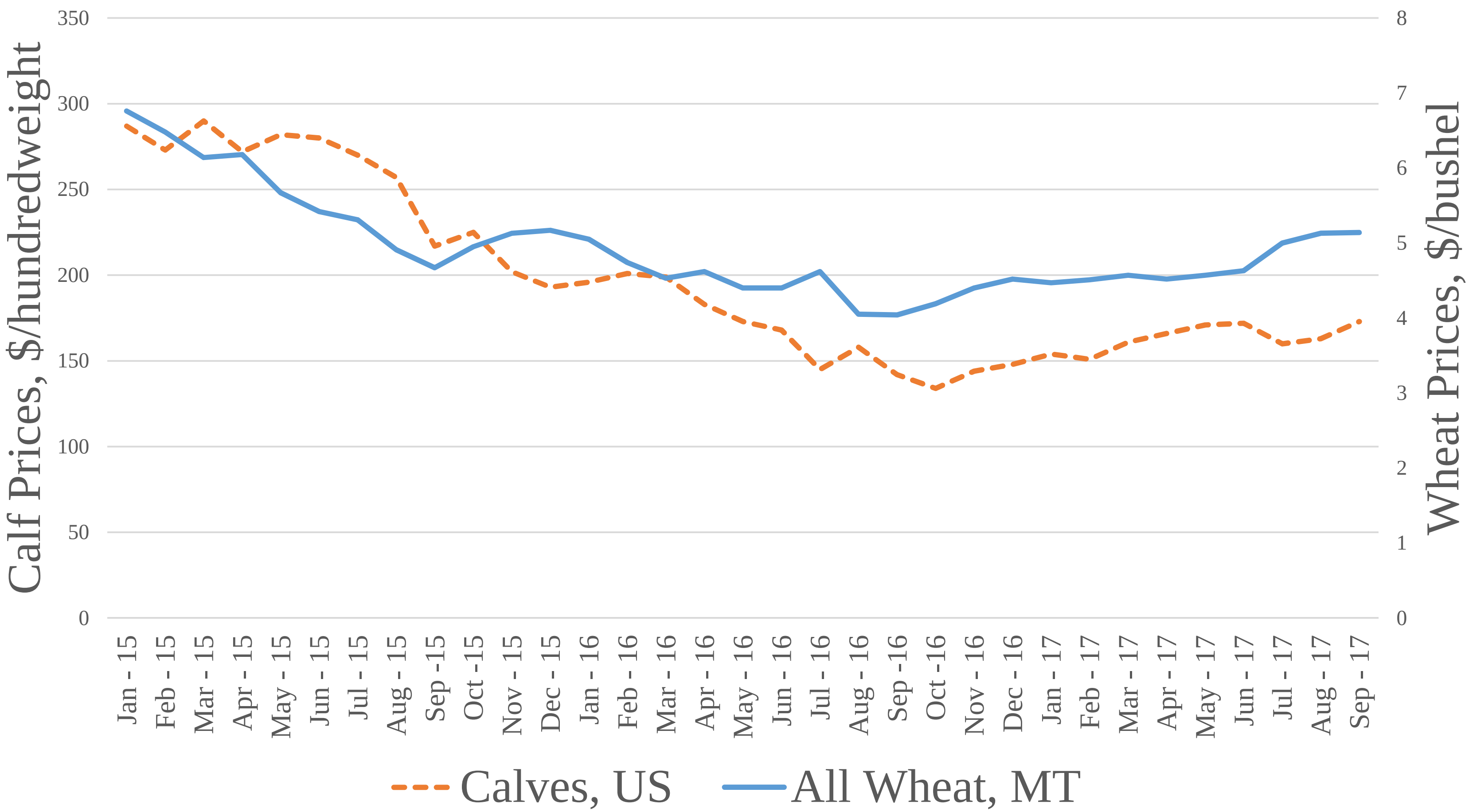
Uncertainty – April, 2017



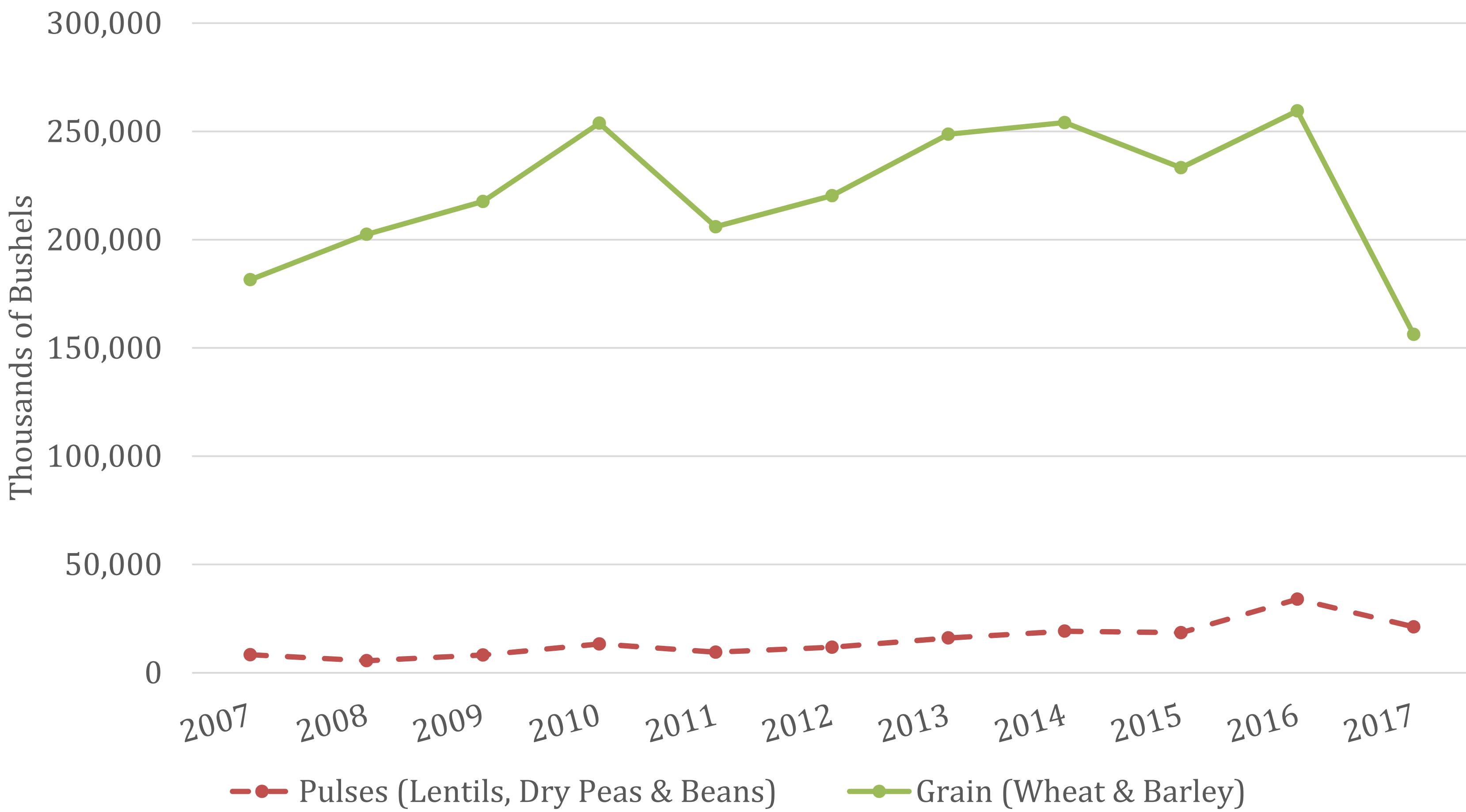
Uncertainty – September, 2017



Prices: Some Improvement



Production: Tough Year



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*

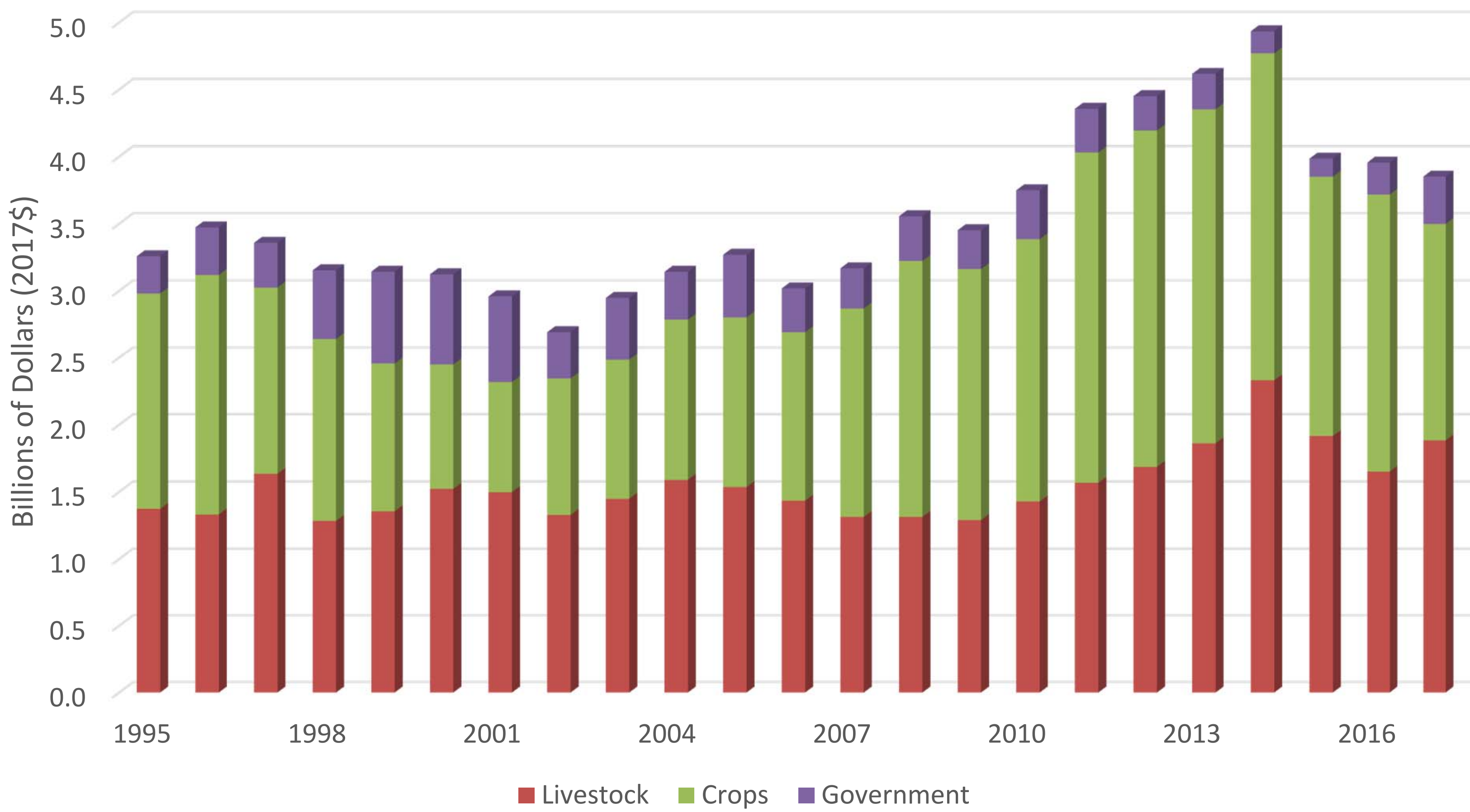
Exports – Japan (+) and Imports – Australia/Mexico (+) and Brazil/Uruguay (-)

2017/18 Overview

Crops

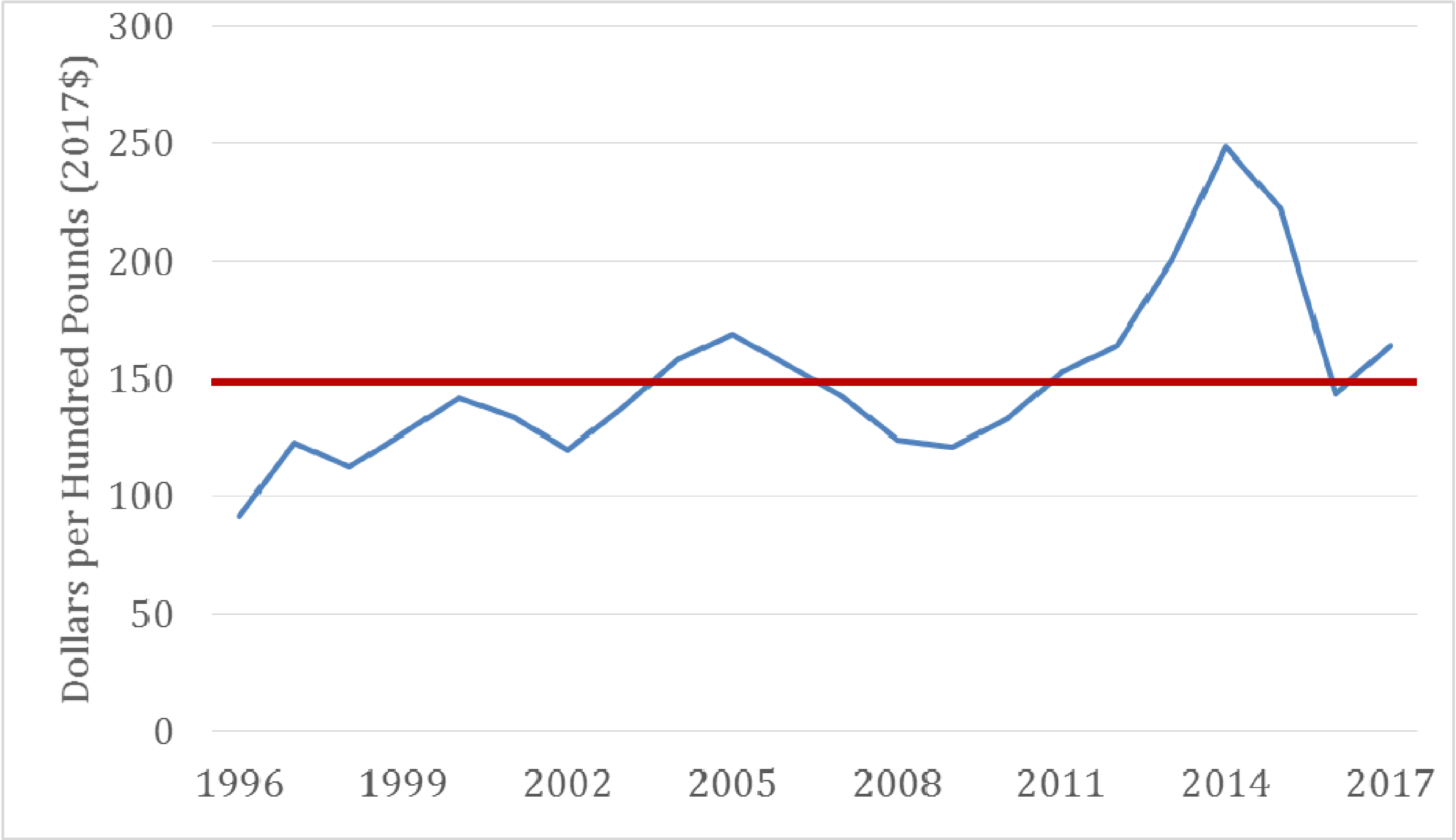
- Improving grain prices
  - Montana wheat production down 40% in 2016/17
    - US wheat production down 25%
  - US wheat exports down 5%
    - Competition – Russia with tariff discounts
  - US wheat imports up 27%
- Pulse acreage continues to increase, “humbling” production

Cash Receipts (1995 – 2017f)

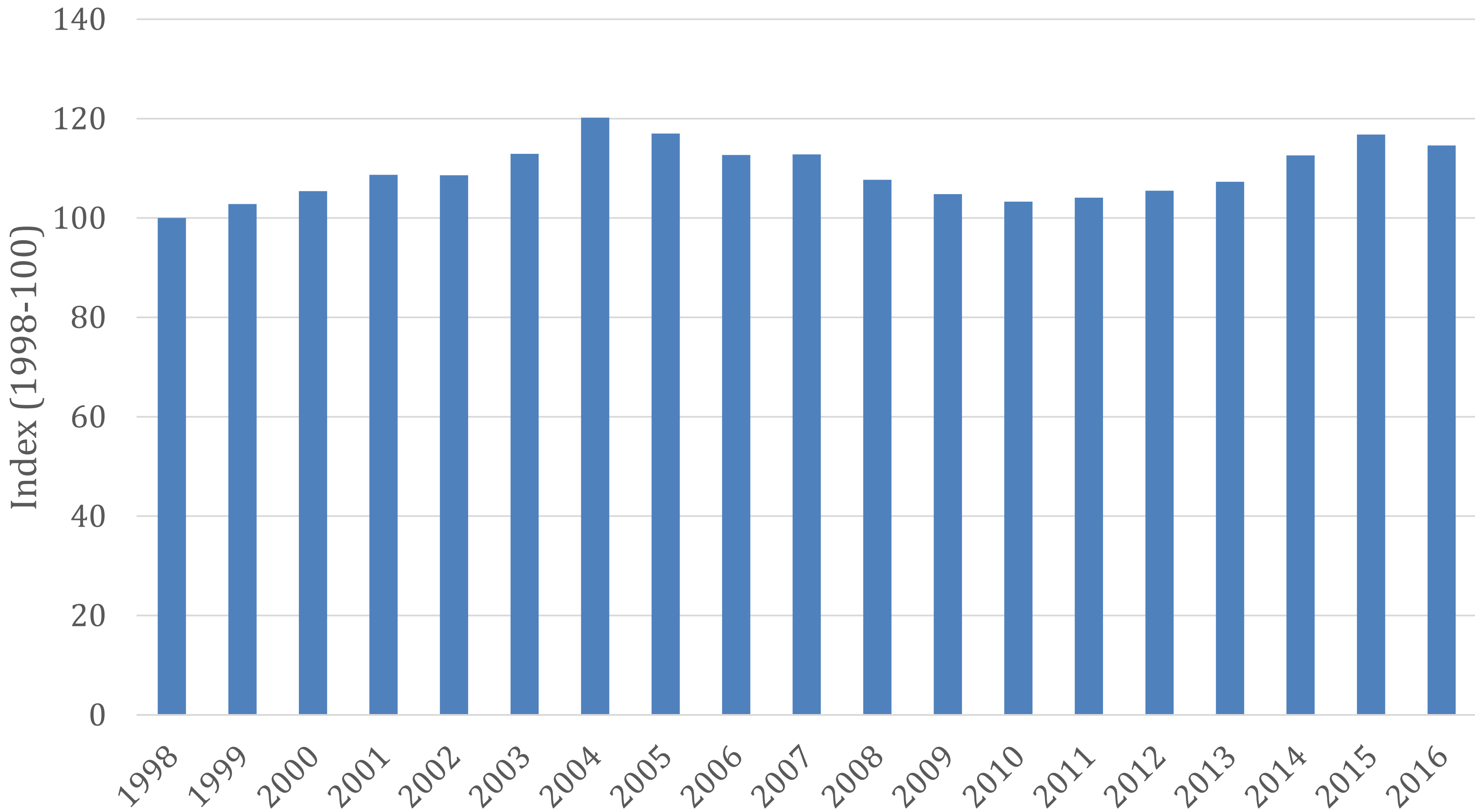


CATTLE

U.S. Average Calf Prices (2017$)



Stable U.S Demand for Beef



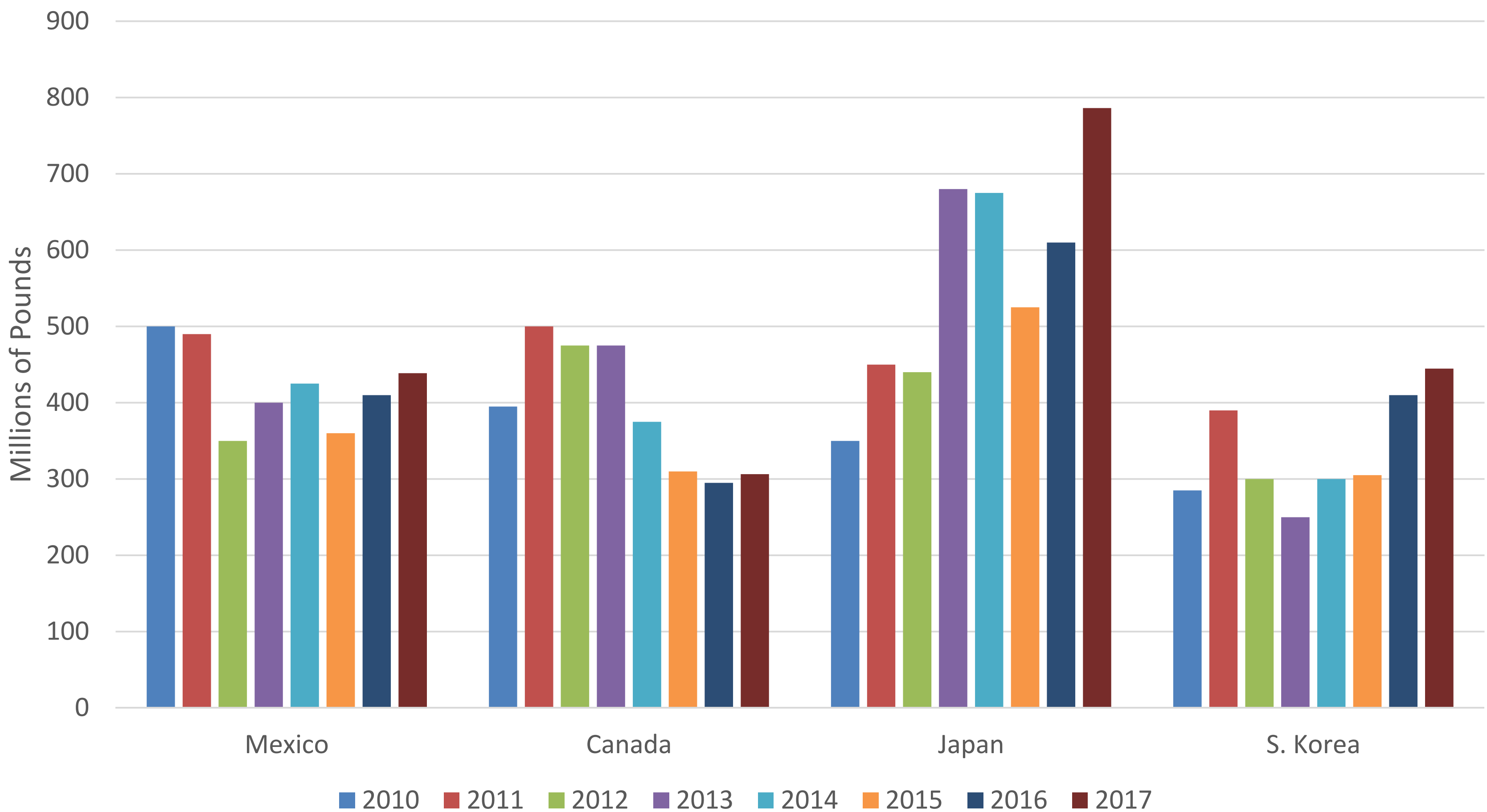
Source: http://agebb.missouri.edu/mkt/demand/bull2c.htm

Market Share (1990-2025f)

U.S. per capita meat consumption

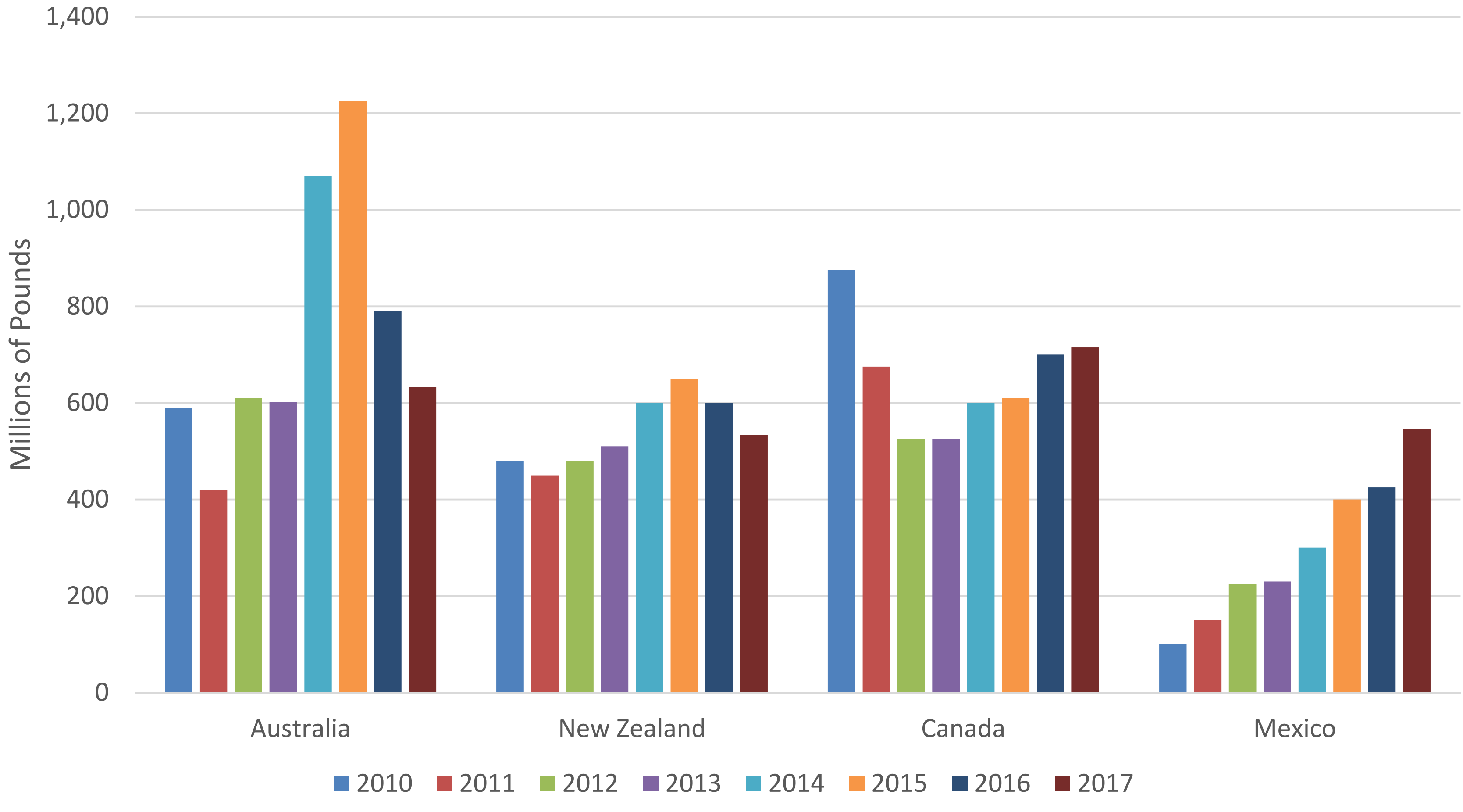
USDA Long Run Projections

Beef Exports



USDA, FAS

Beef Imports



2018 Futures Prices

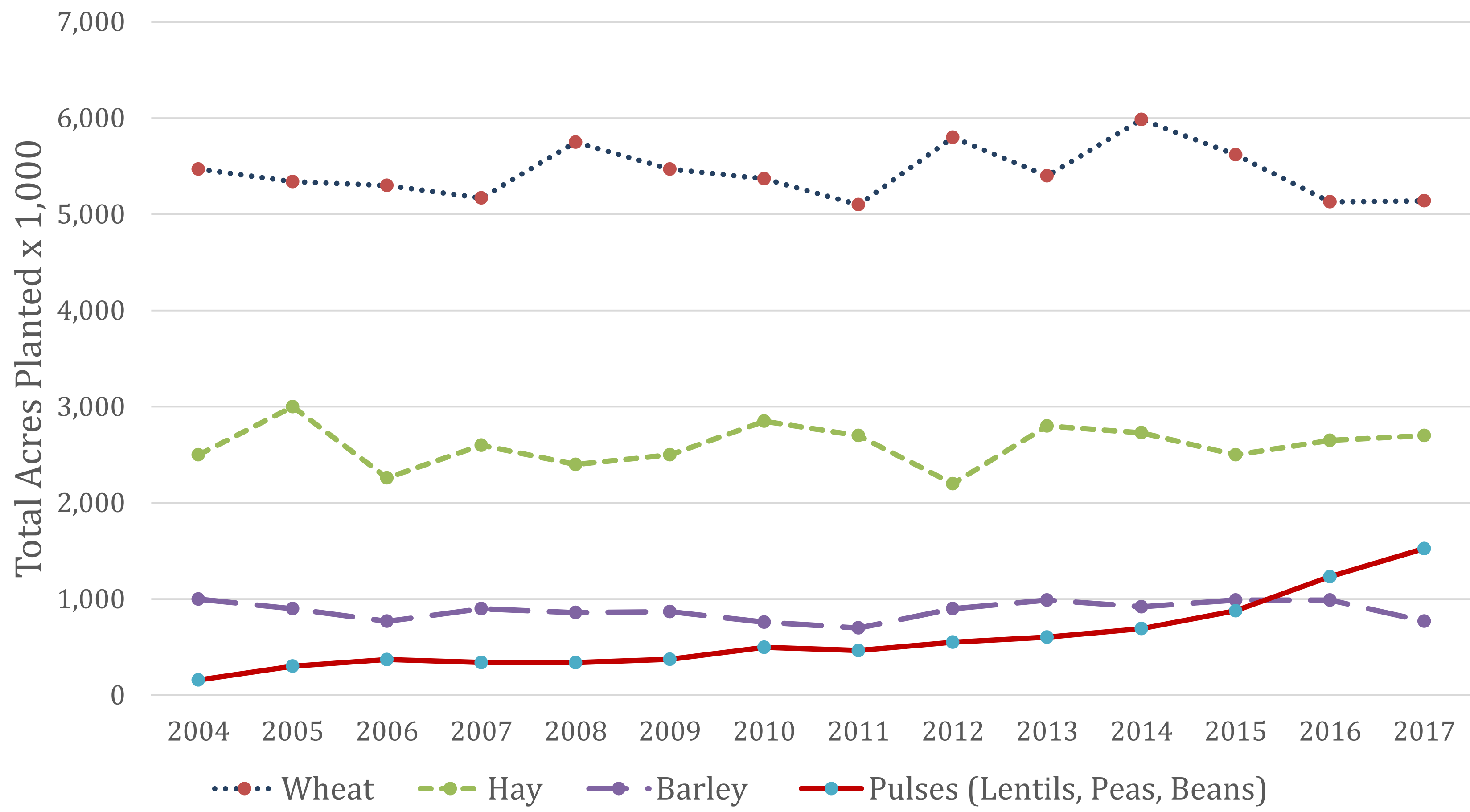
($/hundred pounds, no basis adjustments – 1/22/18)

Location	Jan/Feb	Mar/Apr	August	October
Chicago Mercantile Exchange				
Feeder Cattle	148	146	149	148
Live Cattle	124	124	113	114

Basis ~$6.80 for Oct sales

CROPS (*GRAIN, HAY, PULSES, AND ORGANIC CROPS*)

Montana Major Crop Acreage



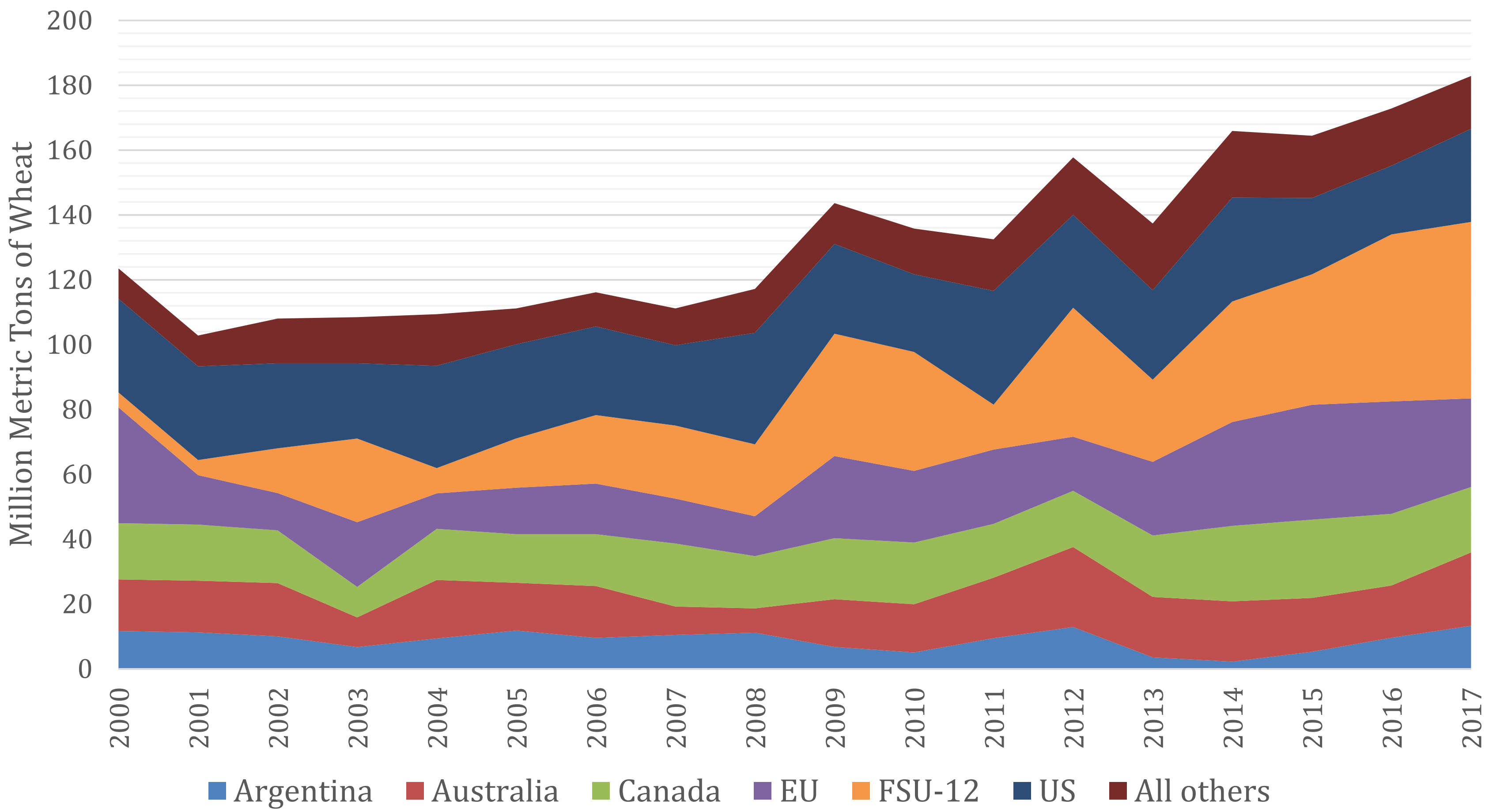
Canola – 115,000 acres in 2017 (increase of 2.5 fold increase from 2016)

Global Wheat Production Shares

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

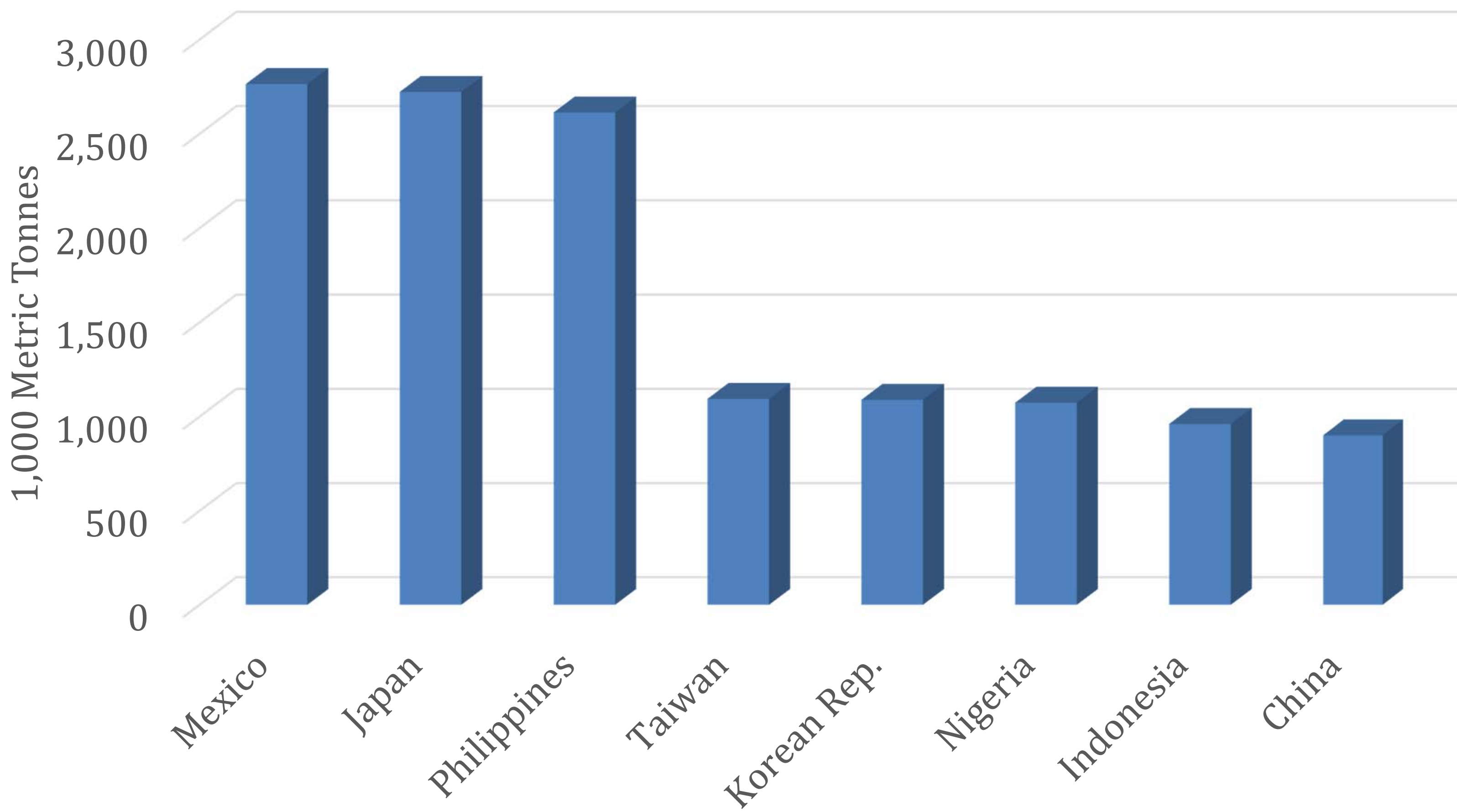
Source, WASDE-571, 2017

World Wheat Exports (2000 – 2017)



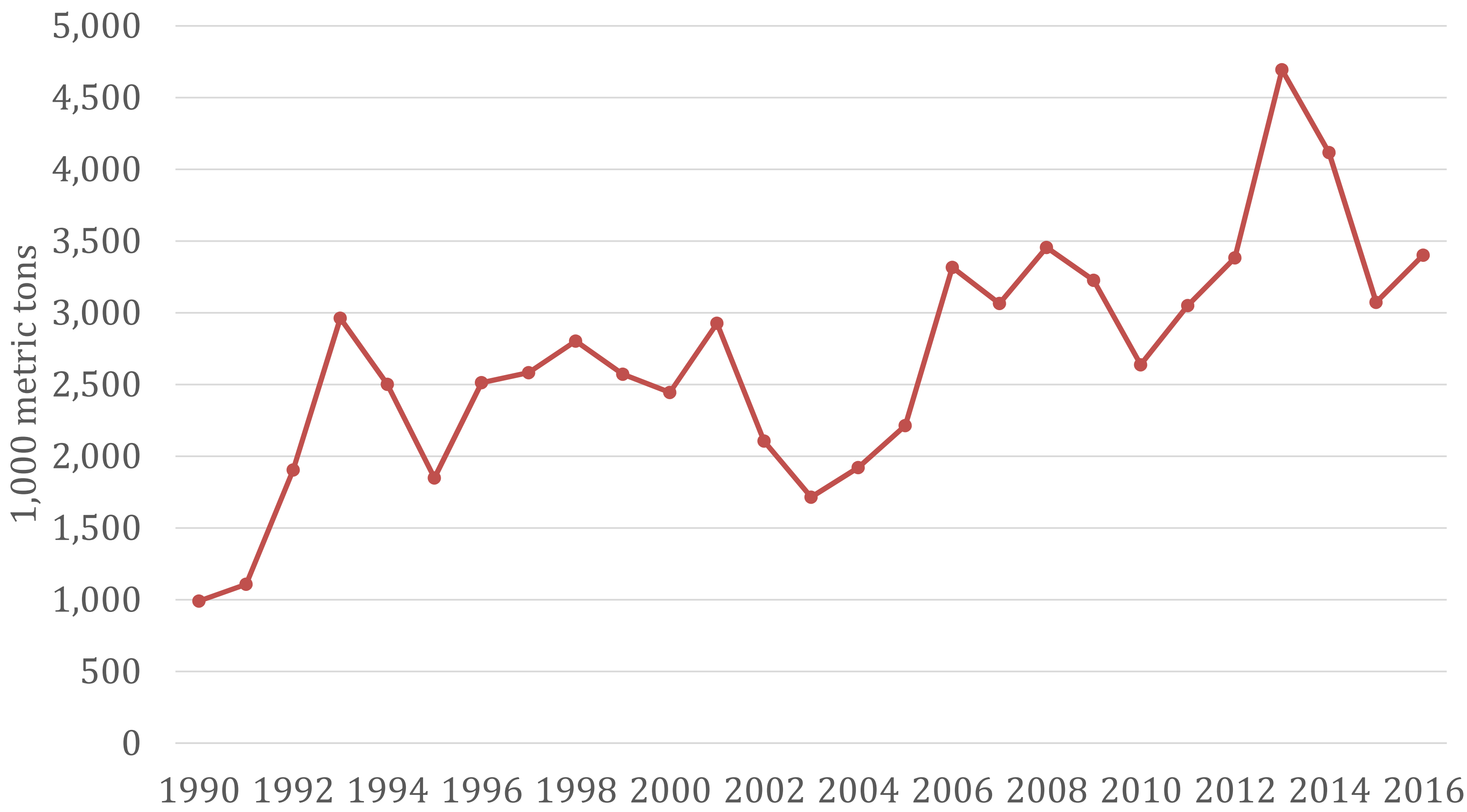
USDA, WASDE 2000 – 2017, pages 16 and 18

U.S. Wheat Exports
(2016)



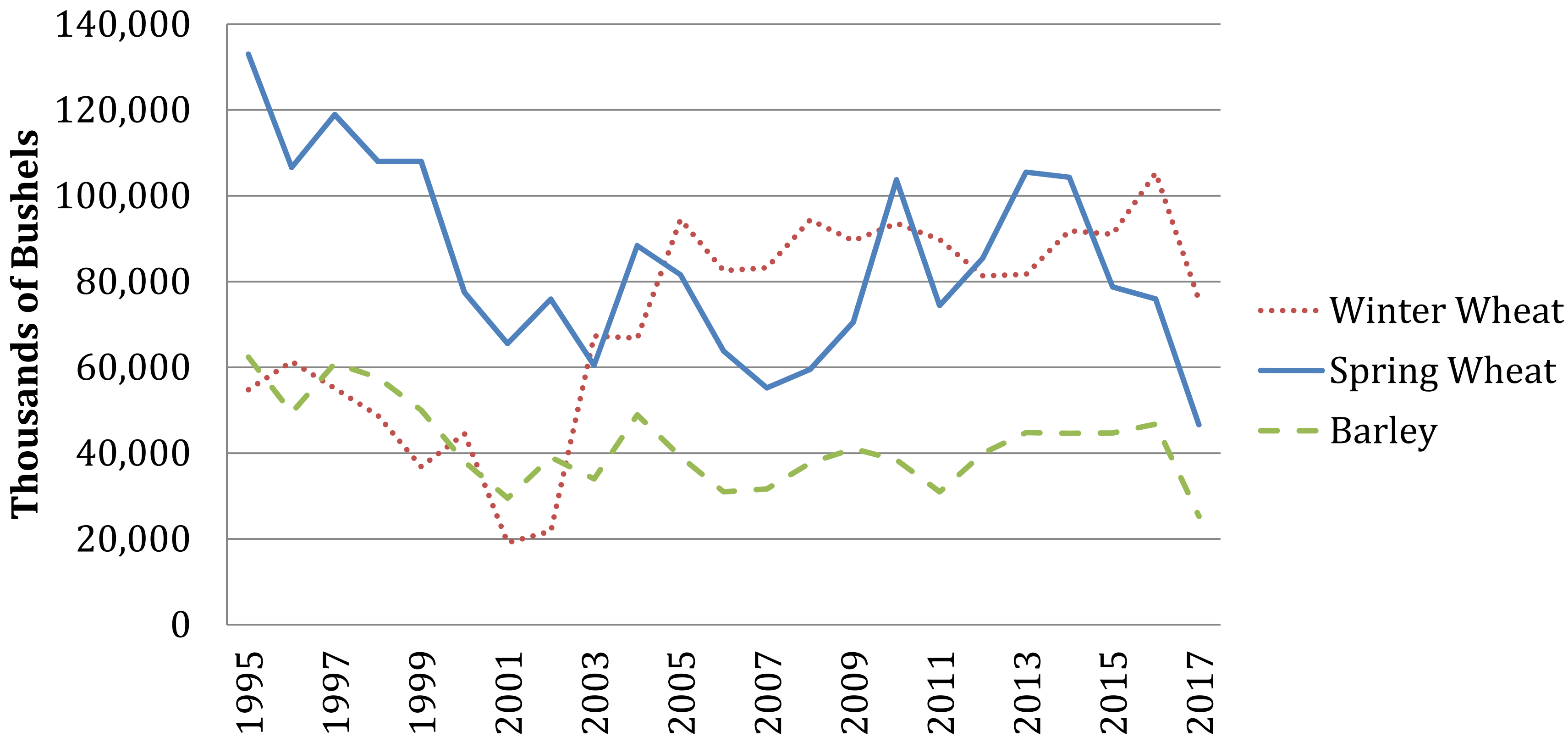
Source: http://usda.mannlib.cornell.edu/usda/current/WHS/WHS-12-13-2016.pdf

U.S. Wheat Imports



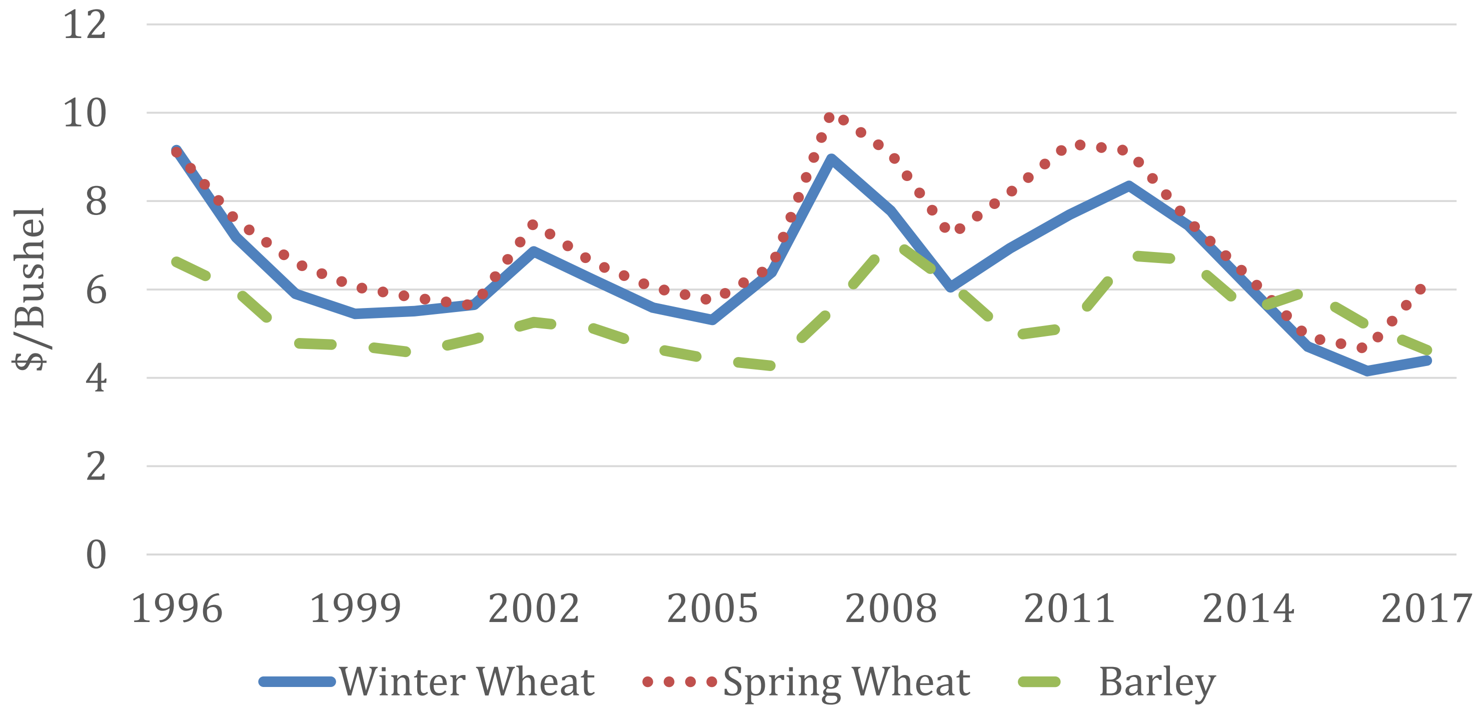
Source: USDA; almost all Canadian imports; imports – 16% of exports

Montana Grain Production



Montana Grain Prices

(2017$)

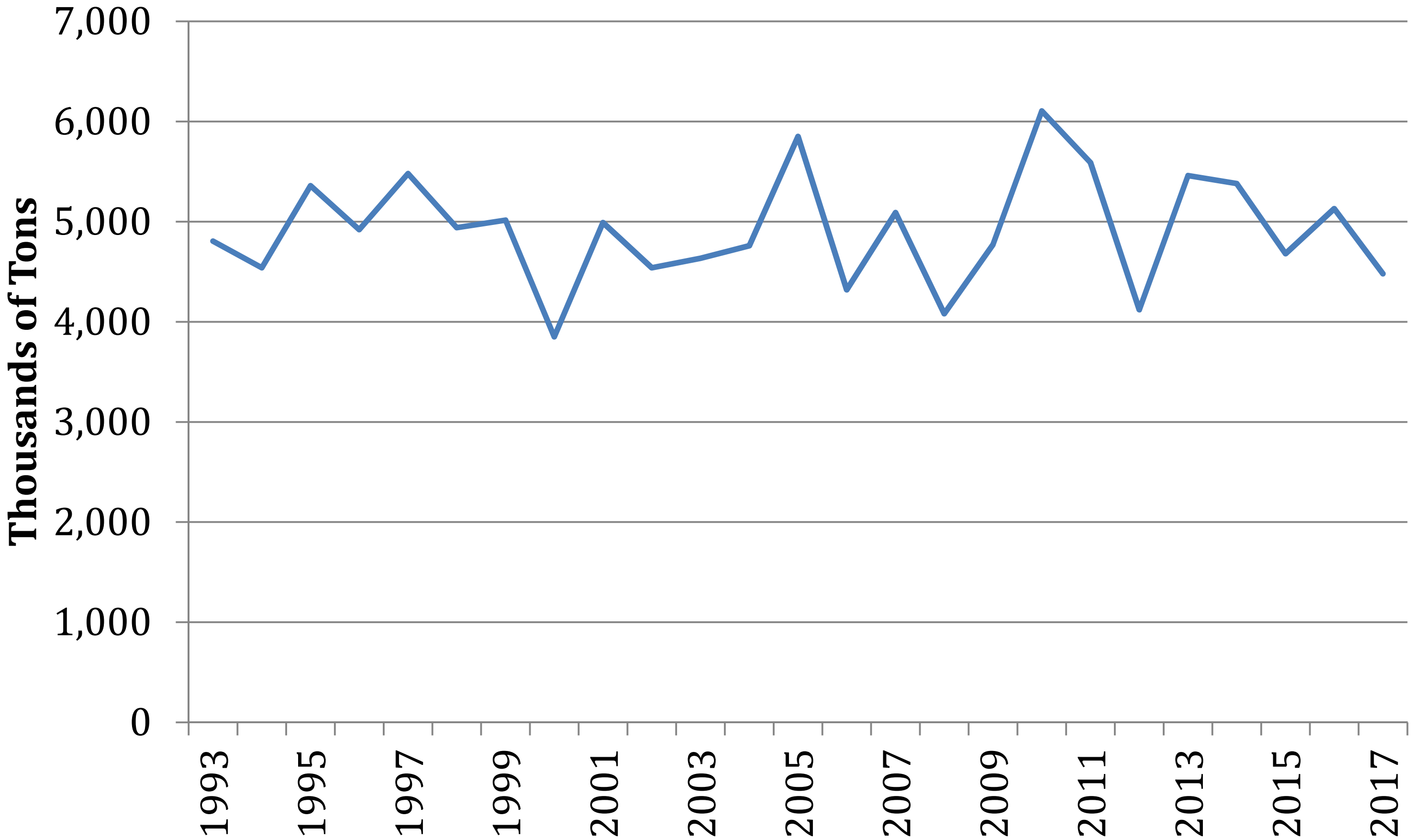


2018 Futures Prices

($/bu, no basis adjustment – 1/22/18)

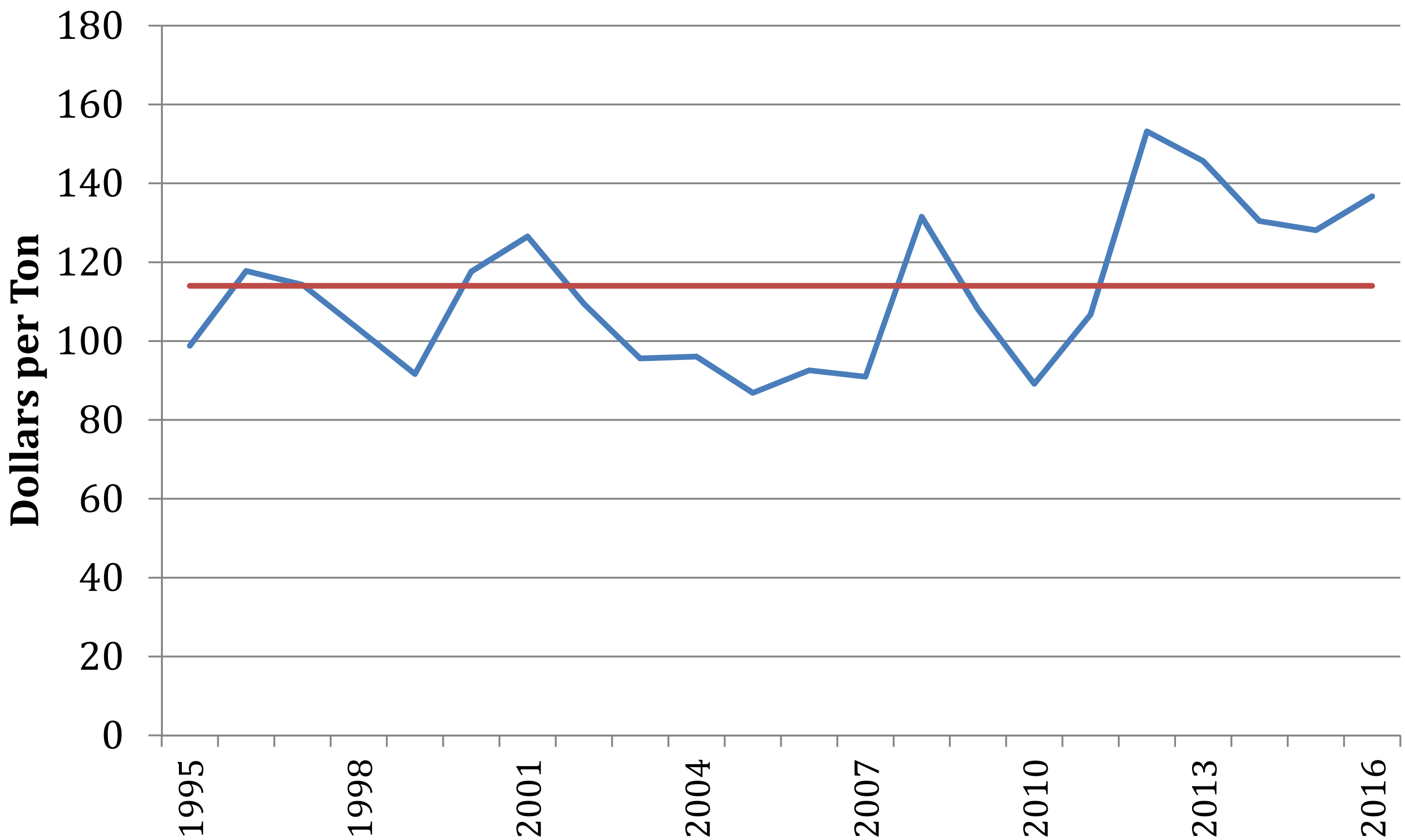
Location	Mar	July	Sept	Dec
Minneapolis Grain Exchange				
Hard Red Spring Wheat	6.06	6.23	6.22	6.30
Kansas City Board of Trade				
Hard Red Winter Wheat	4.28	4.59	4.76	4.97
Chicago Board of Trade				
Corn	3.52	3.68	3.76	3.85

Montana Hay Production

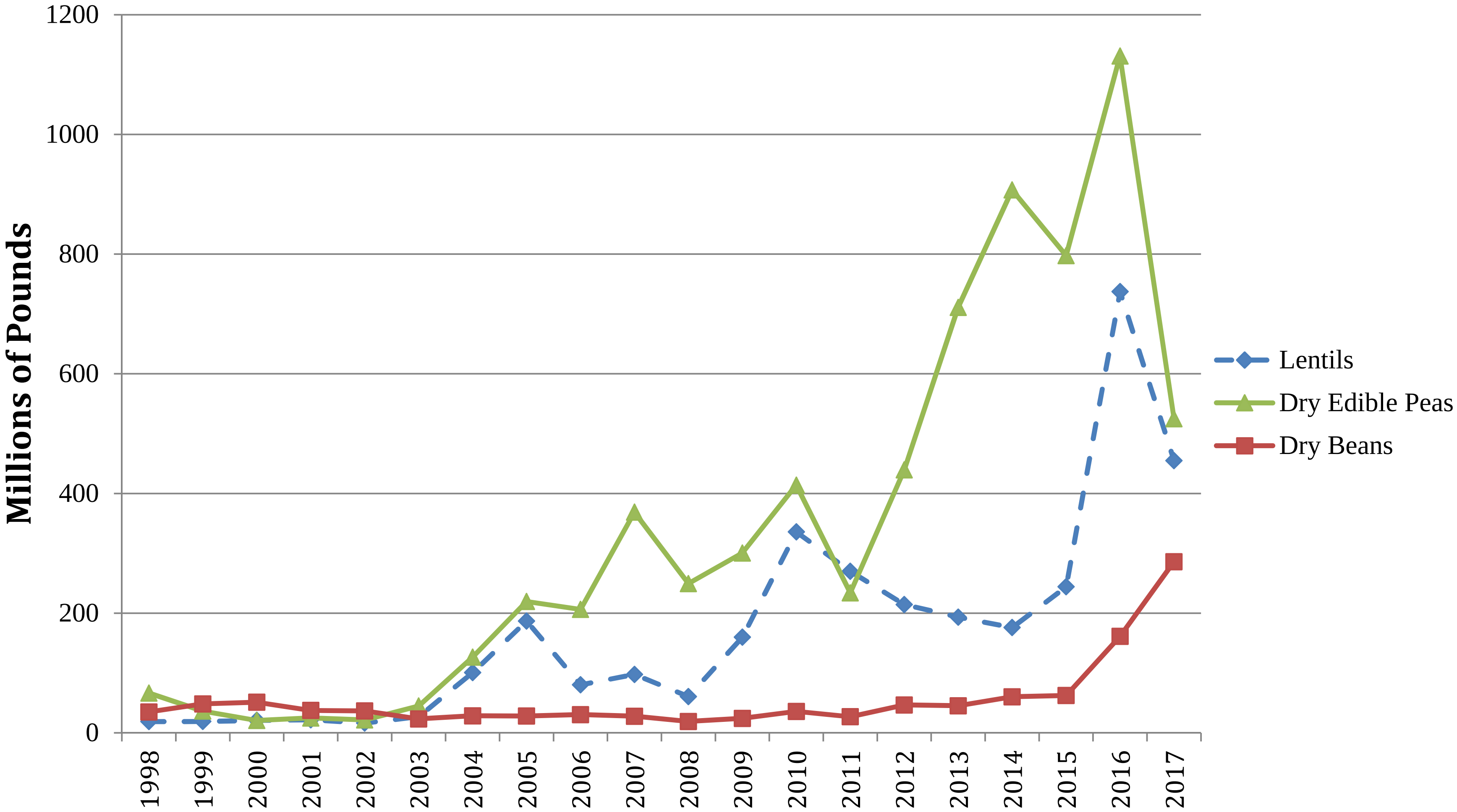


Production down 13%

Montana Hay Prices
($2017)

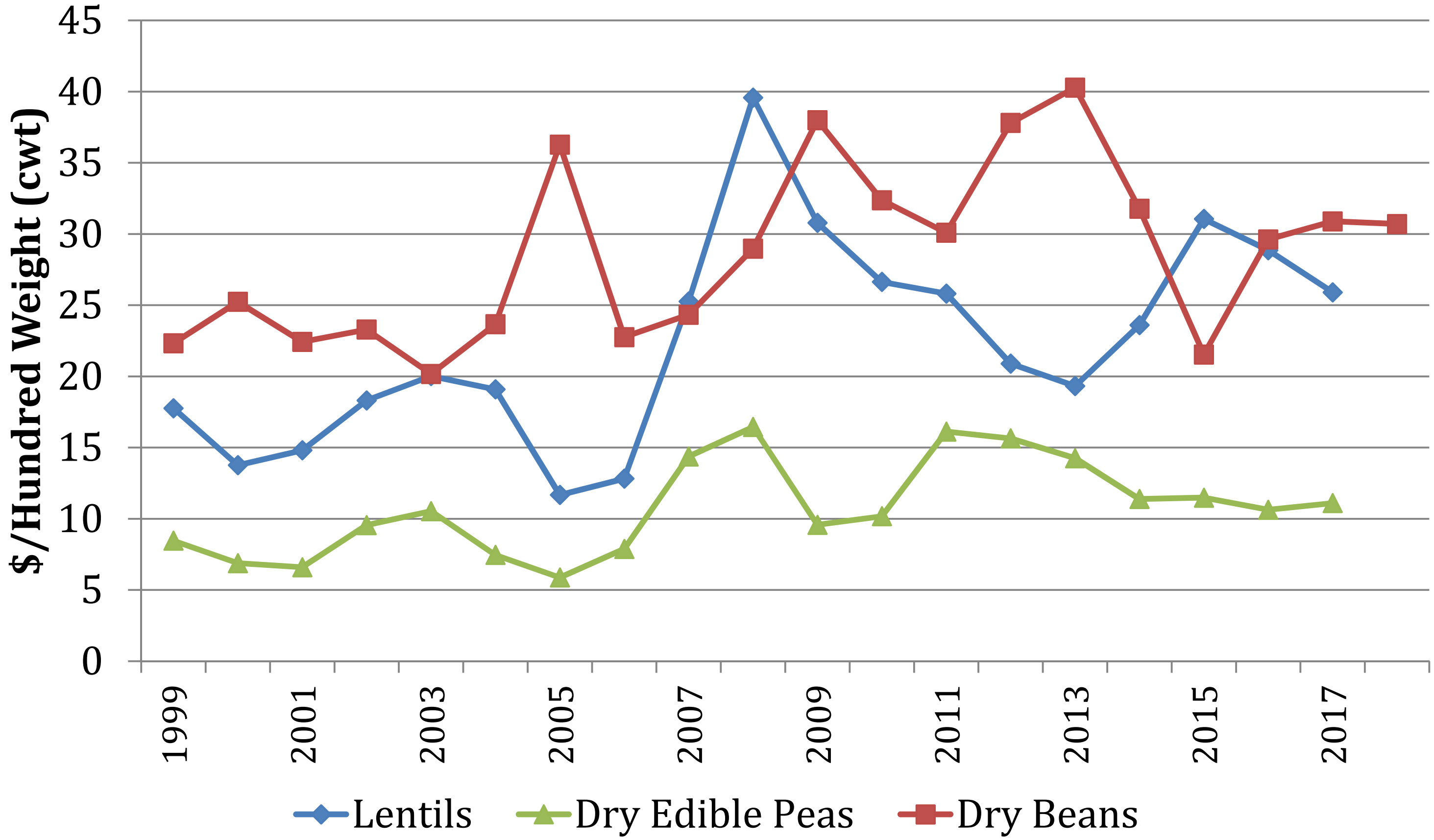


Montana Pulse Production



Average yield declines – lentils 52%; dry peas = 46%; dry beans = 35%

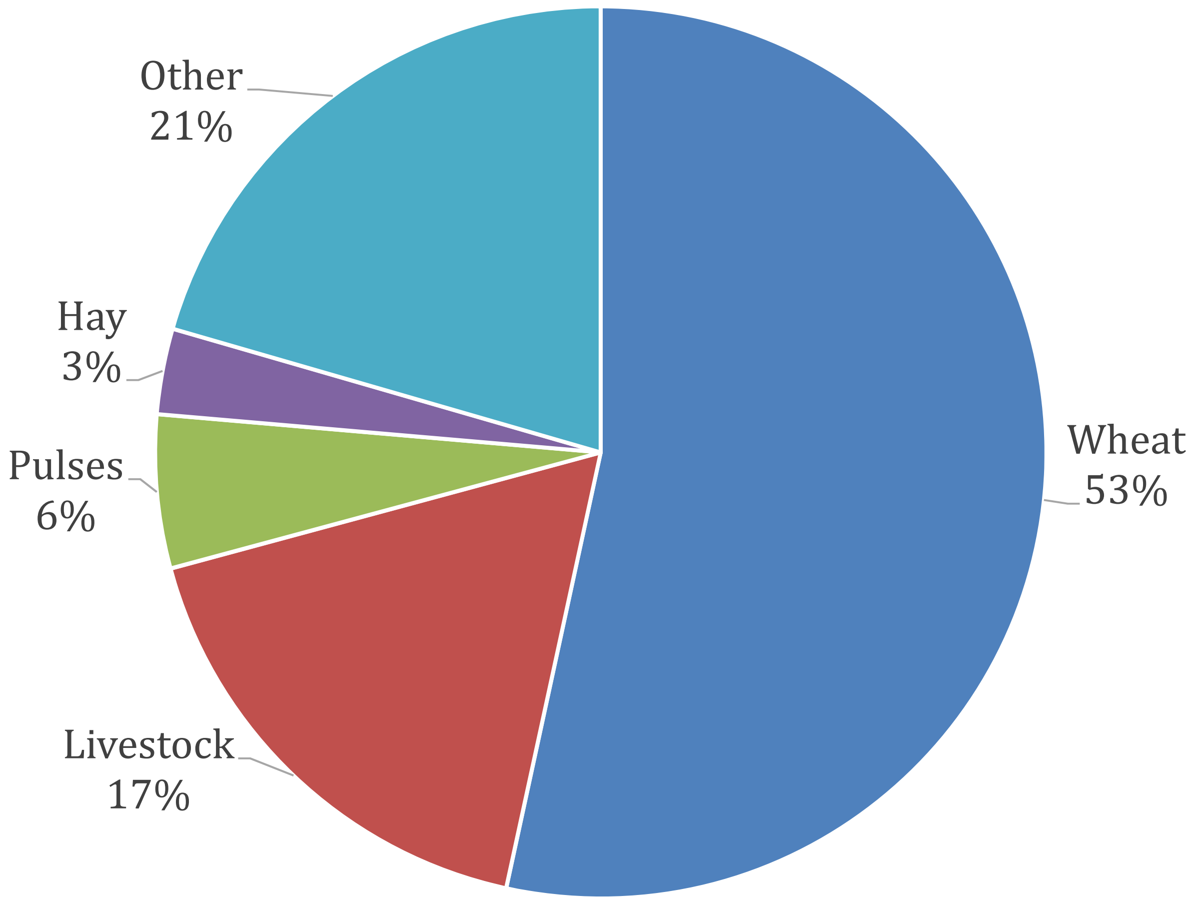
Montana Pulse Prices
($2017)



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



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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