

# Montana Ag Situation and Outlook

Kate Binzen Fuller

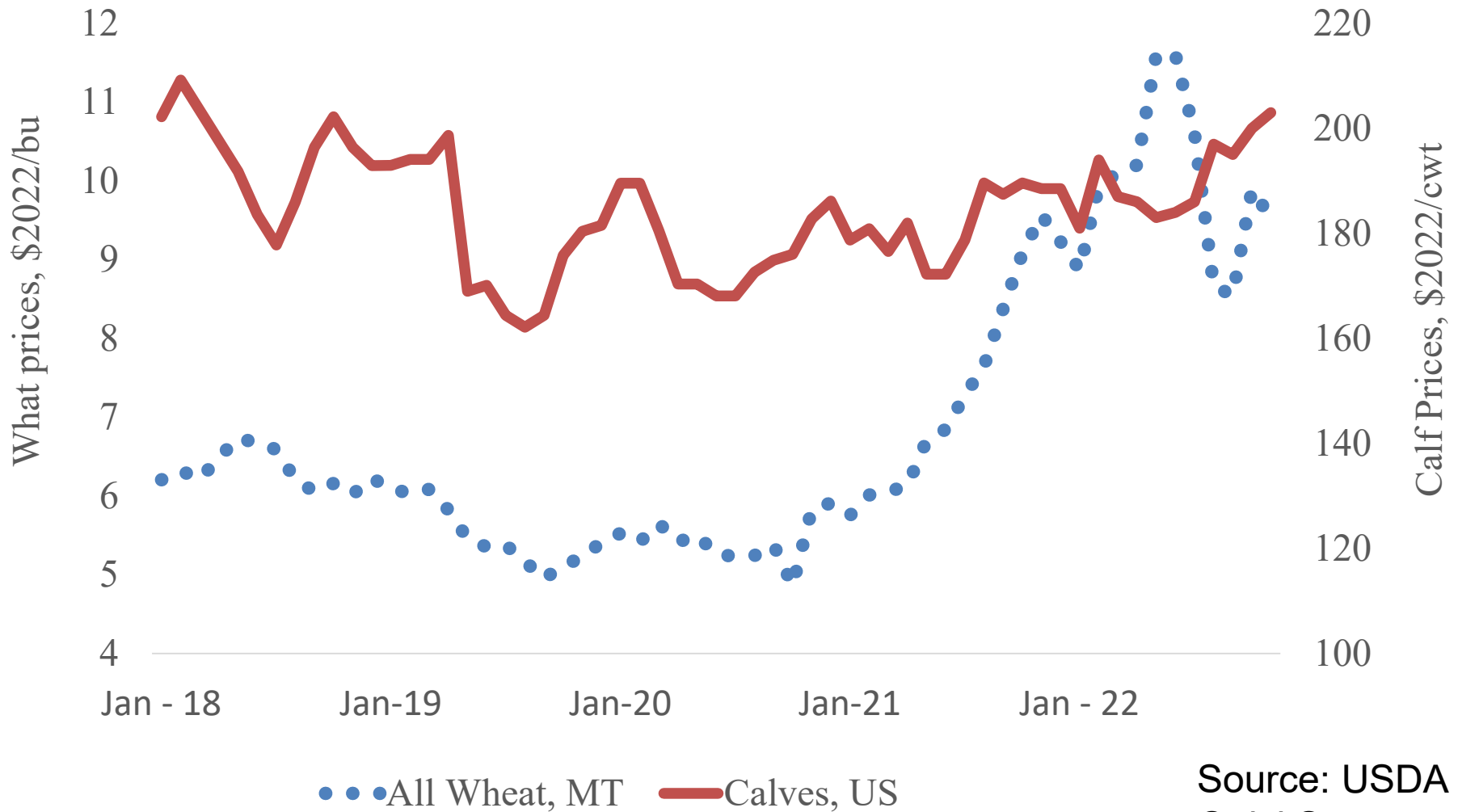
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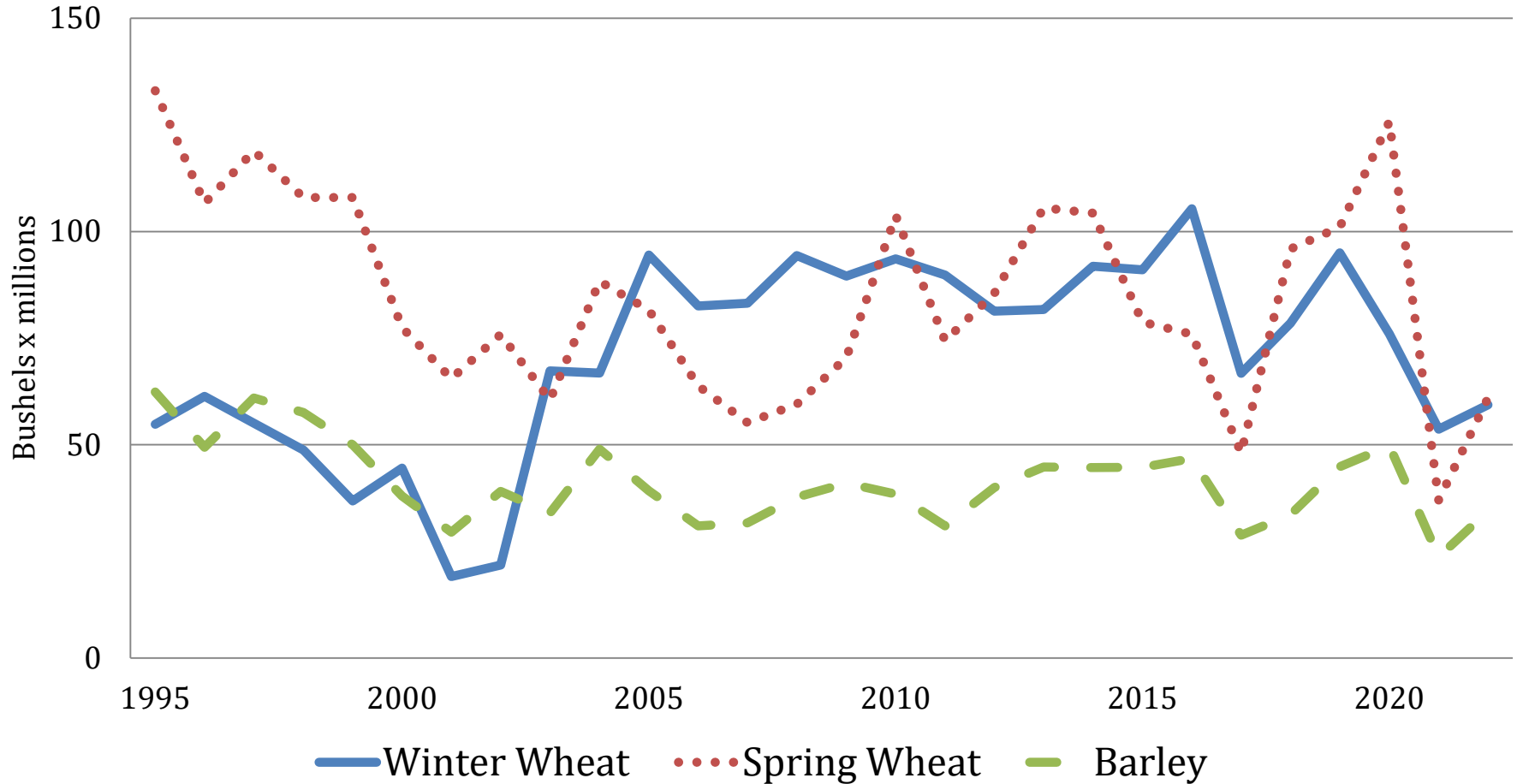
MSU Extension

# Output prices look good



Source: USDA QuickStats

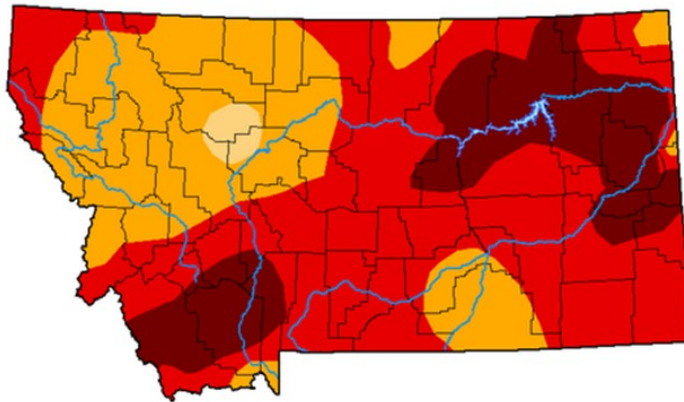
# Production improved from 2021, but remained weak



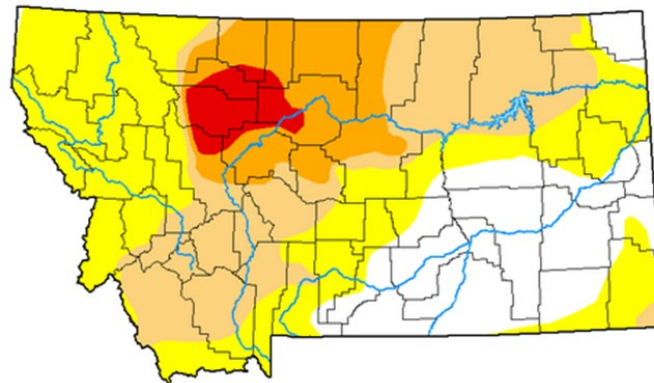
Source: NASS Quickstats

# Complicated Story (3 highlights)

- Drought in 2021 and dry weather in 2022



August 2021



August 2022

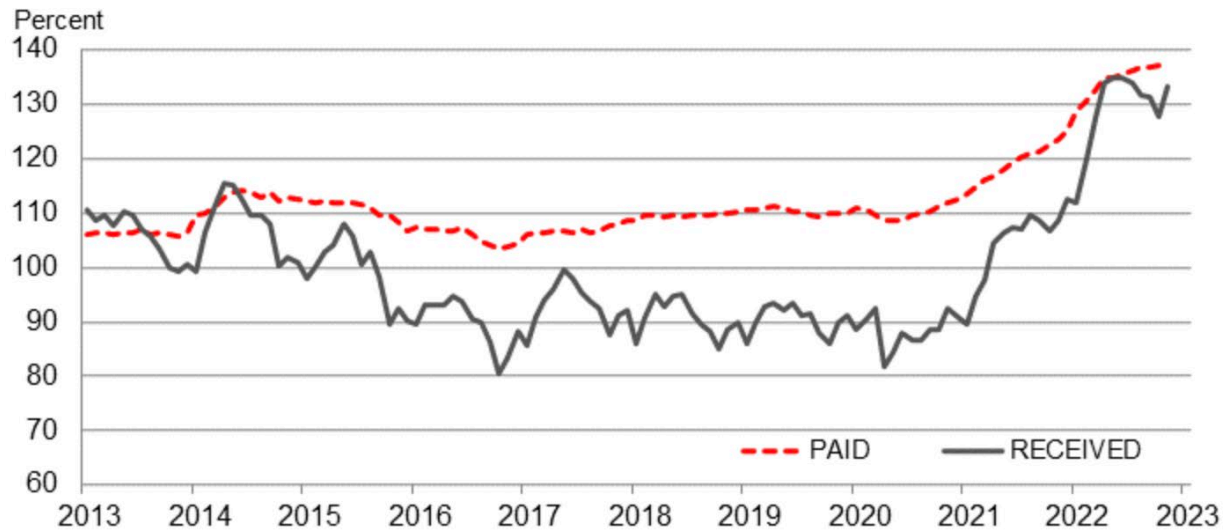
# Complicated Story (3 highlights)

- Russia/Ukraine/International Events
  - Crop price increases
    - Spring and winter wheat
      - Russian and Ukraine – 25% of world wheat exports
      - Ukraine – 13% of world corn exports
  - Input price increase
    - Nitrogen and phosphate fertilizer
      - Russia halts fertilizer sales (13% of world fertilizer market in 2020)
    - Fuel
      - Exxon, Shell, and BP, have severed their business relationships with Russian companies and US banned imports of Russian energy products

# Complicated Story (3 highlights)

- Inflation

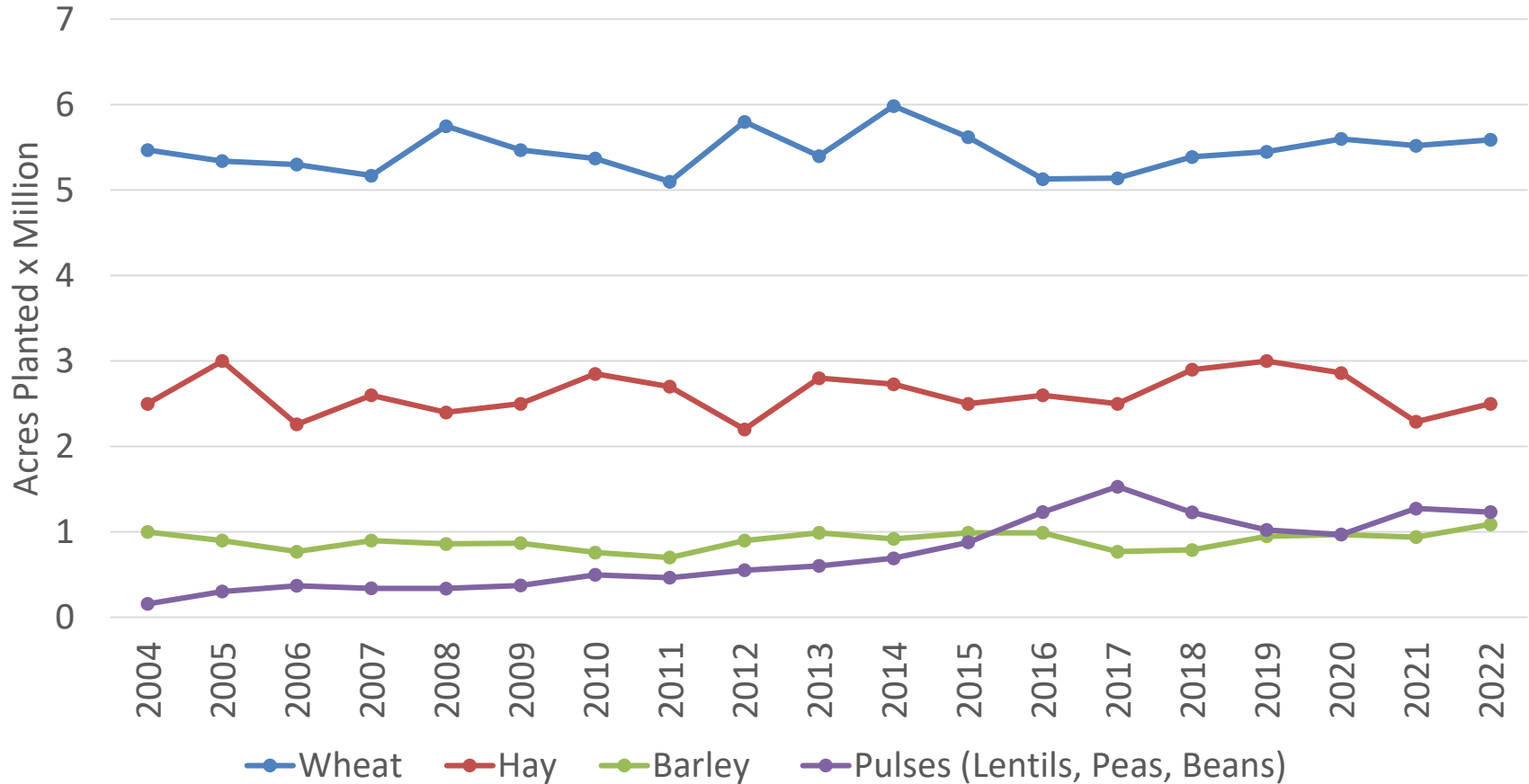
**Received and Paid Indexes,  
All Items by Month –  
United States: 2011=100**



**USDA – NASS  
12/30/2022**

# CROPS

# MT major crop acreage: small rebound



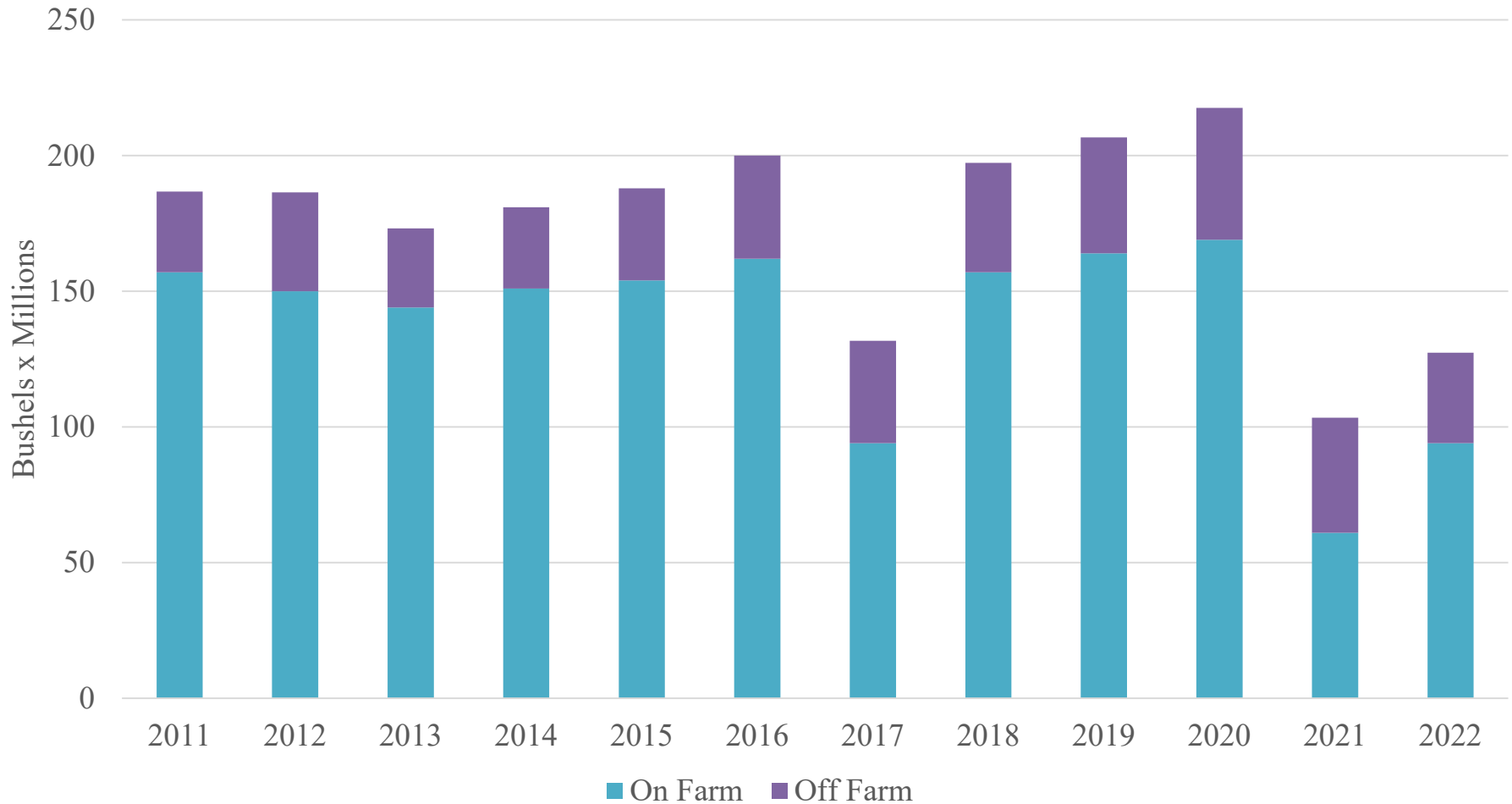
Source: USDA QuickStats, NASS, MDA

~2.5K hemp (permitted) acres, 2022  
320K organic acres, 2021



# Montana Stored Wheat

Montana Wheat Stocks (Sept. 1)



Source: USDA Grain Stocks Report

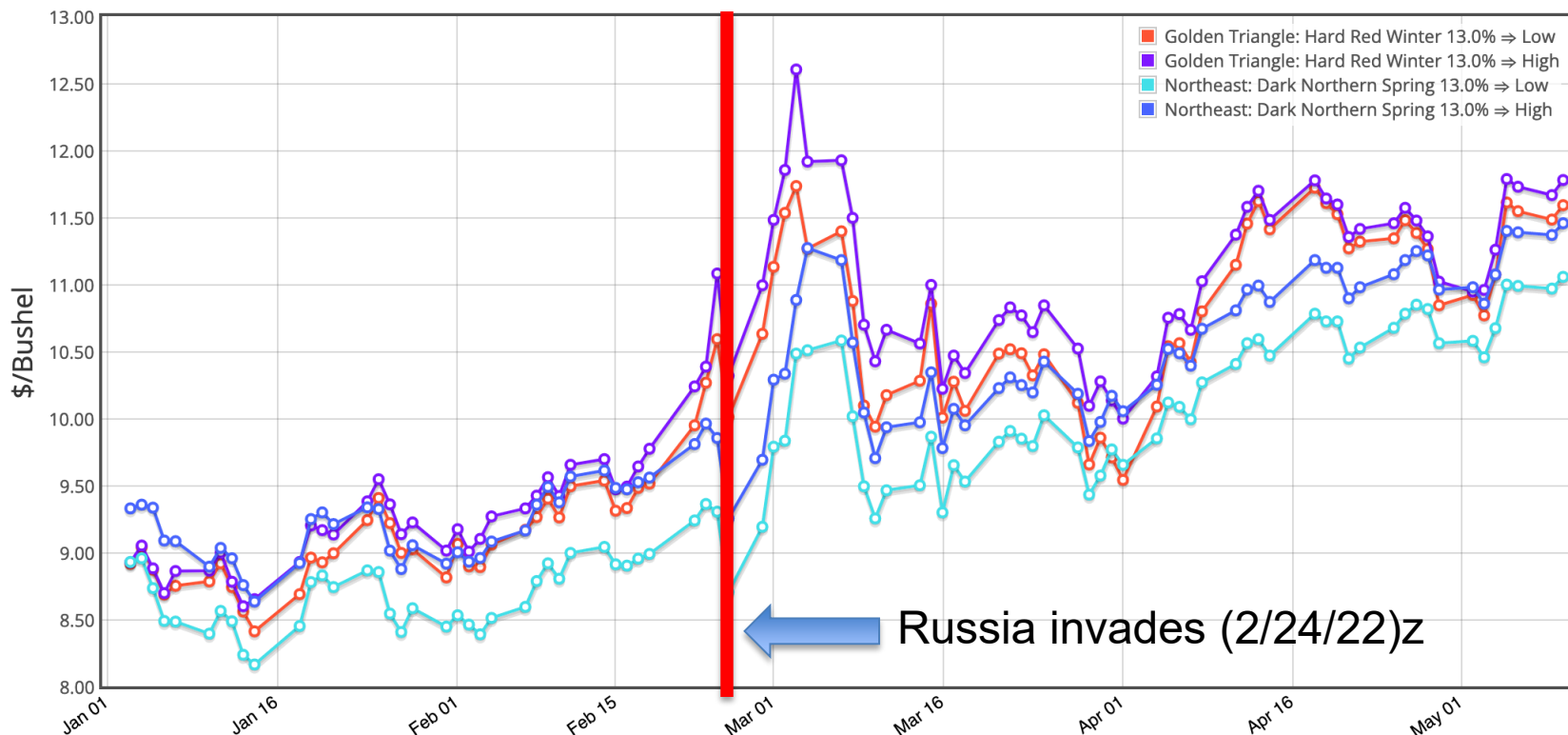
# Montana wheat in a global context

Montana exports 60-80% of production (U.S. exports 50%)

- US exports are priced high on the global market
- US exports projected to be lowest in 50 years

Global dynamics:

- Global stocks are down
- Global wheat production projected very high
- International events show up in MT markets



**LIVESTOCK**

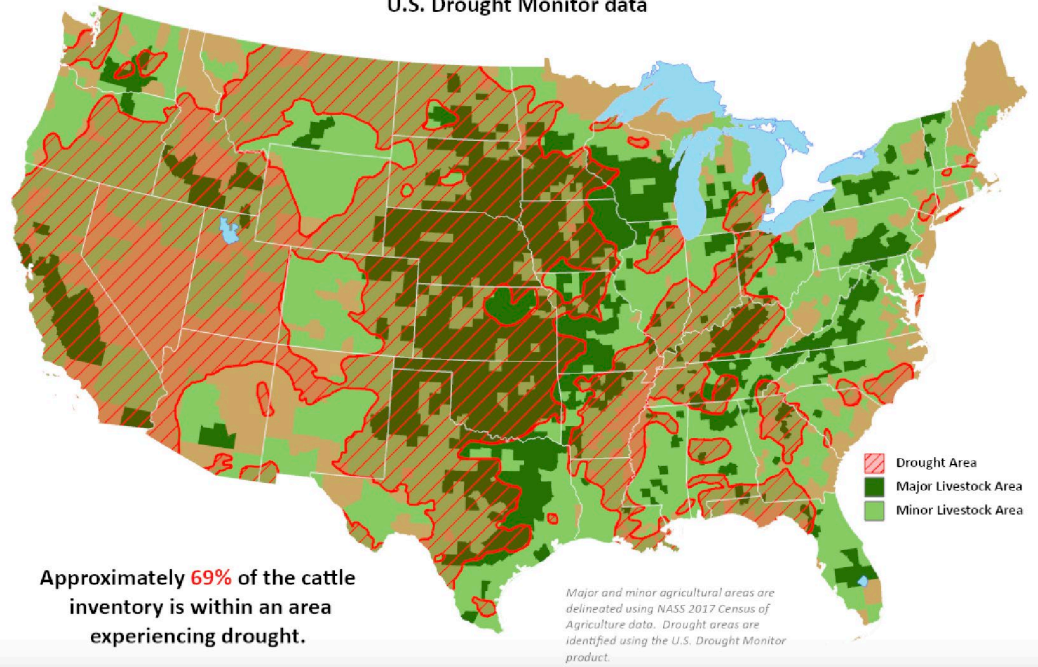
# Drought continues



## Cattle Areas in Drought

Reflects **December 6, 2022**  
U.S. Drought Monitor data

This product was prepared by the  
USDA Office of the Chief Economist (OCE)  
World Agricultural Outlook Board (WAOB)



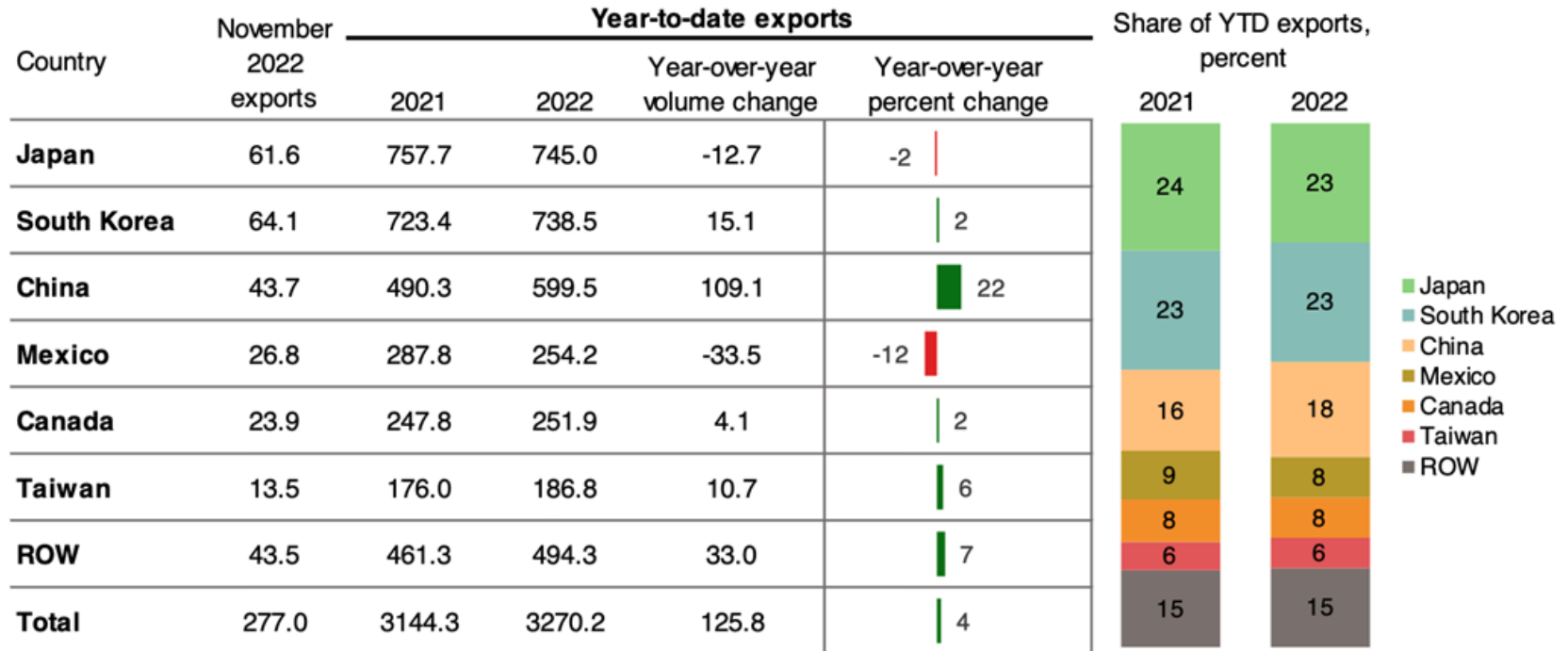
## 2021 repercussions linger

- Montana's inventory dropped most out of any state in 2021 (10%)
- Montana's 2022 (January 1) inventory was the lowest since 1962.
- 2022 US calf crop down 1%
- 2022 US cattle inventory down 2%

Source: USDA OCE, QuickStats

# Beef Exports, Volume

## U.S. beef exports by volume, January–November 2021 and 2022

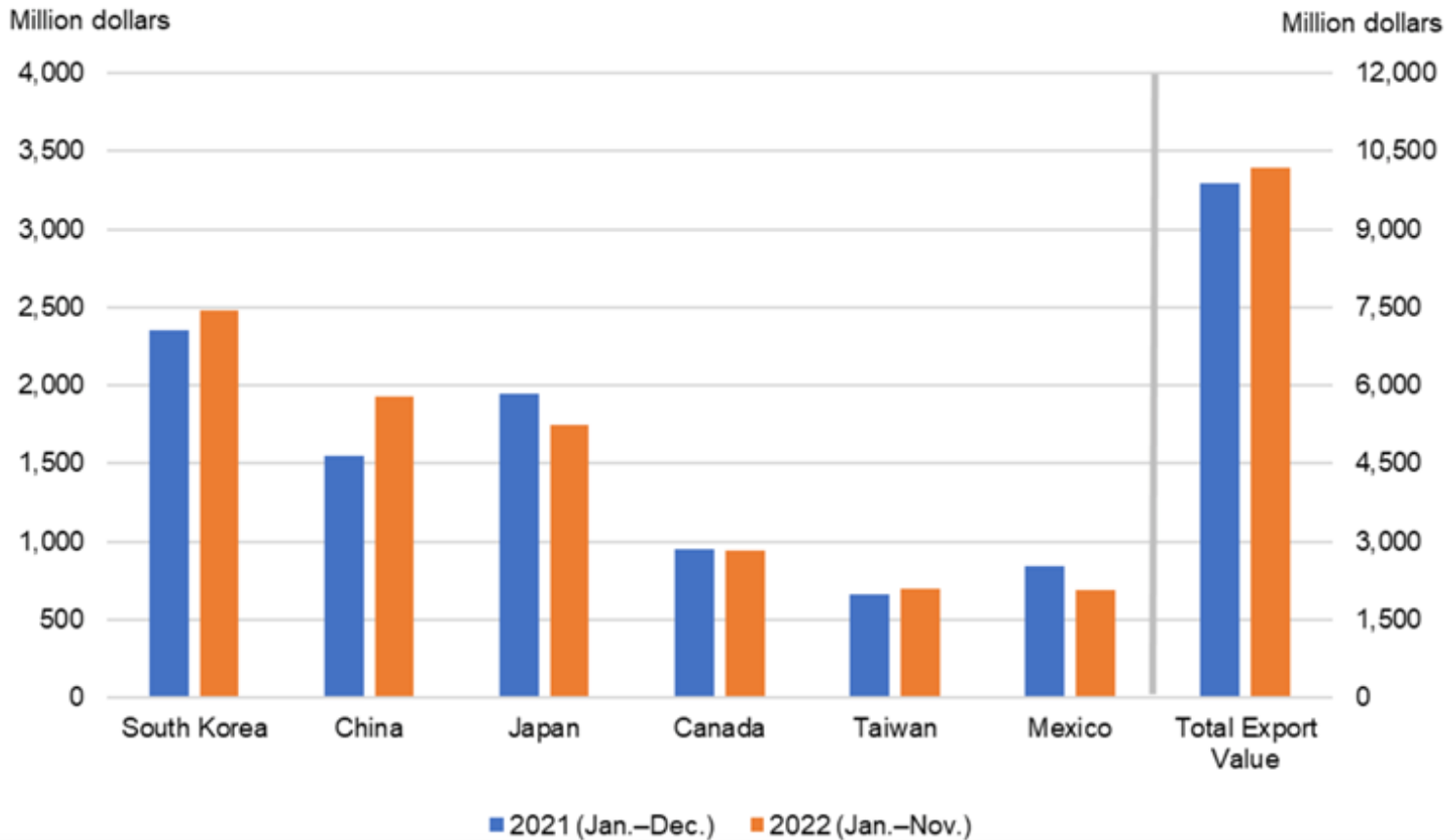


Notes: Top six countries based on 2022 year-to-date exports; YTD = year-to-date; ROW = rest of world.

Source: USDA, Economic Research Service calculations using data from U.S. Department of Commerce, Bureau of the Census.

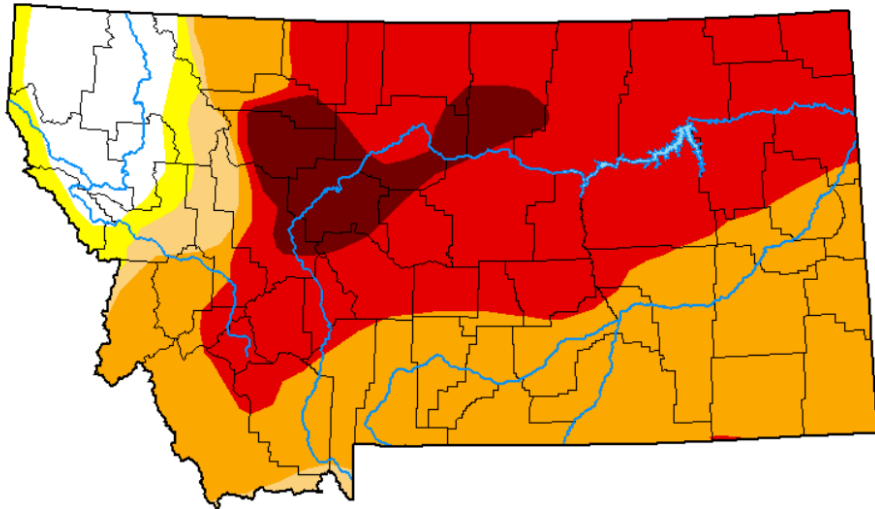
# Beef Exports, Value

Cumulative beef export values, 2021 and 2022

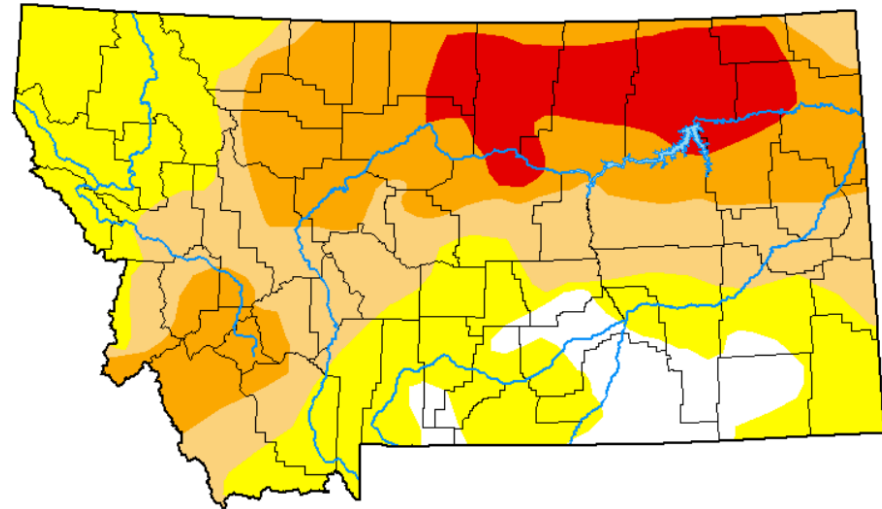


# PRODUCTION CONDITIONS

# Montana drought: better but not good.

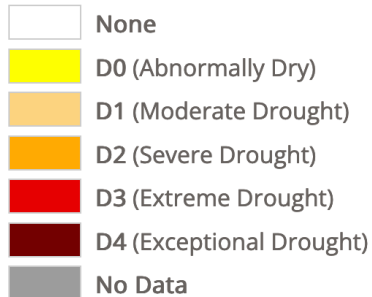


January 18, 2022



January 17, 2023

## Intensity



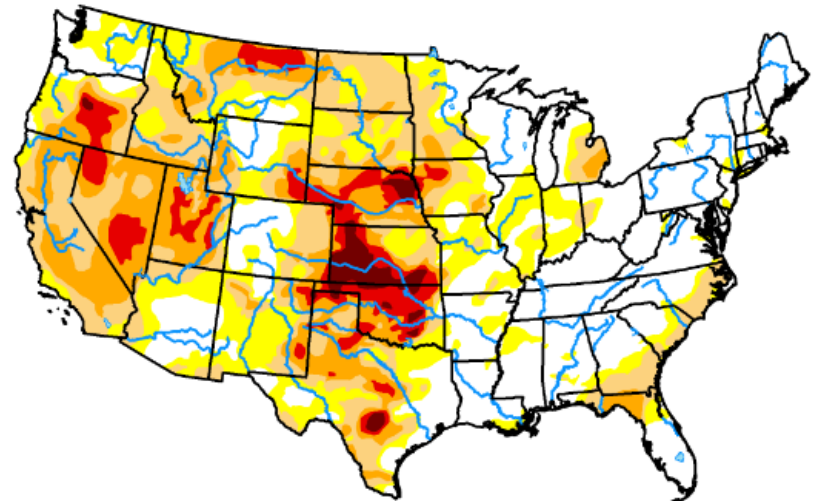
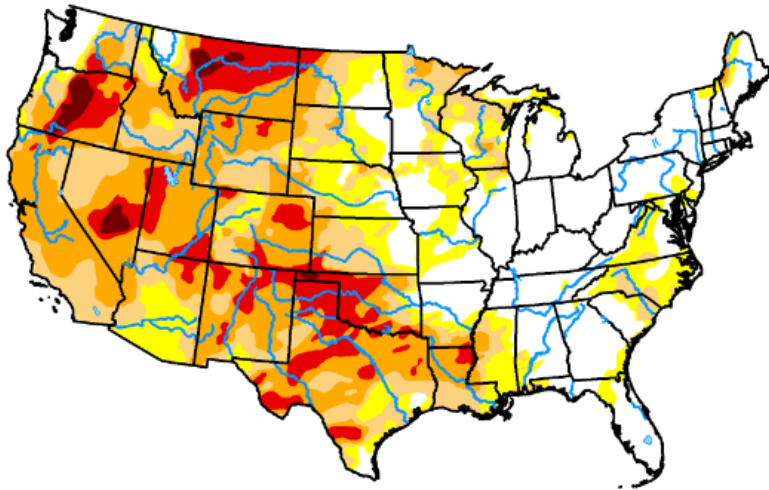
Source: US Drought Monitor



# Nationally, drought has become slightly less intense

January 18, 2022

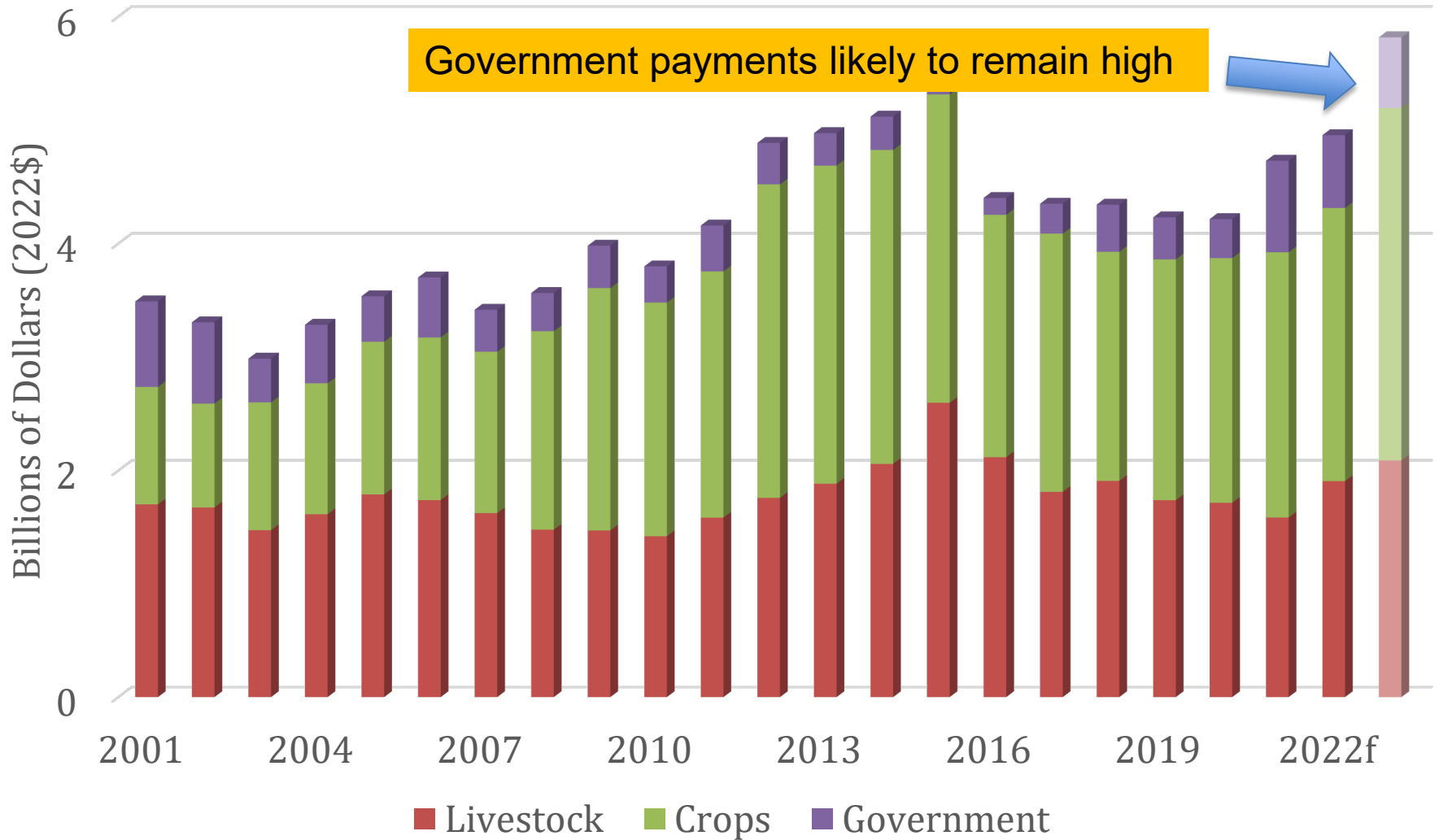
January 17, 2022



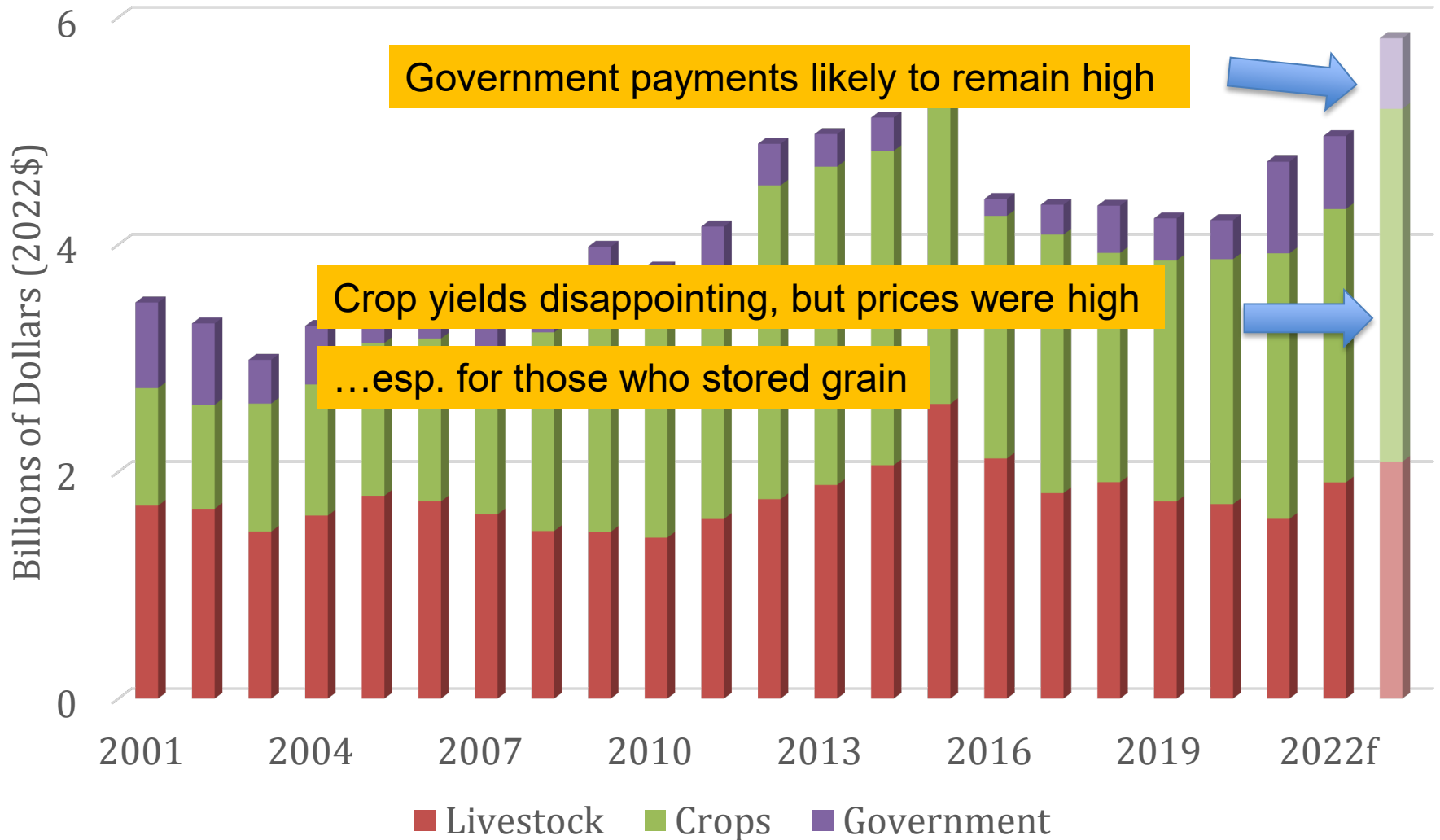
Source: US Drought Monitor

# TRENDS

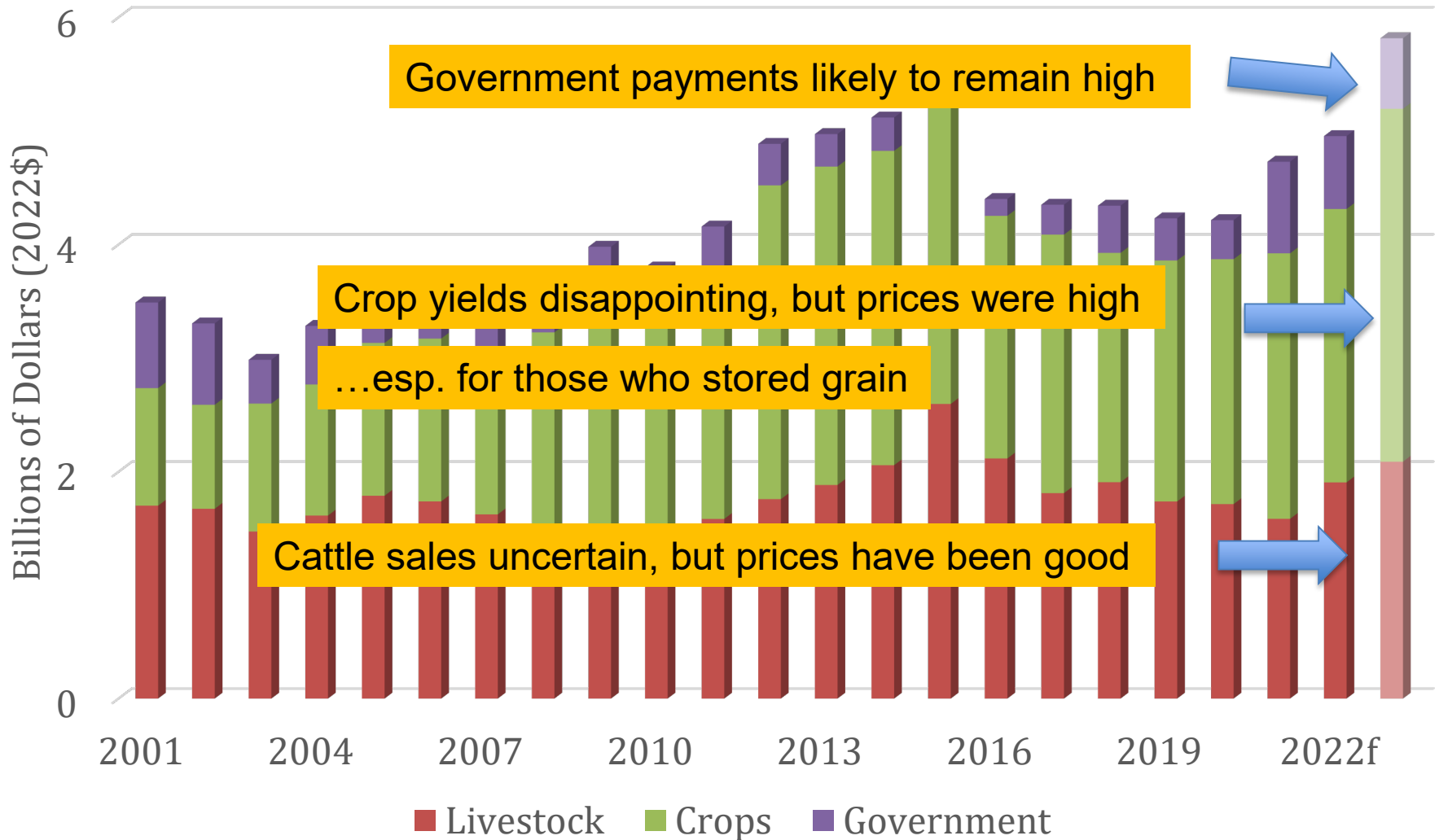
# 2022 revenue forecast: 2021 trends continue



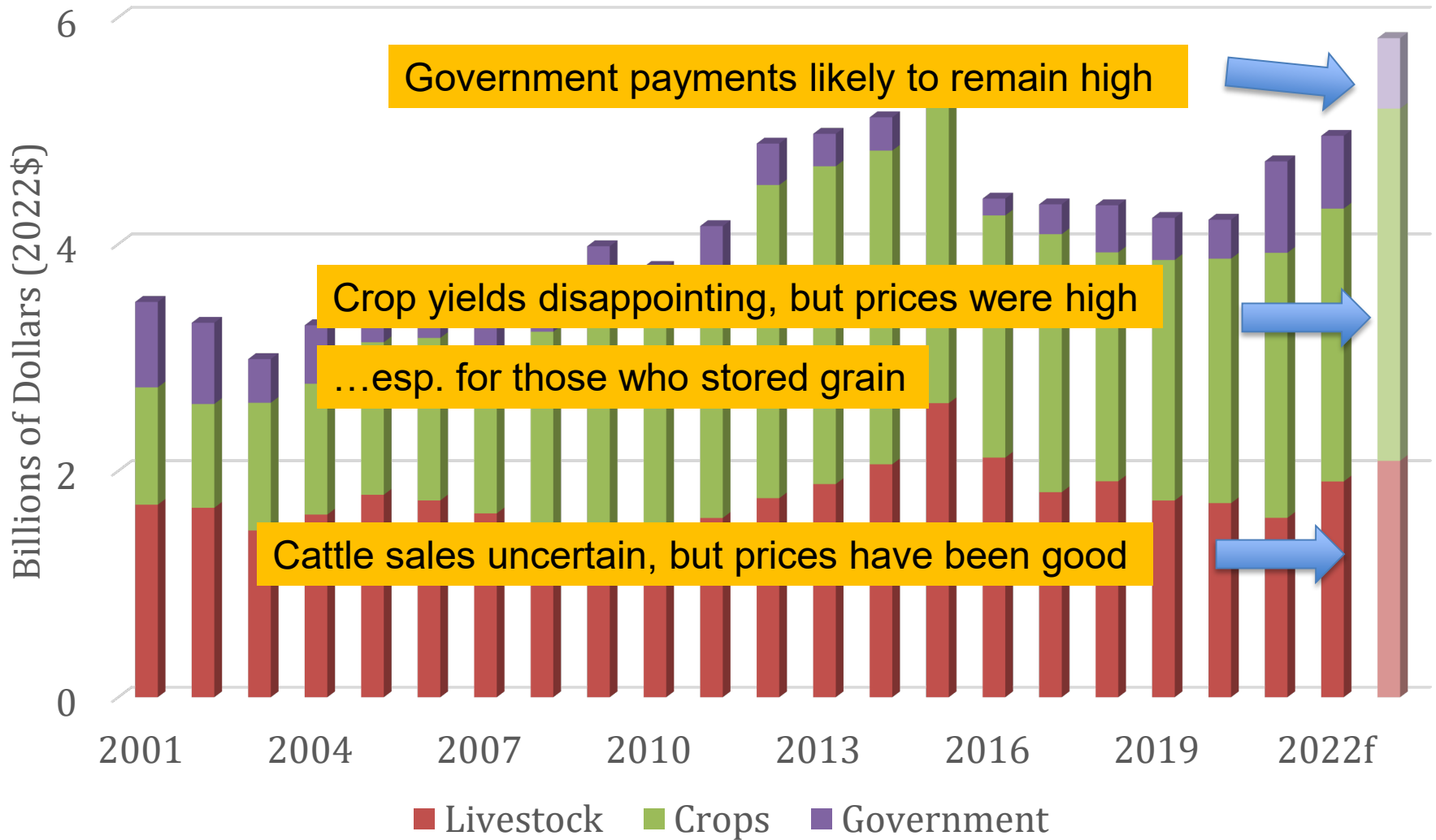
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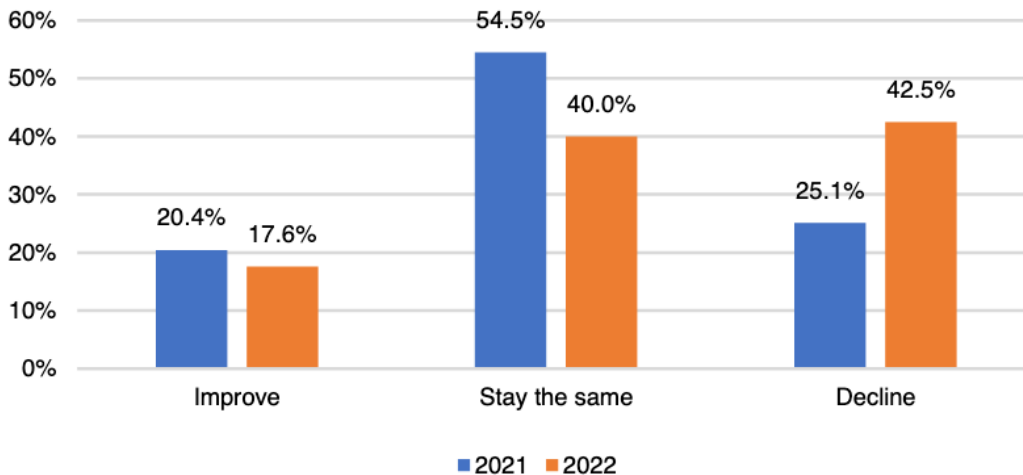
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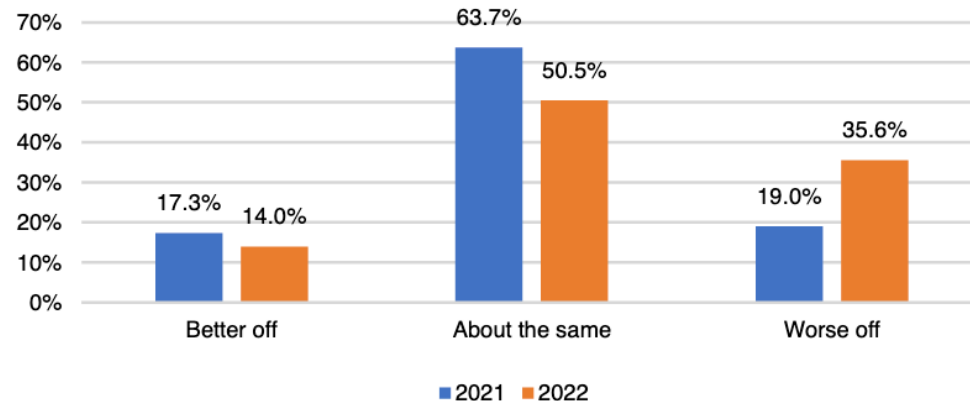
Input prices have risen ~9% since Dec 2021, 21% since Dec 2020.

# Producer sentiment reflects concern about margins, production conditions

Expected Profitability of Operation  
Montana Barley and Wheat Growers:  
2021 - 2022



Financial Status of Operation  
Compared to One Year Ago  
Montana Barley and Wheat Growers:  
2021 - 2022

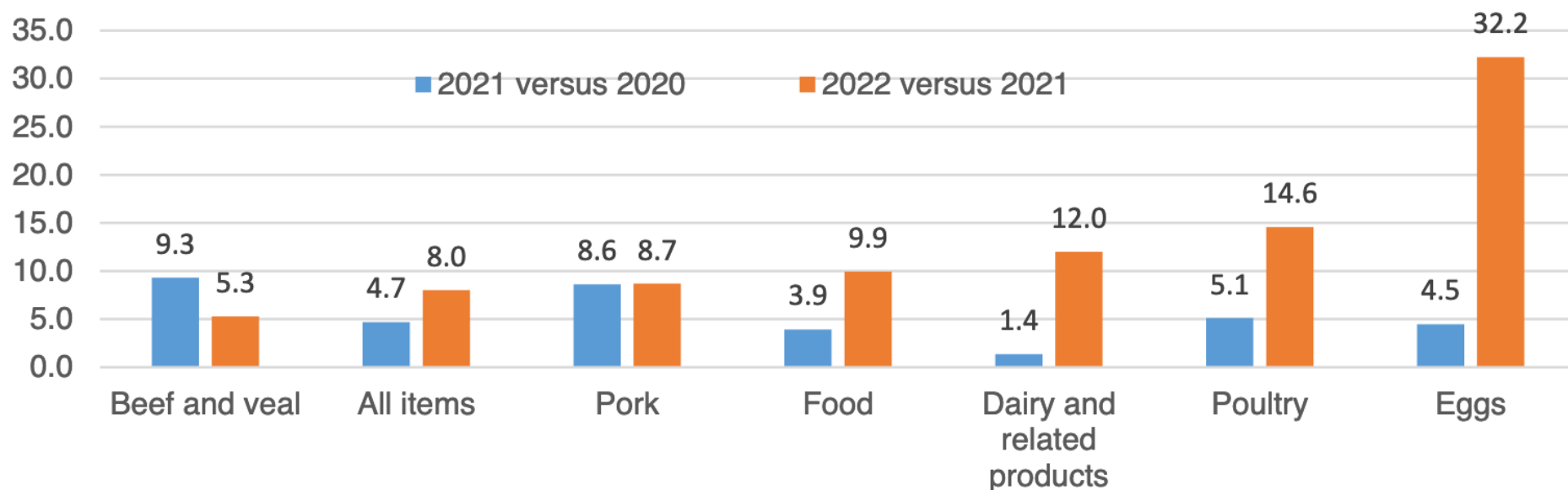


Source: MWBC variety survey, 2022

# At the grocery store, food prices have risen, too.

## Annual inflation for selected items

### Percent increase over last year





# Questions?

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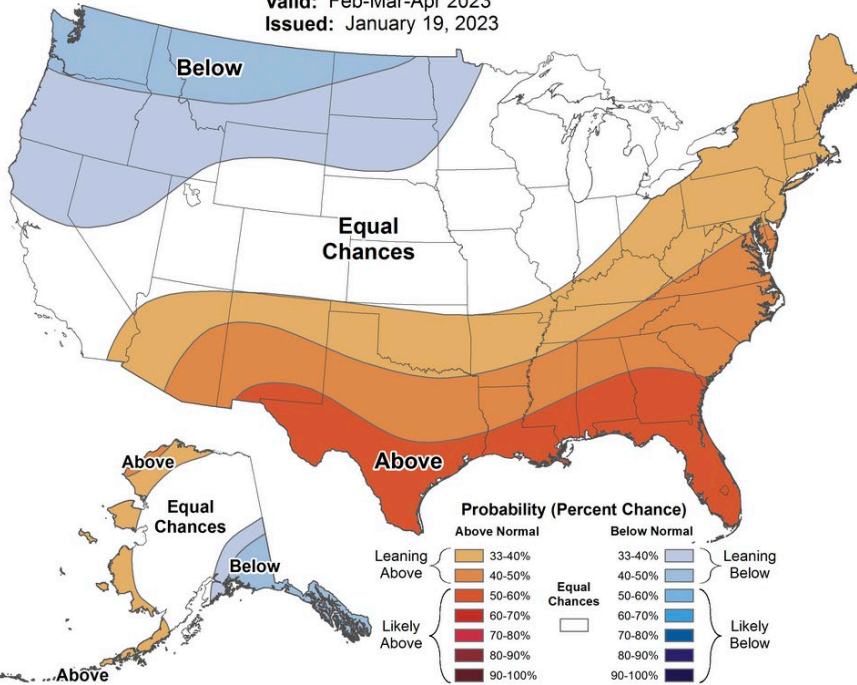
# Late winter predictions: Montana looks cold and snowy



## Seasonal Temperature Outlook



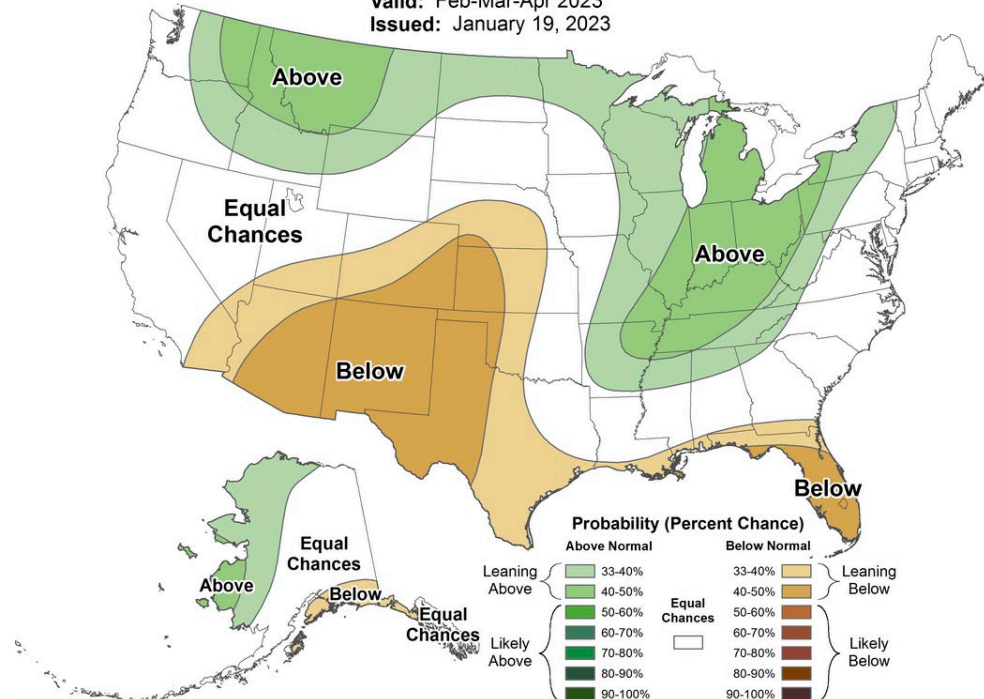
Valid: Feb-Mar-Apr 2023  
Issued: January 19, 2023



## Seasonal Precipitation Outlook



Valid: Feb-Mar-Apr 2023  
Issued: January 19, 2023

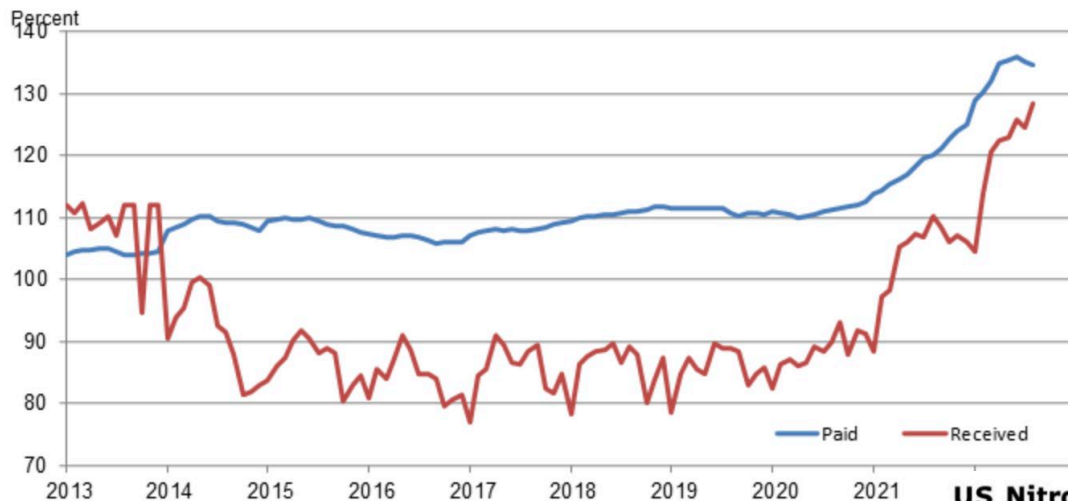


Source: NOAA Climate Prediction Center

# Costs of production have also climbed.

**Crop Farm Received and Paid Indexes,  
All Items by Month –  
United States: 2011=100**

Source: USDA NASS 9/30/22

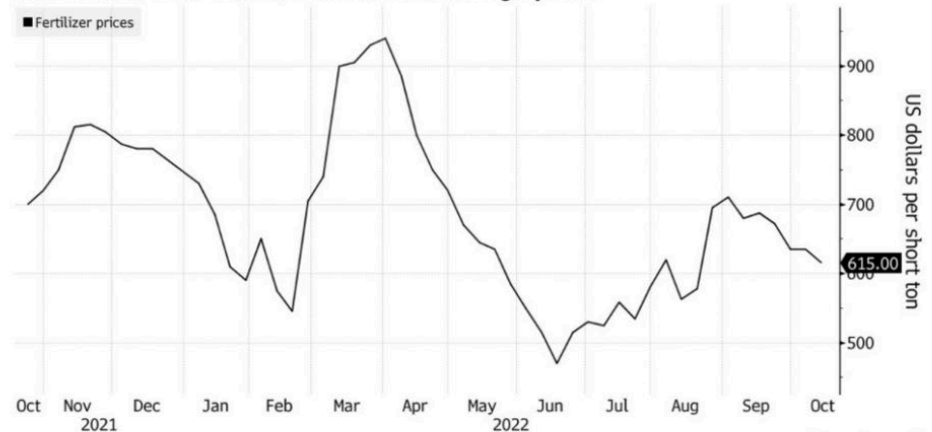


## Nitrogen costs esp. high

- Fertilizer: ~35-50% of direct costs in 2022 NDSU grains budgets (Haugen 2022)
- A small change in prices -> large difference in margins

## US Nitrogen Costs Drop

New Orleans urea falls as farmers wait out high prices



Source: Green Markets, a Bloomberg Company

Bloomberg

Source: E. Elkin and T. Viroso Ribeiro.  
“Fertilizer Prices Fall as Gluts Emerge After  
Farmers Pull Back”. Bloomberg, 10/18/22.

# Pulse production

