

# 2009 Montana Agricultural Outlook

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Data Source: National Agricultural Statistics Service

Montana Field Office



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# Highlights

- 2008 was a very good year in Montana
  - High grain prices
  - Above average grain production
- Continuing story - *linkage between agricultural commodities and energy*
  - Influence of corn and other crops



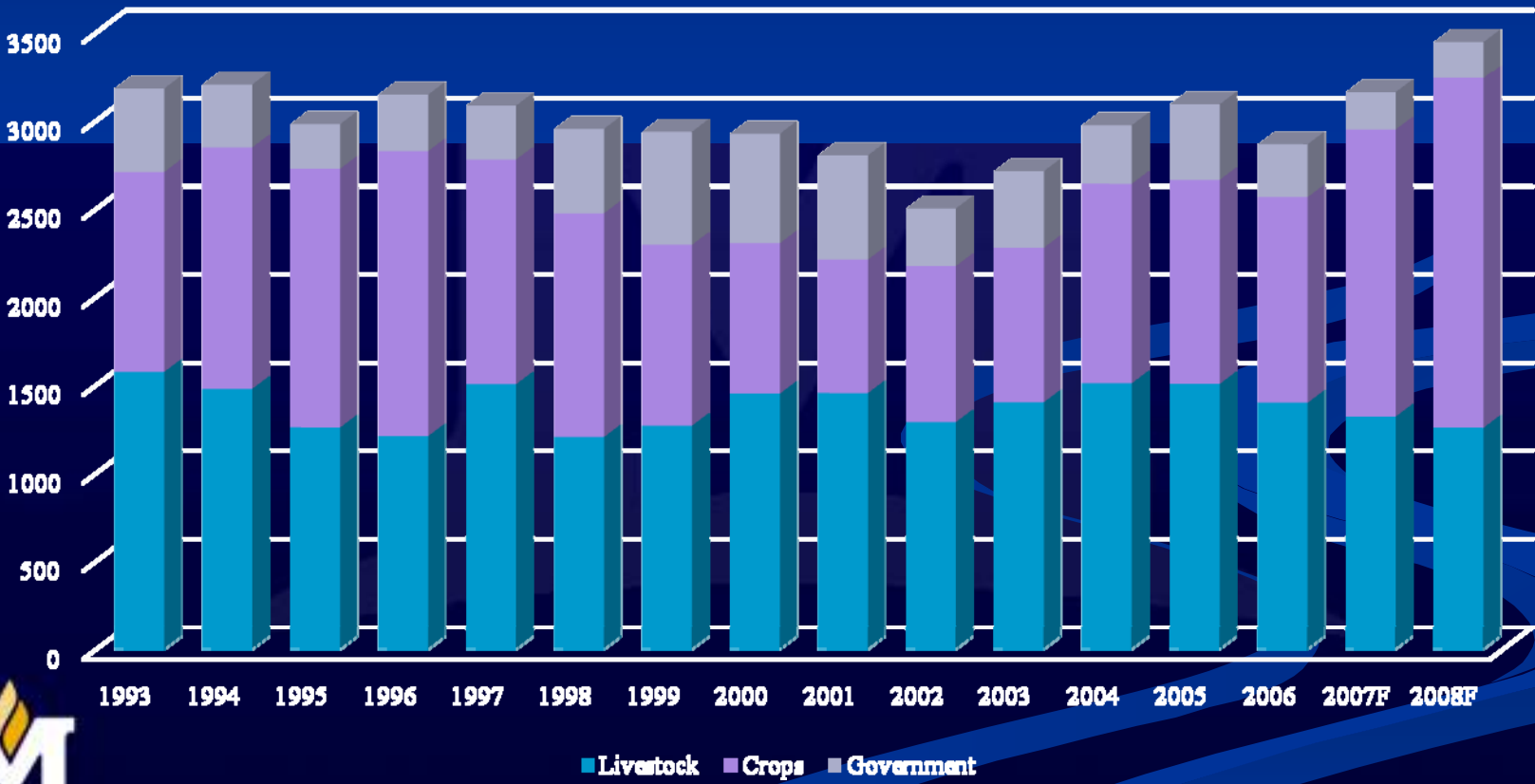
# Highlights

- 2009 Outlook
  - Wheat and other grains
    - Above average prices, but watch supply response
    - India, China
  - Cattle
    - Brucellosis
    - High hay prices
    - Consumer demand

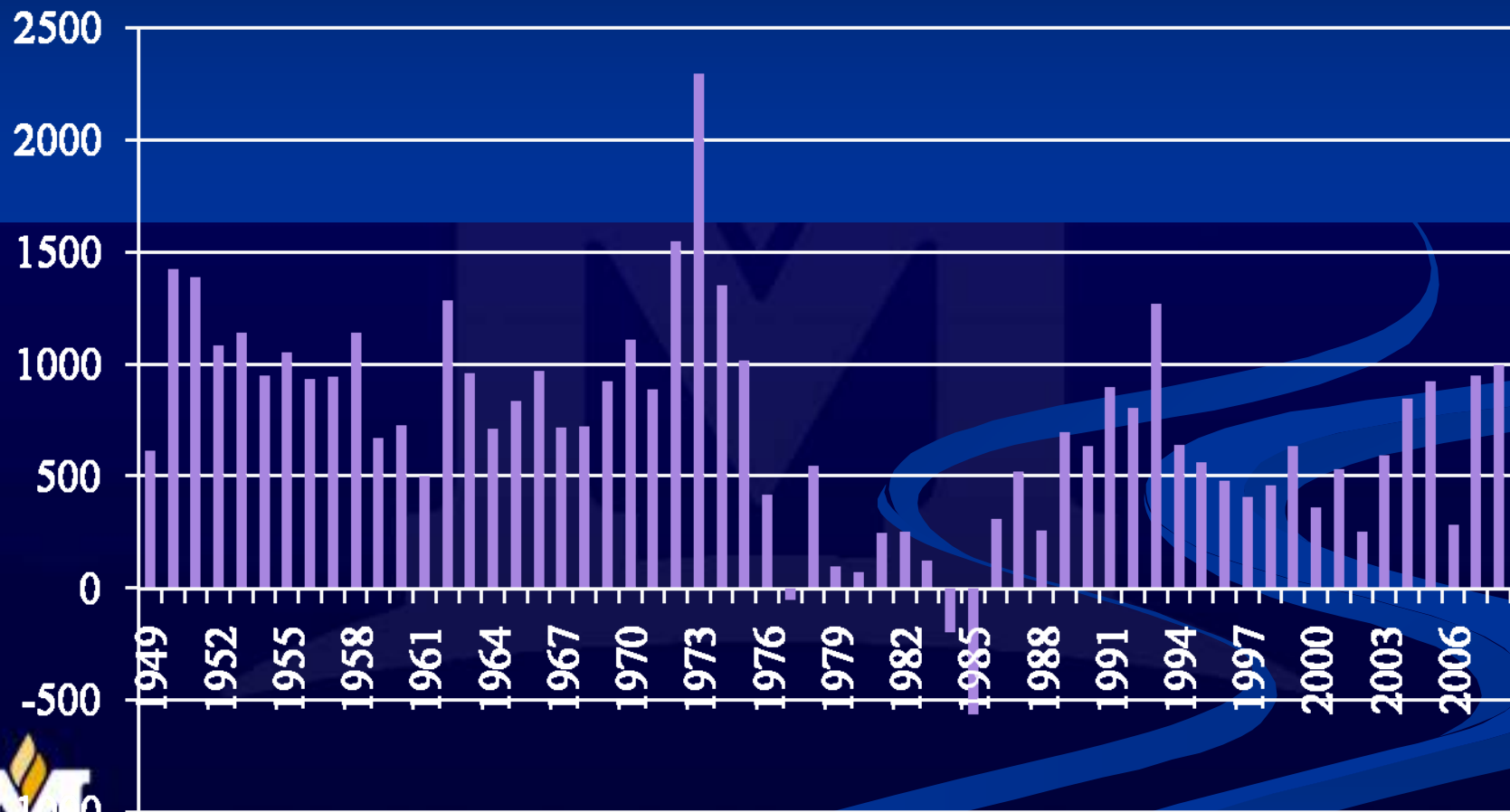


# Cash Receipts and Government Payments, Montana 1993 – 2008 (million 2008\$)

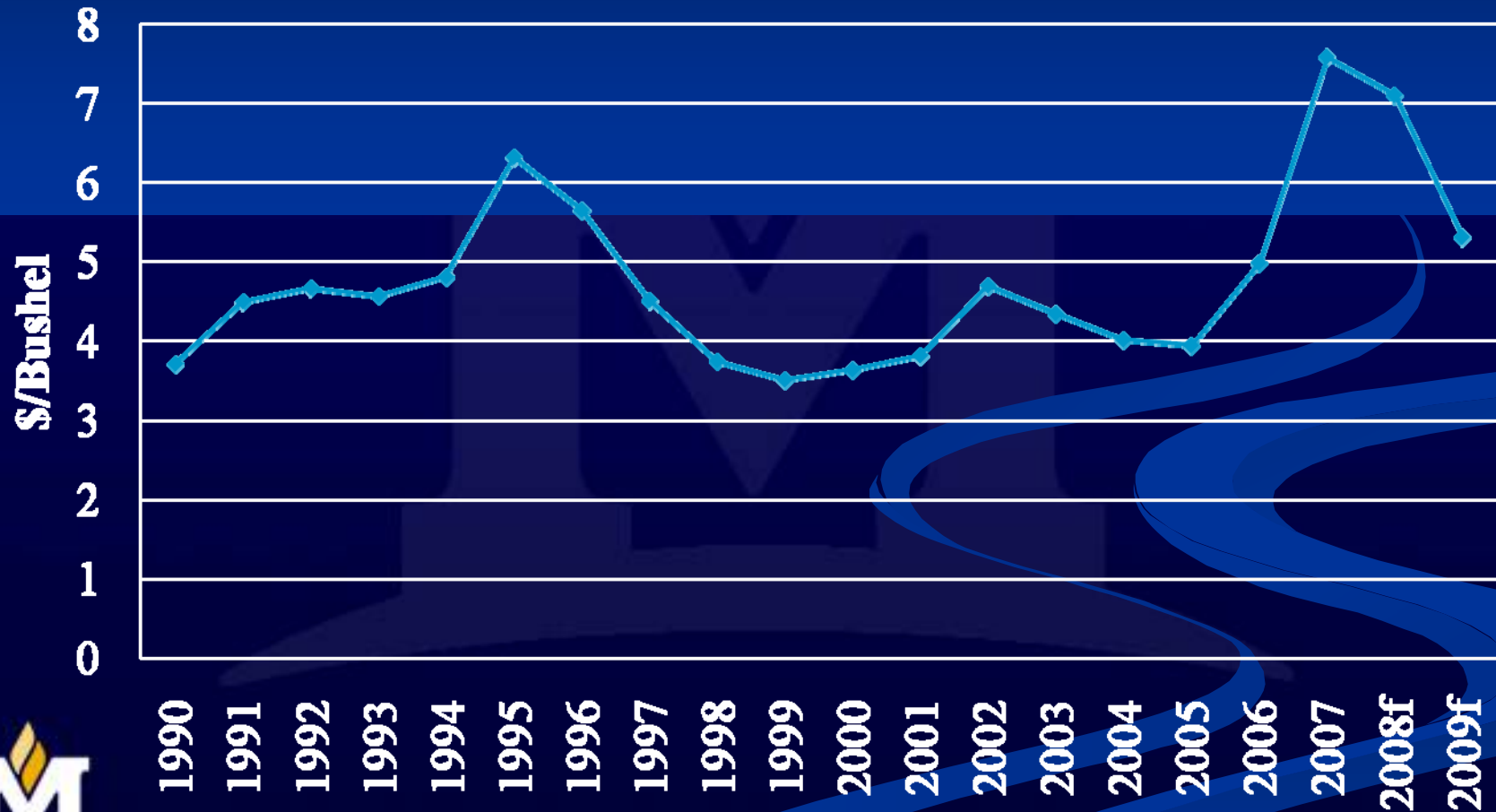
Payment Inflation Adjusted



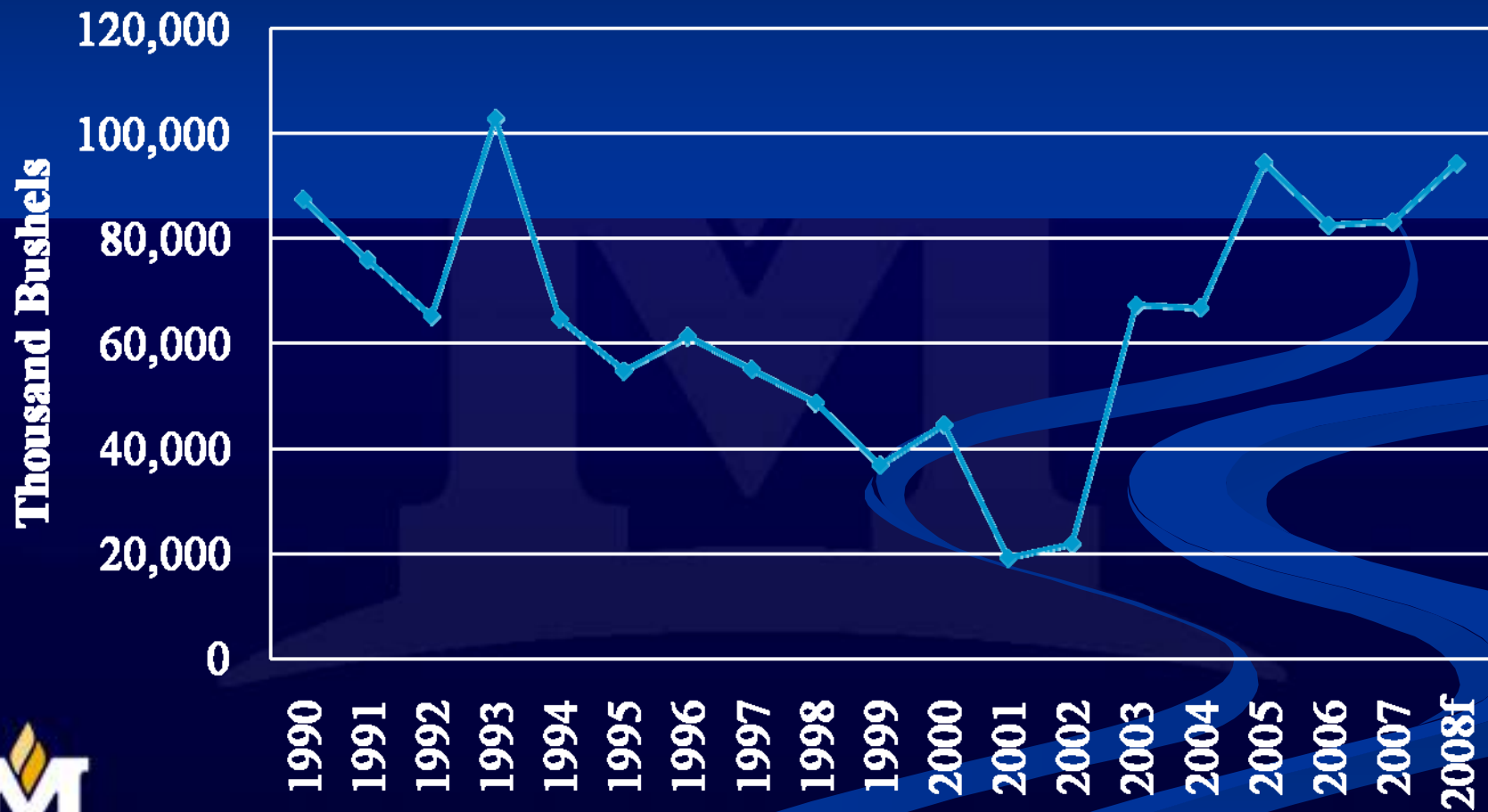
# Montana Net Farm Income 1949 – 2008 (million 2008\$)



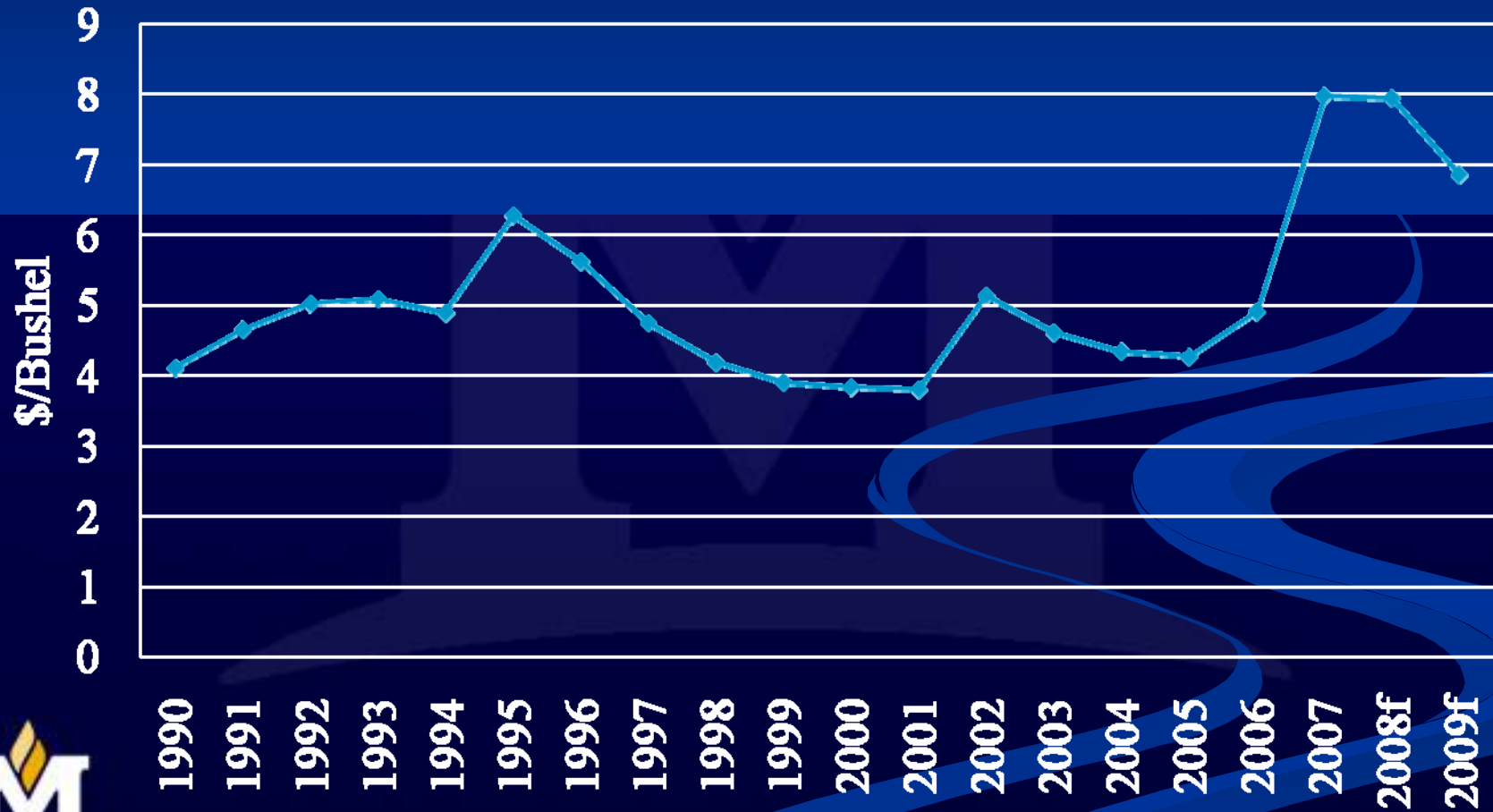
# Winter Wheat Prices 1990 – 2009f



# Montana Winter Wheat Production 1990-2008

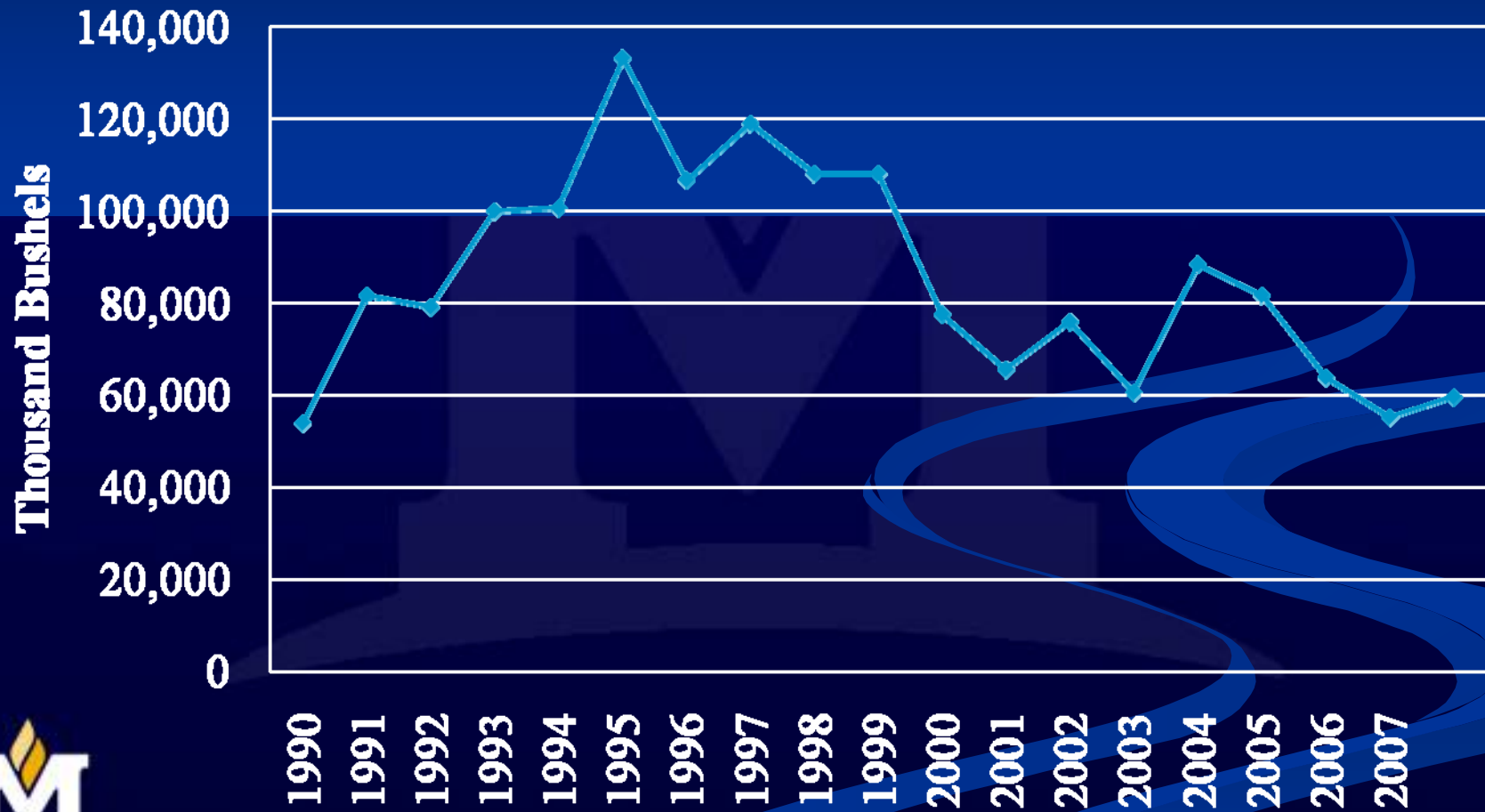


# Spring Wheat Prices 1990–2009f

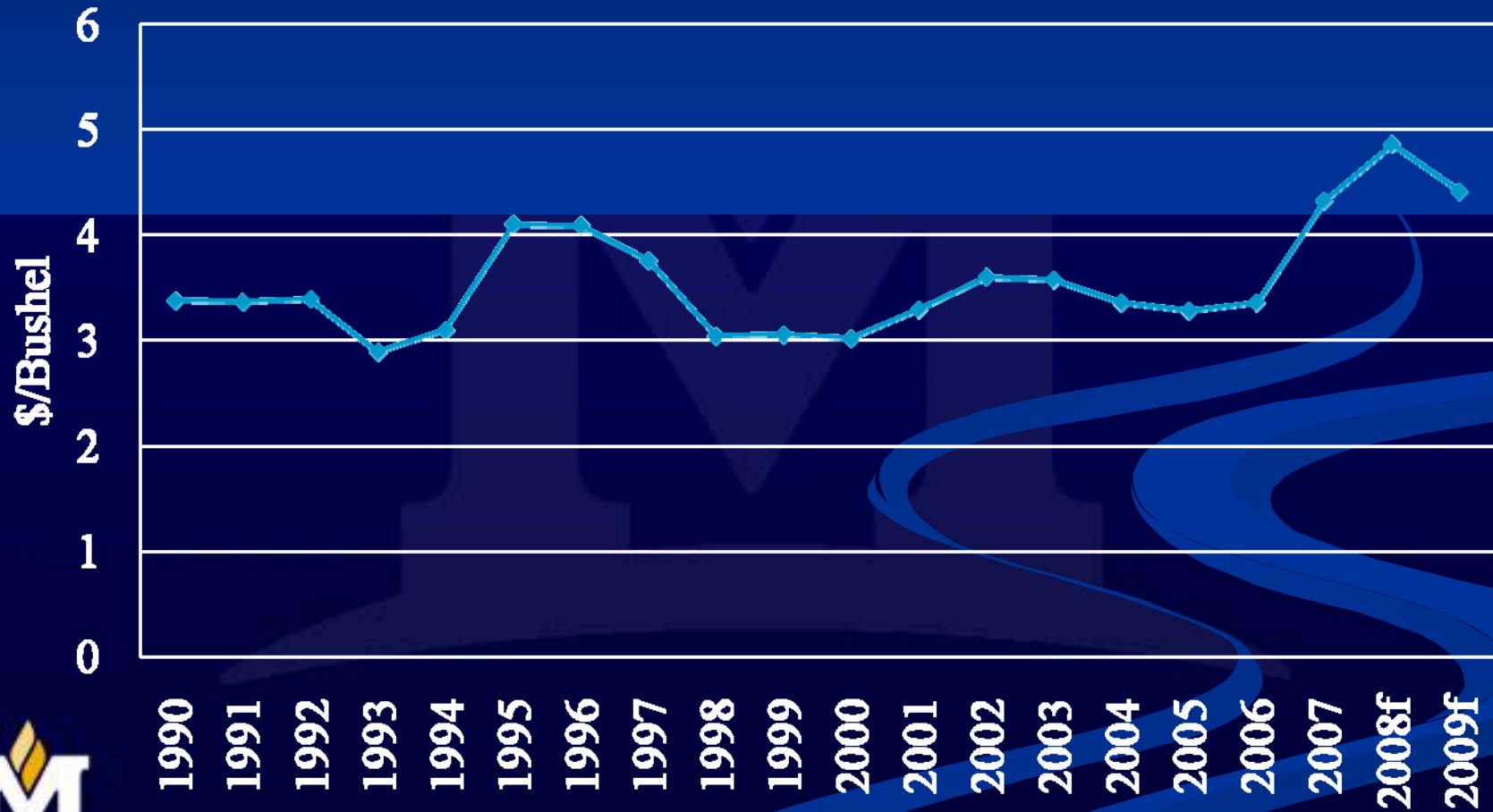




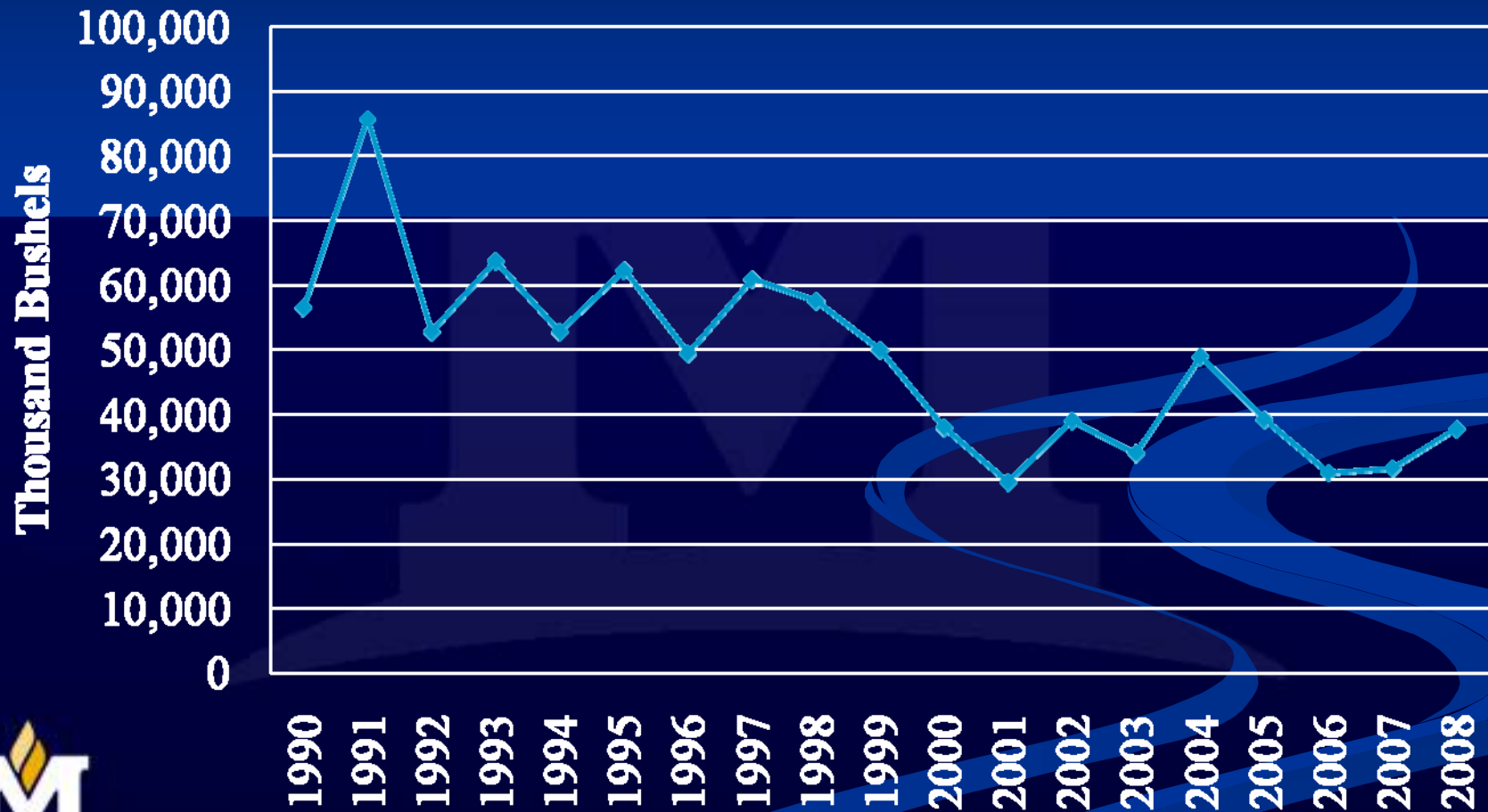
# Montana Spring Wheat Production 1990-2008



# All Barley Prices 1990–2009f



# Barley Production, 1990-2008



# *Futures Prices (01/16/09)*

| Location                   | 12/08 | 3/09 | 5/09 | 7/09 |
|----------------------------|-------|------|------|------|
| Minneapolis Grain Exchange |       |      |      |      |
| Hard Red Spring Wheat      | 653   | 649  | 650  | 660  |
| Hard Red Winter Wheat      | 556   | 556  | 556  | 556  |
| Kansas City Board of Trade |       |      |      |      |
| Wheat                      | 609   | 620  | 630  | 641  |
| Chicago Board of Trade     |       |      |      |      |
| Corn                       | 391   | 402  | 412  | 423  |



# Global Wheat Market Shares

| Country            | 2007/08       | shares       | 2008/09       | shares       |
|--------------------|---------------|--------------|---------------|--------------|
|                    | mmt           | %            | mmt           | %            |
| Australia          | 13.00         | 2.2          | 22.00         | 3.2          |
| Canada             | 20.60         | 3.4          | 25.40         | 3.7          |
| China              | 106.00        | 17.6         | 114.00        | 16.8         |
| EU-27              | 120.86        | 20.0         | 147.00        | 21.6         |
| India              | 74.89         | 12.4         | 78.40         | 11.5         |
| Russian Federation | 48.00         | 8.0          | 60.00         | 8.8          |
| U.S.               | 56.25         | 9.3          | 68.03         | 10.0         |
| Other              | 163.70        | 27.1         | 165.37        | 24.3         |
| <b>Total</b>       | <b>603.30</b> | <b>100.0</b> | <b>680.20</b> | <b>100.0</b> |

# Global & US Wheat Market

*(current situation)*

## ■ World

- **2008 Wheat Production → 12% Higher than 2007**
  - Strong prices (supply response) 680 mmt (08), 603 mmt (07)
- **Global Ending Wheat Stocks – up from last year**
  - 110 mmt in 2007 to 144.4 mmt in 2008

## ■ US

- **2008 Wheat Production – 21% Higher than 2007**
- **US Ending Wheat Stocks – up substantially**



# International Trade - Wheat

- **Wheat exports are expected to decline**
  - Stronger dollar
  - More foreign competition (weather related)



# Montana Wheat Outlook (forecast)

- *2009 W. Wheat Plantings* → ?
- *2009 Production (Forecast)* → ???
  - *MT 2009 All Wheat Price: \$ ???*
    - *Early 2009 – prices soften*
    - *Late 2009 – two important factors*
      - *Demand – worldwide economic conditions (China/India)*
      - *Supply – worldwide growing conditions*





# Livestock Outlook

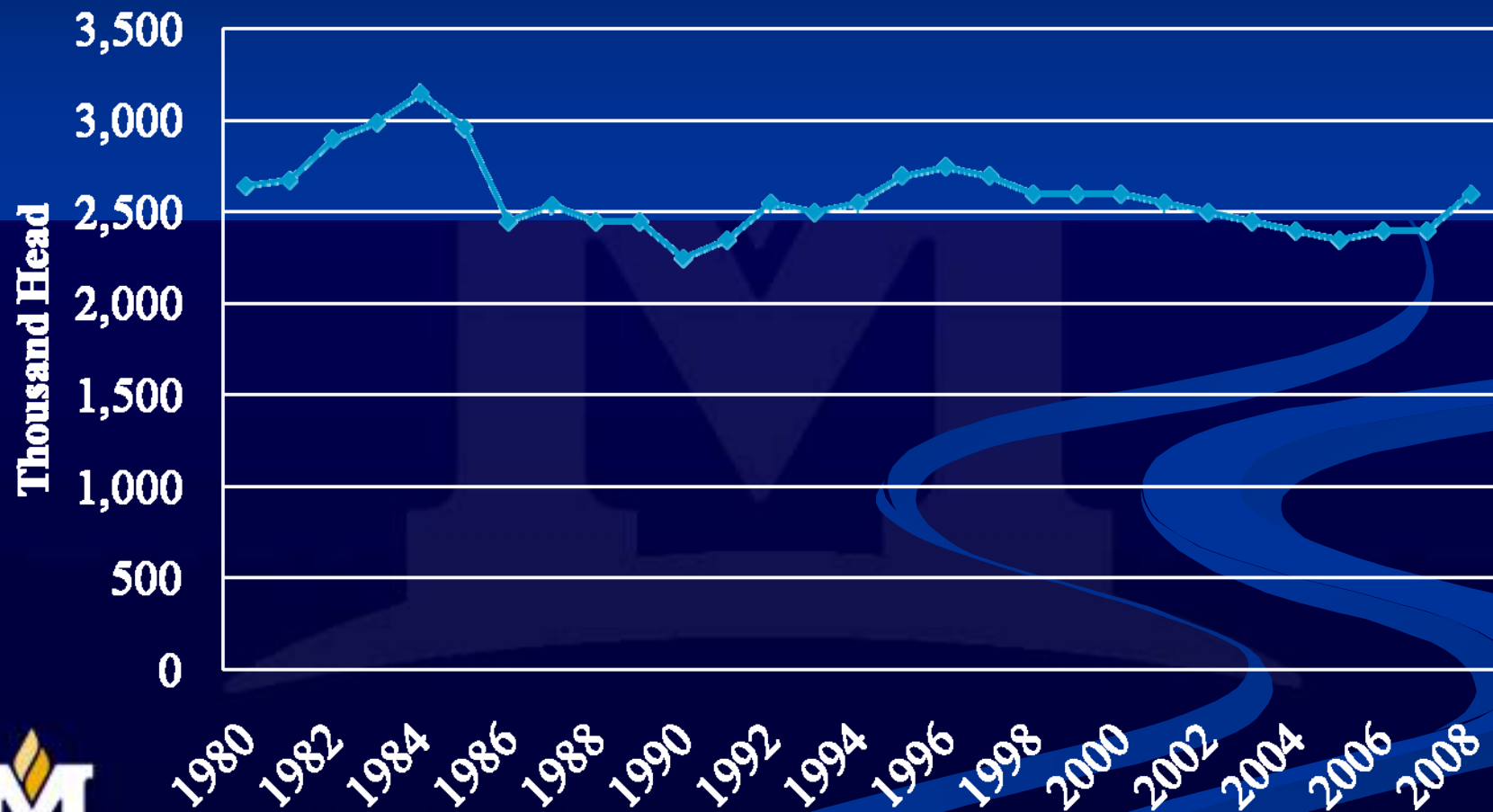
Cattle



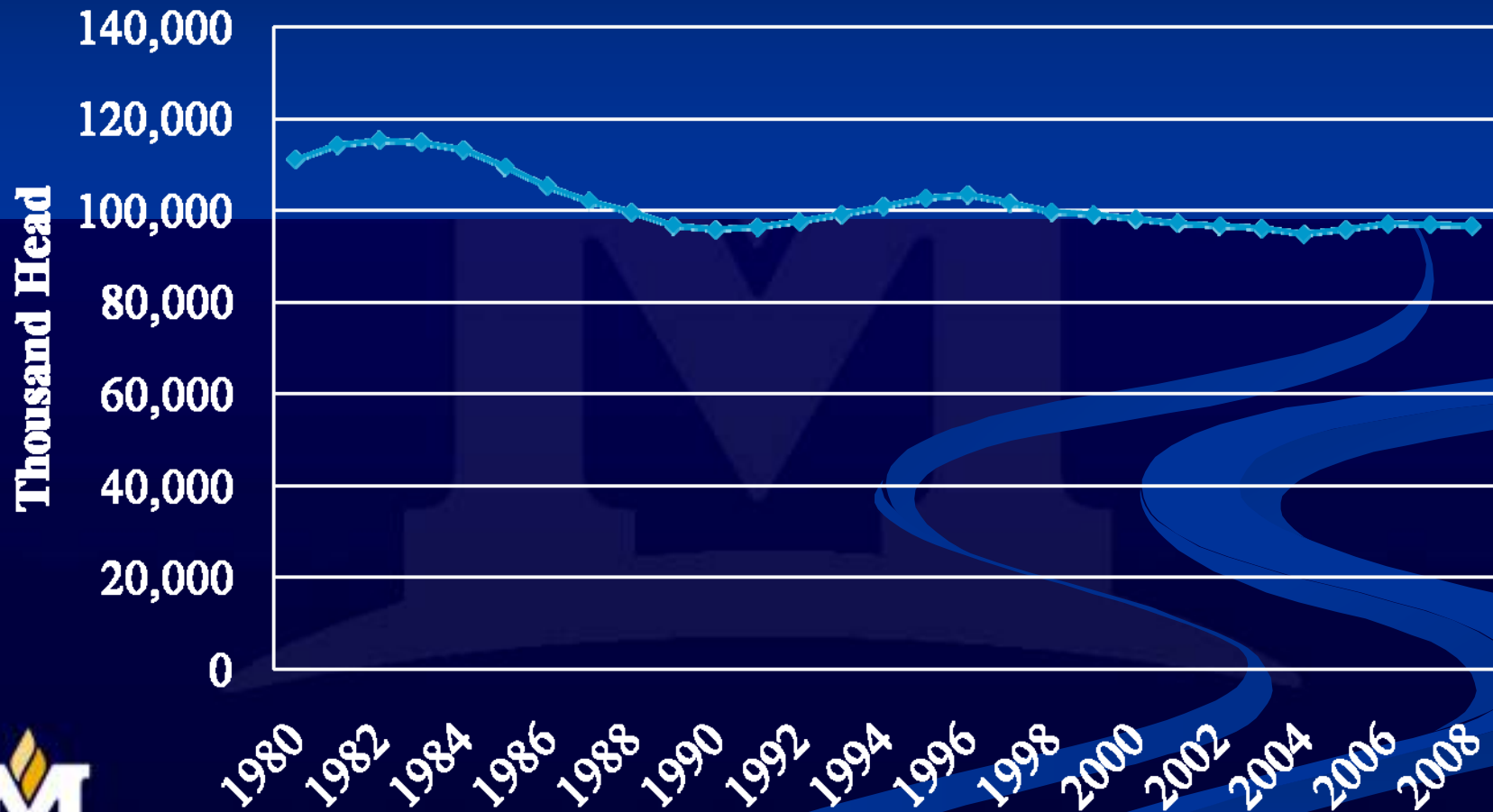
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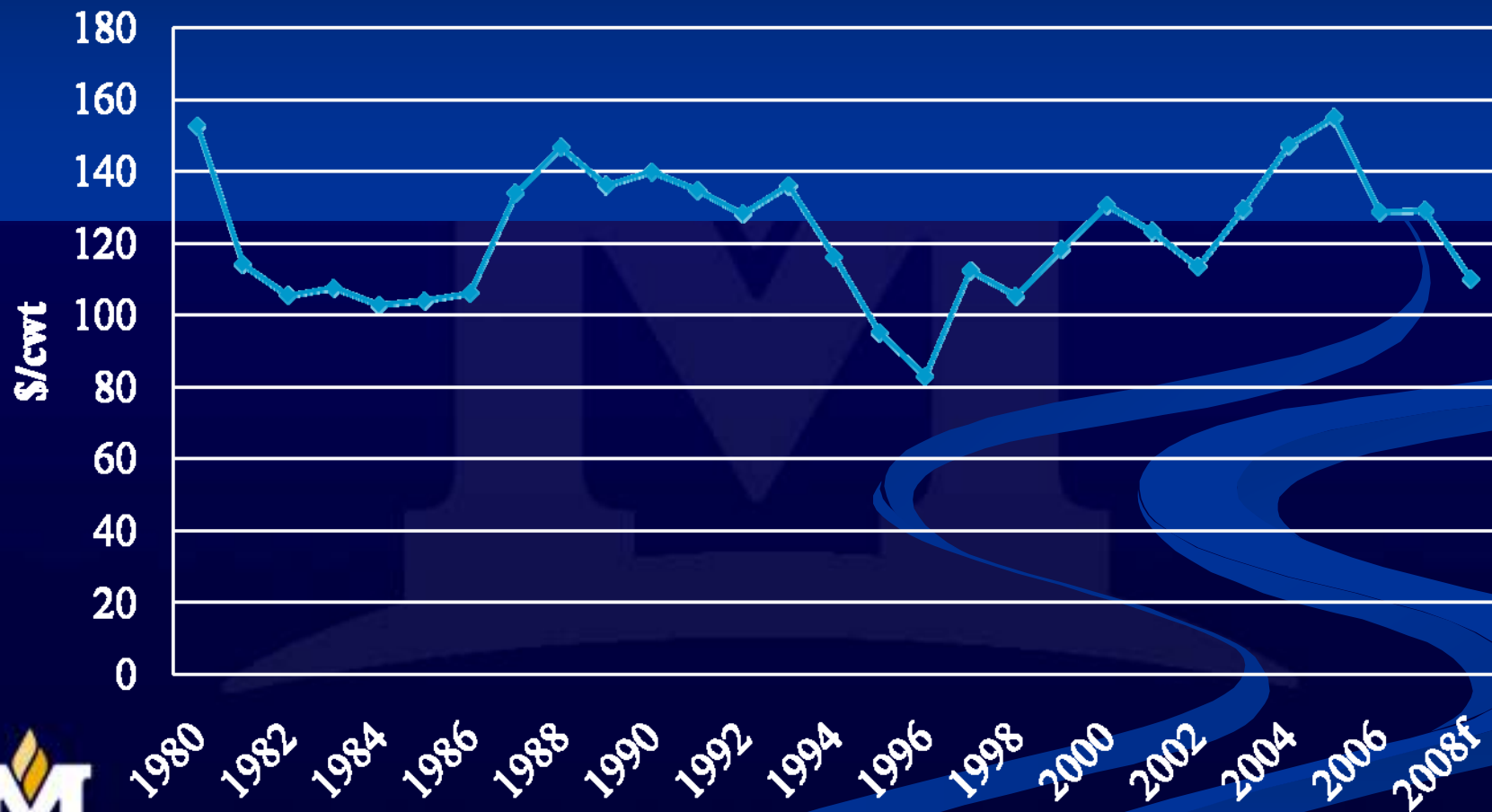
# Montana Cattle Inventory (Jan. 1)



# U.S. Cattle Inventory (Jan. 1)



# Montana Calf Prices



# *Futures Prices (01/16/09)*

| Location                    | 06/09 | 09/09 | 12/09 |
|-----------------------------|-------|-------|-------|
| Chicago Mercantile Exchange |       |       |       |
| Live Cattle                 | 86.20 | 90.00 | 91.75 |
| Feeder Cattle               | 97.40 | 98.50 | 98.70 |



# Cattle Outlook

## ■ 2008/09

- Brucellosis
  - Testing costs + some price discount
- Higher hay and grain prices put downward pressure on . . .
  - cattle inventories and
  - feeder/stocker cattle prices
  - ethanol effects
    - Higher demand for corn + byproduct (DDG)



• Consumer demand and quality

# Questions



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