

2010 Montana Agricultural Outlook

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Data Source: National Agricultural Statistics Service

Montana Field Office



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Highlights for 2009

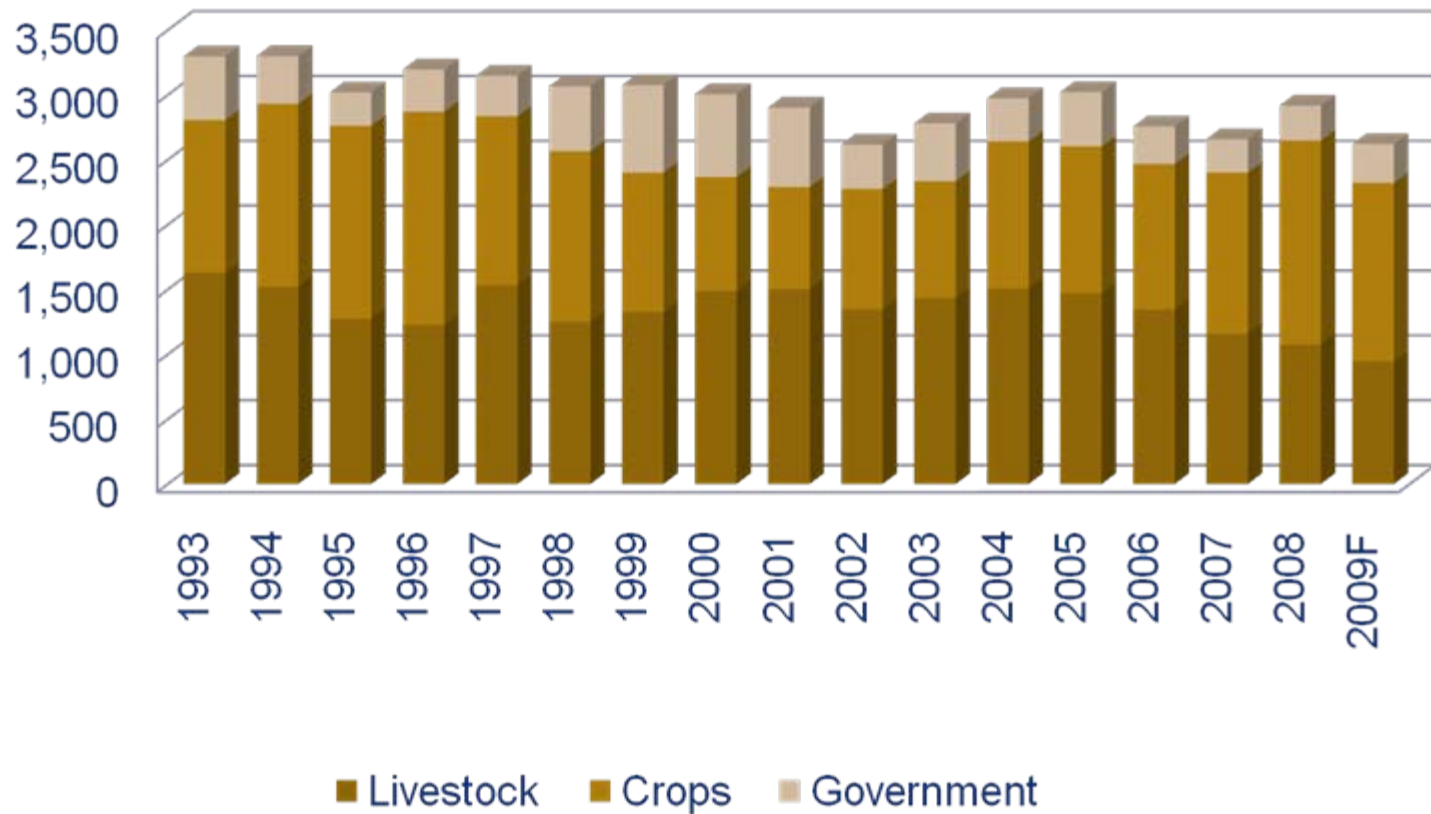
- **Financial Crisis**
- **Crops (primarily wheat)**
 - Lower prices (average prices down nearly 30%)
 - Production stable to higher
- **Livestock**
 - Stable prices (although, below historical averages)
 - Stable production



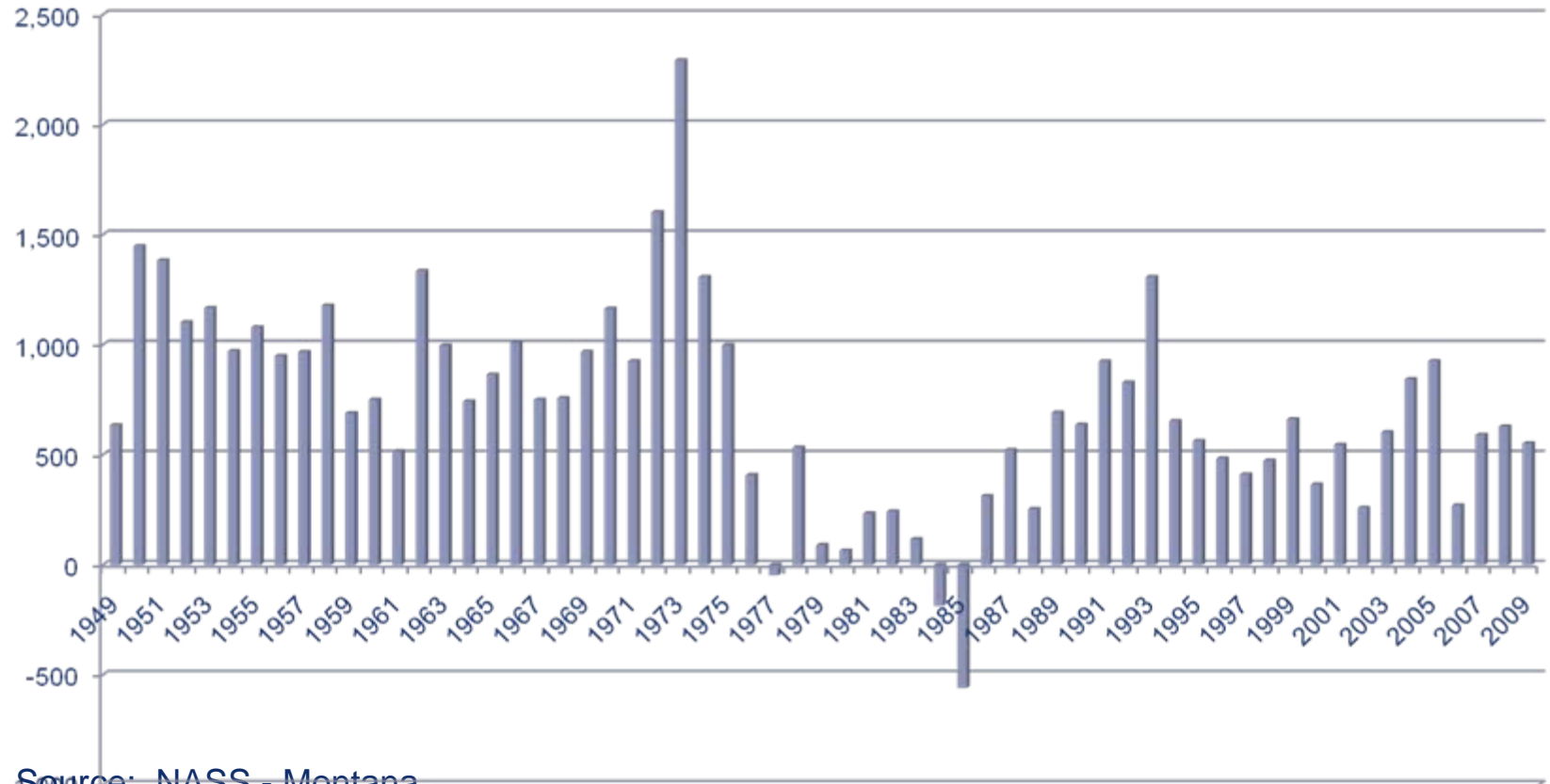
Financial Crisis

- **Lower net farm income, but . . .**
 - *Good years in the last two years*
 - *Low debt:asset ratios*
 - *Stable agricultural land values*
 - *Farm program effect*

Cash Receipts and Government Payments Montana 1993 – 2009 (million 2009\$)



Montana Net Farm Income 1949 – 2009 (million 2009\$)



-Source: NASS - Montana

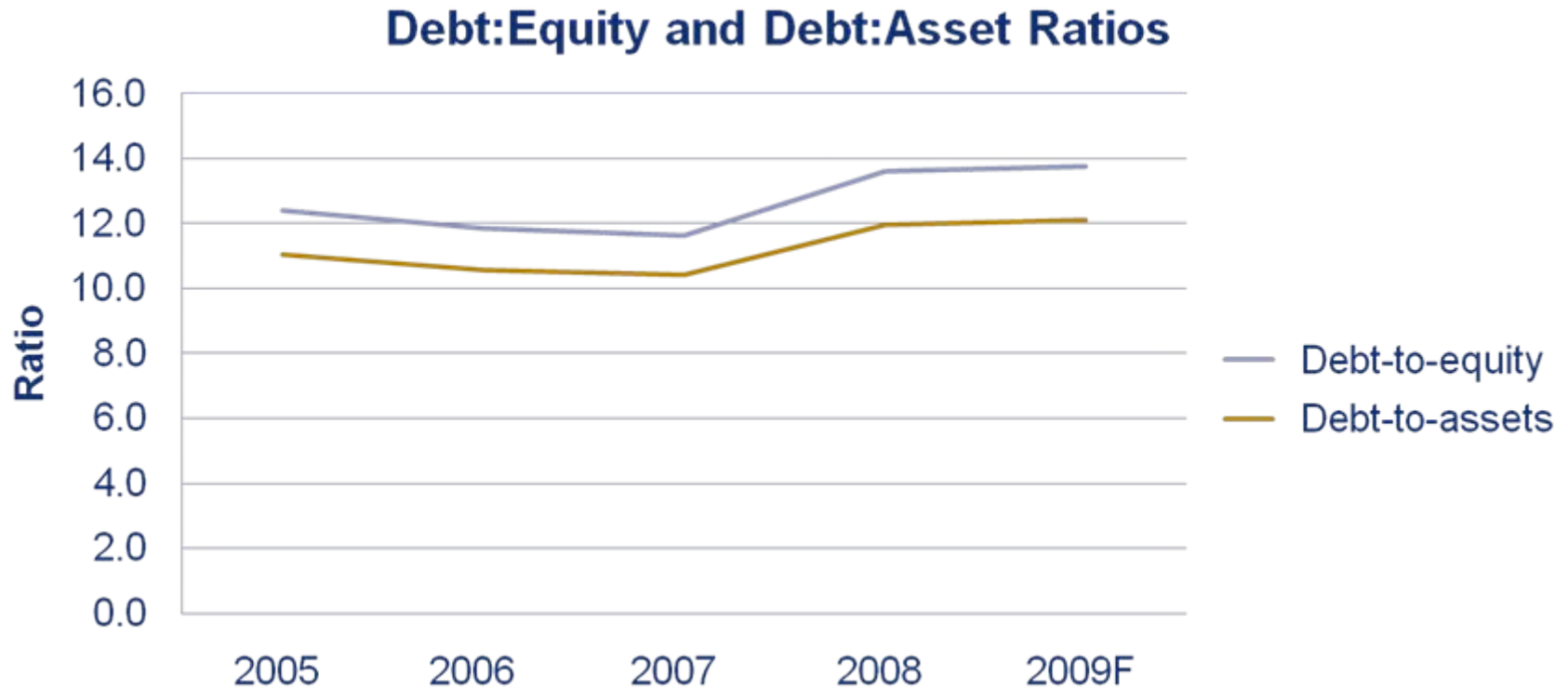


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Debt:Equity and Debt:Asset Ratios



Source: [www.ers.usda.gov/Publications/AgOutlook/AOTables/Table 32](http://www.ers.usda.gov/Publications/AgOutlook/AOTables/Table%2032)

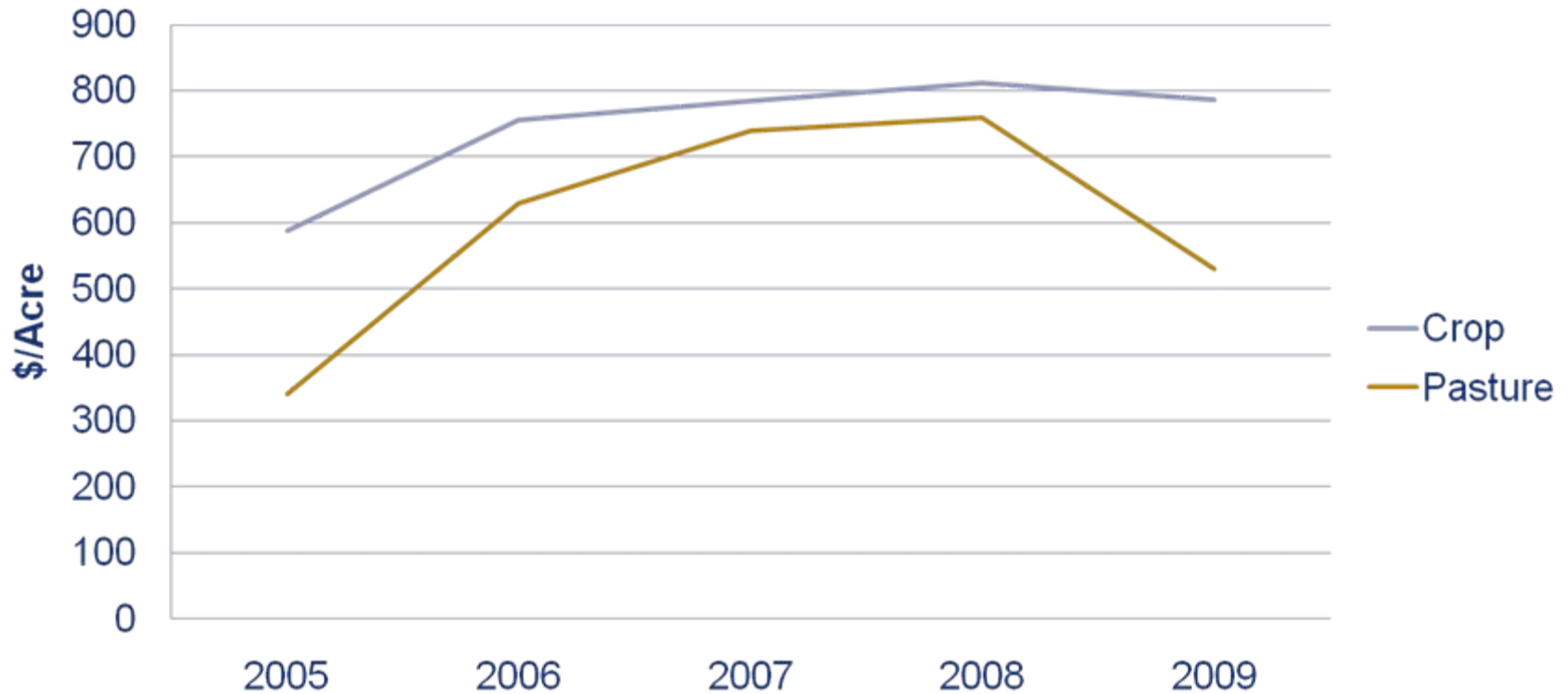


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Average Farm Real Estate Values



<http://usda.mannlib.cornell.edu/usda/current/AgriLandVa/AgriLandVa-08-04-2009.pdf>



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Farm Program Effect

■ Crops

- Direct payment
- Counter cyclical
- Marketing loan assistance (loan deficiency program)
- Average Crop Revenue Election (ACRE)
- Supplement Revenue Assistance Program (SURE)
- Others

■ Livestock

- Livestock Indemnity Program (LIP)
- Livestock Forage Disaster Program (LFP)
- Emergency Assistance for Livestock, Honey Bee and Farm-Raised Fish Program (ELAP)
- Others



LOWER DEMAND FOR AGRICULTURAL PRODUCTS

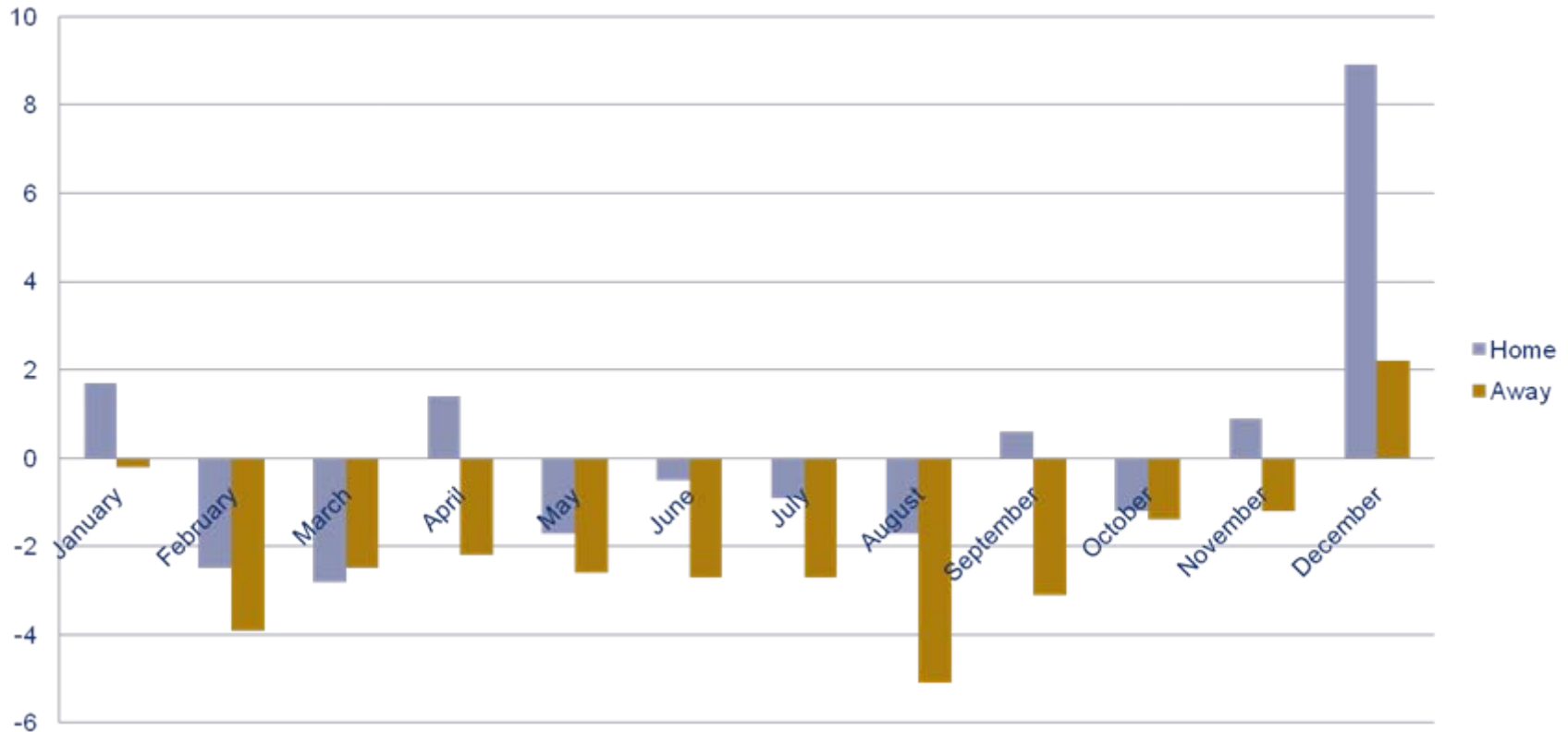


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Food Sales (Home/Away) 2008 to 2009



Source: www.ers.usda.gov/Publications/AgOutlook/AOTables/Table 36 - Food Sales



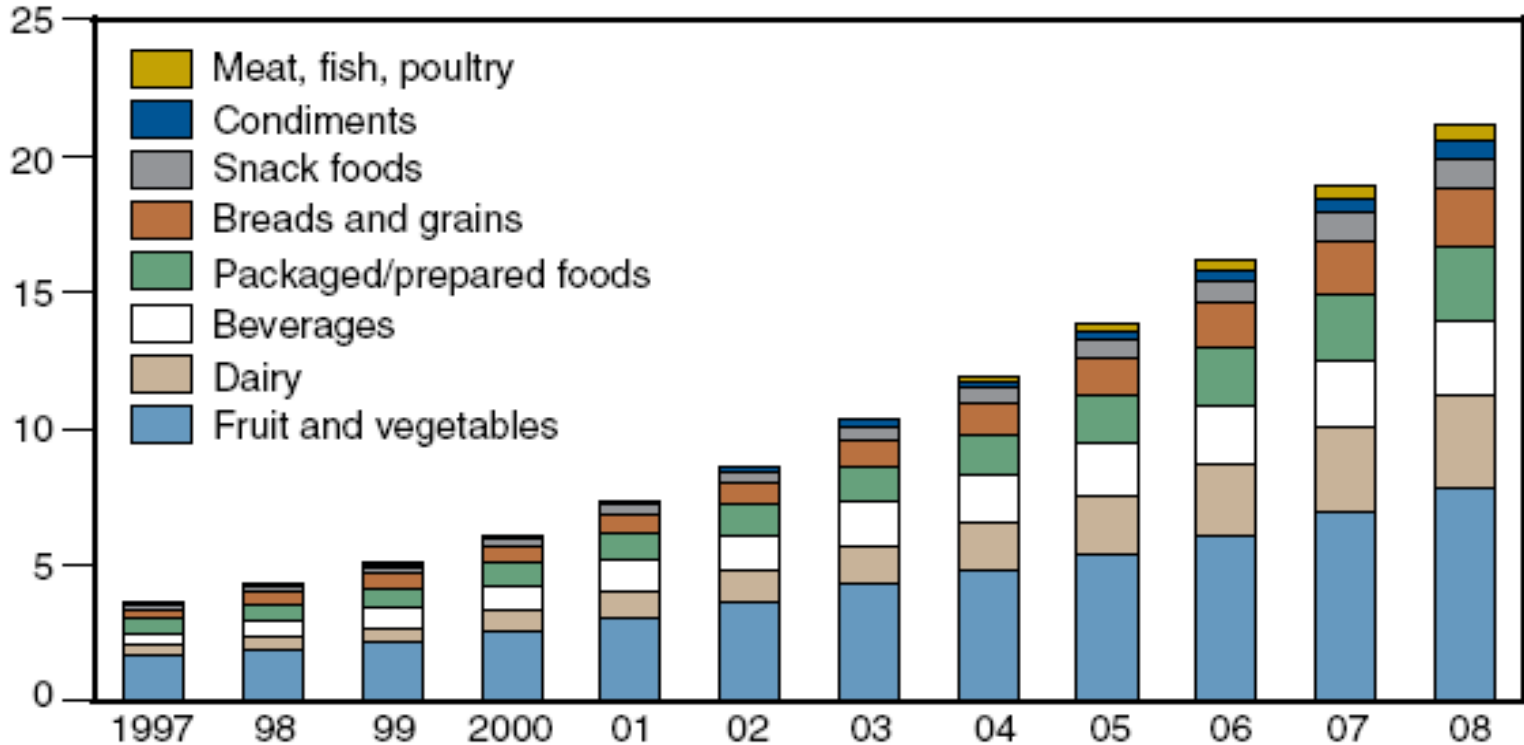
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Organic Food Market (Growth)

Billions of dollars



Source: *Nutrition Business Journal*, 2009.

3.5% of total food and beverage sales



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LOWER EXPORT DEMAND



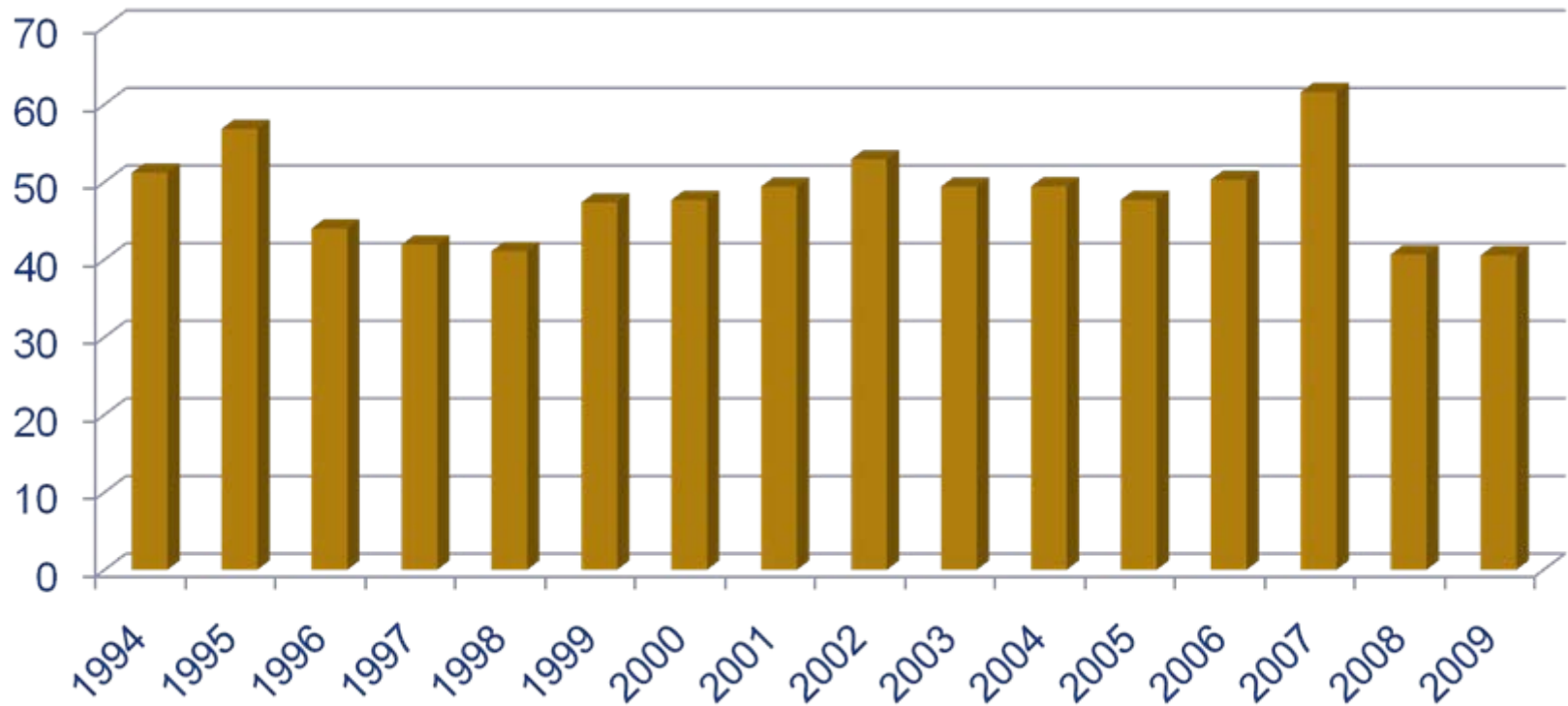
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Wheat Exports

Percentage of Production, Marketing Year



Source: usda.mannlib.cornell.edu/usda/current/WHS/WHS-10-14-2009.pdf



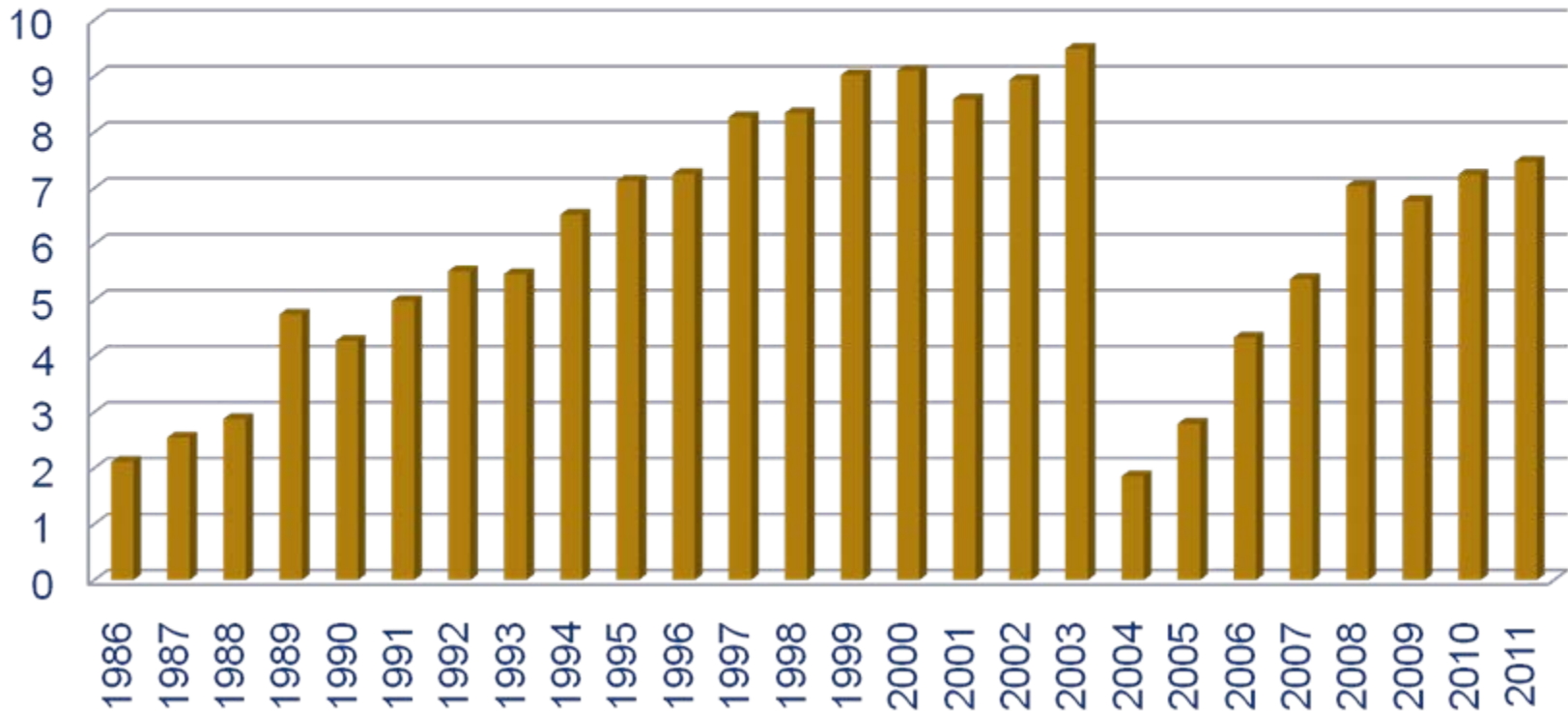
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U.S. Beef Exports

Percentage of Production, Carcass Weight



Source: USDA-FAS and ERS; Compiled and Forecasts by LMIC



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COMMODITY PRICES AND YIELDS



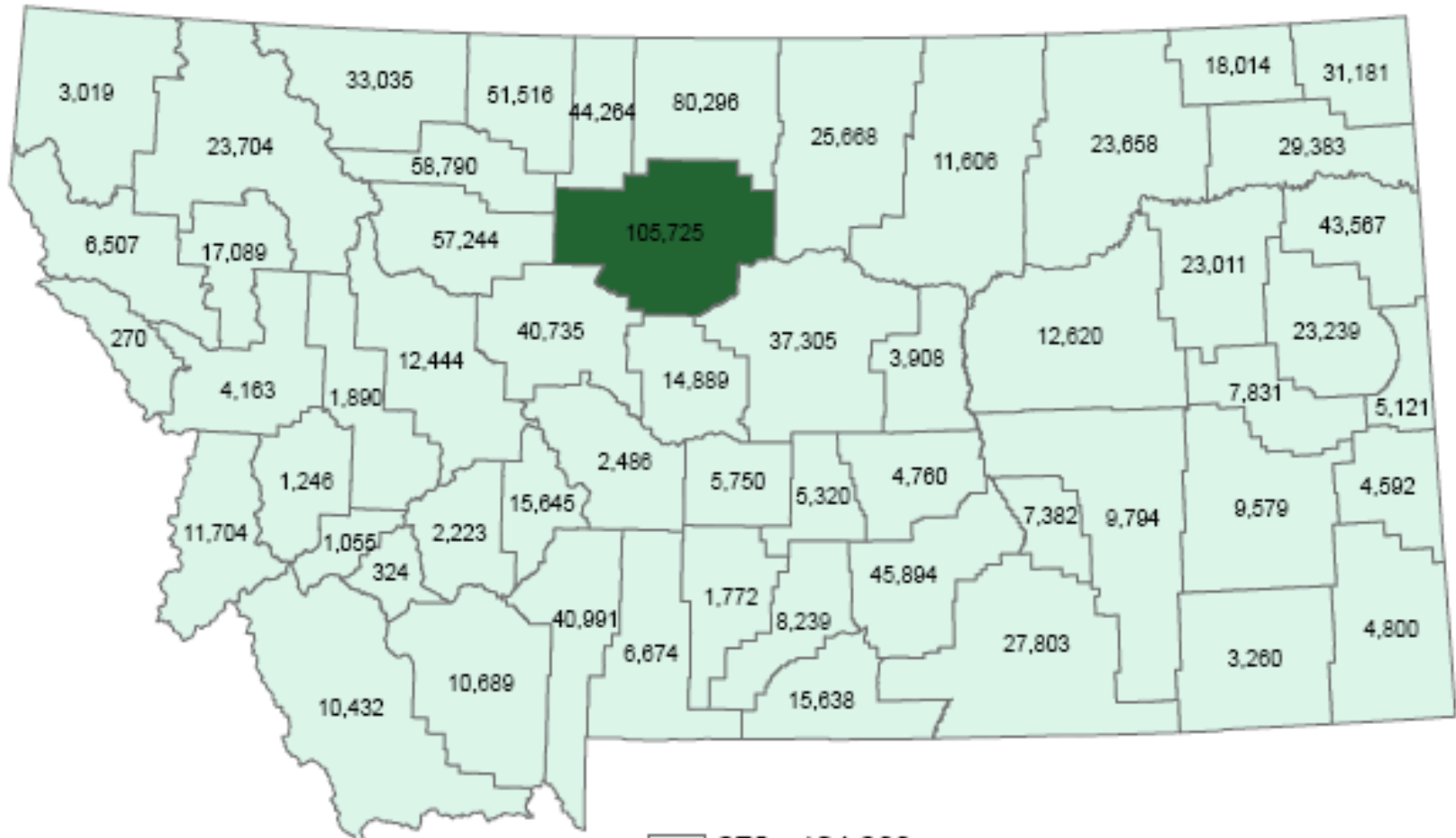
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Crop Production - #1 County

Chouteau (Fort Benton) – 9.5% share

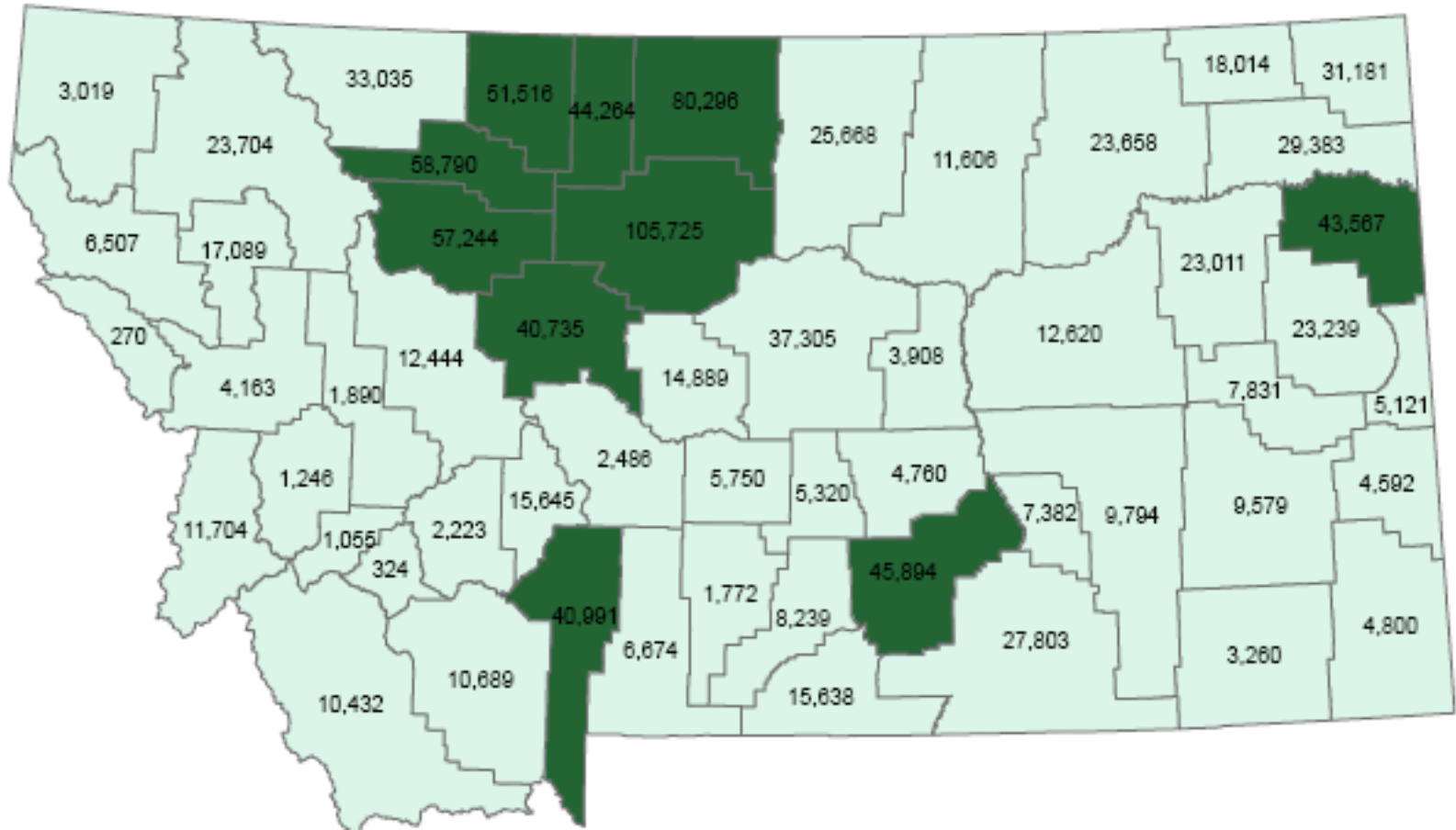


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Crop Production – Top 50%

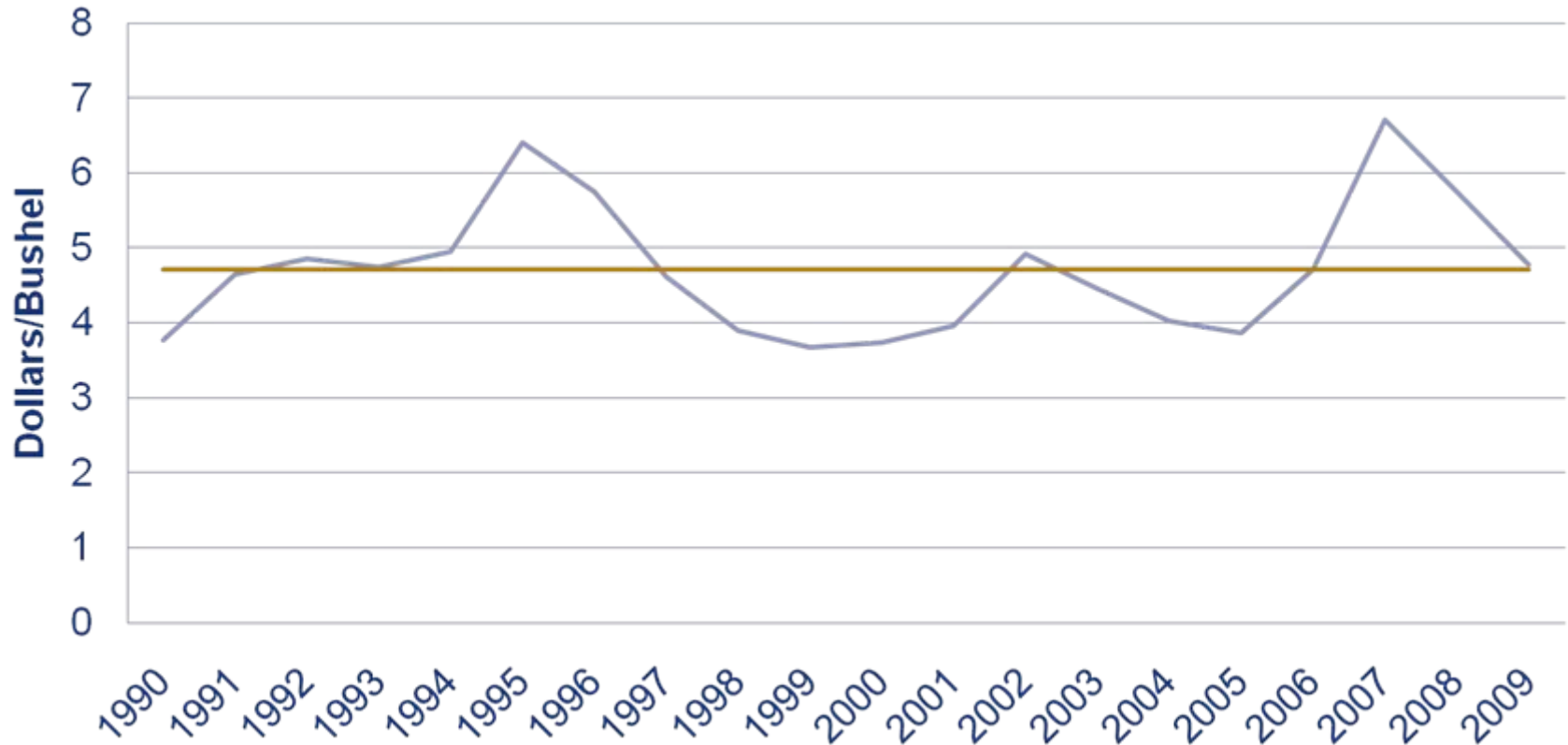


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Montana Winter Wheat Prices 1990 - 2009



Source: NASS - Montana

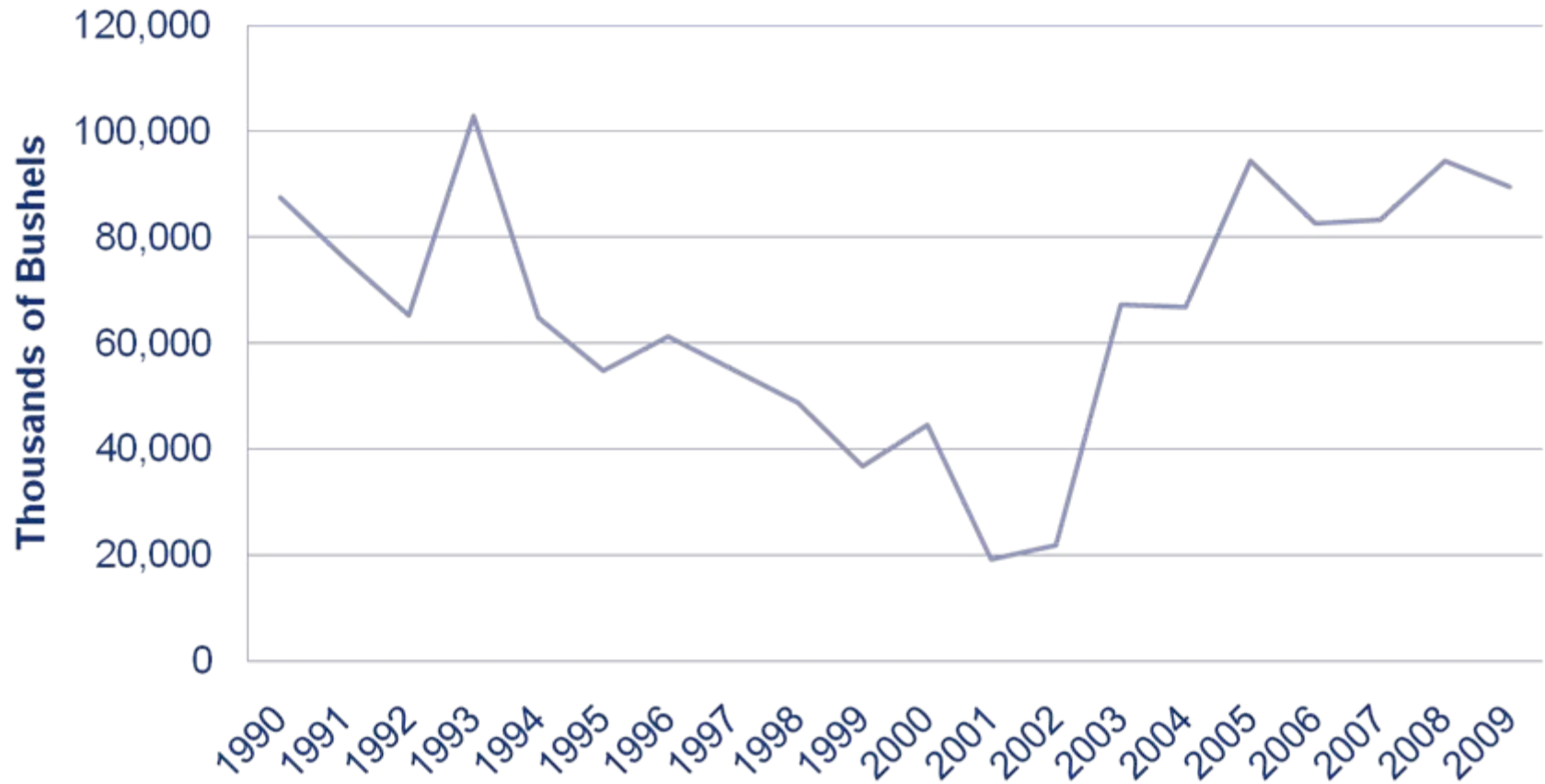


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Montana Winter Wheat Production 1990-2009

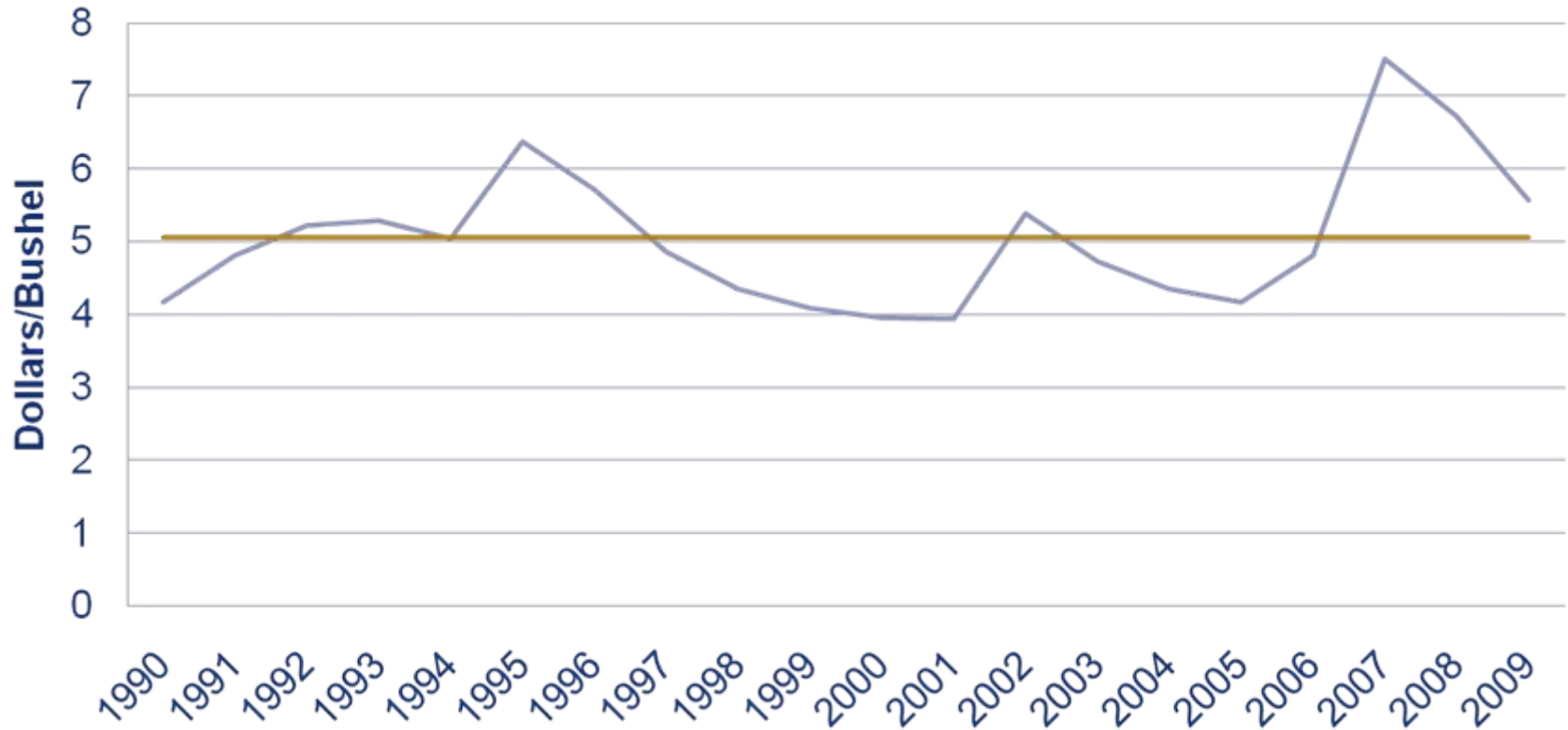


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Montana Spring Wheat Prices 1990 - 2009



Source: NASS - Montana

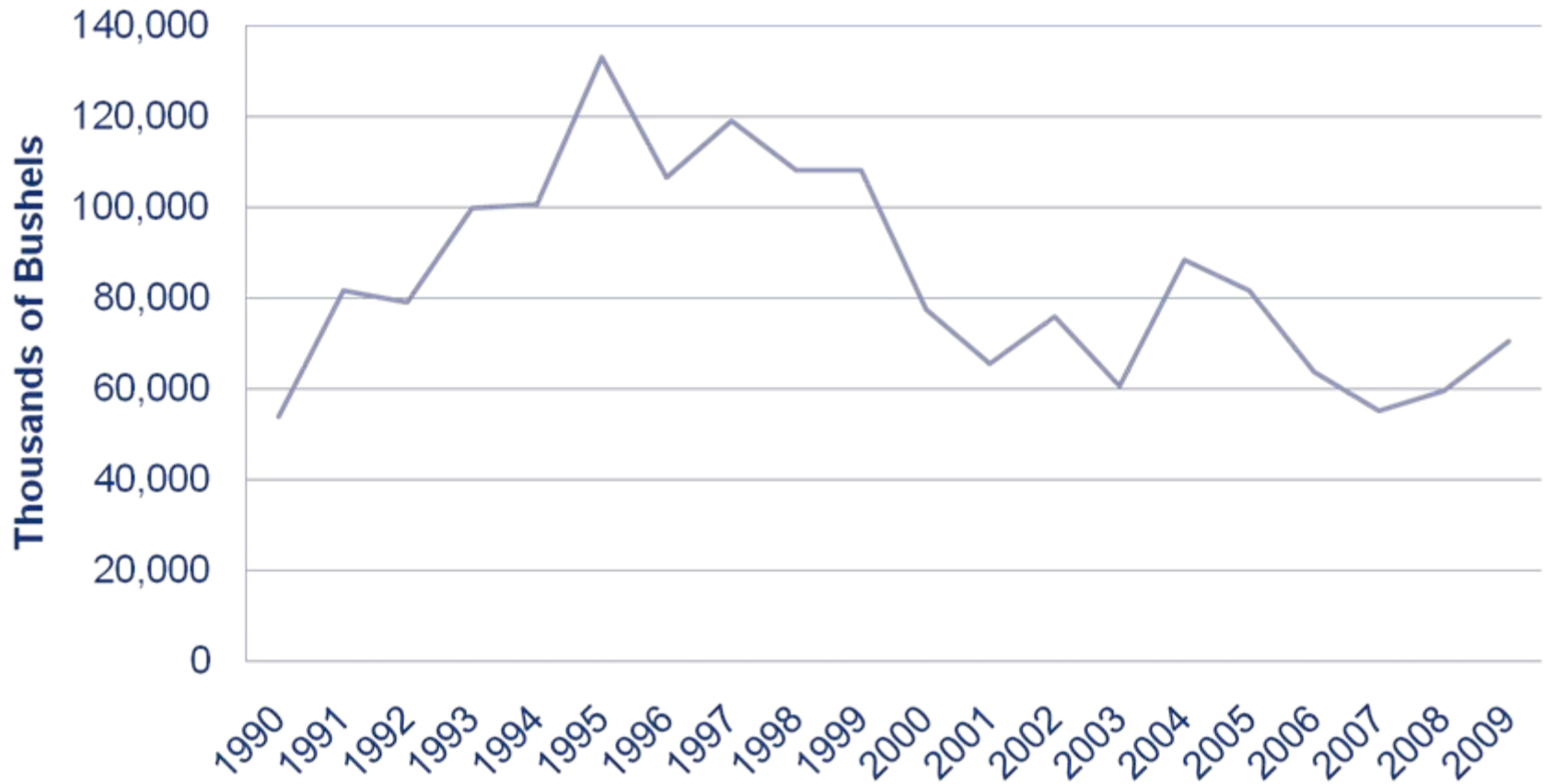


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Montana Spring Wheat Production 1990-2009

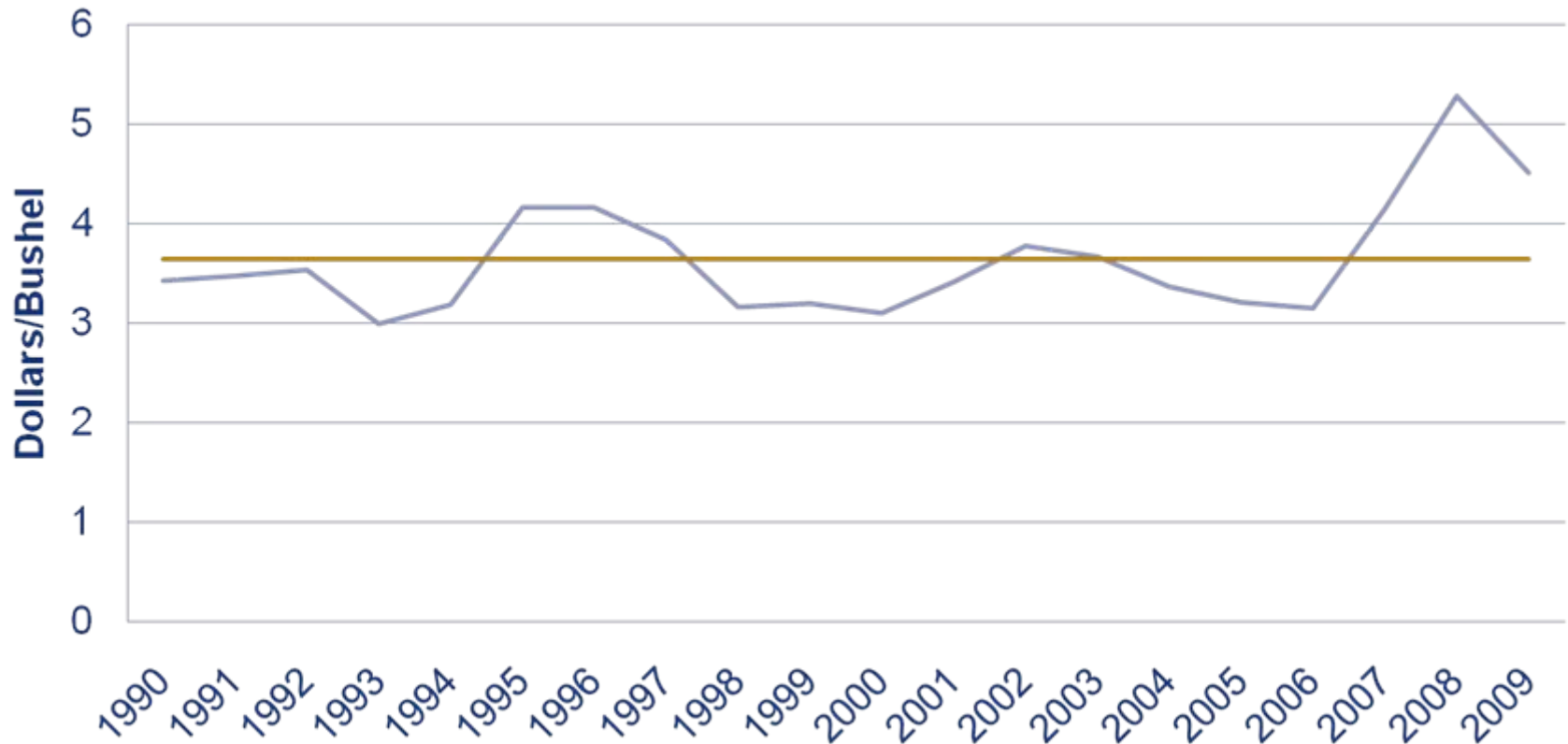


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Montana All Barley Prices 1990–2009



Source: NASS - Montana

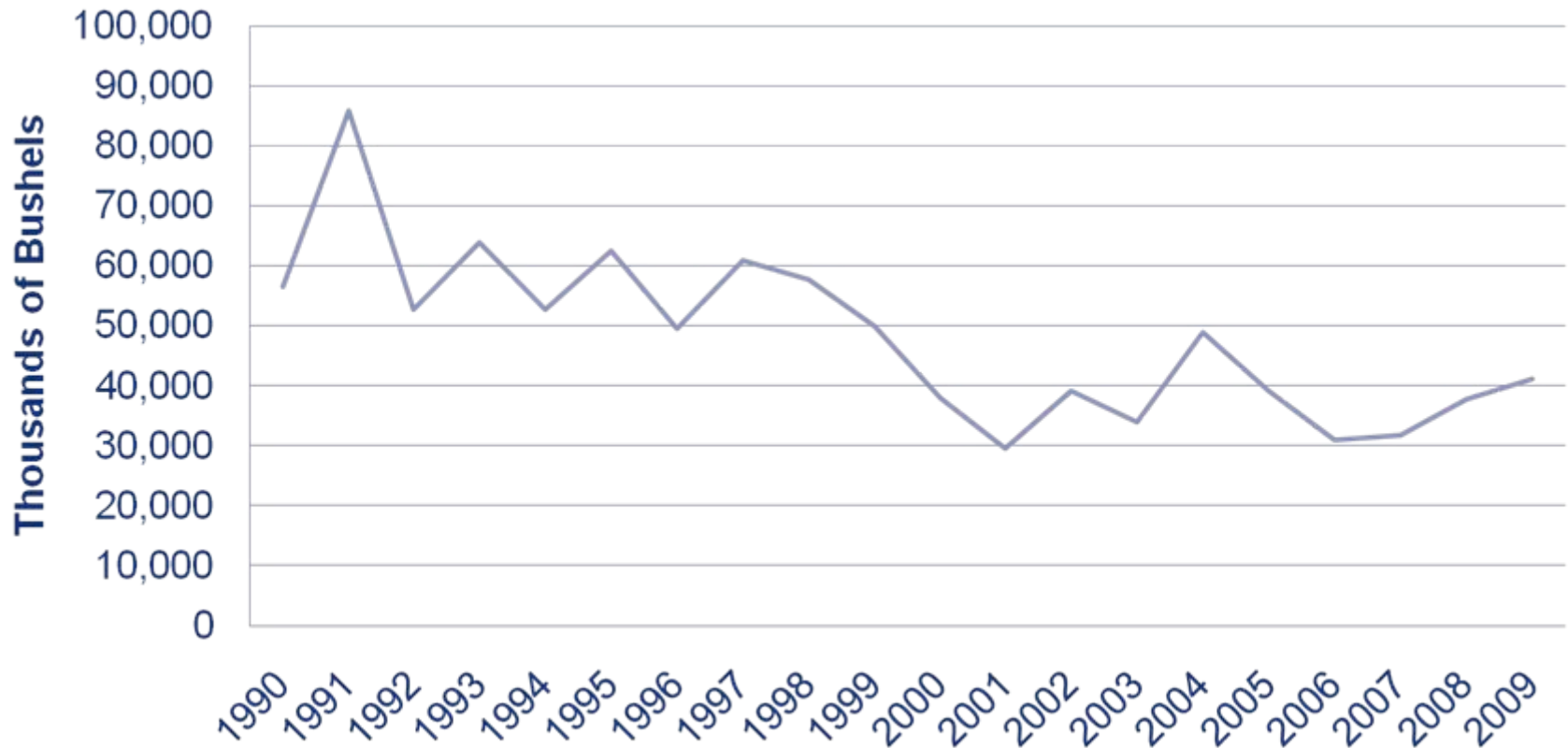


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Montana Barley Production 1990-2009



Source: NASS - Montana



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Future Prices

Location	Units	3/10	5/10	7/10	9/10
Minneapolis Grain Exchange					
Hard Red Spring Wheat	\$/bu	5.13	5.11	5.23	5.34
Hard Red Winter Wheat	\$/bu	4.90	4.98	5.10	5.19
Chicago Board of Trade					
Corn	\$/bu	3.56	3.66	3.77	3.86

SW - \$1.00 down, WW - \$0.20 down, CN - \$0.40 down from 2009



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Global Wheat Market Shares

Country	2008/09	shares	2009/10	shares
	mmt	%	mmt	%
Australia	21.50	3.1	23.50	3.5
Canada	28.61	4.2	24.50	3.6
China	112.50	16.5	114.50	17.0
EU-27	151.07	22.1	139.08	20.7
India	78.60	11.5	80.58	12.0
FSU-12	115.59	16.9	106.42	15.8
U.S.	68.02	10.0	60.30	9.0
Other	106.86	15.7	123.02	18.3
Total	682.75	100.0	671.90	100.0

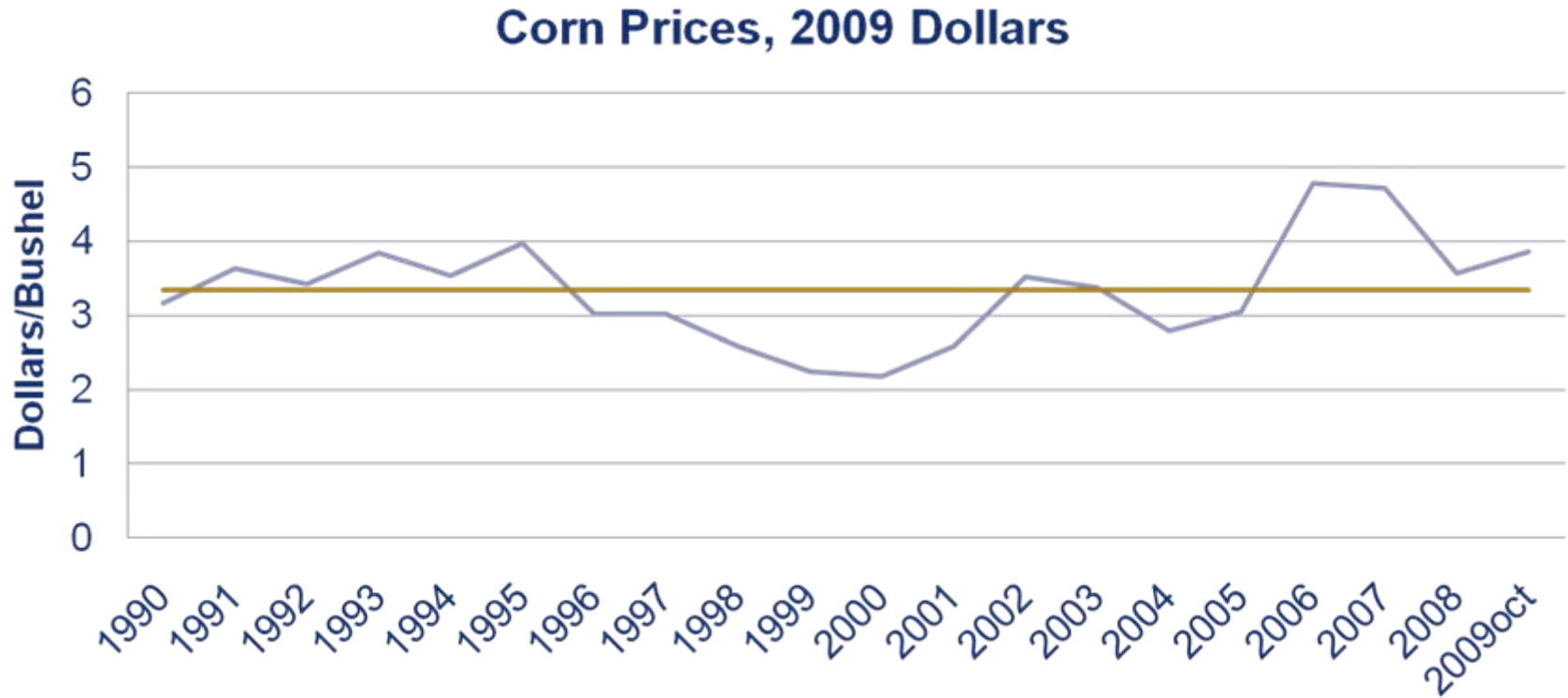


Montana Wheat 2010

- **2010 Winter Wheat Plantings → down 22%**
 - **And low quality winter wheat crop**
- **2010 Production (Forecast) → ???**
 - **MT 2010 All Wheat Price: ???**
 - **Early 2010 – prices soften**
 - **Late 2010 – two important factors**
 - **Demand – worldwide economic conditions**
 - **Supply – worldwide growing conditions**



Montana Corn Prices



Source: NASS - Montana



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Corn Prices (in Montana?)

- **Almost nothing is going right for corn prices:**
 - Higher Acreage
 - Ample supplies
 - Weak Exports
 - Very cool summer & high yields
 - *But, delayed harvest*
- **Weak oil prices**
- **Ethanol uncertainty**
- ***But, Good News for Cattle Producers***



LIVESTOCK SECTOR



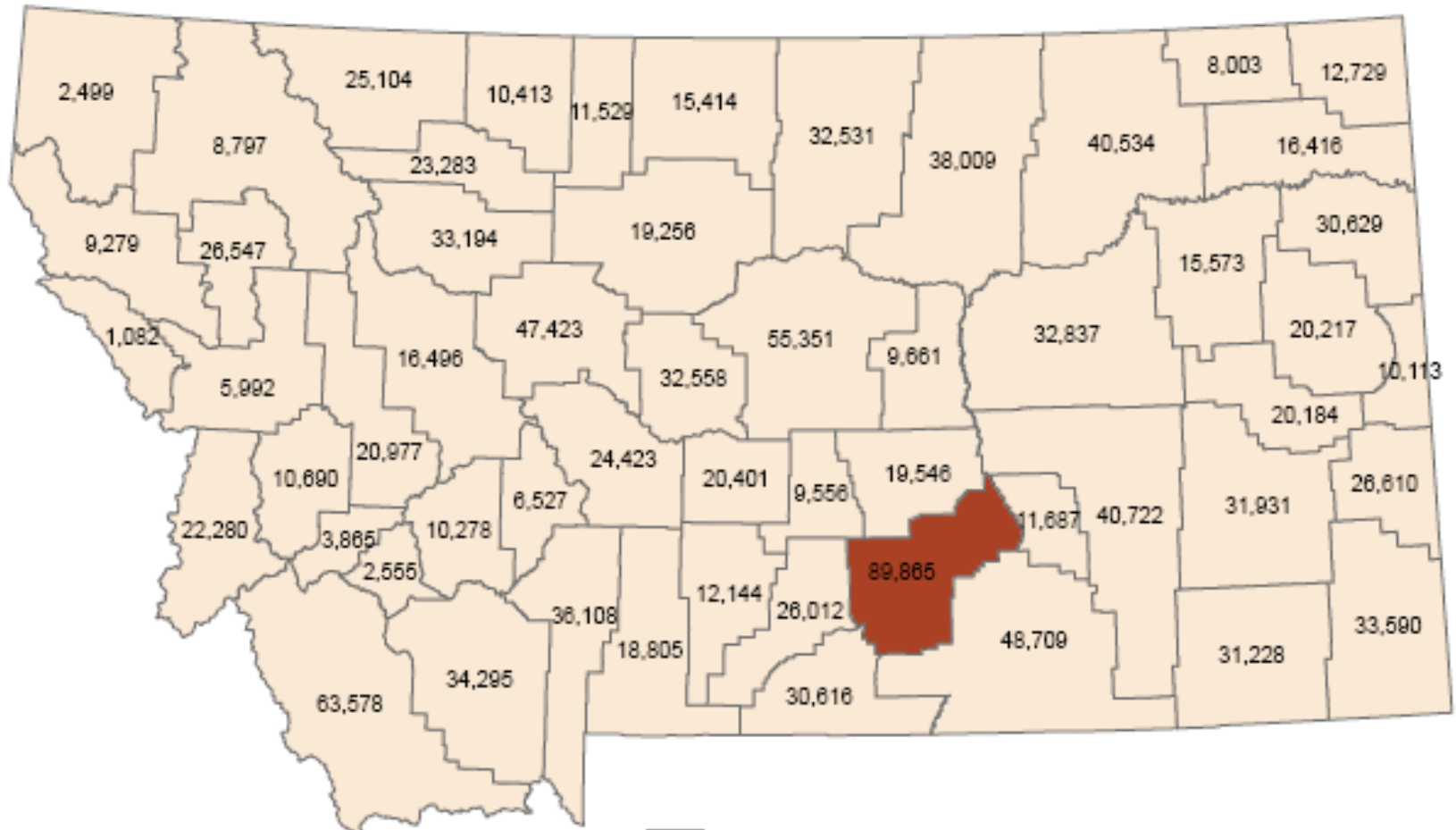
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Livestock Production - #1 County

Yellowstone – 6.8% share

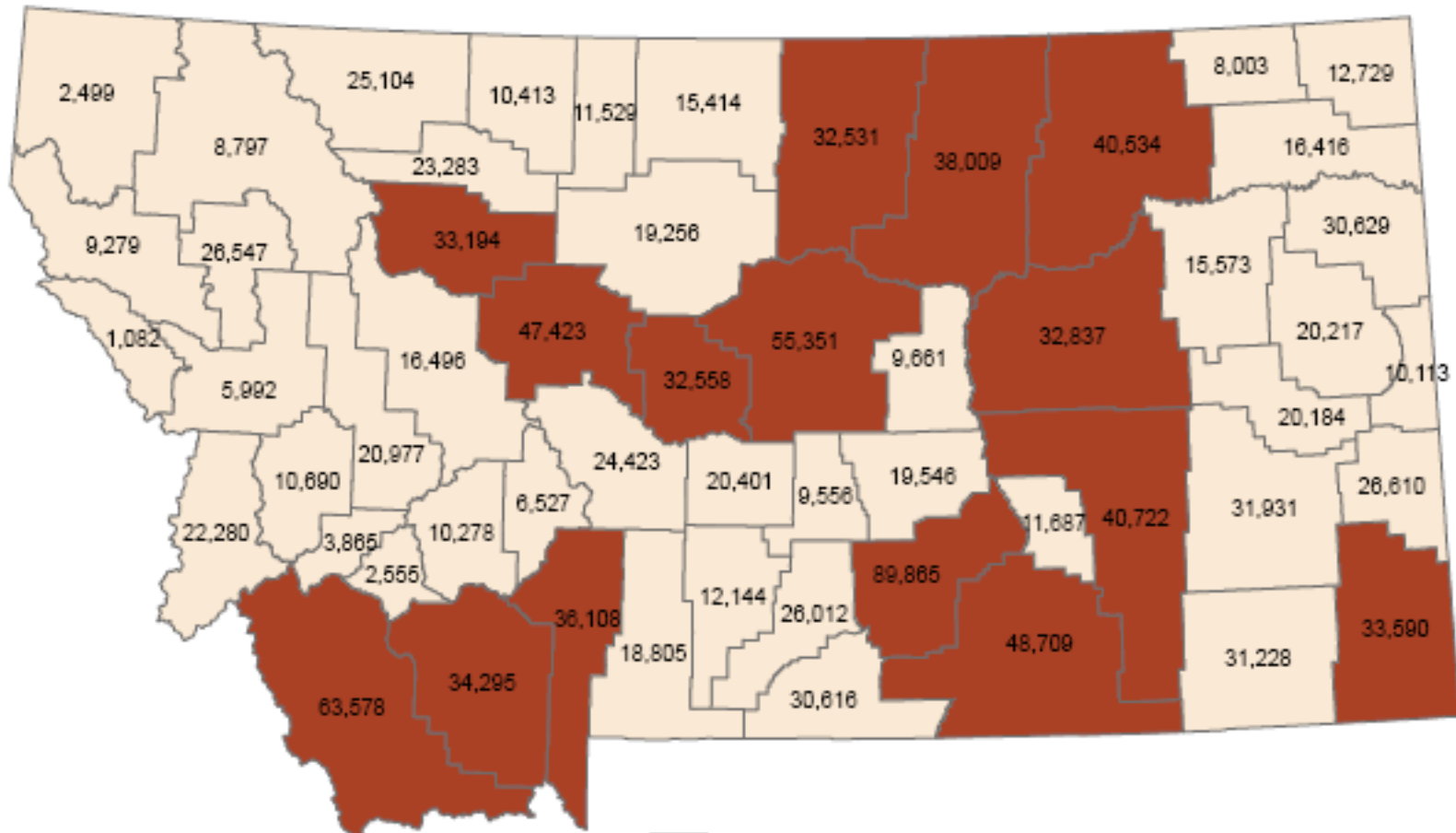


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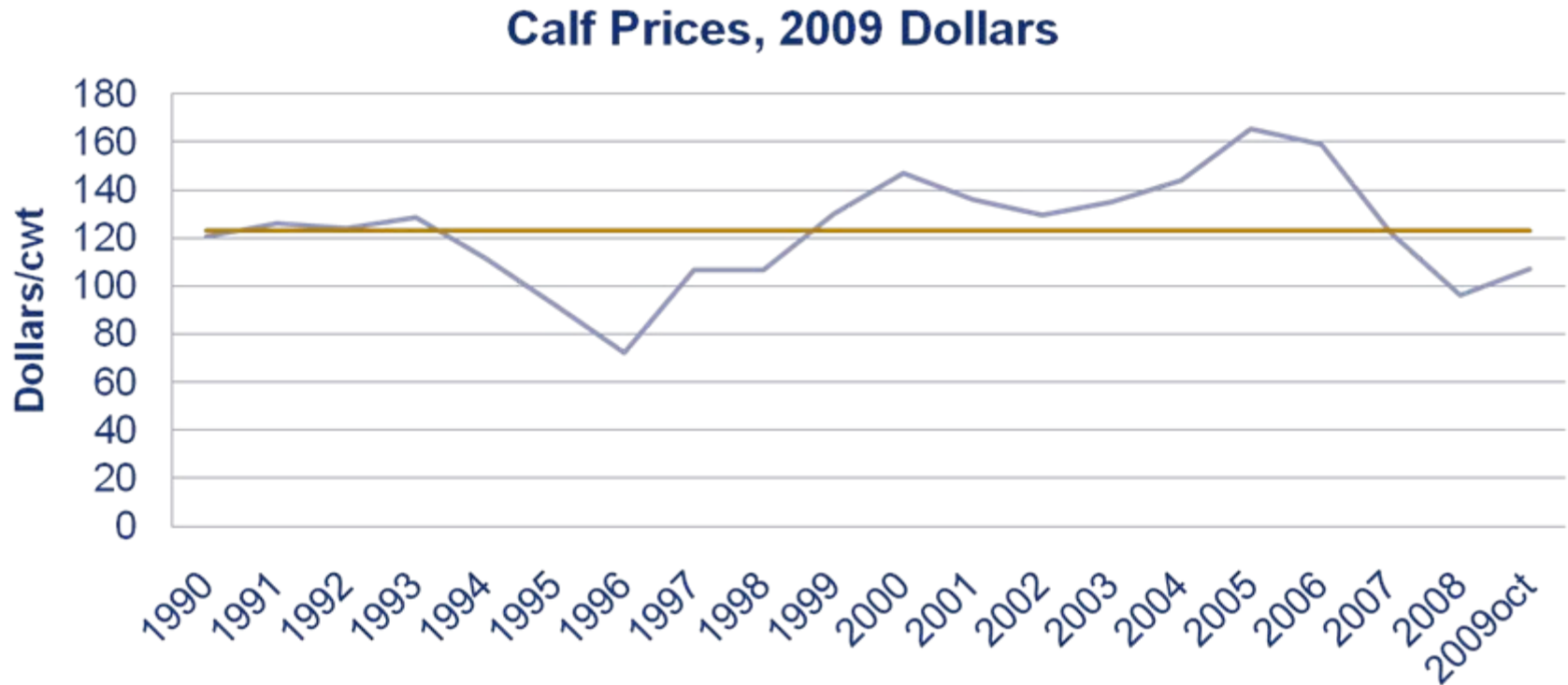
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Livestock Production – Top 50%



Agricultural Products: Calves



Source: NASS - Montana

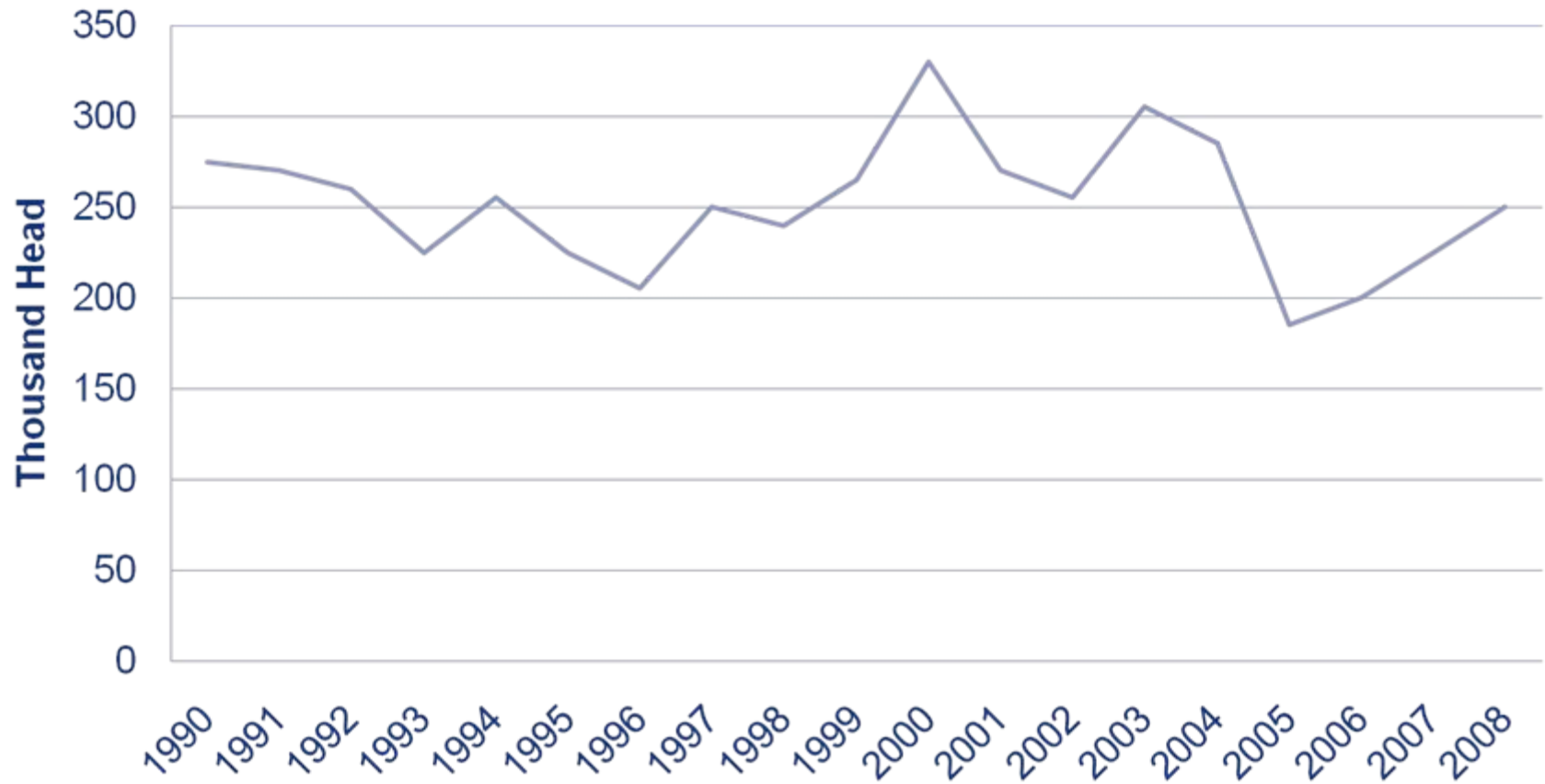


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Montana Calves Marketed 1990 - 2008

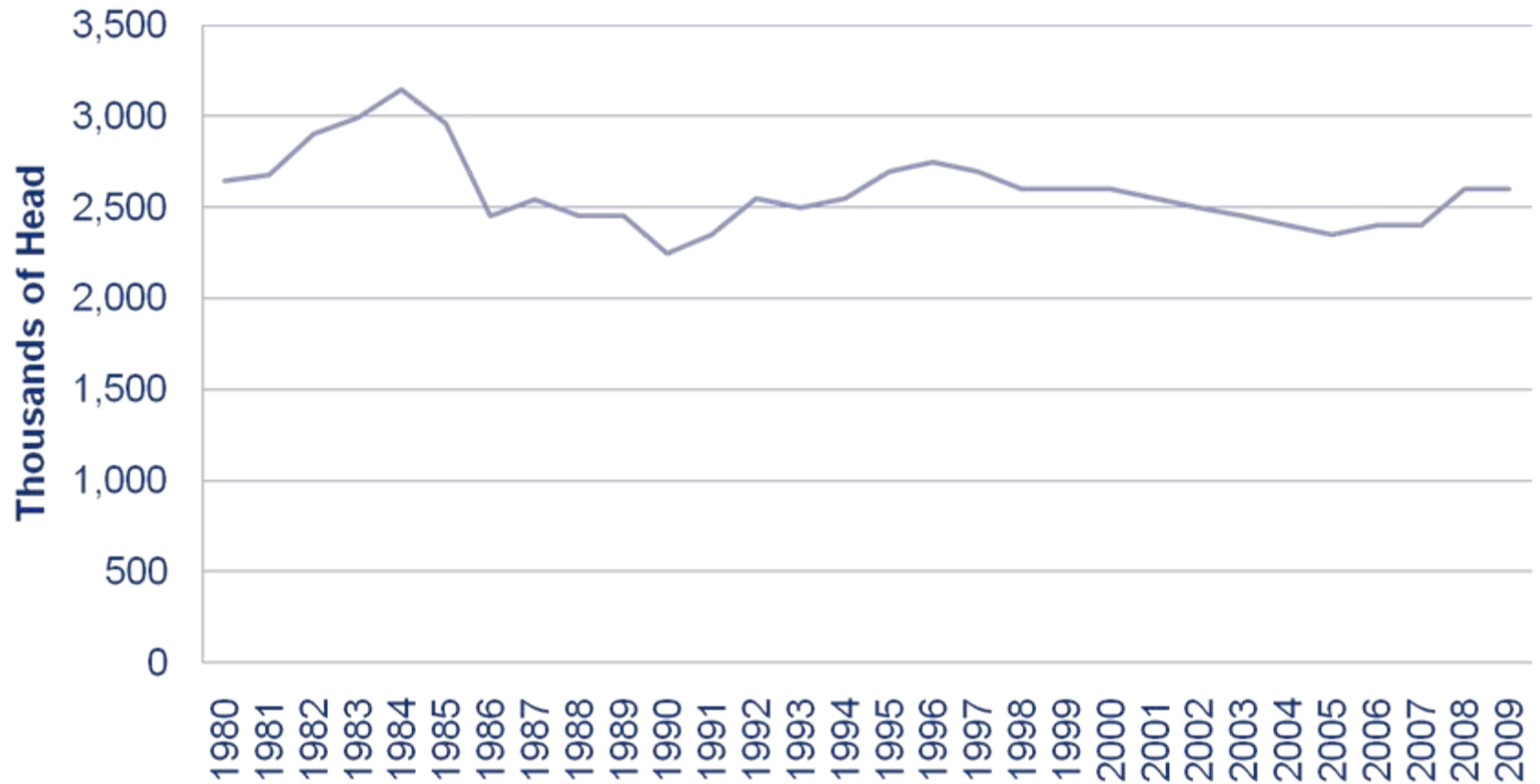


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Montana Cattle Inventory (Jan. 1)



Futures Prices (01/20/10)

Location	04/10	06/10	08/10	12/10
Chicago Mercantile Exchange				
Live Cattle	94.45	92.30	90.67	94.90
	04/10	05/10	08/10	11/10
Feeder Cattle	105.95	106.80	108.90	108.00

- Up \$8/cwt in last three months



Cattle Outlook 2010

■ Consumer Demand

- Domestic
- International
 - Expect exports to increase by 10% over 2009 (Asia, Mexico and Canada)

■ Ethanol

- Price of corn

Any Questions



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