2014 Montana Agricultural Outlook

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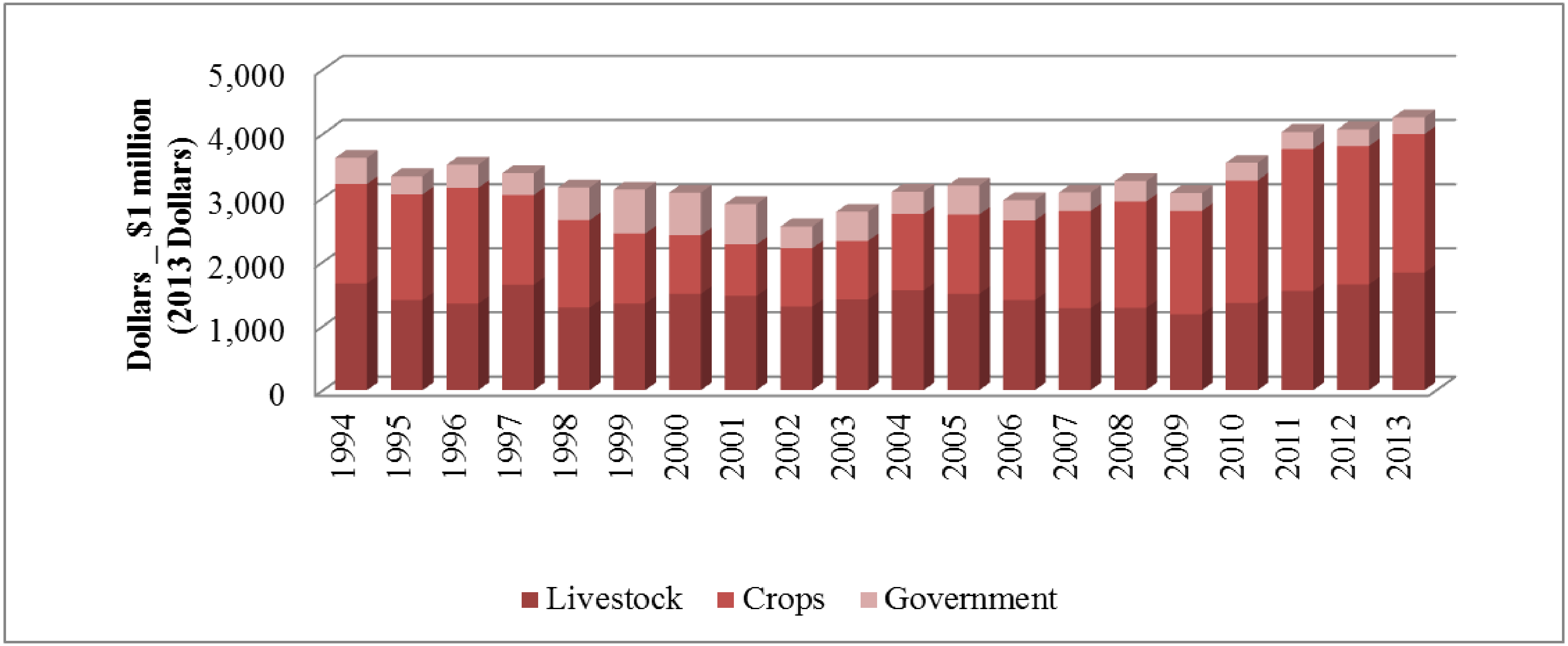
Data Source: National Agricultural Statistics Service

Montana Field Office

2013 "80% Recap"

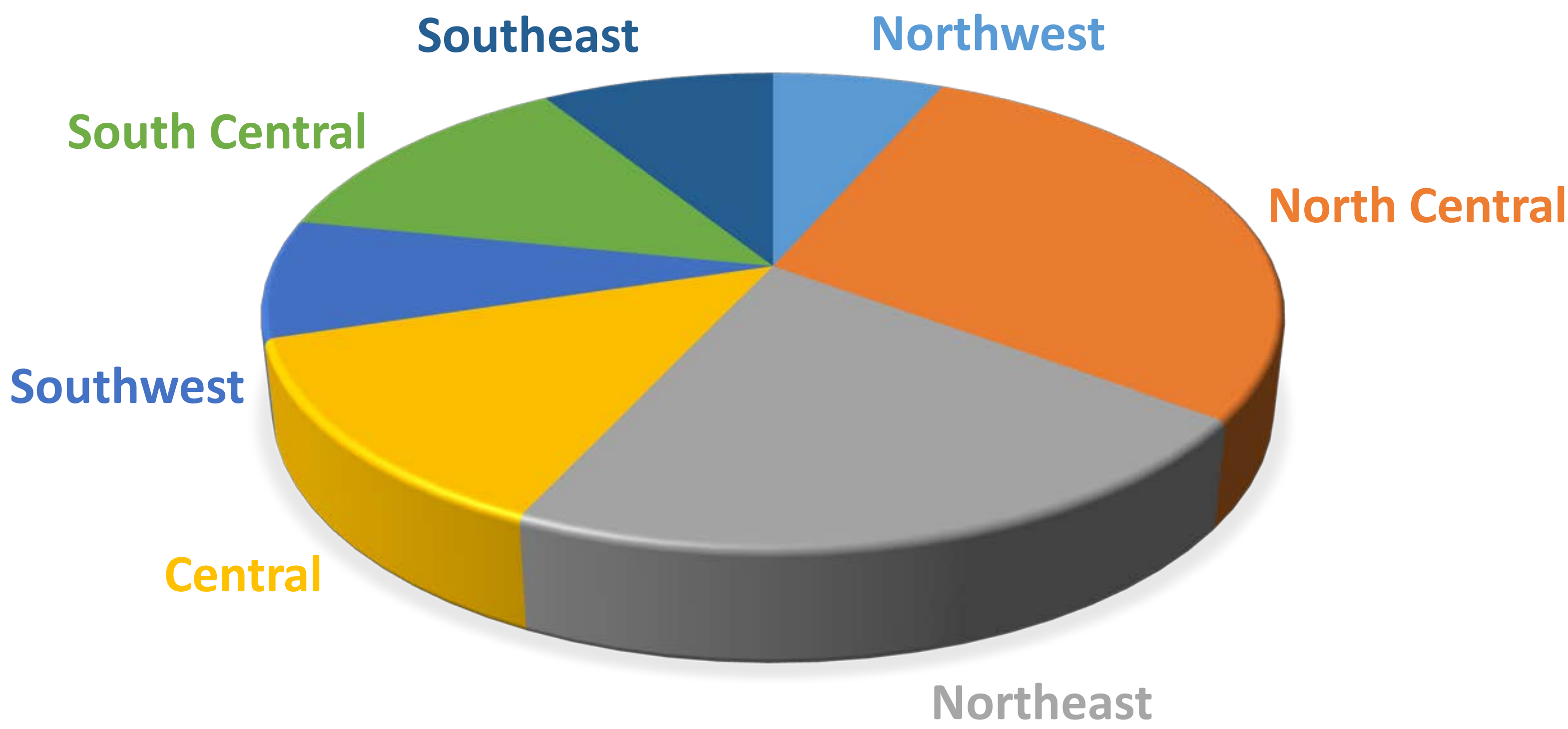
- **Crops**
  - All wheat & barley prices – down 15% or more
  - All wheat production
    - Winter wheat production – down 3%
    - Spring wheat production – up 9%
    - Barley production – up 7%
  - Sugar Beets – good yield, low sugar, low price
- **Cattle**
  - Cattle and Calf Prices – strong
    - Cow/calf producers are in the *right place*
  - Cow Herd – stable (to slight increase)

Montana
Gross Revenue Estimates



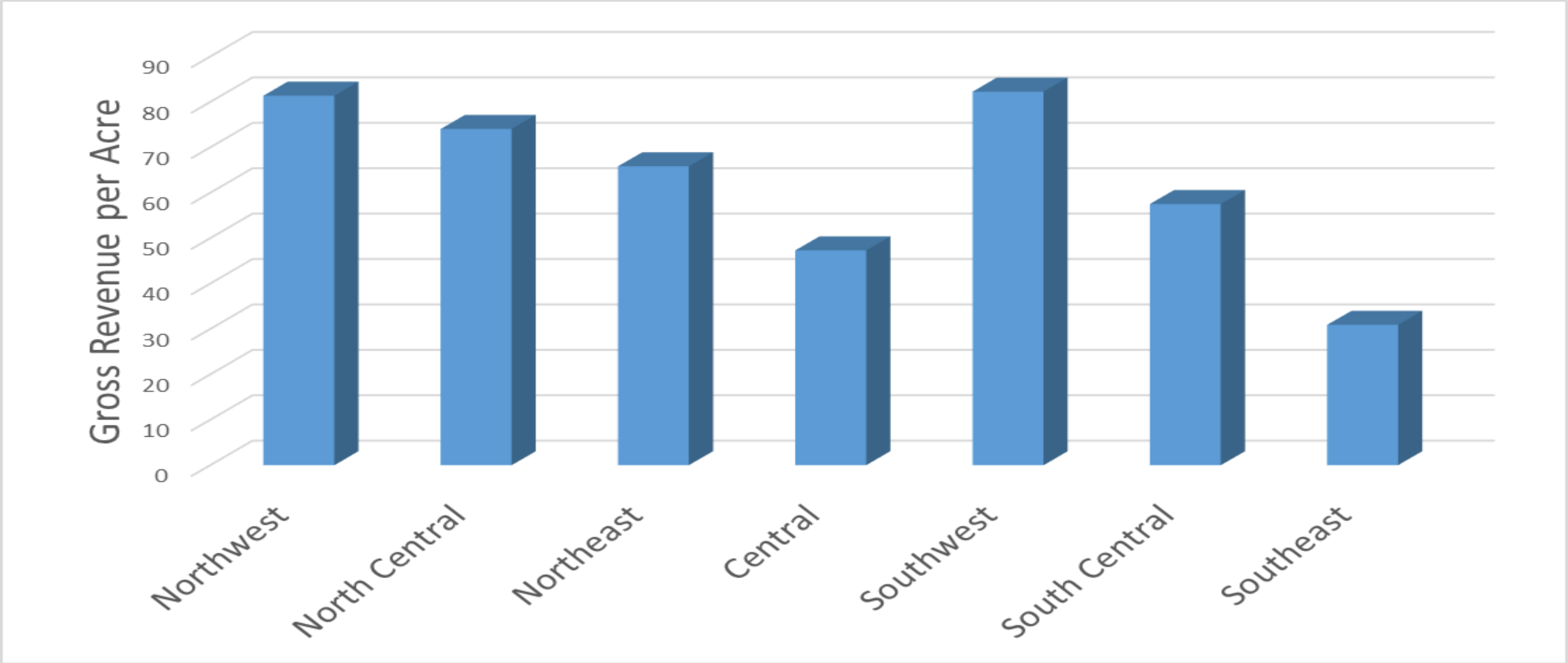
7% increase from 2012 – US net farm income up by 6%

Share of Gross Revenue by Region



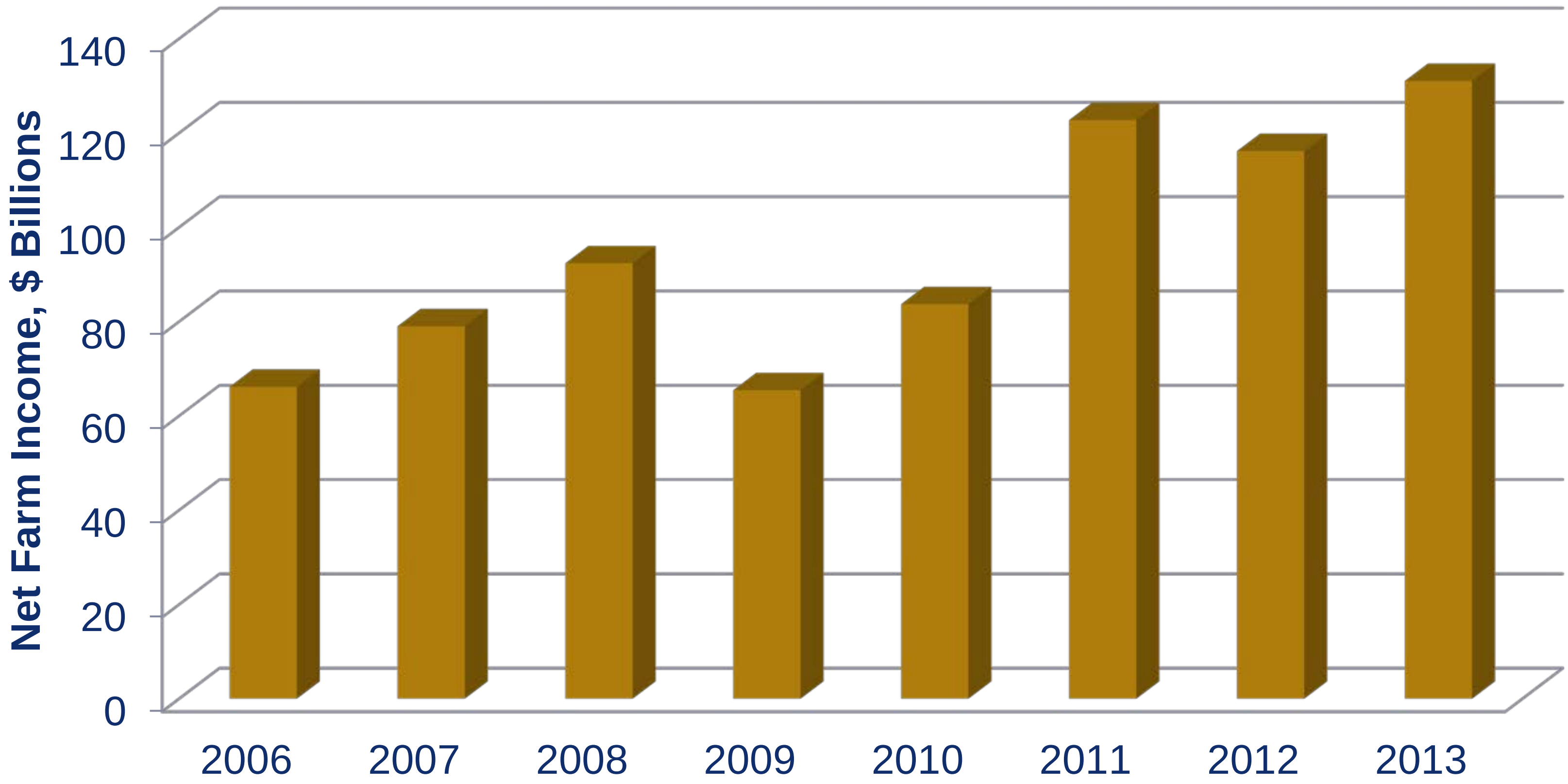
Northwest – 6%, Central – 13%, North Central – 29%; 2010 estimates

Gross Revenue per Acre by Region

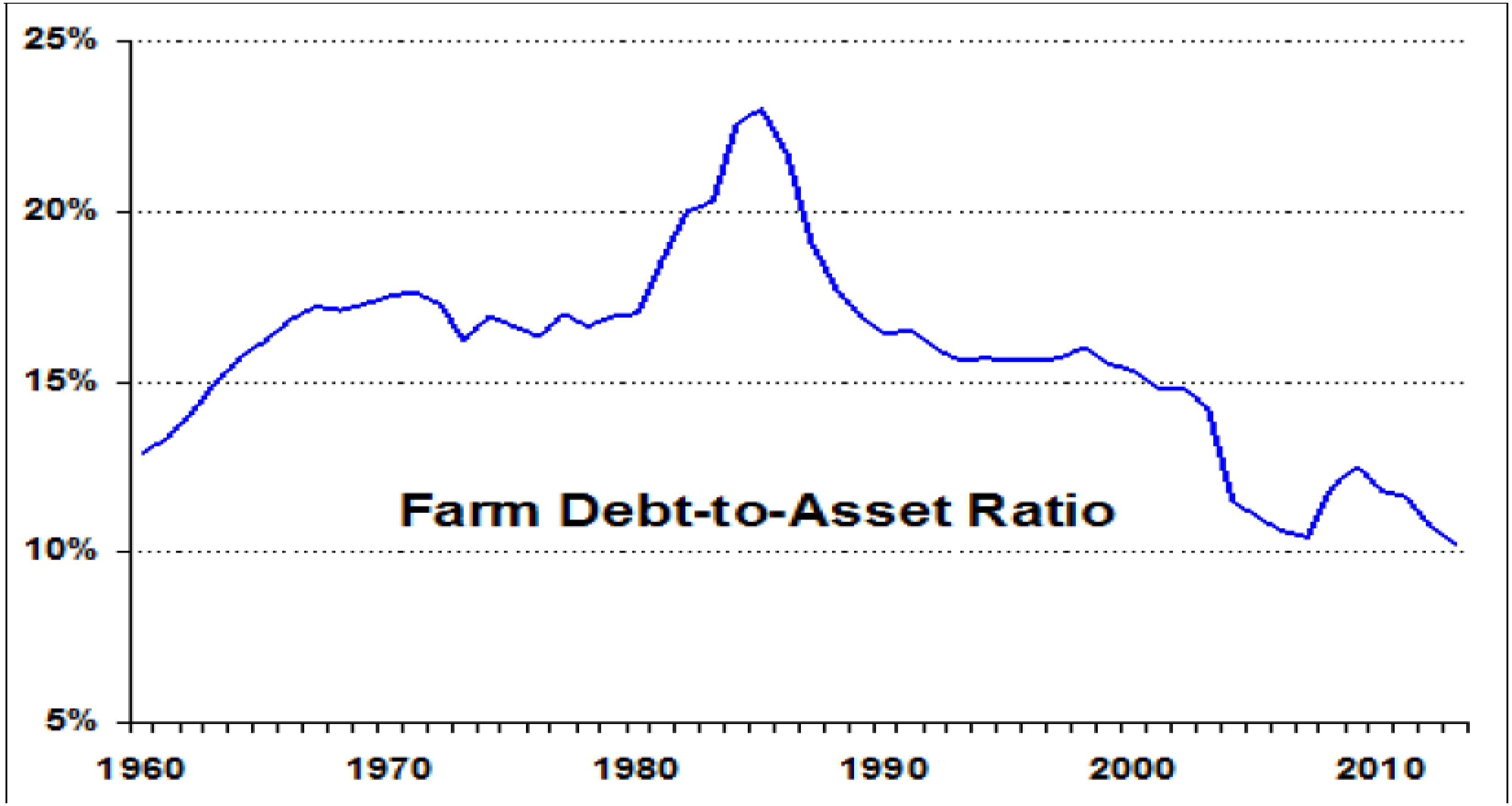


Northwest - - 2nd highest gross revenue/acre in Montana ($81/ac.) Flathead - $186/ac.; 2010 estimates

Income Statement
U.S. Net Farm Income



Balance Sheet
U.S. Farm Debt:Asset Ratio



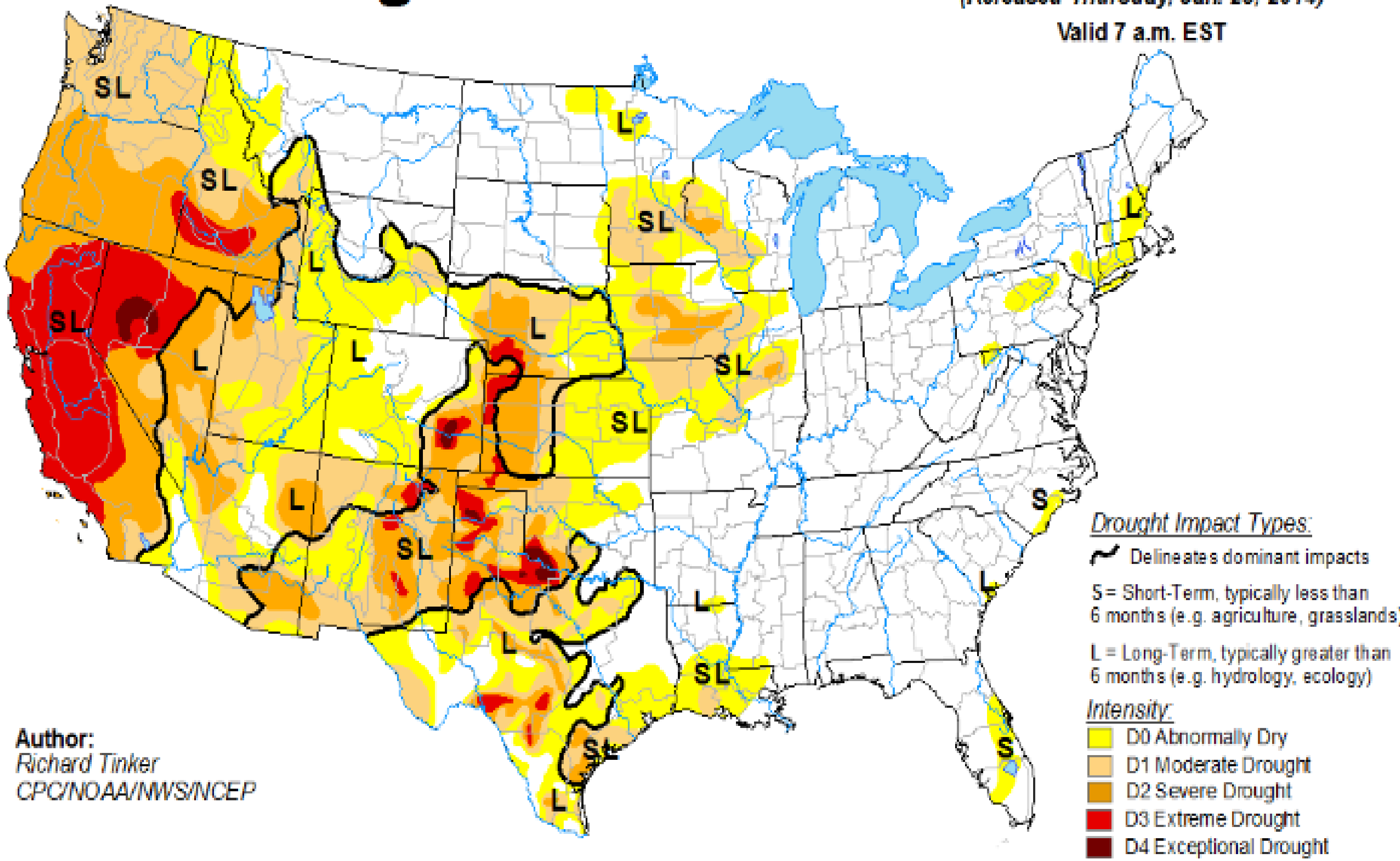
CRS, Schnepf – 8/30/13)

U.S. Drought Monitor

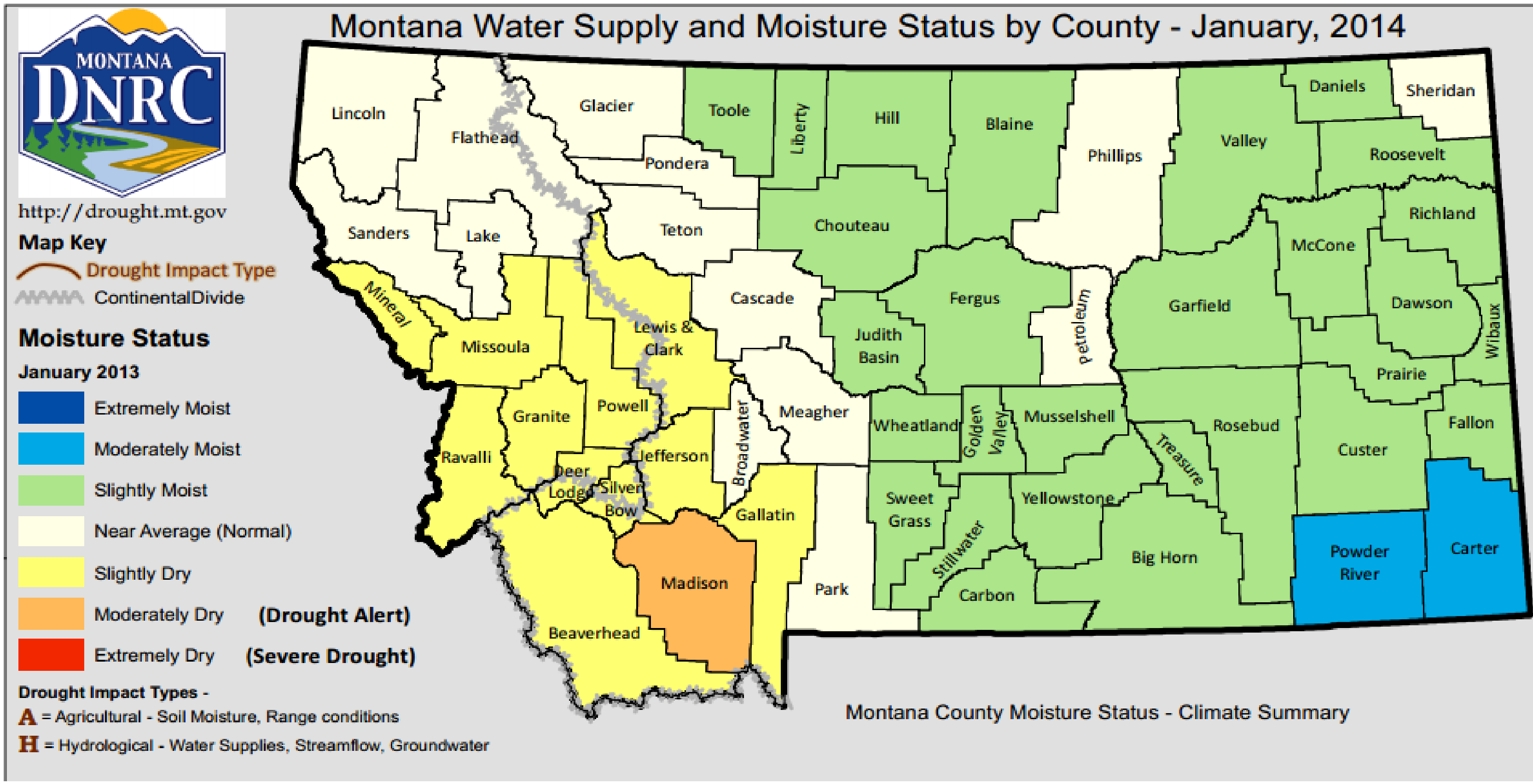
January 21, 2014

(Released Thursday, Jan. 23, 2014)

Valid 7 a.m. EST



Drought Status – January 2014



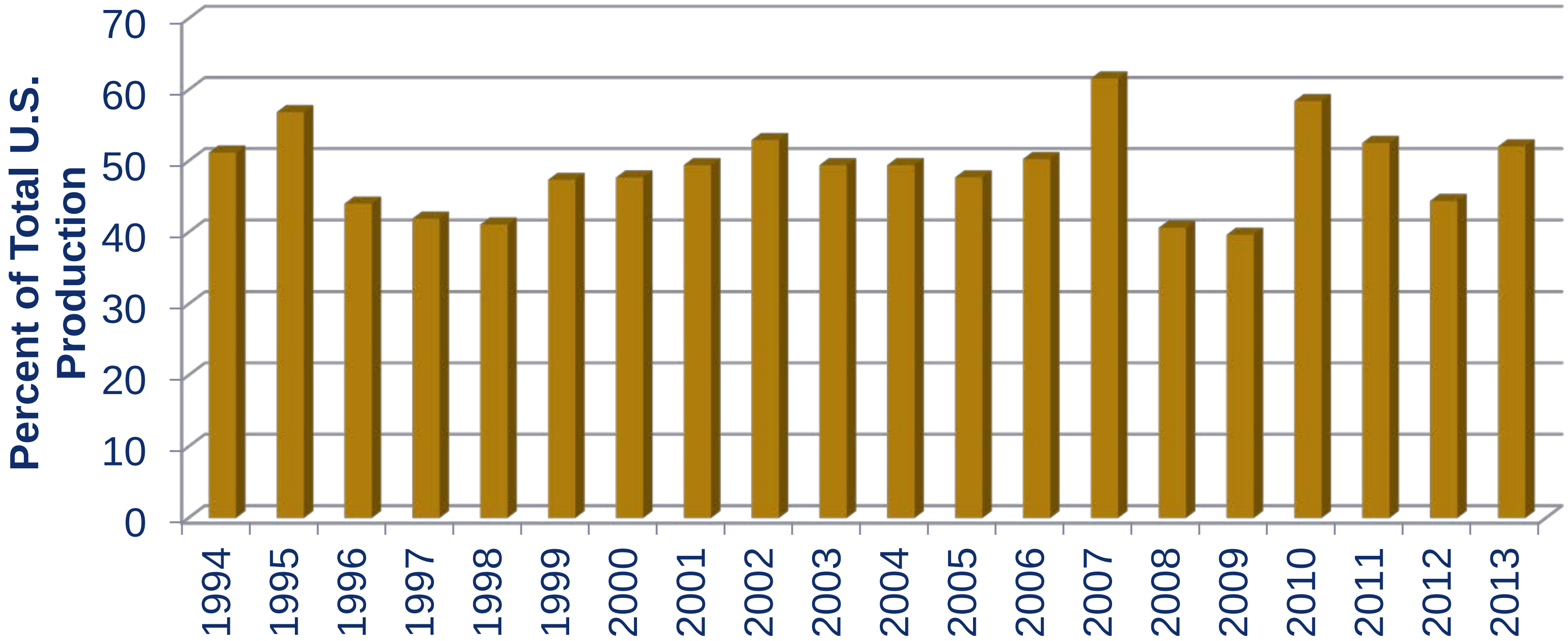
CROPS (*GRAIN, HAY & PULSES*)

Global Wheat Market Shares

Country	2012/2013	shares	2013/2014	shares
	mmt	%	mmt	%
Australia	22.1	3.2	25.5	3.6
Canada	27.2	4.0	29.5	4.2
China	121.0	17.8	121.0	17.2
EU-27	133.1	19.5	142.9	20.3
India	94.9	13.9	92.5	13.1
FSU-12	77.2	11.3	107.0	15.2
U.S.	61.8	9.1	57.5	8.2
Other	143.5	21.1	129.5	18.4
Total	680.7	100.0	705.4	100.0

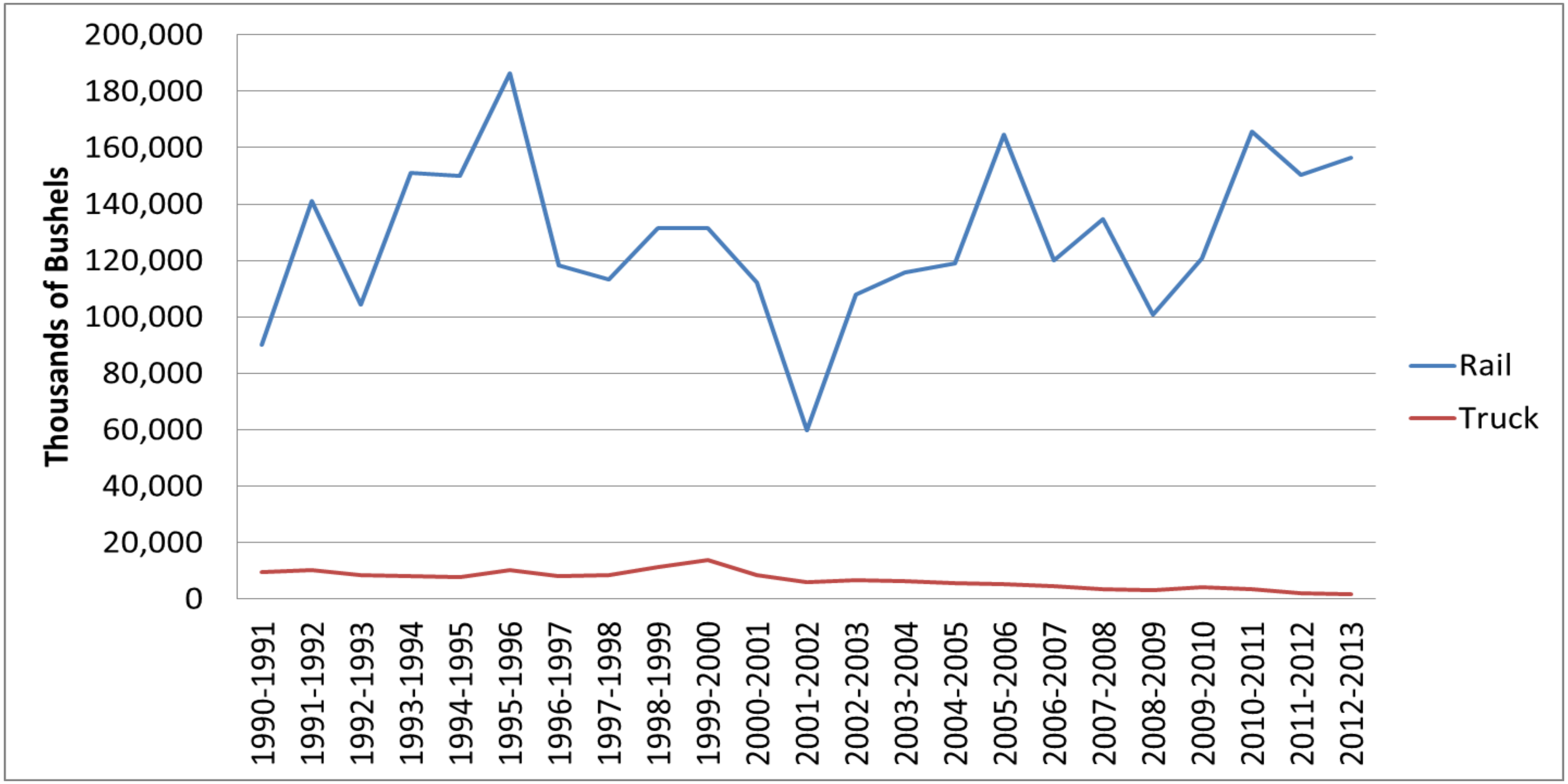
Source, WASDE-522, September 2013

U.S. Wheat Exports
percent of total U.S. production



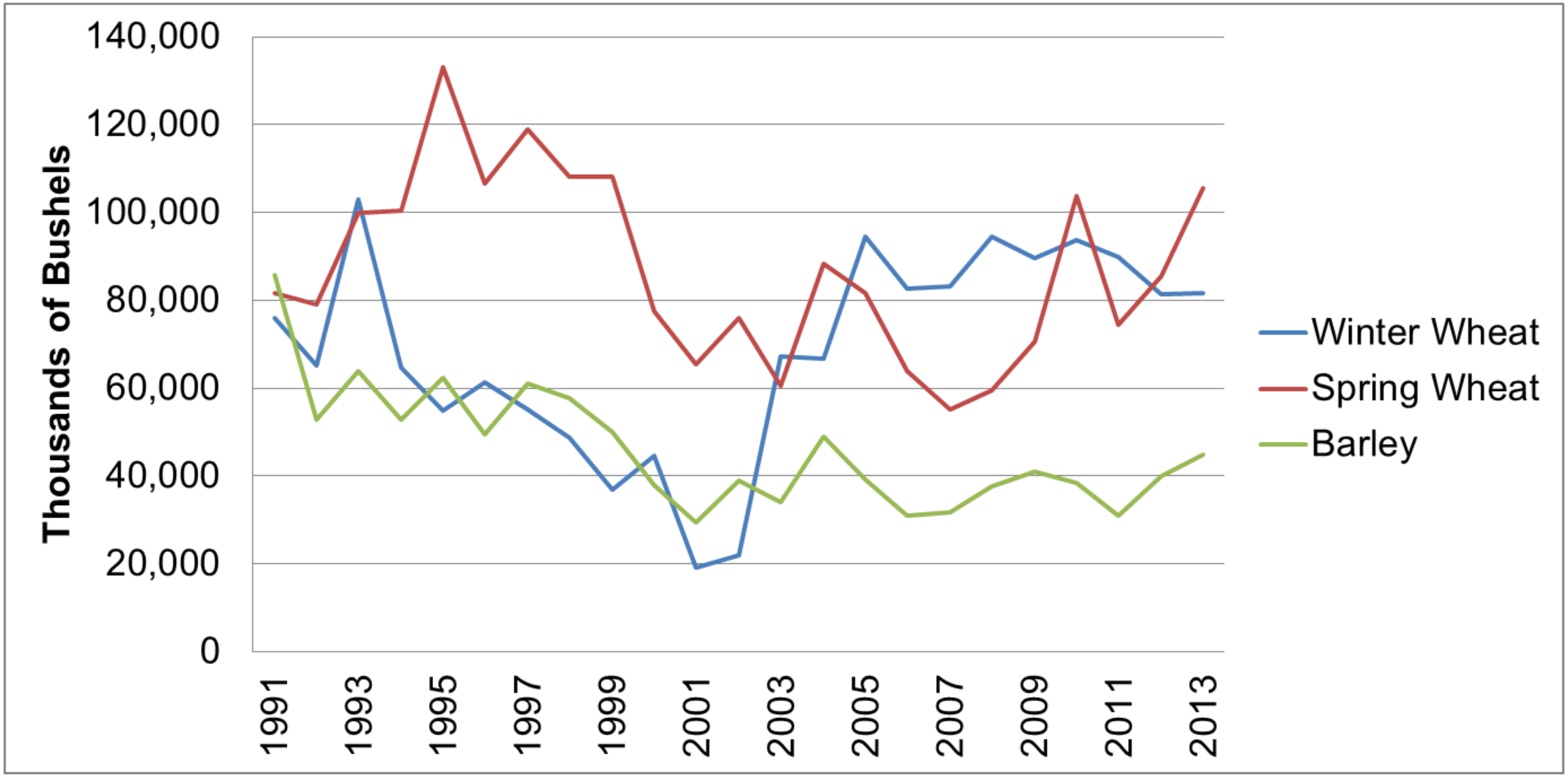
Total U.S. Exports = 1.0 b. bushels in 2012/2013 and 1.1 b. bushels in 2013/2014 – optimistic with increased sales to Brazil, EU and Russia

Montana Wheat Exports

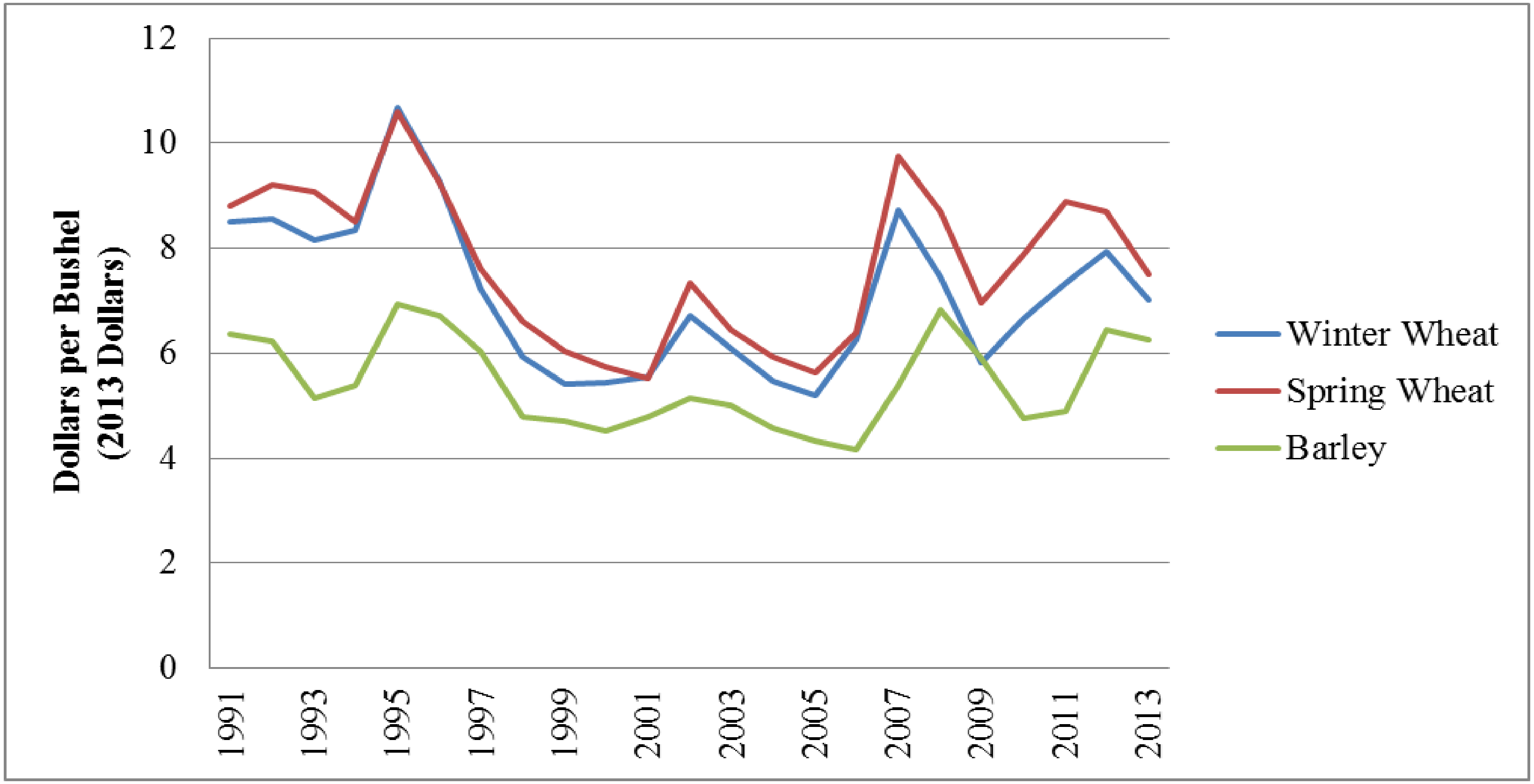


NASS, wheat and barley shipments out of Montana – export 75% of total production

Montana Grain Production (2013)

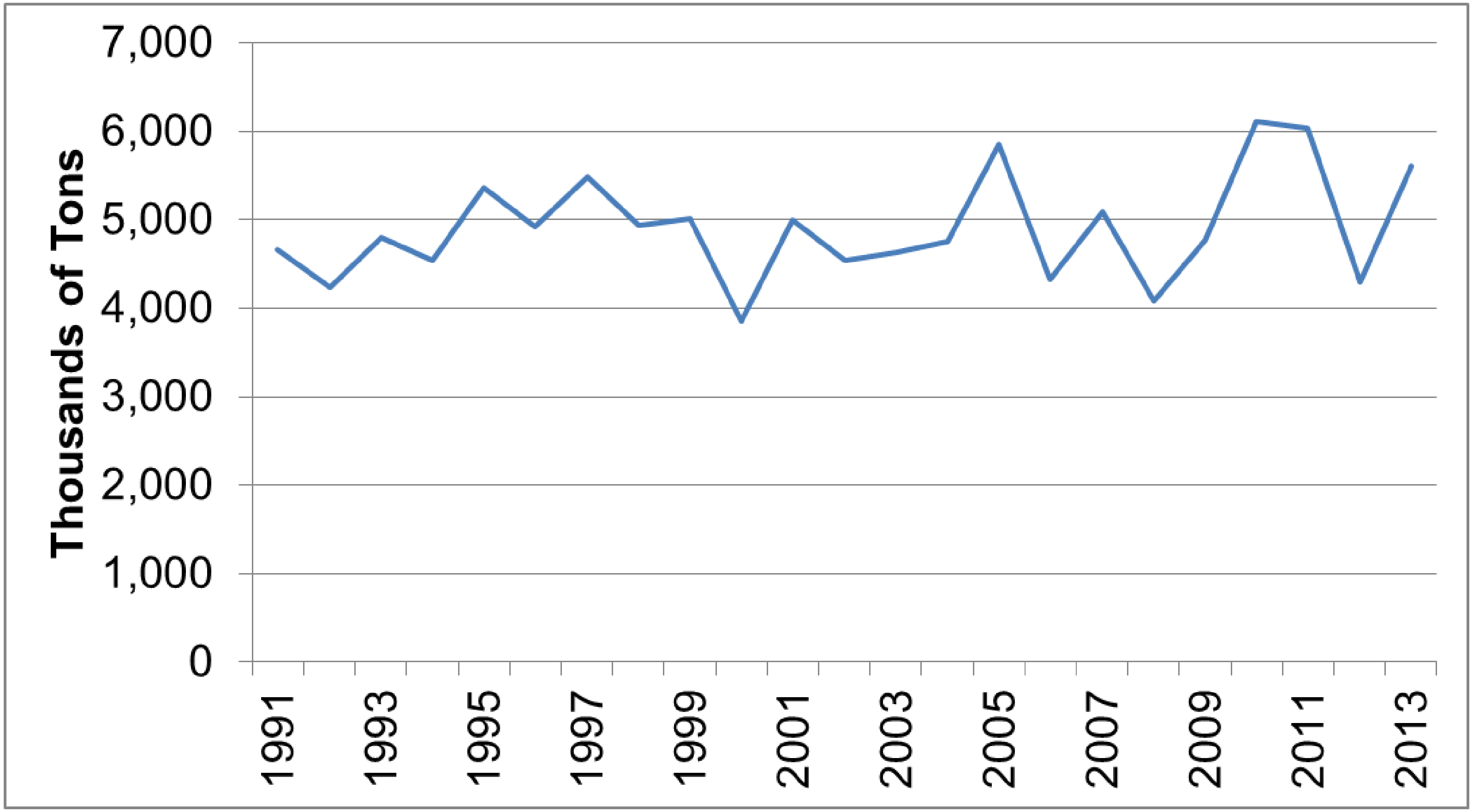


Montana Grain Prices
(2013 dollars)

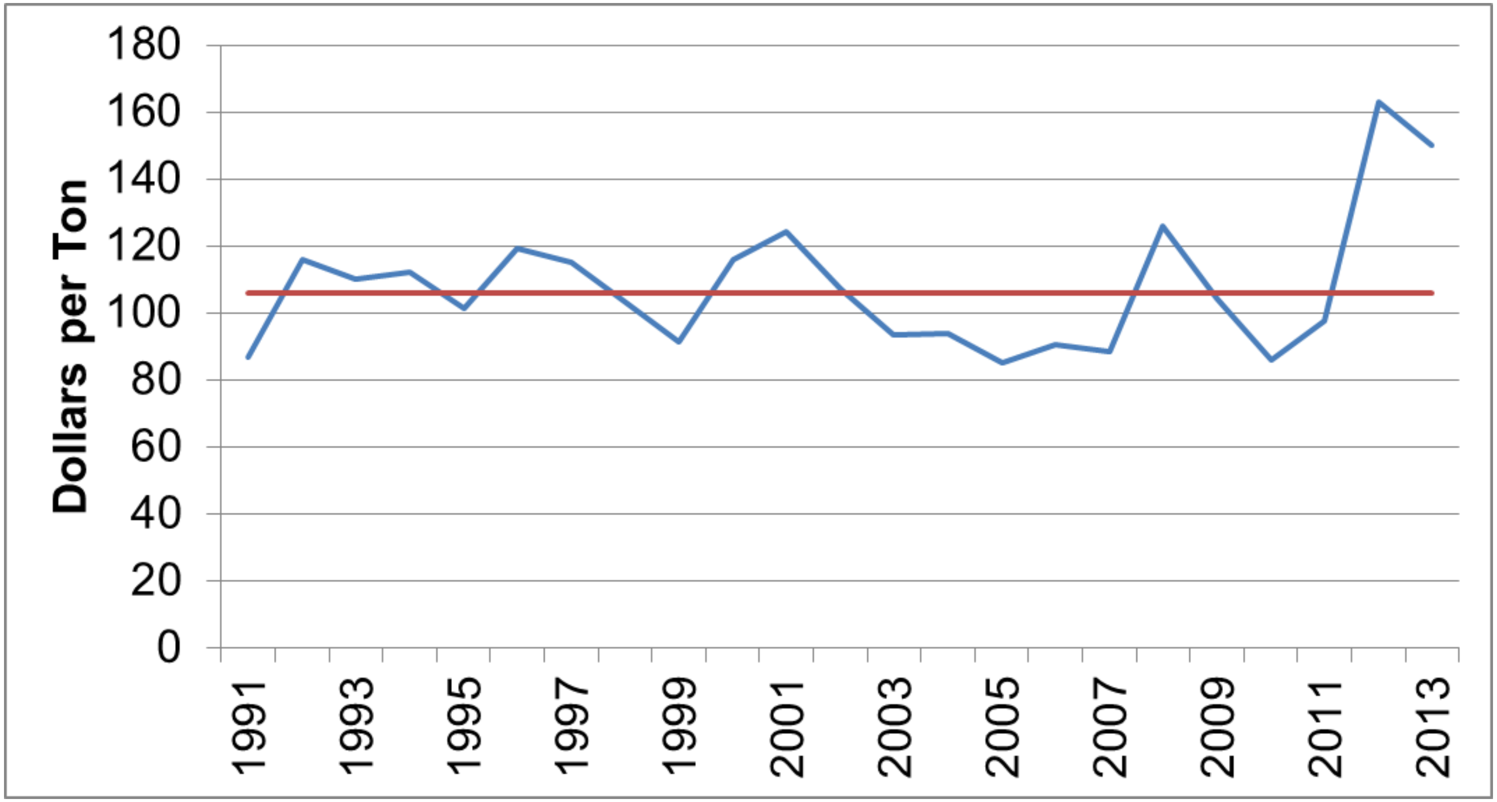


Prices – 12/2013: WW – 6.10; SW – 6.65; BAR – 6.25; MBAR – 9.50

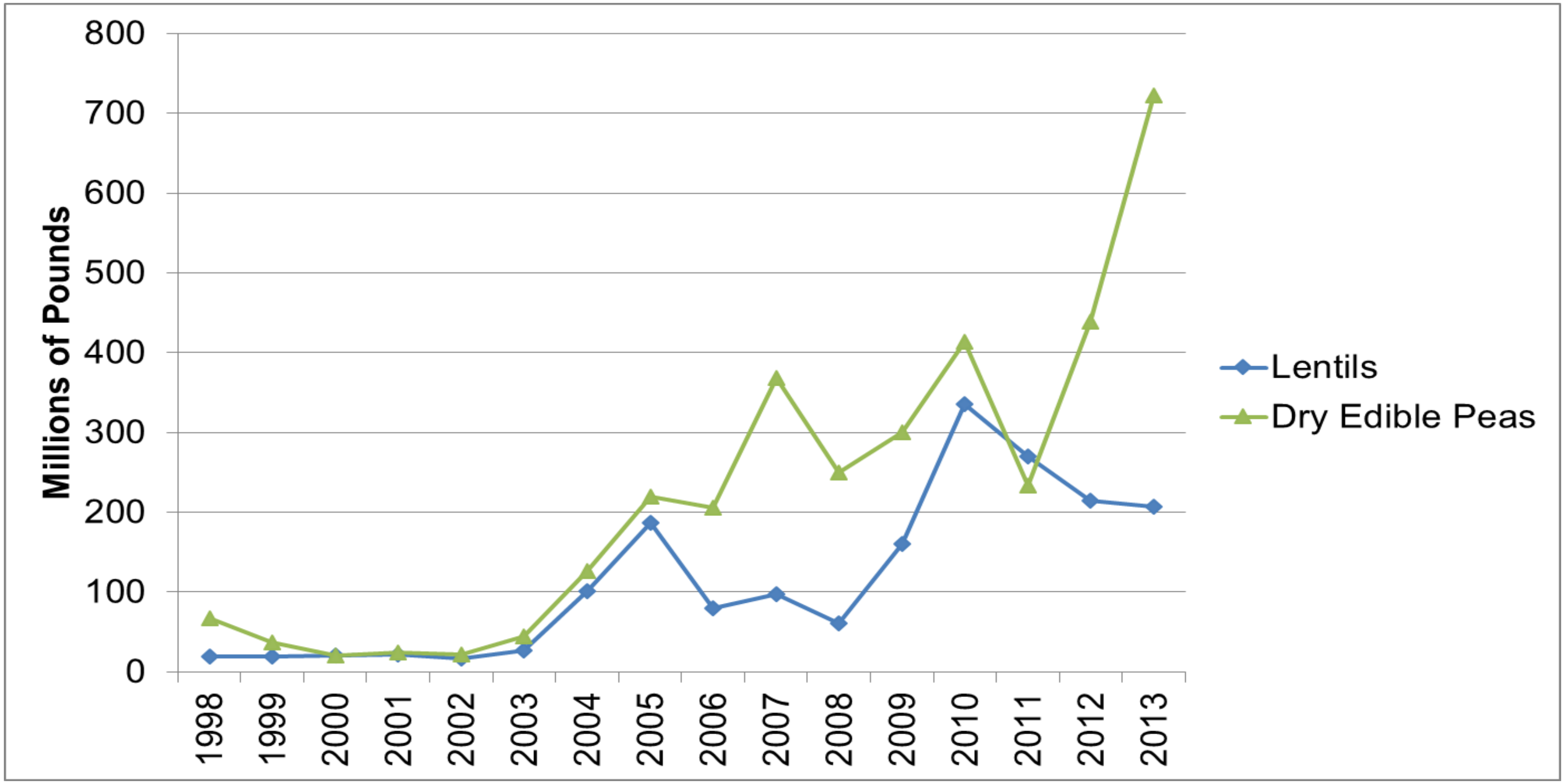
Montana Hay Production (2013)



Montana Hay Prices
(2013 dollars)

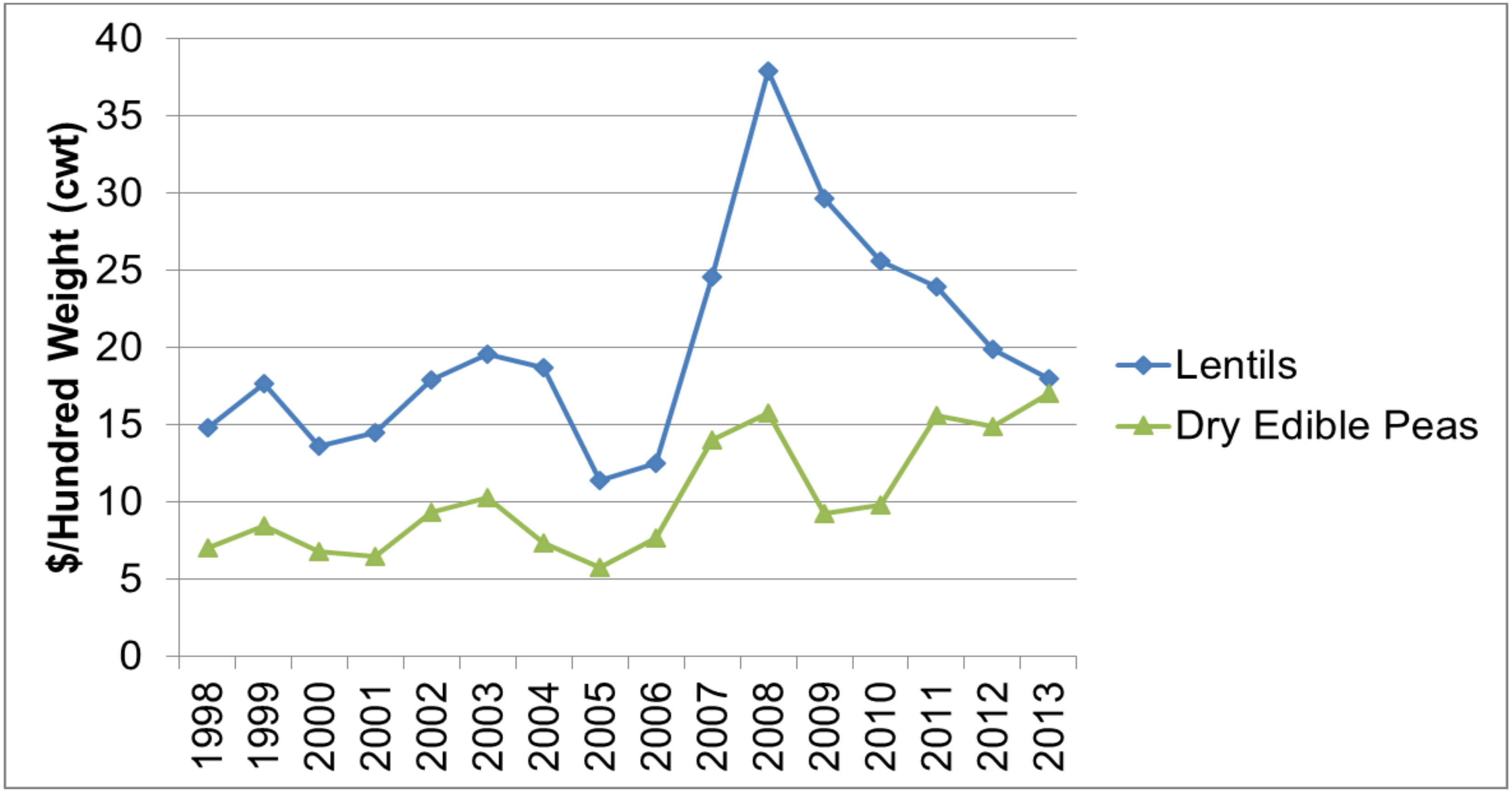


Montana Pulse Production



Dry peas, 30% more acres (380,000) and yield increased by 400 lbs./acre from 2012; lentils down slightly (3%)

Montana Pulse Prices



Futures Prices
(no basis adjustment – 02/12/14)

Location	Units	03/14	05/14	07/14	09/14
Minneapolis Grain Exchange					
Hard Red Spring Wheat	$/bu	6.56	6.37	6.39	6.48
Kansas City Board of Trade					
Winter Wheat	$/bu	6.63	6.54	6.44	6.54
Chicago Board of Trade					
Corn	$/bu	4.40	4.46	4.51	4.52

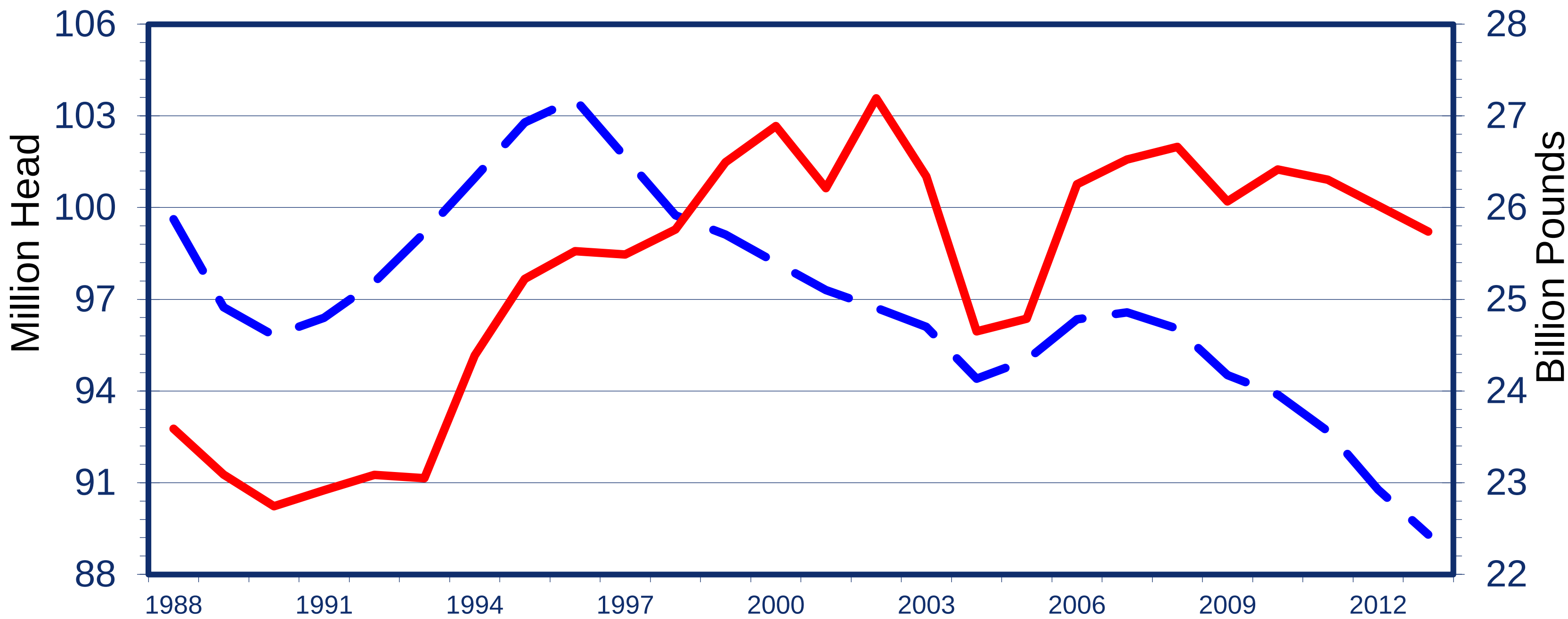
September futures in March for HRSW were 9.50/bu. (-34%) - - corn futures were 7.95 (-44%)
Supply side (corn) – 10.8 b. bu 2012 - - 13.8b. bu 2013

Montana Wheat 2014

- ***2013/2014 Winter Wheat Plantings → positive***
- ***2014 Production/Prices***
  - ***MT 2014 All Wheat Price: less optimistic***
- ***Farm Bill***
  - ***More insurance-type programs***

CATTLE

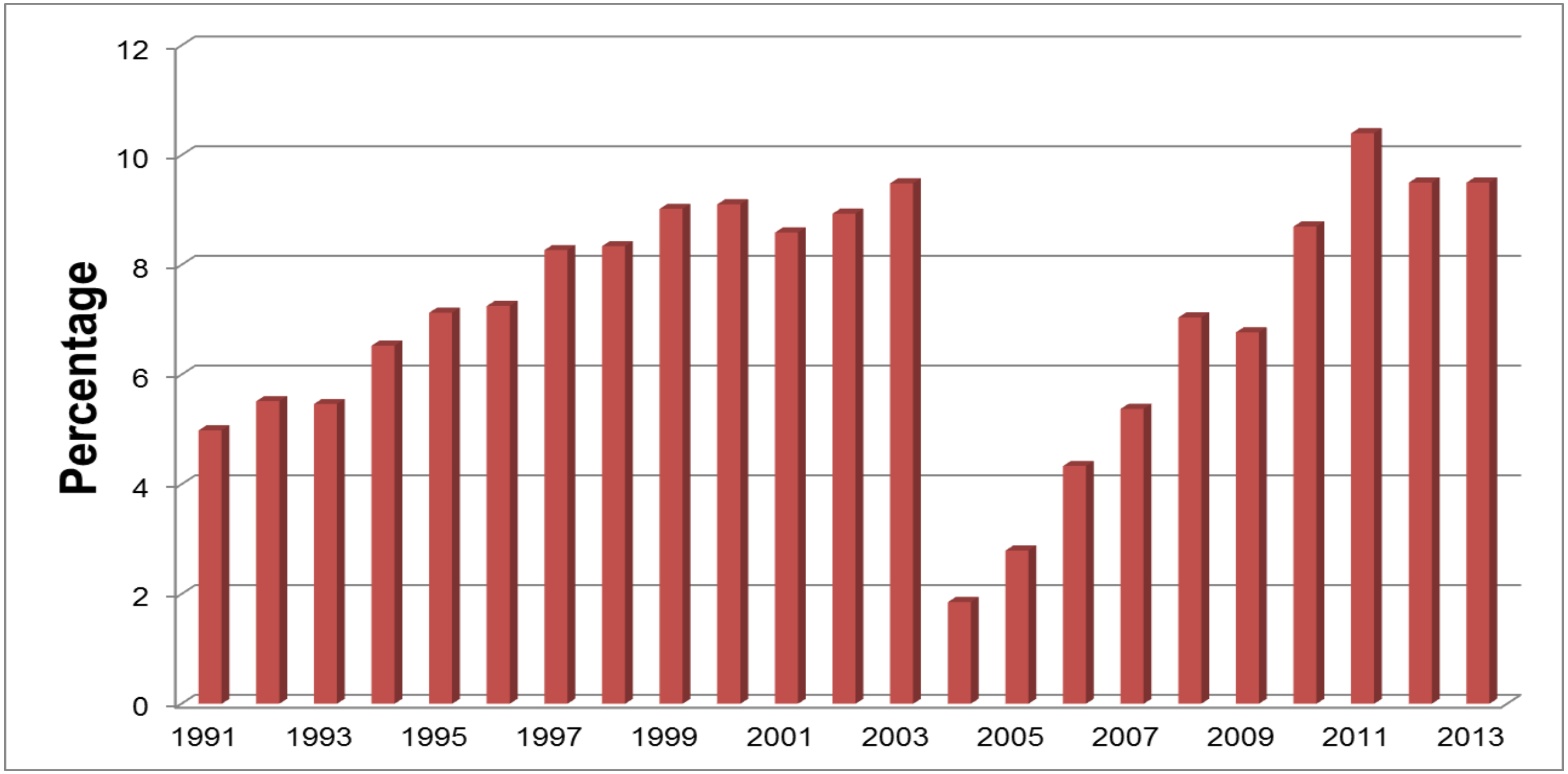
U.S. Beef Production and Cattle Herd Size



Source: LMIC, 12/2013

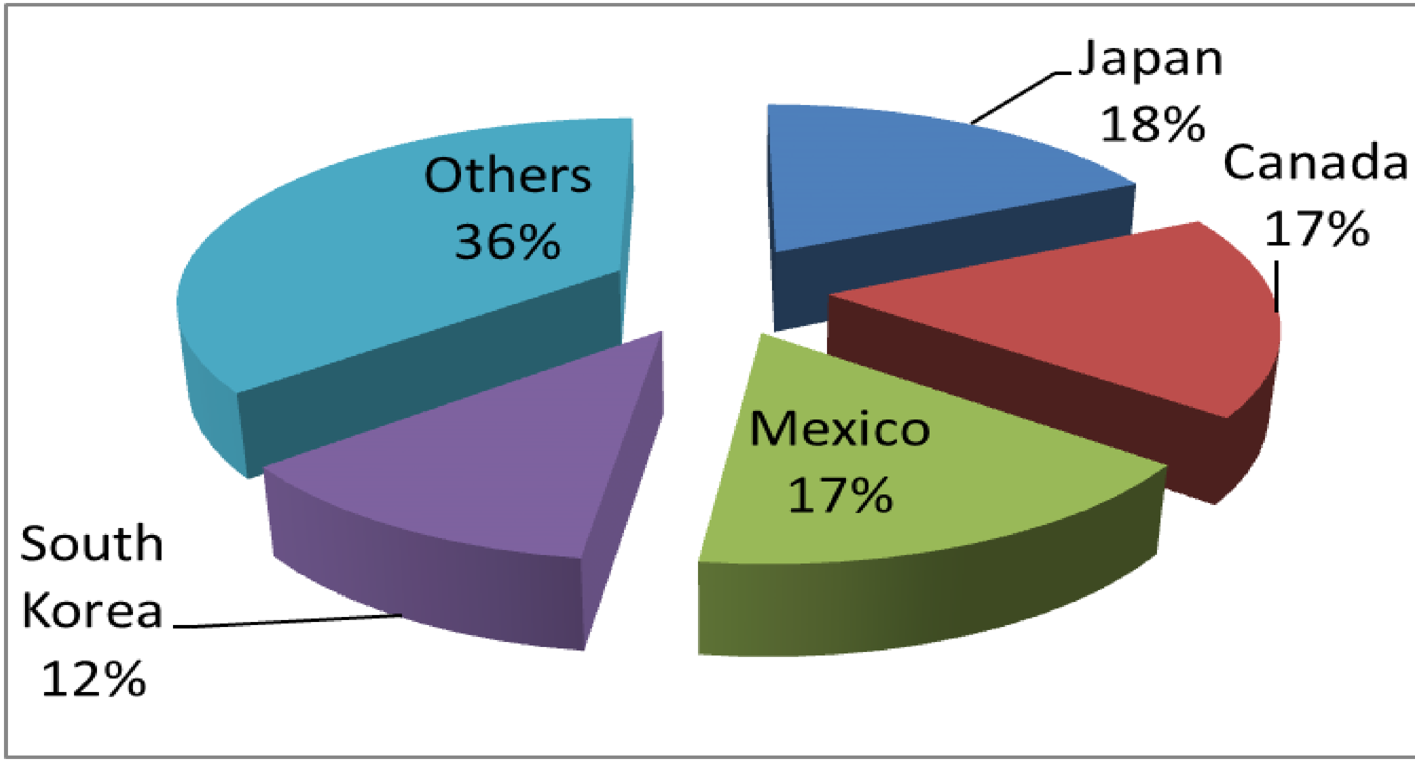
U.S Beef Exports

Percentage of Total Production



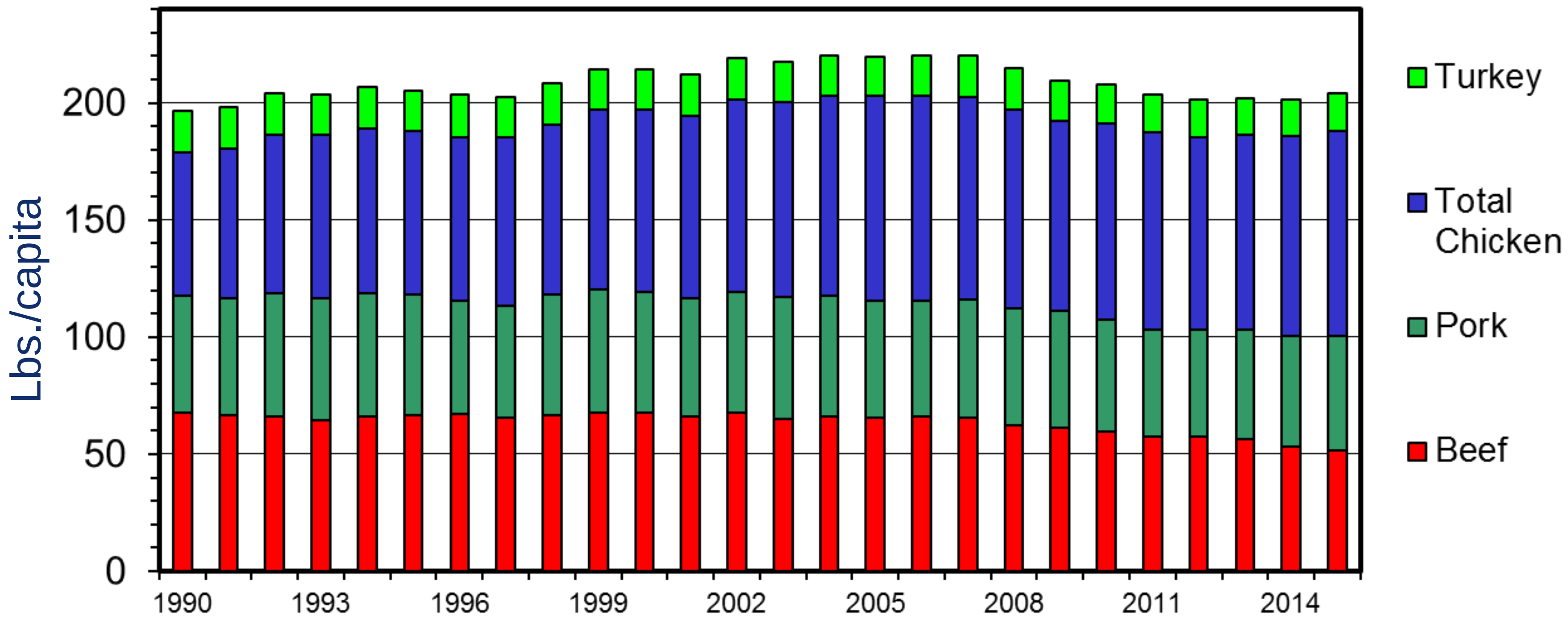
LMIC – 2% decline 2012 to 2013, but forecast 4.5% decline in 2014 – 2.5 b. lbs./year - $21 m. Russia (91% of exports MT)

Exports – who's buying U.S. beef



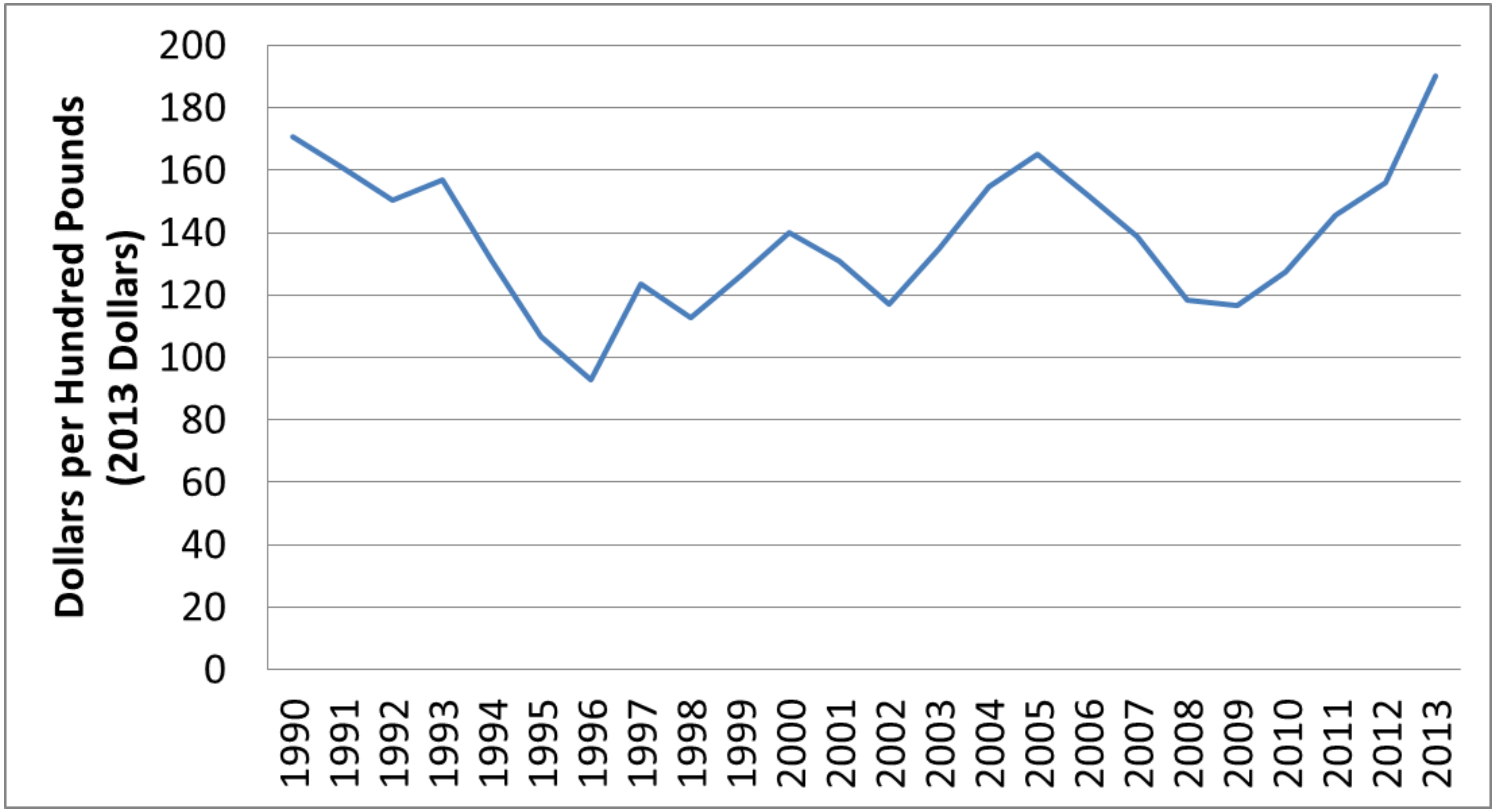
52% surge in exports to Japan

Domestic Demand
(per capita, retail, annual)



LMIC, 12/2013

Calf Prices
(2013 dollars)



LMIC – price estimates 2013

Futures Prices
(no basis adjustments – 2/12/14)

Location	03/14	05/14	08/14	9/14
Chicago Mercantile Exchange				
Feeder Cattle with Stocker Adjustment, $/cwt	195	196	196	197

Futures price + stocker index adjustment (+0.26)

Montana Cattle 2013/14

- **Strong prices for cow/calf producers**
  - Optimistic about calf prices through 2016

- **Opportunity to increase cattle herd**
  - Headwinds
    - Consumer demand
      - Beef as a “loss leader”
      - Source verification

    - Tax and regulatory policy (*and organic/natural/locally grown*)
      - Food Modernization Act

Questions

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