

2011 Montana Agricultural Outlook

George Haynes

**Department of Agricultural Economic & Economics
MSU Extension**

**Data Source: National Agricultural Statistics Service
Montana Field Office**



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Highlights for 2010

- **“Great Recession” and Agriculture**
 - Higher Net Farm Income in 2010
 - *Stable Balance Sheet*

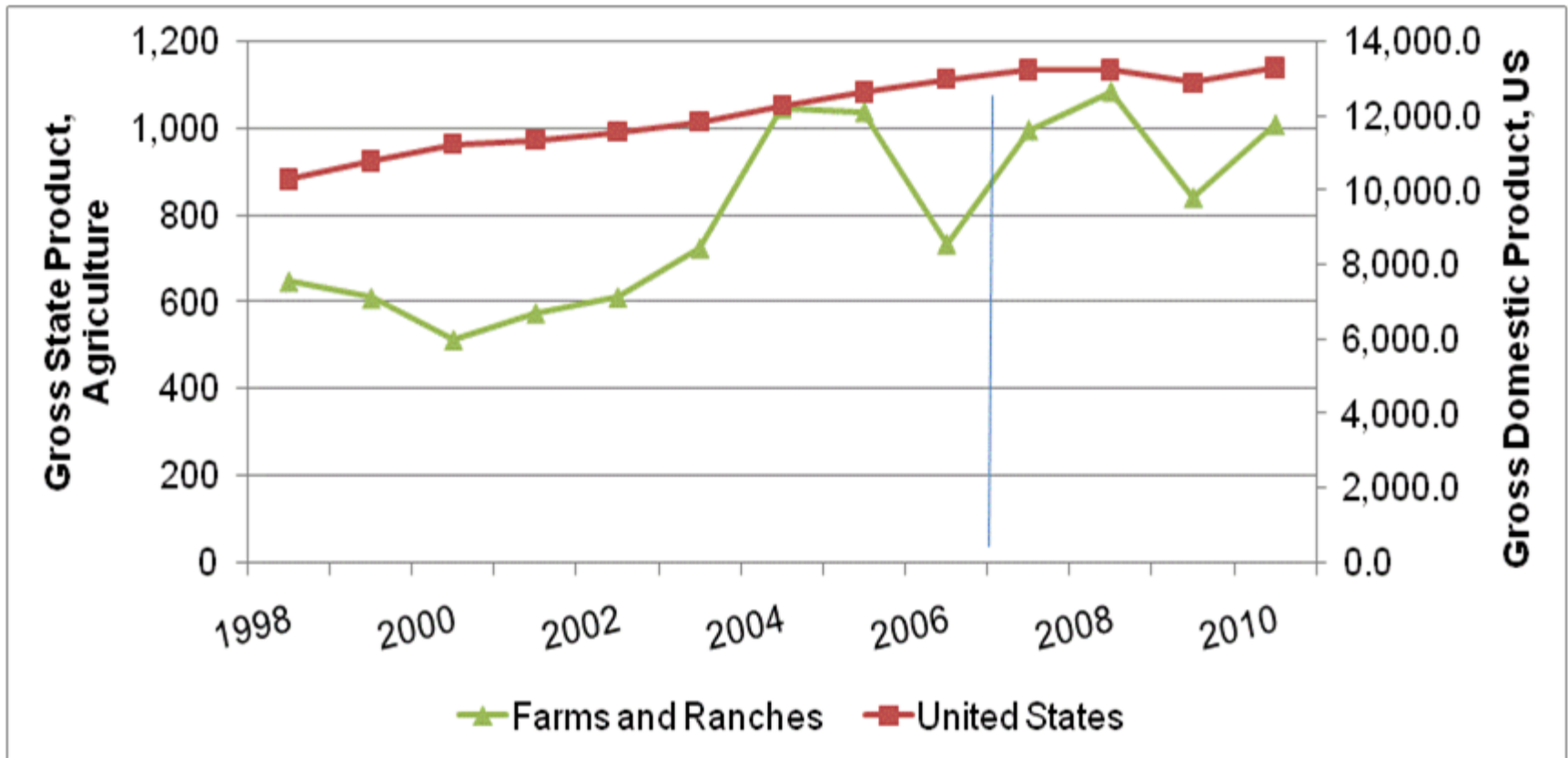
- **Crops**
 - Higher prices for wheat
 - Record setting production

- **Livestock**
 - Improved prices
 - Stable production



Escape the “Great Recession”

US GDP v Montana GDP (Ag)



Source: Bureau of Economic Analysis, Haynes forecast 2010

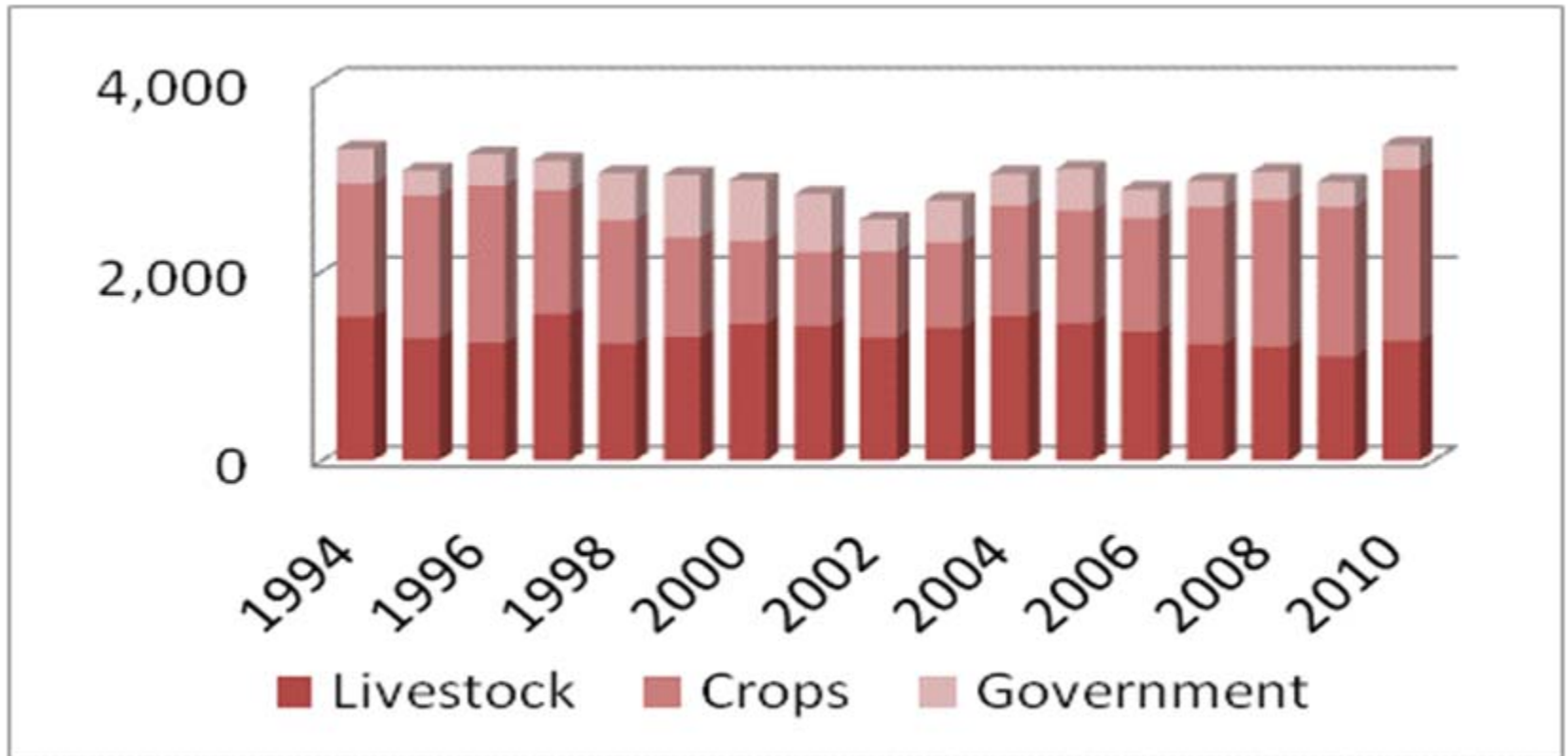


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Cash Receipts and Government Payments Montana 1994 – 2010 (million 2010\$)



Source, National Agricultural Statistics Service, Montana Field Office

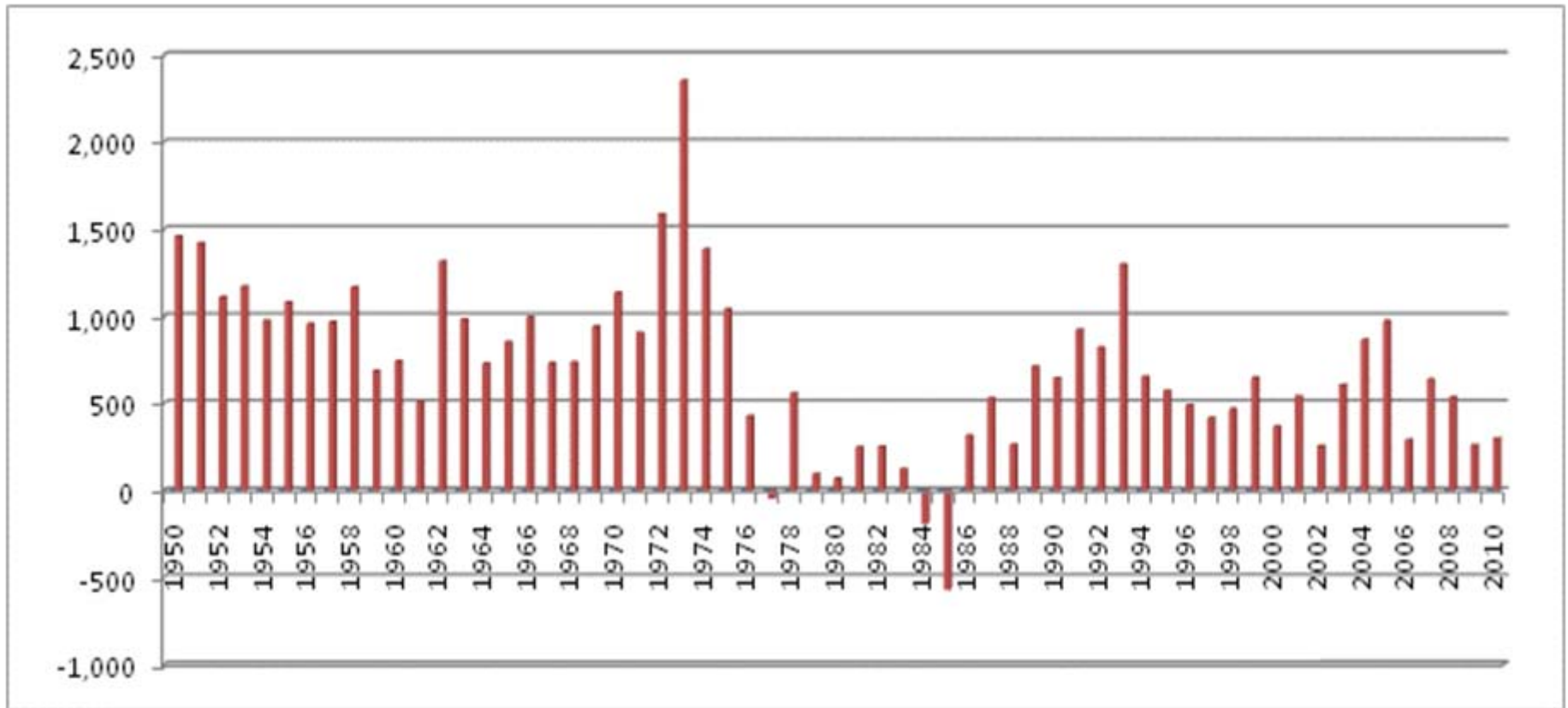


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Montana Net Farm Income 1950 – 2010 (million 2010\$)



Source, National Agricultural Statistics Service, Montana Field Office



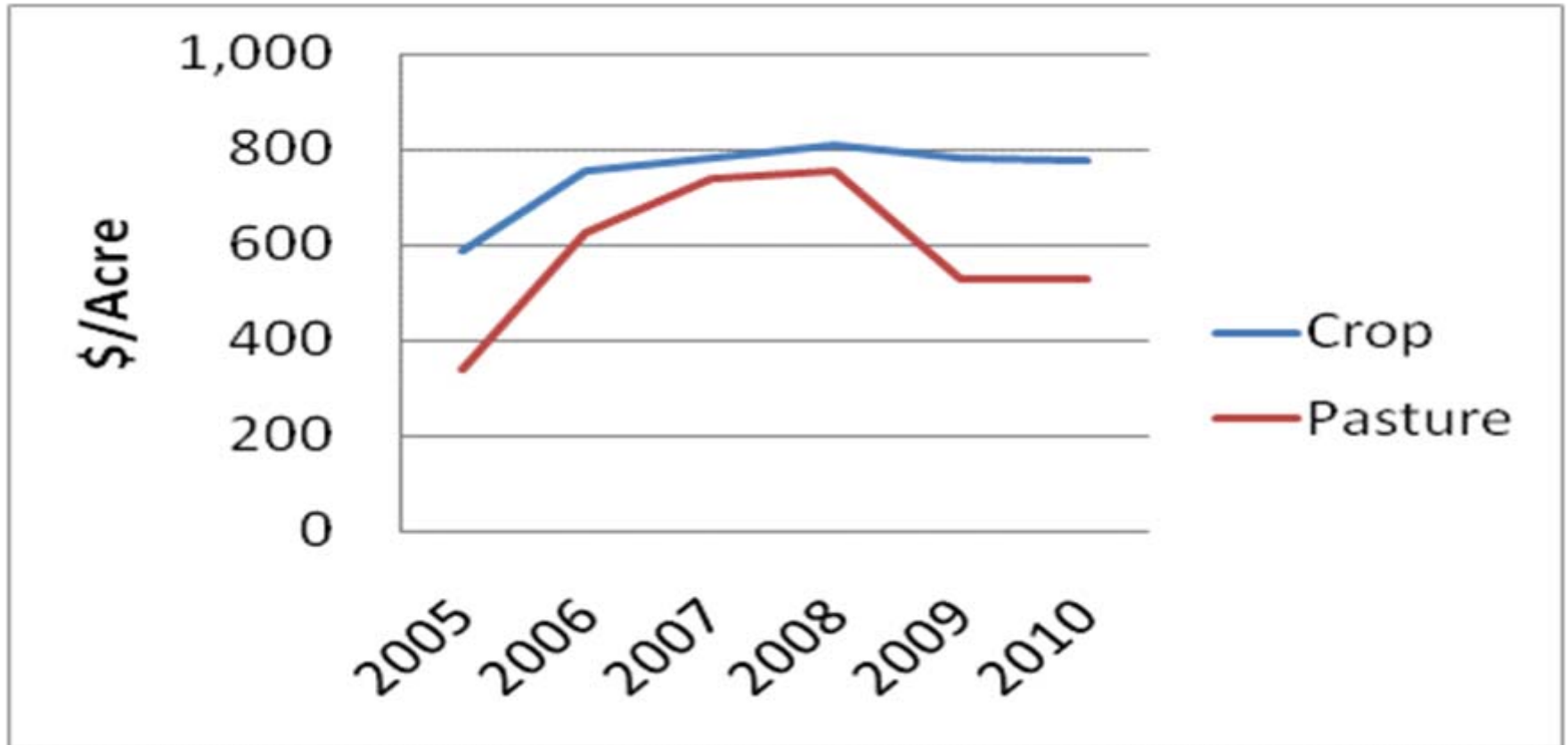
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Escape the “Great Recession”

Average Farm Real Estate Values



Source, National Agricultural Statistics Service, Montana Field Office



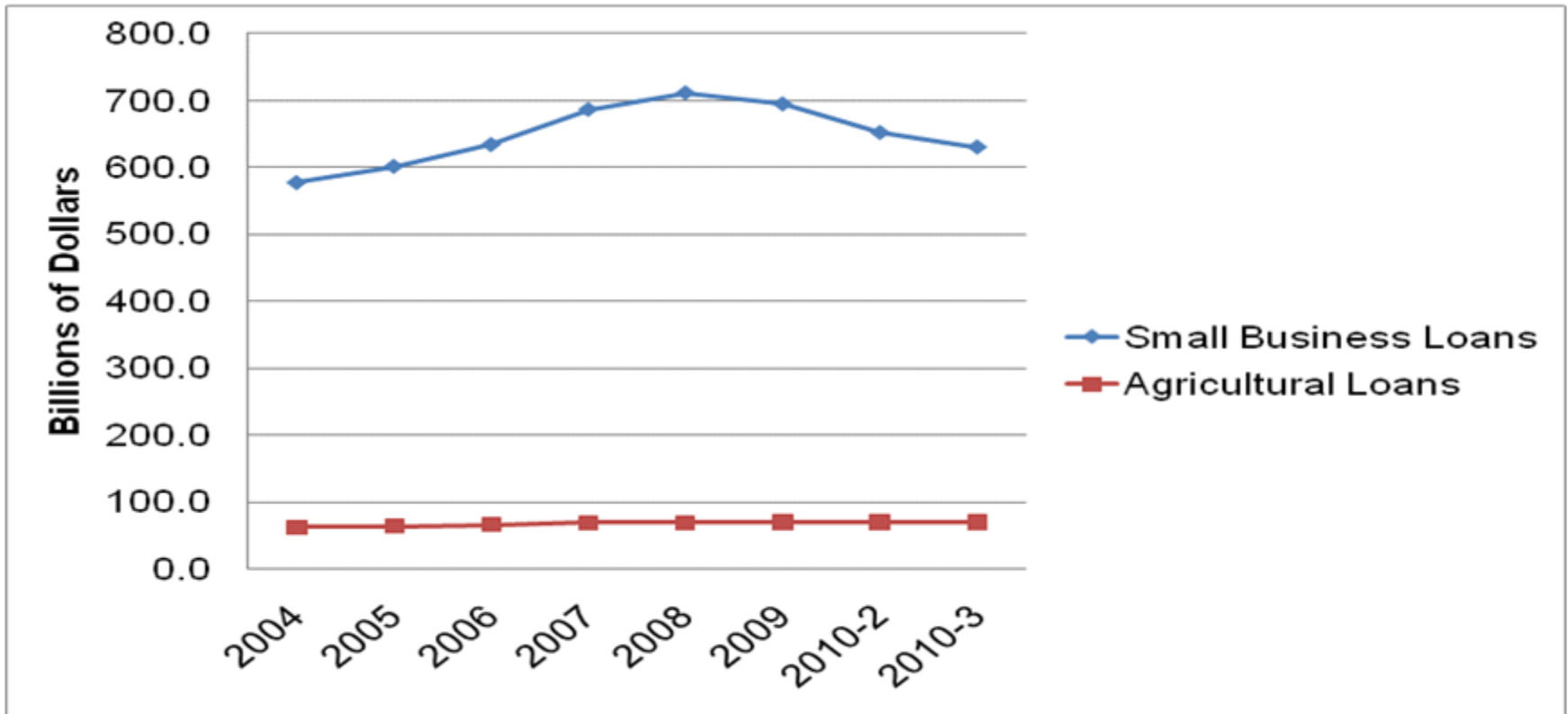
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Flow of Capital

Agriculture and Small Business Loans from Depository Lenders



FDIC, Statistics on Depository Institutions



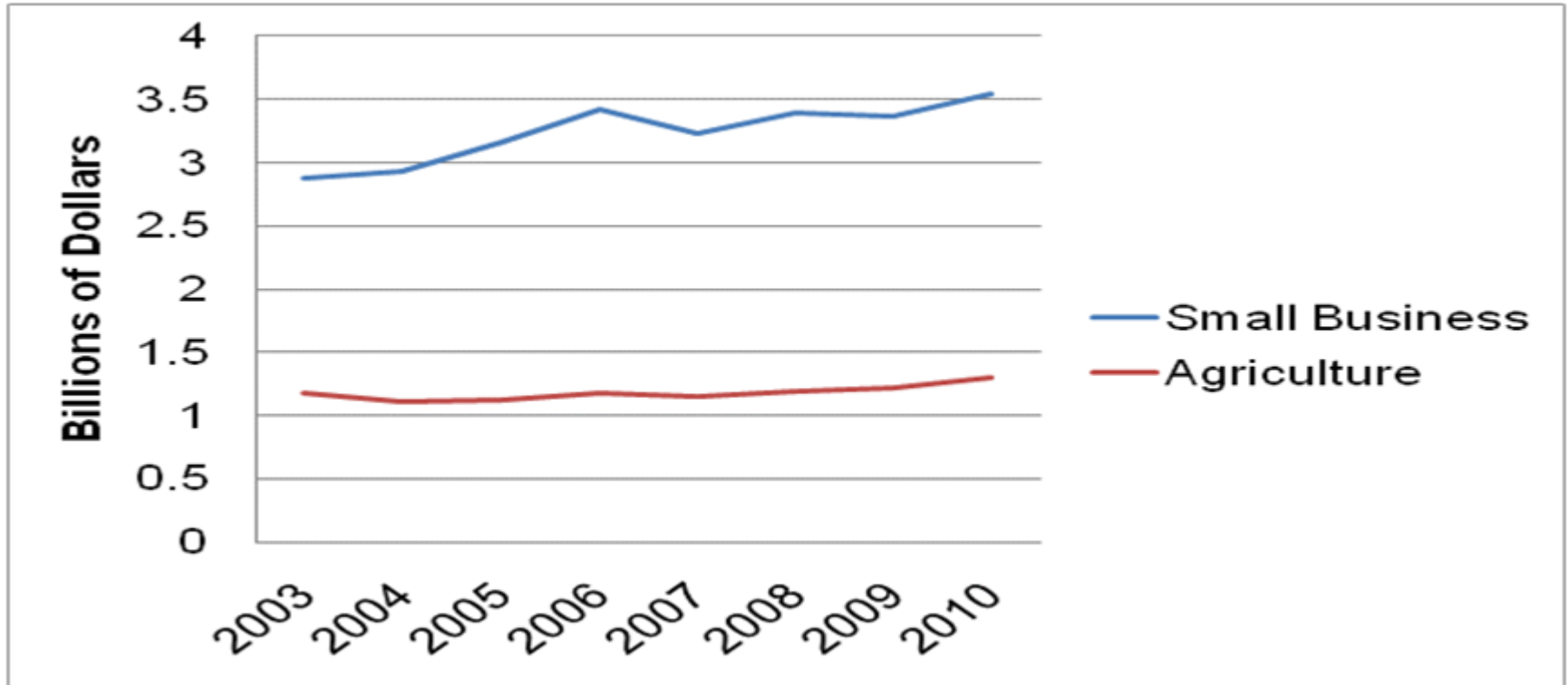
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Flow of Capital

Agriculture and Small Business Loans from Depository Lenders
with **Headquarters in Montana**



FDIC, Statistics on Depository Institutions



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Winners and Losers

2009 to 2010

■ **Winners**

- Wheat producers
 - 28% price increase, record setting yields
- Cow/calf producers
 - Nearly 20% price increase, stable yields
- Sugar beet growers
 - 25% price increase (record prices), very good yields - sugar content

■ **Loser**

- Barley producers
 - 16% decline in prices, excellent yields
- Hay producers
 - 13% decline in prices, excellent yields



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IMPROVED DEMAND FOR AGRICULTURAL PRODUCTS

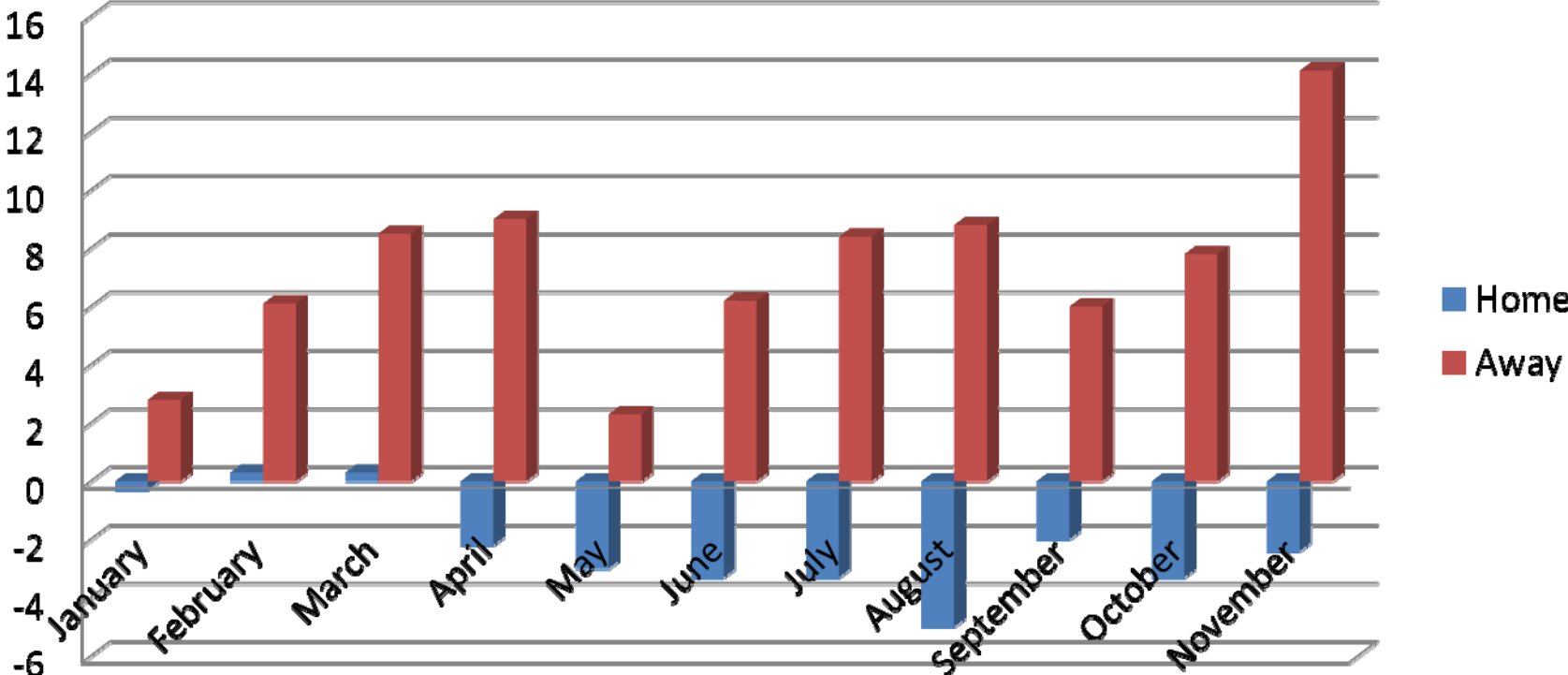


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Food Sales (Home/Away) 2009 to 2010



Source: [www.ers.usda.gov/Publications/AgOutlook/AOTables/Table 36](http://www.ers.usda.gov/Publications/AgOutlook/AOTables/Table%2036) - Food Sales

HIGHER EXPORT DEMAND



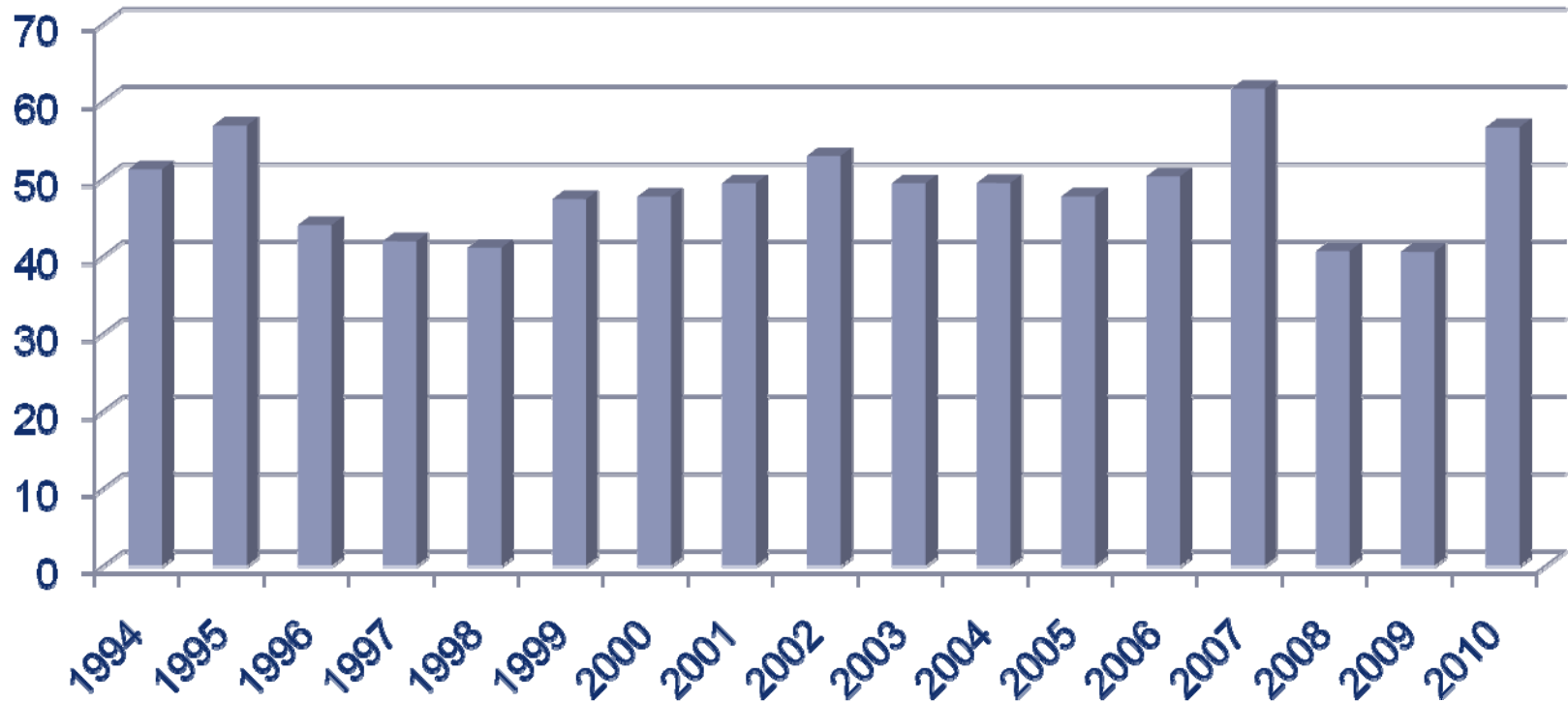
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Wheat Exports

Percentage of Production, Marketing Year



Source: usda.mannlib.cornell.edu/usda/current/WHS/WHS-date-.pdf



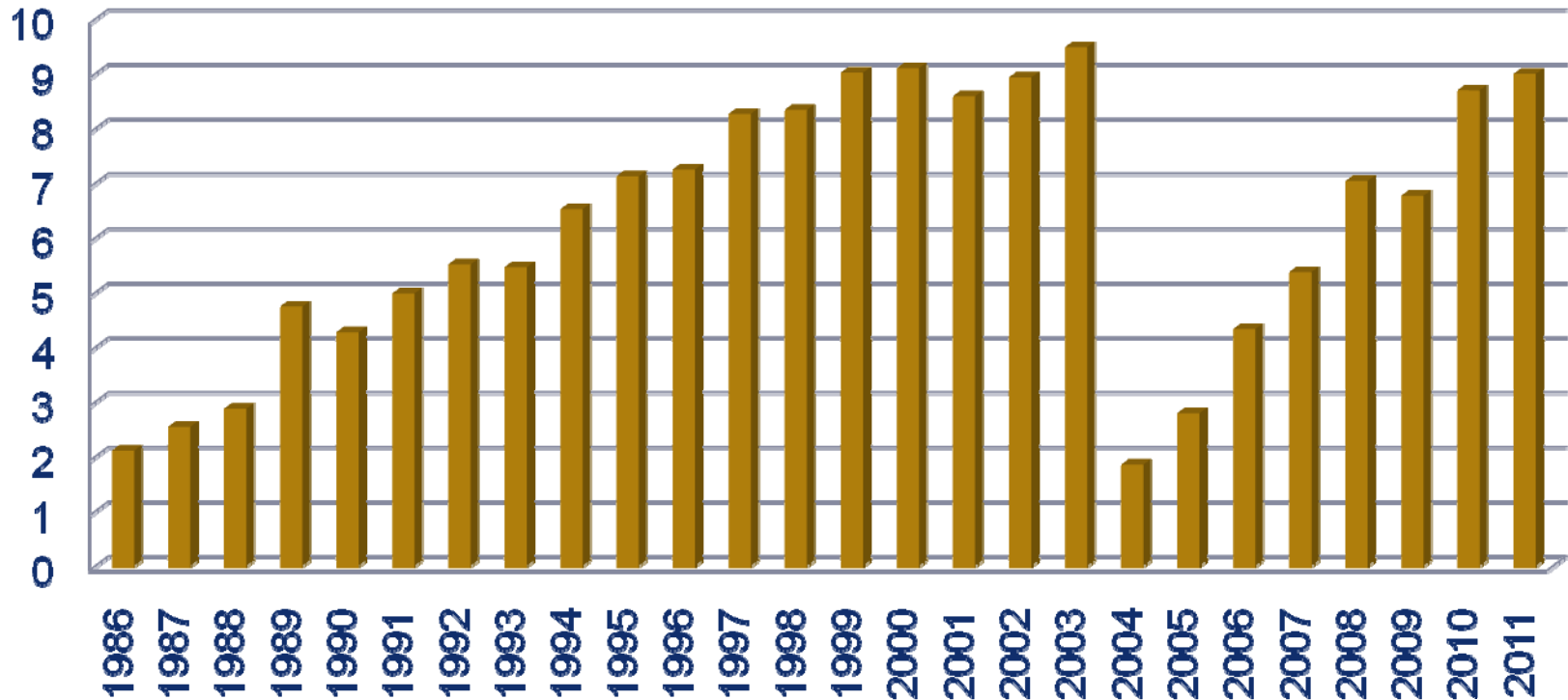
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U.S. Beef Exports

Percentage of Production, Carcass Weight



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



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Where are these exports going?

■ Grain (wheat)

- Sub-Saharan Africa
- Japan
- Mexico
- Egypt
- South Korea

■ Cattle

- Mexico
- Japan
- South Korea



COMMODITY PRICES AND YIELDS



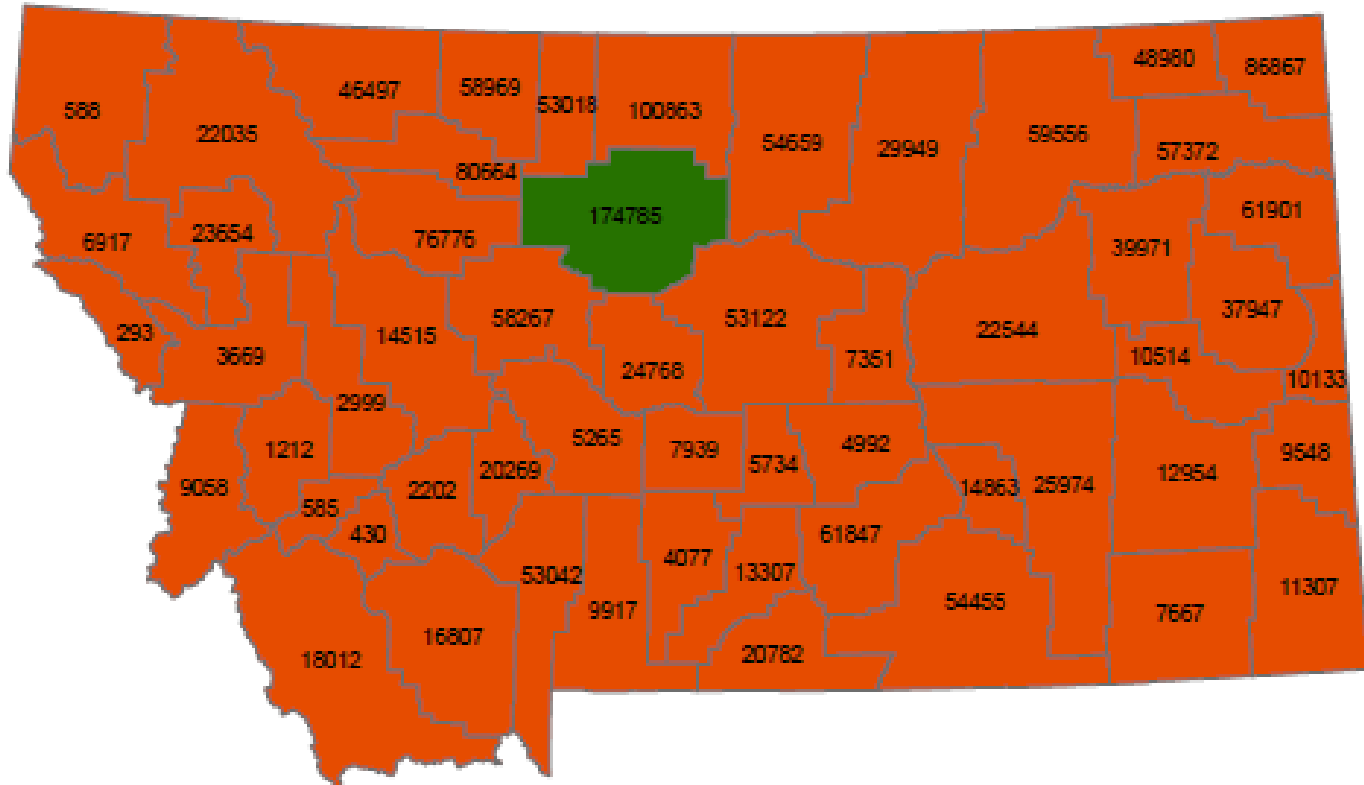
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Crop Production - #1 County

Chouteau (Fort Benton) – 10.1% share

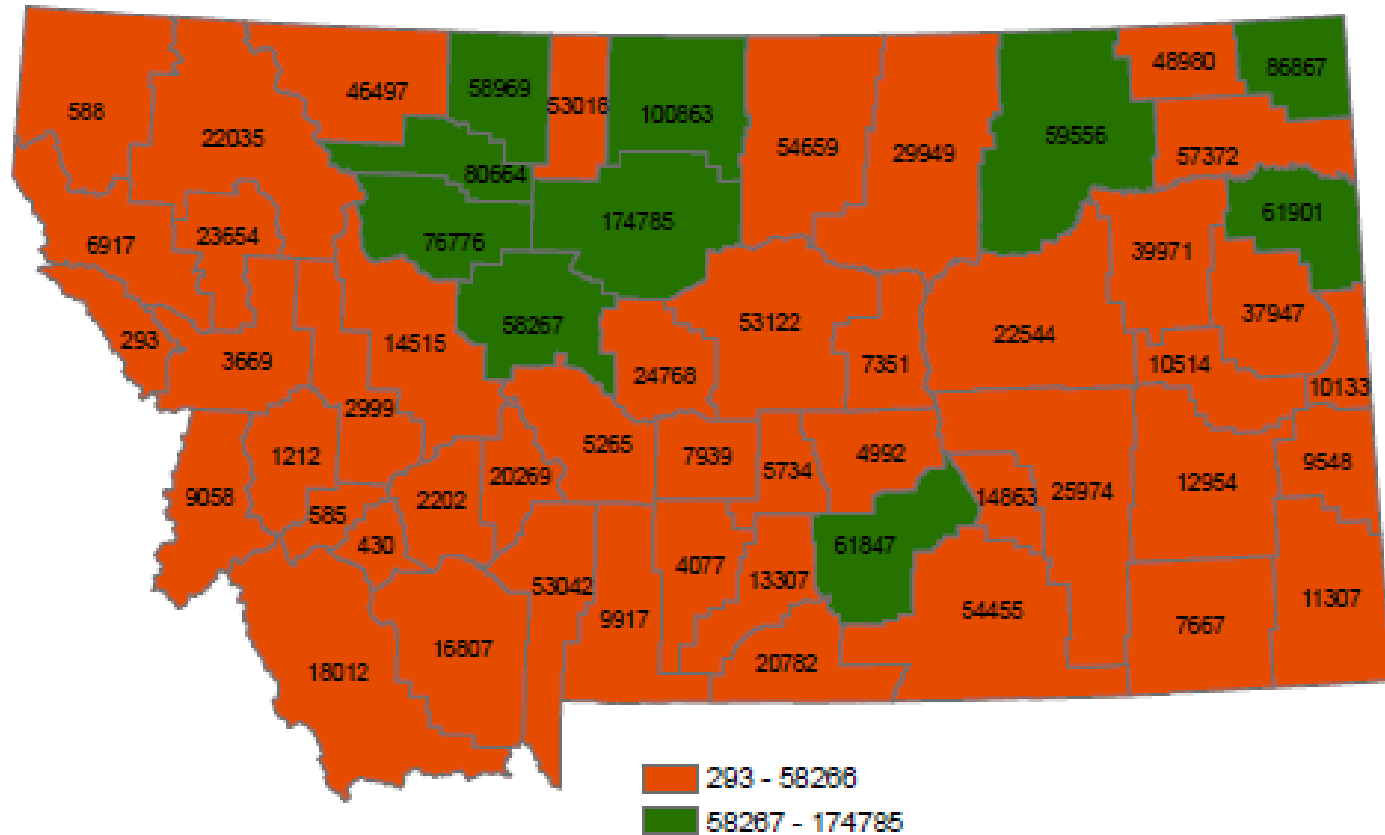


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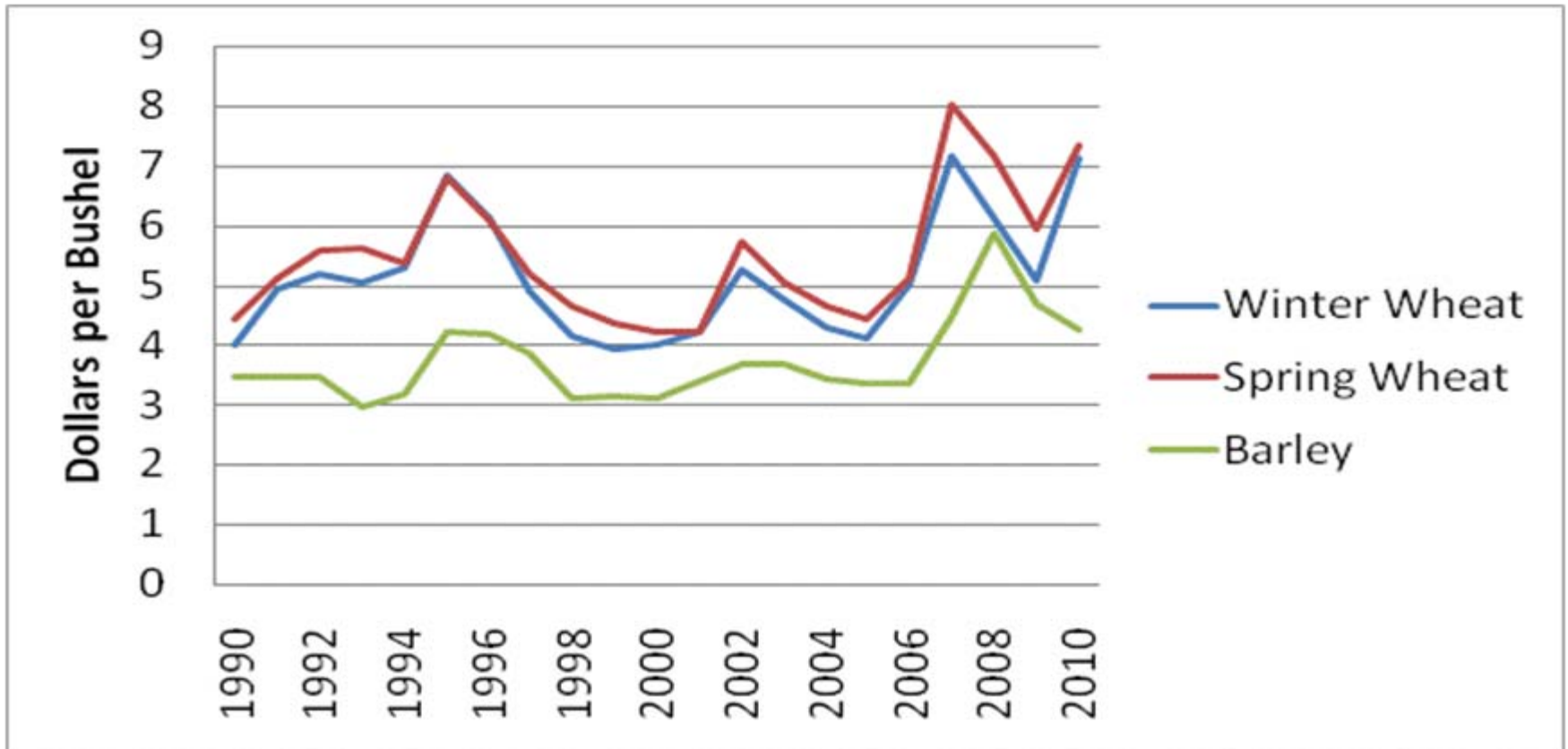
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Crop Production – Top 10



Grain Prices



Source, National Agricultural Statistics Service, Montana Field Office

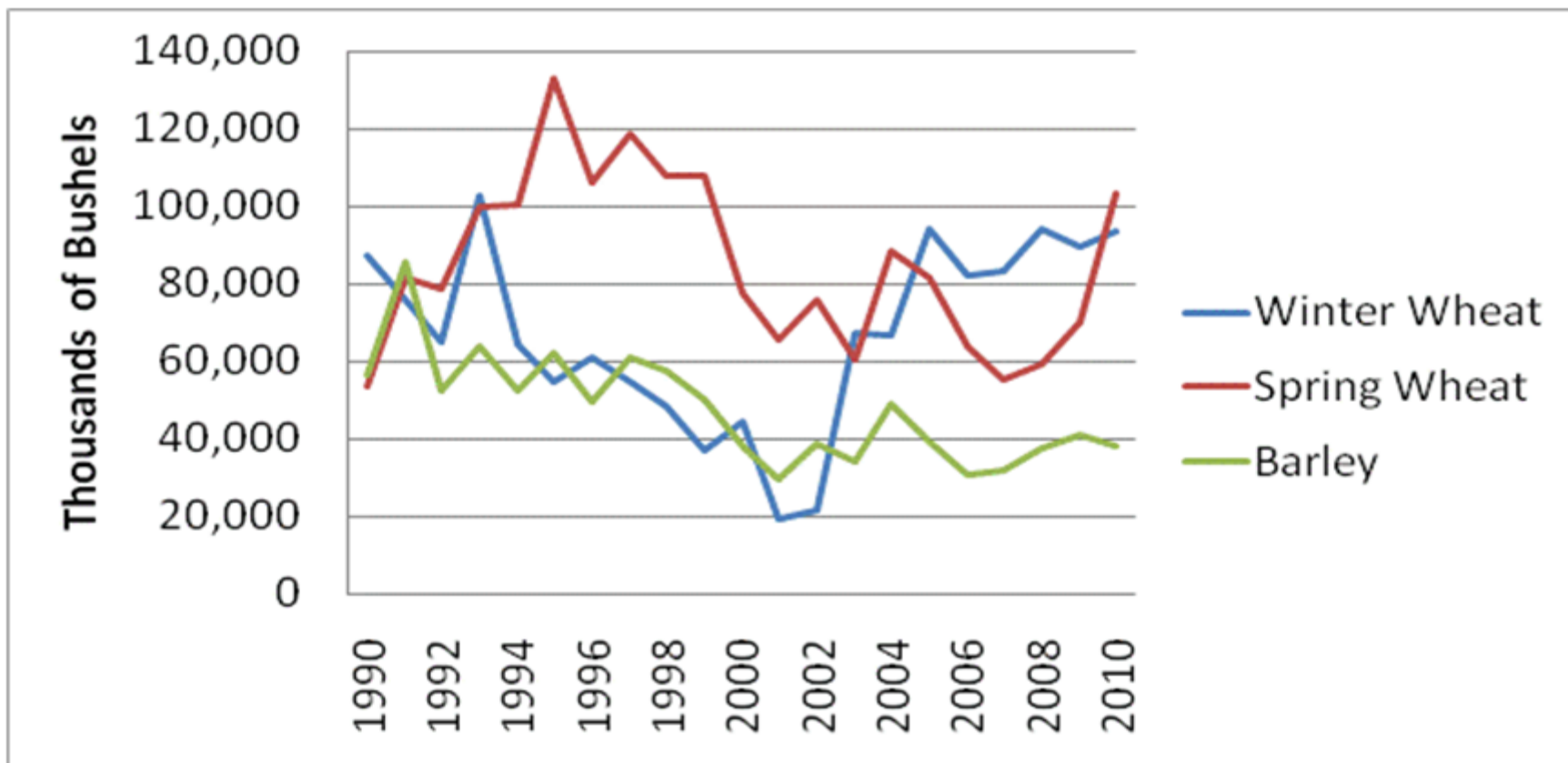


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Grain Production



Source, National Agricultural Statistics Service, Montana Field Office



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Future Prices

Location	Units	3/10	5/10	7/10	9/10
Minneapolis Grain Exchange					
Hard Red Spring Wheat	\$/bu	9.06	9.14	9.21	9.17
Hard Red Winter Wheat	\$/bu	8.76	8.86	8.95	9.07
Chicago Board of Trade					
Corn	\$/bu	6.58	6.68	6.71	6.15

SW & WW - \$4.00 up, CN - \$3.00 up from 2010



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Global Wheat Market Shares

Country	2009/10 shares		2010/2011 shares	
	mmt	%	mmt	%
Australia	22.50	3.3	23.00	3.6
Canada	26.85	3.9	22.20	3.5
China	115.12	16.9	114.50	17.8
EU-27	138.06	20.2	135.60	21.1
India	80.68	11.8	80.71	12.6
FSU-12	113.84	16.7	84.56	13.2
U.S.	60.37	8.8	60.10	9.3
Other	125.28	18.4	122.22	19.0
Total	682.70	100.0	642.89	100.0

Source, WASDE-488, November 9, 2010



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Montana Wheat 2011

- **2011 Winter Wheat Plantings** → *up 7%*
 - *Average quality wheat crop (72% good or above)*
- **2011 Production (Forecast)** → *“weather”*
 - **MT 2011 All Wheat Price: optimistic**
 - *Early 2011– prices strong (Australia)*
 - *Late 2011– two important factors*
 - *Demand – worldwide economic conditions*
 - *Supply – worldwide growing conditions*



LIVESTOCK SECTOR



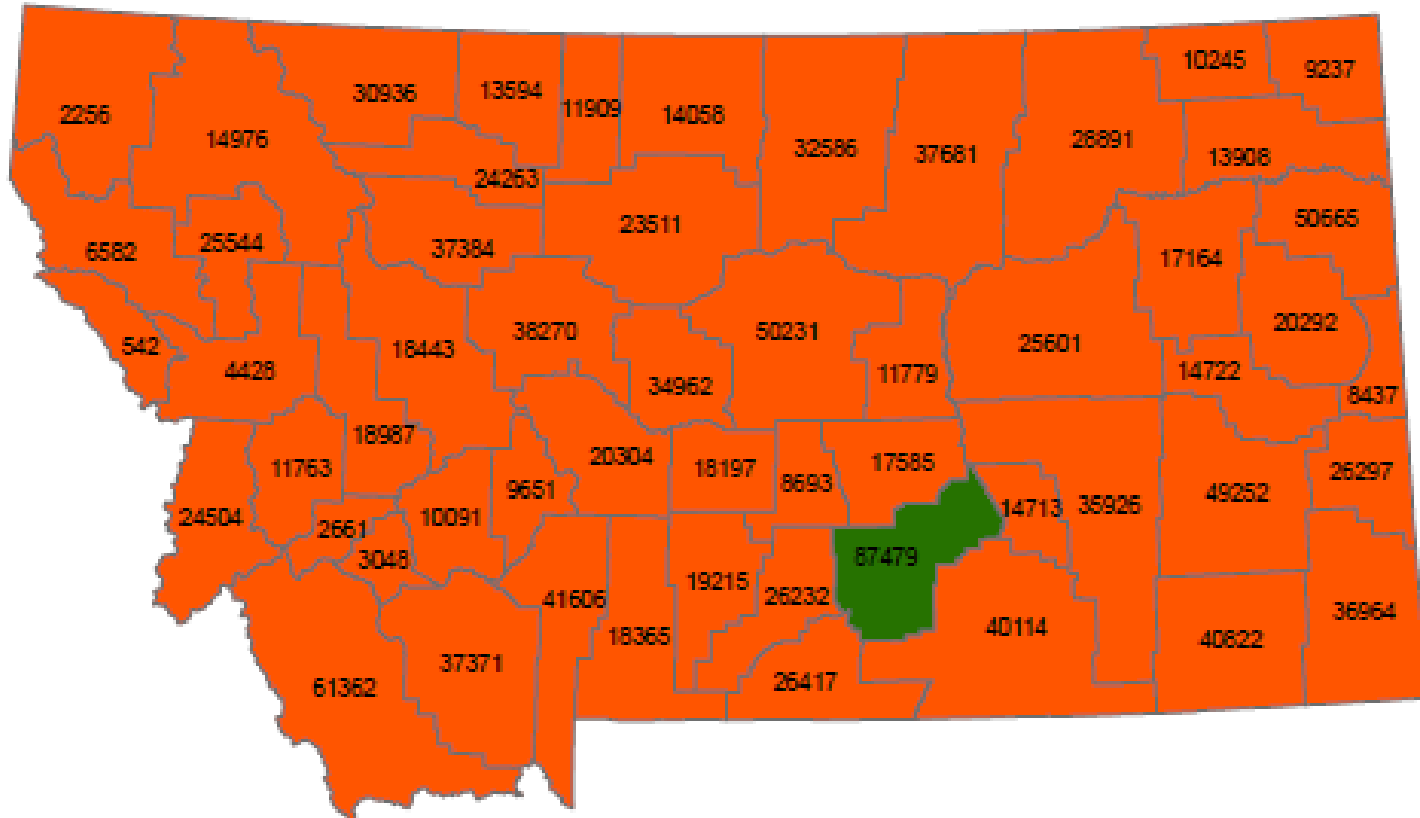
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Livestock Production - #1 County

Yellowstone – 6.5% share

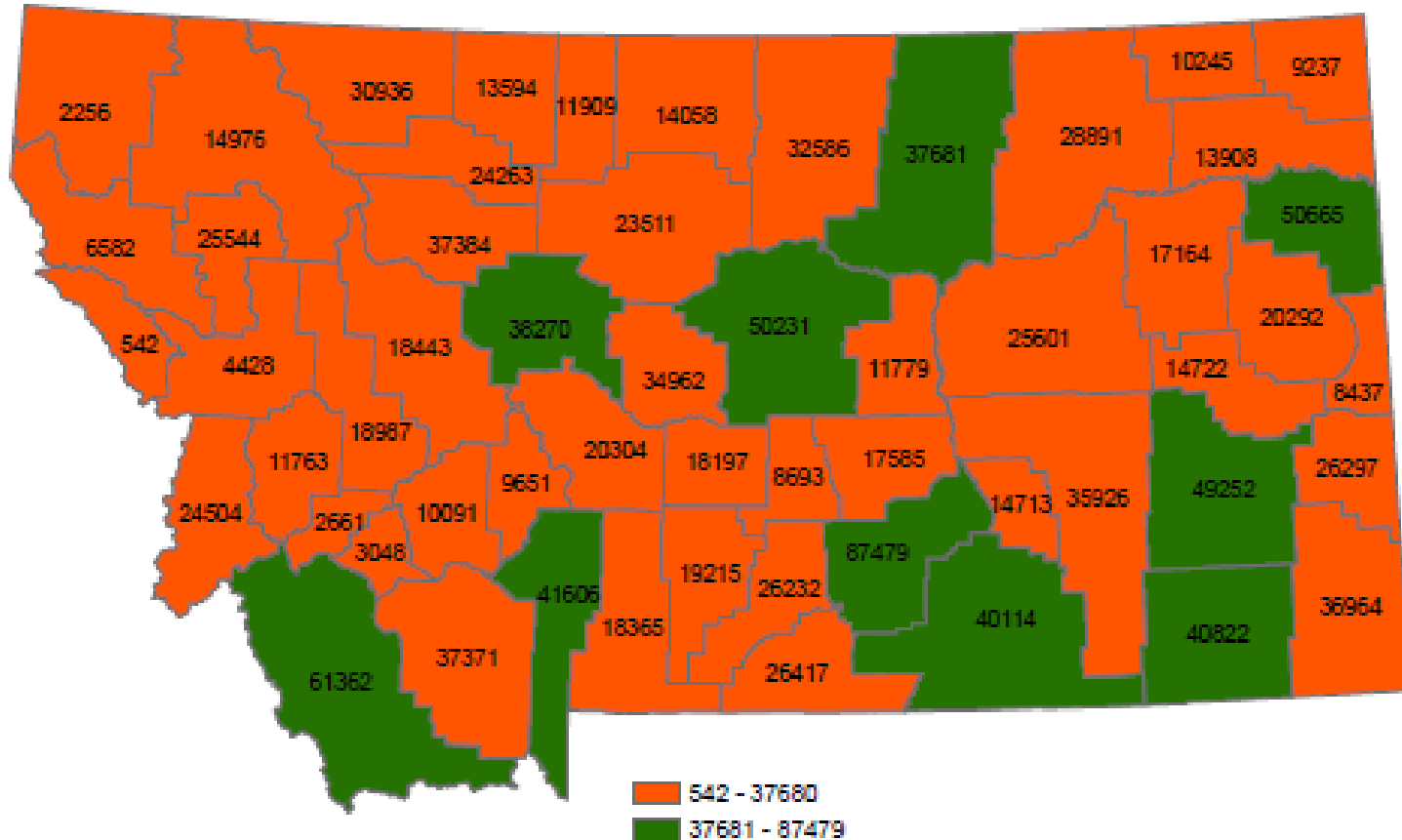


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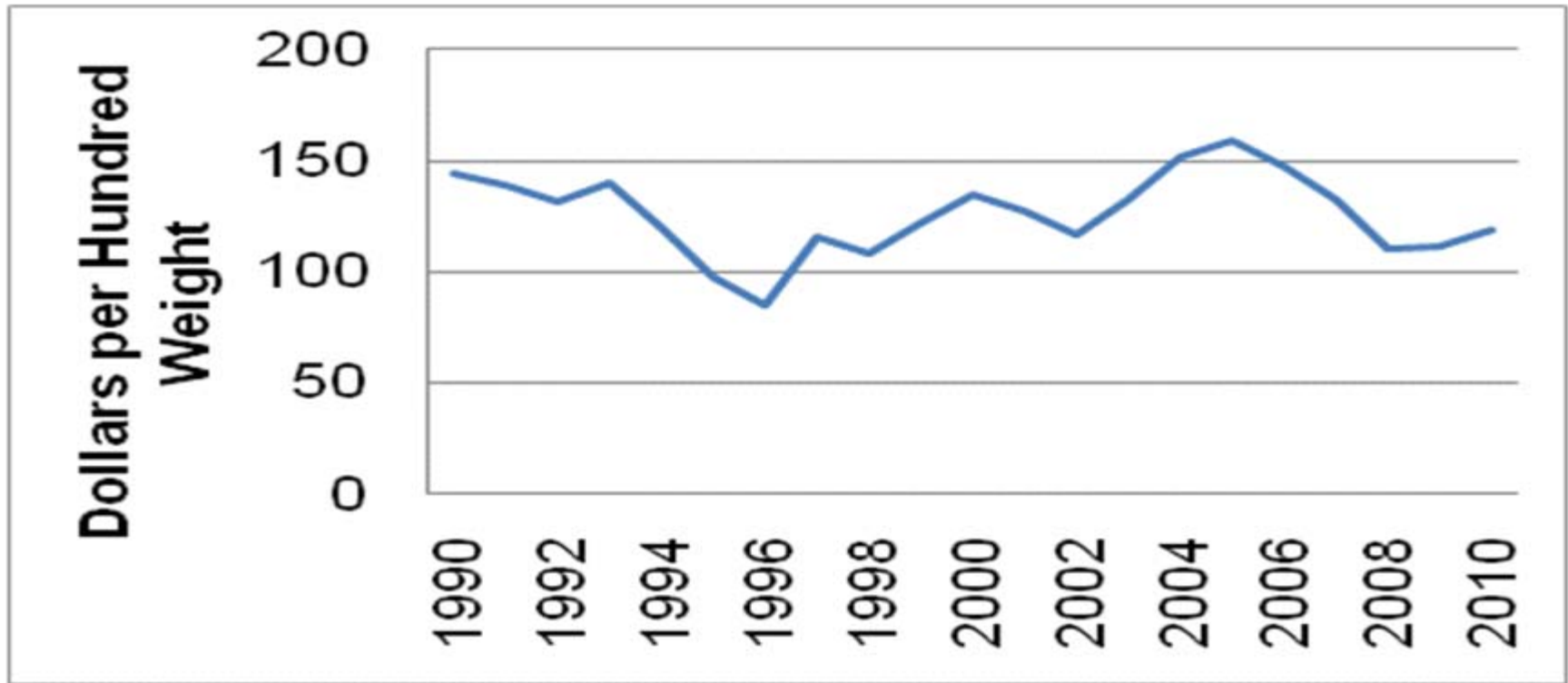
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Livestock Production – Top 10



Agricultural Products: Calves



Source, National Agricultural Statistics Service, Montana Field Office

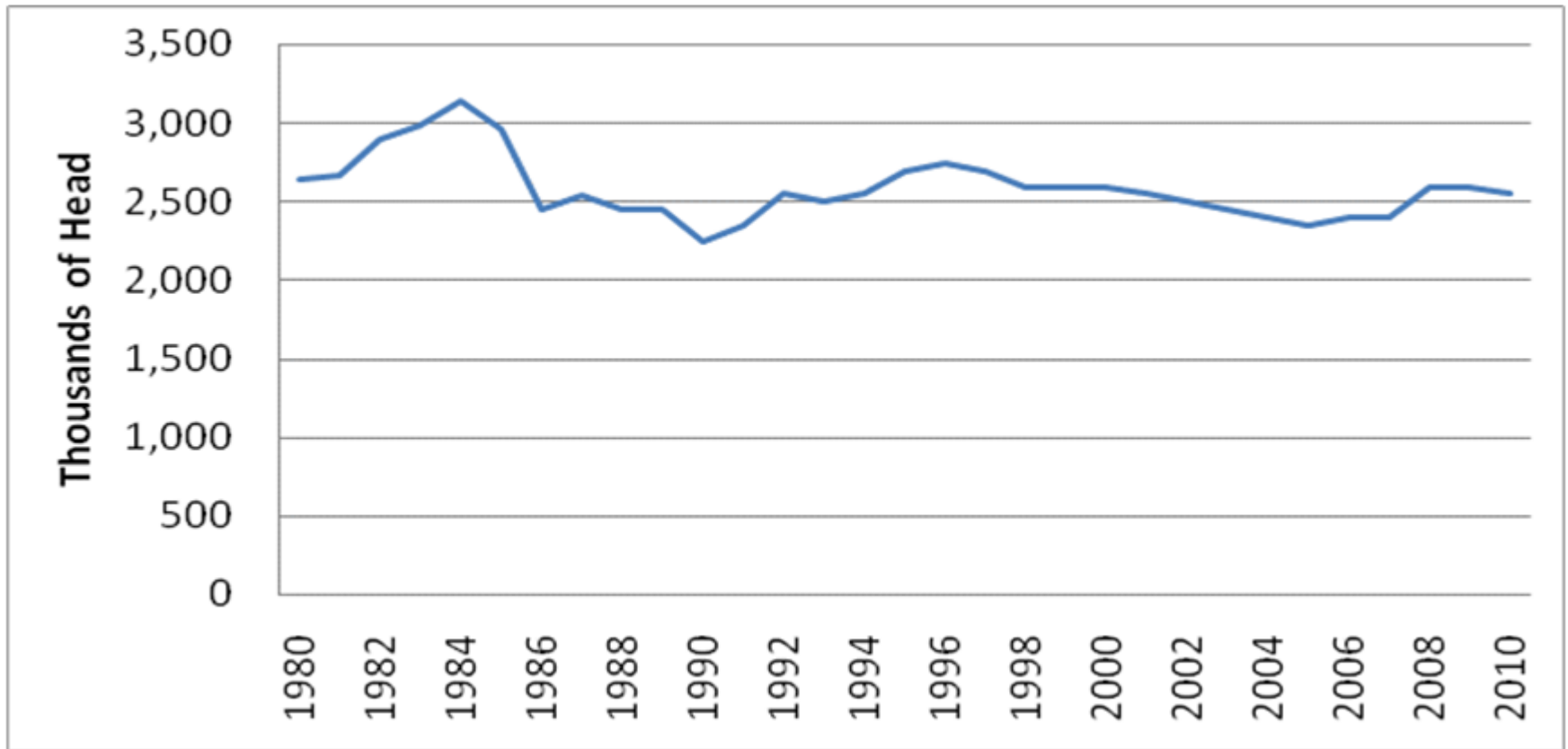


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Montana Cattle Inventory (Jan. 1)



Source, National Agricultural Statistics Service, Montana Field Office



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Futures Prices (01/18/11)

Location	04/10	06/10	08/10	12/10
Chicago Mercantile Exchange				
Feeder Cattle	128.30	128.70	128.90	128.30
Live Cattle	114.30	113.20	113.70	117.20

20% increase from 2009



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Cattle Outlook 2011

- **Consumer Demand**
 - Domestic, improving
 - International

- **Inputs (supply)**
 - Price of corn

ORGANIC AGRICULTURE – GROWTH SECTOR

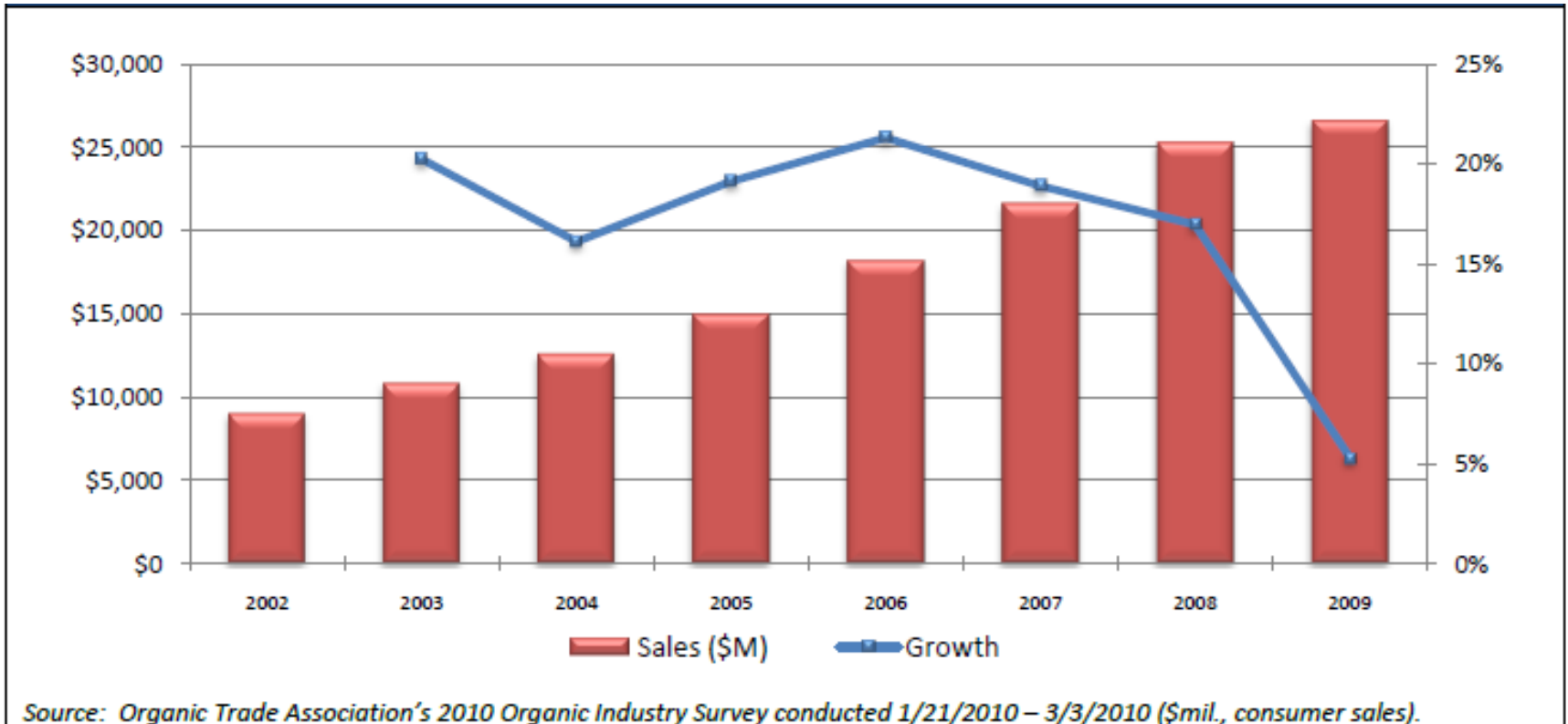


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Growth Market – Organic Foods



Organic Trade Association, 2010



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Market Share – Organic Foods

Category	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Organic Food	6,100	7,360	8,635	10,381	12,002	14,223	17,221	20,410	23,607	24,803
Growth	21.0%	20.7%	17.3%	20.2%	15.6%	18.5%	21.1%	18.5%	15.7%	5.1%
Total Food	498,380	521,830	530,612	535,406	544,141	566,791	598,136	628,219	659,012	669,556
Growth	5.0%	4.7%	1.7%	0.9%	1.6%	4.2%	5.5%	5.0%	4.9%	1.6%
Organic as % Total	1.2%	1.4%	1.6%	1.9%	2.2%	2.5%	2.9%	3.2%	3.6%	3.7%

Source: Organic Trade Association's 2010 Organic Industry Survey conducted 1/21/2010 – 3/3/2010 (\$mil., consumer sales).



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Montana – Organic Foods

- **Montana ranks 7th in total land area dedicated to organic food production**
 - Less than 1 percent of farm/ranch land in Montana
 - 60 percent - - crop
 - 40 percent - - livestock

Outlook for 2011

- **Strength of the economic recovery**
 - Domestic
 - Foreign
- **Farm Bill**
 - Federal Budget
 - Brazil WTO Case
 - Baseline
- **Weather**

Any Questions



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