2012 Montana Agricultural Outlook

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Data Source: National Agricultural Statistics Service

Montana Field Office

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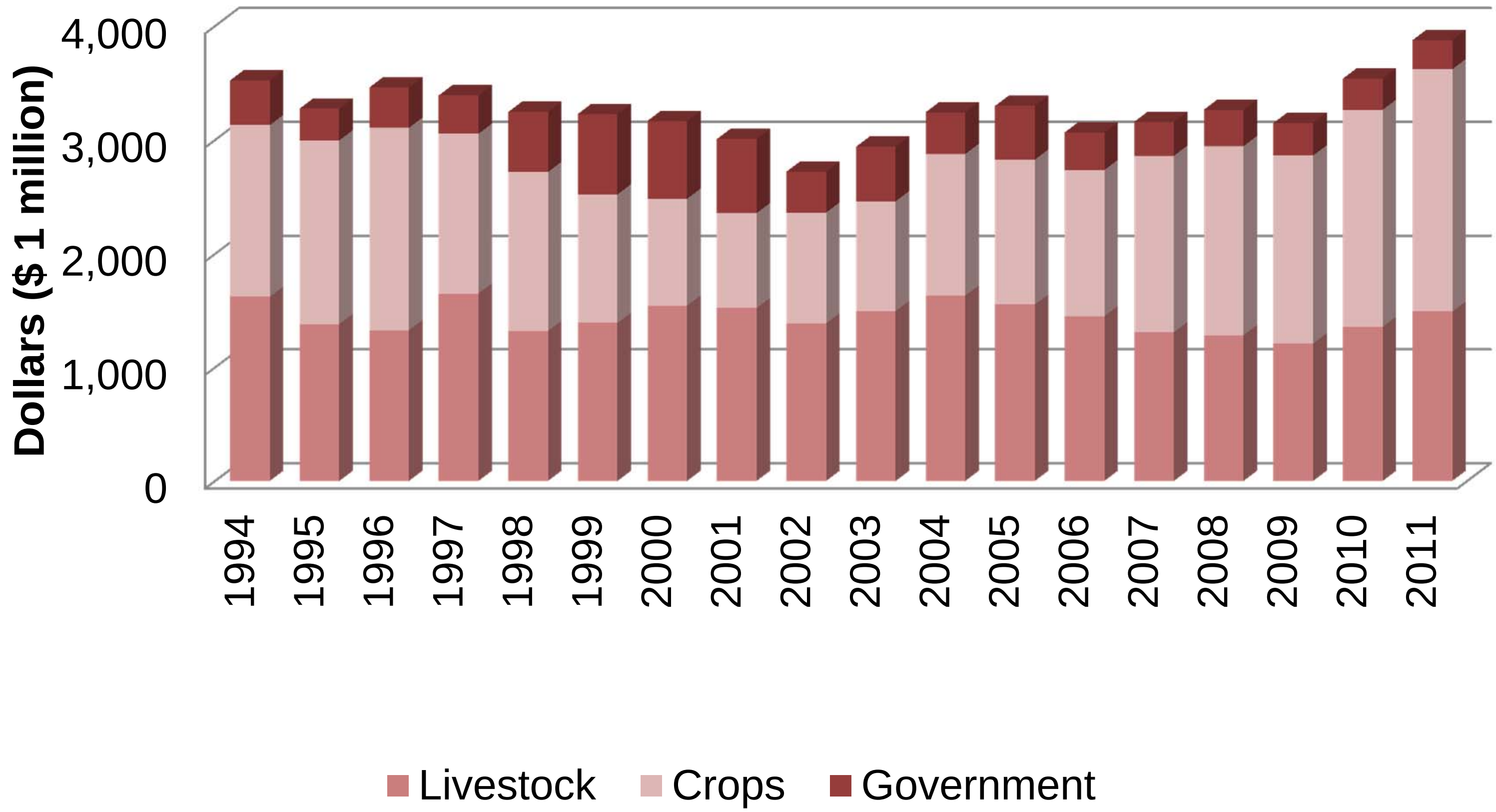
2011 "Recap"

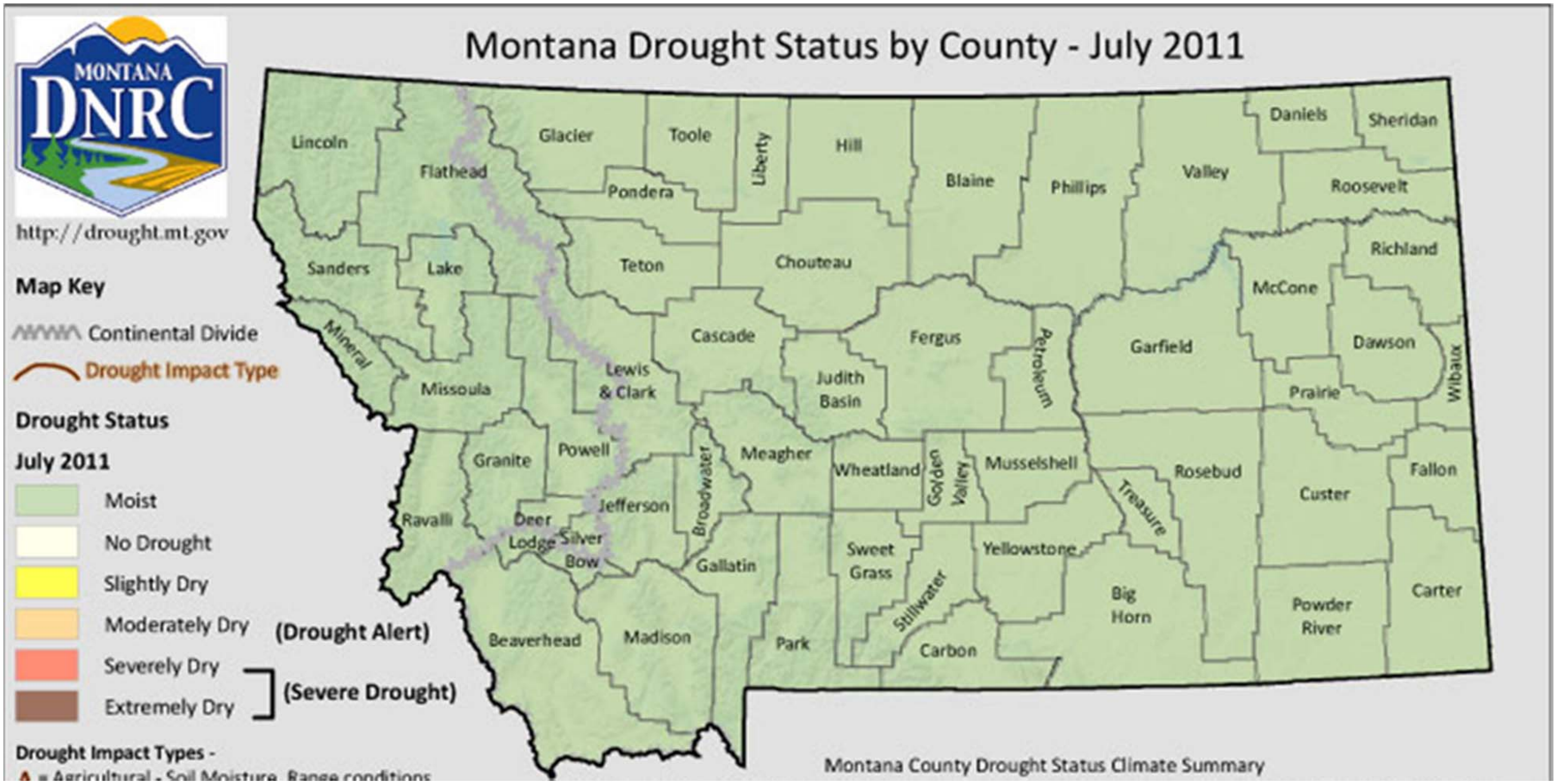
- **Crops**
  - All wheat prices – up 26%
  - All wheat production – down 17%
    - Spring Wheat – production down 29%
  - Pulse crops
  - Organic agriculture
- **Cattle**
  - Cattle and Calf Prices – up 15%+
  - Cow Herd - down by 2%, but total herd value is record high

Gross Revenue Estimates

(2011 dollars)



Drought Status – July 2011



Courtesy of the Billings Gazette

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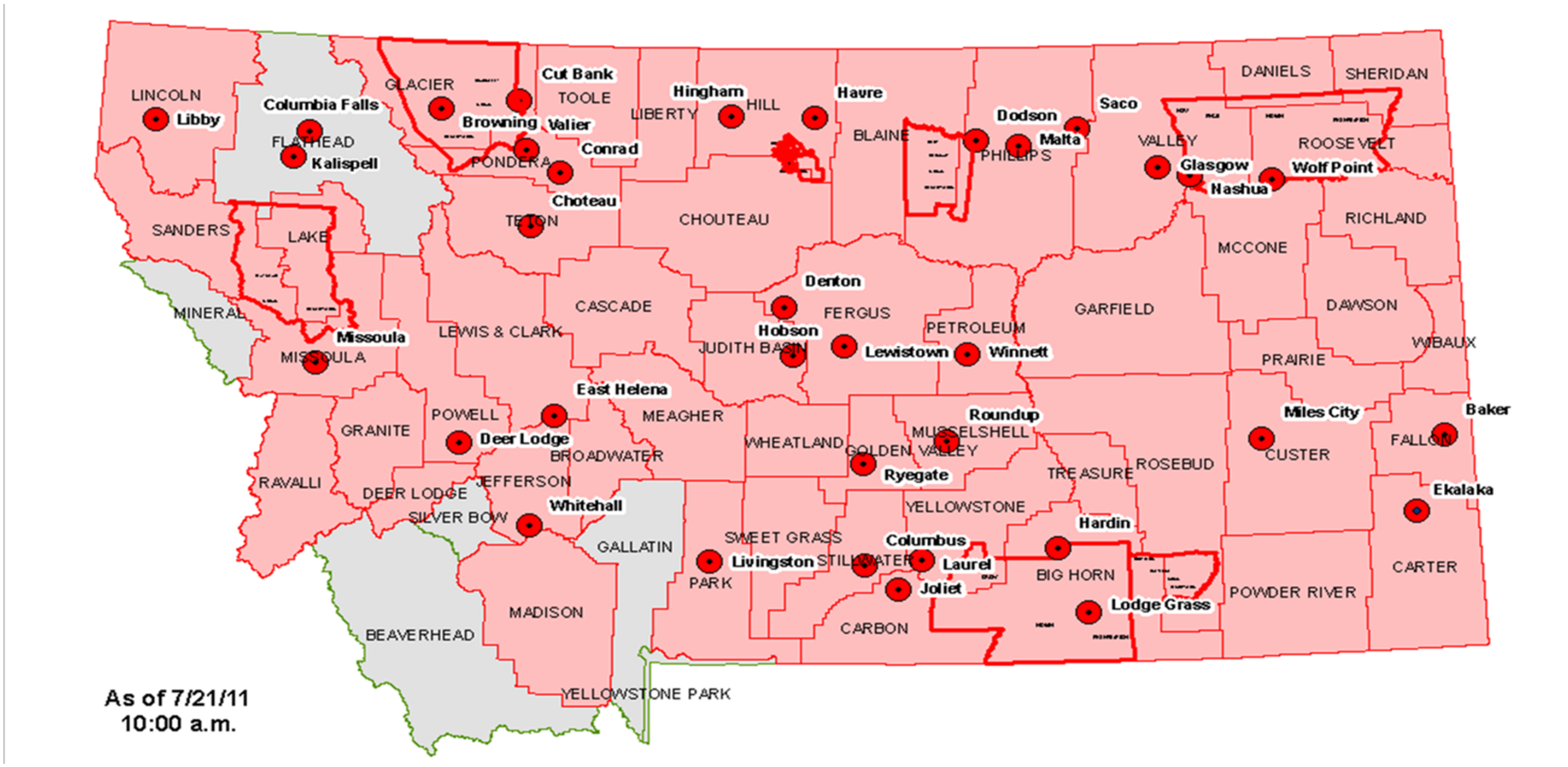
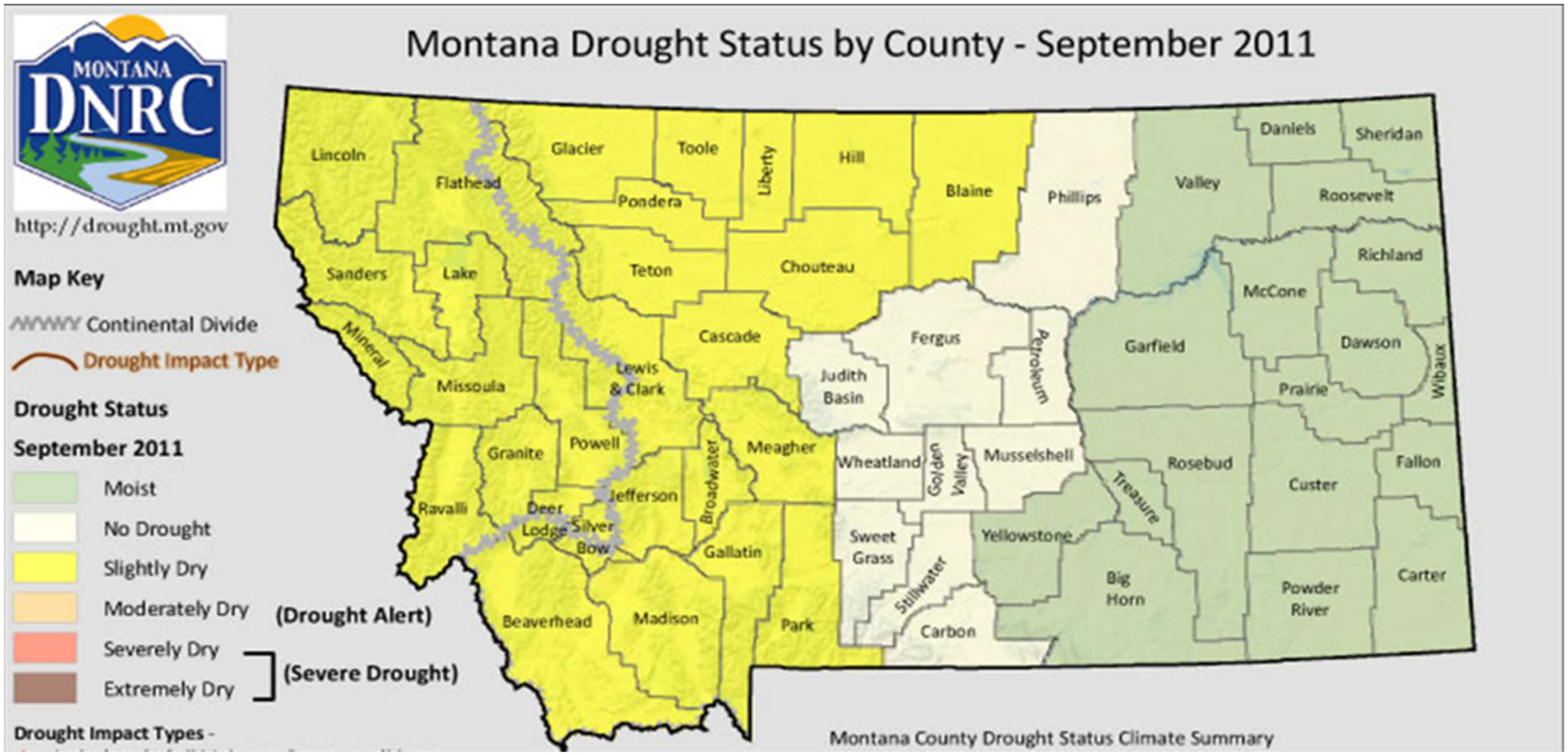
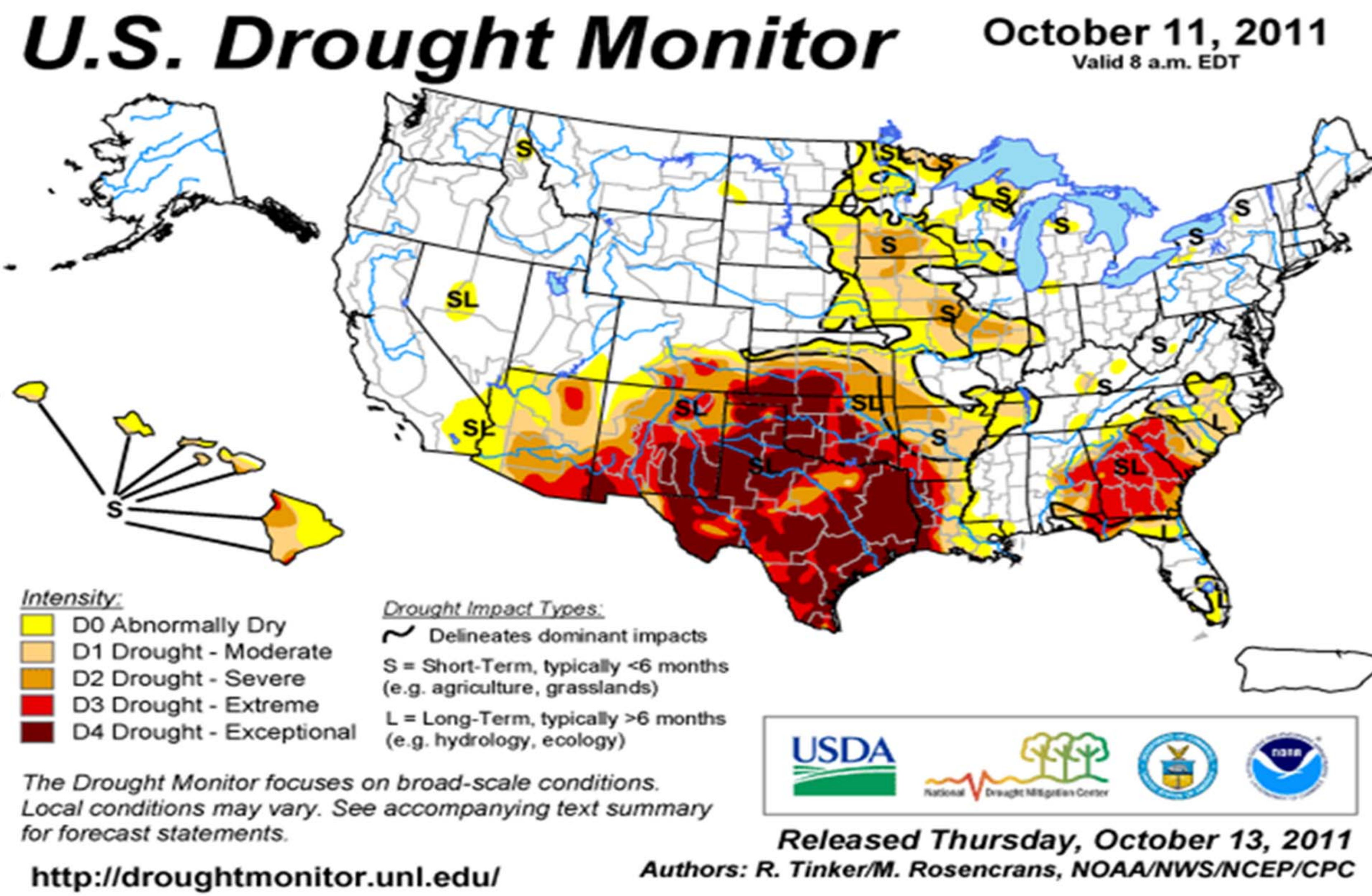
Locally Declared Emergencies
as of July 21, 2011



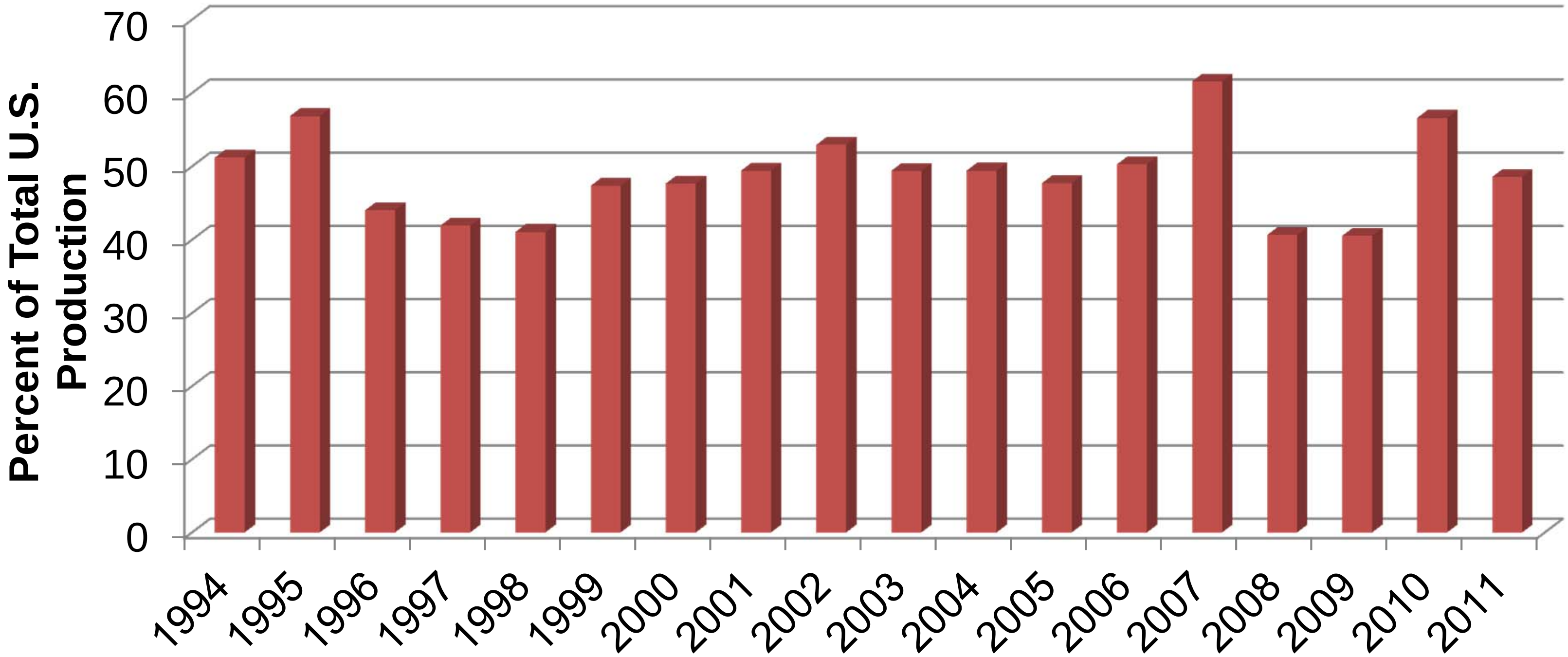
Drought Status – September 2011




U.S. Drought Monitor
October 11, 2011
Valid 8 a.m. EDT
Intensity:
D0 Abnormally Dry
D1 Drought - Moderate
D2 Drought - Severe
D3 Drought - Extreme
D4 Drought - Exceptional
Drought Impact Types:
Delineates dominant impacts
S = Short-Term, typically <6 months
(e.g. agriculture, grasslands)
L = Long-Term, typically >6 months
(e.g. hydrology, ecology)
The Drought Monitor focuses on broad-scale conditions.
Local conditions may vary. See accompanying text summary
for forecast statements.
http://droughtmonitor.unl.edu/
USDA
National Drought Mitigation Center
Released Thursday, October 13, 2011
Authors: R. Tinker/M. Rosencrans, NOAA/NWS/NCEP/CPC

CROPS (*GRAIN, HAY & PULSES*)

Wheat Exports
percent of total U.S. production



Total U.S. Exports = 34.5 mmt in 2010/2011 and 25.2 mmt in 2011/2012

Where are these exports going?

- **Wheat (50% of total U.S. wheat exports)**
  - Sub-Saharan Africa 4.9 million metric tons
  - Egypt 3.8
  - Japan 3.3
  - Mexico 2.8
  - Philippines 1.8

- **Export competition**
  - Kazakhstan, Ukraine, Russia, Australia & Canada

"Biggest Losers – Wheat Production" 2010 to 2011

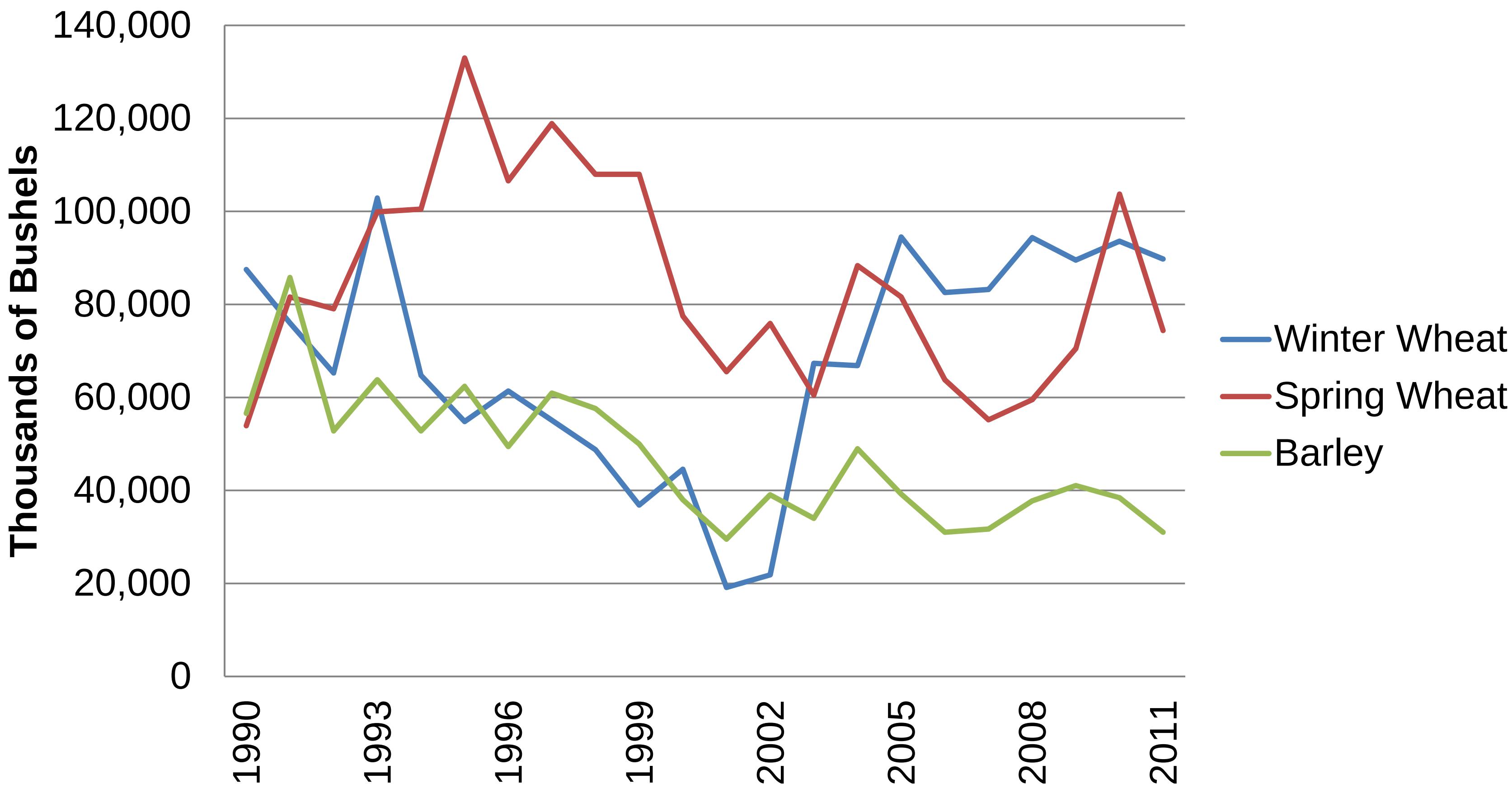
	Total Production (1,000 bu.)			
State	2010	2011	Difference	%
North Dakota	361,550	205,845	-155,705	-43
Kansas	360,000	276,500	-83,500	-23
Texas	127,500	49,400	-78,100	-61
Oklahoma	120,900	70,400	-50,500	-42
Montana	215,360	178,290	-37,070	-17
Colorado	108,234	81,828	-26,406	-24
South Dakota	123,475	104,796	-18,679	-15
Minnesota	88,070	70,456	-17,614	-20

Global Wheat Market Shares

Country	2010/2011	shares	2011/2012	shares
	mmt	%	mmt	%
Australia	26.00	4.0	25.00	3.7
Canada	23.17	3.6	24.20	3.6
China	115.18	17.8	117.00	17.2
EU-27	135.61	20.9	136.33	20.0
India	80.80	12.5	85.93	12.6
FSU-12	80.97	12.5	110.45	16.2
U.S.	60.06	9.3	54.65	8.0
Other	126.37	19.5	127.64	18.7
Total	648.16	100.0	681.20	100.0

Source, WASDE-499, October 12, 2011

Grain Production



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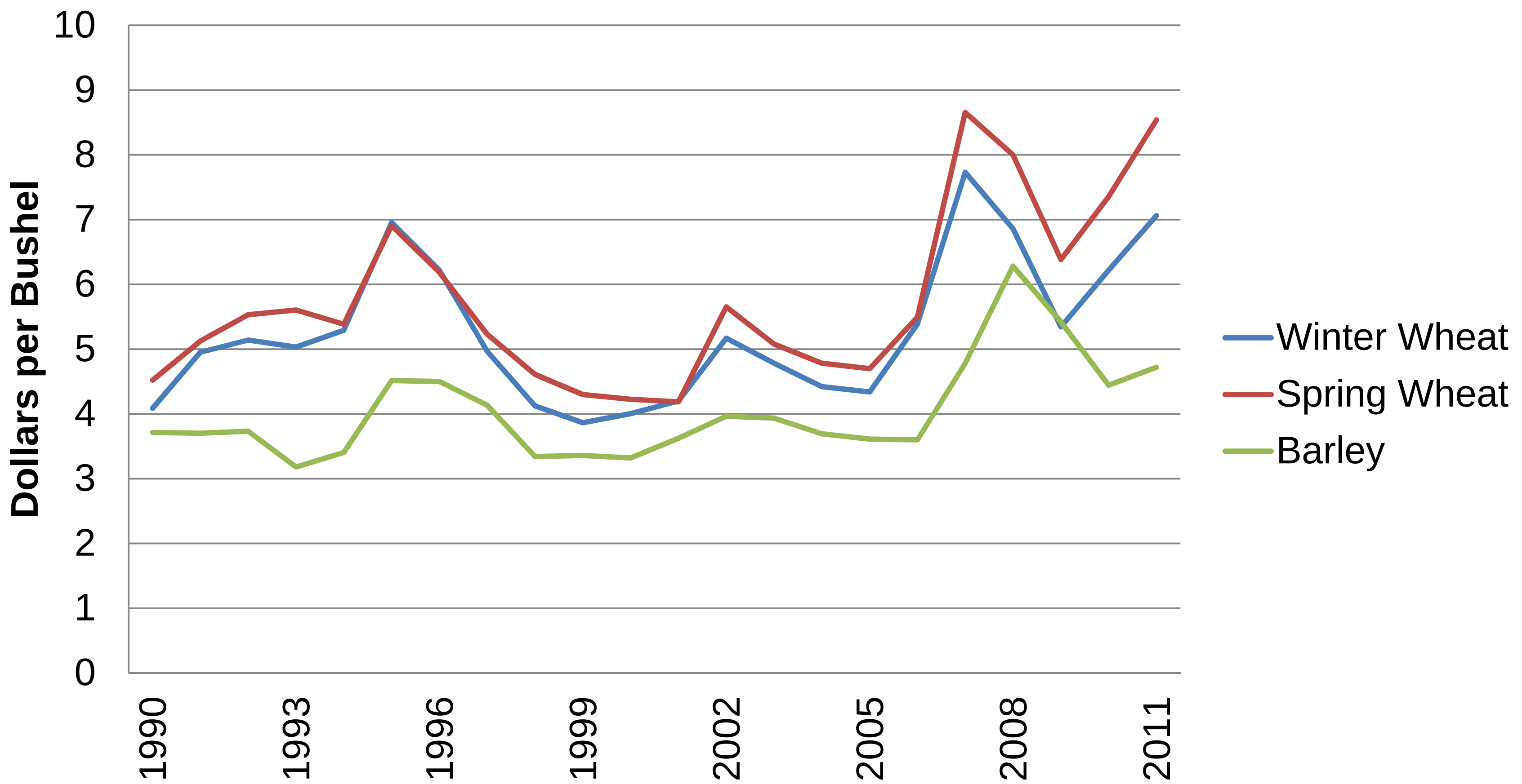
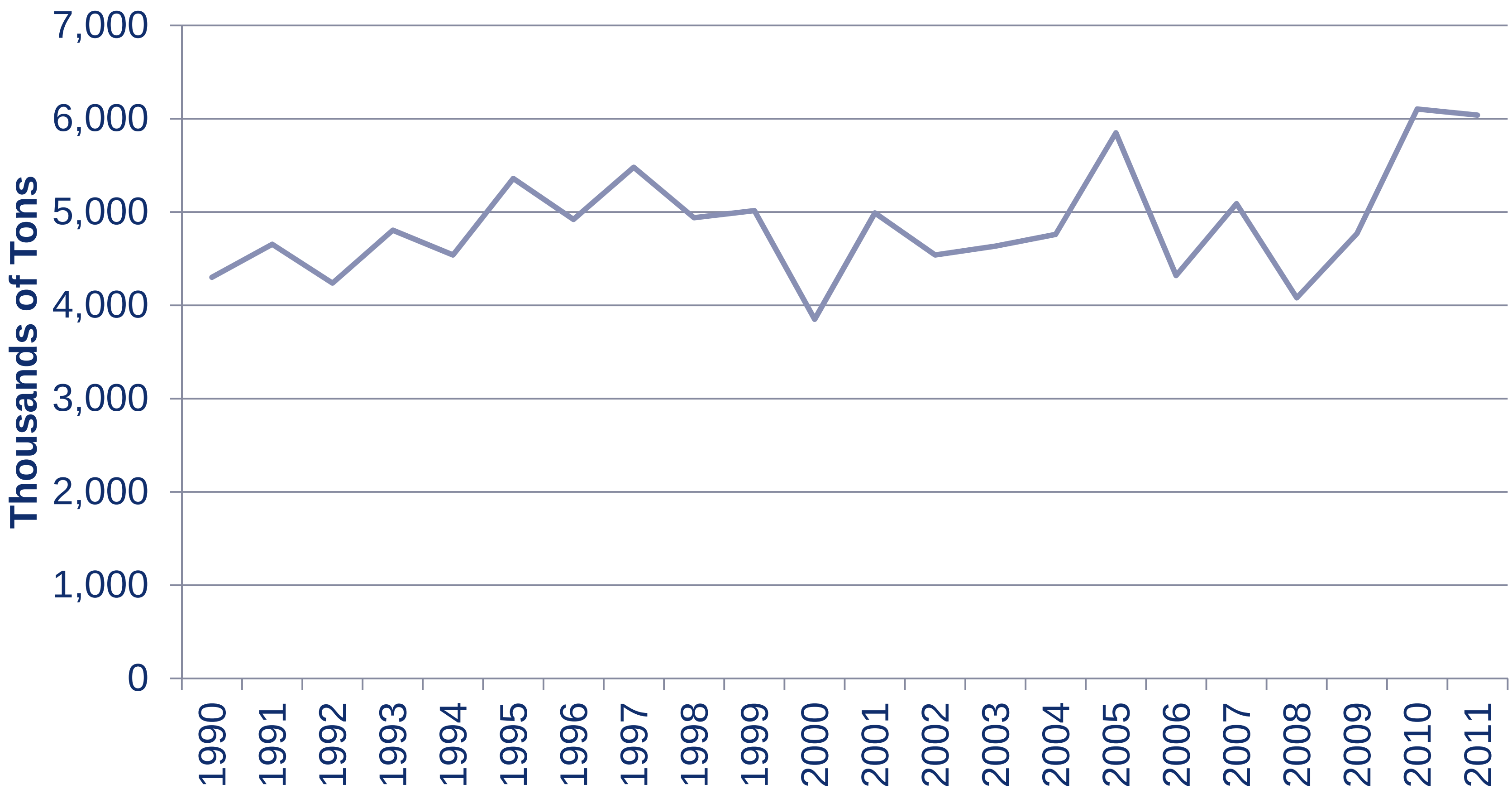
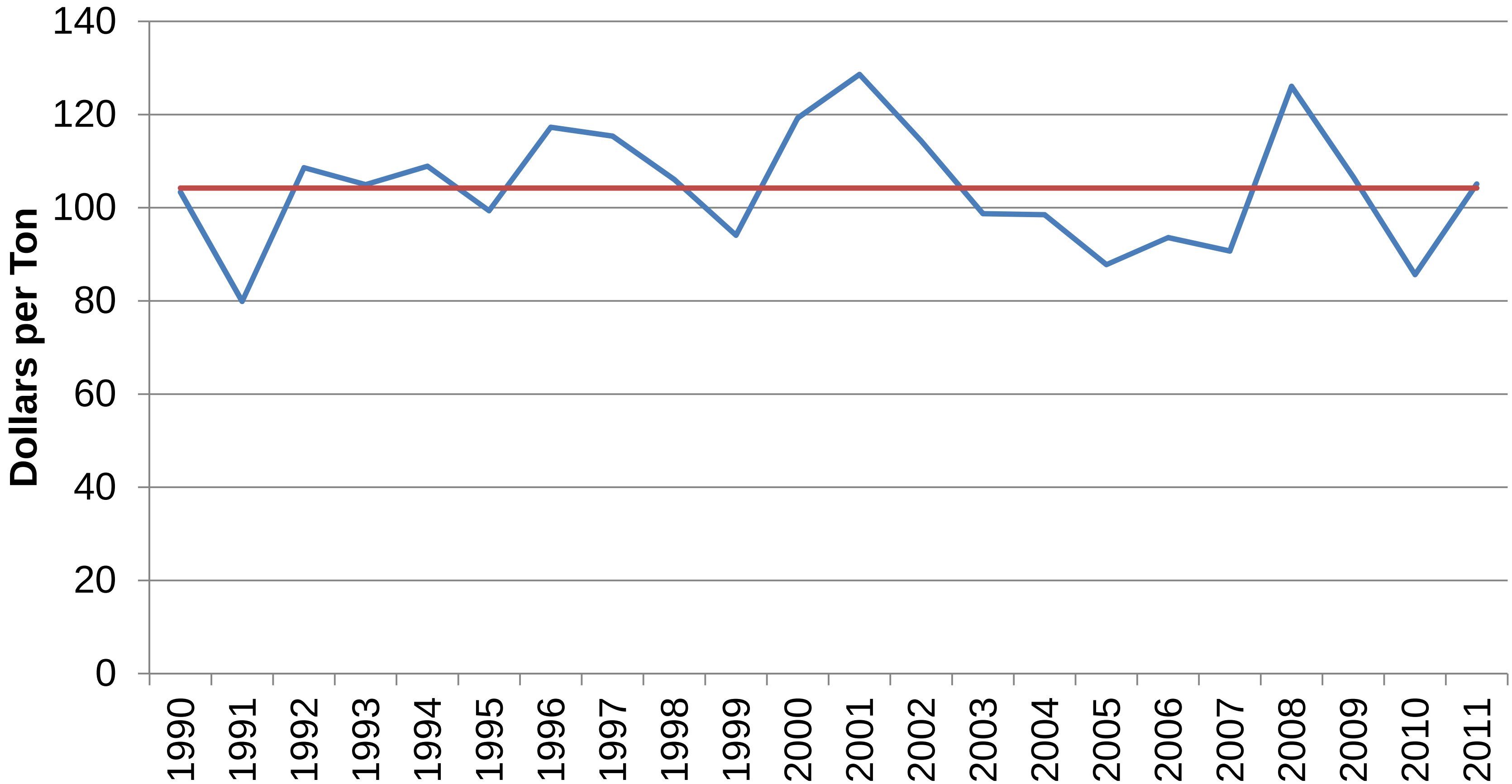
Grain Prices
(2011 dollars)



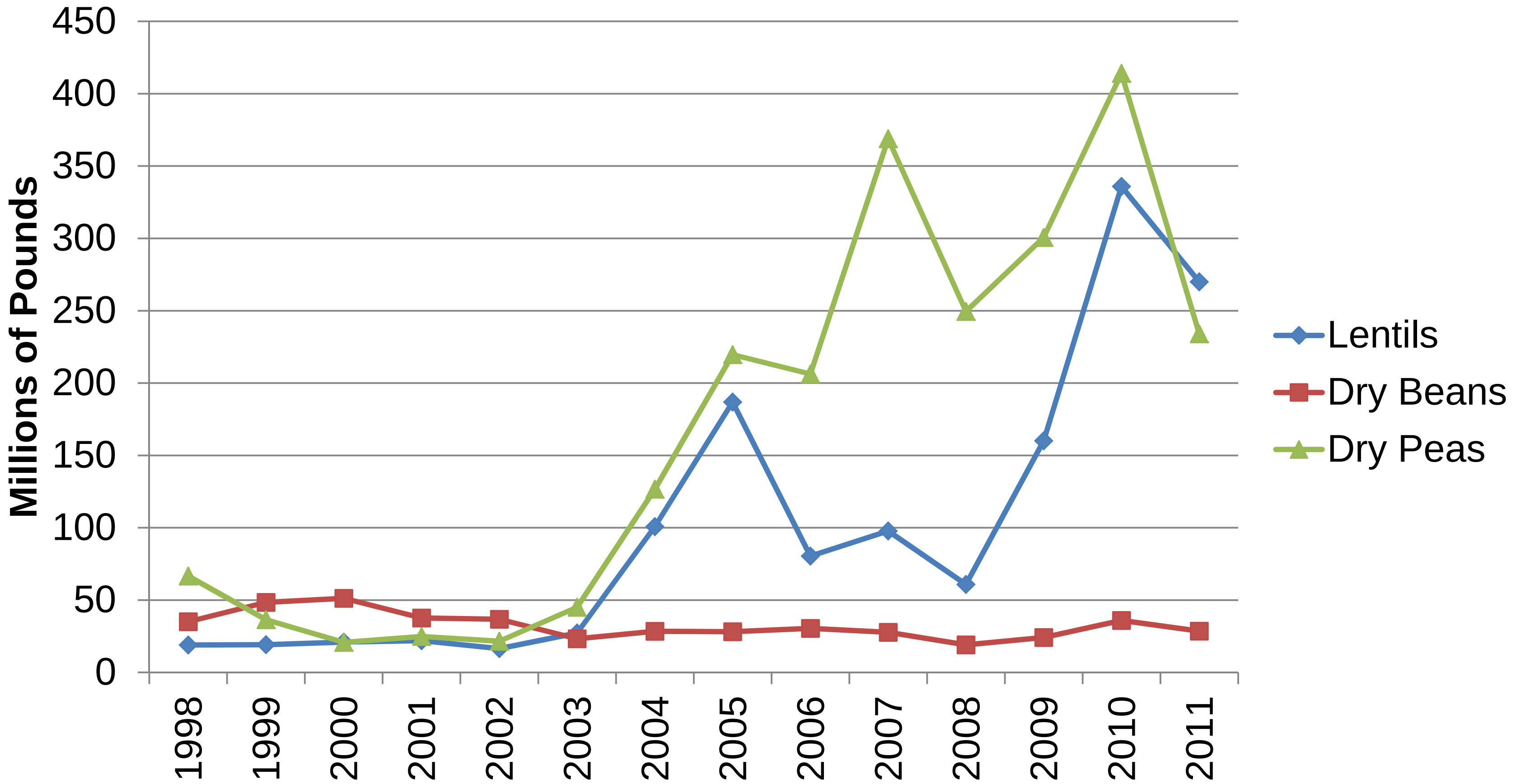
All Hay Production



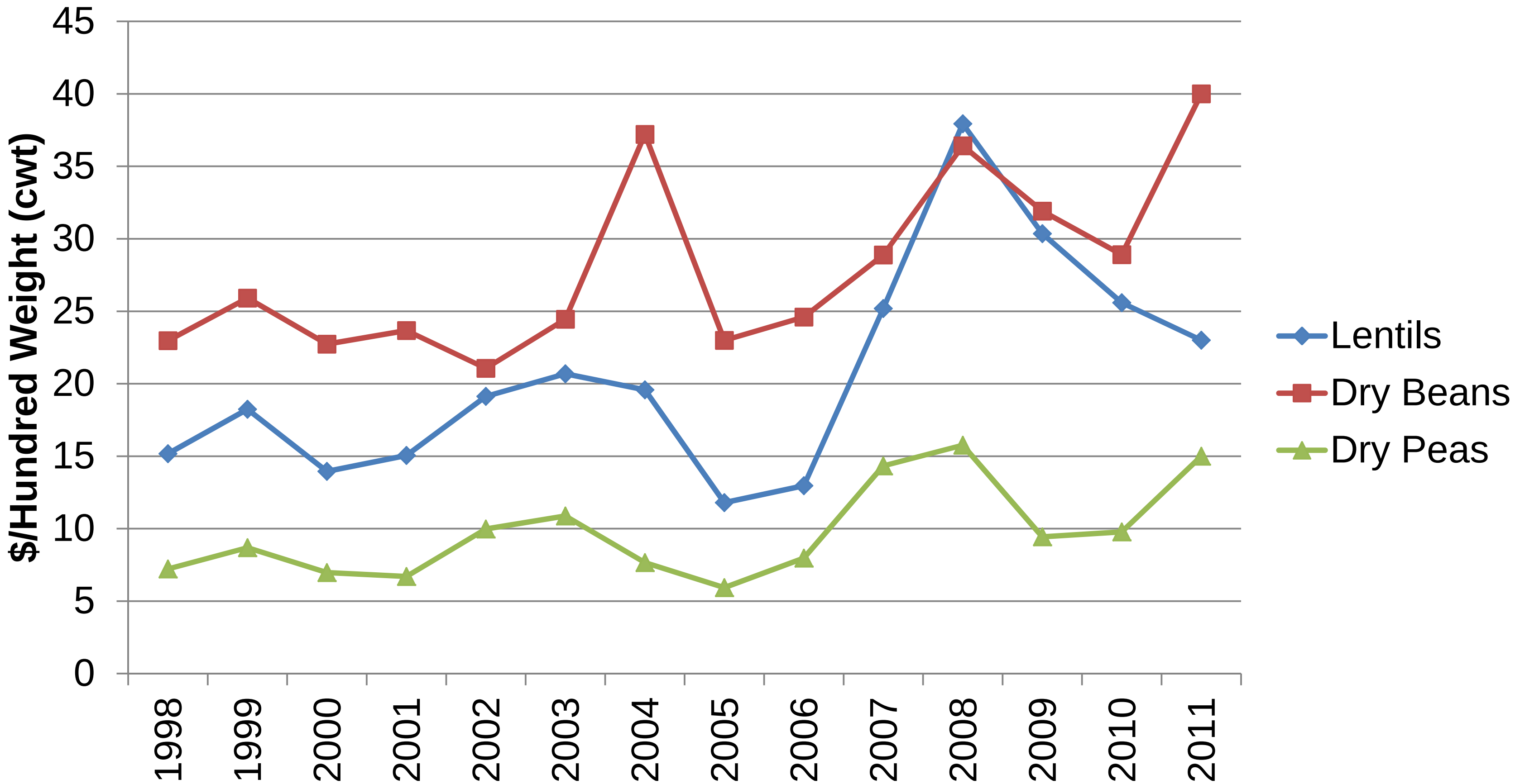
All Hay Prices
(2011 dollars)



Pulse Crop Production



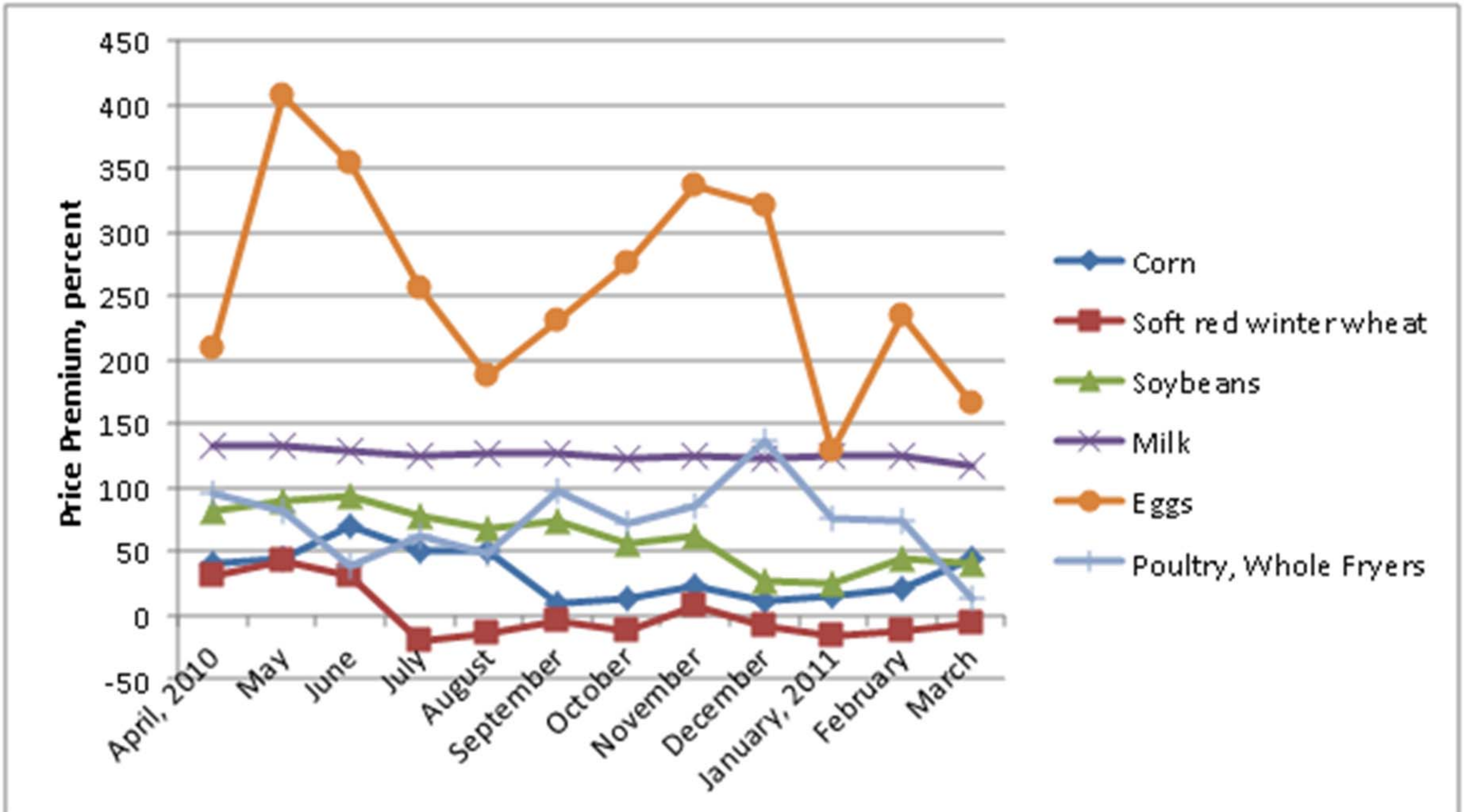
Pulse Crop Prices



Share of Pulse Crops Grown in MT

Crop	Montana (1,000 cwt)	U.S. (1,000 cwt)	Montana Share (%)
Dry Beans	359	31,801	1.1
Pinto Beans	275	13,814	2.0
Garbonzo Beans	84	1,939	4.3
Lentils	3,359	8,657	38.8
Dry Peas	4,140	14,221	29.1
Austrian Winter Peas	110	237	46.4

Organic Product Prices



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Futures Prices
(not basis adjusted – 2/3/12)

Location	Units	3/12	5/12	7/12	9/12
Minneapolis Grain Exchange					
Hard Red Spring Wheat	$/bu	8.33	8.18	8.06	7.83
Kansas City Board of Trade					
Winter Wheat	$/bu	7.14	7.23	7.31	7.42
Chicago Board of Trade					
Corn	$/bu	6.39	6.46	6.50	5.97

Hay and pulse crops

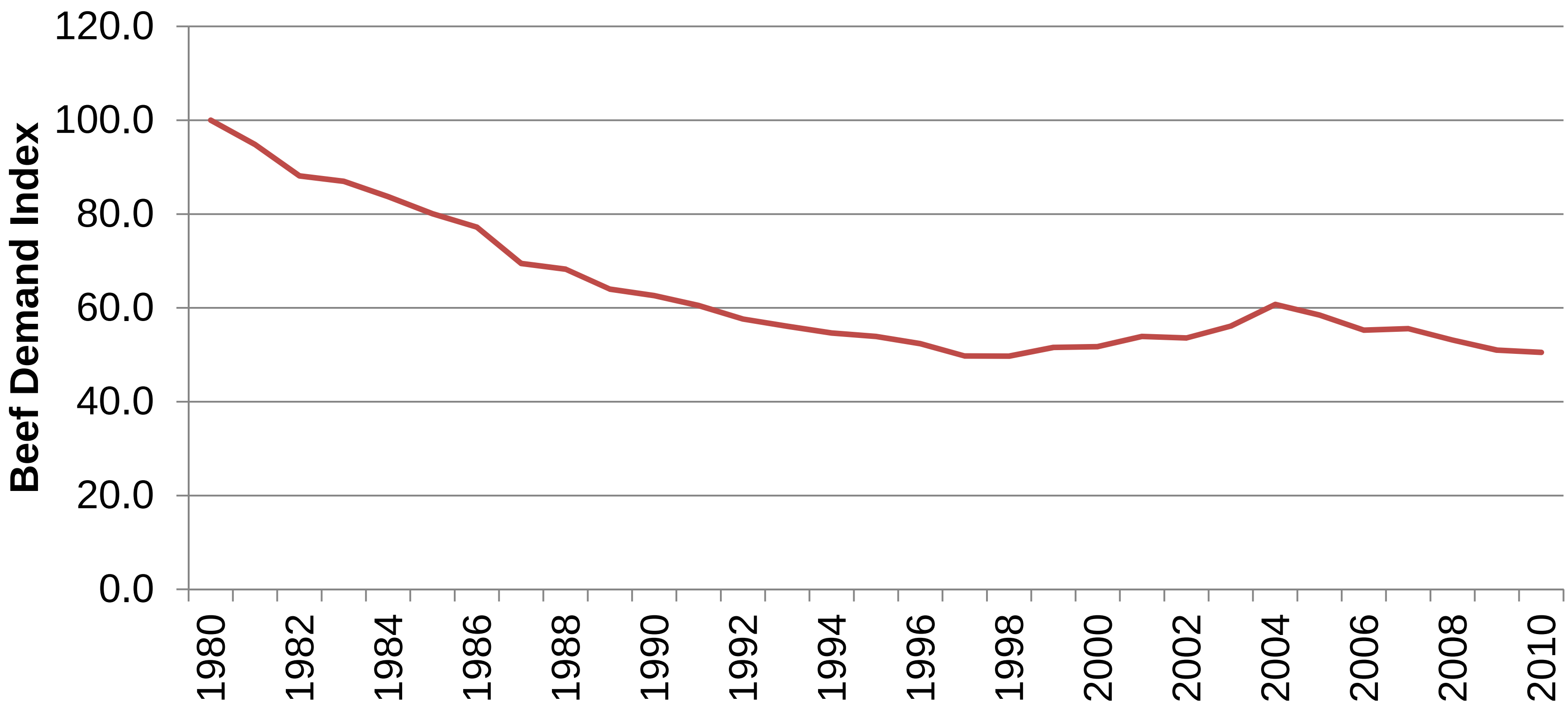
Montana Grain (wheat) 2012

- ***2012 Winter Wheat Plantings***
- ***Influence of corn prices (public policy)***
  - ***No blenders credit***
  - ***No ethanol tariffs***
  - ***Renewable fuel standards (???)***
  - ***Farm Bill 2012***
- ***Cautiously optimistic***

CATTLE/BEEF

Consumer Demand for Beef

(annual choice retail beef demand index)

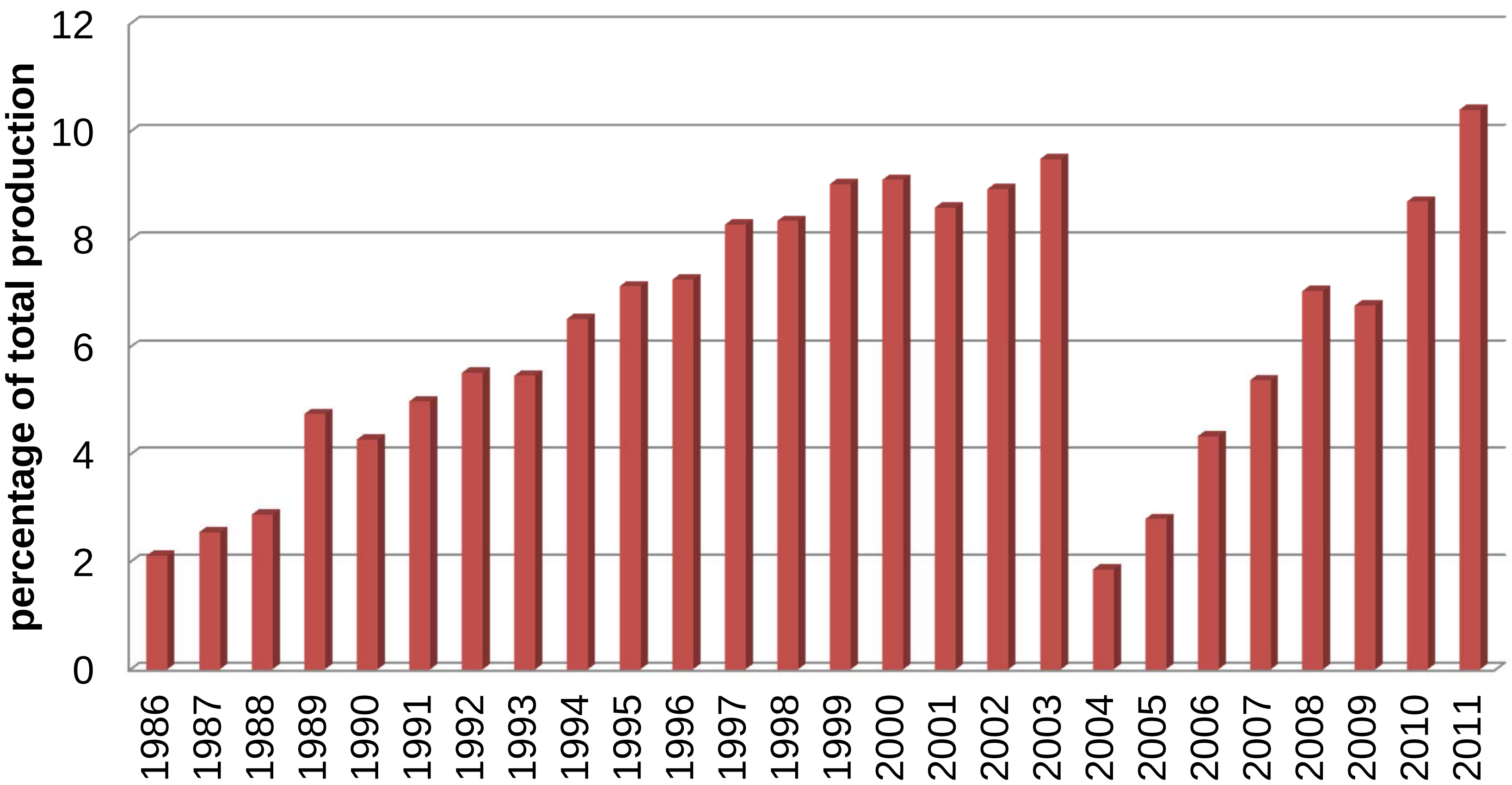


http://www.agmanager.info/livestock/marketing/graphs/Tonsor/Annual_ChoiceBeefDemandIndex_Table_1990.htm

54.1 lbs./capita (USDA)

U.S Beef Exports

percentage of production, beef & veal, carcass wt.



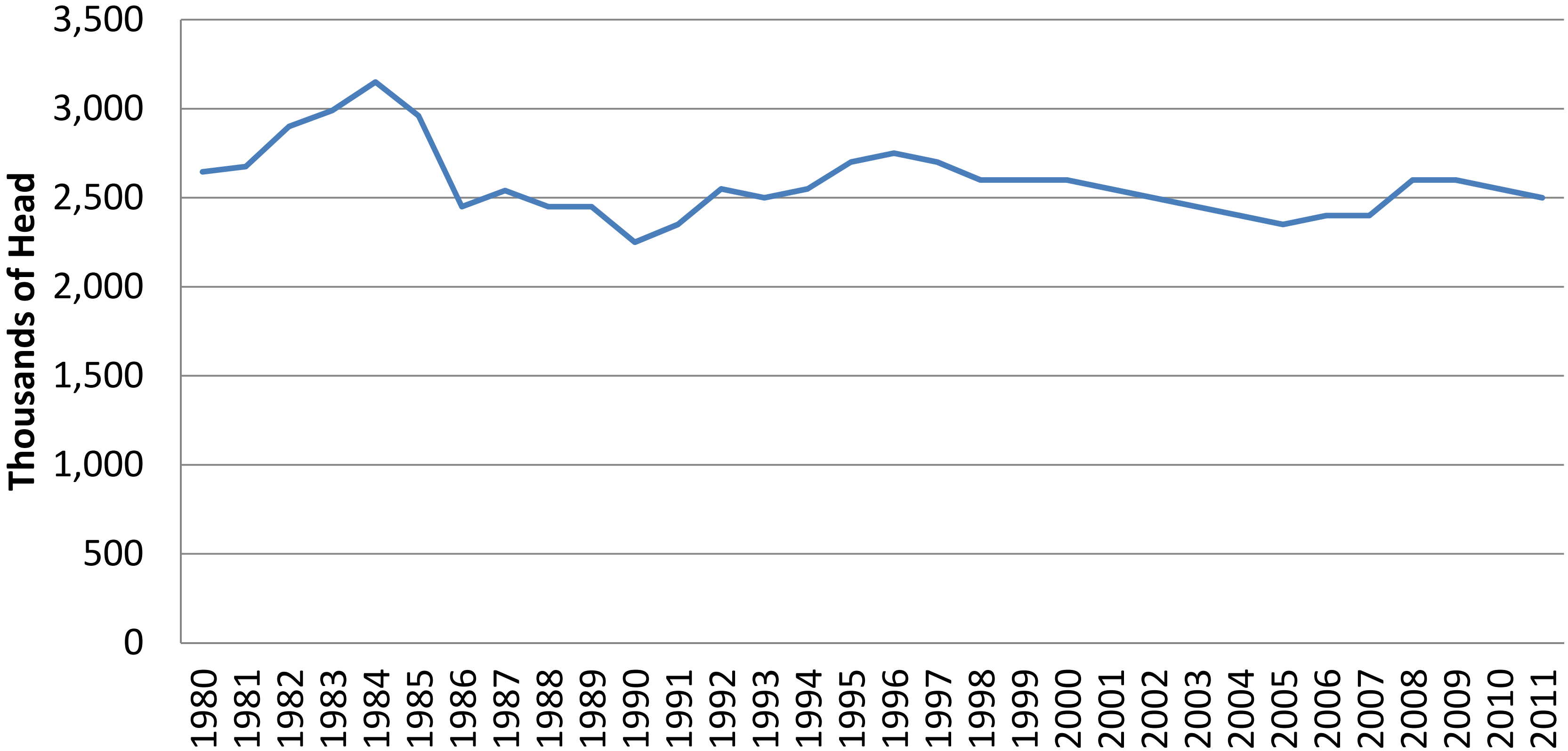
Exports – who’s buying U.S. beef

- **90% of U.S. beef exports**

Country	Export Value	Growth ’10 – ‘11
Japan	$ 662 m.	38%
Mexico	670 m.	---
South Korea	540 m.	50%
Canada	730 m.	39%
Russia	80 m.	72%

USDA Livestock, Dairy and Poultry Outlook, 10/18/2011

Montana Cattle Herd



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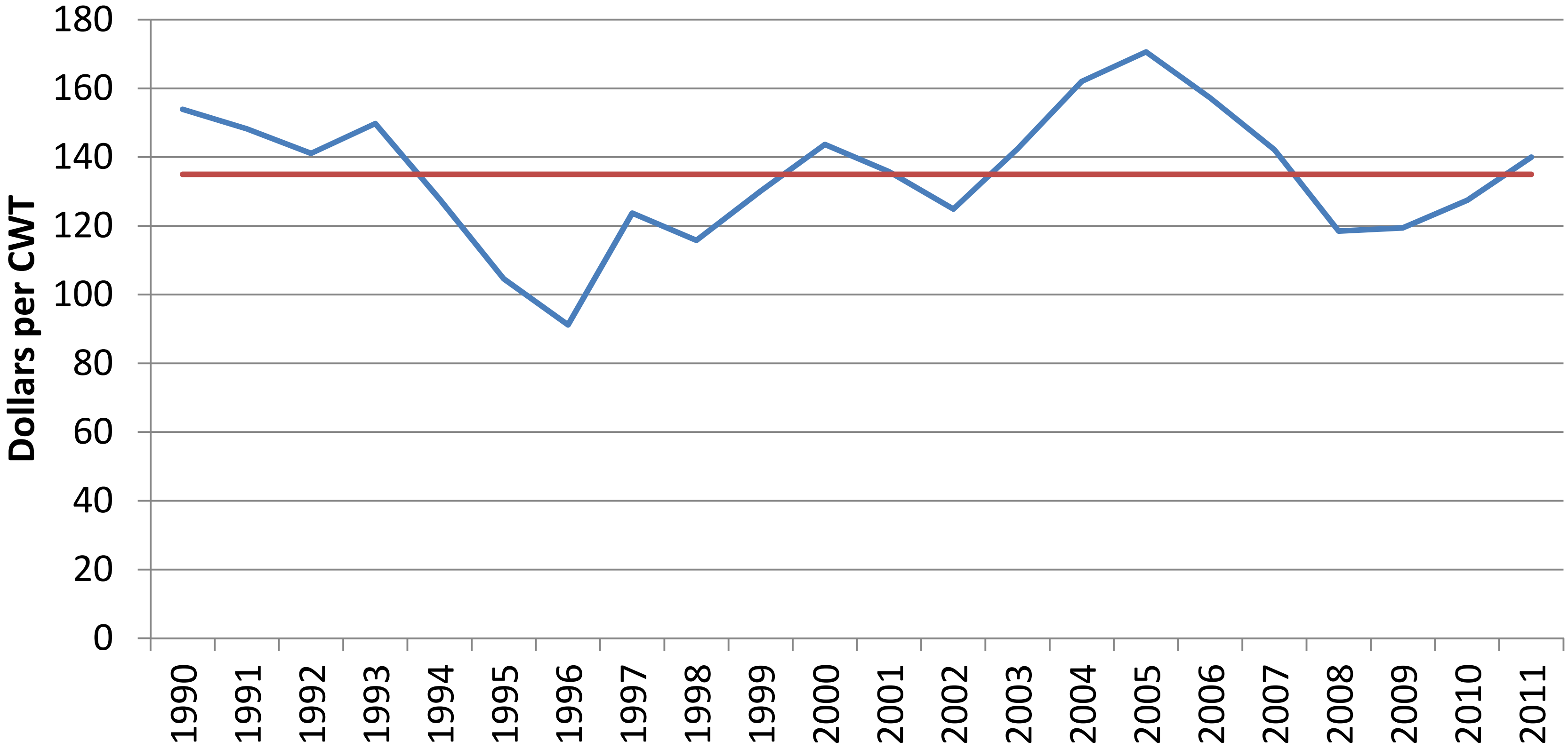
Calf Prices
(2011 dollars)



NASS, 190 – 2010, MSU 2011 estimate

Futures Prices
(no basis adjustments – 2/3/12)

Location	04/12	05/12	08/12	12/12
Chicago Mercantile Exchange				
Feeder Cattle, cwt	158	158	160	160
Live Cattle, cwt	129	128	130	134

20% increase from 2009

Montana Cattle 2012

- **Strong prices**
  - Global demand (Japan, South Korea, Canada, Russia)
  - Duration (2 to 3 years)

- **Opportunity to increase cattle herd**
  - Southern U.S. drought conditions
  - Aging rancher population (*interest in expansion*)

Questions

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