2015 Montana Agricultural Outlook

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Data Source: National Agricultural Statistics Service
Montana Field Office (Eric Sommer, Director)
2014/15 Overview–US

Crops

• Wheat & barley prices – down…but better than predicted
  • Wheat $5.55–$6.25/bu
  • Barley $4.70–$5.50/bu
2014/15 Overview–US

Crops

• Wheat & barley prices – down…but better than predicted
  • Wheat $5.55–$6.25/bu
  • Barley $4.70–$5.50/bu

• Wheat production – down 5% from last year
  • Winter wheat production – down 11% from last year
  • Spring wheat production – up 12% from last year
  • Global production up
2014/15 Overview–US

- Crops, cont’d
  - Barley production – down 17% from last year
  - Global production down from last year, but higher than average
2014/15 Overview—US

- Crops, cont’d
  - Barley production – down 17% from last year
    - Global production down from last year, but higher than average
  - Beets – huge production, good sugar, low prices
2014/15 Overview–US

- Crops, cont’d
  - Barley production – down 17% from last year
  - Global production down from last year, but higher than average.
  - Beets – huge production, good sugar, low prices

- Cattle
  - Cattle and calf prices – very strong
  - Cattle herd – small, shrinking
Drought Status – October 2014

Montana Water Supply and Moisture Status by County - October 2014

Map Key
- **Drought Impact Type**
  - Continental Divide

**Moisture Status**
- Extremely Moist
- Moderately Moist
- Slightly Moist
- Near Average (Normal)
- Slightly Dry
- Moderately Dry
- Extremely Dry

(Drought Alert) (Severe Drought)

Montana County Moisture Status - Climate Summary - October 8th, 2014

http://drought.mt.gov
Drought Status – September 2014

Photo courtesy Marko Manoukian, Phillips County Extension
CATTLE
US Beef Production and Cattle Inventory (January 1, 2014)

Bil. Pounds

Mil. Head


85 95 105 115 125 135

Cattle Inventory
"U.S. Beef Production"
Montana Cattle Herd

Thousands of Head

- 1980
- 1983
- 1986
- 1989
- 1992
- 1995
- 1998
- 2001
- 2004
- 2007
- 2010
- 2013
Beef Calf Price
($2014)

Current price = $307.
### Futures Prices
(no basis adjustments – 11/3/13)

<table>
<thead>
<tr>
<th>Location</th>
<th>11/14</th>
<th>01/15</th>
<th>03/15</th>
<th>04/15</th>
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<tbody>
<tr>
<td>Chicago Mercantile Exchange</td>
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<td>Feeder Cattle, $/cwt</td>
<td>236</td>
<td>230</td>
<td>227</td>
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<td>12/14</td>
<td>02/15</td>
<td>04/15</td>
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<tr>
<td>Live Cattle, $/cwt</td>
<td>167</td>
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<td>166</td>
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</table>

- April feeder prices up 37% from this time last year.
- April live cattle prices up 22% from this time last year.
What’s going on here?
Supply Decline

- **Cost factors**
  - Drought
  - Grazing availability
  - Labor

- **Alternative production factors**
  - Crop profitability
  - Crop insurance
  - Age
Demand Increase

- Domestic demand slightly stronger
- Foreign demand increasing
  - Increasing incomes
  - Increasing population
Montana Cattle 2015/16

- **High prices for cow/calf producers**
  - Optimistic about calf prices for a few years at least!

- **MT, US cattle inventory flat**
  - Uncertainty may be the issue
    - COOL and WTO rulings?
    - Global macroeconomic conditions
    - Consumer demand
  - Quality issues
CROPS *(GRAIN, HAY & PULSES)*
<table>
<thead>
<tr>
<th></th>
<th>2013/14</th>
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<th>2014/15</th>
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<tr>
<td></td>
<td>mmt</td>
<td>%</td>
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<tr>
<td>Canada</td>
<td>38</td>
<td>5</td>
<td>28</td>
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<td>China</td>
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<td>EU-27</td>
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<td>India</td>
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<td>FSU-12</td>
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<td>U.S.</td>
<td>58</td>
<td>8</td>
<td>55</td>
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<tr>
<td>Other</td>
<td>157</td>
<td>18</td>
<td>152</td>
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<td><strong>Total</strong></td>
<td>715</td>
<td>100</td>
<td>720</td>
<td>100</td>
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</table>

Source, WASDE-534, 2014
Montana Grain Production

Millions of Bushels

1991 1993 1995 1997 1999 2001 2003 2005 2007 2009 2011 2013

- 40 80 120 160

Winter Wheat
Spring Wheat
Barley

Montana State University Extension
Mountains & Minds
Montana Grain Prices
(2014$)

$2014/ Bushel

1991 1993 1995 1997 1999 2001 2003 2005 2007 2009 2011 2013

12
10
8
6
4
2
0

Winter Wheat Spring Wheat Barley

MONTANA STATE UNIVERSITY EXTENSION
Mountains & Minds
## Futures Prices

($/bu, no basis adjustment – 11/3/14)

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<tbody>
<tr>
<td>Minneapolis Grain Exchange</td>
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<tr>
<td>Hard Red Spring Wheat</td>
<td>5.77</td>
<td>5.87</td>
<td>5.96</td>
<td>6.05</td>
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<td>Kansas City Board of Trade</td>
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<tr>
<td>Hard Red Winter Wheat</td>
<td>5.97</td>
<td>6.01</td>
<td>6.03</td>
<td>5.99</td>
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<td>Chicago Board of Trade</td>
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<td>Corn</td>
<td>3.73</td>
<td>3.86</td>
<td>3.94</td>
<td>3.98</td>
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</tbody>
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Down 20-30%, but inching up?
Montana Hay Production

U.S. total production strong—149 million tons
Montana Hay Prices ($2014)
Montana Pulse Production

Millions of Pounds

- Lentils
- Dry Edible Peas
- Dry Edible Beans
- Sum

1998 to 2014

Montana State University Extension

Mountains & Minds
Montana Pulse Prices ($2014)

2014$/cwt

- Lentils
- Dry Edible Peas
- Dry Edible Beans

Montana Crops 2015/16

- **Production**
  - Strong
  - Pulse crop production continues to grow

- **Prices**
  - Inching up…but not very far…
  - Global production strong
Questions?

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