

Montana Ag Situation and Outlook

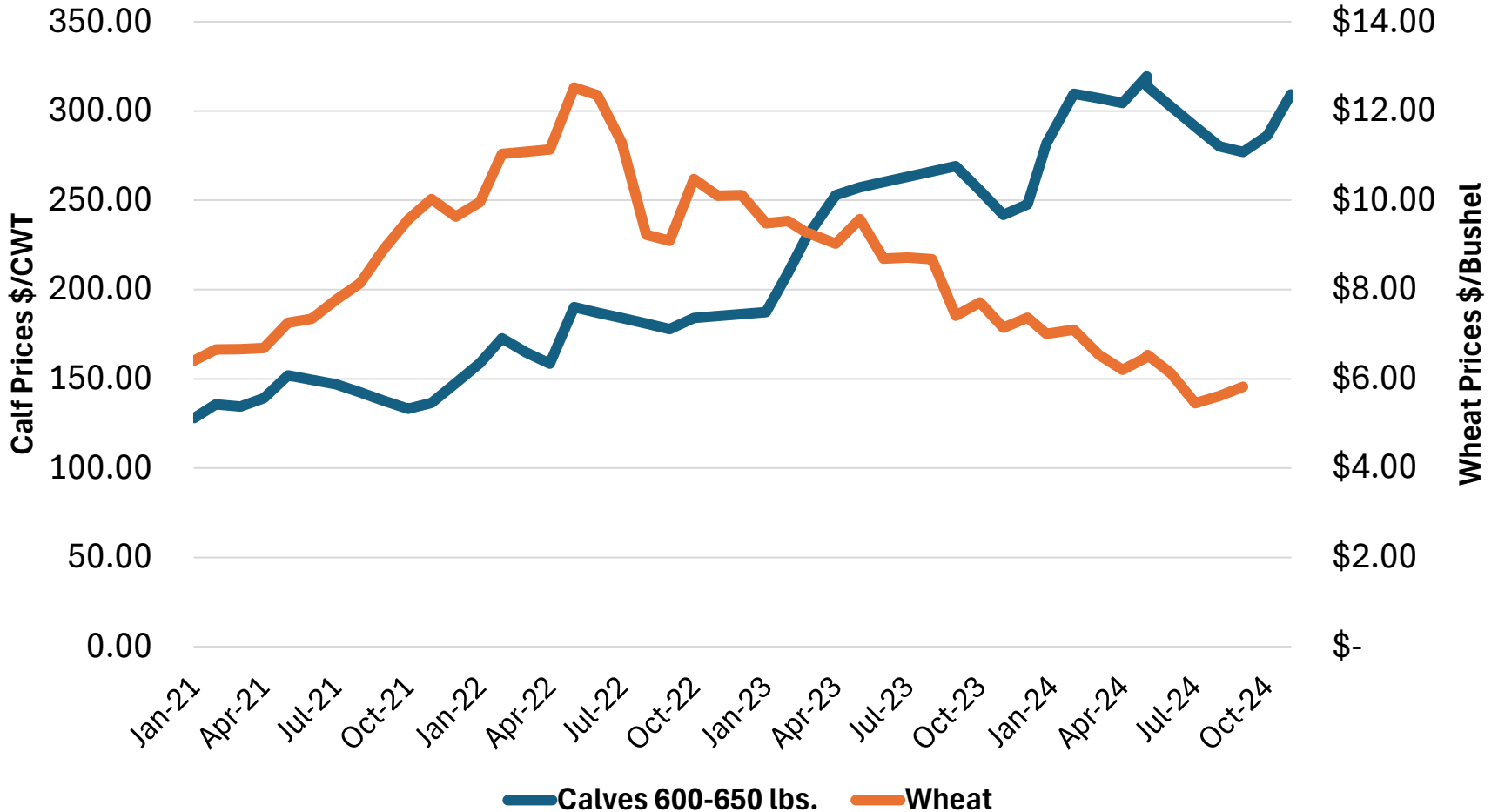
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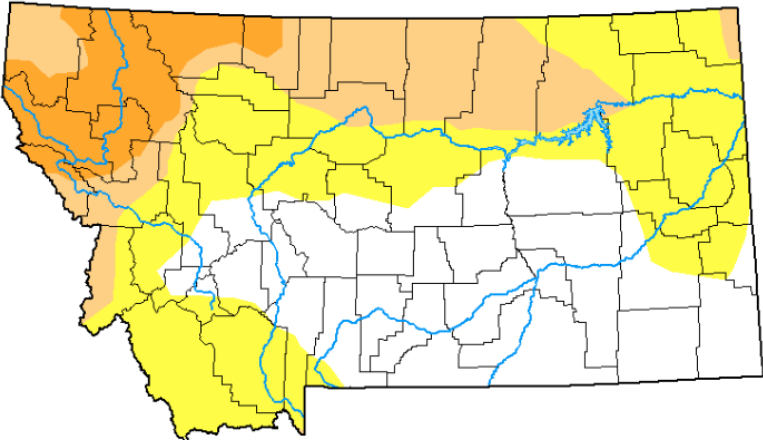


Strong Calf Prices & Lower Wheat Prices

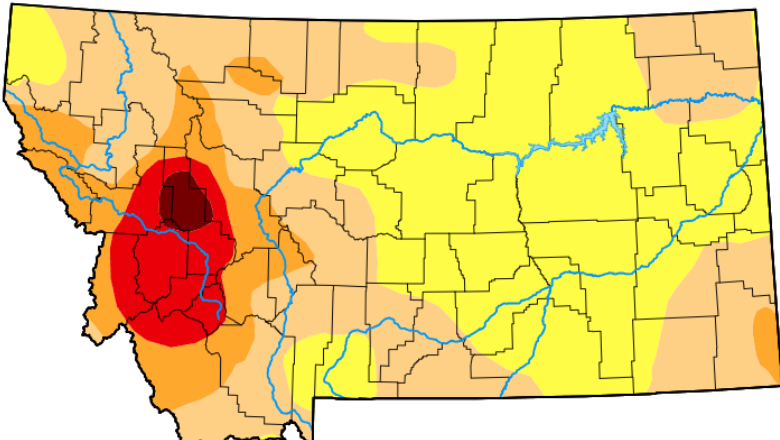


Source: USDA QuickStats (inflation-adjusted)

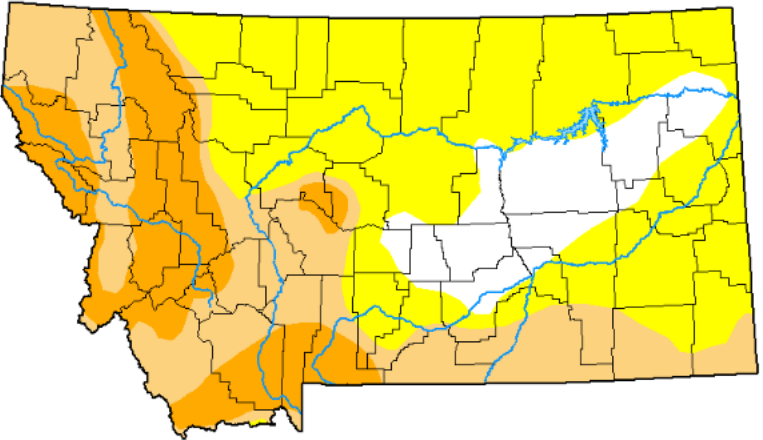
Drought Conditions



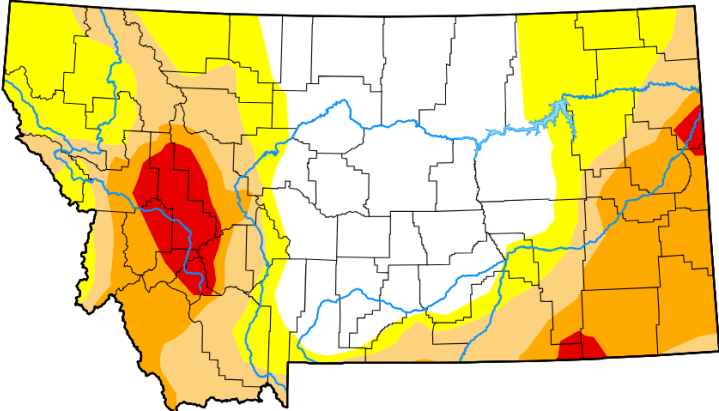
August 1, 2023



August 1, 2024



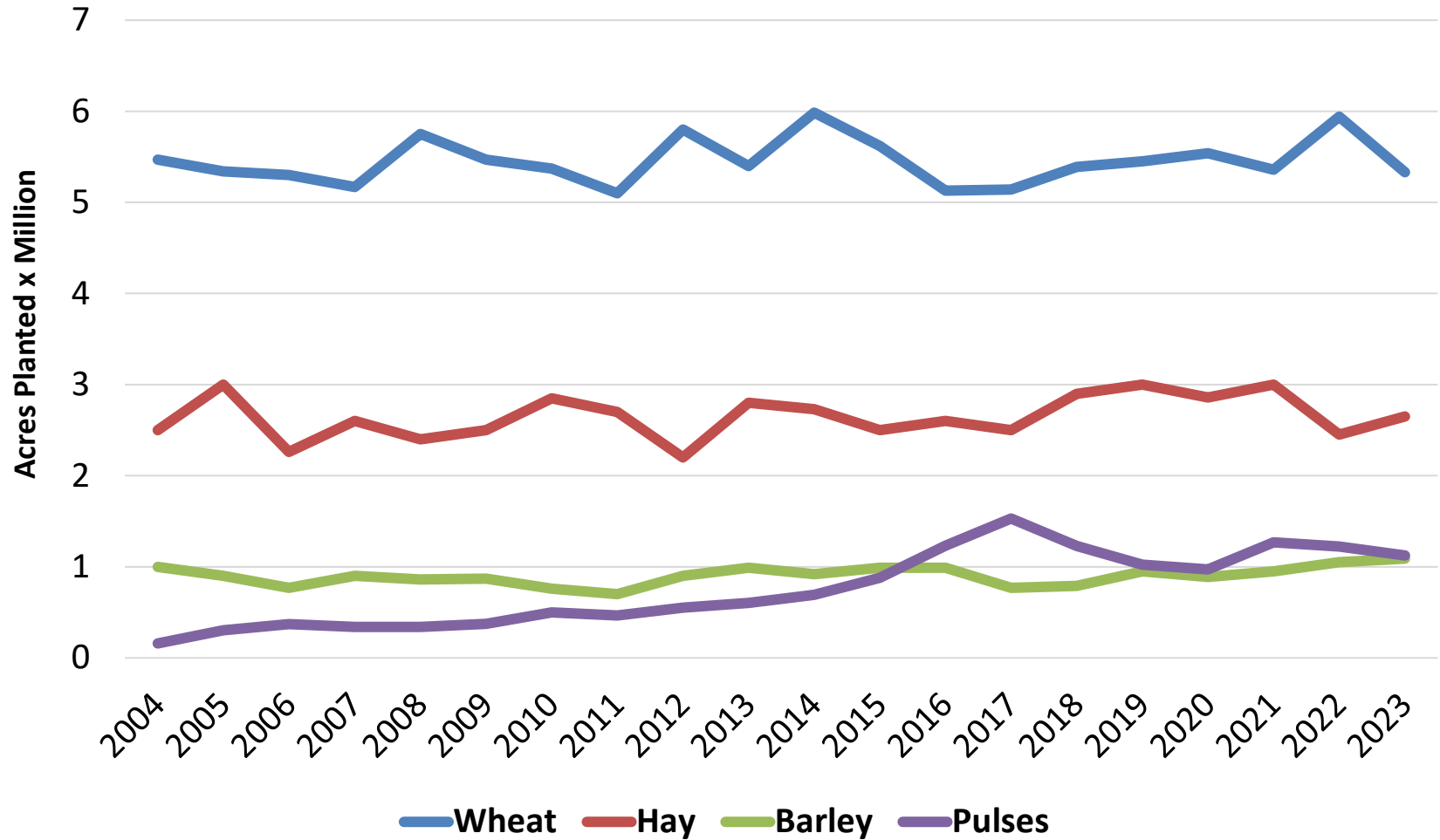
February 13, 2024



February 13, 2025

Source: UNL Drought Monitor

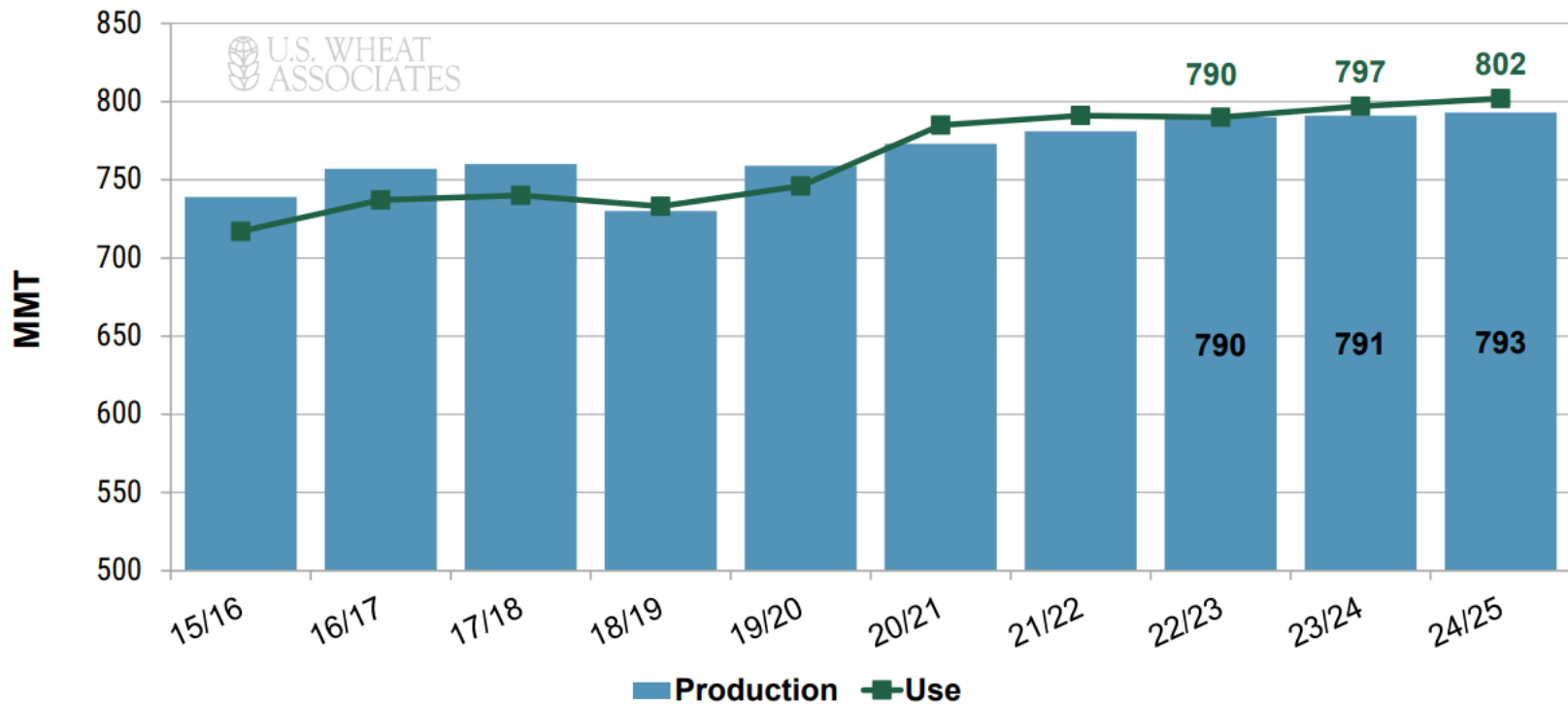
Crop Acreage 2004 - 2024



Source: USDA Quick Stats

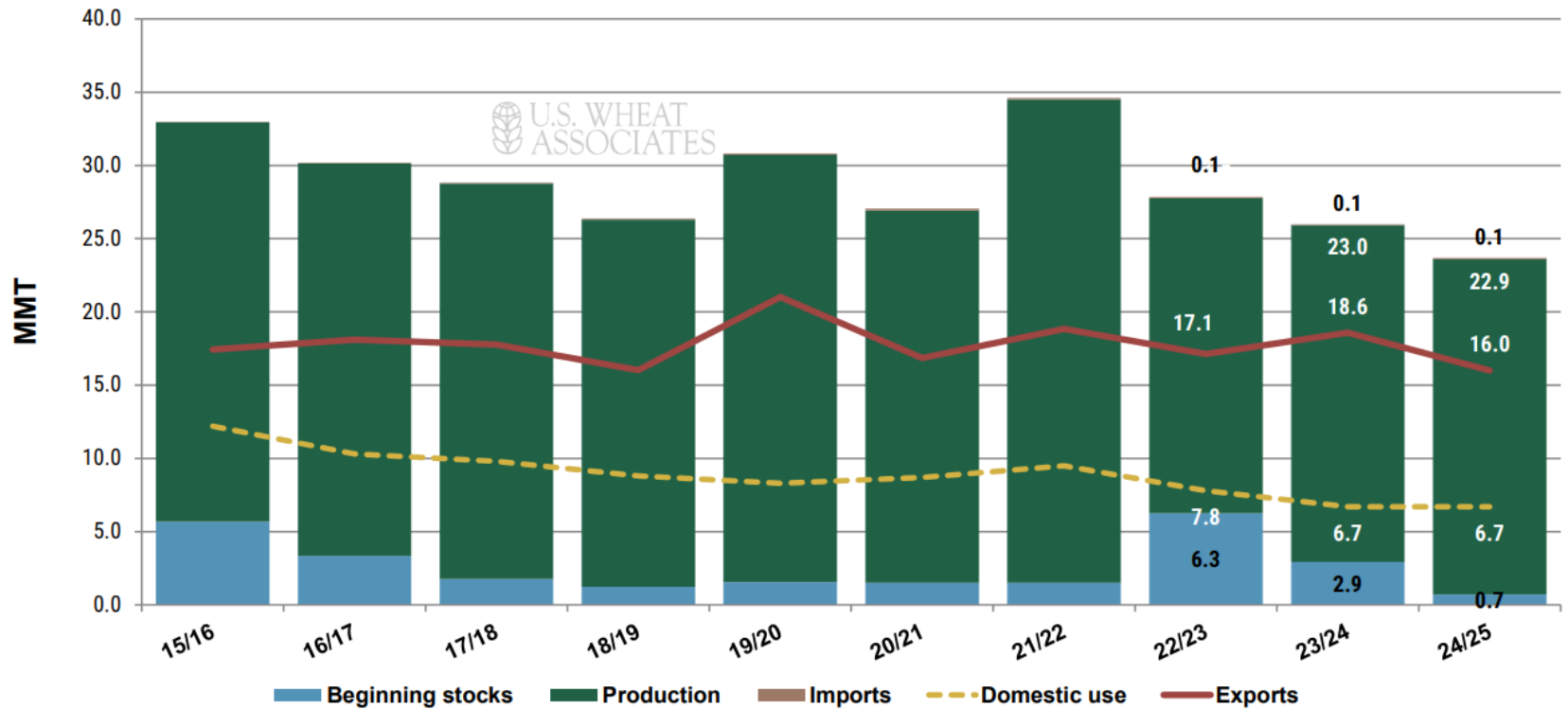
Wheat: Growing Demand and Production

World Production and Use

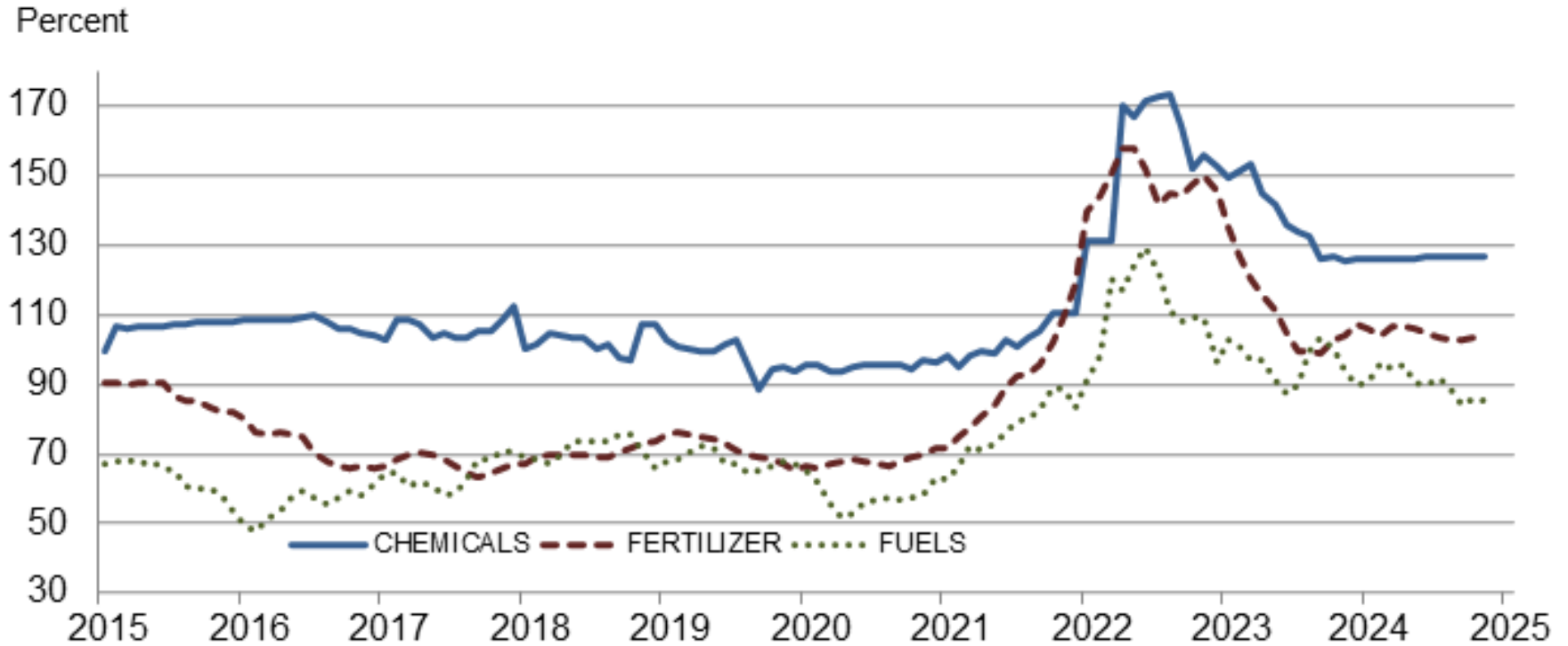


Ukraine Wheat Production

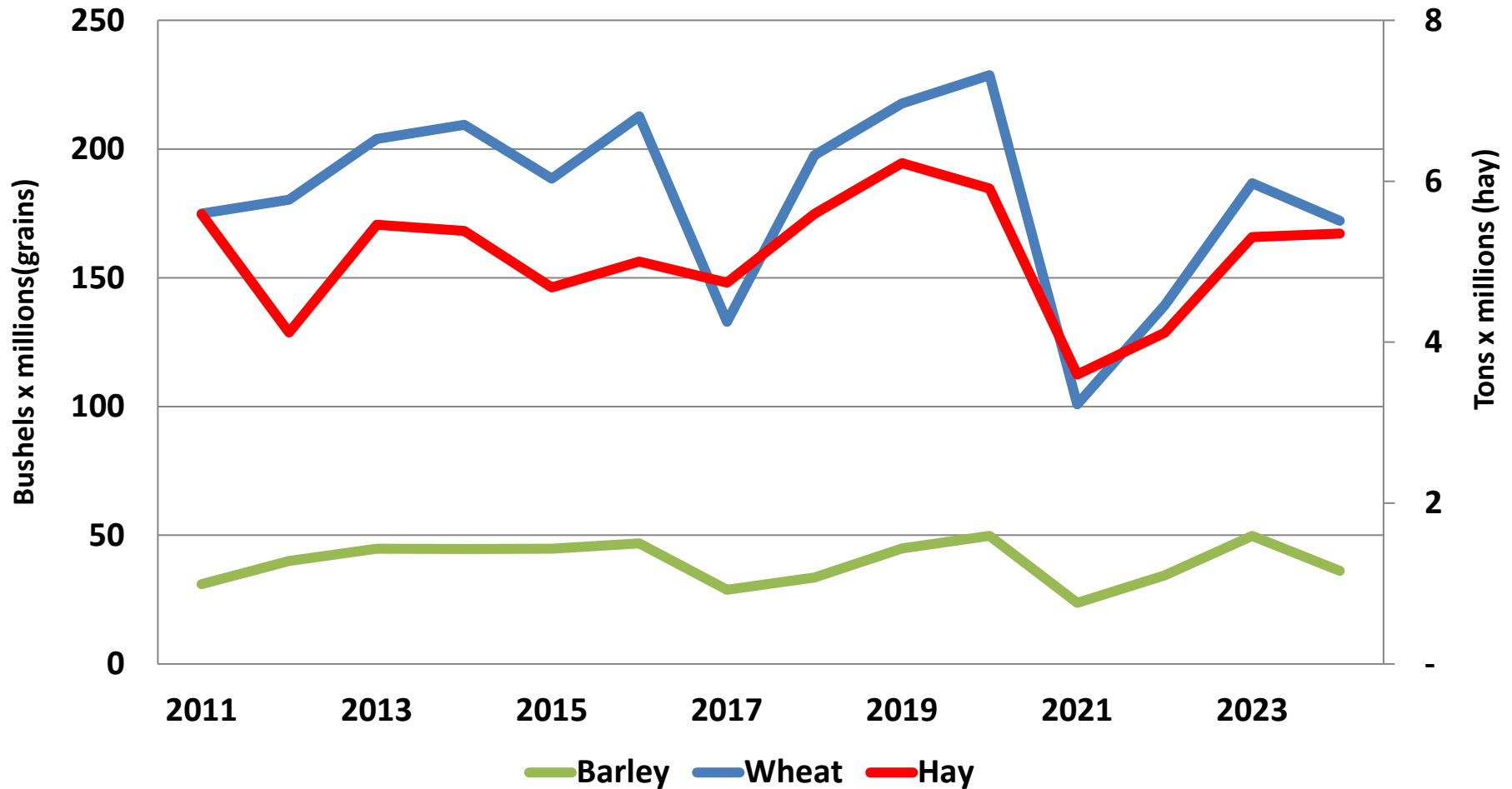
Ukraine Situation



Input Costs Remain Elevated (USDA)

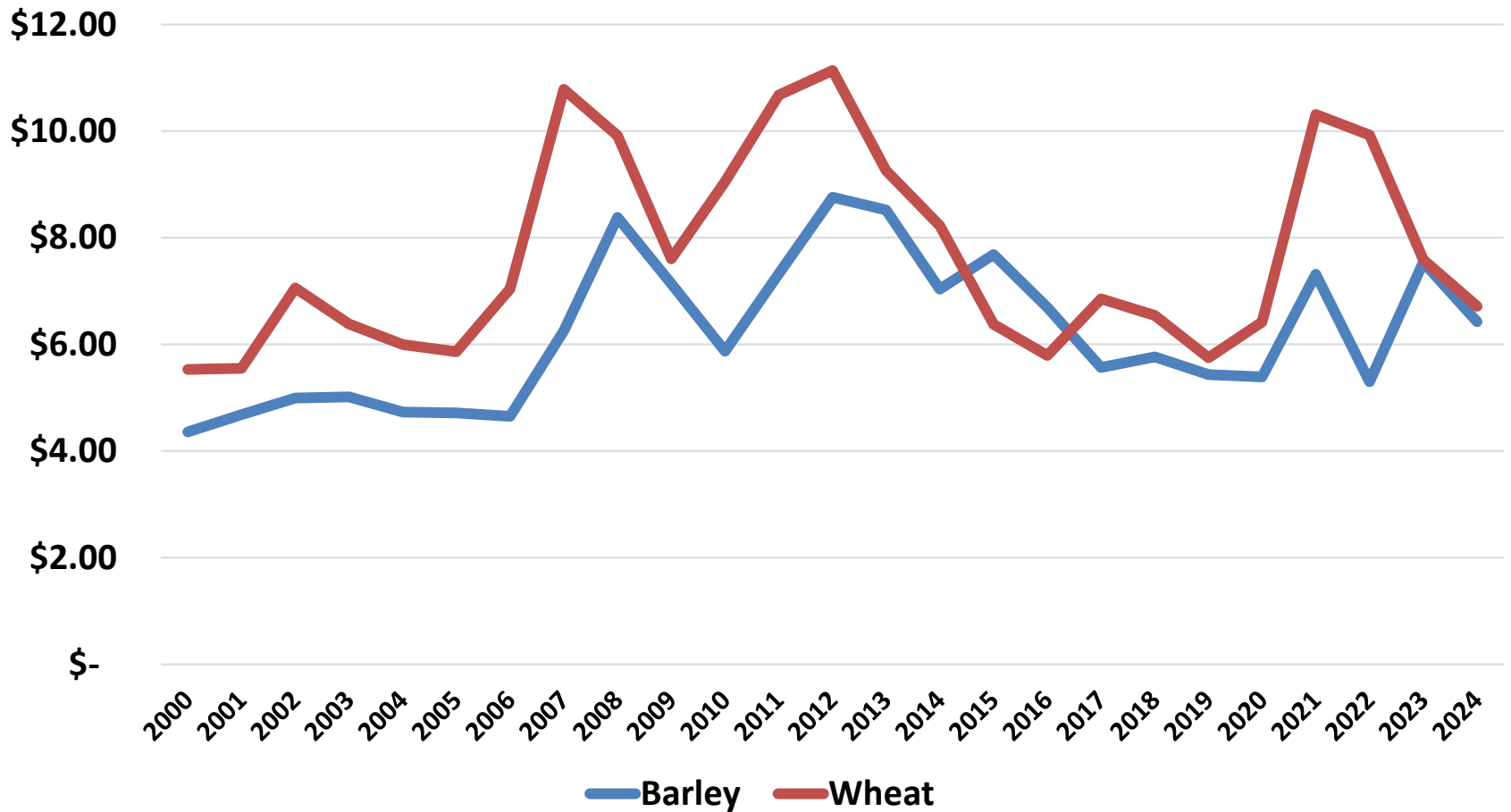


Near Average Production 2024



Source: USDA QuickStats

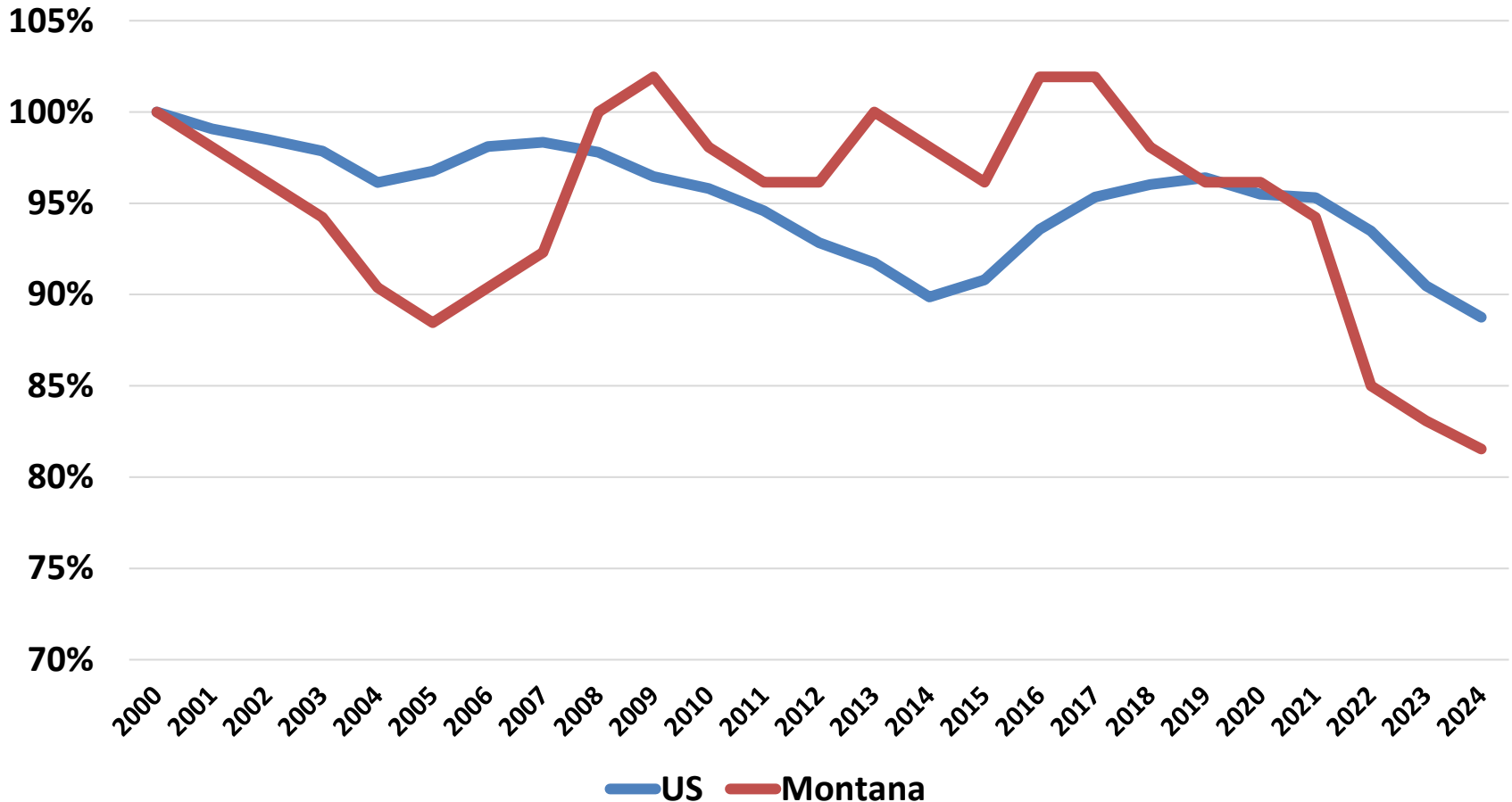
Wheat and Barley Prices, 2000 – 2024



Source: USDA Quickstats, Aug. 2024, Inflation Adjusted, Marketing Year Data (6/1-5/31)

LIVESTOCK

Percent Change in US & Montana Cattle Herd



18% (480,000 head) decrease in total cattle inventory from 2000 – 2024 Montana Herd

11% (11,041,000 head) decrease in total cattle inventory from 2000-2024 US Herd

Source: NASS, January 1 inventory

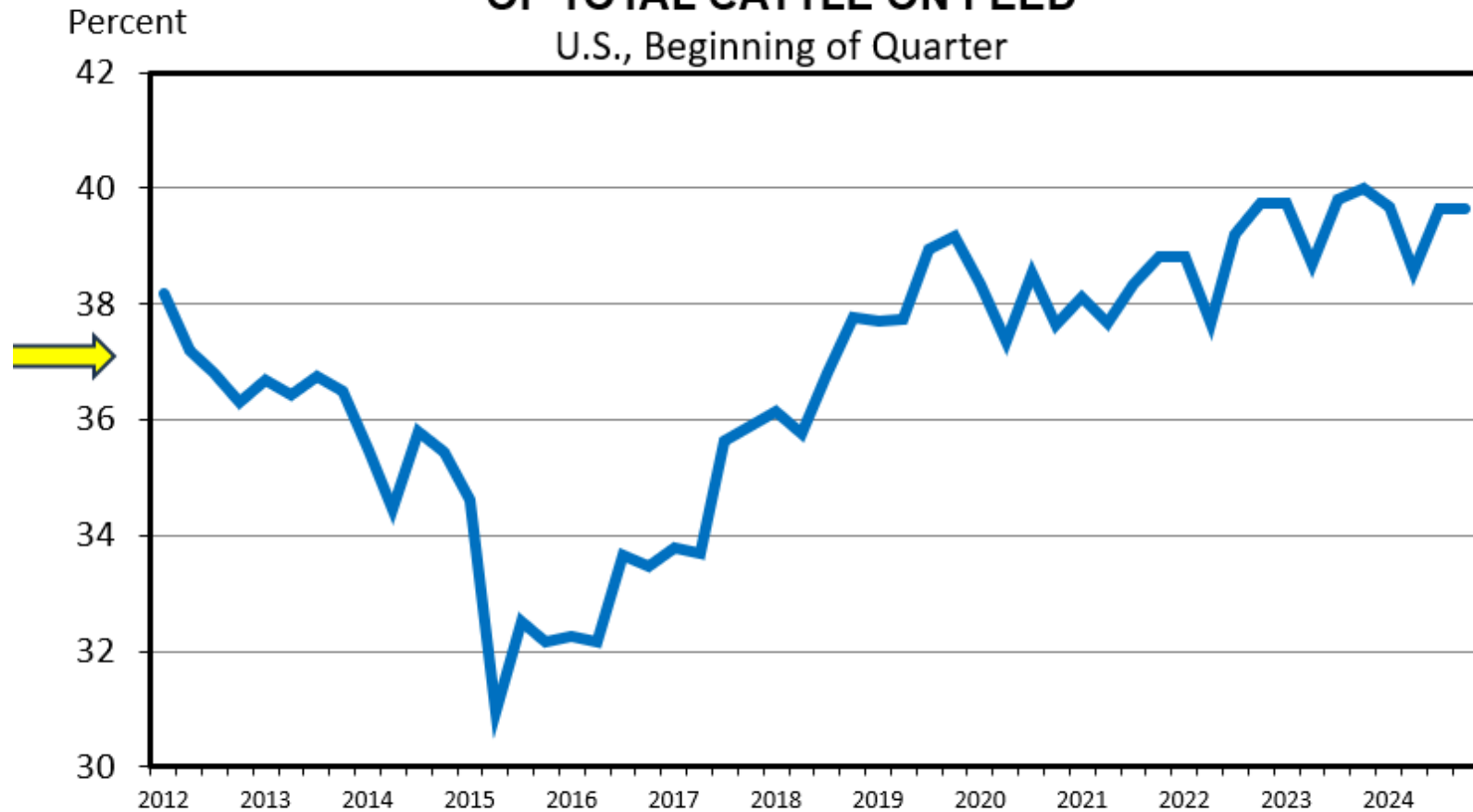
Top Declines in Cattle Numbers 2010 - 2024 Montana: -17%

- Blaine: -36%
- Daniels: -64%
- Dawson: -39%
- Fallon: -31%
- Gallatin: -35%
- Hill: -41%
- Lake: -32%
- Liberty: -49%
- Mineral: -67%
- Pondera: -34%
- Ravalli: -51%
- Roosevelt: -51%
- Sheridan: -38%
- Stillwater: -39%
- Wibaux: -31%

US Cattle Herd Rebuilding

HEIFERS ON FEED AS A PERCENT OF TOTAL CATTLE ON FEED

U.S., Beginning of Quarter



Data Source: USDA-NASS, Compiled by LMIC

10/25/24

13

National Trends

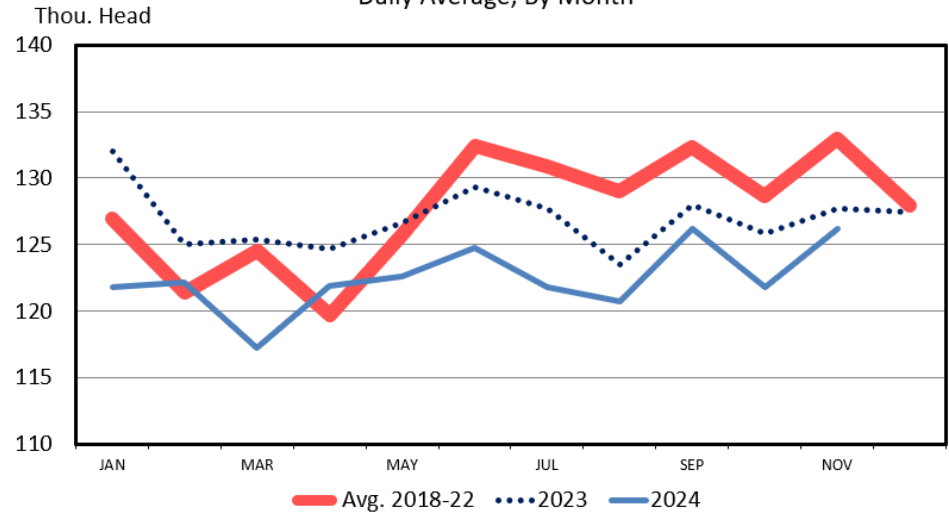
Cattle slaughter lower in 7 of 9 months

Heavier animals at slaughter

Source: Livestock Marketing Information Center

FEDERALLY INSPECTED CATTLE SLAUGHTER

Daily Average, By Month

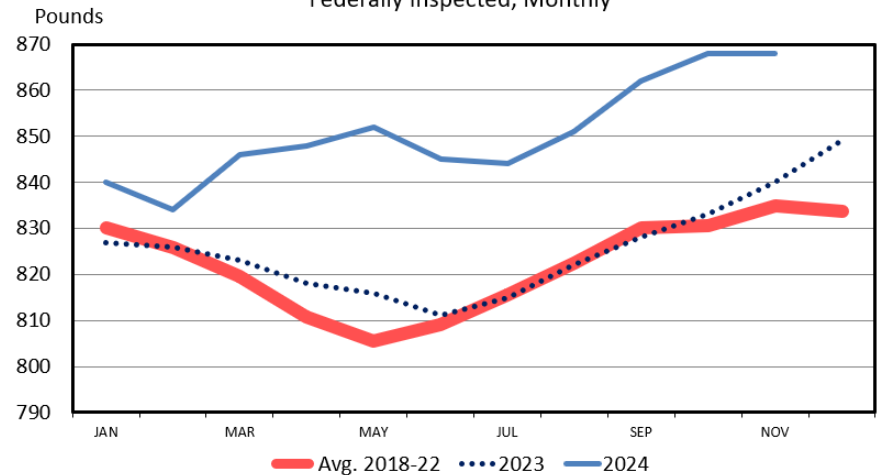


Data Source: USDA-NASS, Compiled by LMIC
Livestock Marketing Information Center

C-S-04
12/19/24

AVERAGE DRESSED WEIGHT -- CATTLE

Federally Inspected, Monthly



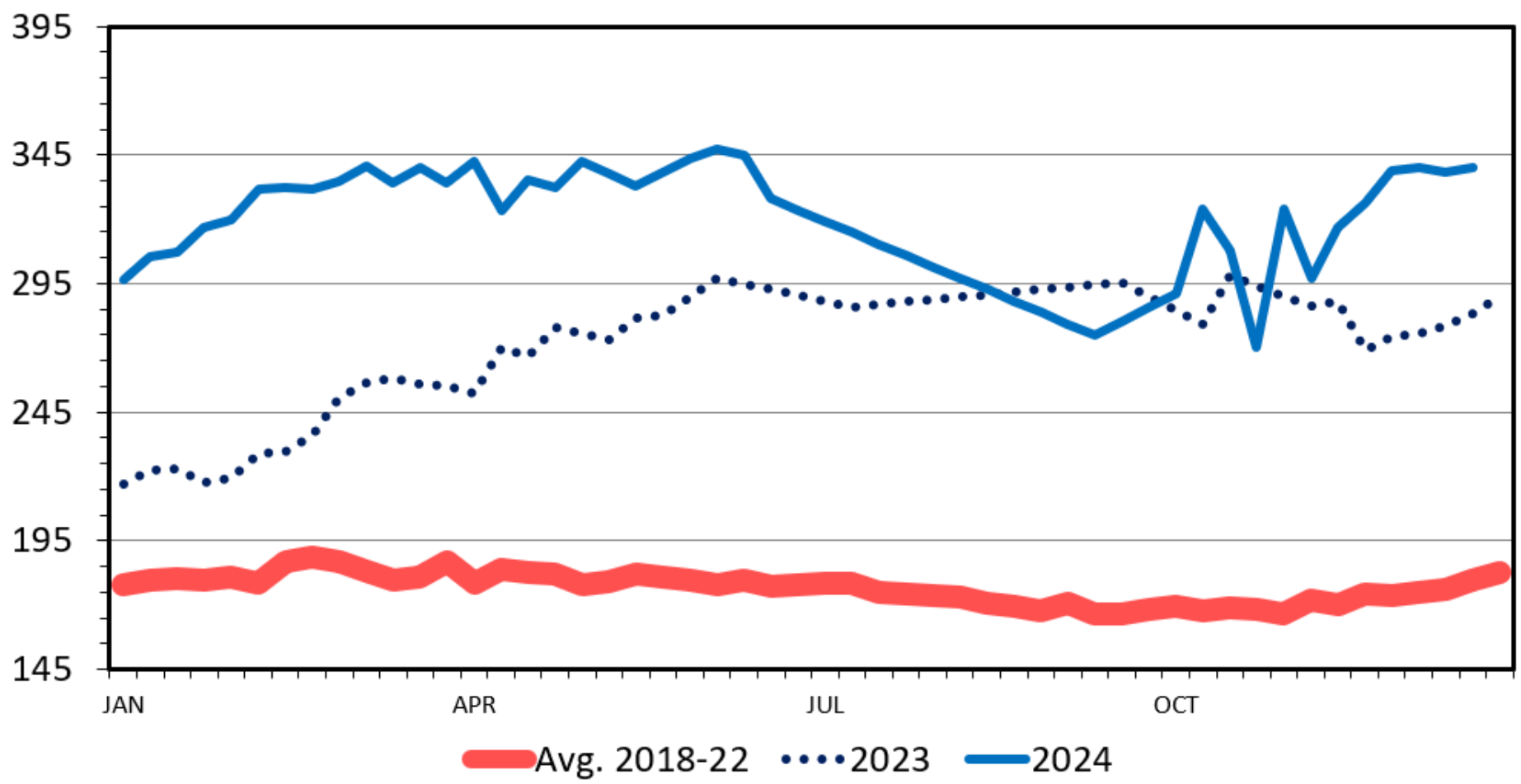
Data Source: USDA-NASS
Livestock Marketing Information Center

C-S-24C
12/19/24

MED. & LRG. #1 STEER CALF PRICES

500-600 Pounds, Billings Weekly

\$ Per Cwt.

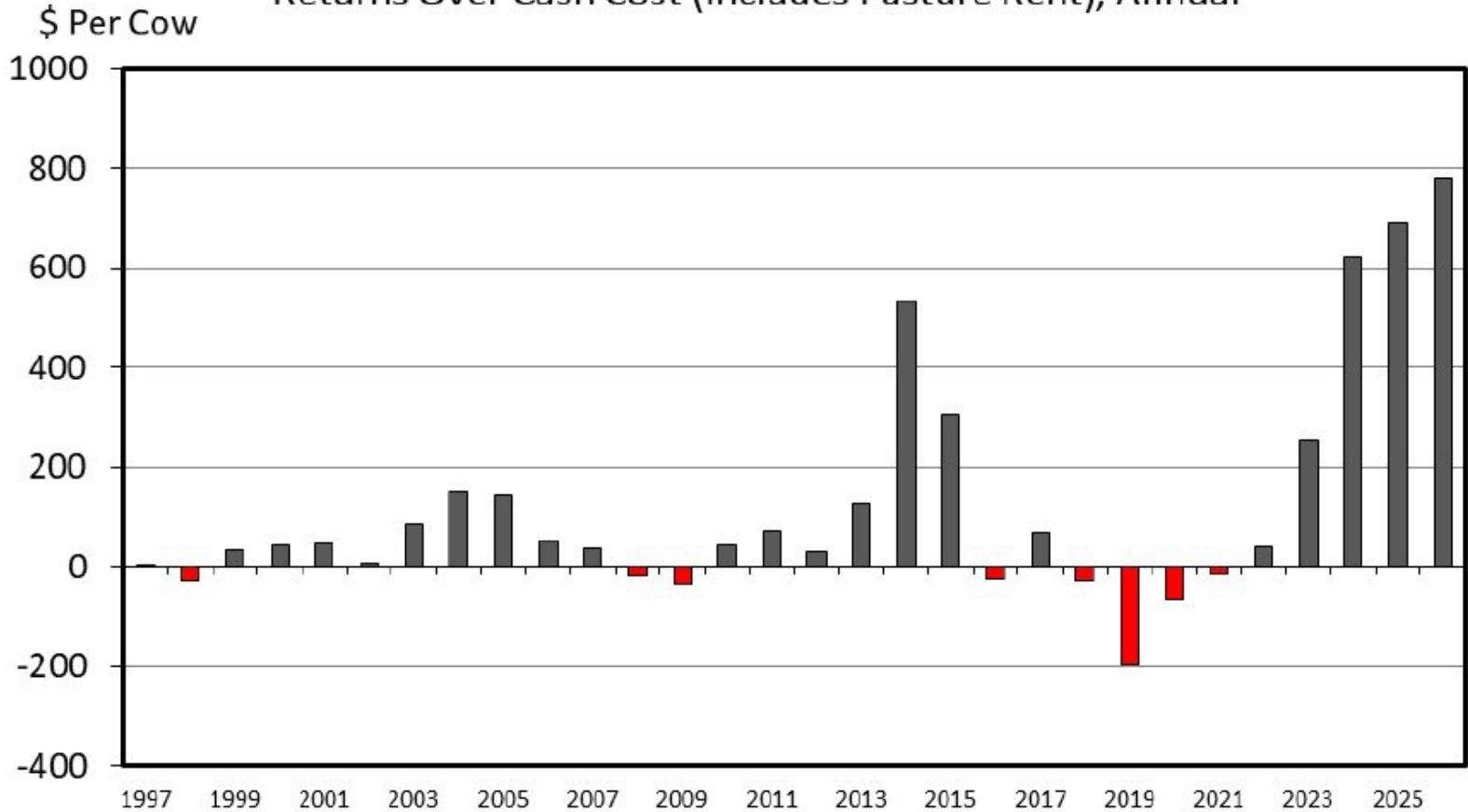


Data Source: USDA-AMS, Compiled by LMIC

12/23/24

US Cow/Calf Returns

ESTIMATED AVERAGE COW CALF RETURNS
Returns Over Cash Cost (Includes Pasture Rent), Annual

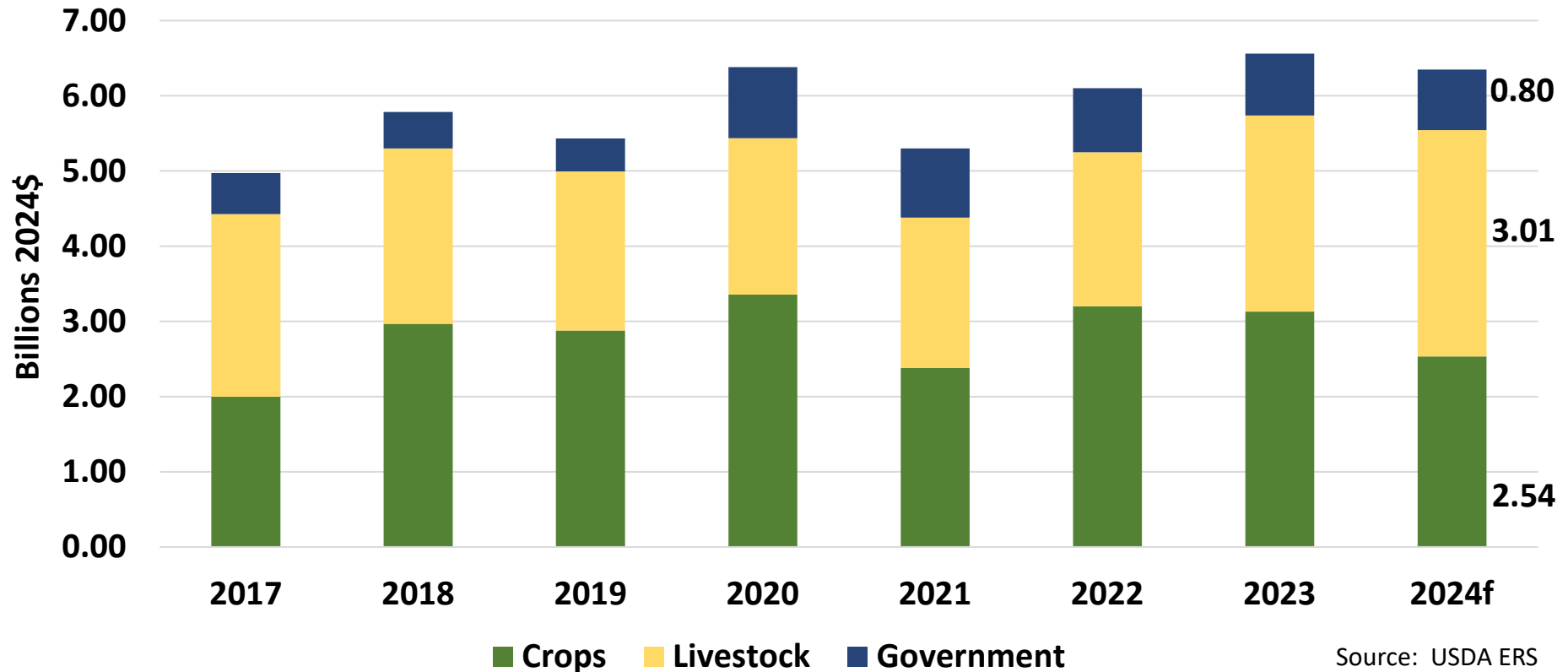


Data Source: USDA & LMIC, Compiled by LMIC

Livestock Marketing Information Center

Cash Receipts

Cash Receipts 2017 - 2024f



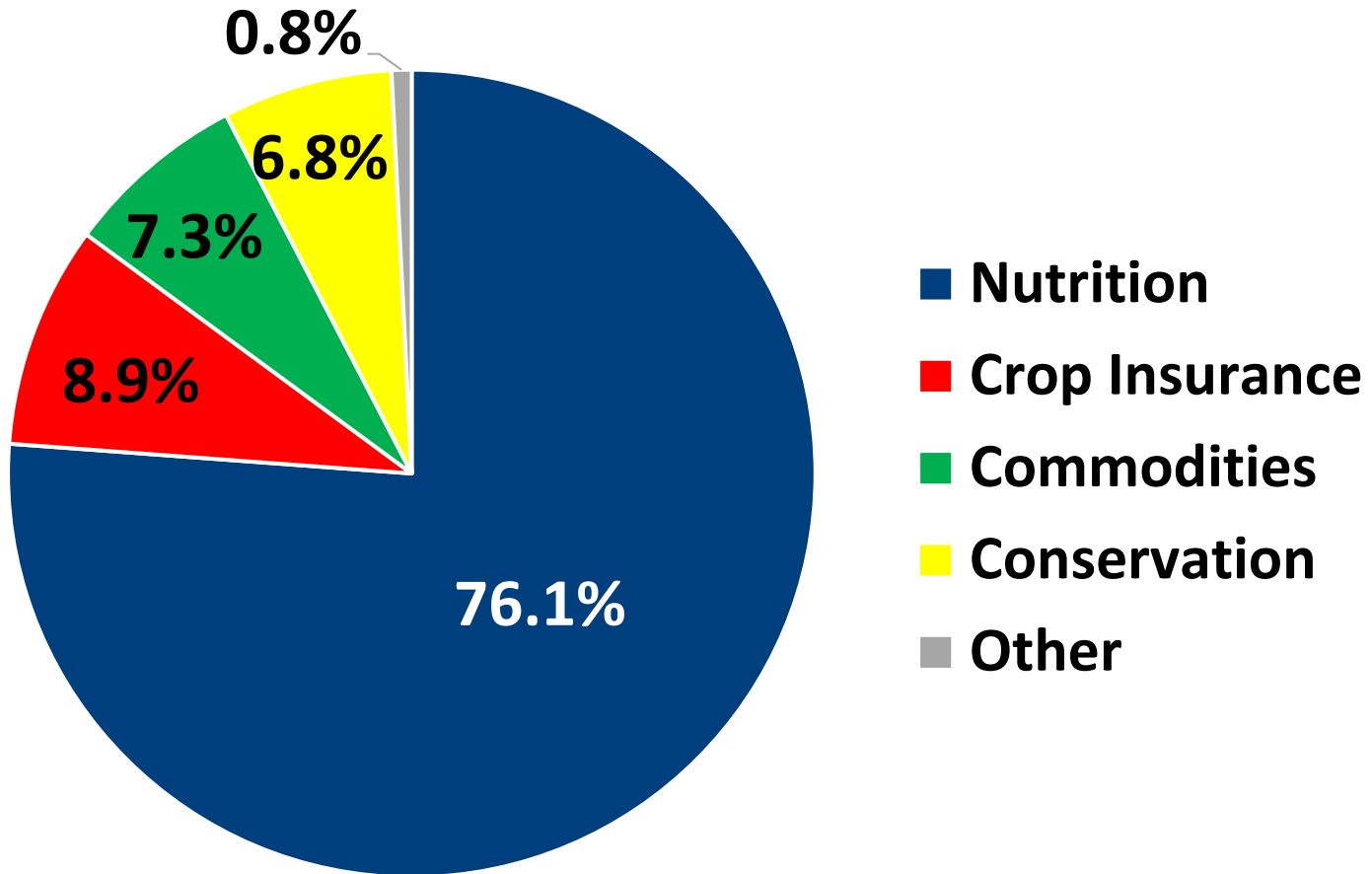
Source: USDA ERS

- 2024: 47% Livestock, 40% Crops and 13% Government Payments
- Average 2017-2023: 40% Livestock, 48% Crops, 12% Government Payments

2025 Policy Uncertainty

- When will Congress Pass a new Farm Bill?
 - 2018 Farm Bill Expired in the Fall of 2023
 - 1 year extension for 2024
 - 1 year extension for 2025

Farm Bill Spending Overview



Source: USDA, Economic Research Service based on Congressional Budget Office, Direct Spending Effects for Agriculture Improvement Act of 2018, December 11, 2018.

Farm Bill Discussion Points

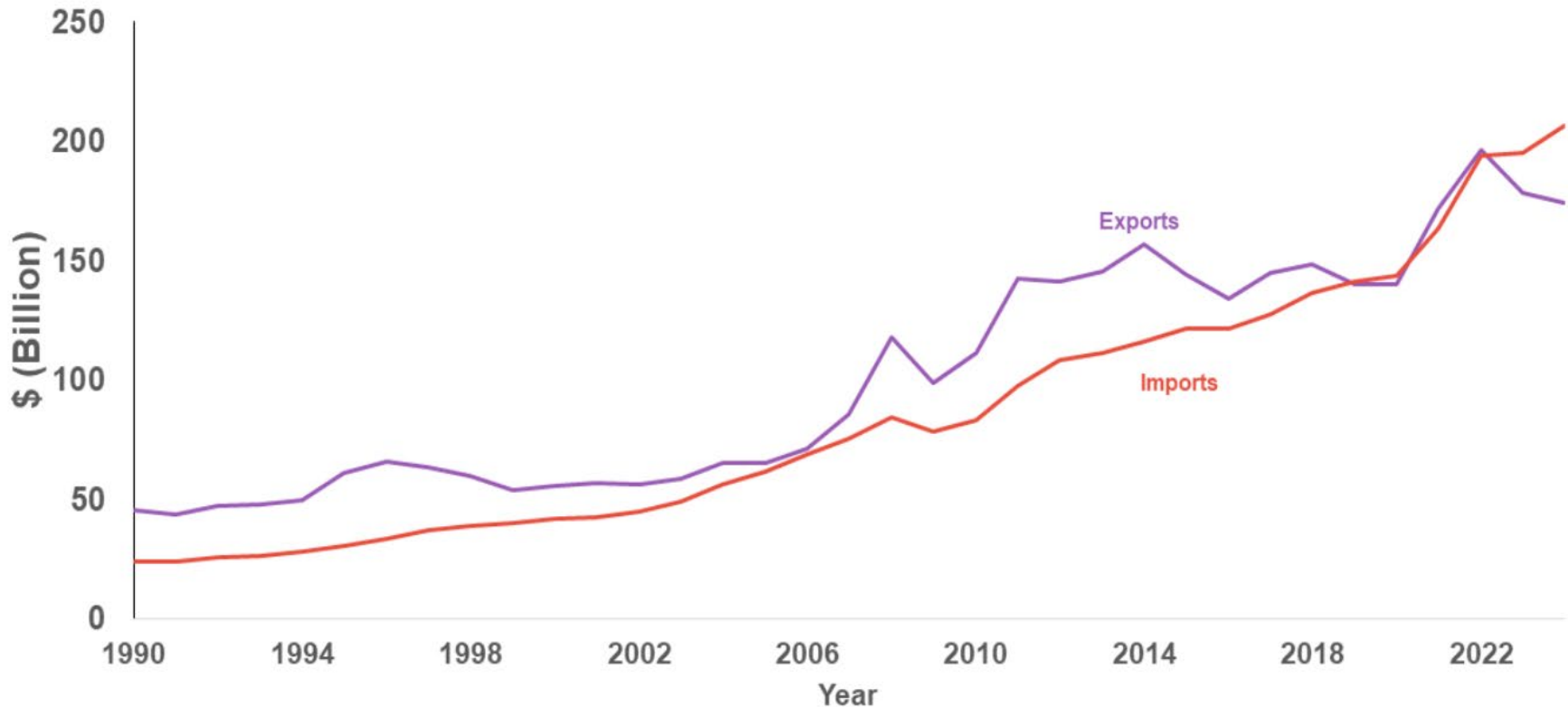
- Total Cost of the Bill
- Reference Price Increases on Commodity Programs
- Environmental Programs Goals
- Disaster Assistance Funding
- Nutrition Program Cuts
 - 5% to 15% proposals

US Trade Policy

Background

- Why do countries Trade?
 - Comparative Advantage in Production
- What is a tariff?
 - Tax on Import Goods
- Why would countries want Free (or free“er”) Trade?
 - Moving away from free trade?
- Ag Trade Missions
 - Montana Dept. Ag, Ag Membership Organizations, USDA, MT Department of Commerce
 - We also receive trade groups from countries that purchase our products

Value of US Ag Imports & Exports

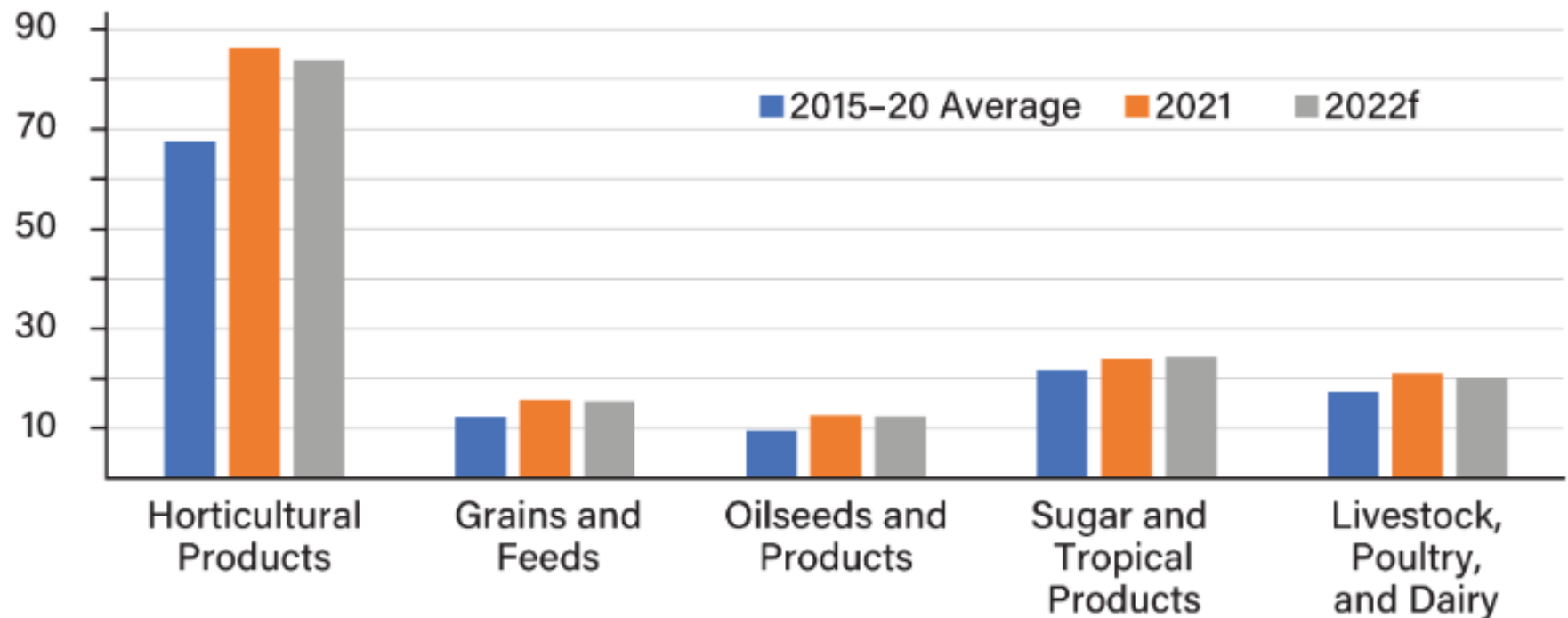


Source: Economic Research Service, USDA using data from the U.S. Department of Commerce, Census Bureau

- Ag Imports from US: Canada \$30 Billion, Mexico \$29 Billion and China \$26 Billion

Value of major U.S. commodity imports, 2015-22

Billion USD



Notes: f = forecast. Years represent fiscal year, October through September. All dollar values are nominal (not adjusted for inflation). Figures reflect calculations using the updated USDA definition of "Agricultural Products," which includes ethanol, distilled spirits, and manufactured tobacco products, among others, and excludes rubber and allied products.

Source: USDA, Economic Research Service calculations based on U.S. Bureau of Census trade data.

2018 Tariffs & Market Facilitation Program

- US Imposed Tariffs in the first quarter of 2018
- China imposed retaliatory tariffs on US imports (including ag products)
- US created the Market Facilitation program to provide direct payments to ag producers harmed by the tariffs.
 - US Government paid \$23 Billion in 2018-2019
 - The methodology to determine payments let to Montana producers receiving some of the lowest payments in the nation.

Looking Forward

- Cow/Calf Producers looking like a strong 2025
- Wheat and Barley producers modest price improvements
- Moisture: Always a concern
- Farm Bill: New Bill for 2026?
- Trade Policy: Uncertainty & Risk