

Plotting a Course 2010

Short-term and Long-term Agricultural Planning Prices for North Dakota 2010

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Planning for the future can be a very frustrating process but one that typically pays high dividends. For most farm and ranch managers, developing realistic commodity price expectations is one of the most difficult and complex tasks of the planning process. To ease the burden of forecasting planning prices, the NDSU Extension Service has prepared a summary of projected short- and long-term planning prices.

The estimated short-term planning prices should be used as a guide in setting price expectations for 2010 production. These planning prices can be used for preparing annual enterprise budgets and annual whole-farm cash flow projections.

The short-term planning prices should **not** be used for planning capital purchases or expansion alternatives that extend beyond the next production year. Unfortunately, the use of short-term planning prices to make long-term decisions is common. This practice is not recommended because current supply/demand conditions rarely continue for long periods of time and are a poor indicator of future trends.

The long-term planning prices are valuable for evaluating alternative plans that affect the farm or ranch business for more than one year. Both individual yearly price forecasts and long-term average prices are presented.

The long-term planning prices were derived from annual average price forecasts made by the Food and Agricultural Policy Research Institute (FAPRI). The U.S. price estimates reported in the 2009 Baseline Briefing Paper, November 2009, were adjusted using historical relationships to reflect North Dakota farm gate prices.

Historical prices are reported for reference. This information can be a valuable reminder of past price fluctuations and trends. Prices for 2009 are averages to date.

The historical crop, cull cow and slaughter hog prices were obtained from "North Dakota Agricultural Statistics 2009," North Dakota Agricultural Statistics Service publication No. 78. Historical milk prices are from FAPRI. The historical feeder steer prices are from Kist Livestock Auction, Mandan, N.D. Historical sheep prices are from the North Dakota Agricultural Statistics Service and Sioux Falls, S.D., auctions.

For more crops marketing information links:

www.ag.ndsu.nodak.edu/aginfo/cropmkt/websites/sites.htm

For more livestock marketing information links:

www.ag.ndsu.nodak.edu/aginfo/lsmkt/web/links.htm

For more information on this and other topics, see: www.ag.ndsu.edu

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Fargo, North Dakota 58105

JANUARY 2010

1M-1-08; 1M-1-09; 1M-1-10

HISTORIC and PROJECTED PLANNING PRICES for NORTH DAKOTA

CROPS																
Marketing Year	Spring Wheat	Durum Wheat	Oats	Feed Barley	Malting Barley	Oil Sunflower	Non-Oil Sunflower	Corn	Soybeans	Canola	Flaxseed	Winter Wheat	Dry Beans	Dry Peas	Alfafa Hay	Other Hay
	(bu)	(bu)	(bu)	(bu)	(bu)	(cwt)	(cwt)	(bu)	(bu)	(cwt)	(bu)	(bu)	(cwt)	(cwt)	(ton)	(ton)
2004-05	3.36	3.71	1.18	1.46	2.40	13.00	18.50	1.88	5.75	10.70	8.05	2.76	24.80	5.39	63.50	46.00
2005-06	3.64	3.36	1.55	1.50	2.21	10.90	17.20	1.80	5.37	9.64	5.94	2.79	15.50	4.52	55.00	38.00
2006-07	4.49	4.58	1.84	2.39	2.76	13.80	16.80	2.77	5.98	11.90	5.80	4.12	20.20	6.33	69.00	49.00
2007-08	7.45	11.00	2.53	3.68	3.99	21.50	23.20	4.06	9.63	18.30	13.00	5.62	25.70	13.00	61.00	43.00
2008-09	7.19	9.04	2.70	3.99	5.43	19.90	33.00	3.74	9.71	18.70	12.70	6.34	29.70	14.20	85.00	61.00
Historic avg. (2004-2008)	5.23	6.34	1.96	2.60	3.36	15.82	21.74	2.85	7.29	13.85	9.10	4.33	23.18	8.69	66.70	47.40
2009-10 (to date)*	5.04	5.12	1.87	1.93	4.27	13.70	23.48	3.13	9.37	15.85	7.40	3.95	26.86	7.61	71.53	49.84
2010-11 short-term	5.45	6.20	2.20	2.85	3.50	15.30	23.00	3.50	8.70	16.80	8.40	4.80	26.00	10.00	67.00	47.00
2011-12	5.29	6.88	2.22	2.88	4.03	16.65	23.98	3.49	8.69	16.10	8.28	4.64	26.08	9.13	65.00	45.00
2012-13	5.42	7.04	2.24	2.91	4.07	16.78	24.16	3.53	8.76	16.22	8.34	4.75	26.28	9.20	68.00	48.00
2013-14	5.49	7.14	2.28	2.96	4.14	17.21	24.79	3.59	8.99	16.64	8.56	4.81	26.96	9.44	70.00	50.00
2014-15	5.58	7.25	2.32	3.01	4.21	17.61	25.36	3.65	9.19	17.03	8.76	4.89	27.58	9.65	72.00	52.00
2015-16	5.61	7.29	2.32	3.02	4.22	17.90	25.78	3.66	9.35	17.31	8.90	4.91	28.04	9.81	74.00	54.00
Projected long-term avg. (2011-15)	5.48 ¹	7.12 ²	2.27 ³	2.95 ⁴	4.13 ⁵	17.23 ⁶	24.81 ⁷	3.58 ⁸	9.00 ⁹	16.66 ¹⁰	8.57 ¹¹	4.80 ¹²	26.99 ¹³	9.45 ¹⁴	69.80	49.80

* average of beginning of marketing year to December 2009

1 Spring wheat price is calculated based on the historical relationship: N.D. spring wheat = U.S. wheat x 1.05

2 Durum wheat price is calculated based on the historical relationship: N.D. durum = N.D. spring wheat x 1.30

3 Oats price is calculated based on the historical relationship: N.D. oats = N.D. feed barley x 0.77

4 Feed barley price is calculated based on the historical relationship: N.D. feed barley = U.S. corn x 0.75

5 Malting barley price is calculated based on the historical relationship: N.D. malting barley = N.D. feed barley x 1.40

6 Oil sunflower price is calculated based on the historical relationship: N.D. oil sunflower = U.S. soybean x 1.81

7 Non-oil sunflower price is calculated based on the historical relationship: N.D. non-oil sunflower = N.D. oil sunflower x 1.44

8 Corn price is calculated based on the historical relationship: N.D. corn = U.S. corn x 0.91

9 Soybean price is calculated based on the historical relationship: N.D. soybean = U.S. soybean x 0.945

10 Canola price is calculated based on the historical relationship: N.D. canola = U.S. soybean x 1.75

11 Flaxseed price is calculated based on the historical relationship: N.D. flaxseed = U.S. soybean x 0.90

12 Winter wheat price is calculated based on the historical relationship: N.D. winter wheat = U.S. wheat x 0.92

13 Dry bean price is calculated based on the historical relationship: N.D. dry bean = N.D. soybean x 3.00

14 Dry pea price is calculated based on the historical relationship: N.D. dry pea = N.D. soybean x 1.05

BEEF								HOGS		SHEEP		MILK	
Marketing Year*	400-500 lb. Steers	500-600 lb. Steers	600-700 lb. Steers	700-800 lb. Steers	800-900 lb. Steers	1,100-1,700 lb. Cull Cows	1,100-1,300 lb. Nebraska Direct Slaughter Steers	Year	250 lb. Slaughter Hogs	Slaughter Ewes	105-140 lb. Slaughter Lambs	60-90 lb. Feeder Lambs	All Milk
	(cwt) Fourth Quarter Prices	(cwt) Fourth Quarter Prices	(cwt) Fourth Quarter Prices	(cwt) First Quarter Prices	(cwt) First Quarter Prices	(cwt) Annual Prices	(cwt) Annual Prices		(cwt)	(cwt)	(cwt)	(cwt)	(cwt)
2004-05	139.03	122.38	112.77	106.18	100.08	52.50	84.75	2004	51.70	37.00	93.10	115.16	16.30
2005-06	144.92	130.66	124.20	112.27	103.61	54.30	87.28	2005	51.50	44.00	100.42	130.33	15.00
2006-07	128.13	116.33	108.53	99.54	95.43	47.80	85.41	2006	47.60	33.00	84.83	106.18	12.50
2007-08	128.47	116.77	111.14	100.41	93.67	47.40	91.82	2007	48.10	27.00	92.00	105.57	18.50
2008-09	111.64	103.18	97.98	93.84	88.13	50.80	92.27	2008	47.70	22.00	96.86	103.57	18.50
Historic avg. (2004-2008)	130.44	117.86	110.92	102.45	96.18	50.56	88.31	Historic avg. (2004-2008)	49.32	32.60	93.44	112.16	16.16
2009-10 (to date)	109.18	101.59	95.03	93.00	91.00	47.59	82.91	2009 to date	41.11	27.00	95.16	108.36	12.57
2010-11 short-term	118.00	110.00	105.00	100.00	98.00	52.00	89.00	2010 short-term	46.00	30.00	98.00	109.00	16.00*
2011-12	122.00	115.00	110.00	105.00	103.00	55.00	96.00	2011	53.00	32.00	100.00	111.00	18.04
2012-13	128.00	120.00	115.00	112.00	110.00	57.00	100.00	2012	56.00	34.00	102.00	112.00	18.39
2013-14	134.00	124.00	119.00	116.00	114.00	59.00	102.00	2013	56.50	36.00	103.00	113.00	18.72
2014-15	136.00	126.00	121.00	118.00	116.00	60.00	104.00	2014	57.00	38.00	105.00	114.00	18.88
2015-16	138.00	128.00	123.00	120.00	118.00	62.00	106.00	2015	58.00	40.00	107.00	115.00	19.22
Projected long-term avg. (2011-15)	131.60	122.60	117.60	114.20	112.20	58.60	101.60	Projected long-term avg. (2011-15)	56.10	36.00	103.40	113.00	18.65

* Fourth quarter prices are for the 400-500, 500-600 and 600-700 lb. weights. First quarter prices are for the 700-800 and 800-900 lb. weights.
To estimate heifer prices, subtract \$11/cwt for 400-500 and 500-600 lb. animals and subtract \$6/cwt for 600-700, 700-800 and 800-900 lb. animals.

North Dakota projections from FAPRI.
Subtract \$1.50/cwt for Grade B Milk
* FAPRI projection reduced by \$1.00/cwt for 2010.