

Plotting a Course 2015

Short-term and Long-term Agricultural Planning Prices for North Dakota 2015

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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 2015 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 crop 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 2014 Baseline Briefing Paper, November 2014, 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 2014 are averages to date.

The historical crop prices were obtained from the U.S. Department of Agriculture's National Agricultural Statistics Service (NASS) "2014 North Dakota Agricultural Statistics Service publication No. 83." Historical milk prices are from the Food and Agricultural Policy Research Institute (FAPRI). Historical feeder steer prices are from the USDA Agricultural Marketing Service (AMS) for Kist Livestock Auction, Mandan, N.D. Historical slaughter steer, cull cow, hog and sheep prices are from NASS and AMS.

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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	Lentils	Alfalfa Hay	Other Hay
	(bu)	(bu)	(bu)	(bu)	(bu)	(cwt)	(cwt)	(bu)	(bu)	(cwt)	(bu)	(bu)	(cwt)	(cwt)	(cwt)	(ton)	(ton)
2009-10	4.90	4.75	1.97	2.07	4.24	14.10	21.60	3.18	9.26	16.10	8.15	4.02	26.70	8.44	26.60	70.00	49.00
2010-11	6.78	6.34	2.60	3.12	3.95	23.70	25.90	5.01	10.90	19.30	12.20	5.02	24.70	9.47	25.10	61.00	44.00
2011-12	8.17	9.45	3.03	5.06	5.50	27.60	32.70	5.81	11.90	24.00	13.90	6.57	39.90	15.30	20.40	73.00	52.00
2012-13	8.19	7.86	3.36	5.36	6.72	24.60	28.10	6.46	14.00	26.50	13.80	7.55	35.10	15.90	18.70	130.00	81.00
2013-14	6.50	7.16	3.14	3.86	6.36	20.30	30.80	3.91	12.40	20.60	13.80	6.43	35.30	14.80	17.90	108.00	71.00
Historic avg. (2009-13)	6.91	7.11	2.82	3.89	5.35	22.06	27.82	4.87	11.69	21.30	12.37	5.92	32.34	12.78	21.74	88.40	59.40
2014-15 (to date)*	5.53	8.16	2.43	2.92	5.74	15.66**	N. A.	3.10	9.58	16.94	12.00	4.76	27.86	10.82**	27.55**	84.77	58.42
2015-16 short-term	6.00	7.00	2.50	2.90	4.70	17.00	25.00	3.50	9.00	16.50	11.00	5.50	25.00	10.80	23.00	86.00	60.00
2016-17	5.72	6.21	2.30	2.99	4.79	17.78	25.61	3.63	8.99	16.64	9.51	4.92	26.96	9.44	23.59	84.00	58.00
2017-18	5.94	6.44	2.36	3.07	4.91	18.48	26.60	3.72	9.34	17.29	9.88	5.11	28.01	9.80	24.51	88.00	60.00
2018-19	6.20	6.72	2.43	3.16	5.05	19.15	27.57	3.83	9.68	17.92	10.24	5.33	29.03	10.16	25.40	87.00	59.00
2019-20	6.29	6.82	2.44	3.17	5.06	19.06	27.44	3.84	9.63	17.83	10.19	5.41	28.89	10.11	25.28	90.00	62.00
2020-21	6.23	6.75	2.41	3.14	5.02	19.15	27.57	3.80	9.68	17.92	10.24	5.35	29.03	10.16	25.40	92.00	64.00
Projected long-term avg. (2016-20)	6.08¹	6.59²	2.39³	3.11⁴	4.97⁵	18.72⁶	26.96⁷	3.76⁸	9.46⁹	17.52¹⁰	10.01¹¹	5.22¹²	28.38¹³	9.93¹⁴	24.84¹⁵	88.20	60.60

* average of beginning of marketing year to December 2014
 ** average of local cash bids
 Note: FAPRI projections are updated in January 2015

1 Spring wheat price is calculated based on the historical relationship: N.D. spring wheat = U.S. wheat x 1.07
 2 Durum wheat price is calculated based on the historical relationship: U.S. spring wheat x 1.16
 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 1.6

6 Oil sunflower price is calculated based on the historical relationship: N.D. oil sunflower = U.S. soybean x 1.87
 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 0.92
 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 1.0
 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 3.0
 14 Dry pea price is calculated based on the historical relationship: N.D. dry pea = N.D. soybean x 1.05
 15 Lentil price is calculated based on the historical relationship: N.D. lentil = N.D. dry pea x 2.5

BEEF

Year*	5-Area Direct Slaughter Steers							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	5-Area Direct Slaughter Steers	
	(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	
2009	109.18	101.59	95.03	100.50	95.20	46.80	83.25	2009
2010	137.56	126.57	116.33	127.58	122.05	57.00	95.67	2010
2011	171.15	156.87	148.08	154.50	146.04	72.00	114.94	2011
2012	176.66	162.78	152.78	140.58	132.71	76.70	122.97	2012
2013	205.43	183.90	174.19	175.12	163.59	78.29	126.53	2013
Historic avg. (2009-13)	160.00	146.34	137.28	139.66	131.92	66.16	108.67	Historic avg. (2009-13)
2014 (to date)	323.38	285.52	259.17	220.00**	205.00**	105.00	154.50	2014 to date
2015 short-term	300.00	265.00	240.00	200.00**	185.00**	108.00	163.00	2015 short-term
2016	305.00	270.00	245.00	205.00**	190.00**	100.00	164.00	2016
2017	300.00	265.00	240.00	200.00**	185.00**	99.00	162.00	2017
2018	295.00	260.00	235.00	195.00**	180.00**	98.00	163.00	2018
2019	290.00	255.00	230.00	190.00**	175.00**	97.00	164.00	2019
2020	295.00	260.00	235.00	195.00**	180.00**	100.00	165.00	2020
Projected long-term avg. (2016-20)	297.00	262.00	237.00	197.00	182.00	98.80	163.60	Projected long-term avg. (2016-20)

HOGS

Year	250 lb. Slaughter Hogs
	(cwt)
2009	41.50
2010	54.80
2011	63.48
2012	61.20
2013	63.86
Historic avg. (2009-13)	56.97
2014 (to date)	73.78
2015 short-term	63.50
2016	62.00
2017	65.00
2018	67.00
2019	70.00
2020	72.00
Projected long-term avg. (2016-20)	67.20

SHEEP

Year	Slaughter Ewes	105-140 lb. Slaughter Lambs	60-90 lb. Feeder Lambs
	(cwt)	(cwt)	(cwt)
2009	28.00	98.25	104.25
2010	41.00	127.82	139.51
2011	53.00	175.23	208.21
2012	38.00	112.00	144.00
2013	22.00	120.00	136.00
Historic avg. (2009-13)	36.40	126.66	146.39
2014 (to date)	39.00	152.00	200.00
2015 short-term	40.00	160.00	200.00
2016	42.00	162.00	195.00
2017	45.00	164.00	200.00
2018	46.00	165.00	202.00
2019	47.00	166.00	204.00
2020	48.00	166.00	206.00
Projected long-term avg. (2016-20)	45.60	164.60	201.40

MILK

Year	All Milk
	(cwt)
2009	13.00
2010	15.90
2011	20.00
2012	18.90
2013	19.90
Historic avg. (2009-13)	17.54
2014 (to date)	24.31
2015 short-term	18.75
2016	17.96
2017	17.89
2018	17.99
2019	18.18
2020	18.32
Projected long-term avg. (2016-20)	18.07

* 400-500, 500-600 and 600-700 lb. weights are fourth-quarter prices. 700-800 and 800-900 lb. weights are first-quarter prices of the next year.
 To estimate heifer prices, subtract \$11/cwt for 400-500 and 500-600 animals and subtract \$6/cwt for 600-700, 700-800 and 800-900 lb. animals.
 Cull cow and slaughter steer prices are calendar year averages.
 ** Projected for the first quarter of the next year.

North Dakota projections from FAPRI
 Subtract \$1.50/cwt for Grade B Milk