

Plotting a Course 2012

Short-term and Long-term Agricultural Planning Prices for North Dakota 2012

Ron Haugen
Farm Management Specialist

Tim Petry
Livestock Economist

Frayne Olson
Crop Marketing Specialist

Dwight Aakre
Farm Management Specialist

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 2012 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 2011 Baseline Briefing Paper, November 2011, 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 2011 are averages to date.

The historical crop, cull cow, sheep and slaughter hog prices were obtained from "North Dakota Agricultural Statistics 2011," North Dakota Agricultural Statistics Service publication No. 80. Historical milk prices are from FAPRI. The historical feeder steer prices are from Kist Livestock Auction, Mandan, N.D.

This publication is found at:

www.ag.ndsu.edu/pubs/agecon/market/ec1090.pdf

For more crop economics information:

www.ag.ndsu.edu/cropeconomics

For more livestock economics information:

www.ag.ndsu.edu/livestockeconomics

For more farm management information:

www.ag.ndsu.edu/farmmanagement

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

NDSU encourages you to use and share this content, but please do so under the conditions of our Creative Commons license. You may copy, distribute, transmit and adapt this work as long as you give full attribution, don't use the work for commercial purposes and share your resulting work similarly. For more information, visit www.ag.ndsu.edu/agcomm/creative-commons.

North Dakota State University does not discriminate on the basis of age, color, disability, gender expression/identity, genetic information, marital status, national origin, public assistance status, sex, sexual orientation, status as a U.S. veteran, race or religion. Direct inquiries to the Vice President for Equity, Diversity and Global Outreach, 205 Old Main, (701) 231-7708.

County Commissions, NDSU and U.S. Department of Agriculture Cooperating. This publication will be made available in alternative formats for people with disabilities upon request, (701) 231-7881.

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)
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	9.72	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	22.80	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	13.00	33.10	85.00	61.00
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
Historic avg. (2006-2010)	6.16	7.14	2.33	3.05	4.07	18.60	24.10	3.75	9.10	16.86	10.37	5.02	25.40	10.05	23.46	69.20	49.20
2011-12 (to date)*	8.31	10.88	2.88	4.90	5.43	28.35**	29.30**	5.60	11.37	23.08	14.24	6.81	38.27	15.76**	27.35**	69.06	50.32
2012-13 short-term	7.40	8.50	3.15	4.15	6.20	23.00	34.50	5.00	11.00	21.00	13.00	6.10	37.00	13.50	22.00	72.00	52.00
2013-14	6.37	8.29	2.85	3.71	5.19	21.07	30.34	4.50	11.00	20.37	10.48	5.58	33.00	11.55	24.83	73.00	53.00
2014-15	6.45	8.38	2.93	3.81	5.33	20.89	30.08	4.62	10.91	20.20	10.39	5.65	32.72	11.45	24.62	71.00	51.00
2015-16	6.50	8.45	2.93	3.80	5.32	20.94	30.16	4.61	10.93	20.25	10.41	5.69	32.80	11.48	24.68	74.00	54.00
2016-17	6.60	8.59	2.92	3.80	5.31	21.07	30.34	4.60	11.00	20.37	10.48	5.79	33.00	11.55	24.83	72.00	52.00
2017-18	6.63	8.61	2.92	3.79	5.30	21.14	30.44	4.60	11.04	20.44	10.51	5.81	33.11	11.59	24.92	73.00	53.00
Projected long-term avg. (2013-17)	6.51¹	8.46²	2.91³	3.78⁴	5.29⁵	21.02⁶	30.27⁷	4.59⁸	10.98⁹	20.32¹⁰	10.45¹¹	5.70¹²	32.93¹³	11.52¹⁴	24.78¹⁵	72.60	52.60

* average of beginning of marketing year to December 2011
 ** average of local cash bids
 Note: FAPRI projections are updated in January 2012

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
 15 Lentil price is calculated based on the historical relationship: N.D. lentil = N.D. dry pea x 2.15

Year*	BEEF							HOGS		SHEEP			MILK
	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	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)
2006	128.13	116.33	108.53	99.54	95.43	47.80	85.94	2006	47.60	33.00	84.83	106.18	12.50
2007	128.47	116.77	111.14	100.41	93.67	47.40	92.61	2007	48.10	27.00	92.00	105.57	18.50
2008	111.64	103.18	97.98	93.84	88.13	50.80	92.78	2008	47.70	22.00	96.86	103.57	18.50
2009	109.18	101.59	95.03	100.50	95.20	46.80	83.25	2009	41.50	28.00	98.25	104.25	13.00
2010	137.56	126.57	116.33	127.58	122.05	57.00	95.38	2010	54.80	41.00	127.82	139.51	15.90
Historic avg. (2006-2010)	123.00	112.89	105.80	104.37	98.90	49.96	89.99	Historic avg. (2006-2010)	47.94	30.20	99.95	111.82	15.68
2011 (to date)	171.15	156.87	148.08	142.00**	137.00**	72.00	114.50	2011 to date	64.00	53.00	174.89	213.95	19.80
2012 short-term	175.00	160.00	152.00	146.00	141.00	75.00	125.00	2012 short-term	65.00	54.00	175.00	214.00	18.50*
2013	177.00	162.00	154.00	148.00	143.00	77.00	127.00	2013	66.00	54.00	175.00	214.00	18.39
2014	178.00	163.00	155.00	149.00	144.00	78.00	130.00	2014	67.00	55.00	176.00	215.00	18.61
2015	179.00	164.00	156.00	150.00	145.00	79.00	132.00	2015	65.00	55.00	176.00	215.00	18.63
2016	179.00	164.00	156.00	150.00	145.00	79.00	132.00	2016	66.00	56.00	177.00	216.00	18.72
2017	175.00	160.00	152.00	146.00	141.00	77.00	127.00	2017	67.00	56.00	177.00	216.00	18.72
Projected long-term avg. (2013-17)	177.60	162.60	154.60	148.60	143.60	78.00	129.60	Projected long-term avg. (2013-17)	66.20	55.20	176.20	215.20	18.61

* 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 first quarter 2012.

North Dakota projections from FAPRI. Subtract \$1.50/cwt for Grade B Milk.
 * FAPRI projection increased by \$0.69/cwt for 2012.