

EC1090
(Revised January 2021)

Plotting a Course 2021

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1M-1-08; 1M-1-09; 1M-1-10; 1M-1-11; 1M-1-12; 1M-1-13; 1M-1-14; 1M-1-15; 800-1-16; 800-1-17; 800-1-18; 500-1-19; 300-1-20; 150-1-21

Short-term and Long-term Agricultural Planning Prices for North Dakota 2021

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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, NDSU Extension 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 2021 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 2020 Baseline Briefing Paper, November 2020, 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 2020 are averages to date.

The historical crop prices were obtained from the U.S. Department of Agriculture's National Agricultural Statistics Service (NASS) "2020 North Dakota Agricultural Statistics Service publication No. 89." Historical milk prices are from 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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