

Agricultural Market Situation and Outlook

WELCOME!

August 6th, 2020

Unemployment and Ag Credit Conditions

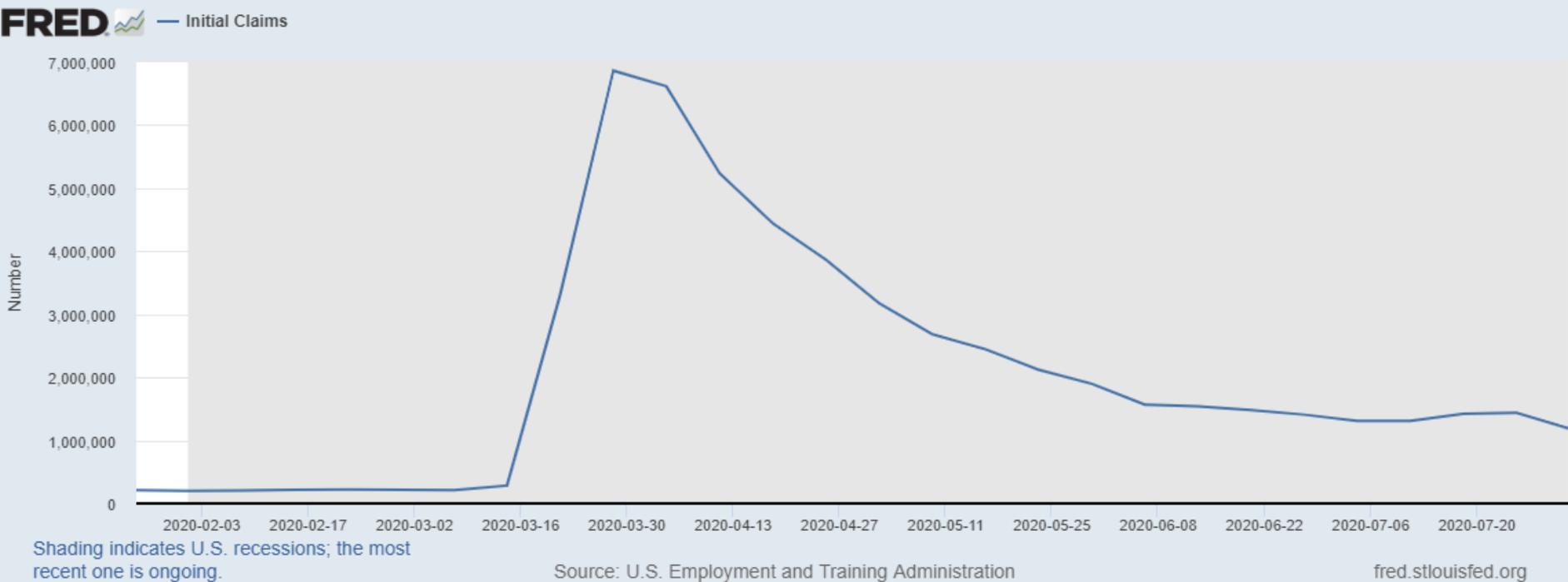
Bryon Parman

Cell – 701-261-5919

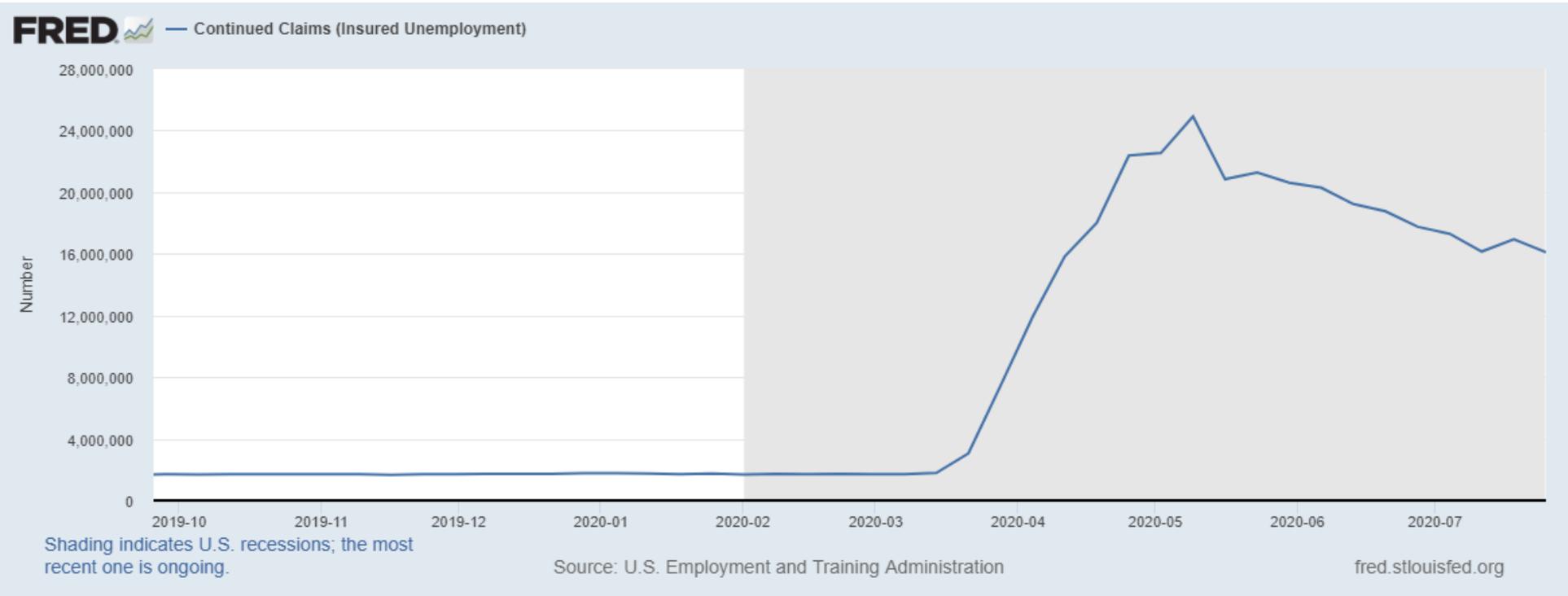
Bryon.Parman@ndsu.edu



Weekly Initial Jobless Claims, St. Louis Federal Reserve

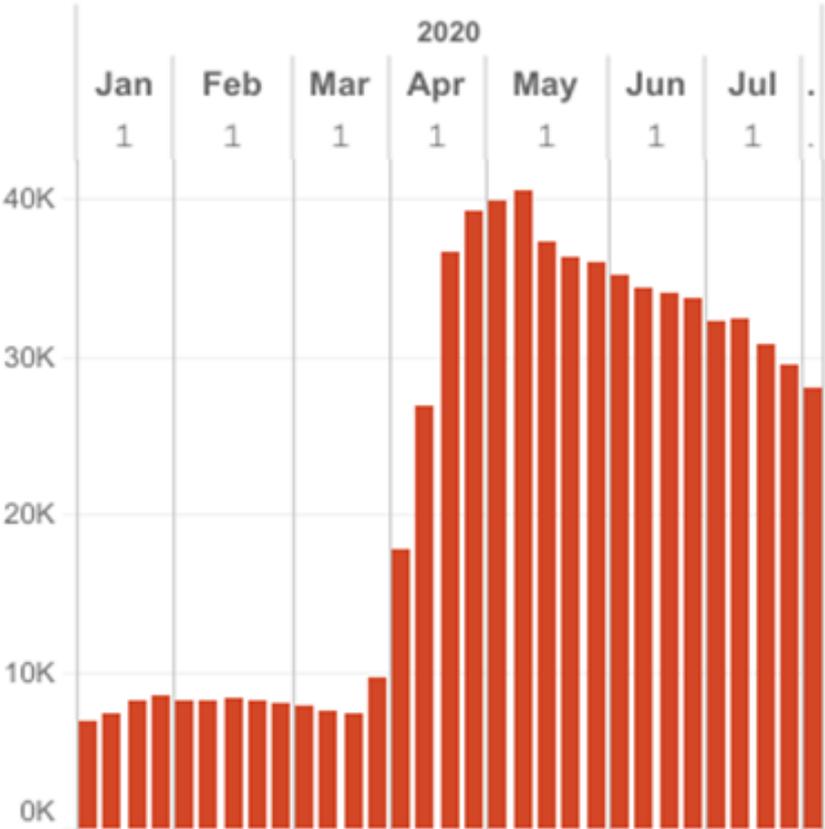


U.S. Continuous Jobless Claims about the same as 2 weeks ago

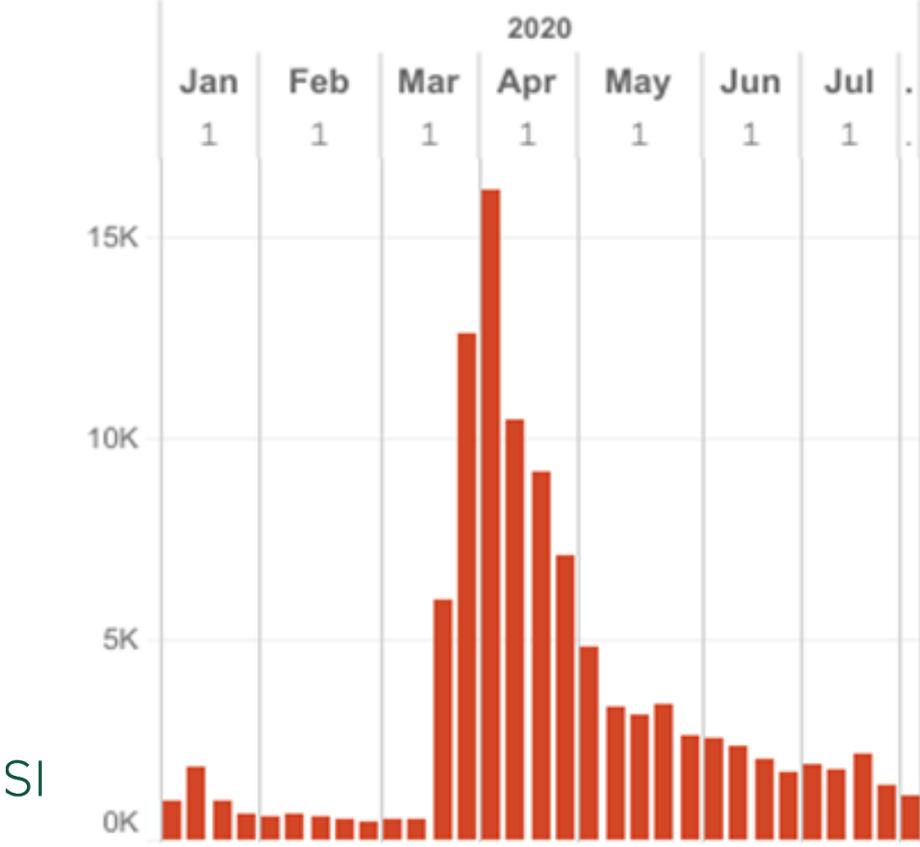


ND Continuous and Weekly Unemployment Claims Week Ending July 18th

Continuous Claims



Initial Weekly Claims



North Dakota Unemployment by Age

Click on the tree map to filter data by level of detail

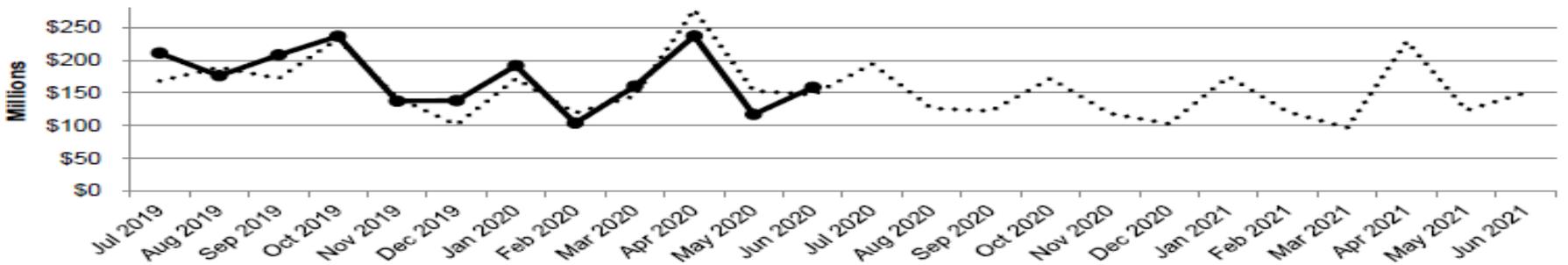


Last Updated 8/6/2020 7:30 AM

General Fund Revenue Collections

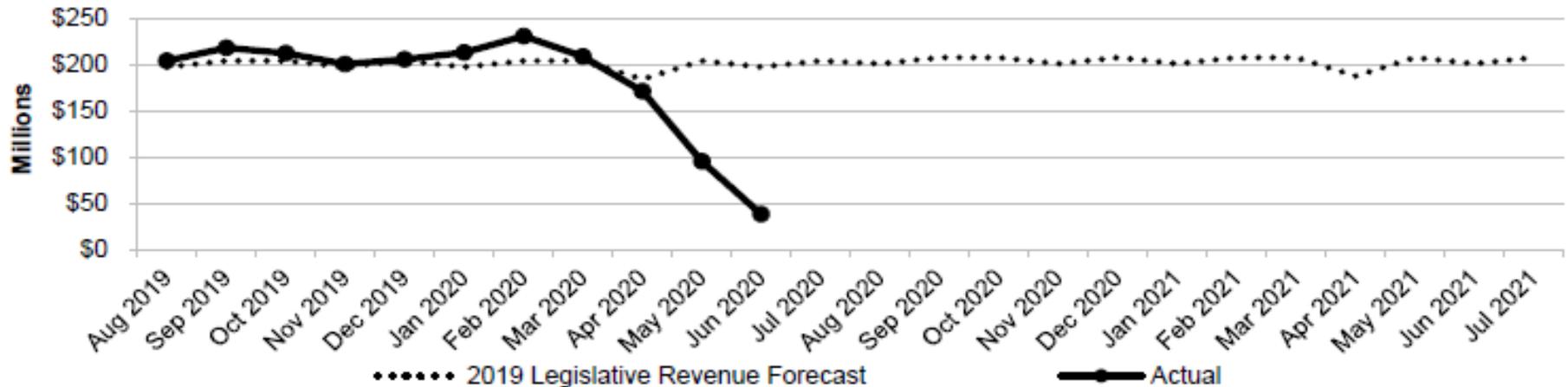
Amounts Shown in Millions

	June 2020				Biennium to Date			
	Actual	Forecast	Variance		Actual	Forecast	Variance	
			Amount	Percent			Amount	Percent
Tax and fee revenues								
Sales and use taxes	\$74.97	\$68.62	\$6.35	9%	\$970.56	\$928.03	\$42.53	5%
Motor vehicle excise tax	9.95	10.81	(0.86)	(8%)	119.51	123.01	(3.50)	(3%)
Individual income tax	18.03	18.12	(0.09)	0%	352.10	396.53	(44.43)	(11%)
Corporate income tax	10.60	12.69	(2.09)	(16%)	91.56	65.43	26.13	40%
Oil and gas taxes	20.95	20.95	0.00	0%	350.61	350.61	0.00	0%
Coal conversion tax	3.63	3.60	0.03	1%	21.10	20.71	0.39	2%
Cigarette and tobacco tax	2.14	2.16	(0.02)	(1%)	25.20	24.33	0.87	4%
Wholesale liquor tax	0.76	0.84	(0.08)	(10%)	9.12	9.27	(0.15)	(2%)
Gaming tax	1.94	0.09	1.85	2,056%	12.30	3.76	8.54	227%
Insurance premium tax	1.91	1.72	0.19	11%	52.58	42.26	10.32	24%
Departmental collections	11.16	4.15	7.01	169%	37.87	34.17	3.70	11%
Interest income	2.12	1.10	1.02	93%	11.27	3.52	7.75	220%
Mineral leasing fees	0.49	2.45	(1.96)	(80%)	23.72	20.00	3.72	19%
Total tax and fee revenues	\$158.65	\$147.30	\$11.35	8%	\$2,077.50	\$2,021.63	\$55.87	3%
Transfers and other sources								
Bank of North Dakota profits	\$0.00	\$0.00	\$0.00	N/A	\$70.00	\$70.00	\$0.00	0%
Mill and Elevator Association profits	5.42	6.70	(1.28)	(19%)	5.42	6.70	(1.28)	(19%)
Lottery	4.10	6.12	(2.02)	(33%)	4.10	6.12	(2.02)	(33%)
Gas tax administration	0.00	0.00	0.00	N/A	1.00	1.00	0.00	0%
Legacy fund	0.00	0.00	0.00	N/A	0.00	0.00	0.00	N/A
Tax relief fund	0.00	0.00	0.00	N/A	8.60	8.60	0.00	0%
Strategic investment and improvements fund	0.00	0.00	0.00	N/A	382.20	382.20	0.00	0%
Research North Dakota fund	0.00	0.00	0.00	N/A	0.00	0.00	0.00	N/A
Remaining transfers and other sources	0.17	0.00	0.17	N/A	1.06	0.00	1.06	N/A
Total transfers and other sources	\$9.69	\$12.82	(\$3.13)	(24%)	\$472.38	\$474.62	(\$2.24)	0%
Total general fund revenues	\$168.34	\$160.12	\$8.22	5%	\$2,549.88	\$2,496.25	\$53.63	2%



Oil and Gas Tax Revenue Allocations

	Amounts Shown in Millions							
	June 2020				Biennium to Date			
	Actual	Forecast	Variance		Actual	Forecast	Variance	
			Amount	Percent			Amount	Percent
Three Affiliated Tribes	\$3.93	\$21.39	(\$17.46)	(82%)	\$217.02	\$238.12	(\$21.10)	(9%)
Legacy fund	10.24	52.86	(42.62)	(81%)	535.10	588.51	(53.41)	(9%)
North Dakota outdoor heritage fund	0.00	0.00	0.00	N/A	7.50	7.50	0.00	0%
Abandoned well reclamation fund	0.14	0.64	(0.50)	(78%)	5.99	6.52	(0.53)	(8%)
Political subdivisions	6.94	24.37	(17.43)	(72%)	290.02	303.43	(13.41)	(4%)
Common schools trust fund	1.41	8.69	(7.28)	(84%)	83.70	96.72	(13.02)	(13%)
Foundation aid stabilization fund	1.41	8.69	(7.28)	(84%)	83.70	96.72	(13.02)	(13%)
Resources trust fund	2.90	17.81	(14.91)	(84%)	171.58	198.27	(26.69)	(13%)
Oil and gas research fund	0.22	1.26	(1.04)	(83%)	12.12	13.28	(1.16)	(9%)
State energy research center fund	0.00	0.00	0.00	N/A	5.00	5.00	0.00	0%
General fund	10.86	61.88	(51.02)	(82%)	340.53	370.76	(30.23)	(8%)
Tax relief fund	0.00	0.00	0.00	N/A	200.00	200.00	0.00	0%
Budget stabilization fund	0.00	0.00	0.00	N/A	48.43	75.00	(26.57)	(35%)
Lignite research fund	0.00	0.00	0.00	N/A	0.00	0.00	0.00	N/A
State disaster relief fund	0.00	0.00	0.00	N/A	0.00	0.00	0.00	N/A
Municipal infrastructure fund	0.00	0.00	0.00	N/A	0.00	0.00	0.00	N/A
Strategic investment and improvements fund	0.00	0.00	0.00	N/A	0.00	0.00	0.00	N/A
County and township infrastructure fund	0.00	0.00	0.00	N/A	0.00	0.00	0.00	N/A
Airport infrastructure fund	0.00	0.00	0.00	N/A	0.00	0.00	0.00	N/A
Total oil and gas tax revenue allocations	\$38.05	\$197.59	(\$159.54)	(81%)	\$2,000.69	\$2,199.83	(\$199.14)	(9%)



Purdue University Ag. Barometer

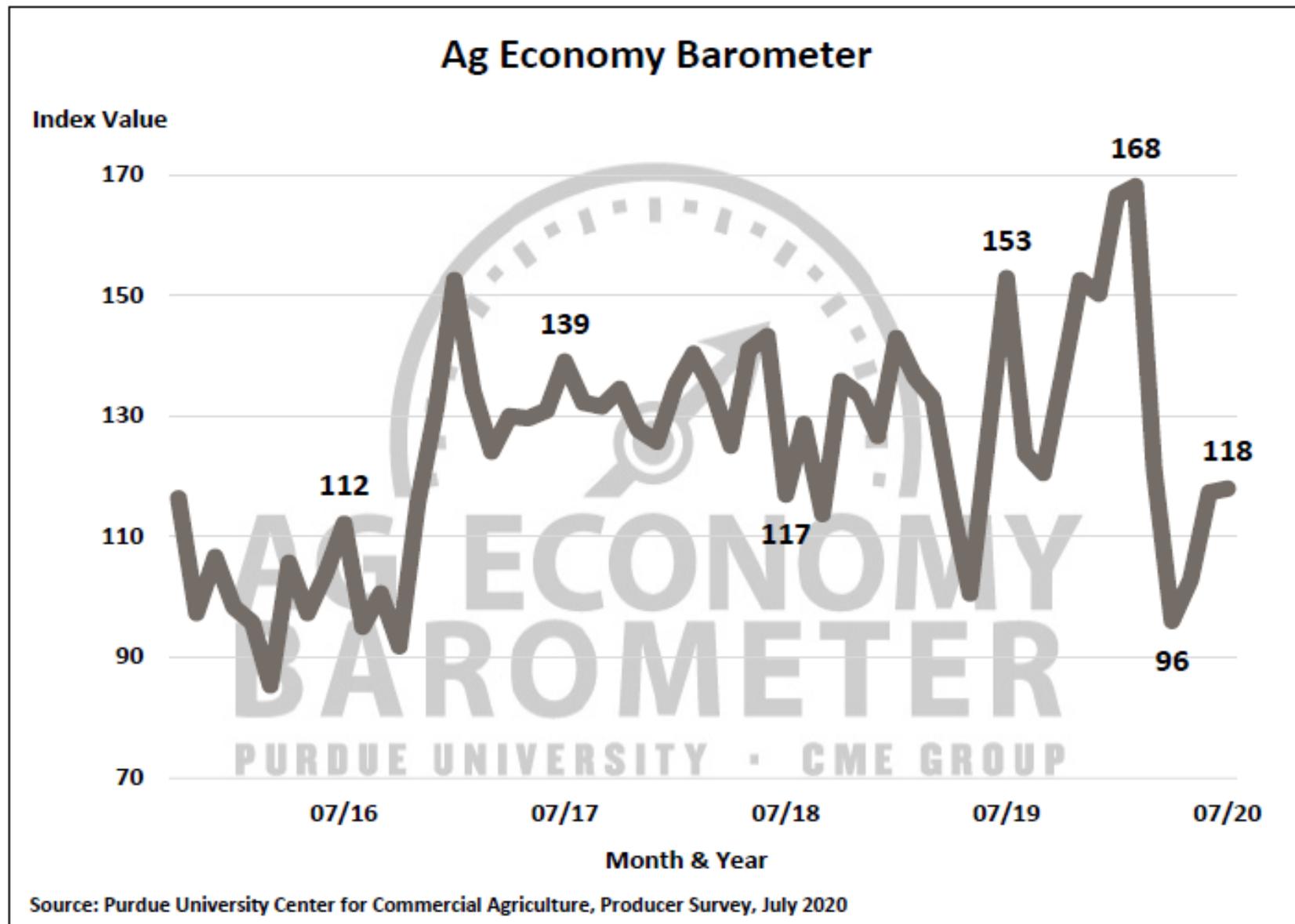


Figure 1. Purdue/CME Group Ag Economy Barometer, October 2015-July 2020.

Purdue University Ag. Barometer

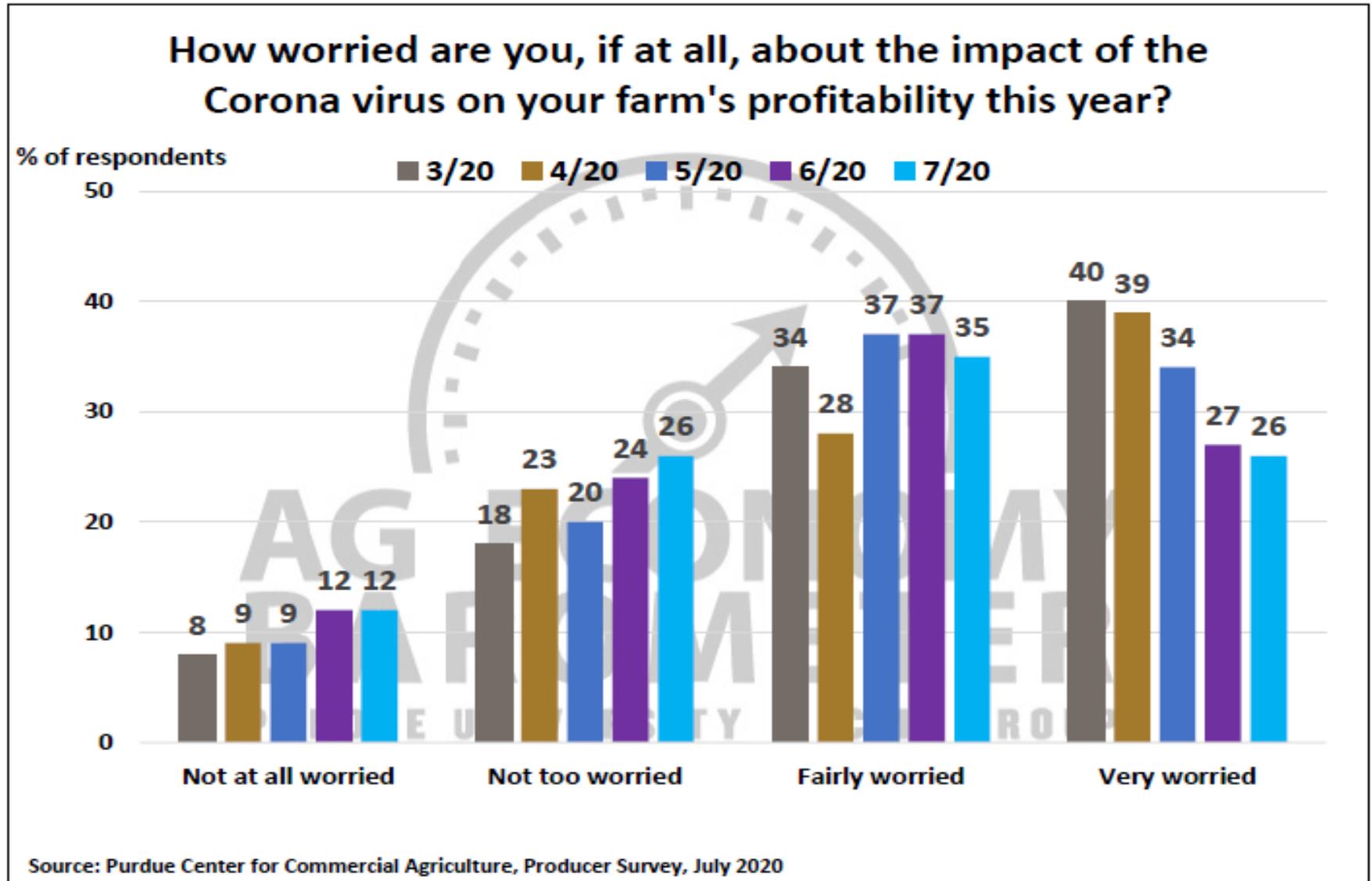
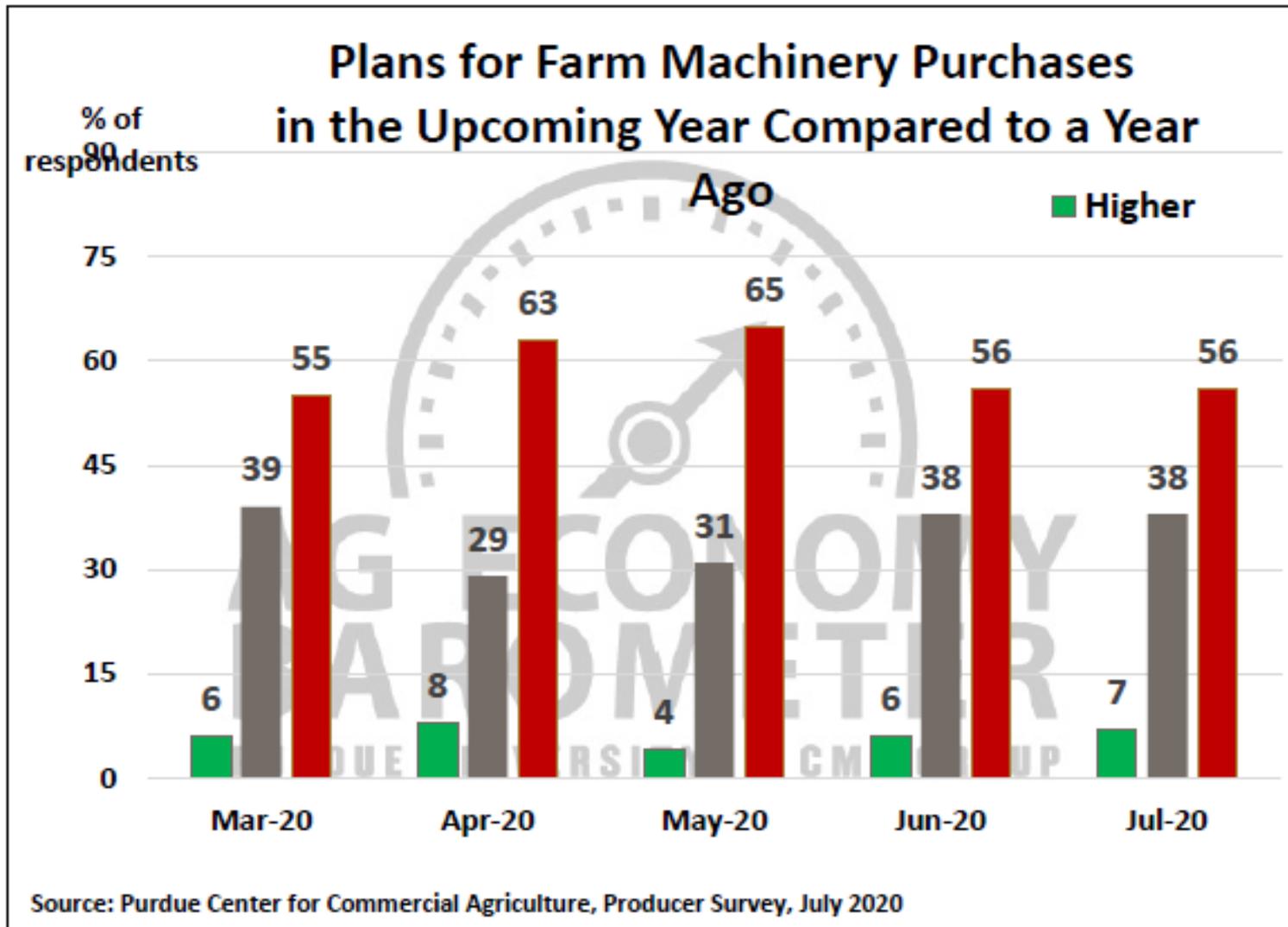


Figure 6. How Worried Are You, If At All, About the Impact of Coronavirus on Your Farm's Profitability This Year? March 2020-July 2020.

Purdue University Ag. Barometer



Purdue University Ag. Barometer

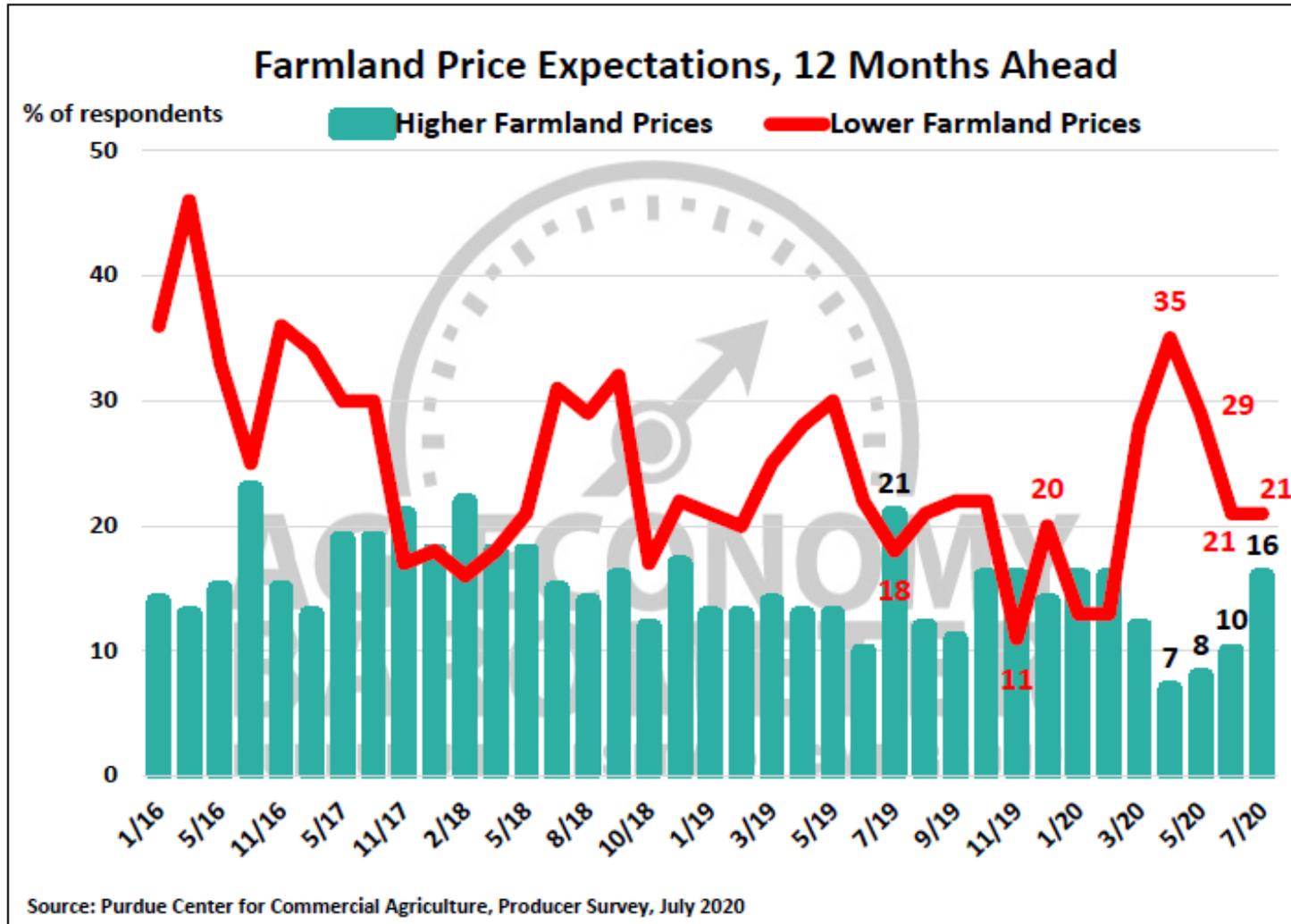


Figure 5. Farmland Price Expectations, 12 Months Ahead, January 2016-July 2020.

Current Market Incentives for Storing Crops On-Farm

Frayne Olson

Crop Economist/ Marketing Specialist

frayne.olson@ndsu.edu

701-231-7377 (o)

701-715-3673 (c)



Benefits of On-Farm Storage

- Harvest efficiency.
- Carry in the futures market.
- Improved local basis.
- Speculation:
 - Anticipate higher prices in future and willingness to accept risk of lower prices.

Costs of On-Farm Storage

- Facility costs:
 - Bins, elevation/legs and drier system.
- Interest on value of grain inventory.
- Additional grain drying.
- Aeration.
- Shrinkage.
- Handling costs:
 - Extra hauling to on-farm storage.
 - Loading/Unloading.
 - Monitoring crop condition.
- Quality deterioration.

Excel Spreadsheet Decision Tool

- Search “NDSU Farm Management”
 - Select “Tools”
 - Select “Grain Storage Costs”
- <https://www.ag.ndsu.edu/farmmanagement/tools>

Key Storage Cost Assumptions

	Corn	Soybean	Spring Wheat
Interest Rate	6.0% APR	6.0% APR	6.0% APR
Extra Drying & Shrink	N.A.	N.A.	N.A.
Extra Handling & Transportation	\$0.045/bu.	\$0.045/bu.	\$0.045/bu.
Quality Deterioration	0.5%	0.5%	0.5%
Electricity - aeration	\$0.007/bu.	\$0.006/bu.	\$0.008/bu.
Extra Labor – bin monitoring	1 hr./mo. at \$15.00/hr.	1 hr./mo. at \$15.00/hr.	1 hr./mo. at \$15.00/hr.
Commercial Storage	\$0.05/bu./mo. after first month	\$0.06/bu./mo.	\$0.05/bu./mo. after first month

Total Cost by Month Stored

Corn			Soybean			Spring Wheat		
October Harvest			October Harvest			September Harvest		
Month	On-Farm	Commercial	Month	On-Farm	Commercial	Month	On-Farm	Commercial
October	\$0.079	\$0.014	October	\$0.131	\$0.101	September	\$0.099	\$0.022
November	\$0.093	\$0.077	November	\$0.172	\$0.201	October	\$0.122	\$0.094
December	\$0.108	\$0.141	December	\$0.213	\$0.302	November	\$0.145	\$0.166
January	\$0.122	\$0.147	January	\$0.254	\$0.232	December	\$0.167	\$0.146
February	\$0.136	\$0.211	February	\$0.295	\$0.332	January	\$0.190	\$0.218
March	\$0.150	\$0.275	March	\$0.336	\$0.433	February	\$0.213	\$0.290
April	\$0.165	\$0.338	April	\$0.377	\$0.533	March	\$0.236	\$0.362
May	\$0.179	\$0.402	May	\$0.419	\$0.634	April	\$0.258	\$0.434
June	\$0.193	\$0.466	June	\$0.460	\$0.734	May	\$0.281	\$0.506
July	\$0.207	\$0.529	July	\$0.501	\$0.835	June	\$0.304	\$0.578
August	\$0.222	\$0.593	August	\$0.542	\$0.935	July	\$0.327	\$0.650
September	\$0.236	\$0.656	September	\$0.583	\$1.036	August	\$0.349	\$0.722

Market Carry – Futures & Basis

Corn					Soybean					Spring Wheat				
Month	Futures Contract	Futures Price	Expected Basis	Expected Cash Price	Month	Futures Contract	Futures Price	Expected Basis	Expected Cash Price	Month	Futures Contract	Futures Price	Expected Basis	Expected Cash Price
Oct	Dec	\$3.23	-\$0.50	\$2.73	Oct	Nov	\$8.80	-\$0.70	\$8.10	Sep	Dec	\$5.16	-\$0.75	\$4.41
Nov	Dec	\$3.23	-\$0.50	\$2.73	Nov	Jan	\$8.87	-\$0.70	\$8.17	Oct	Dec	\$5.16	-\$0.70	\$4.46
Dec	Mar	\$3.35	-\$0.45	\$2.90	Dec	Jan	\$8.87	-\$0.75	\$8.12	Nov	Dec	\$5.16	-\$0.70	\$4.46
Jan	Mar	\$3.35	-\$0.45	\$2.90	Jan	Mar	\$8.90	-\$0.75	\$8.15	Dec	Mar	\$5.29	-\$0.65	\$4.64
Feb	Mar	\$3.35	-\$0.45	\$2.90	Feb	Mar	\$8.90	-\$0.85	\$8.05	Jan	Mar	\$5.29	-\$0.65	\$4.64
Mar	May	\$3.43	-\$0.45	\$2.98	Mar	May	\$8.95	-\$0.85	\$8.10	Feb	Mar	\$5.29	-\$0.60	\$4.69
Apr	May	\$3.43	-\$0.40	\$3.03	Apr	May	\$8.95	-\$0.90	\$8.05	Mar	May	\$5.40	-\$0.55	\$4.85
May	Jul	\$3.51	-\$0.40	\$3.11	May	Jul	\$9.03	-\$0.90	\$8.13	Apr	May	\$5.40	-\$0.50	\$4.90
Jun	Jul	\$3.51	-\$0.45	\$3.06	Jun	Jul	\$9.03	-\$0.95	\$8.08	May	Jul	\$5.49	-\$0.45	\$5.04
Jul	Sep	\$3.55	-\$0.50	\$3.05	Jul	Aug	\$9.03	-\$1.00	\$8.03	Jun	Jul	\$5.49	-\$0.50	\$4.99
Aug	Sep	\$3.55	-\$0.65	\$2.90	Aug	Sep	\$8.97	-\$1.00	\$7.97	Jul	Sep	\$5.58	-\$0.55	\$5.03
Sep	Dec	\$3.63	-\$0.70	\$2.93	Sep	Nov	\$9.00	-\$1.00	\$8.00	Aug	Sep	\$5.58	-\$0.65	\$4.93

Expected Net Price

Corn			Soybean			Spring Wheat		
	Harvest Price	\$2.73		Harvest Price	\$8.10		Harvest Price	\$4.41
Month	On-Farm	Commercial	Month	On-Farm	Commercial	Month	On-Farm	Commercial
October	\$2.65	\$2.72	October	\$7.97	\$8.00	September	\$4.31	\$4.39
November	\$2.64	\$2.65	November	\$8.00	\$7.97	October	\$4.34	\$4.37
December	\$2.79	\$2.76	December	\$7.91	\$7.82	November	\$4.32	\$4.29
January	\$2.78	\$2.75	January	\$7.90	\$7.92	December	\$4.47	\$4.49
February	\$2.76	\$2.69	February	\$7.75	\$7.72	January	\$4.45	\$4.42
March	\$2.83	\$2.71	March	\$7.76	\$7.67	February	\$4.48	\$4.40
April	\$2.87	\$2.69	April	\$7.67	\$7.52	March	\$4.61	\$4.49
May	\$2.93	\$2.71	May	\$7.71	\$7.50	April	\$4.64	\$4.47
June	\$2.87	\$2.59	June	\$7.62	\$7.35	May	\$4.76	\$4.53
July	\$2.84	\$2.52	July	\$7.53	\$7.20	June	\$4.69	\$4.41
August	\$2.68	\$2.31	August	\$7.43	\$7.03	July	\$4.70	\$4.38
September	\$2.69	\$2.27	September	\$7.42	\$6.96	August	\$4.58	\$4.21

Benefits of On-Farm Storage

- Harvest efficiency.
- Carry in the futures market.
- Improved local basis.
- Speculation:
 - Anticipate higher prices in future and willingness to accept risk of lower prices.

**USDA – WASDE and
Production Report Released
at
11:00 am CT
Wednesday, August 12**

LIVESTOCK PRICE SITUATION AND OUTLOOK

Tim Petry

Extension Livestock Marketing
Economist

Tim.Petry@ndsu.edu

www.ndsu.edu/livestockeconomics



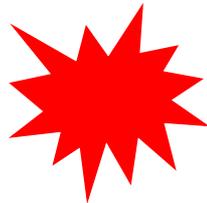


United States Department of Agriculture
National Agricultural Statistics Service

July 2020

24

3:00 pm ET



- Cattle

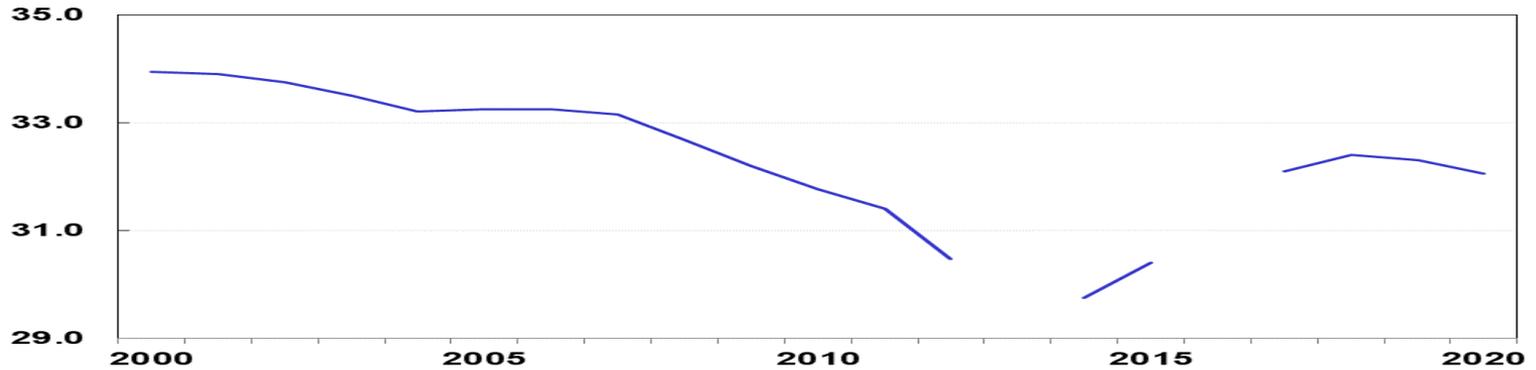
- Cattle on Feed

www.nass.usda.gov/Publications/Calendar/reports_by_date.php

July 1 U.S. Beef Cow Inventory 2000-2020

2020 Inventory 32,050,000

Million head



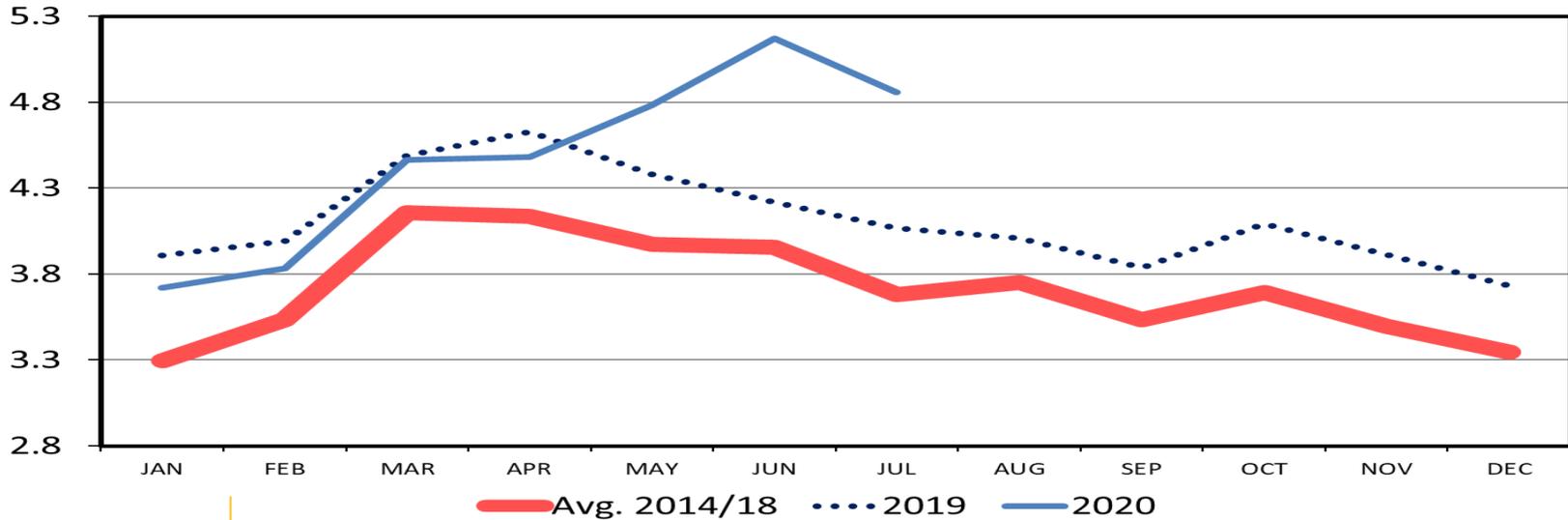
The July Cattle report was suspended in 2013 and 2016 due to sequestration.

USDA-NASS
07-24-2020

CATTLE ON FEED OVER 120 DAYS

US Total, Monthly

Mil. Head

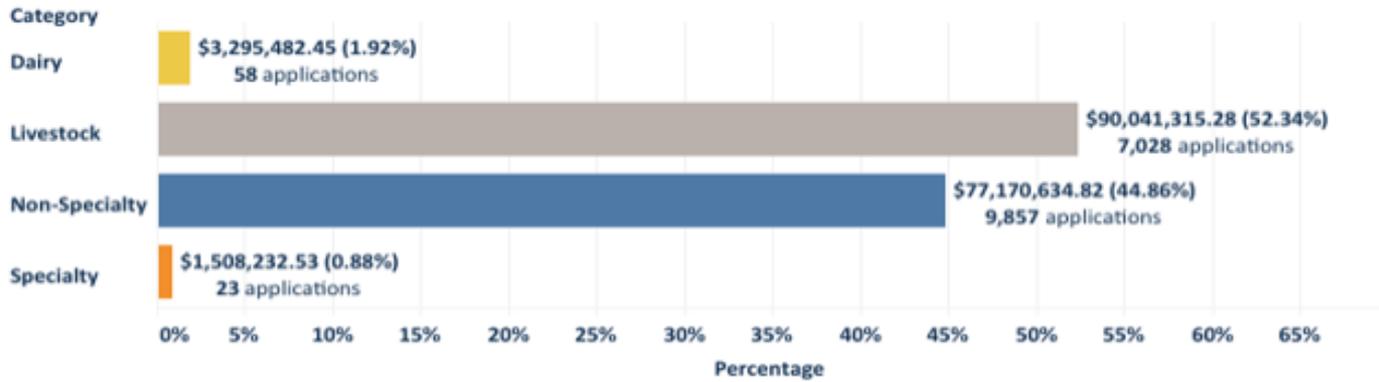


— Avg. 2014/18 2019 — 2020

Details for North Dakota

Approved Application Count: **12,696** (distinct, state-wide)
 Payment Amount: **\$172,015,665.08**

CFAP applications now through August 28, 2020.



100% TOTAL = \$215,019,581

LIVESTOCK \$112,551,644



2017 CENSUS OF AGRICULTURE

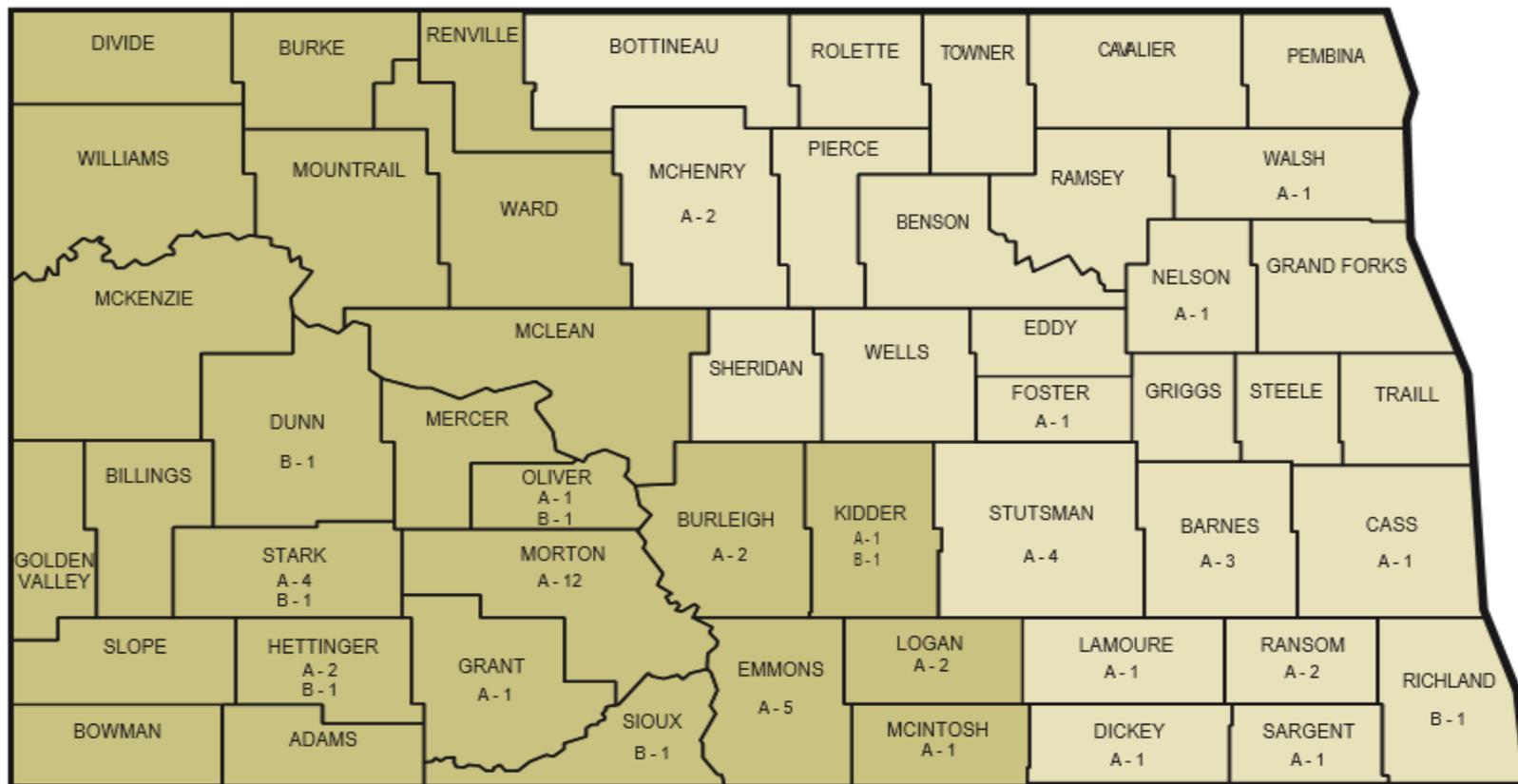
Cattle and calves	Farms
Total.....	8,335
Farms by number of cattle and calves sold-	
1 to 9	909
10 to 19	785
20 to 49	1,602
50 to 99	1,717
100 to 199	1,737
200 to 499	1,238
500 to 999	289
1,000 to 2,499	87
2,500 or more	11

Beef cow herd	Farms
Farms with December 31, 2017 beef cow herd size of-	
1 to 9	565
10 to 19	655
20 to 49	1,490
50 to 99	1,724
100 to 199	1,728
200 to 499	1,373
500 to 999	183
1,000 to 2,499	20
2,500 to 4,999	3
5,000 or more	-
All farms with December 31, 2017 beef cow inventory	7,739

Hogs and pigs	Farms
Farms with December 31, 2017 herd size of-	
1 to 24	101
25 to 49	26
50 to 99	4
100 to 199	4
200 to 499	1
500 to 999	2
1,000 to 1,999	3
2,000 to 4,999	3
5,000 or more	12
All farms with December 31, 2017 inventory	156

Sheep and lambs	Farms
Farms with December 31, 2017 flock size of-	
1 to 24	204
25 to 99	209
100 to 299	121
300 to 999	30
1,000 to 2,499	7
2,500 to 4,999	1
5,000 or more	1
All farms with December 31, 2017 inventory	573

North Dakota Department of Agriculture Dairy Farms

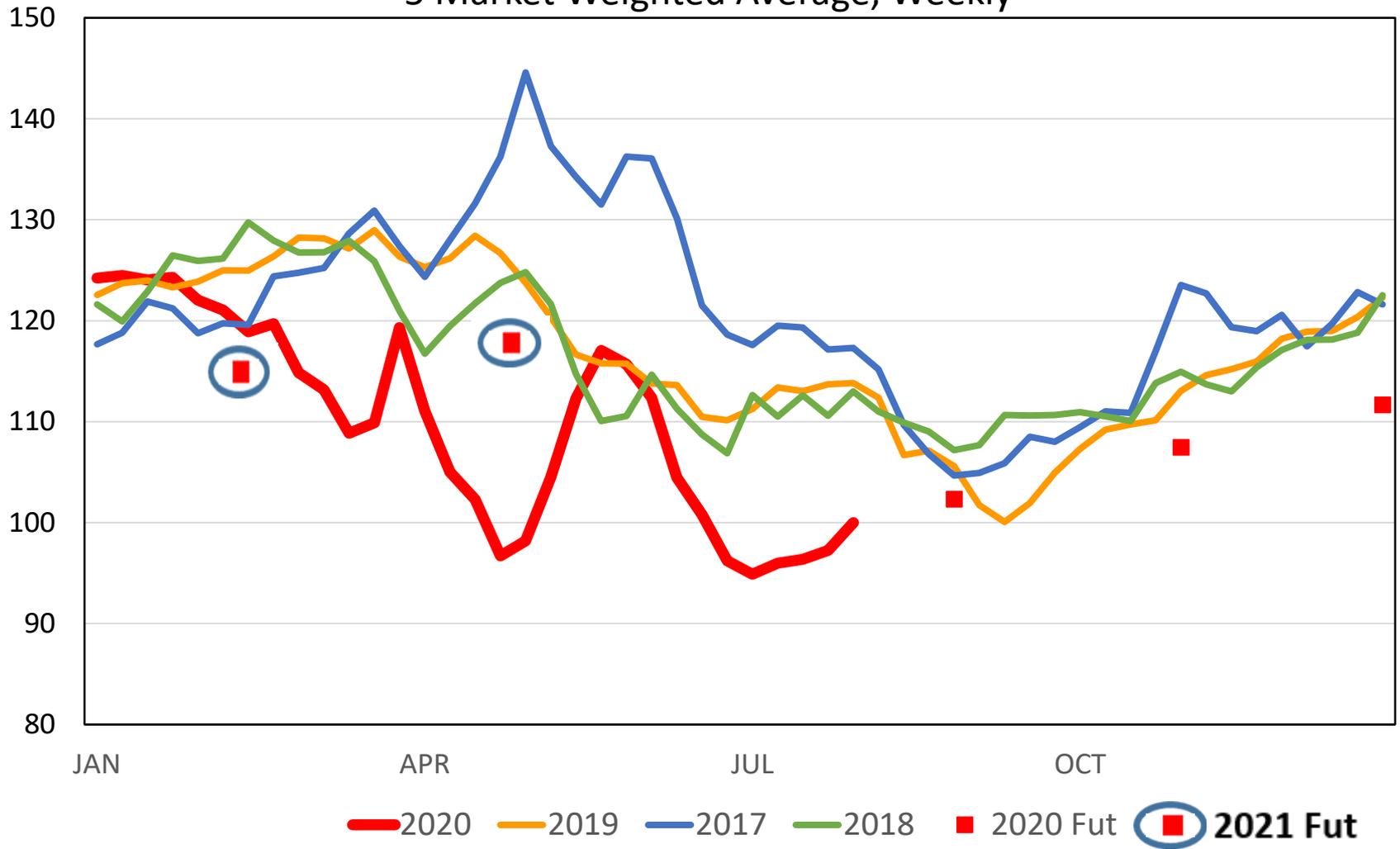


A Dairy Farms - 49
B Dairy Farms - 7

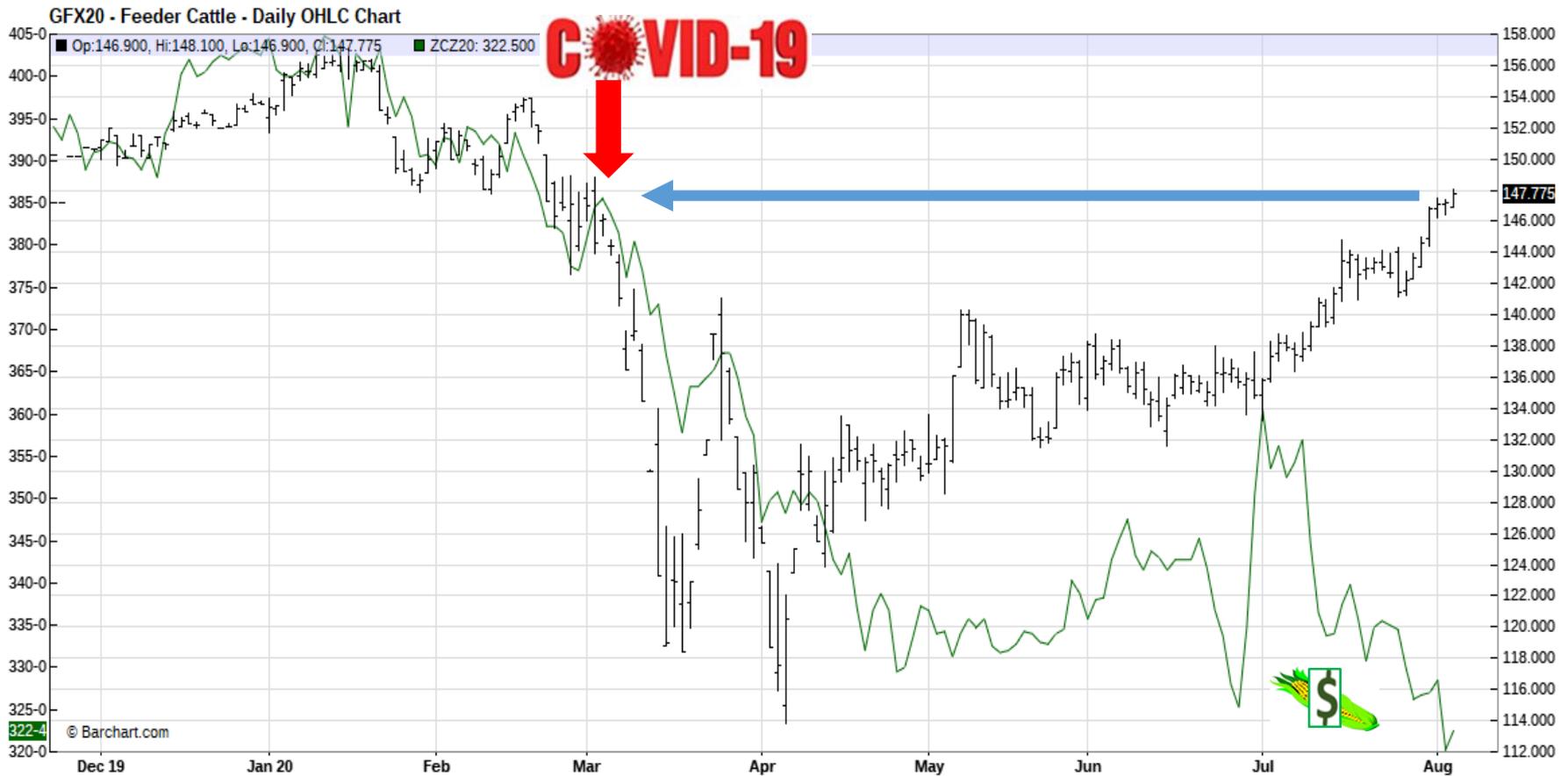
As of 6/1/20

SLAUGHTER STEER PRICES

5 Market Weighted Average, Weekly

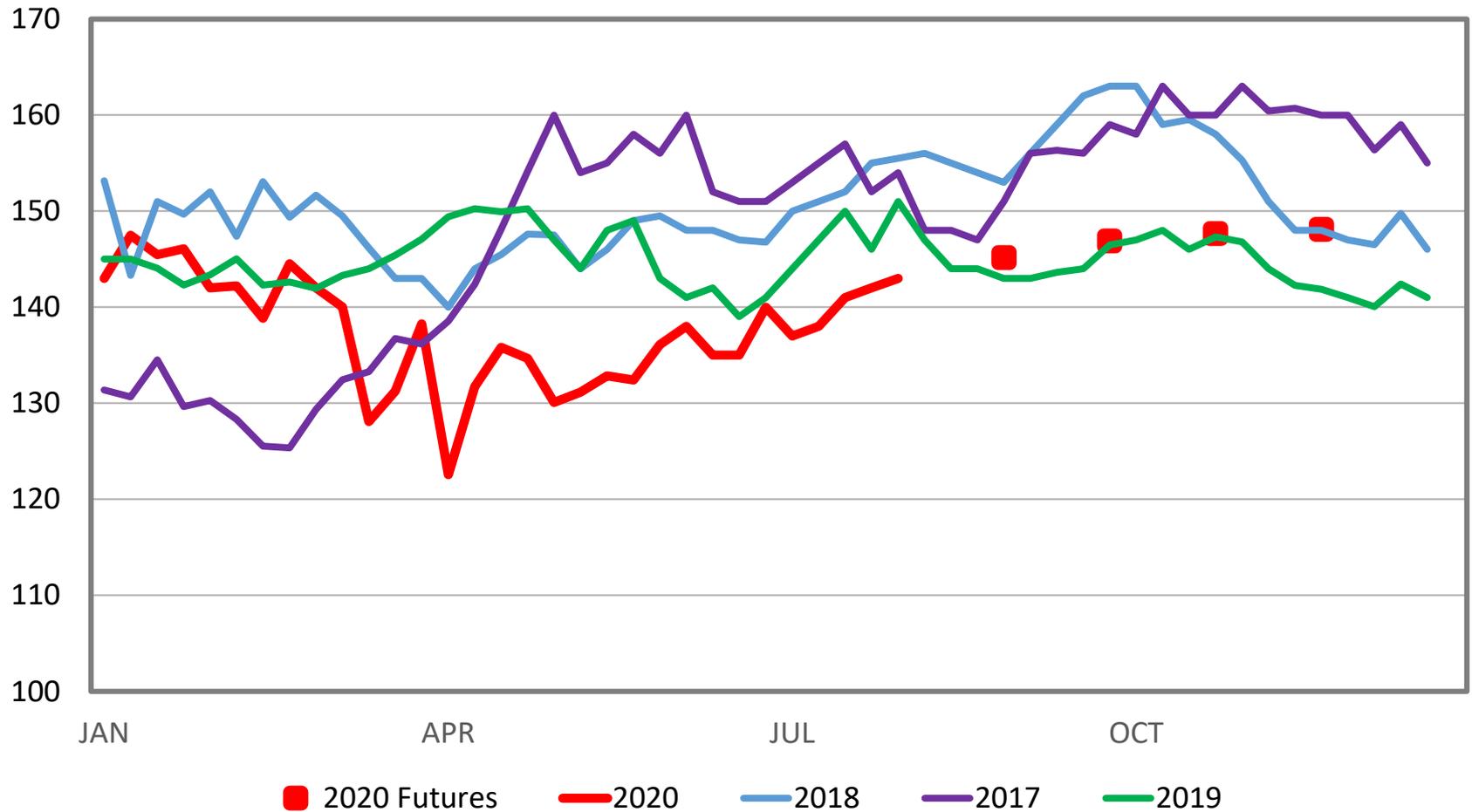


NOV FDR CAT VS. DEC CORN FUTURES



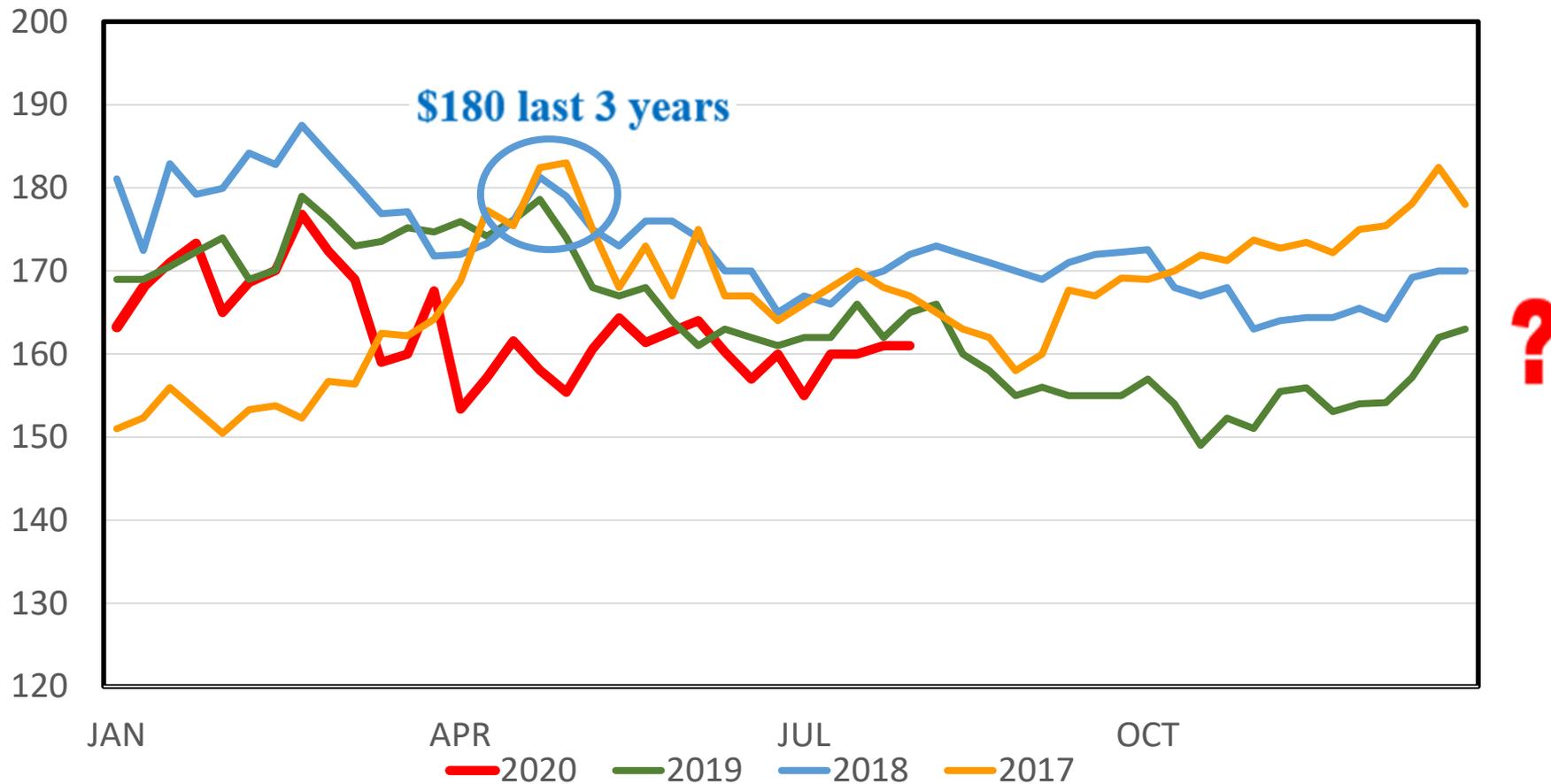
MED. & LRG. #1 FEEDER STEER PRICES

750-800 Pounds, N.D., Weekly



MED. FRAME #1 STEER CALF PRICES

550-600 Pounds, N.D., Weekly



Risk Management?



590 lb. STEERS

25% Subsidy
X.75

LRP Coverage Prices, Rates, and Actual Ending Values - Report for 08/05/2020

State	County	Endorsement Length	Commodity	Type	Practice	Crop Year	Exp. End Value	Coverage Price	Coverage Level	Rate	Cost Per CWT	End Date
38 North Dakota	998 All Counties	13	0801 Feeder Cattle	809 Steers Weight 1	211 Endorsement Ending in November Yr1	2021	162.286	\$160.330	0.987900	0.037658	6.038 4.53	11/04/2020
38 North Dakota	998 All Counties	13	0801 Feeder Cattle	809 Steers Weight 1	211 Endorsement Ending in November Yr1	2021	162.286	\$158.130	0.974400	0.031963	5.054 3.79	11/04/2020
38 North Dakota	998 All Counties	13	0801 Feeder Cattle	809 Steers Weight 1	211 Endorsement Ending in November Yr1	2021	162.286	\$155.930	0.980800	0.027257	4.250 3.19	11/04/2020

Coverage Level %

Subsidy Rate %

7/01/2019 7/01/2020

95-100	20	25
90-94.9	25	30
80-89	30	35
70-79	35	

Premium due at maturity, not in advance

<https://public.rma.usda.gov/livestockreports/main.aspx>

Agricultural Market and Situation Outlook Webinars to continue

Every other Thursday at 12.30 pm for the rest
of the summer –

August 6th

August 20th

September 3rd

Use the Q&A tool
to ask questions

After the webinar you'll be invited
to complete a short survey

Recording and Additional Information

www.ag.ndsu.edu/extension/economics

www.ag.ndsu.edu/alerts/coronavirus