

Plotting a Course 2018

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

Short-term and Long-term Agricultural Planning Prices for North Dakota 2018

Ron Haugen
Farm Management Specialist

Tim Petry
Livestock Economist

Frayne Olson
Crop Marketing 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. With the downturn in commodity prices, planning is more critical than ever. 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 2018 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 2017 Baseline Briefing Paper, November 2017, 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 2017 are averages to date.

The historical crop prices were obtained from the U.S. Department of Agriculture's National Agricultural Statistics Service (NASS) "2017 North Dakota Agricultural Statistics Service publication No. 86." 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.

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.

County commissions, North Dakota State University and U.S. Department of Agriculture cooperating. NDSU does not discriminate in its programs and activities on the basis of age, color, gender expression/identity, genetic information, marital status, national origin, participation in lawful off-campus activity, physical or mental disability, pregnancy, public assistance status, race, religion, sex, sexual orientation, spousal relationship to current employee, or veteran status, as applicable. Direct inquiries to Vice Provost for Title IX/ADA Coordinator, Old Main 201, NDSU Main Campus, 701-231-7708, ndsu.eaaa.ndsu.edu. This publication will be made available in alternative formats for people with disabilities upon request, 701-231-7881.

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

NDSU EXTENSION
SERVICE

January 2018

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	Lentils	Alfalfa Hay	Other Hay
	(bu)	(bu)	(bu)	(bu)	(bu)	(cwt)	(cwt)	(bu)	(bu)	(cwt)	(bu)	(bu)	(cwt)	(cwt)	(cwt)	(ton)	(ton)
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
2014-15	5.42	8.99	2.42	3.06	5.53	19.50	31.50	3.34	9.49	16.90	11.80	4.47	28.20	12.20	23.50	85.00	58.00
2015-16	4.59	6.62	2.00	2.70	5.09	19.10	27.30	3.28	8.49	15.60	8.95	3.69	24.00	13.50	28.90	82.00	59.00
2016-17	4.57	5.66	2.25	2.62	4.78	17.10	23.20	3.01	8.97	16.80	8.00	3.41	27.90	11.20	29.40	81.00	63.00
Historic avg. (2012-2016)	5.85	7.26	2.63	3.52	5.70	20.12	28.18	4.00	10.67	19.28	11.27	5.11	30.10	13.52	23.68	97.20	66.40
2017-18 (to date)*	5.80	6.49	2.57	2.90	4.63	15.27**	N.A.	2.86	8.81	17.46	9.25	4.13	24.84	11.40**	26.97**	108.31	77.93
2018-19 short-term	5.60	6.25	2.00	2.70	3.50	17.00	22.00	3.25	8.85	17.00	9.50	4.25	22.50	10.50	22.00	100.00	70.00
2019-20	5.23	5.67	2.22	2.88	4.61	18.64	26.84	3.53	9.42	17.45	9.97	4.50	28.26	9.89	24.73	85.00	60.00
2020-21	5.36	5.81	2.19	2.85	4.56	18.48	26.61	3.50	9.34	17.29	9.88	4.61	28.02	9.81	24.53	95.00	65.00
2021-22	5.41	5.87	2.19	2.84	4.54	18.20	26.21	3.48	9.19	17.03	9.73	4.66	27.57	9.65	24.13	83.00	58.00
2022-23	5.37	5.82	2.16	2.80	4.48	17.78	25.60	3.43	8.99	16.64	9.51	4.62	26.97	9.44	23.60	95.00	65.00
2023-24	5.37	5.82	2.15	2.79	4.46	17.88	25.75	3.42	9.03	16.73	9.56	4.62	27.09	9.48	23.70	98.00	68.00
Projected long-term avg. (2019-23)	5.35¹	5.80²	2.18³	2.83⁴	4.53⁵	18.20⁶	26.20⁷	3.47⁸	9.19⁹	17.03¹⁰	9.73¹¹	4.60¹²	27.58¹³	9.65¹⁴	24.14¹⁵	91.20	63.20

* average of beginning of marketing year to December 2017
 ** average of local cash bids
 Note: FAPRI projections are updated in January 2018

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*	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)	(cwt)	(cwt)	(cwt)	(cwt)	(cwt)	(cwt)
	Fourth quarter prices	Fourth quarter prices	Fourth quarter prices	First quarter prices	First quarter prices	Annual prices	Annual prices
2012	176.66	162.78	152.78	140.58	132.71	76.70	122.86
2013	205.43	183.90	174.19	175.12	163.59	78.29	125.88
2014	323.38	285.52	259.17	220.47	202.00	104.20	154.56
2015	234.07	206.55	188.32	161.62	150.26	99.00	148.12
2016	151.26	137.89	128.09	133.67	126.58	70.30	120.85
Historic avg. (2012-2016)	218.16	195.33	180.51	166.29	155.03	85.70	134.45
2017 (to date)	194.23	177.01	166.22	155.00**	147.00**	70.93	121.44
2018 short-term	185.00	165.00	155.00	145.00**	137.00**	75.00	120.00
2019	190.00	170.00	160.00	150.00**	142.00**	77.00	125.00
2020	195.00	175.00	165.00	155.00**	147.00**	80.00	130.00
2021	200.00	180.00	170.00	160.00**	152.00**	83.00	135.00
2022	205.00	185.00	175.00	165.00**	157.00**	85.00	140.00
2023	210.00	190.00	180.00	170.00**	162.00**	87.00	145.00
Projected long-term avg. (2019-23)	200.00	180.00	170.00	160.00	152.00	82.40	135.00

HOGS

Year	250 lb. Slaughter Hogs
	(cwt)
2012	61.20
2013	63.80
2014	73.00
2015	52.20
2016	46.10
Historic avg. (2012-2016)	59.26
2017 to date	51.31
2018 short-term	50.00
2019	55.00
2020	60.00
2021	62.00
2022	65.00
2023	67.00
Projected long-term avg. (2019-23)	61.80

SHEEP

Slaughter Ewes	105-140 lb. Slaughter Lambs	60-90 lb. Feeder Lambs	
(cwt)	(cwt)	(cwt)	
2012	38.00	112.00	144.00
2013	22.00	120.00	136.00
2014	38.00	152.00	200.00
2015	54.00	146.00	188.00
2016	48.00	142.00	180.00
Historic avg. (2012-2016)	40.00	134.40	169.60
2017 to date	58.00	148.00	187.00
2018 short-term	55.00	145.00	180.00
2019	57.00	150.00	185.00
2020	58.00	152.00	187.00
2021	58.00	155.00	190.00
2022	59.00	157.00	192.00
2023	59.00	160.00	195.00
Projected long-term avg. (2019-23)	58.20	154.80	189.80

MILK

All Milk	
(cwt)	
2012	18.90
2013	19.90
2014	23.60
2015	17.10
2016	16.20
Historic avg. (2012-2016)	19.14
2017 to date	17.68
2018 short-term	18.00
2019	20.00
2020	22.00
2021	24.00
2022	22.00
2023	24.00
Projected long-term avg. (2019-23)	22.40

* 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 \$15/cwt for 400-500, 500-600 and 600-700 lb. animals and subtract \$6/cwt for 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.