

# **Idaho Crops & Livestock 2003-04 Short Range Planning Prices**

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## **Idaho Crops & Livestock Short Range Planning Prices for 2003-04**

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Commodity prices can vary significantly within the marketing year as well as between years. Crop prices tend to be lowest at harvest and strengthen throughout the year as the temporary imbalance between supply and demand is reduced. Livestock prices follow similar trends that are tied to management and marketing decisions (eg. weaning calves and selling them in the fall, culling decisions before winter feeding and others) that result in supply and demand imbalances. Some commodities follow well-established seasonal price patterns, while others are less predictable and vary significantly from year-to-year and throughout the marketing year. Even for a commodity with a well-established seasonal pattern, the overall price level can vary dramatically even though the pattern may remain unchanged. A single price cannot be expected to accurately represent the entire marketing year and it can be misleading. Often, however, a single price is needed for planning purposes.

Because one price will not fit all purposes, we publish both long range and short range planning prices. These are provided in separate publications. The long-range planning prices are based on historical (time-series) data and include a low and high monthly price in addition to the average.

The short-range crop planning prices are projected for the current 2003/04 marketing year, based upon current market fundamentals: supply, demand, stocks and expected utilization. The short-range crop prices are an estimate of what we expect the price to average over the current marketing year. The lowest expected monthly average price for crops is also listed as a means of addressing downside price risk, while the highest expected monthly average price is provided to show the upside potential. The difference between the expected high and low prices show potential market volatility. Short-range livestock planning prices are forecast on a quarterly bases for 2004.

Crop prices are for the marketing year while livestock prices are on a calendar year basis. The marketing year varies by commodity and matches those established by USDA, generally from harvest to harvest.

### **Short Vs. Long Run**

Whether to use the long run or the short run price will depend on the type of analysis. A feasibility study comparing the profitability of alternatives should use the long range planning prices, while a cash flow estimate for the current year would rely on the short-run planning price.

What projected price should be used on crops that will be harvested in 2004 and sold in the 2004/2005 marketing year? One alternative is to average the long and short run planning prices and use this value. Since prices tend to move toward the historical average, the price for the 2004 crop will likely be between the short run (current price) and long run price, assuming the short run price is accurate and that no structural changes have occurred in the market that would disrupt the normal price pattern. A more conservative approach is to use the long run planning price for any year but the current one. This second method is preferred particularly when the short range-planning price varies significantly from the long range-planning price.

### **Data Sources and Data Problems**

The information used to calculate Idaho planning prices comes from a variety of different sources, although USDA is the primary source. Data sources include the Idaho Agricultural Statistics Service (IASS), the National Agricultural Statistics Service (NASS) and the Agricultural Market Service (AMS). Unfortunately, USDA does not acquire price data on all crops grown in the state and USDA price data is not always market class specific. For example, the wheat price published by the IASS is differentiated only as winter and spring. But a significant difference exists between the price of hard red spring wheat and soft white spring wheat, and between hard red winter and soft white winter wheat. Obtaining price information for crops grown predominately or exclusively under

contract can be a particularly difficult problem since no public source of information is available.

Grain prices in this publication are based on Portland prices reported by AMS and adjusted for transportation costs. While the price difference between Portland and Idaho locations has increased over time, it tends to remain fairly stable within a given year. The market location for Southwestern Idaho is the Notus/Weiser area, the market location for Southcentral Idaho is the Burley/Filer/Wendell area, the market location for Southeastern Idaho is American Falls and the market location for Northern Idaho is Lewiston. Wheat prices at both Moscow and Nez Perce would be \$.25 per bushel below the Lewiston price.

Corn prices are based on IASS data. Contract malting barley is based on the average of the most recent contracts. Historically, malting barley contracts with two of the three major malting companies operating in Idaho were a fixed base-price contract for barley meeting grade and quality specifications, and with quality incentives paid above the minimums. Contracts in recent years have increased in complexity and often give the grower several different pricing alternatives, ranging from a fixed price, with or without storage compensation, to a prevailing company posted price or the average of these posted prices over a specified period of time. There is typically a minimum price specified with this pricing alternative. One company prices malt barley on a specified premium over a three-month average feed barley price. The premiums may vary by barley variety.

Up until 1991, IASS reported only one barley price in Idaho. This was a composite of the monthly average of feed barley, open malt barley and contract malt barley purchases. While USDA still maintains the all barley price, it also has a feed barley price series and a malt barley price series. The IASS malt barley price is not an open-market price since it includes both open market and contract purchases made during a given month.

Prices for dry beans, dry peas and lentils use monthly price data from USDA-AMS. Prices reported by IASS are used on sugarbeets, sweet corn and the fresh and processing potatoes. The contract potato price uses the current or most recent base

contract price adjusted for the five-year quality average. The 2004 potato contract price is a projected value since no contracts had been signed when this publication was printed. The same price as last year is expected.

Hay, straw and corn silage prices come from a variety of different sources, including hay brokers, county agents and livestock producers. A separate AUM rate is given for land managed by Federal agencies (BLM and Forest Service), the Idaho State Land Board and private landowners. The 2004 short-range Federal AUM price has not yet been set, but will likely be \$1.35, the floor price using the Public Rangeland Improvement Act fee formula. Private pasture rates are expected to maintain traditional levels in the short run.

### **Livestock Price Estimates**

The short-range planning prices are conservative, quarterly price estimates based on the present market fundamentals. While livestock prices are statewide estimates, they are most reflective of Southern Idaho. It is important to note that the beef prices reflect the projected impact of lost exports because of the discovery of BSE in a dairy cow sent to slaughter in Washington State in late December, 2003. If the issue is resolved quickly and exports recover quickly, the price impact would be less than predicted. If consumers in this country reduce their beef consumption because of a concern over BSE, than the price impact could be greater. If the ban on Canadian beef—stemming from an earlier discovery of a BSE infected cow in Canada—is resolved in the near-term, beef supplies coming through Canada would cause further imbalances in supply and demand and result in additional price declines.

### **For Additional Information**

The commodity planning prices are presented as a guideline to assist farmers, ranchers, lenders and agri-businesses in planning. Local prices will vary from these regional prices.

Your planning efforts will be enhanced if you monitor the current market outlook situation. Use new information to modify your plans as necessary. Some sources of current outlook for those with access to the Internet, include:

- Reports published by the Economic Research Service, the World Agriculture Outlook Board, and the National Agricultural Statistics Service, all part of USDA, are available at the following URL:  
<http://usda.mannlib.cornell.edu/usda/usda.html>
- Reports from Agricultural Market Service, USDA, are available at the following URL:  
<http://www.ams.usda.gov/marketnews.htm>
- The University of Florida has an excellent site with current USDA-AMS reports as well as a historical archive:  
<http://mis.ifas.ufl.edu/~market/market.html>
- An electronic version of the *Livestock Monitor* and other industry related information is available from the Livestock marketing Information Center web site:  
<http://www.lmic.info/>
- Jim Hilker's Market Outlook and Probabilistic Forecasts for Grain and Livestock, Michigan State University:  
<http://www.msu.edu/user/hilker/>
- Kim Anderson's Crop Marketing and Risk Management, Oklahoma State University:  
<http://agecon.okstate.edu/anderson/>
- Other information of interest and many agricultural links can be found at:  
<http://www.ag.uidaho.edu/aers>

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**Table 1. Northern Idaho short range marketing year planning prices for 2003/04.**

Crop	Units	Expected Monthly Minimum Average	Expected Marketing Year Average	Expected Monthly Maximum Average
Barley, Feed	cwt	\$ 4.50	\$ 4.95	\$ 5.30
Barley, Malt (open)	cwt	\$ 6.10	\$ 6.35	\$ 6.80
Barley, Malt (contract)	cwt	---	\$ 6.90	---
<b>Dry Beans</b>				
Garbanzos	cwt	\$	\$	\$
<b>Dry Peas:</b>				
Austrian Winter	cwt	\$ 9.75	\$ 10.75	\$ 11.50
Green	cwt	\$ 7.00	\$ 7.50	\$ 8.50
Yellow	cwt	\$ 5.75	\$ 6.50	\$ 7.00
Lentils	cwt	\$ 18.00	\$19.00	\$21.00
<b>Wheat:</b>				
Hard Red Spring (14%)	bu	---	---	---
Hard Red Winter (11%)	bu	---	---	---
Soft White	bu	\$ 3.20	\$ 3.60	\$ 3.80
<b>Forage:</b>				
Alfalfa Hay:				
Feeder	ton	\$55	\$65	\$70
Grass Hay	ton	\$50	\$60	\$65
Straw	ton	\$25	\$30	\$35
Private Leased Forage	AUM	\$9.00	\$10.75	\$14.00
Range (state land)	AUM	---	\$ 5.15	---
Range (Federal land)	AUM	---	\$ 1.35	---

Prices are for crops sold on the open market, unless otherwise specified; i.e. contract. Grain prices are Lewiston-based. Dry peas & lentils are Moscow-based.



**Table 2. Southwestern Idaho short range marketing year planning prices for 2003/04.**

Crop	Units	Expected Monthly Minimum Average	Expected Marketing Year Average	Expected Monthly Maximum Average
<b>Alfalfa Seed :</b>				
Proprietary	lb	---	\$ 1.20	---
Public	lb	---	\$ 1.05	---
Barley, Feed	cwt	\$ 4.65	\$5.10	\$ 5.45
Corn, Grain	bu	\$ 2.70	\$ 2.90	\$ 3.10
<b>Dry Beans (composite)</b>	cwt	\$19.00	\$21.00	\$24.00
<b>Potatoes:</b>				
Process--Contract (04)	cwt	---	\$ 4.65	---
Fresh – open	cwt	\$ 3.00	\$ 4.00	\$ 5.00
Process – open	cwt	\$ 3.75	\$ 4.75	\$ 5.00
Sugarbeets—Contract (03)	ton	---	\$35	---
<b>Wheat:</b>				
Hard Red Spring (14%)	bu	\$ 3.40	\$ 3.80	\$ 4.10
Hard Red Winter (11%)	bu	\$ 3.00	\$ 3.40	\$ 3.70
Soft White	bu	\$ 2.80	\$ 3.20	\$ 3.50
<b>Forages:</b>				
<b>Alfalfa Hay:*</b>				
Feeder	ton	\$50	\$60	\$85
Dairy	ton	\$75	\$80	\$110
Grass Hay	ton	\$40	\$50	\$70
Corn Silage	ton	---	\$22	---
Straw	ton	\$25	\$30	\$35
Private Leased Forage	AUM	\$9.00	\$10.75	\$14.00
Range (state)	AUM	---	\$ 5.15	---
Range (Federal)	AUM	---	\$ 1.35	---

Prices are for crops sold on the open market, unless otherwise specified; i.e. contract. Grain prices are Notus/Wieser-based.

**Table 3. Southcentral Idaho short range marketing year planning prices for 2003/04.**

Crop	Units	Expected Monthly Minimum Average	Expected Marketing Year Average	Expected Monthly Maximum Average
<b>Alfalfa Seed :</b>				
Proprietary	lb	na	\$ 1.20	
Public	lb	na	\$ 1.05	
Barley, Feed	cwt	\$ 4.70	\$ 5.05	\$ 5.40
Barley, Malt (open)	cwt	\$ 6.00	\$ 6.50	\$ 7.00
Barley, Malt (contract)	cwt	---	\$ 7.00	
Corn, Grain	bu	\$ 2.70	\$ 2.90	\$ 3.10
<b>Dry Beans (composite)</b>	cwt	\$19.00	\$21.00	\$24.00
<b>Potatoes:</b>				
Proc. Contract (04)	cwt	---	\$ 4.65	---
Fresh – open	cwt	\$ 3.00	\$ 4.00	\$ 5.00
Process. – open	cwt	\$ 3.75	\$ 4.75	\$ 5.00
Sugarbeets--Contract (03)	ton	---	\$35	---
<b>Wheat:</b>				
Hard Red Spring (14%)	bu	\$ 3.15	\$ 3.60	\$ 3.85
Hard Red Winter (11%)	bu	\$ 2.75	\$ 3.20	\$ 3.45
Soft White	bu	\$ 2.55	\$ 3.00	\$ 3.25
<b>Forages:</b>				
<b>Alfalfa Hay:*</b>				
Feeder	ton	\$50	\$60	\$85
Dairy	ton	\$75	\$80	\$105
Grass Hay	ton	\$40	\$50	\$70
Corn Silage	ton		\$22	
Straw	ton	\$35	\$30	\$45
Private Leased Forage	AUM	\$ 9.00	\$10.75	\$14.00
Range (state)	AUM	---	\$ 5.15	---
Range (Federal)	AUM	---	\$ 1.35	---

Prices are for crops sold on the open market, unless otherwise specified; i.e. contract. Grain prices are Burley/Filer/Wendell-based.

**Table 4. Southeastern Idaho short range marketing year planning prices for 2003/04.**

Crop	Units	Expected Monthly Minimum Average	Expected Marketing Year Average	Expected Montly Maximum Average
Barley, Feed	cwt	\$ 4.35	\$ 4.80	\$ 5.15
Barley, Malt (open)	cwt	\$ 6.00	\$ 6.50	\$ 7.00
Barley, Malt (contract)	cwt	---	\$ 7.00	---
<b>Potatoes:</b>				
Process – Contract (04)	cwt	---	\$ 4.65	---
Fresh – open	cwt	\$ 3.00	\$ 4.00	\$5.00
Process. – open	cwt	\$ 3.75	\$ 4.75	\$5.00
R.B. Seed – G2 *	cwt	---	\$ 8.00	---
R.B. Seed – G3 *	cwt	---	\$ 6.50	---
Sugarbeet--Contract (03)	ton	---	\$35	---
<b>Wheat:</b>				
Hard Red Spring (14%)	bu	\$ 3.40	\$ 3.80	\$ 4.05
Hard Red Winter (11%)	bu	\$ 3.00	\$ 3.40	\$ 3.65
Soft White	bu	\$ 2.80	\$ 3.20	\$ 3.45
<b>Forage:</b>				
Alfalfa Hay:				
Feeder	ton	\$50	\$60	\$ 65
Dairy	ton	\$75	\$80	\$85
Grass Hay	ton	\$40	\$50	\$55
Corn Silage	ton		\$22	
Straw	ton	\$20	\$25	\$30
Private Leased Forage	AUM	\$ 9.00	\$10.75	\$14.00
Range (state)	AUM	---	\$ 5.15	---
Range (Federal)	AUM	---	\$ 1.35	---

Prices are for crops sold on the open market, unless otherwise specified; i.e. contract.  
Grain prices are Pocatello/American Falls-based.

**Table 5. Quarterly forecast planning prices for PNW livestock.**

	Unit	2004 Quarterly Forecast			
		I-f	II-f	III-f	IV-f
Choice Steers 11 – 1300# *	cwt	67-70.50	67-71.50	68-72	74-79
Steers 8-900# *	cwt	69-72	63.50-68	71-74	77-82
Steers 7-800# *	cwt	75-78	78-82	80-87	81-89
Steers 6-700# *	cwt	78-81	81-85	83-90	85-93
Steers 5-600# *	cwt	85-90	92-101	89-102	90-103
Steers 4-500# *	cwt	93-99	100-110	93-103	94-106
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Utility Cows **	cwt	25-31	22-27	19-25	15-25
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Slaughter Lambs (100-125#)	cwt	164-173	165-178	162-173	157-169
Feeder Lambs (70-90#)	cwt	96-104	91-97	89-94	87-93
Ewe Sheep	Head	32.00- 38.60	27.50- 36.30	27.10- 33.60	29.90- 34.40
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Wool (Clean, USDA 56's)	lb.	1.38-1.45	1.41-1.48	1.34-1.41	1.28-1.35
Wool (Grease, US farm price)	Lb.	.87-.94	.89-.96	.84-.91	.80-.87
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Milk, Class III	cwt	10.90- 12.00	10.75- 11.90	11.25- 13.00	11.00- 12.50
Milk, Class IV	cwt	9.65- 10.35	9.50- 10.50	9.85- 10.95	9.80- 10.80

f = forecast: Forecast estimates are by UI Agricultural Economics Extension.

\* heifers will be 2 to 10 cents under steers in the same wt. Class, depending on supply and demand factors

\*\* cull bulls will be 4 to 6 cents over utility cows