


# **Idaho Crops & Livestock Short Range Planning Prices for 2004-05**

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**Agricultural Economics Extension Series No. 04-10  
November 2004**

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Commodity prices can vary significantly within a 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 patterns that are tied to rancher's management and marketing decisions (i.e. weaning calves and selling them in the fall, or culling decisions before winter feeding) that change market fundamental and can result in a temporary imbalance between supply and demand. Some agricultural 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 throughout the year even though the pattern may remain unchanged.

Farmers and ranchers must develop plans for the future, both short term and long term. Accurate revenue and cost projections are a key component in any farm business plan. Commodity prices serve a dual role since they can represent a revenue stream for one farm and a cost to another. While it is not possible for a single price to characterize prices during an entire marketing year—and it may even be misleading—a single price is often needed for planning purposes. But the same price will not work for both short and long range planning purposes. The University of Idaho provides two different planning price series, one for long range planning based on historical averages (contained in a separate publication) and the short run planning prices based on the current market year that are found in this publication. Farmers, ranchers and other agribusinesses need an unbiased source of commodity planning prices.

Short-run crop prices are the projected prices for the current 2004/05 marketing year. Price projections are based upon current market fundamentals: supply, demand, stocks, and expected utilization. In addition to the expected marketing year average

price, we also show the lowest expected monthly average price as a means of addressing downside price risk, as well as the highest expected monthly average price to show the upside market potential. The difference between the expected high and low prices indicates potential market volatility. Short-range livestock planning prices are forecast on a quarterly bases for 2005. A range in prices is shown for each quarter. Crop prices are for the commodity-specific marketing years established by USDA, generally from harvest to harvest. Livestock prices are on a calendar year basis. There is a separate table of crop prices, one for each region of the state: Northern, Southwestern, Southcentral and Eastern. These correspond to Table 1, Table 2, Table 3 and Table 4, respectively. There is only one table, Table 5, for livestock prices.

### **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 price should be used on crops that will be harvested during 2005 and sold in the 2005/2006 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 2005 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, such as the Idaho Barley Commission, Idaho Farm Bureau, Livestock Marketing Information Project and several commodity-specific market

newsletters. USDA is the primary source, however. USDA data sources include Idaho Agricultural Statistics Service (IASS), National Agricultural Statistics Service (NASS), Agricultural Market Service (AMS) and World Agricultural Outlook Board (WAOB). Unfortunately, USDA does not publish region-specific price data on all crops grown in the state and USDA price data is not always market class specific. Price transparency and availability is a problem for crops grown exclusively or predominately under contract because the data is often proprietary and may not be available to the public. The magnitude of this problem is increasing.

Feed barley price estimates make use of price data from the Idaho Farm Bureau and the Idaho Barley Commission; adjusted using expected supply and demand information from USDA-NASS. Portland seasonal wheat prices are forecast using prices reported by USDA-AMS and USDA-NASS and USDA-WAOB supply and demand estimates. Portland prices are adjusted for transportation and handling costs to derive regional wheat prices for Idaho. These are compared to local prices series from the Idaho Farm Bureau and the Idaho Barley Commission for consistency. The wheat 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/Pocatello and the market location for Northern Idaho is Lewiston. Wheat prices at both Moscow and Nez Perce would be roughly \$.25 per bushel below the Lewiston price.

The price of corn is calculated by adding \$.40—the normal difference between Idaho's seasonal average corn price and the U.S. average corn price-- to the USDA's October price forecast range of \$1.75 to \$2.15 data. Contract malting barley is based on the range of recent contracts offered by the major malting companies located in Idaho. Contracts in recent years have increased in complexity and often give the grower multiple 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 generally vary by barley variety. Since 1991, IASS has reported a monthly malting barley price. This data is

not used, however, since the IASS malt barley price is not an open-market price. It includes both open market and contract purchases made during a given month. Data collected and reported by the Idaho Barley Commission is used in developing open-market 2-row prices for Northern, Eastern and Southcentral Idaho and 6-row malting barley prices for Northern and Eastern Idaho. Only 2-row malt barley prices are currently reported in southcentral Idaho's Magic Valley.

Prices for dry beans, dry peas and lentils use monthly price data from USDA-AMS and supply and demand information from USDA-NASS. Prices reported by IASS are used on sugarbeets and the fresh and processing potatoes. The contract potato price uses the most recent base contract price adjusted for the five-year quality average. The 2005 potato contract price is a projected value since no contracts had been signed when this publication was printed. A similar price to 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 2005 short-range Federal AUM price has not yet been set, but will likely be between \$1.40 and \$1.50 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. If the ban on shipments of Canadian cattle into the U.S.—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. This would likely have a larger impact on feeder prices as a large number of calves have been held outside Canadian feedlots and would be seeking a means to enter the production chain.

Resolution of the ban of shipments of US beef to Japan and Taiwan may result in increased demand, thus increasing prices. The fed markets would have upward pressure on prices as a result. However, resolution to age and origin issues will take some time. Expect only modest shipments for several months until a nationally certifiable system is in place. Buildup in export volume will take time.

### **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>
- 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/>
- Kansas State University's Ag Economics Department maintains monthly outlook on livestock, grains as well as management information on their Ag Manager web page.  
<http://www.agmanager.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>

**Table 1. Northern Idaho short range marketing year planning prices for 2004/05.**

Crop	Units	Expected Monthly Minimum Average	Expected Marketing Year Average	Expected Monthly Maximum Average
Barley, Feed	cwt	\$ 3.50	\$ 4.05	\$ 4.30
Barley, 2-Row Malt (open)	cwt	\$ 4.75	\$ 5.30	\$ 5.80
Barley, 6-Row Malt (open)	cwt	\$ 5.25	\$ 5.80	\$ 6.25
Barley, Malt (contract)	cwt	---	\$ 5.75 – 7.00	---
<b>Dry Beans</b>				
Garbanzos	cwt	\$26	\$29	\$31
<b>Dry Peas:</b>				
Austrian Winter	cwt	\$9.00	\$ 10.00	\$ 11.00
Green	cwt	\$ 6.50	\$ 7.25	\$8.00
Yellow	cwt	\$ 5.90	\$ 6.75	\$7.50
Lentils	cwt	\$ 14.50	\$17.00	\$18.00
<b>Wheat:</b>				
Soft White	bu	\$ 3.40	\$ 3.70	\$ 4.00
<b>Forage:</b>				
<b>Alfalfa Hay:</b>				
Feeder	ton	\$55	\$70	\$80
Grass Hay	ton	\$50	\$65	\$70
Straw	ton	\$25	\$30	\$40
Private Leased Forage	AUM	\$9.00	\$11.00	\$14.00
Range (state land)	AUM	---	\$ 5.53	---
Range (Federal land)	AUM	---	\$ 1.45	---

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 2004/05.**

Crop	Units	Expected Monthly Minimum Average	Expected Marketing Year Average	Expected Monthly Maximum Average
Barley, Feed	cwt	\$ 4.00	\$4.20	\$ 4.60
Corn, Grain	bu	\$ 2.15	\$ 2.35	\$ 2.55
<b>Dry Beans (composite)</b>	cwt	\$20.00	\$24	\$27.00
Pinto	cwt	\$25	\$30	\$35
Great Northern	cwt	\$18	\$19	\$21
Small White	cwt	\$22	\$24	\$25
Pinks	cwt	\$22	\$23	\$26
Small Reds	cwt	\$22	\$25	\$27
<b>Potatoes: Russet Burbank</b>				
Process--Contract (05)	cwt	---	\$ 4.70	---
Process - open	cwt	\$ 4.00	\$ 4.50	\$ 5.00
Sugarbeets—Contract (04)	ton	---	\$35 - 40	---
<b>Wheat:</b>				
Soft White	bu	\$ 3.00	\$ 3.30	\$ 3.60
<b>Forages:</b>				
<b>Alfalfa Hay:</b>				
Feeder	ton	\$55	\$70	\$80
Dairy	ton	\$85	\$100	\$110
Grass Hay	ton	\$60	\$70	\$75
Corn Silage (in the pit)	ton	---	\$24 - 26	---
Straw	ton	\$30	\$35	\$40
Private Leased Forage	AUM	\$9.00	\$11.00	\$14.00
Range (state)	AUM	---	\$ 5.53	---
Range (Federal)	AUM	---	\$ 1.45	---

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 2004/05.**

Crop	Units	Expected Monthly Minimum Average	Expected Marketing Year Average	Expected Monthly Maximum Average
Barley, Feed	cwt	\$ 3.90	\$ 4.10	\$ 4.50
Barley, Malt (open)	cwt	\$ 5.00	\$ 5.30	\$ 6.00
Barley, Malt (contract)	cwt	---	\$ 5.75 – 7.25	
Corn, Grain	bu	\$ 2.15	\$ 2.35	\$ 2.55
<b>Dry Beans</b> (composite)	cwt	\$20	\$24	\$27
Pinto	cwt	\$25	\$30	\$35
Great Northern	cwt	\$18	\$19	\$21
Small White	cwt	\$22	\$24	\$25
Pinks	cwt	\$22	\$23	\$26
Small Reds	cwt	\$22	\$25	\$27
<b>Potatoes:</b> Russet Burbank				
Proc. Contract (05)	cwt	---	\$ 4.70	---
Fresh – open	cwt	\$ 3.00	\$ 4.40	\$ 6.00
Process. – open	cwt	\$ 4.00	\$ 4.50	\$ 5.00
Sugarbeets--Contract (04)	ton	---	\$35 – 40	---
<b>Wheat:</b>				
Hard Red Spring (14%)	bu	\$ 3.30	\$ 3.80	\$ 4.10
Hard Red Winter (11%)	bu	\$ 2.95	\$ 3.15	\$ 3.45
Soft White	bu	\$ 2.95	\$ 3.25	\$ 3.55
<b>Forages:</b>				
<b>Alfalfa Hay:</b>				
Feeder	ton	\$55	\$70	\$80
Dairy	ton	\$85	\$100	\$110
Grass Hay	ton	\$60	\$70	\$75
Corn Silage	ton		\$23 – 25	
Straw	ton	\$30	\$35	\$40
Private Leased Forage	AUM	\$9.00	\$11.00	\$14.00
Range (state)	AUM	---	\$ 5.53	---
Range (Federal)	AUM	---	\$ 1.45	---

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 2004/05.**

Crop	Units	Expected Monthly Minimum Average	Expected Marketing Year Average	Expected Monthly Maximum Average
Barley, Feed	cwt	\$ 3.50	\$ 3.90	\$ 4.15
Barley, 2-Row Malt (open)	cwt	\$ 5.25	\$ 5.60	\$ 6.00
Barley, 6-Row Malt (open)	cwt	\$ 5.00	\$ 5.40	\$ 6.00
Barley, Malt (contract)	cwt	---	\$ 5.75 – 7.25	---
<b>Potatoes: Russet Burbank</b>				
Process – Contract (05)	cwt	---	\$ 4.70	---
Fresh – open	cwt	\$ 3.00	\$ 4.40	\$ 6.00
Process. – open	cwt	\$ 4.00	\$ 4.50	\$ 5.00
Seed – G2 *	cwt	---	\$ 7.25	---
Seed – G3 *	cwt	---	\$ 6.00	---
Norkotah Seed – G3	cwt	---	\$7.00	---
Sugarbeet--Contract (04)	ton	---	\$35 – 40	---
<b>Wheat:</b>				
Hard Red Spring (14%)	bu	\$ 3.40	\$ 3.90	\$ 4.20
Hard Red Winter (11%)	bu	\$ 3.05	\$ 3.25	\$ 3.55
Soft White	bu	\$ 3.15	\$ 3.45	\$ 3.75
<b>Forage:</b>				
<b>Alfalfa Hay:</b>				
Feeder	ton	\$55	\$75	\$ 80
Dairy	ton	\$80	\$90	\$100
Grass Hay	ton	\$60	\$65	\$70
Corn Silage (in the pit)	ton		\$21 – 23	
Straw	ton	\$25	\$30	\$35
Private Leased Forage	AUM	\$9.00	\$11.00	\$14.00
Range (state)	AUM	---	\$ 5.53	---
Range (Federal)	AUM	---	\$ 1.45	---

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	2005 Quarterly Forecast			
		I-f	II-f	III-f	IV-f
Choice Steers 11 – 1300# *	cwt	85-88	86-90	83-88	86-91
Steers 8-900# *	cwt	91-97	89-95	89-97	88-97
Steers 7-800# *	cwt	99-103	93-98	97-104	93-102
Steers 6-700# *	cwt	105-112	105-110	103-112	95-107
Steers 5-600# *	cwt	113-118	115-121	110-120	99-113
Steers 4-500# *	cwt	119-125	121-129	115-124	103-118
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Utility Cows **	cwt	51-56	53-60	49-56	49-56
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Slaughter Lambs (100-125#)***	cwt	183-190	181-189	180-187	178-184
Feeder Lambs (70-90#)***	cwt	116-122	110-115	107-112	104-110
Ewe Sheep	Head	32-36	30-35	27-33	29-35
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Wool (Clean, USDA 56's)	lb.	1.40-1.50	1.45-1.60	1.40-1.49	1.38-1.48
Wool (Grease, US farm price)	Lb.	0.64-0.69	0.66-0.71	0.63-0.68	0.62-0.67
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Milk, Class III	cwt	11.80- 12.90	11.60- 12.70	12.00- 13.10	12.00- 13.00
Milk, Class IV	cwt	10.90- 11.80	11.25- 12.20	11.85- 12.95	11.15- 12.10

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

\*\*\* Slaughter lamb prices are on dressed weight basis, feeder lambs are on live weight basis  
Forecast estimates are by UI Agricultural Economics Extension.