

Plotting a Course 2005

Short-Term and Long-Term Agricultural Planning Prices For North Dakota 2005

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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, 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 2005 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 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 2004 Baseline Briefing Paper, November 2004 were adjusted, using historical relationships (10-year Olympic average), 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 2004 are averages to date.

The historical crop prices were obtained from "North Dakota Agricultural Statistics 2004," North Dakota Agricultural Statistics Service publication No. 73. Historical slaughter steer, slaughter hog and milk prices are from FAPRI. The historical steer, cull cow and sheep prices are average prices received at the West Fargo (N.D.) Livestock Exchange.

For more crops marketing information links:

www.ag.ndsu.nodak.edu/aginfo/cropmkt/websites/sites.htm

For more livestock marketing information links:

www.ag.ndsu.nodak.edu/aginfo/lsmkt/web/links.htm

For more information on this and other topics, see: www.ag.ndsu.nodak.edu



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	Alfalfa Hay	Other Hay	Rye	Potatoes
	(bu)	(bu)	(bu)	(bu)	(bu)	(cwt)	(cwt)	(bu)	(bu)	(cwt)	(bu)	(bu)	(cwt)	(ton)	(ton)	(bu)	(cwt)
1999-00	\$2.85	\$2.58	\$0.90	\$1.39	\$2.13	\$6.56	\$13.50	\$1.59	\$4.19	\$7.50	\$3.79	\$2.49	\$13.90	\$43.00	\$29.00	\$1.44	\$5.60
2000-01	\$2.79	\$2.48	\$0.86	\$1.37	\$1.86	\$6.06	\$11.30	\$1.65	\$4.23	\$6.55	\$3.31	\$2.25	\$12.60	\$46.00	\$31.00	\$1.31	\$5.45
2001-02	\$2.76	\$2.89	\$1.63	\$1.47	\$2.03	\$9.39	\$11.70	\$1.87	\$4.05	\$8.80	\$4.29	\$2.39	\$20.40	\$50.00	\$35.50	\$1.55	\$6.00
2002-03	\$3.74	\$4.01	\$1.68	\$1.89	\$2.92	\$11.60	\$13.80	\$2.16	\$5.32	\$10.60	\$5.77	\$3.54	\$14.30	\$70.00	\$49.00	\$2.69	\$6.25
2003-04	\$3.57	\$3.93	\$1.33	\$1.95	\$2.78	\$11.30	\$15.70	\$2.37	\$6.62	\$9.90	\$5.88	\$3.01	\$16.10	\$58.00	\$41.00	\$2.12	\$5.45
Historic avg. (1999-2003)	\$3.14	\$3.18	\$1.28	\$1.61	\$2.34	\$8.98	\$13.20	\$1.93	\$4.88	\$8.67	\$4.61	\$2.74	\$15.46	\$53.40	\$37.10	\$1.82	\$5.75
2004-05 (to date)	\$3.35	\$3.83	\$1.11	\$1.50	\$2.41	\$11.96	\$17.74	\$2.17	\$6.02	\$11.40	\$7.35	\$2.87	\$23.61	\$63.89	\$46.35	\$1.96	\$5.03
2005-06 short-term	\$3.35	\$3.70	\$1.24	\$1.65	\$2.20	\$12.70	\$17.20	\$1.90	\$4.60	\$10.00	\$5.50*	\$3.05	\$17.50	\$55.00	\$36.00	\$1.80	\$5.00
2006-07	\$3.41	\$3.75	\$1.32	\$1.81	\$2.46	\$11.57	\$16.66	\$2.05	\$4.60*	\$10.09	\$5.25*	\$3.09				\$2.08	
2007-08	\$3.48	\$3.82	\$1.35	\$1.81	\$2.47	\$11.80	\$17.00	\$2.07	\$4.71	\$10.30	\$5.25*	\$3.14				\$2.12	
2008-09	\$3.55	\$3.90	\$1.37	\$1.81	\$2.47	\$11.98	\$17.25	\$2.08	\$4.86	\$10.45	\$5.25*	\$3.21				\$2.16	
2009-10	\$3.60	\$3.96	\$1.38	\$1.81	\$2.47	\$12.09	\$17.42	\$2.09	\$4.92	\$10.56	\$5.25*	\$3.26				\$2.20	
2010-11	\$3.68	\$4.04	\$1.39	\$1.82	\$2.48	\$12.22	\$17.59	\$2.12	\$4.94	\$10.66	\$5.25*	\$3.33				\$2.24	
Projected long-term avg. (2006-10)	\$3.54¹	\$3.90²	\$1.36³	\$1.81⁴	\$2.47⁵	\$11.93⁶	\$17.18⁷	\$2.08⁸	\$4.81⁹	\$10.41¹⁰	\$5.25¹¹	\$3.21¹²	N.A.	N.A.	N.A.	\$2.16¹³	N.A.

NOTE

* The current loan rate is used for projected planning prices when projected market prices fall below the loan rate.

- 1 Spring wheat price is calculated based on the historical relationship: N.D. spring wheat = U.S. wheat x 1.05
- 2 Durum wheat price is calculated based on the historical relationship: N.D. durum = N.D. spring wheat x 1.10
- 3 Oats price is calculated based on the historical relationship: N.D. oats = U.S. oats x 0.86
- 4 Feed barley price is calculated based on the historical relationship: N.D. feed barley = U.S. feed barley x 0.86
- 5 Malting barley price is calculated based on the historical relationship: N.D. malting barley = N.D. feed barley x 1.36
- 6 Oil sunflower price is calculated based on the historical relationship: N.D. oil sunflower = U.S. soybean oil (cwt) x 0.55
- 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 0.91
- 9 Soybean price is calculated based on the historical relationship: N.D. soybean = U.S. soybean x 0.94
- 10 Canola price is calculated based on the historical relationship: N.D. canola = U.S. soybean oil (cwt) x 0.48
- 11 Flaxseed price is calculated based on the historical relationship: N.D. flaxseed = U.S. soybean oil (cwt) x 0.23
- 12 Winter wheat price is calculated based on the historical relationship: N.D. winter wheat = U.S. wheat x 0.95
- 13 Rye price is calculated based on the historical relationship: N.D. rye = U.S. wheat x 0.64

Year	BEEF							HOGS		SHEEP			MILK
	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	1,100-1,300 Lb Nebraska Direct Slaughter Steers	250 Lb Slaughter Hogs	Slaughter Ewes	105-140 Lb Slaughter Lambs	60-90 Lb Feeder Lambs	All Milk	
	(cwt)	(cwt)	(cwt)	(cwt)	(cwt)	(cwt)	(cwt)	(cwt)	(cwt)	(cwt)	(cwt)	(cwt)	
	Fall Prices						Annual Prices	Annual Prices					
1999	\$97.68	\$90.60	\$85.86	\$83.38	\$80.87	\$36.50	\$65.56	\$32.50	\$25.00	\$69.57	\$76.64	\$13.20	
2000	\$106.07	\$98.10	\$91.51	\$88.65	\$85.79	\$39.80	\$69.65	\$43.20	\$31.00	\$72.74	\$83.78	\$11.30	
2001	\$101.78	\$91.73	\$86.79	\$85.08	\$82.51	\$42.00	\$72.71	\$44.31	\$29.00	\$61.60	\$78.01	\$14.20	
2002	\$96.28	\$88.82	\$84.88	\$81.07	\$80.58	\$37.00	\$67.04	\$33.42	\$24.00	\$66.88	\$73.43	\$11.80	
2003	\$116.89	\$106.63	\$102.18	\$100.37	\$95.86	\$44.50	\$84.69	\$37.95	\$30.00	\$90.28	\$101.61	\$12.20	
Historic avg. (1999-2003)	\$103.74	\$95.18	\$90.24	\$87.71	\$85.12	\$39.96	\$71.93	\$38.28	\$27.80	\$72.21	\$82.69	\$12.54	
2004 (to date)	\$128.86	\$117.82	\$108.87	\$105.40	\$99.59	\$50.40	\$84.37	\$51.12	\$36.00	\$94.59	\$115.34	\$15.22	
2005 short-term	\$125.00	\$118.00	\$109.00	\$105.00	\$99.00	\$52.00	\$84.89	\$44.59	\$36.00	\$94.00	\$110.00	\$13.17	
2006	\$123.00	\$115.00	\$108.00	\$104.00	\$98.00	\$51.00	\$83.62	\$37.00	\$36.00	\$95.00	\$111.00	\$12.95	
2007	\$120.00	\$112.00	\$106.00	\$102.00	\$96.00	\$48.00	\$81.71	\$38.63	\$37.00	\$95.00	\$112.00	\$12.82	
2008	\$117.00	\$109.00	\$103.00	\$99.00	\$94.00	\$46.50	\$78.91	\$42.56	\$38.00	\$96.00	\$112.00	\$12.83	
2009	\$112.00	\$104.00	\$98.00	\$94.00	\$90.00	\$44.00	\$75.65	\$46.68	\$39.00	\$96.00	\$112.00	\$12.80	
2010	\$108.00	\$100.00	\$94.00	\$90.00	\$86.00	\$41.00	\$72.28	\$44.75	\$40.00	\$96.00	\$112.00	\$12.83	
Projected long-term avg. (2006-10)	\$116.00	\$108.00	\$101.80	\$97.80	\$92.80	\$46.10	\$78.43	\$41.92	\$38.00	\$95.60	\$111.80	\$12.85	

To estimate heifer prices subtract \$7/cwt for 400-500 and 500-600 lb. animals and subtract \$4/cwt for 600-700, 700-800 and 800-900 lb. animals.

FAPRI slaughter hog prices were adjusted downward by \$1.50/cwt to reflect N.D. price projections.

N.D. milk price projections from FAPRI. Subtract \$1.50/cwt for Grade B milk.