ECONOMIC UPDATE FOR 2017

2017 Cereal Schools:
Lewiston, Greencreek, Bonners Ferry

Kate Painter, UI Extension, Boundary County

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WORLD AGRICULTURAL SUPPLY & DEMAND ESTIMATES, JAN. 2017

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TOO MUCH OF A GOOD THING??

USDA

WORLD AGRICULTURAL SUPPLY AND DEMAND ESTIMATES: GLOBAL WHEAT SUPPLIES

- Worldwide we have record wheat stocks of 253 MMT
- Both supply and demand are increasing, but total global supplies are increasing faster than usage.
- Largest increases in supplies are for Argentina, Russia and the EU.

GLOBAL TRADE

US PRODUCTION DOLLAR REMAINS STRONG, HURTING OUR EXPORTS

2015/16 GLOBAL EXPORTS LED BY

- EU (35MMT)
- CANADA (22 MMT)
- U.S. (21 MMT)
- AUSTRALIA 16 MMT)
- ARGENTINA (10 MMT)

USDA

WORLD AGRICULTURAL SUPPLY AND DEMAND ESTIMATES:

U.S. WHEAT

	Marketing Year			1 year
	2014/15	2015/16	2016/17	% change
Beginning stocks (M bu)	590	752	976	30%

USDA

WORLD AGRICULTURAL SUPPLY AND DEMAND ESTIMATES:

U.S. WHEAT

	Marketing Year			1 year
	2014/15	2015/16	2016/17	% change
Area harvested (M ac)	46.4	47.3	43.9	-7%

USDA

WORLD AGRICULTURAL SUPPLY AND DEMAND ESTIMATES: U.S. WHEAT

	Marketing Year			1 year
	2014/15	2015/16	2016/17	% change
Yield (bu)	43.7	43.6	52.6	20%

USDA

WORLD AGRICULTURAL SUPPLY AND DEMAND ESTIMATES:

U.S. WHEAT

	Marketing Year			1 year
	2014/15	**2015/16**	**2016/17**	**% change**
Production (M bu)	2026	2062	2310	**12%**

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WORLD AGRICULTURAL SUPPLY AND DEMAND ESTIMATES: U.S. WHEAT

	Marketing Year			1 year
	2014/15	2015/16	2016/17	% change
Exports (M bu)	864	775	975	26%

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WORLD AGRICULTURAL SUPPLY AND DEMAND ESTIMATES: U.S. WHEAT

	Marketing Year			1 year
	2014/15	2015/16	2016/17	% change
Ending Stocks (M bu)	752	976	1186	22%

USDA

WORLD AGRICULTURAL SUPPLY AND DEMAND ESTIMATES:

U.S. WHEAT

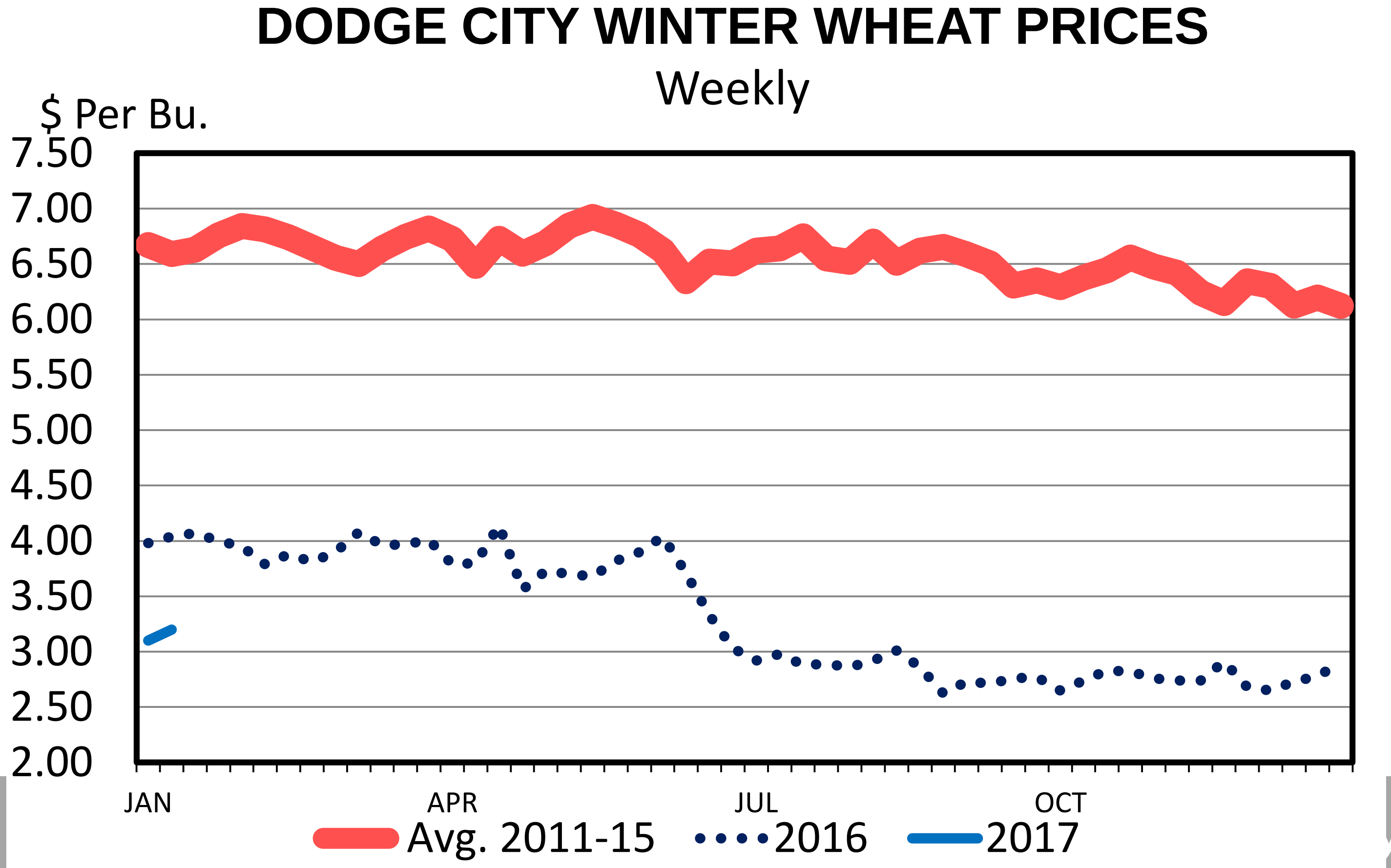
	Marketing Year			1 year
	2014/15	2015/16	2016/17	% change
Ave. Farm Price ($/bu)	$5.99	$4.89	$3.80	-22%

USDA

WORLD AGRICULTURAL SUPPLY AND DEMAND ESTIMATES: WHEAT

	Marketing Year			1 year
	2014/15	2015/16	2016/17	% change
Area harvested (M ac)	46.4	47.3	43.9	-7%
Yield (bu)	43.7	43.6	52.6	20%
Beginning stocks (M bu)	590	752	976	30%
Production (M bu)	2026	2062	2310	12%
Exports (M bu)	864	775	975	26%
Ending Stocks (M bu)	752	976	1186	22%
Ave. Farm Price ($/bu)	$5.99	$4.89	$3.80	-22%

FALLING WHEAT PRICES IN 2016



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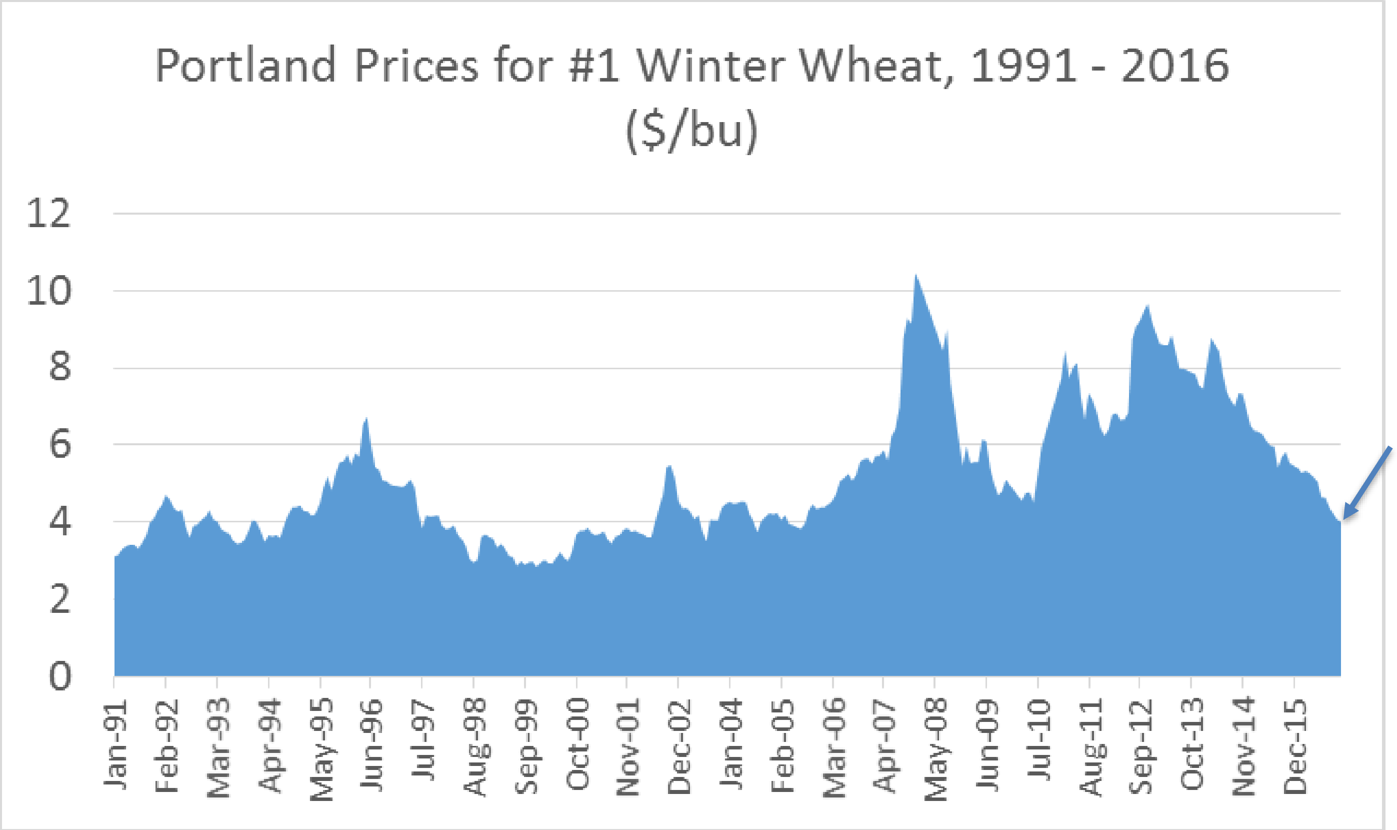

$4.00 per bu, Dec. 2016

$4.00 per bu in 2016 dollars is equivalent to $2.25 per bu in 1991 dollars

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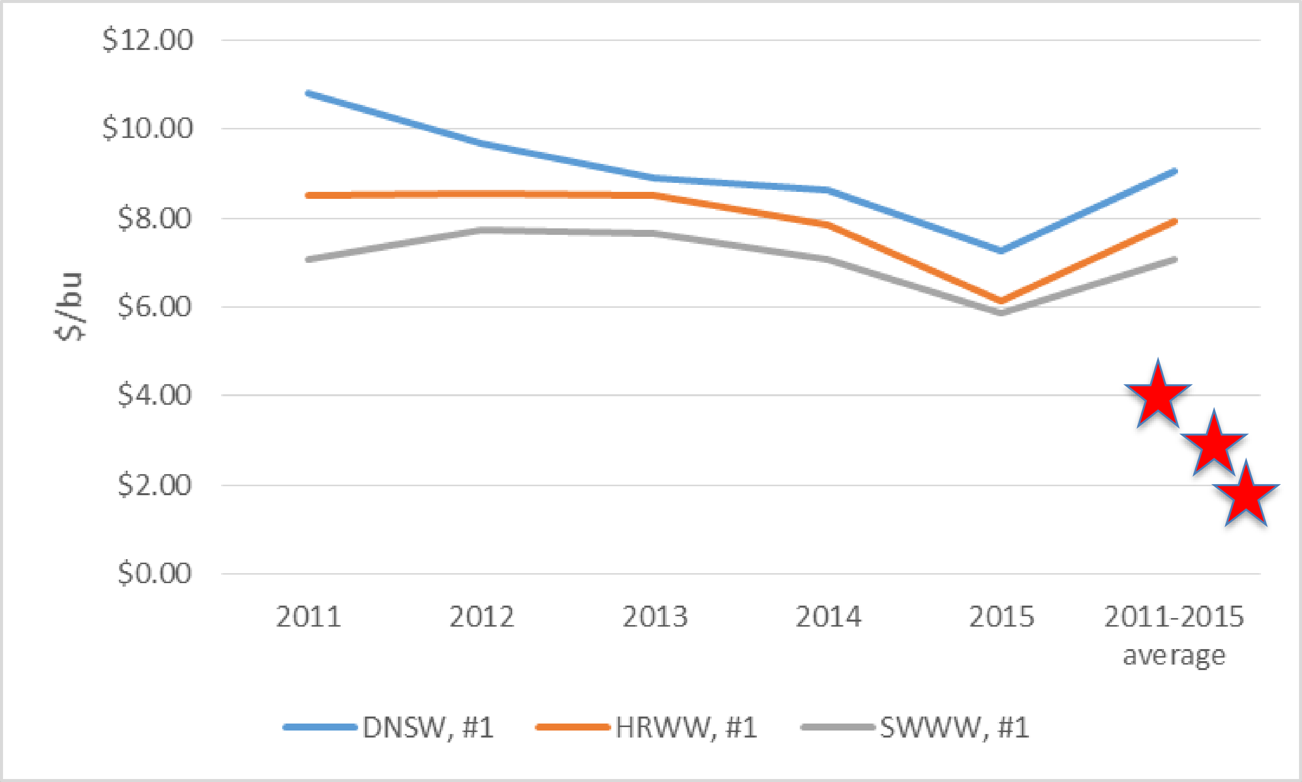
AVERAGE FARMGATE PRICES, 2011-2015



NET RETURNS OVER TOTAL COSTS BY CROP, 2011-2015 AVERAGE CROP PRICES ($/ACRE)

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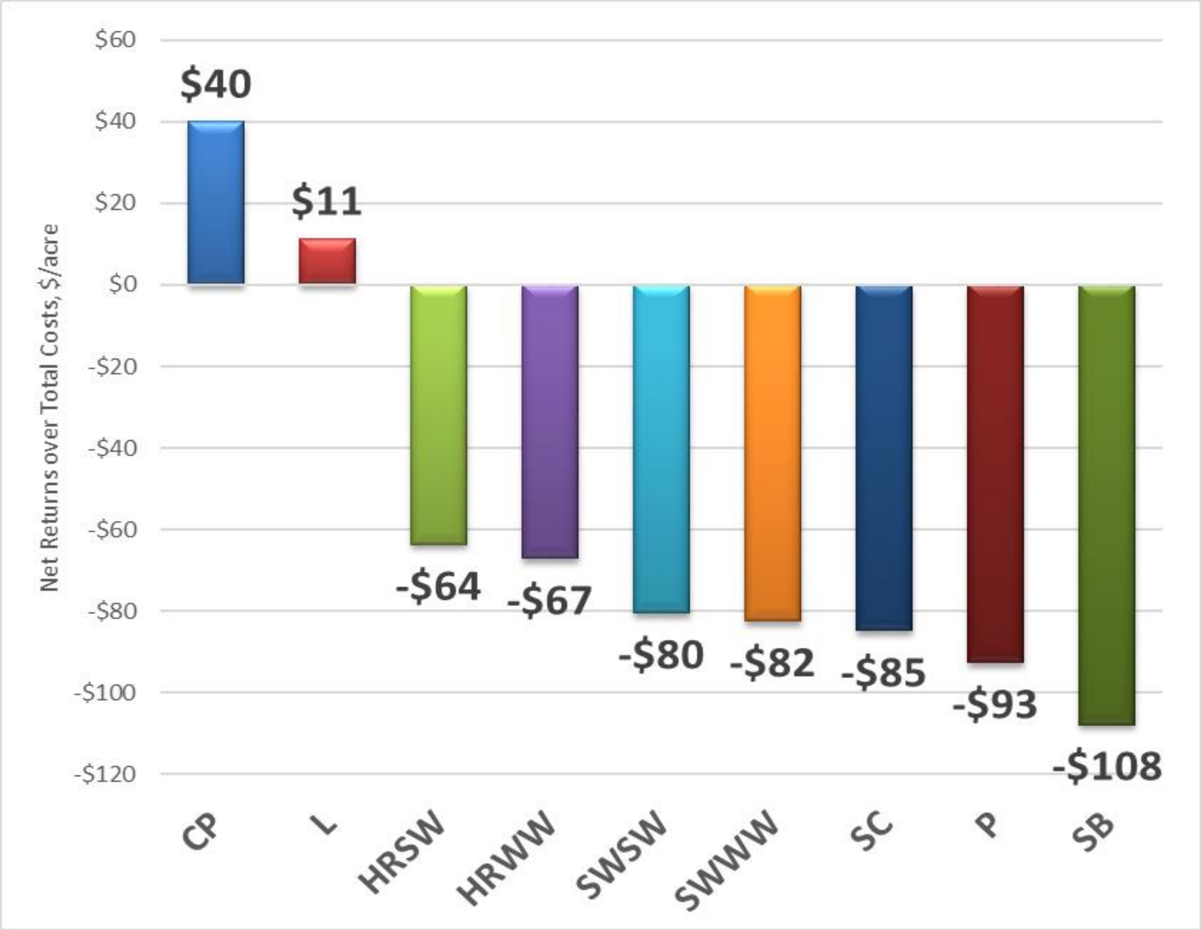
2016 NET RETURNS ANALYSIS, CONV. TILL.



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2016 CROP PRICE AND YIELD ASSUMPTIONS FOR NORTH IDAHO

By Crop:	Unit	Yield per acre	2016 Price* per unit
Soft White Winter Wheat (SWWW)	bu	80	$3.61
Hard Red Winter Wheat (HRWW)	bu	75	$4.60
Soft White Spring Wheat (SWSW)	bu	58	$3.61
Hard Red Spring Wheat (HRSW)	bu	58	$4.72
Spring Barley (SB)	ton	1.5	$92.00
Peas (P)	lb	1700	$0.12
Lentils (L)	lb	1100	$0.30
Chickpeas (CP)	lb	1200	$0.32
Spring Canola (SC)	lb	1500	$0.16

2016 CROP ENTERPRISE BREAKEVENS: WHEAT, CONV. TILL

	10%	Base Yield	25%
Price	72.00	80	100.00
Operating Cost Breakeven	$3.67	$3.31	$2.65
Ownership Cost Breakeven	$1.48	$1.33	$1.07
Total Cost Breakeven	$5.16	$4.64	$3.71

2016 CROP ENTERPRISE BREAKEVENS: BARLEY, CONV. TILL

	10%	Base Yield	50%
Breakeven Price	1.4	1.5	2.3
Operating Cost Breakeven	$143.05	$128.74	$85.83
Ownership Cost Breakeven	$38.99	$35.09	$23.39
Total Cost Breakeven	$182.04	$163.83	$109.22

2016 CROP ENTERPRISE BREAKEVENS:
BARLEY, CONV. TILL

	10%	Base Price	50%
Breakeven Yield	$82.80	$92.00	$138.00
Operating Cost Breakeven	2.3	2.1	1.4
Ownership Cost Breakeven	0.6	0.6	0.4
Total Cost Breakeven	3.0	2.7	1.8

REACCH
Regional Approaches to Climate Change - Pacific Northwest Agriculture

https://www.reacchpna.org/farm-enterprise-budgets

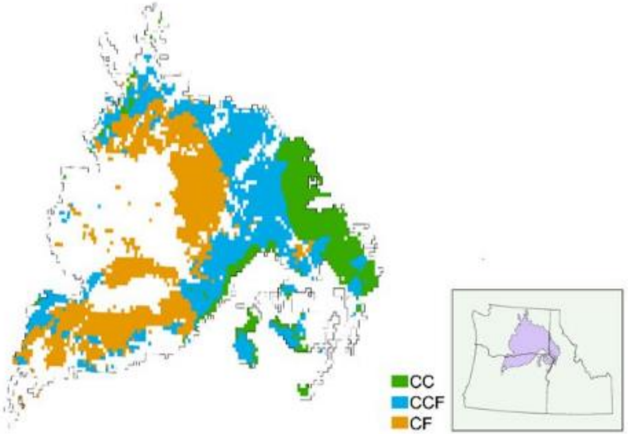
Farm Enterprise Budgets

Farm Enterprise Budgets can be used by producers, lenders and others to estimate costs and returns for many crop enterprises. The PDF versions are printer friendly.

Farm Enterprise Budgets are available below for the three agroecological classes (AECs) defined for the Inland Pacific Northwest dryland cereal production region. These budgets use average farmgate prices for PNW growers during 2011-2015.

- Annual Cropping Region (<10% fallow): Excel PDF
- Annual Crop-Fallow Transition (10–40% fallow): Excel PDF
- Grain-Fallow (>40% fallow): Excel PDF

2016 Direct Seed Farm Enterprise Budget for Northern Idaho: Excel PDF



Pacific Northwest agroecological classes: Annual Cropping Region (green), Annual Crop-Fallow Transition (blue), Grain Fallow (yellow).

QUESTIONS?

Kate Painter, PhD

Boundary County Extension Educator

kpainter@uidaho.edu

(208) 267-3235

Blog: BoundaryAgBlog.Wordpress.Com