

THE ROLE OF GOVERNMENT IN MARKETING

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BACKGROUND

Title I of the 1996 Act is cited as the Agricultural Market Transition Act (AMTA). The title's stated purposes are: "(1) to authorize the use of binding production flexibility contracts between the United States and agricultural producers to support farming certainty and flexibility while ensuring continued compliance with farm conservation and wetland protection requirements; (2) to make non-recourse marketing assistance loans and loan deficiency payments available for certain crops; (3) to improve the operation of farm programs for milk, peanuts, and sugar; and (4) to establish a commission to undertake a comprehensive review of past and future production agriculture in the United States."

In addition, the AMTA contains provisions related to: the continuation of commodity options pilot programs, risk management education, changes in the Federal crop insurance program, establishment of an office of risk management, a revenue insurance pilot program, and administration and operation of a noninsured crop assistance program.

MAJOR PROGRAM COMPONENTS

The AMTA contains three major components intended to enhance and protect the income of producers of certain crops. In the Northern Plains these crops include: wheat (all classes), corn, barley, oats, sorghum, soybeans and minor oilseeds (sunflower, flax, canola, rapeseed, safflower, mustard, and crambe). These components include (1) market transition payments, (2) federal crop insurance, and (3) marketing loans.

- (1) Market transition payments are direct transfer payments to enhance income of producers of wheat, feed grains, cotton and rice, that agreed to implement a Production Flexibility Contract (PFC). These payments are a series of predetermined fixed annual payments that decline over the 1996 to 2002 period. Depressed market prices in 1998 and 1999 have resulted in market loss adjustment payments to producers of these same crops. The mechanism to determine eligible producers and the amount to be received has been to tie the payments to the market transition payments received in that year. In 1998, the market loss adjustment payment was equal to 50 percent of the AMTA payment for that year; and in 1999, it was 100 percent of the AMTA payment. At this time it appears likely that another market loss adjustment payment will be made for the 2000 crop year.

- (2) Federal crop insurance changes included in the 1996 Act include: (1) changing methods of delivering catastrophic coverage, (2) eliminating mandatory linkage between crop insurance and other farm programs for producers who waive emergency crop loss assistance., (3) establishing an independent office of Risk Management within the USDA to supervise the Federal Crop Insurance Corporation and other activities of the Department, and (4) mandating a pilot revenue insurance program.

Federal crop insurance remains the primary safety net under the production portion of total revenue. Considerable improvement is needed for this program to be an adequate safety net. It must cover more crops in more counties.

- (3) Marketing loans make up the third component of the government program for income enhancement and protection. The 1996 Act continued the provisions for non-recourse commodity loans and marketing loans. Loan rates continue to be based on moving averages of recent past market prices, but maximum loan rates were set equal to 1995 loan rates. Interest rates were increased to 1 percentage point over the Commodity Credit Corporation's cost of borrowing from the U.S. Treasury. The Secretary must allow producers the option of repaying loans at levels below the original loan rate to reduce the likelihood that commodities pledged as collateral for a loan will be forfeited in satisfaction of the loan. Hence, the term marketing loan. The remainder of this paper will concentrate on the use of marketing loans.

MARKETING LOAN PROGRAM

- A. What is a marketing loan? A marketing loan is simply a commodity loan with the provision allowing the producer to repay the loan at less than the original value of the loan if market conditions warrant such a rate. Marketing loans are obtained from the Commodity Credit Corporation handled through the Farm Service Agency. Current year's production is the only collateral required. As in the past, these loans are non-recourse, meaning the CCC has no recourse but to accept the collateral as full payment of the loan. This provides the producer with a guaranteed minimum price equal to the commodity loan rate for crops pledged as collateral for the loan. Producers are responsible for maintaining the quality of the commodity during the term of the loan.
- B. What is the purpose of marketing loans? Commodity loans have been available through CCC since the Agricultural Adjustment Act of 1933. The intent of commodity loans is to provide temporary financing while market prices are low during and immediately following harvest. As market prices recover later in the marketing year, it would be expected that producers would repay the loan and sell the commodity at higher cash prices. Non-recourse commodity loans resulted in high levels of forfeiture to CCC when market prices were low enough that the grain was worth less than the loan rate plus interest.

Non-recourse loans place an artificial floor under commodity prices in times of surplus production and weak prices. This prevents the market from adjusting supply and results in extended periods of surplus production. In addition, when large supplies are held by CCC, they tend to limit price increases as they are released to the market. The concept of a marketing loan, repayment at less than original amount plus interest, allows market prices to fall to market clearing levels while retaining a floor under farm income for U.S. farmers.

- C. How are loan rates determined? The Secretary of Agriculture adjusts loan rates from a legislatively set National loan rate for each crop, generally on a county-by-county basis. The average of the county loan rates weighted for production for each crop must not exceed the national loan rate. The legislatively set national loan rates are no higher than 85 percent of the average market price for each crop for the preceding five years, excluding the high and low years. In addition, the national loan rates for wheat and corn can be no higher than 1995 levels, and the national loan rate for soybeans may not exceed \$5.26 per bushel.

For wheat, a weighted loan rate for all classes of wheat is calculated on the basis of the percentage distribution of the acreage of wheat class produced. USDA has not updated many of the county loan rates for wheat and feed grains in several years. Loan rates vary by location because they are based on market prices, which are influenced by factors such as local supply and demand and transportation.

- D. Loan repayment options. Producers can settle a loan in one of three ways. First, producers can sell their crop and repay the loan plus interest. Second, if crop prices remain too low to allow producers to repay the loan plus interest, they can sell the crop and repay the loan at the posted county price (PCP), and keep the difference. Finally, producers can forfeit their collateral and keep the loan amount.

A low risk strategy for repayment of marketing loans is to exercise a 60-day lock on the PCP. This gives the producer 60 days to repay the loan at the PCP rate that was in effect on the day the 60-day lock was applied for. If market prices rise and the PCP declines during that time period the producer should be able to market the cash grain and claim the marketing loan gain that was locked in and beat the loan rate for that commodity. On the other hand, if the market had declined, the producer could let the 60-day lock expire and repay the loan at the lower PCP. The 60-day lock cannot run into the final 14 days prior to loan maturity however.

- E. The posted county price (PCP). USDA provides daily and weekly, posted county prices in about 3000 counties for 18 of the crops included in the marketing assistance loan program. USDA establishes the posted county price for each county using current prices from several of 19 terminal markets, adjusted for local supply and demand factors and transportation from the county to the terminal. These terminal markets are used to establish the PCP, even though the grain may not actually be shipped to or marketed through the assigned terminal location. Producers have the option of repaying a loan at the lesser of the loan plus interest or the county PCP. The amount by which the loan rate

exceeds the PCP is considered a marketing loan gain. This amount multiplied by the number of bushels under loan, counts against the individual payment limit of \$75,000.

- F. Calculating the PCP. The posted county price is determined by subtracting a differential from the terminal market price. The terminal market price is determined by the Kansas City CCC office by surveying cash bids by buyers at terminal market locations for contracted grains. Adjustments are made for changes in the basis. Each county has a schedule of differentials for each commodity for each of two terminal markets. The differential for each commodity for each terminal market is subtracted from the respective terminal market price to arrive at the posted county price. The PCP used is the higher of the two, if two terminal markets are used.
- G. The loan deficiency payment (LDP). In order to reduce the administrative work associated with producers' obtaining a loan and paying it back on the same day to obtain the marketing loan gain, statutory provisions mandated that USDA implement loan deficiency payments in 1985 for upland cotton and rice; in 1991, for oilseeds; and in 1993, for wheat and feed grains. Producers of loan commodities who, although eligible to obtain a marketing assistance loan, agree to forgo obtaining the loan for the commodity in return for a loan deficiency payment. The rate for a loan deficiency payment is the amount by which the applicable county loan rate exceeds the posted county price on the day the request for payment is made. The rate provides an amount equal to the rate available for a marketing loan gain on the same day. When the PCP is at or above the loan rate, no loan deficiency payments are available because the intent of the program is only to guarantee that producers receive the loan rate for their crop. While producers who take a loan deficiency payment do not incur the interest and administrative fees associated with the loan option, they must assume the financial risk of decreases in crop prices.
- H. Beneficial interest. In order to be eligible for CCC marketing loans and LDPs, producers must retain beneficial interest in the commodity. Beneficial interest in a commodity is retained if all of the following remain with the producer: control of the commodity, risk of loss, and title to the commodity. For loans, a producer must retain beneficial interest from harvest through the date the loan is repaid or CCC takes title to the commodity. For LDPs, beneficial interest must be retained through the date the LDP is requested. Sales contracts, including options to purchase, priced later, and delayed delivery contracts can impact beneficial interest. Many of these contracts give the buyer an interest in the commodity at a time set forth in the contract, even if no payment has been made to the seller. Some contracts provide for storage to be earned as of a specified date, even when the commodity remains on the farm. Any of these conditions can impact beneficial interest. Once beneficial interest is lost, the commodity remains ineligible for loan or loan deficiency payment even if the producer regains control, risk of loss and title at a later date. Determination of eligibility is made at the time of loan or loan deficiency request. In some cases, this determination will require a review of the commodity contract before the loan or LDP can be approved.

If a commodity is delivered from the field to the buyer, and title passes to the buyer due to a sales contract or cash only transaction, the commodity will not be eligible for a LDP unless a Field Direct LDP, form CCC-709 has been completed prior to harvest. CCC-709 is a special loan deficiency payment application available for producers who haul directly to the buyer and want to remain eligible for a LDP. This application must be completed prior to harvest of the crop.

Beneficial interest has been waived for the 1999 crop only. As a result of raising the payment limit for marketing loan gains and LDPs from \$75,000 to \$150,000 late in the year, some producers may have already sold grain without receiving an LDP. This change makes that grain eligible retroactively. In addition, there was concern at USDA that after producers had reached the payment limit on LDPs, they would take out a loan and forfeit the grain to CCC. Forfeitures do not count against this payment limit.

- I. Loan deficiency payment or loan. Which one to choose? First it is important to emphasize that the loan program is not intended to be the best market available or to be an income enhancement tool. Rather the loan program serves two primary purposes, (1) to provide temporary financing, and (2) to provide a floor on income per bushel. The need for temporary financing arises primarily due to the seasonal price patterns of most commodities. In general, commodity prices are at their lowest level for the market year from the beginning of harvest to shortly after harvest. By providing temporary financing at an interest rate that is generally lower than conventional financing, producers are more likely to retain ownership of the commodity until prices rise later in the year. Deciding between the loan or an LDP depends on the current price level, how the grain will be marketed, expected future price levels and payment limitation concerns. Obviously, when the market price is above the loan rate, there is no LDP available and therefore the only decision is whether or not to place the grain under loan for up to the maximum of nine months. This provides the safety net of no less than the loan rate for the grain as the option to forfeit is always available should the market price later fall below loan plus interest. Most of the time we operate under this scenario. LDPs have been authorized for all classes of wheat, barley and oats since 1993, but it wasn't until the 1998 crop that the decision to choose between loan and LDP became pertinent. Unless loan rates are raised significantly, which requires legislative action, we likely will return to that situation in the near future. If grain has been forward contracted for delivery at harvest, regardless of the contract price, if an LDP is available it should be taken as it is essentially a gift. The situation where it is difficult to decide is when market prices are below loan, the crop has not been forward priced or otherwise contracted and the plan is to hold the crop until sometime after harvest before selling. The safest strategy is to do nothing until you are ready to make the sale. This leaves upside potential open while retaining downside protection. When you are ready to sell; apply for an LDP, before beneficial interest is lost, and then make the sale immediately. The result would be the same as if the grain had been placed under loan at harvest and the loan repaid at the PCP and the grain sold immediately. The only difference would be the interest charge incurred from the loan.

A strategy used effectively for the 1999 crop, was to take the LDP at harvest and hold the crop without price protection until the market rallied in late January and make the sale at

that time. Had the loan been utilized instead, the marketing gain would have been lost and the market price would be the total income. Hindsight is so much clearer than foresight, however. For the 1998 crop, that strategy backfired, especially with oilseeds. Taking the LDP at harvest left producers with no price floor if prices retreated after the LDP was taken and that is just what the market did. Remember the loan and consequently the LDP is intended to provide an income floor and when used for that purpose is quite effective. When the LDP is viewed as an income enhancement tool, it is less effective as an income floor, sometimes with disastrous results.

- J. Loan entry and LDP deadline. Harvested wheat of all classes, barley and oats may be entered into the marketing loan program until March 31 of the year following harvest. This is also the final date to receive a LDP as well.
- K. Quantity eligible for loan or LDP. For farms enrolled in a Production Flexibility Contract, all production of wheat and feed grains is eligible for entry into the marketing loan program or for a LDP, provided the producer still retains beneficial interest. For soybeans and minor oilseeds, a Production Flexibility Contract is not required, therefore all production is eligible. Producers must report the acreage planted of all loan-eligible crops.
- L. Production evidence. Producers who repay a loan at less than the loan rate plus accrued interest and other charges or receive a loan deficiency payment must provide production evidence acceptable to CCC. Such evidence may include sales receipts, warehouse receipts, load summary or assembly sheets.
- M. Loan deficiency payment (LDP) rates-how the PCP is determined. The intent is to determine a value as close as possible to the local cash market price in any given area. Counties are usually assigned two terminal markets for each commodity. One is a domestic market and the other an export market. The Commodity Credit Office in Kansas City (KCCO) obtains price quotes based on closing cash prices from the previous day. Each county has a schedule of differentials to be used for each loan commodity. This differential, different for each terminal market and each commodity, is subtracted from the terminal market price to calculate the PCP. Each week KCCO calls 187 locations to monitor prices of cash versus PCP. If necessary differential adjustments are posted. The differential is based on the historic price relationship between local market prices and the assigned terminal market. They are intended to reflect yearly averages, not daily.
- N. Filing LDP applications. If a producer expects to deliver a commodity eligible for loan or LDP, directly from the combine whereby beneficial interest will be lost upon delivery; it is critical that Form CCC-709 Field Direct be completed and filed at the County FSA office before harvest. This application can cover all production delivered to any buyer; all production delivered to a specific buyer; a specific quantity delivered to a buyer; or only the production delivered to a buyer and immediately sold. The producer can also designate all farms, or only specific farms. The LDP rate on this application is the rate in effect on the date of delivery. For production that is placed into storage and for which the producer retains beneficial interest, Form CCC-666 must be filed. This application is for

a specific quantity stored either on the farm or in a warehouse. The LDP rate on this application is the rate in effect on the date of application.

- O. Marketing loans and LDP's for commodities harvested for other than grain. Commodities harvested for other than grain are eligible for marketing loans or LDPs. Market loan rates are severely discounted from the county base loan rate, however. This makes the loan option not very attractive. Loan deficiency payments are calculated in the same manner as with a regular grain LDP. The LDP is based on the rate in effect on the day application is made. Yields for acreage harvested for other than grain are determined based on actual same grain production for the commodity harvested for the farm, if available. If evidence is not available, the yield will be based on whole grain production evidence on three similar farms in the area.

PAYMENT LIMITATIONS

Two payment limitations on various farm program benefits apply to all producers. An individual producer is limited to \$40,000 in AMTA payments. The limit on marketing loan gains and loan deficiency payments is \$75,000. This limit was doubled for 1999 only. Loans satisfied by forfeiture do not apply to either payment limit. Producers reaching the payment limit on marketing loan gains or LDPs can utilize the loan and forfeiture option for excess production and therefore get around the payment limit. This was the main reason Congress chose to double the limit for 1999.

PRICE HISTORY

- A. Winter Wheat. The marketing year for all classes of wheat and barley runs from June 1 to May 31. The unweighted marketing year average prices have varied from a low of \$2.40 for the 1986-87 crop year to a high of \$4.57 for the 1995-96 crop year. Average market prices for winter wheat in Montana were at levels whereby marketing loan gains and LDPs would have been made if available for the 1986, 1987 and 1990 crop years. Price levels dropped to that level again during the 1998 crop year and marketing loan gains and LDPs were available.
- B. Spring Wheat. The unweighted marketing year average prices for spring wheat have varied from a low of \$2.70 to a high of \$4.47 for the 1995-96 crop year. Market prices were low enough in 1986, 1987 and 1990 that at the current loan rate marketing loan gains and LDPs would likely have been available if the farm program had offered them at the time.
- C. Durum Wheat. The unweighted marketing year average prices for durum wheat have varied from a low of \$2.73 during the 1986-87 crop year to a high of \$5.14 during the 1995-96 crop year. During the 1986, 1990 and 1991 crop years the average market price was low enough to have made marketing loan gains or LDPs likely available during harvest season if the loan rate in effect those years was near the current rate.

- D. Barley. The unweighted marketing year average prices for barley have varied from a low of \$1.63 for the 1986-87 crop year to a high of \$3.04 for the 1996-97 crop year. During only two crop years, 1986 and 1987 have market prices been low enough where marketing loan gains or LDPs would have likely been available if the loan rate in effect those years was close to the current loan rate.

While current market prices are depressing and marketing loan gains and LDPs are an important component of income, odds favor returning to price levels above loan rates in the near future. Since 1986, market prices most years have been well above loan rates and as such marketing loan gains and LDPs were not relevant. In general, producers will receive little if any benefit from rising market prices between current levels and loan rates. To the extent that the PCP accurately reflects local market conditions any gain in market price up to loan rate is offset by loss of marketing loan gains and LDPs.

SEASONAL PRICE PATTERNS

If a producer is using the LDP for its intended purpose, as an income safety net, seasonal price patterns are not of critical importance when prices can be expected to remain below loan rate for the entire marketing year. It is only when one attempts to use the LDP as a source of income enhancement that seasonal price patterns increase in importance. This approach, however, increases the risk that the loan rate as a safety net will not be achieved.

If seasonal price patterns are predictable, the chances of successfully enhancing income by obtaining an LDP greater than the difference between the market price and the loan rate, increases. Examining monthly prices for winter wheat in Montana reveals the most consistent seasonal pattern of the markets included here. The average monthly prices for the 1986 to 1999 period tend to fall from May through the growing season, reaching the lowest point in September and rising sharply through December. Gains from January through May are minimal. Yet, the average monthly pattern over this time frame masks considerable deviation from this pattern during individual years. A notable exception to this pattern begins in the fall of 1996 when prices should have risen sharply if they were to follow the typical seasonal pattern. Instead the winter wheat price continued drifting lower all the way to the fall of 1998. When price levels react in this manner, a producer that elected to take an LDP when it was available, likely would not have realized loan value for the grain as the cash market continued to drift lower. A similar pattern occurred from the fall of 1989 until the fall of 1991.

The seasonal pattern for spring wheat also displays a low point in July and August, followed by a slow rise to the end of the year. The magnitude of the seasonal changes are rather small on average. This is due to the fact that six years out of this 13 year period, prices failed to follow this seasonal pattern. The remaining seven years followed this pattern with a strong rebound from harvest lows to the end of the year.

Durum wheat displays a seasonal low during September and October, than rising to the end of the year and remaining nearly flat after that. However, seven out of the thirteen years included here did not follow this pattern. As with spring wheat, the durum market appears to deviate from

a normal seasonal pattern often enough that playing speculatively with an LDP is risky. Chances of ending up with less than loan rate is quite high.

Barley has a very choppy seasonal pattern that does not lend itself well to taking an LDP and holding the cash grain unprotected in order to capture a premium over loan.

WILL LONG TERM SEASONAL PRICE PATTERNS HOLD?

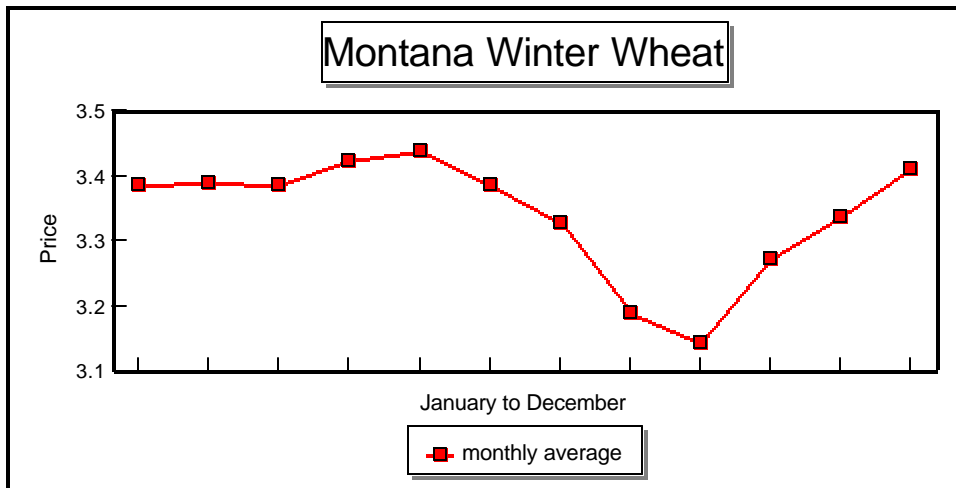
Long term seasonal price patterns likely will continue because they are made up of combinations of long and short crop years. Therefore, the seasonal pattern exhibited over a long period of time is largely one of a seasonal low at and shortly following harvest to accommodate excess supplies coming to market (weak basis) and with enough recovery throughout the remainder of the marketing year to pay someone to store the commodity. What is more important is that seasonal price patterns differ sharply in years of a better than expected new crop supply with years of a smaller than expected new crop supply.

LDPs and marketing loan gains are primarily a factor only in years of larger than expected new crop supplies when combined with large carryover supplies going into the new production season. These years tend to show a very weak post harvest price recovery that would make a speculative move with LDPs a higher risk strategy.

Remember, marketing loan gains and LDPs were intended to place a floor under farmer income while at the same time minimizing the amount of commodity forfeited to CCC. To that end, these tools are quite effective. To attempt to speculate and enhance income with these tools often results in less satisfactory performance.

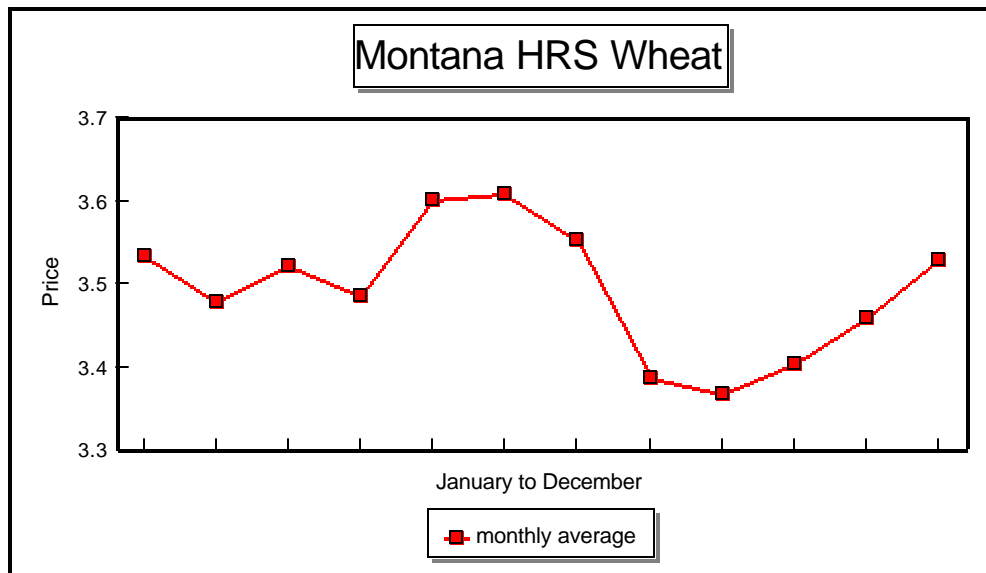
Prices Received by Montana Farmers for Winter Wheat by Months, 1986-1999

Year	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Dollars per Bushel												
1986	3.43	3.36	3.22	3.24	3.18	2.65	2.43	2.20	2.19	2.24	2.36	2.40
1987	2.49	2.42	2.44	2.43	2.51	2.52	2.28	2.30	2.36	2.50	2.68	2.68
1988	2.73	2.77	2.80	2.82	2.83	3.01	3.30	3.31	3.55	3.79	3.83	3.89
1989	3.93	3.93	4.02	4.05	3.99	4.09	3.98	3.82	3.80	3.76	3.81	3.80
1990	3.84	3.70	3.68	3.58	3.51	3.37	3.01	2.60	2.55	2.51	2.47	2.48
1991	2.53	2.43	2.46	2.55	2.61	2.65	2.62	2.66	2.75	2.89	3.06	3.22
1992	3.19	3.32	3.48	3.67	3.64	3.51	3.47	3.01	3.09	3.22	3.33	3.35
1993	3.46	3.42	3.37	3.34	3.19	2.98	3.08	2.98	2.86	2.89	3.21	3.37
1994	3.39	3.48	3.49	3.35	3.16	3.09	2.95	3.00	3.26	3.49	3.54	3.64
1995	3.55	3.58	3.46	3.42	3.50	3.85	4.02	4.08	4.24	4.60	4.61	4.65
1996	4.57	4.80	4.83	5.01	5.62	5.45	5.25	5.15	4.52	4.30	4.15	4.35
1997	4.14	4.07	4.01	4.11	4.22	4.04	3.97	3.86	3.37	3.58	3.43	3.59
1998	3.35	3.25	3.19	3.27	3.06	2.81	2.92	2.51	2.31	2.78	2.90	2.94
1999	2.87	2.91	2.80	2.93	2.89							
Average	\$3.39	\$3.39	\$3.39	\$3.43	\$3.44	\$3.39	\$3.33	\$3.19	\$3.14	\$3.27	\$3.34	\$3.41
Stand Dev	0.61	0.64	0.65	0.67	0.80	0.78	0.78	0.81	0.71	0.69	0.63	0.65



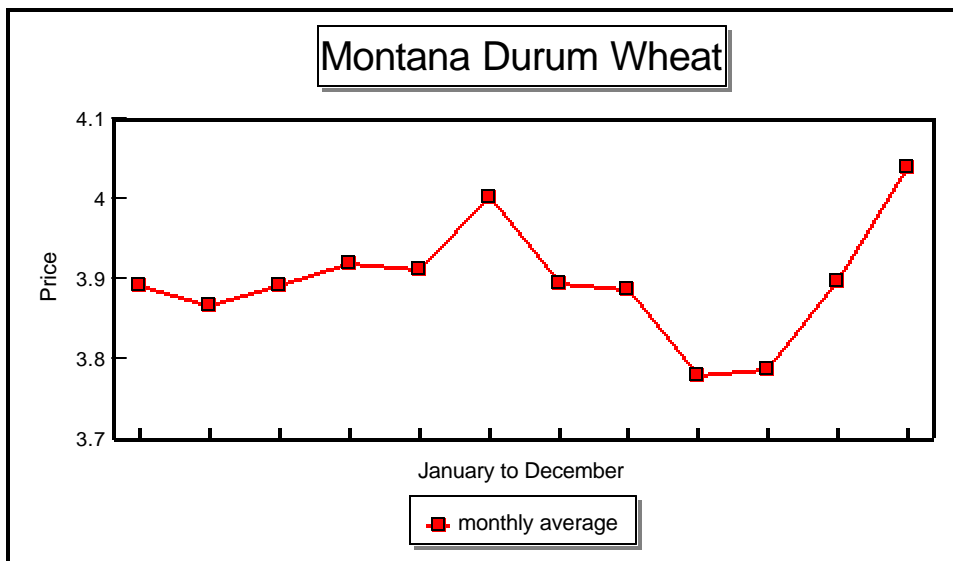
Prices Received by Montana Farmers, Spring Wheat (Excluding Durum) by Months, 1986-1999

Year	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Dollars per Bushel												
1986	3.83	3.84	3.88	3.76	3.83	3.24	2.87	2.50	2.43	2.47	2.65	2.67
1987	2.79	2.64	2.65	2.66	2.77	2.56	2.31	2.46	2.61	2.66	2.80	2.74
1988	2.78	2.83	2.87	2.87	2.98	3.26	3.74	3.94	4.11	4.10	4.04	4.07
1989	4.16	4.11	4.20	4.20	4.15	4.12	4.04	3.81	3.76	3.68	3.63	3.63
1990	3.69	3.57	3.58	2.58	3.50	3.40	3.29	3.03	2.82	2.75	2.67	2.69
1991	2.70	2.65	2.71	2.80	2.86	2.83	2.71	2.55	2.68	2.85	3.06	3.23
1992	3.35	3.40	3.59	3.80	3.88	3.93	3.75	3.31	3.48	3.53	3.66	3.59
1993	3.62	3.57	3.44	3.53	3.43	3.46	3.55	3.55	3.56	3.44	3.44	3.73
1994	3.79	3.52	3.77	3.76	3.49	3.70	3.47	3.21	3.37	3.40	3.50	3.63
1995	3.62	3.52	3.52	3.38	3.53	3.74	3.95	4.08	4.16	4.36	4.43	4.51
1996	4.55	4.68	4.74	4.94	5.46	5.26	5.34	4.81	4.47	4.35	4.26	4.42
1997	4.13	4.05	4.03	4.13	4.17	3.99	3.85	3.85	3.62	3.58	3.57	3.73
1998	3.50	3.42	3.54	3.55	3.54	3.41	3.31	2.92	2.73	3.09	3.25	3.23
1999	3.25	3.26	3.15	3.13	3.05							
Average	\$3.53	\$3.48	\$3.52	\$3.49	\$3.60	\$3.61	\$3.55	\$3.39	\$3.37	\$3.40	\$3.46	\$3.53
Stand Dev	0.54	0.56	0.57	0.66	0.69	0.64	0.71	0.68	0.64	0.60	0.55	0.58



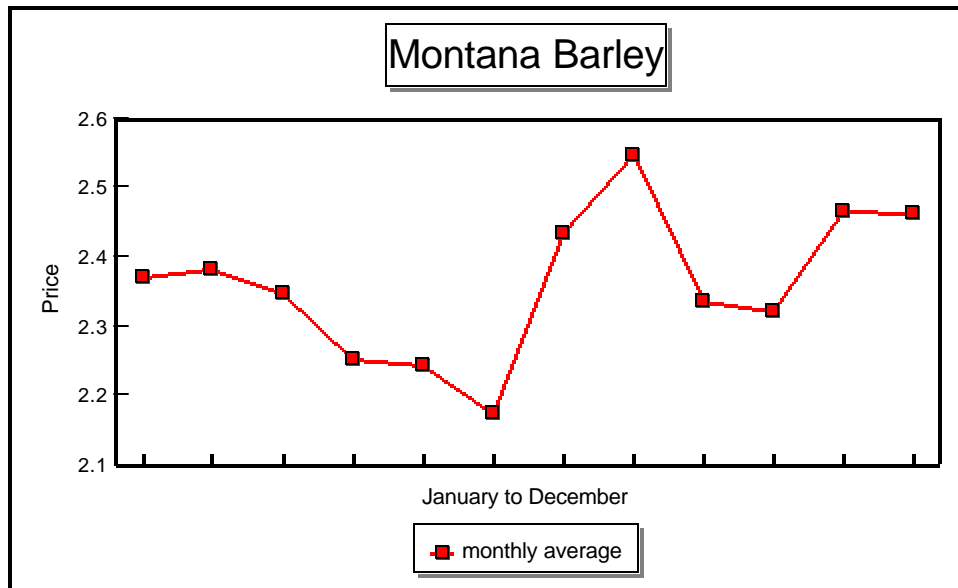
Prices Received by Montana Farmers for Durum Wheat by Months, 1986-1999

Year	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Dollars per Bushel												
1986	3.49	3.20	3.15	3.19	3.13	3.01	2.75	2.30	2.19	2.38	2.49	2.78
1987	2.89	2.80	2.98	3.05	3.10	3.22	2.99	2.73	3.34	3.36	3.56	3.54
1988	3.39	3.64	3.22	3.38	3.44	4.01	5.07	5.48	5.80	5.41	5.66	5.53
1989	4.96	5.03	4.49	4.33	4.44	4.11	3.79	3.65	3.22	3.34	3.26	3.26
1990	3.05	3.14	3.31	3.30	3.27	3.38	3.28	3.14	2.96	2.68	2.70	2.51
1991	2.73	2.55	2.56	2.66	2.74	2.62	2.38	2.30	2.31	2.36	2.67	2.73
1992	2.85	2.99	3.19	3.26	3.22	3.12	3.10	2.76	2.89	2.97	2.95	3.07
1993	3.20	3.11	3.15	3.09	3.07	2.93	2.96	3.01	3.34	3.77	4.10	4.73
1994	5.26	4.80	5.62	6.03	5.49	5.85	5.23	5.02	4.26	4.79	4.90	5.07
1995	4.72	4.79	4.87	4.75	4.78	5.62	5.22	5.47	5.08	4.91	4.68	5.23
1996	4.92	4.93	5.06	5.27	5.32	5.65	5.33	5.55	4.74	4.40	4.74	5.34
1997	4.18	4.43	4.28	4.13	4.40	4.20	4.43	4.96	5.51	5.62	5.65	5.57
1998	5.3	4.95	4.97	4.88	4.73	4.3	4.1	4.17	3.49	3.23	3.29	3.15
1999	3.13	3.11	2.88	2.81	2.85							
Average	\$3.89	\$3.87	\$3.89	\$3.92	\$3.91	\$4.00	\$3.89	\$3.89	\$3.78	\$3.79	\$3.90	\$4.04
Stand Dev	0.97	0.92	0.98	1.02	0.94	1.06	1.02	1.22	1.14	1.08	1.08	1.16



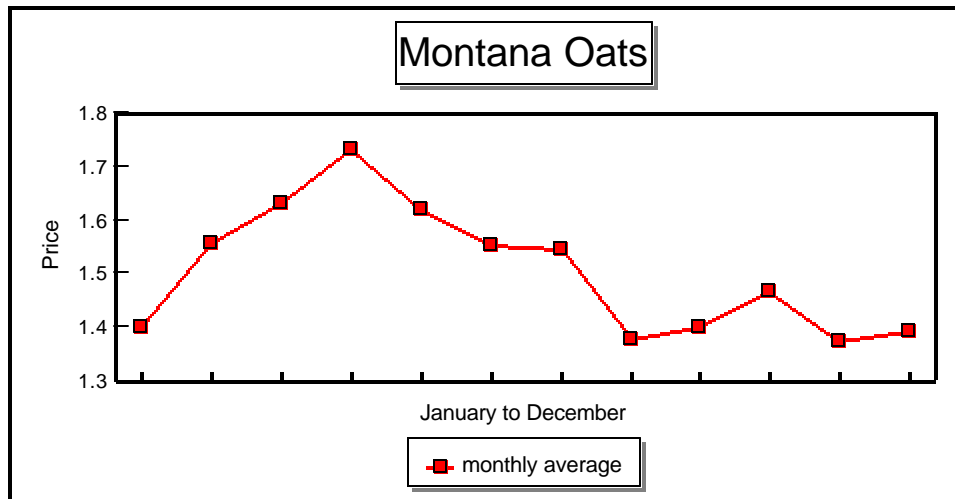
Prices Received by Montana Farmers for Barley by Months, 1986-1999

Year	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Dollars per Bushel												
1986	2.13	2.10	1.93	1.92	1.87	1.70	2.20	1.48	1.41	1.45	1.51	1.55
1987	1.62	1.63	1.70	1.64	1.68	1.63	2.13	1.84	2.09	1.62	2.06	2.07
1988	1.68	1.77	1.65	1.64	1.60	1.84	2.67	2.76	2.81	2.90	3.03	2.92
1989	2.95	2.98	2.77	2.85	2.72	2.41	2.15	2.61	2.21	2.06	2.17	2.17
1990	2.17	2.22	2.24	2.18	2.21	2.19	2.40	2.44	2.20	2.24	2.26	2.22
1991	2.24	2.25	2.36	2.52	2.53	2.18	2.55	2.84	2.18	2.51	2.39	2.60
1992	2.25	2.18	2.15	2.27	2.20	2.22	2.47	2.90	2.39	2.44	2.69	2.38
1993	2.41	2.23	2.18	1.95	2.11	1.98	1.86	2.24	2.13	1.93	2.05	2.15
1994	2.01	2.02	2.24	1.95	2.00	1.93	2.22	2.41	2.10	2.06	2.26	2.27
1995	2.26	2.27	2.13	2.14	2.12	2.28	2.28	2.88	2.62	2.82	3.02	3.05
1996	3.13	3.26	3.30	3.26	3.34	3.28	3.27	3.27	3.25	3.10	3.17	3.21
1997	2.93	3.10	2.71	2.56	2.62	2.42	2.83	3.00	2.72	2.76	3.01	2.88
1998	2.92	2.79	2.82	2.52	2.26	2.22	2.60	2.44	2.25	2.30	2.44	2.54
1999	2.26	2.26	2.27	1.79	1.77							
Average	\$2.37	\$2.38	\$2.35	\$2.25	\$2.24	\$2.18	\$2.43	\$2.55	\$2.34	\$2.32	\$2.47	\$2.46
Stand Dev	\$0.46	\$0.48	\$0.44	\$0.46	\$0.46	\$0.40	\$0.35	\$0.47	\$0.43	\$0.48	\$0.47	\$0.45



Prices Received by Montana Farmers for Oats by Months, 1992-1997

Year	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Dollars per Bushel												
1992	1.42	1.36	1.40	1.46	1.39	1.27	1.29	1.15	1.23	1.30	1.13	0.95
1993	1.20	1.22	1.30	1.52	1.25	1.38	1.50	1.19	1.09	1.41	1.36	1.44
1994	1.32	1.26	1.37	1.37	1.46	1.50	1.42	1.28	1.32	1.19	1.35	1.23
1995	1.21	1.32	1.38	1.43	1.45	1.39	1.50	1.36	1.45	1.50	1.50	1.50
1996	1.76	2.06	2.06	2.35	1.94	2.23	2.02	1.91	1.92	1.94	1.54	1.85
1997	1.52	1.92	2.05	2.00	2.00							
Average	\$1.40	\$1.56	\$1.63	\$1.73	\$1.62	\$1.55	\$1.55	\$1.38	\$1.40	\$1.47	\$1.38	\$1.39
Stand Dev	0.19	0.34	0.33	0.36	0.28	0.35	0.25	0.28	0.28	0.26	0.14	0.30



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