



December 2014 U.S. Crop Price Update

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Summary

Crop price projections for the 2014/15 marketing year are little changed from last month's FAPRI-MU update. For most crops, projections for 2015/16 and subsequent years have been reduced from last month's projections, in part because of the unanticipated sharp decline in crude oil prices.

- With little change in USDA estimates of supply and demand, the projected corn price for the 2014/15 marketing year is \$3.50 per bushel, the same as in the November update.
- The projected decline in U.S. corn production in 2015 contributes to an increase in corn prices. However, lower oil prices moderate the increase. Projected corn prices increase to \$3.79 per bushel for the 2015/16 marketing year and \$3.98 by 2018/19. These prices are at least \$0.10 per bushel lower than indicated in the November update.
- USDA increased its estimate of 2014/15 use of U.S. soybeans, but this was largely anticipated in last month's projections. The marketing year average price is projected at \$10.00 per bushel, also the same as in last month's update.
- Continued high U.S. soybean acreage in 2015 and large global supplies weigh on projected soybean prices, which drop to \$8.78 per bushel for the 2015/16 marketing year. Prices recover in later years, but remain below \$10.00 per bushel through 2018/19.
- The wheat supply and use outlook is little changed from November, but prices so far this marketing year have been slightly higher than anticipated. The 2014/15 price projection is \$6.01 per bushel, up \$0.11 from last month's update.
- A projected increase in 2015 U.S. production and large global grain supplies result in a wheat price of \$5.05 per bushel in 2015/16. Prices rise in subsequent years, but remain below the \$5.50 reference price for wheat through 2017/18.

These estimates are developed by the Food and Agricultural Policy Research Institute at the University of Missouri using its models of agricultural markets and information available in mid-December 2104. The work is part of a joint project with Texas A&M's Agricultural and Food Policy Center to provide a web-based decision aid for producers who face program participation choices under the new farm bill.

U.S. crop producers must make a one-time election to participate in the Agriculture Risk Coverage (ARC) or the Price Loss Coverage (PLC) program for the life of the 2014 farm bill. Payments under each of the program options are very sensitive to crop prices. Different expectations about future crop prices will lead to different expectations about future payments under the programs.

Excel tables available at www.fapri.missouri.edu report projected U.S. supply and use for corn, soybeans, wheat, upland cotton, rice and sorghum. Plans call for additional updates each month through the end of the ARC-PLC election period.

FAPRI-MU and collaborating researchers will continue to develop more comprehensive ten-year estimates of the outlook for U.S. and world crop, livestock and biofuel markets, farm income, farm program costs, consumer food expenditures and other indicators. Work on the next ten-year outlook is underway, and final reports will be issued in early 2015.

U.S. crop farm prices

| | 2009/10 | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 |
|------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Corn (\$/bu.) | 3.55 | 5.18 | 6.22 | 6.89 | 4.46 | 3.50 | 3.79 | 3.91 | 3.92 | 3.98 |
| Soybeans (\$/bu.) | 9.59 | 11.30 | 12.50 | 14.40 | 13.00 | 10.00 | 8.78 | 9.15 | 9.50 | 9.83 |
| Wheat (\$/bu.) | 4.87 | 5.70 | 7.24 | 7.77 | 6.87 | 6.01 | 5.05 | 5.15 | 5.39 | 5.63 |
| Durum | 5.47 | 5.98 | 9.68 | 8.18 | 7.46 | 8.28 | 6.08 | 6.20 | 6.48 | 6.78 |
| Other spring | 5.23 | 6.49 | 8.24 | 8.24 | 6.73 | 6.01 | 5.30 | 5.40 | 5.64 | 5.90 |
| Winter | 4.71 | 5.37 | 6.81 | 7.55 | 6.89 | 5.94 | 4.95 | 5.05 | 5.27 | 5.51 |
| Upland cotton (cents/lb.) | 62.90 | 81.50 | 88.30 | 72.50 | 77.90 | 61.44 | 59.74 | 58.18 | 59.14 | 60.69 |
| Sorghum (\$/bu.) | 3.22 | 5.02 | 5.99 | 6.33 | 4.28 | 3.50 | 3.52 | 3.65 | 3.70 | 3.80 |
| Rice (\$/cwt) | 14.40 | 12.70 | 14.50 | 15.10 | 16.10 | 14.42 | 14.12 | 13.84 | 13.96 | 14.14 |
| Long grain | 12.90 | 11.00 | 13.40 | 14.50 | 15.40 | 12.50 | 12.74 | 12.55 | 12.66 | 12.87 |
| Medium/short (exc. Japonica) | 15.70 | 15.00 | 14.30 | 14.70 | 15.80 | 15.04 | 14.82 | 14.74 | 14.79 | 14.83 |
| Japonica | 19.50 | 20.80 | 18.40 | 18.40 | 19.90 | 21.30 | 18.53 | 18.42 | 18.49 | 18.54 |
| Barley (\$/bu.) | 4.66 | 3.86 | 5.35 | 6.43 | 6.06 | 5.07 | 4.67 | 4.57 | 4.63 | 4.73 |
| Oats (\$/bu.) | 2.02 | 2.52 | 3.49 | 3.89 | 3.75 | 3.26 | 3.15 | 3.19 | 3.19 | 3.23 |
| Peanuts (cents/lb.) | 21.70 | 22.50 | 31.80 | 30.10 | 24.90 | 21.54 | 22.93 | 21.92 | 22.28 | 22.44 |
| Sunflower seed (\$/cwt) | 15.10 | 23.30 | 29.10 | 25.40 | 21.40 | 20.25 | 18.41 | 18.87 | 19.80 | 20.38 |
| Canola (\$/cwt) | 16.20 | 19.30 | 24.00 | 26.50 | 20.60 | 16.38 | 15.51 | 16.03 | 16.76 | 17.31 |
| Flaxseed (\$/bu.) | 8.15 | 12.20 | 13.90 | 13.80 | 13.80 | 11.93 | 11.00 | 11.25 | 11.50 | 11.75 |
| Lentils (\$/cwt) | 26.80 | 25.70 | 25.00 | 20.70 | 19.80 | 21.06 | 18.86 | 19.28 | 19.74 | 20.20 |
| Safflower (\$/cwt) | 17.10 | 17.20 | 24.40 | 27.60 | 27.90 | 23.61 | 21.79 | 22.25 | 22.77 | 23.29 |
| Mustard seed (\$/cwt) | 30.40 | 25.90 | 33.60 | 35.80 | 37.20 | 31.66 | 29.05 | 29.62 | 30.31 | 31.01 |
| Dry peas (\$/cwt) | 8.98 | 9.77 | 15.30 | 15.70 | 14.60 | 11.72 | 11.38 | 11.61 | 11.96 | 12.32 |
| Rapeseed (\$/cwt) | 26.30 | 23.40 | 27.00 | 26.10 | 25.10 | 23.45 | 21.34 | 21.91 | 22.58 | 23.14 |
| Large chickpeas (\$/cwt) | 29.10 | 30.50 | 42.10 | 37.90 | 31.20 | 28.22 | 25.09 | 25.67 | 26.48 | 27.31 |
| Small chickpeas (\$/cwt) | 20.30 | 20.80 | 21.50 | 27.40 | 22.90 | 20.91 | 18.56 | 18.99 | 19.59 | 20.22 |
| Crambe (\$/cwt) | 36.80 | 32.80 | 37.80 | 36.50 | 35.10 | 32.68 | 29.55 | 30.12 | 30.93 | 31.76 |
| Sesame seed (\$/cwt) | 28.00 | 30.60 | 35.00 | 32.00 | 44.00 | 46.17 | 41.76 | 42.59 | 43.73 | 44.91 |

Note: FAPRI-MU prepared these projections in mid-December 2014 based on information available at that time.