

February 2015 U.S. Crop Price Update

With one important exception, estimates of 2014/15 marketing year prices are similar to those reported in last month's FAPRI-MU update. However, projected prices for the 2015-18 crops of corn and soybeans were raised slightly this month, based in part on new assessments of the outlook for livestock and biofuel markets.

- The latest *Agricultural Prices* report from USDA revised downwards preliminary estimates of December 2014 wheat prices. Prices are not expected to rebound, so the 2014/15 marketing year average price is now estimated at \$6.01 per bushel, down from \$6.13 in the January update.
- Corn, soybean, upland cotton, and sorghum price projections for 2014/15 are all very close to previous estimates. The projected corn price is \$3.61 per bushel, soybeans are at \$10.03 per bushel, upland cotton is at 61.2 cents per pound, and sorghum is at \$3.81 per bushel.
- FAPRI-MU is developing new long-term projections for the U.S. farm economy that suggest slightly stronger demand for both ethanol and livestock feed than in the January update. Incorporating this new analysis modestly increases projected 2015-18 prices for corn and soybeans.
- Reduced production helps projected corn prices to increase to \$3.87 per bushel for the crop to be harvested this fall, and to reach \$4.09 per bushel for the 2018 crop.
- Large projected U.S. and global supplies put downward pressure on soybean prices in 2015/16, but the decline is not as sharp as indicated in the January update. The projected soybean price is \$9.27 per bushel in 2015/16, rebounding to \$10.30 per bushel by 2018/19.
- Strong competition in global grain markets causes projected wheat prices to fall to \$5.17 per bushel in 2015/16. Wheat prices remain below the \$5.50 per bushel reference price in 2016/17 and 2017/18 as well.
- New USDA data revises previous estimates of 2013/14 prices for rice. Projected long-grain rice prices remain well below the \$14 per hundredweight reference price, but average projected prices for the other classes of rice remain above their respective reference prices.

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-February 2015. 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.

Summary:

The monthly update to U.S. crop price projections is based on information available in mid-February 2015.

For more on this topic, see these FAPRI-MU publications:

#02-15
January 2015 U.S. Crop Price Update

#08-14
December 2014 U.S. Crop Price Update

#07-14
November 2014 U.S. Crop Price Update

All previous months' U.S. crop price updates can be found at <http://www.fapri.missouri.edu>.

Author:

Pat Westhoff
WesthoffP@missouri.edu

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 are completing work on more comprehensive ten-year projections for U.S. and world crop, livestock and biofuel markets, farm income, farm program costs, consumer food expenditures and other indicators. Current plans are for the final report to be issued in early March.

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	3.61	3.87	3.91	3.96	4.09
Soybeans (\$/bu.)	9.59	11.30	12.50	14.40	13.00	10.03	9.27	9.56	9.93	10.30
Wheat (\$/bu.)	4.87	5.70	7.24	7.77	6.87	6.01	5.17	5.26	5.44	5.70
Durum	5.47	5.98	9.68	8.18	7.46	8.90	6.41	6.27	6.49	6.81
Other spring	5.23	6.49	8.24	8.24	6.73	5.89	5.48	5.59	5.78	6.05
Winter	4.71	5.37	6.81	7.55	6.89	5.96	5.01	5.12	5.29	5.54
Upland cotton (cents/lb.)	62.90	81.50	88.30	72.50	77.90	61.17	59.97	61.19	61.00	62.48
Sorghum (\$/bu.)	3.22	5.02	5.99	6.33	4.28	3.81	3.64	3.66	3.77	3.89
Rice (\$/cwt)	14.40	12.70	14.50	15.10	16.30	13.92	13.98	13.76	13.87	13.89
Long grain	12.90	11.00	13.40	14.50	15.40	12.20	12.42	12.47	12.53	12.63
Medium/short (exc. Japonica)	15.70	15.00	14.30	14.70	15.70	14.99	14.64	14.15	14.31	14.07
Japonica	19.50	20.80	18.40	18.40	20.70	19.93	19.29	18.40	18.60	18.29
Barley (\$/bu.)	4.66	3.86	5.35	6.43	6.06	5.26	4.58	4.61	4.66	4.82
Oats (\$/bu.)	2.02	2.52	3.49	3.89	3.75	3.23	2.96	2.97	2.97	3.05
Peanuts (cents/lb.)	21.70	22.50	31.80	30.10	24.90	21.42	21.97	21.54	21.92	22.18
Sunflower seed (\$/cwt)	15.10	23.30	29.10	25.40	21.40	20.34	19.40	19.48	20.46	20.82
Canola (\$/cwt)	16.20	19.30	24.00	26.50	20.60	16.80	16.73	17.22	17.87	18.15
Flaxseed (\$/bu.)	8.15	12.20	13.90	13.80	13.80	11.95	11.32	11.51	11.77	12.05
Lentils (\$/cwt)	26.80	25.70	25.00	20.70	19.80	22.59	20.40	20.74	21.20	21.70
Safflower (\$/cwt)	17.10	17.20	24.40	27.60	27.90	23.64	22.39	22.76	23.29	23.85
Mustard seed (\$/cwt)	30.40	25.90	33.60	35.80	37.20	31.70	29.78	30.23	30.90	31.65
Dry peas (\$/cwt)	8.98	9.77	15.30	15.70	14.60	11.74	11.68	11.87	12.19	12.57
Rapeseed (\$/cwt)	26.30	23.40	27.00	26.10	25.10	23.40	22.08	22.52	23.24	23.82
Large chickpeas (\$/cwt)	29.10	30.50	42.10	37.90	31.20	28.26	25.82	26.28	27.02	27.91
Small chickpeas (\$/cwt)	20.30	20.80	21.50	27.40	22.90	20.93	19.10	19.45	20.00	20.67
Crambe (\$/cwt)	36.80	32.80	37.80	36.50	35.10	32.71	30.27	30.74	31.48	32.36
Sesame seed (\$/cwt)	28.00	30.60	35.00	32.00	44.00	46.23	42.81	43.49	44.54	45.79

Note: FAPRI-MU prepared these projections in mid-February 2015 based on information available at that time.

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