

January 2015 U.S. Crop Price Update

New USDA reports caused some changes in crop price projections from last month's FAPRI-MU update. A smaller corn crop, lower-than expected winter wheat seedings, and new information on year-to-date prices affected projected prices for 2014/15 and subsequent marketing years.

In addition, new macroeconomic projections from IHS Global Insight show lower oil prices, a stronger dollar and slightly slower world economic growth than previous forecasts, with implications for farm commodity markets.

- USDA reduced its estimate of the 2014 corn crop and year-to-date corn prices have been a little higher than previously expected. As a result, the projected corn price for the 2014/15 marketing year is \$3.63 per bushel, up from \$3.50 in the December update.
- The projected decline in U.S. corn production in 2015 contributes to an increase in corn prices. However, projected corn prices remain below \$4.00 through 2018/19.
- USDA slightly increased its estimate of the 2014 U.S. and world soybean crops, but the projected 2014/15 soybean price is essentially unchanged this month at \$10.02 per bushel. Soybean prices have averaged a little over \$10 per bushel so far this marketing year, but a large South American crop could put downward pressure on prices the rest of this marketing year.
- Continued high U.S. soybean acreage in 2015 and large global supplies weigh on projected soybean prices, which drop to \$8.76 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 \$6.13 per bushel, up \$0.12 from last month's update.
- The USDA winter wheat seedings report indicated a decline in U.S. acreage. However, large global supplies of wheat and other grains cause projected wheat prices to fall to \$5.14 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-January 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.

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

Summary:

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

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

#08-14

December 2014 U.S. Crop Price Update

#07-14

November 2014 U.S. Crop Price Update

#06-14

October 2014 U.S. Crop Price Update

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

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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 late February or 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	3.63	3.81	3.83	3.84	3.92
Soybeans (\$/bu.)	9.59	11.30	12.50	14.40	13.00	10.02	8.76	9.11	9.41	9.79
Wheat (\$/bu.)	4.87	5.70	7.24	7.77	6.87	6.13	5.14	5.19	5.38	5.63
Durum	5.47	5.98	9.68	8.18	7.46	9.03	6.38	6.19	6.42	6.72
Other spring	5.23	6.49	8.24	8.24	6.73	6.00	5.45	5.52	5.72	5.98
Winter	4.71	5.37	6.81	7.55	6.89	5.88	4.95	5.01	5.20	5.43
Upland cotton (cents/lb.)	62.90	81.50	88.30	72.50	77.90	61.35	60.16	59.17	60.27	61.90
Sorghum (\$/bu.)	3.22	5.02	5.99	6.33	4.28	3.80	3.58	3.55	3.69	3.81
Rice (\$/cwt)	14.40	12.70	14.50	15.10	16.10	14.16	13.91	13.76	13.87	14.05
Long grain	12.90	11.00	13.40	14.50	15.40	12.24	12.52	12.38	12.49	12.64
Medium/short (exc. Japonica)	15.70	15.00	14.30	14.70	15.80	15.08	14.32	14.17	14.29	14.47
Japonica	19.50	20.80	18.40	18.40	19.90	20.61	18.62	18.42	18.58	18.81
Barley (\$/bu.)	4.66	3.86	5.35	6.43	6.06	5.30	4.71	4.52	4.58	4.68
Oats (\$/bu.)	2.02	2.52	3.49	3.89	3.75	3.26	3.18	3.15	3.15	3.19
Peanuts (cents/lb.)	21.70	22.50	31.80	30.10	24.90	21.56	22.42	21.88	22.20	22.40
Sunflower seed (\$/cwt)	15.10	23.30	29.10	25.40	21.40	20.69	18.99	19.56	20.11	20.82
Canola (\$/cwt)	16.20	19.30	24.00	26.50	20.60	16.76	15.54	16.09	16.59	17.25
Flaxseed (\$/bu.)	8.15	12.20	13.90	13.80	13.80	11.96	11.01	11.23	11.45	11.73
Lentils (\$/cwt)	26.80	25.70	25.00	20.70	19.80	22.14	19.39	19.75	20.15	20.66
Safflower (\$/cwt)	17.10	17.20	24.40	27.60	27.90	23.70	21.82	22.23	22.67	23.25
Mustard seed (\$/cwt)	30.40	25.90	33.60	35.80	37.20	31.83	29.14	29.61	30.20	30.96
Dry peas (\$/cwt)	8.98	9.77	15.30	15.70	14.60	11.84	11.45	11.63	11.92	12.30
Rapeseed (\$/cwt)	26.30	23.40	27.00	26.10	25.10	23.46	21.34	21.91	22.42	23.08
Large chickpeas (\$/cwt)	29.10	30.50	42.10	37.90	31.20	28.49	25.26	25.70	26.38	27.26
Small chickpeas (\$/cwt)	20.30	20.80	21.50	27.40	22.90	21.10	18.68	19.01	19.52	20.18
Crambe (\$/cwt)	36.80	32.80	37.80	36.50	35.10	32.94	29.71	30.15	30.83	31.71
Sesame seed (\$/cwt)	28.00	30.60	35.00	32.00	44.00	46.53	41.98	42.63	43.59	44.84

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

Published by the Food and Agricultural Policy Research Institute (FAPRI) at the University of Missouri (MU), 101 Park De Ville Dr., Suite E; Columbia, MO 65203. This material is based upon work supported by the U.S. Department of Agriculture under Agreement Nos. 58-0111-13-002 and 58-0111-14-001. Any opinion, findings, conclusions, or recommendations expressed in this publication are those of the authors and do not necessarily reflect the view of the USDA nor MU. Permission is granted to reproduce this information with appropriate attribution to the author and FAPRI-MU.