

April 2016 U.S. Crop Price Update

FAPRI-MU developed its 2016 baseline outlook using information available in January 2016. This crop price update incorporates recent market developments and other information available in April 2016.

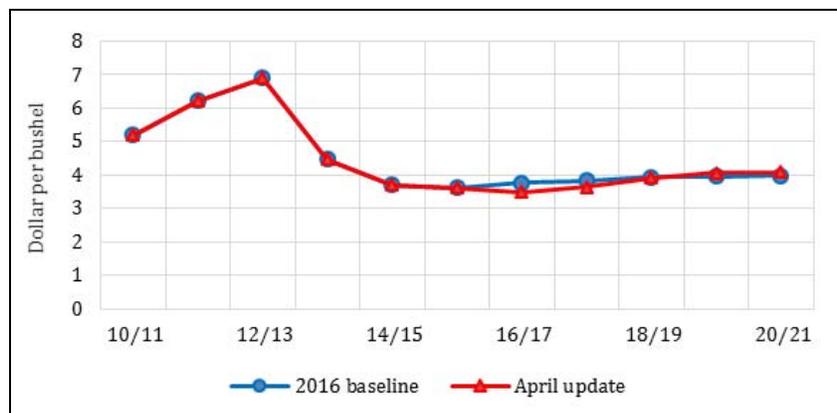
We assume actual 2016 plantings for most crops will match the figures in USDA's March *Prospective Plantings* report. However, in light of market price changes since the survey was conducted, we assume one million more soybean acres and one million fewer corn acres will be planted than indicated in the intentions report. Spring planting conditions and other factors will affect final planted acreage.

For the 2015/16 marketing year, we assume that the supply and demand estimates reported by USDA in April will prevail, even though there is uncertainty about the final size of South American crops and many other variables. We also assume normal growing conditions in 2016, although the transition from the recent strong "El Niño" conditions creates considerable uncertainty.

Although most basic stories hold, the updated outlook does include some important changes.

- Even if 2016 U.S. corn acreage is less than in the USDA intentions report, it is likely to exceed our earlier projections. With trend line yields, this could result in a 14 billion bushel 2016 corn crop.
- The increase in production results in lower corn prices in 2016/17. The projected marketing year average price of \$3.48 per bushel is down from an estimated \$3.61 in 2015/16 and below the 2016 baseline projection of \$3.75 (Figure 1).

Figure 1. Corn price projections



Summary:

This crop price update of the 2016 baseline outlook incorporates recent market developments and other information available in April 2016.

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

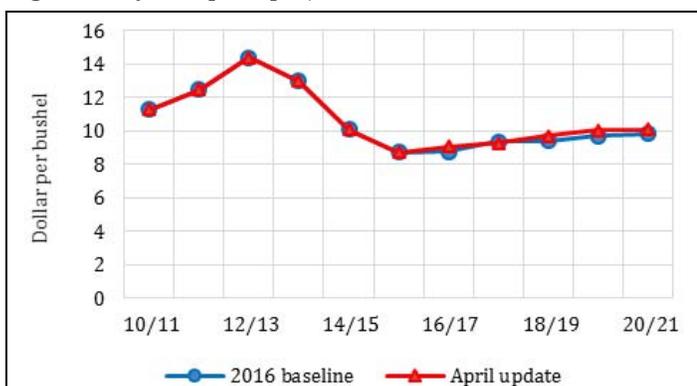
Report #02-16
2016 U.S. Baseline Briefing Book

Author:

Pat Westhoff
WesthoffP@missouri.edu

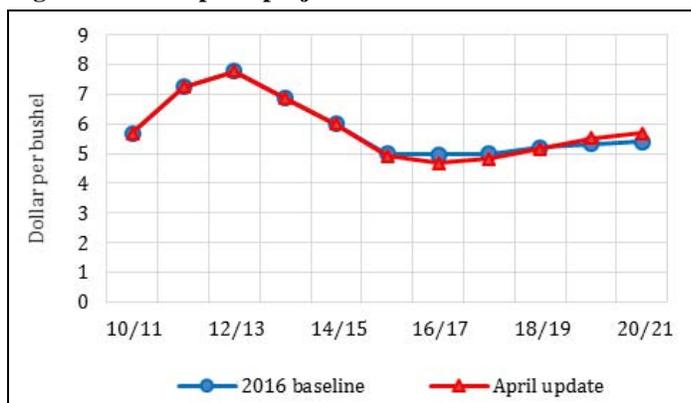
- For soybeans, U.S. crop projections have not changed significantly, but a slightly stronger demand outlook results in a 2016/17 projected price of \$9.08 per bushel, above both the 2015/16 level and the 2016 baseline projection (Figure 2).
- Futures markets in late April suggested even higher soybean prices, perhaps because of concerns about the South American crop and recent weakness in the value of the dollar.

Figure 2. Soybean price projections



- Large global supplies of wheat continue to pressure wheat prices. Even though 2016 wheat acreage is now expected to be less than previously estimated, the 2016/17 projected price has been reduced to \$4.69 per bushel, down from both 2015/16 and the 2016 baseline projection (Figure 3).

Figure 3. Wheat price projections



- Projected 2016/17 marketing year average prices are \$0.57 per pound for cotton, \$3.23 per bushel for sorghum and \$12.77 per hundredweight for rice.
- In 2017/18, the updated projections indicate modest increases in the prices for all the major crops relative to 2016/17 levels. However, projected marketing year average corn prices remain below \$4 per bushel and soybean prices remain below \$10 per bushel until 2019/20.
- As always, actual prices will depend on the weather and other factors that make markets volatile.

With large global stocks, however, it would take a significant reduction in production or increase in demand to cause prices to return to the peak levels of the 2010-2013 period.

Excel tables available at www.fapri.missouri.edu report projected U.S. supply and use for corn, soybeans, wheat, upland cotton, rice and sorghum.

U.S. crop farm prices

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Corn (\$/bu.)	3.70	3.61	3.48	3.64	3.92	4.05	4.07
Soybeans (\$/bu.)	10.10	8.75	9.08	9.27	9.70	10.03	10.08
Wheat (\$/bu.)	5.99	4.91	4.69	4.81	5.15	5.53	5.70
Upland cotton (cents/lb.)	61.30	58.20	56.94	62.79	65.39	67.07	67.84
Sorghum (\$/bu.)	4.03	3.28	3.23	3.36	3.65	3.78	3.81
Rice (\$/cwt)	13.40	12.30	12.77	13.86	14.06	14.10	14.21

Note: These projections were prepared in April 2016 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 No. 58-0111-15-008 and the USDA National Institute of Food and Agriculture, Hatch project No. MO-HASS0024. 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.