

October 2019 U.S. Crop Price Update

New estimates of 2019 crop supplies have changed the near-term outlook for grain and oilseed markets. Projected corn and soybean prices increase in the 2019/20 marketing year, as supplies are smaller than anticipated when FAPRI's baseline update was prepared in August 2019. Prices could fall again in 2020/21 if better planting conditions next spring contribute to a larger harvest next fall.

This update is prepared to provide timely information to market participants, and may be especially relevant for producers who will be making a farm program election in the months ahead. Under the 2018 farm bill, producers can choose between the price loss coverage (PLC) program and the agriculture risk coverage (ARC) program for each crop on each farm they operate. The best choice for a given crop and farm depends, in part, on expected market prices.

The first ARC-PLC election will cover the 2019 and 2020 crop years. While the election period has opened, producers can make a more-informed choice if they wait until more information is available about prices and yields. FAPRI will continue to update projections to reflect the latest available information.

The price projections are based on a simple model of crop markets and the assessment of FAPRI analysts. They assume a continuation of current policies. At the time these projections were prepared, it was not clear what a reported trade deal between the United States and China might mean for U.S. agricultural exports and prices. No attempt was made to incorporate possible impacts of a deal into these projections which could impact export volumes and prices, but if and when more information becomes available, it will be incorporated in future updates.

Highlights of this update include:

- Price projections for the 2019/20 marketing year are similar to those reported by USDA in October 2019 World Agricultural Supply and Demand Estimates. Projected 2019/20 corn prices average \$3.82 per bushel; soybean prices average \$9.00 per bushel, and wheat prices average \$4.68 per bushel.
- Wet conditions at planting time reduced corn and soybean acreage in 2019. If 2020 is a more normal year, the result could be a significant increase in 2020 planted acreage for both corn and soybeans. Combined with a return to trend yields, this could contribute to a large increase in production for both crops.
- Unless a trade deal or other factors result in especially strong crop demand, increased supplies could weigh on 2020/21 marketing year prices for corn and soybeans. Projected prices are \$3.56 per bushel for corn and \$8.43 per bushel for soybeans.

Summary:

The monthly update to U.S. crop price projections is based on information available in mid-October 2019.

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

Report #01-19
2019 U.S. Baseline Outlook

Report #03-19
2019 August Baseline Update for
U.S. Agricultural Markets

Authors:

Pat Westhoff
WesthoffP@missouri.edu

Seth Meyer
MeyerSe@missouri.edu

- In contrast to corn and soybeans, wheat prices are lower in 2019/20, largely because of abundant world supplies of wheat. Even with a projected reduction in 2020 U.S. wheat production, the marketing year average price remains below \$5.00 per bushel in 2020/21.
- Cotton prices have been under pressure because of a sharp increase in U.S. production. Projected prices for upland cotton remain below \$0.60 per pound in 2019/20 and 2020/21.

Supply and use tables associated with these price projections can be found at www.fapri.missouri.edu. Given continuing uncertainty about the size of the 2019 crop, the provisions of a trade deal with China, and a host of other factors, we expect to provide additional updates as more information becomes available in the months ahead. The next comprehensive FAPRI baseline, which will include projections for livestock markets, government program costs, farm income and consumer food prices, is slated for release in March 2020.

U.S. crop farm prices

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Corn (\$/bu.)	3.61	3.82	3.56	3.60	3.65	3.69
Soybeans (\$/bu.)	8.48	9.00	8.43	8.58	8.47	8.49
Wheat (\$/bu.)	5.16	4.68	4.81	5.00	5.14	5.23
Durum	5.33	5.10	5.10	5.30	5.45	5.56
Other spring	5.31	4.80	4.94	5.14	5.29	5.39
Winter	5.08	4.62	4.75	4.92	5.06	5.15
Upland cotton (cents/lb.)	70.50	58.23	58.34	61.06	63.95	66.29
Cottonseed (\$/ton)	152.00	151.02	150.24	151.22	148.99	148.05
Seed cotton (cents/lb.)	34.53	29.18	29.21	30.43	31.65	32.65
Sorghum (\$/bu.)	3.25	3.42	3.25	3.35	3.40	3.44
Barley (\$/bu.)	4.62	4.67	4.60	4.73	4.82	4.90
Oats (\$/bu.)	2.66	2.88	2.60	2.64	2.68	2.71
Rice (\$/cwt)	12.00	13.00	12.10	12.10	12.39	12.61
Long grain	10.80	11.81	11.03	11.09	11.40	11.65
Medium/short (exc. Japonica)	12.30	12.40	11.59	11.64	11.98	12.24
Japonica	18.00	18.43	17.18	17.14	17.48	17.72
Peanuts (cents/lb.)	21.50	21.28	22.27	22.41	22.31	22.32
Sunflower seed (\$/cwt)	17.30	17.22	16.68	16.79	16.55	16.53
Canola (\$/cwt)	15.80	15.76	15.07	15.26	15.06	15.07
Flaxseed (\$/bu.)	9.81	9.07	8.76	8.89	8.85	8.88
Lentils (\$/cwt)	17.80	15.58	16.33	16.57	16.53	16.60
Safflower (\$/cwt)	20.30	19.39	18.85	19.13	19.09	19.17
Mustard seed (\$/cwt)	28.60	28.86	28.35	28.75	28.79	28.92
Dry peas (\$/cwt)	10.50	9.77	9.92	10.14	10.23	10.32
Rapeseed (\$/cwt)	18.40	18.01	17.84	18.03	17.82	17.81
Large chickpeas (\$/cwt)	21.00	18.56	19.06	19.57	19.75	19.96
Small chickpeas (\$/cwt)	21.50	14.67	17.04	17.43	17.56	17.72
Crambe (\$/cwt)	22.10	21.66	21.36	21.87	22.05	22.26
Sesame seed (\$/cwt)	35.00	33.76	33.27	34.00	34.21	34.50

Note: FAPRI-MU prepared these projections in mid-October 2019 based on information available at that time.

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