



## IFES 2014: Crop and Livestock Price Prospects for 2015

Darrel Good

Department of Agricultural and Consumer Economics  
University of Illinois

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*This is a presentation summary from the 2014 Illinois Farm Economics Summit (IFES) which occurred December 15-19, 2014 at locations across Illinois. A complete collection of presentations including PowerPoint Slides (PPT), printable summaries (PDF) and interviews are available [here](#).*

### Crops

As indicated a year ago, the transition from the extremely high prices resulting from the drought of 2012 to lower prices now being experienced has occurred differently for corn, soybeans, and wheat. Corn prices have come under the most pressure due to two consecutive record large U.S. crops. Soybean prices have remained the strongest, even with large crops, due to strong demand from China.

**Corn** prices moved to the lowest level in five years in October 2014. Prices declined under the weight of back-to-back record large U.S. crops and plateauing consumption of corn used for ethanol production. Feed and residual use of corn will get a boost from low feed prices and increasing livestock numbers, but U.S. corn exports face more competition than a year ago. The record 2014 crop and lower prices are expected to result in only a small increase in total consumption during the 2014-15 marketing year. Early expectations were for year-ending stocks to be at a 10-year high of two billion bushels. Some reduction in U.S. corn acreage in 2015, coupled with a return to a trend yield, would result in a much smaller crop and a reduction in stocks during the 2015-16 marketing year. After averaging close to \$3.50 during the 2014-15 marketing year, corn prices are expected to rebound to the low-to-md \$4.00 level next year if production declines as expected.

**Soybean** prices have also declined over the past year as a result of record large South American and U.S. crops in 2014. The price decline has not been as severe as for corn due to ongoing strong soybean demand by China and early year strength in export demand for soybean meal. Marketing year ending stocks are expected to be at an 8-year high of 450 million bushels, but those stocks represent only 12.5 percent of marketing year consumption. Some further modest declines in soybean prices are expected if the 2015 South American crop is as large as currently forecast and if U.S. producers expand planted acreage in

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2015. Without some reduction in U.S. acreage, the 2015 crop will exceed the current level of consumption even if average yields decline to trend value. Soybean prices are expected to average near \$10 for the 2014-15 marketing year and in the upper \$9.00 level for the 2015-16 marketing year.

U.S. **wheat** production declined by about 100 million bushels in 2014, with soft red winter (SRW) wheat production down by 113 million bushels, or 20 percent. Still, SRW prices continued the decline that began in October 2012. Back-to-back large wheat crops in the rest of the world in 2013 and 2014 resulted in declining U.S exports this year and expectations of a build in year ending stocks of U.S. wheat. The most important price factor moving forward will be the size of the wheat crops outside the U.S. The early season focus was on Russia due to on-going dry conditions that began in July 2014 and seemed to halt the decline in wheat prices. Smaller crops in that part of the world would allow for some rebound in U.S wheat exports. With most of the Illinois wheat crop sold at or shortly after harvest, the average price received for the 2014 crop will be near \$5.00. An average near \$5.50 is expected at harvest time in 2015.

## **Livestock**

U.S. **pork** production is expected to increase from 22.66 billion pounds in 2014 to 23.62 billion pounds in 2015. Exports are expected to increase from 5.1 to 5.3 billion pounds while imports decline modestly to 900 million pounds. Domestic pork supplies are projected at 46.6 pounds per capita in 2015, up from 45.3 pounds in 2014. The average price of hogs was near \$64 in 2013 and \$76 in 2014. An average near \$65 is expected for 2015, with highest prices in the first half of the year.

U.S. **beef** production is expected to decline from 24.46 billion pounds in 2014 to 23.67 billion pounds in 2015. Exports are expected to decline from 2.6 to 2.5 billion pounds while imports decline from 2.8 to 2.7 billion pounds. Domestic per capita beef supplies in 2015 are projected at an historic low of 52.2 pounds, down from 54.6 pounds in 2014. Fed cattle prices averaged near \$155 in 2014 and are projected to average near \$160 in 2015, with highest prices in the first half of the year.

## **Additional Resources**

The slides for this presentation can be found at:

[http://www.farmdoc.illinois.edu/presentations/IFES\\_2014](http://www.farmdoc.illinois.edu/presentations/IFES_2014)

For current outlook information, see:

<http://www.farmdoc.illinois.edu/marketing/newsletters.html>

<http://www.farmdocdaily.illinois.edu/>

<http://www.agmanager.info/>

<http://www.agecon.purdue.edu/extension/prices/index.asp>

<http://cattlemarketanalysis.org/>