



IFES 2012: Crop and Livestock Price Prospects for 2013

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<http://farmdoc.illinois.edu/IFES/2012/IFES-2012-Good.mp3>

This is a presentation summary from the 2012 Illinois Farm Economics Summit (IFES) which occurred December 10-14, 2012 at locations across Illinois. Summaries and MP3 podcasts of all presentations will be republished on farmdoc daily. The 'Presentations' section of the farmdoc site has PDF presentation slides and MP3 podcasts from all presenters [here](#).

Crops

The crop price environment will likely remain very volatile in 2013, reflecting production uncertainty and unsettled economic issues. However, a transition to lower prices is anticipated as production rebounds. The extent of the price decline will depend heavily on the outcome of the 2013 crops.

The small corn crop and high prices in 2012 will result in a substantial decline in consumption and small inventories by the end of the current marketing year. Smaller crops in other parts of the world and continued strong demand will also reduce foreign inventories. Argentine corn production is expected to rebound in 2013. Stable U.S. acreage and a return to a trend yield would result in a U.S. crop in 2013 in excess of 14 billion bushels, allowing a substantial rebuilding of inventories. Prices are expected to decline from the record high levels of 2012 as production rebounds. An average farm price above \$7 is expected for the 2012-13 marketing year, but the average for the 2013-14 marketing year could be in the \$4.75 to \$5.50 range.

Both South America and the U.S. had small soybean crops in 2012, resulting in sharply higher prices in the last half of the year. Like corn, U.S. and world production is expected to rebound in 2013. The USDA has projected a record South American harvest. Stable acreage and a trend yield in the U.S. would result in a crop near the record of 2009. If production unfolds as expected, world inventories will expand during the 2013-14 marketing year and prices will continue to retreat. An average farm price near \$14.50 is expected for the 2012-13 marketing year, while the average for the 2013-14 marketing year is expected to be in the \$11 to \$12 range.

U.S. wheat production rebounded in 2012, but production in the rest of the world declined sharply, leading to some improvement in U.S. export demand. High corn prices also increased the level of domestic wheat feeding, but year ending stocks will be adequate. U.S. acreage is expected to increase in 2013 and foreign production is expected to rebound. The near term focus will be on the status of drought conditions in the HRW areas. Most of the 2012 wheat crop in Illinois has been sold, at an average price

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near \$8. Prices during the first half of 2013 are expected to remain high. A subsequent decline to the \$6 to \$7 range would be expected with good U.S. and world crop prospects.

Livestock

U.S. pork production is expected to decline from 23.26 billion pounds in 2012 to 22.94 billion pounds in 2013. Exports are expected to remain near the 2012 level of 5.4 billion pounds. Domestic pork supplies are projected at 44.9 pounds per capita in 2013, down from 45.7 pounds in 2011 and 2012. The average price of hogs was near \$66 in 2011 and \$61 in 2012. An average near \$64 is expected for 2013.

U.S. beef production is expected to decline from 25.7 billion pounds in 2012 to 24.6 billion pounds in 2013. From a 19 year low of 460 million pounds in 2004, U.S. beef exports grew to 2.79 billion pounds in 2011, but declined to 2.47 billion pounds in 2012. Declining production is expected to limit exports to 2.45 billion pounds in 2013. Domestic per capita beef supplies in 2013 are projected at 54.8 pounds, down from 56.8 pounds in 2012. Fed cattle prices averaged near \$122 in 2012 and are projected to average near \$125 in 2013.

Additional Resources

The slides for this presentation can be found at:

http://www.farmdoc.illinois.edu/presentations/IFES_2012

For current outlook information, see:

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

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

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

<http://cattlemarketanalysis.org/>

<http://www.extension.iastate.edu/agdm/>