



IFES 2013: Crop and Livestock Price Prospects for 2014

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This is a presentation summary from the 2013 Illinois Farm Economics Summit (IFES) which occurred December 16-20, 2013 at locations across Illinois. A complete collection of presentations including PowerPoint Slides (PPT), printable summaries (PDF) and interviews are available [here](#).

http://www.farmdoc.illinois.edu/IFES/2013/media/IFES2013_Good.mp3

Crops

The transition to lower prices is occurring differently for corn, soybeans, and wheat. Corn and wheat prices have come under the most pressure due to large U.S. and/or world crops in 2013. Soybean prices have remained higher due to strong demand, particularly from China.

The large U.S. **corn** crop in 2013 has resulted in a substantial decline in prices and will result in an increase in consumption during the current marketing year. Still, inventories will be much larger by year-end. High corn prices have resulted in a 45 percent increase in corn production in the rest of the world since 2005, providing prospects for on-going competition for U.S. corn. In addition, the era of rapid growth in ethanol production has passed. A small decline in U.S. acreage and a trend yield would result in a U.S. crop near 14.5 billion bushels in 2014, allowing a further build-up of inventories next year. Prices are expected to average in the low- to- mid \$4.00 range for the 2013-14 marketing year and in the low \$4.00 range in 2014-15.

Both South America and the U.S. had large **soybean** crops in 2013, resulting in some moderation in prices. However, on-going strong soybean demand from China will prevent a sharp build-up in inventories and has kept prices at generally high levels. Another large South American harvest is expected in 2014. A modest increase in acreage and a trend yield in the U.S. would result in a record large U.S. crop in 2014. If production unfolds as expected, inventories will expand during the 2014-15 marketing year, resulting in further price declines. An average farm price near \$12.75 is expected for the 2013-14 marketing year and in the \$11 to \$12 range for the 2014-15 marketing year.

U.S. **wheat** production declined in 2013, but production increased sharply in the rest of the world. Still, export demand for U.S. wheat remained strong, led by Chinese demand for SRW. High corn prices also increased the level of domestic wheat feeding in the summer of 2013. Stocks at the end of the 2013-14 marketing year are expected to be the smallest in 6 years. Harvested acreage of U.S. wheat is expected to increase in 2014 and foreign production is expected to remain large. Most of the 2013 Illinois crop was sold, at an average price near \$6.50. Prices during the first half of 2014 are expected to be

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near that level. A decline to \$6 or lower would be expected with good U.S. and world crop prospects in 2014.

Livestock

U.S. **pork** production is expected to increase from 23.17 billion pounds in 2013 to 23.78 billion pounds in 2014. Exports are expected to increase from 5.1 to 5.3 billion pounds while imports remain near 850 million pounds. Domestic pork supplies are projected at 47.1 pounds per capita in 2014, up from 46.6 pounds in 2013 and 45.9 pounds in 2012. The average price of hogs was near \$61 in 2012 and \$65 in 2013. An average near \$61 is expected for 2014.

U.S. **beef** production is expected to decline from 25.68 billion pounds in 2013 to 24.17 billion pounds in 2014. 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 2.46 billion pounds in 2013. A further decline in production is expected to limit exports to 2.3 billion pounds in 2014. Domestic per capita beef supplies in 2014 are projected at 53 pounds, down from 56.5 pounds in 2013. Fed cattle prices averaged near \$126 in 2013 and are projected to average near \$130 in 2014.

Additional Resources

The slides for this presentation can be found at:

<http://farmdocdaily.illinois.edu/2013ifef/presentations/>

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/>