



IFES 2019: Crop and Livestock Price Prospects for 2020

Todd Hubbs

Department of Agricultural and Consumer Economics
University of Illinois

January 8, 2020

Recommended citation format: Hubbs, T. "IFES 2019: Crop and Livestock Price Prospects for 2020." *farmdoc daily*, Department of Agricultural and Consumer Economics, University of Illinois at Urbana-Champaign, January 8, 2020.

Permalink: <https://farmdocdaily.illinois.edu/2020/01/ifes-2019-the-farm-bill-2018.html>

This is a presentation summary from the 2019 Illinois Farm Economics Summit (IFES) which occurred December 16-20, 2019. A complete collection of presentations including PowerPoint Slides (PPT) and printable summaries (PDF) are available [here](#).

Crops

Crop prices continue adjusting to the uncertainty around 2019 production prospects and the current trade environment. Barring a resolution to the present trade impasse, the outlook for global economic growth appears set to slow further after a prolonged recovery. Trade wars, slow growth, and expanded production from key competitors may influence demand for major U.S. crops in 2020. The shortfall in world protein due to disease issues throughout Asia looks to encourage livestock production and domestic crop demand for feed. Without a shortfall in a major production region or a resolution to trade issues, crop prices are set to weaken in the second half of 2020. The following price outlook assumes a good 2020 crop season.

Corn prices continue to struggle with weak demand despite a lower production level in 2019. Domestic corn demand looks to see moderate growth in 2020 from the weak demand seen at the tail end of 2019. Corn used for ethanol seems destined for little growth this marketing year on flat gasoline demand and exports. Growth in livestock production and low corn prices provide support for increased feed usage during the 2019-20 marketing year. The potential exists for greater than the 5.275 billion bushels in feed and residual use forecast by the USDA. Corn exports currently lag the pace of last marketing year's 2.065 billion bushels and are projected at 1.85 billion bushels by the end of the current year. Export expansion seems probable in early 2020, but sustained growth may hinge on South American production levels. Planted acreage of corn is expected to increase in 2020 to 92.1 million acres. Assuming a trend yield near 177.4 bushels would result in a 2020 crop near 15 billion bushels. Projected total use of 14.3 billion bushels would result in the 2020-21 marketing year ending stocks near 2.43 billion bushels, a significant increase from 2019-20 projections. Prices are expected to average near \$3.95 during the current marketing year and near \$3.55 during the 2020-21 marketing year if production and demand develop as expected.

Soybean prices continue to suffer from the trade war despite over 12 million acres removed from production in 2019. U.S. soybean ending stocks continue a five-year pattern of growth with 2018-19 ending stocks coming in at 913 million bushels. The lower than initially projected ending stocks benefited from a downward revision of 2018 production and firm crush levels. Soybean exports are projected at

We request all readers, electronic media and others follow our citation guidelines when re-posting articles from farmdoc daily. Guidelines are available [here](#). The farmdoc daily website falls under University of Illinois copyright and intellectual property rights. For a detailed statement, please see the University of Illinois Copyright Information and Policies [here](#).

1.775 billion bushels during this marketing year, up slightly from the last marketing year's 1.748 billion bushels. A resolution in trade negotiations may change this outcome substantially. Reduced soybean acreage and a lower yield for the 2019 crop are expected to decrease 2019-20 marketing year ending stocks to 475 million bushels. Planted acreage of soybeans is expected to increase substantially to 85.4 million acres in 2020. A yield near 50.3 bushels would result in a 2020 crop of 4.25 billion bushels, about 700 million bushels larger than 2019 crop projections. With total use projected at 4.05 billion bushels, an increase in U.S. stocks to 609 million bushels is expected by the end of the 2020-21 marketing year. Prices are expected to average near \$8.90 during the current year and near \$8.50 during the 2020-21 marketing year if world production develops as expected.

Despite lower than expected wheat production in the U.S. in 2019, global production looks to increase slightly on good crops in the E.U. and Russia. U.S. wheat production is expected to be 1.92 billion bushels, with average yield at 51.7 bushels per acre. While lower acreage offset a large production gain, the national yield came in up 4.1 bushels over 2018. An expectation of lower U.S. wheat acreage in 2020 continues the trend of decreasing acreage for the crop. Planted acreage came in at 45.2 million acres in 2019, with a forecast of 45 million acres in 2020. Domestic use of wheat shows slightly stronger demand thus far in the marketing year on higher feed use. Developments in the corn market may hold the key for feed use of wheat and uncertainty remains in this use category. Food use remains at levels seen last year but remains on track to meet current projections. A brisk start this marketing year in exports may result in the current projection of 950 million bushels increasing. Increased production in key competitor markets may mitigate continued strength in exports over the second half of the marketing year. Projections of U.S. wheat stocks in all classes sit at 1.014 billion bushels after hitting 1.08 billion bushels in 2018-19. The average price received for the 2019 crop is expected to be near \$4.75.

Livestock

Livestock markets look to capitalize on reduced world protein supplies associated with African swine fever in Asia. Robust exports are expected through 2020. Domestic meat demand remains strong despite fears of an economic slowdown. A realization of strong pork exports places hog price potential at higher levels than last year. Feeder cattle prices may come in slightly lower than last year through the first half of 2020. Stronger price prospects in the second half of the year should materialize as supply moderates.

U.S. beef production is expected to increase by 2 percent in 2020. Beef production looks to increase to 27.6 billion pounds in 2020, up 0.5 billion pounds over 2019. Domestic beef demand remained strong in the third quarter of 2019. Domestic per capita beef consumption falls in 2020 to 56.4 pounds, down 0.7 pounds from 2019. Beef export markets continue to build through the end of 2019. Projections of beef exports sit at 3.3 billion pounds, up from 3.1 billion in 2019. Recent strength in export markets derived from strong demand in Japan, South Korea, China, and other Asian markets. Fed cattle prices look to move higher in the first half of 2019 on strong demand. Fed cattle prices average near \$114 in later part of 2019 but look to average near \$118 in the first half of 2019. Feeder steer prices averaged near \$163 in 2019 and current projections place 2020 prices near \$168.

Projections of U.S. commercial pork production indicate an increase in 2020 to 28.55 billion pounds, up almost 1 billion pounds from 2019. Domestic and foreign pork demand maintain a pace to match production levels. Pork exports in 2020 look to increase from the 6.5 billion pounds exported in 2019 to 7.3 billion pounds. Uncertainty about tariffs and trade negotiations may hang over hog markets for a while. Despite retaliatory tariffs, strong exports to China, Mexico, and Japan continue to support the export market. Domestic per capita consumption in 2020 sits at 52.5 pounds, up from 52 in 2019. An average hog price near \$72.00 per cwt looks likely in 2020, up from \$68 seen in the eastern Corn Belt thus far in 2019.

Additional Resources

The slides for this presentation can be found at:
<https://farmdoc.illinois.edu/ifes/2019-archive>

For current outlook information, see:
<http://www.farmdocdaily.illinois.edu/>
<http://www.lmic.info/>
<https://www.extension.iastate.edu/agdm/>