OUTLOOK FOR COMMODITY PRICES

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Executive Summary

- U.S. crop production down in 2002 – wheat crop smallest in 30 years.
- Year ending U.S. stocks projected to be the smallest in 7 years for corn, 6 years for soybeans, and 29 years for wheat.
- Foreign production of feed grains is down 1.5 percent with large declines in Canada and Australia.
- World grain consumption is expected to exceed production for the fourth consecutive year and wheat consumption will exceed production for the fifth consecutive year.
- South American soybean production has been record large for three consecutive years and is expected to increase another 11 percent in 2003.
- U.S. wheat acreage is expected to expand significantly in 2003, with a modest increase in feed grain acreage, and another decline in soybean acreage.
- Corn prices could be relatively flat during the winter months, but a larger crop is needed in 2003. Prices could become much more volatile during the last half of the marketing year.
- Soybean prices will be supported by the need to reduce consumption of U.S. soybeans, but the development of the South American crop will be the most important price factor.
- Wheat prices are expected to moderate as the U.S. and the rest of the world expand production in 2003.
- Hog production is in the beginning stages of a cyclical decline that should lead to year-over-year declines in production through the first quarter of 2004.
- Hog prices are expected to make gradual recovery from the lows of the fall/winter of 2002, likely peaking in the first half of 2004.
- The number of cattle being placed in feedlots is declining sharply and slaughter weights have declined due to higher feed prices. Year-over-year declines in beef production will increase through 2003.
- Cattle prices are expected to move higher over the next year, averaging near $75 for 2003.
Outlook for Commodity Prices

by Darrel Good
US Corn Production

Marketing Year (September-August)

Billion Bushels
Ending Stocks of Corn

million bushels


3 6 9 12 15 18 21 24 27 30 33 36 39 42 45 48 51 54 57 60 63 66 69 72 75 78 81 84 87 90 93 96 99 02
Average Farm Price of Corn

* projected
US Soybean Production

Marketing Year (September-August)

Billion Bushels
Ending Stocks of Soybeans

million bushels

79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 00 01 02*
South American Soybean Production

million tons

10 20 30 40 50 60 70 80 90 100

Average Farm Price of Soybeans
US Wheat Production

million bushels

Year: 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 00, 01, 02*

Production: 1500, 1600, 1700, 1800, 1900, 2000, 2100, 2200, 2300, 2400, 2500, 2600, 2700, 2800, 2900, 3000, 3100, 3200, 3300, 3400, 3500, 3600, 3700, 3800, 3900, 4000, 4100, 4200, 4300, 4400, 4500, 4600, 4700, 4800, 4900, 5000, 5100, 5200, 5300, 5400, 5500, 5600, 5700, 5800, 5900, 6000, 6100, 6200, 6300, 6400, 6500, 6600, 6700, 6800, 6900, 7000, 7100, 7200, 7300, 7400, 7500, 7600, 7700, 7800, 7900, 8000, 8100, 8200, 8300, 8400, 8500, 8600, 8700, 8800, 8900, 9000, 9100, 9200, 9300, 9400, 9500, 9600, 9700, 9800, 9900, 0000, 0100, 0200
Ending Stocks of Wheat

- The graph shows the ending stocks of wheat in million bushels for each year from 1979 to 2002*
- The highest stock is in 1985 with over 1800 million bushels, while the lowest is in 2002 with less than 300 million bushels.

Note: The stock for 2002 is marked with an asterisk.
Average Farm Price of Wheat

![Bar chart showing the average farm price of wheat from 1979 to 2002. The highest prices were in 1995 and 2002.](chart.png)
US Commercial Beef Production
Slaughter Steer Price
US Commercial Pork Production

Million Pounds

13000 13500 14000 14500 15000 15500 16000 16500 17000 17500 18000 18500 19000 19500 20000

Year: 79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 00 01 02 03*
Hog Prices
(Barrows and Gilts, U.S.)