

Outlook for Commodity Prices

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Executive Summary

Corn

- Record large US crop
- Smaller feed grain crops in Argentina, Brazil, China, Europe, and Russia
- World consumption is record large and stocks declining for fourth consecutive year
- Rationing of use not yet required
- Prices to remain at modest levels, with Chinese exports the primary uncertainty

Soybeans

- Small US crop resulting in declining stocks
- Increased production of other oilseeds
- Another record large South American crop expected
- Ample world supply of soybeans and oilseeds
- Prices to remain relatively high, but potentially very volatile
- Chinese demand and South American crop prospects critical price factors

Wheat

- Larger crops in US, Canada, and Australia
- Smaller crops in China, Europe, India, Russia, and Ukraine
- World consumption and stocks are declining
- Some modest price rationing is occurring
- Prices to remain relatively high, with US crop development and Chinese demand key

Cattle

- Declining US production
- Canadian imports to increase in 2004
- Strong US demand
- Prices to remain high, but trend lower in 2004

Hogs

- Very stable US production through 2004
- Declining Canadian imports

- Prices to remain near the levels of 2003