OUTLOOK FOR COMMODITY PRICES

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Executive Summary

Corn
• Large 2004 U.S. crop and increased use, but larger stocks
• Expect a return to trend yields (or less) in 2005
• Prospects for continued expansion in use in 2005-06
• Market must maintain (increase?) U.S. acreage in 2005-06
• 2004-05 average price of $1.95 to $2.05, but higher in 2005-06
• Good pricing opportunities in spring/summer 2005

Soybeans
• Large 2004 U.S. crop and increased use, but much larger stocks
• South American production unknown, but 2005 crop started well
• Asian rust to impact acreage and yield in U.S. in 2005?
• Smaller 2005 crop already bid into price structure
• 2004-05 average price of $4.90 to $5.20, but slightly higher in 2005-06

Wheat
• Extremely large world crop in 2004 leading to larger world inventories
• China a major importer for the first time in 10 years
• Reduced acreage in U.S. again in 2005
• 2004-05 average price of $3.20 to $3.50, but slightly higher in 2005-06

Beef
• Liquidation phase of cattle cycle winding down
• Beef production to be steady in 2005
• Improved export prospects if trade restrictions lifted
• Prices to remain high in 2005

Hogs
• Production to increase in 2005
• Demand is red hot, domestic and imports
• Lifting of beef trade restrictions could be negative
• Unexpectedly high prices in 2004, but will moderate in 2005