

# OUTLOOK FOR COMMODITY PRICES

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## Executive Summary

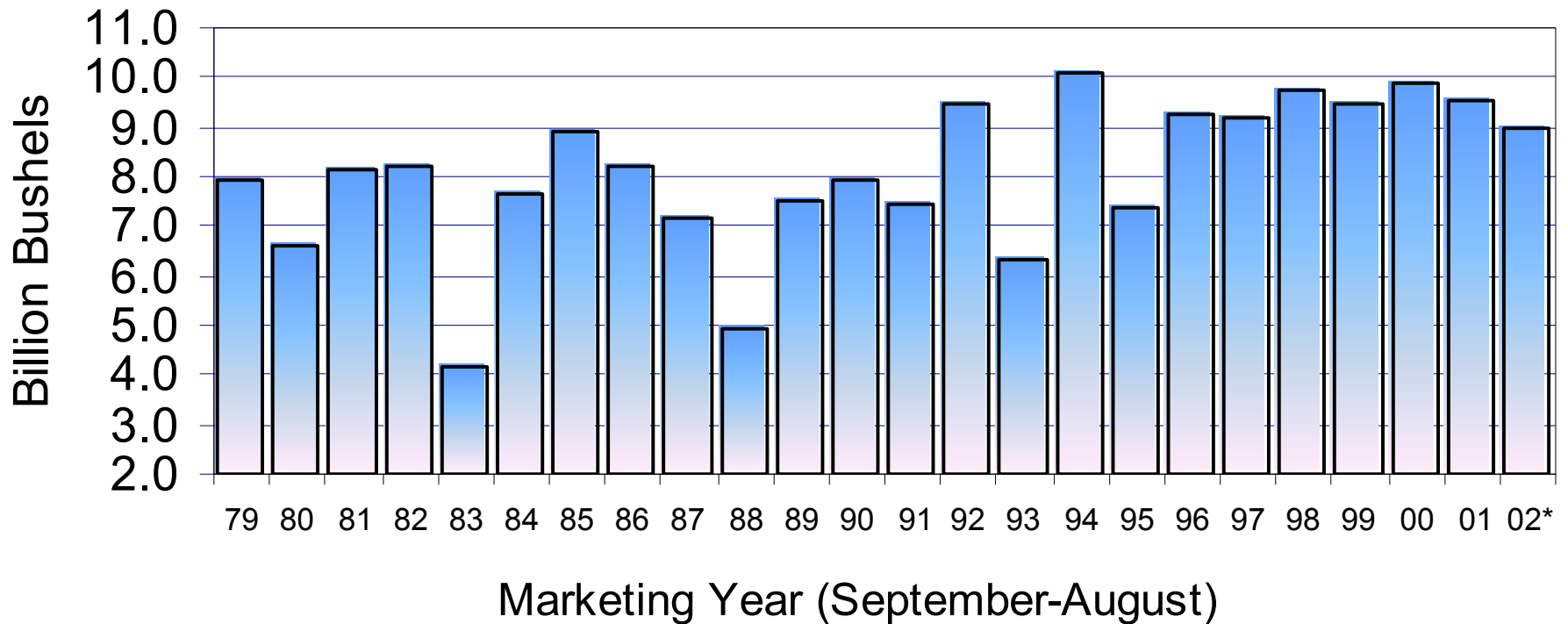
- U.S. crop production down in 2002 – wheat crop smallest in 30 years.
- Year ending U.S. stocks projected to be the smallest in 7 years for corn, 6 years for soybeans, and 29 years for wheat.
- Foreign production of feed grains is down 1.5 percent with large declines in Canada and Australia.
- World 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

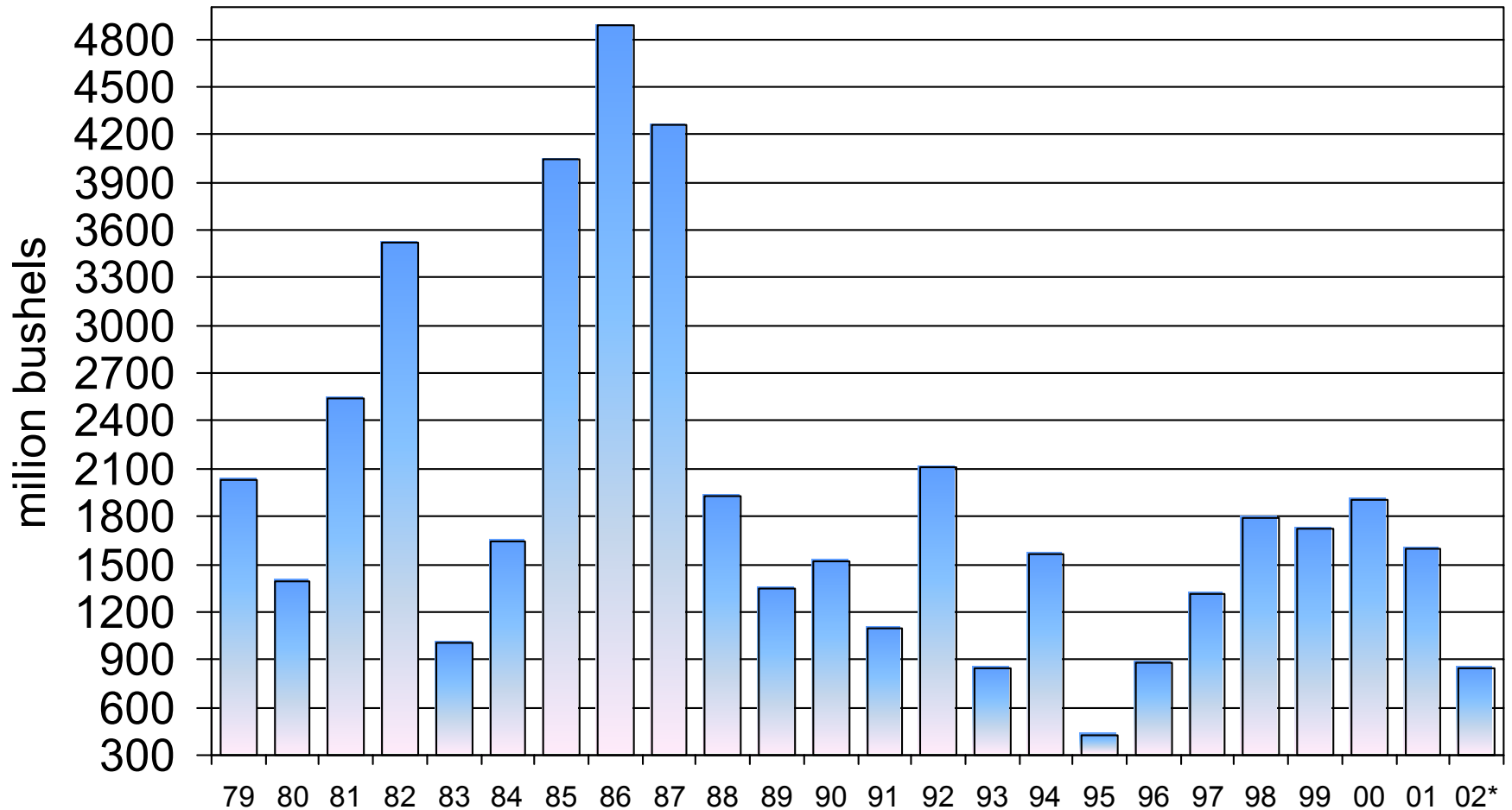
by Darrel Good



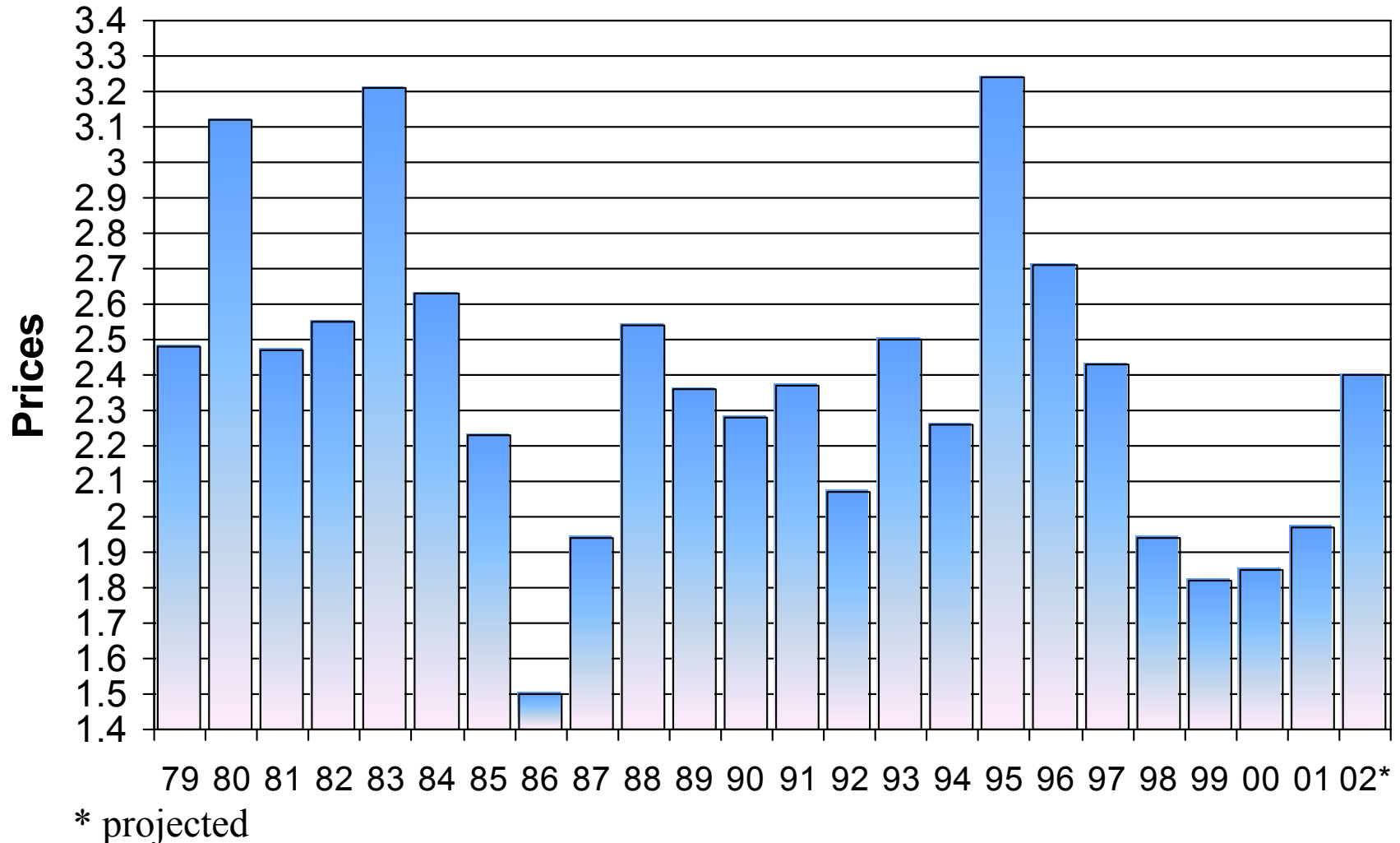
# US Corn Production



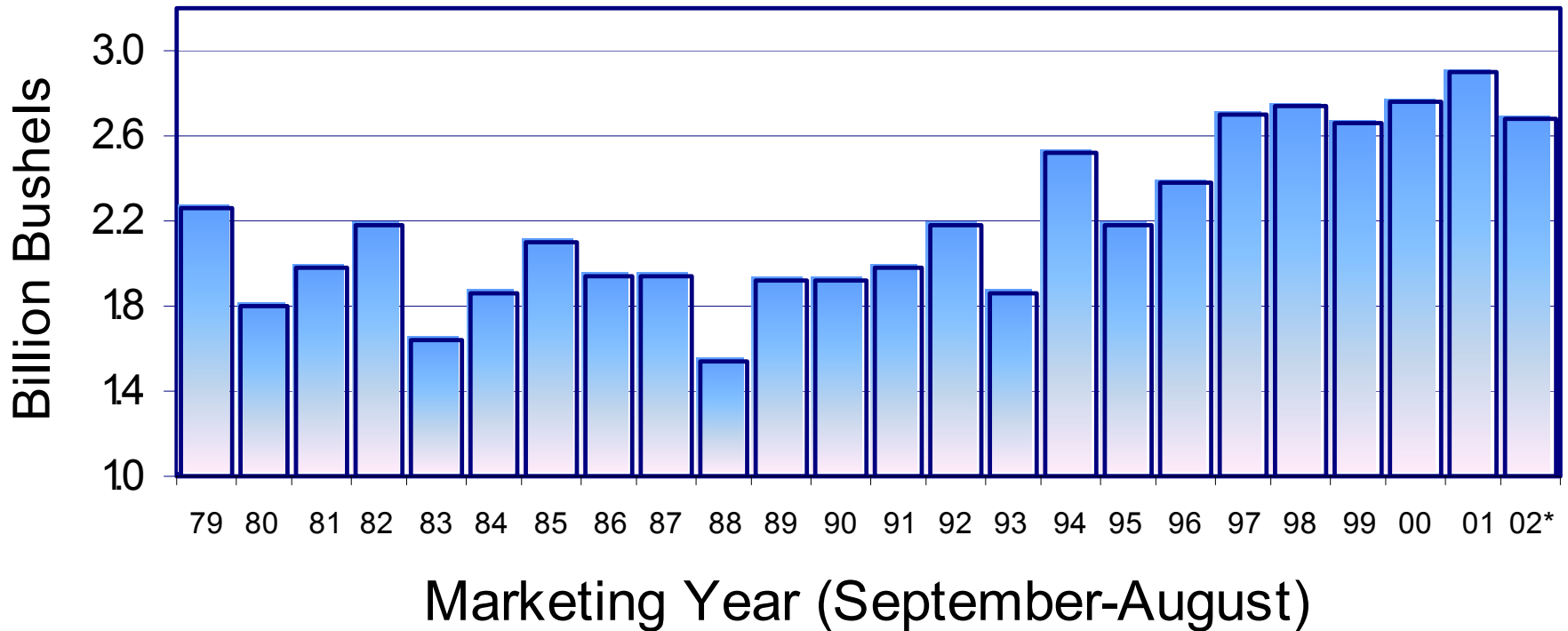
# Ending Stocks of Corn



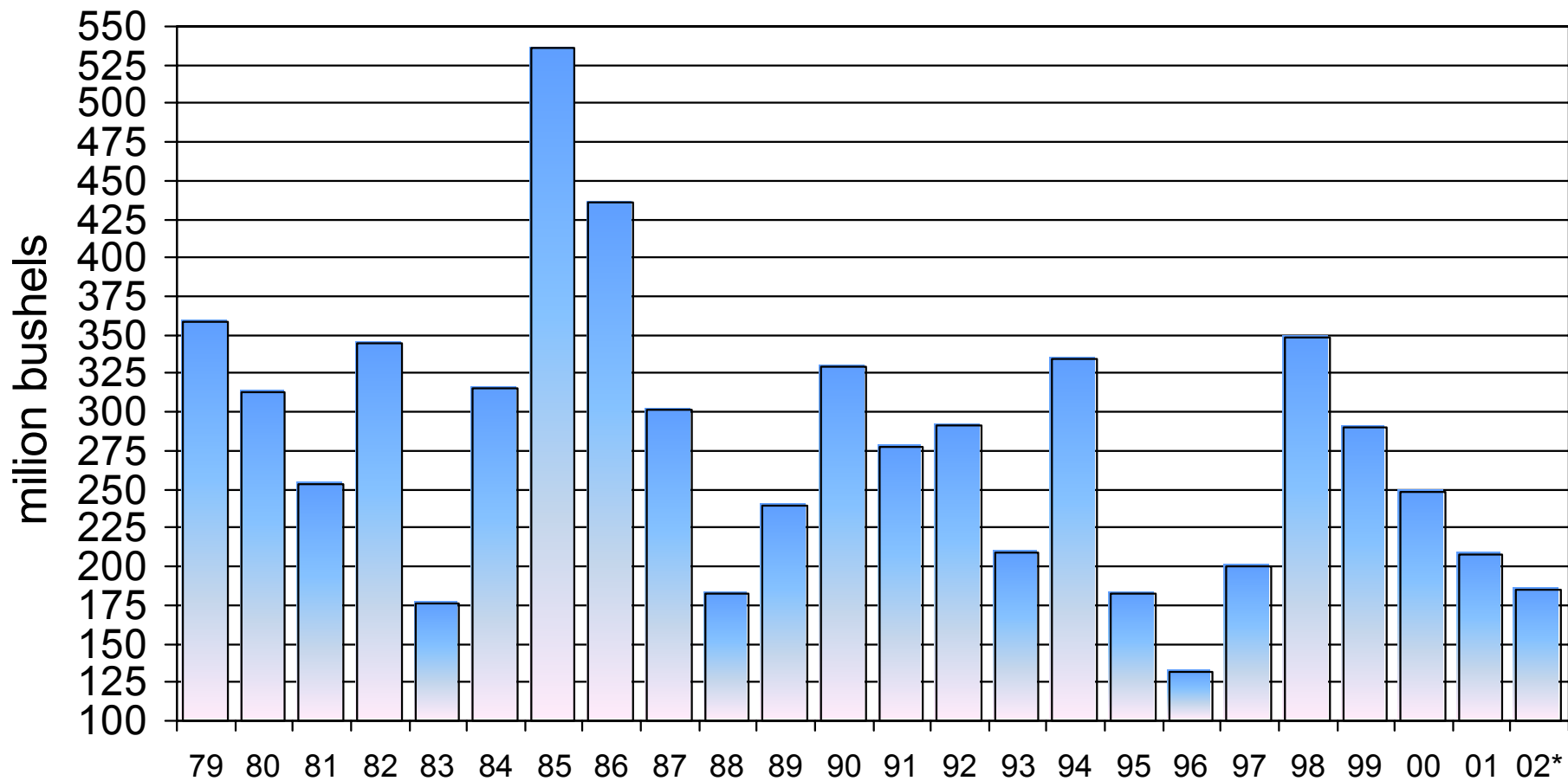
# Average Farm Price of Corn



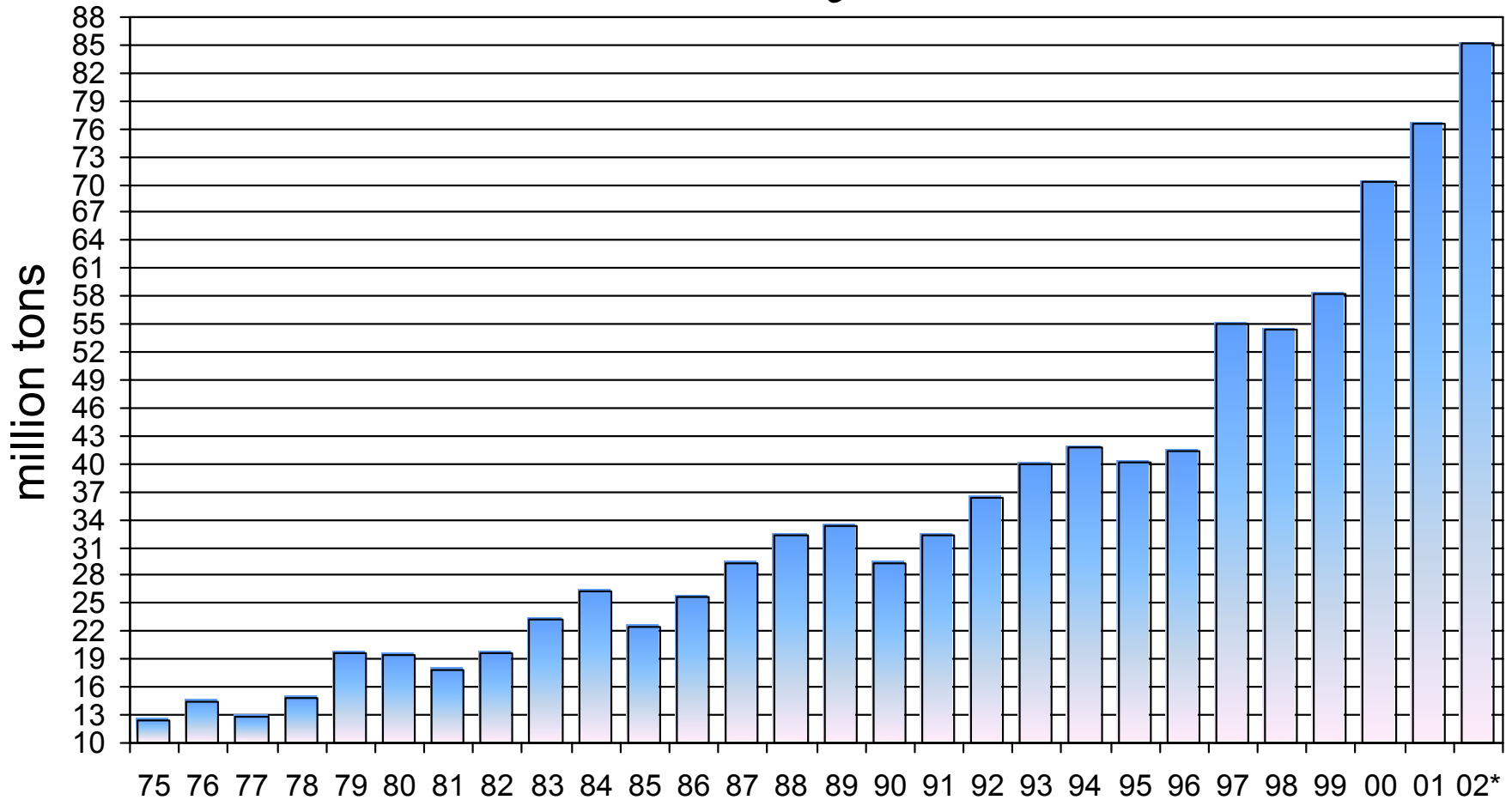
# US Soybean Production



# Ending Stocks of Soybeans

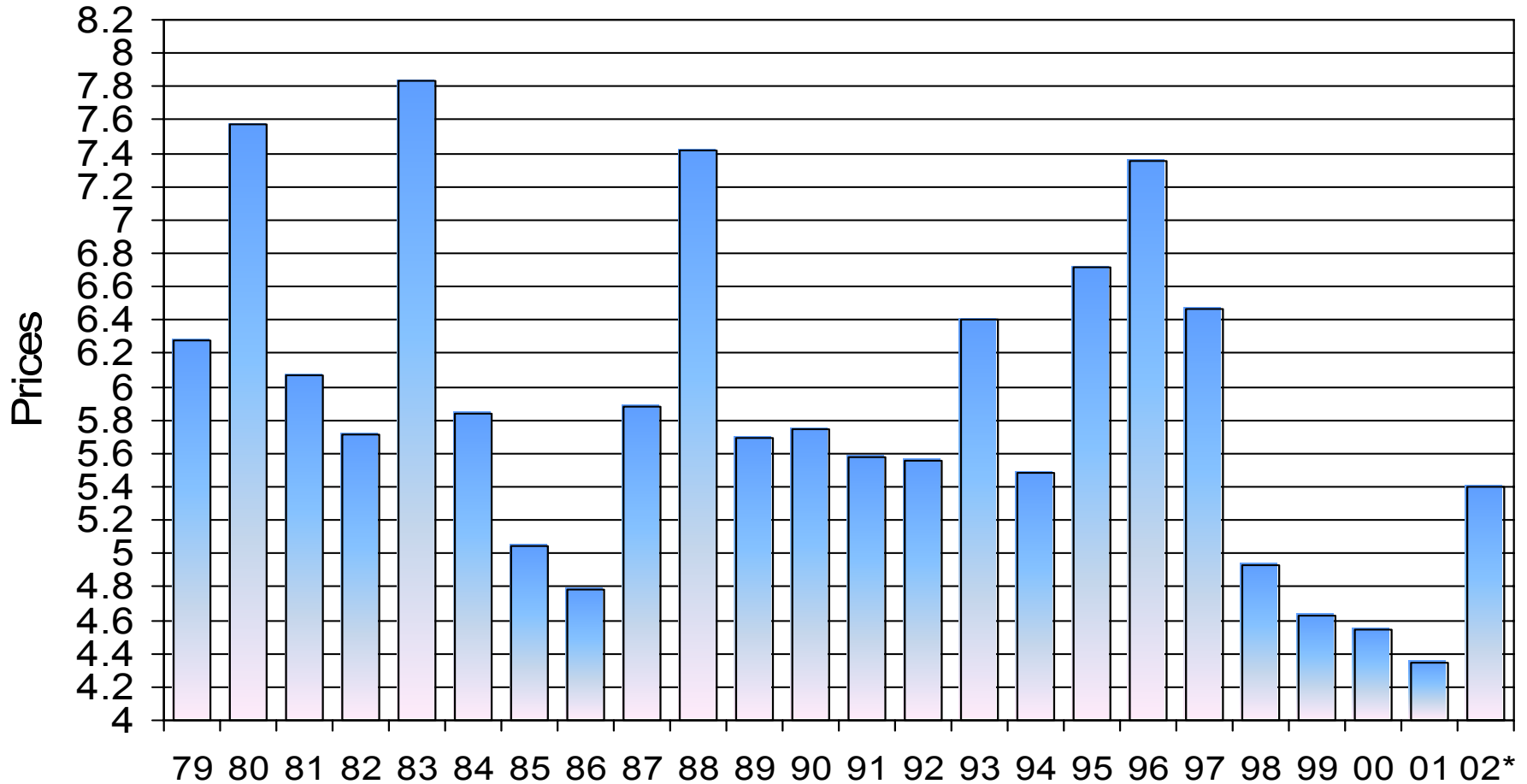


# South American Soybean Production

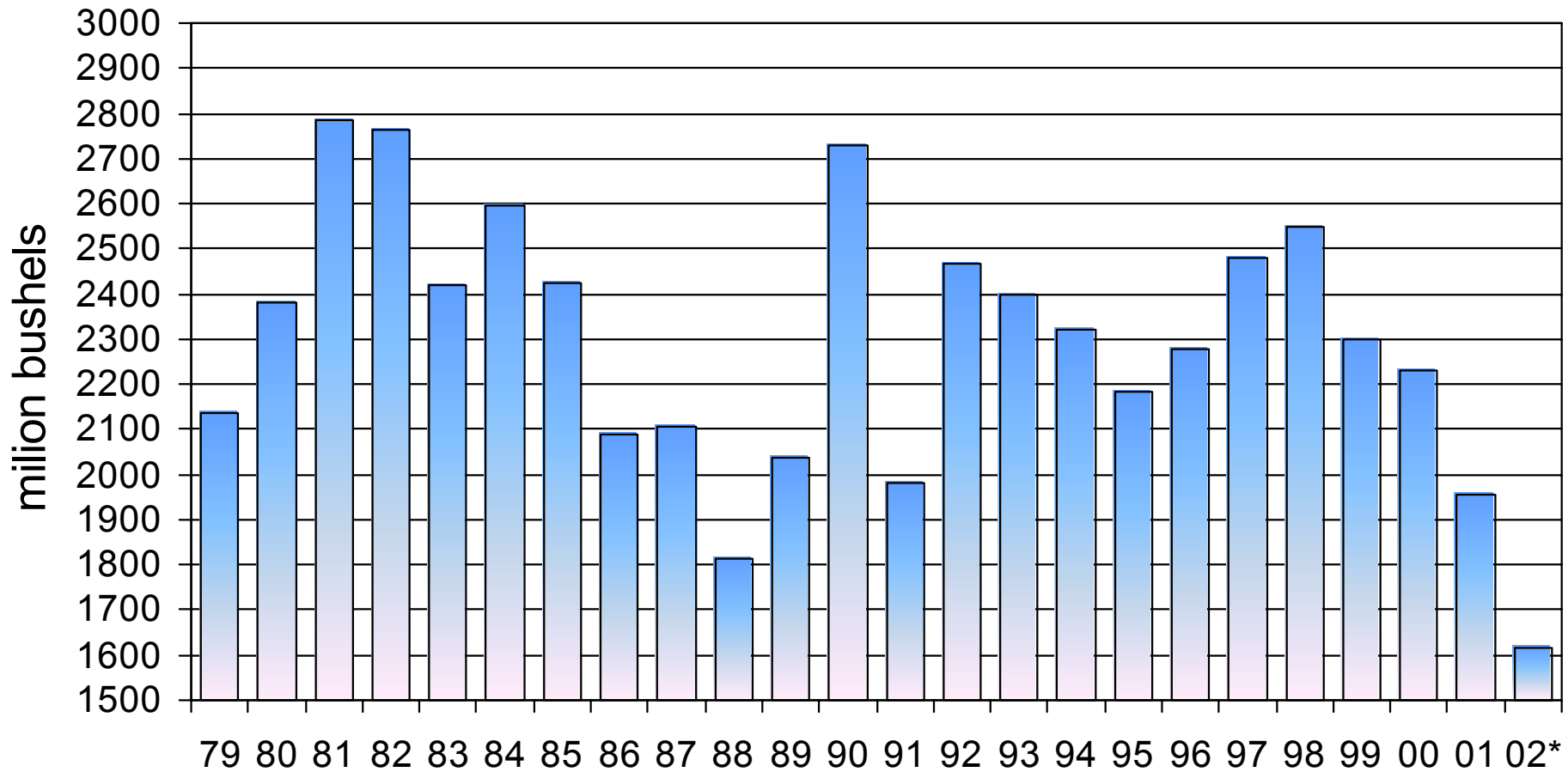




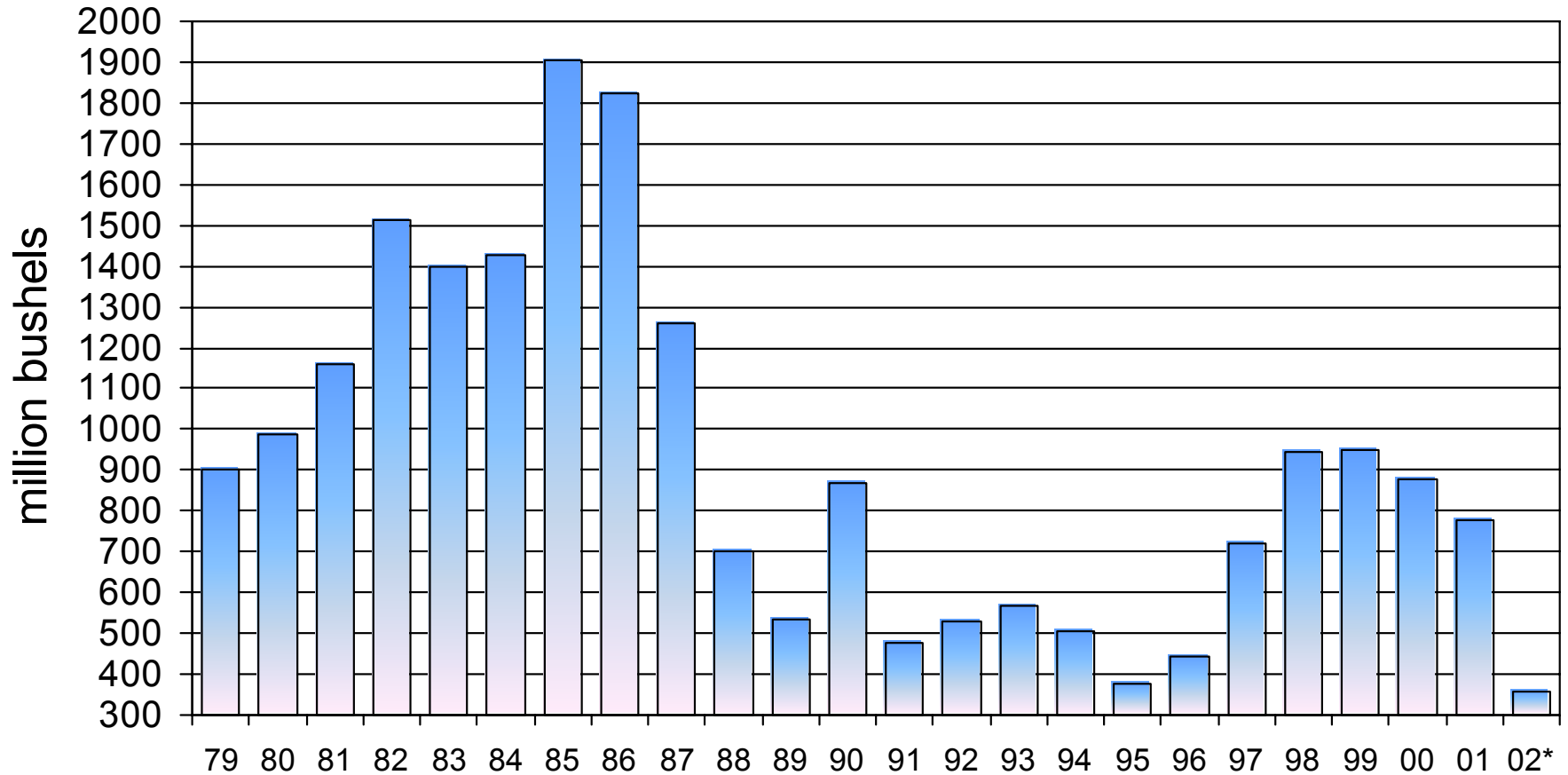
# Average Farm Price of Soybeans



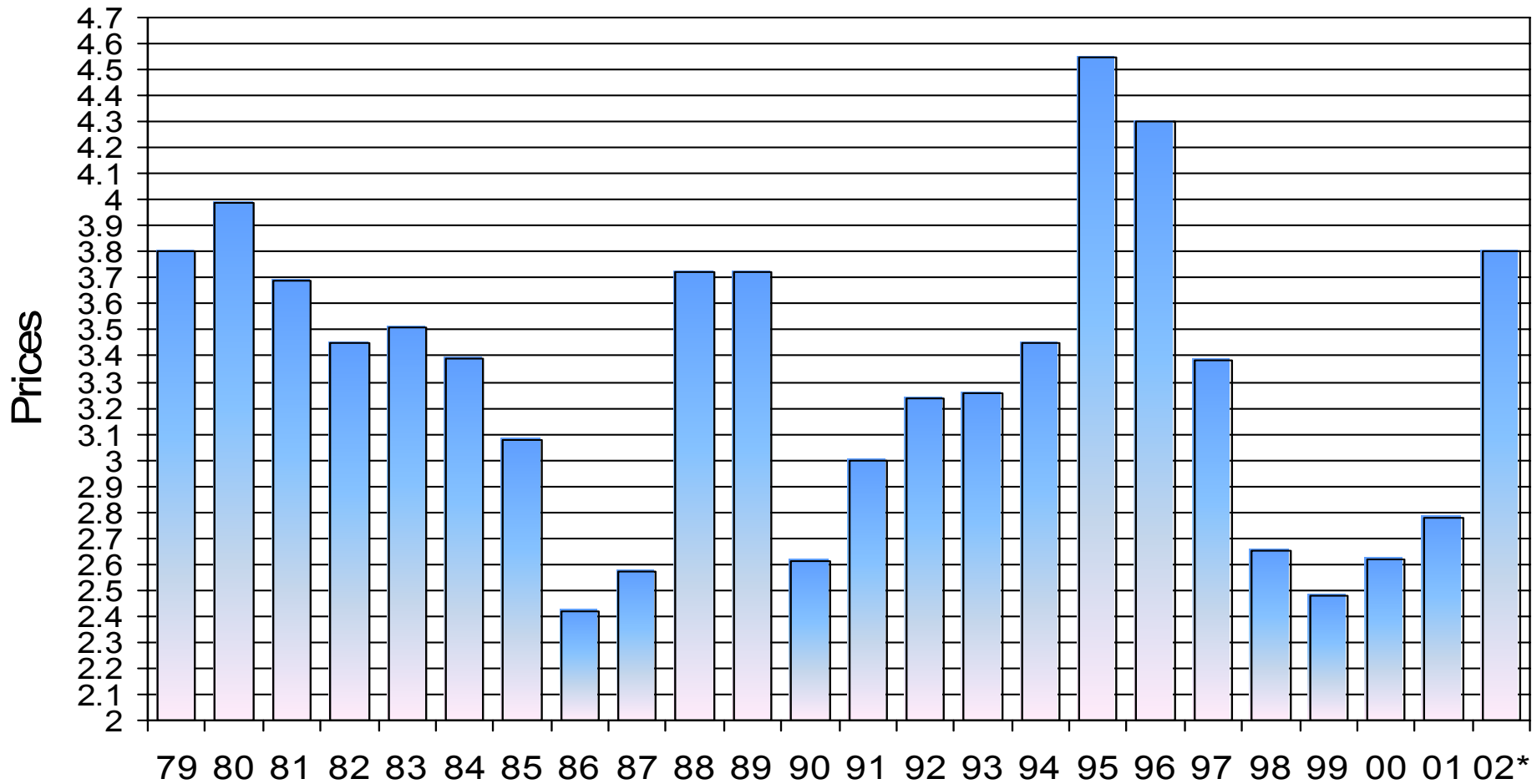
# US Wheat Production



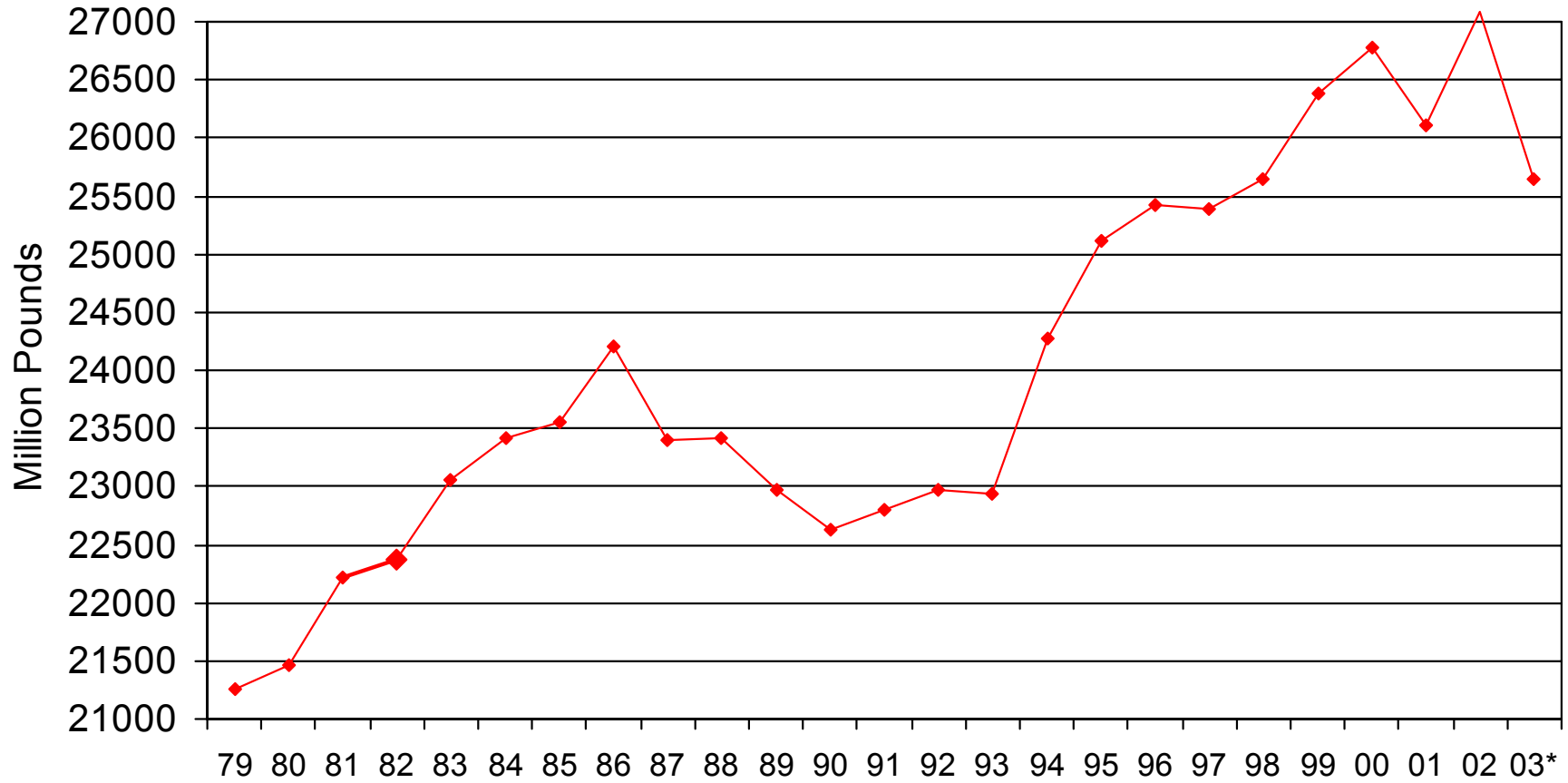
# Ending Stocks of Wheat



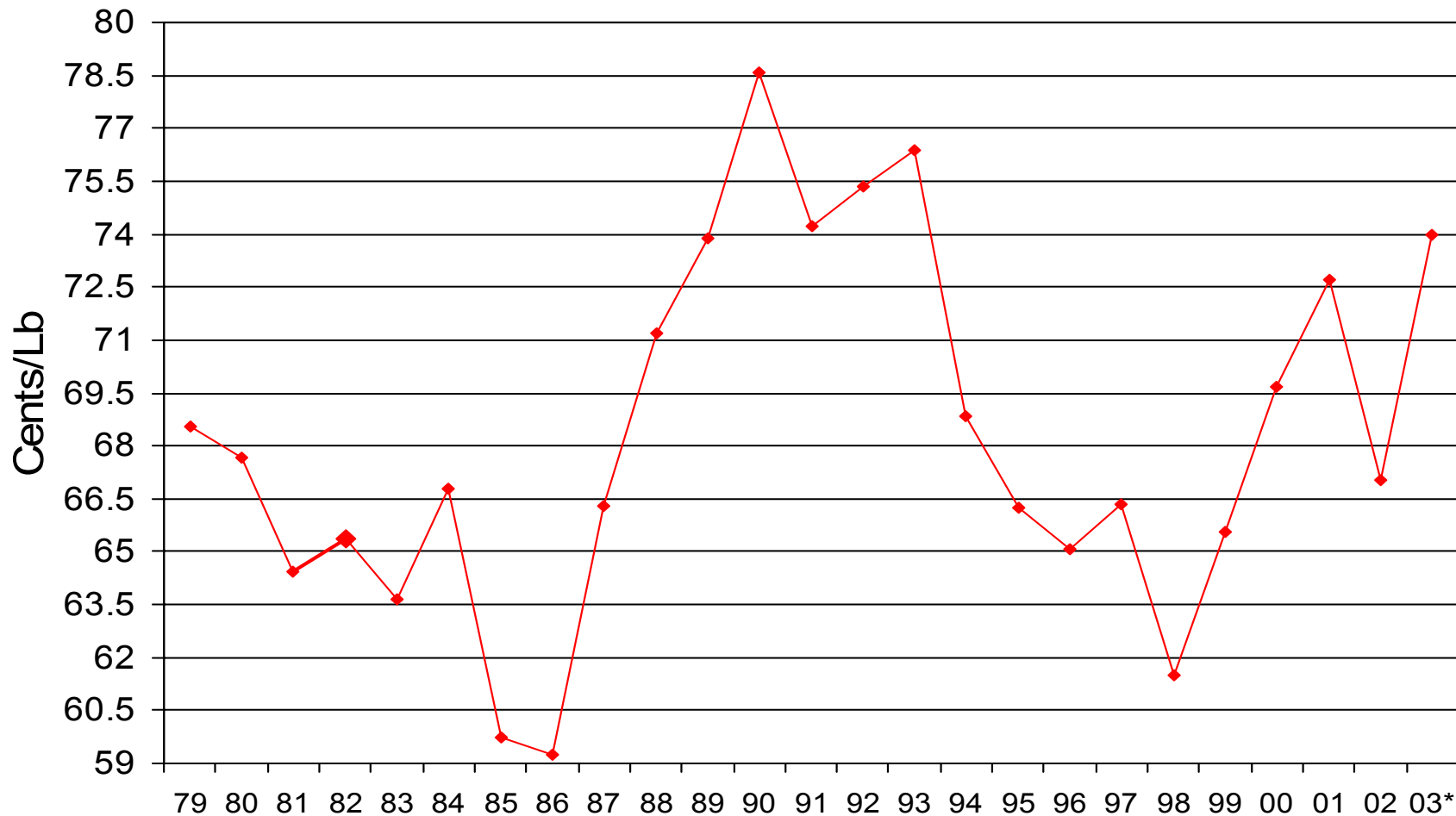
# Average Farm Price of Wheat



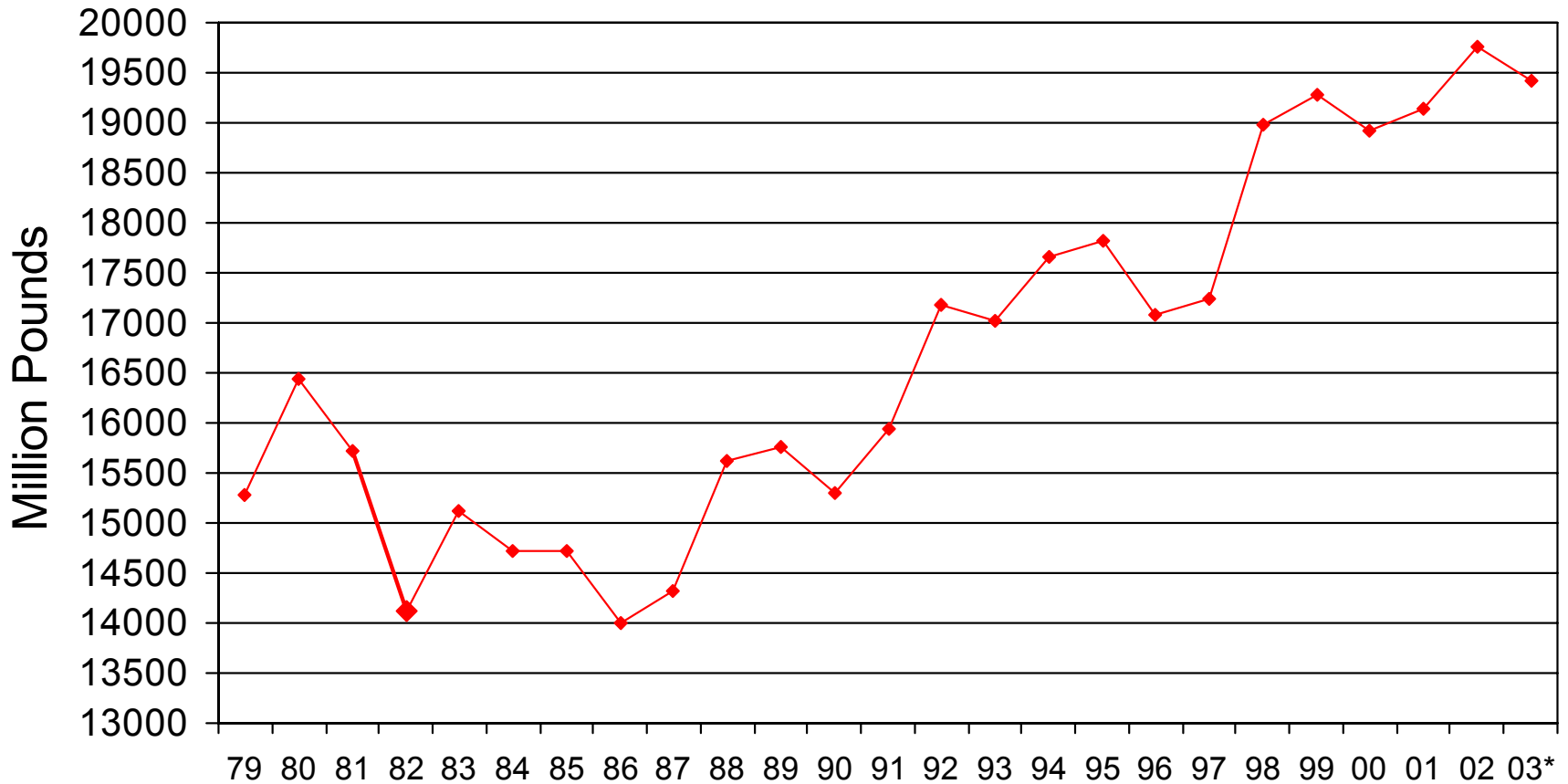
# US Commercial Beef Production



# Slaughter Steer Price



# US Commercial Pork Production



# Hog Prices (Barrows and Gilts, U.S.)

