

Crop Values Fall on Lower Corn, Soybean Prices

DAVID PITT, Associated Press

DES MOINES, Iowa (AP) — The value of U.S. crops fell 9.8 percent last year as prices declined for major crops, including corn and soybeans, from 2012's record high levels, the U.S. Department of Agriculture said in its annual estimate.

The value of field crops fell 9.8 percent to \$166.95 billion in 2013, down from \$185.12 billion in 2012, the USDA said in Friday's report. The value is determined by multiplying the average price for a crop from Sept. 1 to Aug. 31 by the total production.

Corn and soybean harvests declined during the drought of 2012, driving prices to record highs and increasing the value of field crops. But in 2013, an abundance of grain — owing to the record 13.9 billion bushels of corn and third-largest soybean crop — sent prices downward.

For example, the average price of corn in 2012 was \$6.89 a bushel, driving the crop's value to \$74.3 billion. Last year's average corn price was \$4.50, resulting in the value falling to \$62.7 billion. Soybeans didn't fare much better, dropping from \$14.40 a bushel in 2012 to \$12.70 in 2013 — reducing the crop's value 4 percent to \$41.81 billion.

While corn prices are expected to remain lower, there is some debate about whether prices will be as low as some are predicting.

Darrel Good, an agriculture economist at the University of Illinois at Urbana-Champaign, wrote in a paper released Monday that estimates of corn in the mid-\$3 range for the next several years may be too low.

"Some people are making an argument for some very low corn prices and they may be too bearish about where we're going on prices," he said. Corn closed Friday at \$4.45 per bushel.

The USDA is expected to release updated price estimates this week at its Agricultural Outlook Forum in Arlington, Va.

Lower prices tend to stabilize meat prices because corn and soybeans are staple livestock feed ingredients. Otherwise, the impact on food prices is minimal because the commodities make up a small portion of the retail price.

The crop values report also had state-by-state breakdowns of crop values and ranked the nation's top five states: Illinois' total value was \$16.18 billion; Iowa at \$15.86 billion; Nebraska's \$11.93 billion; Minnesota at \$11.74 billion and Indiana at \$8.33 billion.

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Published on Food Manufacturing (<http://www.foodmanufacturing.com>)

The report indicated the value of Iowa's crops fell 19 percent to \$15.9 billion last year. Iowa remained the nation's top corn producer even though the value slipped to \$9.94 billion in 2013.

Illinois came in a close second with a corn crop valued at \$9.45 billion last year, but took the top spot for soybean production with \$5.95 billion.

The value of Nebraska crops last year fell 11 percent from the year before to \$11.93 billion.

Source URL (retrieved on 01/28/2015 - 7:39pm):

<http://www.foodmanufacturing.com/news/2014/02/crop-values-fall-lower-corn-soybean-prices>