

Commodity Outlook

Stephen R. Koontz
 Professor & extension economist
 Department of Agricultural & Resource Economics
 Colorado State University

 Stephen.Koontz@ColoState.Edu
<https://webdoc.agsci.colostate.edu/koontz>
 Extension Professions Meeting
 December 2022

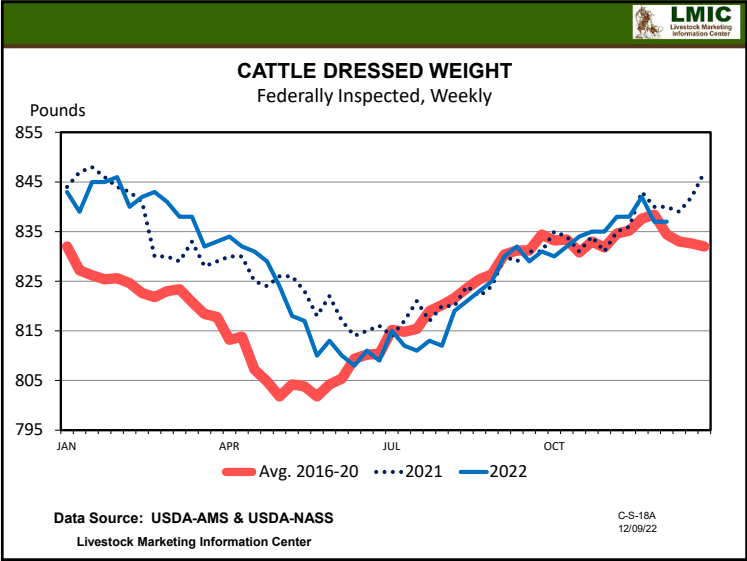
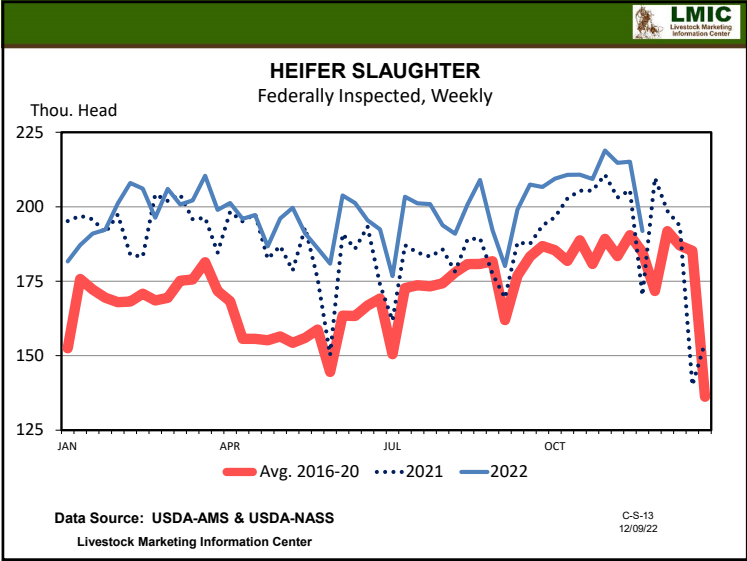
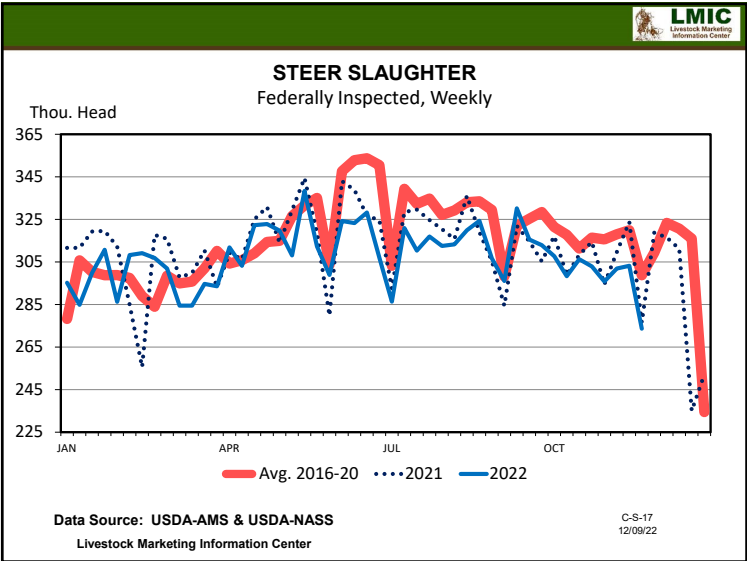
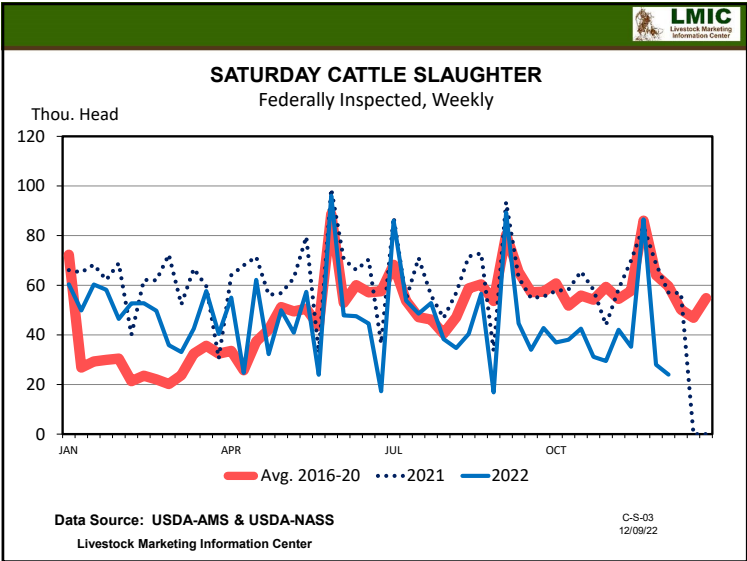
12/13/22	Corn	Wheat	KCW	Soybeans	Fed	Feeder	Hogs	Milk
DEC22	\$6.4375	\$7.2875	\$8.8300		\$154.900		\$82.400	\$20.50
JAN23				\$14.7975		\$184.225		\$19.25
FEB					\$156.350		\$84.575	\$19.21
MAR	\$6.5350	\$7.5075	\$8.6525	\$14.8450		\$185.725		\$19.45
APR					\$160.050	\$189.075	\$91.350	\$19.62
MAY	\$6.5350	\$7.6100	\$8.5750	\$14.8875		\$192.350	\$97.350	\$19.85
JUN					\$156.275		\$105.550	\$19.98
JUL	\$6.4825	\$7.6575	\$8.4925	\$14.9175		\$184.225	\$106.275	\$20.15
AUG				\$14.6950	\$156.475	\$201.625	\$105.700	\$20.25
SEP	\$6.0925	\$7.7225	\$8.5000	\$14.1700		\$203.500		\$20.39
OCT					\$160.225	\$205.000	\$91.550	\$20.50
NOV				\$13.9175		\$206.200		\$20.45
DEC	\$5.9600	\$7.8375	\$8.5350		\$163.500		\$83.975	\$20.20
JUL24	\$6.0525	\$7.7025	\$8.0400	\$13.8975				
NOV				\$13.3000				
DEC	\$5.6025	\$7.6875	\$7.9325					
JUL25	\$5.6525	\$7.2650	\$7.2425	\$13.2650				
NOV				\$12.7025				
DEC	\$5.2275							

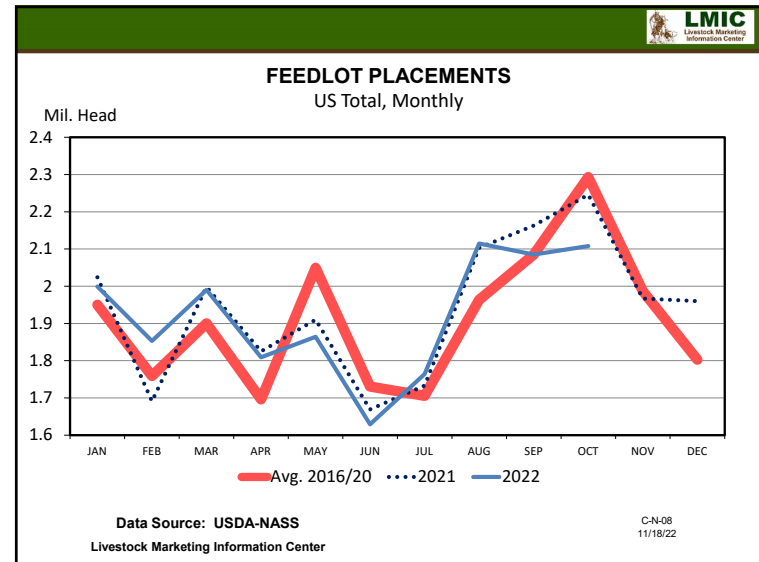
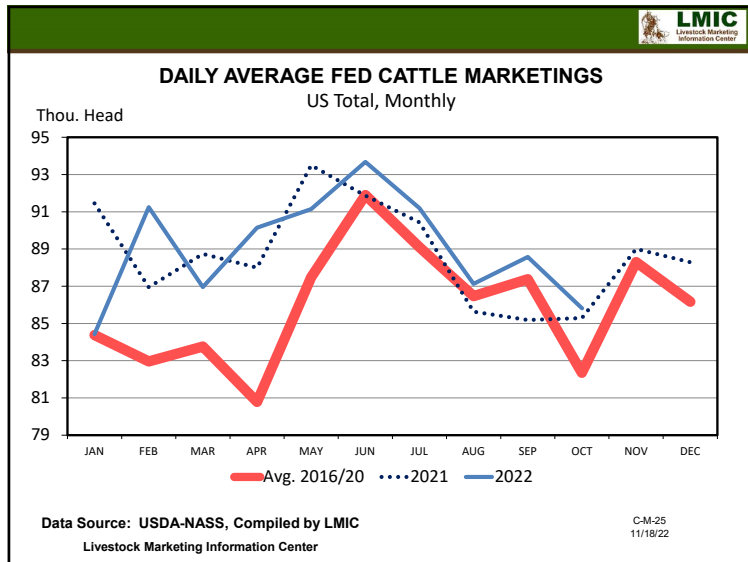
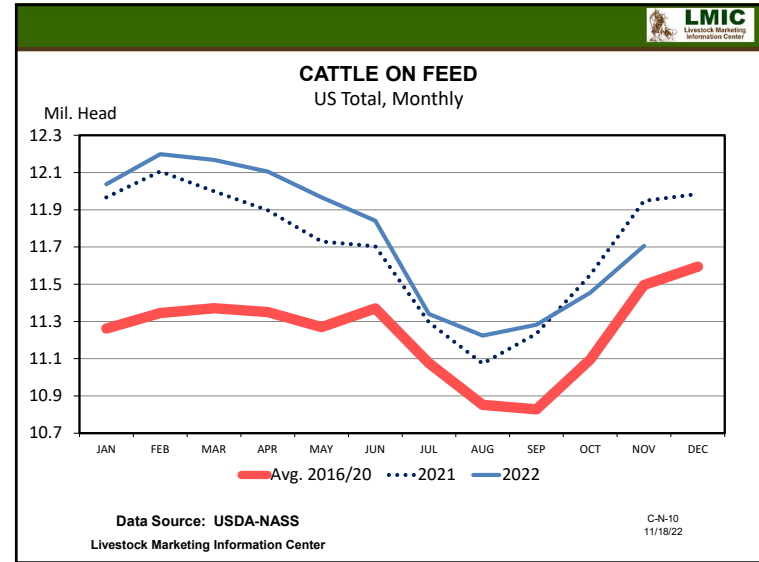
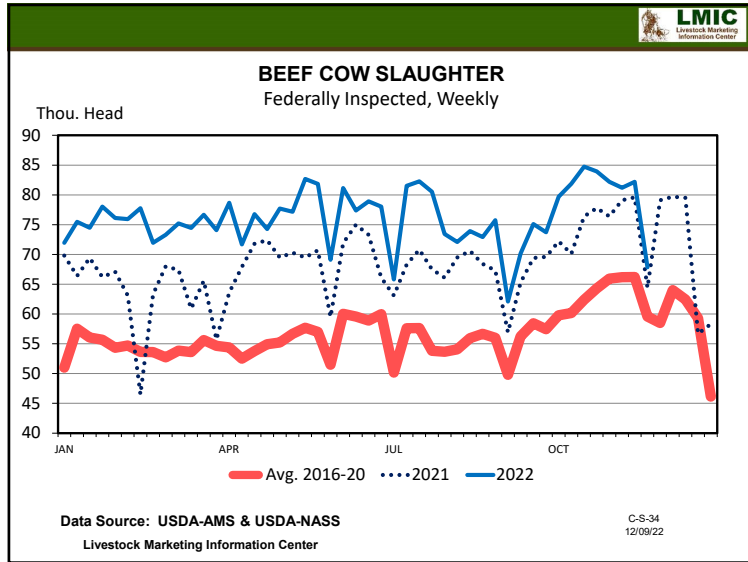
Quarterly Cattle Price Forecasts

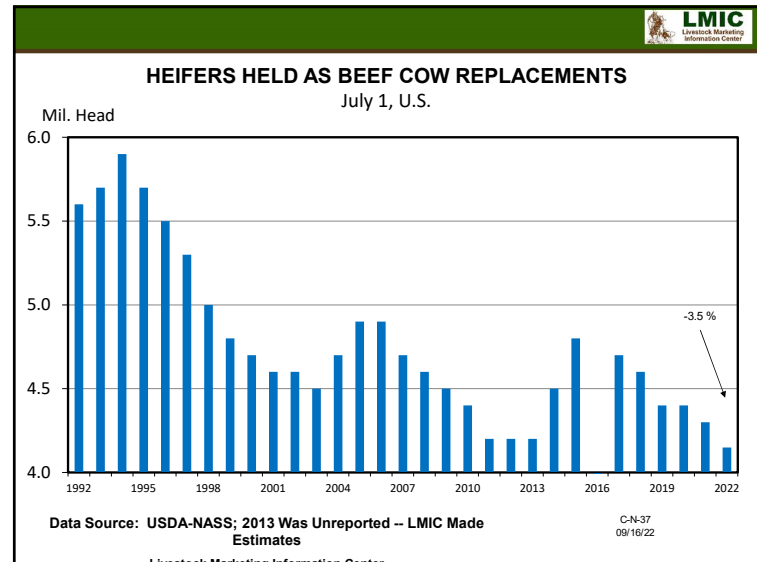
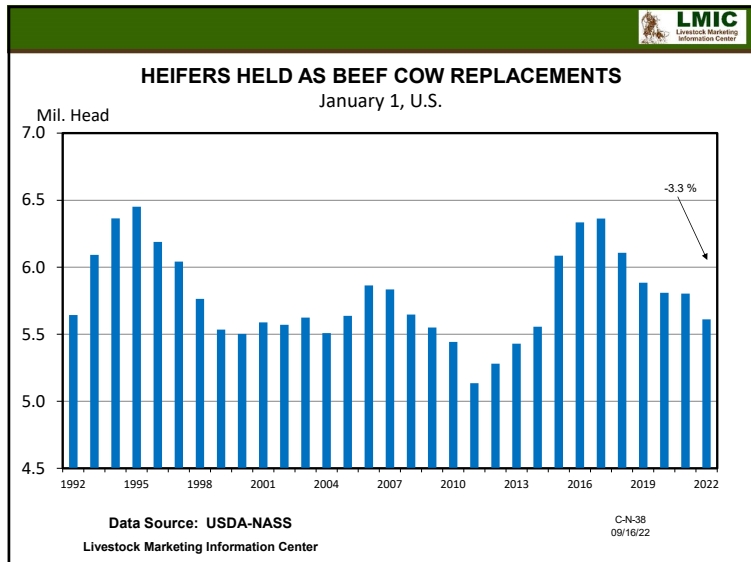
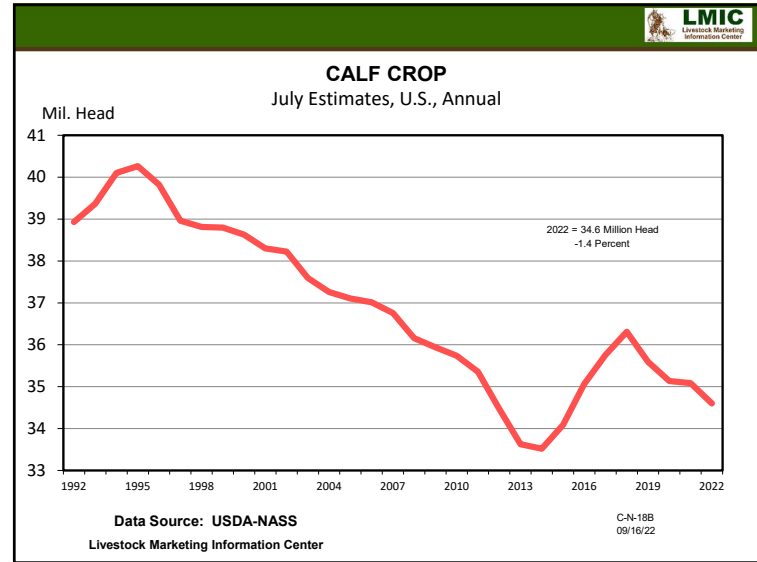
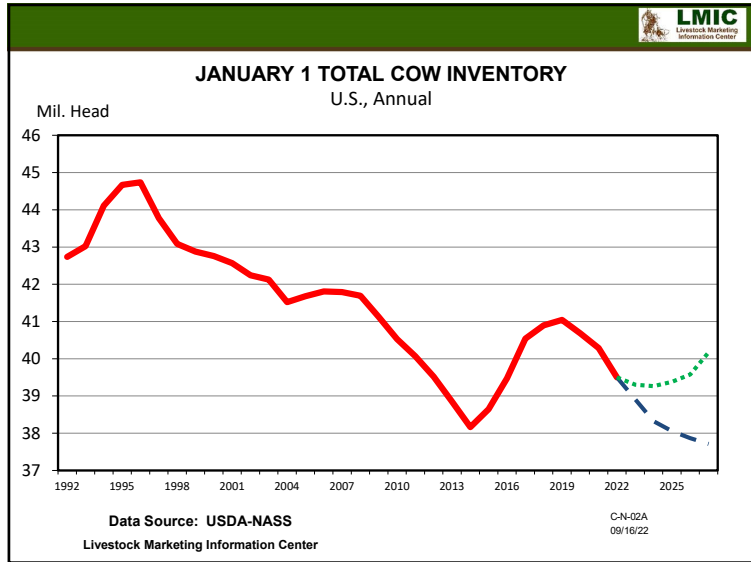
Date	Fed Cattle	7-800# Feeder	5-600# Calf
2022: IV	\$150-151	\$177-180	\$186-188
2023: I	\$147-152	\$176-181	\$191-196
2023: II	\$152-157	\$177-182	\$198-203
2023: III	\$148-158	\$178-188	\$205-215
2023: IV	\$150-160	\$181-191	\$220-230
2024: I	\$160-175	\$182-197	\$225-240
2024: II	\$165-180	\$184-198	\$220-235
2024: III	\$163-178	\$190-205	\$230-245
2024: IV	\$167-175	\$187-202	\$235-250

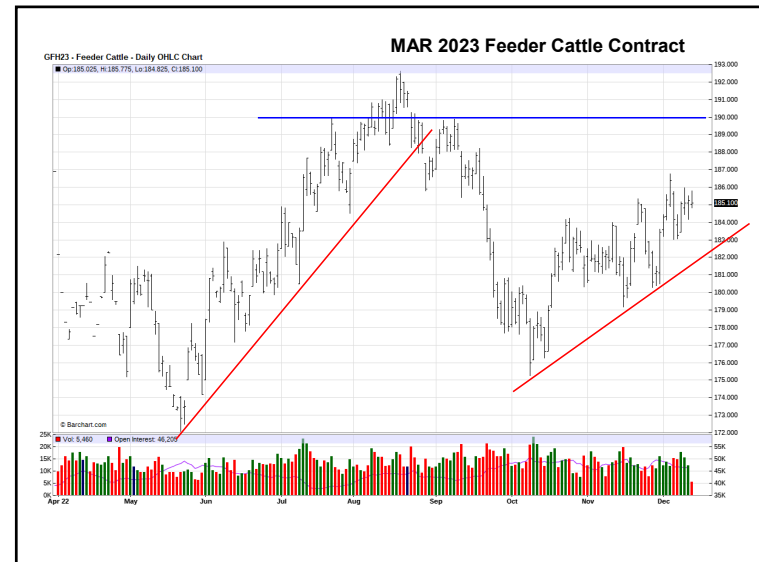
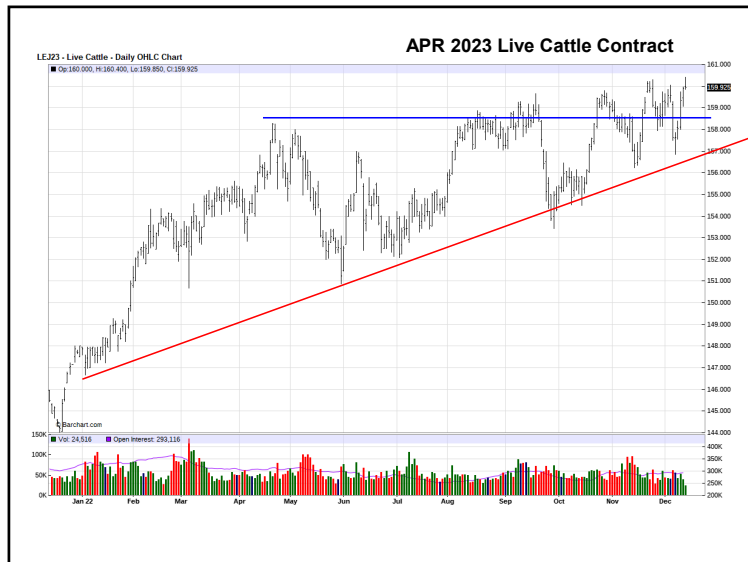
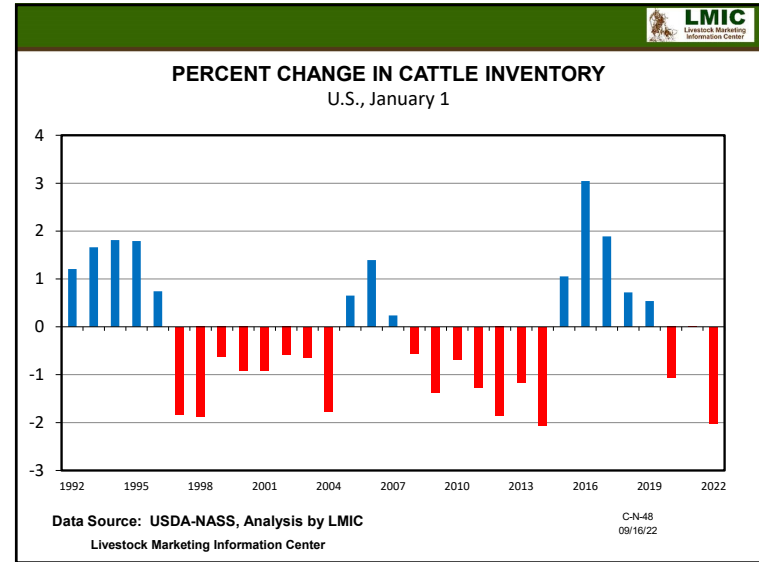
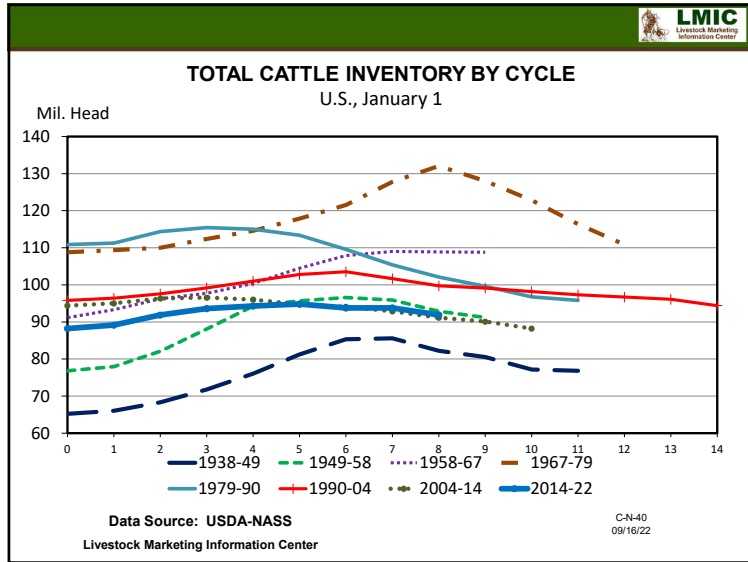
Meat Quantity Forecasts

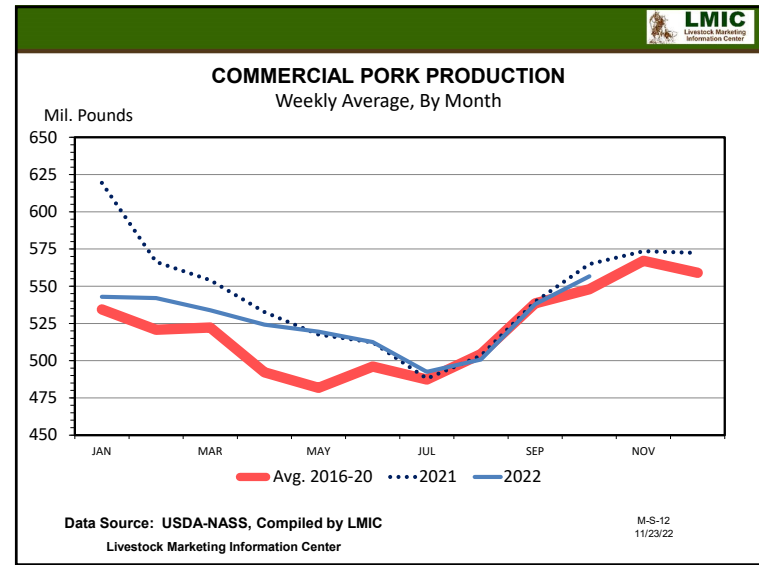
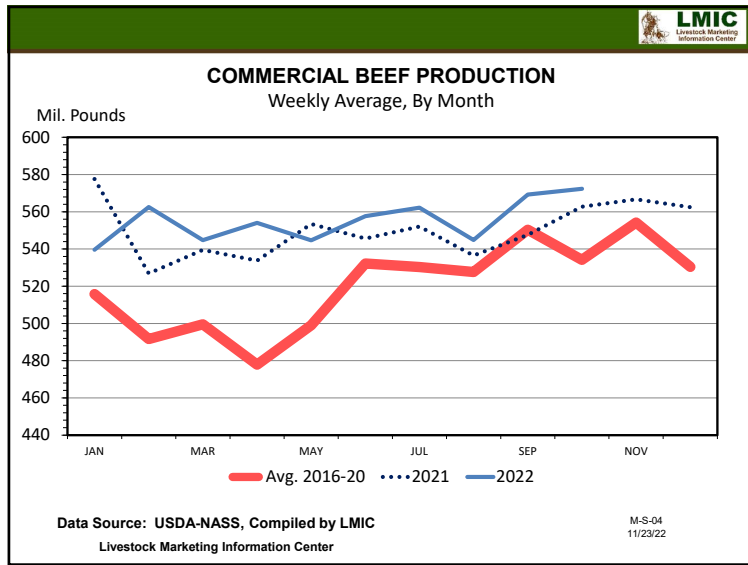
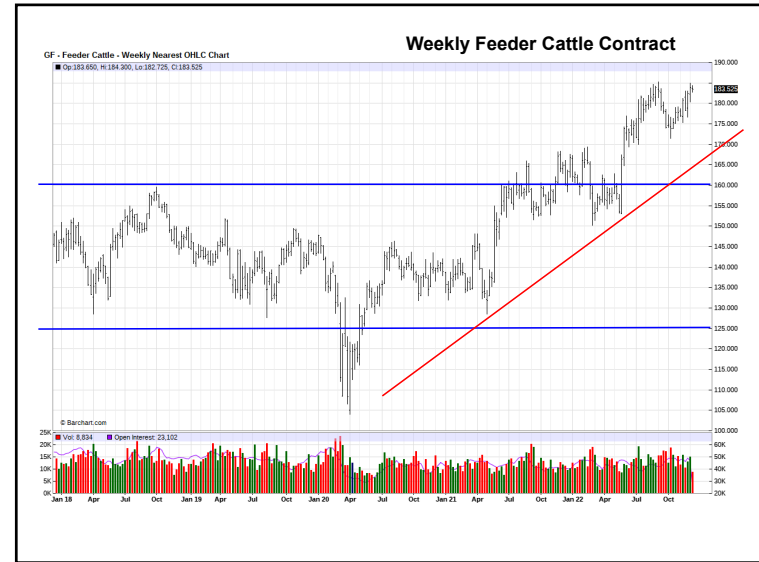
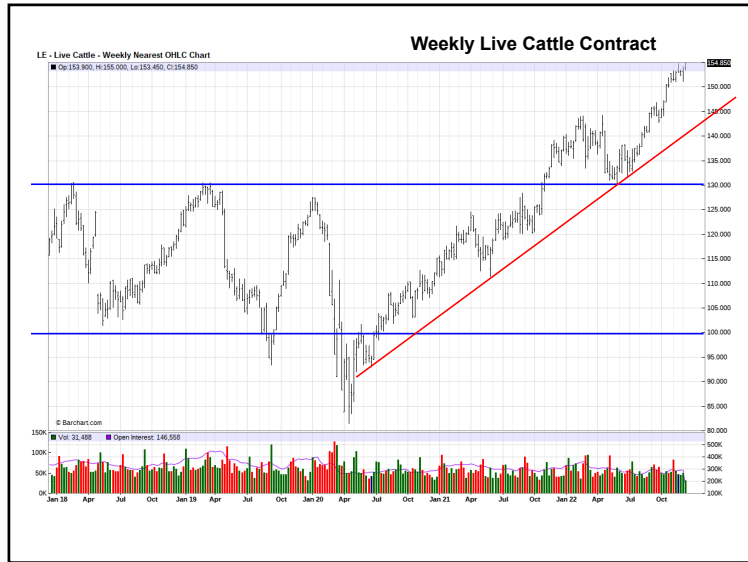
Date	Beef Sghtr	Beef Wght	Beef Prdctn	Beef Cnsmpr	Pork Sghtr	Pork Wght	Pork Prdctn	Pork Cnsmpr
2022: IV	-3.2%	-0.0%	-3.3%	-3.0%	-1.6%	+0.2%	-1.4%	-4.9%
2023: I	-6.2%	+0.2%	-6.1%	-5.0%	-1.3%	+0.4%	-0.9%	-0.4%
2023: II	-4.4%	+0.3%	-4.1%	-1.6%	-1.4%	+0.3%	-0.9%	-1.0%
2023: III	-6.1%	+0.6%	-5.6%	-3.4%	-0.5%	+0.3%	-0.3%	-1.8%
2023: IV	-4.3%	+0.5%	-3.8%	-1.6%	+0.2%	+0.5%	+0.7%	+0.8%
2024: I	-9.0%	+0.6%	-8.5%	-4.9%	+0.6%	+0.4%	+1.1%	-0.1%
2024: II	-8.9%	+0.7%	-8.2%	-5.3%	+0.8%	+0.5%	+1.3%	+0.3%
2024: III	-5.6%	+1.1%	-4.6%	-0.9%	+1.0%	+0.2%	+1.2%	+0.4%
2024: IV	-6.4%	+1.1%	-5.3%	-3.0%	+1.1%	+0.6%	+1.7%	+1.0%

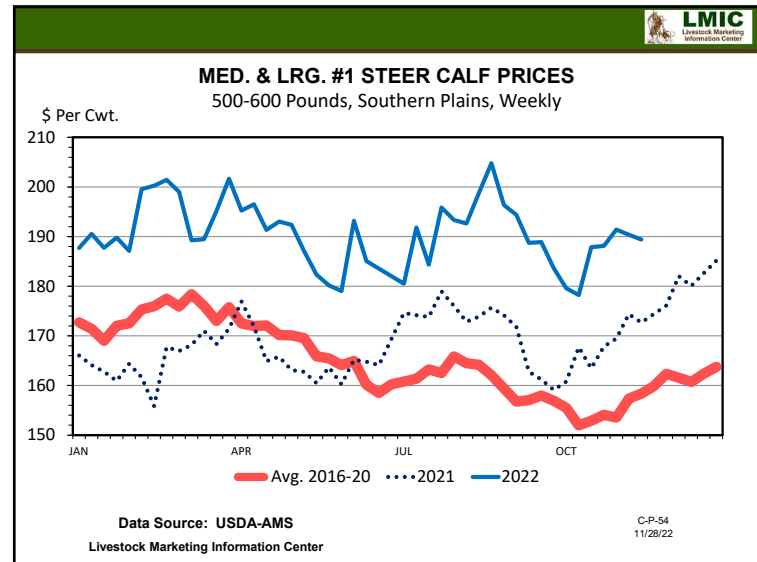
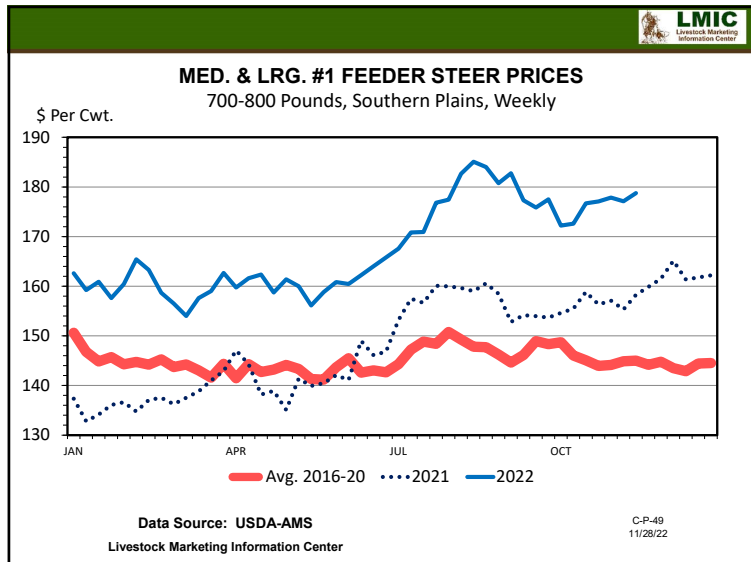
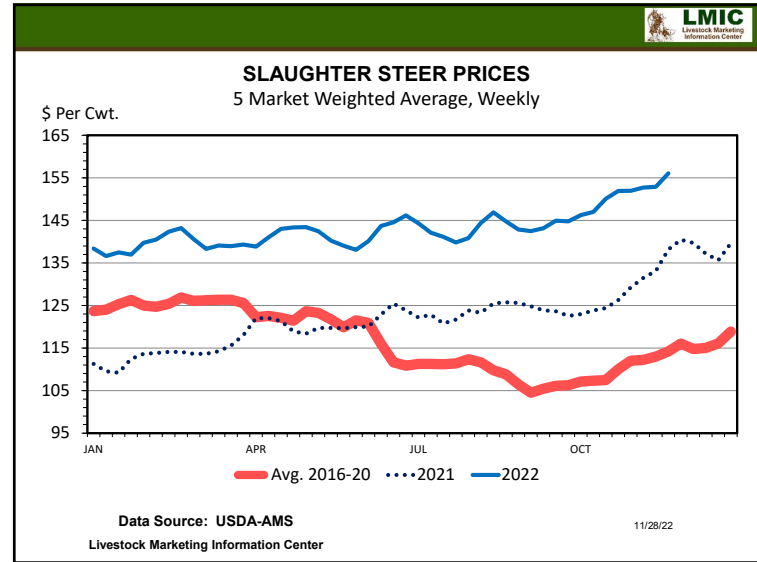
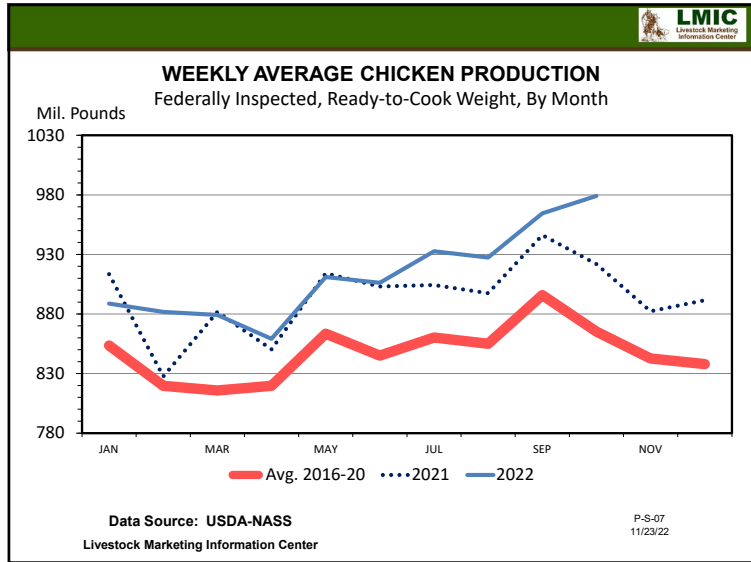


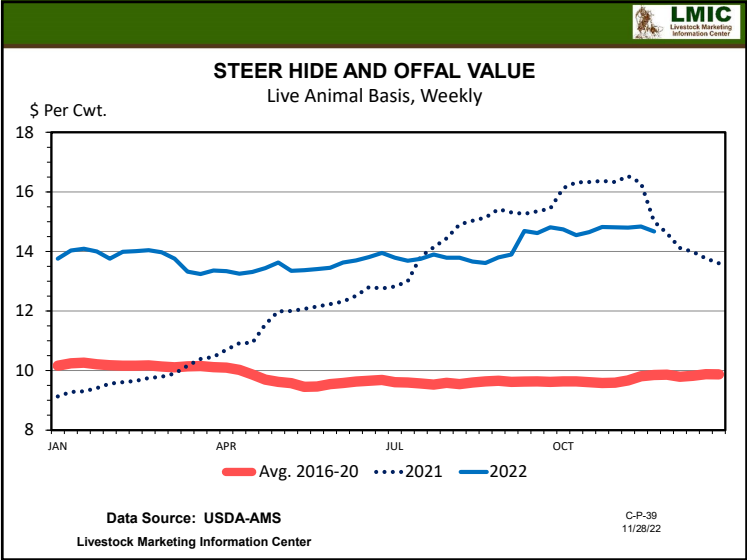
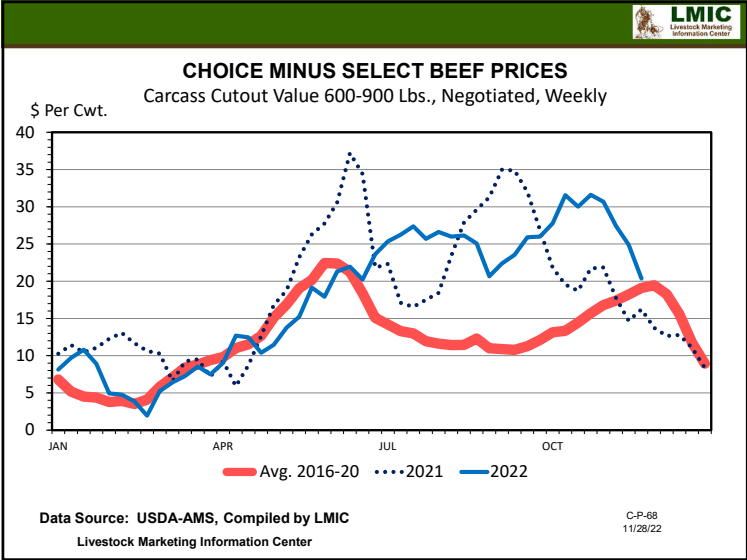
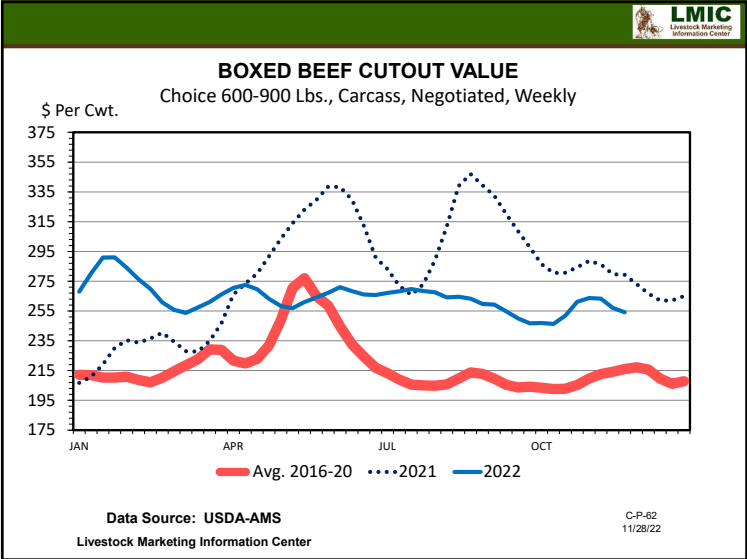
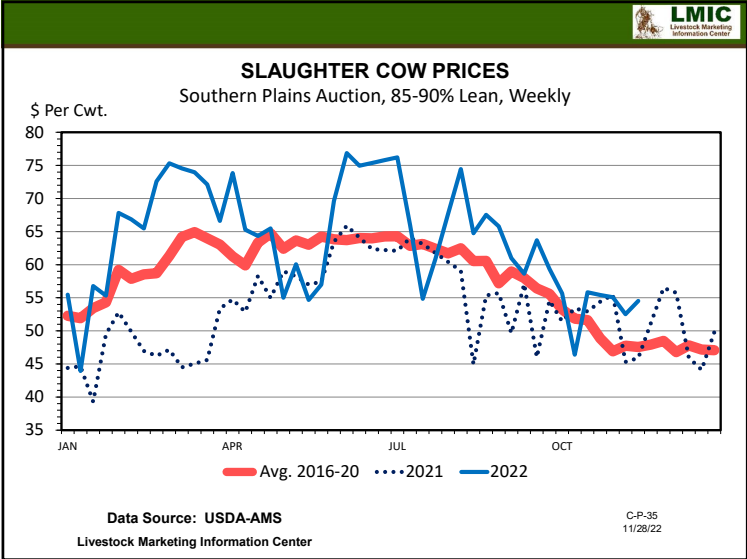


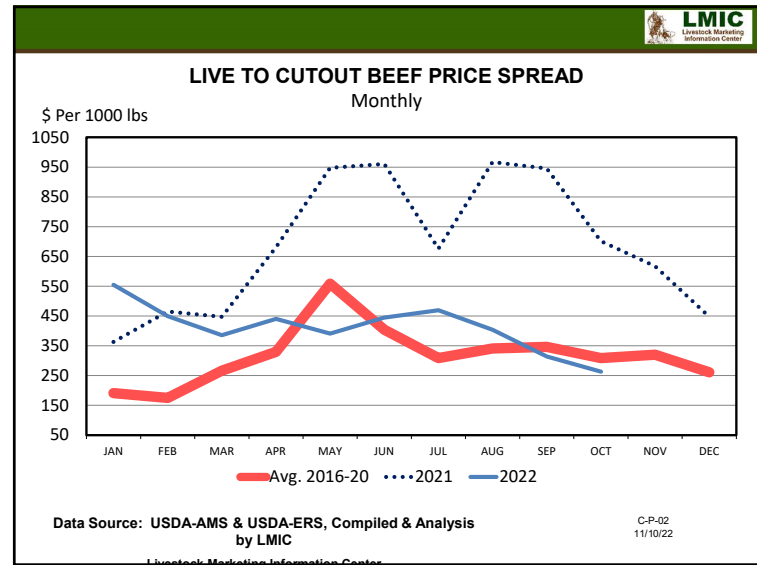
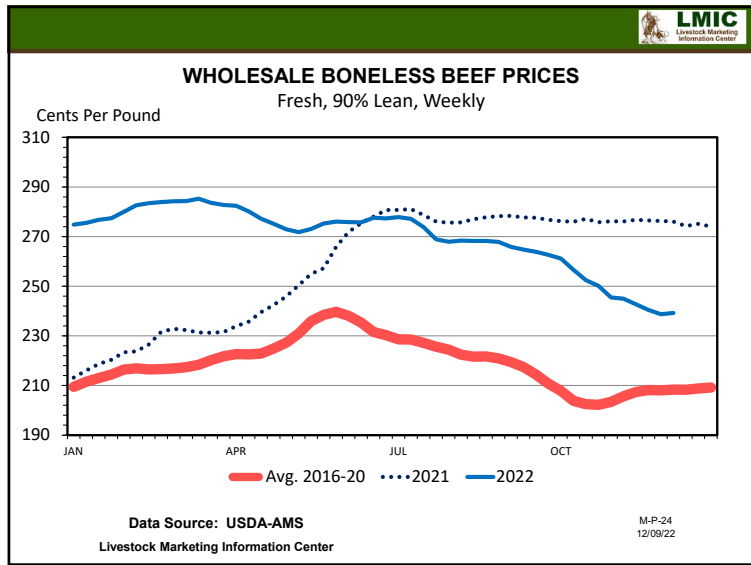
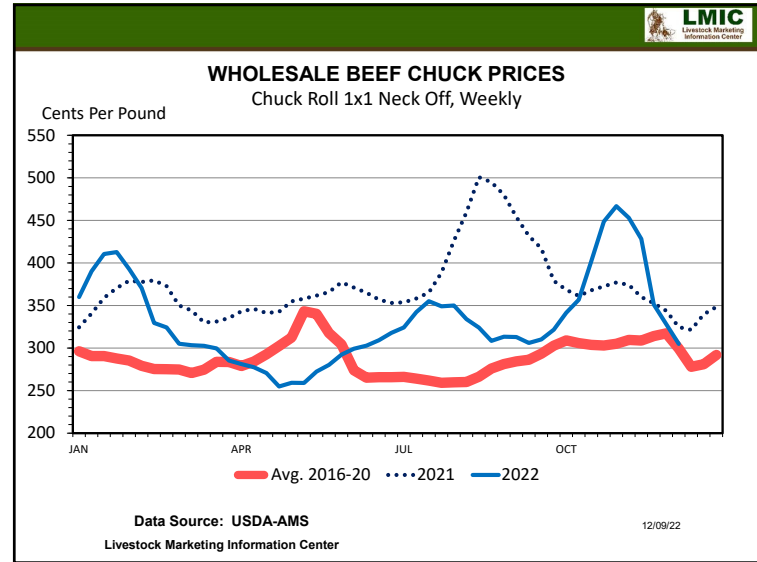
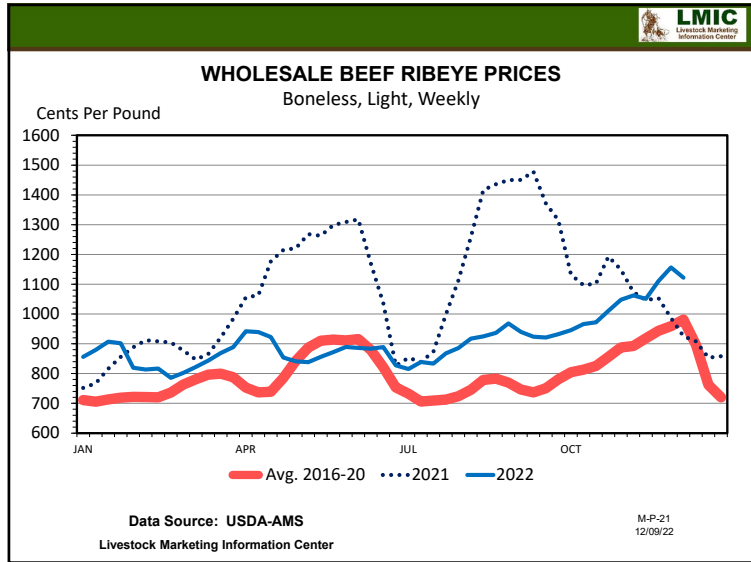


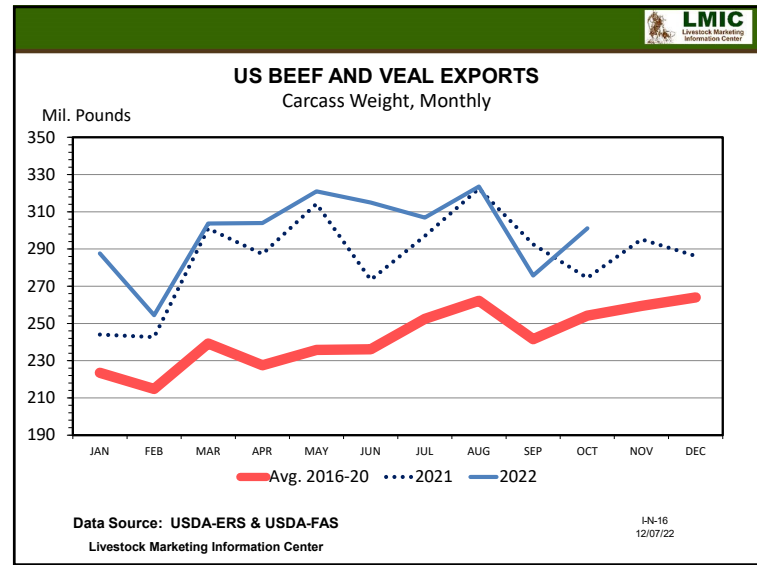
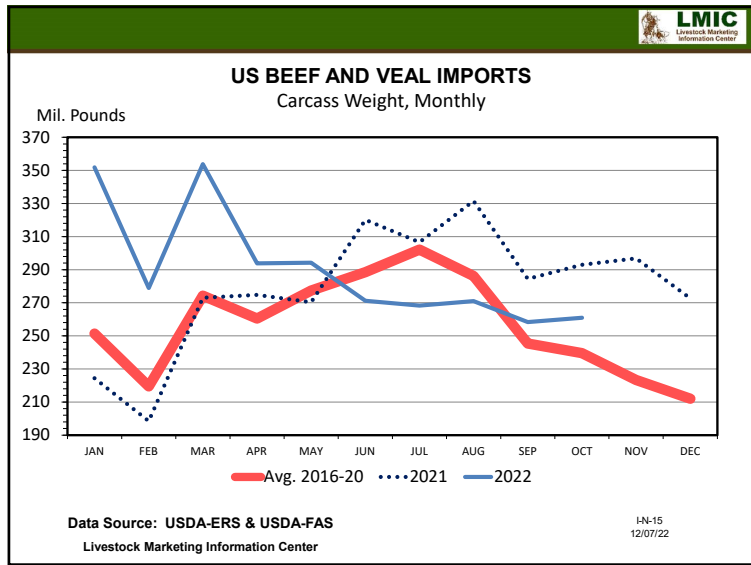
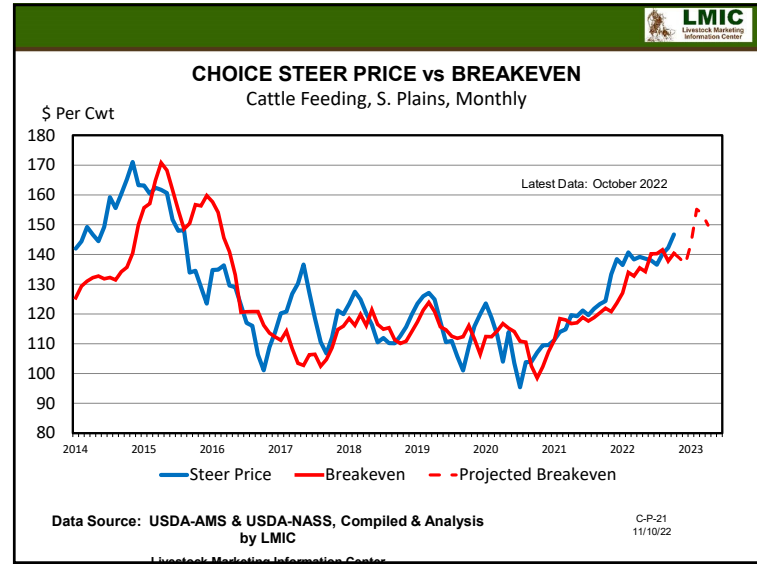
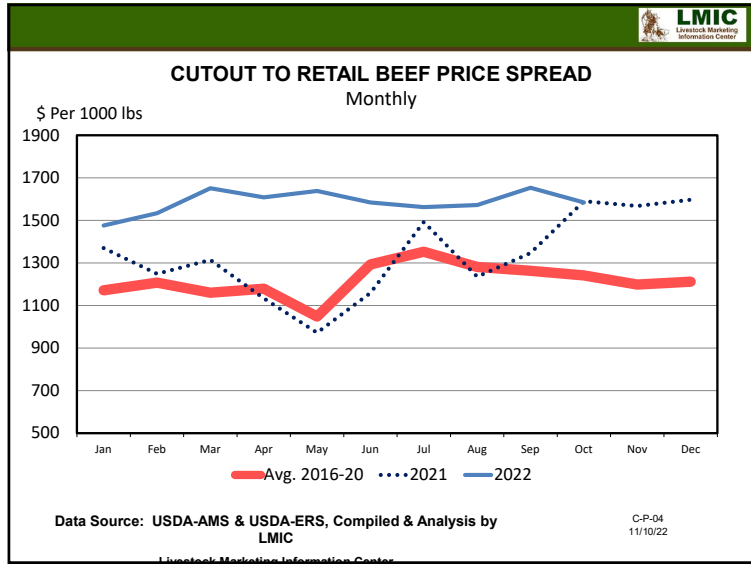


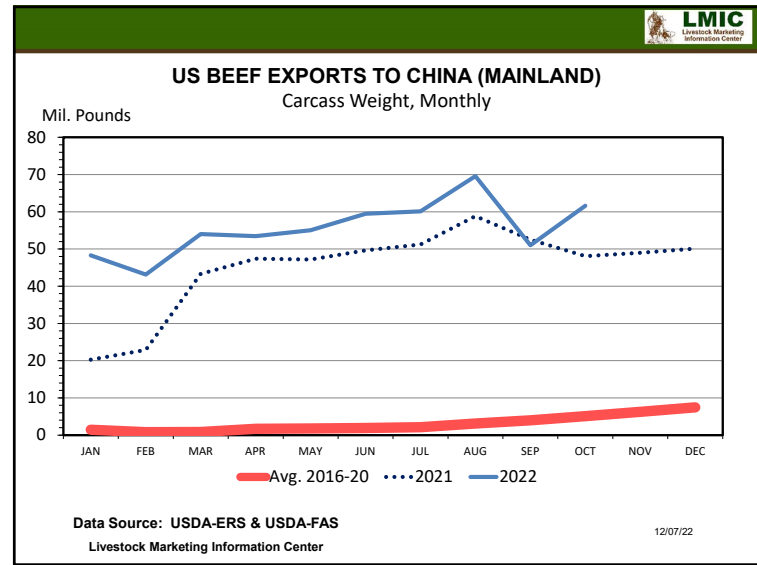
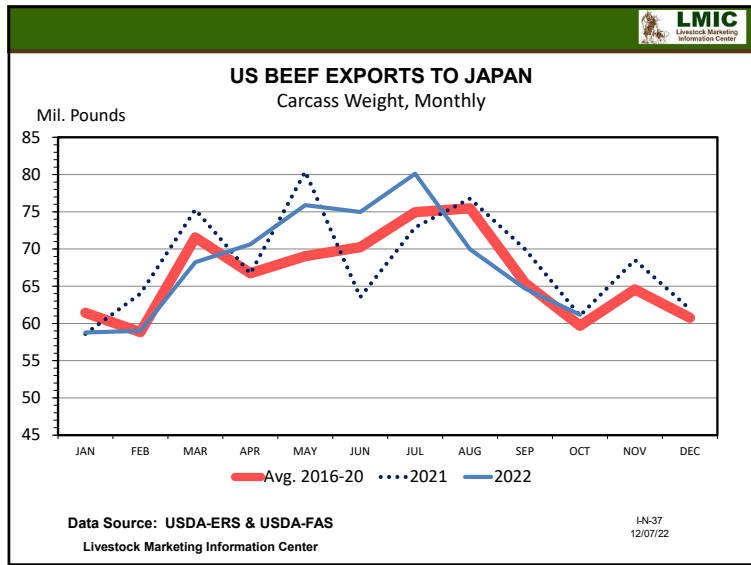
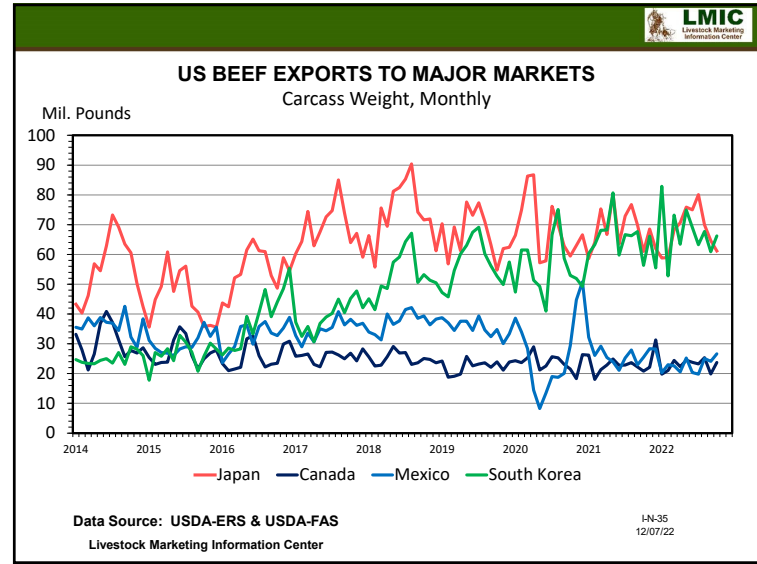
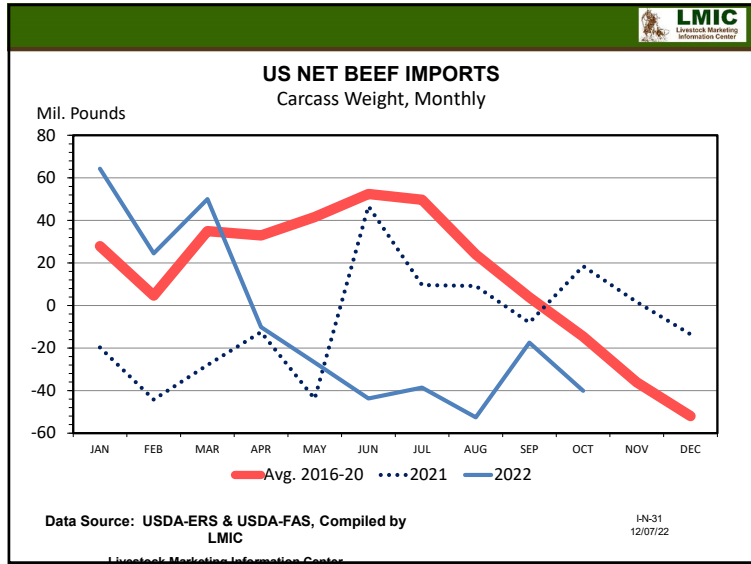


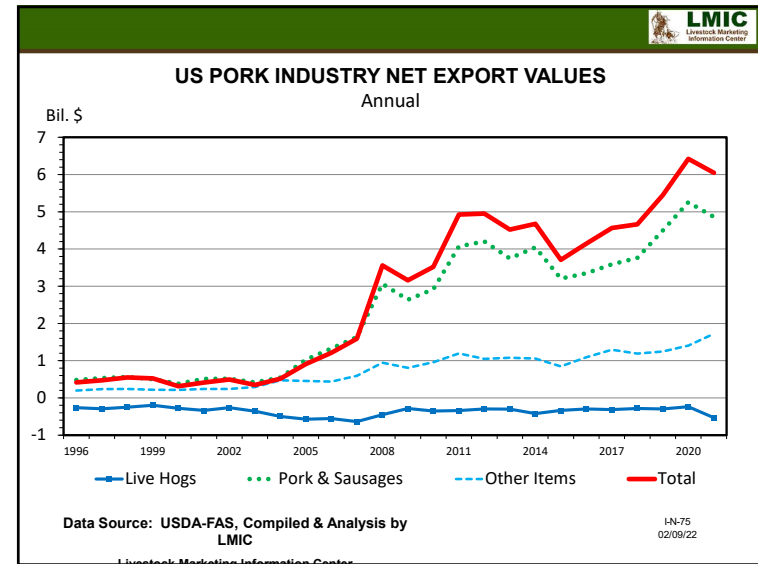
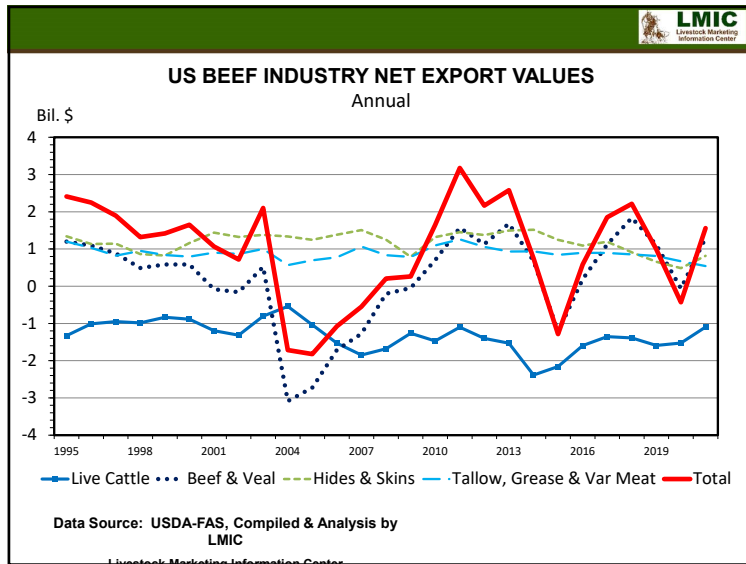




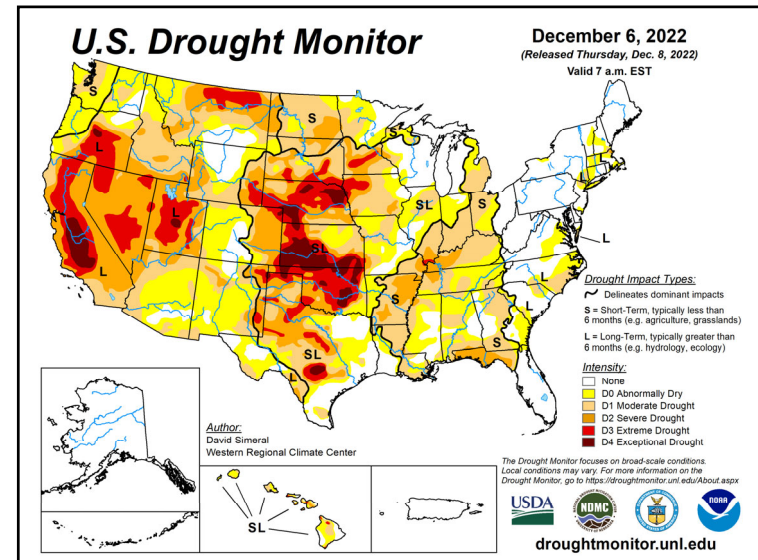


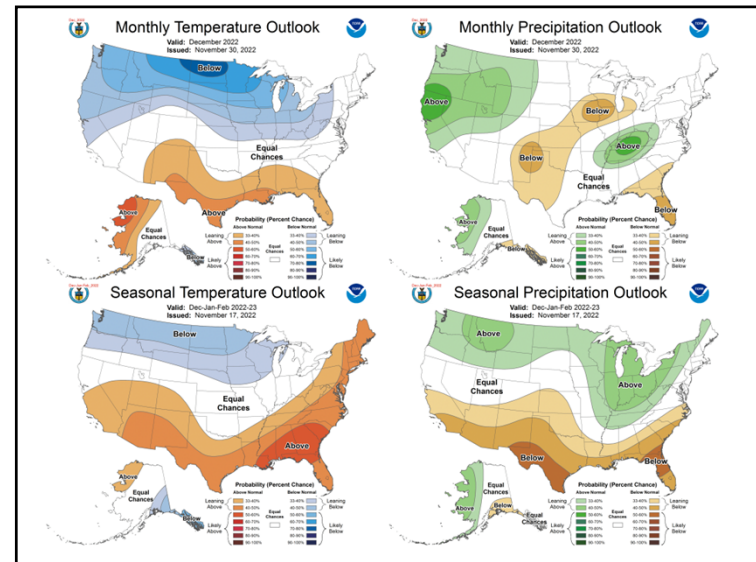
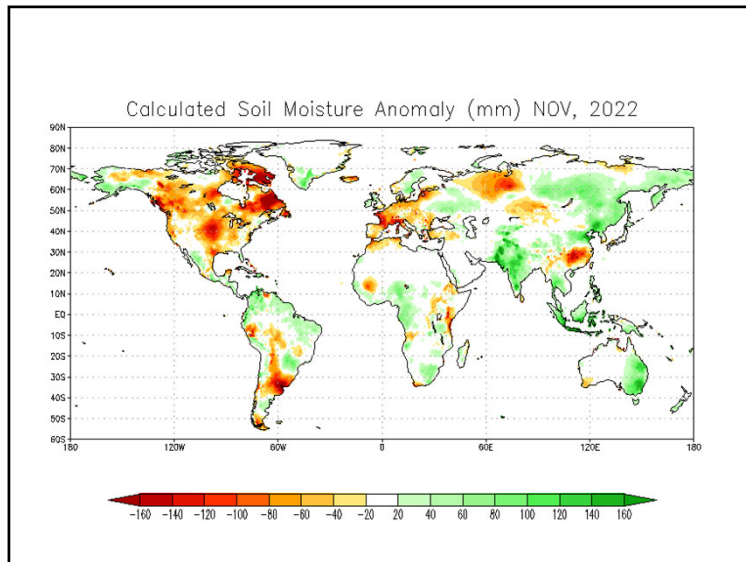
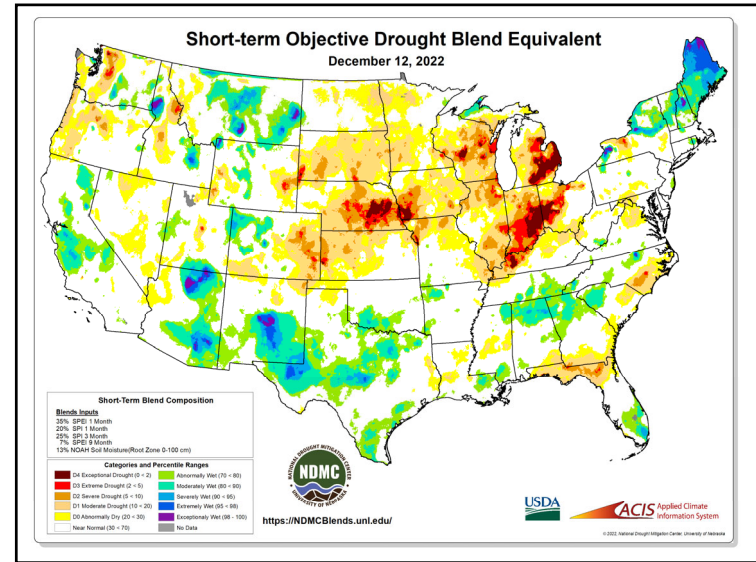
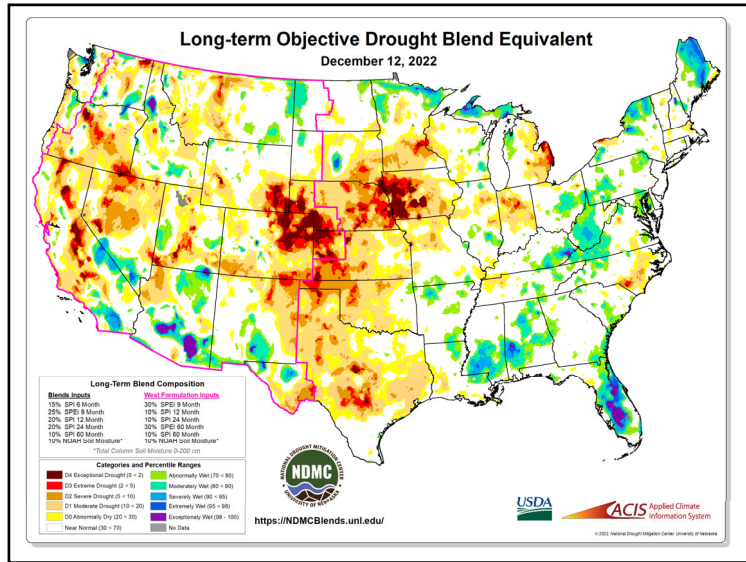


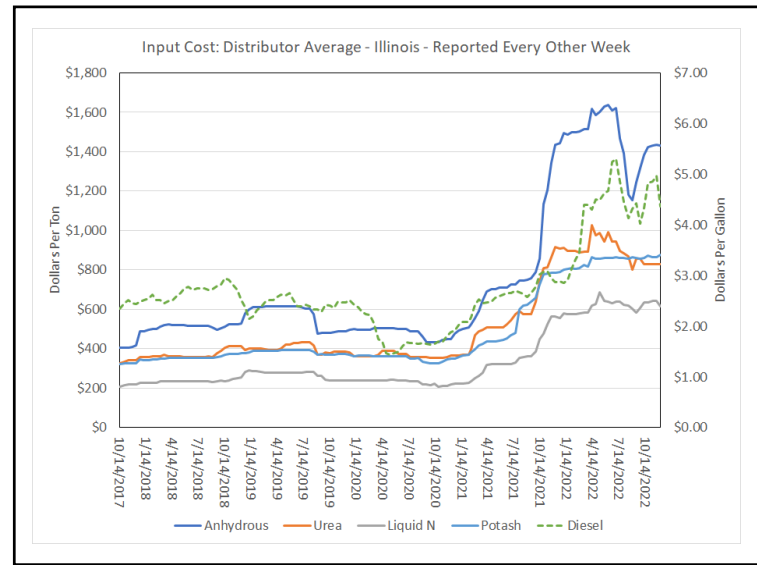
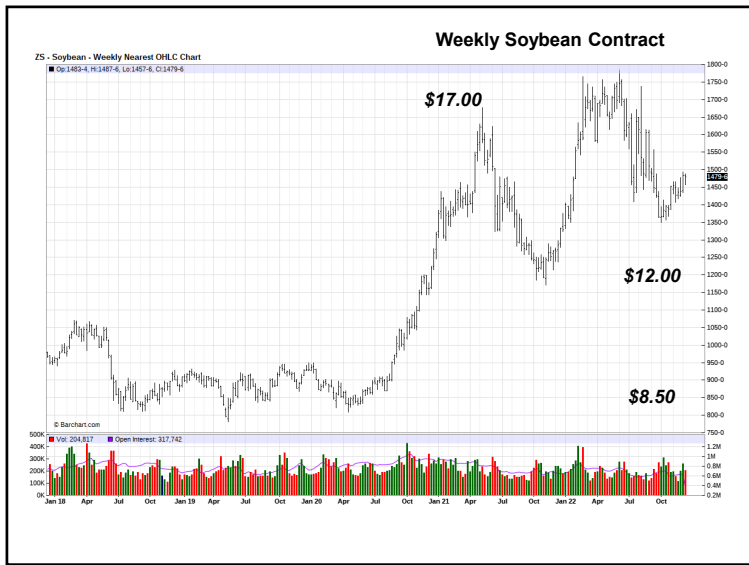
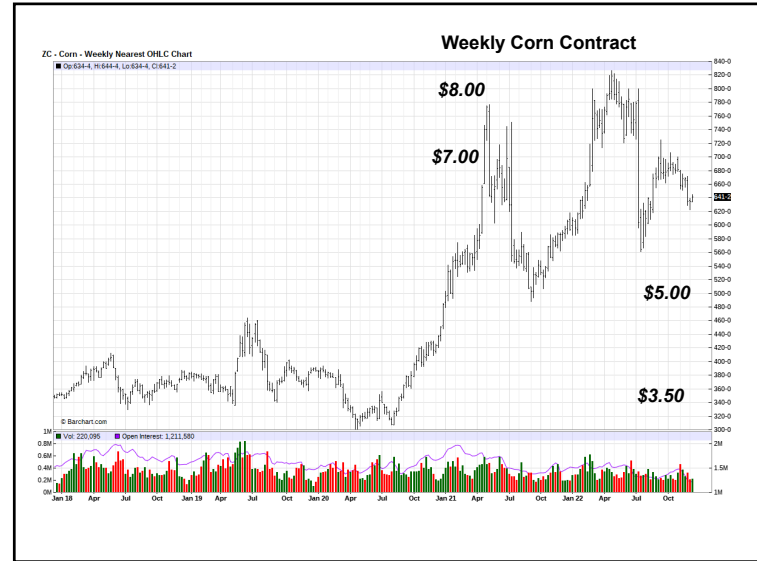
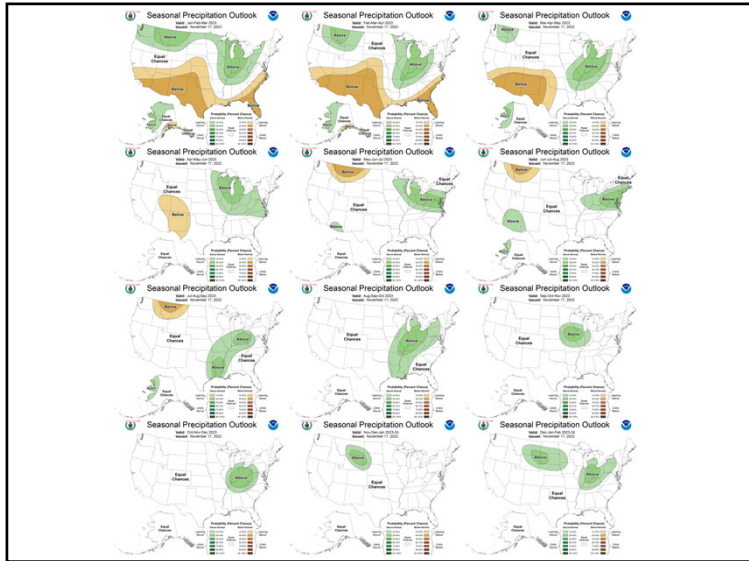




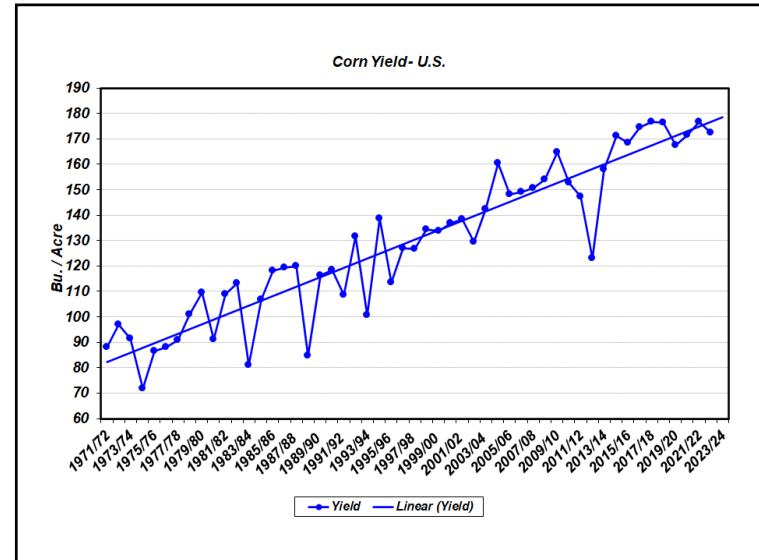
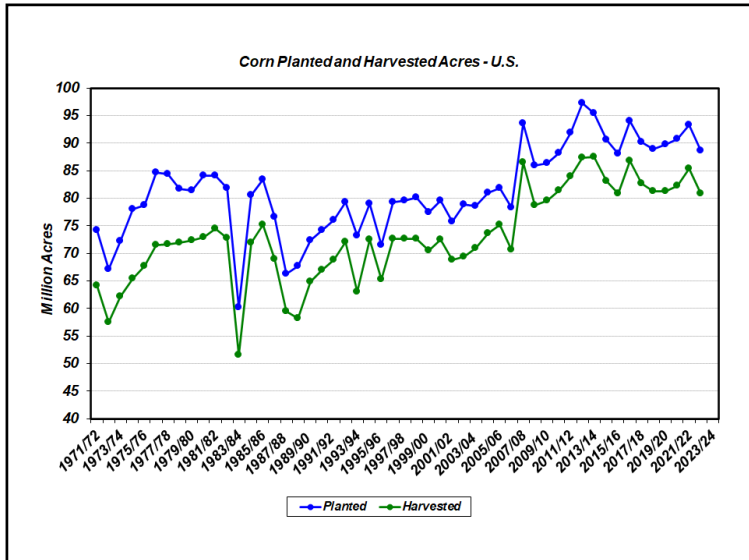
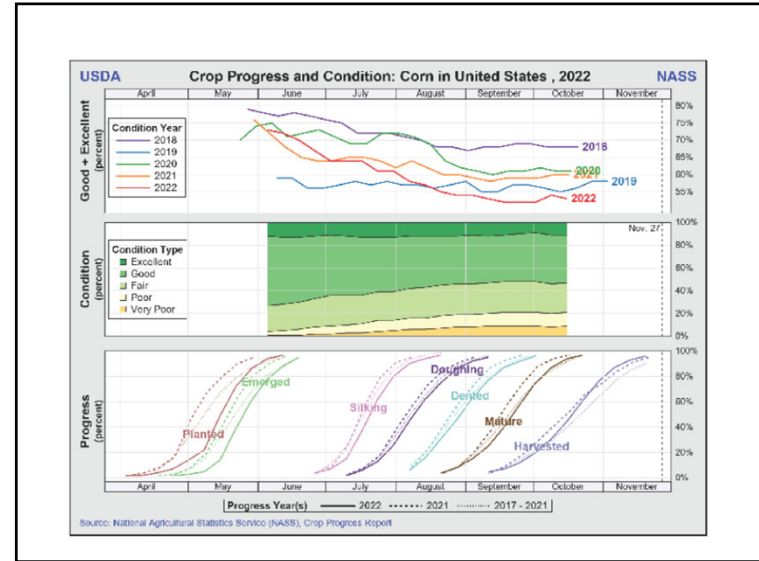
- ### Corn Outlook
-
- Short-term & Long-term Price Outlook
 - Strong & soybeans were back to being the driver.
 - Exports & usage increases?
 - Excellent basis & cash demand.
 - Next year's acres?
 - Production costs new normal?
 - Management Strategies
 - Wait-til-harvest purchases & sell-early sales.
 - DEC22 \$7.00 & DEC23 \$6.00/bu.
 - Corn is about \$1.25/bu. too high – risk premium.

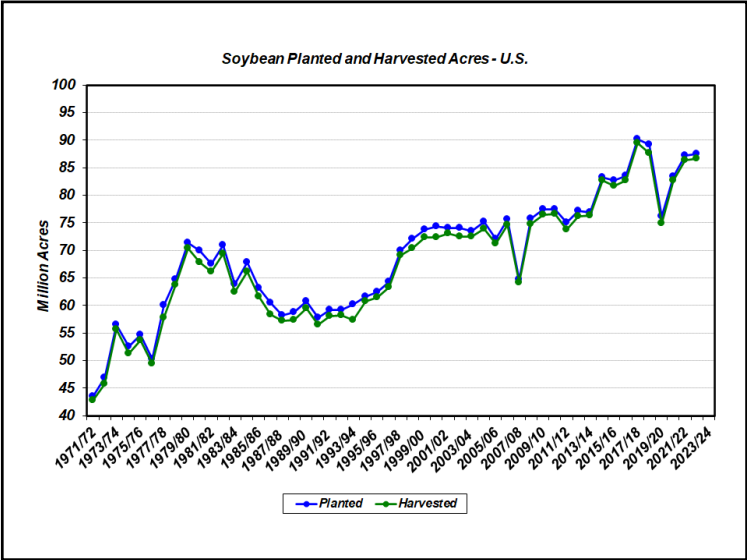
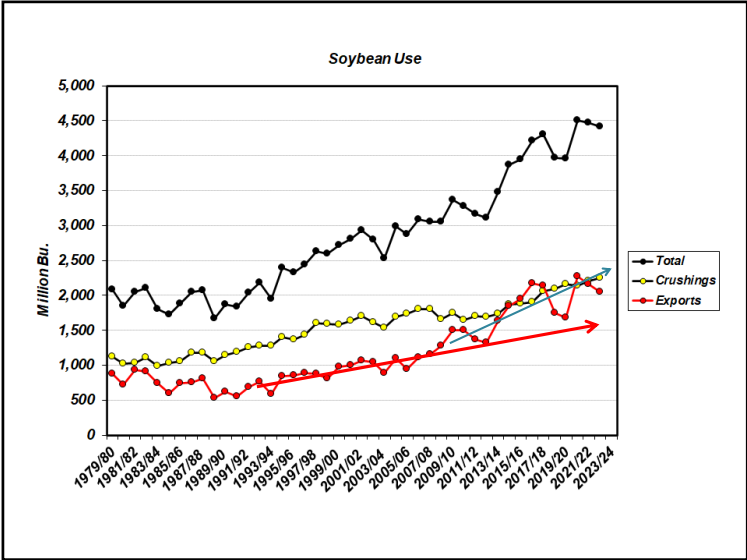
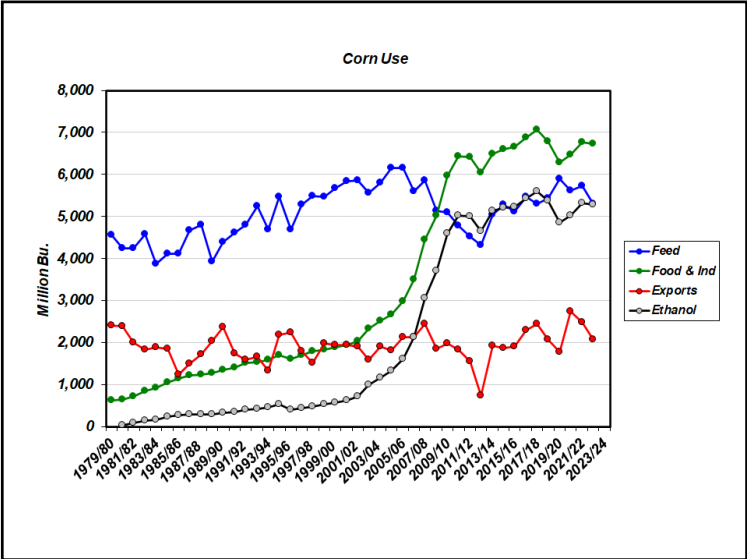
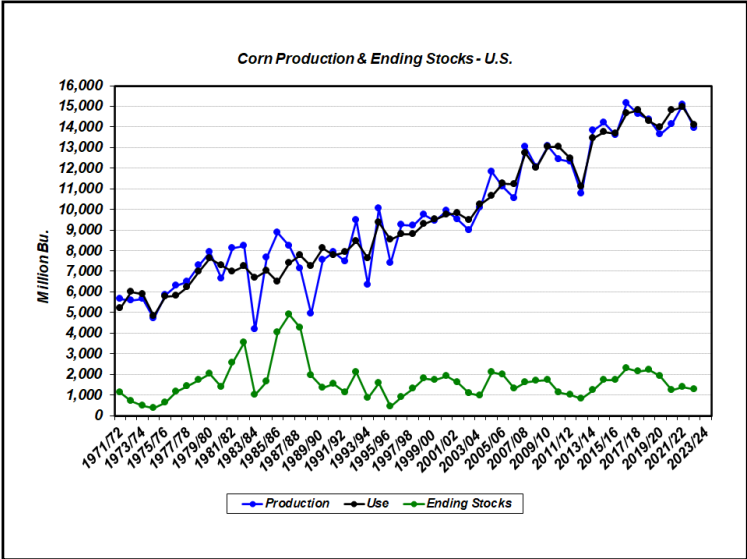


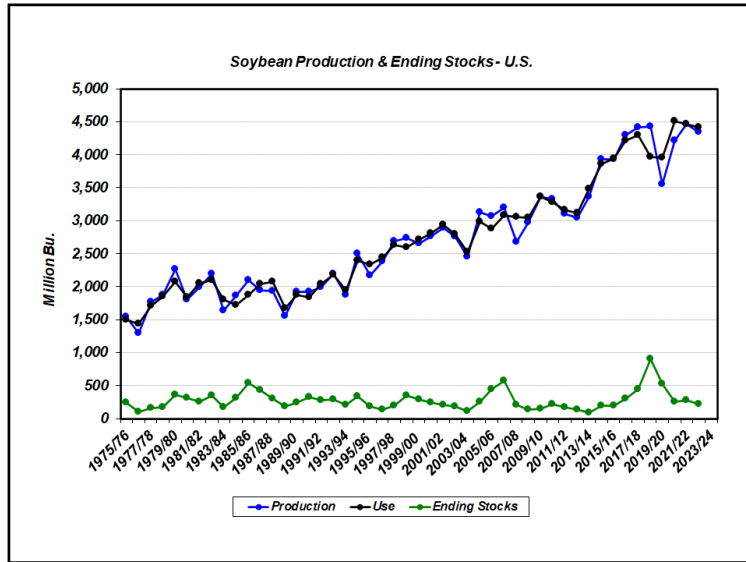




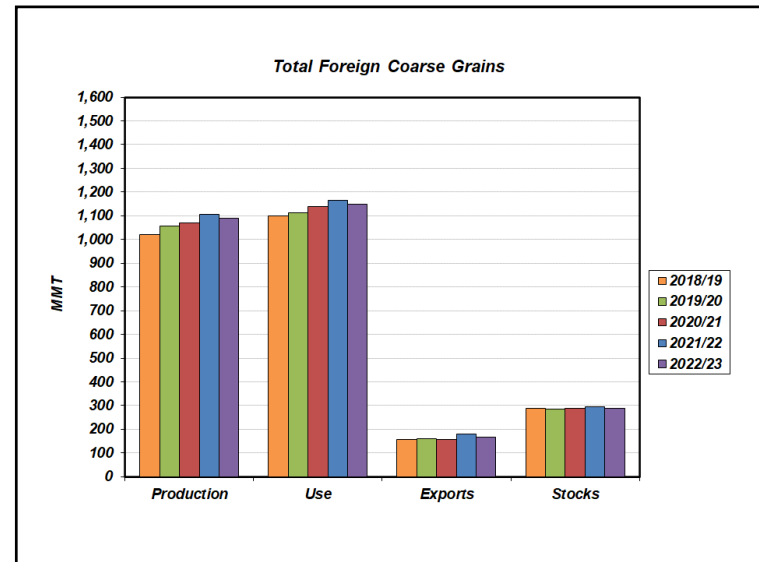
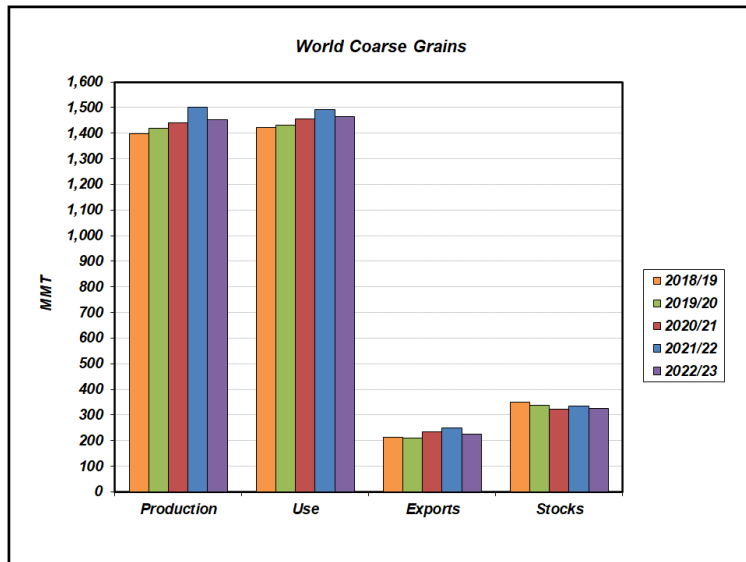
CORN - December 2022 (Crop Year: Sep 1 - Aug 31)	2020/21	2021/22 Est.	2022/23 Proj.		2022/23 Forecasts		
			Nov	Dec	High P	Normal	Low P
Planted Acres (Million Acres)	90.7	93.3	88.6	88.6	88.6	88.6	88.6
Harvested Acres (Million Acres)	82.3	85.3	80.8	80.8	80.8	80.8	80.8
Yield (Bushels per Acre)	171.4	176.7	172.3	172.3	172.0	172.3	172.5
Beginning Stocks (Million Bu.)	1,919	1,235	1,377	1,377	1,377	1,377	1,377
Production	14,111	15,074	13,930	13,930	13,898	13,922	13,938
Imports	24	24	50	50	50	50	50
SUPPLY	16,055	16,333	15,494	15,322	15,325	15,349	15,365
Feed and Residual	5,607	5,717	5,300	5,300	5,250	5,300	5,300
Food, Seed, & Industrial	6,467	6,767	6,725	6,725	6,775	6,725	6,700
Ethanol & by-products	5,028	5,326	5,275	5,275	5,325	5,275	5,250
Export	2,747	2,471	2,150	2,075	2,100	2,075	2,050
USE	14,821	14,956	14,175	14,100	14,125	14,100	14,050
Ending Stocks	1,235	1,377	1,182	1,257	1,200	1,249	1,315
Average US Farm Price	4.53	6.00	6.80	6.70	7.25	6.70	6.50
Average DEC Futures							
Average Colorado Price							
	0.083	0.092	0.083	0.089	0.085	0.089	0.094

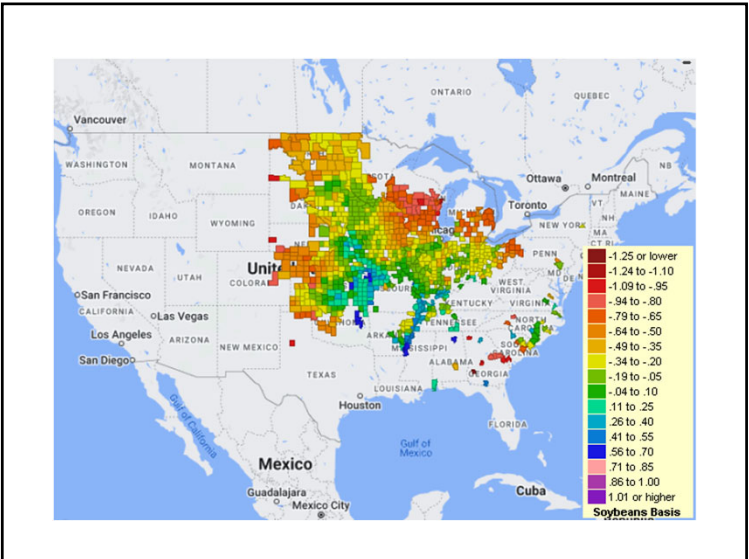
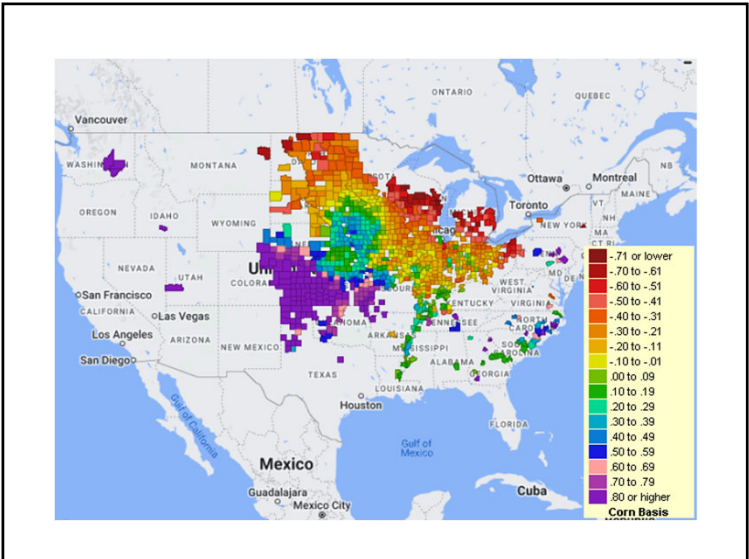
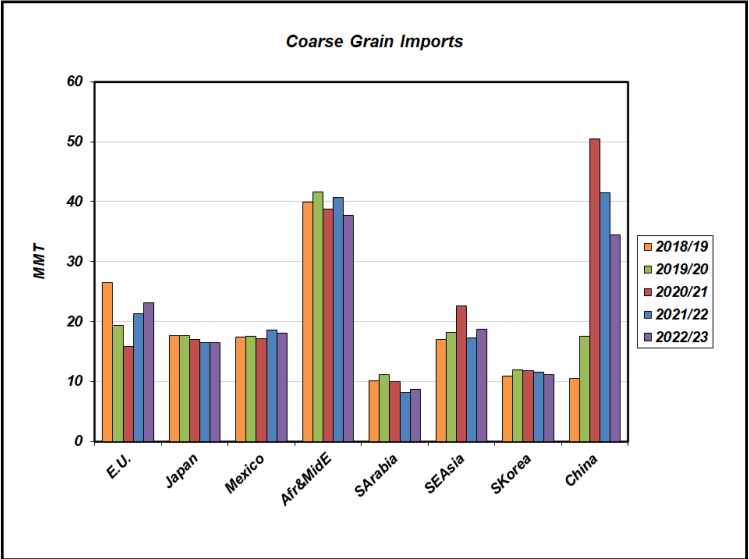
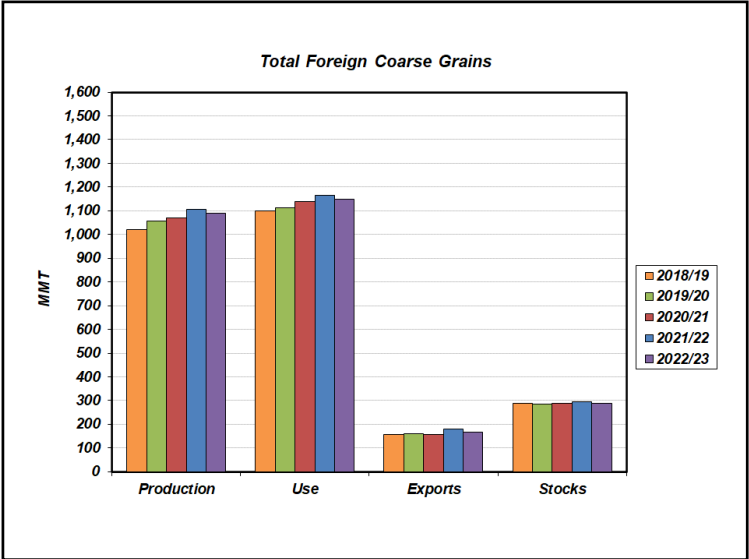


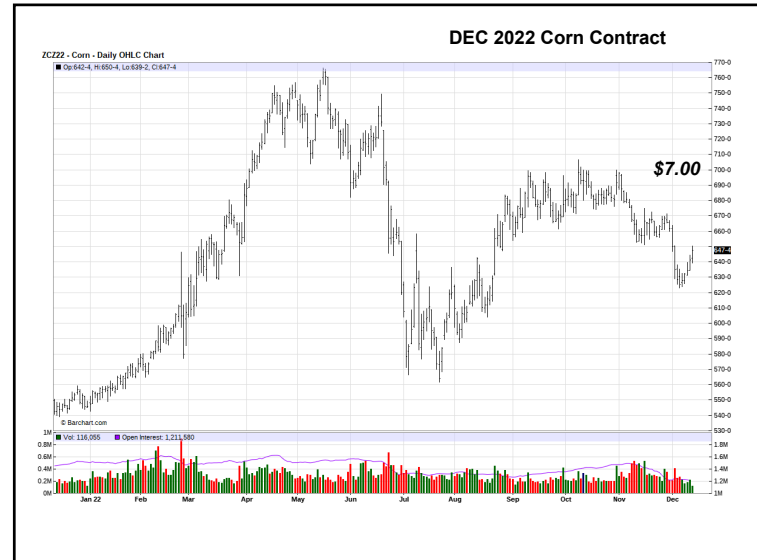
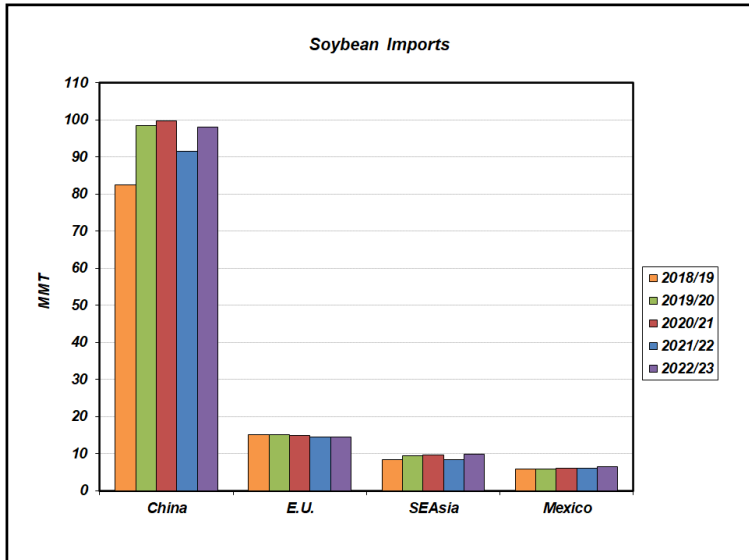
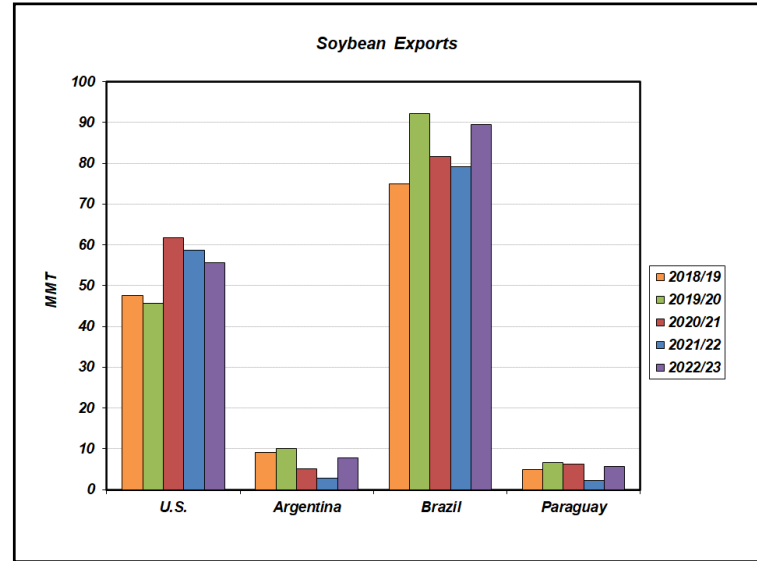
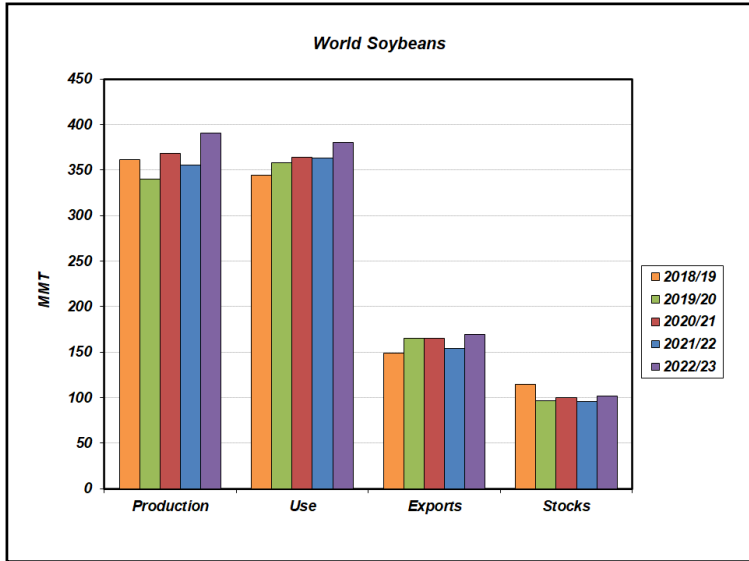




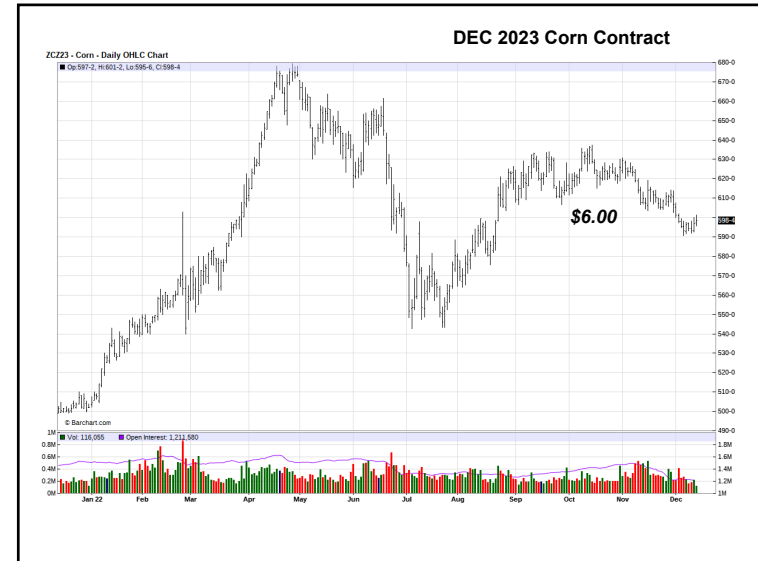
SOYBEANS - December 2022 (Crop Year: Sep 1 - Aug 31)	2020/21	2021/22 Est.	2022/23 Proj.		2022/23 Forecasts		
			Nov	Dec	High P	Normal	Low P
Planted Acres (Million Acres)	83.4	87.2	87.5	87.5	87.5	87.5	87.5
Harvested Acres (Million Acres)	82.6	86.3	86.6	86.6	86.6	86.6	86.6
Yield (Bushels per Acre)	51.0	51.7	50.2	50.2	50.0	50.2	50.3
Beginning Stocks (Million Bu.)	525	257	274	274	274	274	274
Production	4,216	4,465	4,346	4,346	4,330	4,347	4,356
Imports	20	16	15	15	15	15	15
SUPPLY	4,761	4,738	4,634	4,634	4,619	4,636	4,645
Crushings	2,141	2,204	2,245	2,245	2,245	2,245	2,245
Seed	101	102	102	102	102	102	102
Residual	-4	2	22	22	20	20	20
Export	2,266	2,158	2,045	2,045	2,100	2,045	2,025
USE	4,504	4,465	4,414	4,414	4,467	4,412	4,392
Ending Stocks	257	274	220	220	152	224	253
Average US Farm Price	10.80	13.30	14.00	14.00	15.50	14.25	13.75
Average NOV Futures	0.057	0.061	0.050	0.050	0.034	0.051	0.058





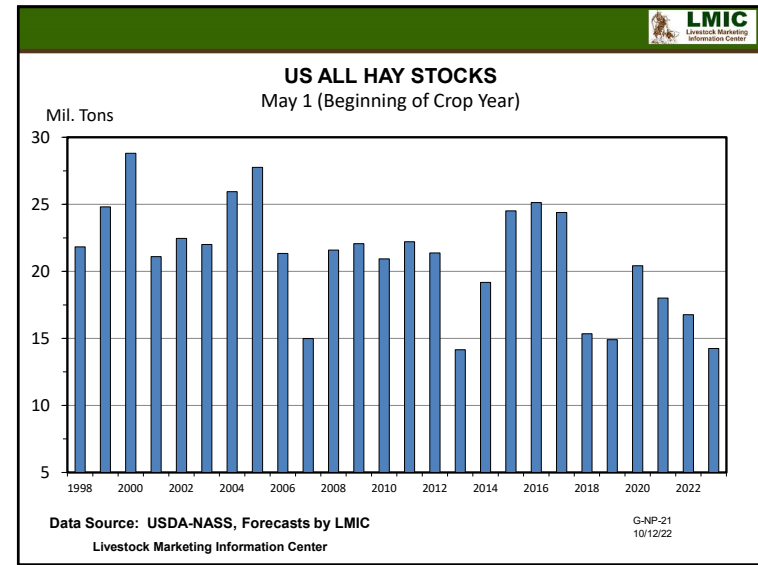


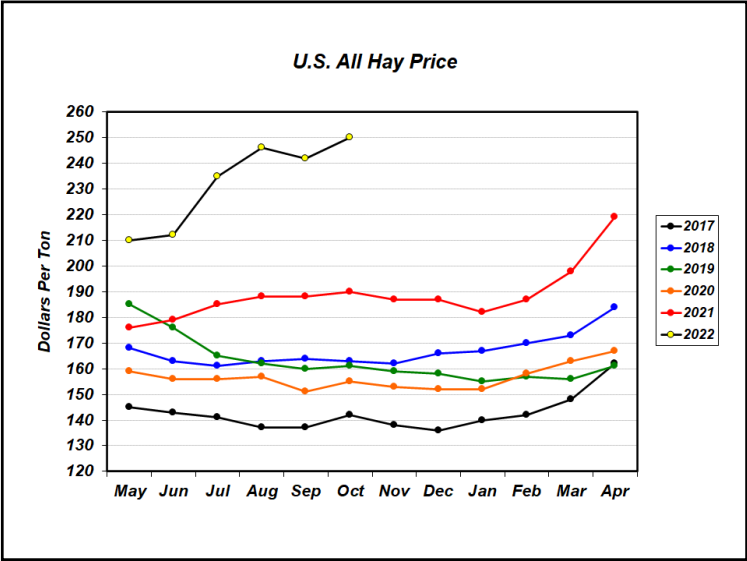
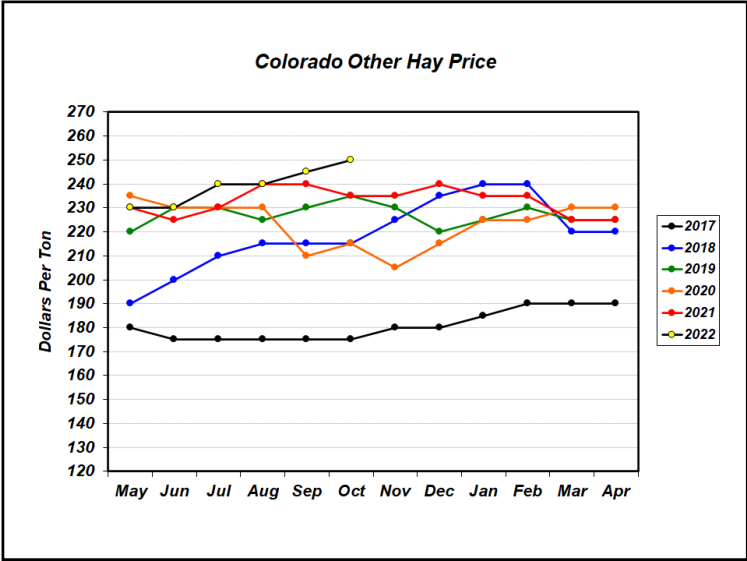
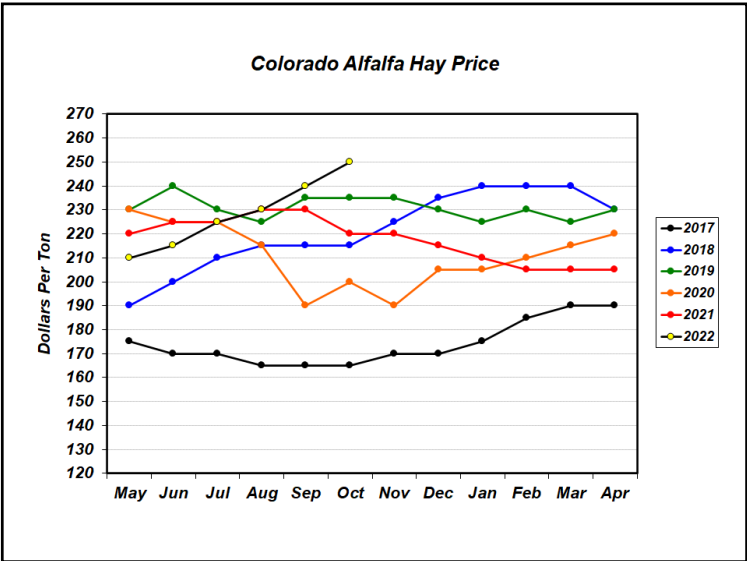
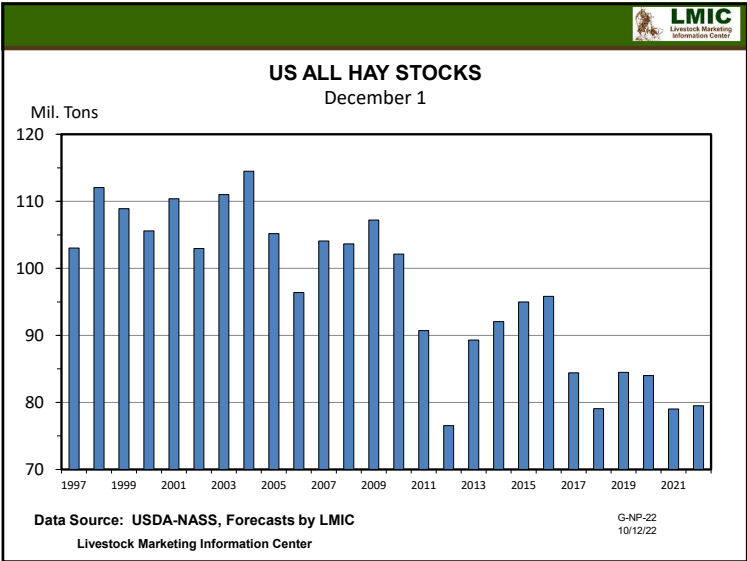
CORN - December 2022 (Crop Year: Sep 1 - Aug 31)	2020/21	2021/22	2022/23 Proj.		2022/23 Forecasts			2023/24 Forecasts		
		Est.	Nov	Dec	High P	Normal	Low P	High P	Normal	Low P
Planted Acres (Million Acres)	90.7	93.3	88.6	88.6	88.6	88.6	88.6	89.0	90.5	93.0
Harvested Acres (Million Acres)	82.3	85.3	80.8	80.8	80.8	80.8	80.8	81.0	82.5	85.0
Yield (Bushels per Acre)	171.4	176.7	172.3	172.3	172.0	172.3	172.5	172.0	178.0	180.0
Beginning Stocks (Million Bu.)	1,919	1,235	1,377	1,377	1,377	1,377	1,377	1,250	1,250	1,250
Production	14,111	15,074	13,930	13,930	13,898	13,922	13,938	13,932	14,685	15,300
Imports	24	24	50	50	50	50	50	25	25	25
SUPPLY	16,055	16,333	15,494	15,322	15,325	15,349	15,365	15,207	15,960	16,575
Feed and Residual	5,607	5,717	5,300	5,300	5,250	5,300	5,300	5,250	5,350	5,325
Food, Seed, & Industrial	6,467	6,767	6,725	6,725	6,775	6,725	6,700	6,800	6,775	6,725
Ethanol & by-products	5,028	5,326	5,275	5,275	5,325	5,275	5,250	5,345	5,325	5,200
Export	2,747	2,471	2,150	2,075	2,100	2,075	2,050	2,250	2,150	2,100
USE	14,821	14,956	14,175	14,100	14,125	14,100	14,050	14,300	14,275	14,150
Ending Stocks	1,235	1,377	1,182	1,257	1,200	1,249	1,315	907	1,685	2,425
Average US Farm Price	4.53	6.00	6.80	6.70	7.25	6.70	6.50	8.25	6.00	5.25
Average DEC Futures								8.00	5.75	5.00
Average Colorado Price								8.75	6.25	5.50
	0.083	0.092	0.083	0.089	0.085	0.089	0.094	0.063	0.118	0.171



Corn Outlook

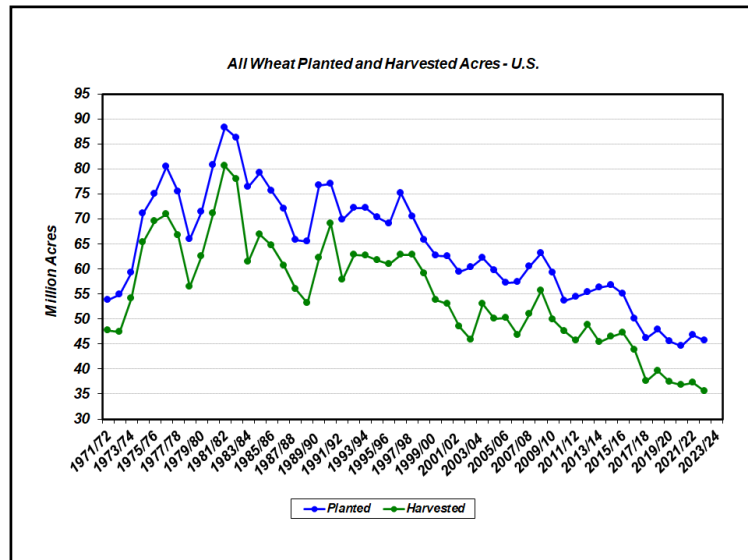
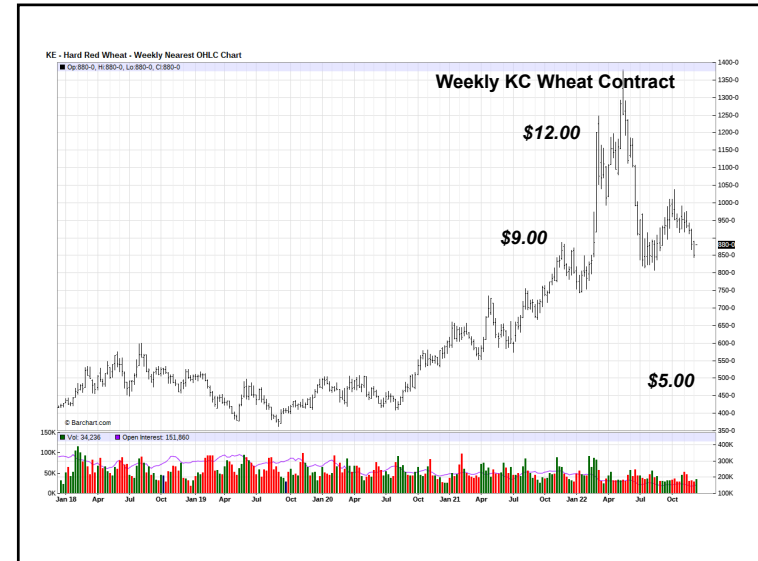
- Reductions in supply & maintained demand are driving market.
- Current crop: supply v. demand?
- Acreage next year?
- Demand? Trade? Ethanol?
 - New crop export sales are as good as last year.
- Current prices are \$1.00-\$1.50/bu higher than justified by market fundamentals.
- Price outlook – \$5.50-\$6.50/bu. And stocks are steady. So, downside? Bet against the upside?



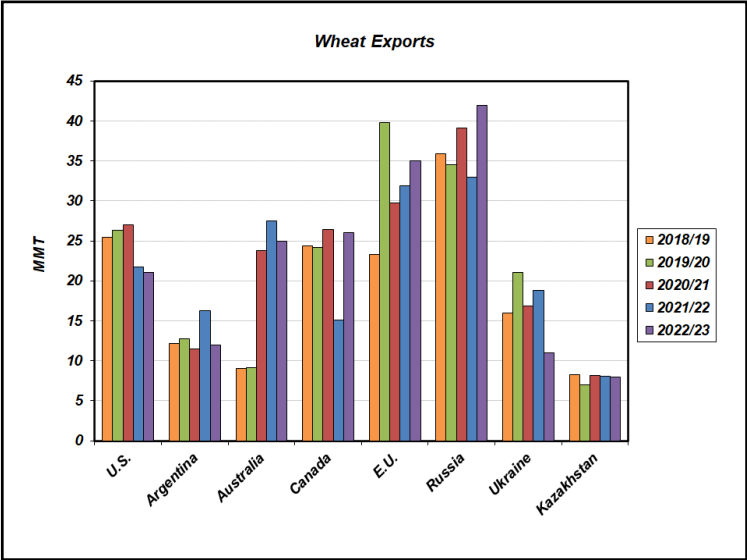
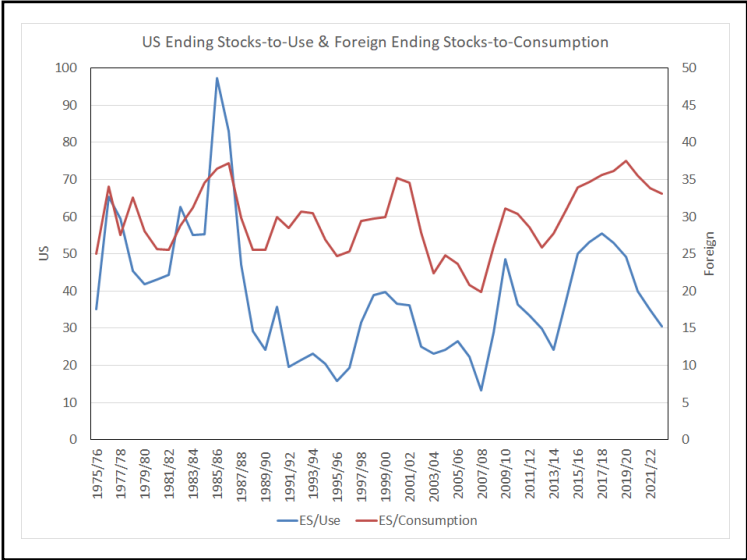
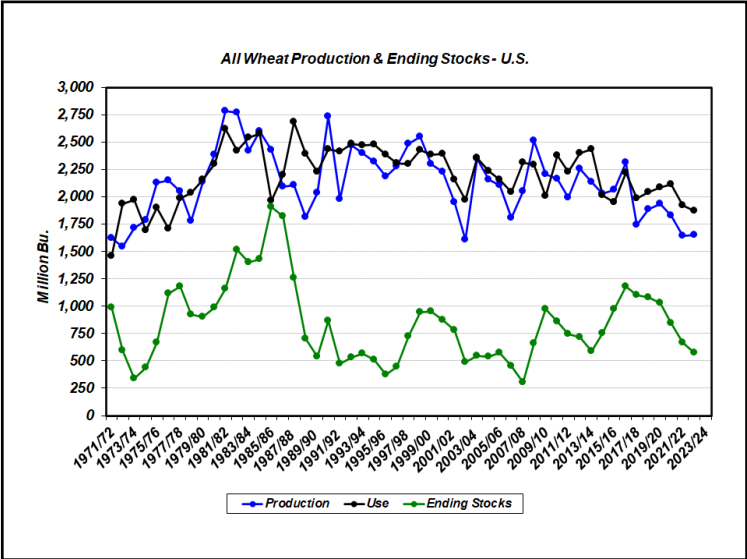
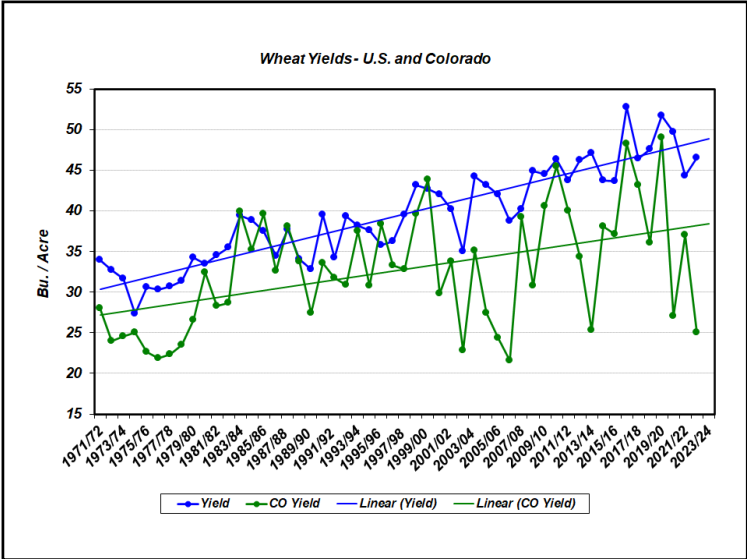


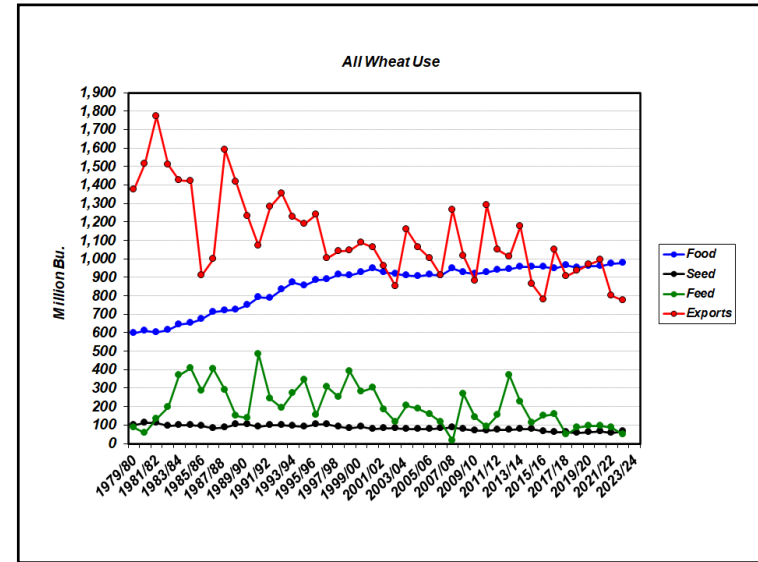
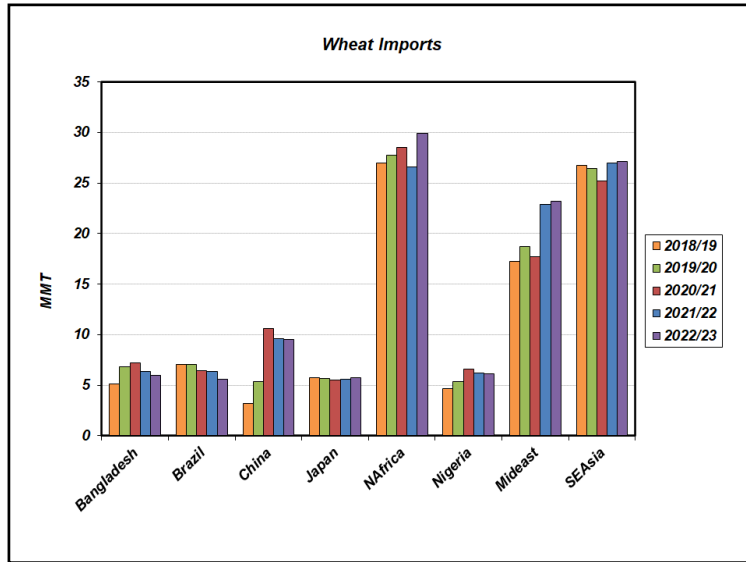
Forage Outlook

- Hay prices will:
 - Move to record high levels in US but CO?
 - New high level?
- Depleted forage stocks – & all winter in the west with poor moisture?
- Excellent hay: \$275-\$325/T.
- Good hay: \$200-\$250/T.
- Lower quality hay: \$150-\$170/T.

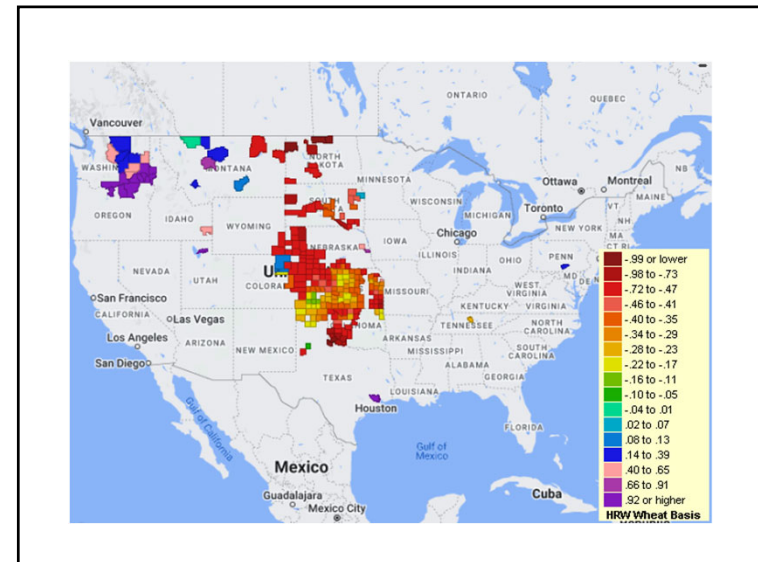


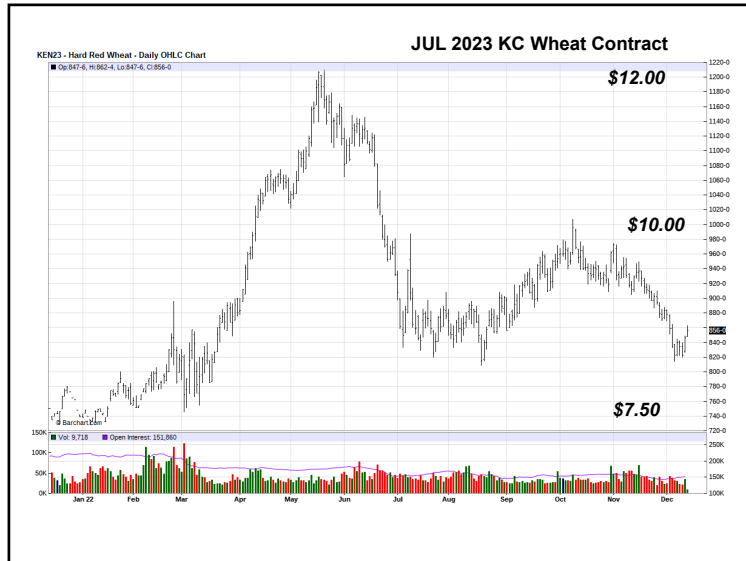
USDA NASS: Crop Progress - 11/27/2022					
Wheat: Crop Condition by Percent and Selected States					
State	VP	P	F	G	EX
AR	0	3	33	40	24
CA	0	0	0	55	45
CO	17	21	32	29	1
ID	2	1	60	30	7
IL	1	5	64	24	6
IN	3	6	29	52	10
KS	20	23	36	19	2
MI	1	5	27	50	17
MO	2	4	31	58	5
MT	0	11	45	31	13
NE	16	23	41	19	1
NC	0	2	16	78	4
OH	2	6	34	45	13
OK	12	12	45	30	1
OR	2	4	24	38	32
SD	5	24	44	25	2
TX	8	21	50	15	6
WA	1	8	27	53	11
18-States	10	16	40	28	6
Prev Wk	15	18	35	27	5
Prev Yr	8	15	33	38	6





WHEAT - ALL - December 2022 (Crop Year: Jun 1 - May 31)	2020/21		2021/22		2022/23 Proj.			2022/23 Forecasts			2023/24 Forecasts		
	2020/21	2021/22	2021/22	2022/23 Proj.	High P	Normal	Low P	High P	Normal	Low P	High P	Normal	Low P
Planted Acres (Million Acres)	44.5	46.7	45.7	45.7	45.7	45.7	45.7	45.0	46.5	47.0			
Harvested Acres (Million Acres)	36.8	37.1	35.5	35.5	35.5	35.5	35.5	36.5	38.5	40.0			
Yield (Bushels per Acre)	49.7	44.3	46.5	46.5	46.5	46.5	46.5	45.0	45.8	46.0			
Beginning Stocks (Million Bu.)	1,028	845	669	669	669	669	669	575	575	575			
Production	1,828	1,646	1,650	1,650	1,651	1,651	1,651	1,643	1,763	1,840			
Imports	100	95	120	120	120	120	120	120	110	100			
SUPPLY	2,956	2,587	2,439	2,439	2,440	2,440	2,440	2,338	2,448	2,515			
Food	961	972	977	977	975	975	975	975	975	975			
Seed	64	58	66	66	66	66	66	68	68	68			
Feed and Residual	93	88	50	50	40	50	50	50	50	50			
Export	994	800	775	775	800	775	750	850	800	775			
USE	2,111	1,917	1,868	1,868	1,881	1,866	1,841	1,943	1,893	1,868			
Ending Stocks	845	669	571	571	559	574	599	395	555	647			
Average US Farm Price	5.05	7.63	9.20	9.10	9.25	9.00	8.50	9.00	8.00	7.50			
Average JUL KC Futures					9.00	8.75	8.25	8.75	8.50	8.00			
Average Colorado Price								8.75	7.75	7.25			
	0.400	0.349	0.306	0.306	0.297	0.307	0.325	0.203	0.293	0.346			



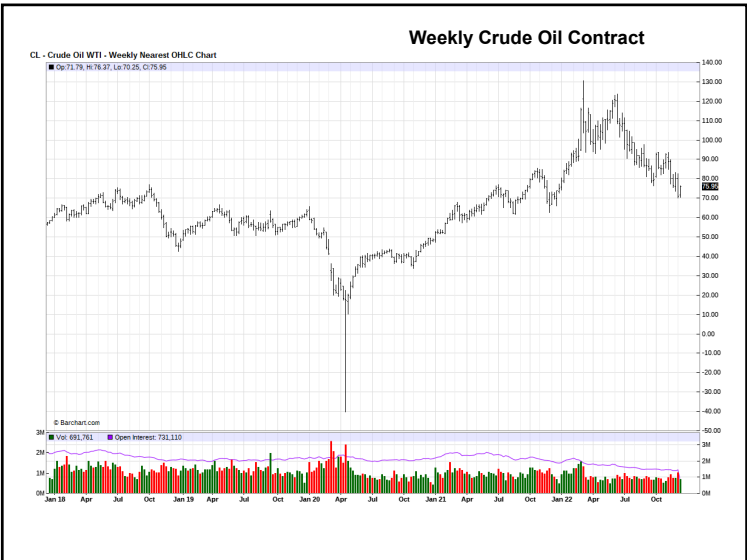


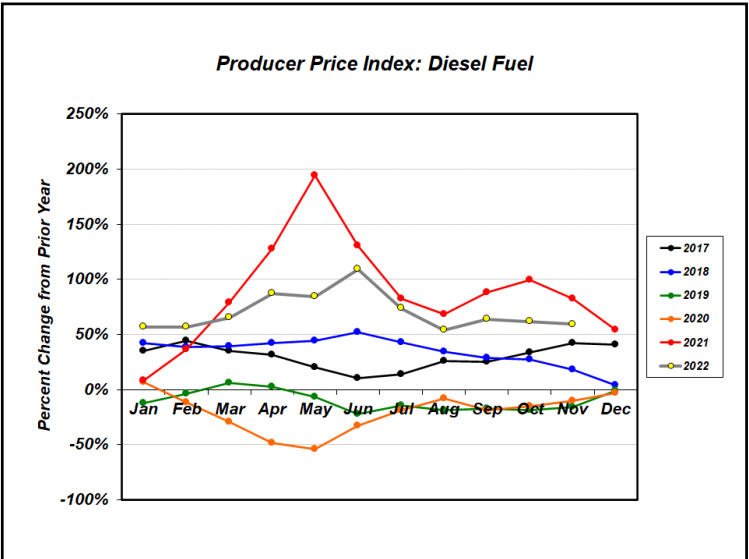
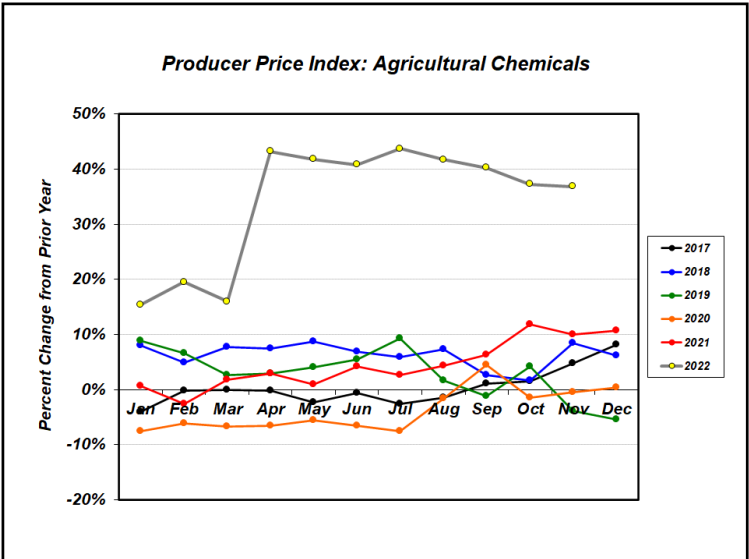
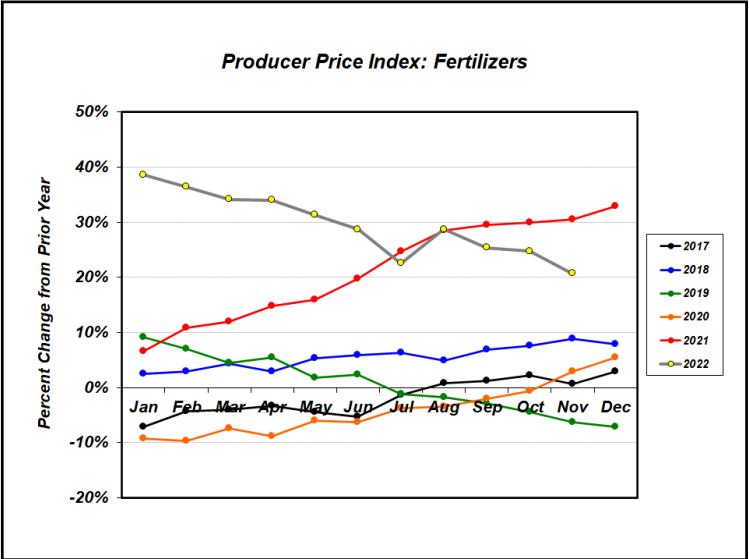
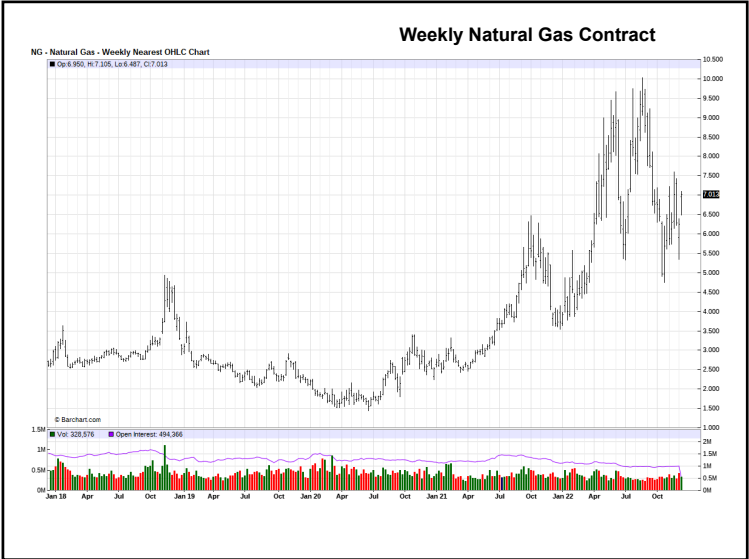
Wheat Outlook

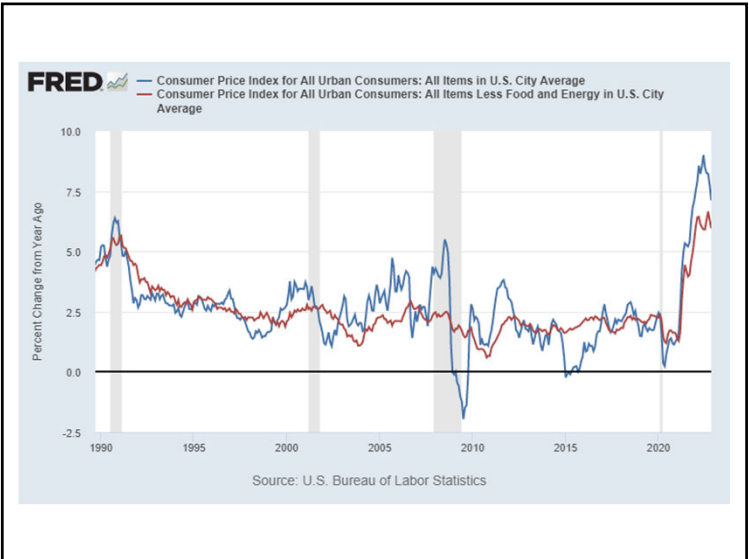
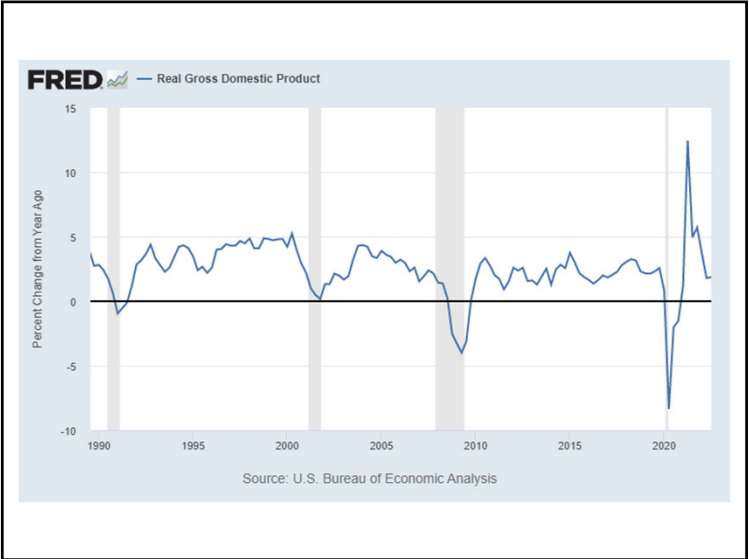
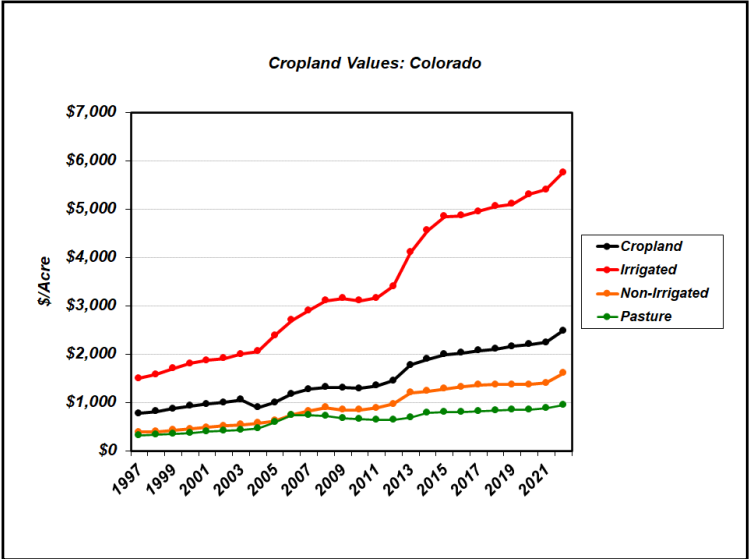
- Strong world production & usage. But tightening worldwide stocks.
- U.S.: reduced production & increased use. Strong reduction in domestic stocks.
- Acreage? Profits compared to corn.
- Improving prices & basis – upside potential.
- But potential relative to world?
- Current wheat prices are \$2 higher than justified by market fundamentals.
- Forecasts: \$8-\$9/bu.

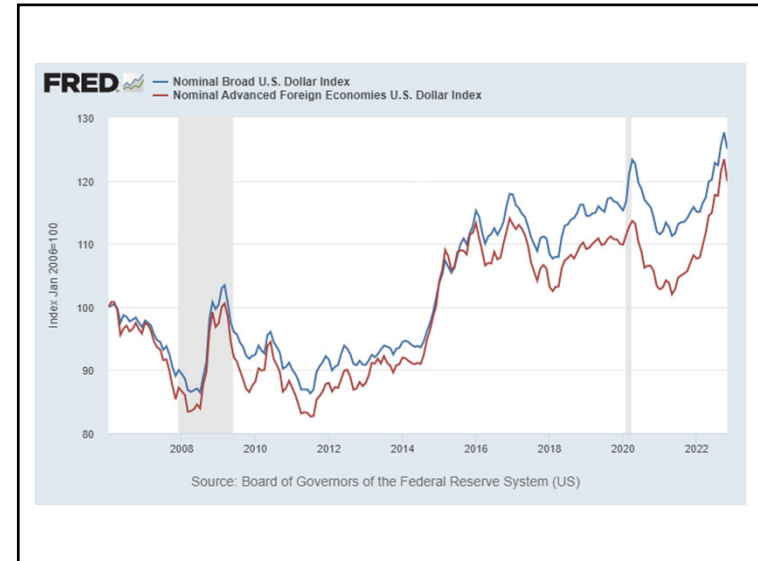
Input Market Outlook Summary

- Very strong nonfarm economy.
- Strong farm economy.
- Labor, labor, labor...
- Energy...
- The definition of inflation.
- Well-timing input purchases is impossible.
- Supply industries appeared to not operating at-capacity & not taking risk.
- Every supply chain has trouble...









Outlook Summary

- New high price paradigm. Driven by costs & environment.
- Cattle: Substantially better...
 - Fed: \$160-\$175/cwt.
 - Feeders: \$185-\$220/cwt.
 - Calves: \$200-\$250/cwt.
- Corn: \$7.00/bu. for 2022/23 & \$6.00/bu. into next year. Acres? Soybeans?
- Hay: record high national prices. Quality?
- Wheat: \$8.00-9.00/bu. And \$6.00-\$7.00/bu cash for next harvest.



Colorado State University
Extension

Contact and Link Information

Stephen.Koontz@ColoState.Edu

<https://webdoc.agsci.colostate.edu/koontz/>