

12-15-1999

Pricing Corn in 2000

Mike Turner

University of Nebraska-Lincoln

Follow this and additional works at: http://digitalcommons.unl.edu/agecon_cornhusker



Part of the [Agricultural Economics Commons](#)

Turner, Mike, "Pricing Corn in 2000" (1999). *Cornhusker Economics*. 839.
http://digitalcommons.unl.edu/agecon_cornhusker/839

This Article is brought to you for free and open access by the Agricultural Economics Department at DigitalCommons@University of Nebraska - Lincoln. It has been accepted for inclusion in Cornhusker Economics by an authorized administrator of DigitalCommons@University of Nebraska - Lincoln.

Cornhusker Economics

Cooperative Extension

Institute of Agriculture & Natural Resources
Department of Agricultural Economics
University of Nebraska – Lincoln

Pricing Corn in 2000

Market Report	Yr Ago	4 Wks Ago	12/10/99
<u>Livestock and Products,</u>			
<u>Average Prices for Week Ending</u>			
Slaughter Steers, Ch. 204, 1100-1300 lb Omaha, cwt.	\$60.00	\$69.56	\$70.00
Feeder Steers, Med. Frame, 600-650 lb Dodge City, KS, cwt.	71.25	82.00	89.37
Feeder Steers, Med. Frame 600-650 lb, Nebraska Auction Wght. Avg.	*	89.04	94.19
Carcass Price, Ch. 1-3, 550-700 lb Cent. US, Equiv. Index Value, cwt.	91.96	106.96	107.96
Hogs, US 1-2, 220-230 lb Sioux Falls, SD, cwt.	15.43	36.50	35.25
Feeder Pigs, US 1-2, 40-45 lb Sioux Falls, SD, hd.	*	33.50	*
Vacuum Packed Pork Loins, Wholesale, 13-19 lb, 1/4" Trim, Cent. US, cwt.	65.60	93.25	95.80
Slaughter Lambs, Ch. & Pr., 115-125 lb Sioux Falls, SD, cwt.	*	77.00	*
Carcass Lambs, Ch. & Pr., 1-4, 55-65 lb FOB Midwest, cwt.	138.00	157.00	163.00
<u>Crops,</u>			
<u>Cash Truck Prices for Date Shown</u>			
Wheat, No. 1, H.W. Omaha, bu.	3.26	2.83	2.65
Corn, No. 2, Yellow Omaha, bu.	1.98	1.69	1.71
Soybeans, No. 1, Yellow Omaha, bu.	5.56	4.24	4.23
Grain Sorghum, No. 2, Yellow Kansas City, cwt.	*	2.73	2.75
Oats, No. 2, Heavy Sioux City, IA, bu.	*	1.18	*
<u>Hay,</u>			
<u>First Day of Week Pile Prices</u>			
Alfalfa, Sm. Square, RFV 150 or better Platte Valley, ton.	*	82.50	100.00
Alfalfa, Lg. Round, Good Northeast Nebraska, ton.	52.50	32.50	32.50
Prairie, Sm. Square, Good Northeast Nebraska, ton.	70.00	*	*
* No market.			

Begin thinking about pricing next year's corn crop (2000) as an important New Year's Resolution. For the third consecutive year, harvest time prices may be below the cost of production for even the most efficient Nebraska producers. As a result, producers will again be obliged to combine cash receipts from the sale of corn along with government program benefits (i.e., loan deficiency payments, transition payments and potential agricultural emergency program benefits) in an attempt to cover the cost of production.

A quick look at the experience of the last nine years provides some insight into the price volatility in the U.S. corn market. The 1995/96 crop year was a short crop year in both the U.S. and the world, as reflected by low carryover supplies. In addition it also marked the end of government held grain reserves in the U.S. In the following four years, U.S. corn production exceeded 9.2 billion bushels each year. As a result, U.S. carryover stocks in private hands are estimated to be nearly two billion bushels by fall harvest 2000.

So what is the potential for corn prices in Nebraska in 2000? Obviously it depends upon the size of the U.S. and world crop. Another good crop would suggest a low of \$1.50 per bushel. A short crop might result in a \$2.50 per bushel harvest bid.

Considering the current dry conditions throughout the cornbelt, the market will be very sensitive to weather conditions beginning with spring planting. For producers to capitalize on weather induced price increases during the spring and summer months, a



UNIVERSITY OF NEBRASKA-LINCOLN, COOPERATING WITH THE COUNTIES AND THE U.S. DEPARTMENT OF AGRICULTURE

University of Nebraska Cooperative Extension educational programs abide with the non-discrimination policies of the University of Nebraska-Lincoln and the United States Department of Agriculture.



marketing plan will be important. Establish a price goal in advance for the sale of a portion of your expected production. The quantity a producer might sell at or prior to planting needs to be limited to no more than 20% of expected production. Also plan on purchasing crop insurance as protection against a

short crop. As the growing season progresses, look for additional price increases and sell more of the crop. This isn't rocket science, it is just good marketing. Producers who used this approach the past two years are surviving the depressed commodity prices of the late 1990's. Hopefully, we and all of our neighbors will be that fortunate.

Year	World Coarse Grains	U.S. Corn	
	Carry Over	Carry Over	Exports
	(Thousand Metric Tons)	(Million Bushels)	
1992/93	144.5	2,113	1,663
1993/94	141.6	850	1,328
1994/95	118.3	1,558	2,177
1995/96	106.7	426	2,228
1996/97	113.8	883	1,797
1997/98	139.2	1,308	1,504
1998/99	136.2	1,796	1,985
1999/00	128.1	1,968	1,925

Mike Turner, (402) 472-1710
Professor, Extension Agribusiness



Last Issue of the 1999 Year

Have a Safe and Happy Holiday!!!



UNIVERSITY OF NEBRASKA-LINCOLN, COOPERATING WITH THE COUNTIES AND THE U.S. DEPARTMENT OF AGRICULTURE

University of Nebraska Cooperative Extension educational programs abide with the non-discrimination policies of the University of Nebraska-Lincoln and the United States Department of Agriculture.

