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Global agricultural economists: 2013 was a good year for most farms, however corn in the US, France and Brazil already under heavy economic pressure

Around 55 agricultural economists from more than 30 countries met in Des Moines at the annual *agri benchmark* Cash Crop conference to discuss the state of global crop production and its perspectives. While cash crop farming was still rather profitable in 2013 in most parts of the world the experts are more bearish regarding the future commodity prices.

According to Yelto Zimmer (Thünen Institute), coordinator of network, the *agri benchmark* typical farm data shows only little evidence that long term commodity prices could stay as high as they were in recent years contrary to what major international research institutes project. 2013 figures already indicate that US and Brazilian corn producers started to feel the economic pressure, a shift to soybean can be expected in Brazil. Meanwhile, corn prices have gone down even further, making the economics for the 2014 crop look rather bad. Given the strong interaction between the different agricultural commodity markets it's only a matter of time until other crop markets decrease as well.

In the long run, the value of the energy content of crops – the so-called bushel-barrel correlation – will lead to a floor price. Current figures presented by Bob Wisner (retired ISU economist) indicate that this price could be in the range of 120 to 140 USD/metric ton as long as crude oil is traded at 100 USD/barrel.

When talking about the political crisis in Eastern Europe, the Russian *agri benchmark* partner Dmitri Rylko (Institute for Agricultural Market Studies) mentioned that the conflict will have a mixed impact on domestic agricultural producers with no clear resultant vector yet: sanctions will make it harder and more expensive to finance investments and current assets. On the other hand, livestock and some other sectors may benefit – both because of increasing domestic prices as well as through increasing subsidies which will be paid to speed up import substitution.

agri benchmark Cash Crop is a global non-profit network of agricultural economists. Its aim is to generate and disseminate reliable and usable analysis on major trends in global crop production. For more information on the network please visit www.agribenchmark.org

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Participants of the 9th *agri benchmark* Cash Crop Conference 2014