Economic Outlook for New Mexico Agriculture, 2014

By Jerry Hawkes, CES AnSc & Nat Res Department Head

The outlook for New Mexico agriculture for 2014 provides mixed projections throughout the livestock, dairy, forage, vegetable and cereal crop industries. Many factors that impact these markets are changing as the United States economy begins to strengthen. Aggregate economic growth is anticipated to around 2.5 percent in 2014. Agricultural commodities should expect to show growth in exports which in turn will increase farm and ranch level receipts for some sectors.

The relative weakness of the dollar will continue to make American commodities attractive to growing and developing countries around the globe. This will allow the United States to remain competitive in global agricultural markets. 2014 is anticipated to be a strong year for agricultural exports.

Beef markets in New Mexico should command market prices approximately 8% above those experienced last year. The hope of improving moisture patterns throughout much of the state will facilitate range conditions as much of the state continues to recover from an extensive and severe drought. Beef supplies during 2014 will once again be short globally and this factor will continue to strengthen beef prices throughout the year.

New Mexico’s dairy industry is expected to continue to show signs of financial improvement relative to the economically challenging times of the recent past. Milk prices should are expected to improve throughout 2014. Primary input prices such as alfalfa and corn silage are anticipated to fall relative to the levels of recent years. The combination of prices received and paid should produce a positive direction for the dairy industry in 2014.

Mixed price expectations are in store for New Mexico forage and cereal grain producers in 2014. Wheat inventories are high but when coupled with approximately 3% reduction in planted acres the prices should be in the $6.60-$6.80 per bushel range. Corn is expected to trade between $4.10 and $4.25 per bushel, and grain sorghum near $4.30 per bushel. Alfalfa and corn silage contracts are expected to be lower than the 2013 levels. Vegetable prices are difficult to anticipate as the market adjusts daily during harvest seasons. Green and red chile prices are expected to be similar to those experienced during the contract season of 2014.

Significant increases to New Mexico’s agricultural economic returns are not anticipated in 2014, but as importantly, drastic financial losses should not be experienced either. Input costs such as fertilizers and fuel are anticipated to fall during 2014. These adjustments to costs have the potential to improve the aggregate economic profile of agricultural producers. The agricultural production year of 2014 may prove to be a stabilizing year for New Mexico growers across the state.

New Mexico State University is an equal opportunity/affirmative action employer and educator. NMSU and the U.S. Department of Agriculture cooperating.