



# New Mexico State University

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## **Economic Outlook for New Mexico Agriculture, 2017**

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The economic outlook for New Mexico agriculture in 2017 provides primarily downward price projections throughout the livestock, dairy, forage, vegetable and cereal crop industries. Supplies of commodities, US dollar strength, global markets and regulatory issues all account for the anticipated headwind that the US agricultural sector will experience in 2017.

Beef cattle markets in New Mexico are expected to move with the national and global market structures in 2017. The livestock industry is coming off of a challenging year in 2016, with lower than expected prices becoming a reality as the year progressed. The 2017 marketing year will hold lower prices as the year progresses towards the traditional shipping periods in the fall. Prices for weaned steer calves are anticipated to reside close to the \$135/cwt. The primary reason for the continuance of falling beef prices revolves around the aggregate supply of beef. High beef prices were driven by shorter supplies over the past several years, but producers have met the demand for the product at this point in time. When coupled with a weak economy, the higher prices of beef at the retail level impacted the domestic demand. The beef industry is a very resilient market, that will be able to sustain this market structure, but excessive capital improvements will not be forecasted for most business models as the belts tighten for our New Mexico beef cattle producers.

Milk prices for New Mexico dairy producers are anticipated to move forward slightly over the past year. The All-Milk Price in 2017 is expected to be \$1/cwt ahead of 2016 year-end prices. Dairy production in New Mexico continues to be one of the national leaders in production per cow and herd size. Although the overall number of dairies has fallen in recent years in the state the herd size has remained relatively stable. Thin margins may exist in 2017 for dairy producers in New Mexico.

Falling prices forecasts across the majority of New Mexico commodities are expected in 2017. The overall strength of the US dollar will show a slight depreciation throughout 2017, but market strength in the grain markets will remain steady. Mixed price expectations are in store for New Mexico forage, vegetable, cotton and cereal grain producers in 2017. Wheat prices are expected to be near \$4.20/bu. This will reflect a slight increase both domestically, as well as globally with anticipated levels reaching \$5.1 billion in 2017. Corn is anticipated to settle close to \$3.55/bu. Aggregate marketing considerations for corn will be \$9.4 billion for 2017. Inventories, global demand and world markets are considered the primary drivers for these market scenarios.

Alfalfa and corn silage contracts are anticipated to remain relatively stable in 2017 compared to 2016 prices. The cotton market is expected to become more bullish than experienced in 2016 as higher US production coupled with tightening supplies in foreign markets drive the market situation. Prices in 2017 should be near \$0.75/lb. Vegetable prices will continue to be challenging to predict as these markets fluctuate throughout each commodities' harvest season. Regional environmental conditions often play a

significant role in the prices received throughout the year are difficult to anticipate with the market justing rapidly throughout the harvest season. Green chile prices are expected to remain stable in 2017. Red chile prices are anticipated to fall in 2017 to approximately \$0.58/lb.

Global economic outlook is an important factor in the ever-increasing world market that dictates the food system we invest in. World GDP is projected to increase slightly over the 1.2% experienced in both 2015 and 2016. Key emerging markets such as; Brazil, China, Indonesia and Russia are expected to have per capita income levels increase by 4.2% in 2017. Growth factors such as these are positive as the economic outlook for the global economy improves relative to previous time periods. Greater expenditures on higher value commodities, and value-added foods could be a driving force in these economies with significant growth expectations.

New Mexico agricultural producers are often the fabric of the community and region of the state that they reside in. They are often the economic engine for many of the more rural communities across the Land of Enchantment, and these business owners are well-prepared for challenging economic times.

## **UPCOMING EVENTS**

**Tucumcari Bull Test – Sale**  
**Tucumcari, NM**  
**March 11, 2017**

**Horse Expo & Sale**  
**Horse Center – Las Cruces, NM**  
**April 29, 2017 – Joby Priest, Horse Manager**

**NMSU Bull Sale**  
**Ag Auditorium – Las Cruces, NM**  
**Neil Burcham – April 29, 2017**

**US Dairy Extension & Training Consortium**  
**May 17 – June 23, 2017**  
**Clovis, NM**

**NM Youth Ranch Management Camp**  
**June 4 – 9, 2017**

**US Beef Academy**  
**(TBA)**  
**Corona, NM**

**Monday, January 16<sup>th</sup> – Martin Luther King Holiday**  
**Enjoy the 3-day weekend!**

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