Commodities are currently viewed as a victim of adverse macroeconomic conditions. The value of the U.S. dollar, China’s economic slowdown, and depressed crude oil prices are all being credited with sending the broader commodity markets into a down phase of the commodity super cycle.

While this contextual view may hold more significance for some commodities, it mischaracterizes the primary driver behind recent agricultural price movements. Resurgent supply is far-and-away the dominant explanation for the marked downward move in agricultural markets.

The dollar’s surge is most often cited as a destroyer of U.S. exports. However, the pace of U.S. agricultural exports has been strong in 2014/15. The USDA projects that the U.S. will increase its global share of exports this year for corn, soybeans, cotton, and pork.

China’s economy is slowing, but its demand for agricultural commodities is not. China will consume record volumes of meat and dairy products for the sixth consecutive year in 2015, driving the need for more grains and oilseeds.

Corn and soybeans are often cited as being heavily influenced by price correlations with crude oil. In reality, price movements of the three commodities have been somewhat asymmetric since Q3 2014.

For the remainder of 2015, the U.S. dollar is expected to strengthen, China’s economy is projected to slow, and oil prices are set to languish at multi-year lows. Nevertheless, the fundamentals of increasing agricultural supplies will remain the primary influencer of agricultural prices.