NASS Monthly Ag. Newsletter

NASS-NF48 | *"The Factfinders for U.S. Agriculture"* | July 2001

The NASS monthly newsletter is published by the U. S. Department of Agriculture, National Agricultural Statistics Service (NASS), 1400 Independence Avenue, S.W., Washington, D.C. 20250.

For your convenience, all NASS reports are available free of charge on the Internet: http://www.usda.gov/nass/ or via autofax by dialing 202-720-2000 from your fax machine.

For further information on these topics e:mail your inquiry to nass@nass.usda.gov. or call 800-727-9540.

The following estimates, forecasts, and projections are mainly taken from recent publications of the National Agricultural Statistics Service, Economic Research Service, and the World Agricultural Outlook Board of the USDA.

Wheat. The winter wheat production is forecast at 1.37 billion bushels. This is up 3% from last month's forecast but down 13% from 2000. The U.S. yield is forecast at 43.2 bushels per acre, up 2.0 bushels from last month. The World Agricultural Outlook Board (WAOB) projected 2001/02 ending stocks, at 610 million bushels, are up 25 million bushels from last month. An increased beginning stocks and a larger crop more than offset a larger use estimate. Total use is up 27 million bushels from last month, with domestic use down 23 million bushels but exports up 50 million. Higher projected exports are due to crop problems in some major competing exporters. The projected price range for 2001/02 is $2.70 to $3.30 per bushel.

Corn. The U.S. 2001 corn crop is projected at 9.50 billion bushels by the WAOB, down 80 million bushels from last month because of lower harvested area reflected in the June 30 *Acreage* report. The trend yield is unchanged from June, at 137 bushels per acre. Projected 2001/02 season ending stocks are down 65 million bushels from last month because of the smaller crop and lower projected domestic use being offset by slightly larger beginning stocks and imports. Plantings for 2001 are estimated at 76.1 million acres, down 4% from last year and harvested acreage is estimated at 69.3 million acres. The projected price range for the 2001 corn crop is $1.75 to $2.15 per bushel.

Soybeans. Soybean production for 2001 is projected by the WAOB at a record 2.94 billion bushels, 50 million bushels below last month. Planted area is estimated at 75.4 million acres, while harvested acreage is estimated at 74.3 million acres. If realized, this would be the largest planted and harvested acreage on record. The projected trend yield is unchanged from last month, at 39.5 bushels per acre. Ending stocks for the 2001/02 season are projected at 345 million bushels, down 95 million bushels from last month, due to the smaller projected production and an increase in estimated crush and exports. Soybean prices are projected at $4.00 to $5.00 per bushel, compared to $4.50 per bushel for the 2000 crop. The midpoint of the projected price range is up 20 cents from last month. Projected soybean meal prices are up slightly from last month, at $150 to $175 per short ton.

Cotton. The U.S. cotton outlook for 2001/02 includes larger production, lower disappearance, and sharply higher ending stocks relative to last month. The WAOB projected production at 19.2 million bales, up 400,000 bales, incorporates the larger planted area reported in the June 29 *Acreage* report, partially offset by higher estimated abandonment due to adverse season-to-date conditions in Texas. Ending stocks are now projected at 7.3 million bales, the largest since 1985/86.

Other Crops. Planted acreage for **sorghum** is estimated at 9.75 million acres, up 6% from last year, and the area harvested for grain is estimated at 8.86 million acres, up 15% from 2000. **Oats** planted last fall and this spring totaled 4.40 million acres, down 2% from last year, and the area harvested for grain is 2.19 million acres, down 6% from last year. **Barley** growers seeded 5.09 million acres in 2001, down 13% from last year and expect to harvest 4.51 million acres. **Rice** producers seeded an estimated 3.25 million acres, up 6% from last year, and the harvested area is forecast at 3.22 million acres, up 6% from 2000. **Hay** producers will harvest 63.8 million acres, 7% more than last year.

Cattle. At mid-July, prices for choice steers (Nebraska direct, 1100-1300 pounds) averaged $71 per cwt. Feeder steer prices (Oklahoma City, medium-large frame, 750-800 pounds) were around $93 per cwt in mid-July, up $2 from mid-June.

Hogs. During the first two weeks of July slaughter has been running 2% below a year ago. Prices at mid-July (Iowa-Southern Minnesota direct, 230-250 pounds) were around $51 per cwt, down $2 from mid-June. Third quarter prices are expected to average around $48 per cwt.

Other Livestock. June **milk production** was down 0.5% from the previous year. Production per cow increased 0.3%, however, the number of cows decreased 0.8%. The **cheddar cheese price** (U.S. 40 pound blocks, wholesale) was up the first two weeks of July. During May, total cheese production was 3.1% below the previous year, **butter** production was up 1.6% and **nonfat dry milk** production was up 0.9%. US table **egg production** during June 2001 totaled 6.97 billion, up 3% from June 2000. Wholesale market **egg prices** for the third quarter of 2001 (Grade A large, New York) are expected to average 69-71 cents per dozen, compared with 67.1 cents a year ago. Fourth quarter 2001 egg prices are expected to average 74-80 cents per dozen, compared with 83.1 cents a year earlier. **Broiler-**Type chicks hatched during June 2001 totaled 757 million, up 1% from last year. Cumulative Broiler-Type Placements in 15 selected states thru July 14, 2001, were 4.13 billion, slightly above a year ago. The wholesale 12-city average price for whole **broilers** for the third quarter of 2001 is expected to be 59-61 cents, compared with 56.8 cents from the third quarter of last year. Fourth quarter 2001 broiler prices are expected to average 56-60 cents per pound, compared with the 56.2 cents for a year earlier. Cumulative **turkey poult placements** for the 2001 marketing year through June 2001 were 247 million, 1% above the same period a year ago. Placements in June 2001, at 26.0 million, were down 3% from last June. Prices (8-16 lb. hens, Eastern Region) for the third quarter of 2001 are expected to be 68-70 cents compared with 73.9 cents for the second quarter last year. Turkey prices for the forth quarter of 2001 are expected to average 72-78 cents per pound, compared with the 76.2 cents average for the forth quarter of 2001. **Supplies in refrigerated warehouses** at the end of June 2001 compared with a year earlier were: total chicken, down 16%; turkey, up 1%; pork, down 23%; pork bellies, down 34%; beef, down 18%; frozen orange juice, down 1%, butter, up 2%; and American cheese, down 11%.

Trade. July U.S. **trade projections** for wheat, rice, and soybeans improved while 2000/2001 export prospects for corn and beef declined, compared with last month. Cotton, pork, broilers, and turkeys were unchanged from June. July projections for the volume of exports for the 2000/2001 marketing year compared to 1999/2000 are: **wheat** down 1%; **corn** up 8%; **rice** down 3%; **soybeans** up 2%; **soybean meal** unchanged; **soybean oil** up 50%; and **cotton** up 36%. July projections for the volume of meat exports in calendar 2001 compared to 2000 are: **beef** up 4%; **pork** down 3%; **broilers** up 5%; and **turkeys** up 2%. The **U.S. trade** deficit for goods and services decreased to $28.3 billion in May, from a revised $32.0 billion in April. The **U.S. agricultural trade** surplus was $797.5 million in May, compared with $868.4 million in April.

Prices. The rate of **inflation,** as monitored by the CPI for all urban consumers, increased 0.2% in June and has increased 3.2% over the last 12 months. The **PPI** decreased 0.4% in June, but has increased 2.5% for the 12-month period ending in May. The June **prime rate,** averaging 6.98%, was down from 7.24% in May. Compared to a year earlier, **feed** prices in June were up 1%; **feeder livestock and poultry** prices were up 5%; **fertilizers** were up 21%; **ag chemicals** up 2%; **farm machinery** up 3%; **seeds** up 7% and **fuels** down 2%.

World Weather and Crop Developments (July 8-15). In the **United States** hot, dry weather quickly reduced moisture supplies and stressed rapidly growing row crops across much of the Corn Belt and Great Plains. Rain maintained adequate moisture for crop development in parts of the central Great Plains, but also hindered winter wheat harvest. Heavy precipitation also provided moisture reserves for crops in parts of the lower Mississippi Valley, eastern Gulf Coast, and most of Florida. Cool nighttime temperatures slowed crop development in California, while abnormally warm weather promoted rapid development of small grains in the northern Great Plains and Pacific Northwest. Welcomed drier weather followed persistent wetness in western **Ukraine**, favoring winter wheat maturation and harvesting. Widespread, light to moderate showers in **Kazakstan** and most of **Russia** continued to benefit spring grains. In **Canada** showers benefited the southeastern Prairies, but warmth and dryness stressed spring crops in the southwest. Periodic rain in northwestern **Europe** delayed early winter wheat harvesting, but boosted topsoil moisture for crops in the vegetative to reproductive stage of development. Warm, dry weather stressed summer crops in much of the North **China** Plain, but showers brought relief to northern Manchuria. Showers brought some drought relief to Western **Australia**, but more rain was needed for significant improvement. In **Mexico**, moderate showers locally increased moisture supplies in the main corn belt. Showers benefited corn and rice in **Thailand**, while widespread heavy showers slowed early corn harvesting in the **Philippines**. In South Asia, widespread monsoon showers sustained moisture levels for summer crop development in all but southern India, where unfavorable dryness continued. Mostly dry weather continued to favor fieldwork across central **Argentina**, while rain maintained adequate soil moisture levels for winter crops in southern **Brazil**.

Other News. **Planted area for eight major U.S. field crops** (corn, soybeans, wheat, barley, sorghum, oats, cotton, and rice) is expected to total 249.9 million acres in 2001, an overall decline of nearly 5 million acres from last year, when prices were higher for most crops at planting time. **Despite a strong domestic market** for wheat products, U.S. wheat harvested area continues to drop, down more than one-third from its peak in 1981. Adverse weather is expected to push winter wheat harvested area in 2001 to its lowest level since 1988. Sharply reduced wheat production in 2001, combined with lower carryin stocks and only slightly higher projected imports, will likely drop total wheat supplies to a 5-year low for the 2001/02 marketing year. **Corn-on-the-cob is back**. After more than a decade of nibbling, Americans enthusiastically embraced fresh-market sweet corn during the 1990s. U.S. sweet corn demand has trended higher over the past decade, due largely to improved quality, consistency, and marketability. Consumption reached record highs in the 1990s, enticed by new sweeter varieties and value-added packaging.

- - - - - - - - - -

To order printed copies of NASS reports, call the toll-free sales order desk direct at 1-800-999-6779. For further information on NASS programs, products, and services call toll-free 1-800-727-9540. The next newsletter will be issued on August 24, 2001.