# NASS
# Monthly Ag. Newsletter

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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:** Winter wheat production is forecast at 1.30 billion bushels, down 4% from last year to the lowest level since 1978. Based on conditions as of May 1, the U.S. winter wheat yield is forecast at 43.1 bushels per acre, 0.4 bushels less than last year's yield. Total U.S. wheat production is projected by the USDA's World Agricultural Outlook Board (WAOB) at 1.89 billion bushels, down 4% from last year. The projected price range for 2002/03 is $2.50 to $3.10 per bushel, compared with an estimated $2.78 for 2001/02.

**Corn:** The U.S. 2002 corn crop is projected at 9.94 billion bushels by the WAOB, up 5% from last year. The March Prospective Plantings area and a trend yield of 137.9 bushels per acre are assumed. The trend yield is adjusted for planting progress and assumes normal weather. Total U.S. 2002/03 corn supplies are up just 1%, as smaller expected carryin stocks partially offset the projected production increases. The projected price range for the 2002 corn crop is $1.75 to $2.15 per bushel, compared with $1.85 to $1.95 for 2001/02.

**Soybeans:** The U.S. 2002 soybean production is projected 2.85 billion bushels by the WAOB, 1% lower than the 2001/02 crop. U.S. soybean production is based on intended soybean plantings of 73.0 million acres and a trend yield of 39.7 bushels per acre. Season average soybean prices for 2002/03 are projected at $4.00 to $4.90 per bushel, compared with a forecast of $4.25 for the 2001/02 crop. Soybean meal prices are forecast at $145 to $175 per short ton, compared with $159 per ton for 2001/02.

**Cotton:** The first U.S. cotton projections for 2002/03 include sharply lower production, marginally higher disappearance, and lower ending stocks compared to 2001/02, according to the WAOB. Production is projected at 17.8 million bales, based on average abandonment and yield. The U.S. cotton export forecast, at 11.0 million bales, is the largest since 1926/27.

**Rice**. The U.S. rice production in 2002/03 is projected at 208 million cwt by the WAOB, 2% lower than the 2001/02 crop. Domestic and residual use is projected at a record 126 million cwt, up 2% from the previous year. Projected exports, at 92 million cwt, are 2% above last year. The 2002/03 market year average price is expected to average between $3.95 and $4.45 per cwt. Global rice production is projected at 396 million tons, less than 1% below the previous year with world consumption projected at a record level.

**Cattle**. Mid-May **prices** for choice steers (Nebraska direct, 1100-1300 pounds) averaged $67 per cwt, down $1 from mid-April. Feeder steer prices (Oklahoma City, medium-large frame, 750-800 pounds) were nearly $77 per cwt, up $1 from a month ago.

**Hogs**. During the first two weeks of May, hog **slaughter** has been running roughly 105% of a year ago. Cash **prices** at mid-May (Iowa-Southern Minnesota direct, 51-52% lean) were nearly $36 per cwt, up almost $8 from mid-April. Second quarter prices are expected to average $35 per cwt.

**Other Livestock**. April **milk production** was up 2.9% from the previous year. Production per cow increased 2.7%, and the number of cows increased slightly from a year ago. The **cheddar cheese price** (U.S. 40 pound blocks, wholesale) was up the first two weeks of May. Total **cheese** production reported for the month of March, 2002 was 0.5% above the previous year. **Butter** production during this same time period was 15.8% above the previous March. **Nonfat** dry milk production was up 17.9% from the previous year. US table **egg production** during April 2002 totaled 5.99 billion, down slightly from April 2001. Wholesale market **egg prices** for the second quarter of 2002 (Grade A large, New York) are expected to average 56-58 cents per dozen, compared with 63.3 cents a year ago. Third quarter 2002 egg prices are expected to average 58-62 cents per dozen, compared with 61.4 cents a year earlier. **Broiler**-Type chicks hatched during April 2002 totaled 765 million, up 1% from last year. Cumulative Broiler-Type Placements in 15 selected states thru May 4, 2002, were 2.70 million, 2% above a year ago. The wholesale 12-city average price for whole **broilers** for the second quarter of 2002 is expected to be 54-56 cents, compared with 59.2 cents from the second quarter of last year. Third quarter 2002 broiler prices are expected to average 57-61 cents per pound, compared with the 61.1 cents for a year earlier. Cumulative **turkey poult placements** for the 2002 marketing year through April 2002 were 197 million, 1% above the same period a year ago. Placements in April 2002, at 26.0 million, were up 1% from last April. Prices (8-16 lb. hens, Eastern Region) for the second quarter of 2002 are expected to be 62-64 cents compared with 65.0 cents for the second quarter last year. Turkey prices for the third quarter of 2002 are expected to average 63-67 cents per pound, compared with the 67.1 cents average for the third quarter of 2001. **Supplies in refrigerated warehouses** at the end of April 2002 compared with a year earlier were: total chicken, up 30%; turkey, up 30%; pork, up 31%; bellies, up 44%; beef, up 29%; frozen orange juice, up 1%, butter, up 76%; and American cheese, up 1%.

**Trade**. May U.S. **trade projections** present USDA's initial assessment of U.S. crop exports for the 2002/2003 season. This is also the first projections of U.S. livestock exports for the 2003 calendar year. May U.S. **trade projections** for corn, rice, cotton, beef, and pork improved while 2001/2002 export prospects for wheat, broilers, and turkeys declined, compared with last month. Soybeans were unchanged from April. May projections for the volume of exports for the 2002/2003 marketing year compared to 2001/2002 are: **wheat** down 10%; **corn** up 9%; **rice** up 2%; **soybeans** up 2%; **soybean meal** up 1%; **soybean oil** up 53%; and **cotton** unchanged. May projections for the volume of meat exports in calendar 2003 compared to 2002 are: **beef** up 5%; **pork** up 4%; **broilers** up 8%; and **turkeys** up 4%. The **U.S. trade** deficit for goods and services decreased to $31.6 billion in March, from a revised $31.8 billion in February. The **U.S. agricultural trade** surplus was $905.7 million in March, compared with $1.5 billion in February.

**Prices:** The rate of inflation, as monitored by the CPI for all urban consumers, increased 0 .6% in April and has increased 1.6% over the last 12 months. The PPI decreased 0.2% in April and has decreased 2% over the last 12 twelve months. The April prime rate, averaging 4.75%, has been unchanged since January. Compared to a year earlier, feed prices in April were up 3%; feeder livestock and poultry down 11%; fertilizer down 21%; ag chemicals down 2%, farm machinery up 3%, seeds up 7%, and fuels down 10%.

**World Weather and Crop Developments** (May 5-12). In the **United States**, heavy rain kept producers out of their fields across most of the eastern Corn Belt, where corn and soybean planting ranged from 2 to 3 weeks behind normal. Rain also shortened the work week in the central and western Corn Belt and parts of the Great Plains, but progress remained ahead of normal across much of the western Corn Belt and Great Plains. Meanwhile, warm, mostly dry weather supported planting in the southern Great Plains, lower Mississippi Valley, and Southeast. Cotton planting was very active on the Atlantic Coastal Plain. Crop emergence and growth were slow across the northern Corn Belt and northern Great Plains due to cold weather. Also, saturated soils hindered germination in many parts of the Corn Belt, while moisture shortages delayed development in the southern High Plains and along the Gulf Coast. In **FSU-**western, rapid planting continued because of mostly dry weather, while unseasonably warm conditions promoted crop development. Several days of mild, dry weather helped spring grain planting in **Russia** and **Kazakstan**. Rain favored reproductive to filling winter grains in **Spain**, southern **France**, and **Italy**, while dry weather continued in extreme eastern **Europe**, stressing winter grains and summer crops. Dry weather favored winter grain maturation and harvest activities in southern **Morocco**, while late-season showers interrupted early harvest activities in parts of **Algeria** and **Tunisia**. Showers boosted topsoil moisture in Western **Australia's** winter grain belt, as warm, dry weather aided summer crop harvesting in the east. In the corn belt, of South **Africa**, showers moistened topsoils for wheat germination and freezing temperatures aided summer crop drydown. In **Canada**, cold, mostly dry weather impeded Prairie spring crop planting and early development. Mild, dry weather favored seasonal fieldwork but slowed development of immature winter wheat in the **Middle East**. Showers in **Indochina** boosted moisture supplies for rice transplanting. Beneficial showers continued across the North **China** Plain and much of southern China. Beneficial rain covered southern **Brazil**, stabilizing winter corn and increasing moisture reserves for winter wheat establishment. Intensifying heat and dryness increased irrigation demands and stressed pastures, and dryland summer crops across north-central and northeastern areas of **Mexico**.

**Other News:** Supplies of most major **U.S. field crops are expected to rise** in 2002/03, according to USDA's first projection of production and prices for the next marketing year. Bountiful production is anticipated despite similar or lower planted acres for most crops this year. The **rapid economic development of South Korea (Korea)** is often considered a model for developing countries, and some of them may consider adopting the Korean pattern of policy choices. However, while Korea clearly prospered between 1975 and 1990, a new ERS study finds that Korea's agricultural trade policies hindered rather than helped the country's economic progress. Among the topics of discussion in the **World Trade Organization (WTO) negotiations on agriculture**, non-trade concerns remain one of the more contentious. In WTO parlance, "non-trade concerns" include a range of issues related to agriculture but not strictly linked to traditional trade measures. Net migration into the West and changing preferences for **recreation opportunities and environmental amenities** are increasing demand for recreational/environmental goods and services. This, in turn, is reshaping the economic relationship between public lands and rural communities. **Global food production** has risen more rapidly than population in recent decades, but 800 million people remain food insecure.

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