NASS Monthly Ag. Newsletter

NASS-NF94 *"The Fact Finders for U.S. Agriculture"* May 2005

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/.

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. Winter wheat production is forecast at 1.59 billion bushels, up 6% from last year. Based on May 1 conditions, the U.S. winter wheat yield is forecast at 45.4 bushels per acre, 1.9 bushels more than last year's yield. Total U.S. wheat production is projected by the USDA's World Agricultural Outlook Board (WAOB) at 2.19 billion bushels, up 1% from last year. The projected price range for 2005/06 is $2.55 to $3.05 per bushel, compared with an estimated $3.39 for 2004/05.

Corn. The U.S. 2005 corn crop is projected at 11.0 billion bushels by the WAOB, down 7% from last year's record production. The projection is based on March *Prospective Plantings* area, the harvested-to-planted relationship for 1999-2004 (omitting 2002), and a trend yield of 148.0 bushels per acre. The trend yield is adjusted up for the rapid planting progress of the 2005 crop and assumes normal weather. The smaller corn crop is offset by larger projected carry-in stocks, leaving total 2005/06 U.S. corn supplies up from last year. The projected price range for the 2005 corn crop is $1.55 to $1.95 per bushel, compared with $2.00 to $2.10 for 2004/05.

Soybeans. The U.S. 2005 soybean production is projected at 2.90 billion bushels by the WAOB, 8% less than last season's record crop. U.S. soybean production is based on intended soybean plantings of 73.9 million acres, historic harvested-to-planted relationships, and a trend yield of 39.9 bushels per acre from regional analysis. Soybean supplies are projected to reach 3.25 billion bushels, almost unchanged from 2004/05. Ending stocks for 2005/06 are projected at 290 million bushels, down 65 million bushels as crush and exports expand modestly. Season average soybean prices for 2005/06 are projected at $4.70 to $5.70 per bushel, compared with a forecast of $5.65 for the 2004/05 crop. Soybean meal prices are forecast at $150 to $180 per short ton, compared with $175 per ton for 2004/05. Soybean oil prices are also projected lower at 20 to 23 cents per pound compared with 22.5 cents per pound last year.

Cotton. The first U.S. cotton projections by the WAOB for 2005/06 include lower production and domestic mill use, higher exports, and lower ending stocks relative to 2004/05. Production is projected at 19.5 million bales, based on a planted area of 13.8 million acres, from the *Prospective Plantings* report, combined with historical average abandonment and yield. U.S. cotton exports are projected at 14.5 million bales, an increase of 8% from 2004/05. Ending stocks are forecast at 6.3 million bales, a decrease of 800,000 bales from 2004/05.

Rice. The U.S. rice production in 2005/06 is projected at 225 million cwt by the WAOB, 3% below the 2004/05 crop. Domestic and residual use is projected at 126 million cwt, up 3 million cwt from the previous year. Projected exports, at 120 million cwt, are 14 million cwt above the 2004/05 projection. The 2004/05 market year average price is expected to average between $7.20 and $7.50 per cwt. Global rice production is projected at 410 million tons, 8 million tons above the previous year with world consumption projected at a record high 417 million tons.

Cattle. Mid-May **prices** for choice steers (Nebraska direct, 1100-1300 pounds) averaged $89 per cwt, down $2 from mid-April. Feeder steer prices (Oklahoma City, medium-large frame, 750-800 pounds) were roughly $112 per cwt, no change form a month ago.

Hogs. For the first two weeks of May, hog **slaughter** was running 0.2% below a year ago. Cash **prices** at mid-May (Iowa-Southern Minnesota direct, 51-52 percent lean) averaged $56 per cwt, up $4 from the mid-April price. Second quarter prices are expected to average $55 per cwt.

Other. April **milk production** was up 3.2% from the previous year. Production per cow increased 2.6%, while the number of cows increased 0.5% from a year earlier. The **cheddar cheese price** (U.S.

40 pound blocks, wholesale) was down the first two weeks of May. Total **cheese** production reported for the month of March 2005 was 1.4% above the previous year. **Butter** production during this same time period was 19.3% above last year. Production of **nonfat dry milk for human food** was down 7.7% from March 2004. US table **egg production** during April 2005 totaled 6.29 billion, up slightly from April 2004. Wholesale market **egg prices** for the second quarter of 2005 (Grade A large, New York) are expected to average 59-61 cents per dozen, compared with 79.7 cents a year ago. Third quarter 2005 egg prices are expected to average 63-67 cents per dozen, compared to 66.2 cents a year earlier. **Broiler**-Type chicks hatched during April 2005 totaled 790 million, up 2% from last year. Weekly Broiler-Type Placements in 19 selected states for the week ending May 14, 2005, were 178 million, up 2% from a year ago. Cumulative placements for the 19 selected states for the period January 2, 2005 - May 14, 2005 totaled 3.34 billion, up 3% from the 3.25 million chicks placed for the same period a year ago. The wholesale 12-city average price for whole **broilers** for the second quarter of 2005 is expected to be 72-74 cents, compared with 79.3 cents from a year earlier. Third quarter 2005 broiler prices are expected to average 72-76 cents per pound, compared with the 75.7 cents for a year earlier. Turkey Poult Placements in April 2005, at 23.5 million, were down 5% from April, 2004. Cumulative placements for the 2005 marketing year are 177 million poults, down 5% from a year ago. Prices (8-16 lb. hens, Eastern Region) for the second quarter of 2005 are expected to be 67-69 cents compared with 66.6 cents for the second quarter last year. Turkey prices for the third quarter of 2005 are expected to average 70-74 cents per pound, compared with the 73.1 cents average for the third quarter of 2004. **Supplies in refrigerated warehouses** at the end of April 2005 compared with a year earlier were: total chicken, up 8%; turkey, down 18%; pork, up 26%; bellies, up 85%; beef, down 22%; frozen orange juice, down 16%; butter, up 5% and American cheese, up 4%.

Trade. May U.S. **trade projections** for corn, rice, cotton, beef, pork, broilers, and turkeys improved while 2005/2006 export prospects for wheat declined, compared with last month. May projections for the volume of exports for the 2005/2006 marketing year compared to 2004/2005 are: **wheat** down 10%; **corn** up 8%; **rice** up 12%; and **cotton** up 8%. May projections for the volume of meat exports in calendar 2006 compared to 2005 are: **beef** up 6%; **pork** up 8%; **broilers** up 3%; and **turkeys** up 2%. The **U.S. trade** deficit for goods and services decreased to $55.0 billion in March, from a revised $60.6 billion in February. The **U.S. agricultural trade** surplus was $198 million in March, compared with $577 million in February.

Prices. The rate of **inflation**, as monitored by the **CPI** for all urban consumers, increased 0.7% in April but has increased 3.5% over the last 12 months. The **PPI** increased 0.6% in April and has increased 4.8% over the last 12 months. The April **prime rate**, averaging 5.75%, was up from 5.58% in March. Compared to a year earlier, **feed** prices in April were down 12%; **feeder livestock and poultry** were up 17%; **fertilizer** up 15%; **ag chemicals** were down 1%; **farm machinery** up 6%, **seeds** up 8%, and **fuels** up 39%.

World Weather and Crop Developments (May 15-22). In the **United States**, above-normal temperatures prevailed in the Great Plains and Rocky Mountains, encouraging winter wheat development and summer crop emergence. However, the hot weather, combined with dry conditions in the central and southern parts of the region, continued to worsen winter wheat condition. Meanwhile, in the Dakotas, light to moderate precipitation improved soil moisture conditions. Moderate rainfall in the Southeast was not enough to hamper cotton and peanut planting. Persistent dryness in the Mississippi Delta forced many growers to irrigate. In the Corn Belt, dry conditions early in the week were favorable for planting, with beneficial showers prevailing later in the week. Rainfall in the Pacific Northwest hindered planting but continued to improve soil moisture levels. Unseasonably warm, dry weather helped spring grain planting in **Russia** and **Kazakstan**. Widespread rain increased moisture for vegetative winter grains across central and eastern **Europe**, while showers provided limited drought relief to northern portions of the Iberian Peninsula. Dry weather facilitated winter grain harvesting in **northwestern Africa**. In **South Africa**, warm, dry weather promoted winter wheat planting while aiding maturation and drydown of corn and other summer crops. Drier weather overspread eastern **Australia**, spurring winter grain planting, while beneficial rain in western Australia continued to favor winter grain planting and early development. Widespread showers benefited winter wheat in northwestern **Iran**, while dry weather elsewhere favored fieldwork. In **Brazil**, rain soaked southern winter wheat areas, but unseasonable warmth and dryness persisted in major citrus and coffee areas. Cool, dry weather promoted corn and soybean harvesting, but some locations needed rain for winter wheat germination in **Argentina**.

- - - - - - - - - -

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 June 22, 2005.