

NASS

Monthly Ag. Newsletter

NASS-NF101

"The Fact Finders for U.S. Agriculture"

December 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.

Cotton. All cotton production is forecast at 23.7 million 480-pound bales, up 2% from the November 1 forecast and 2% above last year's production. Yield is expected to average 832 pounds per harvested acre, up 19 pounds from last month but down 23 pounds from 2004. If realized, production will surpass the previous record set last year, while yield would be the second largest on record. The World Agricultural Outlook Board's (WAOB) projections include domestic mill use that is unchanged at 6.00 million bales while exports are raised 200,000 bales to a record 16.4 million. Projected U.S. ending stocks are raised 6% to 6.90 million bales.

Corn. The 2005 corn production is forecast at 11.0 billion bushels, down 7% from last year. The average yield is forecast at 148.4 bushels per acre, down 12.0 bushels from a year ago. If realized, both production and yield would be the second largest on record, behind last year. WAOB projected 2005/06 U.S. ending stocks are up 100 million bushels from last month due to a drop in exports. A market year average price between \$1.60 and \$2.00 per bushel is expected, compared with \$2.06 for the 2004 crop.

Soybeans. The 2005 soybean crop is forecast at 3.04 billion bushels, down 3% from last year. The yield forecast, at 42.7 bushels per acre, is one half bushel above 2004 and, if realized, would be the highest U.S. yield on record. WAOB projected U.S. ending stocks at 405 million bushels, are up 55 million bushels from last month, while soybean exports were reduced 55 million bushels, to 1.02 billion bushels, as competition from South American soybean exports continues to limit U.S. trade prospects. A market year average price is projected between \$5.00 and \$5.70 per bushel, compared with the 2004 average price of \$5.74.

Wheat. All wheat production totaled 2.10 billion bushels in 2005, down 3% from 2004. The average yield is 42.0 bushels per acre, down 1.2 bushels from last year. WAOB projected 2005/06 U.S. ending stocks at 530 million bushels were unchanged from November 1. The market year average price is expected to average between \$3.25 and \$3.50 per bushel, compared with \$3.40 for the 2004 crop.

Rice. U.S. rice production is forecast at 221 million cwt, 4% below 2004. The average yield is forecast at 6,603 pounds per acre, 339 pounds below last year's record high yield. The 2005/06 market year average price is expected to average between \$7.65 and \$7.95 per cwt compared with \$7.33 for the 2004 crop.

Other Crops. Grain Sorghum production is forecast at 388 million bushels, down 15% from 2004. The **peanut** crop is forecast at 4.66 billion pounds, 9% above last year's crop.

Cattle. Mid-December **prices** for choice steers (Nebraska direct, 1100-1300 pounds) averaged \$94 per cwt, up \$3 from mid-November. Feeder steer prices (Oklahoma City, medium-large frame, 750-800 pounds) were roughly \$113 per cwt, down \$5 from a month ago.

Hogs. For the first two weeks of December, hog **slaughter** was running 2.6% above a year ago. Cash **prices** at mid-December (Iowa-Southern Minnesota direct, 51-52 percent lean) averaged \$44 per cwt, down \$1 from the mid-November price. Fourth quarter prices are expected to average \$45 per cwt.

Other. November **milk production** was up 4.6% from the previous year. Production per cow increased 3.9%, while the number of cows increased 0.7% from a year earlier. The **cheddar cheese price** (U.S. 40 pound blocks, wholesale) was down the first two weeks of December. Total **cheese** production reported for the month of October 2005 was 0.9% above the previous year. **Butter** production during this same time period was 3.0% above last year. Production of **nonfat dry milk for human food** was down 22% from October 2004. US table **egg production** during November 2005 totaled 6.48 billion,

up 1% from November 2004. Wholesale market **egg prices** for the fourth quarter of 2005 (Grade A large, New York) are expected to average 71-72 cents per dozen, compared with 68.0 cents a year ago. First quarter 2006 egg prices are expected to average 63-67 cents per dozen, compared to 64.5 cents a year earlier. **Broiler**-Type chicks hatched during November 2005 totaled 747 million, up 2% from last year. Weekly Broiler-Type Placements in 19 selected states for the week ending December 17, 2005, were 176 million, up 2% from a year ago. Cumulative placements for the 19 selected states for the period January 2, 2005 - December 17, 2005 totaled 8.69 billion, up 1% from the 8.57 billion chicks placed for the same period a year ago. The wholesale 12-city average price for whole **broilers** for the fourth quarter of 2005 is expected to be 67-68 cents, compared with 68.3 cents from a year earlier. First quarter 2006 broiler prices are expected to average 67-71 cents per pound, compared with the 71.9 cents for a year earlier. **Turkey** Poult Placements in November 2005, at 21.8 million, were down 2% from November 2004. Cumulative placements for the 2006 marketing year are 66.0 million poults, up 3% from a year ago. Prices (8-16 lb. hens, Eastern Region) for the fourth quarter of 2005 are expected to be 80-81 cents compared with 77.1 cents for the same period last year. Turkey prices for the first quarter of 2006 are expected to average 63-67 cents per pound, compared with the 65.9 cents average for the first quarter of 2005. **Supplies in refrigerated warehouses** at the end of November 2005 compared with a year earlier were: total chicken, up 13%; turkey, down 32%; pork, down 1%; bellies, down 16%; beef, down 8%; frozen orange juice, down 30%; butter, up 7% and American cheese, up 6%.

Trade. December U.S. **trade projections** for cotton and beef improved while 2005/2006 export prospects for corn and soybeans declined, compared with last month. Wheat, rice, pork, broilers, and turkeys were unchanged from November. December projections for the volume of exports for the 2005/2006 marketing year compared to 2004/2005 are: **wheat** down 6%; **corn** up 5%; **rice** up 8%; **soybeans** down 7%; **soybean meal** down 9%; **soybean oil** up 2%; and **cotton** up 14%. December projections for the volume of meat exports in calendar 2005 compared to 2004 are: **beef** up 6%; **pork** up 4%; **broilers** up 5%; and **turkeys** up 3%. The **U.S. trade** deficit for goods and services increased to \$68.9 billion in October, from a revised \$66.0 billion in September. The **U.S. agricultural trade** surplus was \$1.276 billion in October, compared with a deficit of \$149 million in September.

Prices. The rate of **inflation**, as monitored by the **CPI** for all urban consumers, decreased 0.8% in November but has increased 3.5% over the last 12 months. The **PPI** increased 0.7% in November and 5.9% over the last 12 months. The November **prime rate**, averaging 7.00%, was up from 6.75% in October. Compared to a year earlier, **feed** prices in November were up 6%; **feeder livestock and poultry** up 9%; **fertilizer** up 13%; **ag chemicals** up 3%; **farm machinery** up 2%, **seeds** up 8%, and **fuels** up 33%.

World Weather and Crop Developments (December 11-18). In the **United States**, warm, dry weather on the northern and central Great Plains eroded some of the protective snow cover from the winter wheat crop, while dry conditions in the southern Plains continued to stress the crop. Elsewhere in the Nation, below-normal temperatures prevailed. In the Corn Belt, widespread snow cover provided protection for winter wheat but stressed livestock. A high pressure system in the Pacific Northwest held temperatures to as much as 15 degrees Fahrenheit below normal, but winter grains were protected by a generous snow cover. Across California and the Southwest, dry weather favored late-season fieldwork. A storm system began dropping heavy rainfall along the upper Gulf Coast of Texas and throughout Louisiana around midweek, causing local flooding. The system then moved on into the Southeast and up the Atlantic Coast, bringing freezing rain, sleet, and snow. Vegetable harvest in Florida was aided by dry conditions. In Georgia, soybean and cotton harvests edged closer to completion, while onion transplanting continued. Texas' winter wheat crop continued to suffer from a lack of precipitation, though most of the crop was entering dormancy. Arizona's cotton crop was 91 percent harvested, 3 percentage points behind normal. Winter wheat has been slow to emerge in California's San Joaquin Valley due to dry conditions, while carrot harvest was underway in Kern County. In Eastern **Asia**, cold, dry weather continued across winter growing areas, where winter wheat and rapeseed are well hardened. Rain was needed to ensure proper establishment of corn and other summer crops in South **Africa**. In eastern **Australia**, rain maintained adequate to abundant moisture supplies for summer crops, while showers in western and southeastern Australia caused only brief delays in winter grain harvesting. Lingering dryness in northwestern **Iran** further reduced topsoil moisture for winter grain establishment. In **Brazil**, dry weather returned to the south, limiting moisture for soybean establishment.

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 January 23, 2006.