

# NASS

## Monthly Ag. Newsletter

NASS-NF49

"The Factfinders for U.S. Agriculture"

August 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](mailto: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.** All wheat production is forecast at 1.98 billion bushels, up 1% from the July forecast but down 11% from last year. Based on conditions as of August 1, the U.S. yield is forecast at 40.2 bushels per acre. The World Agricultural Outlook Board (WAOB) projected 2001/02 U.S. ending stocks up 6 million bushels from July because of larger winter wheat production. The projected price range for 2001/02 is \$2.70 to \$3.30 per bushel compared to \$2.62 for the 2000 crop. The WAOB 2001/02 global projected ending stocks are down 17% from the previous year.

**Corn.** The August forecast for 2001 corn production is 9.27 billion bushels, down 7% from last year. U.S. yields are expected to average 133.9 bushels per acre, down 3.2 bushels from last year. A market year average price between \$1.90 and \$2.30 per bushel is expected compared to \$1.85 for the 2000 crop. WAOB projected global production and ending stocks for the 2001/02 crop year are expected to be down 1% and 21% from the 2000/01 crop year, respectively. The U.S. corn crop was rated 54% good to excellent as of August 19th compared to 69% a year earlier.

**Soybeans.** The 2001 soybean crop is forecasted at a record high 2.87 billion bushels, up 4% from last year. Based on August 1 conditions, yields are expected to average 38.7 bushels per acre, up 0.6 bushel from 2000. A market year average price is projected between \$4.35 and \$5.35 per bushel compared to \$4.55 for the 2000 crop year. Global production for the 2001/02 crop year is projected by WAOB to be up 3% from last year, while global ending stocks are expected to be down 2%. The U.S. soybean crop was rated 52% good to excellent for the week ending August 19th compared to 62% a year ago.

**Cotton.** The U.S. cotton production is forecasted at a record high 20.0 million 480-pound bales, up 16% from last year. The yield is expected to average 670 pounds per acre, up 38 pounds from the previous year. The 2001/02 world cotton situation reflects larger production and slightly lower consumption, with WAOB forecast ending stocks at 41.5 million bales, up 9% from 2000.

**Rice.** U.S. rice production is forecasted at 198 million cwt, up 4% from 2000. Texas and Louisiana harvest is underway. Yields are forecast at 6,151 pounds per acre, down 130 pounds from 2000. The market year average price is expected to average between \$4.85 and \$5.35 per cwt compared to \$5.55 for the 2000 crop.

**Other Crops.** The U.S. August **Durum wheat** forecast, at 91.8 million bushels, is down 2% from last month, and 16% below last year. The August **Other Spring wheat** production is forecast at 508 million bushels, down 1% from a month ago and 8% below a year ago. **Grain Sorghum** is forecast at 544 million bushels, up 16% from 2000. **Barley** production is forecast at 266 million bushels, up 1% from July but down 16% from 2000. The **peanut crop** is expected to be up 12% from last year, **dry edible bean** production down 17%, **tobacco** production down 4%, **alfalfa hay** production virtually unchanged from 2000, and **other hay** production up 9%.

**Cattle.** At mid-August, 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 \$90 per cwt in mid-August, down \$3 from mid-July.

**Hogs.** During the first two weeks of August slaughter has been running 4% below a year ago. Prices at mid-August (Iowa-Southern Minnesota direct, 230-250 pounds) were around \$52 per cwt, up \$1 from mid-July. Third quarter prices are expected to average around \$49 per cwt.

**Other Livestock.** July **milk production** was down 1.2% from the previous year. Production per cow increased 0.4%, however, the number of cows decreased 0.9%. The **cheddar cheese price** (U.S. 40 pound blocks, wholesale) was down the first two weeks of August. During June, total **cheese** production was 1.7% below the previous year, **butter** production was down 1.1% and **nonfat dry milk** production was up 3.2%. US table **egg production** during July 2001 totaled 6.09 billion, up 2 percent from July 2000. Wholesale market **egg prices** for the third quarter of 2001 (Grade A large, New York) are expected to average 64-66 cents per dozen, compared with 67.1 cents a year ago. Fourth quarter 2001

egg prices are expected to average 75-79 cents per dozen, compared with 83.1 cents a year earlier. **Broiler-Type** chicks hatched during July 2001 totaled 760 million, up 3 percent from last year. Cumulative Broiler-Type Placements in 15 selected states thru August 11, 2001, were 4.72 billion, 1 percent 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 July 2001 were 275 million, 1 percent above the same period a year ago. Placements in July 2001, at 27.1 million, were up 1 percent from last July. Prices (8-16 lb. hens, Eastern Region) for the third quarter of 2001 are expected to be 67-69 cents compared with 73.9 cents for the second quarter last year. Turkey prices for the fourth quarter of 2001 are expected to average 73-77 cents per pound, compared with the 76.2 cents average for the fourth quarter of 2001. **Supplies in refrigerated warehouses** at the end of July 2001 compared with a year earlier were: total chicken, down 21%; turkey, up 2%; pork, down 29%; bellies, down 50%; beef, down 10%; frozen orange juice, up 4%; butter, up 6%; and American cheese, down 20%.

**Trade.** August U.S. **trade projections** for corn, rice, and pork improved while 2000/2001 export prospects for soybeans declined, compared with last month. Wheat, cotton, beef, broilers, and turkeys were unchanged from July. August projections for the volume of exports for the 2000/2001 marketing year compared to 1999/2000 are: **wheat** down 1%; **corn** up 7%; **rice** up slightly; **soybeans** unchanged; **soybean meal** down 2%; **soybean oil** up 66%; and **cotton** up 34%. August projections for the volume of meat exports in calendar 2001 compared to 2000 are: **beef** up 6%; **pork** down 8%; **broilers** up 2%; and **turkeys** up 1%. The U.S. **trade deficit** for goods and services increased to \$29.4 billion in June, from a revised \$28.5 billion in May. The U.S. **agricultural trade surplus** was \$847.1 million in June, compared with \$797.5 million in May.

**Prices.** The rate of **inflation**, as monitored by the CPI for all urban consumers, decreased 0.3% in July but has increased 2.7% over the last 12 months. The **PPI** decreased 0.9% in July, but has increased 1.5% for the 12-month period ending in July. The July **prime rate**, averaging 6.75%, was down from 6.98% in June. Compared to a year earlier, **feed** prices in July 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** (August 13-15). In the **United States** hot weather quickly ripened small grains, and dry weather aided rapid harvest progress across the northern Great Plains and Pacific Northwest. Crop development remained ahead of normal across most of the Corn Belt and Great Plains, despite cooler-than-normal temperatures. Seasonal temperatures and widespread precipitation promoted crop progress along the Atlantic Coastal Plains. Scattered showers relieved moisture shortages in parts of the Corn Belt, Great Plains, lower Mississippi Valley, and interior Southeast, but crops deteriorated where moisture shortages remained. Above-normal temperatures stimulated crop development in the Southwest and Northeast. Continued unseasonably warm, dry weather favored rapid winter and spring grain harvesting in **Ukraine** and most of **Russia**, but worsened conditions for filling corn, sunflowers, and sugar beets. Scattered showers favored filling spring grains in Russia, while several days of warm, dry weather promoted crop maturation and aided early harvest activities in Kazakstan. Scattered showers benefited filling summer crops in western and southeastern **Europe**, while welcomed drier weather in northeastern Europe spurred winter grain harvesting. Beneficial rain aided greening winter crops in Western **Australia** and sections of the southeast. Warm, dry weather hastened maturation of Prairie spring crops, while in eastern **Canada**, showers brought localized drought relief. The monsoon remained active in central and northern **India**, but declined further in the south, limiting moisture for summer crop development. Showers benefited rice throughout **Indochina** and the **Philippines**, while also causing localized flooding. In the North **China** Plain, late-week rain brought localized relief to filling summer crops, while heavy showers returned to the central **Korean** Peninsula. In southern **Brazil**, dry weather continued to reduce wheat disease concerns, while widespread rain again boosted topsoil moisture for germinating winter wheat in central **Argentina**.

**Other News.** **Strong soybean demand** is warding off burdensome surpluses, despite the large potential harvest this fall. U.S. soybean production is forecast at nearly 2.9 billion bushels, exceeding last year's record by almost 100 million bushels. **Livestock packers and importers** whose operations exceed certain levels must now report frequent and detailed information to USDA on price, quantity, and characteristics of livestock they buy and sell. **Government spending on agriculture conservation programs** has nearly tripled since the mid-1980s, responding to public demand that farm programs offset some of agriculture's environmental impacts. The greatest portion of spending has gone to support land retirement through the Conservation Reserve Program (CRP). **Interest by policymakers** in the Environmental Quality Incentives Program (EQIP) is linked to recognition that many environmental problems can be addressed only through improved performance on working farmland rather than through land retirement. EQIP provides technical, financial, and educational assistance to farmers who improve soil, land, water, and nutrient management on farmland. **Argentina and Brazil have become increasingly strong competitors** with the U.S. in grain and soybean trade. U.S. market share of global soybean and soybean product exports, for example, shrank from 80 percent during the 1960s to just 35 percent in 1998-2000. Over that period, the combined share for Argentina and Brazil grew from less than 10 to nearly 50 percent.

-----

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 September 24, 2001.