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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. All wheat production is forecast at 1.69 billion bushels, 14% below 2001. The World Agricultural Outlook Board (WAOB) projected 2002/03 ending stocks are down 60 million bushels from last month due to expanding use and lower imports. Projected U.S. exports are up 50 million bushels from last month because of reduced competition. The projected price range for 2002/03 is \$3.45 to \$4.05 per bushel compared to \$2.78 for the 2001 crop.

Corn. The September forecast for 2002 corn production is 8.85 billion bushels, down less than 1% from the August forecast and 7% below last year. Based on conditions as of September 1, yields are expected to average 125.4 bushels per acre, up 0.2 bushel from August but down 12.8 bushels from last year. If realized, both the yield and production would be at their lowest levels since 1995. WAOB projected U.S. 2002/03 ending stocks are expected to be down 37 million bushels from last month because of lower forecast production. The projected 2002/03 price range for corn is \$2.35 to \$2.75 per bushel compared to \$1.97 for the 2001 crop.

Soybeans. The 2002 soybean crop is forecasted at 2.66 billion bushels, up 1% from last month but 8% below last year. The yield forecast, at 37.0 bushels per acre, is up 0.5 bushel from August but down 2.6 bushels from last year. WAOB projected U.S. export prospects are increased 30 million bushels this month due to increased supplies. Soybean crush is reduced slightly from last month due to lower projected domestic use of soybean meal and increased crush in South America. Ending stocks are projected by the WAOB at 160 million bushels, up 5 million bushels from last month but lowest since 1996/97. The market year average price for 2002/03 is projected between \$5.15 and \$6.05 per bushel, compared to \$4.35 for the 2001/02 crop year.

Cotton. The September U.S. cotton production is forecast at 18.1 million 480-pound bales, down 2% from last month and 11% below last year's record high production. Yield is expected to average 675 pounds per acre, the same as last month. WAOB projected ending stocks are reduced to 6.7 million bales, down 300,000 bales from last month. No changes are made in either domestic mill use or exports. The WAOB 2002/03 supply and demand estimates also feature lower world production and ending stocks.

Rice. U.S. rice production is forecasted at 206 million cwt, down fractionally from August and 3% below 2001. As of September 1, the U.S. all rice yield is forecast at a record high 6,432 pounds per acre. This is up 39 pounds from the August forecast and 3 pounds above the 2001 record yield. Ending stocks are projected by the WAOB at 37.5 million cwt, down 3% from last month, but 4% above last year. The market year average price is expected to average between \$3.85 and \$4.35 per cwt compared to \$4.17 per cwt for the 2001 crop.

Other Crops. Grain Sorghum is forecast at 384 million bushels, up 1% from last month but down 25% from 2001. The **peanut crop**, at 3.82 billion pounds, is expected to be down 7% from last month and down 11% from last year. **All tobacco** production is 4% below the August forecast and down 11% from last year.

Cattle. Mid-September **prices** for choice steers (Nebraska direct, 1100-1300 pounds) averaged \$65 per cwt, up \$1 from mid-August. Feeder steer prices (Oklahoma City, medium-large frame, 750-800 pounds) were slightly over \$81 per cwt, up \$3 from a month ago.

Hogs. Through the first two weeks of September, hog **slaughter** has been running roughly 106% of a year ago. Cash **prices** at mid-September (Iowa-Southern Minnesota direct, 51-52 percent lean) averaged \$28 per cwt, down \$4 from mid-August. Third quarter prices are expected to average near \$35 per cwt.

Other Livestock. August **milk production** was up 3.8% from the previous year. Production per cow increased 3.2%, while the number of cows increased 0.7% from a year ago. The **cheddar cheese price** (U.S. 40 pound blocks, wholesale) was up the first two weeks of September. Total **cheese** production reported for the month of July 2002 was 0.8% below the previous year. **Butter** production during this

same time period was 11.5% above last year. Production of **nonfat dry milk for human food** was up 5.9% from July 2001. US table **egg production** during August 2002 totaled 6.26 billion, up 2% from August 2001. Wholesale market **egg prices** for the third quarter of 2002 (Grade A large, New York) are expected to average 65-66 cents per dozen, compared with 61.4 cents a year ago. Fourth quarter 2002 egg prices are expected to average 71-75 cents per dozen, compared with 68.2 cents a year earlier. **Broiler**-Type chicks hatched during August 2002 totaled 780 million, up 1% from last year. Weekly Broiler-Type Placements in 19 selected states for the week ending September 17, 2002, were 166 million, 1% below a year ago. The wholesale 12-city average price for whole **broilers** for the third quarter of 2002 is expected to be 56-57 cents, compared with 61.1 cents from the third quarter of last year. Fourth quarter 2002 broiler prices are expected to average 54-56 cents per pound, compared with the 58.5 cents for a year earlier. Cumulative **turkey poult placements** for the 2002 marketing year through August 2002 were 298 million, down 1% from the same period a year ago. Placements in August 2002, at 24.7 million, were down 1% from last August. Prices (8-16 lb. hens, Eastern Region) for the third quarter of 2002 are expected to be 66-67 cents compared with 67.1 cents for the third quarter last year. Turkey prices for the fourth quarter of 2002 are expected to average 70-74 cents per pound, compared with the 71.4 cents average for the fourth quarter of 2001. **Supplies in refrigerated warehouses** at the end of August 2002 compared with a year earlier were: total chicken up 31%; turkey up 25%; pork up 39%; bellies up 20%; beef up 24%; frozen orange juice down 1%, butter up 95%; and American cheese up 13%.

Trade. September U.S. **trade projections** for wheat, rice, soybeans, and beef improved compared with last month. Corn, cotton, pork, broilers, and turkeys were unchanged from August. September projections for the volume of exports for the 2002/2003 marketing year compared to 2001/2002 are: **wheat** down 1%; **corn** up 5%; **rice** unchanged; **soybeans** down 20%; **soybean meal** down 12%; **soybean oil** unchanged; and **cotton** up 2%. September projections for the volume of meat exports in calendar 2003 compared to 2002 are: **beef** up 3%; **pork** up 1%; **broilers** up 12%; and **turkeys** down 1%. The **U.S. trade deficit** for goods and services decreased to \$34.6 billion in July, from a revised \$36.8 billion in June. The **U.S. agricultural trade surplus** was \$579.000 million in July, compared with \$719.000 million in June.

Prices. The rate of **inflation**, as monitored by the **CPI** for all urban consumers, increased 0.3% in August and has increased 1.8% over the last 12 months. The **PPI** was unchanged from July but has decreased 1.6% over the last 12 months. The August **prime rate**, averaging 4.75%, has been unchanged since January. Compared to a year earlier, **feed prices** in August were up 9%; **feeder livestock and poultry** down 14%; **fertilizer** down 5%; **ag chemicals** down 2%, **farm machinery** prices down 1%, **seeds** up 7% and **fuels** down 7%.

World Weather and Crop Developments (September 8-15). In the **United States**, hot weather promoted rapid maturation of the Nation's major row crops during the week. Rain interrupted harvest progress in parts of the southern and central Great Plains and Southeast, but dry weather supported harvest in the northern Great Plains and Corn Belt. Rain also delayed seeding of winter grains on the Great Plains, but provided much-needed soil moisture reserves. Cool, wet weather slowed crop development and limited fieldwork in the Southwest. Light to moderate showers improved emergence prospects for winter grains in parts of **northern Russia**, and caused only temporary delays in summer crop harvesting in **Ukraine** and **southern Russia**. Unseasonably warm, dry weather improved conditions for spring grain harvesting in **Kazakhstan** and **Russia**. Across most of **Europe**, widely scattered rain increased topsoil moisture for winter crop planting, but did not slow fieldwork, while heavy rain exacerbated flooding and hindered summer crop maturation in northern **Italy** and southeastern **France**. A severe drought continued to grip **eastern Australia**, further reducing crop prospects, while widespread showers in **Western Australia** benefited reproductive winter grains. Drier, unseasonably warm weather aided Prairie spring crop harvesting in **Canada**. Late-season monsoon showers increased irrigation supplies in drought-stricken northern **India**. On the North **China** Plain, timely showers improved prospects for winter wheat germination. Showers maintained adequate to abundant moisture reserves in **Brazil's** southern growing areas. In **Mexico** the remnants of Tropical Storm Fay produced widespread heavy rain across the Rio Grande Valley, easing short-term drought and boosting long-term irrigation supplies.

Other News. This year's **U.S. apple crop** will be smaller for the third consecutive year due to adverse weather during the growing season. Apple production in 2002 is forecast to decline to 9.2 billion pounds--the smallest crop since 1988. American consumer interest in **organically grown foods** has opened new market opportunities for U.S. producers, leading to a transformation in the organic foods industry. Driven largely by the growing global popularity of Western-style cuisine, **frozen french fries and other frozen potato products** are generating billions of dollars in sales worldwide each year. Sharply **higher prices for grains and soybeans**, reflecting drought-reduced U.S. production, are expected to boost the value of U.S. agricultural exports to \$57.5 billion in fiscal year 2003, a 7.5-percent gain over 2002. The **Commission of the European Union (EU)** is proposing bold changes to its Common Agricultural Policy (CAP). The core proposal is a single annual whole-farm payment, not requiring production by farmers, in contrast to the current payments that are linked to production of specific commodities. Farmers would have greater flexibility in choosing what to produce, and support for large farms would be cut for the first time. The **U.S. Consumer Price Index (CPI)** for all food is forecast to increase 2.1 percent in 2002 and 2-2.5 percent in 2003, compared with a 3.1-percent increase in 2001. **U.S. agricultural trade** with Canada and Mexico more than doubled during the 1990s, a development to which NAFTA contributed. Most U.S. barriers to Canadian and Mexican exports were low prior to NAFTA, and dismantling of tariffs under the agreement is in general proceeding on schedule.