

# NASS

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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 totaled 1.62 billion bushels in 2002, down 4% from the last forecast and 17% below 2001. This is the lowest production since 1972. Grain area harvested is 46.0 million acres, down 5% from last year and the smallest area harvested since 1970. The U.S. yield is 35.3 bushels per acre, down 0.1 bushel from the last forecast and down 4.9 bushels from last season. The World Agricultural Outlook Board (WAOB) projected 2002/03 ending stocks are down 36 million bushels from last month as reduced production more than offset smaller use. A market year average price between \$3.55 and \$3.95 per bushel is expected, compared to \$2.78 for the 2001 crop.

**Corn.** The October forecast for 2002 corn production is 8.97 billion bushels, up 1% from the last forecast but down 6% from last year. Based on October 1 conditions, yields are expected to average 127.2 bushels per acre, up 1.8 bushels from last month but down 11.0 bushels from a year ago. If realized, this would be the lowest production since 1995. WAOB projected U.S. ending stocks are up 35 million bushels from last month as the higher production more than offsets increased use and reduced beginning stocks. A market year average price between \$2.30 and \$2.70 per bushel is expected, compared to \$1.97 for the 2001 crop.

**Soybeans.** The 2002 soybean crop is forecast at 2.65 billion bushels, virtually unchanged from the September forecast but 8% below 2001. The yield forecast, at 37.0 bushels per acre, was unchanged from last month but down 2.6 bushels from 2001. Ending stocks are projected by the WAOB at 175 million bushels, up 15 million bushels from last month. Soybean crush is unchanged this month as improved domestic meal use prospects offset a decline in soybean meal exports. A market year average price is projected between \$5.05 and \$5.95 per bushel, compared to \$4.35 for the 2001 crop.

**Cotton.** All cotton production is forecast at 18.1 million 480-pound bales, down less than 1% from last month and 11 percent below last year's record high production. Yield is expected to average 674 pounds per harvested acre, down 1 pound from last month. According to WAOB, domestic mill use is unchanged from last month. Exports are reduced nearly 2%, reflecting sluggish demand by foreign mills. These changes result in an increase in ending stocks to a level of 6.8 million bales. The 2002/03 world outlook includes slightly lower consumption and trade. World ending stocks are raised nearly 2% from last month.

**Rice.** Production is forecast at 212 million cwt, up 3% from September 1 but 1% below last year. Area for harvest is expected to total 3.21 million acres, unchanged from last month but 3% below a year ago. Yields are expected to average a record high 6,608 pounds per acre, an increase of 176 pounds from last month and up 179 pounds from 2001. Record high yields are forecast in Arkansas, Louisiana, Missouri, and Texas. The market year average price is projected between \$3.50 and \$4.00 per cwt, compared to \$4.17 per cwt for the 2001 crop.

**Other Crops.** **Durum Wheat** production, at 80.2 million bushels, is up 1% from August 1, but 4% less than last year. **Other Spring Wheat** production is estimated at 402 million bushels, down 10% from the last forecast and 22% below a year ago. **Grain Sorghum** production is forecast at 387 million bushels, up 1% from the September forecast but down 25% from 2001. **Barley** production is estimated at 227 million bushels, down 10% from September and 9% below last year's estimate. The **peanut crop** is expected to be down 12% from last year, and **all tobacco** production is down 11% from last year.

**Cattle.** Mid-October **prices** for choice steers (Nebraska direct, 1100-1300 pounds) averaged \$66 per cwt, up \$1 from mid-September. Feeder steer prices (Oklahoma City, medium-large frame, 750-800 pounds) were \$82 per cwt, \$1 higher than a month ago.

**Hogs.** Through the first two weeks of October, hog **slaughter** was running roughly 101% of a year ago. Cash **prices** at mid-October (Iowa-Southern Minnesota direct, 51-52% lean) averaged \$33 per cwt, up \$5 from the mid-September price. Fourth quarter prices are expected to average \$28 per cwt.

**Other Livestock.** September **milk production** was up 3.3% from the previous year. Production per cow increased 2.6%, while the number of cows increased only 0.7% from a year earlier. The **cheddar cheese price** (U.S. 40 pound blocks, wholesale) was up the first two weeks of October. Total **cheese** production

reported for the month of August, 2002 was 3.9% above the previous year. **Butter** production during this same time period was 17.2% above last year. Production of **nonfat dry milk for human food** was up 18.3% from August 2001. US table **egg production** during September 2002 totaled 6.10 billion, up 2% from September 2001. Wholesale market **egg prices** for the fourth quarter of 2002 (Grade A large, New York) are expected to average 72-74 cents per dozen, compared with 68.2 cents a year ago. First quarter 2003 egg prices are expected to average 68-72 cents per dozen, compared with 69.1 cents a year earlier. **Broiler**-Type chicks hatched during September 2002 totaled 741 million, up slightly from last year. Weekly Broiler-Type placements in 19 selected states for the week ending October 19, were 155 million, 5% below a year ago. The wholesale, 12-city average price for **broilers** for the fourth quarter of 2002 is expected to be 54-56 cents, compared with 58.5 cents from the fourth quarter of last year. First quarter 2003 broiler prices are expected to average 55-59 cents per pound, compared with the 56.0 cents for a year earlier. **Turkey poult** placements in September 2002, at 22.7 million, were up 1% from last September. Prices (8-16 lb. hens, Eastern Region) for the fourth quarter of 2002 are expected to be 71-73 cents compared with 71.4 cents for the fourth quarter last year. **Turkey** prices for the first quarter of 2003 are expected to average 59-63 cents per pound, compared with the 60.0 cents average for the first quarter of 2002. **Supplies in refrigerated warehouses** at the end of September 2002 compared with a year earlier were: total chicken up 33%; turkey up 24%; pork up 30%; bellies up 4%; beef up 29%; frozen orange juice down slightly, butter up 91%; and American cheese up 6%.

**Trade.** October U.S. **trade projections** for rice, beef, and pork improved while 2002/2003 export prospects for cotton declined, compared with last month. Wheat, corn, soybeans, broilers, and turkeys were unchanged from September. October projections for the volume of exports for the 2002/2003 marketing year compared to 2001/2002 are: **wheat** down 1%; **corn** up 5%; **rice** up 3%; **soybeans** down 20%; **soybean meal** down 13%; **soybean oil** down 4%; and **cotton** unchanged. October projections for the volume of meat exports in calendar 2003 compared to 2002 are: **beef** up 3%; **pork** up 2%; **broilers** up 12%; and **turkeys** up 7%. The U.S. **trade deficit** for goods and services increased to \$38.5 billion in August, from a revised \$35.1 billion in July. The U.S. **agricultural trade surplus** was \$719 million in August, compared with \$579 million in July.

**Prices.** The rate of **inflation**, as monitored by the **CPI** for all urban consumers, increased 0.2% in September and has increased 1.5% over the last 12 months. The **PPI** increased 0.1% from August but has decreased 1.6% over the last 12 months. The September **prime rate**, averaging 4.75%, has been unchanged since January. Compared to a year earlier, **feed** prices in September were up 9%; **feeder livestock and poultry** down 13%; **fertilizer** down 2%; **ag chemicals** down 2%, **farm machinery** prices up 1%, **seeds** up 7% and **fuels** down 11%.

**World Weather and Crop Developments** (October 13-20). In the **United States**, mostly dry weather supported fieldwork in the Corn Belt, central and northern Great Plains, and Pacific Coast States. In the Corn Belt, row-crop harvest and winter wheat seeding progressed with only brief rain delays. The precipitation, though mostly light, provided beneficial moisture for germinating soft red winter wheat. On the Great Plains, hard red winter wheat rapidly emerged, despite moisture shortages in many areas. Also, subfreezing nighttime temperatures limited vegetative growth of emerged winter wheat, especially on the central and northern High Plains. Across the South, from Texas to the Atlantic Coast, rain further delayed harvest. Delays were lengthy in parts of the southern Great Plains and scattered areas of the Southeast, while growers in the interior Mississippi Delta and Atlantic Coastal Plains experienced shorter rain delays. Drier weather in **Ukraine** and southern **Russia** helped corn, sunflower, and sugar beet harvesting and late-season winter wheat planting. Drier weather in southern **Europe** led to a resumption in summer crop harvesting, while wet weather in **England** and northeastern Europe caused further fieldwork delays. Across **Turkey**, showers increased moisture reserves for winter wheat but slowed cotton harvests. Dry weather promoted fieldwork for winter grain planting in Northwestern **Africa**. Dry weather continued to grip drought-stricken southern and eastern **Australia**, favoring winter grain maturation, but reducing moisture supplies for summer crop development. In south **Asia** monsoon showers continued to improve soil moisture for winter grains. Dry weather favored fieldwork in **Thailand**, while causing delays in planting activities in Java, **Indonesia**. In central and southern **China**, showers benefited emerging winter wheat but likely disrupted summer crop harvesting. Rain slowed summer crop planting in **Argentina**, while in southern **Brazil**, a heat wave stressed flowering coffee. In Mexico light showers boosted topsoil moisture for winter wheat planting in the northeast. In South Africa hot, dry weather across the corn belt reduced moisture supplies for future corn and other summer crop development.

**Other News.** The U.S. **broiler industry** has seen continuous yearly gains in production since 1975, with 2002 likely to again set a record. U.S. broiler consumption this year should also set a record, fed by strong consumer demand and competitive prices relative to other meats. Rice prices in the U.S. are at their lowest level in more than 15 years, the result of weak global prices and a second consecutive year of record supplies at home. Despite a bearish price outlook and expectations of a huge carryover, U.S. rice producers cut plantings just 3 percent in 2002. While prices of some major field crops have recovered from their recent lows, cotton and rice have been left behind. Global ending stocks for cotton, rice, wheat, corn, and soybeans are all expected to fall during 2002/03, but cotton and rice prices defy the rising trend currently enjoyed by other crops. For many Americans, sweet potatoes have a strong holiday connection, but this root crop remains a popular vegetable year-round in the American South and in Asia, Africa, and Brazil. Dry peas, lentils, and small chickpeas--pulse crops--are relatively minor in acreage, supply, and use in the U.S. compared with corn, soybeans, and wheat. However, pulses could be poised for expansion due to their inclusion in the 2002 Farm Act.

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