

# NASS

## Monthly Ag. Newsletter

NASS-NF64

"The Fact Finders for U.S. Agriculture"

November 2002

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.

**Corn.** The November forecast for 2002 corn production is 9.00 billion bushels, up slightly from the last forecast but down 5% from last year. Based on November 1 conditions, yields are expected to average 127.6 bushels per acre, up 0.4 bushel from last month but down 10.6 bushels from a year ago. The World Agricultural Outlook Board (WAOB) projected 2002/03 ending stocks of corn are up 84 million bushels from last month because of a higher forecast production and reduced use. Exports are forecast at 1.93 billion bushels, down 75 million bushels from last month due to increased competition. A market year average price between \$2.20 and \$2.60 per bushel is expected, compared to \$1.97 for the 2001 crop.

**Soybeans.** The 2002 soybean crop is forecast at 2.69 billion bushels, up 1% from October but down 7% from last year. The yield forecast, at 37.5 bushels per acre, increased 0.5 bushel from last month but is 2.1 bushels below 2001. WAOB projected ending stocks are up 10 million bushels from last month due to higher forecast production. Soybean exports are forecast at 890 million bushels by the WAOB, up 40 million bushels from last month due to stronger than expected early-season shipments, especially to China. A market year average price is projected between \$4.95 and \$5.85 per bushel, compared with \$4.35 for the 2001 crop year.

**Cotton.** All cotton production is forecast at 17.8 million 480-pound bales, down 1% from last month and down 12% from last year's record high production. Yield is expected to average 665 pounds per harvested acre, down 9 pounds from last month and 40 pounds below the previous year. WAOB projected U.S. beginning stocks are down nearly 200,000 bales from last month based on final 2001/02 stocks data released by the Bureau of the Census. Exports are now forecast at 10.8 million bales, down 200,000 bales from both last month and last season. Export sales currently lag year-ago levels by about 25%; however, this month's reductions in key foreign crop estimates indicate that U.S. sales are likely to strengthen.

**Rice.** U.S. rice production is forecast at 212 million cwt, up fractionally from October but down less than 1% from 2001. The average yield is forecast at a record high 6,611 pounds per acre, up 3 pounds from last month and 182 pounds above last year. Ending stocks for 2002/03 are projected by the WAOB at 39 million cwt, down 7% from last month and the largest stocks since 1986/87. Exports are projected at a record 100 million cwt, 3% above October and 6% above 2001/02. The market year average price is expected to average between \$3.70 and \$4.00 per cwt compared to \$4.17 per cwt for the 2001 crop.

**Other Crops. Grain Sorghum** production is forecast at 381 million bushels, down 1% from October and down 26% from 2001. The sorghum yield forecast is 50.7 bushels per acre, down 0.7 bushel from last month and down 9.2 bushels from last year. The **peanut crop** is forecast at 3.51 billion pounds, down 6% from last month and 18% below last year's crop. Yields are expected to average 2,579 pounds, 178 pounds below the October forecast and down 450 pounds from 2001.

**Cattle.** Mid-November **prices** for choice steers (Nebraska direct, 1100-1300 pounds) averaged \$69 per cwt, up \$3 from mid-October. Feeder steer prices (Oklahoma City, medium-large frame, 750-800 pounds) were roughly \$82 per cwt, nearly unchanged from a month ago.

**Hogs.** Through the first two weeks of November, hog **slaughter** was running nearly 102% of a year ago. Cash **prices** at mid-November (Iowa-Southern Minnesota direct, 51-52% lean) averaged \$27 per cwt, down \$6 from the mid-October price. Fourth quarter prices are expected to average \$28 per cwt.

**Other Livestock.** October **milk production** was up 2.3% from the previous year. Production per cow increased 1.4%, while the number of cows increased 0.9% from a year earlier. The **cheddar cheese price** (U.S. 40 pound blocks, wholesale) was down the first two weeks of November. Total **cheese** production reported for the month of September, 2002 was 2.5% above the previous year. **Butter** production during this same time period was 6.3% above last year. Production of **nonfat dry milk for human food** was down 1.0% from September, 2001. US table **egg production** during October 2002 totaled 6.34 billion, up 1% from October 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 October 2002 totaled 720 million, down 4%

from last year. Weekly Broiler-Type Placements in 19 selected states for the week ending November 16, 2002, were 147 million, 2% below a year ago. Cumulative Broiler Placements in the 19 selected states from December 30, 2001 were 7.68 billion. The wholesale 12-city average price for whole **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 Poults Placements in October 2002, at 23.8 million, were down 1% from last October. Cumulative placement for the 2003 marketing year are 46.5 million poults, down slightly from a year ago. Prices (8-16 lb. hens, Eastern Region) for the fourth quarter of 2002 are expected to be 69-71 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 October 2002 compared with a year earlier were: total chicken, up 35%; turkey, up 26%; pork, up 14%; bellies, down 63%; beef, up 33%; frozen orange juice, up 2%; butter, up 63%; and American cheese, up 9%.

**Trade.** November U.S. **trade projections** for rice, soybeans, and pork improved while 2002/2003 export prospects for corn and cotton declined, compared with last month. Wheat, beef, broilers, and turkeys were unchanged from October. November projections for the volume of exports for the 2002/2003 marketing year compared to 2001/2002 are: **wheat** down 1%; **corn** up 2%; **rice** up 6%; **soybeans** down 16%; **soybean meal** down 17%; **soybean oil** down 8%; and **cotton** down 2%. November projections for the volume of meat exports in calendar 2003 compared to 2002 are: **beef** up 3%; **pork** up 2%; **broilers** up 7%; and **turkeys** up 7%. The U.S. **trade** deficit for goods and services decreased to \$38.0 billion in September, from a revised \$38.3 billion in August. The U.S. **agricultural trade** surplus was \$708 million in September, compared with \$720 million in August.

**Prices.** The rate of **inflation**, as monitored by the **CPI** for all urban consumers, increased 0.2% in October and has increased 2% over the last 12 months. The **PPI** increased 1.1% from September and has increased 0.6% over the last 12 months. The October **prime rate**, averaging 4.75%, has been unchanged since January. Compared to a year earlier, **feed** prices in October were up 12%; **feeder livestock and poultry** down 11%; **fertilizer** down 2%; **ag chemicals** down 2%, **farm machinery** prices up 1%, **seeds** up 7% and **fuels** up 30%.

**World Weather and Crop Developments** (November 10-17). In the **United States**, fall row crop harvest and winter grain seeding continued with few interruptions in the Corn Belt and Great Plains. Harvest accelerated in the southern Great Plains and lower Mississippi Valley, as a favorably dry weather pattern replaced several weeks of mostly wet weather. In the Southeast, persistent rain continued to hamper harvest progress in most areas. Meanwhile, abnormally warm weather boosted winter wheat development in the central and northern Great Plains, and favorably warm weather supported growth in the southern Great Plains, lower Mississippi Valley, and Corn Belt. Winter wheat fields also benefited from light precipitation in many areas, although subsoil moisture reserves remained low in the Pacific Northwest and across much of the Great Plains. Winter wheat continued entering dormancy as far south as northern **Ukraine** and the northern tip of the Southern Region in **Russia**. Wet weather continued to slow cotton harvesting in western **Turkey**, and rain eased dryness in northern **Iran**, but more rain was still needed. In **Morocco**, widespread rain boosted soil moisture for winter wheat planting but slowed fieldwork, while winter wheat planting started in **Algeria** and **Tunisia**. In Australia showers boosted moisture supplies in summer crop-producing areas, while hot, dry weather elsewhere spurred winter grain maturation and harvesting. A tropical storm brought heavy rainfall to eastern **India** and **Bangladesh**, likely damaging rice. Showers slowed final rice harvests in southern **China**, but dry weather persisted in primary winter wheat areas of the North China Plain. In **Mexico** seasonably dry weather favored corn, sugarcane, and coffee harvesting as well as winter vegetable and winter grain fieldwork. Mostly light, isolated showers in the corn belt provided little additional moisture for vegetative summer crops in South **Africa**.

**Other News.** The **tightest grain and oilseed supplies** in several years are boosting prices and forcing adjustments for end-users this year. Drought in many regions of the country slashed crop and forage production, stressed cattle operations, and raised costs for livestock producers. **Gradual Changes Transform the Dairy Industry.** Dairy operations are one-fifth the number, and some are much larger and more specialized. Cow numbers are down, but milk production per cow jumped 80% to increase total production by half. U.S. consumers are finding an abundance of **high-quality fresh-market grapes** at slightly higher prices this year than a year ago. Despite increased production, grape prices received by growers in 2002 are up from last year due to a higher quality crop. The 2002/03 **orange, grapefruit, tangerine, and Temple crops** are expected to be smaller, while lemon and tangelo crops should be bigger. As a result of the expected smaller crop, growers are likely to receive higher prices for their product. Higher prices could, in turn, improve revenues for some of the citrus industries. Holiday Sales Look Bright for **Christmas Trees & Poinsettias.** Christmas tree sales depend not only on consumer holiday budgets, but also on competition from artificial trees. Poinsettia sales are expected to continue growing, up 2% to \$260 million at wholesale. Some livestock producers allege that aspects of the **livestock pricing system** contribute to declining prices. Small operations produce the majority of **beef cattle in the U.S.**, and control 74% of the land dedicated to beef cattle production. Three quarters of the nation's beef cattle spend at least part of life on a small farm. The global market for **high-value foods** is subject to an ever-changing product mix demanded by wealthier and more selective consumers. But as developing countries' income and population levels grow, they account for a growing share of global food sales.

-----