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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.

Cotton. The 2004 cotton production is estimated at 23.0 million bales, up less than 1% from last month and 26% more than last year's production. Yield is expected to average a record high 846 pounds per acre, up 116 pounds from a year ago. The World Agricultural Outlook Board (WAOB) exports for the U.S. are raised 200,000 bales from last month in response to higher world exports, while ending stocks remained the same. World ending stocks are raised 1% from last month's projection.

Corn. The 2004 corn production is estimated at 11.8 billion bushels, less than 1% above the November forecast and up 17% from last year. The average U.S. grain yield is estimated at 160.4 bushels per acre, 0.2 bushel above November and up 18.2 bushels from 2003. Both production and yield estimates are the largest on record. The previous record for both was set last year when production was estimated at 10.1 billion bushels and yield was 142.2 bushels per acre. Corn stocks in all positions on December 1, 2004 totaled 9.45 billion bushels, up 19% from December 1, 2003. This is the highest December 1 stocks level since 1987. A market year average price between \$1.80 and \$2.10 per bushel is expected, compared with \$2.42 for the 2003 crop.

Soybeans. The 2004 soybean production is estimated at 3.14 billion bushels, the largest U.S. soybean crop in history. This is down slightly from the November forecast but 28% above the 2003 level. The average yield per acre is estimated at a record high 42.5 bushels, 0.1 bushel below the November forecast, but 8.6 bushels above the 2003 final yield. Soybeans stored in all positions on December 1, 2004 totaled 2.30 billion bushels, up 36% from December 1, 2003. This is the largest December 1 stocks level on record, exceeding the previous record set in 2001 by 1%. A market year average price is expected between \$4.75 and \$5.45 per bushel, compared with \$7.34 for the 2003 crop.

Wheat. All wheat production for 2004 is estimated at 2.16 billion bushels, fractionally below the estimates published in the *Small Grains 2004 Summary* and 8% below last year. All updates to the *Small Grains 2004 Summary* were previously published in the November 2004 *Crop Production* report. Wheat stocks in all positions on December 1, 2004 totaled 1.43 billion bushels, down 6% from December 1, 2003. The market year average price is expected to average between \$3.25 and \$3.45 per bushel compared with \$3.40 for the 2003 crop.

Rice. U.S. rice production for 2004 is estimated at 231 million cwt, up 1% from the November forecast and up 15% from 2003. The average yield per acre for all rice is estimated at 6,942 pounds per acre, 114 pounds above November and up 272 pounds from last year. This all rice yield is the highest on record and the fifth consecutive year a new record high yield has been established. The market year average price is expected to average between \$7.25 and \$7.55 per cwt compared with \$7.49 per cwt for the 2003 crop.

Other Crops. **Grain sorghum** production is estimated at 455 million bushels, 11% above 2003. The **peanut crop** is estimated at 4.26 billion pounds, up 3% from last year. **Sugarbeet** production is estimated at 29.9 million tons, 3% below last year. Estimated production of **sugarcane** for sugar and seed totaled 29.3 million tons, down 13% from the previous year.

Cattle. Mid-January **prices** for choice steers (Nebraska direct, 1100-1300 pounds) averaged \$91 per cwt, up \$7 from mid-December. Feeder steer prices (Oklahoma City, medium-large frame, 750-800 pounds) were roughly \$107 per cwt, up \$3 from a month ago.

Hogs. For the first two weeks of January, hog **slaughter** was running 2.3% below a year ago. Cash **prices** at mid-January (Iowa-Southern Minnesota direct, 51-52 percent lean) averaged \$53 per cwt, up \$4 from the mid-December price. First quarter prices are expected to average \$51 per cwt.

Other. December **milk production** was up 1.0% from the previous year. Production per cow increased 0.4%, while the number of cows increased 0.6% from a year earlier. The **cheddar cheese price** (U.S. 40 pound blocks, wholesale) was down the first two weeks of January. Total **cheese** production reported for the month of November 2004 was 5.6% above the previous year. **Butter** production during this same time period was 12% above last year. Production of **nonfat dry milk for human food** was down 14.8% from November 2003. US table **egg production** during December 2004 totaled 6.62 billion, up 2% from December 2003. Wholesale market **egg prices** for the first quarter of 2005 (Grade A large, New York) are expected to average 64-66 cents per dozen, compared with 114.9 cents a year ago. Second quarter 2005 egg prices are expected to average 58-62 cents per dozen, compared with 79.7 cents a year earlier. **Broiler**-Type chicks hatched during December 2004 totaled 793 million, up 2% from last year. Weekly Broiler-Type Placements in 19 selected states for the week ending January 15, 2005, were 172 million, up 3% from a year ago. Cumulative placements for the 19 selected states for the period January 2, 2005 - January 15, 2005 totaled 346 million, up 4% from the 333 million chicks placed for the same period a year ago. The wholesale 12-city average price for whole **broilers** for the first quarter of 2005 is expected to be 70-72 cents, compared with 73.2 cents from the first quarter of last year. Second quarter 2005 broiler prices are expected to average 69-75 cents per pound, compared with the 79.3 cents for a year earlier. Turkey Poults Placements in December 2004, at 22.2 million, were down 5% from last December. Cumulative placements for the 2005 marketing year are 86.5 million poults, down 4% from a year ago. Prices (8-16 lb. hens, Eastern Region) for the first quarter of 2005 are expected to be 66-68 cents compared with 62.1 cents for the first quarter last year. Turkey prices for the second quarter of 2005 are expected to average 67-71 cents per pound, compared with the 66.6 cents average for the second quarter of 2004. **Supplies in refrigerated warehouses** at the end of December 2004 compared with a year earlier were: total chicken, up 19%; turkey, down 19%; pork, up 3%; bellies, up 16%; beef, up 24%; frozen orange juice, down 7%; butter, down 48% and American cheese, down 3%.

Trade. January U.S. **trade projections** for cotton and beef improved while 2004/2005 export prospects for corn declined, compared with last month. Wheat, rice, soybeans, pork, broilers, and turkeys were unchanged from December. January projections for the volume of exports for the 2004/2005 marketing year compared to 2003/2004 are: **wheat** down 14%; **corn** up 3%; **rice** unchanged; **soybeans** up 14%; **soybean meal** up 31%; **soybean oil** up 40%; and **cotton** down 8%. January projections for the volume of meat exports in calendar 2005 compared to 2004 are: **beef** up 47%; **pork** up slightly; **broilers** up 8%; and **turkeys** up 16%. The **U.S. trade** deficit for goods and services increased to \$60.3 billion in November, from a revised \$56.0 billion in October. The **U.S. agricultural trade** surplus was \$1.1 billion in November, compared with \$1.4 billion in October.

Prices. The rate of **inflation**, as monitored by the **CPI** for all urban consumers, decreased 0.4% in December but has increased 3.3% over the last 12 months. The **PPI** decreased 0.7% in December but has increased 4.1% over the last 12 months. The December **prime rate**, averaging 5.14%, was up from 4.93% in November. Compared to a year earlier, **feed** prices in December were down 14%; **feeder livestock and poultry** were up 12%; **fertilizer** up 16%; **ag chemicals** was unchanged; **farm machinery** up 7%, **seeds** up 1% and **fuels** up 43%.

World Weather and Crop Developments (January 9-16). In the **United States**, a mass of arctic air held temperatures well below normal for the second week in a row in the Pacific Northwest, northern Rocky Mountains, and northern and central Great Plains. Though winter wheat is covered with a protective layer of snow across much of this area, snow cover is generally below average. As the arctic air pushed south and east through the week, temperatures fell in the Atlantic Coast States, Ohio Valley, Southeast, Delta, and southern Great Plains but still averaged above normal for the week. The clash of this cold air mass with a warm air system from the Atlantic caused heavy thunderstorms with high winds, hail, and some tornadoes in the eastern half of the Nation. Moderate to heavy precipitation caused more flooding in the Ohio River Valley. Conditions were mostly dry in the Great Plains and western Corn Belt. Farther west, however, continued unstable weather brought heavy rain and snowfall to the Pacific Coast and central Rockies. Chronic dryness in southern Spain and Portugal continued to limit moisture for winter grains, while unseasonably mild weather provided favorable overwintering conditions for dormant winter grains over the remainder of **Europe**. Conditions were generally favorable for overwintering wheat in **Turkey** and **Iran**, but many locations currently lack a protective layer of snow. Dry weather continued throughout the region, with moisture supplies remaining limited for winter grains in southern **Morocco**. Unseasonably cold weather returned to winter wheat areas on the North **China** Plain but likely had minimal impact on well-hardened crops. Showers boosted moisture reserves in corn and soybean areas of Rio Grande do Sul, **Brazil**, but summer warmth maintained high crop moisture demands.

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