

NASS

Monthly Ag. Newsletter

NASS-NF98

"The Fact Finders for U.S. Agriculture"

September 2005

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/>.

For further information on these topics e-mail your inquiry to 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 2.17 billion bushels, up slightly from 2004. The World Agricultural Outlook Board (WAOB) projected 2005/06 ending stocks are down 10 million bushels from last month due to higher food use that was partially offset by larger imports. The projected price range for 2005/06 is \$3.00 to \$3.40 per bushel compared with \$3.40 for the 2004 crop.

Corn. The September forecast for 2005 corn production is 10.6 billion bushels, up 3% from the August forecast but 10% below 2004. Based on conditions as of September 1, yields are expected to average 143.2 bushels per acre, up 4.0 bushels from August but 17.2 bushels below the record high last year. If realized, this would be the second largest crop on record. WAOB projected U.S. ending stocks for 2005/06 are up 179 million bushels from last month because of the higher production forecast and increased beginning stocks due to a reduction in 2004/05 exports. The projected 2005/06 price range for corn is \$1.70 to \$2.10 per bushel compared with \$2.06 for the 2004 crop.

Soybeans. Soybean production for 2005 is forecast at 2.86 billion bushels, up 2% from last month but down 9% from the 2004 record crop. The yield forecast, at 39.6 bushels per acre, is up 0.9 bushel from August but down 2.9 bushels from the record high yield set last year. WAOB projected U.S. exports up 20 million bushels from last month to 1.12 billion bushels due to lower prices and reduced competitor supplies. Ending stocks are projected by the WAOB at 205 million bushels, up 25 million bushels from last month. The market year average price for 2005/06 is projected between \$5.15 and \$6.05 per bushel compared with \$5.75 for the 2004 crop.

Cotton. The September U.S. cotton production is forecast at 22.3 million 480-pound bales, up 5% from last month but 4% below last year's record production. Yield is expected to average 782 pounds per acre, up 34 pounds from last month but down 73 pounds from 2003. If realized, both yield and production would be the second highest on record. WAOB projected domestic mill use is unchanged from last month while exports are slightly higher, at 15.3 million bales, reflecting larger supplies and increased demand by China. Ending stocks for 2005/06, at 7.00 million bales, are unchanged from last month but up 22% from the previous year.

Rice. U.S. rice production is forecast at 228 million cwt, up less than 1 percent from the August forecast but down 1% from 2004. As of September 1, the U.S. all rice yield is forecast at a 6,830 pounds per acre. This is down 67 pounds per acre from last month and down 112 pounds from last year's record high yield. Ending stocks are projected by the WAOB at 33.9 million cwt, up 15% from last month, but 10% below last year. The market year average price is expected to average between \$7.25 and \$7.55 per cwt compared with \$7.33 per cwt for the 2004 crop.

Other Crops. Grain Sorghum is forecast at 398 million bushels, up 5% from last month but down 13% from 2004. The **peanut crop**, forecast at a record high 5.01 billion pounds, is down 3% from last month but up 18% from last year.

Cattle. Mid-September **prices** for choice steers (Nebraska direct, 1100-1300 pounds) averaged \$87 per cwt, up \$9 from mid-August. Feeder steer prices (Oklahoma City, medium-large frame, 750-800 pounds) were roughly \$112 per cwt, down \$2 from a month ago.

Hogs. For the first two weeks of September, hog **slaughter** was running 1.9% below a year ago. Cash **prices** at mid-September (Iowa-Southern Minnesota direct, 51-52 percent lean) averaged \$49 per cwt, no change from the mid-August price. Fourth quarter prices are expected to average \$41 per cwt.

Other. August **milk production** was up 4.6% from the previous year. Production per cow increased 4.0%, while the number of cows increased 0.6% from a year earlier. The **cheddar cheese price** (U.S. 40 pound blocks, wholesale) remained unchanged the first two weeks of September. Total **cheese** production reported for the month of July 2005 was 4.0% above the previous year. **Butter** production during this same time period was 2.3% above last year. Production of **nonfat dry milk for human food** was down 11.1% from July 2004. US table **egg production** during August 2005 totaled 6.46 billion, up slightly from August 2004. Wholesale market **egg prices** for the third quarter of 2005 (Grade A large, New York) are expected to average 64-65 cents per dozen, compared with 66.2 cents a year ago. Fourth quarter 2005 egg prices are expected to average 68-72 cents per dozen, compared to 68.0 cents a year earlier. **Broiler**-Type chicks hatched during August 2005 totaled 812 million, up slightly from last year. Weekly Broiler-Type Placements in 19 selected states for the week ending September 17, 2005, were 173 million, down slightly from a year ago. Cumulative placements for the 19 selected states for the period January 2, 2005 - September 17, 2005 totaled 6.50 billion, up 1% from the 6.41 million chicks placed for the same period a year ago. The wholesale 12-city average price for whole **broilers** for the third quarter of 2005 is expected to be 72-73 cents, compared with 75.7 cents from a year earlier. Fourth quarter 2005 broiler prices are expected to average 71-75 cents per pound, compared with the 68.3 cents for a year earlier. **Turkey** Poults Placements in August 2005, at 23.6 million, were down slightly from August 2004. Cumulative placements for the 2005 marketing year are 273 million poults, down 3% from a year ago. Prices (8-16 lb. hens, Eastern Region) for the third quarter of 2005 are expected to be 76-77 cents compared with 73.1 cents for the third quarter last year. Turkey prices for the fourth quarter of 2005 are expected to average 77-81 cents per pound, compared with the 77.1 cents average for the fourth quarter of 2004. **Supplies in refrigerated warehouses** at the end of August 2005 compared with a year earlier were: total chicken, down 5%; turkey, down 13%; pork, up 9%; bellies, up 45%; beef, down 7%; frozen orange juice, down 23%; butter, down 7% and American cheese, down 1%.

Trade. September U.S. **trade projections** for corn, soybeans, cotton, and turkeys improved compared, with last month. Wheat, rice, beef, pork, and broilers were unchanged from August. September projections for the volume of exports for the 2005/2006 marketing year compared to 2004/2005 are: **wheat** down 8%; **corn** up 10%; **rice** up 9%; **soybeans** up 2%; **soybean meal** down 12%; **soybean oil** up 6%; and **cotton** up 7%. September projections for the volume of meat exports in calendar 2006 compared to 2005 are: **beef** up slightly; **pork** up 3%; **broilers** up 2%; and **turkeys** up 3%. The **U.S. trade** deficit for goods and services decreased to \$57.9 billion in July, from a revised \$59.5 billion in June. The **U.S. agricultural trade** surplus was \$342 million in July, compared with a deficit of \$94 million in June.

Prices. The rate of **inflation**, as monitored by the **CPI** for all urban consumers, increased 0.5% in August and has increased 3.6% over the last 12 months. The **PPI** increased 0.6% in August and 5.1% over the last 12 months. The August **prime rate**, averaging 6.44%, was up from 6.25% in July. Compared to a year earlier, **feed** prices in August were up 6%; **feeder livestock and poultry** was down 3%; **fertilizer** up 13%; **ag chemicals** were unchanged; **farm machinery** up 6%, **seeds** up 8%, and **fuels** up 39%.

World Weather and Crop Developments (September 11-18). In the **United States**, above-normal temperatures prevailed from the Great Plains eastward, exceeding 6 degrees Fahrenheit above normal across the northern Corn Belt. Corn and soybeans matured rapidly in the Corn Belt, while moderate rainfall supported crop conditions. In the northern and central Great Plains, warm conditions were favorable for corn and soybean maturation and winter wheat planting, but dry weather caused crop conditions to deteriorate slightly. Cotton and peanut conditions declined in the Mississippi Delta and Southeast as hot, dry weather further decreased soil moisture levels. Hurricane Ophelia lingered just off the North Carolina coast for much of the week, bringing heavy rainfall to coastal areas, but elsewhere along the middle and southern Atlantic Coast, conditions were mostly dry. From the Rocky Mountains westward, below-normal temperatures and dry conditions favored winter wheat planting. Typhoon Khanun brought unwelcomed rain to cotton in eastern coastal provinces, while beneficial dry weather prevailed elsewhere in **Eastern Asia**. In **Australia** scattered showers and unseasonably cool weather maintained favorable conditions for winter grain development in the west and south, while rain in the east provided a timely boost in topsoil moisture for reproductive winter wheat and barley. Scattered showers benefited immature corn and other summer crops across the southern plateau of **Mexico**. In **Brazil** coffee harvesting neared completion, but rain hampered winter wheat harvesting in the south. Frost and freezing temperatures may have damaged winter wheat and emerged sunflowers in **Argentina**.

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 October 24, 2005.