

NASS

Monthly Ag. Newsletter

NASS-NF30

"The Factfinders for U.S. Agriculture"

January 2000

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. 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 1999 corn for grain production was estimated at 9.44 billion bushels, down 3% from the 1998 crop and down 1% from the November 1 forecast. The 1999 production ranks as the fourth highest production on record behind the 1994, 1998, and 1992 respective crop years. Corn stocks in all positions on December 1, 1999 totaled 8.02 billion bushels, down slightly from December 1, 1998. The U. S. yield of 133.8 bushels per acre, was down 0.6 bushel from last year. A market year average price between \$1.70 and \$2.10 a bushel is expected, compared to \$1.94 for the 1998 crop.

***Soybeans.** The soybean crop in 1999 totaled 2.64 billion bushels, down 1% from the November 1 forecast, 4% below 1998 and is the third highest production. The average yield per acre in 1999 is estimated at 36.5 bushels, 0.2 bushel below the November 1 forecast and is 2.4 bushels below the 1998 yield. Soybeans stored in all positions on December 1, 1999 totaled 2.18 billion bushels, down fractionally from December 1, 1998. A market year average price is projected between \$4.50 and \$5.00 per bushel, compared with \$4.93 for the 1998 crop year.

***Cotton.** The 1999 cotton production was estimated at 17.0 million 480-pound bales, up 77,900 bales from last month, and up 22% from 1998. Yield was expected to average 608 pounds per harvested acre, down 17 pounds from last year. The export estimate is raised 200,000 bales to 6.4 million bales, reflecting strong sales in recent weeks.

***All Rice.** Rice production in 1999 totaled 210 million cwt, down slightly from the November 1 forecast but up 12% from 1998. The 1999 production is the highest on record. The average yield per acre for all U.S. rice is estimated at 5,908 pounds per acre, 21 pounds below the November 1 forecast. This is the third highest yield. The market year average price is expected to average between \$5.75 and \$6.25 per cwt compared to \$8.83 per cwt for the 1998 crop.

***Wheat.** All wheat production for 1999 was estimated at 2.30 billion bushels, down 1% from the level published in the "**Small Grains 1999 Summary**," and 10% below the 1998 level. The average yield was 42.7 bushels per acre, down half a bushel from last year's record high. The market year average price is expected to average between \$2.50 and \$2.60 per bushel compared to \$2.65 per bushel for the 1998 crop.

***Other Crops. Grain Sorghum** production was estimated at 595 million bushels, 14% above the 1998 production. The **peanut crop** was estimated at 3.87 billion pounds, down 2% from last year. **Sugarbeets** production was estimated at a record high 33.3 million tons, up 3% from last year, **sugarcane** production was also a record high, at 35.7 million tons, up 3% from last year.

***Cattle.** January 1 **cattle on feed** in the U.S. feedlots with capacity of 1,000 or more totaled 11.46 million head, up 7% from a year earlier. December placements were up 9% from the previous year. Marketings of fed cattle were 1% above 1998. At mid-January, **prices** for choice steers (Nebraska direct, 1100-1300 pounds) averaged \$69 per cwt. First quarter 2000 prices are expected to average \$67-69 per cwt. Feeder steer prices (Oklahoma City, medium-large frame, 750-800 pounds) were around \$88 per cwt in mid-January, down \$1 from mid-December.

***Hogs.** During the first two weeks of January slaughter has been running about 6% below a year ago. Prices at mid-January (Iowa-Southern Minnesota direct, 230-250 pounds) were around \$38 per cwt, up \$1 from mid-December. First quarter prices are expected to average \$35 per cwt.

***Other Livestock.** December **milk production** was up 3.8% from the previous year. Production per cow increased 3.1%, however, the number of cows was only up slightly from December 1998. The December **Basic Formula Price (BFP)** was \$9.63 per cwt, down 16 cents from November. This was the last BFP due to the implementation of the Federal Milk Marketing Order Reform. **Cheddar cheese prices** (U.S. 40 pound blocks, wholesale) increased 2.1 cents for the first week of January and decreased 0.5 cent for the second week. During November, total **cheese** production was 8.3% above the previous year, **butter** production was down 0.8% and **nonfat dry milk** production was up 36%. **Sheep** slaughter

for December totaled 356 thousand head, slightly above last year. The average live weight was 135 pounds, up 3 pounds from a year ago. U.S. table **egg type** layers on December 1, 1999 totaled 329 million, up 3% from 1998. Wholesale market **egg prices** for the first quarter of 2000 (Grade A large, New York) are expected to average 59-61 cents per dozen, compared with 75.0 cents a year ago. Second quarter 2000 egg prices are expected to average 53-57 cents per dozen, compared with 58.1 cents a year ago. **Broiler-Type Eggs** in Incubators for 15 selected states on January 15 totaled 180 million, 1% more than last year. Cumulative Broiler-Type Placements in 15 selected states for 2000 was 289 million, 1% above a year ago. The wholesale 12 city average price for whole **broilers** for the first quarter of 2000 is expected to be 55-57 cents, compared to 58.1 cents for the first quarter of last year. Second quarter 2000 broiler prices are expected to average 55-59 cents per pound, compared with the 58.6 cents for a year earlier. Cumulative **turkey poult placements** for the 2000 marketing year through December were 92.9 million, 2% more than the same period a year ago. Placements in December, at 25.3 million, were 1% more than last December. Prices (8-16 lb. hens, Eastern Region) for the first quarter of 2000 are expected to be in the 64-66 cent range compared with 59.4 cents for the first quarter last year. Turkey prices for the second quarter of 2000 are expected to average 65-69 cents per pound, compared with the 65.8 cents average for the second quarter of 1999. **Supplies in refrigerated warehouses** at the end of December compared with a year earlier were: total chicken, up 12%; turkey, down 17%; pork, down 17%; beef, up 6% and frozen orange juice, down 26%.

***Trade.** January U.S. **trade projections** for corn, cotton, and broilers improved while 1999/2000 export prospects for rice declined, compared with last month. Wheat, soybeans, beef, pork, and turkeys were unchanged from December. January projections for the volume of exports for the 1999/2000 marketing year compared to 1998/1999 are: **wheat** up 3%; **corn** down slightly; **rice** down 3%; **soybeans** up 8%; **soybean meal** down slightly; **soybean oil** down 27%; and **cotton** up 47%. January projections for the volume of meat exports in calendar 2000 compared to 1999 are: **beef** down 3%; **pork** down 6%; **broilers** up 3%; and **turkeys** up 8%. The **U.S. trade** deficit for goods and services increased to \$26.5 billion in November, from a revised \$25.6 billion October. The **U.S. agricultural trade** surplus was \$1.444 billion in November, compared with a \$1.431 billion surplus in October.

***Prices.** The rate of **inflation**, as monitored by the CPI for all urban consumers, was unchanged in December and has increased 2.7% over the last 12 months. The **PPI** increased 0.3% in December, following an November increase of 0.2%. The PPI increased 3.0% for the 12-month period ending in December. The December **prime rate**, averaging 8.50%, was up from 8.37% in November. Compared to a year earlier, **feed** prices in December were down 4%; **feeder livestock and poultry** prices up 29%; **fertilizer** down 3%; **ag chemicals** unchanged; **farm machinery** down 1%; **seeds** down 2%; and **fuels** up 78%.

***World Weather and Crop Developments** (January 9-15). Mostly dry weather prevailed over the region, as a ridge of high pressure dominated the weather in the **Former Soviet Union**. The sixth consecutive week of unusually mild weather maintained favorable overwintering conditions for winter grains. A protective snow cover remained over the western two-thirds of Ukraine, Belarus, and northern Russia. However, snow cover in eastern Ukraine and the North Caucasus region in Russia remained thin or patchy, leaving winter grains vulnerable to potentially cold weather. Cooler-than-normal weather continued to dominate the primary summer crop areas of northern New South Wales and southern Queensland in **Australia**. Although the moisture was overall beneficial for summer crops, the cool weather slowed development of sorghum and cotton. In southern **Brazil**, widespread showers covered the primary corn and soybean areas of Rio Grande do Sul and western Parana. In southern Mato Grosso do Sul, lighter showers brought some relief, but more rain is still needed to maintain yield potentials for summer crops. Despite beneficial early December rainfall, periodic hot, dry weather from mid-December into early January stressed corn and soybeans across extreme southwestern Brazil, southern **Paraguay**, and east-central **Argentina**. In the **U.S.** much-needed precipitation overspread northern California, improving the region's water-supply prospects. Meanwhile, beneficial rain continued early in the week in much of the Southeast, further boosting topsoil moisture and easing long-term drought. Dry weather prevailed in Florida, however, increasing vegetable and citrus irrigation requirements. Dry, mild weather in the Plains and western Corn Belt favored overwintering wheat but raised additional concerns about a lack of moisture for winter grains and the availability of moisture when spring planting begins.

***Other News.** The U.S. goods and services **trade deficit** widened 3.7% to a record \$26.5 billion in November. Imports jumped 1.4%, hitting another record and offsetting a 0.7% increase in exports. The deficits with Japan and China retreated from record highs. **Dairy farmers** will soon be able to apply for the \$125 million in direct cash aid approved by Congress last year. Increased milk production has pressured dairy prices. **U.S. Farm Income Forecast Declines:** Abundant supplies, low commodity prices, and increased government assistance provide the context for calendar-year 2000 farm income forecasts. Net farm income is forecast at \$40.4 billion in 2000, a decline of \$7.6 billion from the preliminary estimate of \$48.1 billion for 1999. Net cash income is forecast at \$49.7 billion, \$9.4 billion less than the preliminary estimate for 1999. From a longer term perspective, net farm income in 2000 is forecast to be 88% of its 1990-99 average, with net cash income at 90% of the 1990-99 average.

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 February 22, 2000.