

# NASS

## Monthly Ag. Newsletter

NASS-NF34

"The Factfinders for U.S. Agriculture"

May 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.

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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.** Winter wheat production is forecast at 1.65 billion bushels, down 3% from last year. Based on condition as of May 1, the U.S. yield is forecast at 47.5 bushels per acre. This is 0.3 bushel less than last year's record. Total U.S. wheat production is projected by the USDA's World Agricultural Outlook Board (WAOB) at 2,239 million bushels, down 3% from last year. The projected price range for 2000/01 is \$2.40 to \$2.90 per bushel, compared with an estimated \$2.50 for 1999/2000.

**\*Corn.** The U.S. 2000 corn crop is projected at 9.74 billion bushels by the WAOB, up 3% from last year. The March Prospective Plantings area and a trend yield of 137 bushels per acre are assumed. The trend yield was adjusted for the extremely rapid planting progress and assumes normal weather. Total U.S. 2000/01 corn supplies are up 3% because of the larger crop. Carryin stocks are little changed from a year earlier. The projected price range for the 2000 corn crop is \$1.60 to \$2.00 per bushel, compared to \$1.85 to \$1.95 for 1999/2000.

**\*Soybeans.** The U.S. 2000 soybean production is projected by the WAOB at a record 2.96 billion bushels, up 12% from 1999. U.S. soybean production is based on an intended record large soybean planting of 74.9 million acres and a trend yield of 40 bushels per acre. Soybean prices are projected at \$4.00 to \$5.00 per bushel, compared with \$4.65 for the 1999/2000 crop. Soybean meal prices are forecast to be between \$145 to \$170 per short ton, compared to \$165 estimated for 1999/2000.

**\*Cotton.** The U.S. cotton outlook for 2000/01 includes higher production, disappearance, and stocks relative to 1999/2000, according to the WAOB. Production is projected at 19.0 million bales, the largest crop since 1994, based on average abandonment and yield. An export forecast of 8.0 million bales reflect lower foreign production and record foreign demand.

**\*Rice.** The U.S. rice production in 2000/01 is projected at 200 million cwt by the WAOB, down 5% from the 1999/2000 record crop. Domestic and residual use is projected at 120 million cwt, up 2% and record large. Global rice production is projected at a near-record 400 million tons. World consumption is projected at a record level.

**\*Cattle.** May 1 **cattle on feed** in the U.S. feedlots with capacity of 1,000 or more totaled 10.91 million head, up 9% from a year earlier. April placements were down slightly from the previous year. Marketings of fed cattle were 4% below 1999. At mid-May, **prices** for choice steers (Nebraska direct, 1100-1300 pounds) averaged \$72 per cwt. Feeder steer prices (Oklahoma City, medium-large frame, 750-800 pounds) were around \$84 per cwt in mid-May, unchanged from mid-April.

**\*Hogs.** During the first three weeks of May, slaughter has been running about 3% below a year ago. Prices at mid-May (Iowa-Southern Minnesota direct, 230-250 pounds) were around \$51 per cwt, unchanged from mid-April. Third quarter prices are expected to average \$48 per cwt.

**\*Other Livestock.** April **milk production** was up 3.7% from the previous year. Production per cow increased 3.0%, however, the number of cows was only up 1.0%. **Cheddar cheese prices** (U.S. 40 pound blocks, wholesale) were down for the first week of May but up for the second week. During March, total **cheese** production was 2.6% above the previous year, **butter** production was down 0.9% and **nonfat dry milk** production was up 10.8%. April **sheep slaughter** totaled 345 thousand head, 12% above last year. The average live weight was 136 pounds, unchanged from April a year ago. US table **egg production** during April 2000 totaled 5.91 billion, up 4% from 1999. Wholesale market **egg prices** for the second quarter of 2000 (Grade A large, New York) are expected to average 55-57 cents per dozen, compared with 58.1 cents a year ago. Third quarter 2000 egg prices are expected to average 58-62 cents per dozen, compared with 66.2 cents a year ago. **Broiler-Type** chicks hatched during April 2000 totaled 744 million, up 1% from last year. Cumulative Broiler-Type Placements in 15 selected states for 2000 was 2.78 billion, 1% above a year ago. The wholesale 12 city average price for whole **broilers** for the second quarter of 2000 is expected to be 55-57 cents, compared to 58.6 cents for the second quarter of last year. Third quarter 2000 broiler prices are expected to average 56-60 cents per pound, compared with the 58.1 cents for a year earlier. Cumulative **turkey poult placements** for the 2000 marketing year through April, 2000 were 193 million, slightly above the same period a year ago. Placements in April 2000, at 24.9 million, were 7% less than last April. Prices (8-16 lb. hens, Eastern Region) for the second

quarter of 2000 are expected to be in the 67-69 cent range compared with 65.8 cents for the second quarter last year. Turkey prices for the third quarter of 2000 are expected to average 69-73 cents per pound, compared with the 73.8 cents average for the third quarter of 1999. **Supplies in refrigerated warehouses** at the end of April 2000 compared with a year earlier were: total chicken, up 2%; turkey, down 9; pork, down 16; beef, up 16; frozen orange juice, down 17; butter, down 15, and American cheese up 6%.

**\*Trade.** May U.S. **trade projections** present USDA's initial assessment of U.S. crop exports for the 2000/2001 season. This is also the first projections of U.S. livestock exports for the 2001 calendar year. May projections for the volume of exports for the 2000/2001 marketing year compared to 1999/2000 are: **wheat** up 5%; **corn** up 1%; **rice** unchanged; **soybeans** up 3%; **soybean meal** up 3%; **soybean oil** up 29%; and **cotton** up 21%. May projections for the volume of meat exports in calendar 2001 compared to 2000 are: **beef** down 2%; **pork** unchanged; **broilers** up 1%; and **turkeys** up 2%. The **U.S. trade** deficit for goods and services increased to \$30.2 billion in March, from a revised \$28.7 billion in February. The **U.S. agricultural trade** surplus was \$0.989 billion in March, compared with \$1.133 billion in February.

**\*Prices.** The rate of **inflation**, as monitored by the CPI for all urban consumers, increased 0.1% in April and has increased 3.0% over the last 12 months. The **PPI** decreased 0.3% in April, and has increased 3.9% for the 12-month period ending in April. The April **prime rate**, averaging 9.00%, was up from 8.83% in March. Compared to a year earlier, **feed** prices in April were unchanged; **feeder livestock and poultry** prices up 21%; **fertilizer** down 1%; **ag chemicals** down 2%; **farm machinery** up 2%; **seeds** up 2%; and **fuels** up 42%.

**\*World Weather and Crop Developments** (May 8-14). In the **United States**, Planting continued to progress in the Corn Belt, despite widespread light and moderate showers that briefly delayed fieldwork, especially around the Great Lakes and central Corn Belt. Fieldwork, including planting, was interrupted by scattered showers and thunderstorms in parts of the lower Mississippi Valley and Great Plains, but delays were isolated and brief. The second consecutive week of unseasonably cold weather prevailed over **Russia, Ukraine, the Baltics, and Belarus**, slowing crop development. Weekly temperatures averaged 3 to 5 degrees C below normal in Russia and 1 to 3 degrees C below normal in most of Ukraine, Belarus, and the Baltics. Overall, temperatures did not fall low enough to cause significant damage to winter grains in the jointing stage. However, the cold snap may have caused some damage to newly emerged spring-sown crops. Across the **North China Plain**, timely rain increased topsoil moisture for summer crop planting. More rain is needed to increase topsoil moisture further for summer crop planting and the final stages of winter wheat development. In **Australia**, favorably dry weather in New South Wales aided cotton and sorghum harvesting and allayed crop quality concerns following last week's rainfall. Near-normal temperatures aided the drydown process. Elsewhere, scattered, mostly light showers covered winter crop areas of Western Australia and the southeast. Across most of **Thailand**, widespread showers boosted moisture supplies for main-season rice and corn planting. In eastern Thailand, heavy showers likely caused some flooding and slowed winter-rice harvesting. In **Vietnam**, moderate showers increased moisture supplies for winter-spring rice in the north, while heavier showers boosted moisture supplies across the south. In **Indonesia**, unseasonably heavy showers slowed main-season rice harvesting. Above-normal rainfall slowed second-crop grain harvesting across the central Philippines, but drier weather during early May favored fieldwork. Mostly dry weather prevailed across central and northern **Argentina**, southern **Paraguay**, and southern **Brazil**, aiding summer crop maturation and harvesting. Across southern Brazil, soybean harvesting was nearing completion. The drier weather helped to stabilize Argentine soybean quality after a couple of weeks of wet weather. According to reports as of May 5, national Argentine sorghum, rice, and cotton were 38, 57, and 22% harvested, respectively. Corn was 53% harvested, compared with 56% harvested last year. Nationwide, soybeans were 42% harvested, compared with 47% harvested last year.

**\*Other News.** **U.S. farm income** is forecast down in 2000 as government payments to farmers decline from a record high in 1999 and as rising fuel prices push up production costs. Assuming no new emergency funding legislation, net farm income in 2000 is forecast to decline to \$39.7 billion from the preliminary estimate of \$44.2 billion for 1999. **Fuel costs** for farmers will be only modestly affected by the recent retreat in crude oil prices until at least late summer, after plantings are complete. The agriculture sector generally has limited ability, in the short run, to pass on higher fuel costs to consumers. Political debate over **agricultural subsidies** and the notion of a "fair" income from farming is likely to continue as farmers face persistent low field crop prices and the prospect of reduced farm income in 2000. USDA's Economic Research Service analyzed the financial performance of farms, delineating them by enterprise (commodity) type. The diversity in farm characteristics and in financial performance indicated by the analysis illustrates the difficulties faced by policymakers in determining the distribution and level of government income support. The overall financial health of farmers and their lenders remained solid in early 2000, despite low prices for major farm commodities over the last few years. Federal payments to farmers producing food and feed grains, oil crops, and cotton have mitigated the negative effect of lower prices on farm financial conditions and have played a key role in stabilizing farm income and underpinning farm creditworthiness. All major institutional lender groups continue to report generally healthy farm loan portfolios. **Higher interest rates** in the general economy are expected in second-half 2000 and first-half 2001, putting upward pressure on interest rates for farm loans. However, the expected rise in farm loan rates is less than for nonfarm interest rates, reflecting the less-interest-sensitive deposit base of rural banks as well as strong competition from the Farm Credit System.

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