

# NASS

## Monthly Ag. Newsletter

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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 was forecast at 1.59 billion bushels as of July 1. This was down 2% from last month's forecast and down 7% from last year. The U.S. yield was forecast at 44.9 bushels per acre, down 1.8 bushels from last month. The World Agricultural Outlook Board (WAOB) projected 2000/01 ending stocks 138 million bushels above the June projection because of larger supplies and reduced use. Projected exports were down 25 million bushels because of increased competition. The projected price range for 2000/01 was \$2.25 to \$2.75 per bushel.

**Corn.** The U.S. 2000 corn crop was projected at 10.01 billion bushels by the WAOB, up 273 million bushels from last month because harvested area was raised 2 million acres to reflect the June 30 *Acreage* report. The yield was unchanged from June, at 137 bushels per acre. Total use was projected up marginally as higher exports more than offset reductions in domestic use. Plantings for 2000 are estimated at 79.6 million acres, up 3% from last year and harvested acreage was forecast at 73.1 million acres. The projected price range for the 2000 corn crop was \$1.50 to \$1.90 per bushel.

**Soybeans.** Soybean production for 2000 was projected by the WAOB at a record 2.94 billion bushels, 15 million bushels below last month. Plantings of 74.5 million acres would be record large and a yield of 40.0 bushels per acre would be the highest since the 1994 record of 41.4 bushels. Ending stocks for the 2000/01 season were projected at 480 million bushels, down 15 million bushels from last month. Soybean prices were projected at \$3.90 to \$4.90 per bushel, compared to \$4.65 for the 1999 crop and down a dime on each end from last month.

**Cotton.** The U.S. cotton outlook for 2000/01 includes larger production, exports, and ending stocks relative to last month. The WAOB projected production at 19.3 million bales, up 300,000 bales, due to lower than expected abandonment based on improved weather conditions. Ending stocks are now projected at 5.0 million bales, or about 27% of use.

**Other Crops.** Planted acreage for **sorghum** was estimated at 8.81 million acres, down 5% from last year, and the area harvested for grain was estimated at 8.11 million acres, down 5% from 1999. **Oats** planted last fall and this spring totaled 4.47 million acres, down 4% from last year, and the area harvested for grain was 2.47 million acres, 19,000 acres above the record low established last year. **Barley** growers seeded 5.70 million acres in 2000, up 9% from last year and expect to harvest 5.24 million acres. **Rice** producers seeded an estimated 3.27 million acres, down 9% from last year, and the harvested area is forecast at 3.25 million acres, down 9% from 1999. **Hay** producers will harvest 62.2 million acres, 2% less than last year.

**All Oranges.** Production for the 1999-2000 season is forecast at 13.0 million tons, up less than 1% from the June 1 forecast and up 33 % from last season's production of 9.82 million tons.

**Cattle.** July 1 **cattle inventory**, at 106.4 million head, was down 1% from a year earlier. July 1 **cattle on feed** in the U.S. feedlots with capacity of 1,000 or more totaled 10.39 million head, up 9% from a year earlier. June placements were down 7% from the previous year. Marketings of fed cattle were slightly above 1999. At mid-July, **prices** for choice steers (Nebraska direct, 1100-1300 pounds) averaged \$67 per cwt. Feeder steer prices (Oklahoma City, medium-large frame, 750-800 pounds) were around \$90 per cwt in mid-July, up \$3 from mid-June.

**Hogs.** U.S. **inventory of all hogs and pigs** on June 1, 2000, was 59.4 million head. This was 2% below June 1999. **Breeding inventory** was down 4% and **market hog inventory** was down 2% from last year. During the first two weeks of July slaughter has been running about 4% below a year ago. Prices at mid-July (Iowa-Southern Minnesota direct, 230-250 pounds) were around \$50 per cwt, unchanged mid-June. Fourth quarter prices are expected to average \$42 per cwt.

**Other Livestock.** June **milk production** was up 2.8% from the previous year. Production per cow increased 2.0%, however, the number of cows was only up 0.8%. **Cheddar cheese prices** (U.S. 40

pound blocks, wholesale) were up for the first two weeks of July. During May, total **cheese** production

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was 8.0% above the previous year, **butter** production was up 1.0% and **nonfat dry milk** production was up 0.9%. June **sheep slaughter** totaled 260 thousand head, 4% below last year. The average live weight was 133 pounds, up 3 pounds from June a year ago. US table **egg production** during June 2000 totaled 5.72 billion, up 1% from 1999. Wholesale market **egg prices** for the third quarter of 2000 (Grade A large, New York) are expected to average 63-65 cents per dozen, compared with 66.2 cents a year ago. **Broiler**-Type chicks hatched during June 2000 totaled 748 million, up slightly from last year. Cumulative Broiler-Type Placements in 15 selected states thru July 15, 2000 were 4.12 billion, 1% above a year ago. The wholesale 12-city average price for whole **broilers** for the third quarter of 2000 is expected to be 57-59 cents, compared to 58.1 cents for the third quarter of last year. Cumulative **turkey poult placements** for the 2000 marketing year through June 2000 were 246 million, 1% above the same period a year ago. Prices (8-16 lb. hens, Eastern Region) for the third quarter of 2000 are expected to be in the 72-74 cent range compared with 73.8 cents for the third quarter last year. **Supplies in refrigerated warehouses** at the end of June 2000 compared with a year earlier were: total chicken, down 3%; turkey, down 10; pork, down 9; bellies, down 35; beef, up 29; frozen orange juice, up 4; butter, up 20; and American cheese, up 8.

**Trade.** July U.S. **trade projections** for corn, cotton, and turkeys improved while 2000/2001 export prospects for wheat and soybeans declined, compared with last month. Rice, beef, pork, and broilers were unchanged from June. July projections for the volume of exports for the 2000/2001 marketing year compared to 2000/2001 are: **wheat** up 1%; **corn** up 9%; **rice** down 1%; **soybeans** up 1%; **soybean meal** up 2%; **soybean oil** up 40%; and **cotton** up 21%. July projections for the volume of meat exports in calendar 2001 compared to 2000 are: **beef** down 3%; **pork** up 2%; **broilers** up slightly; and **turkeys** down 3%. The **U.S. trade** deficit for goods and services increased to \$31.0 billion in May, from a revised \$30.5 billion in April. The **U.S. agricultural trade** surplus was \$ 505.7 million in May, compared with \$ 541.2 million in April.

**Prices.** The rate of **inflation**, as monitored by the CPI for all urban consumers, increased 0.6% in June and has increased 3.7% over the last 12 months. The **PPI** increased 0.6% in June, and has increased 4.3% for the 12-month period ending in June. The June **prime rate**, averaging 9.50%, was up from 9.24% in May. Compared to a year earlier, **feed** prices in June were up 4%; **feeder livestock and poultry** prices up 16%; **fertilizer** was up 5%; **ag chemicals** up 7%; **farm machinery** up 2%; **seeds** up 2%; and **fuels** up 42%.

**World Weather and Crop Developments** (July 10-16). In the **United States**, above-normal temperatures accelerated crop development in the Great Plains, lower Mississippi Valley, and across most of the Corn Belt and Southeast. Crop conditions in the Great Plains, Mississippi Delta, and Southeast suffered due to high temperatures and increasing moisture shortages. In the Corn Belt, rain maintained soil moisture levels in many areas, but serious moisture shortages remained in parts of the western Corn Belt, while substantial moisture surpluses remained in the central Corn Belt. Mostly dry weather aided wheat harvesting in the Great Plains and eastern Corn Belt. In **Canada**, frequent, periodically heavy rain on the Prairies during June was initially beneficial for emerging to vegetative spring grains and oilseeds. Reports indicated that corn and soybeans were showing the effects of excessive moisture, and that winter wheat was at an especially high risk of an outbreak of fusarium. In **Western Australia**, light to moderate showers maintained generally favorable topsoil moisture levels for winter grain and oilseed establishment. However, light rainfall continued in easternmost crop areas, where additional moisture is needed to ensure even germination. In **Mexico**, unseasonably light rain continued to prevail across most of the southern Plateau Corn Belt, stressing corn. Moderate rain fell only in portions of the western corn belt. Scattered showers increased reservoir levels across northwestern Mexico. Dry weather continued to stress summer crops across northeastern, southern, and southeastern Mexico. Only Veracruz received significant rain across eastern Mexico.

**Other News.** The U.S. **wheat sector** enters the new century facing many challenges, despite a strong domestic market for wheat products. U.S. wheat area is trending down because of declining returns relative to other crops, due partly to continued sharp competition from abroad. U.S. share of the world wheat market has eroded for more than two decades, with exports holding fairly steady while global wheat trade increased. Growth in overall U.S. **red meat and poultry** exports is expected to continue on a slow course this year and actually flatten in 2001, as increases in pork and broilers are offset by declines in beef and turkey. Sluggish growth in total meat exports in recent years can be traced to a healthy economy in the U.S., where strong domestic demand has bid up prices of meat products. At the same time, buying power of some major importers of red meats and poultry (e.g., in Russia and Asia) dropped as incomes fell and currencies collapsed. **U.S. imports of agricultural commodities and products** are projected to reach \$39 billion in fiscal 2000, a 72-percent increase from 1990. This astonishing growth results in part from exceptional U.S. economic expansion during the decade. Continued strong U.S. economic growth, the dollar's high purchasing power, and relatively low global commodity prices point toward higher imports in 2001. Planting **genetically engineered (GE) crops** appeals to producers because of the potential to simplify pest management, reduce pesticide use, and help control costs. Analysis by USDA's Economic Research Service indicates that adoption of GE corn, soybeans, and cotton is associated with a decrease in the number of acre-treatments of pesticides (number of acres treated multiplied by number of pesticide treatments). Reduction in volume of active ingredients applied is less consistent, since adoption alters the mix of pesticides used in the cropping system, as well as the amounts used.

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