

# 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.

**Corn:** Corn ending stocks for the 2001-2002 marketing year are forecast by World Agricultural Outlook Board (WAOB) to total 1.55 billion bushels, unchanged from the previous forecast, but 353 million bushels below the 2000-2001 marketing year. Projected exports are unchanged from last month. The average price for the 2001 crop is expected to be between \$1.85 and \$2.15 per bushel.

**Soybean:** Soybean ending stocks for the 2001-2002 marketing year are forecast by WAOB to total 270 million bushels, down 15 million bushels from the previous forecast, but 22 million bushels above the 2000-2001 marketing year. Export prospects were increased 10 million bushels from last month and soybean crush was increased by 5 million bushels. The average price for the 2001 crop is expected to be between \$4.00 and \$4.60 per bushel.

**Wheat:** Wheat ending stocks for the 2001-2002 marketing year are forecast by WAOB to total 671 million bushels, unchanged from the previous forecast, but 205 million bushels below the 2000-2001 marketing year. Projected exports are unchanged from last month. The average price for the 2001 crop is expected to be between \$2.75 and \$2.85 per bushel.

**Cattle.** Mid-February **prices** for choice steers (Nebraska direct, 1100-1300 pounds) averaged slightly over \$72 per cwt, up \$6 from mid-January. Feeder steer prices (Oklahoma City, medium-large frame, 750-800 pounds) were roughly \$83 per cwt, up \$2 from this same time period last month.

**Hogs.** During the first two weeks of January, **slaughter** has been running roughly 97% of a year ago. Cash **prices** at mid-February (Iowa-Southern Minnesota direct, 230-250 pounds) were nearly \$38 per cwt, up \$1 from mid-January. First quarter prices are expected to average \$42 per cwt.

**Other Livestock.** January **milk production** was up 1.8% from the previous year. Production per cow increased 2.3%, but the number of cows decreased .6% from a year ago. The **cheddar cheese price** (U.S. 40 pound blocks, wholesale) was up the first week, but down the second week of February. Total **cheese** production reported for the month of December, 2001 was 1.6% above the previous year. **Butter** production during this same time period was 9.9% above the previous December. **Nonfat** dry milk production was up 18.9% from the previous year. US table **egg production** during January 2002 totaled 6.15 billion, up 2% from January 2000. Wholesale market **egg prices** for the first quarter of 2002 (Grade A large, New York) are expected to average 68-70 cents per dozen, compared with 75.8 cents a year ago. Second quarter 2002 egg prices are expected to average 56-60 cents per dozen, compared with 63.3 cents a year earlier. **Broiler**-Type chicks hatched during January 2002 totaled 776 million, up 6% from last year. Cumulative Broiler-Type Placements in 15 selected states thru February 16, 2002, were 1.04 million, 3% above a year ago. The wholesale 12-city average price for whole **broilers** for the first quarter of 2002 is expected to be 56-58 cents, compared with 57.8 cents from the first quarter of last year. Second quarter 2002 broiler prices are expected to average 57-61 cents per pound, compared with the 59.2 cents for a year earlier. Cumulative **turkey poult placements** for the 2002 marketing year through January 2002 were 122 million, 2% above the same period a year ago. Placements in January 2002, at 26.1 million, were up 2% from last January. Prices (8-16 lb. hens, Eastern Region) for the first quarter of 2002 are expected to be 60-62 cents compared with 61.7 cents for the first quarter last year. Turkey prices for the second quarter of 2002 are expected to average 63-67 cents per pound, compared with the 65.0 cents average for the second quarter of 2001. **Supplies in refrigerated warehouses** at the end of January 2002 compared with a year earlier were: total chicken, down 5%; turkey, up 10%; pork, up 7%; bellies, up 1%; beef, up 8%; frozen orange juice, up 6%, butter, up 48%; and American cheese, down 10%.

**Trade.** February U.S. **trade projections** for soybeans, cotton, beef, and pork improved compared with last month. Wheat, corn, rice, broilers, and turkeys were unchanged from January. February projections for the volume of exports for the 2001/2002 marketing year compared to 2000/2001 are: **wheat** down 6%; **corn** up 2%; **rice** up 1%; **soybeans** up 2%; **soybean meal** up 3%; **soybean oil** up 70%; and **cotton** up 48%. February projections for the volume of meat exports in calendar 2002 compared to 2001 are: **beef** down 2%; **pork** down 6%; **broilers** up 3%; and **turkeys** up slightly. The **U.S. trade** deficit for goods and services decreased to \$25.3 billion in December, from a revised \$28.5 billion in November. The **U.S. agricultural trade** surplus was 1.542 billion in December, compared with 1.895 billion in November.

**Prices.** The rate of **inflation**, as monitored by the CPI for all urban consumers, increased 0.2% in January and has increased 1.1% over the last 12 months. The **PPI** increased 0.1% in January, and has decreased 2.6% for the 12-month period ending in January. The January **prime rate**, averaging 4.75%, was down from 4.84% in December. Compared to a year earlier, **feed** prices in January were down 4%, **feeder livestock and poultry** down 2%; **fertilizer** down 24%; **ag chemicals** down 2%; **farm machinery** prices were unchanged; **seeds** up 7% and **fuels** down 45%.

**World Weather and Crop Developments** (February 11-17). In the **United States** dry weather prevailed across most of the Nation, increasing moisture shortages in the Great Plains and the Atlantic Coastal Plains, but supporting fieldwork in the southern Great Plains, Mississippi Delta, and Southeast. On the northern High Plains, winter wheat fields suffered due to moisture shortages and wind-blown soil. The dry weather was beneficial in interior parts of the lower Mississippi Valley and adjacent areas of the Ohio and Tennessee Valleys, where soils remained nearly saturated from recent precipitation. Below-normal temperatures limited growth of winter grains and forages in the southern Great Plains and along the western Gulf Coast. Meanwhile, above-normal temperatures promoted development of winter crops along the Atlantic Coastal Plains. In California, favorably warm weather contributed to vigorous growth of winter vegetable, grain, and forage crops. Harvest and other seasonal activities continued without delay in California's citrus groves. Rain temporarily halted the sugarcane harvest in southern Florida, but field and orchard work were uninterrupted in central and northern areas of the State. Unseasonably mild, showery weather in northern **Europe** favored dormant winter grains, while unseasonably warm, dry weather in southwestern and southeastern Europe further reduced moisture supplies. Continued, unseasonably mild weather in **FSU-Western** caused winter grains to lose cold hardiness. In the **Middle East** showers benefitted vegetative winter wheat in the eastern Mediterranean. Drought in **Morocco, Algeria, and Tunisia** worsened conditions for winter grains in the vegetative stage. In **Australia** showers covered the southeast, but dry, seasonably warm weather aided early summer crop harvesting in Queensland. Across the southern portions of the North **China** Plain, unseasonably warm weather caused winter wheat to begin breaking dormancy. Less intense showers eased flooding across Java, **Indonesia**, but excessive moisture remained in concern for main-season rice. In central **Argentina**, pockets of short-term dryness limited soil moisture for summer crops. Across southern **Brazil**, showers maintained adequate to abundant soil moisture for soybeans and corn. Scattered showers in South **Africa** brought some relief to filling summer crops in the eastern corn belt.

**Other News: In the U.S., most peanuts are consumed directly**, so the edible food-use category of demand for peanuts is vital to income prospects for peanut farmers. Despite rebounding food use, U.S. peanut farmers have faced new challenges since the mid-1990s, putting downward pressure on average farm prices and bringing cash receipts in 1999 and 2000 to the lowest levels in almost two decades. These challenges include increased access for peanut imports under trade agreements, strong competition in export markets, changes in domestic support policy under the 1996 Farm Act, and the prospect of major changes under proposals for the next farm bill. **Today about 2 percent of Americans consume fresh snap beans**, popularly known as green beans or string beans. Per capita use of fresh-market snap beans has been on the rise over the past decade, reaching 2.1 pounds in 2000. If consumer interest in nutrition and healthy lifestyles continues, this should support further growth in fresh snap bean consumption. **The overall financial state of the U.S. agricultural sector is sound**, as evidenced by continuing increases in asset values and equity levels. Farm business assets are forecast to surpass \$1.228 trillion, increasing nearly \$12 billion from 2001. Net cash income before government payments is expected to increase for the third straight year and exceed \$40 billion for the first time since 1998. ERS analyzed the impact of government payment levels above those assumed under current law. The largest impact on the economic outlook for 2002 will be determined by the level of government payments. **The 20 countries of the Middle East and North Africa region (MENA)** provide a substantial market for U.S. coarse grains, oilseeds, and meals, prospects are for this market to continue growing. Feed imports are expected to expand further in the future for most MENA countries because of population and income growth coupled with restrictions on imports of red meat and poultry.

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