

## Commodity Briefs



Deere &amp; Company

## Field Crops

## Farmers Signal Large Soybean Plantings

Soybean growers intend to plant the largest acreage since 1982, according to USDA's *Prospective Plantings* report for 1997, released on March 31, and corn producers are planning the largest acreage since 1985. The report provides the first indication of farmers' spring planting intentions for major field crops.

Among the field crops grown by surveyed farmers, soybean and corn show the greatest jump from 1996 planted acreage, while wheat and sorghum show the largest decline. Planting is underway in many regions, but it will not be completed nationwide for several months. Actual plantings could vary from planting intentions in the event of adverse weather or significant relative changes in prices of competing crops. For example, last year's wet spring delayed planting and led many midwestern farmers to switch from corn to other crops.

This is the second year of crop plantings under the 1996 Farm Act, which gives farmers much greater flexibility in responding to market prices. Unlike under earlier U.S. farm legislation, producers

participating in farm programs are no longer tied to base acreage requirements for specific program crops or restricted by annual acreage reduction program requirements.

The *Prospective Plantings* report indicates farmers intend to increase soybean acreage in 1997 to 68.8 million acres, up 7 percent from last year's planted acreage. A significant increase in soybean acreage for 1997 had been widely anticipated, given the tight supplies of U.S. soybeans—similar to the situation for corn a year ago. Robust demand, both domestic and foreign, have pushed U.S. soybean prices to the highest level in almost 9 years. Unlike wheat and corn, which have declined from the highs of last spring, soybean prices have remained buoyant. Total soybean use for 1996/97 is projected to be the highest on record, while the stocks-to-use ratio is projected to be the lowest since the 1972/73 crop year.

All but 3 of the 29 soybean producing states are anticipated to have greater soybean acreage in 1997, with the largest absolute increases in South Dakota, Nebraska, Iowa, and Minnesota. In addition, the Delta states of Arkansas, Mississippi, and Louisiana also showed a strong shift toward soybeans, largely at the expense of cotton. If these planting intentions are realized, 1997 would be the fifth straight year of rising U.S. soybean acreage.

Corn growers intend to plant 81.4 million acres in 1997, up 2.5 percent from 1996 planted acreage. Corn prices have declined significantly since last spring but remain higher than in much of the 1990's, because of relatively tight stocks.

Most Corn Belt states show an increase in planting intentions, with the exception of Iowa, Michigan, and Minnesota. In the eastern Corn Belt states of Indiana and Ohio, farmers intend to increase corn acreage after switching to soybeans in 1996 when excessive moisture caused planting delays last spring. Although returns from soybeans are currently more attractive than corn, producers in these states are shifting back to corn to maintain agronomically sound crop rotations. However, corn acreage in the southeastern U.S. is expected to decrease because of intentions to double-crop wheat and soybeans or to increase single-crop cotton and soybean plantings in 1997.

For other feed grains, decreased planting intentions for sorghum is the most noteworthy, with intended acreage down 18 percent from last year's planted acreage. In 1996, sorghum acreage had risen substantially in Kansas and Texas, taking over abandoned cotton or wheat ground or areas too dry for other crops. With recovery from last year's drought in the Southern Plains, much of this acreage appears to be shifting into soybeans and corn in Kansas, Nebraska, and Missouri, while cotton acreage is up in Texas.

## Soybeans Show Largest Increase from 1996 Planted Acreage

	1996			1997
	Intended acreage	Planted acreage	Harvested acreage	Intended acreage
<i>Million acres</i>				
Corn	79.9	79.5	73.1	81.5
Soybeans	62.5	64.2	63.4	68.8
Wheat	73.1	75.6	62.9	69.2
Sorghum	10.6	13.2	11.9	10.9
Barley	7.2	7.2	6.8	7.0
Oats	5.3	4.7	2.7	5.3
Rice	3.0	2.8	2.8	2.9
Cotton	15.2	14.7	12.8	14.5

Source: USDA.  
Economic Research Service, USDA

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Barley intentions were slightly lower than last year's planted acreage. Actual plantings could fall further due to the prospect of spring flooding. Oats planting intentions show a 13-percent rise from 1996 planted acreage, as oat prices have been strong relative to other feed grains in recent months. Despite the increase, 1997 planting intentions would still be the second-lowest acreage on record seeded to oats in the U.S.

Total wheat planting intentions for crops harvested in 1997 (winter and spring acreage) are anticipated at 69.2 million acres, down 8 percent from 1996's planted acreage. Last spring's record-high wheat prices and tight exporter stocks caused several major world wheat producing countries to expand output during 1996/97. As a result, world wheat production rose to the second-highest level on record, and prices plunged.

Earlier this year, winter wheat plantings for 1997 harvest were forecast at 48.2 million acres, the lowest since 1978. Most states that had expanded winter wheat acreage in response to rising wheat prices in the fall of 1995 scaled back wheat plantings last fall. Nevertheless, the decline in harvested winter wheat acreage from 1996 to 1997 is not expected to be as severe as a year earlier, as crop conditions in the winter wheat producing states, particularly the Southern Plains, are improved from last year despite the mid-April freeze. In 1996, an unusually large portion of the crop was not harvested because of drought and winterkill.

The *Prospective Plantings* report shows spring wheat and durum planting intentions also down this year, as wheat prices sharply below 1996 have encouraged farmers to plant alternative crops such as soybeans, sunflower, flaxseed, and oats in the Northern Plains states. Wheat seedings may be further reduced if the severe winter in the Northern Plains results in flooding that excessively delays spring planting. On the other hand, the recent runup in prices could encourage increased plantings.

Cotton planting intentions are 14.5 million acres, 1 percent lower than last year's planted acreage. Intended cotton acreage in the Delta region is down, due largely to expected increases in soybean plantings. Texas producers intend to seed more cotton acreage in 1997, as the abundant rainfall received since last fall has greatly improved soil moisture conditions in most of the state following last year's drought.

U.S. rice producers intend to plant 2.88 million acres in 1997, up 2 percent from 1996, with long grain plantings indicated up 4 percent and medium grain down 4 percent. High prices and extremely tight long grain supplies account for the intended increase in plantings.

Producers in Louisiana, Mississippi, and Arkansas indicated they intend to plant more rice than last year. Expanded long grain acreage in Louisiana and Mississippi accounts for most of the intended growth in these three states. California, which grows predominantly medium grain rice, is expected to plant 4 percent less rice than in 1996. Flood damage and declining prices for California milled rice are behind the intended drop in California acreage.

Producers in Texas and Missouri, which each grow almost exclusively long grain rice, indicated area declines of 3 and 2 percent for 1997. Too much rain has severely delayed seeding in Texas, which

## U.S. Field Crops—Market Outlook

	Area		Yield	Output	Total supply	Domestic use	Exports	Ending stocks	Farm price
	Planted	Harvested							
	Mil. acres	Bu/acre				Mil. bu			\$/bu
<b>Wheat</b>									
1995/96	69.1	60.9	35.8	2,183	2,757	1,140	1,241	376	4.55
1996/97	75.6	62.9	36.3	2,282	2,748	1,302	985	460	4.30-4.40
<b>Corn</b>									
1995/96	71.2	65.0	113.5	7,374	8,948	6,294	2,228	426	3.24
1996/97	79.5	73.1	127.1	9,293	9,729	6,995	1,825	909	2.70-2.90
<b>Sorghum</b>									
1995/96	9.5	8.3	55.6	460	532	316	198	18	3.19
1996/97	13.2	11.9	67.5	803	821	550	225	46	2.30-2.50
<b>Barley</b>									
1995/96	6.7	6.3	57.3	360	513	351	62	100	2.89
1996/97	7.2	6.8	58.5	397	531	407	35	89	2.75-2.85
<b>Oats</b>									
1995/96	6.3	3.0	54.7	162	343	275	2	66	1.68
1996/97	4.7	2.7	57.8	155	322	245	3	74	1.90-2.00
<b>Soybeans</b>									
1995/96	62.6	61.6	35.3	2,177	2,516	1,482	851	183	6.77
1996/97	64.2	63.4	37.6	2,392	2,571	1,551	895	125	7.10-7.50
<b>Rice</b>									
			Lbs./acre		Mil. cwt (rough equiv.)				\$/cwt
1995/96	3.12	3.09	5,621	173.9	212.6	104.5	83.0	25.0	9.15
1996/97	2.82	2.80	6,121	171.3	206.9	104.7	78.0	24.2	9.75-10.15
<b>Cotton</b>									
			Lbs./acre		Mil. bales				c/lb.
1995/96	16.9	16.0	537	17.9	21.0	10.7	7.7	2.6	75.4
1996/97	14.7	12.8	709	19.0	22.0	11.0	7.0	4.0	*

Based on April 11, 1997 World Agricultural Supply and Demand Estimates.

\*USDA is prohibited from publishing cotton price projections.

See table 17 for complete definition of terms.

Economic Research Service, USDA

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### USDA's Crop Reporting Schedule for 1997

The collection and dissemination of current statistics on U.S. agriculture is the function of USDA's National Agricultural Statistics Service. Headquartered in Washington, D.C., NASS maintains a network of 45 field offices serving the 50 states through cooperative agreements with universities or state departments of agriculture. An annual calendar is prepared each December, indicating the date and hour of the coming year's data releases. The reports are released first in Washington, D.C. and are available electronically shortly (usually within minutes) after release.

USDA's crop reporting schedule encompasses forecasts made during the growing season, and estimates made after harvest, for major field crops at the state and national levels. Forecasts and estimates represent two distinct concepts.

**Forecasts** refer to an expected future occurrence, such as crop yields expected prior to actual harvest of the crop.

**Estimates** generally refer to an accomplished fact, such as crop yields after the crop is harvested.

State and national estimates are published in the monthly *Crop Production* report for planted acreage, harvested acreage, yield, and production. NASS conducts four major annual acreage surveys (independent of yield and production surveys). The prospective plantings survey in March provides early indications of what farmers intend to plant; the mid-year acreage survey, conducted in early June, is used to estimate spring-planted acreages and to forecast acreages for harvest; and two end-of-year acreage and production surveys are conducted after most of the small grains and field crops have been harvested.

**Field crop planting intentions** are assessed via survey—conducted during the first 2 weeks of March—and released in the *Prospective Plantings* report (March 31, 1997). About 55,000 randomly selected farm operators across the U.S. are questioned about their 1997 crop planting intentions. The survey results are intended to reflect grower planting intentions as of the survey period and give the first indication of potential plantings for 1997.

**Mid-year acreage estimates** will be made based on surveys conducted in June, when field crop acreages have been established or planting intentions are firm. These new estimates will be published in the *Acreage* report scheduled for release on June 30, 1997. Winter wheat is an exception, since seeding generally occurs during September–November of the preceding calendar year. The first forecast of winter wheat and rye planted area was released January 10, 1997, in the *Winter Wheat and Rye Seedings* report.

The first forecast of harvested acreage of winter wheat will be published on May 12, 1997, in the May *Crop Production* report. Planted and harvested acreage of winter wheat is subject to revisions in the June *Acreage* report. The first forecasts of harvested acreage for spring wheat will be published on July 10, 1997, in the July *Crop Production* report.

Mid-year estimates of harvested acreage, also published in the *Acreage* report, are based on reported acreage of the earliest harvested crops, such as the small grains. For the later harvested crops, such as corn and soybeans, initial forecasts make normal allowances for abandonment and for diverting acres to other purposes. Forecasts of acreage for harvest are subject to monthly revision following the June survey, although they usually remain unchanged through the season. Current monthly acreage indications are obtained during the growing season from NASS's objective yield measurement program for corn, cotton, soybeans, and wheat, and from special surveys conducted for other crops when unusual weather or economic conditions could affect the acreage to be harvested.

**Yield forecasts** are adjusted to reflect changes that occur during the growing and harvest season. Objective yield surveys are conducted during the principal growing season for corn, cotton, soybeans, and wheat in selected states for each commodity. A forecast, on a given date, of prospective yield or production assumes that weather conditions and damage from insects, diseases, or other causes will be about normal (or the same as the average of previous years) during the remainder of the growing season. If any of these conditions change, the final estimate may differ significantly from the earlier forecast.

The first forecasts of yield and production will be published in the *Crop Production* report on May 9 for winter wheat; on July 10 for barley, oats, durum, and spring wheat; and on August 11 for the remaining field crops—corn, cotton, hay, oilseeds, peanuts, rice, sorghum, sugarcane, and sugar beets.

**Yearend estimates of acreage, yield, and production** for barley, durum, oats, rye, all wheat, and durum wheat will be published in the *Small Grains Annual Summary*, scheduled for release on September 30, 1997. For all remaining field crops, yearend estimates of acreage, yield, and production will be published in January 1998 in the *Crop Production Annual*.

In addition to its regularly scheduled reports on crop production, NASS issues two weekly reports. *Crop Progress*, released each Monday during the growing season (April–November), provides data on crop planting, selected maturity stages, harvesting progress, and overall condition of selected crops in major producing states. The crop progress data, summarized by crop and by state, are republished in *Weekly Weather and Crop Bulletin*, along with domestic and international weather summaries for major field crop growing regions.

**For more information** concerning NASS, and NASS reports and data products, visit the NASS home page on the World Wide Web at <http://www.usda.gov/nass>.

## World Commodity Market Outlook

	Year	Production <sup>1</sup>	Exports <sup>2</sup>	Consumption <sup>1,3</sup>	Carryover <sup>1</sup>
<i>Million tons</i>					
Wheat	1995/96	538.4	109.2	552.3	105.6
	1996/97	581.6	111.5	578.8	118.3
Corn	1995/96	515.7	70.0	545.6	64.1
	1996/97	584.8	67.9	573.4	75.5
Barley	1995/96	141.6	12.2	149.4	19.0
	1996/97	153.7	14.9	149.6	23.0
Rice	1995/96	371.6	20.2	370.5	50.4
	1996/97	376.9	18.6	376.0	51.3
Oilseeds <sup>4</sup>	1995/96	256.6	43.9	216.7	22.1
	1996/97	259.5	45.6	216.9	19.2
Soybeans <sup>4</sup>	1995/96	124.8	31.7	112.0	17.3
	1996/97	133.7	34.7	114.7	15.9
Soybean meal <sup>4</sup>	1995/96	89.9	32.9	88.7	3.5
	1996/97	90.8	32.6	91.0	3.4
Soybean oil <sup>4</sup>	1995/96	20.1	5.4	19.7	2.4
	1996/97	20.4	5.9	20.4	2.4
<i>Million bales</i>					
Cotton	1995/96	92.2	27.4	85.4	35.7
	1996/97	88.1	26.8	86.6	37.9

1. Aggregate of local marketing years. 2. Wheat, July-June; coarse grains, October-September; cotton, August-July. Rice trade is for the second calendar year. All trade includes trade among countries of the former Soviet Union. All grain trade excludes intra-EU trade; oilseed and cotton trade include intra-EU trade. 3. Crush only for soybeans and oilseeds. 4. Brazil and Argentina adjusted to October-September.

Economic Research Service, USDA

accounts for about 11 percent of U.S. rice production and is typically the first state to plant and harvest rice. By April 14, just 6 percent of Texas acreage had been planted, compared with an average of 44 percent. Late-seeded rice can adversely impact yields.

Texas producers typically harvest a small second or "ratoon" crop from the stubble of the first crop if planting occurs by April 10, but a second crop is hard to produce from late-seeded rice. The delay in planting in Texas also means that no new-crop rice will likely be available for domestic or export markets until after

July, a critical factor given current low projections for 1996/97 long grain ending stocks.

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**Specialty Crops****Slump in Potato Prices to Reduce Plantings**

Low prices in the U.S. potato market are encouraging growers to plant fewer acres for fall harvest in 1997. Prices for sugar beets and dry edible beans—the likely substitute crops in many principal potato growing regions (e.g., Northern Plains and Lake States)—are relatively more favorable. Prospective planted areas of sugar beets and dry beans in the U.S. are each up 6 percent from last spring, with significant increases expected in several major potato producing states.

In addition, spring wheat planting intentions indicate growers in the Pacific Northwest may be shifting some potato acreage to wheat despite lower wheat prices compared with a year ago. Although the U.S. total is down, prospective spring wheat acreage is up 13 percent in Washington and 18 percent in Oregon.

The U.S. fall potato crop accounts for about 90 percent of annual production. The marketing season for fall potatoes is September to August, with most spuds sold from storage during November to August. More than 80 percent of last year's fall crop was produced in Idaho, Oregon, Washington, Colorado, North Dakota, Minnesota, and Wisconsin.

Brisk domestic and export demand for french fries has strengthened grower prices for fall potatoes in recent years. Growers responded to the sustained bullish market by increasing plantings of fall potatoes from 1.09 million acres in 1988 to 1.27 million in 1996. Favorable weather brought record yields, and in the fall of 1996 growers harvested a record crop of 452 million cwt.

Under the weight of large supplies, monthly grower prices have averaged 27 percent below last year's since September, with the sharpest declines in the fresh

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market. During September-February 1996/97, fresh-market prices averaged \$4.13 a cwt, down 51 percent from a year earlier. Prices paid by processors averaged \$4.80 a cwt, down 8 percent, as contract prices with french fry manufacturers set in early 1996 limited the price decline in potatoes for processing.

The depressed market is likely to force down the upcoming fall-crop area by about 75,000 acres, or 6 percent. This would be similar to the 1992 decline, which followed another plunge in prices. The fall 1991 season-average price for potatoes was \$4.15, off nearly 25 percent from a year earlier. The low prices induced potato growers to cut back fall area by 4 percent in 1992.

During the 1996/97 marketing season, processors used 7 percent more potatoes than a year earlier through March. Nevertheless, fresh potato stocks remained over 23 percent higher in early April than a year earlier. On the other hand, strong export demand has managed to keep frozen potato stocks near year-earlier levels. During September to

February, frozen french fry exports surged 20 percent, with the strongest growth in Asia. Domestic demand for frozen potatoes appears to have plateaued in 1997, after a decade and a half in which consumption increased an average of more than 4 percent annually.

The price-depressing supply of U.S. potatoes has slowed imports of Canadian fresh potatoes, but not of frozen product. During September 1996 to February 1997, frozen potato imports from Canada averaged about 47 million pounds a month, up from 31 million a year earlier. In contrast, fresh potato imports (including seed) were down, averaging 59 million pounds a month during the period, compared with 92 million a year earlier.

In response to growers' concern about imports of potatoes from Canada, the U.S. International Trade Commission (ITC) has launched an investigation (due for completion in July) into the factors in the recent increase. The ITC will examine factors in the competitive positions of the U.S. and Canada during 1992 to 1996, including production costs and changes in

exchange rates. The ITC will investigate Canadian aid to its industry for construction of storage, water treatment, and processing facilities.

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### Livestock, Dairy & Poultry

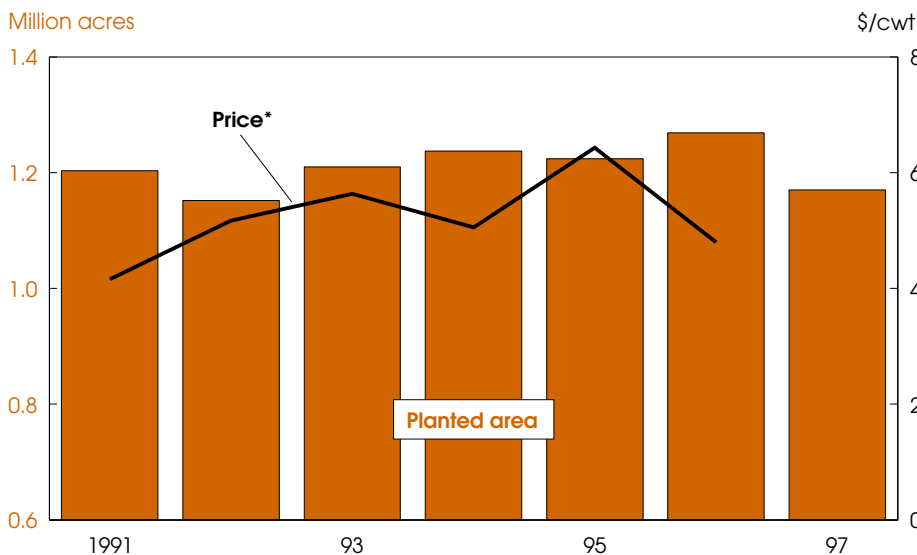
## Pork Outlook Clouded by Recent Trade Issues

Two trade issues are clouding the outlook for pork prices for the remainder of the year: the recent outbreak of foot and mouth disease (FMD) in Taiwan, which resulted in several countries banning imports of Taiwanese pork, and the dispute with the European Union (EU) over inspection harmonization issues, which led to suspension of trade on April 1.

USDA forecasts that the combined effects of the FMD outbreak in Taiwan and the veterinary equivalence dispute with the EU will be to significantly increase net U.S. pork exports, with shipments to Japan increasing and imports from the EU decreasing.

In the wake of the FMD outbreak, U.S. pork exports in 1997 are expected to increase almost 23 percent above the March 1997 forecast. Taiwan exports are almost exclusively destined for Japan, the largest U.S. pork customer. Taiwan had a 41-percent market share in 1996 and supplies about 17 percent of Japanese consumption. The largest increases in shipments of U.S. pork to Japan are likely to occur after the annual Japanese Safeguard mechanism (minimum price for imported pork) expires on June 30.

### Planted Area for Potatoes Is Expected Down in 1997



1997 forecast.

\*Season-average grower price for fall potatoes. 1997 forecast.

Economic Research Service, USDA

## U.S. Livestock and Poultry Products—Market Outlook

		Beginning stocks	Production	Imports	Total supply	Exports	Ending stocks	Consumption		Primary market price
								Total	Per capita	
								Lbs.	\$/cwt	
<i>Million lbs.</i>										
Beef	1996	519	25,525	2,073	28,117	1,877	377	25,863	67.7	65.21
	1997	377	25,341	2,330	28,048	1,900	400	25,748	66.8	66-69
Pork	1996	396	17,117	618	18,131	951	366	16,814	49.1	53.39
	1997	366	17,192	564	18,122	1,365	380	16,377	47.4	55-58
<i>c/lb.</i>										
Broilers*	1996	560	26,124	0	26,684	4,420	641	21,622	70.8	61.2
	1997	641	27,372	0	28,013	4,785	700	22,528	73.0	59-62
Turkeys	1996	271	5,401	0	5,672	438	328	4,906	18.5	66.5
	1997	328	5,533	0	5,861	467	350	5,044	18.8	64-68
<i>Million doz.</i>										
Eggs**	1996	11.2	6,358.3	5.4	6,374.9	253.1	8.5	5,251.4	237.3	88.2
	1997	8.5	6,555.0	4.0	6,567.5	258.0	12.0	5,397.5	241.7	81-85

Based on April 11, 1997 World Agricultural Supply and Demand Estimates.

\*Cold storage stocks previously classified as "other chicken" are now included with broiler stocks. \*\*Total consumption does not include eggs used for hatching. See tables 10 and 11 for complete definition of terms.

Economic Research Service, USDA

If the veterinary equivalency dispute with the EU continues, U.S. pork imports could fall by almost 7 percent. Decreases in imports from Denmark would likely impact the domestic U.S. market in the second and third quarters of 1997. During the second and third quarters, a large proportion of Danish shipments are pork ribs for the U.S. barbecue season. However, Denmark is expected to increase shipments of single-rib bellies (bellies with ribs still attached) to Japan during the period.

Based on the inventories, pig crops, and farrowing intentions reported in USDA's March *Hogs and Pigs* report, projected 1997 slaughter remains virtually unchanged. Pork production for all 1997 is projected to be up fractionally from 1996, due to slightly heavier weights. Hog prices are expected to average in the mid-\$50's per cwt in 1997, up about \$3 from 1996. The greatest strength is expected during the summer, when reduced imports and increased exports are expected to push prices above \$60 per cwt. As a

result, summer retail per capita consumption would be the lowest since 1986.

Retail composite pork prices are expected to rise 5-7 percent this year, following a 13-percent increase in 1996. The gap between the all-fresh retail beef price and the composite retail pork price is very narrow and is expected to moderate pork price gains as consumers will likely substitute beef for pork. Retail per capita pork consumption is expected to drop about 1.7 pounds from 1996, but late in the year beef supplies are expected to tighten, providing less competition for pork, and the beef-pork retail price gap will likely widen.

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## Trade Constraints on Broiler Exports

U.S. broiler exports reached 4.4 billion pounds in 1996 and had been forecast to rise to 5.1 billion in 1997. So far in 1997, however, confusion over the collection of import duties and new import regulations have slowed U.S. exports to Russia and China, the two largest markets.

In 1996, exports to Russia and China accounted for 60 percent of all broiler shipments on a quantity basis. Exports of leg quarters to Russia have been slowed as Russian customs agents enforce collection of import duties. In the Chinese market, the Animal and Plant Quarantine Bureau (CAPQ) has stopped shipments of poultry products from importers who have not complied with new import regulations. The problem is not a food safety issue, since much of the confiscated product was later sold at auction. In addition, exports to the European Union were suspended on April 1 as a result of inspection harmonization disputes.