



Agri-News

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Crop Production

Iowa

Corn: As of November 1, Iowa's 2005 corn for grain yield and production was forecast at 175.0 bushels per acre and 2.18 billion bushels, respectively, up just over 1 percent compared to last month. If realized, this would be the second highest corn crop on record. As of October 31, Iowa producers harvested 82 percent of the corn crop, ahead of last year (62 percent) and the 5-year average (76 percent).

Soybeans: The November 1 soybean yield forecast of 53.0 bushels per acre is up 2 bushels from last month's forecast and up 4.0 bushels from last year's yield. If realized, soybean production would be 532.7 million bushels, up 7 percent from last year and the largest soybean crop on record. As of October 31, soybean harvest was virtually complete.

Reminder: All crop forecasts in this report are based on conditions on November 1 and do not reflect any possible weather effects since that time. End of year corn and soybean production estimates will be released in the Crop Production Annual report on January 12, 2006.

United States

Corn production is forecast at 11.0 billion bushels, up 2 percent from last month but 7 percent below 2004.

Based on conditions as of November 1, yields are expected to average 148.4 bushels per acre, up 2.3 bushels from October but 12.0 bushels below last year. If realized, both production and yield would be the second largest on record, behind last year. Of the major producing States, forecast yields are higher than last month in Iowa, Indiana, Minnesota, Ohio, and Wisconsin as producers realized larger than expected yields and late planted fields matured under favorable fall conditions. Yield prospects are still below last year in all major corn States, except Minnesota and Wisconsin where producers are experiencing record high yields.

Soybean production is forecast at 3.04 billion bushels, up 3 percent from October but 3 percent below 2004. If realized, this would be the second largest U.S. soybean crop on record, only behind last year's crop. Based on November 1 conditions, yields are expected to average a record high 42.7 bushels per acre, up 1.1 bushels from October and 0.5 bushel above last year. Producers in the Corn Belt, the southern Delta, and most of the Southeast are realizing higher yields than expected last month, with record high yields forecast in Iowa, Minnesota, Nebraska, North Dakota, and Louisiana. Area for harvest in the U.S. is forecast at 71.3 million acres, unchanged from last month but down 4 percent from 2004.

November 2005 Production Summary - Iowa and United States

| Crop | For Harvest | | Yield per acre | | Production | |
|----------------------|-----------------------|-----------------------|----------------|----------------|-------------------------|-------------------------|
| | 2004 | 2005 | 2004 | 2005 | 2004 | 2005 |
| | <i>Thousand Acres</i> | <i>Thousand Acres</i> | <i>Bushels</i> | <i>Bushels</i> | <i>Thousand Bushels</i> | <i>Thousand Bushels</i> |
| IOWA | | | | | | |
| Corn for Grain | 12,400 | 12,450 | 181.0 | 175.0 | 2,244,400 | 2,178,750 |
| Soybeans | 10,150 | 10,050 | 49.0 | 53.0 | 497,350 | 532,650 |
| UNITED STATES | | | | | | |
| Corn for Grain | 73,662 | 74,333 | 160.4 | 148.4 | 3,124 | 3,043 |
| Soybeans | 73,958 | 71,270 | 42.2 | 42.7 | 3,123,686 | 3,043,116 |

ECONOMIST CORNER

Livestock by Shane Ellis and Grains by Robert Wisner
Iowa Cooperative Extension Service – Ames

LIVESTOCK: Early this month, a small but progressive step was made in reopening beef trade with Japan. The Japanese Food Safety Commission's prion expert subcommittee stated that US beef from animal under 21 months age is statistically as safe as beef inspected in Japan, where all animals are tested for BSE. However, it could take up to another four months for beef shipments to actually start. It will take even longer to restore Japanese consumption of US beef to pre-BSE levels. US Pork exports and competing beef exporting countries have captured most of the remaining Japanese demand for red meat. But the real challenge to regaining market share is rebuilding Japanese consumer confidence; recent surveys suggest over two thirds of Japanese still do not believe US beef is safe. Domestic beef demand was 2.5 percent lower in the third quarter, cattle prices are beating the odds and continue to stay strong. Cattle prices are expected to remain above the five year average for the next year, with live cattle selling in the high \$80's (or higher) into the first quarter of next year.

Hogs continue to be profitable with above average prices. Finished hogs on the average have sold for \$52/cwt this year, and looking into next year it is expected that first quarter prices will center on \$51/cwt. Combined with cheap, plentiful feed, most pork producers will remain profitable into next year. Pork continues to follow beef as a close substitute in the domestic market, while pork exports on the whole are up 26 percent and exports to Japan are up 18 percent. Recent USDA reports have suggested minimal to no expansion in the nation's swine breeding herd. Caution on the part of producers may be one of the primary reasons, but if current prices are an indication of a profitable trend, confidence should grow quickly.

GRAIN: Large supplies of corn piled outside and lagging export sales will likely be a strong tempering influence on corn prices and the basis into mid-winter. Prices may increase a few cents per bushel in December and January, but pressure to move outside piles will limit upward potential. LDPs are expected to decrease slowly into the winter, with a sharper decline likely in the spring as grain traders focus on 2006 weather prospects. Cumulative U.S. corn export sales through November 3 were down 11% from the disappointing level of a year earlier. To help support a modest winter recovery in prices, weekly export sales through at least mid-January should consistently be in the 1.2 to 1.4 million metric tons per week range. Expanded processing of corn for ethanol will likely cause the corn basis at ethanol plants to be at least a few cents above the level at elevators 15 to 30 miles away. By spring, grain traders will shift focus to probable impacts of high nitrogen fertilizer prices on corn acreage. Some shift from corn to soybeans appears likely, but with rotation considerations limiting the reduction in corn plantings. August 31, 2006 corn carryover stocks are projected to be about an 11.5 weeks supply. That provides substantial reserve supplies to help offset weather problems next year, if they should develop.

Soybean prices will be more volatile than those for corn, and modest periods of short-term strength in the bean market is likely between now and late January. Soybean supplies look adequate for the year ahead if yields are near normal in South America. Current projections place the potential August 31, 2006 carryover stocks at about a six weeks supply. Normally the grain industry needs about a 3.5 week supply at the end of August to supply processing, merchandising, and export needs. USDA analysts expect a leveling off of soybean acreage in both Brazil and Argentina this season. If it materializes, that will be in sharp contrast to the strong 25-year uptrend in plantings in both countries. Cumulative soybean export sales through November 3 were down 23% from a year earlier.

Average Prices Received by Farmers for Farm Products

| Item | Unit | IOWA | | | U.S. | |
|------------------------|------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | | Oct ¹ 2004 | Sep ¹ 2005 | Oct ² 2005 | Sep ¹ 2005 | Oct ² 2005 |
| | | -----Dollars----- | | | | |
| Corn | Bu. | 2.16 | 1.81 | 1.65 | 1.90 | 1.74 |
| Oats | Bu. | 1.51 | 1.57 | 1.55 | 1.54 | 1.46 |
| Soybeans | Bu. | 5.62 | 5.80 | 5.35 | 5.77 | 5.44 |
| Alfalfa, baled | Ton | 84.00 | 80.00 | 81.00 | 107.00 | 106.00 |
| All Hay, baled | Ton | 83.00 | 75.00 | 80.00 | 99.00 | 97.70 |
| All Hogs | Cwt. | 53.20 | 51.40 | 51.30 | 49.50 | 48.80 |
| Sows | Cwt. | 44.50 | 40.70 | 43.00 | 39.20 | 41.80 |
| Bar & Gilts | Cwt. | 53.30 | 51.50 | 51.50 | 49.90 | 49.10 |
| Beef Cattle | Cwt. | 84.60 | 86.30 | 91.10 | 88.20 | 90.80 |
| Cows | Cwt. | 48.50 | 49.50 | 45.00 | 49.80 | 47.70 |
| Strs & Hfirs | Cwt. | 85.30 | 87.00 | 92.00 | 92.30 | 96.00 |
| Calves | Cwt. | 121.00 | 131.00 | 128.00 | 133.00 | 132.00 |
| Milk Cows ³ | Hd. | 1,610 | - | 1,870 | - | 1,870 |
| Milk (whls) | Cwt. | 16.10 | 15.80 | 15.90 | 14.57 | 14.67 |
| Sheep | Cwt. | 46.00 | 47.70 | - | 43.30 | - |
| Lambs | Cwt. | 88.00 | 98.10 | - | 110.00 | - |
| Eggs (mkt) | Doz. | 0.260 | 0.401 | 0.233 | 0.465 | 0.314 |

¹ Corn, oats, soybeans, all hogs, all cattle, all sheep, and milk are whole-month prices. All hay and eggs are mid-month prices. ² All prices are mid-month. ³ Prices published January, April, July, and October.

Price Index Summary Table

| Prices Received | IOWA | | | UNITED STATES | | |
|--------------------------|--------------------------|-------------|--------------------------|---------------|-------------|--------------------------|
| | Oct 2004 | Sep 2005 | Oct ¹ 2005 | Oct 2004 | Sep 2005 | Oct ¹ 2005 |
| | 1990-92=100 ² | | | | | |
| Prices rec'd | 106 | 103 | 100 | 114 | 117 | 110 |
| Crops | 98 | 91 | 83 | 111 | 112 | 101 |
| Lvstk Prods. | 115 | 115 | 116 | 118 | 122 | 122 |
| 1910-14=100 ³ | | | | | | |
| Prices rec'd | - | - | - | 723 | 741 | 700 |
| Crops | - | - | - | 548 | 550 | 500 |
| Lvstk Prods. | - | - | - | 902 | 937 | 934 |

¹ Preliminary ² 1990-92=100 reference replaced 1997=100 in January 1995.

³ Iowa figures for 1910-14=100 base not available.

U.S. Prices Paid Index Summary

| Prices Paid | Oct 2004 | Sep 2005 | Oct 2005 | Oct 2004 | Sep 2005 | Oct 2005 |
|--------------------|--------------------------|-------------|-------------|-------------|-------------|-------------|
| | 1990-92=100 | | | 1910-14=100 | | |
| | Prices Paid ¹ | 136 | 142 | 143 | 1,805 | 1,889 |
| Feed | 111 | 116 | 111 | 541 | 564 | 641 |
| Ratio ² | 84 | 82 | 77 | 40 | 39 | 37 |

¹ Prices paid by farmers for commodities and services, interest, taxes, and farm wage rates. ² Ratio of index of prices received to index of prices paid for commodities and services, interest, taxes, and farm wage rates.

Iowa District Estimates

Corn, 2004-2005

| District | Harvested | | Yield/acre | | Production | |
|----------|-----------------------|-----------------------|----------------|-------------------|-------------------------|-------------------------|
| | 2004 | 2005 ¹ | 2004 | 2005 ² | 2004 | 2005 |
| | <i>Thousand Acres</i> | <i>Thousand Acres</i> | <i>Bushels</i> | <i>Bushels</i> | <i>Thousand Bushels</i> | <i>Thousand Bushels</i> |
| NW | 1,869 | 1,862 | 186.8 | 190.0 | 349,200 | 353,800 |
| NC | 1,790 | 1,809 | 180.1 | 188.0 | 322,400 | 340,100 |
| NE | 1,433 | 1,435 | 172.6 | 182.0 | 247,300 | 261,200 |
| WC | 1,834 | 1,856 | 179.1 | 174.0 | 328,400 | 322,900 |
| C | 1,818 | 1,842 | 188.9 | 196.0 | 343,400 | 361,000 |
| EC | 1,309 | 1,306 | 177.1 | 142.0 | 231,800 | 185,500 |
| SW | 996 | 991 | 183.4 | 166.0 | 182,700 | 164,500 |
| SC | 500 | 497 | 165.6 | 162.0 | 82,800 | 80,500 |
| SE | 851 | 852 | 183.8 | 128.0 | 156,400 | 109,000 |
| State | 12,400 | 12,450 | 181.0 | 175.0 | 2,244,400 | 2,178,500 |

¹ Harvest for grain ² Yield rounded

Soybeans, 2004-2005

| District | Harvested | | Yield/acre | | Production | |
|----------|-----------------------|-----------------------|----------------|-------------------|-------------------------|-------------------------|
| | 2004 | 2005 | 2004 | 2005 ² | 2004 | 2005 |
| | <i>Thousand Acres</i> | <i>Thousand Acres</i> | <i>Bushels</i> | <i>Bushels</i> | <i>Thousand Bushels</i> | <i>Thousand Bushels</i> |
| NW | 1,630 | 1,560 | 47.8 | 55.0 | 79,335 | 85,800 |
| NC | 1,403 | 1,365 | 45.2 | 52.0 | 63,420 | 71,000 |
| NE | 880 | 885 | 46.5 | 56.0 | 40,940 | 49,560 |
| WC | 1,594 | 1,645 | 47.7 | 50.0 | 76,070 | 82,800 |
| C | 1,506 | 1,505 | 51.7 | 57.0 | 77,840 | 86,200 |
| EC | 945 | 945 | 49.8 | 50.0 | 47,035 | 47,250 |
| SW | 940 | 930 | 51.0 | 51.0 | 47,920 | 47,430 |
| SC | 491 | 465 | 49.2 | 54.0 | 24,170 | 25,110 |
| SE | 761 | 750 | 53.4 | 50.0 | 40,620 | 37,500 |
| State | 10,150 | 10,050 | 49.0 | 53.0 | 497,350 | 532,650 |

U.S. Corn Supply and Demand

| CORN | 2003-2004 | 2004-2005 (Est.) | 2005-2006 ¹ Projections November |
|-----------------------------|------------------------|------------------------|---|
| | <i>Million Bushels</i> | <i>Million Bushels</i> | <i>Million Bushels</i> |
| Beginning Stocks | 1,087 | 958 | 2,112 |
| Production | 10,089 | 11,807 | 11,032 |
| Imports | 14 | 11 | 10 |
| Supply, total | 11,190 | 12,776 | 13,154 |
| Feed & Residual | 5,795 | 6,164 | 5,875 |
| Food, Seed & Industrial | 2,537 | 2,686 | 2,960 |
| Domestic, total | 8,332 | 8,850 | 8,835 |
| Exports | 1,900 | 1,814 | 2,000 |
| Use, total | 10,232 | 10,664 | 10,835 |
| Ending Stocks, total | 958 | 2,112 | 2,319 |
| Avg. farm price (\$/bu) | 2.42 | 2.06 | 1.60 |

¹ Preliminary

Coarse Grains: This month's outlook for 2005/06 U.S. corn is for increased production, higher domestic consumption, larger stocks, and lower prices. Forecast 2005 corn production is up 175 million bushels from last month to 11.032 billion bushels (the second largest crop on record). A 75-million-bushel increase in corn used to produce ethanol boosts food, seed, and industrial use by an equal amount. Exports and feed and residual use are unchanged. Corn ending stocks are up 99 million bushels from last month and are 207 million higher than the previous year. The projected 2005/06 price range for corn is \$1.60 to \$2.00 per bushel, down 5 cents on each end from last month, compared with \$2.06 for 2004/05.

The global outlook for coarse grains in 2005/06 is for increased production, higher consumption, little change in trade, and larger stocks relative to last month. Foreign production is down less than 1 million tons with the largest declines projected in Brazil, Argentina, and Romania. These losses are partially offset by larger crops in EU-25, Ukraine, and Russia. Foreign 2005/06 coarse grain consumption is little changed with declines in South Korea, Turkey, China, and Japan, mostly offset by increases in EU-25. Global 2005/06 imports and exports are little changed from last month. Imports are down for Japan and South Korea, but up for Brazil. Exports are up for Ukraine, Russia, and Turkey, but down for Argentina, EU-25, and Romania. Global 2005/06 ending stocks rise 2.4 million tons from last month but foreign stocks are down fractionally.

U.S. Soybean Supply and Demand

| SOYBEANS | 2003-2004 | 2004-2005 (Est.) | 2005-2006 ¹ Projections November |
|-------------------------|------------------------|------------------------|---|
| | <i>Million Bushels</i> | <i>Million Bushels</i> | <i>Million Bushels</i> |
| Beginning Stocks | 178 | 112 | 256 |
| Production | 2,454 | 3,124 | 3,043 |
| Imports | 6 | 5 | 4 |
| Supply, total | 2,638 | 3,241 | 3,303 |
| Crushings | 1,529 | 1,696 | 1,720 |
| Exports | 887 | 1,103 | 1,075 |
| Seed | 92 | 88 | 90 |
| Residual | 17 | 98 | 68 |
| Use, total | 2,525 | 2,985 | 2,953 |
| Ending stocks | 112 | 256 | 350 |
| Avg. farm price (\$/bu) | 7.34 | 5.74 | 4.95 |

¹ Preliminary

Oilseeds: U.S. oilseed ending stocks for 2005/06 are projected at 11.1 million tons, up 2.4 million tons from last month. Total U.S. oilseed production is projected at 94.9 million tons, up 2.1 million tons from last month mainly due to increased soybean production. Soybean production is forecast at 3,043 million bushels, up 76 million bushels due to increased yields. Soybean crush is raised 25 million bushels due to larger available supplies and higher-than-expected soybean meal use in recent months. Soybean exports are reduced 40 million bushels to 1,075 million bushels based on lower-than-expected sales and shipments, particularly to EU-25 and China. Soybean ending stocks are projected at 350 million bushels, up 90 million from last month. Other oilseed production is forecast higher this month with increases for cottonseed more than offsetting reduced peanut production.

U.S. season-average soybean prices for 2005/06 are projected at \$4.95 to \$5.75, down 5 cents on both ends of the range. Soybean meal prices are also lower at \$155 to \$180 per short ton compared with \$155 to \$185 last month. Soybean oil prices are unchanged at 22 to 25 cents per pound.

Global oilseed production for 2005/06 is projected at 385.3 million tons, up 0.5 million tons from last month. Foreign oilseed production is reduced 1.6 million tons primarily due to lower soybean production. Brazil soybean production is projected at 58.5 million tons, down 1.5 million tons from the previous estimate based on reduced area.

Objective Yield Data: Iowa, 2001 - 2005

| Year | Corn for Grain | | | Soybeans | |
|-------------------|------------------------|------------------------|-------------------|------------------------------|--------------------------------|
| | Plant Population | Number of Ears | Average Row Width | Pods with Beans | Average Row Width ² |
| | <i>Number per Acre</i> | <i>Number per Acre</i> | <i>Inches</i> | <i>Number per 18 sq. ft.</i> | <i>Inches</i> |
| 2001 | 26,450 | 25,250 | 31.6 | 1,787 | 22.5 |
| 2002 | 26,700 | 25,800 | 31.8 | 1,867 | 23.0 |
| 2003 | 27,250 | 26,600 | 31.7 | 1,647 | 22.3 |
| 2004 | 27,850 | 27,500 | 31.4 | 1,737 | 21.3 |
| 2005 ¹ | 28,000 | 27,100 | 31.1 | 1,968 | 22.6 |

¹ Preliminary. ² Broadcast soybeans included as "10.0 inches and less" but excluded in computation of average width.

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