



Agri-News

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Vol. 05-25

Issued December 12, 2005

World Grain Supply and Demand Estimates

COARSE GRAINS: Projected 2005/06 U.S. corn stocks rise from last month due to a drop in exports. No changes are made to projected U.S. 2005/06 corn production, imports, or domestic use. Corn exports are down 100 million bushels from last month due primarily to increased corn exports by China and Ukraine. Corn ending stocks are up 100 million bushels to 2,418 million, 307 million higher than the previous year. The projected 2005/06 price range for corn is \$1.60 to \$2.00 per bushel, unchanged from last month, compared with \$2.06 for 2004/05.

Projected 2005/06 U.S. grain sorghum stocks rise from last month due to a drop in exports. No changes are made to projected U.S. 2005/06 grain sorghum production, imports, or domestic use. Grain sorghum exports are 170 million bushels, down 10 million bushels from last month due to smaller-than-expected purchases by Mexico and the smallest in over 30 years. Grain sorghum ending stocks are up 10 million bushels to 60 million bushels, 3 million higher than the previous year. Grain sorghum prices in 2005/06 are projected to average \$1.45 to \$1.85, unchanged from last month, compared with \$1.79 for 2004/05.

Projected 2005/06 barley imports decline 5 million bushels from last month while exports increase 5 million. Barley ending stocks fall 10 million bushels to 101 million, 27 million less than the previous year. This month, the projected range of barley prices is narrowed 5 cents on each end to \$2.35 to \$2.55, compared to \$2.48 for 2004/05. Projected 2005/06 oat imports decline 10 million bushels from last month and ending stocks fall 10 million bushels to 46 million, 12 million less than the previous year. This month, the projected range of oat prices is narrowed 5 cents on each end to \$1.50 to \$1.60, compared to \$1.48 for 2004/05.

The outlook for global coarse grains in 2005/06 is for larger production, increased consumption, slight changes in trade, and higher stocks relative to last month. Foreign production is up 7.4 million tons with the largest increases projected in China, Canada, and Australia. These gains are partially offset by smaller crops in South Africa and Kazakhstan. Foreign 2005/06 coarse grain consumption is up 3.2 million tons with large increases projected in Canada, Morocco, Iraq, and Iran as well as other countries. Consumption falls in Mexico and Kazakhstan. Global 2005/06

imports are little changed from last month. Imports are projected down for Canada and Mexico but up for Iran, Morocco, and several other countries. Global 2005/06 exports are up nearly 1 million tons from last month with large increases projected for China and Australia. In addition to the lower projected exports from the United States, exports decline for South Africa, Iraq, and Kazakhstan. Global 2005/06 ending stocks rise 5.4 million tons from last month with foreign stocks up nearly 3 million. The largest increases in foreign stocks occur in China, Canada, Australia, Romania, and Ukraine. Stock declines are projected for South Africa, Morocco, India, and several other countries.

OILSEEDS: Total U.S. oilseed production is projected at 95.1 million tons, up slightly due to increased cottonseed production. Soybean exports are reduced 55 million bushels to 1,020 million bushels as competition from South American soybean exports continues to limit U.S. trade prospects, especially to EU-25 and China. U.S. export commitments (shipments plus outstanding sales) through early December are at the lowest level since 1998. With projected soybean crush unchanged, 2005/06 ending stocks are increased to 405 million bushels. Although soybean crush is unchanged, soybean oil production and ending stocks are raised based on a sharply higher oil extraction rate.

U.S. season-average soybean prices for 2005/06 are projected at \$5.00 to \$5.70 compared with \$4.95 to \$5.75 last month. Soybean meal prices are unchanged at \$155 to \$180 per short ton. Soybean oil prices are projected at 20.5 to 23.5 cents per pound, down 1.5 cents on each end of the range.

Global oilseed production for 2005/06 is projected at 387.0 million tons, up 1.7 million tons from last month. Foreign oilseed production accounts for most of the change with increases for rapeseed, sunflowerseed, and soybeans more than offsetting reductions for cottonseed. Canadian rapeseed production is raised 1.2 million tons to a record 9.7 million tons, based on the latest survey results from Statistics Canada. Canada's soybean crop is also increased this month based on the survey. Ukraine sunflowerseed production is increased 0.3 million tons to 4.6 million tons reflecting increased harvested area and yields. Other changes include higher rapeseed production for Australia and reduced cottonseed production for India.

U.S. Corn Supply and Demand

CORN	2003-2004	2004-2005 (Est.)	2005-2006 ¹ Projections December
	<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	1,900
Use, total	10,232	10,664	10,735
Ending Stocks, total	958	2,112	2,419
Avg. farm price (\$/bu)	2.42	2.06	1.60-2.00

U.S. Soybean Supply and Demand

SOYBEANS	2003-2004	2004-2005 (Est.)	2005-2006 ¹ Projections December
	<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	6	4
Supply, total	2,638	3,242	3,303
Crushings	1,530	1,696	1,720
Exports	887	1,103	1,020
Seed	92	88	90
Residual	17	99	68
Use, total	2,525	2,986	2,898
Ending stocks	112	256	405
Avg. farm price (\$/bu)	7.34	5.74	5.00-5.70

¹ Preliminary

¹ Preliminary

ECONOMIST CORNER

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

LIVESTOCK

The cattle market is on the up swing with several factors contributing. The effect of Japan reopening to US beef has been felt in the cash market for the past several weeks, even though nothing official will be announced until the week of December 12. If the announcement to restart beef trade comes as speculated, US beef could enter Japan just before the new year. It appears that although the number of cattle with the needed documentation to satisfy trade requirements is limited, the premium offered for such cattle is putting pressure on the whole market. Drifting snow and cold temperatures have hindered cattle feeding activities and rates of gain. Fed cattle cash prices have increased by four dollars and more in the past month. Iowa interior steer price, the first week of December, was almost \$92, five dollars more than the month previous. The building up of the US herd is also adding demand pressure, as heifer retention increases and bred female prices escalate. Commercial bred heifers have sold for \$1200 to \$1600+ at auction. Building up a cow herd while facing such high premiums for replacements reflects the enormous amount of confidence producers have in a profitable market for the next several years.

Hogs have remained profitable throughout the year for farrow to finish swine operations. Lean hog cash prices have been modest, \$55-60, over the past two months, but down from the year's running average and well below the spectacular prices seen a year ago, \$75-82. Many have been expecting expansion in farrowing operations, but if any has happened it has been very slow. Sow slaughter has actually been greater this year than last. Hog finishers will continue to benefit from plenty of corn and what appears to be an ample supply of feeder pigs both domestic and imported. This is good news as most finishers would like to avoid the run up in feeder pig prices seen a year ago. Meanwhile, corn cash prices have seen some recent increases, but feed is still cheap compared to past years. How the hog market will behave in the coming year will continue to hinge on domestic and foreign demand. Renewed competition from beef in the Asian markets could slow the increasing pork export volumes, but it will be some time before pork exports actually decrease, as the Asian consumer has developed a "taste" for US pork. For now, hog prices are expected to remain profitable, above \$60, well into 2006.

GRAINS

Important factors in the grain outlook include lagging export sales, large supplies, and generally good conditions through early December in much of the South American soybean belt. Cumulative U.S. corn export sales through December 1 were down 7 percent from a year earlier, along with a 25 percent decline in soybean export sales. Lagging sales led USDA economists to lower projected U.S. corn exports for the marketing year by 100 million bushels, along with a 55 million bushel drop in projected soybean exports. The sluggish export sales reflect continued large world supplies of feed grains and feed wheat, foreign buyer concerns about the spread of bird flu, and a possible build-up of foreign buyer inventories during last summer's U.S. drought. Slow soybean export sales may also indicate South America's spring 2005 harvest was larger than currently indicated. The U.S. average price that year was \$4.93 per bushel. The anticipated large stocks likely will lead to a continued slow recovery in cash corn prices into mid-winter, with the strongest recovery being near processing plants. Soybean prices will be sensitive to any change in the South American situation. Recent reports indicate the Brazilian government may increase farmer funding for crop input purchases. That would be important in controlling Asian soybean rust. A number of rust cases have been reported around the country, bringing speculation that farmers might have to spray beans an extra time or two to control rust. Either extended dry or excessively wet weather in Brazil could cause temporary strength in soybean prices. Continued rain over a large area would make timely spraying for Asian rust difficult.

Average Prices Received by Farmers for Farm Products

Item	Unit	IOWA			U.S.	
		Nov ¹ 2004	Oct ¹ 2005	Nov ² 2005	Oct ¹ 2005	Nov ² 2005
		-----Dollars-----				
Corn	Bu.	2.00	1.78	1.75	1.82	1.79
Oats	Bu.	1.42	1.79	1.75	1.59	1.46
Soybeans	Bu.	5.33	5.71	5.70	5.67	5.68
Alfalfa, baled	Ton	84.00	81.00	81.00	106.00	97.50
All Hay, baled	Ton	84.00	80.00	80.00	97.70	91.70
All Hogs	Cwt.	57.70	48.20	46.30	47.00	44.70
Sows	Cwt.	51.60	43.30	38.50	41.70	37.70
Bar & Gilts	Cwt.	57.80	48.30	46.40	47.30	45.00
Beef Cattle	Cwt.	87.30	89.90	92.10	91.10	91.60
Cows	Cwt.	48.70	46.60	44.70	46.60	45.80
Strs & Hfrs	Cwt.	88.10	90.80	93.10	96.60	97.40
Calves	Cwt.	117.00	132.00	130.00	134.00	132.00
Milk Cows ³	Hd.	-	1,870	-	1,870	-
Milk (whls)	Cwt.	16.60	16.40	15.80	15.50	15.10
Sheep	Cwt.	44.30	48.90	-	43.70	-
Lambs	Cwt.	90.10	93.00	-	108.00	-
Eggs (mkt)	Doz.	0.400	0.233	0.433	0.314	0.482

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		
	Nov 2004	Oct 2005	Nov ¹ 2005	Nov 2004	Oct 2005	Nov ¹ 2005
	1990-92=100 ²					
Prices rec'd	105	102	103	115	111	113
Crops	92	89	89	112	103	104
Lvstk Prods.	118	115	118	119	122	121
1910-14=100 ³						
Prices rec'd	-	-	-	733	706	715
Crops	-	-	-	552	508	515
Lvstk Prods.	-	-	-	916	935	931

¹ Preliminary ² 1990-92=100 reference replaced 1997=100 in January 1995. ³ Iowa figures for 1910-14=100 base not available.

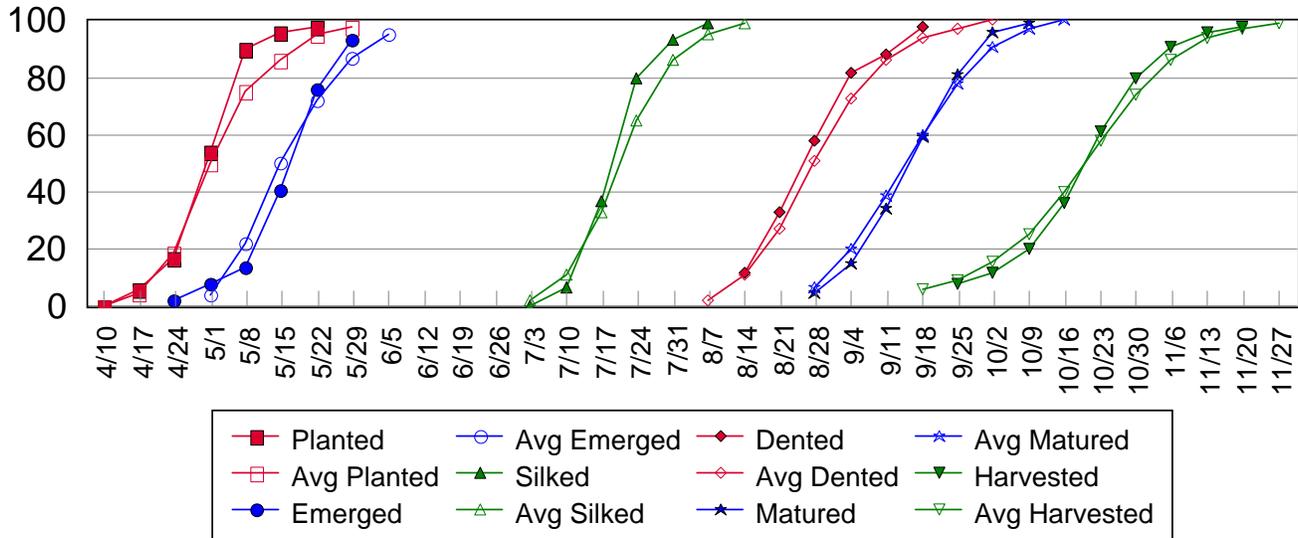
U.S. Prices Paid Index Summary

Prices Paid	Nov 2004	Oct 2005	Nov 2005	Nov 2004	Oct 2005	Nov 2005
	1990-92=100			1910-14=100		
	Prices Paid ¹	135	144	143	1,799	1,920
Feed	109	116	115	531	565	563
Ratio ²	85	77	79	41	37	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.

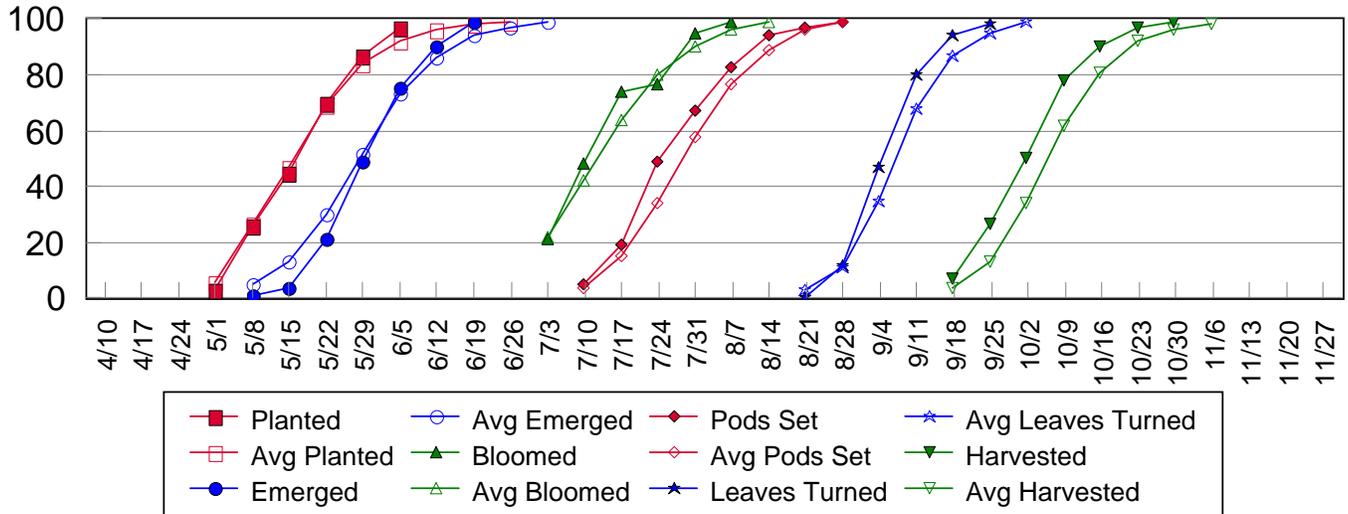
Corn Seasonal Progress 2005

Percent



Soybeans Seasonal Progress 2005

Percent



Charts show percent of crop in or past designated stage.
Five-year average includes 2000-2004.

Monthly Marketings

Throughout the year, Iowa publishes monthly prices for corn, soybeans, oats, and hay. The table below is the percent of each crop marketed throughout the marketing year. These percents are the weights that will be used to establish a market year average price for these commodities.

Iowa Grain Marketings: Percent of Crop Year Total, By Months

Month	All Hay		Oats		Soybeans		Corn	
	2003-04	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04	2004-05
June	11	12						
July	13	5	39	30				
August	5	10	33	32				
September	7	8	7	6	9	5	7	6
October	5	8	3	7	26	15	18	9
November	16	10		1	5	7	11	15
December	15	11	1	3	6	7	6	7
January	11	10	2	2	13	9	12	9
February	7	9	3	5	7	12	7	8
March	4	10	2	7	9	14	9	9
April	3	4	1	3	7	8	7	6
May	3	3	5	1	3	5	4	7
June			4	3	4	8	6	9
July					7	5	7	8
August					4	5	6	7

PERIODICALS POSTAGE PAID
AT DES MOINES, IOWA 50309
and Additional Mailing Offices
NEWSPAPER TIME VALUE

Agr-New (ISSN 0744-5598) is published semi-monthly except monthly in March and
three issues per month in July, August, and October by IA Agricultural Statistics, Rm 833,
210 Walnut St, Des Moines, IA 50309. Subscription is free to data reporters upon request
and available for \$11 per year to non-reporters. Periodicals postage paid at Des Moines,
IA 50309 and additional mailing offices. Postmaster: send address changes to Agr-New,
c/o SD Agricultural Statistics, PO Box 3068, Sioux Falls, SD 57117.