

Kentucky Agri-News



United States Department of Agriculture
National Agricultural Statistics Service

Kentucky Field Office
Leland E. Brown, Director
PO Box 1120
Louisville, Kentucky 40201-1120
(502) 582-5293 or (800) 928-5277
Email: nass-ky@nass.usda.gov

Published Twice Monthly
Volume No. 24, Issue No. 24
Released: December 12, 2005

In cooperation with the
Kentucky Department of Agriculture
Richie Farmer, Commissioner

Featuring:

- ▶ Exports
- ▶ Livestock Situation & Outlook

- ▶ County Rankings
- ▶ Dairy Products



HAPPY HOLIDAYS

from the staff of

USDA, NASS, Kentucky Field Office

RECORD AGRICULTURAL EXPORTS AND IMPORTS IN FISCAL YEAR 2006

Fiscal 2006 U.S. agricultural exports are forecast at a record \$64.5 billion, up \$1 billion from August and \$2.1 billion higher than 2005. Since August, unit values for wheat and rice are raised, and the outlook for pork is improved. Soybean shipments are lowered 500,000 tons with increased competition from Brazil. Cotton exports are revised up 300,000 tons, while unit value is lower. Compared with 2005, the export outlook reflects a \$1.4-billion increase for horticultural products due to a competitive dollar, strong foreign demand, and higher prices. Tree nuts are a record \$3 billion, up \$600 million with almonds driving most of the gain. Livestock products are up \$500 million with record pork exports forecast at \$2.4 billion. Cotton is up \$600 million with a near-record U.S. crop and strong demand from China. Grain export value remains mostly unchanged with higher volumes offset by lower unit values. Oilseed and products fall \$800 million with increased competition and lower soybean and meal unit values. Fiscal 2006 agricultural imports are forecast at a record \$61.5 billion, \$3.8 billion higher than 2005. The increase reflects continued strong U.S. consumer demand. Horticultural products again account for about two-thirds of the gain, with fresh fruits and vegetables, wine, and beer driving most of the increase. Live animal imports are up \$600 million with resumption of cattle trade with Canada. The fiscal 2006 trade surplus is forecast at \$3 billion.

U.S. Agricultural Trade, Fiscal Years, 2001 - 2006 - Year ending September 30

Item	2001	2002	2003	2004	2005	Fiscal 2006	
						Aug.	Nov.
Billion dollars							
Exports	52.7	53.3	56.0	62.4	62.4	63.5	64.5
Imports	39.0	41.0	45.7	52.7	57.7	61.0	61.5
Balance	13.7	12.3	10.3	9.7	4.7	2.5	3.0

This outlook reflects commodity forecasts in the Nov. 10, 2005, World Agricultural Supply and Demand Estimates report.

COUNTY RANKINGS: KENTUCKY'S LEADING AGRICULTURAL COUNTIES

Item	1	2	3	4	5	6	7	8	9	10
2004 Farm Cash Receipts:										
Total	Woodford	Fayette	Graves	Bourbon	Webster	Hickman	Christian	McLean	Logan	Daviess
Crops	Christian	Logan	Daviess	Graves	Henderson	Union	Todd	Calloway	Simpson	McLean
Livestock	Woodford	Fayette	Graves	Bourbon	Webster	Hickman	Muhlenberg	McLean	Jessamine	Ohio
2004 Crop Production:										
Corn for Grain	Union	Christian	Henderson	Logan	Daviess	Graves	Todd	Hickman	McLean	Simpson
Soybeans	Henderson	Daviess	Union	Graves	Christian	Logan	McLean	Fulton	Hickman	Todd
Winter Wheat	Christian	Logan	Todd	Simpson	Graves	Calloway	Hickman	Warren	Union	Fulton
Burley Tobacco	Shelby	Barren	Bourbon	Madison	Scott	Woodford	Fayette	Harrison	Mason	Hart
Dark-Air Tobacco	Logan	Graves	Daviess	Simpson	Todd	McLean	Webster	Henderson	Hopkins	Ohio
Dark-Fire Tobacco	Calloway	Graves	Christian	Todd	Trigg	Logan	Muhlenberg	Lyon	Caldwell	Carlisle
Alfalfa Hay	Fleming	Hart	Lincoln	Mason	Barren	Shelby	Mercer	Nelson	Hardin	Bourbon
Other Hay	Barren	Pulaski	Madison	Warren	Adair	Bourbon	Monroe	Breckinridge	Allen	Grayson
Sorghum	Hopkins	Henderson	Webster	Union	Daviess	McCracken	McLean	Muhlenberg	-	-
Barley	Simpson	Logan	Todd	-	-	-	-	-	-	-
Livestock & Dairy										
Cattle & Calves, Jan. 1, 2005	Barren	Warren	Pulaski	Madison	Bourbon	Allen	Monroe	Lincoln	Adair	Clark
Beef Cows, Jan. 1, 2005	Barren	Pulaski	Warren	Madison	Bourbon	Breckinridge	Monroe	Allen	Hart	Lincoln
Milk Cows, Jan. 1, 2005 ^{1/}	Barren	Adair	Fleming	Metcalfe	Lincoln	Marion	Monroe	Nelson	Warren	Pulaski
Milk Prod., 2004	Barren	Adair	Fleming	Logan	Marion	Christian	Warren	Metcalfe	Todd	Nelson
2002 Farms	Barren	Pulaski	Warren	Hardin	Graves	Grayson	Shelby	Breckinridge	Nelson	Madison
2002 Cropland	Christian	Graves	Daviess	Logan	Union	Warren	Barren	Henderson	Hardin	Breckinridge

^{1/}Monroe, Nelson and Warren tied for 7th.

LIVESTOCK SITUATION AND OUTLOOK

Cattle

Choice boxed beef prices are well above year-earlier levels as supplies of high quality beef remains tight. In September and October the proportion of steers and heifers grading Choice and higher was near 54 percent, well below the near 55 to 56 percentage range of a year earlier. The present situation is similar to the same period in 2003 when fed cattle marketings were being pulled forward to compensate for the loss of Canadian cattle imports due to the first case of BSE in Canada in May 2003. The proportion of cattle grading Choice and higher has dropped sharply over the past couple of months and stabilized near 54 percent in the later half of October. Seasonally, the proportion grading Choice and higher should begin to rise. The market continues to shift toward more demand for higher grading, consistent quality beef, and given the continued wide Choice/Select spread, appears willing to pay the premium for Choice beef. The spread in October was ranging over \$13 per cwt, well above the 5-year average and over \$8 per cwt above a year ago.

Dairy

Heavy milk supplies have eroded butter and cheese prices since mid-September, despite brisk sales and moderate stocks. Price declines were fairly steady through October, with attempted reversals not sustained for any amount of time. Summer increases in milk production from a year earlier were in excess of 4 percent, and early autumn rises probably were at least as large. Recent price patterns are likely to continue through yearend, although temporary increases are always possible if holiday demand is enough to pinch seasonally tight supplies. The full weight of growing milk supplies probably will be felt after holiday needs are met. Supplies are expected to overcome fairly good demand and lower dairy product prices. Even so, prices are projected to remain relatively robust through the winter. The pattern of winter prices will set the tone for dairy markets during the rest of 2006.

Hogs

Fourth-quarter pork production is expected to be slightly more than 2 percent above the same period a year ago, with prices for 51-52 percent lean live equivalent hogs between \$43 and \$45 per hundredweight (cwt) for the quarter. For the year, 2005 production is expected to be 1 percent above last year. Third-quarter exports were almost 29 percent higher than a year ago; on a cumulated basis, exports are running almost 26 percent ahead of the first three-quarters of 2004. Pork imports in the first three-quarters of 2005 were more than 11 percent below the same time last year. January-September 2005 live swine imports were almost 7 percent lower than the same period last year.

Poultry

Although broiler exports for September 2005 were down 21 percent from September of last year, third-quarter 2005 broiler exports were 1.315 billion pounds, up 4 percent from the same period last year. The reduction in U.S. broiler exports in September was largely attributable to interruptions in exports to Russia, due to the effects of hurricane Katrina. Because of the damage to gulf port facilities, Russia required port facility re-inspection before U.S. poultry exports to Russia could resume. Hurricane damage to gulf port facilities, plus hurricane related regional transportation difficulties, caused U.S. broiler exports to fall by 65 percent from August to September. U.S. broiler meat production in the third quarter of 2005 was 8.93 billion pounds, 1 percent above a year earlier. The slight growth in production was due to a 0.8 percent increase in the average liveweight to 5.32 pounds, offsetting a 0.2 percent decrease in the number of birds slaughtered. The slow growth in broiler meat production and higher exports in third-quarter 2005 compared with the previous year have pushed ending third-quarter stocks of broiler products below those of a year ago.

Sheep & Lambs

In the third quarter of 2005, commercial production of lamb and mutton totaled 45 million pounds, 2 percent lower than the same period in 2004. Typically, both lamb supply and demand exhibit some seasonality and are lowest during the third quarter each year. As a result, third-quarter 2005 production are at all-time lows. Compounding the lower-than-normal production is the fact that third-quarter imports of live slaughter lambs from Canada are well below its normal range. Slaughter lambs from Canada supplement domestic production, especially during periods of tight supply. In 2002, more than 20,000 live slaughter lambs were imported from Canada in the third quarter. The live imports from Canada were restricted in May 2003 and resumed in July 2005. Third-quarter 2005 live slaughter lamb imports from Canada were 720 head. With the seasonal increase in demand in the fourth-quarter 2005, quarterly production is expected to reach about 51 million pounds for the first time this year. With improved weather conditions and increased ewe-lamb retention for the past 3 years, it is expected that domestic production will begin to increase during the fourth quarter, and increase well into 2006.

U.S. DAIRY PRODUCTS, OCTOBER 2005

PRODUCT	October 2004	September 2005 <u>1/</u>	October 2005	Percent of	
				Oct. 2004	Sept. 2005
		(000) Pounds		Percent	
BUTTER	104,386	100,095	107,506	103	107
CHEESE					
American Types <u>2/</u>	309,184	301,737	310,098	100	103
Mozzarella	235,938	242,011	242,479	103	100
All Other Types <u>3/</u>	202,922	198,163	202,157	100	102
Total	748,044	741,911	754,734	101	102
		(000) Gallons		Percent	
FROZEN PRODUCTS					
Ice Cream (Hard)	68,134	72,571	69,053	101	95
Frozen Yogurt (Total)	5,270	5,149	4,648	88	90
MIX FOR FROZEN PRODUCTS					
Ice Cream Mix	37,164	40,112	36,710	99	92
Yogurt Mix	2,919	3,029	2,734	94	90

1/ Revised. 2/ Includes Cheddar, Colby, Monterey, and Jack. 3/ Includes Swiss, cream and all other types. Excludes cottage cheese.

Internet Access: Data including this report are available free of charge on our Internet homepage located at <http://www.nass.usda.gov/ky>. Links to the Kentucky Department of Agriculture, the University of Kentucky Agricultural Weather Center and other web sites related to Kentucky Agriculture are also included. National & State reports and data are available on the USDA, National Agricultural Statistics Service homepage located at <http://www.usda.gov/nass/>