

Kentucky Agri-News



United States Department of Agriculture
National Agricultural Statistics Service

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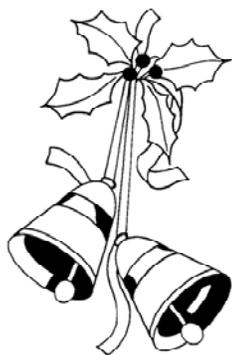
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HAPPY HOLIDAYS
from the staff of
USDA, NASS, Kentucky Field Office

RECORD AGRICULTURAL EXPORTS AND IMPORTS IN FISCAL YEAR 2007

Fiscal 2007 U.S. agricultural exports are forecast at a record \$77 billion, up \$5 billion from the August forecast, and \$8.3 from fiscal 2006. Corn exports are raised \$2.1 billion from August to a near-record \$8.9 billion on higher prices due to continued strong demand and tightening domestic supply. The U.S. corn crop is estimated slightly smaller. Domestic use for ethanol and overseas demand for feed use remains strong. Wheat exports are raised \$340 million on tighter world supply and reduced competition from Australia. Soybean exports are raised \$900 million, and soybean meal and oil are also increased on higher expected unit values and volumes. The improved outlook for the soybean complex reflects higher prices, record crushing, slowed production growth in South America, a record U.S. crop, and strong demand from China. China replaces the EU-25 as the fourth largest market for U.S. agricultural exports largely due to sales prospects for soybeans. Livestock product exports to all destinations are raised \$800 million.

Fiscal 2007 agricultural imports are forecast at a record \$69 billion, up \$500 million from the August forecast. Though record high, the rate of import growth is the slowest since 2003, the result of a weaker dollar, stable livestock trade, and a slower rate of growth for sugar and tropical products. Fresh and processed fruits and vegetables, wine and beer, beef and pork, grain-based snack foods and confectioneries will continue to account for over half of the growth in 2007.

U.S. Agricultural Trade, Fiscal Years, 2002 - 2007 - Year ending September 30

Item	2002	2003	2004	2005	2006	Fiscal 2007	
						Aug.	Nov.
Billion dollars							
Exports	53.3	56.0	62.4	62.5	68.7	72.0	77.0
Imports	41.0	45.7	52.7	57.7	64.0	68.5	69.0
Balance	12.3	10.3	9.7	4.8	4.7	3.5	8.0

This outlook reflects commodity forecasts in the Nov. 9, 2006, 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
2005 Farm Cash Receipts:										
Total	Woodford	Fayette	Graves	Bourbon	Webster	Hickman	McLean	Christian	Daviess	Logan
Crops	Christian	Logan	Daviess	Graves	Henderson	Union	Todd	Calloway	McLean	Simpson
Livestock	Woodford	Fayette	Graves	Bourbon	Webster	Hickman	Jessamine	McLean	Ohio	Muhlenberg
2005 Crop Production:										
Corn for Grain	Union	Christian	Henderson	Daviess	Graves	Logan	McLean	Todd	Hickman	Webster
Soybeans	Daviess	Henderson	Graves	Christian	Fulton	Logan	McLean	Union	Hickman	Todd
Winter Wheat	Christian	Logan	Todd	Simpson	Warren	Graves	Trigg	Calloway	Hickman	Fulton
Burley Tobacco	Barren	Mason	Bourbon	Christian	Shelby	Hart	Breckinridge	Daviess	Henry	Fleming
Dark Fire Tobacco	Calloway	Graves	Christian	Trigg	Todd	Logan	Muhlenberg	Caldwell	Carlisle	Lyon
Dark Air Tobacco	Logan	Graves	Daviess	Todd	Webster	Simpson	McLean	Henderson	Calloway	Hopkins
Alfalfa Hay	Fleming	Mason	Lincoln	Hart	Meade	Hardin	Shelby	Barren	Mercer	Bourbon
Other Hay	Barren	Pulaski	Madison	Grayson	Warren	Monroe	Breckinridge	Adair	Hardin	Allen
Sorghum	Webster	Henderson	Hopkins	Carlisle	McLean	Daviess	Union	Crittenden	-	-
Barley	Simpson	Logan	Todd	-	-	-	-	-	-	-
Livestock & Dairy										
Cattle & Calves, Jan. 1, 2006	Barren	Warren	Pulaski	Allen	Madison	Bourbon	Monroe	Lincoln	Clark	Adair
Beef Cows, Jan. 1, 2006	Barren	Pulaski	Warren	Madison	Breckinridge	Monroe	Bourbon	Allen	Hart	Lincoln
Milk Cows, Jan. 1, 2006 ^{1/}	Barren	Adair	Metcalfe	Fleming	Marion	Mason	Monroe	Lincoln	Nelson	Warren
Milk Prod., 2005	Barren	Adair	Logan	Marion	Christian	Fleming	Metcalfe	Warren	Lincoln	Todd
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/}Marion and Mason tied for 5th. Nelson and Warren tied for 8th.

LIVESTOCK SITUATION AND OUTLOOK

Cattle

The percentage of steers and heifer carcasses grading Choice or better increased during October 2006, although at the same time, the spread between Choice and Select beef is again widening, near last year's wider spread. Weakness over the last 2 weeks has applied across the meat-poultry complex. However, despite the recent weakness in prices, demand for beef is holding its own in the marketplace, particularly for Choice beef. Compared with this time last year, cattle slaughter, total beef supplies, and supplies of competing meats are all higher. Prices for fed cattle and carcass beef had been running higher than year-earlier prices until early fall. Retail Choice beef prices in October 2006 averaged \$3.95 a pound, up from September's \$3.93, but down from last year's \$3.98.

Dairy

Current USDA estimates place 2006 milk production at 181.9 billion pounds, a 2.8 percent increase above 2005. This is below the 3.5 percent increase a year earlier, but still above the five year average of 1-to-2 percent growth. Forecast milk production in 2007 is 183 billion pounds, less than a 1-percent increase over 2006. Cow numbers will likely decline slightly in 2007 compared with 2006; however, production per cow will continue to increase, albeit at a lower rate than in 2006. Rising feed prices, especially for corn due to increasing ethanol production, are squeezing milk-feed price ratios and are likely to continue to do so well into 2007.

Hogs

The fourth quarter is typically the period of the year when pork production achieves its annual high, driving hog prices to their annual lows. Fourth-quarter 2006 opened with a very large slaughter, but hog prices moved only slightly lower in response. October estimated federally inspected hog slaughter was more than 6 percent above a year ago, while live-equivalent prices of 51-52 percent lean hogs were \$47.57 per cwt, just 0.7 percent below October 2005. A significantly larger slaughter, accompanied by a small dropoff in prices, indicates strong demand for live hogs,

which in turn derives from strong demand for pork products. USDA added \$2 to its fourth-quarter hog price forecast, with prices now expected to range between \$45 and \$47 per cwt. Fourth-quarter pork production is expected to be about 5.7 million pounds, or almost 3 percent above the same period last year.

Poultry

Federally inspected broiler meat production in fourth-quarter 2006 is forecast at 8.9 billion pounds, almost identical to a year ago. In the fourth quarter, a reduction in the number of birds slaughtered is expected to be offset by higher average weights. U.S. broiler production in the third-quarter 2006 was 8.88 billion pounds, down 0.7 percent from a year earlier. The quarterly decline in broiler meat production was the first since first-quarter 2003. The lower meat production was chiefly the result of a smaller number of birds slaughtered (down 1.9 percent). This decline in birds slaughtered was partially offset by an increase in average weights. The current low wholesale prices for most broiler products, combined with the expectations of higher feed prices, is expected to have a depressing effect on broiler meat production in 2007. The forecast for 2007 was reduced by 250 million pounds to 5.33 billion, an increase of only 1.3 percent from 2006.

Sheep & Lambs

For third-quarter 2006, commercial production of lamb and mutton totaled 42 million pounds, 5 percent lower than for the same period in 2005. Lamb supply and demand are both usually at their lowest point during the third quarter of each year. The lower third-quarter production this year could be attributed to a several factors. First, the second-and third-quarter cull rates were higher than normal. Second, imports of live slaughter lambs from Canada are well below historical levels. Third, the industry is still faced with higher-than-normal cold storage stocks. Finally, the third-quarter total lamb and mutton disappearance is generally lowest (total disappearance is the sum of production, net trade, and net cold storage stocks).

U.S. DAIRY PRODUCTS, OCTOBER 2006

PRODUCT	October 2005	September 2006 <u>1/</u>	October 2006	Percent of	
				Oct. 2005	Sept. 2006
		(000) Pounds		Percent	
BUTTER	108,915	103,771	118,172	108	114
CHEESE					
American Types <u>2/</u>	312,321	325,166	320,978	103	99
Mozzarella	243,671	257,598	263,419	108	102
All Other Types <u>3/</u>	204,415	201,512	215,827	106	107
Total	760,407	784,276	800,224	105	102
		(000) Gallons		Percent	
FROZEN PRODUCTS					
Ice Cream (Hard)	69,862	72,705	64,299	92	88
Frozen Yogurt (Total)	5,114	5,145	4,917	96	96
MIX FOR FROZEN PRODUCTS					
Ice Cream Mix	38,193	39,388	35,785	94	91
Yogurt Mix	3,032	3,118	2,980	98	96

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/>