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Featuring: ▶ Crop Production ▶ Dairy Products ▶ Chicken & Eggs
▶ Foreign Ownership ▶ Tobacco Outlook

LATE SUMMER RAIN IMPROVES KENTUCKY SOYBEAN PROSPECTS

U.S. HIGHLIGHTS

Corn production was forecast at 10.9 billion bushels, up 2 percent from last month but 8 percent below 2004. If realized this would be the second largest crop on record.

Corn yields were expected to average 146.1 bushels per acre, up 2.9 bushels from September but 14.3 bushels below last year.

Soybean production was forecast at 2.97 billion bushels, up 4 percent from the September forecast but 5 percent below 2004.

Soybean yields were expected to average 41.6 bushels per acre, up 2.0 bushels from September but 0.6 bushel below last year's record high yield.

Production in the **Burley producing States** totaled 192.3 million pounds, unchanged since the September forecast but down 34 percent from 2004.

KENTUCKY

Crop prospects for October were up for corn and soybeans. Late summer rain helped to increase soybean yield and corn yield was better than previously expected in some areas of the State.

Burley tobacco was forecast 135.0 million pounds, unchanged from the September forecast while down 35 percent from last year's crop. If realized, this would be the smallest crop since 1927. The smaller crop resulted from a 31,000 acre decrease in harvested acreage from the 2004 crop and a reduced yield. Yield per acre was estimated at 1,800 pounds per acre, unchanged from the September estimate while down 150 pounds from 2004. Acreage for harvest at 75,000 acres was the smallest harvested acreage on record. The dry summer reduced the weight of the tobacco going into the barn. Rain at the end of August added some additional growth to later developing crops. As of October 2, 94 percent of the burley had been cut and 97 percent of the dark tobacco crop had been cut. Tobacco harvested and housed in barns was in mostly good to fair condition. Curing was progressing well although there was some concern that dry weather during September had caused some tobacco to cure too fast.

Corn for grain production was forecast at 147.3 million bushels, up 4 percent from the September forecast while down 15 percent from

the record high 2004 crop. The larger production resulted from an increase in yield per acre as harvested acreage was unchanged. Yield was estimated at 127 bushels per acre up five bushels from the September forecast. Some farmers found that their harvested corn yielded more than they had previously expected. As of October 2, 97 percent was mature with 66 percent of the crop harvested. Dry weather during September provided good conditions for harvesting. Harvested acreage was estimated at 1.16 million acres, unchanged from September and up 20,000 acres from the 2004 crop.

Production of **soybeans** was forecast at 50.0 million bushels, up 3 percent from the September estimate while down 13 percent from the record high 2004 crop. The increase in production was brought about by an increase in yield as harvested acreage was unchanged. Farmers are expecting a slightly better crop with good growing conditions during September that increased pod fill for second crop soybeans planted after the small grain harvest. Yield was forecast at 40 bushels per acre, up one bushel from the September estimate while down four bushels from 2004. Harvested acreage at 1.25 million acres was unchanged from September and down 50,000 acres from the 2004 crop. As of October 2, 78 percent of the soybean acreage in the State was shedding leaves and 20 percent of the acreage had been harvested. The soybean crop in the field was rated mostly good to fair condition. Some of the early harvested beans were small in size.

All hay production was forecast at 5.87 million tons, unchanged from the August estimate and down 1 percent from a year earlier. **Alfalfa hay** was forecast at 806,000 tons, unchanged from August while down 9 percent from the 2004 crop. Yield was estimated at 3.10 tons per acre. **Other hay** production was forecast at 5.06 million tons, unchanged from August and less than 1 percent above last year's crop. Early spring conditions were favorable for the first hay cutting. Conditions after mid-June turned dry and hot and remained into September. The dry summer slowed additional hay cuttings and production.

With the 2005 crop season dark tobacco types were combined into dark fire and dark air. **Dark fire** cured production was estimated at 21.8 million pounds, unchanged from the September estimate and up 21 percent from the 2004 crop. **Dark air** cured tobacco was estimated at 9.80 million pounds, unchanged from September while down 5 percent from the 2004 crop.

CROP PRODUCTION

CROP SUMMARY, OCTOBER 1 KENTUCKY AND UNITED STATES, 2004 - 2005

CROPS	UNIT	ACREAGE HARVESTED		YIELD PER ACRE		PRODUCTION		
		2004	2005	2004	2005	2004	2005	
			Indicated		Indicated		Indicated	% of '04
		(Thousand)				(Thousand)		
KENTUCKY								
Corn for Grain	Bu.	1,140	1,160	152.0	127.0	173,280	147,320	85
Soybeans for Beans ^{1/}	Bu.	1,300	1,250	44.0	40.0	57,200	50,000	87
Hay:								
All	Ton	2,340	2,460	2.53	2.38	5,928	5,866	99
Alfalfa	Ton	240	260	3.70	3.10	888	806	91
All Other	Ton	2,100	2,200	2.40	2.30	5,040	5,060	100
Tobacco:								
All	Lbs.	114.95	84.90	2,044	1,962	235,003	166,560	71
Burley	Lbs.	106.00	75.00	1,950	1,800	206,700	135,000	65
Dark Fire	Lbs.	5.30	6.40	3,394	3,400	17,990	21,760	121
Dark Air	Lbs.	3.65	3.50	2,825	2,800	10,313	9,800	95
Wheat, All	Bu.	380	300	54.0	68.0	20,520	20,400	99
Barley	Bu.	8	9	77.0	83.0	616	747	121
UNITED STATES								
Corn for Grain	Bu.	73,632	74,333	160.4	146.1	11,807,217	10,857,440	92
Soybeans for Beans ^{1/}	Bu.	73,958	71,270	42.2	41.6	3,123,686	2,967,075	95
Sorghum for Grain	Bu.	6,517	5,687	69.8	66.0	454,899	375,105	82
Hay:								
All	Ton	61,916	61,723	2.55	2.48	157,774	152,871	97
Alfalfa	Ton	21,707	22,118	3.47	3.43	75,383	75,940	101
All Other	Ton	40,209	39,605	2.05	1.94	82,391	76,931	93
Tobacco:								
All	Lbs.	408.04	307.01	2,155	2,083	879,227	639,566	73
Burley	Lbs.	153.15	105.30	1,908	1,826	292,172	192,285	66
Dark Fire	Lbs.	11.73	12.47	3,167	3,184	37,151	39,708	107
Dark Air	Lbs.	4.26	4.04	2,799	2,787	11,922	11,258	94
Wheat, All	Bu.	49,999	49,980	43.2	42.0	2,158,245	2,098,270	97
Barley	Bu.	4,021	3,276	69.6	64.8	279,743	212,196	76

^{1/}2004 Revised.

U.S. DAIRY PRODUCTS, AUGUST 2005

PRODUCT	August 2004	July 2005 ^{1/}	August 2005	Percent of	
				August 2004	July 2005
		(000) Pounds		Percent	
BUTTER	90,329	95,310	91,434	101	96
CHEESE					
American Types ^{2/}	300,384	317,037	308,622	103	97
Mozzarella	232,497	242,877	244,613	105	101
All Other Types ^{3/}	186,657	177,799	194,807	104	110
Total	719,538	737,713	748,042	104	101
		(000) Gallons		Percent	
FROZEN PRODUCTS					
Ice Cream (Hard)	73,697	87,648	89,421	121	102
Frozen Yogurt (Total)	6,137	5,600	5,952	97	106
MIX FOR FROZEN PRODUCTS					
Ice Cream Mix	42,376	49,360	48,298	114	98
Yogurt Mix	3,611	3,294	3,501	97	106

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

UNITED STATES EGG PRODUCTION & HATCH

Item	Aug 2004	Aug 2005	Aug '05 as % Aug '04
Egg Production			
Eggs Produced (Million)	7,538	7,562	100
Average Layers (000)	342,983	340,770	99
Eggs Per 100 Layers	2,198	2,219	101
Egg Type Hatchery			
Eggs Set Sept 1 (000)	32,711	32,491	99
Chicks Hatched (000)	36,854	38,953	106
Broiler Type Hatchery			
Eggs Set Sept 1 (000)	654,587	652,451	100
Chicks Hatched (000)	810,285	811,678	100

FOREIGN OWNERSHIP OF U.S. AGRICULTURAL LAND IN 2004

Of the 15,131,834 acres of reported foreign-held land, foreign persons from Canada own the largest amount of reported foreign-held acres of U.S. land, 4,528,100 acres, or 30 percent. Foreign persons from an additional three countries, Germany at 12%, the United Kingdom (U.K.) at 11%, and Switzerland at 4%, collectively own 4,046,766 acres or 27 percent of the foreign-held acres of U.S. land. Forty-six percent of the reported foreign-owned holdings of land is timber or forest land; cropland accounts for only 16 percent. Foreign-owned pasture, and other agricultural land total 34 percent of all foreign-owned holdings in the United States. The non-agriculture category accounts for 3 percent of the reported foreign-held acres. Nonagricultural land includes acreage such as the homestead and roads commonly reported as part of the agricultural landholding or land that is idle now but its last use within the past 5 years was for agriculture.

Foreign ownership of U.S. agricultural land remained relatively steady from 1993 through 2003, slightly above or below 1 percent of all privately owned agricultural land in the United States. Most changes were in forest land, decreasing from 7.5 million in 1995, to 6 million in 1998, increasing to 7.5 million in 2001, then decreasing to 7 million acres in 2002 and subsequent years. These changes are mainly due to million-acres-plus transactions by large timber companies. Reviewing the crop, pasture, and other agricultural figures reveals a relatively small increase, if any, in the numbers between 1993 and 2003. Cropland increased from 2.5 million acres in 2001 to 3 million in 2002, decreased to 2.5 million in 2003; pasture and other agriculture remained steady.

Foreign owned agricultural land in **Kentucky** totaled 82,823 acres or 4 tenths of one percent of the total privately held agricultural land.

U.S. AGRICULTURAL LANDHOLDINGS OF FOREIGN OWNERS, BY STATE, FEBRUARY 28, 2004

State	Acres	State	Acres	State	Acres
Alabama	666,320	Maine	3,153,938	Oregon	243,454
Alaska	121	Maryland	47,309	Pennsylvania	159,763
Arizona	270,813	Massachusetts	2,615	Puerto Rico	760
Arkansas	138,267	Michigan	319,337	Rhode Island	15
California	953,664	Minnesota	237,659	S. Carolina	127,708
Colorado	633,190	Mississippi	184,701	S. Dakota	41,866
Connecticut	1,204	Missouri	63,911	Tennessee	83,167
Delaware	3,083	Montana	499,571	Texas	1,283,087
Florida	883,274	Nebraska	15,157	Utah	78,708
Georgia	618,836	Nevada	504,823	Vermont	85,965
Hawaii	167,206	New Hampshire	15,493	Virginia	124,002
Idaho	32,710	New Jersey	13,738	Washington	222,861
Illinois	141,910	New Mexico	814,941	W. Virginia	104,644
Indiana	35,307	New York	260,888	Wisconsin	59,904
Iowa	30,423	N. Carolina	235,058	Wyoming	289,418
Kansas	60,328	N. Dakota	17,959		
Kentucky	82,823	Ohio	216,663		
Louisiana	346,226	Oklahoma	64,402	TOTAL	14,639,190

Source: USDA, FAS, Agricultural Foreign Investment Disclosure Act (AFIDA) data.

BURLEY TOBACCO OUTLOOK

As of September 1, burley production in 2005 is estimated at 192.3 million pounds compared with actual production of 292.2 million pounds last season, a 100-million-pound decline. Acreage is 105,300 acres, 47,850 acres fewer than last season. The decline in acreage is due to the fact that this is the first season without a program in over 60 years, and many former growers did not plant tobacco. Many producers have left tobacco production since the buyout. Remaining producers, most selling under contracts with leaf dealers and manufacturers, are testing the waters. During 2005 yields slipped due to dry weather, and quality suffered compared with last year's crop. Burley disappearance during the 2004/05 year (October 2004-September 2005) is expected to

advance 6 percent based on October-June trade data and September 1 production estimates. Exports during the first 9 months of the season are 151 percent of the previous year's level. Expected disappearance should gain 19 million pounds to reach 329.1 million pounds. Domestic use slipped nearly 40 million pounds as export disappearance gained nearly 60 million pounds on increased global demand for U.S. burley. Lower production and lower expected beginning stocks in October 2005 are expected to result in supplies of 683.3 million pounds, 17 percent below the previous season's 820.1 million pounds. Marketings in 2004 were 280.1 million pounds, compared with this season's production estimate of 192.3 million.

FIRE-CURED OUTLOOK

Fire-cured tobacco is mainly used in making snuff, plug chewing tobacco, and twist chewing tobacco. About half of the crop is usually exported. Production of fire-cured leaf (types 21-23) in 2005/06 is projected at 39.7 million pounds based on September 1 estimates, about 2.6 million pounds over last season. Acreage was set at 12,820 acres, compared with 11,730 the previous year. Yields are lower than last season. Production of Kentucky-Tennessee fire-cured leaf (types 22-23) as of September 1 (2005 crop) is estimated at 38.9 million pounds compared with 35.8 million pounds in 2004. Production of Virginia fire-cured tobacco is estimated at .8 million pounds, compared with 1.3 million pounds in

2004. Shipments of Kentucky-Tennessee fire-cured (types 22-23) slipped by 46 percent during the first 9 months of the 2004 crop year (October 2003-June 2004), losing the same percentage gained during the same period last year. Year-end disappearance is projected at 30.2 million pounds. Domestic use advanced 20 percent during the 9-month period. Total exports of types 22-23 are expected to reach 7.1 million pounds, compared with 13.2 million pounds last season. Virginia dark-fired tobacco disappearance is likely to increase by 5 percent as export use rises. Year end disappearance is expected to reach 1.4 million pounds.

AIR-CURED OUTLOOK

Dark air-cured tobacco (types 35-37) is used in plug and twist chewing tobacco, snuff, and to some extent in smoking tobacco. Production and use have declined by more than 50 percent over the last two decades. Exports traditionally account for 10-20 percent of total use, but have declined in the past decade as cigarettes have displaced traditional tobacco products in many countries that purchased dark air-cured leaf. The marketing year for dark air-cured tobacco is on an October-September basis. The September 1 crop forecast indicates dark air-cured types 35 and 36 acreage down 4 percent. Acreage is projected at 4,040 acres, compared with 4,190 last season, and yields are 2,787 pounds per acre, compared with 2,816 last season.

Production of dark air-cured leaf is estimated at 11.3 million pounds, 5 percent below last season's 11.8 million pounds. Beginning stocks are about the same as last season. Supplies at the beginning of 2005 (October 1, 2005) are expected to be about 48.7 million pounds, slightly less than this time last season. Air-cured disappearance for the first 9 months of the marketing year (October 2004-June 2005) increased 6 percent to 9.1 million pounds, compared with 8.5 million pounds last season. Based on past years' marketing patterns, total disappearance during the crop year is expected to be about 11.7 million pounds, slightly greater than last season's 11.2 million pounds.

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/>
