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Agri-View

ISSUE AV-19-06

MINNESOTA SPRING WHEAT YIELD UP FROM 2005

**RELEASED
OCTOBER 6, 2006**

Minnesota's **SPRING WHEAT** yield, at 47.0 bushels per acre, is up 6.0 bushels from last year's yield of 41.0 bushels per acre. Spring wheat production, at 77.6 million bushels, is up 9.3 percent from 2005. Spring wheat acres harvested for grain is 1.65 million acres, down 80,000 acres from last year. Acres planted is 1.7 million acres.

IN THIS ISSUE:

WINTER WHEAT production, at 2.79 million bushels, is up from 540,000 bushels last year. Acres harvested for grain in 2006 is 45,000 compared to 15,000 acres in 2005. Yield at 62.0 bushels per acre is up 26 bushels from 2005.

**SMALL GRAIN
ESTIMATES**

OAT production is estimated at 11.2 million bushels, down 12 percent from last year. Acres harvested for grain in 2006 is 200,000, down 5,000 acres from 2005. The yield, at 56.0 bushels per acre, is down 6.0 bushels from last year.

GRAIN STOCKS

BARLEY production of 5.4 million bushels is up 40 percent from last year. Barley harvested is 90,000 acres, unchanged from last year's acreage. Acres planted in 2006 are 105,000. Yield, at 60.0 bushels per acre, is up 17 bushels from 2005.

HOG INVENTORIES

EGG OUTPUT

MINNESOTA CORN AND SOYBEAN STOCKS UP FROM LAST YEAR

**REACTION TO
GRAIN STOCKS
REPORT**

OLD CROP CORN stocks held in all positions on September 1, 2006 totaled 275 million bushels, 2 percent above a year earlier. On-farm stocks accounted for 53 percent of the total or 145 million bushels.

OLD CROP SOYBEAN stocks in all positions totaled 64.5 million bushels, up 120 percent from September 1, 2005. On-farm stocks accounted for 56 percent of the total or 36.0 million bushels.

ALL WHEAT stocks held in all positions totaled 88.6 million bushels, 13 percent above a year ago. On-farm stocks accounted for 64 percent of the total or 57.0 million bushels.

BARLEY stocks were down 27 percent from a year ago. Total holdings in all positions were 17.1 million bushels, with 27 percent held on farms.

OAT stocks totaled 20.2 million bushels, 11 percent above a year ago. On-farm stocks accounted for 36 percent of the total.



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MINNESOTA & U.S. SEPTEMBER 1 HARVESTED ACRES, YIELD, AND PRODUCTION

COMMODITY	2005 HARVESTED ACRES (000)	2006 HARVESTED ACRES (000)	2005 YIELD	2006 YIELD	2005 PRODUCTION (000)	2006 PRODUCTION (000)
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MINNESOTA

SPRING WHEAT (Bu)	1,730	1,650	41.0	47.0	70,930	77,550
WINTER WHEAT (Bu)	15	45	36.0	62.0	540	2,790
BARLEY (Bu)	90	90	43.0	60.0	3,870	5,400
OATS (Bu)	205	200	62.0	56.0	12,710	11,200

UNITED STATES

SPRING WHEAT (Bu)	13,609	13,878	37.1	33.2	504,456	460,480
WINTER WHEAT (Bu)	33,794	31,117	44.4	41.7	1,499,129	1,298,081
BARLEY (Bu)	3,269	2,951	64.8	61.0	211,896	180,051
OATS (Bu)	1,823	1,576	63.0	59.5	114,878	93,764

MINNESOTA & U.S. SEPTEMBER 1 GRAIN STOCKS

COMMODITY	ON FARM		OFF FARM		TOTAL ALL POSITIONS		% CHANGE PREVIOUS YEAR
	2005	2006	2005	2006	2005	2006	

-1,000 BUSHELS-
MINNESOTA

CORN	140,000	145,000	129,193	130,284	269,193	275,284	+2
SOYBEANS	15,500	36,000	13,828	28,497	29,328	64,497	+120
ALL WHEAT	53,000	57,000	25,197	31,640	78,197	88,640	+13
BARLEY	3,300	4,700	20,226	12,418	23,526	17,118	-27
OATS	8,100	7,300	10,125	12,886	18,225	20,186	+11

UNITED STATES

CORN	820,500	749,500	1,293,472	1,221,072	2,113,972	1,970,572	-7
SOYBEANS	99,700	176,300	156,038	272,488	255,738	448,788	+75
ALL WHEAT	721,360	572,020	1,201,931	1,171,021	1,923,291	1,743,041	-9
BARLEY	137,400	112,750	117,511	100,139	254,911	212,889	-16
OATS	71,700	59,900	41,803	39,328	113,503	99,228	-13

MINNESOTA HOG NUMBERS UP 3 PERCENT FROM JUNE

Minnesota hog producers had an inventory of 6.9 million hogs and pigs on September 1, 2006, up 1 percent from a year earlier and up 3 percent from the June 1, 2006 figure. This is a new record inventory for September 1. Breeding hogs totaled 590,000, down 2 percent from a year earlier and market hogs and pigs at 6.31 million, were up 2 percent from a year ago.

Market hogs in the under 60 pound weight group were up 2 percent from last year. The 60-119 pound weight group were up 4 percent. Hog numbers in the 120-179 pound group were down 2 percent from last year, while the 180+ pound group was up 3 percent from a year ago.

Minnesota's June-August 2006 pig crop at 2.6 million head, unchanged from the same period in 2005, and unchanged from the March-May 2006 pig crop. The 280,000 sows that farrowed averaged 9.30 pigs per litter unchanged from 2005.

Hog producers in Minnesota intend to farrow 275,000 sows during the September-November 2006 quarter. If realized, this would be down 2 percent from the same period in 2005. Producers intend to farrow 275,000 sows during the December 2006-February 2007 quarter. If realized, this would be up 2 percent from the same period the previous year.

FARROWING INTENTIONS

SOWS TO FARROW				
STATE	Sept 2006- Nov 2006	% of Prev. Yr.	Dec 2006- Feb 2007	% of Prev. Yr.
	<u>1,000</u>	<u>Pct.</u>	<u>1,000</u>	<u>Pct.</u>
AR	41	98	39	95
CO	83	102	81	100
IL	215	108	210	108
IN	145	107	150	115
IA	460	101	450	99
KS	88	105	88	105
MI	49	104	50	104
MN	275	98	275	102
MO	170	97	165	100
NE	175	100	170	97
NC	540	98	540	100
OH	82	101	83	109
OK	185	97	180	97
PA	50	106	51	109
SD	81	100	79	103
TX	48	109	48	114
WI	26	96	26	100
Other States 1/	212	103	217	107
US	2,925	101	2,902	102

1/ Individual State estimates not available for the 33 other States.

SEPTEMBER 1, 2006 HOG INVENTORIES and JUNE-AUGUST 2006 FARROWINGS

State	TOTAL		BREEDING		MARKET HOGS & PIGS 1/					SOWS FARROWED June-August 2006				
	Number	2006 As % of 2005	Number	2006 As % of 2005	Under 60 Pounds	60-119 Pounds	120-179 Pounds	180+ Pounds	TOTAL		Number	2006 As % of 2005	Pigs Per Litter	Pig Crop 2/
									Number	2006 As % of 2005				
	<u>1,000</u>	<u>Pct.</u>	<u>1,000</u>	<u>Pct.</u>	<u>1,000</u>				<u>1,000</u>	<u>Pct.</u>	<u>1,000</u>	<u>Pct.</u>	<u>Num.</u>	<u>1,000</u>
AR	280	98	85	100	145	15	15	20	195	98	41	93	9.70	398
CO	850	99	155	107	385	85	85	140	695	97	83	102	9.00	747
IL	4,350	107	440	105	1,370	980	850	710	3,910	108	205	100	9.05	1,855
IN	3,350	108	330	110	1,120	770	590	540	3,020	108	140	100	8.95	1,253
IA	16,900	102	1,080	100	4,850	4,470	3,520	2,980	15,820	102	455	99	9.10	4,141
KS	1,910	111	165	106	600	380	300	465	1,745	112	85	102	8.80	748
MI	970	104	100	100	305	215	180	170	870	105	47	98	9.20	432
MN	6,900	101	590	98	2,490	1,560	1,300	960	6,310	102	280	100	9.30	2,604
MO	2,750	96	355	104	1,115	480	470	330	2,395	95	170	100	9.10	1,547
NE	2,900	104	350	100	990	660	510	390	2,550	104	175	100	9.15	1,601
NC	9,700	96	1,010	99	3,560	2,010	1,710	1,410	8,690	96	560	100	9.15	5,124
OH	1,660	106	170	106	610	360	320	200	1,490	106	85	109	9.20	782
OK	2,390	99	360	100	960	320	260	490	2,030	99	190	95	9.00	1,710
PA	1,150	106	105	111	340	290	230	185	1,045	106	46	98	8.80	405
SD	1,480	107	155	111	485	315	275	250	1,325	107	80	113	9.40	752
TX	990	99	100	100	320	195	180	185	880	99	50	111	9.65	483
WI	420	102	55	110	150	85	75	65	375	101	26	104	8.85	230
Other Sts 3/	3,754	96	474	100	1,203	801	685	592	3,280	96	206	100	9.30	1,915
US	62,704	101	6,079	102	20,998	13,991	11,555	10,082	56,625	101	2,924	100	9.14	26,727

1/ Weight groups may not add due to rounding.

2/ Number of pigs born June-August that were on hand September 1, or had been sold.

3/ Other State estimates include 33 remaining States.

REACTION TO SEPT. 29, 2006 GRAIN STOCKS REPORT

The Grain Stocks Report was released on September 29, 2006. Highlights of the report were the declining stocks of corn and wheat, and the rising stocks of soybeans. The 2005 soybean crop was revised downward by 23.2 million bushels due to decreases in planted and harvested acres as well as a downward revision in yield of 0.3 bu. per acre. Markets rallied initially in response due to this new information.

Corn stocks in all positions totaled 1.97 billion bu., down 7% from Sept. 1, 2005. Of this total, 750 million bu. were stored on farms, down 9%. Off-farm stocks were 1.22 billion bushels, down 6%. Disappearance for the June–August period was 2.39 billion bushels, compared to 2.21 billion bushels last year. The increased use of about 8% would translate in a yearly disappearance of 9.56 billion bu. The combination of increased use and lower stocks will translate into higher prices via the influence of stocks/use and season average price. The specific increase will be discussed later.

Soybean stocks, however, totaled 449 million bu., up 75% from the total on Sept. 1, 2005. The higher stocks position is affecting basis levels in Minnesota which are averaging \$0.71 under the nearby futures. The large stocks position is the highest since 1986. On-farm stocks were 176 million bu., also up 77% from last year. Off-farm stocks were 272 million bushels, up 75% from last year. Soybean disappearance for the June-August period totaled 542 million bu. which translates to a yearly disappearance of 21.68 billion bushels. This use was up 22%. So the larger stocks were offset somewhat by greater use in the period.

Wheat stocks totaled 1.74 billion bushels, down 9% from a year ago. On-farm stocks were 572 million bushels, down 21% from last year.

Off-farm stocks were 1.17 billion bushels, down 3% from last year. Total disappearance was 640 million bushels, down 11% from last year. Annualized disappearance is estimated at 2.56 billion bu.

The implications of this stocks report is gained by using these new totals in a stocks/use model used at the University of Illinois. The average price of corn for the 2006/7 year is now estimated at \$2.22 per bushel. Since corn rallies over \$0.40 per bushel, this implies that local prices will be over \$2.60 per bushel. Sales targets should be \$2.65 (over \$3.00 on futures) assuming a \$0.50 local basis which will narrow into the new year. A futures forecast using a different model generated a season average of \$2.36 per bushel (local prices). Average soybean price based on this model was \$5.51 per bushel. Rallies of \$1.00 to \$1.25 are expected. Targets should be \$5.75 or higher. A futures-based model generated a total of \$5.59 per bushel.

Wheat prices will be strong again with some wheat classes such as durum having the lowest stocks since 1962. Prices will be in the mid \$4 range again this year.

Oats and barley prices will be stronger based on new stocks, while sunflower will be lower with a large buildup in stocks.

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AUGUST EGG OUPTPUT DOWN 5 PERCENT IN STATE

Minnesota layers produced 239 million eggs during August 2006 versus 252 million in August 2005, a decrease of 5 percent. Laying flocks in the U.S. produced 7.64 billion eggs in August, a 1 percent increase from a year ago.

AGRI-VIEW(USPS-413810) is published monthly in March, June, November and December and semi-monthly in February, April, May, August, September and October; and three times/month in January and July. Subscription rates are \$12.00 per year for non-reporters, and free for survey respondents by the Minnesota Agricultural Statistics Service, PO Box 7068, St. Paul, MN 55107. Periodicals class postage paid at St. Paul, Minnesota and other mailing offices. POSTMASTER: Send change of address to **AGRI-VIEW**, PO Box 7068, St. Paul, MN 55107.

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