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CROP PRODUCTION

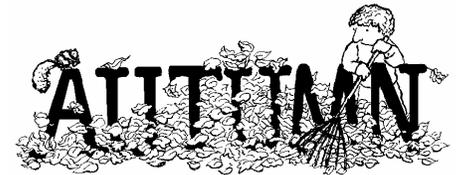
North Dakota Corn for grain production is forecast at a record high 286 million bushels, up 2 percent from the September forecast and 84 percent above last year. Based on conditions as of October 1, yields are expected to average 127 bushels per acre, equal to the September forecast and up 16 bushels from last year. Area to be harvested is estimated at a record high 2.25 million acres, up 61 percent from 2006.

Soybean production is forecast at 108 million bushels, up 1 percent from the September forecast, but down 10 percent from last year. Soybean yields are expected to average 36.0 bushels per acre, up 1 bushel from the September forecast and up 5 bushels from last year. Area to be harvested is estimated at 3.00 million acres, 22 percent below 2006.

Dry edible bean production is forecast at a record high 10.9 million hundredweight (cwt), 42 percent above last year. Yield is forecast at a record high 1,650 pounds per acre, up 150 pounds from the August forecast and 450 pounds from last year's drought affected yield. Area for harvest is expected to be 660,000 acres, up 20,000 from last year.

All sunflower (oil and non-oil) production for 2007 is forecast at 1.51 billion pounds, up 35 percent from 2006. The average yield for all sunflower is forecast at 1,462 pounds, up from 1,296 pounds last year. Area for harvest is estimated at 1.03 million acres, up 20 percent from last year.

Canola production is forecast 1.38 billion pounds, up 7 percent from 2006. The yield is forecast at 1,310 pounds, down 60 pounds from last year. Area for harvest is 1.05 million acres, up 12 percent from 2006.



Crop Summary: Area Planted and Harvested
North Dakota and United States, 2006 and Forecasted October 1, 2007 ^{1/}

Crop	North Dakota				United States			
	Area Planted		Area Harvested		Area Planted		Area Harvested	
	2006	2007	2006	2007	2006	2007	2006	2007
	<i>1,000 Acres</i>							
Barley	1,100	1,470	995	1,390	3,452	4,020	2,951	3,508
Corn for Grain ^{2/}	1,690	2,550	1,400	2,250	78,327	93,616	70,648	86,071
Corn for Silage			220				6,477	
Hay, All			2,720	3,000			60,807	61,789
Alfalfa			1,450	1,550			21,384	21,451
All Other			1,270	1,450			39,423	40,338
Oats	420	460	120	260	4,168	3,760	1,566	1,505
Rye ^{3/}					1,396	1,376	274	289
Wheat, All	8,800	8,595	8,290	8,405	57,344	60,433	46,810	51,011
Winter	200	465	180	445	40,575	44,987	31,117	35,952
Durum	1,300	1,480	1,260	1,460	1,870	2,149	1,815	2,112
Spring	7,300	6,650	6,850	6,500	14,899	13,297	13,878	12,947
Canola	940	1,080	935	1,050	1,044	1,183	1,021	1,144
Flaxseed	750	420	715	410	813	465	767	453
Mustard Seed ^{3/}					40.5	57.5	39.2	54.8
Rapeseed ^{3/}					1.4	1.4	1.0	1.2
Safflower ^{3/}					189.0	170.0	179.0	162.5
Soybeans	3,900	3,050	3,870	3,000	75,522	63,669	74,602	62,818
Sunflower, All	900	1,070	860	1,030	1,950	2,075	1,770	1,970
Oil	770	910	740	880	1,658	1,761	1,514	1,679
Non-oil	130	160	120	150	292	314	256	291
Sugarbeets	261	257	243	247	1,366.2	1,266.0	1,303.6	1,241.4
Dry Edible Beans, All	670.0	690.0	640.0	660.0	1,629.8	1,527.3	1,537.6	1,462.5
Dry Edible Peas	610	510	590	490	925.5	880.5	884.1	834.3
Lentils	160	110	148	104	429.0	305.0	407.0	293.0
Fall Potatoes, All	100.0	95.0	98.0	90.0	993.7	1,009.2	983.0	996.2

^{1/} Data are latest estimates available. ^{2/} Area planted for all purposes. ^{3/} Published at U.S. level only.

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CROP PRODUCTION (Continued)

United States

Corn for grain production is forecast at 13.3 billion bushels, up slightly from last month and 26 percent above 2006. Yields are expected to average 154.7 bushels per acre, down 1.1 bushels from September but 5.6 bushels above last year. Production would be the largest on record as growers expect to harvest the most corn acres for grain since 1933. Area harvested for grain is forecast at 86.1 million acres, up 1 percent from September and 22 percent higher than last year.

Soybean production is forecast at 2.60 billion bushels, down less than 1 percent from the September forecast and down 19 percent from last year's record high. Yields are expected to average 41.4 bushels per acre, unchanged from last month but down 1.3 bushels from last year. Area for harvest is forecast at 62.8 million acres, down less than 1 percent from September and down 16 percent from last year.

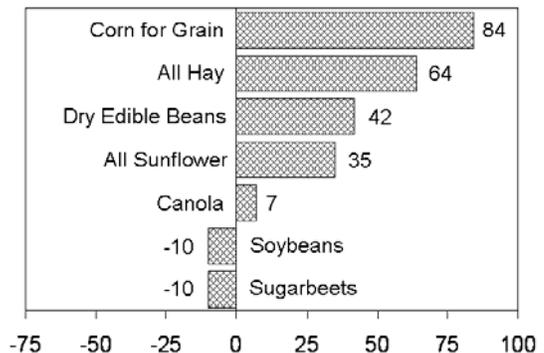
Dry edible bean production is forecast at 25.3 million cwt for 2007, up 6 percent from the August forecast and 4 percent above last year. Yield is forecast at 1,727 pounds per acre, an increase of 78 pounds from the August forecast and 150 pounds above last year. Harvested acreage is forecast at 1.46 million acres, 2 percent above the August forecast but 5 percent below last year.

All sunflower production for 2007 is forecast at 2.89 billion pounds, up 35 percent from 2006 but down 28 percent from

2005. Yield forecast, at 1,468 pounds, is 257 pounds more than last year. Sunflower growers expect to harvest 1.97 million acres, up 12 percent from June and up 11 percent from the 2006 acreage.

Canola production for 2007 is forecast at 1.50 billion pounds, up 8 percent from 2006. Yield forecast, at 1,312 pounds per acre, is 54 pounds below last year's yield. Canola farmers expect to harvest 1.14 million acres, up 2 percent from June and up 12 percent from 2006.

**2007 Production Forecast
Percent Change from 2006
North Dakota, October 1, 2007**



**Crop Summary: Yield and Production
North Dakota and United States, 2006 and Forecasted October 1, 2007^{1/}**

Crop	Unit	North Dakota					United States				
		Yield		Production		Yield		Production			
		2006	2007	2006	2007	2006	2007	2006	2007		
			Sep 1	Oct 1				Sep 1	Oct 1		
Barley ^{2/}	Bu	49.0		56.0	1,000	1,000	61.1		60.4	1,000	1,000
Corn for Grain	Bu	111.0	127.0	127.0	48,755	77,840	149.1	155.8	154.7	10,534,868	13,318,102
Corn for Silage	Tons	5.9			1,298		16.2			104,849	
Hay, All	Tons	1.15		1.71	3,137	5,130	2.33		2.39	141,666	147,964
Alfalfa	Tons	1.20		2.00	1,740	3,100	3.35		3.37	71,666	72,347
All Other	Tons	1.10		1.40	1,397	2,030	1.78		1.87	70,000	75,617
Oats ^{2/}	Bu	41.0		59.0	4,920	15,340	59.8		60.9	93,638	91,599
Rye ^{2/3/}	Bu						26.3		27.4	7,193	7,914
Wheat, All ^{2/}	Bu	30.4		35.7	251,770	300,050	38.7		40.5	1,812,036	2,066,722
Winter ^{2/}	Bu	44.0		50.0	7,920	22,250	41.7		42.2	1,298,081	1,515,989
Durum ^{2/}	Bu	25.0		30.0	31,500	43,800	29.5		33.9	53,475	71,686
Spring ^{2/}	Bu	31.0		36.0	212,350	234,000	33.2		37.0	460,480	479,047
Canola	Lbs	1,370		1,310	1,280,950	1,375,500	1,366		1,312	1,394,332	1,501,341
Flaxseed	Bu	14.5			10,368		14.4			11,019	
Mustard Seed ^{3/}	Lbs						720			28,220	
Rapeseed ^{3/}	Lbs						1,100			1,100	
Safflower ^{3/}	Lbs						1,069			191,405	
Soybeans	Bu	31.0	35.0	36.0	119,970	108,000	42.7	41.4	41.4	3,188,247	2,598,046
Sunflower, All	Lbs	1,296		1,462	1,114,800	1,506,200	1,211		1,468	2,143,613	2,891,985
Oil	Lbs	1,260			932,400		1,181			1,787,966	
Non-oil	Lbs	1,520			182,400		1,389			355,647	
Sugarbeets	Tons	26.0	23.0	23.0	6,318	5,681	26.1	24.2	24.5	34,064	30,382
Dry Edible Beans, All ^{4/}	Cwt	1,200		1,650	7,680	10,890	1,577		1,727	24,247	25,264
Dry Edible Peas ^{4/}	Cwt	1,580			9,322		1,493			13,203	
Lentils ^{4/}	Cwt	820			1,214		797			3,244	
Fall Potatoes, All	Cwt	260			25,480		406			398,921	

^{1/} Data are latest estimates available. ^{2/} Estimates carried forward from September Small Grains 2007 Summary. ^{3/} Published at U.S. level only. ^{4/} Yield in pounds.

U.S. ETHANOL EXPANSION DRIVING CHANGES THROUGHOUT THE AG SECTOR

U.S. ethanol production climbed to almost 5 billion gallons in 2006, up nearly 1 billion gallons from 2005. Despite the speed and magnitude of this increase, the industry is stepping up the pace of expansion, with production expected to top 10 billion gallons by 2009.

The explosive growth of U.S. ethanol production is being felt by nearly every aspect of the field crops sector—domestic demand, exports, prices, and the allocation of acreage among crops—as well as the livestock sector, farm income, government payments, and food prices. Adjustments in the agricultural sector to this strong demand are underway and will continue as interest builds in renewable sources of energy to lessen dependence on foreign oil.

In Agricultural Markets, Corn To Be Affected Most Directly...

The rapid expansion in ethanol production will have far-reaching effects throughout the agricultural sector. The corn market is being affected directly by the increase in ethanol production. As the ethanol industry absorbs a larger share of the corn crop, higher prices will affect domestic use and exports, providing for more intense demand competition between domestic industries and foreign buyers of feed grains.

Higher prices affect corn's role as an animal feed. Livestock feeding is the largest use of U.S. corn, typically accounting for 50-60 percent of total utilization. According to the USDA 2007 long-term projections, corn for animal feeding is expected to decline to 40-50 percent of total use over the next decade, as a result of higher prices.

Increased use of U.S. corn for ethanol production and higher corn prices also will have important implications for global trade and international markets. The United States typically accounts for 60-70 percent of world corn exports; however, higher corn prices are projected to reduce this share to 55-60 percent over much of the next decade—a result of reductions in foreign demand and increases in foreign production.

Higher corn prices also will affect farmers' production decisions, as higher producer returns provide economic incentives to increase corn acreage. Much of this increase is likely to occur as farmers adjust crop rotations between corn and soybeans. Other sources of land for potential increased corn plantings include cropland used as pasture, land in fallow, acreage returning to production from expiring Conservation Reserve Program (CRP) contracts, and shifts from other crops, such as cotton. According to USDA's Acreage report, (June 29, 2007), farmers planted nearly 93 million acres to corn this year, up over 14 million acres, or 18.6 percent, from 2006.

...With Other Crops Affected Indirectly

The jump in corn prices will initially favor corn production over other crops. Soybeans compete most directly with corn and on the largest amount of land. Thus, soybean plantings and production will likely take the brunt of the effect of the

expansion in corn plantings and will correspondingly decline. In the Corn Belt, where producers frequently rotate crops, with corn planted one year and soybeans the next, some of the acreage shift can occur through changes in rotational practices. For example, the rotation might be changed to planting corn for 2 successive years, with soybeans planted every third year. Based on USDA's Acreage report, much of the 2007 increase in U.S. corn acreage will come from reduced soybean plantings, which are down more than 11 million acres (15 percent) from 2006.

Reduced soybean production would mean higher prices for soybeans, which would trigger other adjustments in the soybean complex. As with corn, higher soybean prices are expected to bring a reduction in exports and lower levels of carryover stocks, as well as higher prices for both soybean meal and soybean oil. Any concurrent expansion in the use of soybean oil to produce biodiesel would also contribute to higher soybean and soybean oil prices.

Livestock Production Projected To Decline

Higher corn prices reduce the profitability of meat production because of corn's importance to the livestock sector as an animal feed. In response, red meat production is projected to decline in the United States and growth in poultry output is likely to slow. The impact of higher corn prices and feed costs is expected to be partially offset by the greater availability of distillers' grains (from ethanol production) as a substitute source for feed.

The effects of higher corn prices will vary across livestock species, due to differences in feed conversion efficiencies and constraints on some animals' ability to use distillers' grains in rations. Distillers' grains primarily benefit ruminant animals like beef cattle and dairy cows. Only limited amounts of distillers' grains can be included in the rations of monogastric animals like hogs and poultry.

Farm Income Higher

Overall, ethanol expansion will boost net farm income. Higher commodity prices over the next several years, particularly for corn and soybeans, are projected to bring large increases in total farm cash receipts. But to some extent, these gains are expected to be offset by somewhat higher production expenses for inputs such as seed, fertilizer, and livestock feed.

Higher prices for corn and other crops also mean smaller government payments under current farm commodity programs, particularly price-sensitive marketing loan benefits and counter-cyclical payments. In contrast, with higher crop prices, use of land for production becomes more valuable, so new rental rates for land enrolled in the CRP are likely to rise. As a result, conservation payments and fixed direct payments under the 2002 Farm Act (which do not change with market prices) are projected to account for a larger share of total direct government payments, assuming no changes in policy.

MILK PRODUCTION

North Dakota

Milk production for the July - September 2007 quarter totaled 108 million pounds, down 6.9 percent from 116 million pounds the same period a year earlier. Average milk cows during the current quarter, at 28,000 head, were down 2,000 head from the previous quarter and down 3,000 head from the July - September 2006 quarter. Milk produced per cow during the July - September quarter was 3,860 pounds, down from 3,900 for the previous quarter, but up from 3,740 pounds during the same period last year.

United States

Milk production in the U.S. during the July - September quarter totaled 46.1 billion pounds, up 3.1 percent from the July - September quarter last year. Production per cow during the July - September quarter averaged 5,036 pounds, up from 4,906 pounds the same period a year ago. The average number of milk cows in the U.S. during the quarter was 9.16 million head, 44,000 head more than the same period last year.

Milk Cows and Production: Selected States and United States July - September, 2006-2007

State	July-September Milk Cows ^{1/}		July-September Milk Production ^{2/}		
	2006	2007	2006	2007	Change From 2006
	<i>1,000 Head</i>	<i>1,000 Head</i>	<i>Million Pounds</i>	<i>Million Pounds</i>	<i>Percent</i>
North Dakota	31	28	116	108	-6.9
California	1,772	1,817	9,561	10,156	6.2
Minnesota	450	463	2,050	2,130	3.9
New York	634	626	2,982	3,041	2.0
Wisconsin	1,244	1,248	5,851	6,084	4.0
United States	9,113	9,157	44,710	46,114	3.1

1/ Includes dry cows, excludes heifers not yet fresh. 2/ Excludes milk sucked by calves.

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