Agri-News

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HIGHLIGHTS

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World Grain Supply and Demand

Projections are based on economic analysis, normal weather, trends, and judgment. With planting of spring crops still underway in the Northern Hemisphere and several months away in the Southern Hemisphere, these projections are highly tentative. Substantial variation may result from weather developments, economic factors, and policy changes. The most recent National Agricultural Statistics Service (NASS) forecast is used for U.S. winter wheat. For other U.S. crops, the March 31 NASS Prospective Plantings report is used for planted acreage, and methods used to project harvested acreage and yield are noted on each table.

The 2003/04 outlook of U.S. feed grains is little changed from last month, with no changes to production and use. Higher ending stocks reflect an adjustment in the forecast carryin. The projected price ranges for corn and the other feed grains are unchanged from last month. Corn prices in 2003/04 are projected to average from $1.90 to $2.30 per bushel, compared with a forecast of $2.25 to $2.35 for 2002/03.

Forecast 2002/03 U.S. ending stocks of corn are 25 million bushels above last month due to lower prospective exports. Prospective exports are reduced due to increased competition from Argentina and Brazil.

The 2003/04 outlook for global coarse grain has tightened considerably this month, with smaller prospective crops and expanding use resulting in lower ending stocks, especially for corn. A 4-million-ton reduction in China's corn crop accounts for most of the drop in total foreign coarse grain production. Global coarse grain trade is little changed from last month. Expanding use in Eastern Europe, Ukraine, and Russia reflects reduced supplies of wheat for feeding. China accounts for most of the drop in projected global 2003/04 ending stocks of corn and total coarse grains.

Projected 2003/04 U.S. oilseed supplies are increased slightly from last month due to larger beginning stocks, while use is unchanged. Ending stocks for all oilseeds are projected to increase sharply from 2002/03, led by a 3-million ton increase in soybean stocks.

Global oilseed production for 2003/04 is projected at a record 344 million tons, unchanged from last month but up 17 million tons from 2002/03. Foreign production is projected at 257 million tons, up 13 million tons from 2002/03.

Global oilseed production for 2002/03 is increased 0.5 million tons this month to 326.8 million tons. Soybean production for Brazil is raised 1 million tons to a record 52 million tons. Higher harvested area reflecting recent Brazilian Government survey results accounts for the increase. Reduced forecasts for soybean production in India and Indonesia partly offset gains for Brazil. Other changes include reduced peanut and rapeseed production for India, increased soybean production for China, and increased Malaysian palm oil production.

Global soybean trade prospects for 2002/03 are raised this month based on strong year-to-date China imports which are increased 0.5 million tons to 17 million tons. South American exports are raised 0.3 million tons this month.

The projected U.S. season-average soybean price for 2003/04 is unchanged this month at $4.45 to $5.45 per bushel, compared with an estimated $5.50 per bushel in 2002/03. Soybean meal prices for 2003/04 are projected at $150 to $180 per short ton and soybean oil prices are projected at 18 to 21 cents per pound, both unchanged from last month.

For 2002/03, soybean crush is reduced 5 million bushels to 1,610 million bushels because of a 150,000-ton reduction in domestic soybean meal disappearance. Domestic soybean meal consumption is projected down almost 3 percent from 2002/03. Soybean ending stocks for 2002/03 are raised to 140 million bushels, up 5 million bushels from last month, but are still projected at the lowest level since 1996/97.

U.S. Corn and Soybean Supply and Demand

Commodity	2001/ 2002	2002/ 2003 (Est.)	2003/04 Projections June
CORN		Million bushels	
Beginning stocks	1,899	1,596	1,084
Production	9,507	9,008	10,060
Imports	10	15	10
Supply, total	11,416	10,619	11,154
Feed and residual	5,877	5,650	5,600
Food, seed, & industrial	2,054	2,285	2,375
Domestic, total	7,931	7,935	7,975
Exports	1,889	1,600	1,850
Use, total	9,820	9,535	9,825
Ending stocks, total	1,596	1,084	1,329
CCC inventory	6	5	--
Free stocks	1,590	1,079	--
Outstanding loans	213	250	--
Avg. farm price ($/bu.)	1.97	2.25-2.35	1.90-2.30
SOYBEANS		Million bushels	
Beginning stocks	248	208	140
Production	2,891	2,730	2,855
Imports	2	4	4
Supply, total	3,141	2,942	2,999
Crushings	1,700	1,610	1,620
Exports	1,063	1,010	960
Seed	90	89	89
Residual	81	93*	80
Use, total	2,933	2,802	2,749
Ending stocks	208	140	250
Avg. farm price ($/bu.)	4.38	5.50	4.45-5.45

* Reflects an unusually large difference between U.S. Bureau of Census data and export inspections data reported to USDA.

ECONOMIST CORNER

Livestock by John Lawrence
and
Grains by Robert Wisner

Iowa Cooperative Extension Service - Ames

LIVESTOCK

Wholesale boxed beef prices reached record high prices in late May and cattle traded at $80, near the high of the year. In large part, this stronger than expected price is due to the discovery of BSE in Canada. The U.S. immediately closed its borders to imports from Canada. In 2002, approximately 8% of U.S. beef consumption was born in Canada, half as beef and half as cattle. Thus, there was an instant drop in beef supplies and increased demand from export markets for U.S. beef. The market will be sensitive to the reopening of trade with Canada. USDA is watching the BSE investigation and will announce a phased reopening of beef imports once they are confident that BSE is not a threat. In the mean time, Canadian beef supplies are building and cattle weights are increasing. Once the boarder is reopened there could be a significant increase in beef supplies pressuring prices. Producers should be prepared for lower prices as this occurs, probably in July or August.

Hog prices have returned to profitable levels for the first time since late 2001. Barrow and gilt prices traded in the upper $40s live weight in mid June. Prices this summer are forecast to average in the low to mid $40s and weekly prices in the upper $40s are likely. Seasonally, we expect the annual peak between late May and late July. Because supplies are expected to decline more as we progress through the summer, the high price may be later in the summer rather than earlier. The high of the year has occurred after the first week of July only 3 times since 1990. All three, 1993, 1995, and 1999, were in the summer following cycle low prices the previous fall. Thus this year may see the peak in July or early August that is higher then late May price of $48.

GRAIN

Corn and wheat prices will be quite sensitive this summer to weather in North China, the Ukraine, as well as the U.S. USDA, Foreign Agriculture Service projections show a 65 percent drop from last year in the Ukraine's potential wheat production for 2003 and a four percent decline in its feed grain production. The Ukraine, Russia, and Kazakhstan have become major grain exporters in recent years, with their feed wheat and feed grain competing aggressively with U.S. corn. The Ukraine winter wheat crop suffered very severe winter-kill damage. According to some estimates, it was the worst in 97 years. China's corn crop is tentatively projected to be down three percent or 120 million bushels from 2002, due to dry weather. Reduced production in these countries is expected to keep world grain stocks relatively low in the year ahead. These crop losses are expected to be only partially offset by sharply increased production in Canada and Australia as they recover from drought. Despite low world feed grain and wheat stocks, normal yields would be expected to boost U.S. corn stocks modestly and place downward pressure on corn prices at harvest.

World oilseed stocks are expected to increase modestly in the year ahead. Due to this spring's higher South American soybean crop, and expected increases in Canadian canola and Asian palm oil production. Brazil's spring 2003 harvest is estimated to be 20 percent above last year's record, along with a 17 percent increase in Argentina. These two countries are projected to export the equivalent of 2.72 billion bushels of soybeans in the current marketing year, when the bushel equivalent of meal exports is included. Their projected total exports of meal and beans is almost identical to the total U.S. 2002 soybean harvest. If U.S. 2003 soybean yields are near normal, the large world supplies would be likely to weaken cash soybean prices substantially in late September and October.

Average Prices Received by Farmers for Farm Products

Item	Unit	IOWA May[1] 2002	IOWA Apr.[1] 2003	IOWA May[2] 2003	U.S. Apr.[1] 2003	U.S. May[2] 2003
		Dollars				
Corn	bu	1.84	2.26	2.35	2.34	2.44
Oats	bu	2.20	2.04	1.95	1.99	1.96
Soybeans	bu	4.57	5.76	6.20	5.82	6.19
Alfalfa, baled	ton	88.00	79.00	79.00	96.20	102.00
All hay, baled	ton	88.00	78.00	79.00	94.50	99.20
All hogs	cwt	33.40	34.90	39.90	34.80	40.60
Sows	cwt	26.30	29.30	31.30	26.00	29.20
Barrows & Gilts	cwt	33.50	35.00	40.00	35.30	41.10
Beef cattle	cwt	63.80	75.30	74.50	74.60	74.90
Cows	cwt	40.30	40.00	40.00	40.20	41.10
Steers & Heifers	cwt	64.30	75.70	75.20	78.80	79.00
Calves	cwt	89.30	93.00	93.20	99.10	99.30
Milk cows [3]	hd	--	1,290	--	1,300	--
All Milk (whls)	cwt	12.30	11.30	11.40	11.00	11.10
Sheep	cwt	25.50	31.50	--	30.90	--
Lambs	cwt	60.40	90.00	--	93.60	--
Eggs (mkt)	doz	.196	.446	.316	.520	.397

[1] Corn, oats, soybeans, all hogs, all cattle, all sheep, and milk are whole-month prices. All hay and eggs are mid-month prices. [2] All prices are mid-month. [3] Prices published January, April, July, and October.

Price Index Summary Table

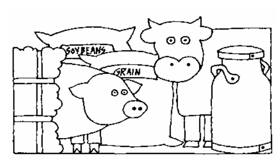
Prices Received	IOWA May 2002	IOWA Apr. 2003	IOWA May[1] 2003	UNITED STATES May 2002	UNITED STATES Apr. 2003	UNITED STATES May[1] 2003
			1990-92=100[2]			
Prices rec'd.	80	94	99	96	101	107
Crops	83	102	108	105	111	121
Lvstk Prods.	78	85	89	89	94	96
			1910-14=100[3]			
Prices rec'd.	--	--	--	611	643	681
Crops	--	--	--	516	546	596
Lvstk Prods.	--	--	--	681	718	734

[1] Preliminary. [2] 1990-92=100 reference replaced 1977=100 in January 1995. [3] Iowa figures for 1910-14=100 base not available.

U.S. Prices Paid Index Summary

Prices Paid	May 2002	Apr. 2003	May 2003	May 2002	Apr. 2003	May 2003
	1990-92=100			1910-14=100		
Prices paid[1]	123	128	127	1635	1699	1697
Feed	109	114	114	531	555	558
Ratio[2]	78	79	84	37	38	40

[1] Prices paid by farmers for commodities and services, interest, taxes, and farm wage rates. [2] Ratio of index of prices received to index of prices paid for commodities and services, interest, taxes, and farm wage rates.



Commercial Red Meat Production: United States[1]

Kind	Apr. 2002	Mar. 2003	Apr. 2003	Apr. 2003 as % of Apr. 2002	Apr. 2003 as % of Mar. 2003	Jan - April[2] 2002	Jan - April[2] 2003	Jan - April[2] 2003 as % of 2002
	- - - - - Million pounds - - - - -			Percent		- - - - Million pounds - - - -		Percent
Beef	2,195	2,051*	2,153	98	105	8,572	8,441	98
Veal	16.1	16.5	16.0	99	97	62.4	66.2	106
Pork	1,672	1,619	1,657	99	102	6,453	6,547	101
Lamb & mutton	19.1	18.2	19.4	102	107	76.8	68.6	89
Total red meat	3,902	3,705*	3,846	99	104	15,164	15,123	100

[1] Based on packers' dressed weights and excludes farm slaughter. [2] Accumulated totals and percentages based on unrounded data. *Revised.

2002 Meat Animals Production and Value

Area	Cattle and Calves Production	Cattle and Calves Value per Head	Cattle and Calves Value of Production	Hogs and Pigs Production	Hogs and Pigs Value per Head	Hogs and Pigs Value of Production	Sheep and Lambs Production	Sheep and Lambs Value per Head	Sheep and Lambs Value of Production
	1,000 lbs.	Dollars	$1,000	1,000 lbs.	Dollars	$1,000	1,000 lbs.	Dollars	$1,000
Iowa	1,817,976	730	1,046,314	6,680,690	75	2,022,966	29,338	126	20,252
U.S.	42,249,776	726	26,914,667	26,253,962	71	8,679,342	484,004	104	313,049

April Milk Cows and Milk Production

State	Milk cows[1] 2002	Milk cows[1] 2003	Milk per cow[2] 2002	Milk per cow[2] 2003	Milk production[2] 2002	Milk production[2] 2003	Milk production[2] 03 as % 02
	Thousands		Pounds		Million pounds		Percent
California	1,635	1,695	1,795	1,785	2,935	3,026	3.1
Illinois	115	111	1,610	1,610	185	179	-3.2
Iowa	209	203	1,585	1,610	331	327	-1.2
Minnesota	490	475	1,510	1,485	740	705	-4.7
Missouri	138	130	1,325	1,325	183	172	-6.0
Wisconsin	1,275	1,260	1,475	1,495	1,881	1,884	0.2
20 State Total[3]	7,758	7,800	1,621	1,625	12,575	12,675	0.8

[1] Includes dry cows. Excludes heifers not yet fresh. [2] Excludes milk sucked by calves. [3] The 20 states are Arizona, California, Florida, Idaho, Illinois, Indiana, Iowa, Kentucky, Michigan, Minnesota, Missouri, New Mexico, New York, Ohio, Pennsylvania, Texas, Vermont, Virginia, Washington, and Wisconsin.

Monthly Farrowings: Number of Sows, Pigs per Litter, and Pig Crop, United States, December-November 2002-2003[1, 2]

Month	Sows Farrowing 2002	Sows Farrowing 2003	Pigs per Litter 2002	Pigs per Litter 2003	Pig Crop 2002	Pig Crop 2003
	1,000 Head		*Number*		*1,000 Head*	
December	923	908	8.66	8.75	7,994	7,943
January	946	931	8.73	8.82	8,257	8,211
February	967	928	8.83	8.86	8,543	8,220
March	978	940	8.80	8.85	8,608	8,319
April	983	944	8.85	8.88	8,700	8,382
May	982		8.81		8,651	
June	960		8.89		8,537	
July	968		8.89		8,609	
August	959		8.92		8,554	
September	951		8.85		8,416	
October	940		8.83		8,300	
November	926		8.83		8,176	
Total	11,483		8.83		101,344	

[1]December preceding year. [2]Monthly values may not add to quarterly or annual totals due to rounding.

April Layers and Egg Production

Iowa: Egg production in Iowa for April 2003 was 828 million eggs, up 1 percent from the same period a year earlier. The total number of layers on hand during April was 38.2 million, up 3 percent from April 2002. Eggs per 100 layers for the month of April was 2,167, down from 2,220 the previous year.

United States: U.S. egg production totaled 7.13 billion during April 2003, up slightly from last year. Production included 6.05 billion table eggs and 1.08 billion hatching eggs, of which 1.02 billion were broiler-type and 63.0 million were egg-type. The total number of layers during April 2003 averaged 336 million, down slightly from a year earlier. April egg production per 100 layers was 2,123 eggs, up 1 percent from April 2002. April 2003 contained 22 weekdays and four Saturdays, equal to April 2002.

All Layers and Egg Production, April 2002 and 2003[1]

State	Table Egg Layers in Flocks 30,000 and Above		All layers on hand[2]		Eggs per 100 layers[2]		Egg production by type: Total production		Table eggs[3]		Hatching eggs[3]	
	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003
	Thousands				Number		Million eggs					
AR	4,719	4,671	15,255	15,790	1,862	1,824	284	288	102	100	182	188
CA	23,047	19,043	23,723	19,600	2,104	2,107	499	413				
GA	10,787	11,013	20,438	20,516	2,031	2,042	415	419	240	247	175	172
IN	21,456	22,269	22,155	22,987	2,180	2,188	483	503	471	490	12	13
IA	36,097	37,424	36,937	38,204	2,220	2,167	820	828				
MN	10,895	10,698	11,620	11,306	2,186	2,229	254	252	245	244	9	8
NE	11,338	11,670	11,438	11,770	2,081	2,141	238	252	238	252	0	0
NC	3,057	3,265	11,320	10,948	1,855	1,900	210	208	73	76	137	132
OH	29,839	29,183	30,350	29,687	2,129	2,149	646	638				
PA	21,897	22,984	23,336	24,352	2,288	2,275	534	554	517	538	17	16
TX	14,026	14,328	18,476	18,799	2,127	2,133	393	401				
30 Sts[4]	254,939	253,343	315,643	313,175	2,114	2,126	6,672	6,657	5,670	5,662	1,002	995
U.S.	270,016	269,918	336,776	335,807	2,110	2,123	7,105	7,129	6,016	6,046	1,089	1,083

[1]2003 preliminary, 2002 revised. [2]Includes all layers and eggs produced in both table egg and hatching egg flocks regardless of size. [3] Data by type of flock not shown for some states to avoid disclosing individual operations. [4] The 30 States are those listed as well as AL, CO, CT, FL, HI, IL, ME, MD, MI, MS, MO, NY, OK, OR, SC, SD, VA, WA, and WI.

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