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 remains several months away in the Southern Hemisphere, these projections are highly tentative. Substantial variation may result from weather developments, economic factors, and policy changes. National Agricultural Statistics Service (NASS) forecasts are 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 2004/05 outlook for U.S. feed grains is unchanged from last month, with no changes to production, use, and prices. Corn prices in 2004/05 are projected to average $2.55 to $2.95 per bushel, compared with a forecast of $2.45 to $2.55 per bushel for 2003/04.

The global outlook for 2004/05 coarse grains has changed slightly from last month as increased production results in larger ending stocks, especially for corn. A 1.6-million-ton increase in Ukraine's corn crop accounts for most of the change in foreign coarse grain production. Global coarse grain trade is little changed from last month. However, compared to 2003/04, declining coarse grain feed use in the former Soviet Union reflects increased supplies of wheat for feeding.

For 2003/04, global coarse grain production, trade, and stocks are up from last month. Global coarse grain production is up just over 1 million tons, imports are increased fractionally, and ending stocks are up nearly 2 million tons. China's 2003/04 corn crop is up nearly 2 million tons. Global 2003/04 corn ending stocks are over 2 million tons larger this month but are still 33 million tons below the 2002/03 level.

U.S. oilseed production for 2004/05 is projected at 90.2 million tons, unchanged from last month. Soybean production is projected at a record 2,965 million bushels, or 80.7 million tons. A projected increase in 2003/04 soybean ending stocks for South America is expected to provide increased export competition for U.S. soybeans and soybean meal in 2004/05. As a result, 2004/05 U.S. soybean exports are reduced 15 million bushels to 1,065 million bushels. Soybean crush is also reduced based on lower soybean meal export prospects. U.S. soybean ending stocks are projected at 220 million bushels, up 30 million bushels from last month.

The U.S. season-average soybean price for 2004/05 is projected at $5.70 to $6.70 per bushel, down 15 cents on both ends of the range. Soybean meal prices are projected at $185 to $215 per short ton, down $10 on both ends of the range. Soybean oil prices are projected at 24.5 to 28.5 cents per pound, down slightly from last month.

Global oilseed production for 2004/05 is projected at a record 378.3 million tons, up 42.6 million tons (13 percent) from 2003/04. Foreign oilseed production is projected at 288.1 million tons, up 28 million tons from 2003/04. Global soybean production is projected to increase 35.8 million tons to a record 225 million tons as yields in both the United States and South America recover from relatively low levels in 2003/04. Improved yields and prospective increases in harvested area, especially in Brazil, will push South American soybean production to a record 113 million tons, accounting for just over half of 2004/05 global production. The Brazilian soybean crop is projected at a record 66 million tons, up 25 percent from the drought-reduced 2003/04 crop. Global production of high-oil-content seed is up only slightly as increased rapeseed production is mostly offset by reduced sunflowerseed production. Rapeseed production is projected higher for China, the EU, and Canada, but lower for India. Sunflowerseed production is lower for Ukraine and Russia as producers reduce plantings from 2003/04. Sunflowerseed area was unusually high in 2003/04 as producers replanted wheat area lost to winterkill.

Changes for 2003/04 include reduced soybean production and trade. Brazil soybean production is reduced 0.9 million tons to 52.6 million tons. Forecast soybean imports for China are reduced 1.25 million tons to 19 million tons as strong soybean prices reduce crush.

U.S. Corn and Soybean Supply and Demand

Commodity	2002/ 2003	2003/ 2004 (Est.)	2004/05 Projections June
CORN		Million bushels	
Beginning stocks	1,596	1,087	806
Production	8,967	10,114	10,425
Imports	14	10	15
Supply, total	10,578	11,211	11,246
Feed and residual	5,558	5,800	5,725
Food, seed, & industrial	2,340	2,555	2,680
Domestic, total	7,898	8,355	8,405
Exports	1,592	2,050	2,100
Use, total	9,491	10,405	10,505
Ending stocks, total	1,087	806	741
CCC inventory	5	1	
Free stocks	1,082	805	
Outstanding loans	277	225	
Avg. farm price ($/bu.)	2.32	2.45-2.55	2.55-2.95
SOYBEANS		Million bushels	
Beginning stocks	208	178	115
Production	2,756	2,418	2,965
Imports	5	8	5
Supply, total	2,969	2,604	3,085
Crushings	1,615	1,475	1,650
Exports	1,045	900	1,065
Seed	89	92	91
Residual	41	22	59
Use, total	2,791	2,489	2,865
Ending stocks	178	115	220
Avg. farm price ($/bu.)	5.53	7.65	5.70-6.70

ECONOMIST CORNER

Livestock by John Lawrence
and
Grains by Robert Wisner

Iowa Cooperative Extension Service - Ames

LIVESTOCK

Pork demand remains amazingly strong. Supplies through the end of May were 4.3% higher than the same period in 2003, yet prices averaged nearly 30% higher than the year before. For the month of May prices were 34%, more than $20/cwt, higher than last May. While changes in demand are more difficult to predict than are changes in supply, pork demand is expected to remain strong for the foreseeable future. Supplies are expected to remain stable or smaller than the year earlier. While the summer high price may have been achieved at over $84/cwt carcass in May, a significant decline is not expected until fall. In fact, in 24 of the 30 years from 1973-2002 hog prices increased from mid-June to early July.

Unlike hogs, cattle prices tend to weaken during the summer months. In nine of the 10 years of the 1990s, price declined from mid-June to mid-July. There is sufficient talk that supplies of market ready cattle are tight for July and this may be a year of higher summer prices. However, history can have a strong pull on markets. The demand for beef is also strong, but currently not as remarkable as pork. Average prices Jan.-May have been 8.5% higher than in 2003 and May prices were 12.5% higher than they were last year. However, domestic beef production has been 7.4% lower through May than it was a year ago. Thus, much of the higher price may be due to lower supplies. Seasonally, weights and weekly slaughter are beginning to increase and will add to the supply. Look for fed cattle prices to remain in the mid-upper $80s through the end of the summer.

GRAIN

Corn and soybean prices will continue to take direction from weekly weather and crop condition reports, as well as the June 30 planted acreage report. Early prospects show a continued tight corn supply-demand balance for the year ahead. Any widespread indication of significantly below trend yields or lower than expected plantings would quickly lead to higher prices for both old and new - crop corn. Foreign crop conditions also will be a very important influence on the corn market. Foreign production in four out of seven major grain producing areas was sharply below normal for the past two years, leading to a sharp decline in world grain carryover stocks. Early indicators show a significant improvement from last year in foreign crops, but weather in the next two months will be critical to their outcome.

Old-crop soybean prices will reflect prospects for very tight supplies from now through mid-September. Further strength in old-crop soybeans is possible, with the amount of strength depending on how much soybean meal can be imported from South America. Domestic soybean crushings almost certainly will need to be at least 20 to 22 percent below a year earlier through mid-September because of limited supplies, bringing a similar drop in production of soybean meal and oil. In looking ahead to new-crop supply and price prospects, keep in mind that this season's extreme tight supplies were caused by very low U.S. yields last year, and by drought in southern regions of South America's Grain Belt along with excessive rain and problems in controlling Asian Rust in northern regions. Better growing conditions in the U.S. and South America in the year ahead would have the potential to increase world soybean production by 1.0 to 1.1 billion bushels. That would create a very different supply-demand situation next year, with prospects for at least moderately increased U.S. stocks.

Average Prices Received by Farmers for Farm Products

Item	Unit	IOWA May[1] 2003	IOWA Apr.[1] 2004	IOWA May[2] 2004	U.S. Apr.[1] 2004	U.S. May[2] 2004
		- - - - - - - - - - Dollars - - - - - - - - - -				
Corn	bu	2.31	2.81	2.70	2.89	2.78
Oats	bu	1.99	1.73	1.70	1.62	1.64
Soybeans	bu	6.02	9.67	9.80	9.62	9.60
Alfalfa, Baled	ton	79.00	91.00	93.00	92.70	109.00
All Hay, Baled	ton	76.00	90.00	90.00	89.60	101.00
All Hogs	cwt	40.10	48.90	61.60	47.40	57.80
Sows	cwt	29.80	44.40	47.50	40.50	43.10
Brws & Gilts	cwt	40.20	48.90	61.70	47.70	58.50
Beef Cattle	cwt	75.70	88.10	88.40	84.80	88.40
Cows	cwt	42.20	50.40	56.70	50.50	52.40
Strs & Hfrs	cwt	76.40	88.50	89.00	88.90	92.60
Calves	cwt	94.00	114.00	116.00	117.00	122.00
Milk Cows[3]	hd	--	1,680	--	1,580	--
Milk (whls)	cwt	11.60	18.50	21.00	18.20	20.30
Sheep	cwt	32.70	38.20	--	37.10	--
Lamb	cwt	93.90	95.80	--	100.00	--
Eggs (mkt)	doz	0.316	0.537	0.387	0.614	0.468

[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

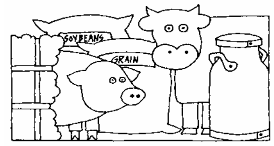
Prices Received	IOWA May 2003	IOWA Apr. 2004	IOWA May[1] 2004	UNITED STATES May 2003	UNITED STATES Apr. 2004	UNITED STATES May[1] 2004
			1990-92=100[2]			
Prices rec'd.	98	134	136	105	125	132
Crops	105	146	144	115	123	127
Lvstk Prods.	90	122	129	96	126	135
			1910-14=100[3]			
Prices rec'd.	--	--	--	667	793	836
Crops	--	--	--	569	606	626
Lvstk Prods.	--	--	--	740	968	1039

[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 2003	Apr. 2004	May 2004	May 2003	Apr. 2004	May 2004
	1990-92=100			1910-14=100		
Prices paid[1]	127	133	134	1696	1776	1788
Feed	116	131	133	566	639	649
Ratio[2]	83	94	99	39	45	47

[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.



April Livestock Slaughter

Iowa: Commercial red meat production in Iowa during April 2004 totaled 553.9 million pounds, up 6 percent from April 2003. There were 2.53 million hogs slaughtered in April 2004, up 5 percent from the same month last year. The average live weight of hogs slaughtered was 269 pounds, up 2 pounds from last year.

United States: Commercial red meat production for the United States totaled 3.71 billion pounds in April, down 3 percent from the 3.85 billion pounds produced in April 2003.

Beef production, at 1.96 billion pounds, was 9 percent below the previous year. Cattle slaughter totaled 2.70 million head, down 9 percent from April 2003. The average live weight was down 9 pounds from the previous year, at 1,200 pounds. Pork production totaled 1.73 billion pounds, up 4 percent from the previous year, and set a record monthly high. Hog kill totaled 8.65 million head, 4 percent above April 2003. The average live weight was unchanged the previous year, at 268 pounds.

April 2003 contained 22 weekdays (including no holidays) and 4 Saturdays. April 2004 contained 22 weekdays (including no holidays) and 4 Saturdays.

Commercial Red Meat Production: United States[1]

Kind	Apr. 2003	Mar. 2004	Apr. 2004	Apr. 2004 as % of Apr. 2003	Apr. 2004 as % of Mar. 2004	Jan - April[2] 2003	Jan - April[2] 2004	Jan - April[2] 2004 as % of 2003
	Million pounds			Percent		Million pounds		Percent
Beef	2,151	*2,107	1,957	91	93	8,433	7,791	92
Veal	16.0	*14.1	13.9	87	99	66.1	58.5	88
Pork	1,659	1,801	1,725	104	96	6,558	6,856	105
Lamb & mutton	19.5	22.1	17.4	89	79	68.7	69.8	102
Total red meat	3,846	*3,944	3,713	97	94	15,125	14,775	98

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

2003 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	1,796,946	840	1,419,586	6,831,386	70	2,247,459	30,781	130	25,959
U.S.	42,243,717	819	32,167,511	26,333,873	67	9,729,171	468,432	118	390,158

April Milk Production

Iowa: Milk production in Iowa in April totaled 307 million pounds, down 6.1 percent from April 2003. The average number of milk cows, 194 thousand head, was 9,000 head below April 2003. Production per cow averaged 1,580 pounds, thirty pounds lower than production levels one year ago.

United States: Milk production in the 20 major States during April totaled 12.6 billion pounds, down 0.9 percent from April 2003. March revised production, at 12.8 billion pounds, was down 1.7 percent from March 2003. The March revision represented an increase of 0.2 percent or 22 million pounds from last month's preliminary production estimate. Production per cow in the 20 major States averaged 1,630 pounds for April, 3 pounds above April 2003.

The number of milk cows on farms in the 20 major States was 7.72 million head, 81,000 head less than April 2003, but 2,000 head more than March 2004.

April Milk Cows and Milk Production

State	Milk cows[1] 2003	Milk cows[1] 2004	Milk per cow[2] 2003	Milk per cow[2] 2004	Milk production[2] 2003	Milk production[2] 2004	Milk production[2] 04 as % 03
	1,000 head		Pounds		Million pounds		Percent
California	1,685	1,714	1,800	1,790	3,033	3,068	1.2
Illinois	111	108	1,610	1,580	179	171	-4.5
Iowa	203	194	1,610	1,580	327	307	-6.1
Minnesota	475	465	1,500	1,480	713	688	-3.5
Missouri	130	124	1,325	1,370	172	170	-1.2
Wisconsin	1,260	1,243	1,480	1,500	1,865	1,865	
20 State Total[3]	7,800	7,719	1,627	1,630	12,693	12,584	-0.9

[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.

April Layers and Egg Production

Iowa: Egg production in Iowa for April 2004 was 933 million eggs, up 11 percent from the same period a year earlier. The total number of layers on hand during April was 42.7 million, up 10 percent from April 2003. Eggs per 100 layers for the month of April was 2,183, up from 2,167 the previous year.

United States: U.S. egg production totaled 7.34 billion during April 2004, up 2 percent from last year. Production included 6.28 billion table eggs, and 1.07 billion hatching eggs, of which 1.01 billion were broiler-type and 58.0 million were egg-type. The total number of layers during April 2004 averaged 342 million, up 1 percent from a year earlier. April egg production per 100 layers was 2,148 eggs, up 1 percent from April 2003.

April 2004 and April 2003 both contained 22 weekdays, and four Saturdays.

All Layers and Egg Production, April 2003 and 2004[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]	
	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004
	Thousands				Number		Million eggs					
AR	4,671	4,183	15,790	15,127	1,824	1,917	288	290	100	99	188	191
CA	19,713	19,846	20,260	20,371	2,108	2,135	427	435				
GA	11,013	11,065	20,516	20,233	2,042	2,031	419	411	247	244	172	167
IN	22,269	22,718	22,987	23,514	2,188	2,203	503	518	490	505	13	13
IA	38,174	42,056	38,954	42,730	2,167	2,183	844	933				
MN	10,698	10,328	11,306	10,841	2,229	2,269	252	246	244	239	8	7
NE	11,670	11,654	11,770	11,729	2,141	2,208	252	259	252	259	0	0
NC	3,265	3,399	10,948	11,054	1,900	1,900	208	210	76	80	132	130
OH	29,183	27,384	29,687	27,874	2,149	2,174	638	606				
PA	22,984	22,183	24,752	23,949	2,277	2,238	563	536	547	519	16	17
TX	14,328	14,243	18,799	18,744	2,133	2,193	401	411				
30 Sts[4]	255,276	259,636	315,542	318,885	2,126	2,149	6,708	6,853	5,712	5,874	996	979
U.S.	271,851	276,444	338,182	341,914	2,125	2,148	7,187	7,343	6,103	6,276	1,084	1,067

[1]2004 preliminary, 2003 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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