

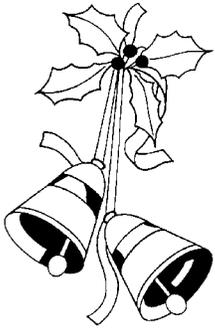
# KENTUCKY AGRI-NEWS



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## HAPPY HOLIDAYS

*from the staff of*

## *Kentucky Agricultural Statistics Service*

**FEATURING:**   · Crop Production   · Dairy Products   · Exports   · Livestock Outlook

### BURLEY TOBACCO ESTIMATE FOR KENTUCKY UNCHANGED

The December 1 **Kentucky burley tobacco** production was forecast at 262.5 million pounds, unchanged from the November 1 forecast. The estimate was 31 percent below the 1999 production. The estimated burley crop would be 26 percent larger than the effective quota of 208.7 million pounds. The effective poundage quota tells the farmer how many pounds of burley can be marketed. The smaller crop was brought about by a reduction in this poundage quota. Harvested acreage at 125,000 acres was down 85,000 acres from 1999. Yield at 2,100 pounds per acre was the largest in 6 years.

Tobacco setting went smoothly this spring. Tobacco going into early summer looked very good with few insect and disease problems reported. The most common disease was black shank. In early August blue mold became a concern to producers in eastern Kentucky. As early set burley was being cut in mid-August blue mold pressure lessened. Tobacco housed in the barns cured generally well with good color. Good quality was reported with stripping of the crop. Most farmers were quite pleased with their tobacco crop considering the dry late summer and fall.

Gross burley tobacco sales in Kentucky for the first three weeks of the selling season ending December 9<sup>th</sup> was 96.6 million pounds crossing the auction floor, according to the Agricultural Marketing Service. These sales included 10.1 million pounds of resales. For these same three weeks the Burley Pool had taken 5.87 million pounds. For the first three weeks of burley sales, Kentucky burley tobacco contracted directly from growers totaled 39.8 million pounds. Based on the above sales, 48 percent of the Kentucky burley crop has been sold. The auction price received by farmers was \$196.95 per 100 pounds and the contact price was \$198.05 per 100 pounds.

Production for the **Eight-State Burley Belt** was forecast at 410.2 million pounds, down 2 percent from the November 1 forecast and 26 percent below 1999. Kentucky production accounted for 64 percent of the Belts's production. Belt sales for the first three weeks totaled 142.8 million pounds across the auction floor and 53.7 million pounds through contract sales.

## BURLEY TOBACCO

State	Acres Harvested		Yield		Production	
	1999	2000	1999	2000	1999	2000
	(Acres)		(Pounds)		(1,000 pounds)	
Indiana	6,500	3,800	1,800	2,100	11,700	7,980
<b>KENTUCKY</b>	<b>210,000</b>	<b>125,000</b>	<b>1,810</b>	<b>2,100</b>	<b>380,100</b>	<b>262,500</b>
Missouri <u>1/</u>	2,300	1,400	2,015	2,180	4,635	3,052
N. Carolina	7,800	7,800	1,600	1,650	12,480	12,870
Ohio	9,800	7,500	1,740	1,790	17,052	13,425
Tennessee	55,000	45,000	1,890	2,000	103,950	90,000
Virginia	10,600	9,000	2,180	2,000	23,108	18,000
W. Virginia <u>1/</u>	1,600	1,500	1,350	1,600	2,160	2,400
<b>BELT TOTAL</b>	<b>303,600</b>	<b>201,000</b>	<b>1,829</b>	<b>2,041</b>	<b>555,185</b>	<b>410,227</b>

1/ Estimates for current year carried forward from earlier forecast.

## U.S. DAIRY PRODUCTS, OCTOBER 2000

PRODUCT	October	September	October	Percent of	
	1999	2000 <u>1/</u>	2000	Oct.	Sept.
	(000) Pounds			Percent	
<b>BUTTER</b>	103,097	91,553	104,961	102	115
<b>CHEESE</b>					
American Types <u>2/</u>	295,302	287,640	297,306	101	103
Mozzarella	206,589	210,398	215,682	104	103
All Other Types <u>3/</u>	170,041	157,111	171,285	101	109
Total	671,932	655,149	684,273	102	104
	(000) Gallons			Percent	
<b>FROZEN PRODUCTS</b>					
Ice Cream (Hard)	62,290	68,073	69,721	112	102
Frozen Yogurt (Total)	6,227	7,319	7,001	112	96
<b>MIX FOR FROZEN PRODUCTS</b>					
Ice Cream Mix	36,370	38,474	38,992	107	101
Yogurt Mix	3,820	4,305	4,118	108	96

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

## PROSPECTIVE 2001 U.S. AGRICULTURAL EXPORTS ELEVATED TO \$53 BILLION

Strong global economic growth and reduced competition are pushing U.S. agricultural exports up to a projected \$53 billion in fiscal 2001, \$2.1 billion over the final fiscal 2000 figure of \$50.9 billion. Much of the gain is expected in Asia, as that region's economic growth continues recovering from the financial crisis of 1997-1999. Exports to Canada and Mexico also are likely to rise. However, depreciation of the euro against the dollar is expected to continue to dampen U.S. exports to Western Europe. Projected corn exports are raised significantly from the August forecast, primarily reflecting reduced export competition from Argentina. Similarly, prospects for livestock and products exports have sharply improved. Expected export value of wheat, soybeans, soybean meal, and horticultural products also is increased. U.S. agricultural imports are forecast at \$40 billion, \$1.1 billion more than in fiscal 2000 and up \$500 million from August. Much of the growth is expected to come from Canada and Mexico. Although still well below the 1996 record, the expected 2001 surplus in U.S. agricultural trade is boosted to \$13 billion, an 8-percent gain over fiscal 2000.

### U.S. Agricultural Trade, Fiscal Years, 1996 - 2001 - Year ending September 30

Item	1996	1997	1998	1999	2000	Fiscal 2001	
						Aug.	Nov.
	Billion dollars						
Exports	59.9	57.4	53.7	49.2	50.9	51.5	53.0
Imports	32.5	35.7	36.8	37.3	38.9	39.5	40.0
Balance	27.4	21.7	16.9	11.9	12.0	12.0	13.0

This outlook reflects commodity forecasts in the Nov. 9, 2000, World Agricultural Supply and Demand Estimates report.

# LIVESTOCK SITUATION AND OUTLOOK

## Cattle

Fed cattle prices have remained firm despite large cattle on feed inventories, and record heavy weights as the market continues to demand higher grading beef. Fed cattle price strength also reflects a stronger position of cattle feeders as total on feed inventories decline and feeder cattle supplies tighten cyclically. This year's heavy production again stands out with large numbers of heavier replacement heifers again being placed on feed due to poor grazing conditions.

Although on-feed numbers remain large, the market continues to compete strongly for the available supply of higher grading beef. Prices declined modestly in October, but likely will finish the fourth quarter at record levels and well above last year's average. Prices will set a record even as per capita supplies equal or exceed last year's 16.8 pounds. Not only is domestic consumption large, but exports remain on a record setting pace in spite of a very strong U.S. dollar, which makes our exports even relatively more expensive. Boxed beef prices moved above a year ago this fall, with Select beef exhibiting the largest increase as more cattle are fed into the higher grades.

Drought and low feed grain prices resulted in sharply increased feedlot placements through August, but with the largest movement behind us, placements fell in September and declined even more in October as feeder cattle supplies tightened. Supplies of stocker-feeder cattle outside feedlots on October 1 were down nearly 3 percent from a year earlier. A 16-percent reduction in third-quarter calf slaughter was more than offset by an over 5-percent increase in the number of steers and heifers on feed October 1. Steer and heifer slaughter will remain seasonally strong in the fourth quarter through first quarter 2001, but will begin to decline below year-earlier levels next spring reflecting reduced placements and a larger proportion of calves placed on feed.

Recent rains throughout most of the country have already begun to raise expectations on grazing conditions for 2001 and perhaps this fall if temperatures moderate for some additional fall growth. Supplies of stocker cattle are down sharply and will be in strong demand. Imports of lightweight stocker cattle from Mexico will remain strong given the sharply higher prices for under 600 pound cattle. Drought in the West resulted in large numbers of feeder cattle shipped to Canada under the Northwest Cattle Project, but tightening domestic numbers will increase competition for feedlot placements in the United States.

## Dairy

Prices of cheese started to fall in mid-September, dropped past the support purchase prices by early October, and hit \$1.00 per pound or less by early November. Prices by late November had recovered to levels only somewhat below the support purchase prices. September-October milk production continued to post large increases, with much of that additional milk going into cheese vats. Although use of cheese probably has remained strong, these available supplies overwhelmed sales. Only small amounts of cheese, mostly processed, had been sold to the Government by late

November. The largest barrier to sales to the Government and an earlier convergence of prices probably was a simple lack of recent experience and preparation for selling cheese under the program. On the other hand, butter prices soared more than 65 cents per pound between late October and mid-November. Butter sales have remained strong, many retail stores planned Thanksgiving butter specials, and pipeline stocks evidently were stretched thin. Cheese prices are expected to stay relatively weak in coming weeks, while butter prices carry considerable strength through the rest of the holiday season. Large declines in butter prices are likely once holiday orders are filled sometime in December. The end of the price support purchase program was postponed for a second time by recent legislation. Scheduled to cease at the end of 1999 and then at the end of 2000, the purchase program was extended through 2001. The support price for milk will remain at \$9.90 per cwt.

## Hogs

Pork exports are expected to total about 1,258 million pounds this year, down about 2 percent from 1999. The United States is expected to import over 4.4 million hogs this year, and 4.1 million in 2001. Several factors account for large, continued Canadian hog exports to the United States. U.S. packers can outbid Canadian operations because of lower labor costs, economies of scale that derive from newer, larger processing facilities, and the willingness of U.S. packers to double-shift those plants and to run them on Saturdays, as well.

So far this year though, only 46 percent of animals imported from Canada are slaughter hogs. The majority (54 percent) are feeder pigs. These proportions are a significant change from just 2 years ago, when slaughter hogs constituted 64 percent of U.S. live imports from Canada. Several factors explain the changing mix of slaughter/feeder imports: There are indications that farrowing/nursery operations in Canada are expanding faster than finishing capacity. However, increasing Canadian slaughter capacity and plans to upgrade existing slaughter plants should provide incentives for more hogs in Canada to be fed to slaughter weights. For the interim period however, cheap corn, available finishing space, and attractive packer bids are likely to skew imports from Canada toward feeder animals.

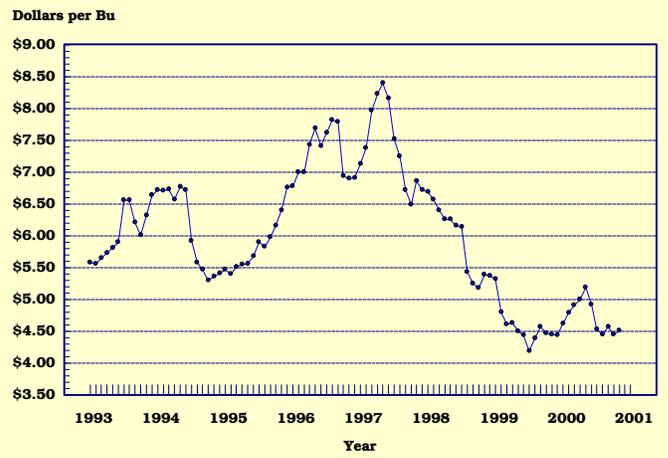
## Poultry

Broiler production in third-quarter 2000 was 7.5 billion pounds, only 0.2 percent higher than a year earlier. Over the first 9 months of 2000 broiler production has totaled 22.9 billion pounds, 2 percent higher than for the same period in 1999. Production has continued to slow during 2000 in response to low prices earlier this year. Production for 2000 is now estimated at 30.4 billion pounds, 2 percent more than in 1999. While the pace of domestic broiler production has been slowing, exports have been considerably stronger in 2000 than in 1999. Broiler exports in September were estimated at 445 million pounds, making total third-quarter exports 1.382 billion pounds, an increase of 10 percent from the previous year. For 2000, total broiler exports are forecast at 5.4 billion pounds, 10 percent higher than in 1999.

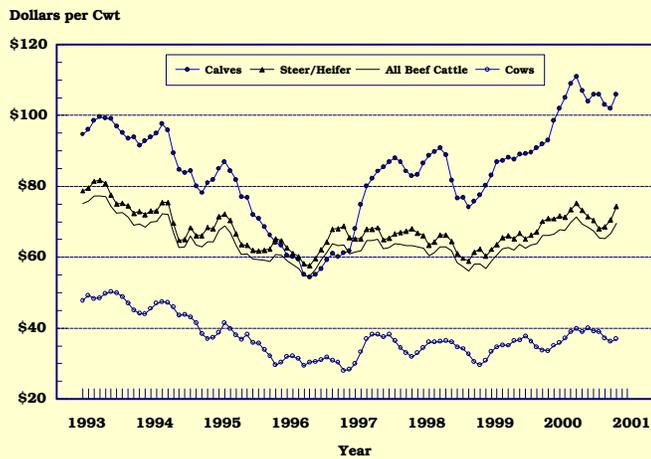
**Prices Received, Corn, US**



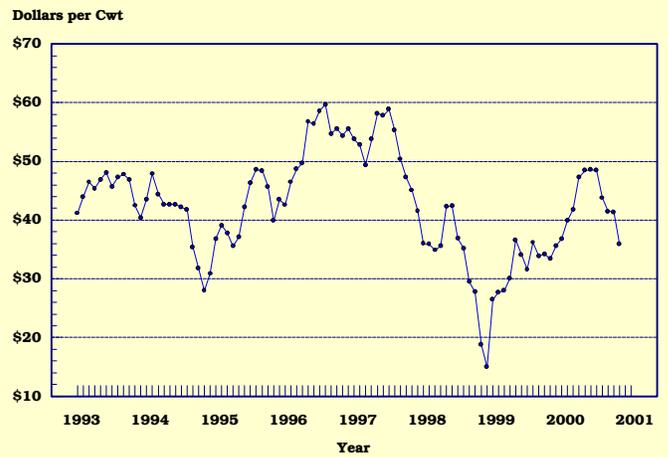
**Prices Received, Soybeans, US**



**Prices Received, Cattle, US**



**Prices Received, Hogs, US**



**Internet Access:** Kentucky Agricultural Statistics Service (KASS) 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 National Agricultural Statistics Service (NASS) homepage located at <http://www.usda.gov/nass/>

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