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Weather Summary Monthly Nass Newsletter

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WEATHER SUMMARY

Temperatures were near normal in the west but above normal in the east, especially the northeast. Roy and Clayton were 9 and 8 degrees above normal, respectively. A mid-week winter storm didn't produce very much precipitation, with only about one sixth of the locations reporting any measurable moisture. Even so, the amounts were very light, with Carrizozo (.11") the only site measuring as much as a tenth of an inch.

New Mexico Weather Conditions January 21-27, 2002

Station	Temperature			Precipitation				
	Mean	Maximum	Minimum	01/21 01/27	01/01 01/27	Normal Jan	01/01 01/27	Normal Jan-Jan
Carlsbad	46.5	75	19	0.00	0.03	0.35	0.03	0.35
Tatum	43.2	70	16	0.00	0.11	0.39	0.11	0.39
Roswell	44.1	74	18	0.00	0.07	0.43	0.25	0.43
Clayton	40.9	69	14	T	0.10	0.24	0.10	0.24
Clovis	42.7	70	18	0.00	0.03	0.39	0.03	0.39
Roy	41.4	62	15	0.00	0.00	0.34	0.00	0.34
Tucumcari	44.2	72	18	T	0.22	0.28	0.22	0.28
Chama	23.0	50	-4	T	0.12	1.77	0.12	1.77
Johnson Ranch	28.9	57	0	0.00	0.21	0.67	0.21	0.67
Capulin	32.3	64	-5	T	0.17	0.40	0.17	0.40
Las Vegas	37.0	64	13	0.05	0.10	0.32	0.10	0.32
Los Alamos	31.4	50	9	0.02	0.29	0.86	0.36	0.86
Raton	34.0	64	-2	T	0.23	0.47	0.36	0.47
Santa Fe	32.1	55	8	0.02	0.19	0.63	0.19	0.63
Red River	24.5	48	-5	T	0.44	1.07	0.49	1.07
Farmington	30.9	58	2	0.00	0.00	0.59	0.00	0.59
Gallup	28.4	59	-9	T	0.04	0.80	0.11	0.80
Grants	30.0	58	4	0.00	0.24	0.49	0.24	0.49
Silver City	35.3	62	6	0.00	0.00	1.16	0.00	1.16
Quemado	27.4	59	-12	0.00	0.00	0.83	0.00	0.83
Albuquerque	36.9	59	19	T	0.08	0.44	0.08	0.44
Carrizozo	36.9	59	12	0.11	0.58	0.60	0.58	0.60
Gran Quivera	36.4	58	17	0.01	0.27	0.70	0.27	0.70
Moriarty	34.7	61	12	0.00	0.17	0.43	0.17	0.43
Ruidoso	37.0	59	9	0.00	0.00	1.12	0.50	1.12
Socorro	35.7	66	10	0.00	0.26	0.39	0.31	0.39
Alamogordo	45.3	70	19	0.00	0.00	0.67	0.00	0.67
Animas	44.9	70	22	0.00	0.00	0.68	0.00	0.68
Deming	40.7	71	14	T	0.00	0.56	0.02	0.56
T or C	41.2	68	20	0.00	0.00	0.46	0.12	0.46
Las Cruces	41.8	69	17	0.00	0.01	0.46	0.01	0.46

(T) Trace (-) No Report (*) Correction

All reports based on preliminary data. Precipitation data corrected monthly from official observation forms.

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January 2002

The following estimates, forecasts, and projections are mainly taken from recent publications of the National Agricultural Statistics Service, Economic Research Service, and the World Agricultural Outlook Board of the USDA.

Cotton: The 2001 cotton production is estimated at 20.1 million bales, up 20,000 bales from last month and up 17% from 2000. A 50,000 bale increase in American-Pima cotton more than offset a 30,000 bale decrease in upland cotton. The increase to American-Pima production was the result of an increase in California acreage. The World Agricultural Outlook Board (WAOB) ending stocks are projected at 8.60 million bales, up 200,000 bales from last month.

Corn: The 2001 corn production is estimated at 9.51 billion bushels, down 4% from last year. This is the fourth largest crop behind 1994's record production of 10.1 billion bushels. The U.S. grain yield of 138.2 bushels per acre, the second highest yield on record, is up 0.2 bushel from November and 1.3 bushels from 2000. Corn stocks in all positions on December 1, 2001, totaled 8.26 billion bushels, down 3% from December 1, 2000. A market year average price between \$1.85 and \$2.15 per bushel is expected, compared to \$1.85 for the 2000 crop.

Soybean: The 2001 soybean crop is estimated at 2.89 billion bushels, down 1% from the November 1 forecast but 5% above 2000. The 2001 production is the highest on record, followed by the 2000 crop of 2.76 billion bushels. The average yield per acre in 2001 is estimated at 39.6 bushels, 0.2 bushel above the November 1 forecast and 1.5 bushels above the 2000 yield. Soybeans stored in all positions on December 1, 2001, totaled 2.28 billion bushels, up 2% from December 1, 2000. A market year average price is projected between \$3.90 and \$4.70 per bushel, compared with \$4.54 for the 2000 crop year.

Wheat: All wheat production for 2001 is estimated at 1.96 billion bushels, unchanged from the "Small Grain 2001 Summary" but down 12% from 2000. This is the lowest production since 1988. A market year average price is projected to average between \$2.75 and \$2.85 per bushel compared to \$2.62 for the 2000 crop.

Rice: U.S. rice production is forecast at a record high 213 million cwt., 2% above the November 1

forecast and up 12% from 2000. The average yield per acre is estimated at 6,429 pounds per acre, 55 pounds above the November 1 forecast and the highest on record. A market year average price is projected to average between \$4.10 and \$4.40 per cwt. compared to \$5.56 per cwt. for the 2000 crop.

Other Crops: **Grain Sorghum** production is estimated at 515 million bushels, 9% above 2000. The **peanut** crop is estimated at 4.24 billion pounds, up 30% from last year. **Sugarbeet** production is estimated at 25.8 million tons, 21% below last year. Production of **sugarcane** for sugar and seed totaled 34.8 million tons, 4% below last year's record high of 36.1 million tons.

Cattle. Mid-January **prices** for choice steers (Nebraska direct, 1100-1300 pounds) averaged slightly over \$66 per cwt. Feeder steer prices (Oklahoma City, medium-large frame 750-800 pounds) were roughly \$81 per cwt. during the same time period, down \$2 from mid-December.

Hogs. During the first two weeks of January, **slaughter** has been running roughly 99% of a year ago. Cash **prices** at mid-January (Iowa-Southern Minnesota direct, 230-250 pounds) were around \$37 per cwt. U.S. **inventory** of all hogs and pigs on December 2001 was 58.8 million head, 1% below December 2000 and slightly below September 2001. **Breeding inventory**, at 6.21 million head, was down 1% from December 2000 but 1% above last quarter. **Market hog inventory**, at 52.6 million head, was 1% below both last year and last quarter.

Other Livestock. December **milk production** was up 1% from the previous year. Production per cow increased 1.8%, but the number of cows decreased 1.0% from a year ago. The **cheddar cheese prices** (U.S. 40 pound blocks, wholesale) were down the first two weeks of January. Total **cheese** production reported for the month of November was .8% above the previous year. **Butter** production during this same time period was 1.4% below November a year ago, while **nonfat** dry milk production was up 5.9%. US table **egg production** during November 2001

totaled 6.14 billion, up 2% from November 2000. Wholesale market **egg prices** for the first quarter of 2002 (Grade A large, New York) are expected to average 67-69 cents per dozen, compared with 75.8 cents a year ago. Second quarter 2002 egg prices are expected to average 56-60 cents per dozen, compared with 63.3 cents a year earlier. **Broiler**-Type chicks hatched during November 2001 totaled 696 million, up 3% from last year. Cumulative Broiler-Type Placements in 15 selected states thru January 12, 2002, were 297 million, 4% above a year ago. The wholesale 12-city average price for whole **broilers** for the first quarter of 2002 is expected to be 56-58 cents, compared with 57.8 cents from the first quarter of last year. Second quarter 2002 broiler prices are expected to average 57-61 cents per pound, compared with the 59.2 cents for a year earlier. Cumulative **turkey poult placements** for the 2002 marketing year through December 2001 were 95.9 million, 3% above the same period a year ago. Placements in December 2001 at 24.9 million, were up 7% from last December. Prices (8-16 lb. hens, Eastern Region) for the first quarter of 2002 are expected to be 60-62 cents compared with 61.7 cents for the first quarter last year. Turkey prices for the second quarter of 2002 are expected to average 63-67 cents per pound, compared with the 65.0 cents average for the second quarter of 2001. **Supplies in refrigerated warehouses** at the end of December 2001 compared with a year earlier were: total chicken, down 11%; turkey, up 4%; pork, up 12%; bellies, down 6%; beef, up 15%; frozen orange juice, up 13%, butter, up 118%; and American cheese, down 15%.

Trade. January U.S. **trade projections** for rice, soybeans, and pork improved while 2000/2001 export prospects for corn declined, compared with last month. Wheat, cotton, beef, broilers, and turkeys were unchanged from December. January projections for the volume of exports for the 2000/2001 marketing year compared to 1999/2000 are: **wheat** down 6%; **corn** up 2%; **rice** up 4%; **soybeans** up 1%; **soybean meal** up 3%; **soybean oil** up 77%; and **cotton** up 45%. January projections for the volume of meat exports in calendar year 2001 compared to 2000 are: **beef** down 2%; **pork** down 6%; **broilers** up 4%; and **turkeys** up slightly. The **U.S. trade** deficit for goods and services decreased to \$27.9 billion in November, from a revised \$29.3 billion in October. The **U.S. agricultural trade** surplus was \$1.90 billion in November, compared with \$1.74 billion in October.

Prices. The rate of **inflation**, as monitored by the CPI for all urban consumers, decreased 0.4% in December but has increased 1.6% over the last 12 months. The **PPI** decreased 0.7% in December, and has decreased 1.8% for the 12-month period ending

in December. The December **prime rate**, averaging 4.84%, was down from 5.10% in November. Compared to a year earlier, **feed** prices in December were unchanged, **feeder livestock and poultry** down 4%; **fertilizer** down 12%; **ag chemicals** up 5%; **farm machinery** prices were unchanged; **seeds** up 7% and **fuels** down 35%.

World Weather and Crop Developments (January 7-13). In the **United States** temperatures averaged above normal across most of the Nation during the week, especially from the Great Lakes to the northern High Plains. The warm weather stimulated growth of winter grains and forages in the southern Great Plains and supported development of winter crops in California. Winter wheat remained dormant in the northern Great Plains, despite record warmth across the region. With average daily temperatures hovering above freezing, frost depths diminished in some areas and were completely eliminated in others. Consequently, heaving and winterkill were virtually non-existent, although fields were exposed and vulnerable to an outbreak of bitter cold. An early-week cold front held average temperatures below normal along the eastern Gulf Coast, despite a rapid rebound in temperatures. Florida's citrus belt experienced subfreezing temperatures on the morning of January 9, but the duration was not long enough to damage citrus trees. Some minor icing of fruit was found, but most of the fruit in the affected areas was already harvested or scheduled for harvest very soon. The freezing temperatures caused little damage to tree foliage, although in the coldest locations, some outside leaves were burned and will fall off. The cold weather provided beneficial chill hours for fruit trees throughout the Southeast. In **FSU-Western** a warming trend late in the week followed the coldest weather so far this winter in southern areas, improving overwintering conditions for winter grains. Dry weather brought much-needed relief from flooding in western **Turkey**. Milder weather overspread much of **Europe**, improving overwintering conditions for dormant winter crops. Across the **North China Plain**, unseasonably warmer weather caused winter wheat to lose some winter hardiness, increasing the potential for winterkill. Showers boosted moisture reserves for summer crop development in **Australia**. Wetness eased in the **southern Philippines** as showers moved eastward, while showers continued to favor rice in **Java, Indonesia**. In **Rio Grande do Sul, Brazil**, mostly dry weather continued to reduce soil moisture and started to stress soybeans and corn. In **central Argentina**, continued rain is needed due to recent dry weather. Warm, showery weather benefitted vegetative corn and other summer crops in **South Africa**. Dry weather continued throughout the region, further reducing moisture reserves for vegetative winter grains in **Northwestern Africa**.

Livestock Situation and Outlook *USDA, ERS, January 2002*

U.S. Meat Production Levels Off U.S. red meat and poultry production in 2002 is expected to show little change after posting a less-than-1-percent gain in 2001. Another 3-percent decline in beef production this year, reflecting several years of cattle herd reductions and continued high heifer slaughter, will mostly offset the gain in broiler production. These are the smallest annual meat production increases since the mid-1980s.

Despite the plateau in meat production, lackluster growth in exports and a relatively weak U.S. economy may pressure prices. In 2002, broiler and turkey prices are likely to remain about steady, while hog prices fall and cattle prices continue rising. In 2001, prices were higher than a year earlier except for turkeys, which posted a 4-cent-per-pound decline. Corn prices are expected to post a small gain in 2002, squeezing producers' returns.

Red meat and poultry exports in 2002 are expected to rise less than 1 percent over 2001, the smallest increase since the decline in 1985. U.S. meat is facing increased competition in world meat markets and slowing demand. Red meat exports are expected to decline 3-4 percent, which nearly offsets the expected 3-percent increase in poultry exports. In 2001, red meat and poultry exports rose about 7 percent (includes forecasts for November-December), compared with a 5-percent increase in 2000. Pork, broiler, and turkey exports rose at double-digit rates, while beef exports registered a double-digit decline.

Beef Herd Liquidation Continues 2001 almost certainly marked the fifth year of herd liquidation since the 103.5 million head cyclical peak on January 1, 1996. In spite of strong feeder cattle prices and positive cow-calf returns above cash costs, the most severe winter since 1992/93 and drought in many areas forced another year of herd reductions. The

January 1, 2002, cattle inventory will be released by NASS on February 1, 2002. The inventory breakout will be of particular interest as final 2001 calf crop estimates are released, along with the size of the beef cow herd and producer intentions for heifer retention in 2002. Numbers of beef and dairy heifers expected to calve this year will be released for the second time of this series, which began in 2001. In addition, the number of calves, other heifers, and steers grazing on small grain pastures will be released.

Beef cow slaughter rose sharply in 2001, and large numbers of heifers were placed into feedlots rather than retained for herd expansion. While grain prices remain favorable and have supported feeder cattle prices, accumulated pasture and range as well as small grain pasture in many areas have again been inadequate. Consequently, the farm price of hay remained well above year-earlier levels in December. However, hay stocks on December 1, 2001, released in the January *Crop Production* report, were up 5 percent from a year earlier. Improving forage supplies and, of course, good grain crop development this spring and summer will be keys to herd expansion. If forage conditions do support retaining and then breeding more heifers in late spring-early summer, it will still be 2005 before beef supplies begin to rise. Until then, beef supplies will likely fall. The rate of production decline will depend on reductions in both beef cow and heifer slaughter along with reduced feeder cattle supplies. Calf crops are likely to decline through 2004.

Retail prices for Choice beef in 2001 averaged a record \$3.385 a pound, up over 10 percent from a year earlier. Prices were up sharply in the first half due to weather reduced beef supplies, particularly of higher quality cuts. However, the beef price spread widened 17 percent, with the wholesale-to-retail spread up 18 percent and the farm-to-wholesale price up over 13 percent. Fed cattle prices were up nearly 4 percent.