New Mexico Agricultural Statistics Service

Weekly Ag Update

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INCLUDED IN THIS ISSUE

Crop Weather Agricultural Prices ERS

Available on Internet at: www.nass.usda.gov/nm OR by e-mail (call 1-800-530-8810 for information)

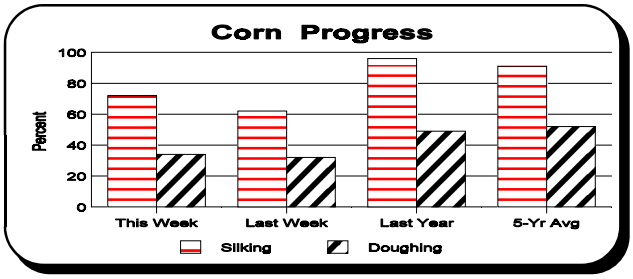
CROP SUMMARY FOR THE WEEK ENDING AUGUST 3, 2003

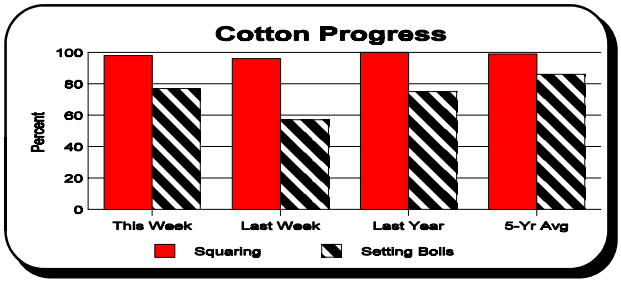
NEW MEXICO: There were 7.0 days suitable for fieldwork. Wind damage was 22% light and 2% moderate. Farmers spent the week cutting alfalfa hay, beginning the green chile harvest, and shaping lettuce beds for planting. They maintained crops by irrigating while controlling the increasing insect activity. Doña Ana reported that farmers cannot get a handle on chile pest control. Some crops are experiencing reduced production due to the heat and water stress. The second cut of alfalfa was almost finished at 99% complete with 82% of the third and 33% of the fourth completed. Alfalfa conditions dropped slightly while remaining in mostly fair to good. Corn was reported in mostly fair to good condition, with 72% silked (tasseled) and 34% doughing. Cotton conditions were reported in mostly fair to good condition, with 98% squaring and 77% setting bolls. Total sorghum conditions dropped listing in mostly poor to fair with 11% headed and 1% coloring. Peanut conditions showed improvement but remained in mostly fair to good condition. Chile conditions were mostly fair to good with 18% of the green chile harvest completed. Apple conditions remained in mostly fair condition and pecans were reported as fair to good condition. Ranchers spent the week heavily supplementing feed, some feeding as much as every other day. Selling livestock due to pasture failure is increasing. Cattle conditions were reported with little change at 8% very poor, 16% poor, 37% fair, 22% good, and 17% excellent. Sheep dropped slightly to 21% very poor, 26% poor, 30% fair, 22% good, and 1% excellent. Range and pasture conditions reported as 42% very poor, 34% poor, 20% fair, and 4% good.

CROP PROGRESS PERCENTAGES WITH COMPARISONS

CROP PROGRESS		This Week	Last Week	Last Year	5-Year Average
CHILE	Harvested-Green	18	1/	17	5
CORN	Silking	72	62	96	91
CORN	Doughing	34	32	49	52
COTTON	Setting Bolls	77	57	75	86
SORGHUM	Headed	11	4	29	24

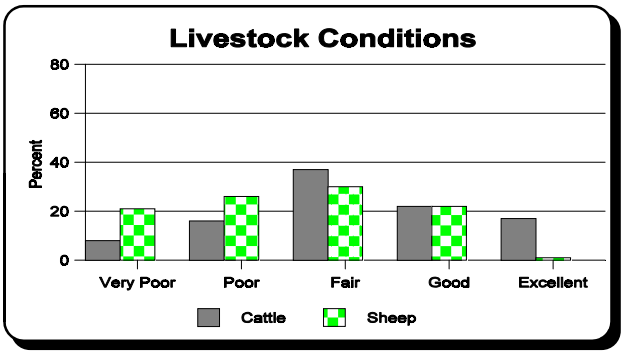
1/ Not Available





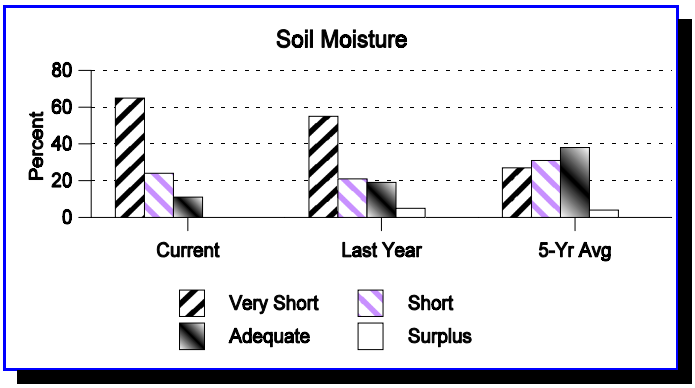
CROP AND LIVESTOCK CONDITION PERCENTAGES

	Very Poor	Poor	Fair	Good	Excellent
Alfalfa	8	13	50	26	3
Apples	5	20	65	5	5
Chile	3	8	29	54	6
Corn	–	5	35	46	14
Cotton	5	17	38	39	1
Peanuts	–	–	65	30	5
Pecans	–	1	40	59	--
Sorghum (All)	12	33	50	5	--
Cattle	8	16	37	22	17
Sheep	21	26	30	22	1
Range/Pasture	42	34	20	4	--



SOIL MOISTURE PERCENTAGES

	Very Short	Short	Adequate	Surplus
Northwest	68	30	2	--
Northeast	75	20	5	--
Southwest	85	15	–	--
Southeast	39	29	32	--
State	65	24	11	--
State-Last Year	55	21	19	5
State-5-Yr Avg.	27	31	38	4



WEATHER SUMMARY

Temperatures cooled a bit across much of the state but on average remained above normal especially across east central and southeast areas of the state. Summer thunderstorms increased slightly but only the far northern border counties and west central mountain peaks saw significant wetting.

NEW MEXICO WEATHER CONDITIONS JULY 28 - AUGUST 3, 2003

	Temperature			Precipitation				
Station	Mean	Maximum	Minimum	07/28 08/03	08/01 08/03	Normal Aug	01/01 08/03	Normal Jan-Aug
Carlsbad	83.5	103	62	T	0.75	2.25	4.06	7.99
Tatum	80.4	103	61	0.13	0.10	2.48	4.89	11.17
Roswell	82.6	102	64	0.08	0.06	2.03	2.39	8.77
Clayton	78.0	99	59	T	0.00	2.61	8.25	11.61
Clovis	81.1	100	64	0.05	0.00	3.17	7.98	12.74
Roy	--	--	--	0.00	0.00	2.81	2.80	11.84
Tucumcari	83.2	104	63	0.05	0.03	2.41	8.51	10.98
Chama	62.3	85	41	1.15	0.35	2.82	9.18	13.90
Johnson Ranch	71.4	91	53	0.44	0.76	2.29	4.55	7.72
Capulin	68.0	85	51	0.84	0.43	2.56	8.32	13.08
Las Vegas	71.1	92	53	0.03	0.05	3.71	3.12	12.78
Los Alamos	70.0	85	57	T	0.26	3.52	4.32	13.18
Raton	71.6	94	50	0.02	1.08	3.21	6.80	13.03
Santa Fe	72.7	93	55	0.07	0.17	2.39	2.68	10.03
Red River	59.9	79	42	1.53	1.92	3.10	11.63	15.03
Farmington	76.9	94	59	0.26	0.22	1.05	2.31	5.36
Gallup	71.1	87	54	0.95	2.11	2.26	3.95	8.36
Grants	72.6	91	55	0.00	1.17	2.16	3.20	6.95
Silver City	73.1	90	57	0.32	0.71	3.09	3.34	10.64
Quemado	67.5	86	48	1.31	0.83	3.12	4.58	9.68
Albuquerque	80.4	96	67	T	0.42	1.64	3.18	6.06
Carrizozo	--	--	--	0.00	1.32	2.69	4.70	8.24
Gran Quivera	74.1	95	53	0.00	0.37	3.27	3.50	10.79
Moriarty	72.3	99	48	0.00	0.38	2.69	3.50	9.06
Ruidoso	66.6	86	49	0.17	0.45	4.04	4.89	15.03
Socorro	79.0	96	61	0.04	0.35	1.90	1.55	5.84
Alamogordo	81.1	99	63	T	0.03	2.41	2.42	7.92
Animas	78.2	97	62	0.13	0.37	2.34	1.83	7.08
Deming	80.5	98	63	0.04	0.37	2.05	3.20	6.48
T or C	80.6	96	66	0.21	0.58	2.15	2.05	6.59
Las Cruces	81.2	98	60	0.50	0.80	2.29	4.21	5.92

(T) Trace (-) No Report (*) Correction
All reports based on preliminary data. Precipitation data corrected monthly from official observation forms.

AGRICULTURAL PRICES RECEIVED

NEW MEXICO: July All Hay prices, at $140.00 per ton were $9.00 below the June price of $149.00. The July All Hay price was $51.00 above the national average of $89.00 per ton. Milk cow replacement prices of $1,380 were $70 higher than the national price of $1,310. Cow prices increased from $42.00 per cwt in June 2003 to $45.10. Steer and heifer prices rose by $4.10 in July to $87.30 per cwt. Both cow and steer and heifer prices for the state were higher than the national average. Calf prices also increased to $97.50 from $94.50 per cwt the previous month, but were below the national average. Milk prices increased by $0.60 for the month of July but still remained below the national average price of $11.80.

Prices Received by Farmers: Selected Commodities, June 2003 and July 2002-03

Commodity	Unit	New Mexico			U.S.
		Jul 2002[2/]	Jun 2003[2/]	Jul 2003 [1/]	Jul [1/]
CROPS		----------Dollars----------			
Grain Sorghum	Cwt	--	–	–	3.55
Cotton, Upland	Lb	--	–	–	.469
Potatoes	Cwt	--	–	–	6.30
Hay, all baled	Ton	141.00	149.00	140.00	89.00
Alfalfa, baled	Ton	144.00	153.00	144.00	92.70
Peanuts	Lb	--	--	--	[5/]
Corn	Bu	--	--	--	2.09
Wheat, all	Bu	--	--	--	2.93
LIVESTOCK					
Sheep[3/]	Cwt	--	--	--	30.30
Lambs[3/]	Cwt	--	--	–	96.70
Cows	Cwt	36.50	42.00	45.10	44.30
Steers & Heifers	Cwt	74.40	83.20	87.30	77.60
Calves	Cwt	90.00	94.50	97.50	103.00
Milk Cow Replacement [4/]	Head	1,750.00	--	1,380.00	1,310.00
Milk	Cwt	11.00	10.40	11.00	11.80

[1/] Mid-month. [2/]Entire month. [3/]June - Entire Month [4/] Animals sold for dairy herd replacement only. Prices available for Jan, Apr, Jul, and Oct. [5/] Sales volume insufficient to establish a state price, but all sales included in U.S. price.

CATTLE/BEEF OUTLOOK

USDA, ERS, July 22, 2003

Canadian Beef and Cattle Import Ban Clouds Market Outlook Cattle prices have benefitted from the still-unresolved ban on imports of Canadian beef and cattle following discovery of a single case of BSE (bovine spongiform encephalopathy) on May 20. The U.S. beef market remains short of beef supplies at a time of very strong beef demand, particularly since a series of late-winter storms held down weight gains in feedlots. Strong fed cattle prices resulted in pulling marketings of feedlot cattle forward to meet the strong demand. Prices for Nebraska fed cattle averaged $76.73 per cwt in June, up from $63.64 a year earlier. The market remains nervous pending reopening of the Canadian market and negotiations within the international beef trading market on resolving this issue based on scientific grounds. This set of estimates only adjusts Canadian product imports through July 11, and are published in the ***World Agricultural Supply and Demand Estimates***. At this time, discussions for resolving the issue are ongoing.

Herd Liquidation Likely Continues The mid-year Cattle inventory report will provide the next solid view of the latest cattle cycle. However, first-half slaughter statistics strongly suggest at least one more year before the cattle industry even begins to move toward herd expansion. Although drought conditions remain a concern with much of the western half of the Nation continuing in drought, moisture and forage conditions are much improved in the eastern half of the country. Rebuilding forage stocks remains an issue, and hot weather pulls moisture levels down quickly.

Forage Supplies Remain Tight The farm price of “other” (grass) hay continues well above year-earlier levels. The average price for other hay in June was $79.20 a ton, down seasonally from May as baling begins, but up $6 from a year earlier. Although moisture conditions are much improved east of the Rockies, unusually wet conditions have resulted in very poor hay making conditions in many areas. Stock ponds have been refilled from the heavy rains in many areas, resulting in adequate supplies as summer heats up. The poorest forage conditions are in the Rockies and areas west, particularly **New Mexico and Arizona** with half or more of the acreage in the very poor-poor range. Many reservoirs remain well below normal as irrigation demands increase. Producers intend to harvest 64.4 million acres of hay in 2003, slightly below a year earlier. Alfalfa hay acreage is expected to rise 2 percent. Although all other hay harvest acreage is expected to decline 1 percent, this decline is misleading because of the large acreage of Conservation Reserve Program (CRP) hay acreage released for harvest in drought areas last year. Year-to-year comparisons show down sharply lower acreage in the northern Rocky Mountains and northern Great Plains because of fewer CRP and small grain acreage expected to be harvested this year. Release of CRP acreage will be determined by drought declarations.

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Cow Slaughter Remains High First-half cow slaughter is over 8 percent above year earlier-levels and the largest cow slaughter since 1997. Dairy cow slaughter was up 13 percent, the largest since 1997, the result of abnormal culling and low milk prices. Beef cow slaughter was up 4 percent, the largest since 1998 as forage uncertainties in some areas and continued drought in much of the West stems expansion considerations. Replacement heifers being retained on January 1, 2003, were about unchanged from the levels of the past couple of years. Consequently, it appears almost certain that the beef cow herd will continue to decline. Inventories may increase in a few states, where inventories had been pulled down due to drought, and forage conditions are much improved over the past couple of years. Fairly large numbers of replacement heifers will have to calve and enter the cowherd to begin to stabilize the cowherd, much less begin to expand the base.

Fed Slaughter Pulled Forward Following the May 20 ban on Canadian beef and cattle imports fed cattle marketings have been pulled forward to increase slaughter and production levels to supplement the short fall in product from Canada. Cattle on feed inventories at the beginning of the second quarter in feedlots with 1,000+ head of capacity were nearly 8 percent below a year earlier. However, improved feeding conditions, stronger prices encouraging marketing ahead of schedule, and concerns over more Canadian beef and cattle coming into the market if the ban is lifted has resulted in a fairly sharp increase in slaughter in the second quarter. Second-quarter steer slaughter was likely up about 4 percent, while heifer slaughter rose near 1 percent. Marketings are likely to remain strong as long as the Canadian ban continues and beef demand remains strong. Feeder cattle demand has similarly increased strongly in June, with prices of yearling feeder cattle at Oklahoma City averaging nearly $10 per cwt above a year ago. Second-quarter placements likely rose 8 to 10 percent above a year earlier, as feedlots attempted to replace cattle marketed earlier and due to anticipated strong prices as long as the ban continues. Even though cattle are being marketed ahead of schedule at lighter weights, slaughter weights while below normal are increasing seasonally.

Fed Cattle Prices Moderate After Short-Term Spike As long as prices reflect supply concerns from the ban, fed marketings will be pulled forward, but the market is already adjusting to sharply higher beef prices. In the short-term, users faced a very inelastic demand amid unexpected shortened supplies. However, the market, where possible, shifted to less expensive cuts and competing meats. Fed cattle prices spiked near $80 per cwt soon after the ban, but moved to the mid- $70s in early July. Prices are expected to average in the low- to mid-$70s this summer, with timing and conditions on the Canadian ban being lifted being an important price/quantity determinant. Although the timing and conditions of the ban's lifting are unknown, market dynamics would be expected to reverse to a large extent as the ban is lifted. Feedlot marketings will move back toward normal marketing patterns and perhaps even slightly heavier weights to move more product into the higher priced Choice beef grades. This will reduce domestic supplies as this adjustment is made. Although there are indications that supplies are backing up in Canada, drought over the past couple of years has resulted in herd liquidation and sharply reduced feed supplies and thus lower cattle on feed inventories. Canadian cattle on feed inventories for Alberta and Saskatchewan on July 1 were 26 percent below a year earlier.

Retail Beef Prices Reach Record High Boxed beef prices moved up sharply in late winter early spring due to the falloff in feedlot performance and thus slaughter weights following a series of winter storms beginning in late February. Retail prices for Choice beef peaked at $3.65 in April, and then as the market adjusted to the tight supplies, and declined in May. However, retail posted a record high at $3.656 per pound in June as the market supplies again tightened due to the BSE ban. Prices for Choice boxed beef peaked near $150 a cwt in early June, but declined to near $130 per cwt in early July, still well above the $110 average of last July. Retail prices are expected to decline from the record monthly high, but will remain sensitive to supply changes.