

INCLUDED IN THIS ISSUE

Crop Weather Agricultural Prices ERS

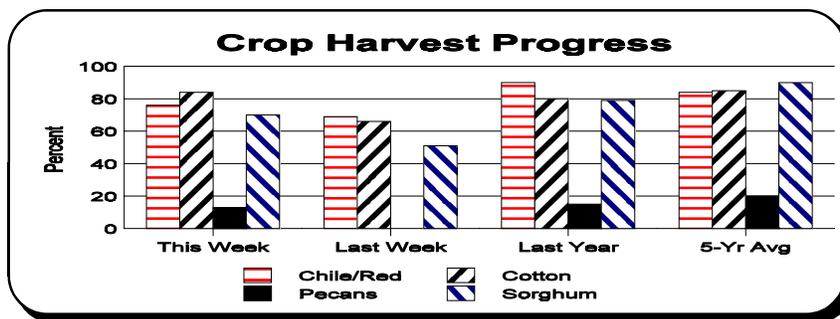
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CROP SUMMARY FOR THE WEEK ENDING NOVEMBER 30, 2003

NEW MEXICO: There were 6.9 days suitable for fieldwork. Farmers spent the week beginning pecan harvest while continuing to harvest chile and cotton. There was 32% light freeze damage, 40% moderate, and 2% severe damage to all crops remaining. The 7th cutting of alfalfa was completed this week, as well as the lettuce harvest. The cotton harvest was 84% complete and total sorghum was 70% harvested for grain. Winter wheat conditions were listed as 53% very poor, 13% poor, 16% fair, and 18% good. Red chile was 76% harvested this week, slightly behind the previous year and the five year average. Onions were in mostly good to excellent condition and pecans were in mostly fair to excellent condition with the harvest 13% complete. Ranchers spent the week supplementing feed and continue to reduce livestock numbers while maintaining herds that are left. Cattle conditions were listed as 16% very poor, 26% poor, 30% fair, 23% good, and 5% excellent. Sheep were listed as 20% very poor, 23% poor, 19% fair, 36% good, and 2% excellent. Range and pasture conditions were 39% very poor, 42% poor, 16% fair, and 3% good.

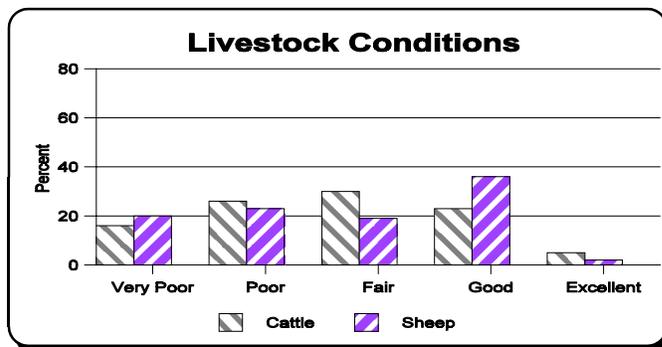
CROP PROGRESS PERCENTAGES WITH COMPARISONS

CROP PROGRESS		This Week	Last Week	Last Year	5-Year Average
CHILE	Harvested-Red	76	69	90	84
COTTON	Harvested	84	66	80	85
PECANS	Harvested	13	—	15	20
SORGHUM (All)	Harvested	70	51	79	90



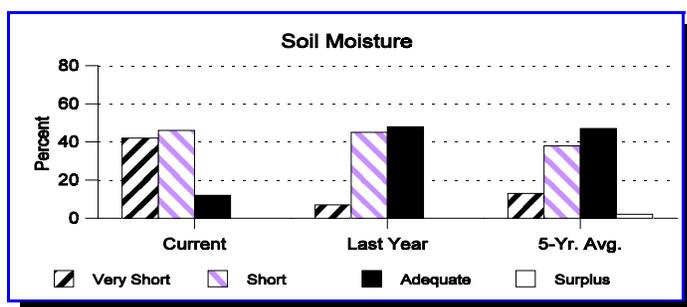
CROP AND LIVESTOCK CONDITION PERCENTAGES

	Very Poor	Poor	Fair	Good	Excellent
Onions	—	—	2	72	26
Pecans	—	—	17	61	22
Wheat (All)	53	13	16	18	—
Cattle	16	26	30	23	5
Sheep	20	23	19	36	2
Range/Pasture	39	42	16	3	—



SOIL MOISTURE PERCENTAGES

	Very Short	Short	Adequate	Surplus
Northwest	37	46	17	--
Northeast	75	25	--	--
Southwest	50	50	--	--
Southeast	23	57	20	--
State	42	46	12	--
State-Last Year	7	45	48	--
State-5-Yr Avg.	13	38	47	2



WEATHER SUMMARY

It was a generally dry week with temperatures averaging a few degrees below normal in the West and near normal in the East. Temperatures exhibited a large range of variability, ranging from -4 at Chama on the 24th and 27th to 81 at Roswell on the 30th. A cold front passed through New Mexico Wednesday night and Thursday, but only brought some spotty light precipitation. Farmington (.08") measured the greatest total for the week.

NEW MEXICO WEATHER CONDITIONS NOVEMBER 24 - 30, 2003

Station	Temperature			Precipitation				
	Mean	Maximum	Minimum	11/24 11/30	11/01 11/30	Normal Nov	01/01 11/30	Normal Jan-Nov
Carlsbad	47.3	79	22	0.00	0.20	0.59	6.30	12.38
Tatum	41.9	78	15	0.00	0.81	0.55	7.27	15.57
Roswell	44.7	81	20	0.00	0.25	0.55	2.92	12.38
Clayton	39.6	72	13	0.05	0.59	0.52	11.68	14.80
Clovis	44.4	75	16	0.02	0.20	0.73	12.63	16.97
Roy	32.9	66	11	0.00	0.83	0.50	7.05	15.29
Tucumcari	42.9	75	13	0.01	0.80	0.51	12.80	13.90
Chama	24.0	59	-4	0.03	2.01	1.72	20.20	19.81
Johnson Ranch	30.0	59	4	0.00	0.23	0.69	9.86	10.85
Capulin	35.6	65	4	0.04	0.04	0.67	11.33	16.94
Las Vegas	37.7	70	13	0.00	0.81	0.67	7.06	16.49
Los Alamos	31.2	60	12	0.00	0.76	1.02	9.60	17.64
Raton	34.3	71	4	T	0.59	0.61	9.73	16.22
Santa Fe	31.8	64	9	0.00	0.73	0.63	6.78	13.21
Red River	24.9	55	-2	0.00	1.28	1.18	19.23	19.33
Farmington	31.5	54	14	0.08	1.19	0.94	6.17	8.12
Gallup	31.6	63	7	0.00	1.37	0.95	9.05	11.91
Grants	34.3	68	9	0.00	1.19	0.58	6.41	10.14
Silver City	37.9	57	18	T	1.79	0.70	6.32	14.72
Quemado	34.4	63	5	0.00	0.64	0.45	9.69	13.04
Albuquerque	38.1	62	22	0.00	0.49	0.43	6.24	8.38
Carrizozo	37.5	68	11	0.00	0.40	0.76	8.91	12.07
Gran Quivera	36.1	69	12	0.00	0.94	0.91	11.32	14.92
Moriarty	35.6	65	13	0.00	0.62	0.40	7.66	12.17
Ruidoso	38.9	70	10	0.00	1.02	0.88	13.19	19.72
Socorro	37.6	66	12	0.00	0.67	0.47	5.00	8.95
Alamogordo	44.9	72	19	0.00	0.83	0.71	5.88	11.92
Animas	46.2	70	27	0.00	0.79	0.71	3.35	10.62
Deming	42.1	73	19	0.00	0.93	0.64	6.48	9.73
T or C	40.1	64	22	0.00	0.78	0.60	4.96	9.22
Las Cruces	44.5	70	22	0.00	0.77	0.53	5.58	8.72

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

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

AGRICULTURAL PRICES RECEIVED

NEW MEXICO: Alfalfa hay prices in November averaged \$139.00 per ton, an increase of \$6.00 from the October price of \$133.00 and \$6.00 less than the previous year's price of \$145.00. All hay prices averaged \$136.00 per ton in November, also a \$6.00 increase over the October price of \$130.00, but \$5.00 less than the price received one year ago of \$141.00. November livestock prices increased from the previous month's total. Cow prices increased to \$47.60 per hundredweight from \$45.00 per hundredweight in October. This was \$0.90 above the national average of \$46.70. Steer and heifer prices averaged \$95.70 per hundredweight in November, a \$0.10 increase over the October price, but \$4.00 less than the national average price of \$99.70. Calf prices also increased during the month from \$109.00 in October to \$110.00 per hundredweight in November. The national average for November was \$112.00 per hundredweight. Milk prices increased by \$0.10 in November to \$14.50 per hundredweight but remained below the national average price of \$14.90.

Prices Received by Farmers: Selected Commodities, October 2003 and November 2002-03

Commodity	Unit	New Mexico			U.S. ^{1/}
		Nov. 2002	Oct. 2003 ^{2/}	Nov. 2003 ^{1/}	Nov.
-----Dollars-----					
CROPS					
Grain Sorghum	Cwt.	-	-	-	4.09
Cotton, Upland	Lb.	-	-	-	0.641
Potatoes	Cwt.	-	-	-	5.17
Hay, all baled	Ton	141.00	130.00	136.00	80.70
Alfalfa, baled	Ton	145.00	133.00	139.00	88.00
Peanuts	Lb.	-	-	-	0.189
Corn	Bu.	-	-	-	2.24
Wheat, all	Bu.	-	-	-	3.69
LIVESTOCK					
Sheep ^{3/}	Cwt.	-	-	-	34.80
Lambs ^{3/}	Cwt.	-	-	-	96.90
Cows	Cwt.	34.10	45.00	47.60	46.70
Steers & Heifers	Cwt.	79.30	95.60	95.70	99.70
Calves	Cwt.	91.00	109.00	110.00	112.00
Milk	Cwt.	12.20	14.40	14.50	14.90

^{1/} Mid-month ^{2/} Entire month ^{3/} October - entire month

Livestock Situation and Outlook

USDA, ERS, November 2003

Record Beef/Cattle Prices Allocate Tight Quality Beef Supplies:

Domestic and export demand for beef, particularly higher quality beef, has remained strong since 2000. Beef prices have been on a record setting path since mid-winter due to reduced cattle supplies that were further curtailed by poor winter feeding conditions. The confirmation of BSE (Bovine Spongiform Encephalopathy) in a Canadian cow on May 20 resulted in a ban on imports of beef and live cattle from Canada and a further tightening of U.S. fed beef supplies. Consequently, supplies of higher quality Choice beef have become very tight resulting in record cattle, boxed beef (wholesale), and retail prices as the limited supply is rationed in the market.

Cattle Inventory Decline Continues: The expansion phase of the present cattle cycle began in 1991 at 96.4 million head. The cyclical peak occurred in 1996 at 103.5 million head when a national drought reduced forage supplies, and more importantly, a sharp decline in grain production and record corn prices in 1995/96 forced feeder cattle prices lower. Expansion in the cattle/beef sector is based on large supplies of forage from pasture and range and favorable grain prices in addition to

favorable cattle prices. Forage conditions since 1998 have not favored herd expansion, although feed grain prices have remained moderate.

Cow and heifer inventories continue to decline in spite of record cattle prices. The cattle inventory at the beginning of 2003 had declined to 96.1 million head. Cow and heifer slaughter has remained large through October 2003 due to continued poor forage conditions in many areas and the high opportunity cost of retaining heifers. Cow and heifer slaughter will have to decline fairly sharply before the industry can begin to stabilize inventories, much less shift toward herd expansion. The earliest a shift toward expansion can begin is with the 2004 breeding season if forage supplies improve, cow slaughter declines, and larger numbers of heifers are bred. Even if this set of events occurs, beef production will not begin to expand until at least 2006 and even then from a smaller base of production, which has eroded since 1996. Additional female slaughter has supported beef supplies in recent years, but at the cost of future production.

Poor Feeding Conditions Reduced Feedlot Performance in 2001:

Wet, cold weather in late 2000 and early 2001 resulted in poor feedlot conditions and the previous run at record cattle prices. Steer and heifer slaughter weights declined, reducing beef supplies and the proportion of higher quality cattle. Consequently, cattle and beef prices moved up, with retail prices for Choice beef setting a record \$3.48 a pound in June 2001. Weather improvement in late spring resulted in better feedlot performance and federally inspected steer dressed weights began a more-than-monthly seasonal rise from 765 to 767 pounds in April/May to 840 pounds in September 2001. As feedlot performance improved, weights and supplies of higher quality beef increased, and cattle/beef prices began to decline, a trend that continued through 2002.

2002/2003 Poor Performance Recovery Delayed by Canadian

BSE Discovery: In late 2002-early 2003, poor weather conditions, similar to 2000/01, resulted in reduced feedlot gains and tight supplies of higher quality beef. Retail prices eclipsed the old record in February, but prices began to decline in May as weather conditions and feedlot gain improved. However, on May 20 BSE was confirmed in a single cow in Canada, resulting in an immediate ban on imports of Canadian beef and cattle into the United States. This immediately reduced beef supplies and the potential for future production from imported fed cattle for immediate slaughter and imported feeder cattle to be placed in U.S. feedlots for slaughter in 4 to 6 months. To maintain beef production near year-earlier levels, given the already lower dressed slaughter weights, steer and heifer slaughter increased nearly 3 percent. Steer slaughter weights improved with the weather conditions in late spring through summer, but unlike 2001, dressed weights only rose from 781 pounds in April/May to 807 pounds in September. Retail prices for Choice beef rose to the low-\$3.70s a pound in August/September. The supply situation is becoming even tighter in the fall quarter.

Although Choice boxed beef (wholesale) prices increased 12 percent from August to September, much of the price increase was not passed on to consumers. The wholesale to retail price spread in September actually declined 28 cents a pound at retail, as much of the price increase was absorbed by the retailer. Boxed beef prices rose another 13 percent in October (up 58 percent from a year earlier) and more of this increase will be passed on to consumers either through higher beef prices and/or broader price increases on

other retail items to spread out the impact of the wholesale price increase. A similar approach seems to be occurring in the hotel/restaurant sector. Given the tight fed cattle supply situation, retail beef prices are likely to continue on a record-setting path as the higher prices are passed on to consumers; the question is to what degree.

Beef Supplies To Remain Tight: On August 8, the U.S. Department of Agriculture (USDA) initiated a permit system allowing imports of certain boneless beef products from Canadian slaughter plants limited to slaughtering cattle under 30 months of age. Imports remain well below year-earlier levels, but have been increasing as more permits are issued. USDA issued a proposed rule on October 31 to establish a new category of regions that present a minimal risk of introducing BSE into the United States via the importation of certain low-risk live ruminants and ruminant products. The proposed rule has a 60-day comment period, after which the United States Department of Agriculture will evaluate all comments before issuing a final rule.

Supplies will continue to tighten until U.S. herds expand to increase beef supplies. Additional beef and/or slaughter/feeder cattle imports from Canada are not likely to fully offset the deficit. Any movement toward retaining heifers being weaned this fall for possible breeding next spring and summer would tighten supplies even further. Although feedlot placements rose sharply this summer, feeder cattle supplies are already down. Feeder cattle supplies outside feedlots on October 1 were 2.5 percent below a year earlier. This year's calf crop is expected to be 38 million head, the smallest since 1951. Until cow slaughter begins to decline and more heifers are retained, the calf crop will continue to decline. The loss of feeder cattle imports from Canada further tightens the supply situation.

Regardless of the outcome of the proposed rule, beef supplies will remain very tight over the next couple of years. Increased domestic supplies are simply not biologically possible until 2006, unless something happens to force increased herd liquidation. Improved moisture conditions have helped to reduce the drought areas this fall. Weather conditions through spring and improved grazing conditions in 2004 will be key factors in providing the base for the beginning stages of herd expansion.