



New Mexico Agricultural
Statistics Service

Weekly Ag Update

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INCLUDED IN THIS ISSUE

Hogs & Pigs Agricultural Prices ERS Weather Summary

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

NATIONAL HOG REPORT

NEW MEXICO: Hog inventory for 2003 in New Mexico decreased to 2,500 head from the previous year's total of 3,000. Breeding inventory remained at 400 head. Market hog inventory for 2003 dropped to 2,100 head, compared to the 2002 total of 2,600 head. Pigs per litter averaged 7.5 compared to the national average of 8.88.

UNITED STATES: U.S. inventory of all hogs and pigs on December 1, 2003, was 60.0 million head. This was 1 percent above December 1, 2002, but slightly below September 1, 2003. Breeding inventory, at 5.97 million head, was down 1 percent from December 1, 2002, but 1 percent above last quarter. Market hog inventory, at 54.1 million head, was 1 percent above last year, but slightly below last quarter.

Hogs & Pigs: December 1, Inventory, Sows Farrowing, and Pig Crop, New Mexico and U.S., 2002-2003

	New Mexico		United States	
	2002	2003	2002	2003
	-----1,000 Head-----			
December 1 inventory				
All hogs and pigs	3.0	2.5	59,513	60,040
Kept for breeding	0.4	0.4	6,012	5,966
Market	2.6	2.1	53,501	54,074
Market hogs and pigs by				
Under 60 pounds	1.3	1.0	19,461	19,821
60 -119 pounds	0.5	0.3	13,054	13,250
120 -170 pounds	0.3	0.3	10,881	10,839
180 pounds and over	0.5	0.5	10,105	10,164
Sows Farrowing:				
Dec-Nov ^{1/}	0.40	0.40	11,483	11,306
	-----Number-----			
Pigs per litter:				
Dec-Nov ^{1/}	7.25	7.50	8.83	8.88

^{1/} December preceding year.

AGRICULTURAL PRICES RECEIVED

NEW MEXICO: Prices received in New Mexico during December 2003 for All Hay dropped by \$1.00 to \$135.00 per ton. Alfalfa prices followed the same trend dropping to \$138.00 from \$139.00 the previous month. Mid-month cow prices averaged \$50.70 per hundredweight compared to \$48.50 the previous month and \$35.70 in December 2002. Steer and heifer prices also rose by \$2.10 to \$98.50 per hundredweight. The average price for November 2003 was \$96.40. Mid-month calf prices averaged \$112.00 per hundredweight. Milk prices averaged \$13.60 per hundredweight compared to \$14.00 in November 2003 and \$11.90 per hundredweight one year ago, December 2002.

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

Commodity	Unit	New Mexico			U.S. ^{1/}
		Dec. 2002	Nov. 2003 ^{2/}	Dec. 2003 ^{1/}	Dec.
-----Dollars-----					
CROPS					
Grain Sorghum	Cwt.	-	-	-	4.21
Cotton, Upland	Lb.	-	-	-	0.631
Potatoes	Cwt.	-	-	-	5.50
Hay, all baled	Ton	140.00	136.00	135.00	81.30
Alfalfa, baled	Ton	144.00	139.00	138.00	87.90
Peanuts	Lb.	-	-	-	0.189
Corn	Bu.	-	-	-	2.32
Wheat, all	Bu.	-	-	-	3.63
LIVESTOCK					
Sheep ^{3/}	Cwt.	-	-	-	40.10
Lambs ^{3/}	Cwt.	-	-	-	99.20
Cows	Cwt.	35.70	48.50	50.70	49.90
Steers & Heifers	Cwt.	81.30	96.40	98.50	98.60
Calves	Cwt.	92.10	111.00	112.00	113.00
Milk	Cwt.	11.90	14.00	13.60	13.70

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

LIVESTOCK, DAIRY & POULTRY OUTLOOK

USDA, ERS, December 2003

Better Supply-Demand Balance Expected in 2004 Dairy Markets:

Overall, dairy markets are expected to be better balanced in 2004. Demand is projected to grow more than milk production, commercial stocks are expected to be smaller, and commercial exports of nonfat dry milk might substantially trim the recent surplus. However, this basic improvement might not generate higher farm milk prices.

Low Milk Prices May Persist in 2004: Strong orders for the late holiday season and declining commercial stocks brought some stability to cheese prices following their late October-early November drops and lifted butter prices to their high for the year. However, this modest price strength probably will be overwhelmed by normal seasonal weakening in coming weeks.

Overall, dairy markets are expected to be better balanced in 2004. Demand is projected to grow more than milk production, commercial stocks are expected to be smaller, and commercial exports of nonfat dry milk might

substantially trim the recent surplus. However, this basic improvement might not generate higher farm milk prices next year. Much of this year's modest farm price recovery was caused by a misalignment of cheese prices with other dairy prices. Cheese buyers are likely to make quicker and more vigorous adjustments in 2004 that will prevent a repeat.

Milk Production About Steady: Milk production remained just slightly below a year earlier in early autumn, as declines in milk cow numbers picked up and milk per cow failed to sustain its recovery. Output has been near or below a year earlier since May because of very low returns since early 2002. Even so, milk production has not yet shown signs of a significant downturn and is expected to stay relatively close to a year earlier through 2004.

Milk cow numbers turned down fairly sharply late summer. After peaking in late winter, cow numbers slipped during spring. Farm expansions had been deterred by the low

returns, and most of the earlier expansions had been brought up to capacity. Even though milk prices rose as summer began, the long period of low prices began to

take its toll on weaker producers. Farm exits picked up in earnest at the start of autumn, probably when leftover 2002 forage supplies were exhausted. Between March and October, milk cows in the 20 major States fell 91,000 (1.2 percent). The proportional decline for all 50 States was probably even larger.

The August-October drop may prove particularly significant. Normally, a disproportionate share of expansions are brought on line in September and October. This results in relatively strong August-October cow numbers. This year's decline was affected by cooperative actions to trim cow numbers but also might indicate that the expansion phase caused by the high returns of 1998-2001 is truly over.

Although recent changes in cow numbers were dominated by structural effects, high slaughter cow prices probably also contributed. As cull cow prices shot over \$50 per cwt, the difference between dairy and salvage value fell to its lowest level in 5 years. A larger share of the cows in exiting herds probably went to slaughter rather than being sold as replacements.

Growth in milk per cow in the 20 States hit a low in May, recovered a bit through July, but then backslid through October. The October level was less than 1 percent higher than a year earlier, and the increase from the average of the previous 5 years was at only about a 1-percent annual rate, half the trend growth. Milk-feed ratios have been quite unfavorable, encouraging dairy farmers to be conservative about increasing concentrate feeding. In addition, forage quality in 2003 was spotty, with quality problems particularly pronounced early in the season.

Feed conditions could not explain all of the recent weakness in milk per cow. Average milk per cow probably did not receive its normal boost from the exit of farms with relatively low herd averages. In addition, the cow herd probably had an unusually large share of first-calf heifers because of the 2002 heifer shortage. However, it also seems likely that the very low milk prices may have caused some farms to limit use of bovine somatotropin or to feed their poor forage instead of seeking better supplies.

The pattern of widely divergent changes in milk production across States remains. In general, output in recent months was stronger in the West than in the Midwest, which in turn was stronger than the Northeast. However, exceptions to this general pattern were quite easy to find.

Milk cow numbers are expected to decline at a fairly rapid clip through 2004. The recent higher prices probably were

perceived as temporary and are not projected to have a significant impact on farmers' long-run plans. Dairy farm

exits probably will be more common than in several years, and farm expansions likely will be fewer and cautious. Also, cull cow prices are projected to stay strong as the beef industry seems poised to undergo a cyclical turn. Milk cow numbers are expected to run 1 to 2 percent below 2003 throughout next year.

Milk per cow probably will remain relatively weak in 2004 but could post some recovery from this year's poor showing. Concentrate feed prices are projected to remain high next year, holding milkfeed price ratios to very low levels. Feed grain prices might run about the same as this year, but protein will be expensive. Farmers probably will stay conservative about boosting concentrate feeding, particularly compensating for poor forage with extra protein meal.

Forage conditions remain a mixed bag in most important dairy areas. Dairy farmers commonly had quality (and quantity in some areas) problems for part of the forage season. Commercial hay supplies seem ample, but good quality can be hard to find. Forage quality may continue to threaten milk per cow, particularly if low milk prices deter farmers from seeking out good hay.

On the other hand, weakness in milk per cow due to the 2002 heifer shortage should become a thing of the past. In fact, passage of this year's large heifer cohort into their second lactation should be positive for gains in milk per cow. Daily average milk per cow is projected to rise slightly more than 2 percent in 2004, just slightly recovering toward the long-run trend line.

Milk production throughout 2004 is expected to run a bit less than 1 percent above 2003 (on a daily average basis). Such stability in milk output would tend to temper milk and dairy product prices next year. However, there might be higher odds for milk production to be weaker than now expected than for it to be stronger.

Lower milk production during September-October slightly reduced supplies of milk for manufacturing. The reduction in supplies was not enough to keep strong cheese prices from boosting cheese production, particularly in September. However, Cheddar output in September-October managed only a tiny increase, and growth in production of most other varieties stayed moderate. Meanwhile, production of butter and nonfat dry milk fell.

Supplies of milk for manufacturing are projected to be slightly larger than a year earlier during the first half of 2004. Cheese output is expected to rise while butter production stays near a year earlier. However, production patterns will be quite sensitive to developments in butter and cheese demand and to possible commercial exports of nonfat dry milk.

WEATHER SUMMARY

The week began with unseasonable cold weather but rapid warming produced averages that were generally a few degrees above normal for the week. This was especially true in the Plains, where temperatures averaged 5 to 7 degrees above normal. Extremes ranged from -17 at Chama on the 29th to 76 at Carlsbad on the 3rd. Northern New Mexico was on the southern fringe of a series of winter storms that pounded Colorado during the week. Red River (.30") and Chama (.25") both recorded at least a quarter of an inch of water equivalent from the storms, but several feet of snow fell at higher elevations near the Colorado border.

NEW MEXICO WEATHER CONDITIONS DECEMBER 29 - JANUARY 4, 2004

Station	Temperature			Precipitation				
	Mean	Maximum	Minimum	12/29 01/04	01/01 01/04	Normal Jan	01/01 01/04	Normal Jan-Jan
Carlsbad	46.8	76	16	T	0.00	0.35	0.00	0.35
Tatum	45.0	71	18	0.00	0.00	0.39	0.00	0.39
Roswell	44.7	75	13	T	--	0.43	--	0.43
Clayton	36.8	63	10	0.00	0.00	0.24	0.00	0.24
Clovis	44.8	72	16	0.01	0.01	0.39	0.01	0.39
Roy	38.7	57	21	0.00	0.00	0.34	0.00	0.34
Tucumcari	44.4	70	12	0.00	0.00	0.28	0.00	0.28
Chama	20.1	41	-17	0.25	0.21	1.77	0.25	1.77
Johnson Ranch	27.9	45	-7	0.00	0.00	0.67	0.00	0.67
Capulin	33.6	53	3	0.00	0.00	0.40	0.00	0.40
Las Vegas	35.3	54	9	T	0.00	0.32	0.00	0.32
Los Alamos	29.1	45	4	0.00	0.00	0.86	0.00	0.86
Raton	33.1	55	-1	0.00	0.00	0.47	0.00	0.47
Santa Fe	29.1	49	-3	0.00	0.00	0.63	0.00	0.63
Red River	23.5	39	-14	0.30	0.30	1.07	0.30	1.07
Farmington	31.9	48	9	0.22	0.22	0.59	0.22	0.59
Gallup	29.9	46	-4	0.06	0.06	0.80	0.06	0.80
Grants	30.6	56	-1	0.03	0.01	0.49	0.03	0.49
Silver City	40.3	53	26	0.10	0.10	1.16	0.10	1.16
Quemado	32.4	55	-4	0.00	0.00	0.83	0.00	0.83
Albuquerque	35.6	56	11	T	0.00	0.44	0.00	0.44
Carrizozo	36.9	59	8	0.00	0.00	0.60	0.00	0.60
Gran Quivera	35.6	55	11	0.00	0.00	0.70	0.00	0.70
Moriarty	31.2	60	4	0.00	0.00	0.43	0.00	0.43
Ruidoso	37.7	54	5	0.11	0.11	1.12	0.11	1.12
Socorro	36.8	65	8	0.00	0.00	0.39	0.00	0.39
Alamogordo	43.6	68	19	0.00	0.00	0.67	0.00	0.67
Animas	--	--	--	0.43	0.00	0.68	0.43	0.68
Deming	39.5	62	6	0.13	0.13	0.56	0.13	0.56
T or C	40.1	64	16	T	0.00	0.46	0.00	0.46
Las Cruces	40.5	69	10	0.00	0.00	0.46	0.00	0.46

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

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