

INCLUDED IN THIS ISSUE

Crop Weather ERS

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

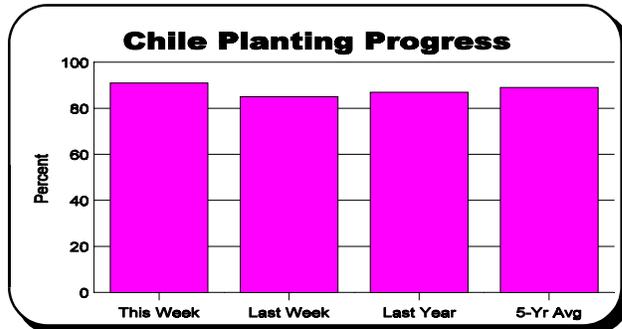
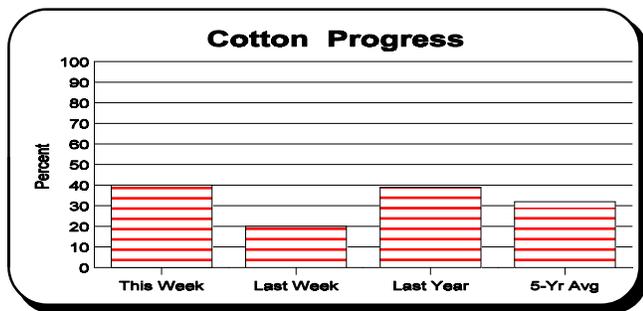
CROP SUMMARY FOR THE WEEK ENDING APRIL 25, 2004

NEW MEXICO: There were 6.6 days suitable for fieldwork. Farmers spent the week catching up on planting and field work. There was 25% light wind damage and 5% moderate damage reported to new corn in some areas. Alfalfa conditions were 1% poor, 58% fair, 33% good, and 8% excellent with 20% of the first cutting complete. Cotton and corn planting were back on track with cotton 40% planted and corn at 33% planted with 2% emerged. Winter wheat conditions improved slightly with the moisture and were 15% very poor, 10% poor, 38% fair, 27% good, and 10% excellent, with 27% of the crop reported headed. Lettuce remained in mostly good to excellent condition. Reports of onions and chile being damaged from hail and floods caused conditions to drop slightly. Onion condition was listed in mostly fair to excellent condition. Chile conditions were 4% poor, 35% fair, 52% good, and 9% excellent with 91% planted. Ranchers spent the week supplemental feeding and branding cattle. Cattle conditions were 1% very poor, 18% poor, 42% fair, 38% good, and 1% excellent. Sheep conditions were 2% very poor, 27% poor, 55% fair, and 16% good. Range and pasture conditions were 17% very poor, 39% poor, 36% fair, and 8% good.

CROP PROGRESS PERCENTAGES WITH COMPARISONS

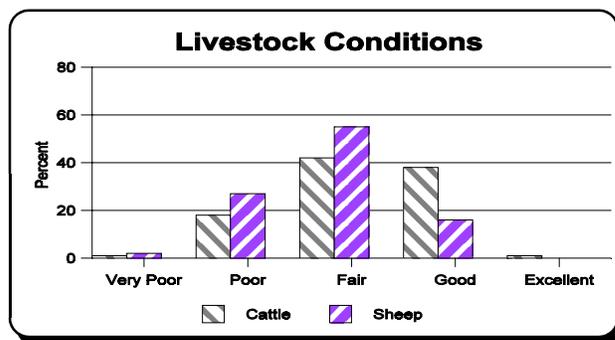
CROP PROGRESS		This Week	Last Week	Last Year	5-Year Average
CORN	Planted	33	18	31	29
CORN	Emerged	2	1/	4	3
COTTON	Planted	40	20	39	32
CHILE	Planted	91	85	87	89
WHEAT (ALL)	Headed	27	8	16	18

^{1/} Not available



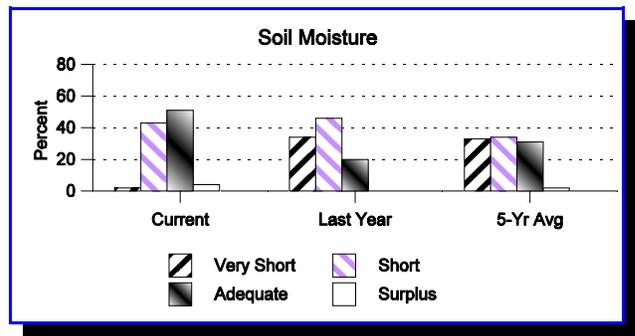
CROP AND LIVESTOCK CONDITION PERCENTAGES

	Very Poor	Poor	Fair	Good	Excellent
Alfalfa	—	1	58	33	8
Chile	—	4	35	52	9
Lettuce	—	—	5	60	35
Onions	—	1	25	49	25
Wheat (All)	15	10	38	27	10
Cattle	1	18	42	38	1
Sheep	2	27	55	16	--
Range/Pasture	17	39	36	8	--



SOIL MOISTURE PERCENTAGES

	Very Short	Short	Adequate	Surplus
Northwest	4	20	74	2
Northeast	1	50	39	10
Southwest	–	73	23	4
Southeast	4	35	61	--
State	2	43	51	4
State-Last Year	34	46	20	--
State-5-Yr Avg.	33	34	31	2



WEATHER SUMMARY

A storm system brought rain and snow to roughly the northeast quarter of New Mexico during the latter part of the week, while most of the remainder of the state stayed dry. Red River (1.90"), Clayton (1.86"), and Capulin-Des Moines (1.45") all measured over an inch of moisture from the storm. Temperatures for the week were generally a bit below normal over the north and central part of the state, especially the northeast but were near normal in the south.

NEW MEXICO WEATHER CONDITIONS APRIL 19 - 25, 2004

Station	Temperature			Precipitation				
	Mean	Maximum	Minimum	04/19 04/25	04/01 04/25	Normal Apr	01/01 04/25	Normal Jan-Apr
Carlsbad	66.6	88	44	0.00	3.94	0.49	6.49	1.49
Tatum	63.7	78	46	0.00	4.11	0.64	7.92	2.05
Roswell	64.0	85	41	0.00	3.11	0.65	5.12	1.99
Clayton	50.1	71	33	1.86	5.00	0.94	6.27	2.04
Clovis	58.5	79	36	0.00	3.34	0.81	6.71	2.30
Tucumcari	56.0	78	31	0.05	3.28	0.87	4.98	2.00
Chama	37.1	62	15	0.00	1.71	1.27	7.03	6.61
Johnson Ranch	44.2	66	23	0.00	5.46	0.49	7.40	2.47
Capulin	41.4	65	25	1.45	2.70	1.01	3.94	2.86
Las Vegas	45.8	67	26	0.15	1.67	0.89	2.40	2.16
Los Alamos	45.3	61	32	0.21	3.02	1.00	6.50	3.88
Raton	44.9	68	27	0.84	3.45	1.06	4.42	2.90
Santa Fe	47.0	69	29	0.03	1.90	0.81	3.16	2.87
Red River	35.9	57	12	1.90	5.03	1.68	8.76	5.75
Farmington	49.9	70	29	T	2.02	0.51	3.26	2.48
Gallup	45.9	67	23	T	1.10	0.64	2.37	3.23
Grants	47.6	72	23	0.05	1.79	0.45	2.69	1.95
Silver City	52.5	71	33	0.00	0.91	0.53	5.15	3.90
Quemado	45.7	69	23	0.00	0.75	0.60	2.22	2.95
Albuquerque	55.8	75	40	T	3.00	0.52	4.94	1.96
Carrizozo	54.3	79	33	0.00	1.55	0.36	3.17	2.10
Gran Quivera	50.1	71	26	0.00	1.38	0.64	4.22	2.88
Moriarty	49.4	73	24	0.00	1.28	0.66	3.74	2.10
Ruidoso	49.8	66	28	0.09	2.79	0.63	5.74	4.24
Socorro	57.5	81	35	0.00	2.77	0.36	4.06	1.41
Alamogordo	63.4	79	42	0.00	1.83	0.26	3.63	1.93
Animas	61.6	82	42	0.00	1.66	0.20	5.10	1.86
Deming	60.0	82	40	0.00	2.01	0.18	4.04	1.54
T or C	60.9	80	42	0.00	1.36	0.22	2.30	1.40
Las Cruces	62.6	84	42	0.00	1.97	0.21	3.48	1.26

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

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

LIVESTOCK, DAIRY, AND POULTRY OUTLOOK

USDA, ERS, April 14, 2004

Red Meat, Poultry, and Dairy Prices Showing Strength: First-quarter cattle, hog, broiler, milk, and egg prices averaged above a year earlier. The price increases are in the face of export restrictions currently affecting beef and broilers and larger-than-year-earlier pork, broiler, and egg production. These higher prices are increasing producers' returns, but sharply rising feed costs (mainly corn and soybean meal) are eroding those higher returns.

First-quarter 2004 pork production and hog prices were both higher than a year ago, reflecting very strong demand for pork products in the United States and in markets abroad--Mexico in particular. January-March pork production is estimated at 5.14 billion pounds, almost 5 percent more than in the first quarter of 2003. The first quarter price of 51-52 percent lean, live equivalent, hogs was \$44.18, per hundredweight (cwt), 25 percent above a year ago. Higher hog prices reflect, in part, strong U.S. consumer demand for pork products, especially bacon. Consumers appear willing to pay more for larger supplies of pork at retail. Hog prices are expected to average about \$40-42 per cwt in 2004, almost 5-percent above 2003.

Winter Quarter Beef Production Down; Demand Strong: First-quarter beef production is likely down about 7 percent from a year earlier, and slaughter is down over 5 percent, with cow slaughter down sharply. Poor feeding conditions are holding down slaughter weights at the same time beef demand is rising seasonally. Commercial dressed slaughter weights are expected to decline about 10 pounds from the weather-reduced 2003 level and down about 16 pounds from 2002 when feeding conditions were very favorable. This large decline in the dressed averages is occurring along with sharply reduced cow slaughter, which normally would be supportive of heavier dressed weight averages. First quarter cow slaughter was down over 14 percent, but steer and heifer slaughter are down

only about 3 percent. In the last half of March, federally inspected steer weights averaged 13 pounds below a year earlier, while heifer weights were down 6 pounds. Although cattle-on-feed inventories on March 1 were 4 percent above a year earlier and marketings are expected to rise seasonally through summer, poor feedlot performance continues to hold back marketing numbers and slaughter weights. This very tight supply situation places cattle feeders in a very strong negotiating position as the early barbecue season begins. While beef cow slaughter declines are positive for stabilizing cattle inventories, actual herd and production expansion is still several years away.

While fed cattle marketings are expected to rise seasonally, supplies will remain tight until feedlot performance begins to improve. Typically slaughter weights don't begin to rise until late April to May and the cool wet conditions in early April will hold down this seasonal weight transition. Cow slaughter is expected to remain low, with the beef sector showing the first feeble steps toward expansion with the lowest beef cow slaughter in several decades. Higher milk prices and tight dairy heifer supplies are resulting in much lower dairy cow slaughter than was expected earlier. Firstquarter dairy cow slaughter was down nearly 14 percent from a year earlier.

Beef Prices Rebound Sharply: Tight beef supplies, in spite of reduced beef exports, and continued strong beef demand continue to result in prices sharply above a year earlier. As the spring barbecue season begins, beef supplies and slaughter weights are much lower than expected. Boxed beef prices rose sharply in early April as supplies of higher grading cattle tightened and demand increased seasonally. Prices for Choice boxed beef were averaging 15 to 20 percent above a year earlier. Prices moved up from under \$140 a cwt in early April to near \$160 per cwt in mid-April. Farm-to-wholesale price spreads have declined as packers were forced to pay higher-than-expected prices for fed

cattle. Wholesale-to-retail spreads remained historically wide as tight supplies give the retail sector little incentive to reduce prices for the very tight supply of Choice beef. The Choice/Select spread widened to near \$20 per cwt in mid-April from \$6 to \$7 per cwt in January/February, and from about \$12 per cwt a year earlier when supplies of higher grading cattle were also tight.

Prices for Choice beef at retail averaged near \$4.00 a pound in January and February and prices are expected to remain strong until supplies of Choice beef increase. Retail meat prices are up sharply as consumers have become more comfortable with the more positive image of meat in diets. Consuming beef is now seen in a much more positive light than at any time in the past 15 to 20 years. In addition, the movement toward higher quality more consistent-eating beef has increased consumer satisfaction. Unfortunately for much of the past year, higher quality beef supplies have been very tight with retail prices well above year-earlier levels. However, consumers seem very willing to pay the higher prices for today's more consistent quality beef. Declining cattle inventories are

going to keep beef supplies tight for the next couple of years and prices strong.

In Spite of Strong Beef Prices, Expansion May Be Slow To Materialize: The stronger the industry herd expansion response to higher prices, the tighter beef supplies are going to be through 2006. Cattlemen are likely to remain wary of expansion until forage supplies improve in many areas. The recent reduction in cow slaughter is very positive as the first step toward expansion, but real movement toward expansion cannot occur until heifers are retained this fall from this year's calf crop. The extent to which this occurs will further tighten beef supplies and will not begin to contribute to increased production until mid-2007. Until then supplies will remain tight and prices fairly strong. Market uncertainties regarding export markets and new protocols on production and animal identification programs could certainly restrain expansion plans and may well impact cattle prices and market entry for at least some producers. While the industry is apparently ending the liquidation phase of this much-extended cattle cycle, the expansion phase has yet to materialize.