United States Department of Agriculture
National Agricultural Statistics Service

WEEKLY AG-UPDATE

USDA/NASS
NEW MEXICO FIELD OFFICE
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INCLUDED IN THIS ISSUE – MARCH 26, 2007

Crop Weather   Cattle on Feed   Cotton Outlook

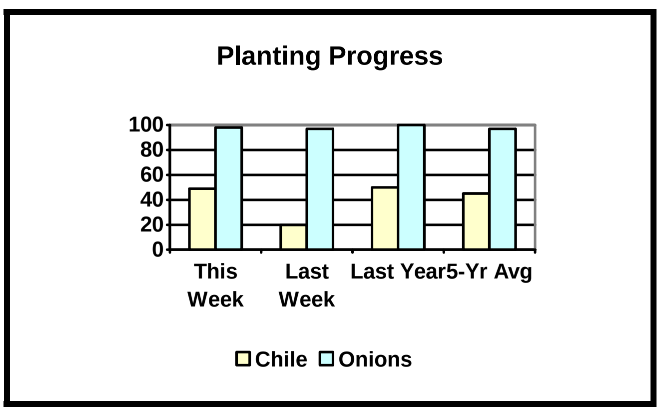
Available on the Internet: www.nass.usda.gov/nm , or by email (1-800-530-8810 for information)

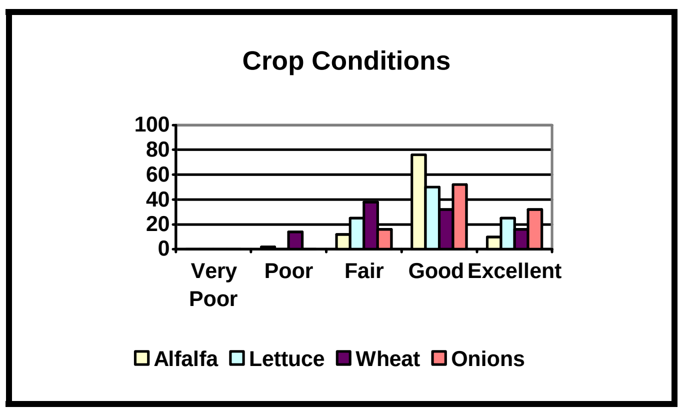
CROP SUMMARY FOR THE WEEK ENDING MARCH 25, 2007

NEW MEXICO: There were 5.6 days suitable for field work. Topsoil moisture was 13% very short, 21% short, 61% adequate and 5% surplus. Wind damage was 9% light, 3% moderate and 2% severe. Freeze damage was reported as 1% light. Farmers spent the week preparing their fields for planting and irrigating. Alfalfa was reported as 2% poor, 12% fair, 76% good and 10% excellent. Irrigated winter wheat was reported as 20% fair, 49% good and 31% excellent with 42% grazed. Dry winter wheat was reported as 24% poor, 50% fair, 20% good and 6% excellent with 41% grazed. Total winter wheat was reported as 14% poor, 38% fair, 32% good and 16% excellent with 41% grazed. Lettuce was reported as 25% fair, 50% good and 25% excellent. Chile was reported as 49% planted. Onion conditions were reported as 16% fair, 52% good and 32% excellent with 98% planted. Cattle conditions were reported at 1% very poor, 13% poor, 24% fair, 59% good and 3% excellent. Sheep conditions were reported as 6% very poor, 11% poor, 40% fair, 42% good and 1% excellent. Range and pasture conditions were reported as 6% very poor, 10% poor, 34% fair, 47% good and 3% excellent. Ranchers are calving, branding and working cattle. Many livestock were killed in Curry county due to the tornadoes that touched down.

CROP PROGRESS PERCENTAGES WITH COMPARISONS

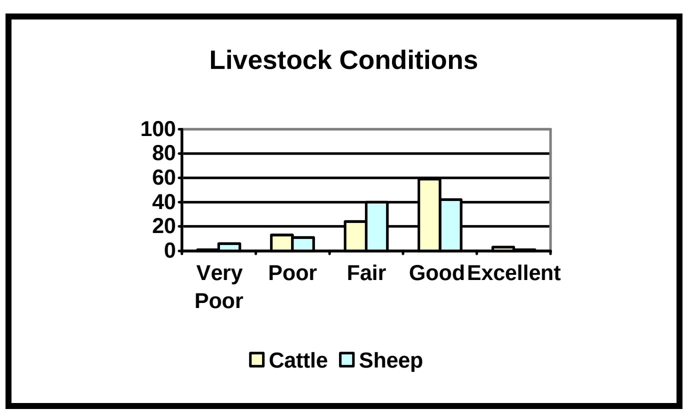
CROP PROGRESS		This Week	Last Week	Last Year	5-Year Average
CHILE	Planted	49	20	50	45
ONIONS	Planted	98	97	100	97
WHEAT	Grazed	41	47	12	34





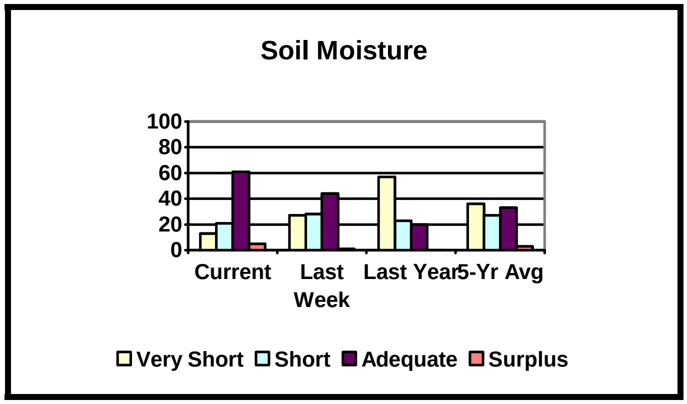
CROP AND LIVESTOCK CONDITION PERCENTAGES

	Very Poor	Poor	Fair	Good	Excellent
Alfalfa	0	2	12	76	10
Lettuce	0	0	25	50	25
Onions	0	0	16	52	32
Wheat (All)	0	14	38	32	16
Cattle	1	13	24	59	3
Sheep	6	11	40	42	1
Range/Pasture	6	10	34	47	3



SOIL MOISTURE PERCENTAGES

	Very Short	Short	Adequate	Surplus
Northwest	34	23	41	2
Northeast	0	28	72	0
Southwest	10	27	63	0
Southeast	0	7	74	19
State Current	13	21	61	5
State-Last Week	27	28	44	1
State-Last Year	57	23	20	0
State-5-Yr Avg.	37	27	33	3



WEATHER SUMMARY

Warm and dry weather conditions prevailed Monday and Tuesday, but a slow moving storm system brought significant moisture to much of New Mexico from Wednesday through Saturday. Tornadoes and severe thunderstorms struck parts of far eastern New Mexico Friday afternoon and night...while snow was falling in the mountains of northern New Mexico. The storm departed Saturday resulting in a return to fair weather Sunday, ending an eventful weather week.

NEW MEXICO WEATHER CONDITIONS - MARCH 19 - 25, 2007

Station	Temperature			Precipitation				
	Mean	Maximum	Minimum	03/19 03/25	03/01 03/25	Normal Mar.	01/01 03/25	Normal Jan-Mar
Farmington	51.9	73	34	1.44	1.58	2.59	0.81	1.97
Gallup	47.9	68	30	0.25	0.25	1.66	1.05	2.59
Capulin	48.8	69	32	0.87	0.87	2.45	0.89	1.85
Chama	42.1	67	25	0.65	0.75	4.82	1.99	5.34
Johnson Ranch	46.9	71	26	0.46	0.46	1.72	0.74	1.98
Las Vegas	48.4	68	33	0.48	0.48	2.21	0.63	1.71
Los Alamos	47.0	65	33	1.17	1.18	2.78	1.22	2.88
Raton	49.4	73	29	0.46	0.47	0.95	0.83	1.84
Red River	40.0	58	24	1.25	1.66	4.75	1.78	4.07
Santa Fe	48.0	69	31	0.85	0.85	1.84	0.74	2.06
Clayton	56.6	80	37	0.49	0.49	1.11	0.55	1.10
Clovis	59.4	81	42	2.24	2.98	4.40	0.59	1.49
Roy	54.3	74	34	0.66	0.66	1.26	0.55	1.32
Tucumcari	59.9	85	43	0.83	0.94	1.80	0.40	1.13
Grants	47.4	69	23	0.44	0.44	1.27	0.50	1.50
Quemado	43.9	69	20	0.02	0.02	1.41	0.80	2.35
Albuquerque	55.4	73	39	0.64	0.65	1.53	0.54	1.44
Carrizozo	0.0	0	0	0.00	0.00	2.04	0.57	1.74
Socorro	55.8	80	29	0.82	0.85	1.32	0.27	1.05
Gran Quivira	51.8	75	28	0.39	0.39	1.77	0.72	2.24
Moriarty	48.0	73	25	1.85	1.85	2.75	0.53	1.44
Ruidoso	47.2	66	26	0.52	0.65	5.14	1.33	3.61
Carlsbad	63.4	87	42	2.41	2.63	4.71	0.30	1.00
Roswell	57.4	83	37	0.51	0.87	2.44	0.45	1.34
Tatum	59.8	81	41	1.46	2.73	3.90	0.52	1.41
Alamogordo	60.9	79	38	0.24	0.24	2.21	0.46	1.67
Animas	57.6	80	37	0.36	0.36	1.97	0.47	1.66
Deming	57.8	81	35	0.09	0.09	1.38	0.34	1.36
Las Cruces	60.4	82	38	0.28	0.28	1.74	0.22	1.05
T or C	57.5	80	39	0.15	0.15	1.26	0.34	1.18

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

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

LIVESTOCK OUTLOOK

Economic Research Service, UDSA, March 19, 2007

Inadequate Forage Supplies Induce Continued Heavy Cow-Calf Slaughter: Dressed weights for calves are averaging 12 to 16 percent below levels for the same period in 2006. There are at least two reasons for the lighter weights. Increased feed prices are limiting incentives to feed calves to weights equal to weights for the same period in 2006. Further, as a result of continued low forage supplies, both standing and harvested, cow-calf pairs are being sold, then split for slaughter. As a result, calf slaughter is 27 percent (weekly basis) above year-earlier levels, while veal production is only 5 percent above year-earlier levels. Cow slaughter continues at an atypically high rate, given January 1, 2007 cow inventories. Despite heavy cow slaughter levels, breaker cow prices (Sioux Falls) remain in the upper-$40 per cwt to low-$50 range.

January 2007 net placements in feedlots of 1,000-plus head were down 25 percent from January 2006, a significantly lower number that reflects high placements earlier in 2006 due to dry conditions. These were the lowest January placements since 1996. Fed cattle prices increased during the last part of February, and could average around $90 to $91 per cwt for the first quarter of 2007, despite continued large feedlot inventories.

Up almost 3 percent from January 2007, retail prices are relatively steady compared with year-earlier prices. February 2007 prices for Choice beef, at $4.05 per pound, are nearly unchanged from February 2006's $4.06. Farm-to-retail margins are increasing seasonally, and byproduct allowances, at $9.79 per cwt, are nearing record levels.

USDA forecasts for beef export volumes were reduced for all four quarters of 2007, mainly reflecting slow growth in exports to Asian markets. Exports to Japan edged up only slowly when the market reopened last fall and don not appear to be accelerating in early 2007. U.S. exports have been constrained by a limited supply of age-verified cattle in the United States and by occasional suspension of exports from packers sending non-approved products in their shipments. In the past, such suspensions have been lifted when the companies demonstrated they had corrected their procedures to prevent future violations. Also, the Japanese government has balked at approving new plants for the export verification program run by AMS-USDA. Japanese demand for U.S. beef has been solid in the food service sector, but retail demand remains limited. The extensive customs inspection process in Japan is also slow and burdensome for the businesses involved. Exports to South Korea remain stymied by the zero-tolerance policy for bone fragments. The United States is negotiating access for a wider array of products, but no agreements have been reached to date. Total 2007 beef exports are now forecast at 1.345 billion pounds, which is still up 17 percent from the 2006 total of 1.152 billion pounds.

Small 2007 Milk Production Increase Presages Higher Milk Prices for the Year: Rapidly rising feed prices have continued to raise costs for dairy producers. Corn and soybean meal prices have risen, but probably more important for dairy producers, have been high prices for alfalfa hay. Hay prices are expected to rise further as supplies tighten, but should decline later this year as supplies increase with expected improved conditions this spring. Relief in the form of higher milk prices for 2007 could improve profitability for the most efficient producers. The change in this month's forecast is a result of lower-than-expected production per cow in the first quarter of this year. Cow numbers and milk production are unchanged from last month's forecast for the remainder of the year. Production per cow is expected to be 20,260 pounds, and total 2007 production is expected to reach 184.1 billion pounds, 1.3 percent above 2006.

Prices for all major dairy products this year are forecast above 2006 levels. January 2007 stocks for butter and total cheese exceeded January 2006 by 24 percent and 11 percent respectively, according to the most recent *Cold Storage* report. Year-over-year production for both butter and total cheese has also trended higher in January, up 2.5 percent and 6.7 percent respectively. Given the strong ongoing demand for cheese and dry products, the relatively small increase in 2007 milk production could tighten supplies later in the year and draw down the higher beginning stocks. As a result, prices in 2007 are expected to be higher than in 2006. In 2007, the cheese price is expected to be between $1.330 and $1.390 per pound, while the butter price is forecast between $1.240 and $1.330 per pound. Butter prices are unlikely to increase compared with other products because butter supplies are ample and should remain so for the year.

NDM demand remains strong, and global supplies are especially tight. In 2006, exports are estimated to account for around 40% of U.S. NDM and skim milk powder (SMP) production, a situation likely to continue into 2007. Australian production could take this year and next to rebound from weather-related problems, and European Union milk production is moving into higher value cheese production, away from dry products. U.S. whey exports are also expected to trend higher in 2007. Consequently, domestic prices for NDM and whey are expected to continue to strengthen this year. The annual 2007 NDM price is forecast between $1.110 and $1.160 per pound. The whey price should climb to between 59.5 and 62.5 cents per pound for the year.

Forecast higher prices for dairy products point to significantly higher prices for all milk classes. The Class IV milk price is expected to climb throughout 2007, averaging $12.95 to $13.65 per cwt for the year. The Class III price is projected to rise to an average $14.10 to $14.70 per cwt for the year. The reported all-milk price is expected to be sharply higher in 2007 – it could reach $15.50 to $16.50 per cwt by the fourth quarter and will likely average $15.05 to $15.65 per cwt for the year.

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Cattle on Feed

NEW MEXICO: Cattle and calves on feed for the slaughter market in New Mexico feedlots with capacity of 1,000 or more head totaled 130,000 on March 1, 2007. This compares to135,000 head on February 1, 2007. Placements increased by 6,000 head from January 2007 to a total of 14,000 head in February. Marketings were up by 10,000 head to 18,000. Other disappearance remained at 1,000 head.

UNITED STATES: Cattle and calves on feed for slaughter market in the United States for feedlots with capacity of 1,000 or more head totaled 11.6 million head on March 1, 2007. The inventory was 4 percent below March 1, 2006 but 4 percent above March 1, 2005. Placements in feedlots during February totaled 1.66 million, 4 percent above 2006 and 9 percent above 2005. Net placements were 1.58 million. During February, placements of cattle and calves weighing less than 600 pounds were 325,000, 600-699 pounds were 334,000, 700-799 pounds were 505,000, and 800 pounds and greater were 495,000. Marketings of fed cattle during February totaled 1.71 million, 7 percent above 2006 and 5 percent above 2005. Other disappearance totaled 75,000 during February, 3 percent above 2006 but 3 percent below 2005.

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Cattle on Feed: Number on Feed, Placements, Marketings, and Other Disappearance, 1,000+ Capacity Feedlots [1]

	Number on Feed			Placed			Marketed			Other Disappearance [1]		
				DURING								
	3/1/06	2/1/07	3/1/07	2/05	1/07	2/07	2/06	1/07	2/07	2/06	1/07	2/07
	1,000 Head											
AZ	351	334	329	31	33	24	24	32	28	2	1	1
CA	550	540	530	63	64	60	56	72	67	7	2	3
CO	1,090	1,040	1,010	140	155	140	155	200	160	5	15	10
ID	255	255	250	32	43	39	38	47	43	4	1	1
IA	520	530	530	60	76	64	58	64	63	2	2	1
KS	2,610	2,430	2,420	410	365	395	360	445	380	20	30	25
NE	2,450	2,540	2,510	330	420	360	360	405	380	10	15	10
NM	**143**	**135**	**130**	**13**	**8**	**14**	**14**	**8**	**18**	**2**	**1**	**1**
OK	365	350	350	49	50	59	56	48	58	3	2	1
SD	210	230	230	33	50	43	29	42	41	4	3	2
TX	3,010	2,800	2,790	360	340	390	370	390	385	10	20	15
WA	154	177	170	25	27	25	22	33	31	2	1	1
Oth Sts	315	365	350	42	59	46	60	55	57	2	4	4
US	**12,023**	**11,726**	**11,599**	**1,588**	**1,690**	**1,659**	**1,602**	**1,841**	**1,711**	**73**	**97**	**75**

* - Revised. [1] Cattle and calves on feed are animals for slaughter market being fed a ration of grain or other concentrates and are expected to produce a carcass that will grade select or better. [2] Includes death losses, movement from feedlots to pastures, and shipments to other feedlots for further feeding.