



North Dakota

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Products in April is 107 percent of the 1990-1992 base. This is down 4 percent from last year and 10 percent below two years ago. The All Crops Index, at 103 percent of the base, is down 2 percent from April 2005 and the All Livestock and Products Index, at 120 percent, is down 6 percent from last year. April indexes are calculated using preliminary mid-month prices.

United States
The April All Farm Products Index is 115 percent of its 1990-92 base, up 1 percent from the March index but 5 percent below the April 2005 index. The All Crops Index is 129, up 9 percent from March and 7 percent above April 2005. The Livestock and Products Index, at 104, is 5 percent below last month and down 15 percent from April 2005.



AGRICULTURAL PRICES

North Dakota
The Index of Prices
Received for All Farm

Prices Received by Farmers North Dakota and United States, April 2006

Item	Unit	North Dakota			United States			Effective U.S. Parity Price Apr 2006
		Entire Month		Preliminary	Entire Month		Preliminary	
		Apr 2005	Mar 2006	Apr 2006	Apr 2005	Mar 2006	Apr 2006	
		<i>Dollars</i>						
Wheat, All	Bu	3.28	3.66	3.79	3.35	3.79	3.90	10.50
Durum	Bu	3.51	3.37	3.40	3.63	3.39	3.43	NA
Other Spring	Bu	3.22	3.82	3.95	3.39	3.85	4.02	NA
Winter	Bu	2.23	3.35	3.40	3.27	3.82	3.91	NA
Corn	Bu	1.85	1.84	1.85	2.00	2.06	2.11	7.78
Oats	Bu		1.79	1.70	1.65	1.81	1.72	4.32
Barley, All	Bu	1.90	2.20	2.13	2.26	2.71	2.67	7.27
Feed	Bu	1.41	1.63	1.50	1.56	1.80	1.74	NA
Malting	Bu	2.36	2.40	2.40	2.76	2.93	3.01	NA
Sunflower, All	Cwt	16.10	11.40	11.60	15.10	11.40	10.60	32.70
Oil	Cwt	14.20	10.40	10.00	NA	NA	NA	NA
Non-oil	Cwt	21.10	18.20	16.30	NA	NA	NA	NA
Baled Hay, All ^{2/}	Ton	58.00	48.00	47.00	99.40	97.10	106.00	NA
Alfalfa ^{2/}	Ton	62.00	51.00	50.00	105.00	100.00	110.00	NA
Other ^{2/}	Ton	46.00	36.00	36.00	81.60	86.60	93.20	NA
Canola	Cwt	10.20	9.49	NA	NA	NA	NA	27.00
Flaxseed	Bu	12.30	5.35	5.45	12.30	5.35	5.45	15.50
Soybeans	Bu	5.88	5.20	5.00	6.03	5.57	5.39	17.20
Dry Edible Beans, All	Cwt	24.80	14.50	14.10	28.70	17.10	19.40	54.90
Navy	Cwt	23.80	17.40	NA	NA	NA	NA	NA
Pinto	Cwt	26.30	14.10	NA	NA	NA	NA	NA
Potatoes, All	Cwt	6.35	7.75	7.35	6.20	8.21	8.66	16.10
Fresh ^{3/}	Cwt	5.45	13.90	NA	7.22	12.42	NA	NA
Processing	Cwt	6.00	5.90	NA	5.47	5.82	NA	NA
Beef Cattle	Cwt	96.70	98.40	89.30	93.70	88.10	85.20	193.00
Steers & Heifers	Cwt	108.00	106.00	102.00	98.10	93.00	89.70	NA
Cows	Cwt	61.00	52.00	51.00	57.00	49.50	48.70	NA
Calves	Cwt	138.00	132.00	132.00	141.00	138.00	136.00	268.00
Sheep	Cwt	42.00	38.00	NA	45.10	39.50	NA	95.60
Lambs	Cwt	113.00	99.00	NA	114.00	91.10	NA	233.00
Hogs	Cwt	53.00	44.40	NA	51.10	42.80	39.10	117.00

1/ Insufficient sales to establish a price. 2/ Alfalfa, other and all hay are preliminary prices only. 3/ Fresh market prices only, includes table stock. NA=Not applicable.

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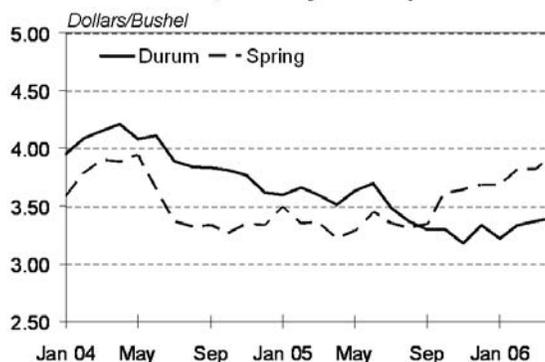
AGRICULTURAL PRICES (Continued)

Index Numbers of Farm Prices North Dakota and United States, April 2006

Indexes and Ratios	North Dakota			United States		
	Apr 2005	Mar 2006	Apr 2006	Apr 2005	Mar 2006	Apr 2006
Prices Received	(1990-92 = 100)					
All Farm Products	111	109	107	121	114	115
Crops	105	104	103	120	118	129
Food Grains	104	117	120	109	124	128
Feed Grains & Hay	90	94	90	96	98	101
Oil Bearing Crops ^{1/}	129	98	95	108	100	96
Potatoes & Dry Beans ^{2/}	94	101	94	112	135	143
Livestock and Products	128	125	120	122	110	104
Meat Animals	131	127	120	125	115	111
Dairy Products	132	132	132	116	96	93
Other Livestock Products ^{3/}	101	101	101	121	113	102
Prices Paid	NA	NA	NA	140	146	147
Ratio ^{4/}	NA	NA	NA	86	78	78

1/ Includes non-oil sunflower. 2/ North Dakota includes sugarbeets. 3/ United States excludes wool. 4/ Ratio of Index of Prices Received to Index of Prices Paid. NA=Not applicable.

Durum & Other Spring Wheat: Prices Received North Dakota, January 2004-April 2006



ANNUAL DAIRY PRODUCTION

United States

Total cheese production during 2005, excluding cottage cheeses, was 9.13 billion pounds, 3 percent above 2004 production. Wisconsin was the leading State with 26 percent of the production.

American type cheese production was 3.81 billion pounds, 2 percent above 2004 and accounted for 42 percent of total cheese in 2005.

Italian varieties, with 3.80 billion pounds were 4 percent above 2004 production. Mozzarella accounted for 79 percent of the Italian production followed by Provolone with 8 percent and Ricotta with 6 percent. California was the leading State in Italian cheese production with 29 percent of the production.

Butter production in the United States during 2005 totaled 1.35 billion pounds, 8 percent above 2004. California

accounted for 30 percent of the production, followed by Wisconsin with 28 percent.

Frozen dessert: (2005 production, compared with 2004)

- ★ Ice cream, Regular (total): 953 million gallons, up 4 percent.
- ★ Ice cream, Lowfat (total): 364 million gallons, down 6 percent.
- ★ Ice cream, Nonfat (total): 20.7 million gallons, down 8 percent.
- ★ Sherbet (total): 59.1 million gallons, up 8 percent.
- ★ Frozen Yogurt (total): 65.1 million gallons, up 1 percent.

Dry milk products: (2005 production, compared with 2004)

- ★ Nonfat dry milk for human food: 1.19 billion pounds, down 16.0 percent.

Dry whey products: (2005 production, compared with 2004)

- ★ Dry whey, human: 964 million pounds, up 2 percent.
- ★ Dry whey, animal: 82.1 million pounds, down 4 percent.
- ★ Dry whey, total: 1.05 billion pounds, up 1 percent.

WORLD AGRICULTURAL SUPPLY & DEMAND ESTIMATES

Wheat: Projected United States 2005/06 wheat ending stocks are down 10 million bushels from last month due to a reduction in imports and an increase in exports, which are partially offset by lower domestic use. Imports are down 5 million bushels due to the slow pace of imports from Canada. Feed and residual use is lowered 10 million bushels due to larger than expected March 1 wheat stocks.

Relative to last month, 2005/06 global wheat production, consumption, imports, exports, and ending stocks increase. The largest crop increases occur in Egypt, Pakistan, Uzbekistan, and Paraguay. The largest increases in foreign stocks occur in Egypt, Pakistan, and Saudi Arabia. Stocks are down in EU-25 and China as well as several other countries.

Coarse Grains: Projected 2005/06 United States corn stocks fall 50 million bushels from last month due to increased exports. Exports increase due to reduced

competition from Argentina. No changes are made to projected United States 2005/06 domestic use. The projected price range for 2005/06 corn is \$1.95 to \$2.05 per bushel, up 10 cents on the low end from last month.

Projected 2005/06 United States barley stocks, imports, and exports are unchanged from last month though there are offsetting changes in domestic use. Feed and residual use decreases 15 million bushels but food, seed, and industrial use increases by an equal amount. The projected price range for 2005/06 barley is \$2.45 to \$2.50 per bushel, up 5 cents on the low end from last month.

No changes are made to projected United States 2005/06 oats supply and use. The projected 2005/06 price is \$1.60 bushel compared to last month's range of \$1.55 to \$1.60 per bushel.

Source: WASDE, USDA-ERS, April 10, 2006

ETHANOL RESHAPES THE CORN MARKET

Farmers May Increase Corn Supply

The growing corn demand of ethanol producers could also be satisfied through higher corn output. Rising productivity is likely to assure some increase in U.S. corn production in the years to come, even if the amount of farmland devoted to corn remains constant. Over the past decade (1996-2005), U.S. corn yields averaged 138 bushels per acre, compared with 115 bushels during

the previous decade. The United States also could increase corn production by devoting more land to the commodity. Such an effort would probably draw upon lands less suited to corn production. Much of these lands would probably be diverted from soybean production.

One way to get more ethanol feedstock out of existing levels of corn production is to use the stalk, leaves, and cobs left over after harvest—materials that are formally known as stover. An acre of corn will yield roughly 5,500 dry pounds of stover, enough to produce about 180 gallons of ethanol. In the United States, corn stover is typically left in the field following harvest to minimize erosion and to contribute organic matter to the soil, so removing some of the stover at harvest might adversely affect the long-term viability of the soil.

New Feedstocks Are the Wild Card

The search for ethanol feedstocks will not stop at the edge of the corn field. While corn is currently the primary feedstock for U.S. ethanol production, many other agricultural commodities and plant-generated materials can be used to produce the fuel. For example, ethanol derived from sugar cane satisfies roughly half of Brazil's annual demand for motor vehicle fuel, and sorghum is the feedstock for about 3 percent of U.S. ethanol production.

The U.S. and many other countries are very interested in cellulosic biomass as a potential feedstock for ethanol. Cellulosic biomass refers to a wide variety of plentiful materials obtained from plants—including certain forest-related resources (mill residues, precommercial thinnings, slash, and brush), many types of solid wood waste materials, and certain agricultural wastes (including corn stover)—as well as plants that are specifically grown as fuel for generating electricity.

Harnessing cellulosic biomass to produce ethanol will require the development of economically viable technologies that can break the cellulose into the sugars that are distilled to produce ethanol. No one knows for sure how long it will take to develop these technologies, although the more optimistic predictions are in the neighborhood of 5-10 years.

The year 2005 was marked by a flurry of construction activity in the Nation's ethanol industry, as ground was broken on dozens of new plants throughout the U.S. Corn Belt and plans were drawn for even more facilities. As of February 2006, the annual capacity of the U.S. ethanol sector stood at 4.4 billion gallons, and plants under construction or expansion are likely to add another 2.1 billion gallons to this number. If this trend and the existing and anticipated policy incentives in support of ethanol continue, U.S. ethanol production could reach 7 billion gallons in 2010, 3.3 billion more than the amount produced in 2005.

- Work is underway to add over 2 billion gallons to the annual capacity of the U.S. ethanol sector.
- To meet the sector's growing demand for corn, some U.S. corn is likely to be diverted from exports.
- In the future, corn may cease to be the main feedstock for U.S. ethanol production if cellulosic biomass is successfully developed as an alternative.

The tremendous expansion of the ethanol sector raises a key question: Where will ethanol producers get the corn needed to increase their output? With a corn-to-ethanol conversion rate of 2.7 gallons per bushel (a rate that many state-of-the-art facilities are already surpassing), the U.S. ethanol sector will need 2.6 billion bushels per year by 2010—1.2 billion bushels more than it consumed in 2005. That's a lot of corn, and how the market adapts to this increased demand is likely to be one of the major developments of the early 21st century in U.S. agriculture. The most recent USDA Baseline Projections suggest that much of the additional corn needed for ethanol production will be diverted from exports. However, if the United States successfully develops cellulosic biomass (wood fibers and crop residue) as an economical alternative feedstock for ethanol production, corn would become one of many crops and plant-based materials used to produce ethanol.

Where Will the Corn Come From?

Large corn stocks will enable U.S. ethanol production to increase initially without requiring much additional adjustment in the corn market. The U.S. ended the 2004/05 marketing year (MY—September 2004-August 2005) with stocks of 2.1 billion bushels—enough to produce 5.7 billion gallons of ethanol. As long as corn is the primary feedstock for ethanol in the U.S., however, sustained increases in ethanol production will eventually require adjustments in the corn market.

One possibility is that ethanol producers will secure the additional corn they need by competing with other buyers in the marketplace and bidding up the price of corn. According to the USDA Agricultural Baseline Projections, the share of ethanol in total corn use will rise from 12 percent in 2004/05 to 23 percent in 2014/15. A comparison of the 2006 Baseline with the 2005 Baseline suggests that much of the increased use by ethanol producers will be diverted from potential exports; the 2006 Baseline projects higher use for ethanol and lower exports than the 2005 Baseline.

Source: *Amber Waves*, USDA-ERS, April 2006

UPCOMING NASS SURVEYS

Mid-year USDA Agricultural Survey data collection starts May 27 and runs through July 14. The specific survey titles are the **June Quarterly Crops/Stocks Survey, June Quarterly Hog Survey, June Area Frame Survey** (annually), **July Cattle Survey** and **July Sheep and Goat Survey**. These surveys are used in estimating the planted and harvested acreage for principle crops, the amount of stored grain, livestock inventories and more.

Without the data from these surveys, policymakers, farm organizations and others who make critical decisions that affect farmers/ranchers would make those decisions based on opinion rather than fact...and that's dangerous.

The **Small Grains Variety Survey** collects information on barley and wheat (durum, spring and winter) varieties grown in North Dakota. The North Dakota Wheat Commission, NDSU Extension Service, NDSU Experiment Station and the American Malting Barley Association provide supporting funds for this survey. The survey period is June 12-July 3. This provides a snapshot of the different barley and wheat varieties grown in North Dakota, and the first district level planted acreage estimates for these crops.

The following is a schedule of upcoming NASS reports for May-July. Most of these reports will be published in upcoming Farm Reporters. For more immediate information, call our office at 701-239-5306 or 1-800-626-3134 after the release time or go online to http://www.nass.usda.gov/Statistics_by_State/North_Dakota/.

These are the following release dates:

	<u>May</u>	<u>CST</u>
Crop Production.....	12	7:30 am
Potato Stocks.....	16	2:00 pm
Ag Chemical Usage-Field Crops...	17	2:00 pm
Agricultural Prices.....	31	2:00 pm
	<u>June</u>	<u>CST</u>
Crop Production.....	9	7:30 am
Potato Stocks.....	14	2:00 pm
Agricultural Prices.....	29	2:00 pm
Acreage Report.....	30	7:30 am
Grain Stocks Report.....	30	7:30 am
U.S. Hog and Pigs Report.....	30	2:00 pm
	<u>July</u>	<u>CST</u>
Crop Production.....	12	7:30 am
Barley Varieties Release.....	11	2:00 pm
Wheat Varieties Release.....	18	2:00 pm
Milk Production.....	18	2:00 pm
U.S. Cattle Report.....	21	2:00 pm
U.S. Sheep Report.....	21	2:00 pm
Agricultural Prices.....	31	2:00 pm

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