



North Dakota

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CROP PRODUCTION

North Dakota Soybean production is forecast at 120 million bushels, up 3 percent from the August forecast and 14 percent from last year.

Yields are expected to average 30.0 bushels per harvested acre, up 1 bushel from August and 2 bushels from 2008.

Corn for grain production is forecast at 204 million bushels, up 2 percent from the August forecast but down 28 percent from last year's record high production. Corn for grain yields are expected to average 120 bushels per harvested acre, up 2 bushels from August but down 4 bushels from last year.

Sugarbeet production is forecast at 5.48 million tons, down 4 percent from the August forecast but 7 percent above last year. The average yield per harvested acre is expected to be 25.0 tons, down from 26.0 tons in August and 25.9 tons last year. Area to be harvested is estimated at 219,000 acres, up from the relatively low 197,000 acres harvested in 2008.

**Crop Summary: Area Planted and Harvested
North Dakota and United States, 2008 and Forecasted September 1, 2009 ¹**

Crop	North Dakota				United States			
	Area Planted		Area Harvested		Area Planted		Area Harvested	
	2008	2009	2008	2009	2008	2009	2008	2009
	<i>1,000 Acres</i>							
Barley	1,650	1,200	1,540	1,130	4,234	3,627	3,767	3,142
Corn for Grain ²	2,550	1,900	2,300	1,700	85,982	87,035	78,640	80,007
Corn for Silage			220				5,965	
Hay, All			3,220	2,620			60,062	60,177
Alfalfa			1,660	1,500			20,980	20,982
All Other			1,560	1,120			39,082	39,195
Oats	320	270	130	150	3,217	3,158	1,395	1,426
Rye ³					1,260	1,257	269	278
Wheat, All	9,230	8,950	8,640	8,530	63,147	59,775	55,685	50,445
Winter	630	550	550	500	46,281	43,448	39,614	34,787
Durum	1,800	1,700	1,690	1,630	2,731	2,555	2,584	2,453
Spring	6,800	6,700	6,400	6,400	14,135	13,772	13,487	13,205
Canola	910	740	895	725	1,011	847	989	824
Flaxseed	335	330	323	320	354	353	340	341
Mustard Seed ³					79.5	53.5	71.5	50.5
Rapeseed ³					0.2	0.9	0.2	0.8
Safflower ³					202	194	195	187
Soybeans	3,800	4,050	3,760	4,000	75,718	77,723	74,641	76,767
Sunflower, All	1,115	970	1,080	935	2,516.5	2,098.0	2,396.0	1,997.0
Oil	960	840	930	810	2,163.0	1,784.0	2,062.0	1,702.2
Non-oil	155	130	150	125	353.5	314.0	334.0	294.8
Sugarbeets	208	230	197	219	1,090.8	1,185.0	1,004.6	1,158.5
Dry Edible Beans, All	660.0	600.0	640.0	550.0	1,495.0	1,481.1	1,445.2	1,392.0
Navy	123.0	88.0	118.0		250.6	196.0	242.1	
Great Northern	6.7	9.0	6.5		76.1	56.7	71.1	
Pinto	446.0	425.0	433.0		629.3	656.3	606.9	
Dark Red Kidney	1.4	1.5	1.3		50.8	46.4	49.3	
Pink	12.5	10.0	12.4		30.6	25.5	30.2	
Small Red	6.0	3.0	5.9		42.3	36.5	41.4	
Black	53.5	48.0	53.0		171.9	179.4	168.9	
Chickpeas, All (Garbanzo)	9.3	13.0	8.4		81.9	97.8	80.5	
Small	4.0	10.0	3.3		10.1	22.7	9.3	
Large	5.3	3.0	5.1		71.8	75.1	71.2	
Other	1.6	2.5	1.5		161.5	186.5	154.8	
Dry Edible Peas	520	510	500	490	882.5	880.7	847.3	840.9
Lentils	95	160	92	155	271	410	263	399
Fall Potatoes, All	82.0	80.0	81.0	77.0	931.1	932.9	922.0	922.7
Irrigated ^{4,5}	28.0		27.8					
Types, Reds ⁵	17.5	15.0	17.3					
Whites ⁵	22.5	19.0	22.3					
Yellows ⁵	1.0	1.0	0.9					
Russets ⁵	41.0	45.0	40.5					

¹ Data are latest estimates available. ² Area planted for all purposes. ³ Published at U.S. level only. ⁴ Included in all potatoes. ⁵ Published at state level only.

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CROP PRODUCTION (Continued)

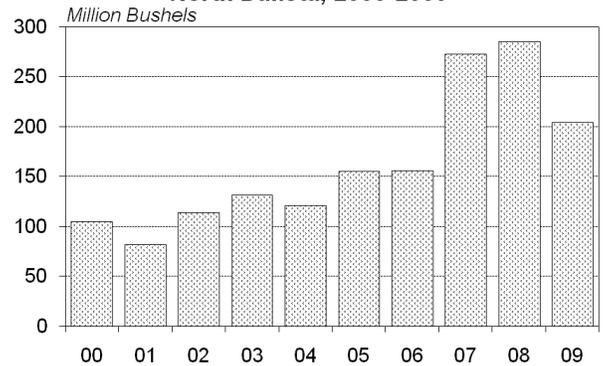
United States

Soybean production is forecast at a record high 3.25 billion bushels, up 1 percent from the August forecast and up 10 percent from last year. Based on September 1 conditions, yields are expected to average 42.3 bushels per acre, up 0.6 bushel from last month and up 2.7 bushels from 2008. If realized, this will be the third highest yield on record.

Corn production is forecast at 13.0 billion bushels, up 2 percent from last month and 7 percent higher than 2008. Based on conditions as of September 1, yields are expected to average 161.9 bushels per acre, up 2.4 bushels from August and 8.0 bushels above last year. If realized, this will be the highest yield on record and production will be the second largest, behind 2007.

Sugarbeet production is forecast at 31.3 million tons, 4 percent below the August 1 forecast but up 17 percent from last year. Expected yield is forecast at 27.0 tons per acre, down 1.2 tons from August but up 0.3 ton from 2008.

**Corn for Grain: Production
North Dakota, 2000-2009**



**Crop Summary: Yield and Production
North Dakota and United States, 2008 and Forecasted September 1, 2009¹**

Crop	Unit	North Dakota					United States				
		Yield			Production		Yield			Production	
		2008	2009		2008	2009	2008	2009		2008	2009
			Aug 1	Sep 1				Aug 1	Sep 1		
					1,000	1,000				1,000	1,000
Barley ²	Bu	56.0	57.0	57.0	86,240	64,410	63.6	65.8	65.8	239,498	206,728
Corn for Grain	Bu	124	118	120	285,200	204,000	153.9	159.5	161.9	12,101,238	12,954,500
Corn for Silage	Tons	10.0			2,200		18.7			111,619	
Hay, All ²	Tons	1.28	1.79	1.79	4,118	4,680	2.43	2.52	2.52	145,672	151,941
Alfalfa ²	Tons	1.40	2.00	2.00	2,324	3,000	3.32	3.48	3.48	69,620	72,986
All Other ²	Tons	1.15	1.50	1.50	1,794	1,680	1.95	2.01	2.01	76,052	78,955
Oats ²	Bu	51.0	63.0	63.0	6,630	9,450	63.5	64.5	64.5	88,635	91,960
Rye ³	Bu						29.7			7,979	
Wheat, All ²	Bu	36.0	39.2	39.2	311,200	334,420	44.9	43.3	43.3	2,499,524	2,183,594
Winter ²	Bu	41.0	46.0	46.0	22,550	23,000	47.2	44.2	44.2	1,867,903	1,537,348
Durum ²	Bu	25.0	34.0	34.0	42,250	55,420	32.8	39.9	39.9	84,877	97,986
Spring ²	Bu	38.5	40.0	40.0	246,400	256,000	40.5	41.5	41.5	546,744	548,260
Canola	Lbs	1,460			1,306,700		1,461			1,445,064	
Flaxseed	Bu	17.0			5,491		16.8			5,716	
Mustard Seed ³	Lbs						577			41,255	
Rapeseed ³	Lbs						1,500			300	
Safflower ³	Lbs						1,592			310,433	
Soybeans	Bu	28.0	29.0	30.0	105,280	120,000	39.6	41.7	42.3	2,959,174	3,245,292
Sunflower, All	Lbs	1,399			1,511,400		1,429			3,422,840	
Oil	Lbs	1,430			1,329,900		1,452			2,993,510	
Non-oil	Lbs	1,210			181,500		1,285			429,330	
Sugarbeets	Tons	25.9	26.0	25.0	5,102	5,475	26.7	28.2	27.0	26,837	31,327
Dry Edible Beans, All ^{2,4}	Cwt	1,570	1,450	1,450	10,048	7,975	1,768	1,750	1,750	25,558	24,359
Navy ⁴	Cwt	1,770			2,087		1,876			4,542	
Great Northern ⁴	Cwt	1,690			110		2,248			1,598	
Pinto ⁴	Cwt	1,540			6,660		1,690			10,257	
Dark Red Kidney ⁴	Cwt	1,540			20		2,012			992	
Pink ⁴	Cwt	1,700			211		1,844			557	
Small Red ⁴	Cwt	1,440			85		1,971			816	
Black ⁴	Cwt	1,380			731		1,731			2,923	
Chickpeas, All (Garbanzo) ⁴	Cwt	1,420			119		1,364			1,098	
Small ⁴	Cwt	1,330			44		1,172			109	
Large ⁴	Cwt	1,470			75		1,389			989	
Other ⁴	Cwt	1,670			25		1,793			2,775	
Dry Edible Peas ⁴	Cwt	1,580			7,900		1,448			12,270	
Lentils ⁴	Cwt	920			846		917			2,411	
Fall Potatoes, All	Cwt	280			22,680		411			378,588	
Irrigated ^{5,6}	Cwt	405			11,260						
Types, Reds ⁶	Cwt	197			3,415						
Whites ⁶	Cwt	194			4,325						
Yellows ⁶	Cwt	178			160						
Russets ⁶	Cwt	365			14,780						

¹ Data are latest estimates available. ² No forecast made September 1, estimates carried forward from August. ³ Published at U.S. level only. ⁴ Yield in pounds.

⁵ Included in all potatoes. ⁶ Published at state level only.

MAJOR RISK MANAGEMENT PROGRAMS

Over the years, various government programs have been used to achieve risk management policy goals.

Multiple peril crop insurance (MPCI) was established in the 1930s to cover yield losses from most natural causes. MPCI operated on a somewhat limited basis up through the early 1980s, when insurance availability was greatly expanded and premium subsidies increased in hopes of replacing the disaster payment program. Major reforms legislated in 1994—introduction of a low-cost CAT (catastrophic) coverage level, increased premium subsidies, and a requirement that participants in other farm programs obtain crop insurance—increased participation to over 200 million acres, covering the majority of acres of major field crops planted in the United States.

Revenue insurance, a cousin to MPCI, was introduced after the 1994 reforms and has become the most popular form of insurance. Whereas crop insurance covers only yield losses, revenue insurance pays when gross revenue (yield times price) falls below a specified level.

Disaster payments are direct payments to farmers on an emergency basis when crop yields are abnormally low due to adverse growing conditions. During the 1970s, there was a "standing" disaster payments program, with payments made without declaration of a disaster area. Regular payments ceased after 1981, but since then ad hoc disaster payments have been specially approved by the U.S. Congress on a number of occasions.

Supplemental agricultural disaster assistance, introduced in the Food, Conservation, and Energy Act of 2008 (2008 Farm Act), are permanent disaster assistance programs that provide payments to producers of eligible commodities (crops, livestock, farm-raised fish, and honey) for losses incurred as a result of diseases, adverse weather, or other environmental conditions. The program for crop producers is called supplemental revenue assistance (SURE).

Noninsured assistance program (NAP) payments are made to producers of crops for which crop insurance is unavailable. NAP was created by the 1994 reforms and originally contained an area yield loss trigger in addition to a farm yield loss trigger. The area yield loss requirement was eliminated in the Agricultural Risk Protection Act of 2000.

Emergency loans have been provided on various occasions to farmers as part of broad disaster assistance packages. Loans are generally repaid to the government at reduced interest rates.

Emergency feed assistance programs have helped livestock producers obtain feed when local pasture, hay, and forage supplies have been limited due to drought or other adverse conditions.

Loan deficiency payments (LDPs) protect producers of several major commodities against revenue losses due to low prices. LDPs pay the difference between the government's commodity loan rate and the commodity's loan repayment rate.

Marketing assistance loans allow farmers to obtain a loan for their commodity at the loan rate and repay it later at a

lower loan repayment rate. The net effect is similar to collecting an LDP payment and selling the commodity. Most farmers prefer the LDP method over a marketing loan.

Counter-cyclical payments (CCPs), introduced in the Farm Security and Rural Investment Act of 2002 (2002 Farm Act), are made when market prices fall below legislated levels. The payments may provide income risk protection to producers of several major commodities when crop prices are low.

Average crop revenue election (ACRE) is an alternative to CCPs. Producers choosing to participate in the ACRE program give up CCPs and portions of direct payments and loan program benefits. ACRE payments are made when revenue (yield multiplied by market prices) falls below recent historical levels.

Recent Policy Focus

Crop insurance is the major USDA program to help farmers manage risks of crop losses. The size and cost of the Federal crop insurance program have grown since the Agricultural Risk Protection Act (ARPA) of 2000 and the 2002 Farm Act. About 272 million acres were insured in 2008, 67 million more than were insured in 2000. ARPA, which took effect in 2001, increased subsidy rates for higher, more costly insurance coverages, which led to significant premium growth in 2001. More recently, high crop prices have boosted insurance premiums.

Measured in acres, insured program growth has been due largely to new products for rangeland (area hay production) and forage (rainfall and vegetation indexes) that have been offered to producers since 2004. These new products accounted for about 54 million, or 20 percent, of the 272 million insured acres in 2008. Because of their relatively low premium cost per acre, however, they accounted for just 1 percent of total insurance premiums.

Major costs of the insurance program—premium subsidies and administrative and operating subsidies—are tied to the value of premiums. Under the current premium subsidy structure, about 60 percent of total premiums, or more than \$5.5 billion in 2008, is paid by the Federal Government on behalf of insured producers. In addition, administrative and operating subsidies are paid to insurance companies for selling and servicing crop insurance policies; these subsidies are based on percentages of total premiums and accounted for about \$2 billion in 2008.

Net underwriting gains, the difference between premiums and indemnities, are paid to the insurance companies under the risk sharing provisions of the Standard Reinsurance Agreement (SRA). Under the SRA, the Federal Government and each company share in the gains and losses on crop insurance policies, though the Government, on average, takes a larger share of the losses than the company and the company takes a larger share of the gains than the Government. Net underwriting gains can vary greatly from year to year depending on crop yields and prices. In 2005 and 2006, annual net underwriting gains were about \$900 million. In 2007 and 2008, annual net underwriting gains were \$1.6 and \$1.1 billion, respectively.

Source: *Risk Management*, USDA-ERS, August 12, 2009

WHEAT OUTLOOK

Projected Season-Average Price Down This Month

The 2009/10 U.S. wheat balance sheet is nearly unchanged this month. A 20 million bushel increase in domestic soft red winter wheat use is offset by the same size reduction in hard red winter wheat as lower prices relative to corn encourage soft red winter wheat feeding. The 2009/10 marketing year average farm price is projected at \$4.70 to \$5.50 per bushel, down 20 cents on the high end of the range. Larger world supplies are expected to keep substantial downward pressure on domestic wheat prices, with seasonal post-harvest gains limited by the need to keep U.S. wheat competitive in the world market.

World wheat production projected for 2009/10 is up enough this month to offset reduced beginning stocks, accommodate some increase in use, and boost projected ending stocks 2 percent. Wheat production is up notably this month for the EU-27, Russia, Ukraine, and Kazakhstan.

2009/10 Supplies

Total projected supplies for 2009/10, at 2,961 million bushels, are unchanged from August, but 29 million bushels above 2008/09. Higher beginning stocks more than offset lower production and imports year to year.

Projected supplies for 2009/10 for soft red winter (SRW) are down year to year and nearly unchanged for hard red winter (HRW). Supplies for the other classes are projected up year to year.

All wheat production is estimated at 2,183 million bushels in 2009, unchanged from August, but down 316 million bushels from 2008. All wheat harvested area is 50.4 million acres, down 5.3 million acres from last year. The U.S. all wheat yield is 43.3 bushels per acre, down 1.6 bushels from last year. Last year's yield of 44.9 bushels per acre was a record high.

Among the five classes of wheat, 2009 production is down sharply from 2008 for HRW and SRW. Only durum

production is up year to year. The sharp decline in SRW production is due to both reduced area and yield from 2008, while the decline in HRW is due to lower yields. The yields of the other classes of wheat are up year to year, especially durum.

2009/10 Use

Domestic use of wheat is unchanged from August, but projected up year to year 18 million bushels, to 1,268 million bushels. Projected food use, at 955 million bushels, is unchanged from August, but is up 29 million bushels from 2008/09 because of population growth and an expected return to a more normal flour extraction rate. The extraction rate for 2008/09 was the highest in at least 20 years.

Total project feed and residual use for 2009/10, at 235 million bushels, is unchanged from August. Feed and residual use for 2009/10 is down 11 million bushels from 2008/09. Although total feed and residual use is unchanged, 20 million bushels was shifted away from HRW to SRW because of price relationships for these two classes of wheat relative to corn favored feeding of SRW.

Projected exports for 2009/10 are 950 million bushels, unchanged from August, but 65 million bushels below 2008/09 because of expected high U.S. prices relative to competing exporters.

Projected total ending stocks for 2009/10, at 743 million bushels, are unchanged from August, but up 76 million bushels from 2008/09. By class, the only ending stock changes are due to the 20 million bushel changes in HRW and SRW feed and residual use.

2009/10 Price Range

The projected all wheat season average farm price range is \$4.70 to \$5.50 per bushel, down 20 cents from the high end of the August range. This range is below the 2008/09 price of \$6.78, which was a record high.

Source: *Wheat Outlook*, USDA-ERS, September 15, 2009

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