

Briefs

Field Crops

Large Field Crop Supplies Expected Again in 2000/01

Large supplies of major U.S. field crops are expected again in 2000/01, keeping downward pressure on season-average farm prices for the fourth consecutive year, according to USDA's first forecast of production and prices for next year. Wheat deviates from the general output projection, with production expected to decline 3 percent and season-average farm price to rise 6 percent (midpoint of forecast range). While domestic consumption of most major oilseeds and grains is anticipated to remain strong because of low prices, export prospects will vary by crop, and ending stocks in 2000/01 will build for soybeans, corn, rice, and cotton.

U.S. soybean supplies for 2000/01 are expected to be large, exceeding 3 billion bushels for the first time. Plantings will increase for the 8th consecutive season, partly because the soybean loan rate supports higher expected returns relative to alternative crops. Planted acreage in 2000 is forecast at 74.9 million acres, up 1.5 percent from last year and the largest on record. Assuming trend yields, domestic soybean production is anticipated to leap 12 percent to an historic 2,955 million bushels. With large U.S. and foreign supplies, the season-average farm price will weaken for the fourth year in a row—to \$4-\$5 per bushel, with the midpoint down from an expected \$4.65 in 1999/2000.

A modest gain is projected for domestic crush, based on improved crush earnings. USDA expects strong U.S. soybean exports at 970 million bushels in 2000/01, supported by a larger U.S. crop and low prices, a slowdown in foreign oilseed supply growth, and expanding foreign import demand. However, a weak euro and anticipated large Chinese oilseed crops will limit U.S. export gains. With expected large gains in domestic production, ending soybean stocks are projected to be the largest since 1985/86, despite a smaller carry-in and increasing world demand.

U.S. corn production in 2000 is projected to be the fifth consecutive crop to surpass the 9-billion-bushel mark, up over 300 million bushels from last year. Producers are expected to raise corn acreage slightly, and yields are forecast above trend (see page 4). Total domestic supplies are anticipated to increase by almost 3 percent with marginally lower carry-in stocks. The U.S. average farm price is pegged at \$1.60-\$2 per bushel, compared with a \$1.90 midpoint for 1999/2000.

Domestic use of corn in 2000/01 is expected to increase less than 1 percent, with higher food, seed, and industrial (FSI) uses accounting for a majority of

the gain. Feed and residual use of corn is projected to rise, partially offsetting lower feed and residual use for sorghum and barley. U.S. corn exports are anticipated to be slightly higher next season due to reduced competition from China.

U.S. wheat plantings for the 2000 crop are expected to decline for the fourth consecutive year as producers continue to favor planting oilseeds in many parts of the Corn Belt and Northern Plains states. As a result, production is projected to fall nearly 3 percent, but large carry-in stocks will keep supplies relatively plentiful. With higher wheat imports anticipated next year, the total U.S. wheat supply is expected to be down less than 2 percent from 1999.

Total use of wheat is projected to rise slightly as gains in food use and exports offset a decline in feed use—reflecting competition from weak corn prices. The

U.S. Field Crops—Market Outlook

	Area		Yield	Production	Total supply	Domestic use	Exports	Ending stocks	Farm price
	Planted	Harvested							
	—Mil. acres—		Bu/acre		—Mil. bu—				\$/bu
Wheat									
1999/2000	62.8	53.9	42.7	2,302	3,338	1,325	1,075	938	2.50
2000/2001	61.7	52.5	42.6	2,239	3,272	1,310	1,125	837	2.40-2.90
Corn									
1999/2000	77.4	70.5	133.8	9,437	11,239	7,580	1,875	1,784	1.85-1.95
2000/2001	77.9	71.1	137.0	9,740	11,534	7,650	1,900	1,984	1.60-2.00
Sorghum									
1999/2000	9.3	8.5	69.7	595	660	380	235	45	1.55-1.65
2000/2001	9.0	8.0	69.5	556	601	330	225	46	1.30-1.70
Barley									
1999/2000	5.2	4.8	59.2	282	449	307	30	112	2.15
2000/2001	5.7	5.3	61.0	320	462	302	25	135	1.75-2.15
Oats									
1999/2000	4.7	2.5	59.6	146	328	248	2	78	1.10
2000/2001	4.4	2.5	59.8	148	326	248	2	76	0.90-1.30
Soybeans									
1999/2000	73.8	72.5	36.5	2,643	2,994	1,754	940	300	4.65
2000/2001	74.9	73.9	40.0	2,955	3,258	1,793	970	495	4.00-5.00
Rice									
			Lbs./acre		—Mil. cwt (rough equiv.)—				\$/cwt
1999/2000	3.58	3.56	5,908	210.5	243.3	116.8	87	39.5	6.05-6.15
2000/2001	3.40	3.37	5,935	200.0	250.5	119.6	87	43.9	4.75-5.75
Cotton									
			Lbs./acre		—Mil. bales—				¢/lb.
1999/2000	14.87	13.42	607	16.97	21.01	10.1	6.6	4.3	44.8
2000/2001	15.56	14.36	635	19.00	23.35	10.2	8.0	5.1	*

Based on May 12, 2000 *World Agricultural Supply and Demand Estimates*.

*USDA is prohibited from publishing cotton price projections.

Economic Research Service, USDA

U.S. is expected to capture a share of this year's expanding global import market, a result of production decreases in North Africa and Iran (due to drought) and in China. Given relatively flat total use, smaller U.S. supplies will likely lead to lower ending stocks, and the U.S. average wheat price for 2000/01 is expected to rise \$0.15 per bushel to \$2.65 (midpoint of forecast).

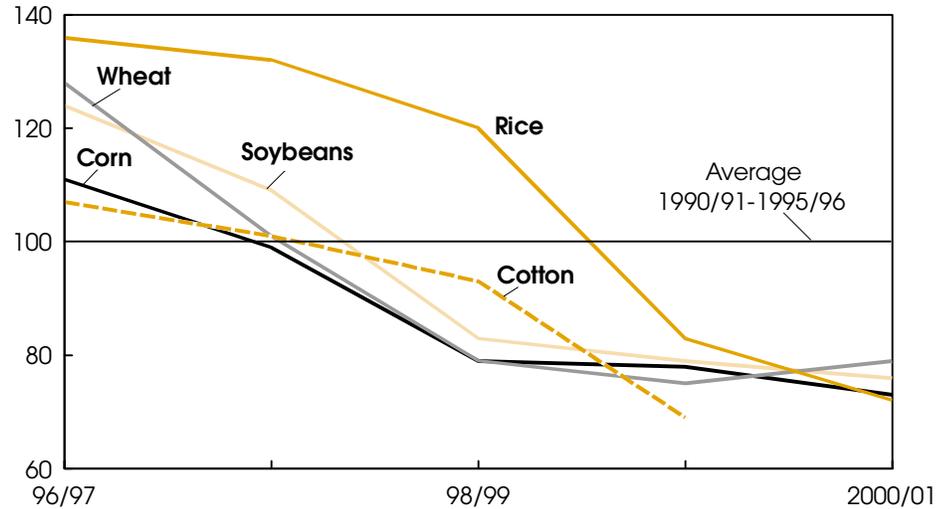
U.S. rice plantings are expected to be 3.4 million acres in 2000, a 5-percent decline from last season when prices were considerably higher. Production is also projected to fall 5 percent from last year's record harvest of 210.5 million cwt, but huge beginning stocks will more than make up for the shortfall. While medium and short grain rice production will likely rise, a significant anticipated reduction in long grain rice production will be responsible for the overall decline. With total use expected to increase only marginally, ending stocks are anticipated to total 44 million cwt, the largest level since 1986/87. Enormous domestic and foreign supplies will weigh heavily on prices next season. The season-average farm price is expected to fall to \$4.75-\$5.75 per cwt, down from \$6.05-\$6.15 in 1999/2000.

Total domestic use of rice (including food, seed, industrial, and residual) is projected to expand nearly 2.5 percent to a record level. Exports of milled and rough rice are anticipated to be the same as last year, with strong competition among major exporters for limited import markets. U.S. imports, mainly aromatic varieties from India and Pakistan, will likely continue to increase in 2000/01. A 2-percent rise in rice imports is forecast for next season.

Cotton production is projected to soar next season due to a nearly 5-percent

Field Crop Prices to Remain Low in 2000/01

Price index



Based on U.S. season-average farm price. 1999/2000 preliminary; 2000/01 forecast. Cotton price forecasts not available.

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increase in both planted acreage and yields. Production is forecast at 19 million bales (a 12-percent gain) in 2000, the largest crop since 1994. A second consecutive annual rise in area is attributable to higher expected net returns for cotton versus competing crops. In addition, ending stocks are projected to increase 800,000 bales, boosting the stocks-to-use ratio to 28 percent.

Domestic mill use is anticipated marginally higher in 2000/01. The modest increase will be due to strong retail demand as well as larger textile exports. Moreover, U.S. exports of raw cotton in 2000/01 are projected near the mid-1990's levels at 8 million bales. U.S. share of world trade is expected to increase from 25 percent to 29 percent because of greater domestic production, lower foreign production,

record foreign demand, and continuation of USDA's Step 2 program (a mechanism for keeping U.S. cotton competitive on the world export market). **AO**

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Planted area for field crops, excluding winter wheat, is based on USDA's *Prospective Plantings* report for 2000, released on March 31. Harvested area is based on historical averages for harvested-to-planted ratios. Yields are derived from historical trends or averages, except for winter wheat where survey results are used and for corn where a statistical model is used based on trend, July weather, and planting progress (see page 4). With planting still underway and harvest several months away for most crops, growing conditions could alter final production levels. U.S. crop prices are influenced not only by weather domestically and in other countries, but also by changing U.S. and global demand conditions.