

Briefs

Field Crops**Abundant Field Crop Supplies Expected in 2001/02**

Large supplies of major U.S. field crops are expected again in 2001/02, keeping downward pressure on season-average farm prices for the fifth consecutive year, according to USDA's first forecast of production and prices. Wheat deviates from the general projection, with production expected to decline 12 percent and season-average farm price to rise 16 percent (midpoint of forecast range).

U.S. **soybean** supplies for 2001/02 are expected to be record large, exceeding 3 billion bushels for the third consecutive year. Plantings are forecast up 3 percent from 74.5 million acres in 2000/01, in part because the soybean loan rate has supported expected returns and because per-acre costs of fertilizer and energy inputs are lower than those of corn. If realized, this will be the ninth consecutive increase for soybeans. Assuming trend yields, domestic soybean production is anticipated to jump 8 percent to a record 2,985 million bushels. With abundant U.S. and foreign supplies, the season-average farm price is anticipated to weaken for the fifth year in a row—to \$3.90-\$4.50 per bushel, with the midpoint down from an expected \$4.40 in 2000/01.

Record competitor soybean supplies (e.g., Brazilian) will limit U.S. exports in 2001/02, particularly in the first half of the marketing year. Nevertheless, at 980 million bushels, USDA expects strong U.S. soybean exports next season, supported by a large U.S. crop, low domestic prices, and a slowdown in foreign oilseed supply growth. A modest gain is projected for domestic crush, based on increased domestic meal use. With expected large gains in domestic production, U.S. ending soybean stocks are projected to be nearly double those in 2000/01.

U.S. **corn** production in 2001 is projected to decline 4 percent to 9,575 million bushels, the sixth consecutive crop of more than 9 billion bushels. Producers are planning to reduce corn acreage by 4 per-

cent as well, and yields are forecast slightly above trend due to above-average planting progress. Total domestic supplies are anticipated to decrease only 1 percent because higher carry-in stocks largely offset lower production.

Domestic use of corn in 2001/02 is expected to fall less than 1 percent because of fewer cattle on feed and increased competition from larger sorghum supplies. U.S. corn exports are anticipated to be slightly higher next season, as competition from foreign exporters subsides. With ending stocks large and relatively unchanged year-over-

year, corn prices are expected to remain weak. The U.S. average farm price in 2001/02 is expected to be \$1.65-\$2.05 per bushel, with a midpoint similar to the forecast for 2000/01.

U.S. **wheat** plantings for the 2001 crop are expected to decline for the fifth consecutive year. Also, fewer of the planted acres are expected to be harvested for grain, especially in Oklahoma, Kansas, and South Dakota, where weather has been adverse. Production is projected to fall nearly 12 percent to 1,961 million bushels. With smaller carry-in stocks and fairly steady imports, wheat supplies are expected to decline substantially from 2000/01. Food and seed uses of wheat are expected to rise slightly next season, partially offsetting a decline in feed and residual uses that reflect smaller wheat supplies and attractive corn prices.

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									
2000/01	62.5	53.0	41.9	2,223	3,263	1,334	1,100	829	2.63
2001/02	60.3	50.3	39.0	1,961	2,886	1,295	1,000	591	2.75-3.35
Corn									
2000/01	79.5	72.7	137.1	9,968	11,693	7,795	1,900	1,998	1.80-1.90
2001/02	76.7	69.9	137.0	9,575	11,583	7,740	1,925	1,918	1.65-2.05
Sorghum									
2000/01	9.2	7.7	60.9	470	535	265	215	55	1.75-1.85
2001/02	9.4	8.3	69.3	575	630	230	230	55	1.50-1.90
Barley									
2000/01	5.8	5.2	61.1	318	457	297	58	102	2.15
2001/02	5.3	4.8	61.8	295	432	297	30	105	1.95-2.35
Oats									
2000/01	4.5	2.3	64.2	149	335	253	2	80	1.10
2001/02	4.4	2.2	60.6	134	319	233	2	84	0.90-1.30
Soybeans									
2000/01	74.5	72.7	38.1	2,770	3,063	1,778	990	295	4.40
2001/02	76.7	75.6	39.5	2,985	3,283	1,803	980	500	3.90-4.50
Rice									
			Lbs./acre		—Mil. cwt (rough equiv.)—				\$/cwt
2000/01	3.06	3.04	6,281	190.9	228.6	121.3	83	24.3	5.55-5.65
2001/02	3.09	3.07	6,061	186.0	220.8	122.9	76	21.9	5.25-5.75
Cotton									
			Lbs./acre		—Mil. bales—				¢/lb.
2000/01	15.52	13.05	632	17.19	21.13	9.2	6.4	5.5	53.3
2001/02	15.61	14.20	635	18.80	24.31	9.0	9.0	6.3	*

Based on May 10, 2001 *World Agricultural Supply and Demand Estimates*.

*USDA is prohibited from publishing cotton price projections.

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Foreign use is expected to increase slightly (more so in Asia), but exportable supplies in major foreign countries will continue to be large. Thus, relatively higher priced U.S. wheat will face intense competition in the world market. As a result, wheat exports are projected to decline 100 million bushels to 1 billion next season. Nevertheless, total use is projected to exceed production next season, and ending stocks are expected to be down. The expected price range for 2001/02 is \$2.75-\$3.35 per bushel, compared with an estimated \$2.63 per bushel for 2000/01.

U.S. **rice** plantings are expected to be 3.1 million acres in 2000/01, 1 percent higher than last season when prices were relatively low. However, with a forecast trend yield below last year's record, production is projected to fall almost 3 percent from last year's harvest of 191 million cwt. Long-grain rice production is anticipated to rise 5 percent, while short- and medium-grain rice production is projected to drop 19 percent. The projected total supply in 2001/02 is expected to be more than 3 percent below 2000/01, and ending stocks are projected to fall 10 percent. But relatively large world supplies and low global prices will place downward pressure on U.S. prices. The season-average farm price for rice is expected to fall to

\$5.25-\$5.75 per cwt, from \$5.55-\$5.65 in 2000/01.

Total domestic use of rice (including food, seed, industrial, and residual) is projected to expand 1 percent to 123 million cwt. Total exports are anticipated to fall, with shipments of rough rice remaining the same while milled rice exports are expected to decline 13 percent. U.S. rice exports will face tough competition from major foreign exporters. U.S. imports—mainly aromatic varieties from India and Pakistan—are projected to increase 2 percent in 2001/02.

U.S. **cotton** production is projected to increase 9 percent to 18.8 billion bushels due to higher planted acreage and yields. A third consecutive annual rise in area is attributable to higher expected net returns for cotton versus competing crops. Ending stocks are projected to increase 800,000 bales or 15 percent, with a stocks-to-use ratio of 35 percent.

Domestic mill use of cotton is anticipated to be marginally lower in 2001/02 as competition from textile imports offsets growth in retail demand. In contrast, U.S. exports of raw cotton in 2001/02 are projected to soar to 9 million bales—a 41-

Planted area for field crops, excluding winter wheat, is based on USDA's *Prospective Plantings* report for 2001, released on March 30. 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, weather, and planting progress. 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.

percent increase over the previous season and the highest level since 1994/95.

Exports are expected to benefit from a modest recovery in world consumption, large exportable supplies in the U.S., and strong preseason sales. As a result, U.S. share of world cotton trade is expected to increase from 25 percent to 32 percent.

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Livestock, Dairy, & Poultry

Meat & Poultry Production To Rise Slightly in 2002

Red meat and poultry production in 2002 is forecast at nearly 83 billion pounds, up 1 percent from this year and marginally higher than record production in 2000. Continuing increases in pork and poultry production, bolstered by profitability and continued low corn and soybean meal prices, will more than offset a modest decline in beef production.

Although red meat and poultry supplies are at record levels, relatively strong domestic and foreign demand is maintaining prices. Prices for both fed and feeder cattle are expected to post modest gains in

2002 as supplies continue to decline.

Wholesale broiler prices are also expected to post a modest gain due to continuing gains in exports. Increased pork production will push hog prices lower.

Due to drought in the summer of 2000 and increased hay feeding during the harsh winter of 2000/01, forage supplies were tight. As a result, **beef** producers continued to reduce their breeding herds in 2000 and early 2001. As of April 1, heifers on feed were up 3 percent from last year and 11 percent over 1999. Many of the heifers that might have been bred this spring and

retained in the herd are already on feed. These heifers on feed will moderate this year's decline in beef production. However, for the rest of this year, producers are expected to retain heifers for the breeding herd rather than place them on feed. As a result of heifer retention and lower cattle inventories, beef production will likely decline 4-5 percent this year and about 2-3 percent in 2002.

Cattle inventories have been decreasing since 1996. Continuing declines in the breeding herd have resulted in what will likely be the smallest calf crop in 2001 since at least the 1950s, and the calf crop in 2002 will likely drop even further.

With expectations of higher prices, especially for cattle that will grade Choice, producers are likely to hold back more heifers for breeding following this year's