

January 2000 Idaho Agricultural Outlook

by

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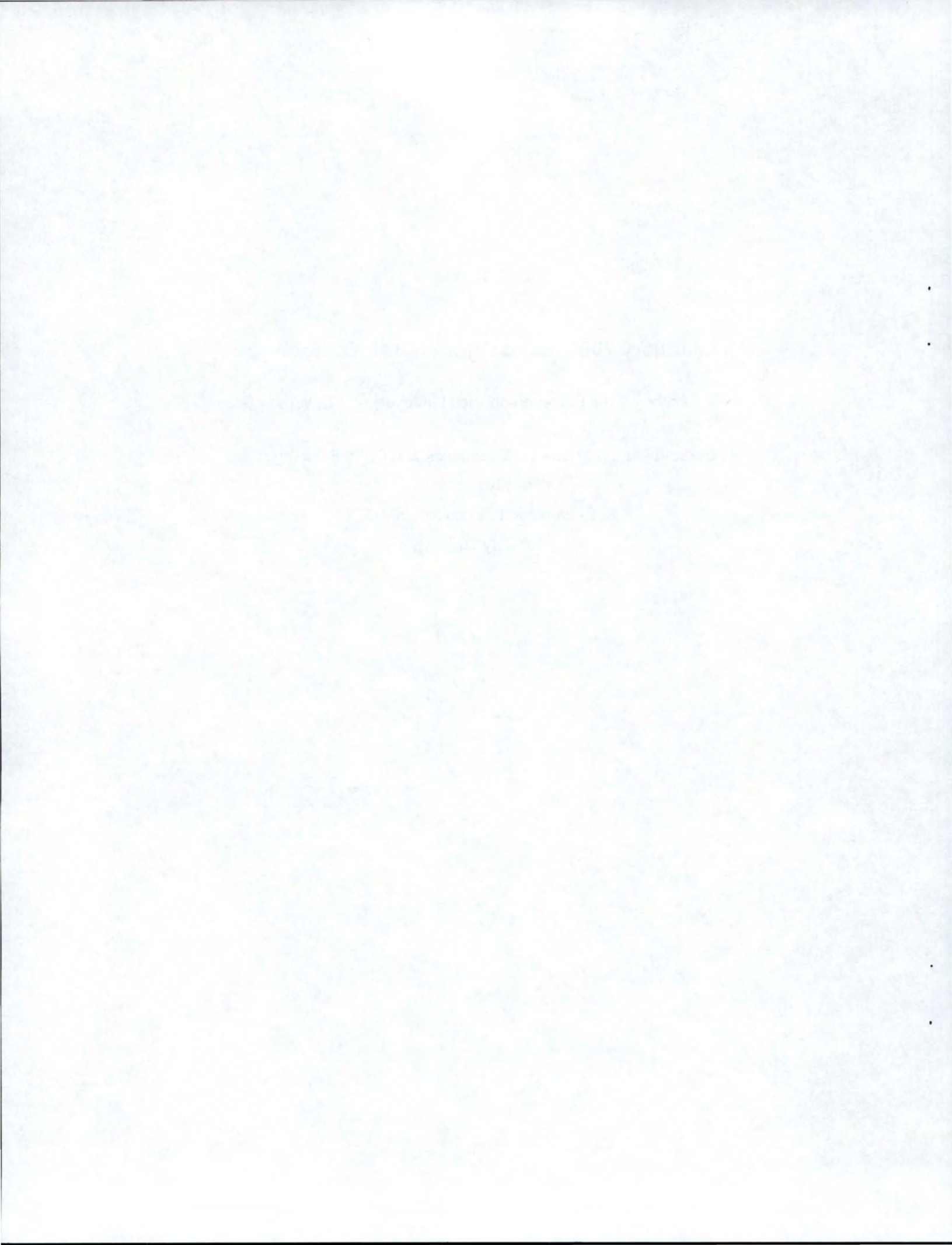
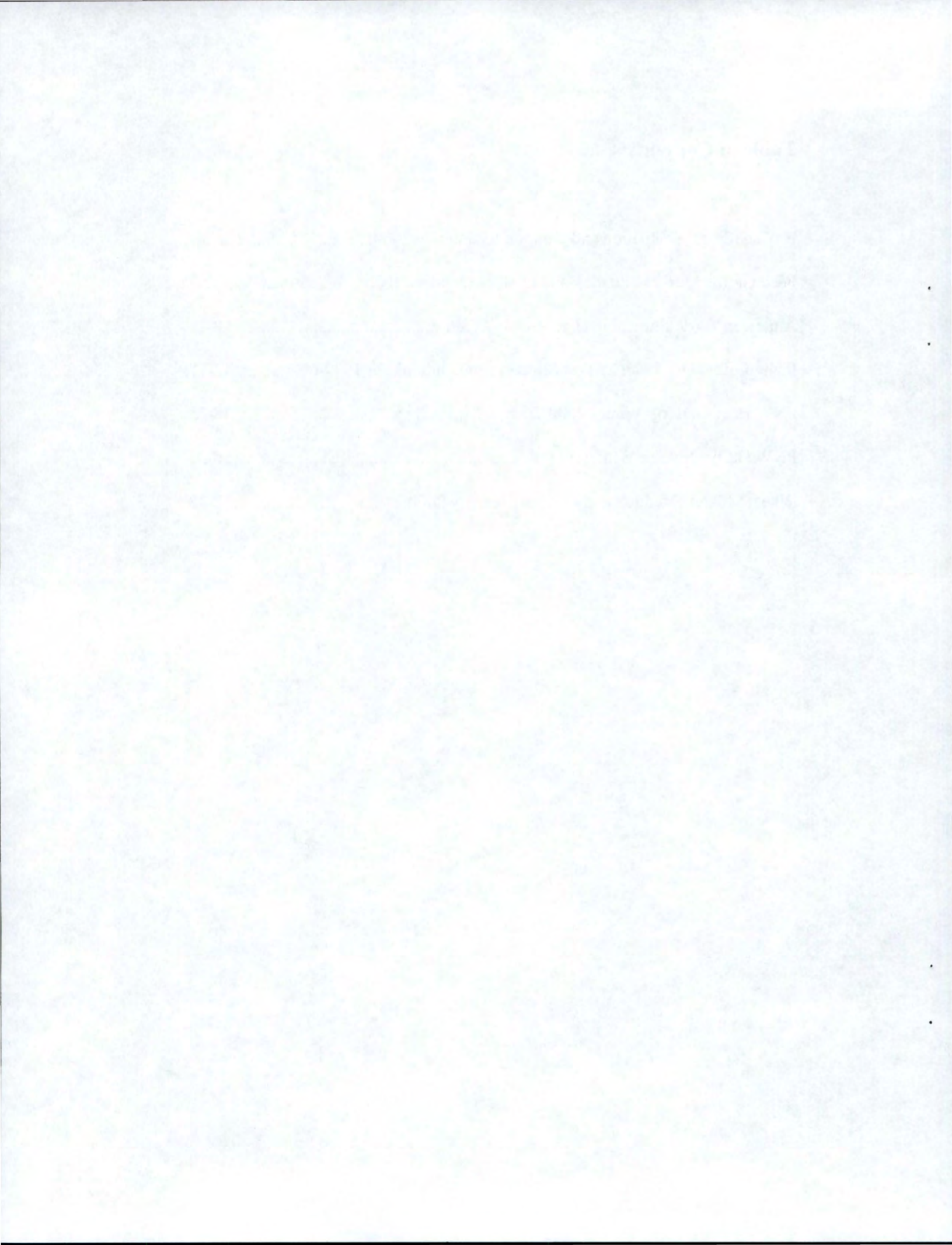


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Hay and Forage Situation and Outlook for January 2000
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Since the release of the 1999-2000 Hay and Forage Situation and Outlook article in October, no additional information has been released by USDA/NASS that would change those projections. The next USDA release of the Crop Production report will be January 11, 2000. This report will contain data on Hay Stocks on Farms for Idaho and other states, as of December 1, 1999. It presents the "winter picture" of how hay is moving through marketing channels. If the report shows that Idaho hay stocks are large (long term average is about 2.9 million tons), this indicates hay has not been moving and there may be pressure on prices. If hay stocks are lower than expected, there may be higher hay prices on the horizon. Severity of winter weather, development of new markets and a number of other factors will all impact the hay situation through 2000. But the December 1 hay stocks will give us an indication of supply and demand in mid-winter.

Feed Grains Market Situation and Outlook, January 2000

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World Coarse Grains

Abundant grain supplies continue to pressure feed grain prices. World coarse grain production was unchanged in the December WASDE report (World Agricultural Situation and Demand Estimate) compared to the November forecast (Table 1). Coarse grain production is projected to be down 14 MMT (million metric tons) from the 1998/99 crop. The 1.6 percent reduction is beneficial, but not of the magnitude to help much on the price side. Ending stocks of 155.5 MMT is slightly higher than last year's level and puts the stocks to use ratio at 17.8 percent, a modestly high value. This is the fourth consecutive year where ending stocks exceeded the previous year's ending stocks, but at least it's the smallest increase.

U.S. Feed Grains

While looking at U.S. feed grain production in MMT (Table 2) may be difficult for many people to relate to, the important thing to keep in mind is the relative comparisons. Expressing all feed grains in MMT avoids the problem of trying to combine bushels from different grains that have different weights. U.S. total feed grains production was unchanged in the December WASDE report from USDA. The 265.9 MMT production is down 2.1 percent from the 1998/99 crop. Total use of 208.9 MMT was up slightly from the November report and represents a 1.8 percent increase over the 1998/99 crop. Unfortunately for producers, the ending stocks continue to build. The slightly smaller December estimate of 56.4 MMT is a 9.3 percent increase over the previous year's ending stocks. The stocks

to use ratio calculated using the ending stocks and the use projected for the 1999/00 crop is at a price depressing 27 percent.

U.S. Corn Crop

Corn dominates the U.S. feed grains and accounts for 90 percent of all feed grain production. Table 3 shows the acreage, production and price information on recent corn crops. While barley may be the dominant feed grain in many western states, including Idaho, corn is the key to all feed grain prices.

The 1999/00 corn crop is the third largest produced in the U.S. and follows the second largest corn crop. The last three corn crops include three of the five largest crops and explain the rapid rebuilding of stocks following the small 1995 crop. The record high corn price received for the short 1995 crop has been whittled away in the intervening years. USDA is currently forecasting the average price for the 1999/00 crop to fall within the \$1.70 to \$1.90 range. Cheap corn means cheap barley for Idaho producers. Depending on location, feed barley will continue to trade in the \$3.50 to \$4.00 per cwt range for the remainder of the 1999/00 marketing year. Acreage and price forecasts for the 2000/01 crop will appear in the spring edition of Idaho Agricultural Outlook (April 2000).

Sources of Planning Information

Planning price projections for Idaho commodities can be found on the homepage for the Department of Agricultural Economics and Rural Sociology. Both projected prices for the 1999 marketing year and historical price averages are currently available at <http://www.uidaho.edu/ag/agecon>.

The March 31st Prospective Plantings report will have estimates for all U.S. crops. The first production estimate for the various feed grains will

be in the July Crop Production Report on July 15th. Both U.S. and World supply and demand estimates are revised and published monthly by the World Agricultural Outlook Board, USDA. All USDA reports available electronically, including Crop Production and WASDE reports, are available at the Mann Library at Cornell University:
<http://www.mannlib.cornell.edu/usda/usda.html>. A monthly schedule of report release dates by month is also available.

Table 1. World coarse grains production, use, ending stocks, and stocks to use ratio, marketing years 1994/95 – 1999/00.

| Market Year | --Production-- | | -----Use----- | | -Ending Stocks- | | Stocks to use ratio |
|---------------------|-------------------|---------------------------|-------------------|-------------|-------------------|---------------------------|------------------------|
| | MMT ^{1/} | % ^{2/} Change | MMT ^{1/} | % Change | MMT ^{1/} | % ^{2/} Change | % |
| 94/95 | 869.3 | + 10.0 | 858.6 | + 3.3 | 133.8 | + 9.6 | 15.6 |
| 95/96 | 801.8 | - 7.8 | 842.6 | - 1.9 | 95.4 | - 28.7 | 11.3 |
| 96/97 ^{2/} | 906.6 | + 13.1 | 877.9 | + 4.2 | 128.1 | + 34.3 | 14.6 |
| 97/98 | 882.8 | - 2.6 | 875.4 | - 0.3 | 136.1 | + 6.2 | 15.5 |
| 98/99 | 890.5 | + 0.9 | 872.7 | - 0.3 | 153.9 | + 13.1 | 17.6 |
| 5-Yr Avg | 870.2 | | 865.4 | | 129.5 | | 14.9 |
| 99/00 ^{3/} | | | | | | | |
| Nov-99 | 876.5 | - 1.6 | 873.6 | + 0.1 | 156.6 | + 1.8 | 17.9 |
| Dec-99 | 876.5 | - 1.6 | 874.8 | + 0.2 | 155.5 | + 1.0 | 17.8 |

Source: USDA, World Agricultural Outlook Board.

^{1/}MMT = million metric tons.

^{2/}%Change: Percentage change is calculated from the previous year.

^{3/}USDA projection in the monthly WASDE reports as indicated.

Table 2. U.S. feed grains supply, use, ending stocks, and stocks to use ratio, marketing years 1994-99.

| Market Year | ---Supply--- ^{1/} | | -----Use----- ^{2/} | | -Ending Stocks- | | Stocks to use ratio |
|---------------------------------------|-------------------------------|----------|--------------------------------|----------|-------------------|----------|---------------------|
| | MMT ^{3/} | % Change | MMT ^{3/} | % Change | MMT ^{3/} | % Change | % |
| 94/95 | 238.2 | + 52.1 | 268.5 | + 18.9 | 45.3 | + 65.3 | 16.9 |
| 95/96 | 209.8 | - 25.9 | 243.4 | - 9.3 | 14.4 | - 68.2 | 5.9 |
| 96/97 | 265.5 | + 26.5 | 255.7 | + 5.1 | 27.0 | + 87.5 | 10.6 |
| 97/98 | 260.4 | - 1.9 | 206.9 | - 19.1 | 38.2 | + 41.5 | 18.5 |
| 98/99 ^{4/} | 271.5 | + 4.3 | 205.2 | - 0.8 | 51.6 | + 35.1 | 25.1 |
| 5-Yr Avg <u>99/00^{5/}</u> | 258.1 | | 235.9 | | 35.3 | | 15.4 |
| Nov-99 | 265.9 | - 2.1 | 208.0 | + 1.4 | 57.6 | + 11.6 | 27.7 |
| Dec-99 | 265.9 | - 2.1 | 208.9 | + 1.8 | 56.4 | + 9.3 | 27.0 |

Source: USDA, Economic Research Service Feed Grain Yearbook (5/99) unless otherwise noted.

% Change: Percentage change is calculated from the previous year.

^{1/}Supply = Ending stocks from previous year + current year's production + imports.

^{2/}Use includes exports (trade) and domestic use.

^{3/}MMT = million metric ton

^{4/}USDA estimate in December 1999 WASDE report.

^{5/}USDA projection in monthly WASDE reports as indicated.

Table 3. U.S. corn crop, 1990 to 1999.

| Year | Planted | Harvested | Yield | Production | Farm Price |
|--------------------|----------------|------------------|--------------|-------------------|-------------------|
| | (1,000 ac) | (1,000 ac) | (bu/ac) | (1,000 bu) | (\$/bu) |
| 1990 | 74,166 | 66,952 | 118.5 | 7,934,028 | 2.28 |
| 1991 | 75,957 | 68,822 | 108.6 | 7,474,765 | 2.37 |
| 1992 | 79,311 | 72,077 | 131.5 | 9,476,698 | 2.07 |
| 1993 | 73,235 | 62,921 | 100.7 | 6,336,470 | 2.50 |
| 1994 | 79,175 | 72,887 | 138.6 | 10,102,735 | 2.26 |
| 1995 | 71,245 | 64,995 | 113.5 | 7,373,876 | 3.24 |
| 1996 | 79,507 | 73,147 | 127.1 | 9,293,435 | 2.71 |
| 1997 | 80,227 | 73,720 | 127.0 | 9,365,574 | 2.43 |
| 1998 | 80,187 | 72,604 | 134.4 | 9,761,085 | 1.94 |
| 1999 ^{1/} | 77,611 | 70,925 | 134.5 | 9,537,137 | 1.80 |
| 5-Year Avg | 77,755 | 71,078 | 127.3 | 9,066,221 | 2.42 |
| 5-Year Max | 80,227 | 73,720 | 134.5 | 9,761,085 | 3.24 |
| 5-Year Min | 71,245 | 64,995 | 113.5 | 7,73,876 | 1.80 |

USDA, Economic Research Service Feed Grain Yearbook (5/99), unless otherwise noted.

¹ USDA estimates from November 1999 Crop Production Report and the December 1999 WASDE report. Price is midpoint in range given by USDA.

Dec 23, 1999

American Agriculture at the Crossroads Again

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Introduction:

As a result of record world production and the continued changes in economies of other countries of the world, Idaho and US agriculture are still under stress. Excellent worldwide weather 4 years in a row has resulted in large supplies of grains and other crops. The collapse of the Russian economy and remaining difficulties in other countries create additional competition to export and earn foreign exchange. This has resulted in surpluses and low prices for US agricultural producers.

Asian economies are recovering and demand for agricultural products has improved during the past year. There is also a trend toward purchasing more value-added products, which incorporate more US labor and other factors. In the past two years each country attempted to resolve its difficulties by exporting more to other parts of the world to gain foreign exchange for servicing debt. At the same time the country's devalued currency made import purchases very expensive. The exchange rates discouraged imports except in the strongest economies. These factors have been especially true for the Asian economies and their trade relationships with the western United States. This picture is complicated by the variability of Chinese trade policy.

History

Major shares of growth in the world economy in the past 30 years have been in Asia. This growth has been based on export orientation, advancing skills and technology and sophisticated manufacturing. Japan was the leader, followed by Korea, Taiwan, Hong Kong, Thailand and Singapore. Lately China and Viet Nam had joined the rapid growth parade. These rising incomes were tied to industrial development, urbanization and women entering the labor force. This permitted changing lifestyles. The changes provided income and the demand for new goods and services. Asia has been driving the growth in consumption. This growth has fueled western agricultural exports of both commodities and value added food products.

Current Situation

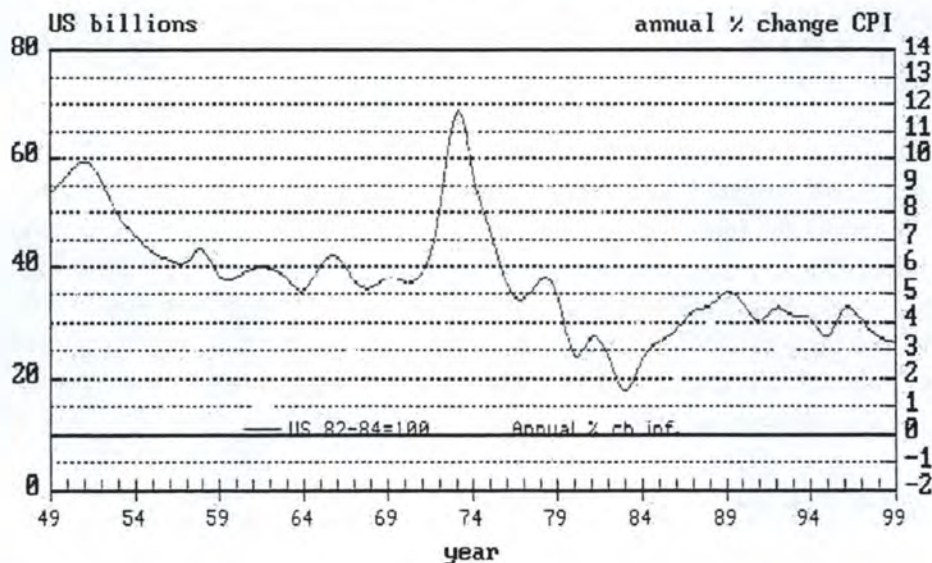
Many are comparing the current situation to the 1970s and are expecting a mid 1980s scenario to develop. That is not likely to happen for the reasons shown in table 1.

Table 1. Macro-Economic Comparison of 1974 and 1999 for US Agriculture

| Economic Measure | 1974 | 1985 | 1999 |
|------------------|-----------------|---------|------------------------------|
| Inflation | High and rising | Falling | Low and falling |
| Unemployment | High | Rising | Low |
| Interest rates | Rising | Falling | Low, stable, rising slightly |
| Dollar value | Low (weak) | Strong | High (strong) |

When inflation is high and rising, investors move from paper investments to commodities, and real estate pushing up their prices. When inflation is low they are comfortable with paper investments and prefer those because they are easier to manage. When unemployment is low, people have spendable income. That increases demand. Low interest rates encourage investment in production capacity and consumption. High interest rates discourage investment and encourage debt reduction. Also for highly leveraged persons and business, it changes their outlook and management. A weak dollar permits selling overseas and makes it quite difficult to import. A strong dollar, like we have seen recently, makes it more difficult for American producers to export because our products and services are more expensive to foreign customers. Meanwhile foreign products are cheaper for US consumers to purchase. A strong dollar increases competition in both foreign and domestic markets for competing products. In summary, the situation for agricultural producers is very different in 1974 and 1984 than it is today. In 1974 producers received record real net farm income (see Figure 1). Today it is almost as low as in 1984. In fact, without the special payments of 1998 and 1999, it could even be lower.

Figure 1. Real Net Farm Income, US, plotted against the CPI rate of inflation, 1949-1999



Net Farm Income deflated by the CPI

Agriculture is at a crossroads. Producers must decide if they want consumers to be king/queen which is a market economy or if they want government dependence. In the consumer economy, factors important to consumers determine production type, level and methods. Certainly the discussions about quality, genetically modified organisms (GMO), food safety and production conditions are in response to consumer preferences. Do producers want a market economy with its risks and potential benefits? If instead, producers prefer governmental dependence, then politics become a very big part of production decisions. Resources will be allocated for production based on governmental programs. That runs the potential risk demonstrated by Steptoe barley. It was a high yielding barley, which was high in fiber and not desirable for the feeding industry. Government programs based reward on yield. Feeders wanted energy. The result was domestic farmers produced Steptoe, livestock feeders purchased Canadian feed barley and stocks built. A clear mismatch between consumers and producers. The risk to US agriculture today is if we produce for government programs in the short run, it will help to survive a bit longer. However, key markets may be taken by producers more sensitive to consumer needs. In the long run, consumers go to suppliers providing what they desire. We need to remember that consumers buy prime rib, pizza and French fries, not beef, wheat, milk and potatoes.

Implications for Pacific Northwest

With Japan's economy recovering and the financial crisis in other parts of the world slowly improving, Idaho's agricultural economy is continuing in its economic stress. The symptoms are inadequate demand for our commodities and a flood of competing imports. In addition to the Asian exports, recent trade with Canada and Mexico has been extremely important. These have grown since the Canadian and North American Free Trade Agreements were implemented. The problem is commodities, which can be purchased from many sources, are usually purchased based on price. We must be low cost source to compete. If we are responding to consumer demands, then generally there are specific qualities for which buyers are willing to pay premiums.

The effects of US export slowdown have been reduced demand. For inelastic demand type products like food, this has resulted in record low prices. For value-added products the competition of imports has increased pressure by restricting the ability to raise prices and improve profitability for agribusiness firms. The rapidity with which various countries resolve internal financial policy questions and revise policies will strongly effect when recovery begins and how robust the recovery will be when it occurs.

2000 Economy

The US Federal Reserve is working to keep our economy moving. This means keeping demand up and a strong domestic economy. It also permits some countries to export to the US and other growing economies. The Asian countries are recovering, although slowly. That is dragging out the reversal of economic trends in parts of the world. Unless demand increases through economic recovery or world supplies, particularly of agricultural products decrease, the US will continue with low commodity prices. That raises the question of what role government ought to play in agricultural policies. US agriculture is at a crossroads. The 1996 Freedom to Farm legislation was designed to sever the link between politics and producer allocation decisions over 7 years. Producers loved the program in the first couple years when prices were good and transition payments were also being received. In 1998 and again in 1999, producers were having second thoughts. World supplies rose to record levels and prices plunged to record lows. The transition payments were not enough to keep a considerable number of producers from being at risk. As a result, producers and their commodity organizations reverted to old policies of politics to secure special assistance payments for both 1998 and 1999 crop years. Will these be the policies for the year 2000? As we enter the next century, will government or the market provide the appropriate signals to producers? This is certainly going to be the cornerstone of debate for the next 3 years.

In the next year or two, producers and their representatives need to work toward policies which permit surviving until supplies decrease or demand conditions increase. They also need to more critically examine what consumers want as compared to what they know how to produce. That will permit them to move toward a more market-oriented climate. They also need to be aware that when the Federal government makes decisions that negate years of building consumption of a particular product, there are reasons to expect support from the total population through the Federal Government for lost markets.

Who should carry the cost of inventory for the national food and hunger insurance? Who are the beneficiaries of the safe secure food policy? There are environmental restraints, costs for ensuring food safety and international foreign policy factors affecting US food production. These questions are likely to be revisited in the near future.

Idaho Edible Dry Bean Market Situation and Outlook for 1999-00

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The December estimate for 1999 dry edible bean production by USDA (Table 1) was up 1.33 million cwt from the previous estimate. The 4.2 percent increase over the October forecast put dry bean production at 33.08 million cwt, 8.8 percent above 1998. The larger than expected crop has put added pressure on already depressed bean prices. Since both planted acreage and harvest acreage were down from last year, 0.6 percent and 3.2 percent, respectively, significantly higher yields accounted for the increased production. The U.S. average yield increased by a 12.3 percent. In 1999, growers abandoned 145,800 acres, nearly 50,000 more than in 1998. Typically, 95 percent of the planted dry bean acres are harvested. In 1999, only 93 percent of the planted acreage was harvested.

North Dakota, the nation's largest dry bean producer, was one of only three states reducing planted acreage in 1999. But the reduction was significant. After adding 130,00 acres last year, they reducing plantings by 120,000 acres in 1999 (-16.0 percent). New Mexico and Washington, the two other states reducing acreage, planted 9,500 and 4,000 fewer acres, respectively. Idaho's planted acreage was unchanged from 1998. Number two Michigan saw the largest increase in planted acreage, 50,000 acres (+16.7 percent). California had the second biggest increase, up 25,000 acres (+22.7 percent). Other major dry bean states with an increase in planted acres include Nebraska and Minnesota, both up 15,000 acres, and Colorado, up 5,000 acres.

The USDA's December estimate of 33.08 million cwt puts total production 3.61 million cwt above the five-year average. (Table 2.) If the estimate holds, the 1999 crop will be the second largest dry bean crop on record, just behind the 33.77 million cwt produced in 1991. The 1998 crop was also a large crop, the fifth largest on record, and had already pushed bean supplies to burdensome levels.

The U.S. harvested 1,857,200 acres (Table1), a reduction of 60,500 acres (-3.2 percent) compared to 1998. In the Pacific Northwest, 1999 production is down 3.7 percent with Idaho's production unchanged, Oregon up 14.5 percent, and Washington down 15.7 percent. Idaho accounts for over two thirds of the PNW dry

bean production. Idaho is expected to harvest 20.5 cwt per acre on 103,000 acres, identical to 1998. Oregon's yield of 16.1 cwt is down 1.6 cwt from 1998 and the 10,800 acres harvested is up 2,200 acres from 1998. Oregon's relatively small dry bean acreage can show significant percentage changes, but mean relatively little to the overall market. Washington's 1999 yield is 20.8 cwt per acre, down 1.5 cwt and the 36,000 harvested acres is down by 4,000.

Review of the 1998-99 Marketing Year

Dry bean prices in Idaho did not follow the normal pattern where low harvest-time prices are followed by strengthening prices. With the exception of Pinto prices, prices of all other major bean classes stayed flat during the September 1998 to August 1999 marketing year. Pinto prices also started low but kept falling, ending the marketing year nearly \$3 lower. Pintos started the year in the \$17 to \$17.50 range and ended at \$14.50, averaging close to \$15.40 per cwt for the year. Great Northerns started in the \$17.50 to \$18.00 range and ended the year at \$17.00, averaging \$17.45 per cwt. Small Whites started in the \$19.50 to \$20.50 range and ended the year at \$19, averaging \$19.30 per cwt. Pinks started the year in \$18 to \$19 range and ended the year at \$18.50, averaging \$18.45. Small Reds started the year in the \$18.50 to \$19 range and ended the year at \$18.50, averaging \$19.25.

Looking Ahead for 1999-00

The dry bean market showed some improvement in prices during the early weeks of the 1999-00 marketing year. Pinto prices in the \$17 to \$18 range were \$3 higher than when the 1998-99 marketing year ended. Since that time Pinto prices have trended lower and were trading at \$16 as the calendar year ends. This is similar to where prices were a year earlier. Great Northern prices also showed some early improvement with prices \$1 to \$2 higher in the \$17 to \$19 range. Like Pintos, the price on Great Northerns has moved lower. They were trading at \$17 in late December. Small White prices started the new marketing year about where they ended last year in the \$18 to \$20 range and have stayed there. This has meant prices about a dollar below last year. Pinks have shown the most price weakness. Prices in the \$16 to \$18 range when the marketing year began were \$1 to \$1.50 lower than the end of the 1998-99 marketing year. Prices had moved \$2 lower by late December. Small Reds trading at \$17 early in the marketing year were \$1.50 below the 1998-99 marketing year ending prices. Prices moved lower in November and again in December and are trading at \$14-15 as the calendar year ends.

When I wrote the dry bean outlook in October, I had projected flat prices from the post harvest levels. While the overall price weakness is somewhat of a surprise, it can certainly be explained by the upward revision in USDA's production estimate. I've dropped my projected average dry bean price for Idaho by \$.30 compared to my October projection, from \$17.55 to \$17.25. This is \$.20 above the 1998-99 average composite price calculated using the average monthly price reported by the Idaho Agricultural Statistics Service, but well below the 5-year average of \$20.30. I would expect to see some price improvement in 2000. Pinto prices have the greatest upside price potential and the price weakness in December was somewhat surprising since Pinto production is down 24 percent from 1998. It's difficult to have much optimism, however, when overall dry bean production is above the five-year average and exports are running below the five-year average.

Table 3 shows how prices for the various bean classes have changed from harvest to June. Harvest in this case is defined as the average price in the two months of September and October. June is typically the high price month for most, but not all bean classes. Table 3 shows price changes using a five-year average, a ten-year average and last year. Table 3 also shows the highest positive and negative changes that occurred during the ten-year period of 1989 through 1998 and in what year this occurred. It's unlikely that we will see the negative price changes this year that prevailed last year. But changes will likely fall below the five- and ten-year averages.

I'll repeat what I said in the October outlook; exports are the key to better prices. USDA's current export estimate for calendar year 1999 is only 7.8 million cwt, a 27 percent reduction from 1998. The only good news is that 1998 was the best export year since 1990 so that although the percentage drop is significant, it is not as bad as it appears. With a population of roughly 272 million and per capita consumption of approximately 7.8 pounds, domestic use of dry beans is around 21.2 million cwt, or roughly two-thirds of the 1999 crop.

Projections For 2000-01

While making a forecast is always risky, I think they are useful because they focus on analysis, rather than simply trying to out-guess the market. My first attempt at forecasting production for the 2000 crop uses an estimate for harvested acres and dry bean yield. This is shown at the bottom of Table 2. The high,

expected and low refer only to the level of U.S. production, not to exports, Idaho production or price. My range on production forecast goes from a low of 29.5 million cwt to a high of 32.9 million cwt. I use the 5-year average to forecast exports. The price forecast is certainly not optimistic. Even under my low production scenario I don't see the composite price for Idaho dry beans moving much above \$18.75. With two large back-to-back crops, it would take an unexpectedly large drop in production or an unexpectedly large increase in exports to move prices significantly.

Table 1. Dry Edible Beans: Area Harvested, Yield, and Production by State and United States, 1997-98 and Forecasted December 1, 1999 1/

| State | 1998 | 1999 | 1998 | 1999 | 1997 | 1998 | 1999 |
|-------|---------------------|---------|----------------|-------|-----------------------|--------|--------|
| | Area Harvested | | Yield | | Production | | |
| | --- 1,000 Acres --- | | --- Pounds --- | | ----- 1,000 Cwt ----- | | |
| CA | 105.0 | 132.0 | 1,480 | 1,970 | 3,000 | 1,554 | 2,600 |
| CO | 155.0 | 155.0 | 1,850 | 1,950 | 2,280 | 2,868 | 3,023 |
| ID | 103.0 | 103.0 | 2,050 | 2,050 | 2,156 | 2,112 | 2,112 |
| KS | 19.0 | 20.9 | 2,000 | 1,850 | 380 | 380 | 387 |
| MI | 295.0 | 350.0 | 1,500 | 2,100 | 4,941 | 4,425 | 7,350 |
| MN | 175.0 | 165.0 | 1,450 | 1,550 | 2,558 | 2,538 | 2,558 |
| MT | 16.0 | 25.7 | 2,190 | 1,770 | 257 | 350 | 454 |
| NE | 188.0 | 187.0 | 1,950 | 2,000 | 3,708 | 3,666 | 3,740 |
| NM | 9.5 | 1.0 | 1,800 | 1,800 | 204 | 171 | 18 |
| NY | 30.0 | 30.2 | 1,420 | 1,370 | 679 | 426 | 414 |
| ND | 710.0 | 570.0 | 1,380 | 1,450 | 7,119 | 9,798 | 8,265 |
| OR | 8.6 | 10.8 | 1,770 | 1,610 | 182 | 152 | 174 |
| TX | 13.5 | 18.0 | 1,000 | 1,490 | 143 | 135 | 268 |
| UT | 5.9 | 6.6 | 510 | 800 | 42 | 30 | 53 |
| WA | 40.0 | 36.0 | 2,230 | 2,080 | 850 | 890 | 750 |
| WI | 7.2 | 8.0 | 1,600 | 1,550 | 171 | 115 | 124 |
| WY | 37.0 | 38.0 | 2,180 | 2,090 | 700 | 808 | 793 |
| US | 1,917.7 | 1,857.2 | 1,586 | 1,781 | 29,370 | 30,418 | 33,083 |

Source: USDA, NASS Crop Production Report.

1/ Excludes beans grown for garden seed.

Table 2. Dry edible bean production, price and exports.

| Marketing Year | U.S. Production (million cwt) | U.S. Exports ^{1/} (million cwt) | Idaho Production (1,000 cwt) | Average Idaho Price ^{2/} (per cwt) |
|-----------------------------|----------------------------------|---|---------------------------------|--|
| 1994-95 | 28.95 | 7.8 | 2,691 | \$18.90 |
| 1995-96 | 30.69 | 8.1 | 2,160 | \$20.90 |
| 1996-97 | 27.91 | 9.0 | 1,907 | \$23.65 |
| 1997-98 | 29.37 | 7.8 | 2,156 | \$21.00 |
| 1998-99 | 30.42 | 10.7 | 2,112 | \$17.05 |
| 5-yr Average | 29.47 | 8.7 | 2,205 | \$20.30 |
| 1999-00 ^{3/} | 33.08 | 7.8 | 2,112 | \$17.25 |
| <u>2000-01^{4/}</u> | | | | |
| High | 32.9 | 8.7 | 2,300 | \$16.75 |
| Expected | 31.0 | 8.7 | 2,100 | \$17.75 |
| Low | 29.5 | 8.7 | 1,900 | \$18.75 |

Source: USDA: Vegetable and Specialties Yearbook, July 1999, unless noted otherwise.

^{1/}Exports are for the calendar year. ^{2/}Idaho's price is the simple average of the price reported by IASS for the crop-marketing year Sept. 1 – Aug. 31.

^{3/} US and Idaho production are USDA estimates from December's Crop Production Report. Idaho's price is the author's forecast.

^{4/} 2000-01 marketing year forecasts are the author's.

Table 3. Price change from September-October to June for dry edible bean prices in Idaho.

| Time Frame | Pintos \$/cwt | Great Northrens \$/cwt | Small Whites \$/cwt | Pinks \$/cwt | Small Reds \$/cwt |
|--------------------------|------------------|------------------------------|---------------------------|-----------------|-------------------------|
| 5-Year Average: 1994-98 | +1.50 | +0.65 | +1.10 | +1.05 | +1.80 |
| 10-Year Average: 1989-98 | +2.25 | +0.85 | -0.37 | +0.60 | +1.65 |
| 1998 Marketing Year | -2.70 | -0.65 | -0.90 | -0.45 | -0.20 |
| Largest Positive Change: | 1989 | 1994 | 1996 | 1989 | 1995 |
| 1989-98 | +13.45 | +6.75 | +3.00 | +5.70 | +4.95 |
| Largest Negative Change: | 1996 | 1992 | 1991 | 1992 | 1993 |
| 1989-98 | -4.05 | -3.10 | -4.35 | -2.90 | -1.55 |

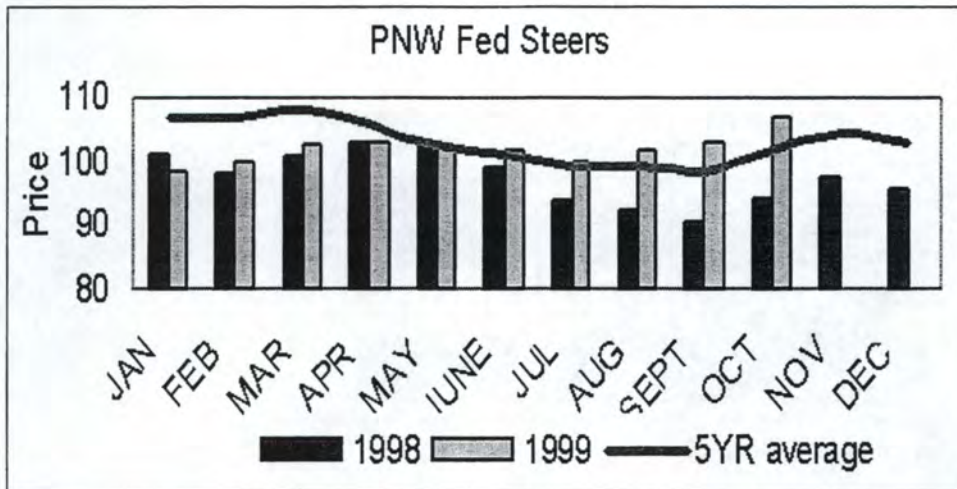
Source: Weekly Dry Bean Report, Greeley, CO. Agricultural Marketing Service, USDA.

Is beef on the comeback trail?

By C. Wilson Gray

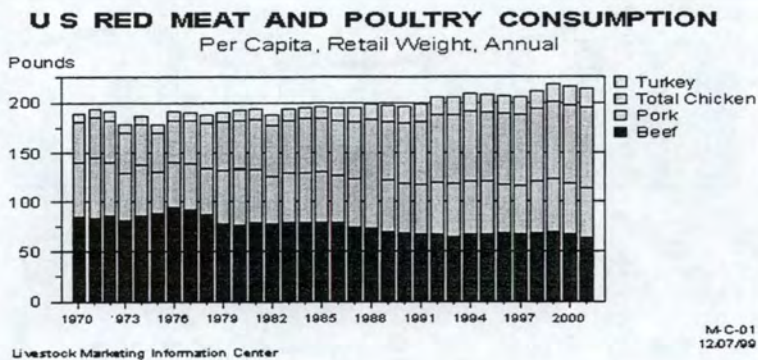
The big news in beef this year has been the consistent strength of cattle prices against more beef, pork and poultry in the market place. The Choice and higher grades, used mainly in the HRI (hotel-restaurant-institutional) trades have had the strongest prices. This is in spite of nearly 2 percent higher cattle slaughter and 2.6 percent more beef production compared to 1998. However supplies of Choice and higher grades have been tight. This has led to an unusually wide price spread between Choice and Select grades.

This has supported live cattle prices. PNW fed steers were on-par with 1998 prices through May and have worked higher since. October averaged in the mid-60's and November in the \$64 to \$68 range. This puts prices 10 percent over last year in the second half. Feeder prices have moved up also with 500 to 600 weight calves selling in the \$85 plus range and 700 to 800 weights moving in the upper \$70's.

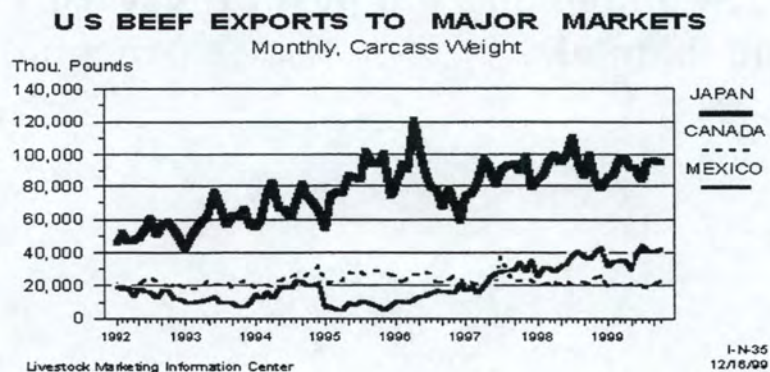


Be

ef consumption will increase about 1.5 percent in 1999 over 1998. This occurred although retail Choice beef (similar to HRI values) averaged 12 cents higher at \$2.89/lb. The USDA all fresh series (similar to grocery retail sales) averaged higher by 5 cents at \$2.58/lb. In addition to stronger consumption domestically exports are up nearly 8 percent. Beef exports have been a mixed bag as Korea, which last year declined the most, was this year's largest gainer, increasing imports of US beef by 3 fold. Korea is expected to not only beat 1998's very low 154 million lbs. but possibly exceed 1997's 262 million lb. total.



Beef exports to Mexico have also been outstanding as they are up 12 percent over 1998 for the January-October period. Imports by Mexico began to build up in late 1998 as their economy began to expand. That carried over through the first half of 1999 but has moderated since. The anti-dumping duties levied by Mexico on certain beef products so far doesn't seem to have affected beef exports to Mexico.

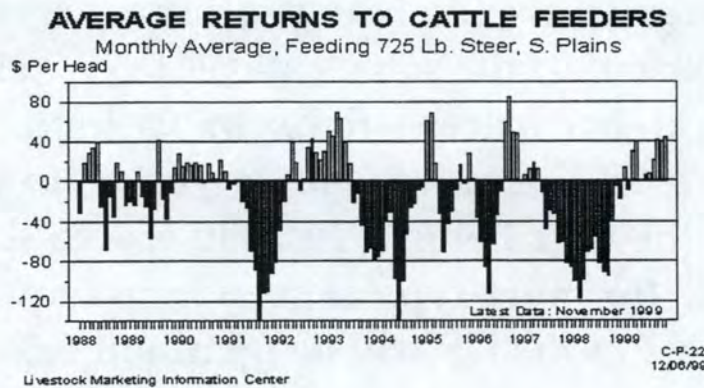


Japan typically imports half of the US beef that is exported. For the first 9 months exports to Japan were down 5 percent. For 2000 exports to Japan are anticipated to be about the same level as 1999. Korea and Mexico are likely to continue increases in imports but not at the same rate as 1999. Tight supplies and higher prices will probably limit demand. In 1999 Korea was moving up from very low levels of the year before. In 2000 Korea should be “on-track” for more typical growth in imports. Imports of beef to the US will be up about 6.5 percent this year as the demand for processing beef increased due to lower US cow and stag slaughter. Imports of Canadian cattle have been down for the year through September. Feeder cattle were off 57 percent and fed cattle off 26 percent compared to 1998.

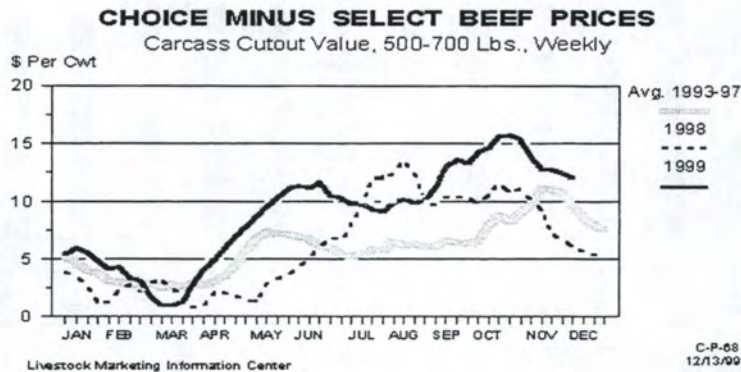
Prospects for 2000

Nearly all of the increase in beef production has come from increased steer and heifer slaughter. For the last several months feedlots have been placing lighter weight cattle. With dry conditions across the much of the Southern and plains states traditional wheat pasture programs weren't available. Thus those calves moved to feedyards early. Lighter weights at placement typically mean lighter finished weights as well. When cow-calf operators begin to hold heifers as replacement stock the availability of feeders is also expected to

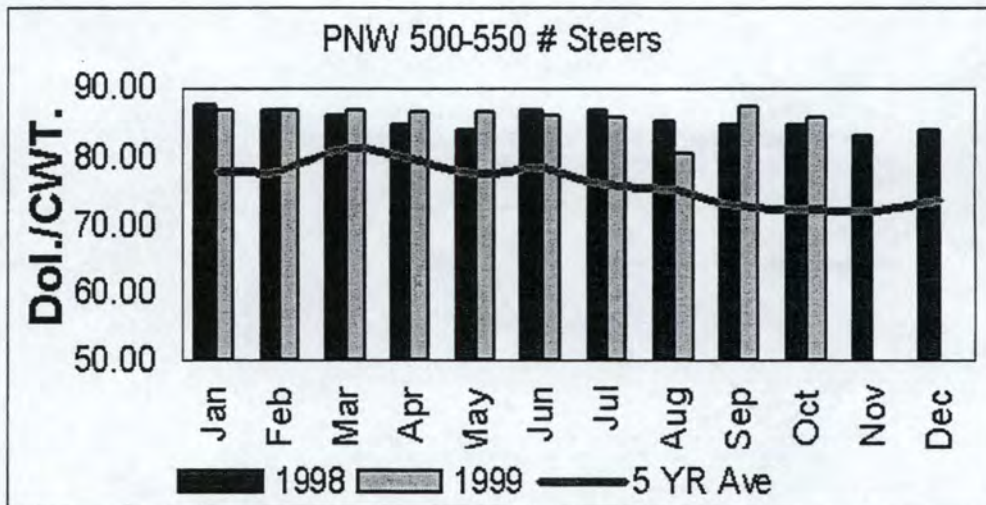
decline. Overall beef production in 2000 is expected to decline by 2 to 3 percent.



The wide Choice-Select spreads highlight the shorter supplies of Choice grade cattle. The spread was \$1.50 last spring but widened abnormally to \$15 in October. Research on spreads by the Livestock Marketing Information Center (LMIC) indicates that as the portion of cattle grading Select increases, the Choice-Select spread widens. The spread tends to be the widest in the fall. LMIC research also shows feeding to heavier weights is correlated with increased Choice beef production. Even though the spread was \$15 in October, it will likely narrow substantially this spring. If the spread follows the historical pattern the April spread could be only \$8-\$9. However, in recent years the spread has narrowed even more so it could be as little as \$6 by April. Spring fed cattle weights and demand for Choice beef will determine the spread.



Light weight placements in recent months will lead to fewer yearlings available for placement this next spring. This will keep upward pressure on calf prices in 2000. The industry has had four years of declining cowherd and fewer heifers being held back as replacements. The 2000 calf crop will be the fifth year of smaller production. When operators begin to hold heifers for replacement or expansion the feeder supply will contract even more sharply. Feeder supplies are unlikely to increase until 2001 or even 2002, depending upon rancher's rate of expansion.



P

profitability in the cow-calf and feedlot sectors is likely to extend at least through 2002. From the ranch perspective tight supplies of calves and yearlings, reduced availability of heifers for feeding as they are retained for herd rebuilding and moderate feed costs are all plusses. Although low feed costs aid feedlot profitability, the competition for a dwindling pool of feeder calves will force up bids on calves, narrowing feedyard returns. Fed cattle prices are anticipated to be in the \$67 - \$72 range for the 1st quarter of 2000 and \$66 - \$72 in the second quarter. Five to six weight calves will be in the \$87 to \$94 and \$89 to \$97 areas respectively. Heavier six to seven weight calves will bring \$70 to \$75 first quarter and \$71 to \$77 in the second. For lighter weight calves prices could be higher if a good spring grass season develops. If dry conditions continue price gains would be limited.

Table 1: PNW beef historic and forecast prices for 2000

| | 1998 | 1999-p | 1 st Quarter 2000-f | 2 nd Quarter 2000-f | 3 rd Quarter 2000-f | 4 th Quarter 2000-f |
|-----------------------------------|-------|--------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| <i>Choice Steers 11 - 1300# *</i> | 61.19 | 64.86 | 67-72 | 66-72 | 66-72 | 67-73 |
| <i>Steers MF #1 8-900# *</i> | 67.55 | 69.76 | 68-72 | 70-75 | 69-75 | 68-75 |
| <i>Steers MF #1 7-800# *</i> | 70.50 | 72.64 | 68-72 | 72-76 | 72-76 | 72-78 |
| <i>Steers MF #1 6-700# *</i> | 75.42 | 76.12 | 70-75 | 71-77 | 70-76 | 68-75 |
| <i>Steers MF #1 5-600# *</i> | 82.25 | 82.69 | 87-94 | 89-97 | 84-92 | 84-94 |
| <i>Steers MF #1 4-500# *</i> | 89-32 | 88.02 | 92-98 | 95-103 | 90-96 | 92-99 |
| <i>Utility Cows **</i> | 34.66 | 36-95 | 35-40 | 38-43 | 36-42 | 35-42 |

P = preliminary, f = forecast

*Hurricane "Bessie" inundates
industry, prices sink*

The September Basic Formulae Price (BFP) price of \$16.26 was a record for that month. The November BFP landed at \$9.79, a drop of \$6.47, even more disastrous than the \$6.00 crash last January and February. This is the lowest MW-BFP price since September of 1978 when the price was \$9.70. What spoiled the party? Too much of a good thing! Got Milk has become Got-A-Lot-of-Milk lately.

On a national basis production through November is up 3.4 percent over last year. This has been driven by increased output per cow and by 58,000 more cows in the 20 reporting states than a year ago. The strongest growth has been in the West (CA, AZ, NM, ID & WA) with favorable weather and constantly lower feed costs aiding increases in cow output. The economic climate has also favored herd expansion as herd size increased and new herds have been added.

In addition, many states that had been declining in cow numbers either halted or reversed that trend in response to stronger milk prices. The latest change in price will likely push the industry back toward the more typical 1 percent per year decrease in dairy cow numbers.

Does history provide a similar time to compare this with? Yes and no. No historical time is ever directly comparable, but in the 1980's we had a

large herd buildup. At that time there was a strong, active support price program. To find another similar time frame we must go back to 1951 – 1952 when there was an 18 percent increase in the price for milk. When prices fell it took two years of low prices to cull the national herd enough to get production and use back in line.

Figure 1: Idaho Dairy Cow Numbers by Month

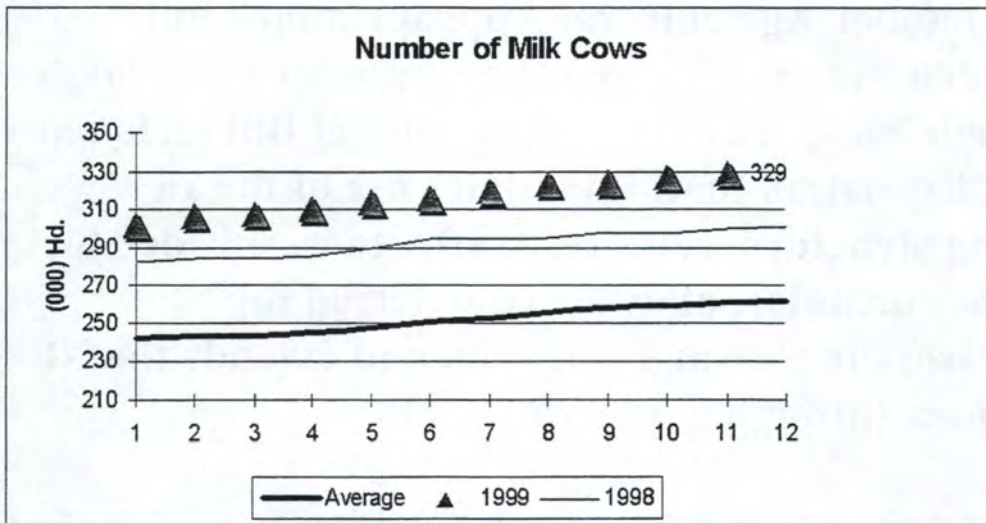
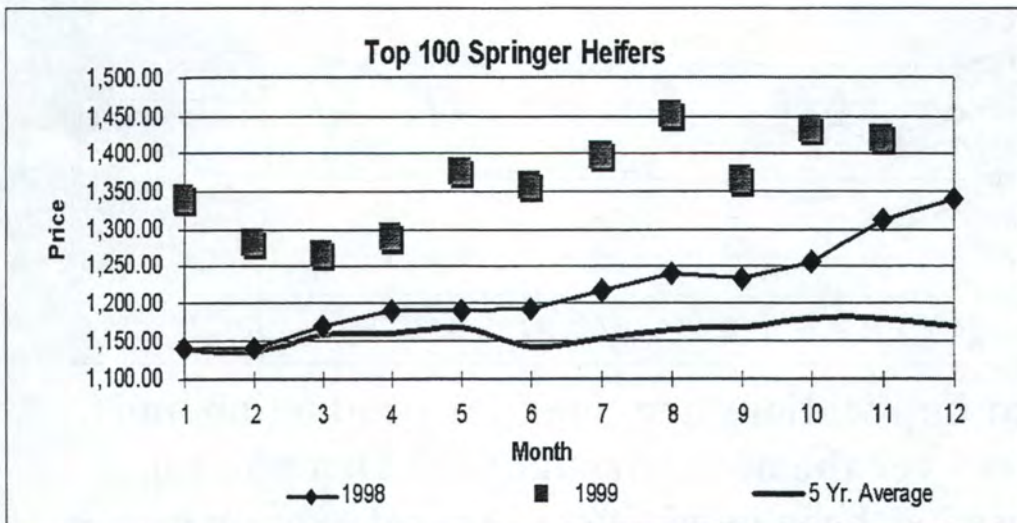


Figure 2: South Idaho Auction Prices

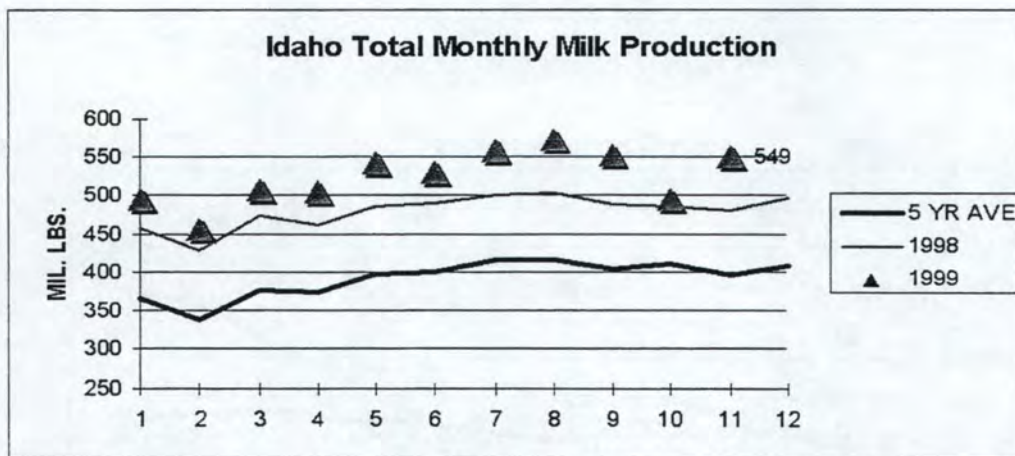


Market order reform took a new twist as the plaintiffs in the lawsuit that halted reform

implementation have dropped further action. This will allow implementation of order reform to proceed. The December price announcement (on January 5th) will be based on the BFP formulae. The January price (to be announced on February 4th) will be a Class III price based on the new rules of order reform, as modified by recent legislation in the budget bill.

The October Agricultural Appropriations bill extended the price support program for one year through 2000. The November Budget Bill included dairy legislation that: mandates use of the 1a pricing structure, requires USDA to reconsider the pricing formulae, allows a trial period for processors to forward contract, and extends the NE Compact through September 2001.

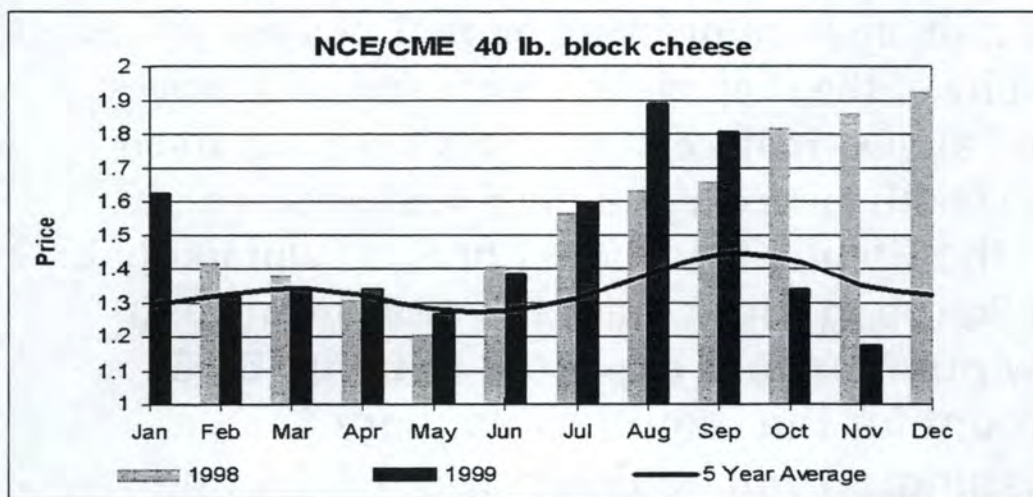
Figure 3: Total Milk Produced by Month



What implications are there for production and prices over the next few months? Demand for cheese has been good, just not good enough to offset the rising tide of milk. A lot of the extra 3.4 percent milk produced wound up in cheese vats.

Enough to push January through October American cheese production up 8.6 percent. Total cheese production is up 5.9 percent, Cheddar up 8.5 percent, Italian cheeses up 4.3 percent, Mozzarella up 6.8 percent, and butter up 8.5 percent. Nonfat dry milk powder production is also up, a whopping 21 percent!

Figure 4: Monthly Average National Cheese Price for 40 LB. Blocks



Cheese prices peaked in late August at \$1.9725 per lb. for 40 lb. blocks. They skidded down to the support price of \$1.10 by November 10. Cheese prices have rested near the bottom since. A slight recovery in mid-December moved the price up to \$1.185 per lb. Holiday requirements have been met but there is some momentum left with Super Bowl Sunday in January. Cheese and butter prices will likely vibrate around their present levels between now and spring. The spring flush could weaken prices again unless enough product is marketed or production declines enough to offset those effects. For Idaho continued growth will be the game for at least 12 to 18 months. At the Idaho Dairymen's

annual meeting processors were universally bullish. It appears expansion in processing will be trying to keep pace with the expansion in cow numbers in 2000. Although milk prices will be lower, a lot of concrete has been committed, cash flow is needed and more processing capacity is visible on the horizon. The demand for replacements, and cows, to fill these facilities will maintain upward pressure on replacement prices. In spite of the slippage in cheese and milk prices since August replacement prices have remained above both last year and the 5 year average. For the Pacific Northwest growth will likely be a mixed bag for at least the near term. Dairy cow numbers are expected to be up 3.45 percent for the region by January 1. Washington will be down about 4.9% and Oregon steady to down 1 or 2%. Oregon is only reported on January 1 and they had 88,000 cows for 1999. Idaho will likely increase nearly 10 percent for 1999. Mid-December futures put the December BFP slightly below the November level of \$9.79. The futures also keep the BFP under \$11.00 until April/May, depending on the day. That low a price may be slightly pessimistic but at this writing I do not anticipate any strong upward movement in the BFP/Class III prices in the first half of the year. Prices will likely be in the \$10.30 to \$11 range for the January – March period and potentially in the \$10.50 to 11.75 range in the second quarter.

Figure 5: Basic Formulae Price, US, 1998 and 1999

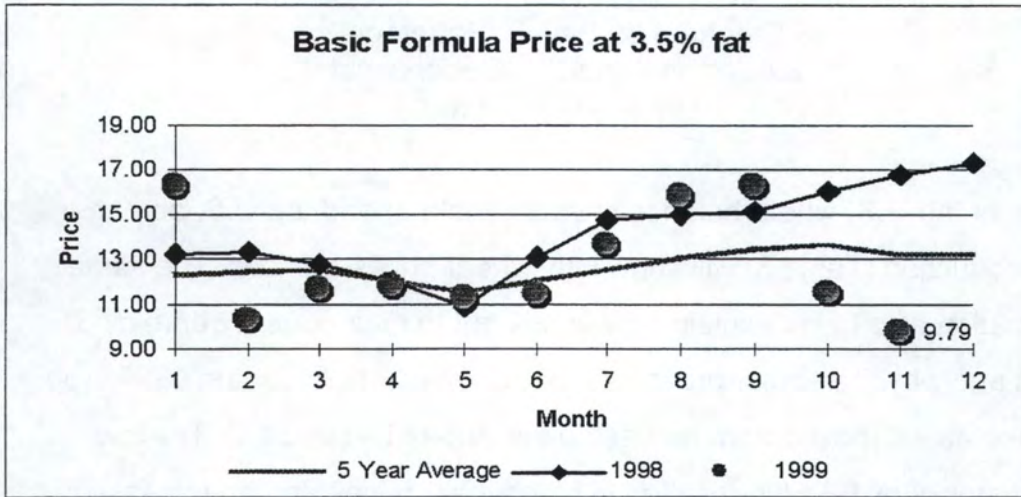


Table 2: Average BFP Milk Prices, Last 3 Years, and Forecast Class III Prices for 2000 by Quarter *

| 1997 | 1998 | 1999-p | 1 st Quarter 2000 - f | 2 nd Quarter 2000 - f | 3 rd Quarter 2000 - f | 4 th Quarter 2000 - f |
|-------|-------|--------|-------------------------------------|--|-------------------------------------|-------------------------------------|
| 12.05 | 14.20 | 12.42 | 10.30 11.00 | 10.50 11.75 | 10.75 11.75 | 10.75 11.75 |

* Updated 12/99, p = preliminary, f = forecast

Wheat Market Situation and Outlook, January 2000

Prepared by Paul E. Patterson
Extension Agricultural Economist
University of Idaho

A look at the U.S. wheat balance sheets (Table 2) and the U.S. acreage and production (Table 3) will show why wheat prices are low. The same information also helps explain how prices got to their current depressed levels and why the earlier prospects for improved prices for the 1999 crop dimmed as we moved from harvest to the end of December. The low wheat stocks of 1995/96 resulted in high wheat prices and an increase in planted wheat acres both in the U.S. and in other countries during 1996/97. The increased acreage accompanied by good yields resulted in a significant increase in production, higher stocks, and ultimately lower prices. As planted acreage declined in the U.S. after 1996/97 in response to falling prices, record high yields kept production at high levels and stocks rebuilt rapidly. As harvest of the 1999 U.S. wheat crop began, wheat stocks were high and continued to grow with each USDA monthly revision issued since August. The December ending stocks were up 127 million bushels from the September estimate as wheat use was revised downward. The reduction in use reflects both lower domestic feed use and lower exports. The world situation shown in Table 1 contains many of the same trends exhibited by the U.S. wheat sector; a rapid expansion of production after high prices in 1995 and 1996 but a much slower reduction in production as prices fell.

I believe it's important to look at both historical and current information when analyzing market fundamentals. Historical data can help explain how we got into the current situation and what it will take to see improved prices. Trends are as important as the current values.

I will touch on two issues in my comments about the wheat market. First, what is likely to happen in the wheat markets as we move into the year 2000 and what it will take before we will see wheat prices improve. I will start with the world wheat situation, move to the U.S. wheat situation and conclude with some discussion of the soft white wheat situation in the Pacific Northwest.

World Wheat Situation

Table 1 shows current estimates for the 1999/00 crop and five years of historical data on world wheat production, use, and stocks. While it doesn't contain all the information found in more detailed balance sheets, it has the two major components, production and use. Percentage changes from the previous years are also shown to indicate the trend. Forecasts made earlier in the year are also shown in addition to the most recent forecasts from the December WASDE report (World Agricultural Situation and Demand Estimates). Both the direction and the magnitude of changes are important in understanding price behavior.

The fundamentals shown on the world wheat situation are not as bleak as the U.S. wheat situation. Production has declined the last two years and utilization continues to grow as the world population grows. However, the forecast for a 1.7 percent drop in the 1999/00 world crop in September was reduced to only a 0.4 percent reduction as world crop conditions improved. The most recent USDA estimate puts the world wheat crop at 584.2 MMT (million metric tons) which is still below last year's production, but nearly 16 MMT above the five-year average. As production estimates increased from September to December so did ending stocks; although ending stocks are still below the last two years. Projected ending stocks of 131.1 MMT are 6.9 percent above the five-year average of 122.7 MMT. This is certainly a negative factor on price. The relative measure of stocks provided by the stocks to use ratio is also viewed negatively. The world

seems to find a stocks to use ratio above 20 percent as adequate. To see prices improve would require a stocks to use ratio close to or below 20 percent.

Production problems in some major importing countries and larger forecast production from some foreign exporters boosted world trade projections in December. Unfortunately, the U.S. is not expected to capture any of the increased world wheat trade. Canada's 26.9 MMT 1999/00 crop was larger than initial projections because of favorable harvest conditions, despite some late plantings. The 1999/00 Canadian crop is 10.3 percent larger than the 1998/99 crop. Both Argentina and Australia, the two major Southern Hemisphere exporters, are expected to have large crops. Australia's 23 MMT crop will be second only to their record 23.7 MMT crop from 1996/97. This is particularly bad news for PNW wheat producers since Australia is also a major producer and exporter of soft white wheat. Argentina's wheat crop-- forecast at 14 MMT--will be their third largest if realized.

U.S. Wheat Situation

Table 2 provides information for the U.S. wheat market similar to that shown in Table 1 for the world situation. As I mentioned initially, the high level of projected ending stocks is a negative factor when analyzing the market. The U.S. will carry out over one billion bushels of wheat, or 44.1 percent of the 1999 projected use. The stocks to use ratio will certainly have to get back below the five-year average, or roughly 25 percent, before prices can be expected to improve significantly.

Since the production side of the equation is now known, the market will be focused on the demand side (use) until planting intentions and crop condition reports for the 2000/01 are available. The good news is that all

the bad news should have already been factored into the market, so prices should not drop further. While wheat will likely trade in a fairly narrow price range for the remainder of the 1999/00 marketing year, the direction should be up. If crop condition reports on the winter wheat crop continue to be negative, wheat prices could certainly move higher than the fundamentals currently indicate. A major cold spell in the plains will certainly put some life back in the market. For growers still holding wheat, a price rally associated with a deteriorating 2000/01 crop should be seen as a selling opportunity since the length of any rally may be shorted because of the abundance of grain in the U.S. and world.

The average price received by U.S. farmers for all wheat during the first six months of the 1999/00 marketing year was \$2.49 per bushel. This falls within the range of USDA's December seasonal average price forecast of \$2.45 - \$2.55. The implication is that wheat will trade in the \$2.40 - \$2.60 range for the remainder of the year in order to meet the December forecast price range.

In spite of comments to the contrary, U.S. wheat producers have responded to market signals. Record high prices for the 1995 wheat crop brought increased plantings. And as prices slipped in subsequent years, producers responded by cutting acreage in 1997, 1998 and again in 1999. But record yields have offset the growers' actions and brought increased, not decreased production. The wheat crop growers planted in 1998 (65.8 million acres) was the smallest since 1988 but yields were at a record level and the 1998 crop was the second largest of the past ten years. The 63 million acres planted in 1999 was the smallest since 1973 and produced the sixth largest crop with the help of the second highest yield ever obtained by U.S. wheat producers. The lower yield on the 1999 crop was still nearly ten percent above the five-year average.

PNW Soft White Wheat

While soft white wheat dominates the Pacific Northwest wheat market, its share in Idaho is slipping. Soft white wheat was 76 percent of the 1997 Idaho wheat crop, but only 65 percent in 1999 according to USDA. During the same time period, hard red spring wheat went from 12 percent to 20 percent.

Soft white wheat has the lowest stocks to use ratio of any major wheat class. Most classes of wheat have a stocks to use ratio close to a 45 percent, while soft white is close to 38 percent. Durum is in the worst shape with a stocks to use ratio of 53 percent. The price of soft white wheat held up better at harvest than it did for the 1998/99 crop. But the relatively better stocks position did not keep the price of soft white wheat from taking a fairly significant hit in the early part of November. The price at Portland dropped from the \$3.20 - \$3.35 range to \$2.75 - \$2.90 range. A lost sale to Pakistan along with the anticipated large Australian crop put significant downward pressure on the market when there was no offsetting good news. Even with the weaker prices in November and December, I still expect the price for soft white to average 10-20 cents above last year's marketing year average price of \$3.04. This means prices will have to strengthen by \$.25 to \$.40.

Outlook

The market will focus on two factors as we move from the 1999/00 crop to the 2000/01 crop: 1) weather (crop condition), and 2) exports.

Dry weather has delayed emergence of the 2000/01 winter wheat crop and affected the crop's condition. Overall, 43 percent of the winter wheat crop was rated good to excellent, significantly below the 72 percent receiving this rating on the 1999/00 crop. Low moisture conditions and

late emergence have plagued Kansas in particular. This increases the chance of winterkill. The next crop condition report from USDA will not be out until April 3, 2000. Crop condition reports can vary significantly over the season, so caution is always warranted. It will take a significant production hit to reduce the burdensome level of U.S. wheat stocks. The question is whether this will be the year that brings yields down below the five-year average. Favorable weather and record yields cannot continue indefinitely. But I said the same thing when I wrote the spring outlook in April 1999 and Mother Nature proved me wrong again. A U.S. wheat crop under two billion bushels is needed to help correct the supply situation. A yield close to the 35.8 bushels produced in 1995 and harvested acreage comparable to the 1999/00 crop would accomplish this. But the 1995 yield is almost four bushels below the five-year average and nearly seven bushels below the 1999 crop yield. Will yields drop that far?

The December Wheat Outlook report from USDA showed U.S. wheat exports down seven percent compared to a year earlier. Competition for the remainder of the 1999/00 marketing year is expected to remain intense because of increased production from Australia and Argentina. While the U.S. projected wheat exports were reduced in the December estimate by .5 million tons, Canada's exports were increased by 1.0 million tons and Australia's exports were increased by .5 million tons. The U.S. would have to implement a much more aggressive export policy in order to correct this situation. The use of the Export Enhancement Program would certainly be beneficial, but its use is highly unlikely. Acreage and price projections for the 2000/01 crop will be made in the spring edition of Idaho Agricultural Outlook due out in April.

Sources of Planning Information

Planning price projections for Idaho commodities can be found on the homepage for the Department of Agricultural Economics and Rural

Sociology. Both projected prices for the 1999 marketing year and historical price averages are currently available at <http://www.uidaho.edu/ag/agecon>.

The first U.S. winter wheat plantings estimate by USDA will be released in January. The March 31st Prospective Plantings report will have estimates for all U.S. wheat planted acreage. The first winter wheat production estimate from USDA will be released in May Crop Production report. The first spring wheat production estimate will be in the July Crop Production Report on July 15th. Both U.S. and World supply and demand estimates are revised and published monthly by the World Agricultural Outlook Board, USDA. All USDA reports available electronically, including Crop Production and WASDE reports, are available at the Mann Library at Cornell University: <http://www.mannlib.cornell.edu/usda/usda.html>. A monthly schedule of report release dates by month is also available.

Table 1. World wheat production, use, ending stocks, and stocks to use ratio, marketing years 1994/95 – 1999/00.

| Market Year | --Production-- | | -----Use----- | | -Ending Stocks- | | Stocks to use ratio |
|---------------------|-------------------|-------------|-------------------|-------------|-------------------|-------------|------------------------|
| | MMT ^{1/} | % Change | MMT ^{1/} | % Change | MMT ^{1/} | % Change | % |
| 94/95 | 524.8 | - 6.1 | 547.6 | - 2.5 | 118.7 | - 16.1 | 21.7 |
| 95/96 | 538.6 | + 2.6 | 550.6 | + 0.5 | 106.7 | -10.1 | 19.4 |
| 96/97 ^{2/} | 582.8 | + 8.2 | 576.7 | + 4.7 | 112.8 | + 5.7 | 19.6 |
| 97/98 ^{2/} | 609.3 | + 4.5 | 585.2 | + 1.5 | 139.2 | + 23.4 | 23.8 |
| 98/99 ^{2/} | 586.7 | - 3.7 | 591.6 | + 1.1 | 136.0 | - 2.3 | 23.0 |
| 5-Yr Avg | 568.4 | | 570.4 | | 122.7 | | 21.5 |
| 99/00 ^{3/} | | | | | | | |
| Sep-99 | 576.9 | -1.7 | 588.3 | - 0.6 | 124.4 | - 8.5 | 21.1 |
| Oct-99 | 577.7 | - 1.5 | 585.8 | - 1.0 | 128.1 | -5.8 | 21.9 |
| Nov-99 | 584.7 | - 0.3 | 590.7 | - 0.2 | 130.5 | - 4.0 | 22.1 |
| Dec-99 | 584.2 | - 0.4 | 589.0 | - 0.5 | 131.1 | - 3.6 | 22.3 |

Source: USDA, Economic Research Service Wheat Yearbook (3/99) unless otherwise noted.

%Change: Percentage change is calculated from the previous year.

^{1/}MMT = million metric tons.

^{2/}USDA estimate in December 1999 WASDE report.

^{3/}USDA projection in the monthly WASDE reports as indicated.

Table 2. U.S. wheat supply, use, ending stocks, and stocks to use ratio, marketing years 1994-99.

| Market Year | ---Supply--- ^{1/} | | -----Use----- ^{2/} | | -Ending Stocks- | | Stocks to use ratio |
|---------------------------------|-------------------------------|----------|--------------------------------|----------|-----------------|----------|---------------------|
| | Million Bu. | % Change | Million Bu. | % Change | Million Bu. | % Change | % |
| 94/95 | 2,981 | - 1.8 | 2,475 | + 0.3 | 507 | - 10.7 | 20.5 |
| 95/96 | 2,757 | - 7.5 | 2,381 | - 3.8 | 376 | - 25.8 | 15.8 |
| 96/97 | 2,746 | - 0.4 | 2,302 | - 3.3 | 444 | + 18.1 | 19.3 |
| 97/98 | 3,020 | + 10.0 | 2,298 | - 0.2 | 722 | + 62.6 | 31.4 |
| 98/99 ^{3/} | 3,373 | + 11.7 | 2,427 | + 5.6 | 946 | + 31.0 | 39.0 |
| 5-Yr Avg 99/00 ^{4/} | 2,975 | | 2,377 | | 599 | | 25.2 |
| Sep-99 | 3,357 | - 0.5 | 2,457 | + 1.2 | 900 | - 4.9 | 36.6 |
| Oct-99 | 3,369 | - 0.1 | 2,382 | - 1.9 | 987 | + 4.3 | 41.4 |
| Nov-99 | 3,359 | - 0.4 | 2,357 | - 2.9 | 1,002 | + 5.9 | 42.5 |
| Dec-99 | 3,354 | - 0.6 | 2,327 | - 4.1 | 1,027 | + 8.6 | 44.1 |

Source: USDA, Economic Research Service Wheat Yearbook (3/99) unless otherwise noted.

% Change: Percentage change is calculated from the previous year.

^{1/}Supply = Ending stocks from previous year + current year's production + imports.

^{2/}Use includes exports (trade) and domestic use.

^{3/}USDA estimate in December 1999 WASDE report.

^{4/}USDA projection in monthly WASDE reports as indicated.

Table 3. U.S. wheat crop for 1990 to 1999 – all wheat.

| Year | Planted (1,000 ac) | Harvested (1,000 ac) | Yield (bu/ac) | Production (1,000 bu) | Farm Price (\$/bu) |
|--------------------|-----------------------|-------------------------|------------------|--------------------------|-----------------------|
| 1990 | 77,241 | 69,238 | 39.5 | 2,736,428 | 2.61 |
| 1991 | 69,921 | 57,703 | 34.3 | 1,981,139 | 3.00 |
| 1992 | 72,264 | 62,411 | 39.4 | 2,458,948 | 3.24 |
| 1993 | 72,168 | 62,712 | 38.2 | 2,96,440 | 3.26 |
| 1994 | 70,349 | 61,770 | 37.6 | 2,320,981 | 3.45 |
| 1995 | 69,132 | 60,945 | 35.8 | 2,182,591 | 4.55 |
| 1996 | 75,105 | 62,819 | 36.3 | 2,277,388 | 4.30 |
| 1997 | 70,412 | 62,840 | 39.5 | 2,481,466 | 3.38 |
| 1998 | 65,871 | 59,002 | 43.2 | 2,550,383 | 2.65 |
| 1999 ^{1/} | 62,883 | 54,497 | 42.5 | 2,306,671 | 2.50 |
| 5-Year Avg | 68,681 | 60,021 | 39.5 | 2,359,700 | 3.48 |
| 5-Year Max | 75,105 | 62,840 | 43.2 | 2,550,383 | 4.55 |
| 5-Year Min | 62,883 | 59,002 | 35.8 | 2,182,591 | 2.50 |

USDA, Economic Research Service Wheat Yearbook (3/99), unless otherwise noted.

¹ USDA estimates from September 1999 Crop Production Report and the December 1999 WASDE report. Price is midpoint in range given by USDA.

Table 4. White wheat balance sheets.

| | 1997/98 | 1998/99 ^{1/} | 1999/00 ^{1/} |
|--|-------------------------------|-----------------------|-----------------------|
| | ----- (Million bushels) ----- | | |
| Beginning stocks | 59 | 90 | 87 |
| Production | 332 | 301 | 247 |
| Supply, total ^{2/} | 399 | 401 | 341 |
| Domestic use | 104 | 116 | 96 |
| Exports | 205 | 198 | 150 |
| Total Use | 309 | 314 | 246 |
| Ending Stocks | 90 | 87 | 94 |
| Stocks to Use Ratio (%) | 29.1 | 27.7 | 38.2 |
| Portland Soft White Price: ^{3/} | | | |
| Seasonal Average (\$/bu) | \$ 3.67 | \$ 3.04 | \$ 3.20 ^{4/} |

Source: USDA Economic Research Service Wheat Yearbook (3/99) unless otherwise noted.

^{1/} USDA December 1999 WASDE report.

^{2/} Includes imports

^{3/} Simple average of monthly prices (July– June) reported by USDA, AMS.

^{4/} Author's forecast.