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Feed Outlook

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Contents

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Feed Grain Supplies Projected Down 4 Percent From Last Year, Use Continues Strong

This month’s outlook is shaped by the survey-based yield data on corn, sorghum, and barley that lowered production estimates. Forecast yields of all three crops were lowered by less than 1 bushel from the previous month. Even though supplies and stocks of feed grains have tightened, projected 2001/02 ending stocks of the four feed grains, of 38.9 million metric tons, are still well above the low of 14.4 million recorded in 1995/96. Tightened supplies have caused expected prices to strengthen.

Foreign production and use of coarse grains in 2001/02 increased 3 million tons this month, resulting in a slight drop in ending stocks. Foreign coarse grain ending stocks are projected at 118 million tons, the lowest in 16 years largely due to a decline in China’s corn stocks. Reduced global corn production, mainly reflecting lower U.S. production and larger consumption, are projected to reduce world corn stocks to the lowest level since 1984/85.

Domestic Outlook

Feed Grain Ending Stocks Lowered From Last Month

U.S. feed grain production in 2001 is forecast at 256 million metric tons, down almost 1 million from a month ago and down 18.2 million from 2000. Feed grain supply in 2001/02 is forecast at 312 million tons, down nearly 1 percent from last month, and down 4 percent from 2000/01. Forecast beginning stocks are down 3 percent from last month, but still up 9 percent from the previous year.

Total 2001/02 feed grain use is projected at 272.8 million tons, down slightly from last month as a reduction in exports outweighed an increase in domestic use. For the year, total use is forecast up 0.2 million tons. Even though total use is down from last month, ending stocks are expected to be 38.9 million metric tons, down 2.5 million from last month, and down 14.2 million from last year.

On a September-August marketing year basis, feed and residual use for the four feed grains plus wheat in 2000/01 is projected to total 165 million tons, up 1 million ton from last month but down 1 million ton from last year. Corn is estimated to account for 89 percent of feed and residual use in 2001/02, about the same as in 2000/01.

The projected index of grain consuming animal units (GCAU) for 2001/02 is 90.143 million units, up 2 percent from last month and up from 89.4 million units in 2000/01. Feed and residual used per GCAU in 2001/02 is 1.83 tons, down from 1.86 in 2000/01. In the index components, GCAUs for beef and dairy cattle are down and those for pork and poultry are up from last year.

Corn Production Declines

Corn production in 2001 is forecast at 9,238 million bushels, down 28 million from last month's projection and down 730 million from 2000. The average corn yield is forecast at 133.5 bushels per acre, compared with last month's forecast of 133.9 bushels and the actual 2000 yield of 137.1 bushels.

The September 1 Corn Objective Yield data indicate a record-high stalk count for the seven objective yield States (Illinois, Indiana, Iowa, Minnesota, Nebraska, Ohio, and Wisconsin). The September forecast of ears per acre is also record high. However, ear measurements from sample plots indicate a length below the 5-year average and the shortest length since 1995.

Forecast total corn use in 2001/02 was unchanged from last month and up nearly 1 percent from the estimate for 2000/01. Exports were lowered 25 million bushels from last month, but are up 35 million from 2000/01. Feed and residual use was raised 25 million bushels from last month because of the increase in GCAUs, but down 50 million from last year. In addition, forecast carry-in stocks are down 65 million bushels because of increased 2000/01 exports.

Given the lower supplies, projected ending stocks are down and prices are up. Corn stocks are projected at 1.361 billion bushels, the lowest in 4 years. The projected price for 2001/02 is $1.95-$2.35 per bushel, up from last month's $1.90-$2.30. In 2000/01, the season-average price received by farmers is expected to be $1.85.

Sorghum Crop Up From Last Year

Sorghum production in 2001 is forecast at 537 million bushels, down 7 million from last month because of lower expected yields. This production is up 14 percent from 2000's 470 million bushels. Yields are forecast at 61.2 bushels per acre, down 0.8 bushel from last month, but up 0.3 bushel from last year. Yield decreases are expected in 6 of the 11 top producing States this month, mainly in the Central Plains.

Total use of sorghum is expected to total 510 million bushels, down 10 million bushels from last month and down 5 million from expected use in 2000/01. Exports are projected at 240 million bushels, down 10 million from last month and down 5 million from 2000/01. Ending stocks are expected to be up from last month and up 28 million bushels from the projected 20 million ending stocks for 2000/01.

Prices for 2000/01 are forecast at $1.88 per bushel, 3 cents above the expected corn price. The projected price for sorghum in 2001/02 is $1.95-$2.35 per bushel, up from $1.85-$2.25 last month, and approximately the same as the corn price.

Barley Production Decreases From 2000/01

Barley production for 2001 is forecast at 262 million bushels, down 4 million from a month ago and down 56 million from 2000. Yields are expected to average 57.9 bushels per acre, down from 58.8 bushels last month and down from 61.1 bushels last year. Compared with the August forecast, Minnesota, Montana, Oregon, and Washington are expecting lower yields, while South Dakota yields are up.

Ending stocks are down 4 million bushels from last month and down 10 million from 2000/01. Total barley use in 2000/01 is unchanged from last month, but the lower production reduced stocks.

Prices received by farmers for barley in 2001/02 are expected to average $2.10-$2.50 per bushel, up $.05 on each end from last month. The spread between malting barley and feed barley is expected to remain wider than in past years.

Global 2001/02 Corn Crop Forecast Reduced, Trade Up, Stocks Down

Forecast foreign corn production was reduced over 1 million tons this month. Poor growing conditions in Ontario have reduced corn production prospects in Canada by 1 million ton. Summer drought in Ukraine and nearby parts of Russia has reduced corn prospects in the former Soviet Union more than 1 million tons. These reductions were partly offset by increased 2001/02 corn production forecasts for Eastern Europe. Hungary and Serbia have had favorable conditions, boosting forecast production, while parts of Romania suffered from dryness, reducing corn prospects.

World corn trade in 2001/02 is forecast at over 73 million tons, up almost 2 million this month. Projected imports increased, led by Canada, whose imports nearly doubled this month to 2.5 million tons. Forecast corn imports for Indonesia and Iran increased 0.3 million tons each based on the pace of recent purchases. However, South Korea's corn import forecast dropped 0.5 million ton because it is expected to import more feed wheat. China has reportedly sold corn aggressively over the past month for delivery this fall and early next year in order to reduce stocks prior to entry into the World Trade Organization. These sales boosted forecast 2001/02 exports from 1 million ton last month to 4 million. This is partly offset by reduced exports forecast for Canada, Romania, and Ukraine.

Forecast foreign corn consumption increased about 2 million tons this month. Increased production boosted this month's forecast consumption 1.0 million ton in Eastern Europe. Canada's smaller corn and barley crops have resulted in larger imports and consumption of corn. This more than offsets reduced corn consumption forecasts for South Korea and the former Soviet Union.

Reduced global corn production and larger consumption are projected to reduce world corn stocks to 118.5 million tons, the lowest since 1984/85, when China is thought to have increased stock holding. The 37 million-ton year-over-year drop in global corn ending stocks is the largest since 1988/89. Most of the world's corn stocks are held by the United States or China. For example, in 1998/99 these two largest producers accounted for 87 percent of estimated global corn stocks. Both countries have had below-trend yields in 2001/02, and are expected to reduce stocks sharply. China's corn stocks are forecast below 60 million tons for the first time since 1986/87. However, that is still 75 percent greater than U.S. corn stocks.

Foreign Barley and Rye Production Up This Month

While the supply and demand of world corn tightened this month, other coarse grains did not. Forecast 2001/02 global barley production increased nearly 3 million tons, with Russia and Ukraine each up 1.5 million. Forecast production also increased slightly for the European Union (EU) and Eastern Europe, but drought-reduced prospects were reported for Canada and Turkey. While the forecast of 2001/02 barley trade remained nearly unchanged from last month, several offsetting changes were made. EU and Canada barley export forecasts were reduced, while exports by Ukraine and Russia were increased. The EU is expected to use more barley as feed because of reduced wheat production, limiting barley export availabilities. Global 2001/02 barley ending stocks are forecast up almost 1.7 million tons this month with most of the increase in the former Soviet Union. While up from a month ago, forecast 2001/02 barley ending stocks are down from a year earlier and are the lowest since the mid-1990s.

Forecast world rye production in 2001/02 was increased over 1 million tons this month, with favorable conditions in Russia and Germany. Most of the increased production is expected to boost ending stocks. Global 2001/02 coarse grain ending stocks are a forecast 157 million tons, down almost 3 million from last month and 35 million from last year, and the lowest since 1995/96.

Contact Information

We mourn and remember the innocent victims of terrorism.

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New Electronic Outlook Report from the Economic Research Service

For several months, a wide range of ideas have emerged in the farm bill debate on how best to address the needs of farmers and other constituencies. A recently released ERS report, Feed Grains: Background and Issues for Farm Legislation, provides information on topics important to the debate, including market conditions, policy proposals, WTO considerations, and the interactions between policy and markets.

This online-only report is the first of the occasional *Feed Outlook* supplements that will provide timely analysis on specific topics. Readers will no longer have to wait for the *Feed Situation and Outlook Yearbook* for all of the in-depth reports and special articles on the feed grain sector.

Table 1--Feed Grains: Marketing year supply and disappearance 1/

Year/ Qtr.	Beg. stocks	Produc- tion	Im- ports	Supply	FSI	Feed & resid.	Ex- ports	Total disp.	End. stks.	Farm price
Corn:					----Million bushels----					$/bu
1999/00										
Sep-Nov	1,787	9,431	4	11,221	459	2,189	534	3,182	8,039	1.71
Dec-Feb	8,039	---	3	8,043	447	1,526	468	2,441	5,602	1.91
Mar-May	5,602	---	6	5,607	512	1,059	451	2,021	3,586	2.05
Jun-Aug	3,586	---	2	3,588	496	890	485	1,871	1,718	1.64
Mkt. yr.	1,787	9,431	15	11,232	1,913	5,664	1,937	9,515	1,718	1.82
2000/01										
Sep-Nov	1,718	9,968	1	11,687	465	2,194	506	3,165	8,522	1.76
Dec-Feb	8,522	---	1	8,523	464	1,600	416	2,480	6,043	1.97
Mar-May	6,043	---	3	6,046	523	1,143	456	2,122	3,924	1.90
Mkt. yr.	1,718	9,968	7	11,693	1,965	5,850	1,940	9,755	1,938	1.85
2001/02										
Mkt. yr.	1,938	9,238	10	11,186	2,050	5,800	1,975	9,825	1,361	1.95-2.35
Sorghum:										
1999/00										
Sep-Nov	65	595	0	660	18	228	65	311	349	1.45
Dec-Feb	349	---	0	349	18	29	77	124	226	1.57
Mar-May	226	---	0	226	13	22	64	99	127	1.82
Jun-Aug	127	---	0	127	6	6	50	62	65	1.64
Mkt. yr.	65	595	0	660	55	284	256	595	65	1.57
2000/01										
Sep-Nov	65	470	0	535	17	195	62	274	261	1.72
Dec-Feb	261	---	0	261	11	11	72	94	167	1.94
Mar-May	167	---	0	167	4	25	63	93	75	1.80
Mkt. yr.	65	470	0	535	35	235	245	515	20	1.88
2001/02										
Mkt. yr.	20	537	0	558	45	225	240	510	48	1.95-2.35

Table 1--Feed Grains: Marketing year supply and disappearance, (cont.) 1/

Year/ Qtr.	Beg. stocks	Produc- tion	Im- ports	Supply	FSI	Feed & resid.	Ex- ports	Total disp.	End. stks.	Farm price
Barley:				------Million bushels----						$/bu
1999/00										
Jun-Aug	142	280	6	428	44	79	9	132	295	2.18
Sep-Nov	295	---	5	300	39	24	10	73	228	2.04
Dec-Feb	228	---	9	237	37	23	7	67	170	2.14
Mar-May	170	---	7	178	52	10	4	66	111	2.19
Mkt. yr.	142	280	28	450	172	136	30	338	111	2.13
2000/01										
Jun-Aug	111	318	7	436	44	90	8	142	294	2.28
Sep-Nov	294	---	5	299	39	6	25	70	229	1.95
Dec-Feb	229	---	8	237	37	22	16	75	162	2.10
Mar-May	162	---	9	171	52	4	8	65	106	2.08
Mkt. yr.	111	318	29	458	172	123	58	352	106	2.11
2001/02										
Mkt. yr.	106	262	30	398	172	100	30	302	96	2.10-2.50
Oats										
1999/00										
Jun-Aug	81	146	22	249	17	84	1	101	148	1.05
Sep-Nov	148	---	34	182	16	32	0	49	134	1.08
Dec-Feb	134	---	23	157	14	40	0	55	102	1.22
Mar-May	102	---	20	122	21	24	1	46	76	1.31
Mkt. yr.	81	146	99	326	68	180	2	250	76	1.12
2000/01										
Jun-Aug	76	149	21	246	17	79	0	96	150	1.03
Sep-Nov	150	---	37	187	16	27	0	43	144	1.04
Dec-Feb	144	---	28	172	14	48	0	62	110	1.22
Mar-May	110	---	20	130	21	36	0	57	73	1.27
Mkt. yr.	76	149	106	331	68	189	2	259	73	1.10
2001/02										
Mkt. yr.	73	135	95	303	68	165	2	235	68	1.15-1.45

Totals may not add due to rounding.

1/ Corn and sorghum are on a September 1 to August 31 marketing year.

Barley and oats are on a June 1 to May 31 marketing year.

Source: Economic Research Service, U.S. Department of Agriculture.

Table 2--Feed and residual use of wheat and coarse grains

Year Beginning 01-Sep	Corn	Sorg.	Barley	Oats	Feed Grains	Wheat	Total grains	Animal Units	Feed/ animal unit
					--- Million metric tons ---			Mil.	Tons
1999/00									
Sep-Nov	55.6	5.8	0.5	0.6	62.5	-0.2	62.3		
Dec-Feb	38.8	0.7	0.5	0.6	40.6	0.8	41.4		
Mar-May	26.9	0.6	0.2	0.4	28.1	-0.3	27.8		
Jun-Aug	22.6	0.1	2.0	1.2	25.9	8.6	34.5		
Mkt. yr.	143.9	7.2	3.2	2.8	157.1	8.8	165.9	88.8	1.9
2000/01									
Sep-Nov	55.7	5.0	0.1	0.5	61.3	-0.6	60.7		
Dec-Feb	40.7	0.3	0.5	0.8	42.2	0.1	42.3		
Mar-May	29.0	0.6	0.1	0.6	30.4	-0.1	30.2		
Mkt. yr.	148.6	6.0	2.2	3.0	159.8	6.2	165.9	89.4	1.9
2001/02									
Mkt. yr.	147.3	5.7	2.2	2.6	157.8	6.8	164.6	90.1	1.8

Source: USDA, Economic Research Service.

Table 3--Cash feed grain prices

	Corn, No. 2, Yel, Ctrl. IL 1/	Corn, No. 2, Yel, Gulf ports 1/	Sorghum, No. 2, Yel, Texas South Panhandle 1/	Sorghum, No. 2, Yel, Gulf ports 1/	Barley, No. 2, feed, Duluth 2/	Barley, No. 3 or better, Malting, Minn. 2/	Oats, No. 2, Heavy white, Minn. 2/
Mkt. yr.	$/bu	$/bu	$/cwt	$/cwt	$/bu	$/bu	$/bu
97/98	2.45	2.78	4.72	4.76	1.90	2.50	1.70
98/99	1.97	2.35	3.78	3.97	1.23	2.30	1.34
99/00 3/	1.86	2.23	3.36	3.79	NQ	NQ	1.26
Monthly:							
2000:							
May	2.15	2.43	3.49	4.27	NQ	NQ	NQ
Jun	1.83	2.13	3.00	3.60	NQ	NQ	NQ
Jul	1.53	1.91	3.37	3.34	NQ	NQ	NQ
2001:							
May	1.78	2.14	3.86	4.29	1.50	2.41	NQ
Jun	1.76	2.11	4.01	4.06	1.50	NQ	NQ
Jul 3/	1.92	2.30	4.28	4.22	1.49	NQ	NQ

1/ Marketing year beginning September 1.

2/ Marketing year beginning June 1. 3/ Preliminary. NQ = No quote.

Source: U.S. Department of Agriculture, Agricultural Marketing Service

Table 4--Selected feed and feed by-product prices

	Soybean meal 44% slv. Decatur, IL 1/	Cotton-seed meal, 41% slv. Memphis 1/	Corn gluten feed, IL pts. 1/	Corn gluten meal, IL pts. 1/	Meat & bone meal, Central U.S. 1/	Dists.' dried grains, Lawrence-burg, IN 1/	Wheat midlgs, Kansas City 1/	Alfalfa farm price 2/
				----$/ton------				
Mkt. yr.								
97/98	186.55	150.40	69.65	290.45	192.56	109.76	76.30	107.00
98/99	130.56	109.86	59.87	234.76	137.32	84.87	54.74	88.10
99/00 3/	158.15	124.00	52.89	237.31	163.13	82.93	53.13	80.20
Monthly:								
2000:								
May	180.10	123.25	51.10	240.00	181.33	92.00	49.16	95.00
Jun	170.18	130.63	48.80	223.75	174.64	76.00	49.00	85.70
Jul	156.84	131.88	45.25	218.75	173.45	81.00	42.53	84.50
2001:								
May	155.58	137.50	52.10	231.00	136.78	88.40	42.93	113.00
Jun	163.10	126.88	54.75	237.50	152.85	75.00	53.28	103.00
Jul /3	183.90	120.20	59.30	205.50	182.69	75.00	63.60	105.00

1/ Marketing year beginning September 1. 2/ Marketing year beginning May 1. 3/ Preliminary. NQ=No quote.

Source: U.S. Department of Agriculture, Agricultural Marketing Service and National Agricultural Statistics Service.

Table 5--Corn: Food and industrial uses

Year	HFCS	Glucose and dex.	Starch	---Alcohol--- Fuel	Bev. & Mfg	Cereals & other products	Total F&I
				Million bushels			
1999/00							
Sep-Nov	129.3	56.7	63.6	131.7	31.8	46.0	459.2
Dec-Feb	119.4	49.6	60.0	138.3	33.3	46.0	446.6
Mar-May	141.7	57.1	63.7	147.9	34.9	46.5	491.9
Jun-Aug	149.2	58.4	63.8	147.8	29.7	46.5	495.4
Mkt year	539.5	221.9	251.1	565.8	129.7	185.0	1,893.0
2000/01							
Sep-Nov	126.0	56.2	63.4	142.9	31.8	44.9	465.1
Dec-Feb	118.4	49.9	59.2	158.0	33.3	44.9	463.7
Mar-May	144.6	56.5	62.0	161.3	34.8	45.3	504.5
Mkt year	545.1	220.0	250.0	620.0	130.0	180.6	1,945.6
2001/02							
Mkt year	555.0	225.0	255.0	680.0	131.0	184.0	2,030.0

Source: U.S. Department of Agriculture, Economic Research Service.

Table 6--Wholesale corn milling product and by-product prices

	Corn meal, yellow, New York	Brewers' grits, Chicago	Sugar, destrose, Midwest	HFCS, 42% tank cars, Midwest	Corn starch, fob Midwest 3/
	$/cwt	$/cwt	cents/lb	cents/lb	$/cwt
Mkt. yr. 1/					
97/98	15.94	11.85	28.08	7.77	13.55
98/99	15.06	11.00	24.24	8.04	12.28
99/00	15.05	10.91	16.38	9.18	12.39
00/01 2/	15.84	11.74	16.83	9.25	12.44
Monthly					
2000:					
May	15.90	11.80	16.38	9.25	13.06
Jun	15.29	10.25	16.38	9.25	13.36
Jul	14.72	11.07	16.38	9.25	12.76
Aug	14.62	10.52	16.38	9.25	12.04
2001:					
May	15.70	11.60	16.88	9.50	12.64
Jun	15.62	11.52	16.88	9.50	12.40
Jul	16.13	12.03	16.88	9.50	12.16
Aug 2/	15.98	11.88	16.88	9.50	12.31

1/ Marketing year beginning September 1. 2/ Preliminary. 3/ Bulk-industrial, unmodified.

Source: Milling and Baking News

Table 7--U.S. imports by country of origin

Country/region	------1999/2000------		------2000/2001------		2001/2002
	Mkt. yr.	June	Mkt. yr.	June	June
OATS	--------------------Thousand tons--------------------				
Canada	1,287	45	1,466	58	30
Finland	125	24	103	0	28
Sweden	276	65	257	0	0
Total 1/	1,703	134	1,827	58	58
BARLEY, MALTING					
Canada	543	40	585	48	84
Total 1/	543	40	585	48	84
BARLEY, OTHER 2/					
Canada	60	2	51	4	0
Total 1/	60	2	51	4	0

1/ Totals may not add due to rounding. 2/ Mainly consists of barley for feeding, and also includes seed barley.

Source: Bureau of the Census

Table 8--U.S. feed grain exports by selected destinations 1/

Country/region	------1998/99------		------1999/2000------		2000/2001
	Mkt. yr.	Sep.-June	Mkt. yr.	Sep.-June	Sep.-June
CORN					
Japan	15,224	12,496	15,149	12,833	12,050
Taiwan	4,365	3,529	5,036	4,333	3,892
Mexico	5,387	4,776	4,832	4,172	4,942
Egypt	3,586	2,880	3,790	2,678	2,817
S. Korea	6,462	5,052	3,134	2,562	2,052
Colombia	1,512	1,281	1,782	1,477	1,287
Saudi Arabia	1,182	1,043	1,164	936	797
Venezuela	1,288	1,032	1,073	848	860
Algeria	955	760	1,042	776	1,041
Dominican Republic	777	641	1,003	812	817
Canada	867	588	982	699	2,080
Turkey	692	580	874	779	497
Israel	399	323	695	563	572
Iran	0	0	611	551	144
Morocco	599	432	604	465	382
Syria	354	205	603	421	382
Chile	486	392	542	517	33
Tunisia	441	363	519	410	367
Sub-Saharan Africa	441	297	511	481	113
Former USSR	405	245	491	486	96
Peru	674	587	458	430	116
EU	192	192	141	86	13
China	259	204	58	58	0
East Europe	12	12	35	35	0
Others	3,667	2,887	3,967	3,042	3,498
Total	50,228	40,798	49,098	40,450	38,848
SORGHUM					
Mexico	3,103	2,487	4,824	3,995	4,397
Japan	1,362	1,197	1,123	1,023	759
EU	197	197	181	179	0
Others	237	228	239	185	170
Total	4,899	4,109	6,366	5,381	5,327

	------1999/2000------		------2000/2001------		2001/2002
	Mkt. yr.	June	Mkt. yr.	June	June
BARLEY					
Japan	391	85	388	22	62
Mexico	104	6	113	4	1
Jordan	50	0	0	0	0
Saudi Arabia	0	0	416	0	0
Taiwan	5	0	57	0	0
Other	107	4	279	3	11
Total	657	95	1,253	30	74

1/ Totals may not add due to rounding.

Source: Bureau of the Census