

Feed Grain Forecasts Lower For Corn, Barley, Oats; Higher For Sorghum

WASHINGTON, D.C. — U.S. feed grain production in 2001 is projected at 266 million metric tons, compared with 274 million metric tons in 2000, according to the "Feed Outlook" report released May 14 by the USDA's Economic Research Service.

The projection reflects lower harvested acreage for corn, barley, and oats, but higher harvested acreage for sorghum.

Projected yields are up from last year for sorghum and barley, but down for corn and oats.

With decreased production and slightly higher carry-in stocks, feed grain supplies are projected to decrease less than 1 percent in 2001-2002.

Domestic demand will remain strong, but exports are expected to be similar, leaving total disappearance virtually unchanged.

Feed grain stocks are expected to decrease, suggesting stronger prices in 2001-2002. Ending stocks are projected at 53.6 million tons, down from the forecast 55.5 million in 2000-2001.

Feed grain supplies in 2000-2001 were reduced 100,000 metric tons this month, with reduced corn exports increasing ending stocks and lowering total use.

Total feed grain use in 2000/2001 is forecast up less than 1 percent from 1999-2000. Similarly, ending stocks are up from last months estimate and up 14 percent from 1999-2000.

Feed And Residual Use To Decline

Feed and residual use of the four feed grains plus wheat in 2001-2002 is projected down from the estimated 166 million metric tons used in 2000-2001. Corn is expected to comprise 88 percent of the total feed and residual used, the same as in 2000-2001.

Feed and residual use per grain-consuming animal unit (GCAU) is projected to be similar to 2000-2001's 1.86 tons. GCAUs are expected to be down from 2000-2001. In the GCAU components, hog and poultry numbers are up 2 percent each from 2000-2001, but beef numbers are down 10 percent.

Poultry and egg producers are increasing production in 2001 from 2000 levels. Broiler production is expected to be up less than 1 percent from 2000, the smallest increase since 1982.

Producers are expected to reverse this trend in 2002 and increase production 3 percent from 2001. Turkey meat output in 2001 is forecast up 4 percent from 2000. In 2002, production may increase another 2 percent.

Egg production in 2001 is expected to be up 1 percent from a year earlier. In 2002, production is projected to rise 2 percent from 2001.

With reduced calf crops and fewer feeder cattle placed on feed are expected to decline. Beef production in 2001 is expected to be down 5 percent from the record 27 billion pounds produced in 2000.

With higher prices

expected in 2001 and 2002, producers are likely to begin rebuilding herds and reducing numbers available for feeding. In 2002, beef production is projected down 2 percent from 2001.

Pork production in 2001 is expected to begin turning around from the decline in 2000. In 2001, production is forecast up 1 percent from 2000. The projection for 2002 is up nearly 3 percent from 2001.

Corn Production/Ending Stocks
Corn production in 2001-2002 is initially projected at 9,575 million bushels, compared with 9,968 million bushels in 2000, primarily reflecting a decrease in planted acres.

The March Prospective Plantings report indicated producers plan to decrease corn seedings by 4 percent to 76.7 million acres. Harvested acreage is projected at 69.9 million acres, based on the planted-to-harvested relationship during 1997-2000, excluding 1998. (Because of unusually large abandonment due to drought damage in 1998, that year was not included in the comparison.)

The average corn yield for the 2001 crop is projected at 137 bushels per acre, about the same as the 137.1 bushel yield recorded for 2000.

This year's yield projection is somewhat above trend, reflecting earlier-than-average plantings of the crop across much of the Corn Belt, tempered by delayed plantings in Minnesota, North Dakota, South Dakota, and Wisconsin.

The projected effect of early Corn Belt plantings on potential yields makes use of a statistical

regression equation that is fit over 1975-2000. The variables in the model include a trend variable, July rainfall and temperatures, and planting progress as of mid-May.

Corn supply for 2001-2002 is projected down almost 1 percent from 2000-2001. The only changes made in the 2000-2001 estimates this month was a 50-million-bushel decrease in exports, a 3-million-bushel decrease in imports and a corresponding increase in ending stocks. The increase in 2000-2001 ending stocks plus decreased production, caused global 2001-2002 supplies to be about 1 percent below a year earlier.

Domestic use of corn in 2001/2002 is projected down nearly 1 percent from 2000-2001's record high.

Feed and residual use of corn is expected to be down 125 million bushels from a year earlier because of reduced feed demand. Food, seed, and industrial (FSI) use is projected up about 4 percent from 2000-2001. Exports are little changed from the 1,900 million bushels forecast for 2000-2001. Ending stocks are expected to decrease 4 percent from a year earlier.

Food, Seed, Industrial Use Of Corn To Continue Growing
Food, seed, and industrial (FSI) use of corn in 2001-2002 is expected to increase nearly 4 percent from a year earlier and equal to 18 percent of total supplies, up from 17 percent in the last 2 years.

High fructose corn syrup use of corn is projected to increase almost 1 percent from the 550

million bushels expected to be used in 2000-2001. This is a slower growth rate than in many prior years, but per-capita sugar use is already a record high.

Glucose and dextrose use in 2000-2001 is expected to be down from the previous year, but is expected to increase again in 2001-2002. Starch use of corn in the first half of 2000-2001 was down from the year earlier but for all of 2000-2001, starch use is expected to rebound and be up nearly 2 percent from 1999-2000. Corn used to produce starch may increase 2 percent from the expected use in 2000-2001.

Ethanol Production

Monthly ethanol production reported by the Department of Energy was record high at 116,000 barrels in February 2001. In addition, alcohol production in the first half of 2000-2001 was record high at 843 million gallons compared with 788 million in 1999-2000.

This ethanol production reflects higher use of capacity and the new plants that have been added in the last year to take advantage of various state-level ethanol production incentives.

In addition, 42 companies have signed up to increase ethanol output by 246 million gallons in response to the Bioenergy Program, which provides incentives for increased production. Corn used to produce ethanol in 2000-2001 is expected to be up 9 percent from 1999-2000's 566 million bushels.

There have been many proposed laws that could directly or indirectly affect ethanol production. Many localities would prefer ethanol-blended gasoline to

reduce the risk of MTBE in groundwater supplies. As a result, based on current laws and regulations, corn use for ethanol in 2001-2002 is projected to increase 8 percent.

Corn Price To Remain Weak

Prices received by farmers to date and assuming normal marketings suggest prices will average between \$1.80 per bushel and \$1.90 per bushel in 2000-2001, about the same as the \$1.82 per bushel received in 1999-2000.

With ending corn stocks down only slightly from a year earlier, average prices received by farmers are projected between \$1.65 and \$2.05 per bushel.

Sorghum Supply, Use

During the first 2 weeks of March, farmers said they intended to plant 9.4 million acres to sorghum in 2001, up 2 percent from last year and 1 percent above 1999.

Using the historical relationship between harvested and planted acres during 1997-2000, excluding 1998, gives an estimated harvested acreage of 8.3 million acres. If realized, this estimated harvested acreage would be up 0.6 million acres from 2000.

Yields for 2001 were estimated from a simple linear trend fit over the 1960-2000 period and are expected to be up almost 14 percent from last year's drought-reduced level.

Sorghum production in 2001 is projected to increase 22 percent from 2000's 470 million bushels. Total supply is projected up 18 percent from 2000-2001 because of increased production.

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