

FEED OUTLOOK

United States Department of Agriculture



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Economic Research Service

Approved by the World Agricultural Outlook Board

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HIGHLIGHTS

- o 2000/01 Corn Use Raised from Last Month, Prices Strengthened
- o Sorghum Production Down Sharply from Last Month, Barley Raised
- o Foreign Corn Production Forecast Drops This Month
- o Global Coarse Grain Stocks To Decline in 2000/01

FEED GRAIN ENDING STOCKS LOWERED FROM LAST MONTH, STILL LARGE

U.S. feed grain production in 2000 is forecast at a record 285 million metric tons, down almost 2 million from a month ago but up 22 million from 1999. Feed grain supply in 2000/01 is forecast at 338 million tons, down nearly 1 percent from last month, but up nearly 7 percent from 1999/2000. Forecast beginning stocks are down slightly from last month, but still up 2 percent from the previous year.

Total 2000/01 feed grain use is projected at 276 million tons, up almost 1 percent from last month and up 3 percent from 1999/2000. Domestic use is projected to increase to a new high of 214.4 million tons, bettering the record 211 million expected in 1999/2000. With the increase in use, ending stocks are expected to be 62 million metric tons, down 6 percent from last month, but still up 24 percent 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 slightly from last month and last year. Corn is estimated to account for 89 percent of feed and residual use in 2000/01, up from 87 percent in 1999/2000.

The projected index of grain consuming animal units (GCAU) for 2000/01 is up 1 percent from last month and up from 1999/2000's 89.2 million units. Feed and residual used per GCAU in 2000/01 is 1.83 tons, down from 1.84 in 1999/2000. In the index components, GCAU's for beef cattle are down and those for dairy, pork, and poultry are up from last year.

RECORD CORN PRODUCTION FORECAST

Corn production in 2000 is forecast at a record 10,362 million bushels, down only 7 million from last month's projection but up 925 million from 1999. The average corn yield is forecast at a record 141.8 bushels per acre, compared with last month's forecast of 141.9 bushels and the actual 1999 yield of 133.8 bushels. If realized, this would be the highest yield ever, exceeding the old record of 138.6 bushels per acre in 1994.

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. Ear measurements from sample plots indicate a length equal to last year and above the 5-year average.

Forecast corn use in 2000/01 was increased 1 percent from last month's forecast and 5 percent from the estimate for 1999/2000. Much of the increased corn use was to compensate for drought-reduced sorghum production. Exports were raised 50 million bushels from last month, and are up 250 million from 1999/2000. Substitution of corn for sorghum imports by Mexico, expanding global corn imports, and reduced competition are the major reasons for the larger projected U.S. corn exports.

Corn used in the production of high fructose corn syrup was reduced in both 1999/2000 and 2000/01. Shipments in 1999/2000 have not been as strong as earlier anticipated. Net exports of corn sweeteners in September 1999-June 2000 (the latest data) were down almost 1 percent from the same period a year earlier. Net corn sweetener exports to Mexico, a major destination, were down 12 percent in the same time period. While corn used for high fructose corn syrup is expected to rise in 2000/01, the rate of increase was lowered to reflect current conditions. Estimates of corn used to make ethanol in 1999/2000 were increased because output has remained strong to date. High prices for gasoline and MTBE (a competing oxygenate and octane booster), and strong prices for ethanol are encouraging increased production. For 2000/01, ethanol production is expected to increase 5 percent from last year and more than was expected last month.

Given the increased use and slightly lower supplies, projected ending stocks and prices are up. The projected price for 2000/01 is \$1.50-\$1.90 per bushel, up from last month's \$1.45-\$1.85. In 1999/2000, the season average price received by farmers is expected to be \$1.80.

SORGHUM CROP TO DECREASE IN 2000/01

Sorghum production in 2000 is forecast at 516 million bushels, down 62 million from last month because of lower expected yields than last month. This production is down 13 percent from 1999's 595 million bushels. Yields are

forecast at 62.1 bushels per acre, down 7.4 bushels, because of drought and heat in the Southern Plains, with Kansas, the leading producer, down 16 bushels from last month.

With supplies down, use was reduced because less sorghum would be available locally to produce ethanol for feeding and for export. Domestic use of sorghum is expected to total 295 million bushels, down 35 million bushels from last month, and down 50 million from expected use in 1999/2000. Exports are projected at 220 million bushels, down 20 million from last month, and down 30 million from 1999/2000. Ending stocks are also expected to be down from last month and very near the 1999/2000 level.

Prices for 1999/2000 are forecast at \$1.55 per bushel, 86 percent of the expected corn price. The projected price for sorghum in 2000/01 is \$1.30-\$1.70 per bushel, up from \$1.20-\$1.60 last month, and approximately 87 to 89 percent of the corn price.

BARLEY PRODUCTION INCREASES

Barley production for 2000 is forecast at 310 million bushels, up 2 million from a month ago and up 28 million from 1999. Yields are expected to average 59.2 bushels per acre, up from 58.8 bushels last month and the same as last year. Compared with the August forecast, Minnesota, Oregon, South Dakota, and Washington are expecting higher yields, while Colorado and Wyoming yields are down due to drought conditions.

Total barley use in 2000/01 is unchanged from last month, but domestic use is down 5 million bushels, while exports are up a like amount. Tight world supplies and strong world prices are boosting projected exports. Ending stocks are up 2 million bushels from last month and down 7 million from 1999/2000.

Prices received by farmers for barley in 2000/01 are expected to average \$1.80-\$2.20 per bushel, up \$.15 on each end from last month. The spread between malting barley and feed barley is expected to remain wider than in past years, strengthening prices received by farmers for all barley.

FOREIGN CORN PRODUCTION FORECAST DROPS THIS MONTH

Foreign corn production in 2000/01 is projected to reach 344 million tons, down almost 6 million from a month ago. The largest changes were for Eastern Europe, down 4 million tons this month, where drought and extreme high temperatures devastated the corn crop. The regions' major exporters, Hungary, Romania, and the former Yugoslavia, were all reduced. Other exporters also faced reduced production prospects, with South Africa and Ukraine down. Foreign corn production in 2000/01 is forecast down 6 percent from a year ago, nearly enough to offset the record U.S. corn crop. Compared with a year

earlier, global corn production prospects are up less than 2 million tons to 607 million.

GLOBAL COARSE GRAIN STOCKS TO DECLINE IN 2000/01

The 2000/01 global coarse grain production forecast declined almost 8 million tons this month, more than for corn mostly because of reduced sorghum prospects in the United States. Global production of coarse grains is now forecast to increase slightly in 2000/01. Meanwhile, global coarse grain consumption is expected to increase and remain larger than production, and cause a modest decline in global stocks for the second year in a row. However, global coarse grain stocks, projected at 164 million tons, are larger than in 7 of the last 10 years. Moreover, U.S. stocks are expected to increase 12 million tons, while foreign stocks are expected to drop 15 million. Since the United States is the leader in global price determination, the abundant U.S. supplies are expected to keep prices low.

U.S. CORN EXPORT PROSPECTS BOOSTED BY REDUCED COMPETITION AND INCREASED IMPORTS

U.S. corn exports in 2000/01 are forecast at 55 million tons, up 1.5 million from a month ago because of reduced competition and increased imports. Corn export forecasts were reduced for Hungary and Ukraine. Forecast 2000/01 imports increased for a number of countries, partly because as additional 1999/2000 trade data become available, more countries were revised up than down, boosting the import demand base. Global corn trade forecast in 1999/2000 increased almost 1 million tons this month. Examples of countries with increased 2000/01 import prospects this month include the Dominican Republic, Saudi Arabia, Turkey, Colombia, Indonesia, and the Philippines. Along with smaller increases to other markets, these increases more than offset reduced import prospects for Malaysia, South Korea, and Ecuador. Lingering problems with disease in livestock may be dampening corn demand in Malaysia and South Korea, while Ecuador has faced a contracting economy. Canada is expected to increase corn imports in 2000/01 because of a reduced corn crop in Ontario, where cold wet weather has reduced yield prospects. Mexico's forecast corn imports increased 0.5 million tons this month because with a sharply reduced sorghum crop in the United States, Mexico is expected to import more corn and less sorghum. While U.S. corn exports are forecast up 1.5 million tons this month, U.S. sorghum exports are down 0.5 million.

* Information Contacts: Allen Baker (202) 694-5290 *
* International: Edward Allen (202) 694-5288 *
* Data Coordinator: Jenny Gonzales (202) 694-5296 *
* The next Feed Outlook will be released October 16, 2000. *

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

Year/ Qtr.	Beg. stocks	Production	Imports	Supply	FSI	Feed & resid.	Exports	Total disp.	End. stks.	Farm price
-----Million bushels-----										
CORN										
1998/99										
Sep-Nov	1,308	9,759	4	11,071	450	2,118	450	3,019	8,052	1.90
Dec-Feb	8,052	---	6	8,058	434	1,460	465	2,359	5,698	2.04
Mar-May	5,698	---	7	5,706	495	1,097	497	2,089	3,616	2.04
Jun-Aug	3,616	---	2	3,618	468	795	568	1,831	1,787	1.80
Mkt. yr.	1,308	9,759	19	11,085	1,846	5,471	1,981	9,298	1,787	1.94
1999/00										
Sep-Nov	1,787	9,437	4	11,228	459	2,210	534	3,203	8,025	1.71
Dec-Feb	8,025	---	3	8,028	447	1,511	468	2,426	5,602	1.90
Mar-May	5,602	---	6	5,607	512	1,058	451	2,021	3,587	2.04
Mkt. yr.	1,787	9,437	15	11,239	1,920	5,625	1,925	9,470	1,769	1.80
2000/01										
Mkt. yr.	1,769	10,362	10	12,142	1,975	5,750	2,175	9,900	2,242	1.50-1.90
SORGHUM										
1998/99										
Sep-Nov	49	520	0	569	15	178	41	234	335	1.67
Dec-Feb	335	---	0	335	15	34	64	113	222	1.69
Mar-May	222	---	0	222	10	45	51	106	116	1.73
Jun-Aug	116	---	0	116	6	5	41	51	65	1.60
Mkt. yr.	49	520	0	569	45	262	197	504	65	1.66
1999/00										
Sep-Nov	65	595	0	660	18	229	65	312	348	1.45
Dec-Feb	348	---	0	348	18	28	77	123	226	1.58
Mar-May	226	---	0	226	13	22	64	99	127	1.81
Mkt. yr.	65	595	0	660	55	290	250	595	65	1.55
2000/01										
Mkt. yr.	65	516	0	581	50	245	220	515	66	1.30-1.70

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

Year/ Qtr.	Beg. stocks	Production	Imports	Supply	FSI	Feed & resid.	Exports	Total disp.	End. stks.	Farm price
-----Million bushels-----										
BARLEY										
1998/99										
Jun-Aug	119	352	7	479	44	101	8	152	326	2.03
Sep-Nov	326	---	7	333	39	16	8	63	271	1.97
Dec-Feb	271	---	6	277	37	32	7	76	201	1.89
Mar-May	201	---	9	210	51	12	5	68	142	1.85
Mkt. yr.	119	352	30	501	170	161	28	360	142	1.98
1999/00										
Jun-Aug	142	282	6	429	44	81	9	134	295	2.13
Sep-Nov	295	---	5	300	39	22	10	71	229	2.04
Dec-Feb	229	---	9	239	37	24	7	68	170	2.14
Mar-May	170	---	7	178	52	10	4	66	112	2.15
Mkt. yr.	142	282	28	451	172	137	30	339	112	2.13
2000/01										
Mkt. yr.	112	310	30	452	172	140	35	347	105	1.80-2.20
OATS										
1998/99										
Jun-Aug	74	166	28	268	17	89	0.5	106	162	1.15
Sep-Nov	162	---	36	198	16	38	0.4	54	143	1.08
Dec-Feb	143	---	22	166	14	38	0.5	53	113	1.20
Mar-May	113	---	22	134	22	31	0.3	53	81	1.23
Mkt. yr.	74	166	108	348	69	196	1.7	266	81	1.10
1999/00										
Jun-Aug	81	146	22	249	17	84	0.6	101	148	1.05
Sep-Nov	148	---	34	182	16	30	0.3	46	136	1.08
Dec-Feb	136	---	23	159	14	42	0.2	56	102	1.22
Mar-May	102	---	20	123	21	24	0.7	47	76	1.32
Mkt. yr.	81	146	99	326	68	180	1.8	250	76	1.12
2000/01										
Mkt. yr.	76	153	100	329	68	180	2.0	250	79	0.95-1.35

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.

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

Year Beginning September 1	Corn	Sorg.	Barley	Oats	Feed Grains	Wheat	Total grains	Animal Units	Feed/ animal unit
	----- Million metric tons -----							Mil.	Tons
1998/99									
Sep-Nov	53.8	4.5	0.3	0.6	59.3	-2.0	57.3		
Dec-Feb	37.1	0.9	0.7	0.6	39.3	0.3	39.6		
Mar-May	27.9	1.2	0.3	0.5	29.8	0.9	30.7		
Jun-Aug	20.2	0.1	1.8	1.3	23.4	7.4	30.8		
Mkt. yr.	139.0	6.7	3.1	3.0	151.8	6.6	158.4	88.1	1.80
% Change	-0.2	-28.2	-10.5	-1.5	-2.1	-24.9	-3.3	0.1	-3.5
1999/00									
Sep-Nov	56.1	5.8	0.5	0.5	63.0	-0.2	62.8		
Dec-Feb	38.4	0.7	0.5	0.7	40.3	0.8	41.1		
Mar-May	26.9	0.6	0.2	0.4	28.0	-0.3	27.8		
Mkt. yr.	142.9	7.4	3.0	2.8	156.0	7.8	163.9	89.2	1.84
% Change	2.8	10.7	-3.6	-7.2	2.8	18.5	3.5	1.3	2.1
2000/01									
Mkt. yr.	146.1	6.2	2.9	2.9	158.1	6.8	164.9	90.2	1.83
% Change	2.2	-15.5	-0.9	2.2	1.3	-13.1	0.6	1.0	-0.4

Table 3--Cash feed grain prices

Mkt. yr.	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/
	\$/bu	\$/bu	\$/cwt	\$/cwt	\$/bu	\$/bu	\$/bu
95/96	3.91	4.30	7.30	7.19	2.67	3.69	2.28
96/97	2.74	3.07	5.02	5.03	2.32	3.18	2.03
97/98	2.45	2.78	4.72	4.76	1.90	2.50	1.70
98/99 3/	1.97	2.35	3.78	3.97	1.23	2.30	1.34
Monthly: 1999:							
Apr	2.05	2.39	3.78	4.06	NQ	NQ	1.36
May	2.03	2.35	3.67	3.94	NQ	NQ	1.39
Jun	1.99	2.36	3.61	3.86	NQ	NQ	1.34
Jul	1.67	2.12	3.40	3.46	NQ	NQ	1.25
2000:							
Apr	2.09	2.43	3.83	4.10	NQ	NQ	1.45
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 3/	1.53	1.91	3.37	3.34	NQ	NQ	NQ

1/ Marketing year beginning September 1.

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

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.								
95/96	217.27	186.12	116.47	319.35	222.07	151.37	118.08	87.20
96/97	260.37	191.47	93.05	341.50	272.44	142.87	91.18	101.80
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	234.72	137.32	85.77	54.74	88.10
Monthly:								
1999:								
Apr	128.60	110.90	54.25	192.50	128.70	83.00	54.10	86.40
May	127.00	108.75	56.90	201.25	129.60	84.00	41.40	96.60
Jun	131.70	114.50	57.90	209.50	137.10	87.00	45.70	85.00
Jul	125.71	115.00	51.75	241.25	133.75	91.67	39.20	82.00
2000:								
Apr	169.00	125.00	51.75	216.25	167.93	70.00	49.08	84.50
May	180.10	123.25	51.10	240.00	181.33	92.00	49.16	93.90
Jun	170.18	130.63	48.80	223.75	174.64	76.00	49.00	85.70
Jul 3/	156.84	131.88	45.25	218.75	173.45	81.00	42.53	84.50

1/ Marketing year beginning September 1.

2/ Marketing year beginning May 1. 3/ Preliminary.

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-----							
1997/98							
Sep-Nov	118.4	59.3	62.8	116.1	33.2	45.5	435.2
Dec-Feb	112.5	52.6	59.7	122.2	32.8	45.0	424.8
Mar-May	134.2	56.8	61.3	118.3	33.5	46.0	450.1
Jun-Aug	147.8	60.5	62.0	124.6	33.5	46.0	474.4
Mkt year	512.9	229.2	245.8	481.1	133.0	182.4	1,784.4
1998/99							
Sep-Nov	123.1	56.6	60.8	132.4	31.1	45.9	449.9
Dec-Feb	116.6	48.7	57.6	132.9	32.6	45.4	433.8
Mar-May	140.5	56.2	60.1	138.8	34.1	46.4	476.0
Jun-Aug	150.2	57.7	61.2	121.8	29.4	46.4	466.7
Mkt year	530.5	219.1	239.8	525.8	127.1	184.2	1,826.4
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
Mkt year	540.0	225.0	250.0	570.0	129.7	185.0	1,899.7
2000/01							
Mkt year	550.0	230.0	255.0	600.0	130.2	190.0	1,955.2

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/					
96/97	16.94	12.85	25.50	13.15	13.83
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 2/	15.05	10.91	16.38	9.18	12.39
Monthly					
1999:					
May	15.18	11.08	16.38	8.45	12.97
Jun	15.20	11.10	16.38	8.45	12.82
Jul	14.72	10.62	16.38	8.45	12.73
Aug	15.12	11.27	16.38	8.45	11.74
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 2/	14.62	10.52	16.38	9.25	12.04

1/ Marketing year beginning September 1.

2/ Preliminary.

3/ Bulk-industrial, unmodified.

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

Country/region	-----1998/99----		-----1999/2000-----		2000/2001
	Mkt. yr.	June	Mkt. yr.	June	June
OATS	-----Thousand tons-----				
Canada	1,142	30	1,287	45	58
Finland	216	27	125	24	0
Sweden	443	77	276	65	0
Total 1/	1,856	133	1,703	134	58
BARLEY, MALTING					
Canada	567	56	543	39	48
Total 1/	567	56	543	40	48
BARLEY, OTHER 2/					
Canada	81	39	60	2	4
Total 1/	81	39	60	2	4

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

