



FEED OUTLOOK

United States Department of Agriculture

FDS-0301
Economic Research Service

Approved by the World Agricultural Outlook Board

March 12, 2001

HIGHLIGHTS

- o Corn Exports Lowered from Last Month
- o Oats Imports Raised from Last Month
- o U.S. Corn Export Forecast Down 1.5 Million Tons This Month
- o Forecast 2000/01 Global Coarse Grain Production and Consumption Down

FEED GRAIN ENDING STOCKS INCREASED FROM LAST MONTH

U.S. feed grain ending stocks in 2000/01 are forecast at 54 million metric tons, up 2 percent from a month ago and up 11 percent from 1999/2000. A forecast decrease in exports of corn, combined with a small increase in oats imports this month caused this change. Total feed grain supply is projected at 325.7 million tons, up fractionally from last month and up 3 percent from 1999/2000. Total use is down from last month but up 1 percent from last year.

FEED AND RESIDUAL USE UP 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 unchanged from last month but down 1 percent from last year. The projected index of grain consuming animal units (GCAUs) for 2000/01 is 90 million units, up from 89 million in 1999/2000. Feed and residual used per GCAU in 2000/01 is forecast at 1.82 tons, down 3 percent from 1999/2000. In the index components, GCAUs for dairy, beef, hogs, and poultry are up.

In calendar 2001, beef production is estimated at 25.6 billion pounds, down 130 million from last month's forecast, and down 4 percent from 2000. With estimated beef production down, feed use by the beef sector could be weaker.

Production of broilers, turkeys, and eggs in 2001 is expected to increase from anticipated 2000 levels and maintain strong demand for feed grains. Broiler production is expected to rise 2 percent. Turkey producers are expected to increase production 4 percent. Egg producers are expected to produce 7.08 billion dozen eggs, up 1 percent from 2000.

Pork production in 2001 is expected to increase 2 percent from last year, and is up 50 million pounds from last month's estimate. With increased production, feed needs by the pork sector are likely to be stronger in 2000/01.

Milk production in 2001 is expected to total 167.5 billion pounds, down 1 billion from last month and 0.2 billion from 2000. Thus, with decreased milk production, feed use by the dairy industry could be weaker.

CORN EXPORT ESTIMATES DECREASED THIS MONTH

Total supplies of corn in 2000/01 are forecast at 11,676 million bushels, unchanged from last month and up 4 percent from last year. Total use is down 50 million bushels from last month at 9.8 billion bushels, but up 3 percent from last year. Total use declined because of a decline in expected exports. Exports were lowered 50 million bushels this month because of increased competition from Argentina.

OATS IMPORTS INCREASE THIS MONTH

Oats imports are forecast up 5 million bushels from last month, and up 6 million from last year. Total supply is now estimated at 330 million bushels, up 2 percent from last month, and up 1 percent from last year. Total use is unchanged from last month, with the additional supply boosting ending stocks. Ending stocks in 2000/01 are expected to be up 12 percent from 1999/2000.

PRICE RANGE NARROWED FOR BARLEY

The projected price range for corn is unchanged this month at \$1.70-1.90 per bushel. The sorghum price forecast was also unchanged this month at \$1.65-1.85 per bushel. Sorghum prices to date have averaged 98 percent of the corn price.

The all-barley price forecast was narrowed this month to \$2.10-2.20 per bushel. In June 2000-February 2001, the simple average of barley farm prices was \$2.12 per bushel, up from \$2.07 in the same period a year earlier. Malting barley's premium over feed barley has remained wide, averaging 77 cents so far, compared with 82 cents for the same period a year earlier, and the 10-year weighted average of 50 cents. The oats price forecast was unchanged this month at \$1.05-1.15 per bushel. Farm prices for oats in June 2000-February 2001 averaged \$1.12, down from \$1.13 for the same period in 1999/01.

LDPs SUPPORT FEED GRAIN FARMERS' INCOME

The 1996 Farm Act contained key policy tools to assist farmers when market prices are low. The key provisions are the nonrecourse marketing assistance loans and loan deficiency payments (LDPs). Producers that entered into Production Flexibility Contracts with the U.S. Department of Agriculture (USDA) are eligible to participate in these programs.

As of March 7, 2001, feed grain producers had outstanding loans on 1,307 million bushels of corn, 14.7 million of sorghum, 15.5 million bushels of barley, and 1.7 million of oats. Total corn loans repaid for the 2000 crop were 351 million bushels, with a market gain value of \$83 million or 24 cents per bushel. For sorghum, 7.8 million bushels had been repaid, with a market gain of \$1.6 million or 30 cents per bushel. Total barley loans repaid was 9 million bushels, with a market gain of \$1.3 million or 23 cents per bushel. For oats, 623,570 bushels had been repaid for a market gain of \$186,730 or 30 cents per bushel.

As of March 7, 2001, producers collected \$2,245 million in LDPs covering 7,656 million bushels of 2000-crop corn or about 77 percent of the 2000 crop harvested as grain. (LDPs are also paid on the grain equivalent of crops made into silage or hay.) The average payment rate was 29 cents per bushel.

Sorghum producers have collected \$80 million in LDPs on their 2000 crop, covering 283 million bushels or 60 percent of the crop. The average payment rate was 28 cents per bushel. For barley, producers have collected \$66 million in LDPs covering 240 million bushels or about 76 percent of the crop. The average payment rate was 28 cents per bushel. Oats producers have collected \$43 million in LDPs covering 145 million bushels or about 97 percent of the 2000 crop. The average payment rate was 29 cents per bushel.

U.S. CORN EXPORT FORECAST DOWN 1.5 MILLION TONS THIS MONTH

The 2000/01 U.S. corn export forecast was reduced because some importers, especially Japan, are expected to minimize purchases of varieties of corn not approved for some, or all, uses. These buyers have reportedly been willing to pay a premium for non-U.S. origin corn. The premiums have encouraged competitors to export more corn during October/September 2000/01 than previously expected.

Argentina's October/September 2000/01 export forecast increased this month from 10.7 million tons to 12.0 million. Argentina's production forecast for the crop to be harvested starting in late March was unchanged. The increase in Argentina's corn exports is the result of reduced domestic use. Export shipments from October 2000 through February 2001 were larger than expected before the season began, and indicate that the Government of Argentina is underestimating the size of last year's crop. Moreover, the early-season pace of sales of new-crop corn has been torrid, making it likely that new-crop shipments will be 'front loaded', occurring more in March-September 2001 than later. This boosts 2000/01 October/September exports. Part of the reason for strong export demand for Argentina's corn has been buying from Asia, particularly Japan.

Brazil is harvesting a record corn crop and prices have fallen, making exports viable. Significant sales to the European Union (EU) have occurred even though it is not certain that Brazil's corn is 'GMO free'. Sales to Japan have also been reported. Moreover, this year, with such a large corn crop, Brazil is expected to import much less corn from Argentina in coming months, facilitating a larger movement of Argentina's corn to Japan. Brazil's corn import forecast for October/September 2000/01 is 0.5 million tons, down 0.3 million this month, and much below 1.8 million imported in 1999/2000. Exports are forecast at 0.8 million tons, up 0.3 million this month.

Japan has also aggressively bought corn for food processing from South Africa. South Africa's production prospects for the crop to be harvested starting in May have deteriorated by 0.5 million tons this month, to 7.5 million. However, projected October/September 2000/01 corn exports have only declined from 1.3 million to 1.1 million because most of the supplies are from last year's large crop. Also, large price premiums paid by Japan have encouraged exports.

FORECAST 2000/01 GLOBAL COARSE GRAIN PRODUCTION AND CONSUMPTION DOWN

The world coarse grain production forecast is 856 million tons, down 3.5 million tons this month. The largest drop was for India, down over 1.0 million tons because much less area was planted to coarse grains. Instead of increasing slightly as previously forecast, area was reported down by over 1.0 million hectares because farmers are turning to more profitable crops instead of growing millet for subsistence. Mexico's forecast production dropped 0.7 million tons this month because of lower yields reported for corn and sorghum. Prospects for Australia's sorghum deteriorated by 0.6 million tons this month, with area reported down instead of increasing slightly as previously forecast. Dry conditions not only drops expected area but also reduces yield prospects. Not as much sorghum as expected was planted on wheat land not harvested because of flooding. Below normal rainfall in parts of South Africa's maize triangle contributed to a 0.5- million ton drop in corn prospects. Nigeria's corn production forecast dropped 1.0 million tons this month, but this was partly offset by increased sorghum production prospects of 0.6 million. Small declines in coarse grain production were also made this month for China, the EU, and former Soviet Union.

Projected global coarse grain consumption declined 4.4 million tons this month, more than the drop in production. Argentina's coarse grain consumption forecast dropped 1.2 million tons because strong export sales and shipments indicate domestic consumption is less than previously expected. Coarse grain consumption prospects dropped in India, Nigeria, and China because of reduced production. Barley consumption expected in Saudi Arabia declined in response to lower livestock numbers as sheep are slaughtered because of Rift Valley Disease. This caused a decline in Saudi Arabia's forecast barley imports. The slow pace of EU export licenses reduced the barley export forecast 0.5 million tons this month.

Forecast 2000/01 world coarse grain ending stocks increased this month to 143 million tons because projected consumption dropped more than production. However, ending stocks are still down 13 percent compared with beginning stocks. Moreover, forecast foreign coarse grain stocks declined this month, and foreign ending stocks in 2000/01 are projected down 23 percent.

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*      The next Feed Outlook will be released May 14, 2001.  *  
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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
-----Million bushels-----										
CORN										

1997/98										
Sep-Nov	883	9,207	2	10,092	429	2,036	380	2,845	7,247	2.53
Dec-Feb	7,247	---	1	7,248	418	1,510	380	2,308	4,940	2.55
Mar-May	4,940	---	4	4,944	464	1,089	350	1,904	3,040	2.45
Jun-Aug	3,040	---	2	3,042	470	870	394	1,734	1,308	2.12
Mkt. yr.	883	9,207	9	10,099	1,782	5,505	1,504	8,791	1,308	2.43
1998/99										
Sep-Nov	1,308	9,759	4	11,071	444	2,125	450	3,019	8,052	1.90
Dec-Feb	8,052	---	6	8,058	427	1,467	465	2,359	5,698	2.04
Mar-May	5,698	---	7	5,706	489	1,103	497	2,089	3,616	2.04
Jun-Aug	3,616	---	2	3,618	462	801	568	1,831	1,787	1.80
Mkt. yr.	1,308	9,759	19	11,085	1,822	5,496	1,981	9,298	1,787	1.94
1999/00										
Sep-Nov	1,787	9,437	4	11,228	453	2,221	534	3,208	8,020	1.71
Mkt. yr.	1,787	9,437	15	11,239	1,900	5,650	1,950	9,500	1,739	1.85-1.95
SORGHUM										
1997/98										
Sep-Nov	47	634	0	681	18	239	49	307	374	2.26
Dec-Feb	374	---	0	374	18	38	83	139	235	2.24
Mar-May	235	---	0	235	12	71	55	139	96	2.16
Jun-Aug	96	---	0	96	6	17	24	47	49	2.08
Mkt. yr.	47	634	0	681	55	365	212	632	49	2.21
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	349	1.45
Mkt. yr.	65	595	0	660	55	325	225	605	55	1.55-1.65

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
-----Million bushels-----										
BARLEY										

1997/98										
Jun-Aug	109	360	12	482	44	87	24	155	327	2.31
Sep-Nov	327	---	7	334	39	12	39	90	244	2.45
Dec-Feb	244	---	8	252	37	29	6	72	180	2.42
Mar-May	180	---	13	193	53	16	5	74	119	2.26
Mkt. yr.	109	360	40	510	172	144	74	390	119	2.38
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	23	10	72	229	2.04
Mkt. yr.	142	282	30	454	172	125	30	327	127	2.05-2.15
OATS										
1997/98										
Jun-Aug	67	167	19	253	24	74	0.4	98	155	1.62
Sep-Nov	155	---	38	193	22	26	0.7	49	144	1.54
Dec-Feb	144	---	26	170	21	38	0.5	59	111	1.59
Mar-May	111	---	15	127	28	24	0.5	53	74	1.60
Mkt. yr.	67	167	98	332	95	161	2.1	258	74	1.60
1998/99										
Jun-Aug	74	166	28	268	24	82	0.5	106	162	1.15
Sep-Nov	162	---	36	198	22	32	0.4	54	143	1.08
Dec-Feb	143	---	22	166	21	32	0.5	53	113	1.20
Mar-May	113	---	22	134	28	25	0.3	53	81	1.23
Mkt. yr.	74	166	108	348	95	170	1.7	266	81	1.10
1999/00										
Jun-Aug	81	146	22	249	24	77	0.6	101	148	1.05
Sep-Nov	148	---	34	182	23	23	0.3	46	136	1.08
Mkt. yr.	81	146	100	328	96	150	2.0	248	80	1.05-1.15

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	
1997/98									
Sep-Nov	51.7	6.1	0.3	0.5	58.5	-3.1	55.5		
Dec-Feb	38.3	1.0	0.6	0.6	40.6	0.0	40.6		
Mar-May	27.7	1.8	0.3	0.4	30.2	0.3	30.5		
Jun-Aug	22.1	0.4	2.2	1.3	26.0	11.6	37.6		
Mkt. yr.	139.8	9.3	3.4	2.8	155.3	8.8	164.1	87.9	1.87
% Change	3.9	-29.3	-5.6	7.3	0.9	14.5	1.5	3.1	-1.5
1998/99									
Sep-Nov	54.0	4.5	0.3	0.6	59.4	-2.0	57.4		
Dec-Feb	37.3	0.9	0.7	0.5	39.4	0.3	39.7		
Mar-May	28.0	1.2	0.3	0.4	29.9	0.9	30.8		
Jun-Aug	20.3	0.1	1.8	1.2	23.4	7.6	31.0		
Mkt. yr.	139.6	6.7	3.1	2.7	152.0	6.8	158.8	88.6	1.79
% Change	-0.2	-28.2	-10.5	-4.4	-2.1	-22.5	-3.2	0.7	-3.9
1999/00									
Sep-Nov	56.4	5.8	0.5	0.4	63.2	0.1	63.2		
Mkt. yr.	143.5	8.3	2.8	2.4	157.0	10.1	167.1	90.0	1.86
% Change	2.8	24.0	-8.7	-8.0	3.3	48.2	5.2	1.6	3.6

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
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:							
1998/1999:							
Oct	1.94	2.43	4.91	4.00	NQ	NQ	1.29
Nov	2.09	2.47	4.91	4.15	NQ	NQ	1.32
Dec	2.08	2.42	4.82	4.12	NQ	NQ	1.31
Jan	2.07	2.48	4.88	4.13	NQ	NQ	1.33
1999/2000:							
Oct	1.72	2.17	3.30	3.55	NQ	NQ	1.20
Nov	1.82	2.17	3.33	3.59	NQ	NQ	1.20
Dec	1.84	2.21	3.36	3.66	NQ	NQ	1.28
Jan 3/	1.95	2.36	3.54	4.01	NQ	NQ	1.21

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	91.00
Monthly:								
1998/1999:								
Oct	129.40	106.50	56.90	227.50	141.30	75.00	49.00	86.90
Nov	139.30	107.90	66.10	313.10	154.00	74.00	60.00	84.40
Dec	139.60	119.75	74.40	291.50	151.20	78.00	68.10	81.40
Jan	131.00	110.60	75.90	257.50	143.00	87.00	80.10	81.40
1999/2000:								
Oct	147.19	111.83	58.38	265.00	150.17	88.00	54.83	76.00
Nov	148.10	112.00	62.80	250.00	159.72	88.00	52.90	77.30
Dec	145.40	124.20	59.00	234.40	156.70	88.00	62.80	73.20
Jan 3/	154.96	126.88	55.50	238.75	156.89	85.00	56.13	74.10

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

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	122.8	63.4	59.6	116.1	33.2	34.0	429.1
Dec-Feb	116.8	56.2	56.7	122.2	32.8	33.6	418.3
Mar-May	139.4	60.7	58.3	118.3	33.5	34.4	444.5
Jun-Aug	153.4	64.7	58.9	124.6	33.5	34.4	469.4
Mkt year	532.3	244.9	233.5	481.1	133.0	136.5	1,761.2
1998/99							
Sep-Nov	127.6	60.5	57.8	132.4	31.1	34.5	443.8
Dec-Feb	120.8	52.0	54.7	132.9	32.6	34.1	427.1
Mar-May	145.4	60.0	57.1	138.8	34.1	34.8	470.1
Jun-Aug	155.4	61.6	58.2	121.8	29.4	34.8	461.2
Mkt year	549.3	234.1	227.8	525.8	127.1	138.2	1,802.2
1999/00							
Sep-Nov	133.7	60.6	60.4	131.7	31.9	34.8	453.2
Mkt year	575.0	240.0	240.0	555.0	130.5	140.0	1,880.5

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/					
95/96	17.79	14.21	25.50	13.01	15.98
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 2/	15.06	11.00	24.24	8.04	12.28
Monthly					
1998/1999:					
Nov	15.07	10.97	30.65	7.65	12.10
Dec	14.91	10.81	30.65	7.83	12.10
Jan	15.13	11.03	30.65	7.95	11.95
Feb	15.24	11.14	30.65	7.95	12.01
1999/2000:					
Nov	14.42	10.32	16.38	9.25	11.65
Dec	14.57	10.47	16.38	9.25	11.83
Jan	15.12	11.02	16.38	9.25	11.98
Feb 2/	15.17	11.07	16.38	9.25	12.40

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-Dec.	Mkt. yr.	June-Dec.	June-Dec.
OATS	-----Thousand tons-----				
Canada	1,142	838	1,287	832	1,002
Finland	216	130	125	75	0
Sweden	443	288	276	174	107
Total 1/	1,856	1,257	1,703	1,081	1,109
BARLEY, MALTING					
Canada	567	308	543	338	305
Total 1/	567	308	543	338	305
BARLEY, OTHER 2/					
Canada	81	67	60	18	29
Total 1/	81	67	60	18	29

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

