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Feed Outlook

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Feed Grain Use Lowered

Contents

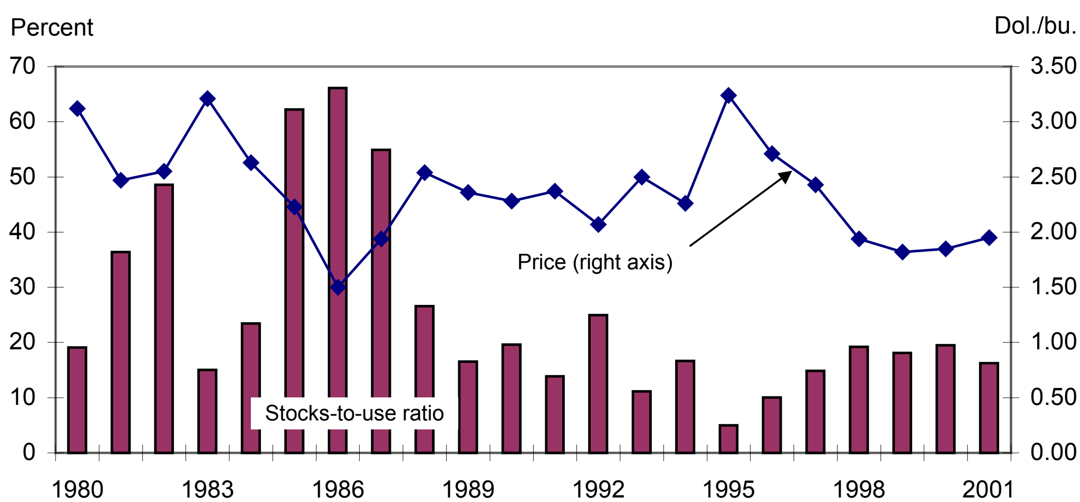
The next release is May 14, 2002

Approved by the World Agricultural Outlook Board.

The only change made to the feed grains balance sheet was a 1.3-million-ton reduction in exports, caused entirely by corn. The drop in exports lowered total use fractionally to 272.3 million tons. Corn ending stocks increased 50 million bushels this month because of reduced export prospects. Forecast U.S. corn exports dropped because of the slow pace of sales and shipments and China's cancellations of most of its purchases of U.S. corn made last fall. Increased corn exports are forecast this month for Argentina and Hungary, as well as reduced imports for Mexico.

Changes in this month's U.S. coarse grain forecasts caused a 10-cent-per-bushel drop in the high end of projected 2001/02 corn and sorghum average farm prices. Corn and sorghum average farm prices are projected at $1.85-$2.05 and $1.80-$2.00 respectively.

Figure 1
Corn price and stocks-to-use ratio



Source: National Agricultural Statistics Service, USDA.

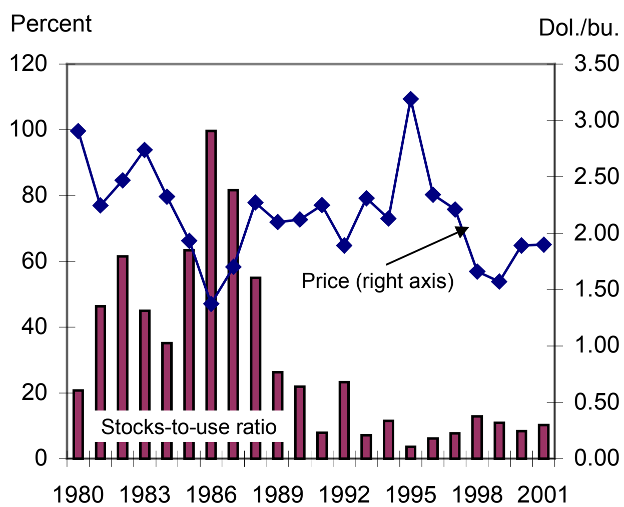
Feed and Residual Up from Last Year

On a September-August marketing year basis, feed and residual use for the four feed grains plus wheat in 2001/02 is projected at 165.4 tons, up fractionally from a year earlier. The projected index for grain consuming animal units (GCAU) for 2001/02 is 89.4 million units, up fractionally from last year. Feed and residual used per GCAU in 2001/02 is projected at 1.85 tons, fractionally higher than 2000/01.

The following animal product estimates were made for calendar 2002:

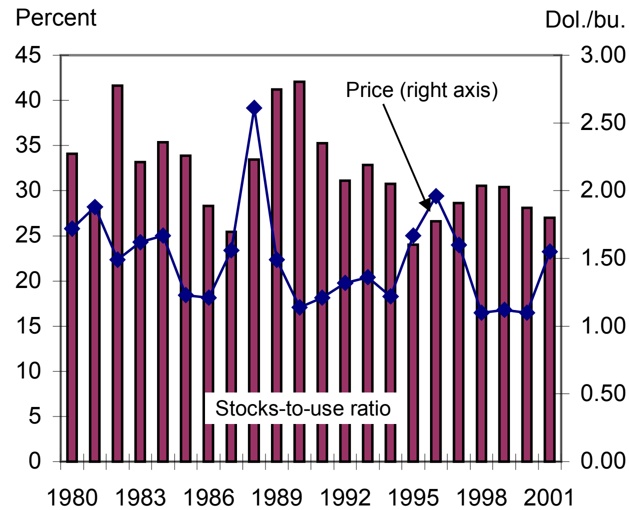
- beef production 25.6 billion pounds, down 2 percent from 2001
- pork production 19.2 billion pounds, fractionally higher than 2001
- broiler production 32.1 billion pounds, up 3 percent from 2001
- turkey production 5.6 billion pounds, up 1 percent from 2001
- egg production 7.2 billion dozen, up 1 percent from 2001
- milk production 169.4 billion pounds, up more than 2 percent from 2001

Figure 2
Sorghum price and stocks-to-use ratio



Source: National Agricultural Statistics Service, USDA.

Figure 3
Oats price and stocks-to-use ratio



Source: National Agricultural Statistics Service, USDA.

Corn Exports Lowered 50 Million Bushels

Corn exports were lowered 50 million bushels to 1,925 million bushels, down fractionally from last year and the lowest since 1997/98. This month-to-month reduction was caused by competition from abroad and export pace to date. Total corn use is projected at 9,820 million bushels, up fractionally from last year. Ending stocks were raised 3 percent to 1,596 million bushels and the corn stocks-to-use ratio is projected at 16.3 percent, up from 15.7 last month. Due to the rising stocks and farm prices received to date, corn prices were lowered 10-cents on the high end to $1.85-$2.05.

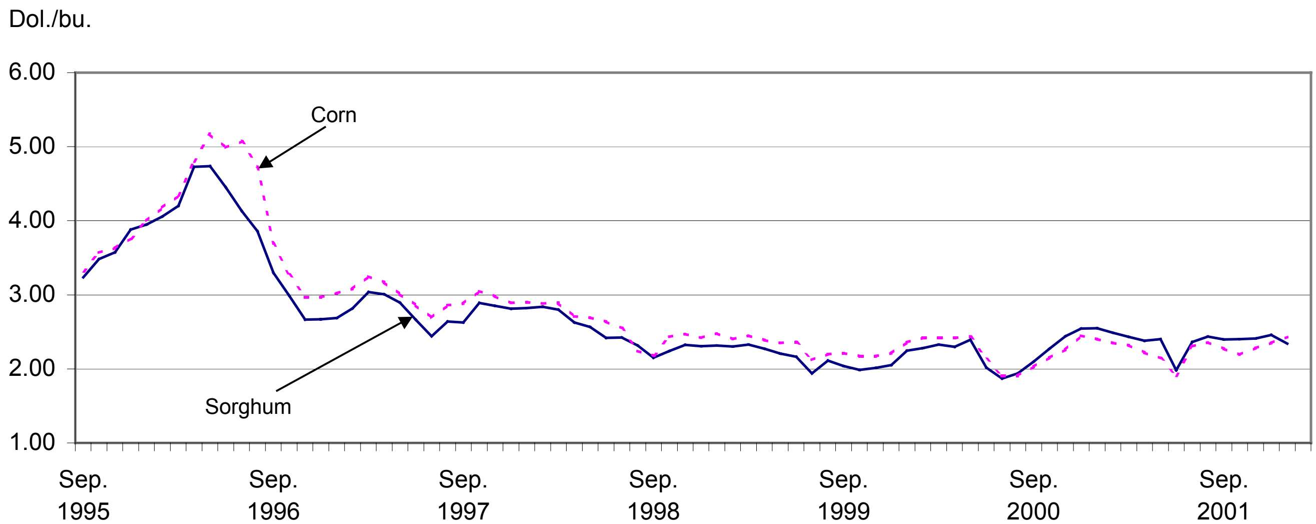
Price changes for sorghum and oats are based on farm prices received to date. The sorghum price was lowered 10-cents on the high end to $1.80-$2.00. The oats price was raised 5-cents on both ends to $1.50-$1.60. Projected barley prices are unchanged at $2.20-$2.30.

Ethanol Production Continues Recordbreaking Pace

Ethanol production continues to increase based on the outlook from the possible banning of methyl tertiary butyl ether (MTBE) in many States. Ethanol is the principal replacement oxygenate for those States that use reformulated gasoline requiring 2 percent by weight oxygen, and the primary starch used to produce ethanol comes from corn. The Energy Information Administration (http://www.eia.doe.gov/) reports that January ethanol production was record-large and that ethanol stocks are building. Increased ethanol production has come from new plants that have come on line as well as expansions made to existing plants. Projected corn used for fuel production in 2001/02 is expected to be a record 690 million bushels.

Figure 4

Sorghum and corn prices, fob Gulf, September 1995-January 2002



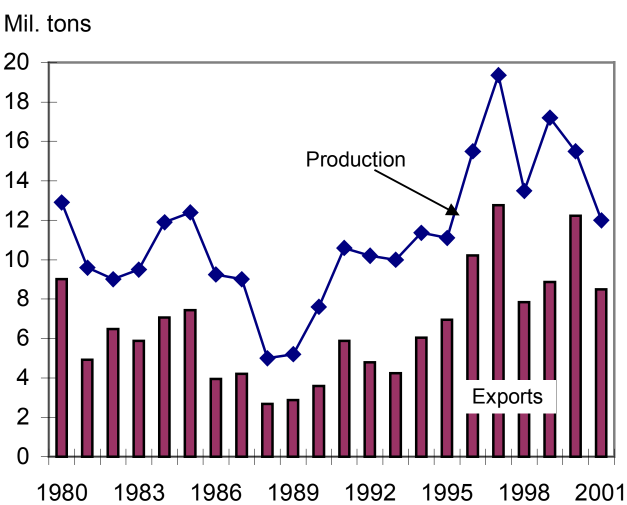
Source: Agricultural Marketing Service, USDA.

Forecast Foreign Coarse Grain Production Up

Global coarse grain production in 2001/02 is expected to reach 875 million tons, up more than 5 million tons this month. The largest increase was in China, up more than 2 million tons. Estimates of total grain production recently released by China's National Bureau of Statistics did not provide any breakout by type of grain, but other government agencies in China indicated corn production larger than U.S. Department of Agriculture (USDA) previously projected. Corn production increased 2 million tons to 110 million. There was also a small increase in forecast sorghum production. Although China suffered a second consecutive year of widespread drought, average corn and sorghum yields are thought to have been better in 2001/02 than in the previous year.

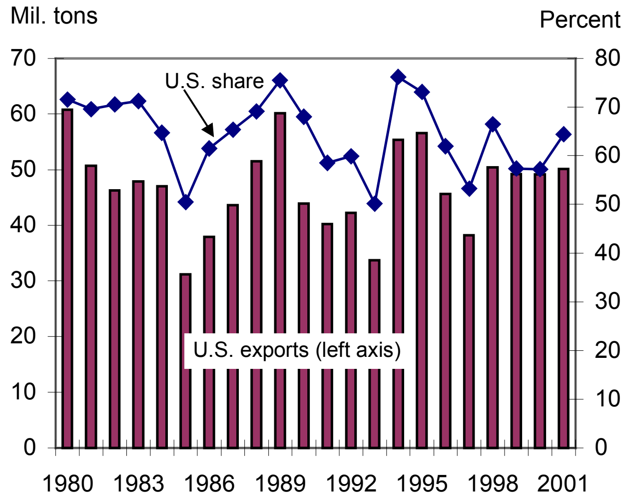
Mexico's corn production in 2001/02 is forecast at 19 million tons, up 1 million this month. Growing conditions have been generally favorable and Mexican Government sources indicate that yields for the fall/winter crop were better than expected. India also reported larger than expected coarse grain production, leading to a 1.6-million-ton increase this month, including much more millet area and production and a small increase in corn production. Projected Argentine corn production is up 0.5 million tons this month due to indications of higher than expected yields. However, area and production are still down significantly from the previous year. The forecast of South Africa's corn production increased 0.5 million tons to 9.0 million because of improved yield prospects in February. There was also a small upward revision to the Italian corn crop.

Figure 5
Argentine corn production and exports



Source: Foreign Agricultural Service, USDA.

Figure 6
U.S. corn exports and proportion of total trade



Source: Foreign Agricultural Service, USDA.

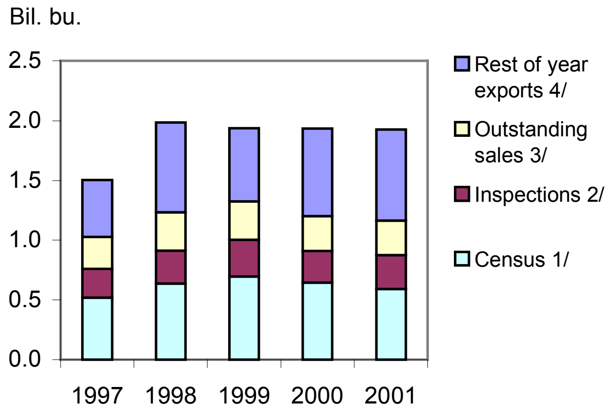
After this month's increases, foreign coarse grain production in 2001/02 is forecast at 613 million tons, up 27 million tons from last year, but the same as in 1999/2000. While China had only a modest rebound in coarse grain production, there is a stronger "bounce back" by Eastern Europe and the former Soviet Union. While foreign coarse grain production in 2001/02 is about the same as two years earlier, use is forecast nearly 10 million tons higher. China, especially crucial to global corn trade, is expected to reduce corn stocks by nearly 17 million tons during 2001/02, while importing minimal amounts of corn, despite its World Trade Organization (WTO) entry.

U.S. Corn Export Forecast Reduced

U.S. corn exports are forecast to reach 1925 million bushels in 2001/02 (September/August), down 50 million from previous expectations. Corn exports have started the year relatively slow. Census

Figure 7

Corn exports: Strong sales expected for remainder of year



1/ From September to December. 2/ January and February inspections. 3/ Outstanding sales prior to release of March WASDE. 4/ Projection for 2001; estimate for 2000.

Source: Bureau of the Census, USDC; Foreign Agricultural Service, and Agricultural Marketing Service, USDA.

exports for October through December are 591.8 million bushels, down from 644.8 a year earlier. Inspections data indicate that shipments during January and February 2002 were 286.9 million bushels, compared with 265.2 million a year ago. However, outstanding export sales of corn on February 28, 2002, were reported at 286.8 million, down slightly from the year before. Corn export sales and shipments during the latter part of 2001/02 are expected to be larger than the previous year, when exports only reached 1935 million bushels, because of reduced competition, especially from China and Argentina.

Larger than previously expected corn exports were forecast this month for Argentina and Hungary. An increased production forecast, boosted this month's projected corn exports 0.5 million tons to 8.5 million. This is still down from the previous year's 12.2 million tons.

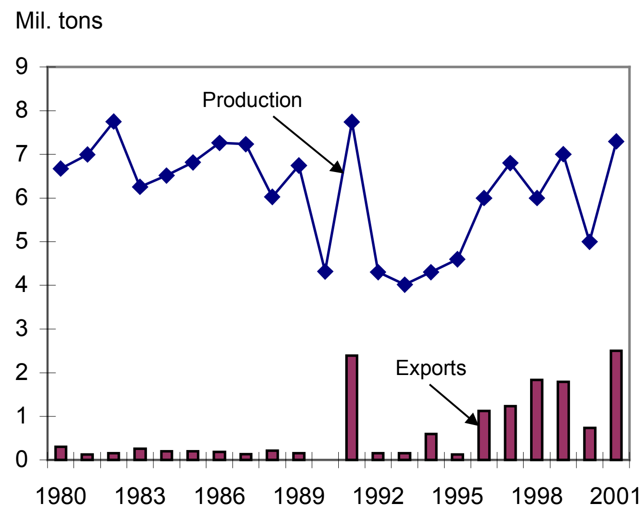
Hungary's corn exports were boosted this month by 0.7 million tons, to 2.5 million, based on the pace of sales and shipments. Hungary has increased shipments to Western Europe and the former Soviet Union, while still shipping to neighboring countries in Eastern Europe. However, most of the increase in Hungary's corn exports was offset by reduced exports forecast for Romania, where the pace of sales and shipments has been slower than expected.

China recently cancelled most of its purchases of U.S. corn made last fall. Despite China's WTO entry last December, there is no indication that large corn imports by China are imminent. This month's forecast of China's corn imports dropped to 0.25 million tons, down from 1.0 million.

Corn import prospects for Mexico, a key U.S. market, were reduced 0.5 million tons this month because of increased production prospects. Also, the Mexican Government has been slow to make additional import quotas available to feed compounders in Mexico. However, the drop in Mexico's corn import forecast was offset by an increase in Canada, where the pace of purchases and shipments has been stronger than expected.

Figure 8

Hungarian corn production and exports



Source: Foreign Agricultural Service, USDA.

Contacts and Links

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Electronic Outlook Reports from the Economic Research Service

"Corn Market to Strengthen in 2001/02" (http://www.ers.usda.gov/publications/agoutlook/oct2001/ao285e.pdf) is a recent *Agricultural Outlook* article examining the corn market. The article also contains a box updating the current ethanol situation.

Related Websites

WASDE (http://www.usda.gov/oce/waob/wasde/latest.pdf)
Grain Circular (http://www.fas.usda.gov/grain/circular/2002/03-02/graintoc.htm)
Corn Briefing Room (http://www.ers.usda.gov/Briefing/Corn/)

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	2,188	535	3,182	8,039	1.71
Dec-Feb	8,039	---	3	8,043	447	1,529	465	2,441	5,602	1.91
Mar-May	5,602	---	6	5,607	512	1,058	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	5,665	1,937	9,515	1,718	1.82
2000/01										
Sep-Nov	1,718	9,915	1	11,634	466	2,131	507	3,104	8,530	1.73
Dec-Feb	8,530	---	1	8,531	465	1,609	413	2,488	6,043	1.97
Mar-May	6,043	---	3	6,046	524	1,142	456	2,122	3,924	1.90
Jun-Aug	3,924	---	1	3,925	512	956	559	2,026	1,899	1.85
Mkt. yr.	1,718	9,915	7	11,639	1,967	5,890	1,937	9,740	1,899	1.85
2001/02										
Sep-Nov	1,899	9,507	2	11,408	489	2,202	453	3,144	8,264	1.86
Mkt. yr.	1,899	9,507	10	11,416	2,045	5,850	1,925	9,820	1,596	1.85-2.05
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	285	255	595	65	1.57
2000/01										
Sep-Nov	65	471	0	536	17	194	63	274	262	1.69
Dec-Feb	262	---	0	262	11	15	69	95	167	1.95
Mar-May	167	---	0	167	4	24	63	91	76	1.79
Jun-Aug	76	---	0	76	3	-11	42	35	42	2.03
Mkt. yr.	65	471	0	536	35	220	239	494	42	1.89
2001/02										
Sep-Nov	42	515	0	556	15	164	63	243	313	1.86
Mkt. yr.	42	515	0	556	45	200	260	505	51	1.80-2.00

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	81	8	132	295	2.18
Sep-Nov	295	---	5	300	39	25	9	73	228	2.04
Dec-Feb	228	---	9	237	37	22	8	67	170	2.14
Mar-May	170	---	7	178	52	10	4	66	111	2.19
Mkt. yr.	142	280	28	450	172	138	28	338	111	2.13
2000/01										
Jun-Aug	111	319	7	437	44	91	8	143	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	319	29	459	172	123	58	353	106	2.11
2001/02										
Jun-Aug	106	250	8	364	44	63	11	118	246	2.25
Sep-Nov	246	---	5	251	39	9	7	56	195	2.27
Mkt. yr.	106	250	25	381	172	95	30	297	84	2.20-2.30
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	156	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	150	21	247	17	79	0	96	150	1.03
Sep-Nov	150	---	37	187	16	26	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	150	106	332	68	189	1.7	259	73	1.10
2001/02										
Jun-Aug	73	117	18	207	17	73	1	91	116	1.30
Sep-Nov	116	---	45	162	16	30	1	48	114	1.55
Mkt. yr.	73	117	100	290	70	155	3.0	228	62	1.50-1.60

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	40.7	0.7	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	8.8	34.7		
Mkt. yr.	143.9	7.2	3.2	2.8	157.2	9	166.2	88.8	1.87
2000/01									
Sep-Nov	54.1	4.9	0.1	0.5	59.7	-0.7	59.0		
Dec-Feb	40.9	0.4	0.5	0.8	42.5	0.2	42.7		
Mar-May	29.0	0.6	0.1	0.6	30.3	-0.2	30.1		
Jun-Aug	24.3	-0.3	1.4	1.1	26.5	6.6	33.1		
Mkt. yr.	148.3	5.7	2.1	2.9	159	6	164.9	89.3	1.85
2001/02									
Sep-Nov	55.9	4.2	0.2	0.6	60.9	-0.8	60.1		
Mkt. yr.	148.6	5.1	2.2	2.5	158.4	7.0	165.4	89.4	1.85

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
98/99	1.97	2.35	3.78	3.97	1.23	2.30	1.34
99/00	1.86	2.23	3.36	3.79	NQ	NQ	1.26
00/01 3/	1.91	2.29	3.87	4.35	1.47	2.37	NQ
Monthly:							
2000/01:							
Oct	1.81	2.15	3.95	4.06	1.30	2.24	NQ
Nov	1.96	2.26	4.03	4.36	1.42	2.39	NQ
Dec	2.01	2.45	3.55	4.54	1.50	2.45	NQ
Jan	1.99	2.40	4.08	4.55	1.54	NQ	NQ
2001/02:							
Oct	1.84	2.19	4.03	4.29	1.50	2.42	NQ
Nov	1.90	2.28	3.97	4.30	1.50	2.44	NQ
Dec	1.97	2.35	4.01	4.39	1.54	2.48	NQ
Jan 3/	1.95	2.34	3.89	4.34	1.55	2.48	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 high protein 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.								
98/99	137.31	109.86	59.87	234.76	137.32	84.87	54.74	88.10
99/00	165.92	124.00	52.89	237.31	163.13	82.93	53.13	80.20
00/01 3/	174.15	144.38	58.92	250.34	177.19	84.93	61.77	89.00
Monthly:								
2000/01:								
Oct	171.52	150.00	51.00	247.00	182.05	73.00	52.35	89.20
Nov	181.36	142.50	57.75	263.75	211.14	73.00	57.12	88.00
Dec	195.65	160.83	66.00	273.13	226.64	77.00	81.50	89.70
Jan	183.17	184.00	73.40	284.50	200.80	101.80	96.07	91.00
2001/02:								
Oct	165.45	131.25	66.40	260.00	168.22	92.00	59.76	108.00
Nov	166.10	128.10	66.25	258.10	160.70	92.00	66.40	106.00
Dec	154.20	134.20	65.00	257.50	160.80	90.75	76.40	102.00
Jan 3/	156.60	133.10	60.00	236.00	158.10	86.00	57.10	101.00

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	46.0	466.2
Dec-Feb	118.4	49.9	59.2	158.0	33.3	46.0	464.8
Mar-May	144.6	56.5	62.0	161.3	34.8	46.4	505.6
Jun-Aug	148.0	58.0	63.0	165.4	30.1	46.5	511.0
Mkt year	537.1	220.6	247.6	627.5	130.0	185.0	1,947.7
2001/02							
Sep-Nov	127.2	56.0	62.4	165.5	32.0	46.2	489.3
Mkt year	548.0	220.0	250.0	690.0	131.0	186.0	2,025.0

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					
2000/01:					
Nov	16.12	12.02	16.88	8.40	12.43
Dec	16.13	12.03	16.88	8.75	12.88
Jan	16.00	11.90	16.88	9.50	12.79
Feb	15.83	11.73	16.88	9.50	12.73
2001/02:					
Nov	15.56	11.46	18.88	10.80	12.01
Dec	15.56	11.46	18.88	10.80	12.04
Dec	15.56	11.46	18.88	10.80	12.04
Jan 2/	15.46	11.36	18.88	10.80	12.16

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-Dec.	Mkt. yr.	June-Dec.	June-Dec.
OATS	--------------------Thousand tons---------------------				
Canada	1,287	832	1,466	1,002	905
Finland	122	75	103		190
Sweden	276	174	257	107	138
Total 1/	1,699	1,081	1,827	1,109	1,244
BARLEY, MALTING					
Canada	543	338	585	305	334
Total 1/	543	338	585	305	335
BARLEY, OTHER 2/					
Canada	60	18	51	29	8
Total 1/	60	18	51	29	8

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	------1999/00------ Mkt. yr.	Sep.-Dec.	------2000/01-------- Mkt. yr.	Sep.-Dec.	2001/2002 Sep.-Dec.
	thousand metric tons				
CORN					
Japan	14,926	4,830	14,396	4,778	4,347
Mexico	4,794	1,598	5,894	1,950	1,649
Taiwan	5,036	1,833	4,831	1,514	1,551
Egypt	3,300	895	4,152	1,375	1,421
S. Korea	3,021	1,436	3,168	709	587
Canada	983	403	2,697	906	1,239
Colombia	1,782	601	1,615	504	486
Venezuela	1,096	299	1,264	367	85
Algeria	1,042	332	1,205	477	511
Saudi Arabia	1,164	441	1,053	401	256
Dominican Republic	1,003	300	993	282	314
Israel	695	241	694	323	136
Syria	603	172	588	185	222
Turkey	874		568		
Morocco	576	114	530	219	183
Costa Rica	452	136	512	176	153
Tunisia	485	178	470	197	253
Peru	458	270	185	67	119
Iran	611	551	144	144	
Sub-Saharan Africa	510	290	113	63	66
Former USSR	491	83	112	10	74
Chile	542	324	33	33	12
EU	68	5	17	6	4
East Europe	35	35			15
China	58	58			
Others	4,477	2,305	3,785	1,691	1,349
Total	49,082	17,729	49,018	16,378	15,032
SORGHUM					
Mexico	4,816	1,702	4,921	1,539	1,627
Japan	1,123	490	811	378	573
Israel	135	54	110	62	5
EU	181				
Others	104	44	69	63	27
Total	6,359	2,290	5,912	2,043	2,232
	------1999/2000------		------2000/2001------		2001/2002
	Mkt. yr.	June-Dec.	Mkt. yr.	June-Dec.	June-Dec.
BARLEY					
Saudi Arabia			416	305	
Japan	337	254	388	172	236
Mexico	104	74	113	82	46
Taiwan	5	5	57	57	
Canada	31	19	32	22	67
Other	135	53	663	528	84
Total	613	405	1,253	861	433

1/ Totals may not add due to rounding.

Source: Bureau of the Census.