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Feed Outlook

Allen Baker and Edward Allen

Record Forecast for 2007/08 Feed Grains Production and Record Use Propelled by Ethanol Use

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The next release is

June 13, 2007

Approved by the
World Agricultural
Outlook Board.

This report summarizes the initial U.S. Department of Agriculture (USDA) supply and demand projections and U.S. price prospects for the 2007/08 marketing year. Because planting of spring crops is still underway in the Northern Hemisphere and remains several months away in the Southern Hemisphere, these projections are highly tentative. Projections are based on USDA surveys, economic analysis, judgment, and the assumption of normal weather.

Forecasted feed grain area planted in 2007 based on *Planting Intentions*, is up 14 percent from 2006 as farmers responded to strong pre-season prices. Acres to be planted in corn are expected to be up 15 percent. Total feed grain supplies for 2007/08 are forecast up 7 percent to a new record. However, record use of feed grains, boosted by a 58-percent rise in corn used to make ethanol, is expected to keep ending stocks relatively low, up just 1 percent from 2006/07. With plentiful supplies of spent grains from ethanol production in 2007/08, feed and residual use is expected to total 152 million tons for the four feed grains, down from 155 million in 2006/07. Strong prices are expected for all four feed grains.

Increased competitors' corn exports, coupled with stagnant world corn trade and high U.S. corn prices, are expected to cut U.S. corn exports 5 million tons in 2007/08 to 50 million tons. World coarse grains production in 2007/08 is projected up 8 percent compared to the previous year. The increase is driven by high prices that make coarse grains, especially corn, more profitable for many producers than most other crops. World coarse grains consumption in 2007/08 is projected at a record 1.06 billion tons, a year-to-year increase of 4.5 percent, with U.S. ethanol demand leading growth. Foreign consumption during the period is expected to increase 2 percent to 780 million tons, despite prevailing high prices. Healthy economic growth in many countries is supporting meat demand and increasing coarse grains feed use.

Domestic Outlook

Feed Grain Production Up 52 Million Tons

U.S. feed grain production for 2007/08 is projected at a record 332 million tons, up from 280 million in the previous marketing year. This year-over-year increase stems from larger projected planted and harvested area for corn, sorghum, and barley. Oats production is expected to be up from 2007 because of an increase in expected yields.

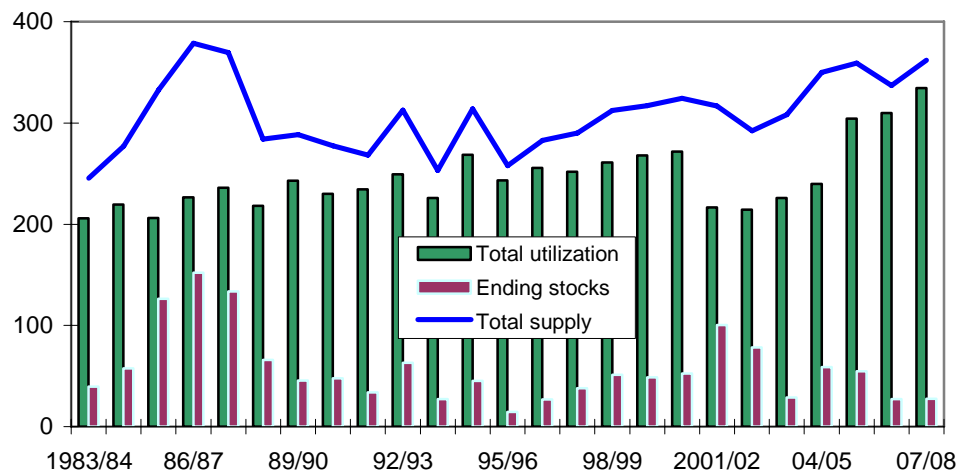
For the four feed grains combined, planted and harvested area is up in 2007/08, and yield is projected higher. Planted area is based on producer intentions reported in the March 30 *Prospective Plantings*. Harvested areas and yields are projected for corn, sorghum, barley, and oats (for more complete descriptions see the following sections for each commodity). Beginning feed grain stocks are 27 million tons, down from 55 million tons in 2006/07. Total 2007/08 feed grain supply is projected at 362 million tons, up from 337 million.

Feed grain use is expected to rise in 2007/08. Food, seed, and industrial (FSI) use is projected at 128 million tons, up from 95 million in 2006/07. Exports are expected to slip from 60 million tons in 2006/07 to 55 million tons in 2007/08. Feed and residual use is expected to decline nearly 3 million tons in 2007/08 to 152 million. Despite the increase in supply, ending feed grain stocks are projected to increase only 1 percent. Higher prices are expected for corn, barley, and oats, but sorghum prices are forecast lower.

Figure 1

U.S. feed grain supply and utilization

Mil. tons



Source: USDA, World Agricultural Outlook Board, WASDE.

Changes to 2006/07 Balance Sheets

Changes were made to corn and barley for the 2006/07 marketing year. Based on first-half corn use to make high fructose corn syrup and starch, corn use was lowered 5 million bushels for each of these uses. Corn exports were lowered 50 million bushels, to 2,200 million, reflecting the slowing pace of export shipments in recent weeks. Forecast barley imports were decreased 5 million bushels to 10 million, reflecting a slower-than-expected pace of imports to date. No changes were made to sorghum and oats balance sheets.

Feed and Residual Down From 2006/07

The 2007/08 feed and residual use for the four feed grains plus feed wheat is projected at 160 million tons, down 3 million from the previous year. Feed and residual use per grain-consuming animal unit (GCAU) is projected at 1.75 tons in 2007/08, down from 1.78 tons a year earlier. Total GCAUs are projected to be down 1 percent over the period to 91 million. GCAUs are down because of a slower pace of fed cattle marketings.

The following is a breakdown of animal production estimates for calendar year 2008:

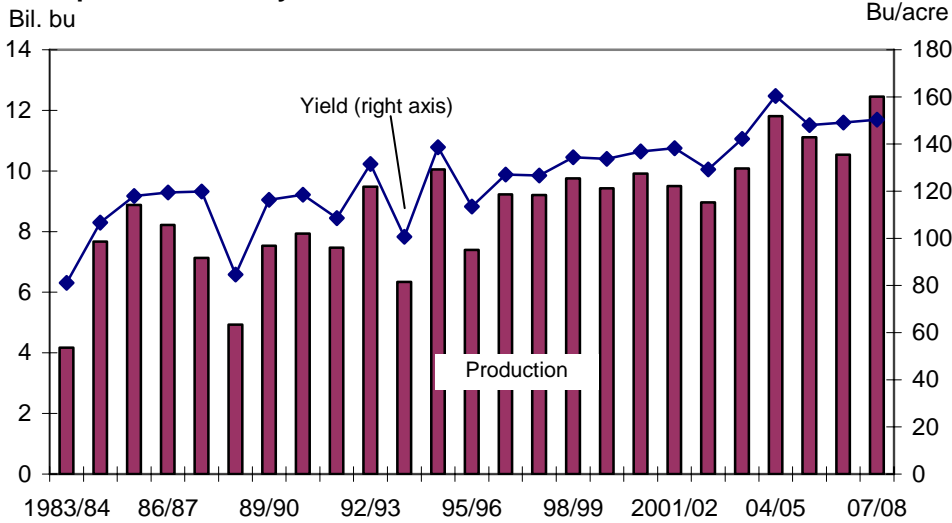
- Beef production is expected to be 26.3 billion pounds, up from 26.1 billion a year earlier,
- Pork production is forecast at 21.6 billion pounds, up 1 percent from 2007,
- Poultry production is projected at 42.8 billion pounds, up from 41.9 billion in 2007,
- Egg production is expected to be 7.7 billion dozen, up from 7.6 billion a year earlier, and
- Milk production is expected to be 188 billion pounds, up from 184 billion in 2007.

Record Corn Production Expected in 2007/08

The 2007/08 corn crop is projected at a record 12,460 million bushels, up from 10,535 million bushels a year earlier. This year-over-year change stems from a 12.2-million-acre expected increase in planted area to 90.5 million acres, and a 1.2-bushel per acre increase in yield to 150.3 bushels per acre. The national average yield was forecast from an economic model fit over 1990-2006 using a trend variable, July rainfall and temperatures, and planting progress as of mid-May 2007. In recent years, USDA has adjusted its linear trend yield forecast to reflect planting progress using a similar model based on historic yields, July weather, and mid-May planting pace starting in 1975. This model (based on 1975-1999) was used to project the 2000 yield in the May 12, 2000, *World Agricultural Supply and Demand Estimates*. The updated 1990-2006 model was used to project the 2007 corn yield from the Agricultural Outlook Forum 2007 in early March and the *USDA Agricultural Long-term Projections to 2016* released February 2007. As of May 6, 2007, 53 percent of the 2007/08 corn crop has been planted, down from 67 percent in 2006/07 and down from the 5-year average of 63 percent. Planted area is based

Figure 2

Corn production and yield

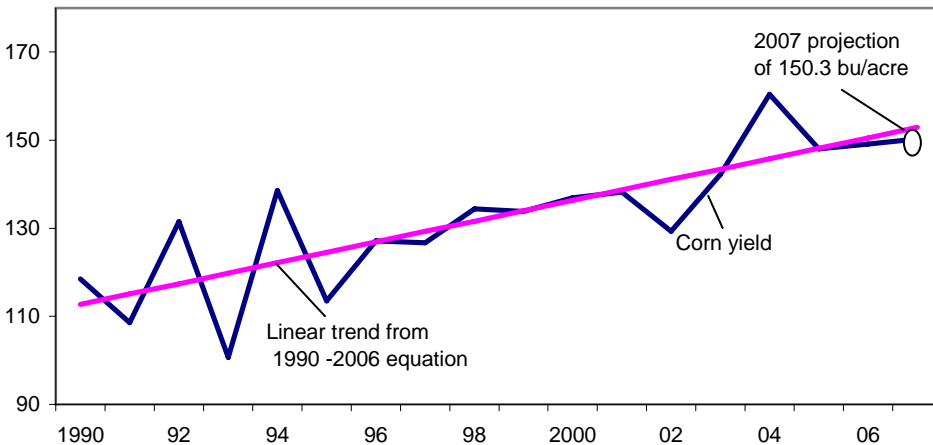


Source: USDA, National Agricultural Statistics Service, USDA-NASS *Quick Stats* and USDA, World Agricultural Outlook Board, *WASDE*.

Figure 3

Delayed spring plantings put the 2007 corn yield projection below trend

Bushels per acre



Source: USDA, World Agricultural Outlook Board, *WASDE*.

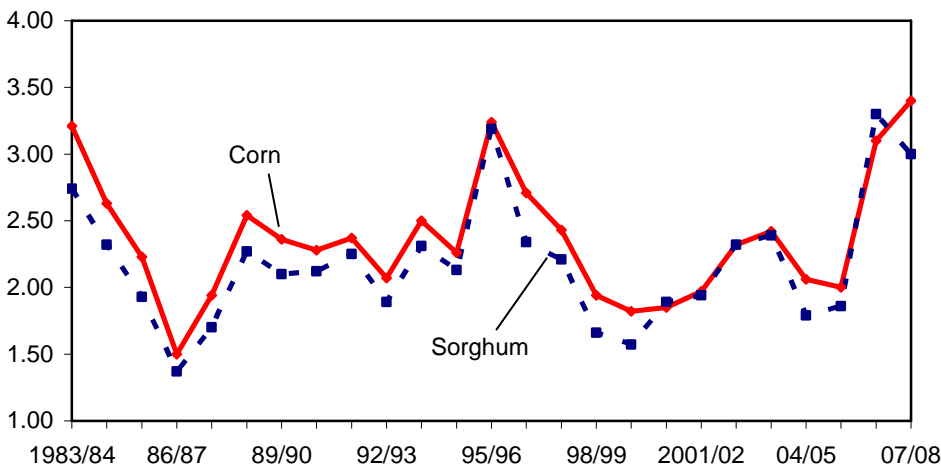
on the March *Prospective Plantings* report. Harvested acreage is based on derived demand for silage reflected in the roughage-consuming animal units (RCAUs) and historical abandonment over the years 1997 to 2006 dropping the high and low years.

Beginning corn stocks for 2007/08 are forecast at 937 million bushels, down from 1,967 million in 2006/07. Total corn supply is expected to be 13,412 million bushels, up 900 million from the previous year.

Figure 4

Annual average farm price for corn and sorghum

Dol./bu



Total corn use is projected at a record 12,465 million bushels, up from 11,575 million bushels the previous year. This year-over-year increase stems from increased food, seed, and industrial use, because exports and feed and residual are down. FSI use is projected at 4,790 million bushels, up from 3,525 million bushels expected in 2006/07. Increased ethanol production is the major factor behind this year-over-year increase. Exports for 2007/08 are projected at 1,975 million bushels, down 225 million from the previous year.

Ending stocks of corn for 2007/08 are projected at 947 million bushels, up from 937 million projected for 2006/07. Season-average corn prices for 2007/08 are projected at \$3.10-\$3.70 per bushel, compared with \$3.00-\$3.20 per bushel the previous year. Prices received by farmers in 2006/07 have been below current cash prices because of forward contracting. In 2007/08, the reverse is expected to be true with strong forward contracted prices boosting prices received by farmers above cash market prices.

Food, Seed, and Industrial Use To Continue Growing

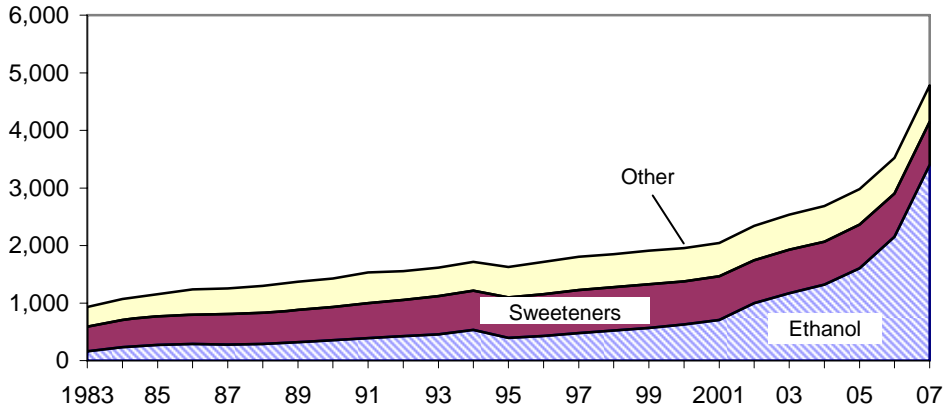
FSI use in 2007/08 is expected to increase nearly 36 percent from a year earlier. At the projected 4,790 million bushels, FSI will equal 38 percent of total use, up from an expected 30 percent in 2006/07 and 26 percent in 2005/06. High fructose corn syrup use of corn is projected to increase 5 million bushels from the 510 million bushels expected to be used in 2006/07. This is still below use levels prior to 2006/07.

Glucose and dextrose use of corn in 2007/08 is expected to be up 1 percent from the expected 240 million bushels in 2006/07, which was up 5 percent from 2005/06. Starch use of corn in the first half of 2006/07 was down 2 percent from the year

Figure 5

Food, seed, and industrial use of corn

Mil. bu

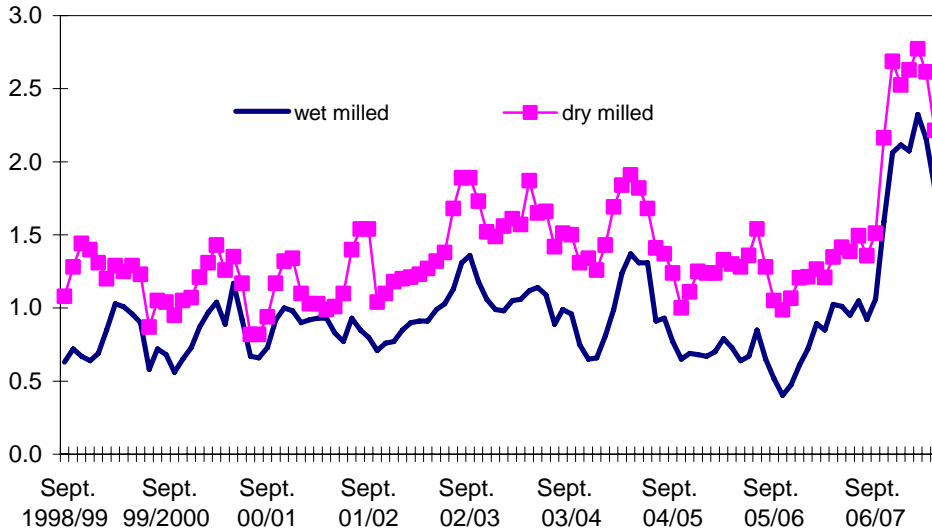


Note: Other includes starch, beverage alcohol, cereals and other products, and seed.
 Source: USDA, Economic Research Service, *Feed Grains Database*.

Figure 6

Net corn costs for wet and dry milling, monthly, September 1998-April 2007

\$/bushel



Source: USDA, Economic Research Service, *Feed Grains Database*.

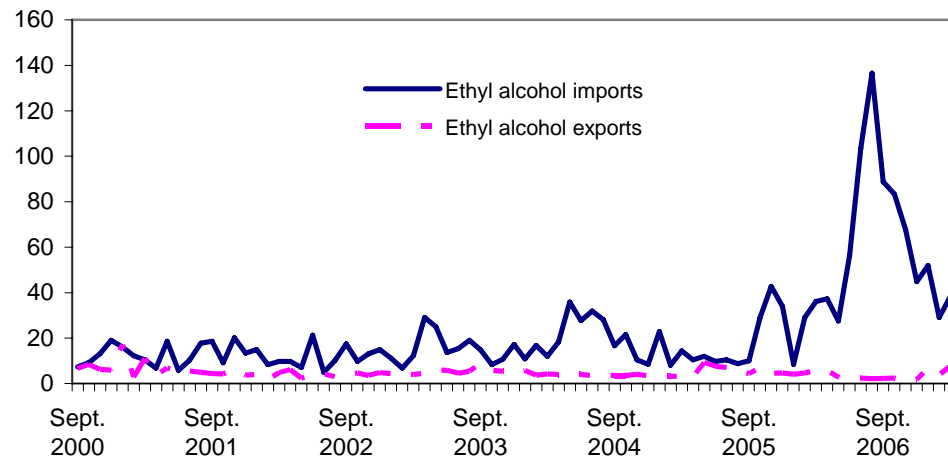
earlier but for all of 2006/07 starch use is expected to be about the same as in 2005/06. In 2007/08, corn used to produce starch is expected to increase 2 percent from projected use in 2006/07.

Corn use for ethanol in 2007/08 is projected to increase 58 percent following an expected 34-percent gain in 2006/07. Monthly ethanol production reported by the

Figure 7

Ethyl alcohol trade, monthly, September 2000-March 2007

Mil. gallons



Source: USDA, Economic Research Service, *FeedGrains Database*.

Department of Energy (DOE) was record high at 386,000 barrels per day in February 2007 (the latest available data), helping boost first-half 2006/07 production to a record 2,689 million gallons. This ethanol production reflects expansions to existing plants and the new plants that have been added in response to very profitable operations last year. Ethanol production also continues to run ahead of reported plant capacities.

Ethanol stocks in February 2007, also reported by DOE, were up 19 percent from a year earlier but were down from the record high of 412 million gallons in October 2006. Ethanol prices usually move with gasoline prices but have fallen below gasoline since early March as gasoline prices have increased because of refinery production problems, causing tight supplies.

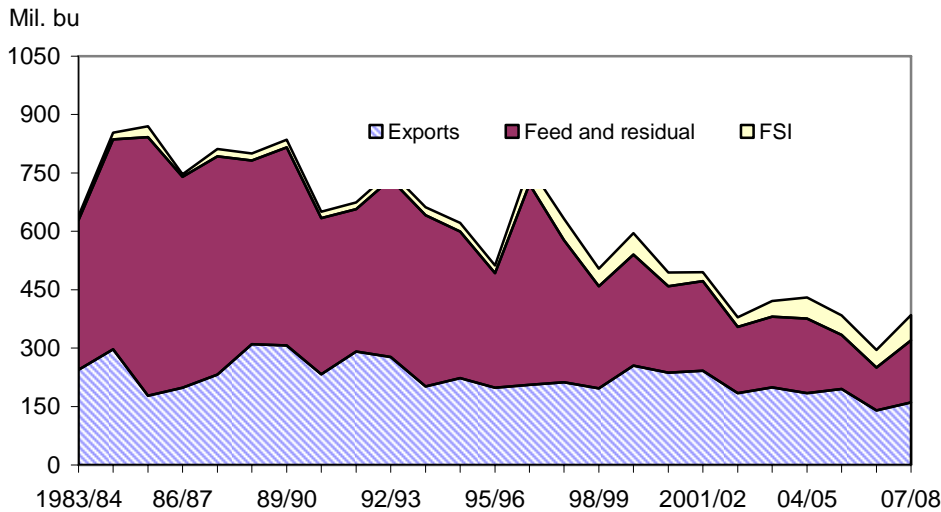
The cost of corn, the main feedstock for ethanol, has been rising along with co-product prices. As a result, net corn costs are up from their lows in August 2006 before corn prices began increasing.

Ethyl alcohol imports, which can be converted to ethanol, have increased in 2007 even as domestic supplies have increased. Imports were 8.3 million gallons in March. Exports in March were nearly 7.6 million gallons.

Sorghum Supply Projected at 428 Million Bushels

The 2007/08 sorghum crop is projected to be 380 million bushels, up from 278 million in 2006/07. This year-over-year increase stems from a 9-percent increase in planted area reported by farmers in the Planting Intentions report and an expected 20-percent increase in harvested area. Yields are expected to increase 7.7 bushel per acre to 63.9 bushels. The yield projection is based on a 10-year average (1996-

Figure 8
Sorghum utilization



Source: USDA, World Agricultural Outlook Board, WASDE.

2006, excluding 2002), adjusted for rounding in production. Planted area comes from the March *Prospective Plantings* report, and harvested area comes from the 2003-2006 harvested-to-planted ratio.

Forecasted 2007/08 sorghum beginning stocks are 48 million bushels. Total supply is projected to be 428 million bushels, up from 343 million in 2006/07.

Total use is expected to increase from 295 million bushels in 2006/07 to 385 million bushels in 2007/08. Feed and residual use for 2007/08 is projected at 160 million bushels, up from 110 million a year earlier. FSI use is projected at 65 million bushels, up from 45 million bushels in 2006/07. This increase stems from expectations that sorghum prices will be slightly lower than corn prices, which will increase the use of sorghum in ethanol production. Exports are projected at 160 million bushels, up 20 million from 2006/07.

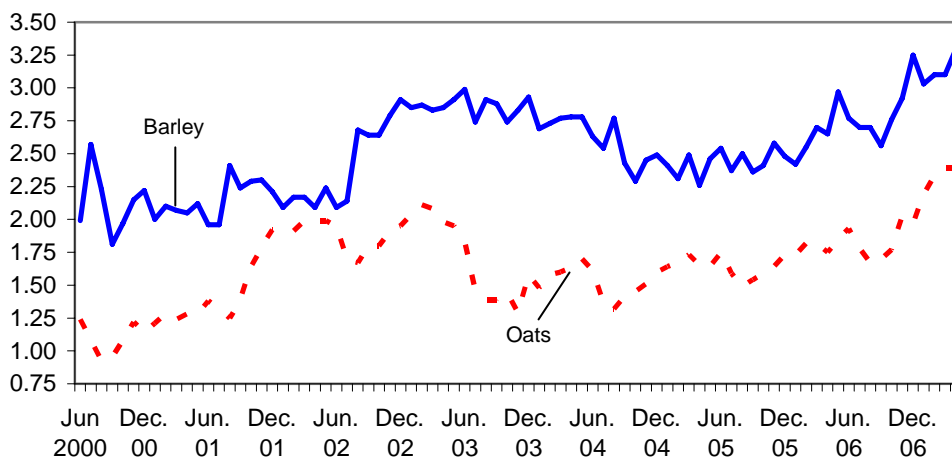
Ending sorghum stocks for 2007/08 are projected at 43 million bushels, down from 48 million a year earlier. The 2007/08 season average sorghum price is projected at \$2.70-\$3.30 per bushel, down from \$3.20-\$3.40 per bushel in 2006/07.

Barley Production To Increase 30 Million Bushels in 2007/08

The 2006/07 barley crop is projected at 210 million bushels, compared with 180 million in 2005/06. This increase comes from a 251,000-acre increase in planted area, which is projected at 3.703 million acres in 2007/08. Harvested area estimated from the 4-year average harvested-to-planted ratio for 2003-2006 is 3.2 million acres, up from 2.951 million in 2006. A 4.4-bushel-per-acre yield increase, projected at 65.4 bushels per acre, also contributes to the larger production. Projected yield is derived from the 1960-2006 trend yield adjusted for rounding in production.

Figure 9
Barley and oats prices, monthly, June 2000-April 2007

Dol./bu



Source: USDA, Economic Research Service, *Feed Grains Database*.

Barley beginning stocks in 2007/08 are projected at 63 million bushels, down from 108 million bushels in 2006/07. Imports for 2007/08 are forecast at 20 million bushels, up 10 million bushels from a year earlier. Total supply is 293 million bushels, down from 298 million in 2006/07. On the use side, feed and residual use and exports are projected to decrease in 2007/08. FSI use is unchanged at 155 million bushels, as domestic beer demand is thought to be steady. Feed and residual use for 2007/08 is projected at 50 million bushels, down from 55 million in 2006/07. Exports are projected at 20 million bushels, down from 25 million in 2006/07. Total 2007/08 barley use is projected at 225 million bushels, down from 235 million a year earlier.

Ending barley stocks for 2007/08 are projected at 68 million bushels, up 5 million bushels from the previous year. Barley prices are projected at \$2.85-\$3.45 per bushel for 2007/08, compared with \$2.88 per bushel in 2006/07.

Oats Production To Increase in 2007/08

The 2007/08 oats crop is projected at 110 million bushels, up from 94 million in 2006/07. This year-over-year increase stems from a larger harvested area, up 164,000 acres to 1.6 million acres, and a 3.7-bushel per-acre increase in yield. The 2007/08 yield is projected to be 63.2 bushels per acre. Oat planted area is based on the March *Prospective Plantings* report at 4.029 million acres, down from 4.168 in 2006. Harvested area comes from the 2003-2006 average relationship between harvested and planted area. Oats yield comes from 1960-2006 trend yields, adjusted for rounding in production.

Forecasted oat beginning stocks are 49 million bushels. Imports are projected at 105 million bushels, unchanged from the previous year. This puts the total 2007/08 oats supply at 264 million bushels, up from 251 million in 2006/07.

Total 2007/08 oats use is projected at 207 million bushels, up from 202 million in 2006/07. Feed and residual use is projected at 130 million bushels, up 5 million from 2006/07. FSI use is projected at 75 million bushels, unchanged from 2006/07. Exports of oats are projected at 2 million bushels in 2007/08, unchanged from the last 2 marketing years. Ending stocks are expected to be 57 million bushels, up from 49 million in 2006/07. Oats prices are projected at \$1.90-\$2.50 per bushel, compared with \$1.85 per bushel in 2006/07.

Hay Disappearance Increased in 2005/06

Hay stocks on May 1, 2006, totaled 15 million tons, compared with 21 million tons in 2006. In the 2006/07 May-April hay year, total disappearance (beginning stocks plus production less ending stocks) was 148 million tons, down 9 million tons from the previous year. RCAUs were up 0.6 percent, thus disappearance per unit was down 6 percent from the 2.18 tons consumed in 2005/06.

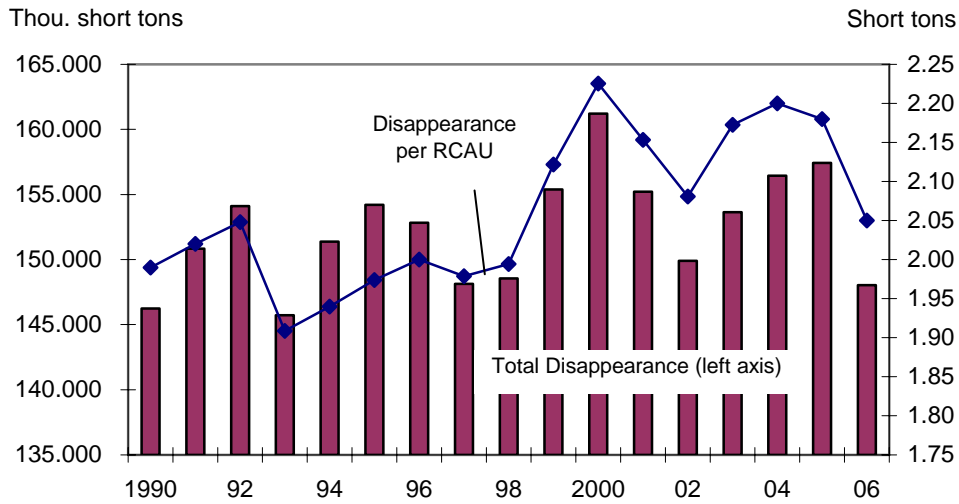
Silage production in 2006 was down 1 percent and, together, hay and silage per RCAU were down 6 percent from the previous year. Farmers in March indicated they planned to harvest 63 million acres of hay in 2007, up 2 million acres from 2006.

Disappearance of hay from December 1, 2005 to May 1, 2006, totaled 81 million tons, 3 percent less than the disappearance of 84 million tons for the same period a year earlier. Thirty-eight of the 48 reporting States had lower May 1 hay stocks than during the same period a year ago. Hay stocks in most of these States were also below year-ago levels on December 1, 2006. Drought conditions during most of 2006 caused deterioration of pastures throughout the Southeast, resulting in increased supplemental feeding of hay, reducing the December 1 stocks. The drought in that area persisted into the winter and spring, which also increased the amount of hay fed. Elsewhere, supplemental feeding increased in the central Plains and Midwest due to some harsh midwinter storms and below-normal temperatures in April.

Hay stocks increased from levels a year earlier in Wisconsin and in most of the northern Atlantic Coast States. Wisconsin hay stocks, up 15 percent from May 2006, are the highest since 2002 as a result of the excellent hay and forage production during 2006. Stocks in Pennsylvania and New York are also up from the previous year as a result of higher hay production in 2006 and a mild winter.

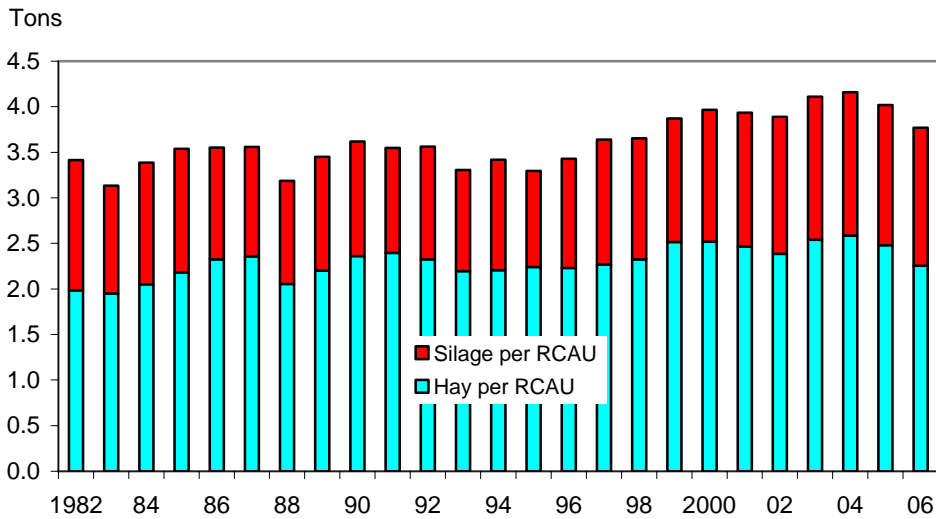
Given estimated livestock numbers, current pasture and range conditions, net returns for competing, and hay stocks, prices are expected to remain strong in the 2007/08 hay marketing year. The simple average of all hay prices from May 2006 to April 2007 was \$110.83 per ton, compared with \$98.27 per ton during the same period a year earlier

Figure 10
Hay disappearance per RCAU



Source: USDA, National Agricultural Statistics Service, *Crop Production 2006 Summary*.

Figure 11
Hay and silage per RCAU



Source: USDA, National Agricultural Statistics Service, *Crop Production 2006 Summary*.

International Outlook

Record Global Coarse Grains Production Expected In 2007/08

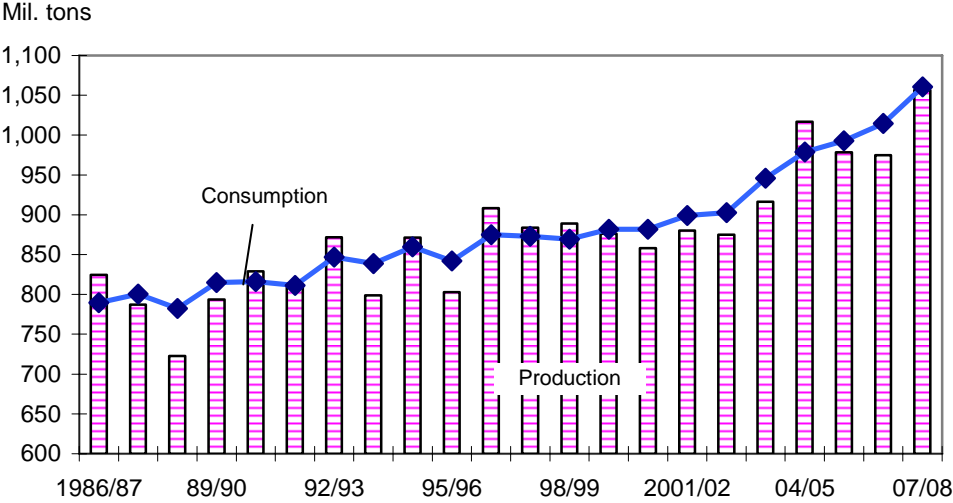
World coarse grains production in 2007/08 is projected at 1.06 billion tons, up 8 percent compared to the previous year. The increase is driven by high prices that make coarse grains, especially corn, more profitable for many producers than most other crops. Most of the increase is in the United States, with foreign coarse grains production projected up 4 percent during the period to 724 million tons. Because spring planting is still underway in the Northern Hemisphere and remains months away in the Southern Hemisphere, these projections are highly tentative.

Coarse grains production in the European Union-27 (EU-27) is projected up 5 million tons to 144 million in 2007/08 as increased production is likely in several countries that suffered from summer drought in 2006/07. However, Hungary is not expected to replicate last year's above-trend yields, limiting the EU-27's production increase. The high price of rapeseed is expected to limit the expansion of coarse grains area in the EU-27.

Argentina is projected to increase coarse grains production 2 million tons to 29 million. Corn area planted is expected to increase to the highest level in 11 years as prices are attractive. However, a return to trend yields in 2007/08 would be below the previous year's record for Argentina.

Coarse grain production in China is expected to increase 3 million tons in 2007/08 to 154 million tons. Area planted to corn is expected to increase in 2007/08 because of high prices and government incentives for grain production. The projected yield for 2007/08 implies a slight decline from the previous year. China is expected to remain the largest foreign producer of coarse grains.

Figure 12
World coarse grain production and consumption



Source: USDA, Foreign Agricultural Service, *Production, Supply, and Distribution (PS&D)*.

In the former Soviet Union (FSU), year-over-year coarse grains production in 2007/08 is expected to increase 2 million tons to 61 million as area increases due to attractive prices for barley and corn. Average yields, assuming normal weather, are about unchanged from the previous year.

South Africa is expected to rebound in 2007/08 from devastating drought in 2006/07. Normal yields are expected to boost production in South Africa 4 million tons to 11 million tons. However, for other countries in Sub-Saharan Africa, following exceptional yields in 2006/07 in several countries, coarse grains production is expected to decline somewhat, offsetting part of the increase in South Africa.

An increase in 2007/08 corn area is projected in Brazil, but yields are not expected to match the previous year's record, leaving coarse grains production up 1 million tons to 53 million tons.

In India, where most coarse grains are used for food, year-over-year production in 2007/08 is expected to increase 2 million tons to 34 million tons in 2007/08, with a rebound expected for both area and average yield.

Global corn production is projected to reach 766 million tons in 2007/08, up 69 million tons from the previous year. Foreign corn production is expected to increase 20 million tons in 2007/08 to 450 million. Increased production is expected in South Africa, China, Canada, and Argentina as strong prices encourage increased plantings.

World barley production is projected up 5 million tons to 143 million tons. The EU-27 is expected to remain the largest producer, at 57 million tons, and is expected to increase production 1 million tons in 2007/08 due to a small increase in area. However, the high price of rapeseed is limiting the area increase. The FSU-12 is expected to reduce barley production slightly to 34 million tons. Area planted to spring barley is expected lower in Ukraine where less winter wheat plantings were prevented or winter killed. North Africa's barley crop is expected down 1.4 million tons to 2.5 million because of drought in Morocco. Canada's planting intentions indicate a sharp increase in barley area, and production is projected up 2 million tons to 12 million. Australia's barley production is projected to rebound from drought, nearly doubling in 2007/08 to 8 million tons.

Global sorghum production in 2007/08 is projected at 60 million tons, up 2 million tons from the previous year. However, foreign sorghum production is expected to decline 1 million tons to 50 million tons. Sub-Saharan production is expected to decline 1 million tons to 24 million as several countries are not expected to match the good yields in 2006/07. Mexico is expected to reduce sorghum area and production modestly in 2007/08. Australia's sorghum production is expected to rebound from drought, nearly reaching 2 million tons.

World oats production in 2007/08 is projected up 2 million tons to 25 million tons over 2006/07. Also, global rye production in 2007/08 is projected to increase 2 million tons to 15 million. For both crops, increased yields in Australia and expanding area in Canada are expected to more than offset declines in several other countries.

Reduced Beginning Stocks Partly Offsets Production Increase in 2007/08

World coarse grains beginning stocks for 2007/08 are forecast at 124 million tons, down 40 million tons from a year earlier. Foreign stocks dropped 12 million tons, from 2006/07. Global coarse grains supply can be measured as beginning stocks plus production (for an individual country imports would be added). For 2007/08, the 12-million-ton reduction in foreign beginning stocks partly offsets the 29-million-ton increase in production.

Coarse Grain Consumption Increase Expected in 2007/08

World coarse grains consumption in 2007/08 is projected at a record 1.06 billion tons, an increase of 4.5 percent, with U.S. ethanol demand leading growth. Foreign consumption is expected to increase 2 percent to 780 million tons, despite prevailing high prices. Healthy economic growth in many countries is supporting meat demand and increasing coarse grains feed use. The poultry sectors in several countries have adjusted to the existence of avian influenza. Growth in the EU-25 and FSU-12 consumption of coarse grains is boosted by expected tight supplies of wheat for feed. China is projected to increase consumption 5 million tons to 158 million as meat production expands. Recovery of corn used to feed poultry in Southeast Asia is expected to boost use nearly 1 million tons to 21 million. Most other regions are expected to have slow growth in coarse grains use due to slowly increasing or stagnating meat production.

Mexico is expected to increase coarse grains use 3 million tons to 43 million tons, with a significant part of the increase due to trade accounting as import barriers are lowered under NAFTA. After January 2008, there will no longer be limits on the registration of corn imports by Mexico, so traders are expected to ship corn to Mexico instead of shipping the product category "cracked/kibbled corn." The corn previously considered processed in the United States will then appear as consumed in Mexico.

Global coarse grains ending stocks are expected to decline slightly in 2007/08, dropping 4 million tons year-over-year to 120 million tons. With U.S. stocks up slightly, all the decline is in foreign coarse grains stocks. China's projected coarse grains ending stocks of 27 million tons in 2007/08 are down 5 million, compared to estimated beginning stocks. China appears to have been intentionally reducing government corn stocks for several years because the stocks were expensive to maintain. However, corn price increases in China indicate demand growth is stronger than recent increases in production. Most other regions are expected to have relatively small changes in coarse grains stocks in 2007/08.

World Coarse Grains Trade Projected Up Slightly in 2007/08

Global coarse grains trade in 2007/08 is projected at 108 million tons, up 0.8 million tons from 2006/07. Year-over-year corn trade is expected to decline 0.6 million tons to 83.8 million, while barley is projected up 1.0 million to 16.3 million, sorghum is forecast up nearly 0.5 to 5.1 million, oats is projected up slightly at 2.2 million, and rye is expected to slip to a historical low of 0.3 million.

World corn trade for October-September 2007/08 is projected at 83.8 million tons, down slightly from record levels in 2006/07. Reduced corn imports are expected for the EU-27, Canada, and Indonesia because of increased production. Increasing meat imports in Japan and Taiwan are expected to limit corn imports. These reductions and declines in other countries' corn imports as a result of high prices are more than offsetting increased corn imports by Mexico (see consumption paragraph earlier in this section) and several countries with expanding imports.

Competition among corn exporters is expected to be lively in 2007/08. Early in the marketing year, Argentina and Brazil will have increased supplies from the large crops harvested in 2007. Moreover, even larger crops are expected in the next harvest starting in March 2008. Argentina's corn exports from October 2007 through March 2008 are expected to be stronger than a year earlier, but government restrictions on export registrations may have delayed some sales during the current trade year. October-September 2007/08 corn exports are expected to increase 4 million tons to 17 million tons over 2006/07. Brazil is expected to increase corn exports in 2007/08 0.8 million tons to 6.5 million. Brazil's corn exports are expected to be limited by the grain export handling infrastructure and competition with soybeans for port facilities.

Ukraine is expected to boost corn exports 1.5 million tons to 2.5 million tons in 2007/08. South Africa will see 2007/08 October-September corn exports limited by a small crop harvested in 2007. South Africa's October-September 2006/07 corn exports are projected up 0.3 million tons to 0.8 million. China, despite large production, is projected to reduce exports 1.5 million tons to 3 million tons year-after-year due to strong internal demand and prices.

U.S. Corn Exports To Decline in 2007/08

The increase in competitor's corn exports, coupled with stagnant world corn trade and high U.S. corn prices, is expected to cut U.S. corn exports 5 million tons in 2007/08 to 50 million tons. While down 9 percent from forecast 2006/07, the projected 2007/08 U.S. corn exports are larger than that in 7 of the last 10 years.

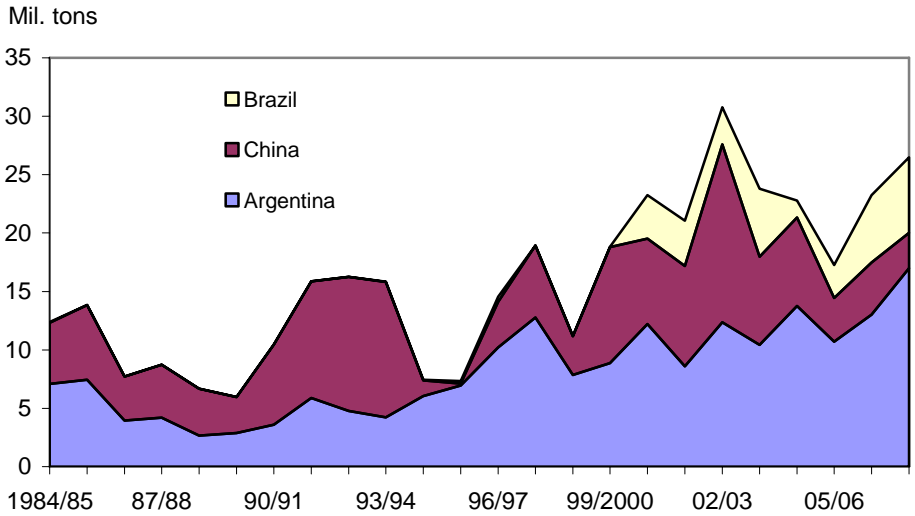
Despite increased supplies and rebounding production, U.S. sorghum exports in 2007/08 are projected up only 0.3 million tons to 4.1 million tons. Without Mexico's system of import quota limiting corn imports after January 2008, U.S. sorghum export prices will have to decline significantly relative to corn prices to garner any increase in sorghum shipments to Mexico. U.S. coarse grains exports in 2007/08 are projected at 55 million tons, down 8 percent from 2006/07.

U.S. 2006/07 Corn Export Forecast Reduced

The 2006/07 U.S. corn export forecast dropped 1.0 million tons to 55 million tons this month. The recent pace of shipments has not been as strong as expected. According to Census, corn exports from October 2006 through March 2007 reached 32.5 million tons, up from 29.1 a year earlier. However, March shipments were relatively sluggish. Inspections data indicate April corn shipments declined 5 percent, compared with those of the previous year. According to U.S. Export Sales,

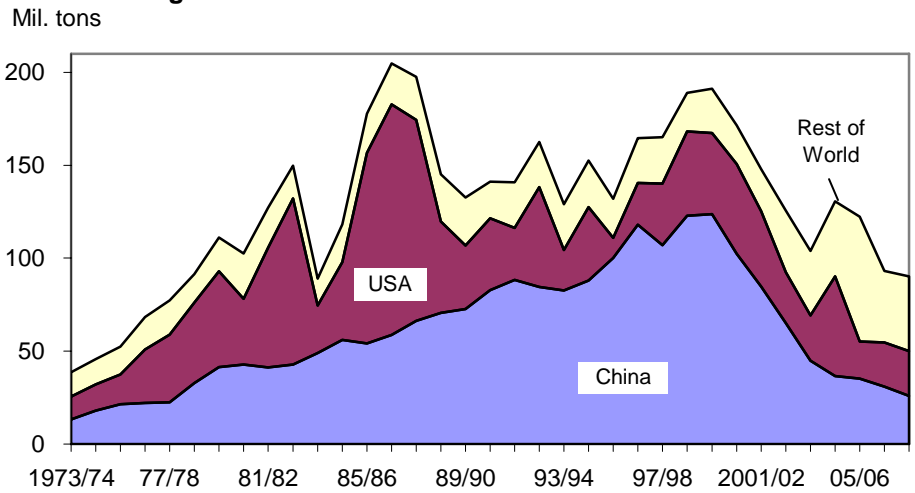
as of May 3, 2007, outstanding sales of corn were 9.5 million tons, up from 8.7 a year ago. However, excluding Mexico, outstanding sales were down year-to-year. U.S. corn sales and shipments for the rest of 2006/07 are expected to continue to slip below last year's strong pace because of increased supplies in Argentina and Brazil.

Figure 13
Corn exports of major competitors



Source: USDA, Foreign Agricultural Service, *Production, Supply and Distribution (PS&D)*.

Figure 14
Global ending corn stocks



Source: USDA, Foreign Agricultural Service, *Production, Supply and Distribution (PS&D)*.

Contacts and Links

Contact Information

Allen Baker (domestic), (202) 694-5290, albaker@ers.usda.gov
Edward Allen (international), (202) 694-5288, ewallen@ers.usda.gov

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Data

The Feed Grains Data Delivery System (<http://www.ers.usda.gov/db/feedgrains/>) is a queryable database that contains monthly, quarterly, and annual data on prices, supply, and use of corn and other feed grains. This includes data published in the monthly *Feed Outlook* and the annual *Feed Yearbook* reports.

Related Websites

WASDE (<http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1194>)

Grain Circular (<http://www.fas.usda.gov/grain/circular/2007/05-07/graintoc.htm>)

World Agricultural Production (http://www.fas.usda.gov/wap_arc.asp)

Corn Briefing Room (<http://www.ers.usda.gov/briefing/corn/>)

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

Year/ Qtr.	Beg. stocks	Produc- tion	Im- ports	Supply	FSI 2/ FSI 2/	Feed & resid.	Ex- ports	Total disp.	End. stocks	Farm price
Corn										
----Million bushels----										
2004/05										
Sep-Nov	958	11,807	2	12,767	643	2,173	499	3,314	9,452	2.12
Dec-Feb	9,452	---	2	9,454	637	1,622	439	2,698	6,756	2.05
Mar-May	6,756	---	4	6,760	700	1,311	428	2,440	4,321	2.00
June-Aug	4,321	---	3	4,324	707	1,052	452	2,210	2,114	2.03
Mkt. yr.	958	11,807	11	12,776	2,687	6,157	1,818	10,662	2,114	2.06
2005/06										
Sep-Nov	2,114	11,114	2	13,230	697	2,241	477	3,415	9,815	1.83
Dec-Feb	9,815	---	1	9,816	708	1,636	485	2,829	6,987	1.99
Mar-May	6,987	---	4	6,991	774	1,291	565	2,630	4,362	2.11
June-Aug	4,362	---	1	4,363	802	974	620	2,396	1,967	2.12
Mkt. yr.	2,114	11,114	9	13,237	2,981	6,141	2,147	11,270	1,967	2.00
2006/07										
Sep-Nov	1,967	10,535	1	12,503	792	2,187	592	3,570	8,933	2.58
Dec-Feb	8,933	---	2	8,934	818	1,530	517	2,865	6,070	3.14
Mkt. yr.	1,967	10,535	10	12,512	3,535	5,975	2,250	11,760	752	3.00-3.40
2007/08										
Mkt. yr.	937.03	12460	15	13412	4790	5700	1975	12465	947.029	3.10-3.70
Sorghum										
2004/05										
Sep-Nov	33.55	453.65	0.00	487.20	13.58	147.48	43.95	205.00	282.21	1.78
Dec-Feb	282.21	---	0.00	282.21	13.44	9.96	55.28	78.68	203.52	1.66
Mar-May	203.52	---	0.02	203.54	14.22	24.93	51.22	90.37	113.17	1.69
June-Aug	113.17	---	0.00	113.17	13.66	8.97	33.60	56.23	56.94	2.13
Mkt. yr.	33.55	453.65	0.03	487.23	54.90	191.34	184.04	430.29	56.94	1.79
2005/06										
Sep-Nov	56.94	392.93	0.00	449.87	12.28	107.22	39.99	159.50	290.38	1.67
Dec-Feb	290.38	---	0.00	290.38	15.51	24.03	57.70	97.24	193.14	1.73
Mar-May	193.14	---	0.00	193.14	11.82	3.68	62.78	78.27	114.86	2.09
June-Aug	114.86	---	0.00	114.86	10.42	4.59	34.20	49.20	65.66	2.48
Mkt. yr.	56.94	392.93	0.00	449.88	50.02	139.52	194.67	384.21	65.66	1.86
2006/07										
Sep-Nov	65.66	277.54	0.00	343.20	13.22	81.37	36.42	131.01	212.19	2.98
Dec-Feb	212.19	---	0.04	212.23	13.23	14.11	42.70	70.04	142.19	3.54
Mkt. yr.	65.66	277.54	0.04	343.24	45.00	110.00	140.00	295.00	48.24	3.20-3.40
2007/08										
Mkt. yr.	48.24	380.00	0.00	428.24	65.00	160.00	160.00	385.00	43.24	2.70-3.30

continued--

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

Year/ Qtr.	Beg. stocks	Produc- tion	Im- ports	Supply	FSI 2/ resid.	Feed & resid.	Ex- ports	Total disp.	End. stocks	Farm price \$/bu
Barley										
-----Million bushels----										
2004/05										
June-Aug	120	280	5	405	41	71	2	115	290	2.68
Sep-Nov	290	---	4	294	35	7	6	48	246	2.40
Dec-Feb	246	---	1	247	35	15	7	57	191	2.41
Mar-May	191	---	2	192	47	9	8	64	128	2.41
Mkt. yr.	120	280	12	412	158	103	23	284	128	2.48
2005/06										
June-Aug	128	212	2	342	43	34	10	87	255	2.47
Sep-Nov	255	---	1	256	36	-1	13	48	208	2.45
Dec-Feb	208	---	1	209	33	8	1	42	167	2.48
Mar-May	167	---	2	168	45	10	5	60	108	2.77
Mkt. yr.	128	212	5	346	158	52	28	238	108	2.53
2006/07										
June-Aug	108	180	1	289	40	35	2	76	213	2.71
Sep-Nov	213	---	4	217	33	2	9	44	173	2.72
Dec-Feb	173	---	3	176	34	17	8	59	117	3.13
Mkt. yr.	108	180	10	298	155	55	25	235	63	2.88
2007/08										
Mkt. yr.	63	210	20	293	155	50	20	225	68	2.85-3.45
Oats										
2004/05										
June-Aug	65	116	16	197	16	65	0.6	81	116	1.37
Sep-Nov	116	---	26	142	17	19	0.8	37	105	1.44
Dec-Feb	105	---	26	131	16	32	0.7	49	82	1.64
Mar-May	82	---	22	104	25	20	0.6	46	58	1.68
Mkt. yr.	65	116	90	271	74	136	2.7	213	58	1.48
2005/06										
June-Aug	58	115	20	193	16	64	0.4	80	114	1.55
Sep-Nov	114	---	22	135	17	22	0.4	40	96	1.58
Dec-Feb	96	---	28	124	16	32	0.6	49	75	1.76
Mar-May	75	---	21	96	25	17	0.7	43	53	1.80
Mkt. yr.	58	115	91	264	74	136	2.1	211	53	1.63
2006/07										
June-Aug	53	94	28	174	16	57	0.9	74	100	1.74
Sep-Nov	100	---	34	134	17	18	0.5	36	99	1.79
Dec-Feb	99	---	21	120	16	32	0.5	49	71	2.18
Mkt. yr.	53	94	105	251	75	125	2	202	49	1.85
2007/08										
Mkt. yr.	49	110	105	264	75	130	2.0	207	57	1.90-2.50

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.

2/ Grain used for food, seed or industrial purposes.

Source: Stocks and production data from Data and Statistics at

http://www.nass.usda.gov/Data_and_Statistics/Quick_Stats/index.asp; Trade data from Foreign Trade Statistics, at

<http://www.census.gov/foreign-trade/www/>; and other categories calculated by Economic Research Service,

U.S. Department of Agriculture.

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

Year beginning Sept. 1	Corn	Sorg.	Barley	Oats	Feed grains	Wheat	Total grains	Animal units	Feed/ animal unit
----- Million metric tons -----								Mil.	Tons
2004/05									
Sep-Nov	55.2	3.7	0.2	0.3	59.4	-1.5	57.9		
Dec-Feb	41.2	0.3	0.3	0.5	42.3	0.1	42.4		
Mar-May	33.3	0.6	0.2	0.4	34.5	-0.8	33.6		
June-Aug	26.7	0.2	0.7	1.0	28.7	7.2	35.8		
Mkt. yr.	156.4	4.9	1.4	2.2	164.9	4.9	169.8	90.0	1.89
2005/06									
Sep-Nov	56.9	2.7	0.0	0.4	60.0	-1.7	58.3		
Dec-Feb	41.6	0.6	0.2	0.5	42.9	0.0	42.9		
Mar-May	32.8	0.1	0.2	0.3	33.4	-1.3	32.1		
June-Aug	24.7	0.1	0.8	0.9	26.5	5.8	32.3		
Mkt. yr.	156.0	3.5	1.1	2.1	162.8	2.8	165.6	91.1	1.82
2006/07									
Sep-Nov	55.5	2.1	0.0	0.4	58	-1.1	56.8		
Dec-Feb	38.9	0.4	0.4	0.5	40.1	0.9	41		
Mkt. yr.	148.6	2.8	1.2	2.1	154.7	8.4	163.1	91.7	1.78
2007/08									
Mkt. yr.	144.8	4.1	1.0	1.6	151.5	8.3	159.8	91.1	1.75

Source: Calculated by 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 High Plains 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
2003/04	2.60	3.03	NQ	NQ	1.83	2.85	NQ
2004/05	1.87	2.44	3.87	4.23	1.74	2.46	1.88
2005/06 3/	1.98	2.65	3.76	4.88	1.70	2.70	1.98
Monthly:							
2005/06							
Dec.	1.89	2.61	3.26	4.66	1.70	2.78	2.19
Jan.	1.98	2.61	3.64	4.84	1.70	2.84	2.12
Feb.	2.07	2.72	4.06	5.00	1.70	2.85	2.06
Mar.	2.04	2.67	3.84	4.96	1.70	2.84	1.97
2006/07							
Dec.	3.53	4.08	6.52	7.66	3.24	4.19	2.81
Jan.	3.66	4.19	6.72	7.91	3.01	4.16	2.78
Feb.	3.90	4.50	7.17	8.15	3.08	4.16	2.65
Mar. 3/	3.76	3.81	6.88	7.78	3.25	4.20	2.84

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, <http://marketnews.usda.gov/portal/lg>

Table 4--Selected feed and feed byproduct 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. ¹ dried grains, Lawrence- burg, IN 1/	Wheat midlgs, Kansas City 1/	Alfalfa farm price 2/
	\$/ton							
Mkt. yr.								
2003/04	260.06	182.87	83.24	327.30	216.39	118.50	75.78	90.80
2004/05	187.80	125.92	52.60	267.78	165.09	75.15	37.40	98.60
2005/06 3/	174.73	144.36	55.45	273.50	150.53	86.56	63.22	104.00
Monthly:								
2005/06								
Dec.	193.17	170.00	52.63	319.75	146.35	78.00	87.38	96.90
Jan.	183.64	172.50	55.75	303.75	167.73	87.60	72.05	96.40
Feb.	176.73	152.50	57.75	259.38	165.59	92.00	69.42	98.40
Mar.	175.04	148.75	61.63	263.75	170.11	95.00	75.43	100.00
2006/07								
Dec.	180.84	152.50	69.88	314.31	183.41	115.00	124.40	112.00
Jan.	190.56	161.00	92.00	333.00	182.37	118.00	120.29	115.00
Feb.	208.81	174.75	85.38	346.88	196.00	129.00	133.71	117.00
Mar. 3/	205.26	185.50	84.94	361.50	220.09	130.88	96.75	120.00

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

Sources: U.S. Department of Agriculture, Agricultural Marketing Service at <http://marketnews.usda.gov/portal/lg> and National Agricultural Statistics Service at http://www.nass.usda.gov/Data_and_Statistics/Quick_Stats/index.asp.

Table 5--Corn: Food and industrial uses

Year	Glucose and dex.		Starch	---Alcohol---		Cereals & other products	Total food & industrial
	HFCS			Fuel	Bev. & Mfg.		
Million bushels							
2005/06							
Sep-Nov	127.0	55.3	70.4	364.3	33.0	47.3	697.3
Dec-Feb	120.1	51.9	67.2	386.6	34.6	47.3	707.8
Mar-May	137.3	59.1	67.5	406.5	36.2	47.8	754.5
June-Aug	144.2	63.0	70.2	445.3	31.2	47.8	801.7
Mkt. year	528.6	229.3	275.4	1,602.8	135.0	190.2	2,961.3
2006/07							
Sep-Nov	122.8	60.5	69.2	458.7	33.0	47.5	791.8
Dec-Feb	113.9	52.8	65.7	503.2	34.6	47.5	817.6
Mkt. year	510.0	240.0	275.0	2,150.0	136.0	191.0	3,502.0
2007/08							
Mkt. year	515.0	243.0	280.0	3,400.0	136.5	192.8	4,767.3

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

Table 6--Wholesale corn milling product and byproduct prices

	Corn meal, yellow, New York \$/cwt	Brewers' grits, Chicago \$/cwt	Sugar, dextrose, Midwest cents/lb	HFCS, 42% tank cars, Midwest cents/lb	Corn starch, fob Midwest 3/ \$/cwt
Mkt. yr. 1/					
2003/04	17.11	13.08	21.79	12.48	13.03
2004/05	15.95	11.88	23.06	13.07	12.07
2005/06 2	15.70	11.64	23.68	12.89	12.18
Monthly					
2006					
Jan.	15.56	11.44	23.10	13.00	11.56
Feb.	15.89	11.79	24.10	13.00	11.98
Mar.	15.87	11.77	24.10	13.00	12.46
Apr.	16.07	11.97	24.10	13.00	12.52
2007					
Jan.	19.02	14.92	28.35	15.88	16.27
Feb.	19.53	15.42	28.35	15.88	16.21
Mar.	19.03	14.92	28.35	15.88	16.81
Apr. 2/	19.12	15.02	28.35	15.88	16.69

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

Source: Milling and Baking News.

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

Country/region	-----2004/2005-----		-----2005/2006-----		2006/2007
	Mkt. yr.	June-Mar.	Mkt. yr.	June-Mar.	June-Jan.
Oats:			Thousand tons		
Canada	1,223	1,003	1,367	1,154	1,576
Finland	252	252	137	137	NQ
Sweden	80	80	67	67	12
Total 1/	1,557	1,336	1,572	1,359	1,589
Barley, malting:					
Canada	183	172	88	70	176
Total 1/	205	194	89	70	176
Barley, other: 2/					
Canada	59	43	28	23	20
Total 1/	59	43	28	23	21

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, U.S. Dept. of Commerce at <http://www.census.gov/foreign-trade/www/>.

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

Country/region	-----2004/05-----		-----2005/06-----		2006/2007
	Mkt. yr.	Sept.-Mar.	Mkt. yr.	Sept.-Mar.	Sept.-Mar.
1,000 metric tons					
Corn					
Japan	15,511	9,043	16,158	9,332	8,309
Mexico	5,885	3,612	6,372	3,792	5,892
South Korea	2,102	1,224	5,580	2,017	1,913
China (Taiwan)	4,339	2,671	4,652	3,016	2,466
Egypt	3,854	2,082	4,045	2,015	2,189
Colombia	2,044	1,167	2,704	1,576	1,997
Canada	2,375	1,508	1,889	1,022	1,120
Algeria	1,073	637	1,235	605	616
Morocco	825	526	1,094	521	605
Dominican Republic	989	541	1,035	595	746
Indonesia	43	43	965	74	90
Syria	1,291	624	829	378	957
Guatemala	656	389	719	442	472
Costa Rica	547	310	682	414	411
Israel	423	287	620	180	737
Saudi Arabia	137	137	564	212	306
El Salvador	511	336	507	305	354
Cuba	450	250	447	281	242
Peru	232	147	426	175	212
Tunisia	209	124	394	154	372
Honduras	322	152	353	206	215
Ecuador	321	321	339	281	390
Panama	298	181	332	177	183
Jordan	299	163	319	140	271
Chile	0	0	299	25	298
All other countries	1,443	960	1,985	1,133	1,110
World	46,181	27,436	54,545	29,068	32,473
Sorghum					
Mexico	3,016	1,944	3,138	1,982	1,010
Japan	1,147	768	1,170	760	564
Sub-Saharan Africa	301	111	520	243	310
European Union-25	169	154	67	41	386
All other countries	42	32	50	40	23
World	4,675	3,008	4,945	3,066	2,294
-----2004/2005-----					
-----2005/2006-----					
2006/2007					
	Mkt. yr.	Jun.-Mar.	Mkt. yr.	Jun.-Mar.	Jun.-Mar.
Barley					
Saudi Arabia	59	0	200	141	0
Japan	289	234	179	165	285
Tunisia	0	0	59	59	22
Canada	79	70	49	41	37
All other countries	79	67	119	116	81
World	506	371	605	522	425

1/ Totals may not add due to rounding.

Source: Bureau of the Census, U.S. Dept. of Commerce at <http://www.census.gov/foreign-trade/www/>.