AAEA ANNUAL OUTLOOK SURVEY 2003*

compiled by

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2003 makes the 26th year this survey has been conducted in conjunction with the Extension outlook session at the annual meeting of the American Agricultural Economics Association. This survey was conducted via mail in July 2003. Mailings were directed toward agricultural economists who are actively engaged in outlook work. The mailing list was compiled from respondents to previous surveys. In addition, a blanket mailing was made to chairs of Agricultural Economics Departments with a request to forward to faculty involved in forecasting.

Figures 1 and 2 present the survey instrument with mean values written in. There were 19 individuals who responded to this survey. The majority (13) were university employees. Each respondent was asked to indicate the degree to which formal econometric models were used in developing the forecasts. Four respondents made no use of econometric models. Nine indicated minor use was made of models. Five said they made moderate use of econometric models. No respondent said he made major use. Respondents were also asked to identify the extent to which forecasting was part of their position responsibilities. Nine indicated forecasting was a major responsibility. Five said moderate and four responded that forecasting was a minor responsibility.

Survey participants were asked to indicate by category those areas in which they had major forecasting responsibility. Eight respondents said they had major responsibilities for beef, six for pork, one for broilers, one for turkeys, none for eggs, three for milk, three for wheat, six for corn, two for cotton, four for soybeans, none for rice, four for land prices, one for gross domestic product, one for inflation, two for the Dow Jones Average, one for interest rates, and one for foreign exchange rates.

Respondents were not required to complete the entire form. They were instructed to make estimates in areas where they felt they had professional competence. Only six respondents made forecasts in each of the three sections of the survey (livestock, poultry, and milk; crops; and general economics). Seven respondents completed only one section.

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The first forecasts requested were for livestock, poultry, and milk production. For each commodity (beef, pork, broilers, turkeys, eggs, and milk) respondents were asked to predict the percent change in production by quarter from the third quarter of 2003 to the fourth quarter of 2004 along with annual changes for 2003 and 2004. The results are presented in Tables 1-6. Each table gives the number of responses, the average value of the forecasts, the minimum forecast, the maximum forecast, the standard deviation of the forecasts, and the average value for those individuals who indicated they had major responsibility for forecasting in this area, i.e., the "experts."

Tables 7-14 present the quarterly price forecasts for slaughter steers, feeder steers, barrows and gilts, slaughter lambs, broilers, turkeys, eggs, and milk, respectively.

The second section of the survey dealt with crop production, exports, ending stocks, and prices. Tables 15-19 present the forecast results for wheat, corn, cotton, soybeans, and rice. Survey participants were asked to estimate for corn, wheat, cotton, rice, soybeans, soybean oil, and soybean meal the nearby futures contract price on December 1, March 1, and June 30. Table 20 presents these results.

The final section of the survey form requested estimates for general economic variables. The forecasts of land price increases are given in Table 21. Table 22 presents values for respondents' estimates of the real growth in gross domestic product for 2003 and 2004. Forecasted change in the consumer price index for both 2003 and 2004 is in Table 23.

Table 24 presents forecasts for the low in the next eleven months, the high in the next eleven months, and the close at the end of June 2004 for the Dow Jones average of industrial stocks. Also included in Table 24 are the mean values of estimates for the low, high, and June 2004 monthly averages for three-month government treasury bills.

Table 25 gives forecasts of exchange rates between the U.S. dollar and Japanese yen, Canadian dollar, Mexican peso, and European Euro on June 30, 2004.

A statistical analysis of 13 years of this survey by Terry Kastens, et al., is available on page 244 of the *Journal of Agricultural and Resource Economics*, Vol. 23, No. 1, July 1998.

FIGURE 1.

2003 AAEA ANNUAL OUTLOOK SURVEY

AAEA Members Involved in Market Analysis, Outlook, and Forecasting

I. Personal Information

A. Name RESPONDENTS – 19

B. Affiliation UNIVERSITY – 13 OTHER – 6

C. How much use do you make of formal econometric models in developing your forecasts?
(Major 0) (Moderate 5) (Minor 9) (None 4)

D. Forecasting is a (Major 9) (Moderate 5) (Minor 4) responsibility in my position.

Please make estimates where you feel you have professional competence. You need not respond in all areas. Please put a check (√) next to the commodities and/or economic areas for which you have major forecasting responsibility.

II. Commodity Outlook

A. Livestock, Poultry, and Milk

#. RESPONDING		2003 I	2003 II est	2003 III	2003 IV	2003 Annual	2004 I	2004 II	2004 III	2004 IV	2004 Annual
	Production	Percent Change from Previous Year									
12	(8) Beef (Comm. Prod.)	-1.4	0.5	-1.1	-2.9	-1.2	-1.0	-1.5	0.1	-0.1	-0.6
12	(6) Pork (Comm. Prod.)	2.3	-1.7	-2.2	-1.5	-0.6	-1.2	-0.6	-0.1	-0.1	-0.4
11	(1) Broilers (FI Cert.)	-0.6	-2.5	-0.4	1.2	0.0	1.4	0.7	1.2	1.0	1.1
11	(1) Turkeys (FI Cert.)	0.1	3.5	1.2	0.8	1.2	0.8	1.5	1.6	0.8	1.3
8	(0) Eggs (Farm Prod.)	3.0	0.1	0.6	0.4	0.8	0.9	0.8	1.0	1.0	0.9
9	(3) Milk (Farm Prod.)	1.2	0.7	-0.3	-0.1	0.4	-0.1	0.1	0.4	0.6	0.2
	Prices										
12	Choice slaughter steers 1100-1300 lb, Nebr. ($/cwt)	77.82	78.50	74.59	76.27	76.75	78.38	79.74	76.02	77.47	78.03
12	Feeder steers, med. frame #1 750-800 lb, OkC ($/cwt)	78.38	82.50	85.49	85.16	83.00	83.33	85.38	85.69	85.41	85.03
12	Barrows & gilts, 51-52% ($/live cwt)	35.38	42.50	42.01	38.83	39.60	39.98	44.34	44.36	40.26	42.27
10	Choice slaughter lambs, San Angelo ($/cwt)	91.92	92.90	90.77	88.85	91.17	89.87	92.20	90.80	88.91	90.43
10	Broilers, 12 city area (¢/lb)	60.3	59.5	60.6	60.0	60.0	60.0	60.9	60.9	60.5	60.6
10	Turkeys, Eastern (¢/lb)	61.1	61.50	63.7	66.7	63.2	61.3	63.1	65.5	67.1	64.3
9	Eggs, NY, Grade A lg (¢/doz)	77.2	73.5	73.0	77.3	75.1	77.1	74.2	74.0	77.4	75.7
10	Milk, 3.5% BFP, Class III ($/cwt)	9.52	9.65	10.94	11.08	10.29	10.68	10.84	11.46	11.58	11.15

B. Crops

NO. RESPONDING	Supply & Utilization	2003-2004 Crop Year			
		2003 Production	Exports	U.S. Avg. Ending Stocks	Farm Price
7	(3) Wheat (mil. bu.)	2304	990	698	3.21
9	(6) Corn (mil. bu.)	10135	1802	1308	2.12
5	(2) Cotton, upland & ELS (mil. bales)	16.65	11.78	3.96	52.1
6	(4) Soybeans (mil. bu.)	2903	1017	255	4.94
4	(0) Rice (mil. cwt.)	194.5	86.8	16.7	6.39

	Nearby Futures Contract Settlement Price on:	12/1/2003	3/1/2004	6/30/2004
7	KC wheat ($/bu.)	3.48	3.49	3.18
6	CBOT corn ($/bu.)	2.06	2.14	2.21
4	NYCE cotton (¢/lb.)	64.2	65.3	66.6
6	CBOT soybeans ($/bu.)	4.99	5.10	5.20
6	CBOT soy oil (¢/lb.)	19.2	19.4	19.3
6	CBOT soy meal ($/ton)	156.	161.	161.
3	CBOT rough rice ($/cwt.)	6.87	6.99	6.92

III. Agricultural and General Economic Outlook

		Percent Change from Previous Year			
		2001	2002	2003	2004
11	(4) Land values, January 1, U.S.	6.5%	5.2%	4.9	4.0

		2003					2004				
		I	II est	III	IV	Annual	I	II	III	IV	Annual
		Percent Change from Previous Quarter (annualized)									
9	(1) Real GDP (1996 $)	1.1	2.0	2.4	2.4	2.0	2.5	3.0	3.2	3.1	3.0
9	(1) CPI, all items	2.9	1.5	1.8	2.0	2.0	2.2	2.3	2.4	2.7	2.4

7 (2) Dow Jones average:
Low in next 11 months 8804 High in next 11 months 10297 Close on 6/30/04 10074

6 (1) 3-month T-Bill % (monthly):
Low in next 11 months 1.36 High in next 11 months 1.94 Avg. for June 2004 1.84

6 (1) Foreign currency exchange rates on June 30, 2004:
Japanese yen/US$ 119 US$/Canadian dollar 0.71
Mexican peso/US$ 10.85 US$/Euro 1.08

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Table 1. BEEF PRODUCTION

	2003			2004				
	3Q	4Q	Year	1Q	2Q	3Q	4Q	Year
Number responding	12	12	12	12	12	12	12	12
% chg from yr earlier:								
Average	-1.1	-2.9	-1.2	-1.0	-1.5	0.1	-0.1	-0.6
Minimum	-3.0	-8.6	-3.0	-4.6	-3.6	-2.9	-3.2	-2.2
Maximum	2.3	0.3	0.2	2.0	2.0	3.0	2.0	1.8
Std Dev	1.5	2.6	1.0	1.8	1.8	1.7	1.5	1.4
Avg-Experts	-1.8	-3.7	-1.6	-1.1	-1.8	-0.2	-0.5	-1.0

Table 2. PORK PRODUCTION

	2003			2004				
	3Q	4Q	Year	1Q	2Q	3Q	4Q	Year
Number responding	12	12	12	12	12	11	11	11
% chg from yr earlier:								
Average	-2.2	-1.5	-0.6	-1.2	-0.6	-0.1	-0.1	-0.4
Minimum	-3.5	-3.0	-2.0	-2.3	-2.0	-2.0	-2.7	-2.0
Maximum	-1.0	-0.5	2.4	1.2	2.0	2.0	1.1	1.5
Std Dev	0.7	0.7	1.0	1.2	1.2	1.1	1.2	1.0
Avg-Experts	-2.3	-1.7	-0.4	-0.9	-0.8	0.1	0.1	-0.4

Table 3. BROILER PRODUCTION

	2003			2004				
	3Q	4Q	Year	1Q	2Q	3Q	4Q	Year
Number responding	11	11	11	11	11	11	11	11
% chg from yr earlier:								
Average	-0.4	1.2	0.0	1.4	0.7	1.2	1.0	1.1
Minimum	-2.0	-1.0	-1.5	-1.5	-3.0	-2.0	-0.5	-1.5
Maximum	1.3	2.5	1.4	2.7	2.7	2.6	3.0	2.8
Std Dev	0.9	1.4	0.9	1.3	1.7	1.2	1.0	1.2
Avg-Experts	-0.1	2.2	0.4	2.7	2.7	2.6	3.0	2.8

Table 4. TURKEY PRODUCTION

	2003			2004				
	3Q	4Q	Year	1Q	2Q	3Q	4Q	Year
Number responding	11	11	11	11	11	11	11	11
% chg from yr earlier:								
Average	1.2	0.8	1.2	0.8	1.5	1.6	0.8	1.3
Minimum	-1.0	-1.5	-0.6	-1.0	0.5	0.5	-2.0	0.5
Maximum	4.0	2.8	2.5	3.0	2.8	3.1	2.5	2.2
Std Dev	1.5	1.5	1.2	1.1	0.6	0.9	1.2	0.5
Avg-Experts	3.0	2.0	2.5	1.0	2.5	2.0	2.5	2.2

Table 5. EGG PRODUCTION

	2003			2004				
	3Q	4Q	Year	1Q	2Q	3Q	4Q	Year
Number responding	8	8	8	8	8	8	8	8
% chg from yr earlier:								
Average	0.6	0.4	0.8	0.9	0.8	1.0	1.0	0.9
Minimum	-0.8	-0.4	-0.5	-1.0	0.0	0.0	-0.5	0.1
Maximum	2.0	1.2	1.5	2.5	1.5	2.2	2.4	1.8
Std Dev	0.8	0.5	0.6	0.9	0.5	0.7	0.9	0.6
Avg-Experts								

Table 6. MILK PRODUCTION

	2003			2004				
	3Q	4Q	Year	1Q	2Q	3Q	4Q	Year
Number responding	9	9	9	9	9	9	9	9
% chg from yr earlier:								
Average	-0.3	-0.1	0.4	-0.1	0.1	0.4	0.6	0.2
Minimum	-1.8	-1.3	-0.5	-2.0	-3.0	-4.0	-2.3	-2.6
Maximum	1.0	1.5	1.1	1.2	1.4	2.8	3.2	1.6
Std Dev	0.9	0.9	0.4	1.1	1.3	1.7	1.3	1.2
Avg-Experts	-1.0	-0.7	-0.1	-0.1	0.9	1.8	1.9	1.2

Table 7. CHOICE SLAUGHTER STEER PRICE, Omaha

	2003			2004				
	3Q	4Q	Year	1Q	2Q	3Q	4Q	Year
Number responding	12	12	12	12	12	12	12	12
$/cwt.:								
Average	74.59	76.27	76.75	78.38	79.74	76.02	77.47	78.03
Minimum	71.00	73.00	75.50	75.00	76.50	70.20	74.50	75.12
Maximum	79.00	79.00	78.00	81.00	83.75	83.00	80.00	82.00
Std Dev	2.30	1.66	0.77	1.72	2.02	3.47	1.99	1.97
Avg-Experts	73.58	76.01	76.46	78.34	79.15	74.40	77.19	77.31

Table 8. FEEDER STEER PRICE, Med. Frame, #1, Oklahoma City

	2003			2004				
	3Q	4Q	Year	1Q	2Q	3Q	4Q	Year
Number responding	12	12	12	12	12	12	12	12
$/cwt.:								
Average	85.49	85.16	83.00	83.33	85.38	85.69	85.41	85.03
Minimum	78.00	75.00	78.50	77.00	80.00	76.00	76.00	77.25
Maximum	89.00	91.00	85.00	88.50	89.00	92.00	90.00	89.50
Std Dev	3.04	4.03	1.66	3.45	2.59	4.48	4.00	3.29
Avg-Experts	85.36	85.76	83.00	83.84	85.28	85.03	85.91	85.08

Table 9. BARROW AND GILT PRICE, 51-52%

	2003			2004				
	3Q	4Q	Year	1Q	2Q	3Q	4Q	Year
Number responding	12	12	12	12	12	11	11	11
$/cwt.:								
Average	42.01	38.83	39.60	39.98	44.34	44.36	40.26	42.27
Minimum	40.00	36.00	38.50	36.00	40.00	41.00	36.00	38.50
Maximum	45.20	42.30	41.30	42.90	50.90	49.90	43.50	46.30
Std Dev	1.75	1.72	0.82	2.20	2.58	2.49	2.39	2.16
Avg-Experts	41.98	38.18	39.39	39.72	43.46	43.88	39.42	41.58

Table 10. CHOICE SLAUGHTER LAMB PRICE, San Angelo

	2003			2004				
	3Q	4Q	Year	1Q	2Q	3Q	4Q	Year
Number responding	10	10	10	10	10	10	10	10
$/cwt.:								
Average	90.77	88.85	91.17	89.87	92.20	90.80	88.91	90.43
Minimum	87.00	83.00	90.00	84.00	85.50	84.00	80.00	83.75
Maximum	95.00	97.00	95.00	93.00	99.00	97.00	100.00	96.00
Std Dev	1.92	3.59	1.38	2.87	4.18	3.74	5.15	3.66

Table 11. BROILER PRICE, 12-city area

	2003			2004				
	3Q	4Q	Year	1Q	2Q	3Q	4Q	Year
Number responding	10	10	10	10	10	10	10	10
Cents/lb.:								
Average	60.6	60.0	60.0	60.0	60.9	60.9	60.5	60.6
Minimum	58.0	58.0	59.2	57.0	58.0	59.0	59.0	58.5
Maximum	63.1	61.5	61.1	62.0	63.0	62.3	63.0	62.3
Std Dev	1.68	1.09	0.58	1.54	1.31	1.17	1.18	0.95
Avg-Experts	63.0	61.5	61.1	60.0	60.8	62.3	60.0	60.8

Table 12. Turkey Price, Eastern Region

	2003			2004				
	3Q	4Q	Year	1Q	2Q	3Q	4Q	Year
Number responding	10	10	10	10	10	10	10	10
Cents/lb.:								
Average	63.7	66.7	63.2	61.3	63.1	65.5	67.1	64.3
Minimum	61.8	62.0	61.7	59.0	60.8	61.0	60.8	61.0
Maximum	66.0	72.0	65.0	62.5	65.0	71.0	72.0	67.0
Std Dev	1.41	3.50	1.07	1.00	1.48	3.15	3.84	2.10
Avg-Experts	62.0	63.0	62.0	61.0	62.0	62.0	63.0	62.0

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Table 13. EGG PRICE, Grade A Large

	2003			2004				
	3Q	4Q	Year	1Q	2Q	3Q	4Q	Year
Number responding	9	9	9	9	9	9	9	9
Cents/dozen:								
Average	73.0	77.3	75.1	77.1	74.2	74.0	77.4	75.7
Minimum	67.0	70.0	72.9	75.0	72.0	68.0	72.0	73.7
Maximum	76.0	81.0	76.9	80.0	76.0	79.0	82.0	79.3
Std Dev	2.76	3.32	1.47	1.37	1.15	2.99	3.26	1.69
Avg-Experts								

Table 14. MILK PRICE, 3.5% Butterfat, MN-WI

	2003			2004				
	3Q	4Q	Year	1Q	2Q	3Q	4Q	Year
Number responding	10	10	10	10	10	10	10	10
$/cwt.:								
Average	10.94	11.08	10.29	10.68	10.84	11.46	11.58	11.15
Minimum	9.60	9.50	9.56	9.45	9.58	9.60	9.65	9.50
Maximum	13.57	13.80	11.65	12.00	12.70	13.80	13.53	12.50
Std Dev	1.30	1.21	0.62	0.72	1.00	1.34	1.31	1.01
Avg-Experts	12.22	12.20	10.90	11.40	11.42	12.45	13.12	12.12

Table 15. WHEAT, 2003-04 Crop Year

	Production	Exports	Ending stocks	Farm price
Number responding	7	7	7	7
	. . . . *million bushels*.			*$/bu.*
Average	2304	990	698	$3.21
Minimum	2240	940	492	$3.03
Maximum	2360	1100	767	$3.50
Std Dev	35	50	87	$0.14
Avg-Experts	2277	967	717	$3.13

Table 16. CORN, 2003-04 Crop Year

	Production	Exports	Ending stocks	Farm price
Number responding	9	9	9	9
	. . . . *million bushels*.			*$/bu.*
Average	10135	1802	1308	$2.12
Minimum	9100	1585	1200	$1.95
Maximum	10460	1920	1406	$2.56
Std Dev	377	90	83	$0.17
Avg-Experts	10060	1763	1304	$2.17

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Table 17. COTTON, 2003-04 Crop Year

	Production	Exports	Ending stocks	Farm price
Number responding	5	5	5	5
		million bales		*cents/lb.*
Average	16.65	11.78	3.96	52.1
Minimum	16.40	11.50	3.60	44.5
Maximum	16.80	12.00	4.20	60.0
Std Dev	0.17	0.17	0.21	5.8
Avg-Experts	16.60	11.60	4.03	54.13

Table 18. SOYBEANS, 2003-04 Crop Year

	Production	Exports	Ending stocks	Farm price
Number responding	6	6	6	6
		million bushels		*$/bu.*
Average	2903	1017	255	$4.94
Minimum	2805	980	170	$4.80
Maximum	3002	1050	342	$5.15
Std Dev	69	21	51	$0.13
Avg-Experts	2886	1028	233	$4.93

Table 19. RICE, 2003-04 Crop Year

	Production	Exports	Ending stocks	Farm price
Number responding	4	4	4	4
		million hundredweight		*$/cwt.*
Average	194.5	86.8	16.7	$6.39
Minimum	192.0	84.0	13.5	$6.30
Maximum	197.0	89.0	18.1	$6.50
Std Dev	2.1	1.9	1.9	$0.07
Avg-Experts				

KC WHEAT, on	12/1/2003	3/1/2004	6/30/2004
No. responding	7	7	7
Average	$3.48	$3.49	$3.18
Minimum	$3.32	$3.31	$2.98
Maximum	$3.90	$3.60	$3.40

CBOT SOYBEANS, on	12/1/2003	3/1/2004	6/30/2004
No. responding	6	6	6
Average	$4.99	$5.10	$5.20
Minimum	$4.45	$4.50	$4.85
Maximum	$5.22	$5.31	$5.90

CBOT CORN, on	12/1/2003	3/1/2004	6/30/2004
No. responding	6	6	6
Average	$2.06	$2.14	$2.21
Minimum	$1.82	$1.95	$2.01
Maximum	$2.26	$2.33	$2.41

CBOT SOY OIL, on	12/1/2003	3/1/2004	6/30/2004
No. responding	6	6	6
Average	19.2	19.4	19.3
Minimum	18.2	18.5	18.1
Maximum	20.0	20.0	22.0

NYCE COTTON, on	12/1/2003	3/1/2004	6/30/2004
No. responding	4	4	4
Average	64.2	65.3	66.6
Minimum	60.0	62.0	62.5
Maximum	66.5	68.5	71.8

CBOT SOY MEAL, on	12/1/2003	3/1/2004	6/30/2004
No. responding	6	6	6
Average	$156.00	$160.67	$161.17
Minimum	$142.00	$145.00	$150.00
Maximum	$168.00	$174.00	$190.00

CBOT ROUGH RICE, on	12/1/2003	3/1/2004	6/30/2004
No. responding	3	3	3
Average	$6.87	$6.99	$6.92
Minimum	$6.25	$6.62	$6.24
Maximum	$7.50	$7.60	$7.75

Table 21. LAND PRICES

	Jan 03	Jan 04
Number responding	11	10
% chg from year earlier:		
Average	4.9	4.0
Minimum	3.0	2.0
Maximum	8.0	5.8
Std Dev	1.4	1.5
Avg-Experts	5.4	4.2

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Table 22. REAL GDP

	2003			2004				
	3Q	4Q	Year	1Q	2Q	3Q	4Q	Year
Number responding	9	9	9	9	9	9	9	9
Annualized % chg.:								
Average	2.4	2.4	2.0	2.5	3.0	3.2	3.1	3.0
Minimum	1.0	1.0	1.5	1.0	2.0	1.0	1.0	1.5
Maximum	3.2	3.5	2.5	3.3	3.9	4.1	4.0	3.7
Std Dev	0.6	0.8	0.3	0.7	0.6	0.9	0.8	0.7
Avg-Experts	2.2	2.5	2.2	3.0	3.4	4.1	4.0	3.5

Table 23. CPI

	2003			2004				
	3Q	4Q	Year	1Q	2Q	3Q	4Q	Year
Number responding	9	9	9	9	9	9	9	9
% chg from yr earlier:								
Average	1.8	2.0	2.0	2.2	2.3	2.4	2.7	2.4
Minimum	1.0	1.5	1.6	1.5	1.6	1.9	2.2	2.1
Maximum	2.3	2.5	2.4	2.6	3.0	2.8	3.2	2.8
Std Dev	0.5	0.4	0.3	0.3	0.4	0.3	0.3	0.2
Avg-Experts	1.2	1.5	1.6	2.0	2.1	2.3	2.2	2.3

Table 24. DOW JONES AND T-BILL

	Dow Jones			T-Bill		
	Low	High	Close 6/30/04	Low	High	June 2004
Number responding	7	7	7	6	6	6
Next 11 months:						
Average	8804	10297	10074	1.36	1.94	1.84
Minimum	8500	9785	9600	0.82	1.04	1.00
Maximum	9050	11000	10850	3.10	3.90	3.80
Std Dev	159	478	483	0.79	0.96	0.95
Avg-Experts	8650	11000	10825	0.82	2.00	1.75

Table 25. FOREIGN EXCHANGE RATES

	Yen	Can$	Peso	Euro
Number responding	6	6	6	6
Rate on 6/30/2004:				
Average	118.7	0.71	10.85	1.08
Minimum	112.0	0.70	10.50	0.95
Maximum	126.0	0.75	11.20	1.13
Std Dev	4.27	0.02	0.24	0.06
Avg-Experts	116.0	0.7	11.0	1.0

AAEA Extension Outlook Survey 2003

Ronald Plain

University of Missouri

David Miller

Iowa Farm Bureau

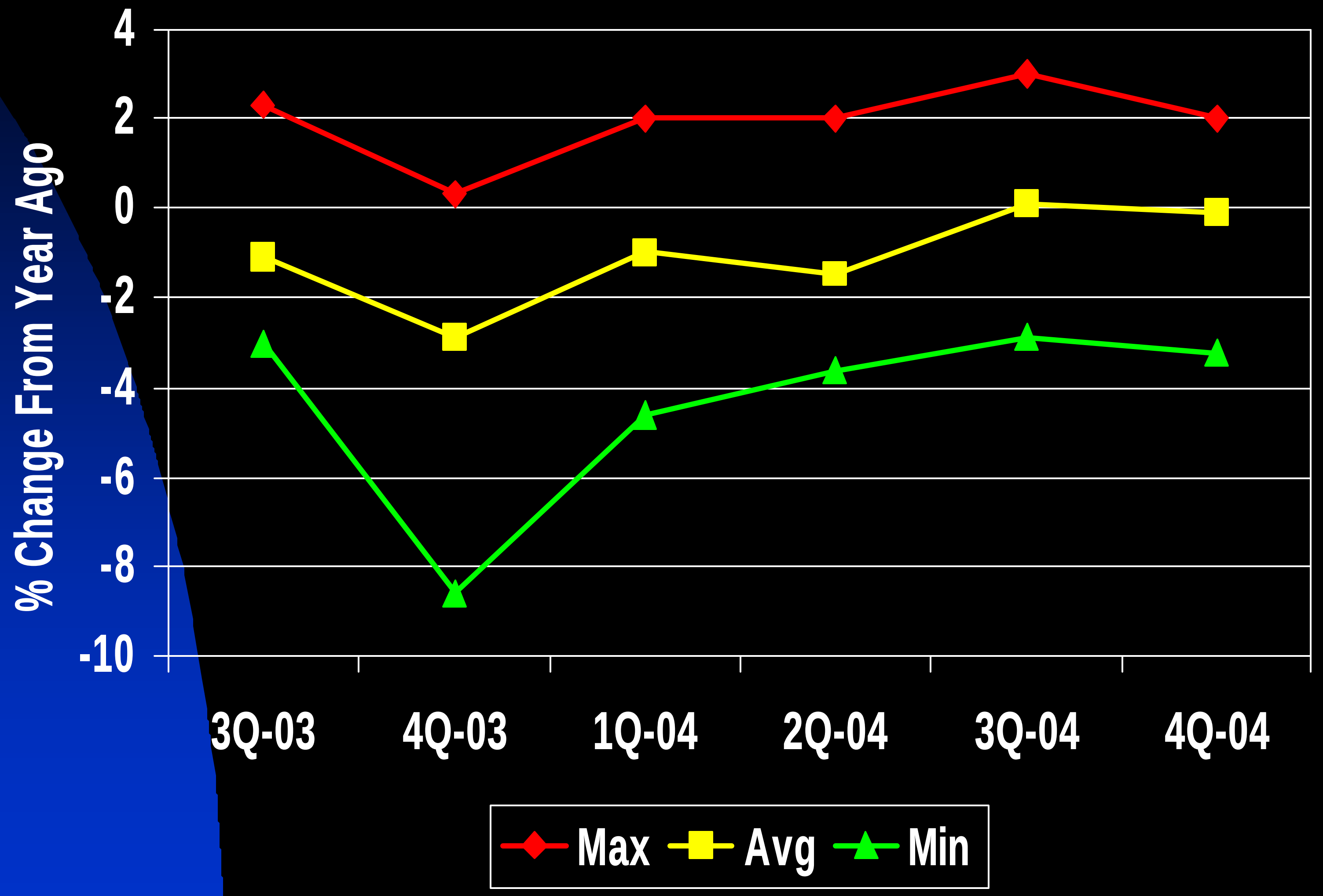
26th Annual Survey

- Survey conducted in July 2003
- 13 university respondents
- 6 industry respondents

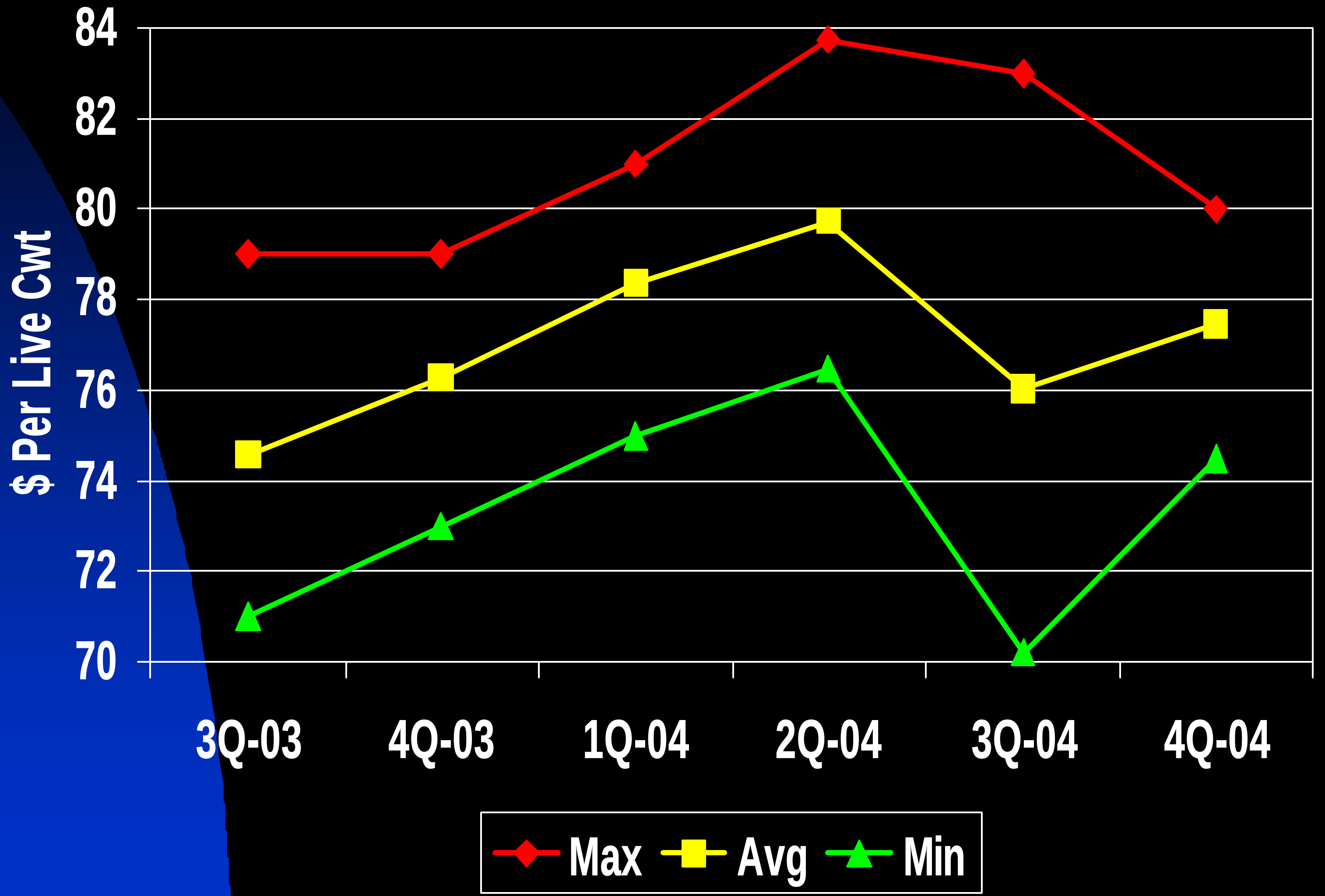
Livestock, Poultry & Milk

- Cattle
  - Fed & Feeder Cattle
- Hogs
- Sheep
- Broilers
- Turkeys
- Eggs
- Milk

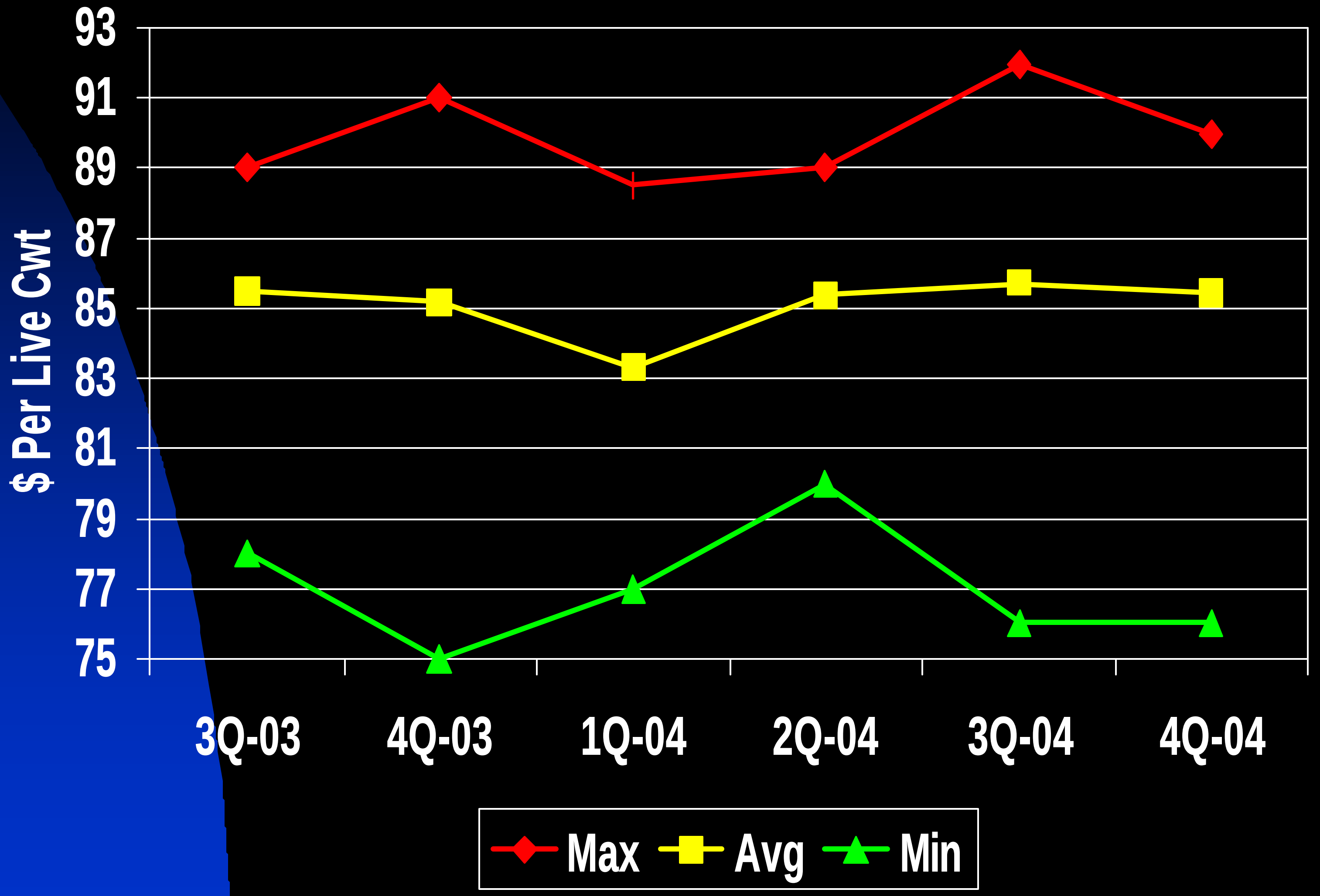
Beef Production



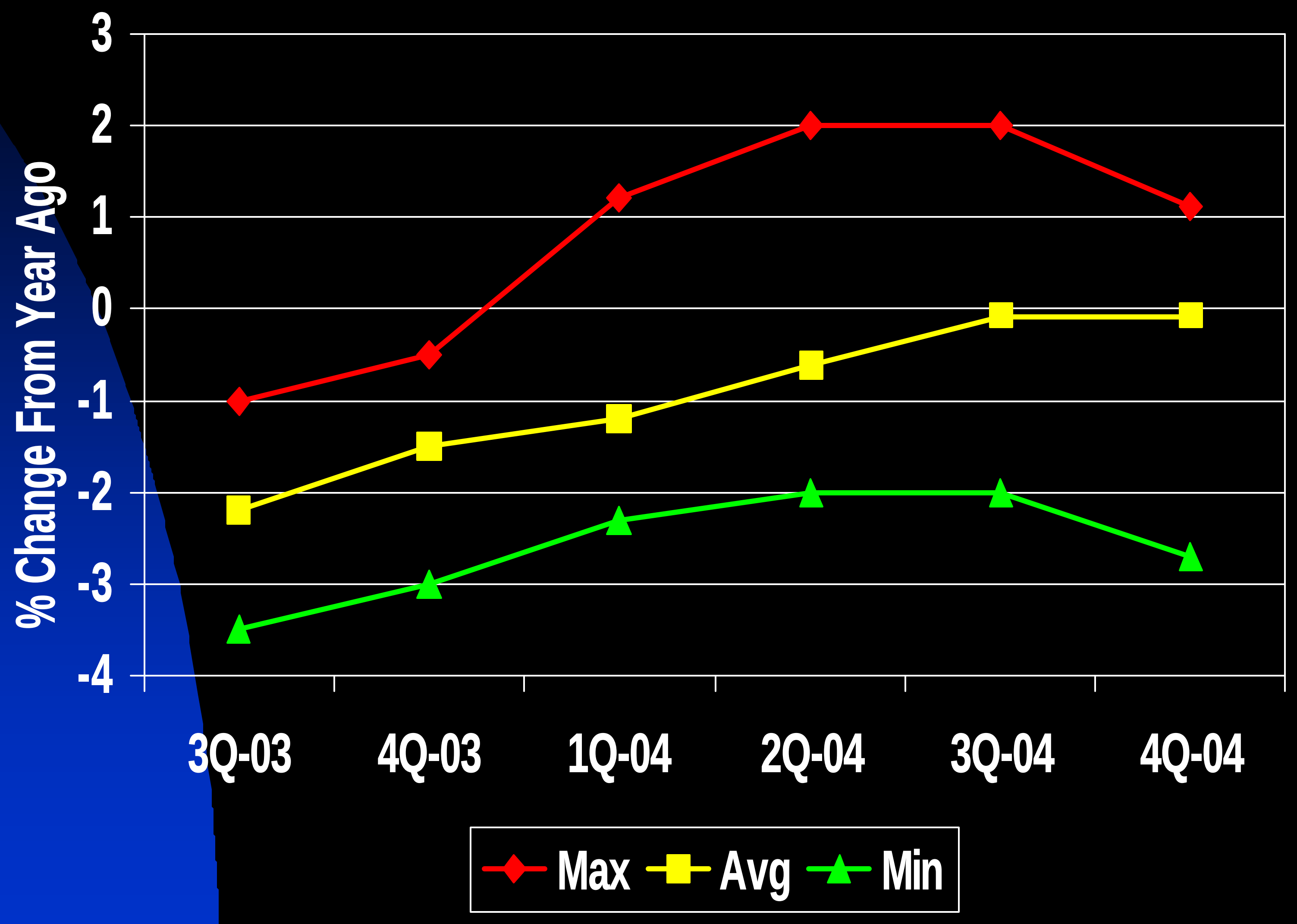
Choice Slaughter Steers



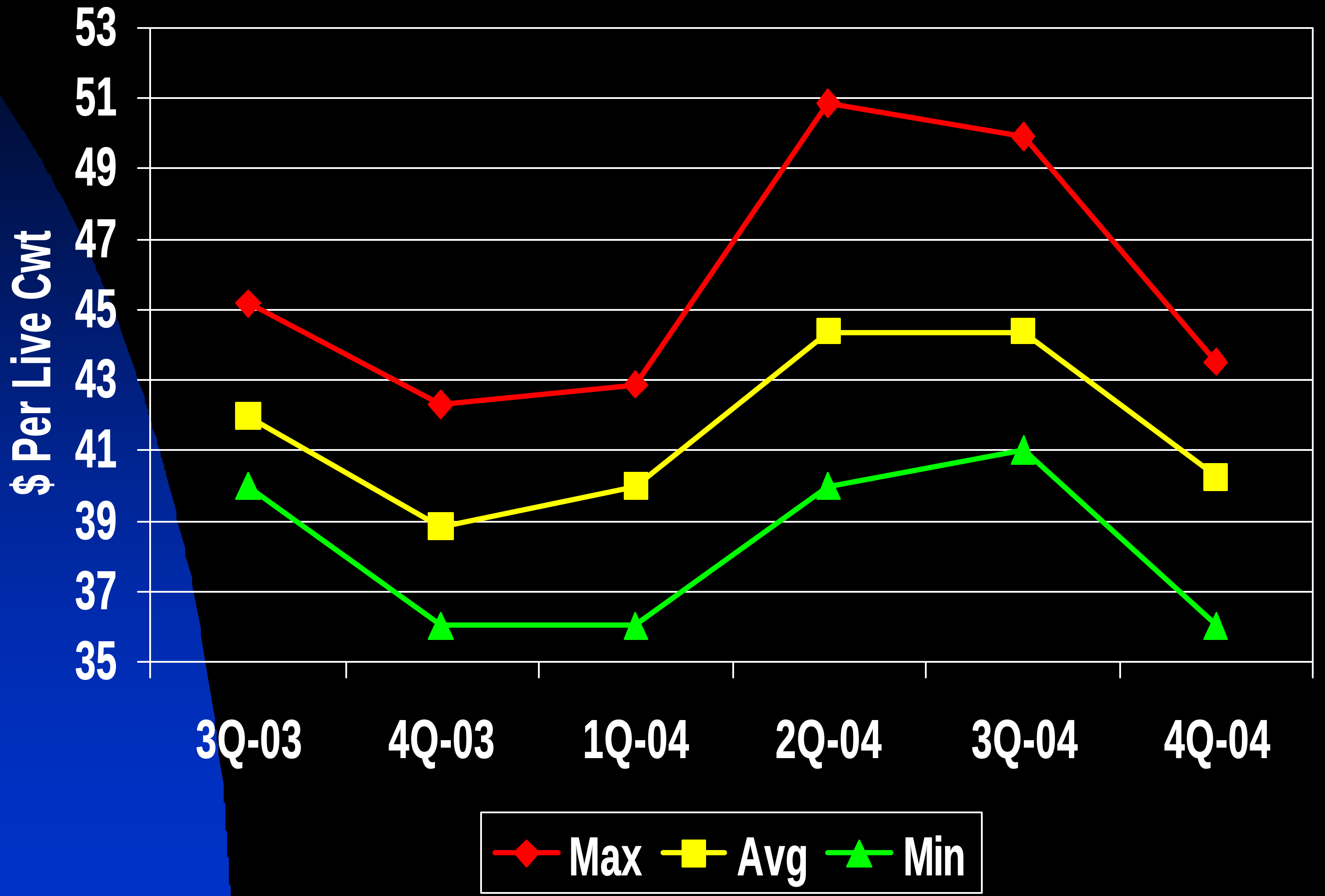
750-800# Feeder Steers



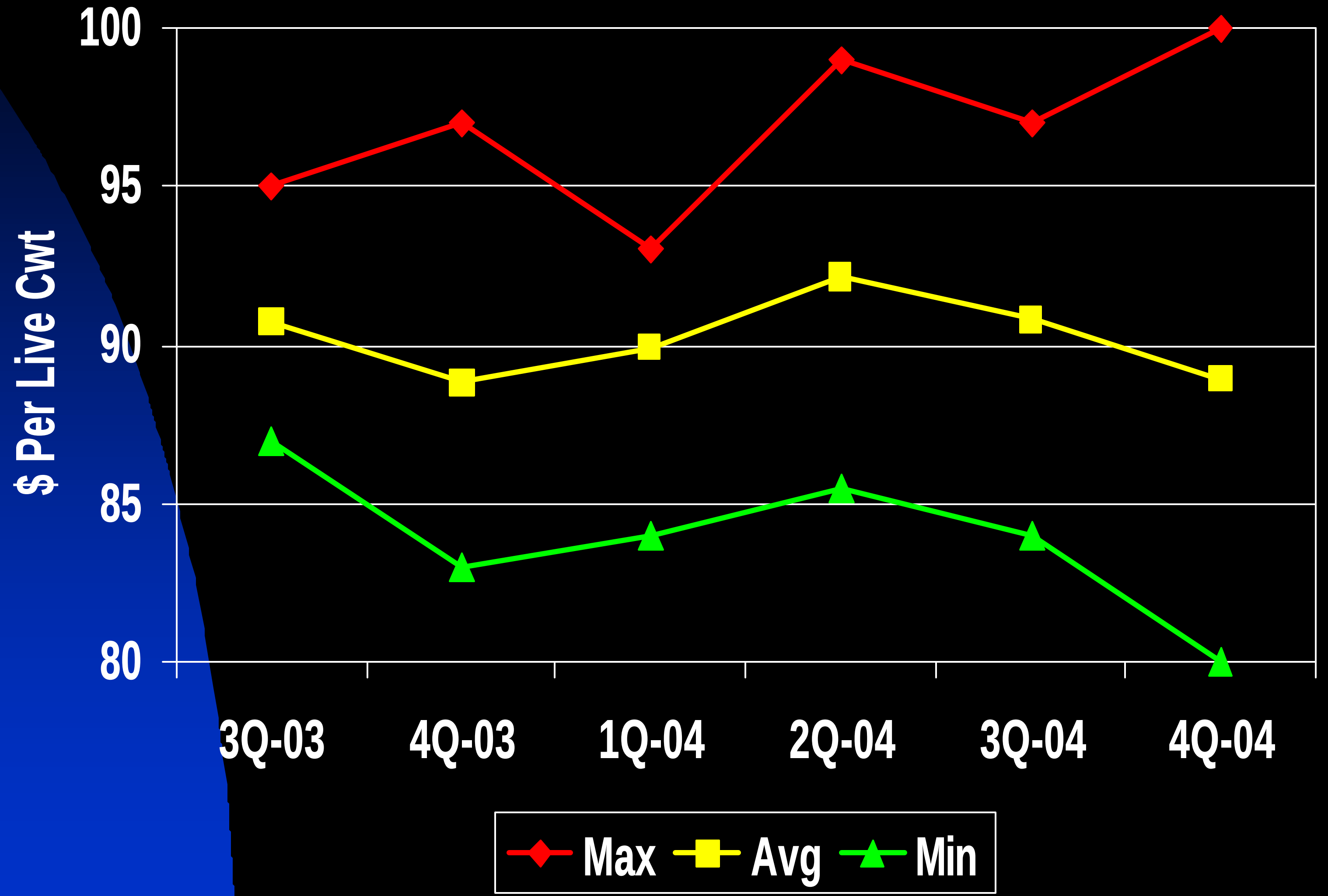
Pork Production



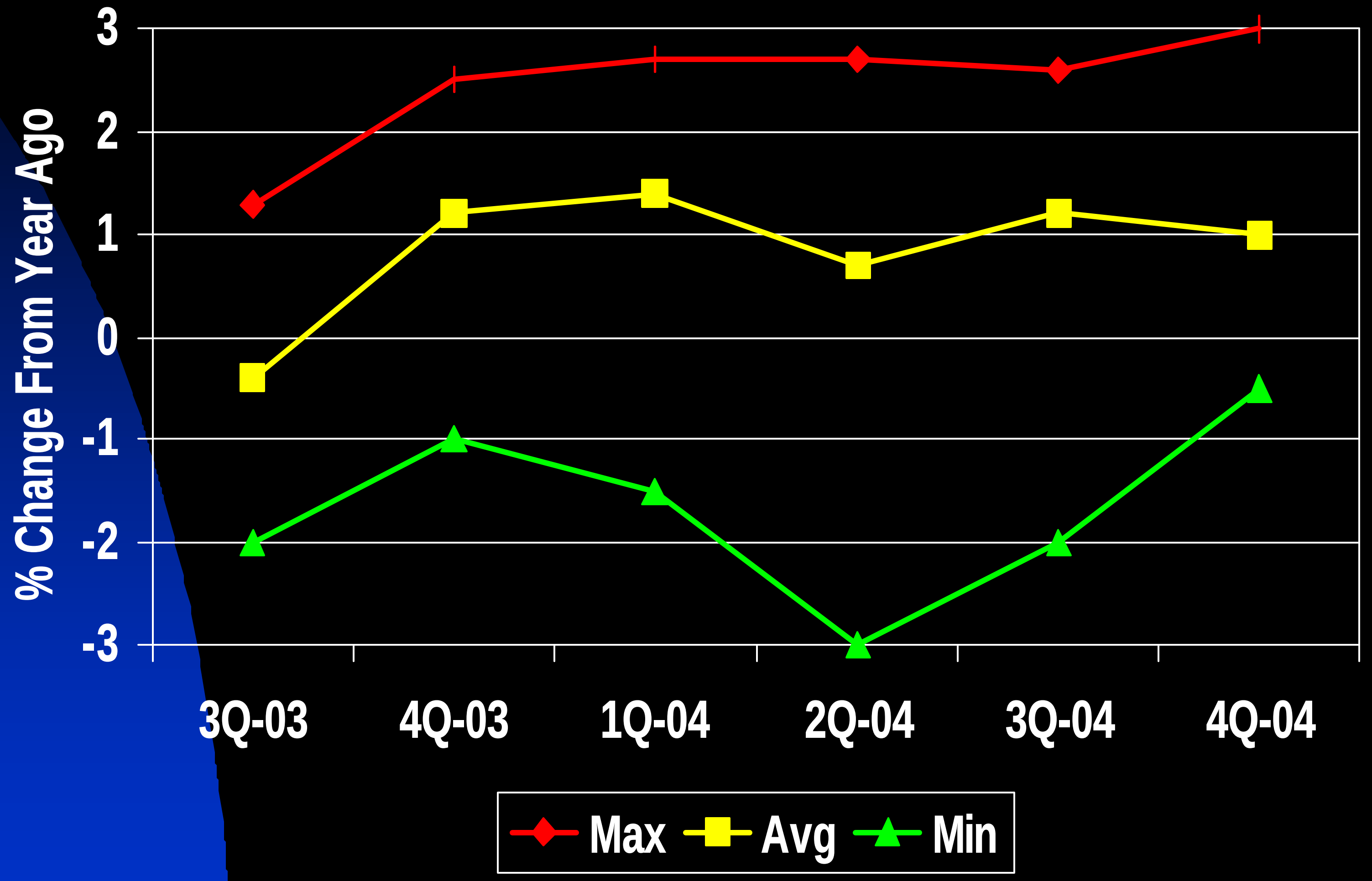
Barrows & Gilts Prices



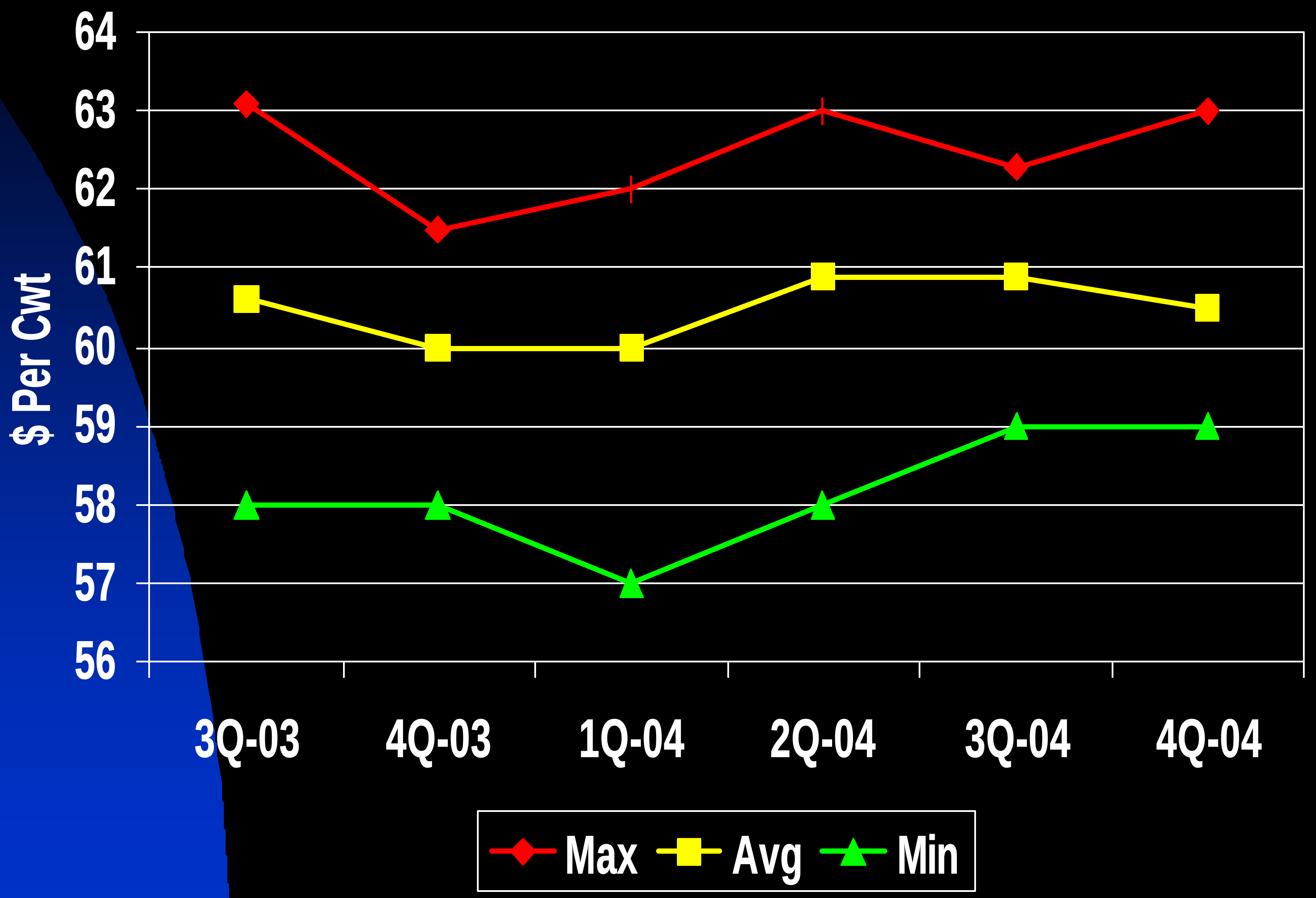
Slaughter Lamb Prices



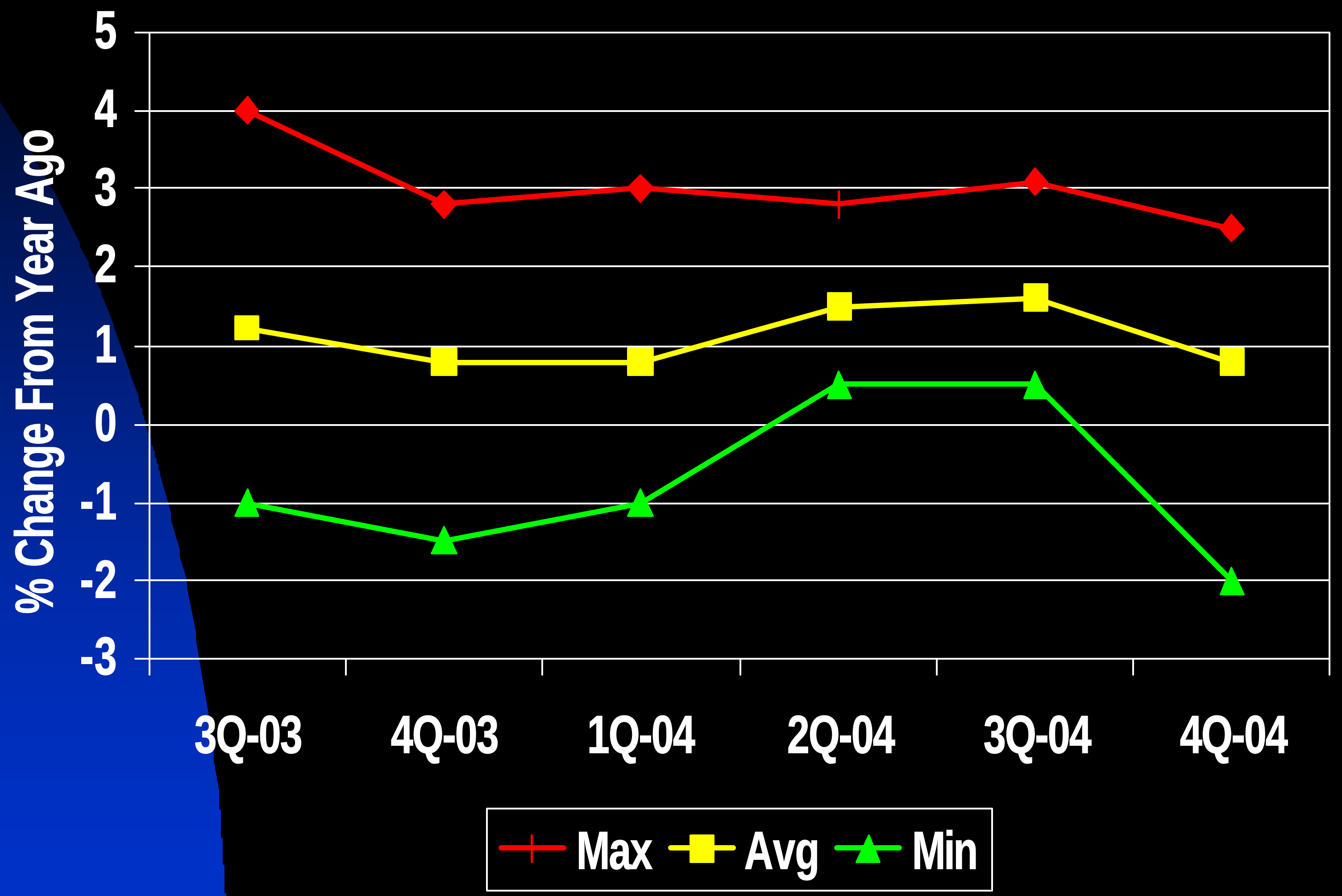
Broiler Production



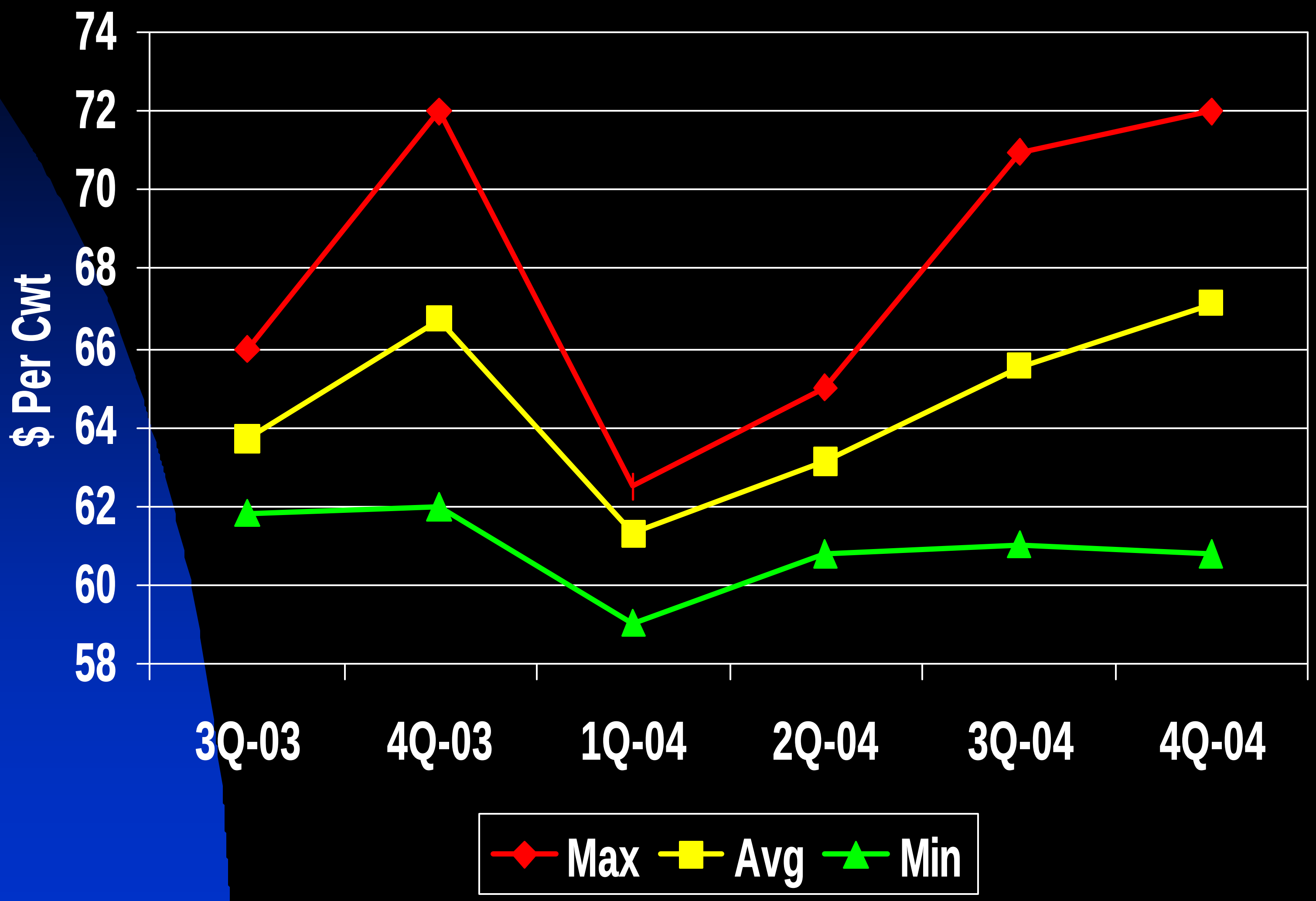
Broiler Prices



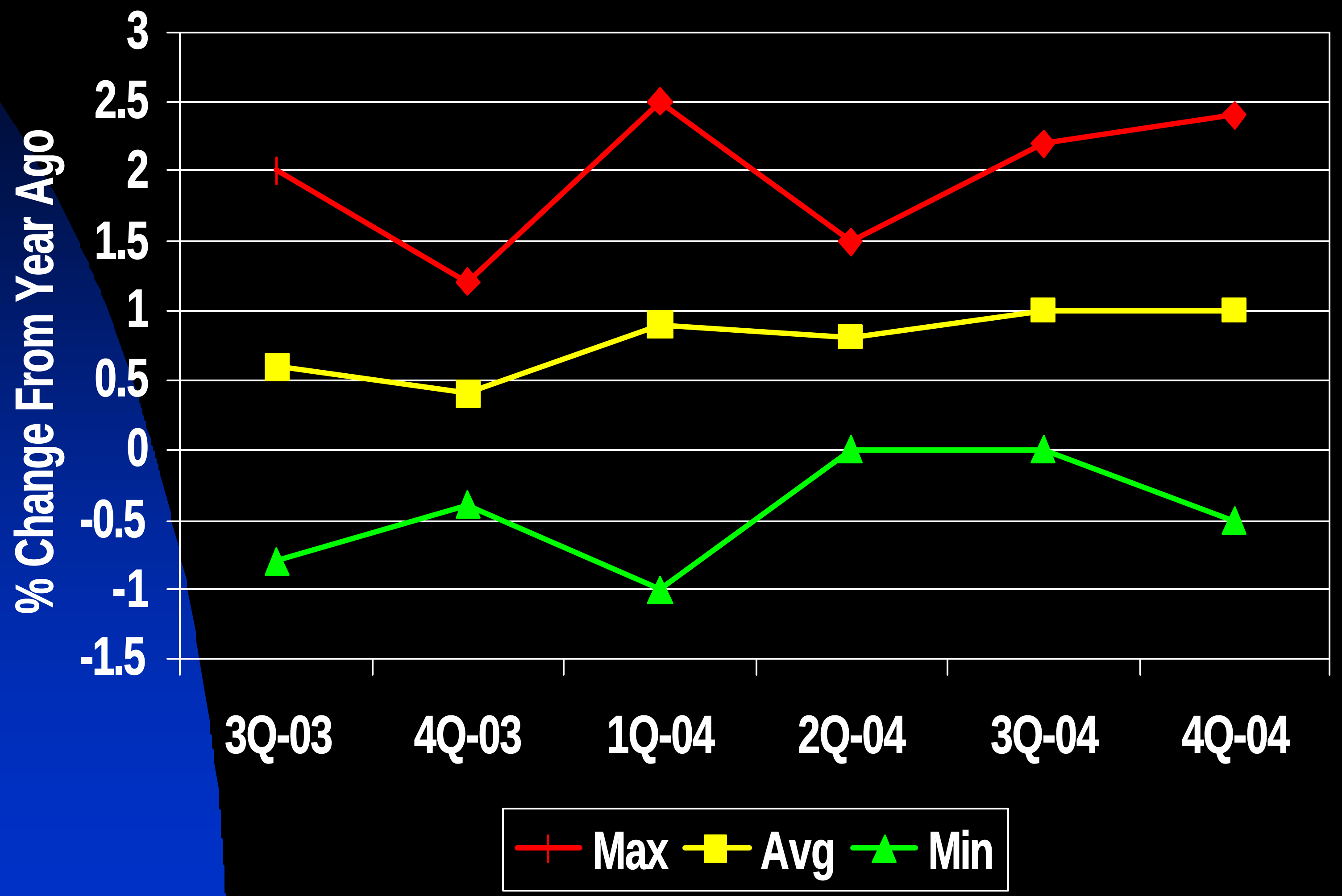
Turkey Production



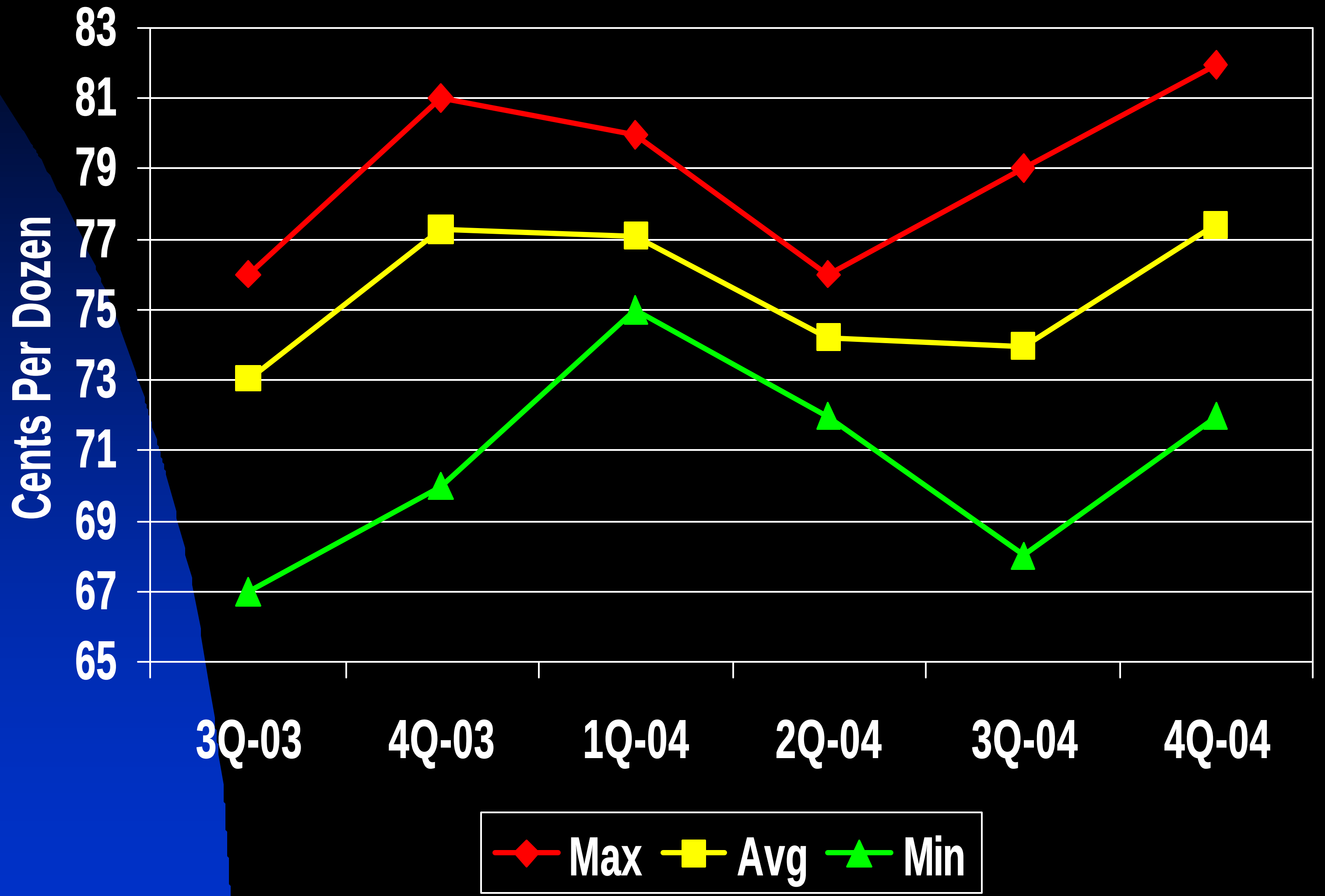
Turkey Prices



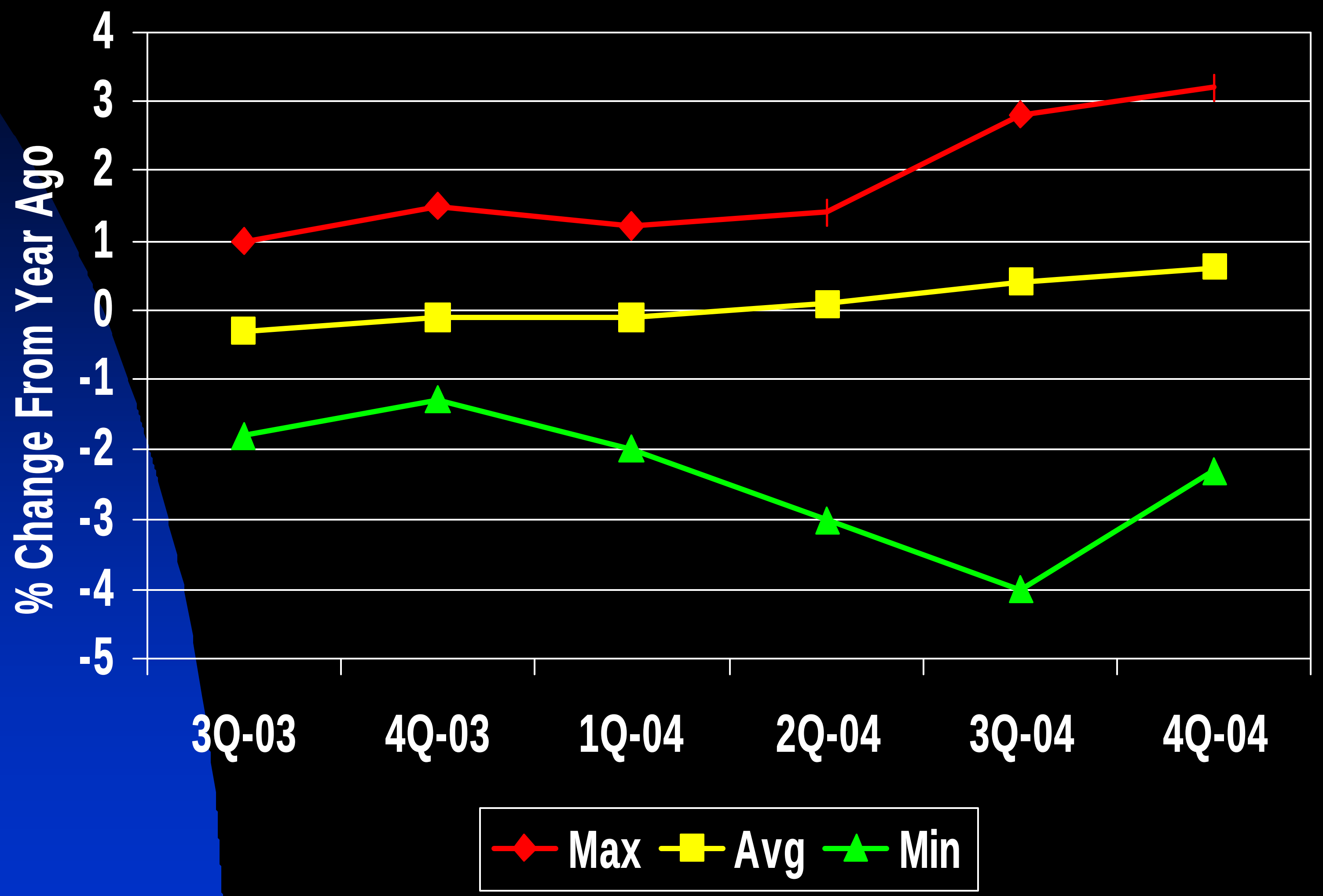
Egg Production



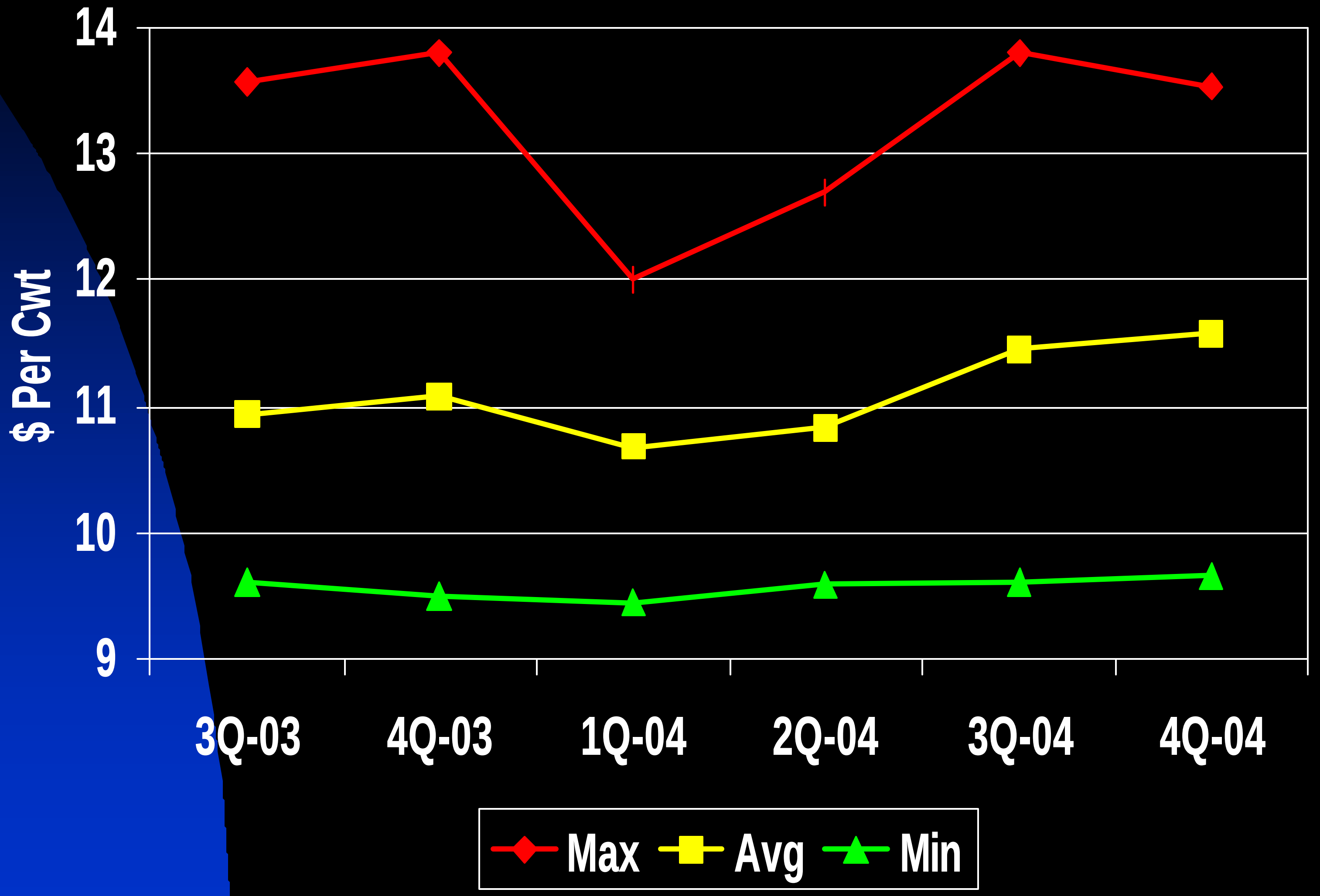
Egg Prices


83
81
79
77
75
73
71
69
67
65
Cents Per Dozen
3Q-03
4Q-03
1Q-04
2Q-04
3Q-04
4Q-04
Max
Avg
Min

Milk Production



Milk Prices

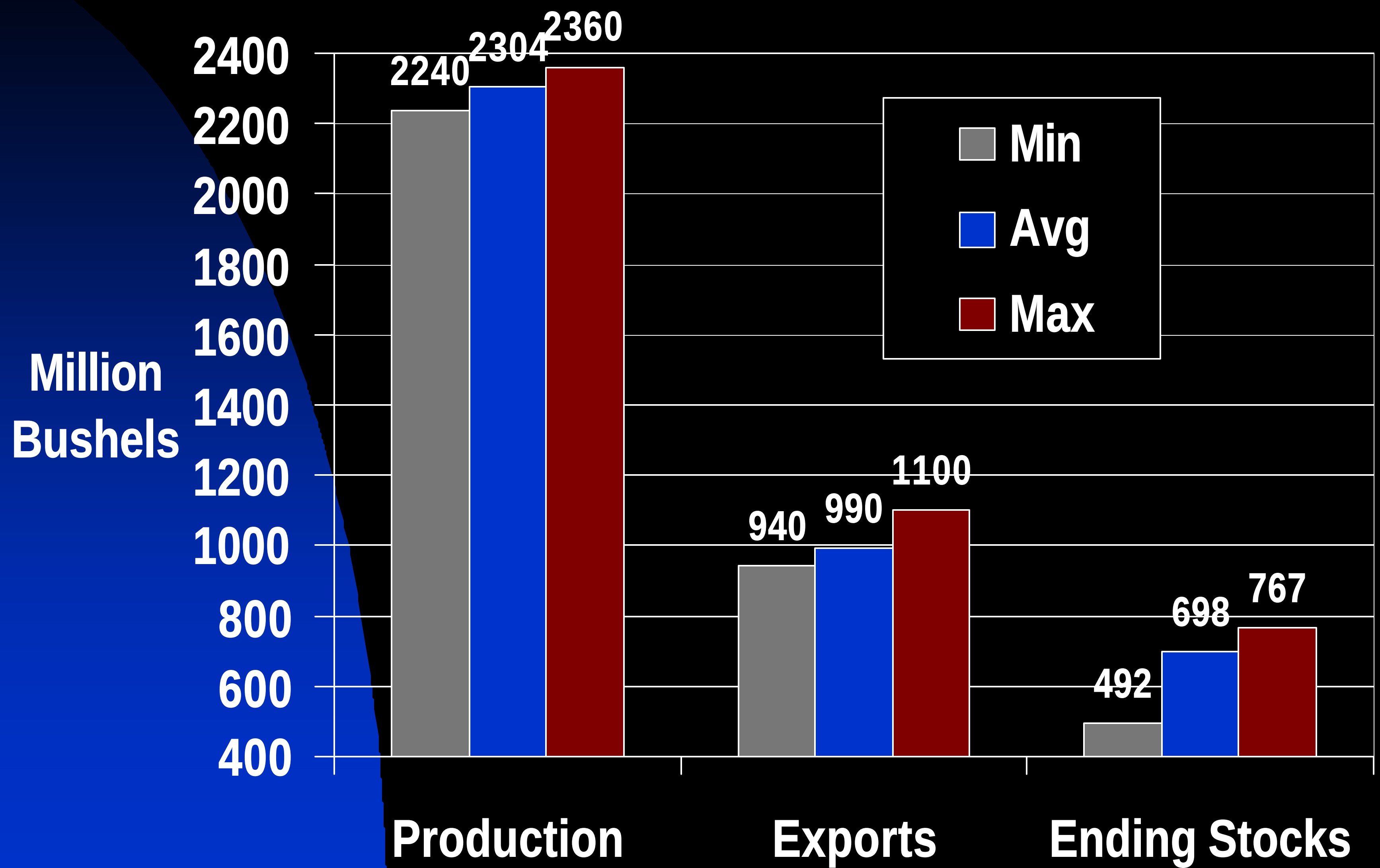


14
13
12
11
10
9
$ Per Cwt
3Q-03
4Q-03
1Q-04
2Q-04
3Q-04
4Q-04
Max
Avg
Min

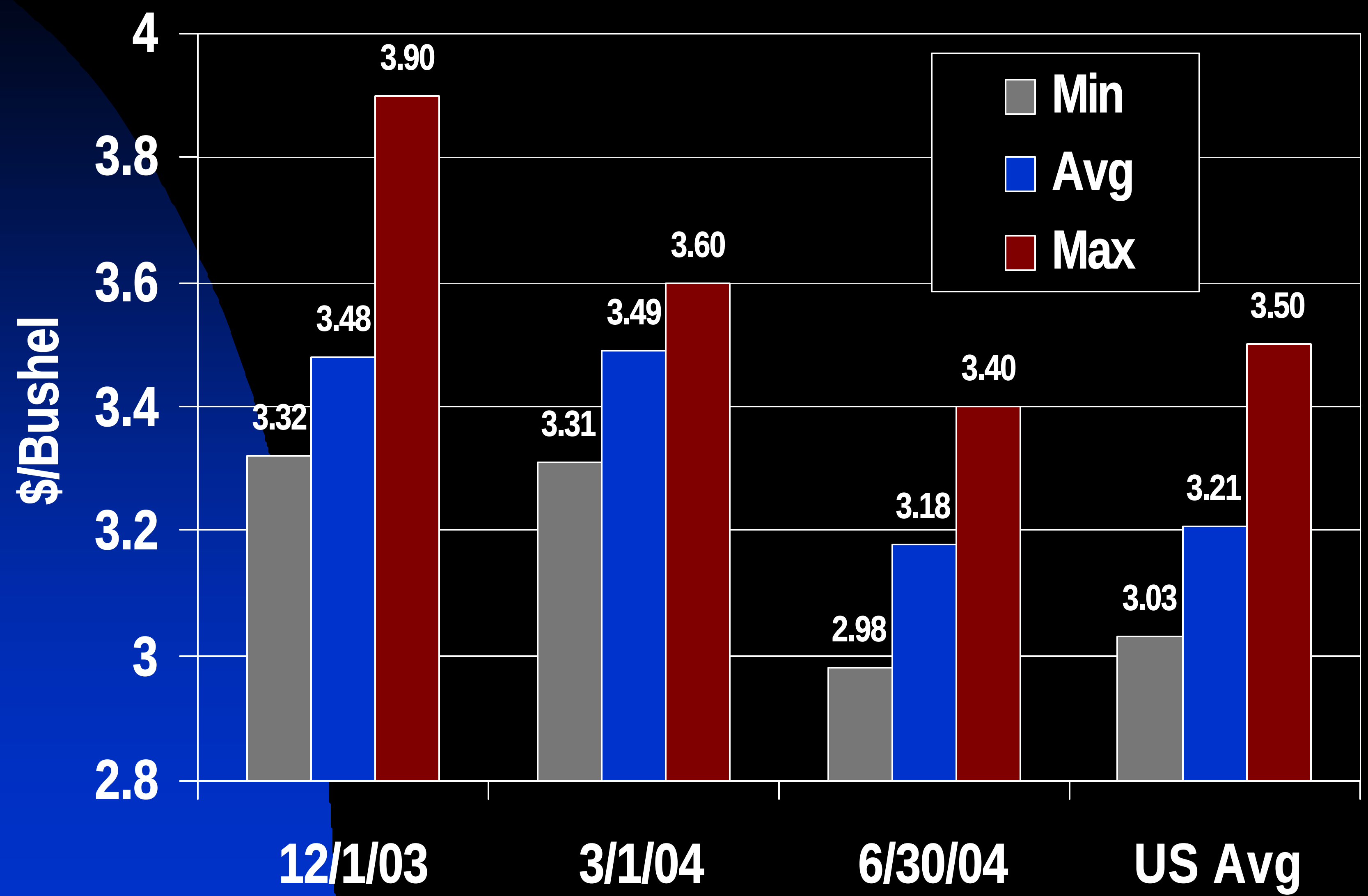
Crop Outlook

- Wheat
- Corn
- Cotton
- Soybeans
  - Oil
  - Meal
- Rice

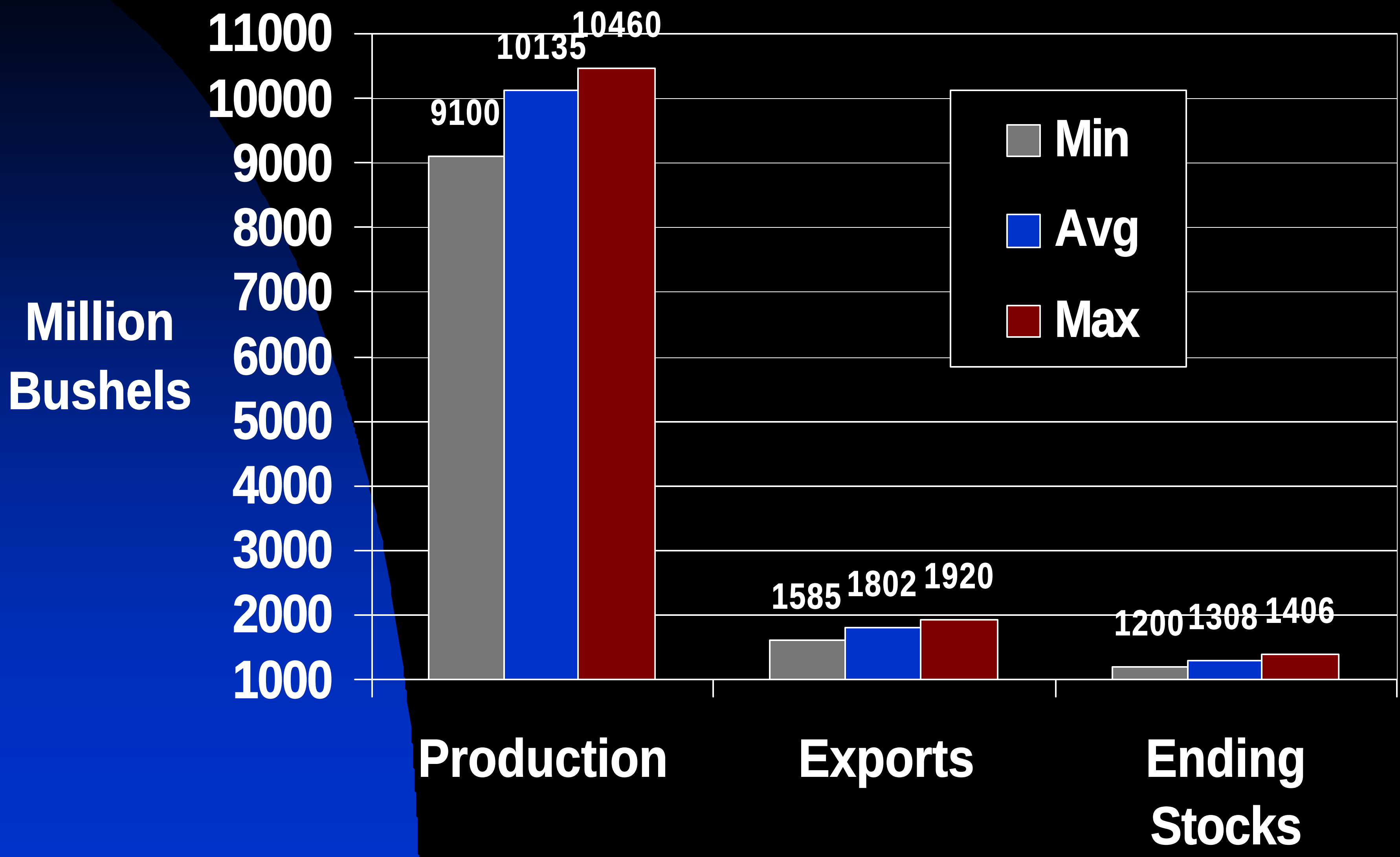
2003-04 U.S. Wheat



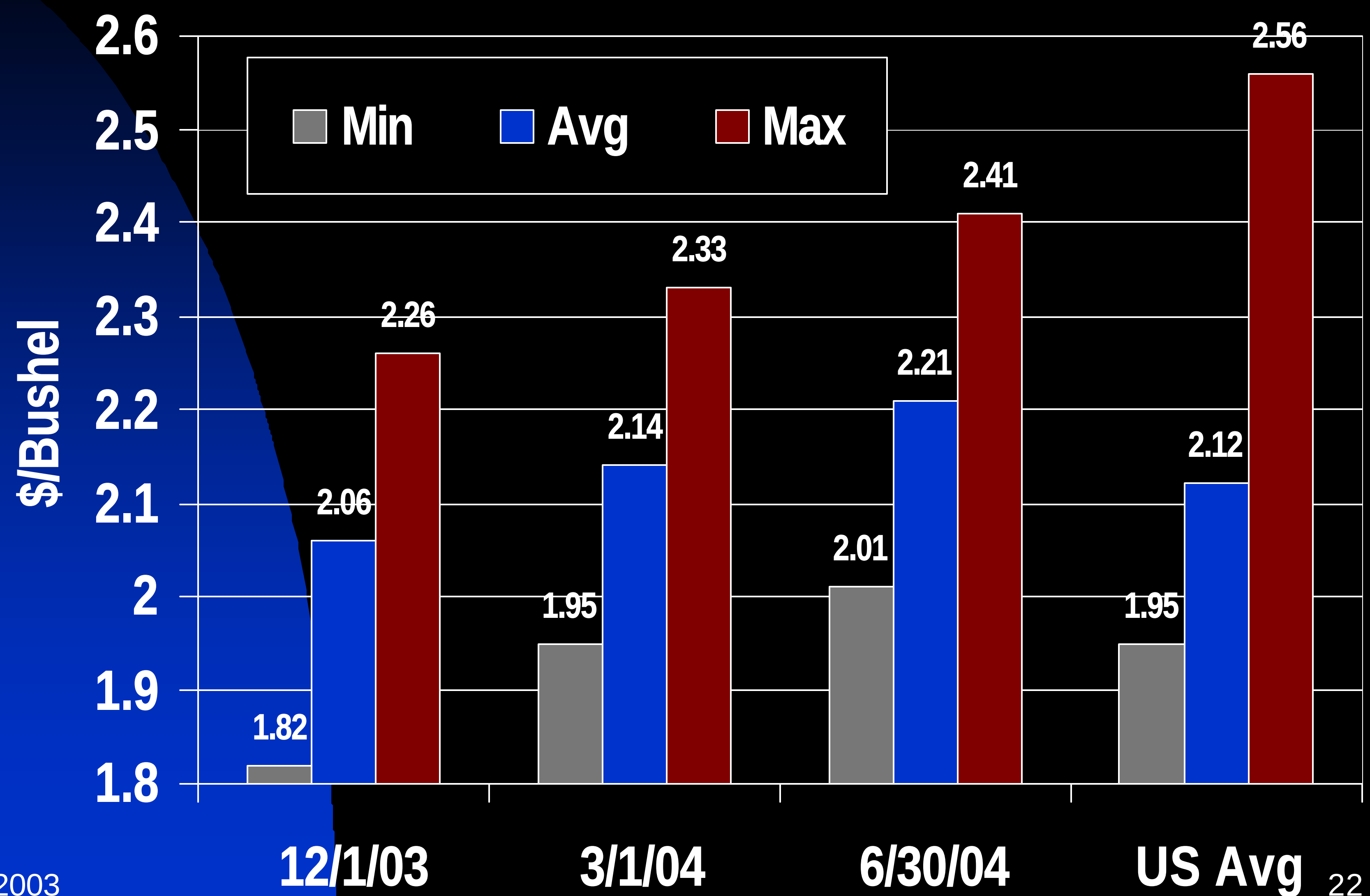
U.S. Wheat Prices



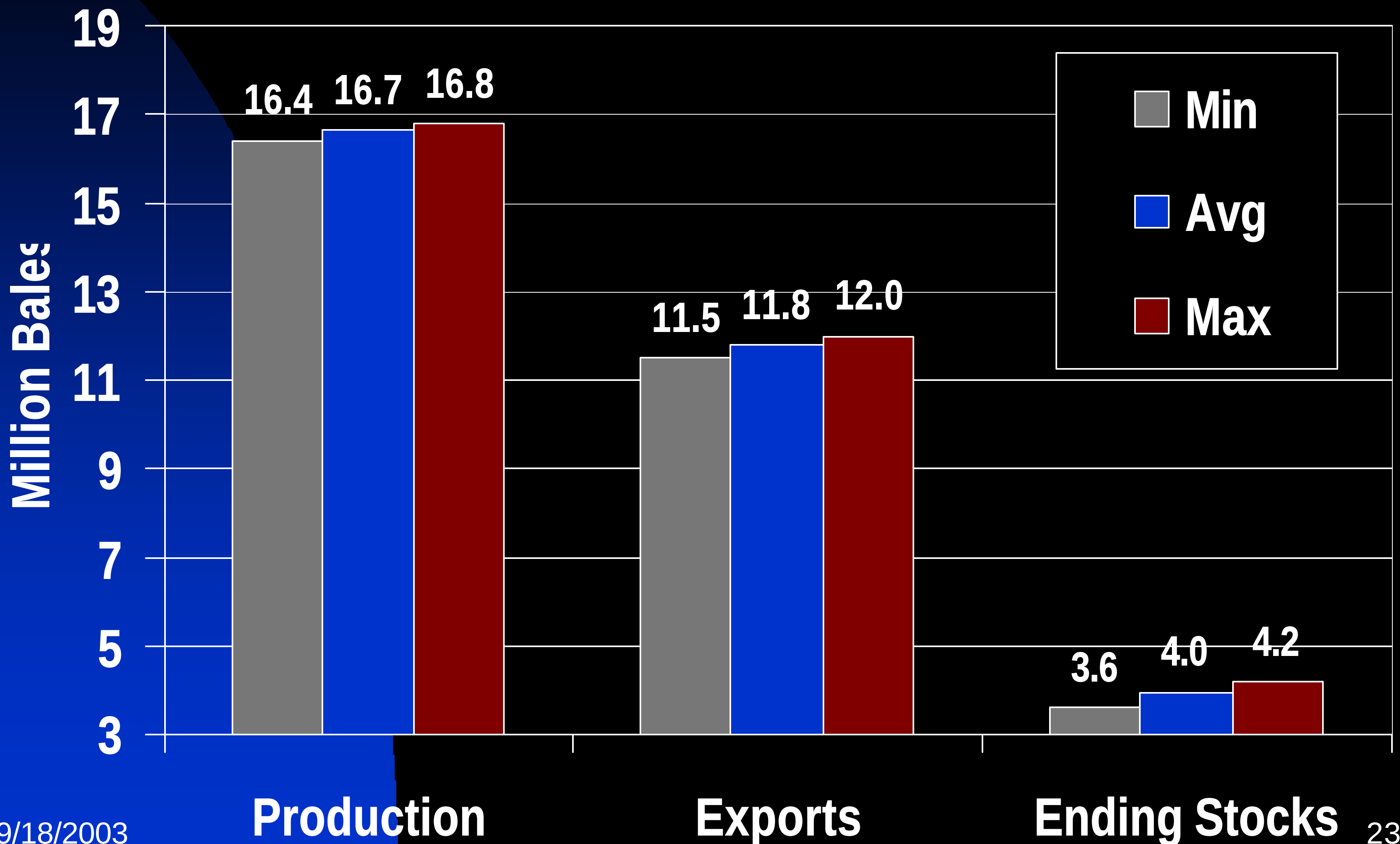
2003-04 U.S. Corn



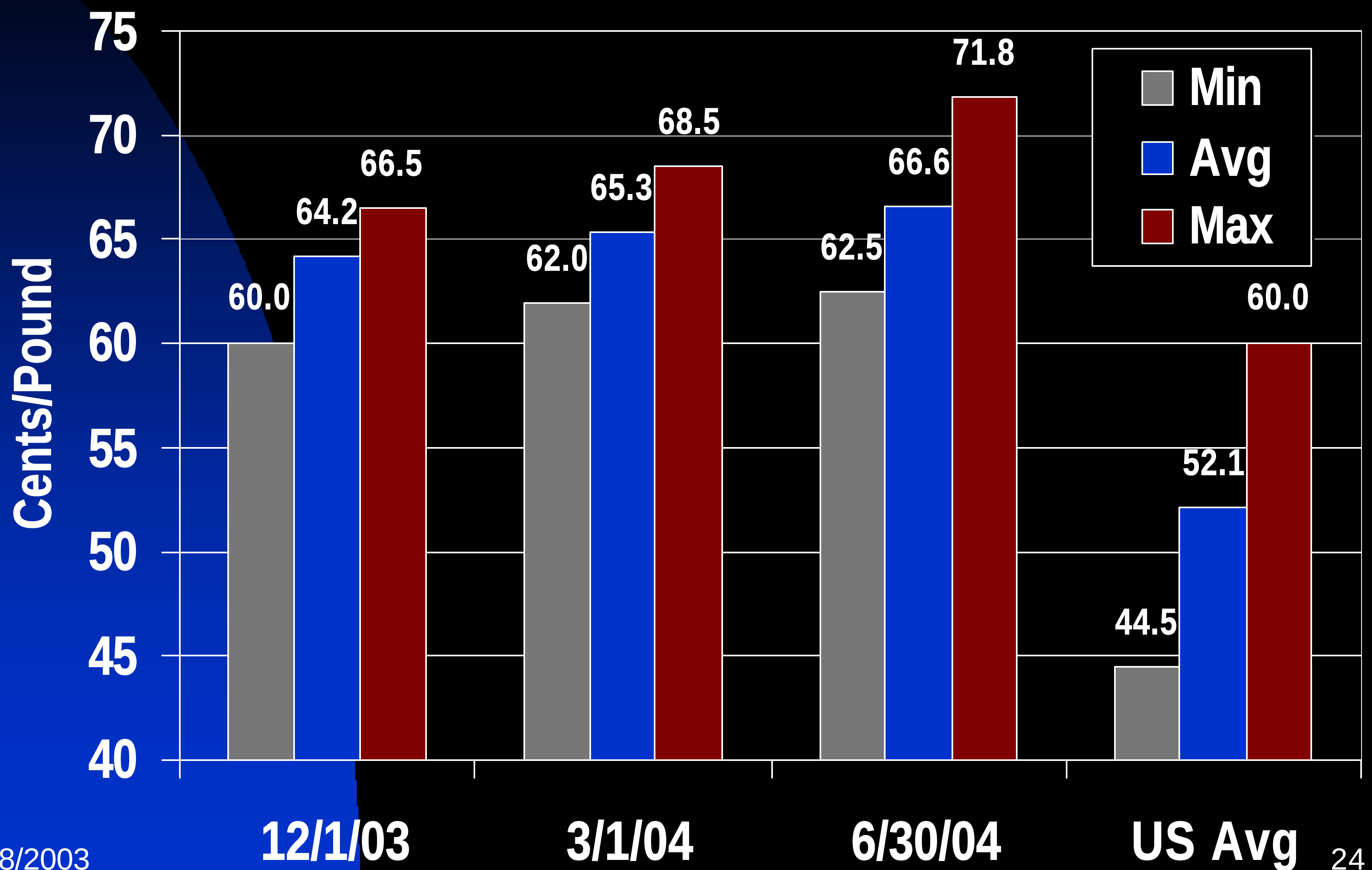
U.S. Corn Prices



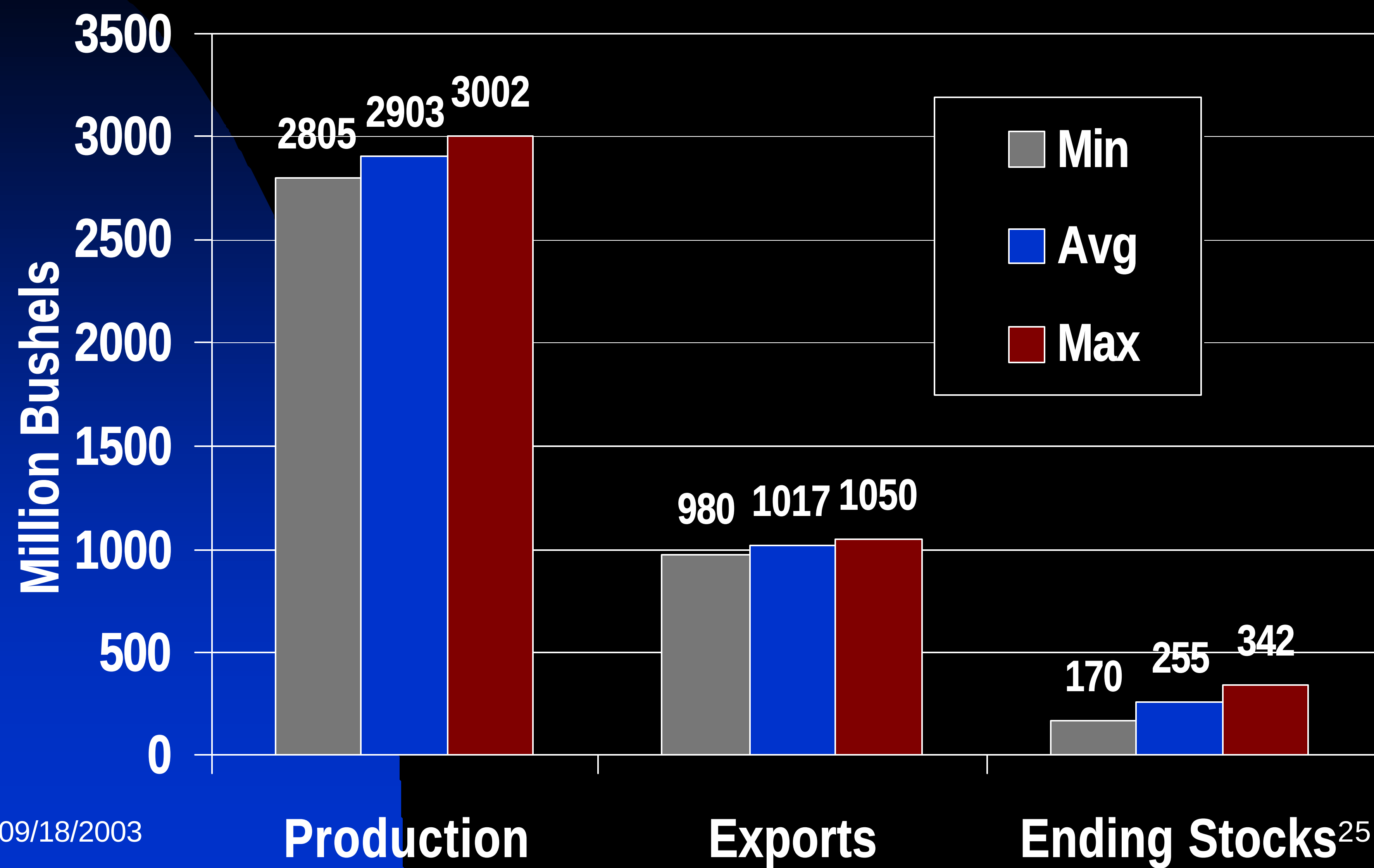
2003-04 U.S. Cotton



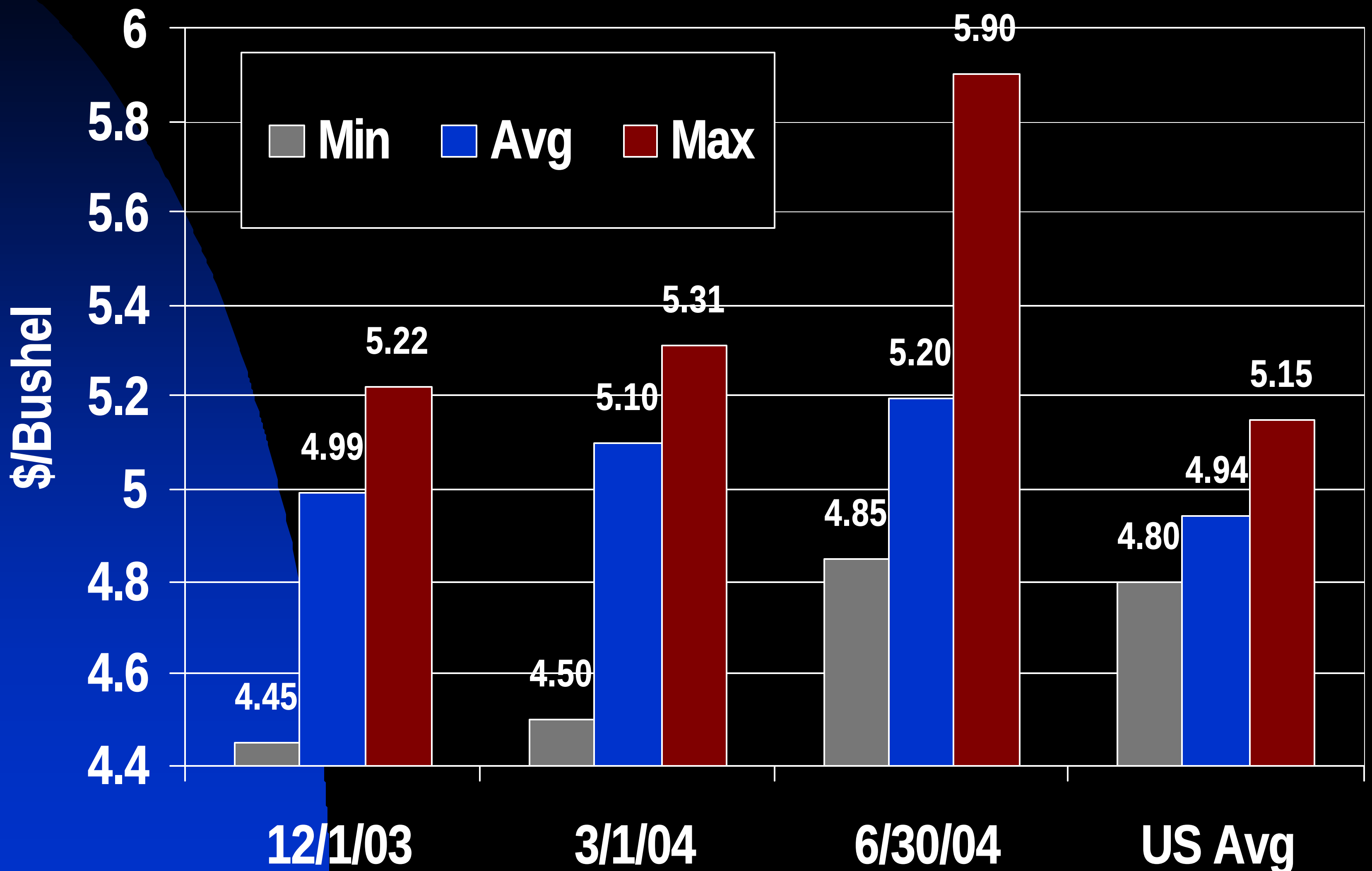
U.S. Cotton Prices



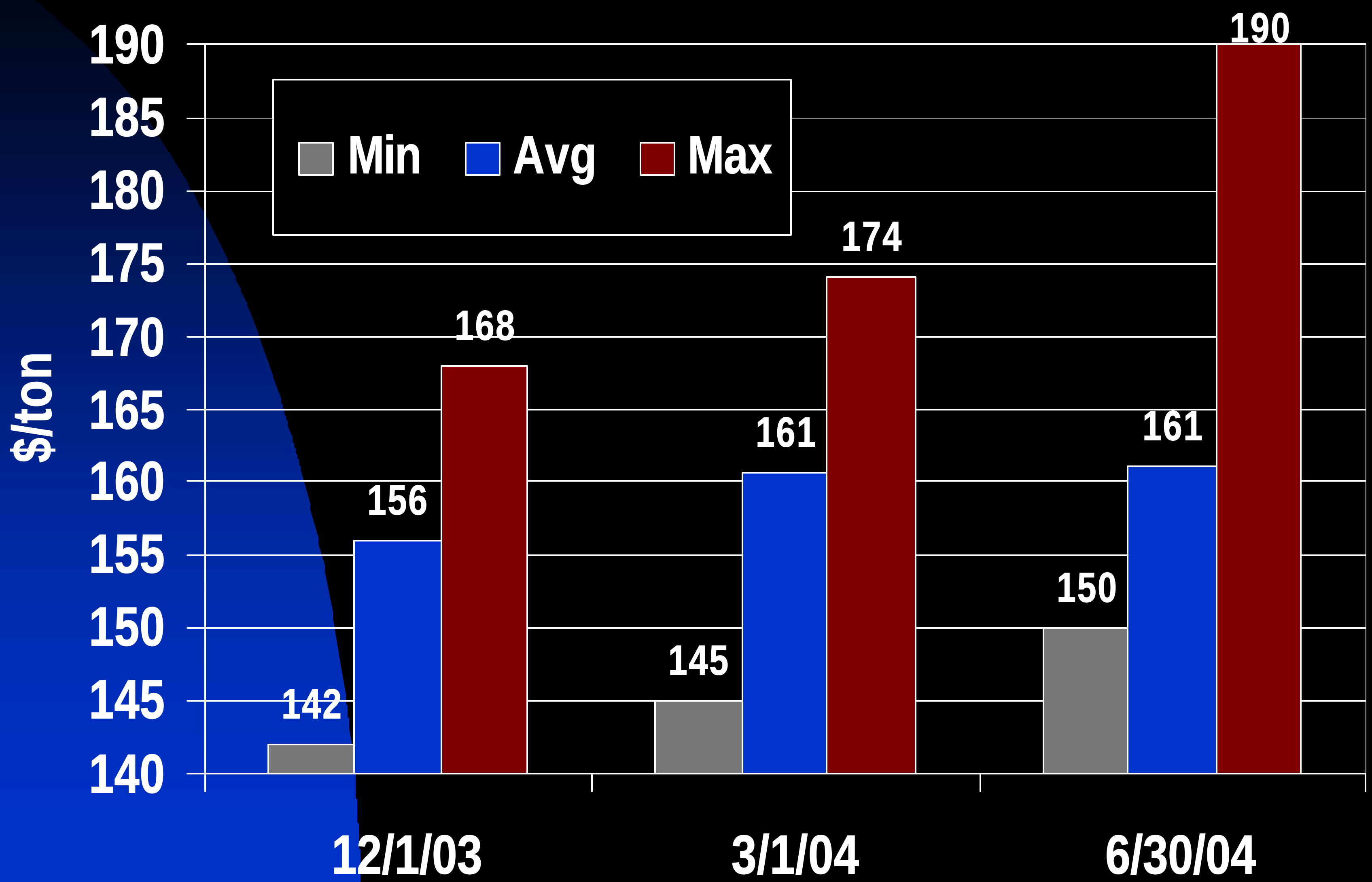
2003-04 U.S. Soybeans



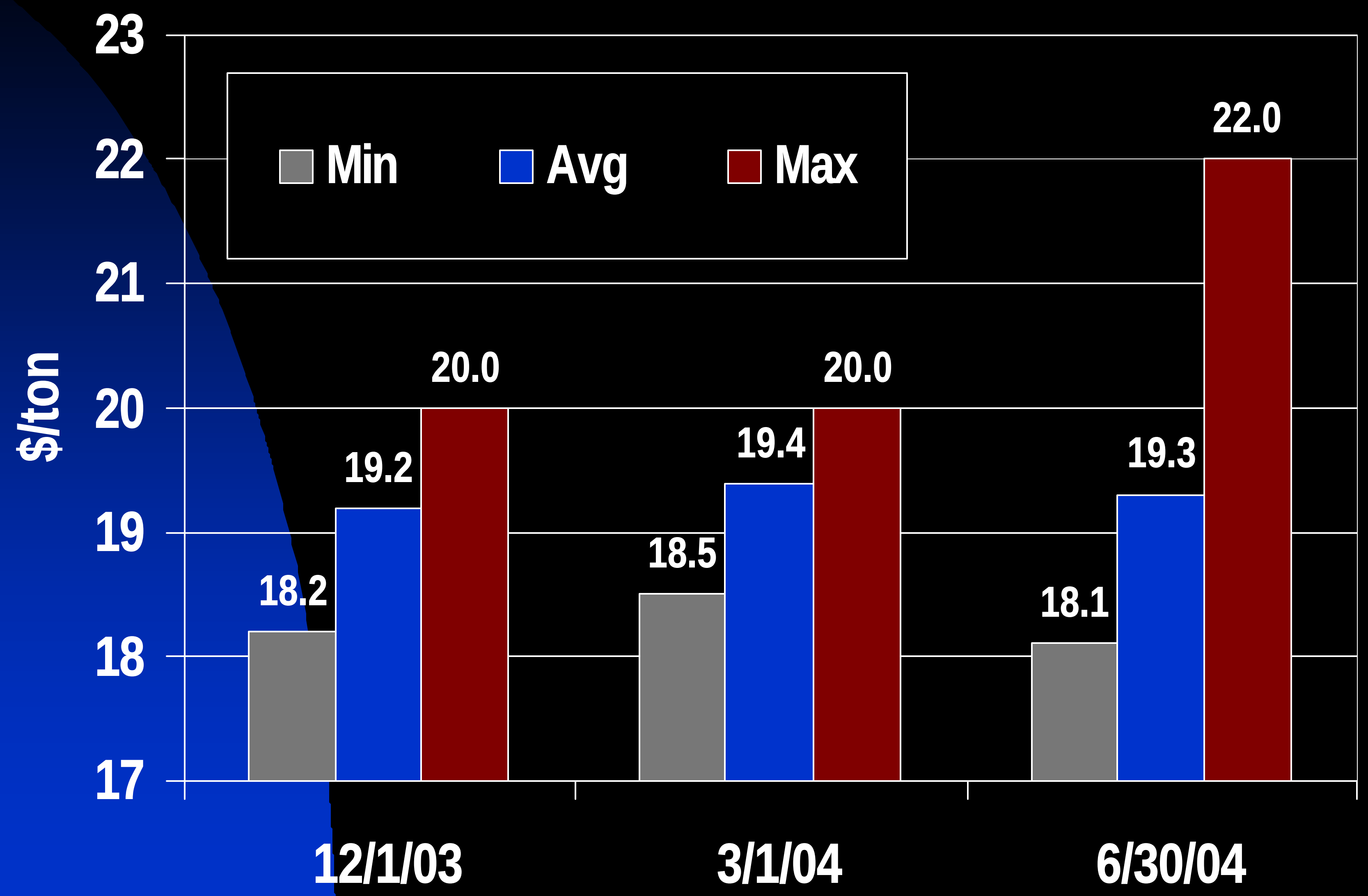
U.S. Soybean Prices



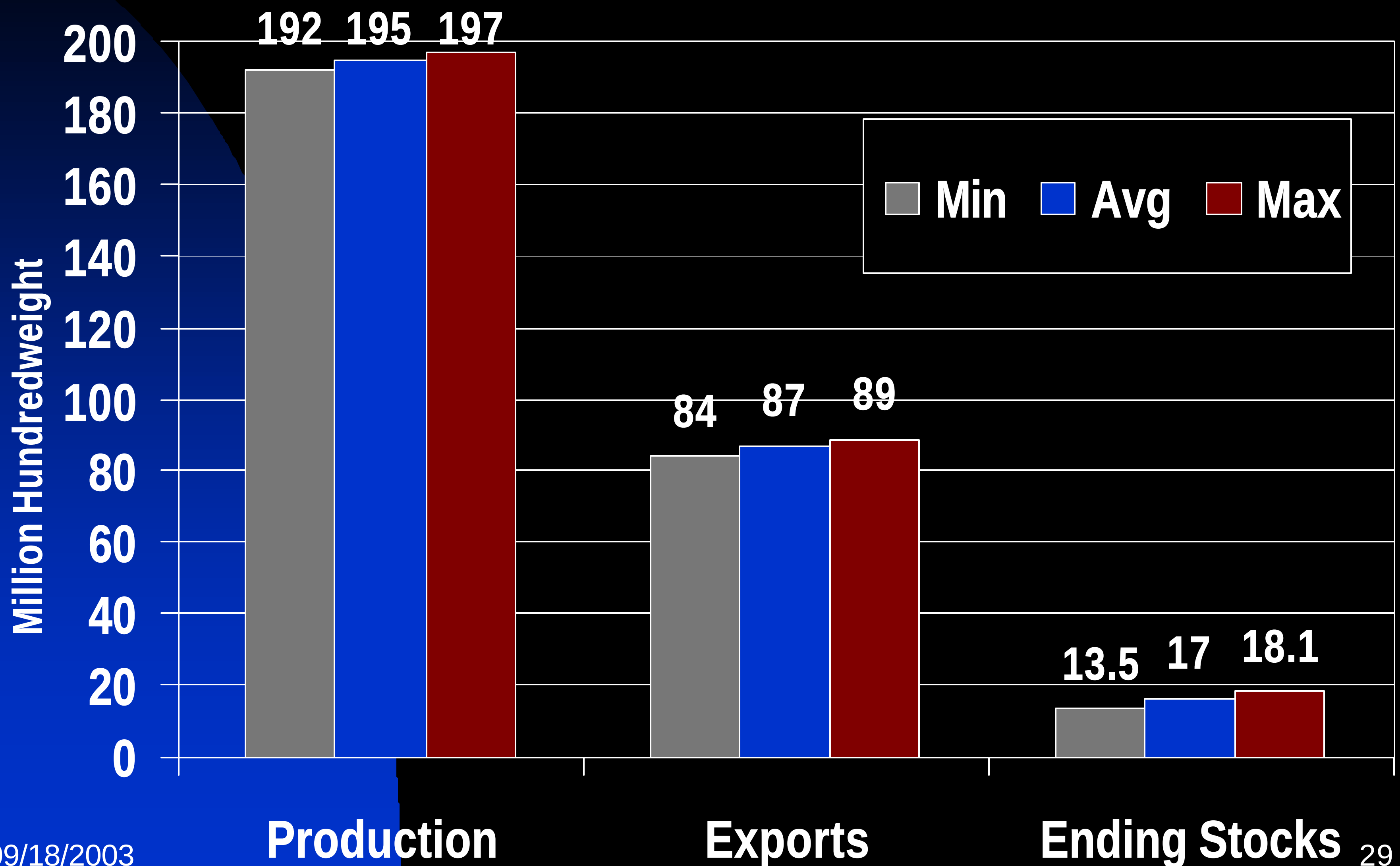
U.S. Soybean Meal Prices



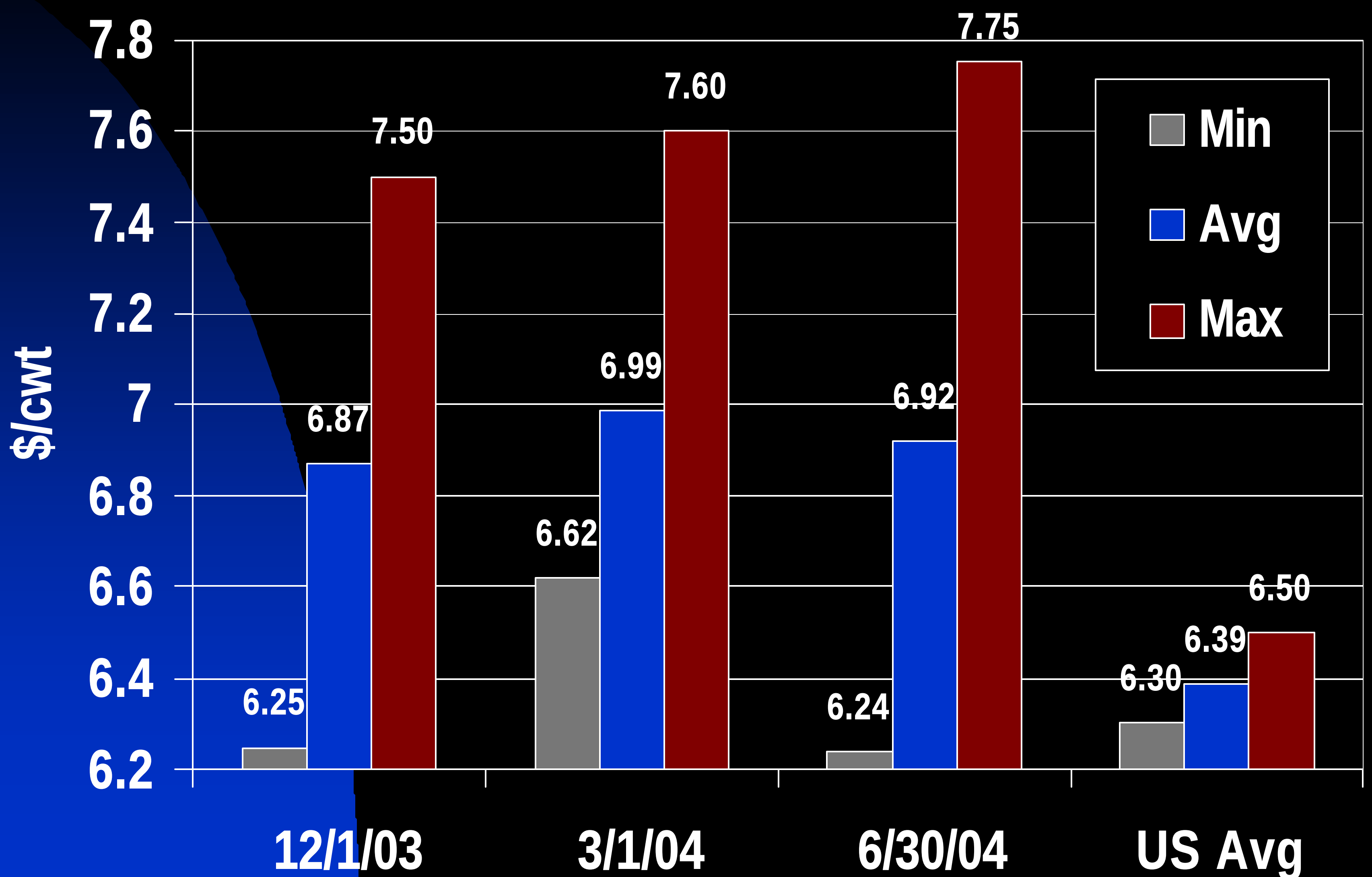
U.S. Soybean Oil Prices



2003-04 U.S. Rice



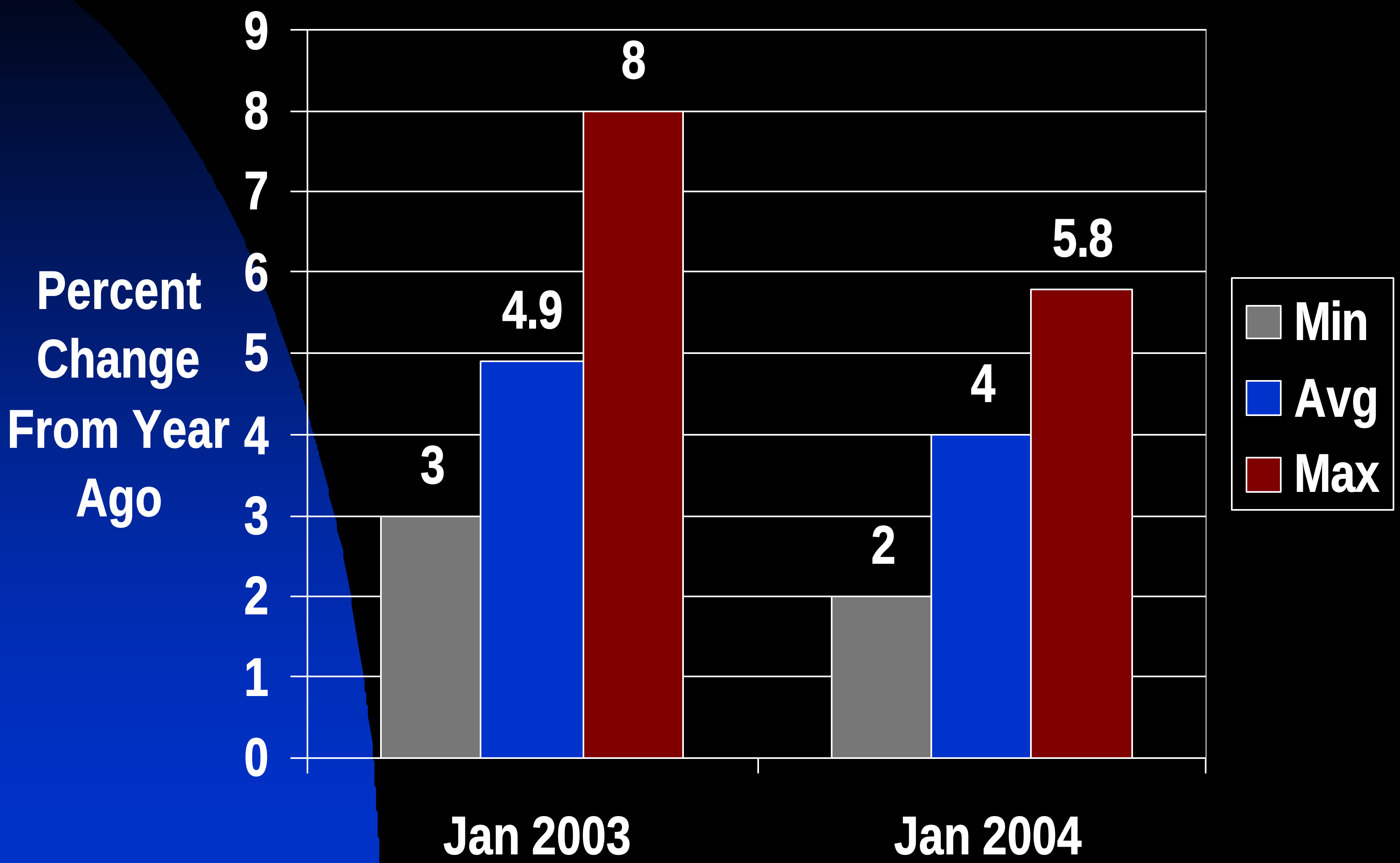
U.S. Rice Prices



General Economic Outlook

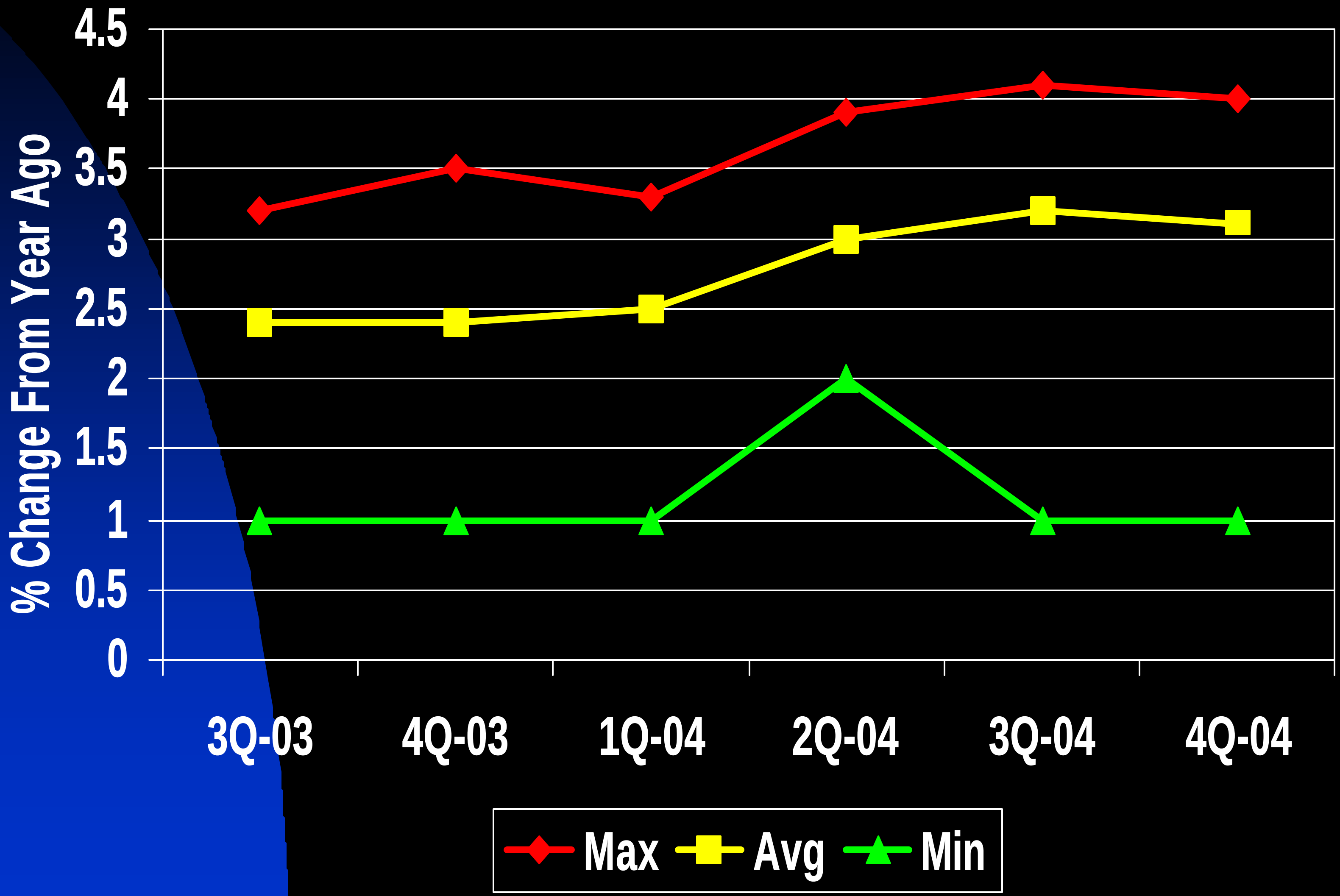
- Land Values
- Real GDP Growth
- CPI
- Dow Jones Average
- 3-month T-Bill rates
- Foreign Exchange Rates
  - Japanese Yen
  - Mexican Peso
  - Canadian Dollar
  - Euro

Land Prices

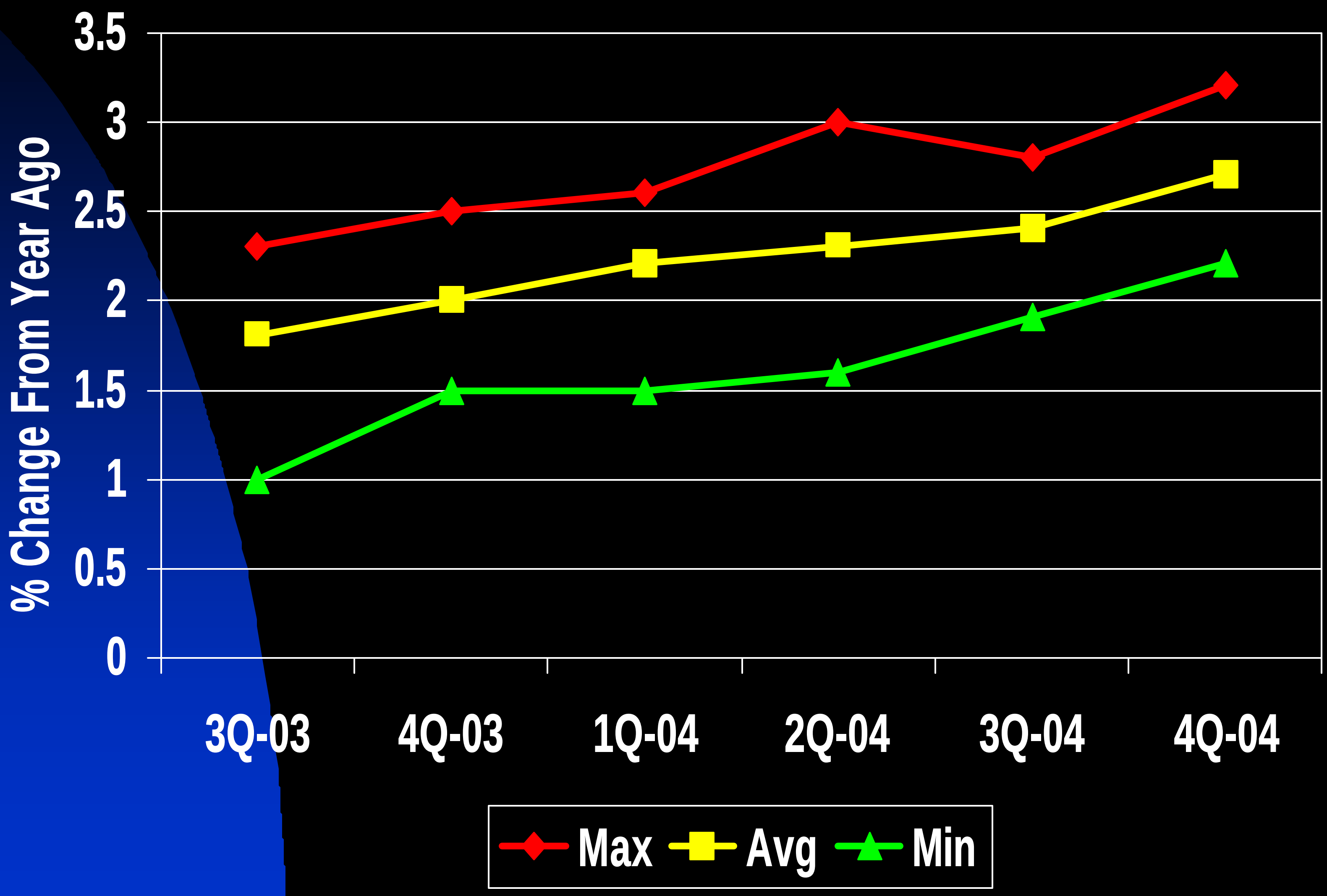


Percent Change From Year Ago
9
8
7
6
5
4
3
2
1
0
8
4.9
3
5.8
4
2
Min
Avg
Max
Jan 2003
Jan 2004

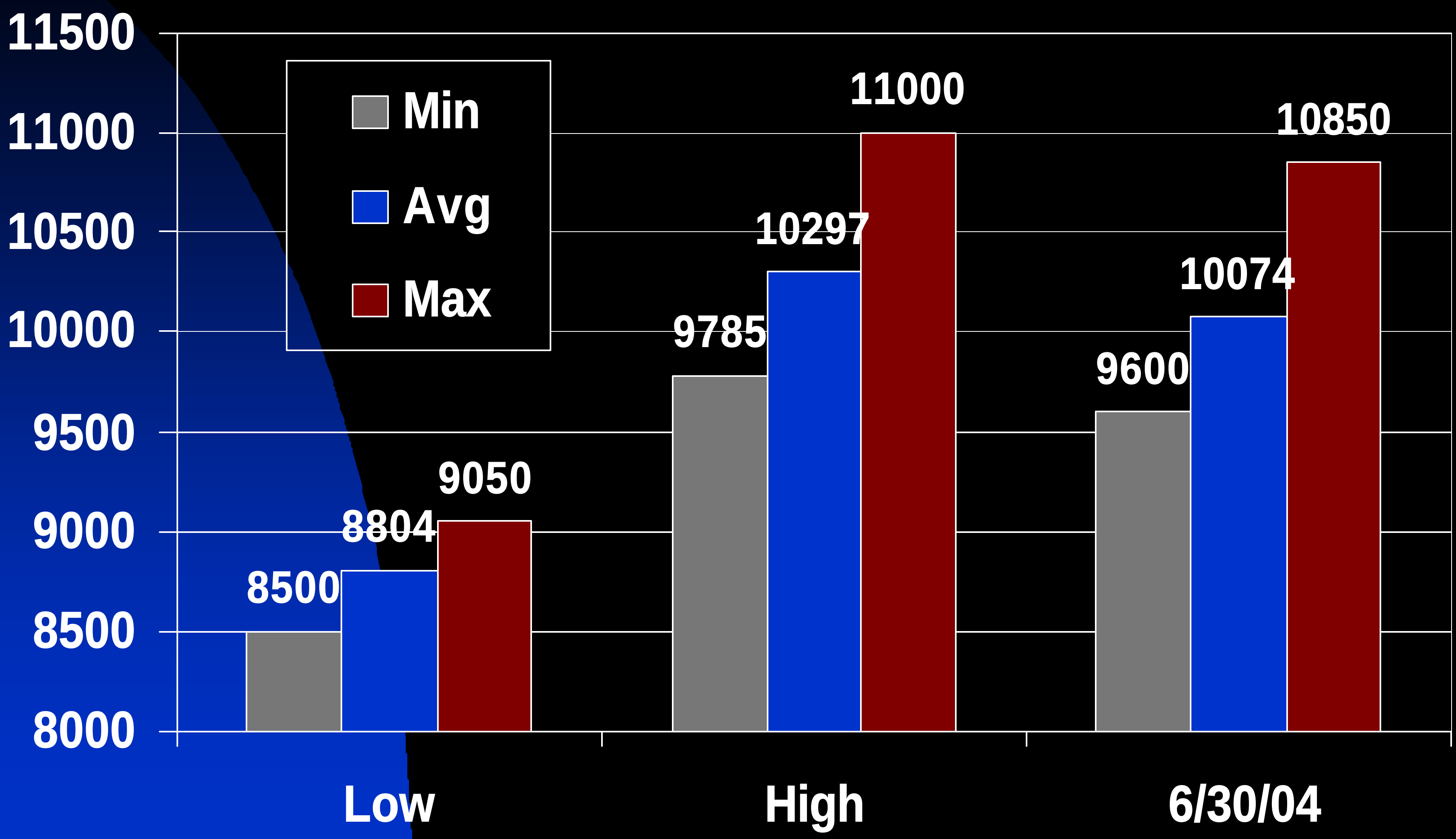
Real GDP Growth



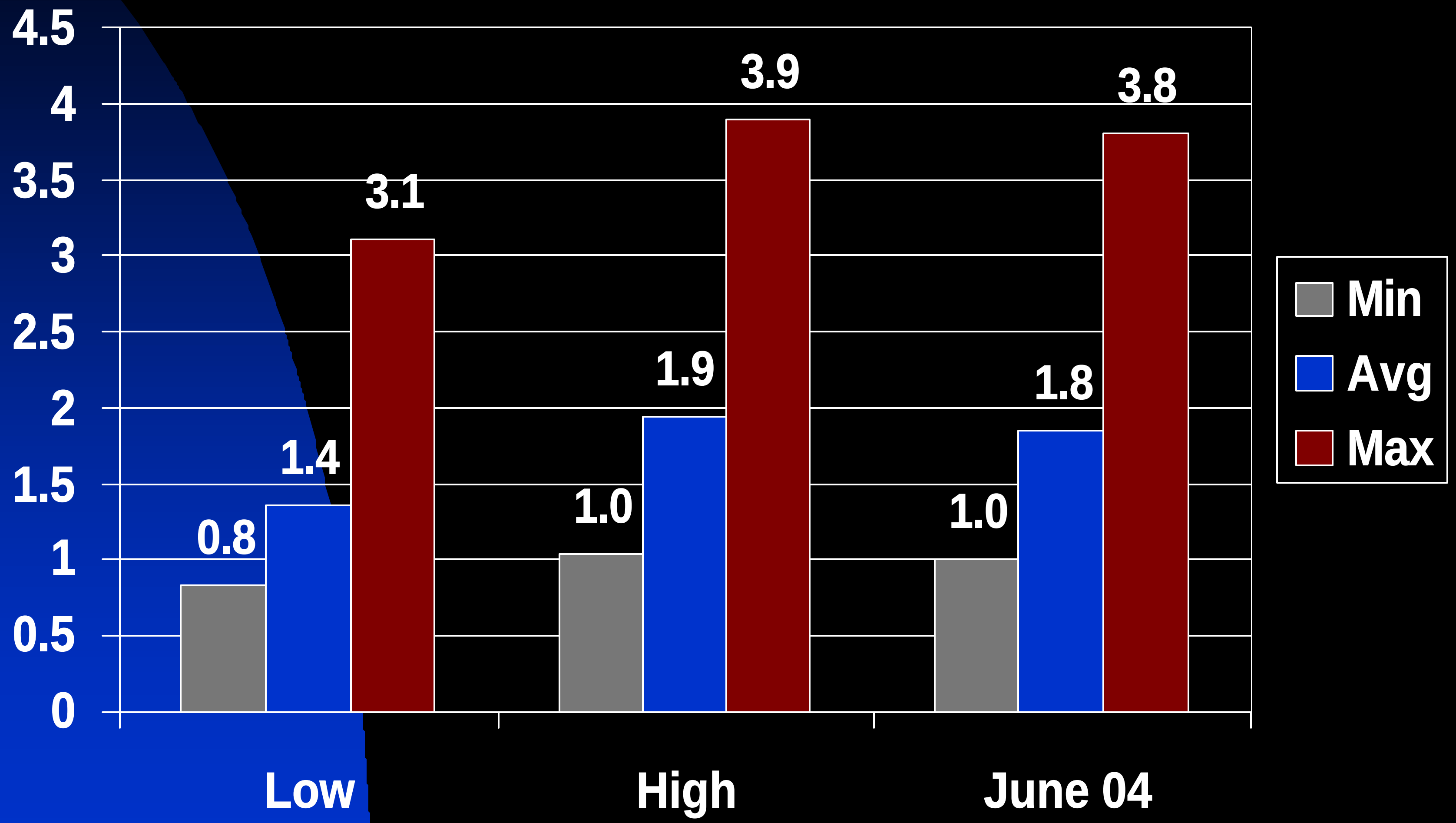
Inflation - CPI



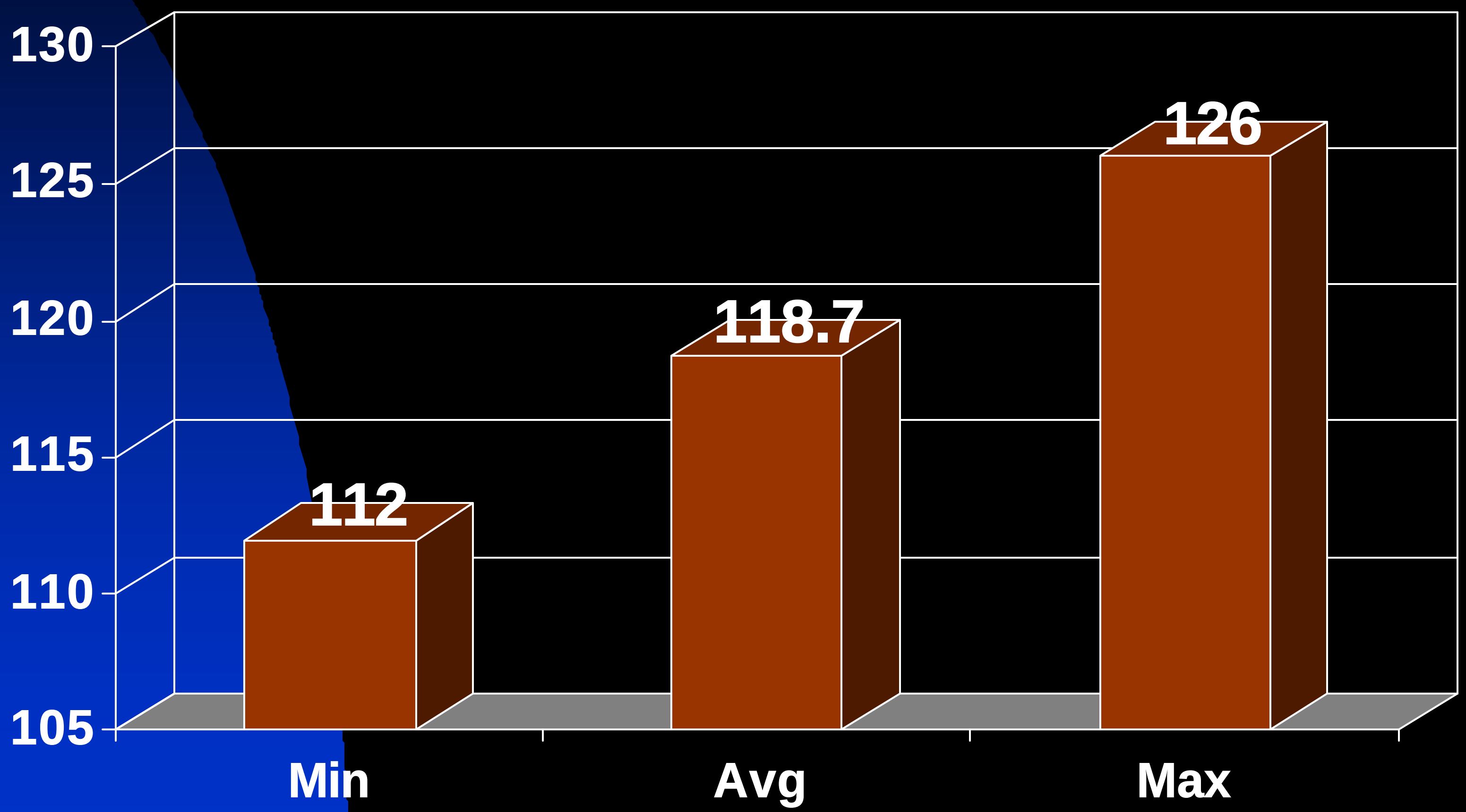
Dow Jones Average



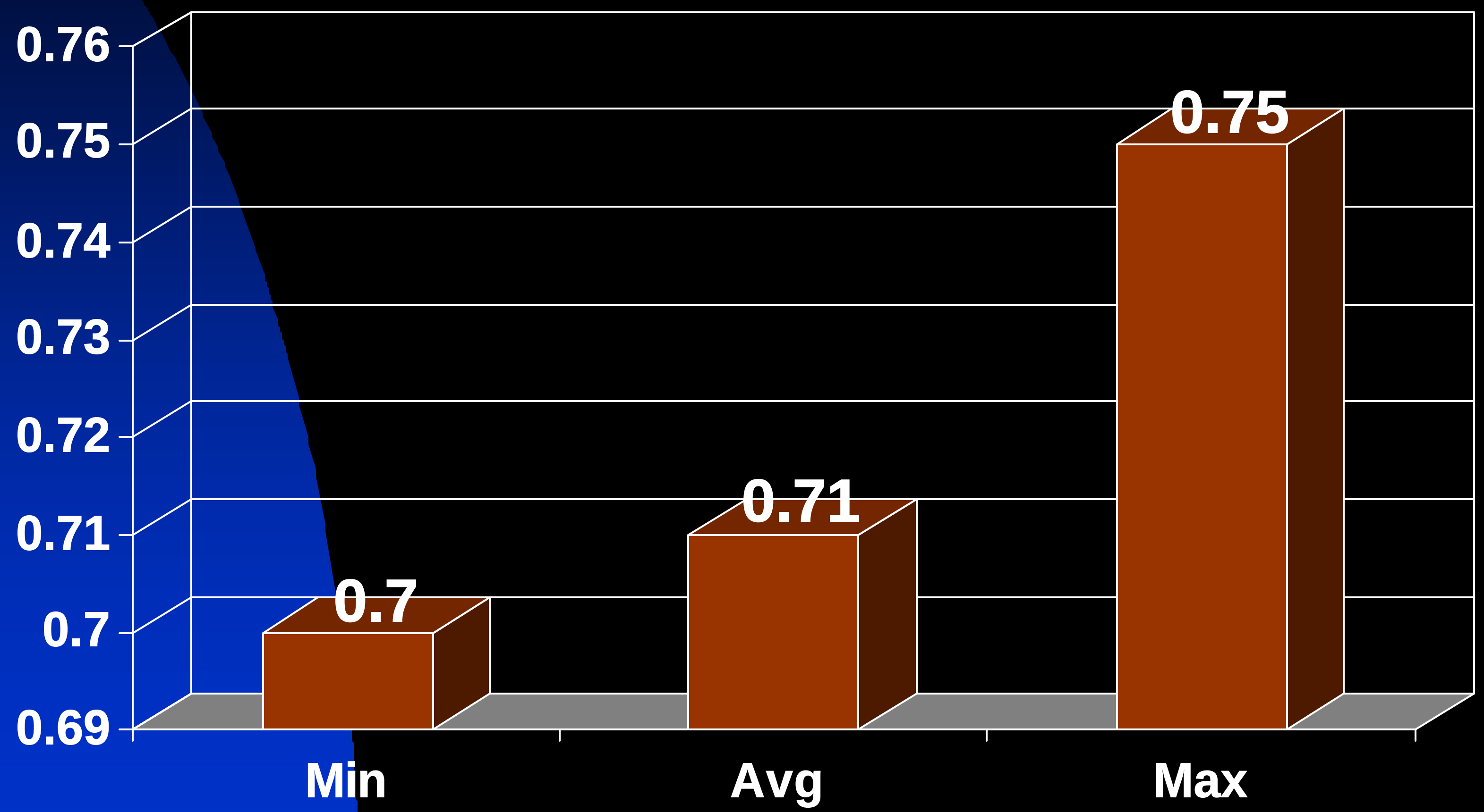
3-Month T-Bill Rates



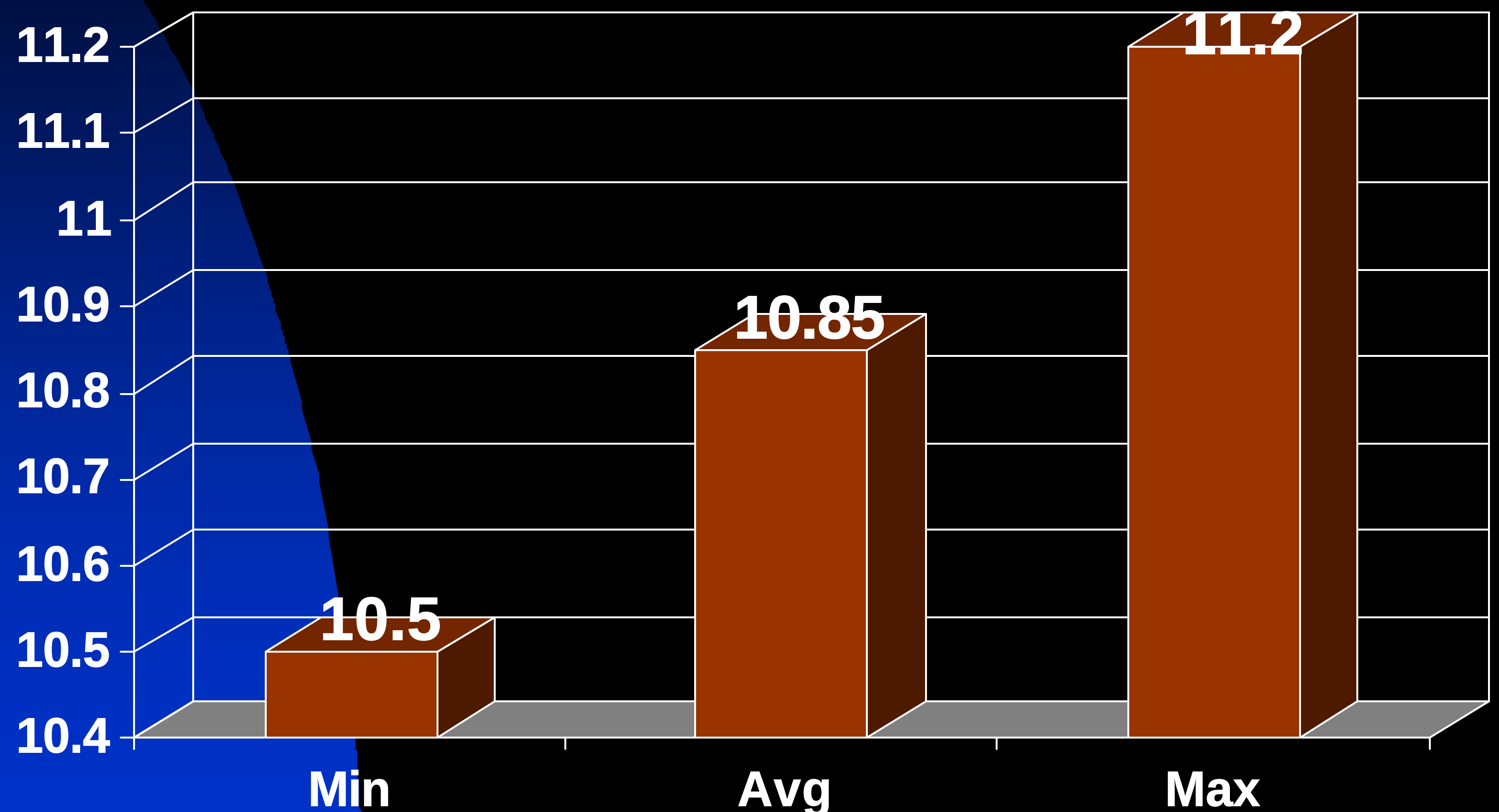
Yen Per Dollar



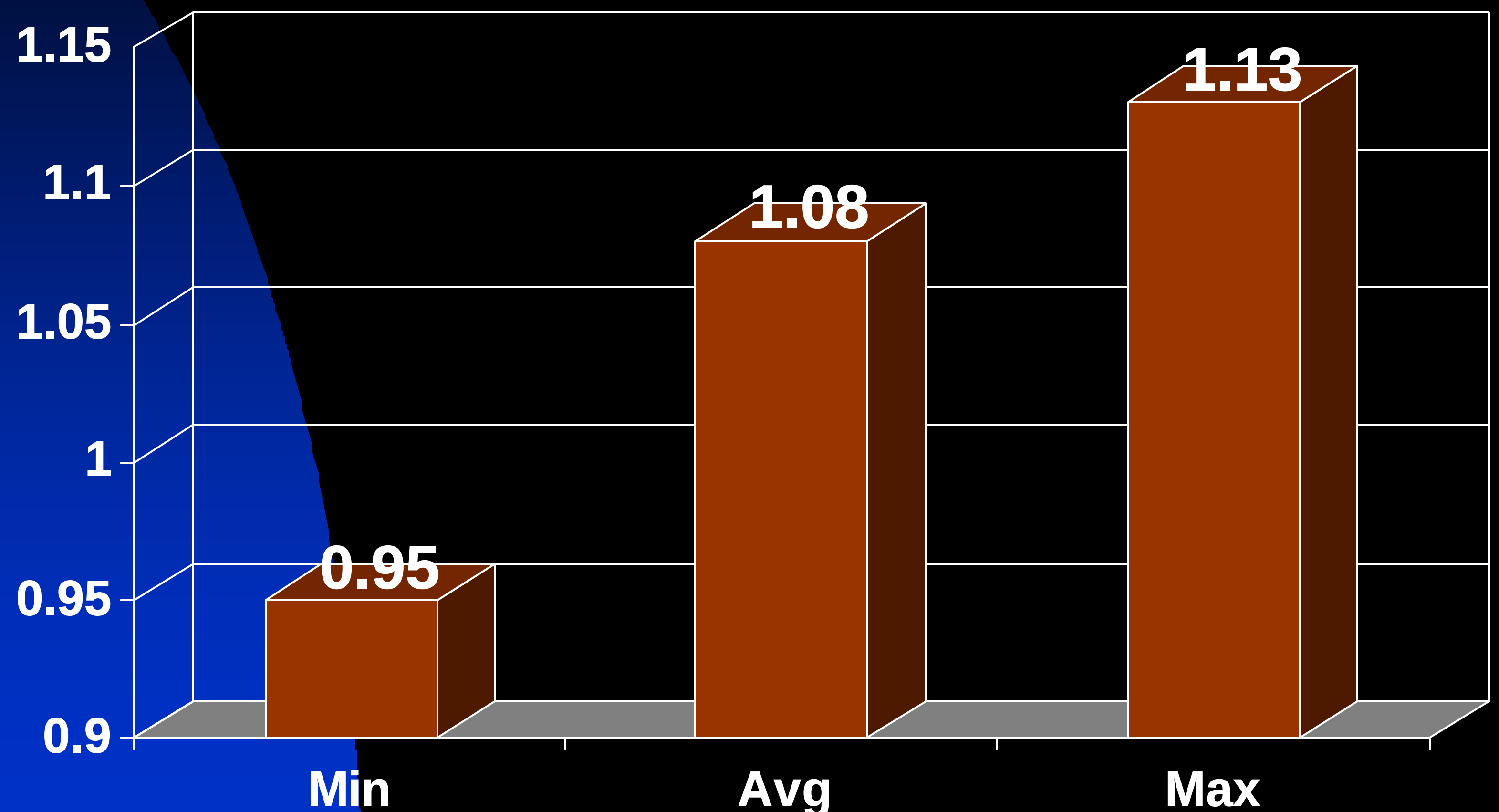
U.S. $ Per Canadian$



Pesos Per Dollar



Dollars Per Euro



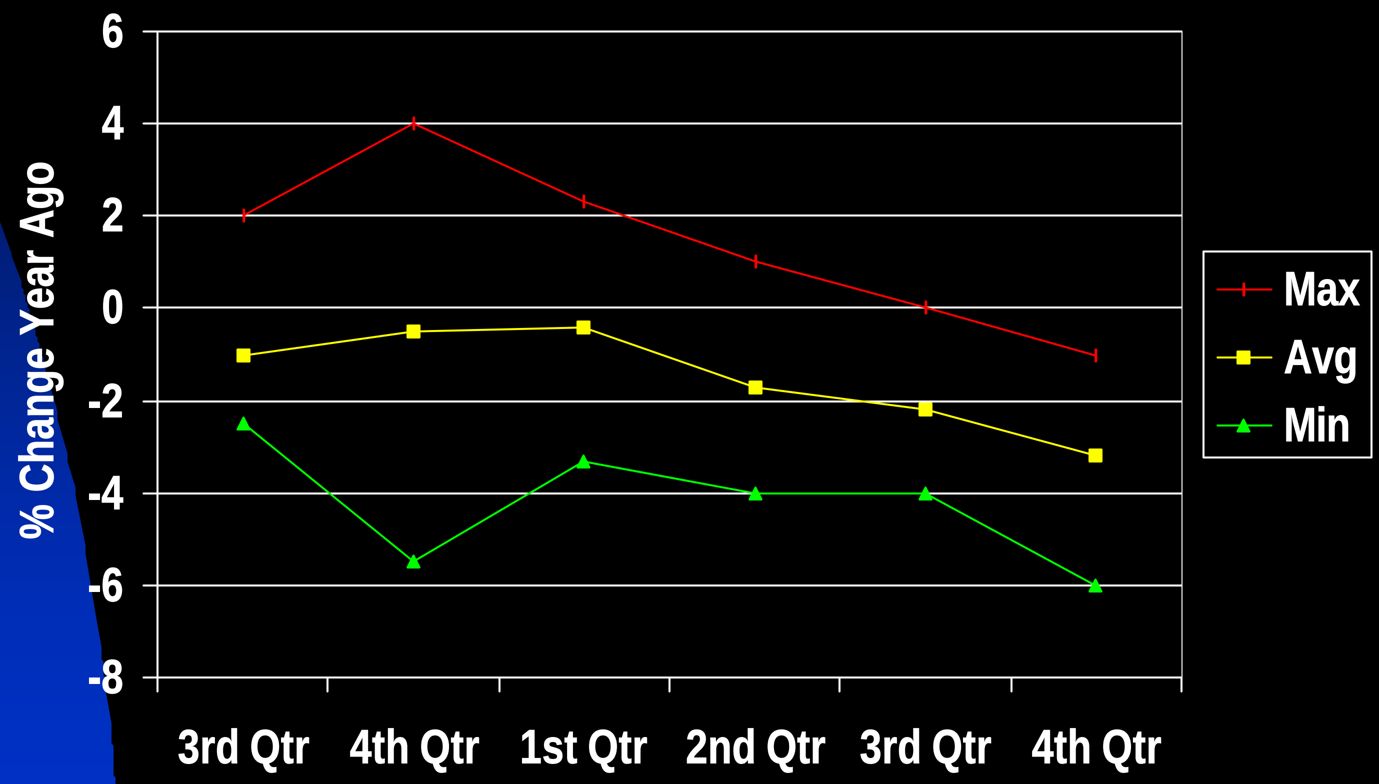
Topics of Discussion

- State the main ideas you'll be talking about

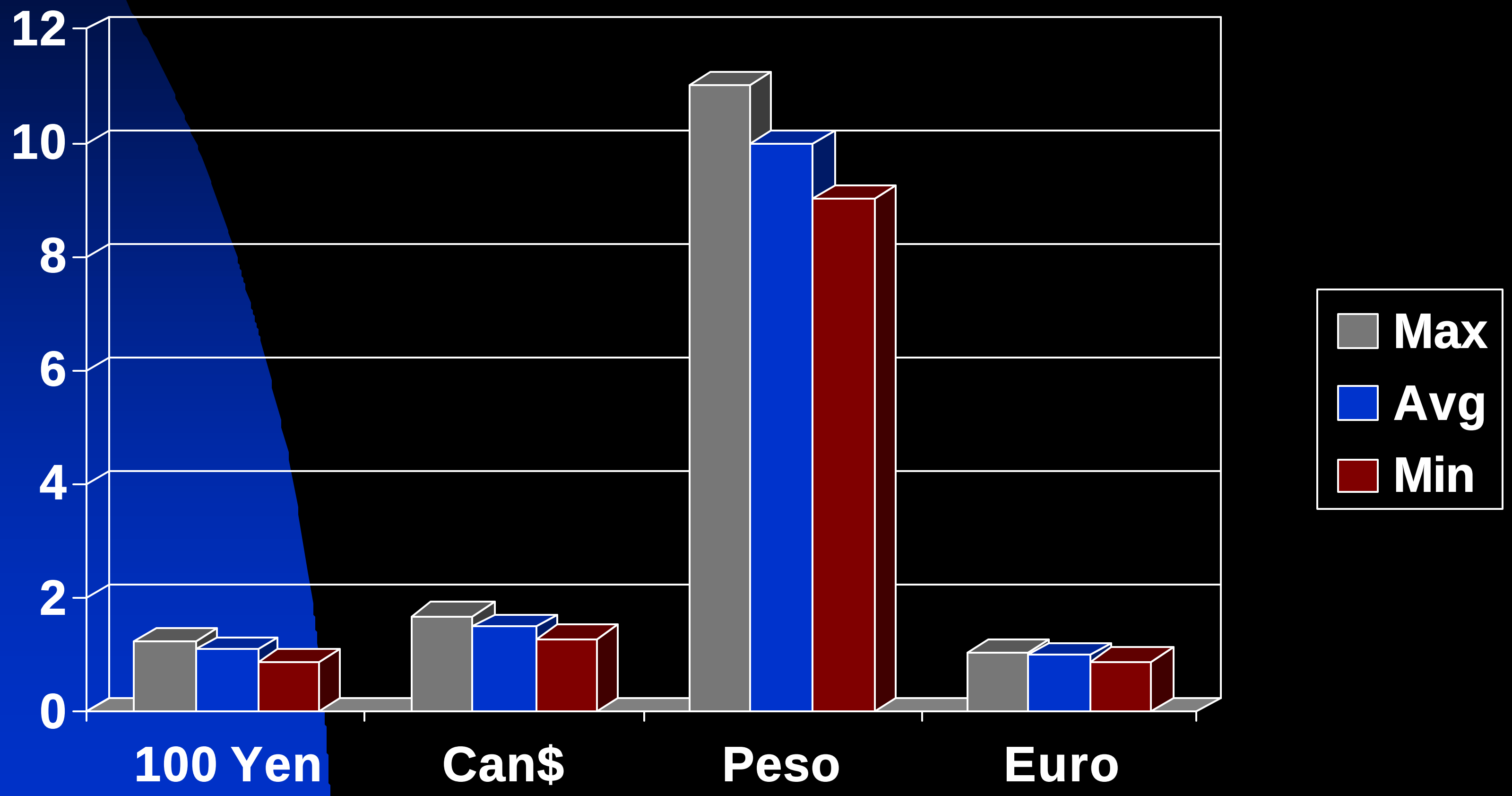
What This Means

- Add a strong statement that summarizes how you feel or think about this topic
- Summarize key points you want your audience to remember

Beef Production



Foreign Exchange Rates



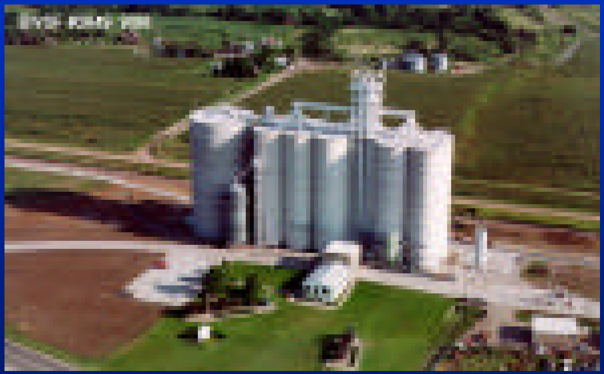
Expenses

- Tickets
- Mileage
- Parking
- Registration
- Hotel
- Shuttle - $15
- Taxi - $20

- Friday-x,5,14
- Sat-0,0,2
- Sunday-4.50,17,3.94,10
- Monday- 0,x,20
- Tuesday-0,15.00,2.15
- Wednesday-2.18,2.70,??

Outlook for Corn & Other Feedgrains 2003-04

By Dr. Robert Wisner
Iowa State University



World Production/use data sources: USDA

7/11/03

Figure 1. World Feed Grain Production, Use & Months of Reserve Supply Beyond Pipeline Needs

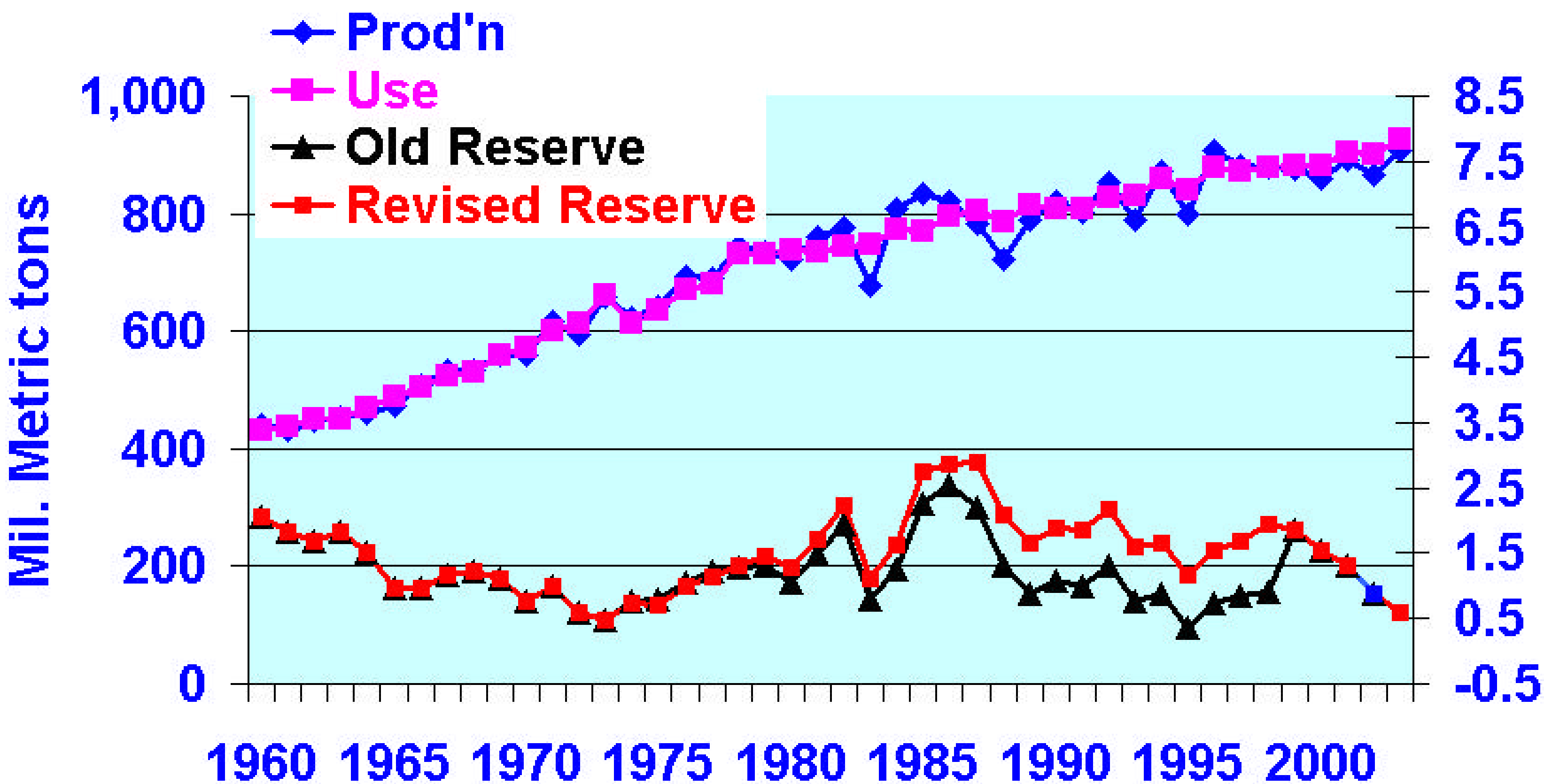


Figure 2. World wheat stocks as percent of use before & after china 2001 and 11/12/02 revisions

7/11/03

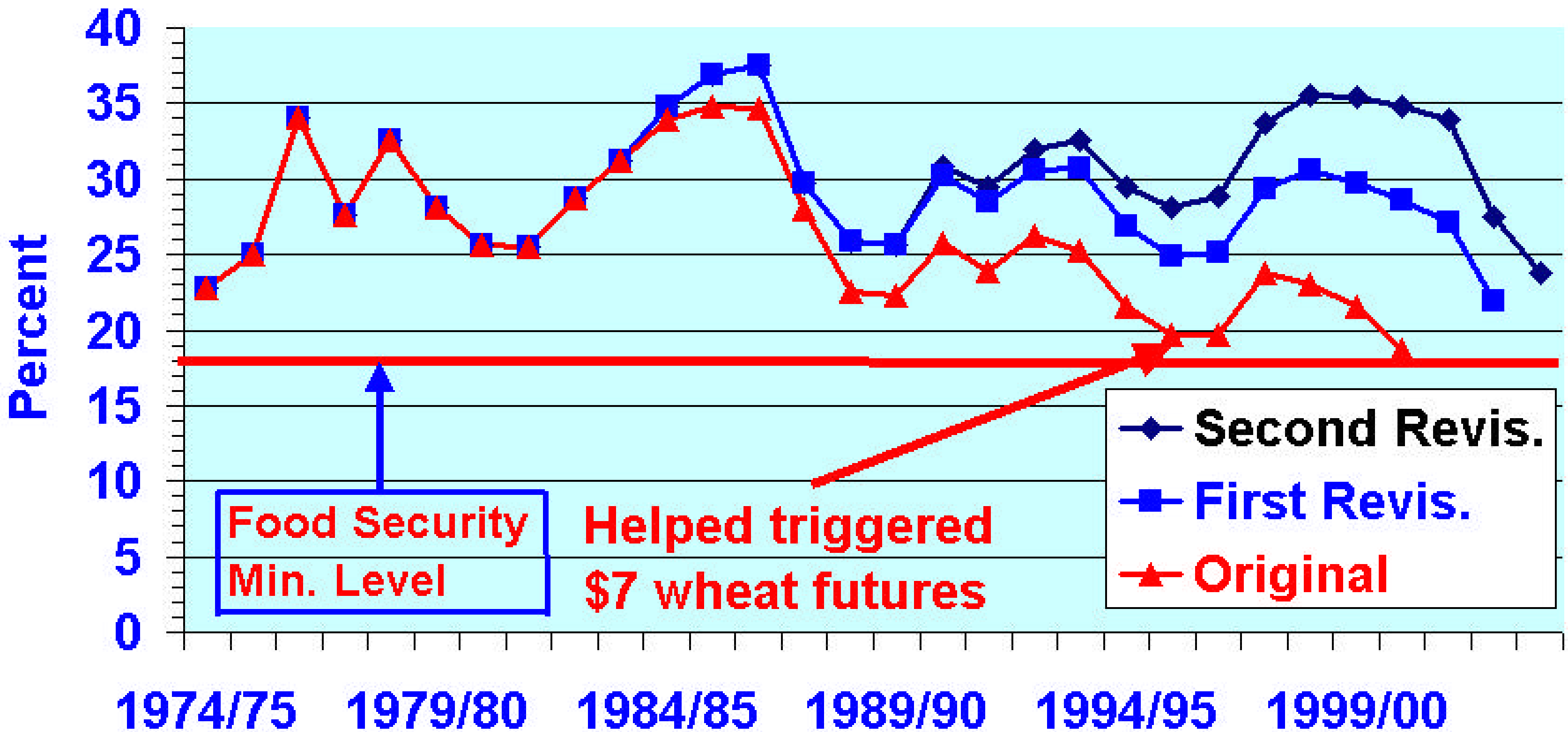


Table 1. Corn Crop, Percent Good to Excellent in Third Week of July, Selected Years									
State	Mil. Harv.A.	% of U.S.	2003	2002	2001	2000	1999	1998	1994
Illinois	11	15.2%	80	43	74	86	74	55	87
Indiana	6	7.7%	51	48	78	84	58	58	77
Iowa	12	16.8%	84	59	55	79	73	66	98
Kansas	2.7	3.8%	51	36	54	57	78	78	63
Michigan	2.03	2.8%	68	52	54	71	84	46	70
Minnesota	6.55	9.1%	81	62	42	78	72	78	91
Missouri	2.85	4.0%	57	39	60	78	59	54	64
Nebraska	7.65	10.6%	71	41	72	51	80	83	84
Ohio	3.2	4.4%	57	38	70	70	53	68	66
Pennsylvania	0.9	1.3%	58	56	69	73	19	58	75
S. Dakota	4.1	5.7%	79	41	76	78	84	90	99
Texas	1.75	2.4%	39	40	50	74	79	24	75
Wisconsin	2.9	4.0%	81	71	51	77	84	83	100
Major States	67	92.9%	72	49	65	75	72	66	86
U.S. Avg. Yield	71.98	100.0%	143.3?	130	138.2	137.1	133.8	134	139
% Dev. From Trend Yield			1.2?	-6.8	0.5	1.0	0.1	2.1	11.7
% of U.S. acres below 60% G/E			23.5%						0.0%

Figure 5. U.S. CORN YIELD, 1866-2002 & Proj. 2003

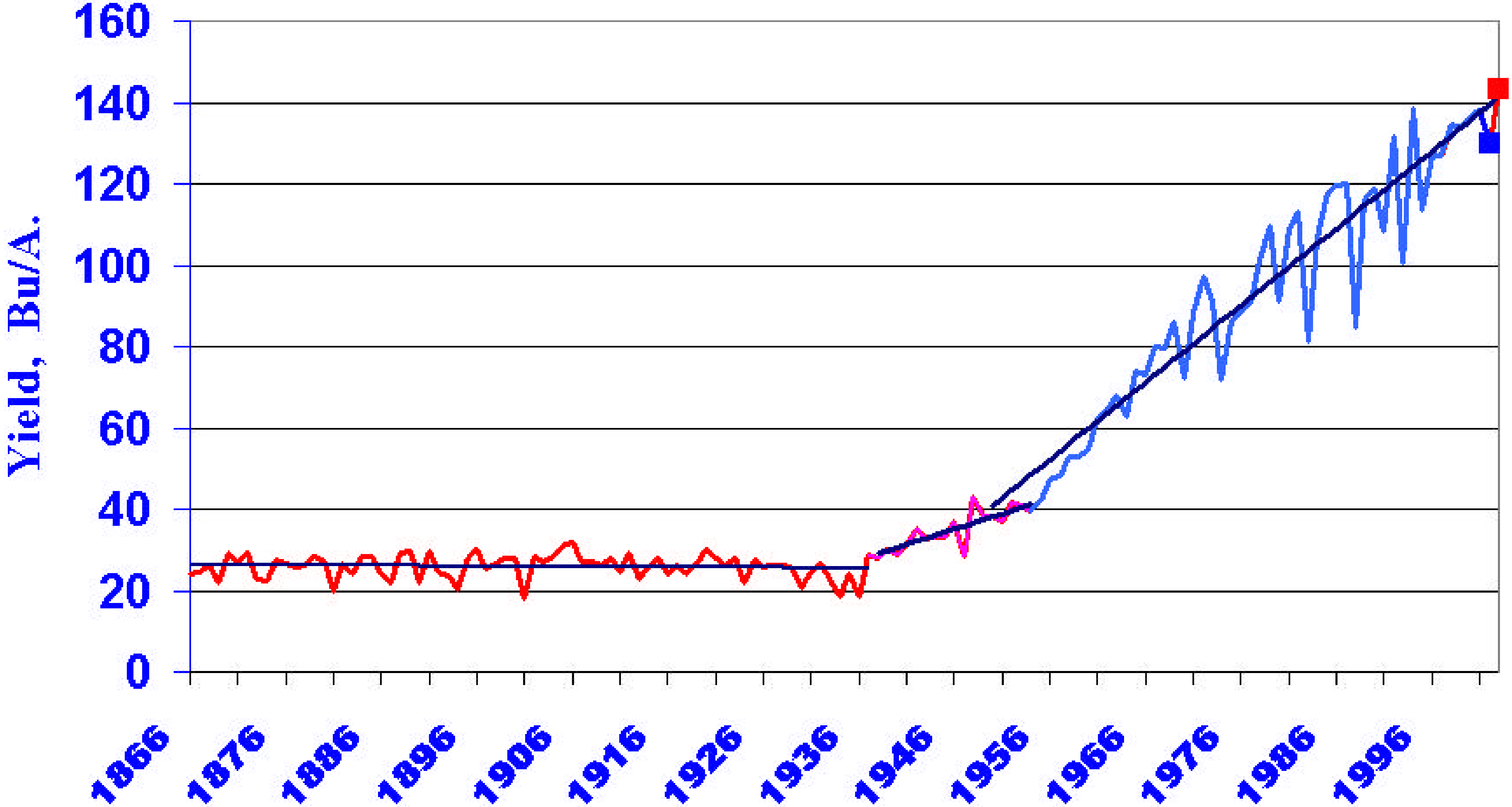
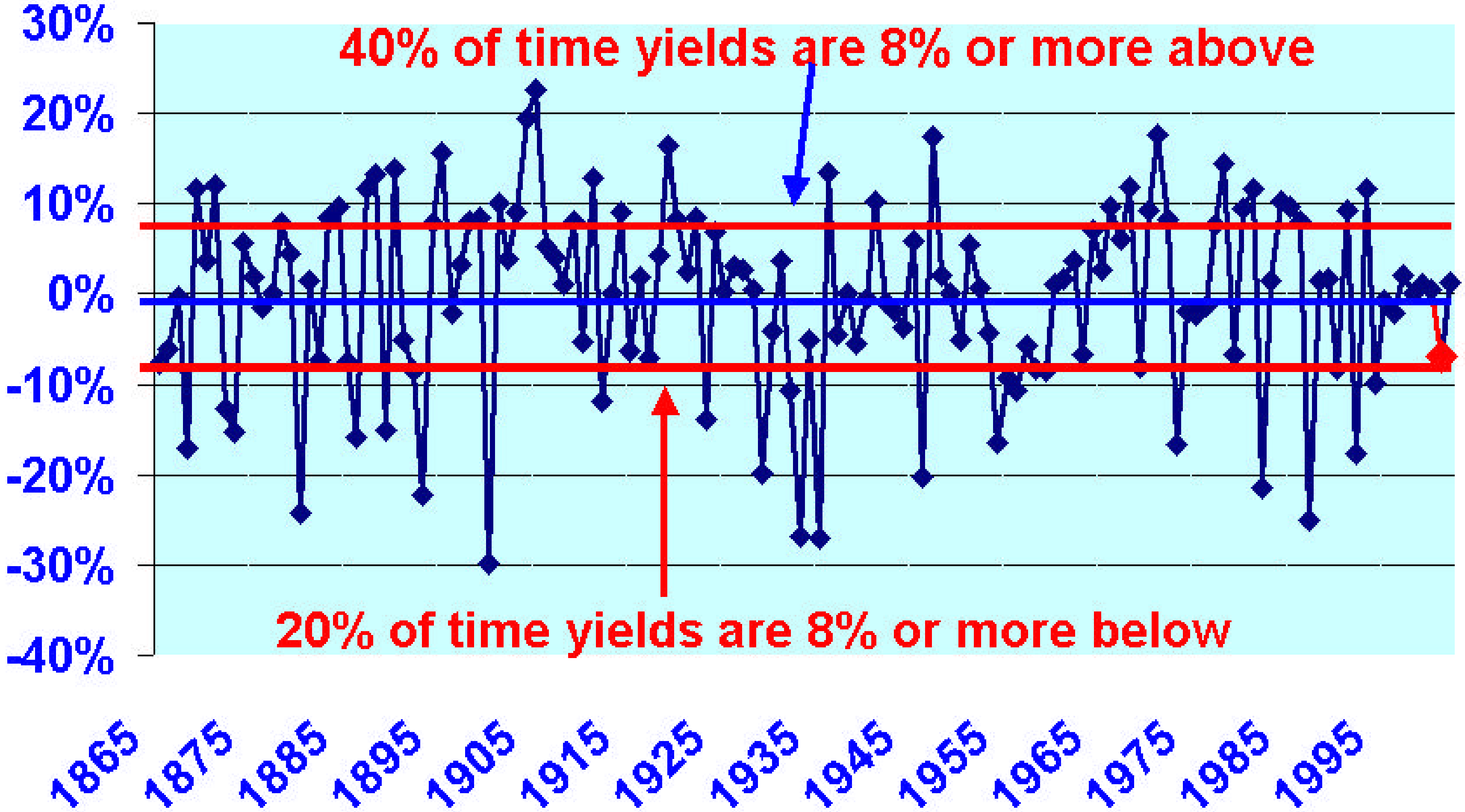


Figure 6. U.S. Corn Yield, Percent Deviation From Trend, 1866-2002 & Proj. 2003



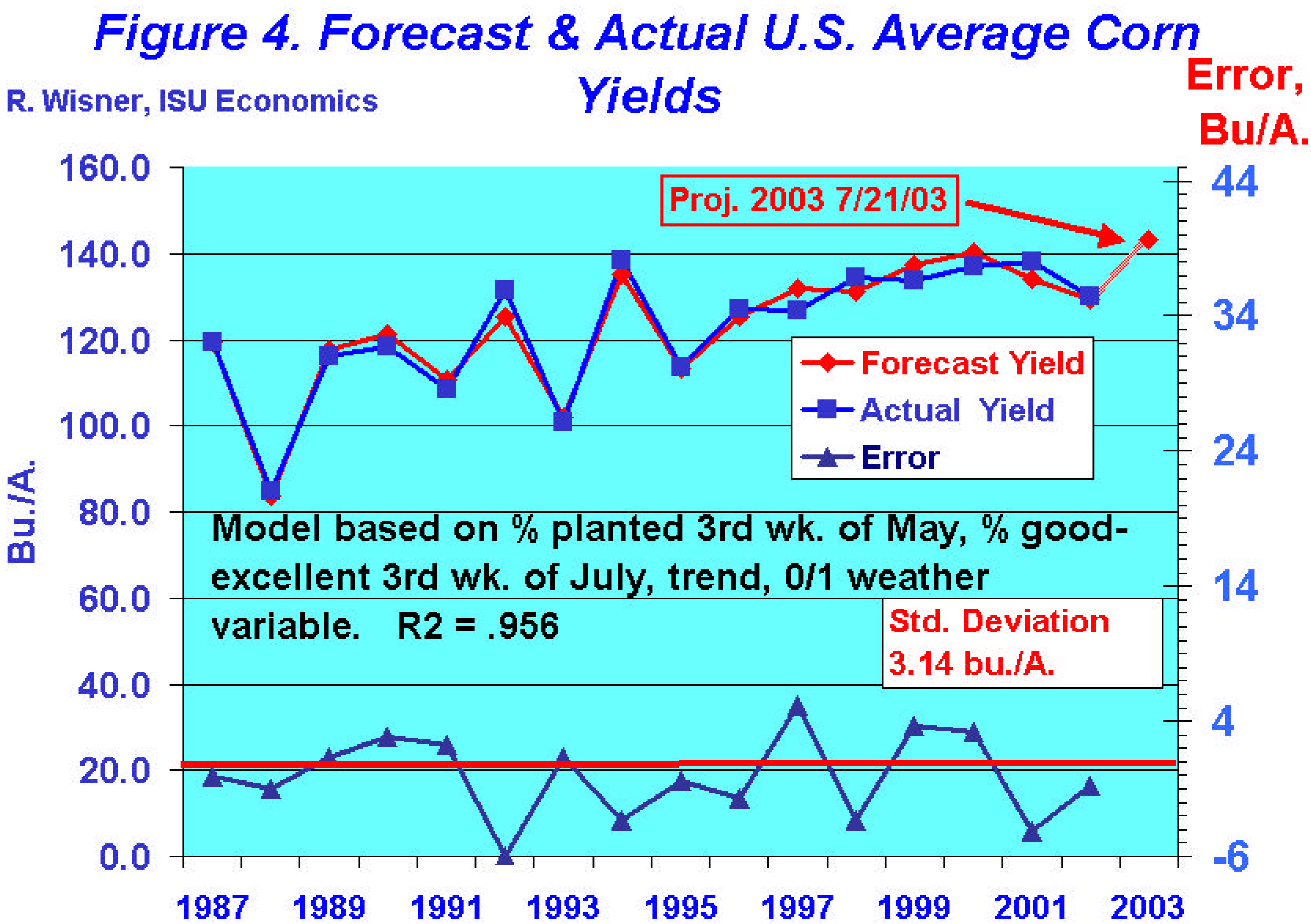
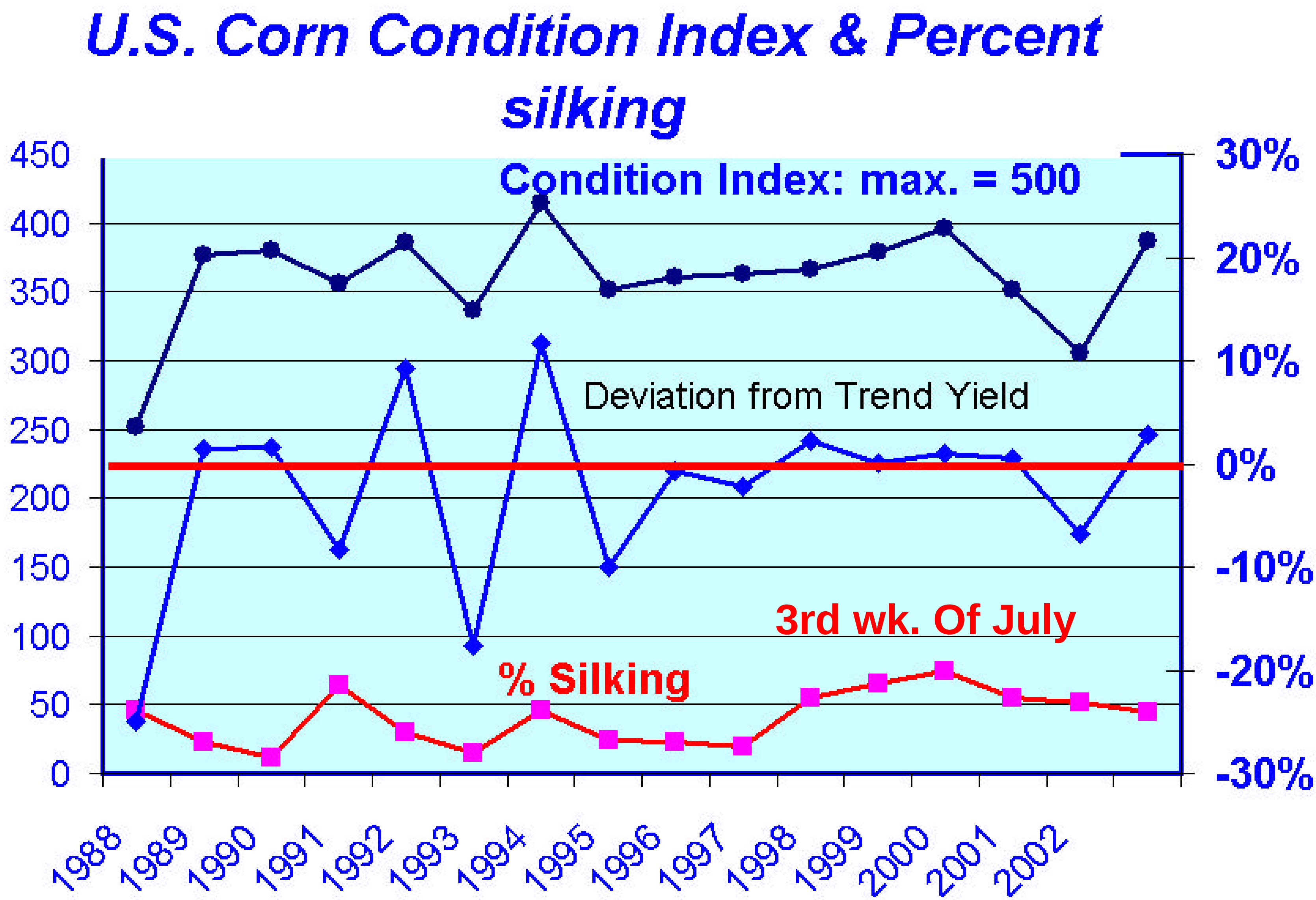


Figure 4. Forecast & Actual U.S. Average Corn Yields
R. Wisner, ISU Economics
Error, Bu/A.
Bu./A.
160.0
140.0
120.0
100.0
80.0
60.0
40.0
20.0
0.0
44
34
24
14
4
-6
1987
1989
1991
1993
1995
1997
1999
2001
2003
Proj. 2003 7/21/03
Forecast Yield
Actual Yield
Error
Model based on % planted 3rd wk. of May, % good-excellent 3rd wk. of July, trend, 0/1 weather variable. R2 = .956
Std. Deviation 3.14 bu./A.



U.S. Corn Condition Index & Percent silking
Condition Index: max. = 500
Deviation from Trend Yield
3rd wk. Of July
% Silking
450
400
350
300
250
200
150
100
50
0
30%
20%
10%
0%
-10%
-20%
-30%
1988
1989
1990
1991
1992
1993
1994
1995
1996
1997
1998
1999
2000
2001
2002

Figure 3. U.S. Corn Production & Use Through 2002 & Proj. 03=04

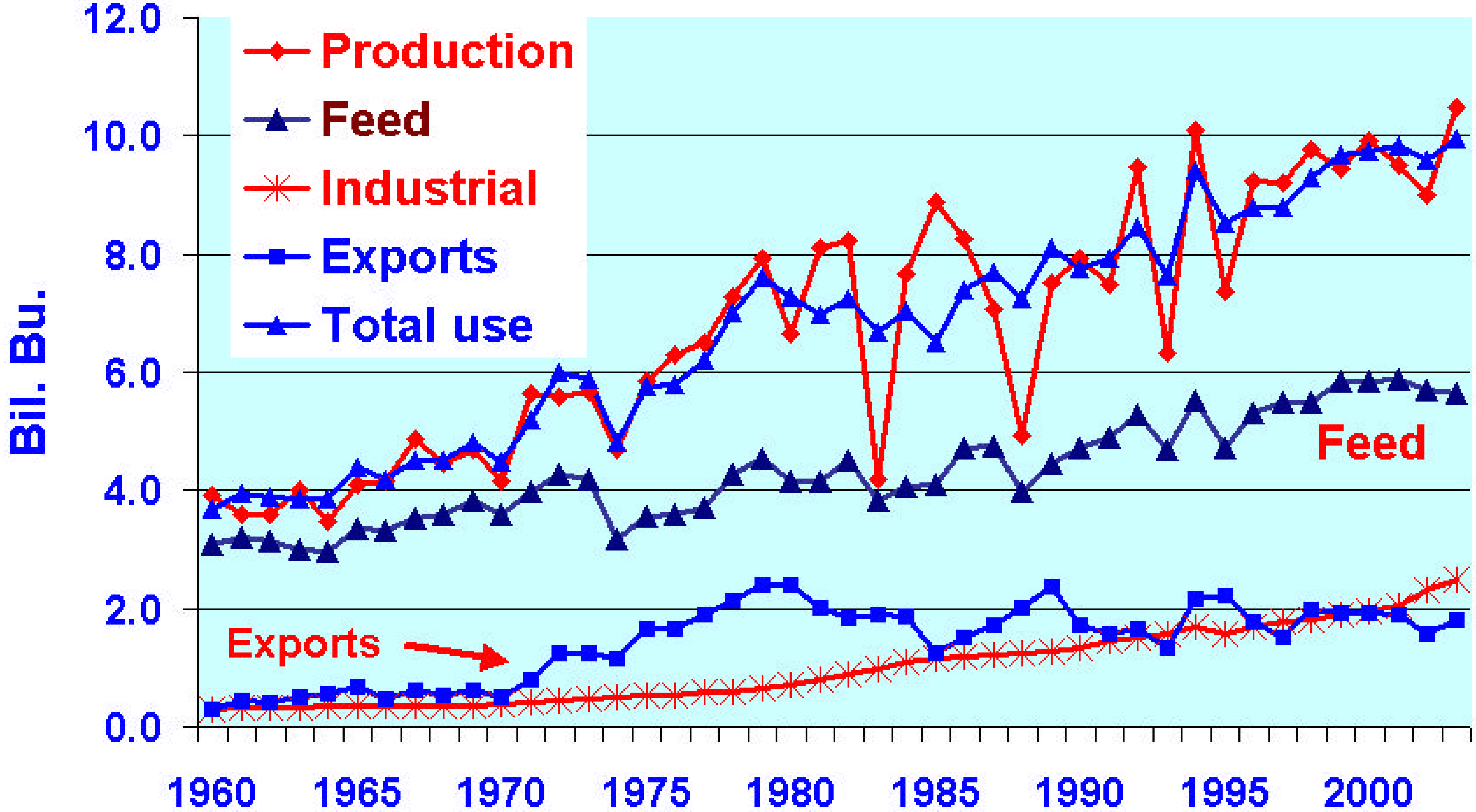


Figure 7. U.S.Corn Price & Domestic Feeding, 1973-2002

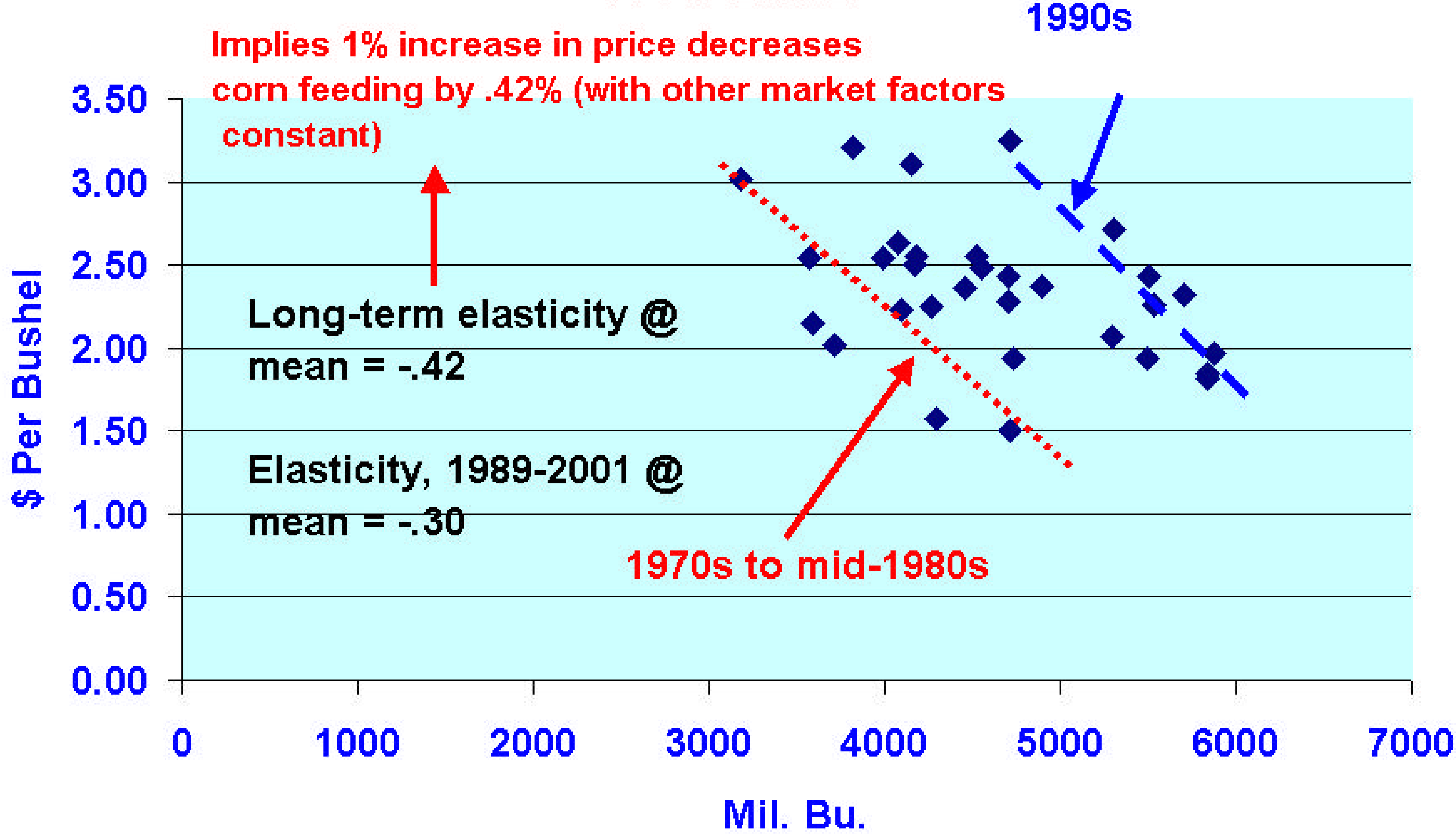


Figure 8. U.S. Corn Exports, 1867-2002
Marketing Years

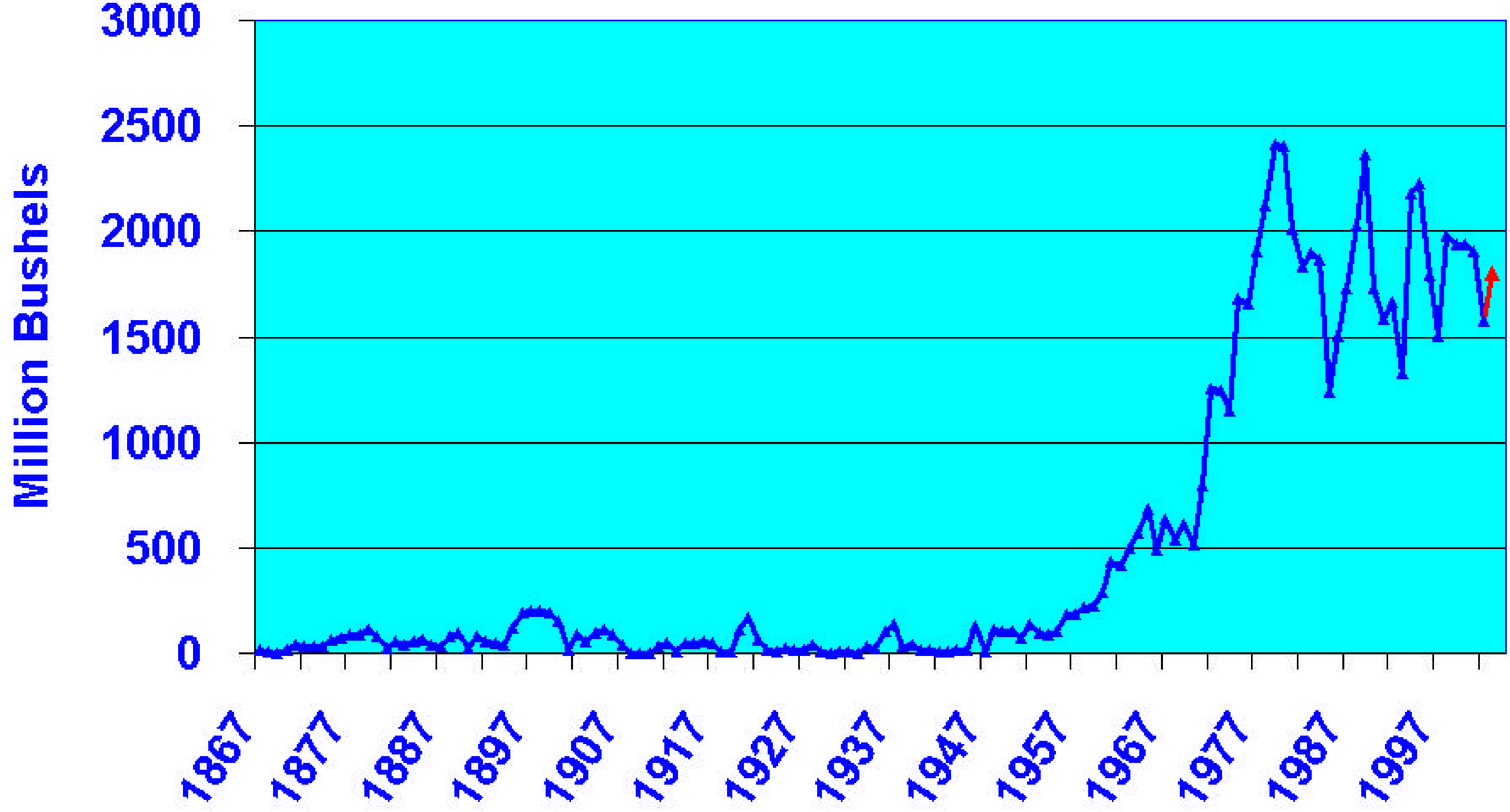


Figure 4. China's Net Corn Imports, 1970-2002 Marketing Years

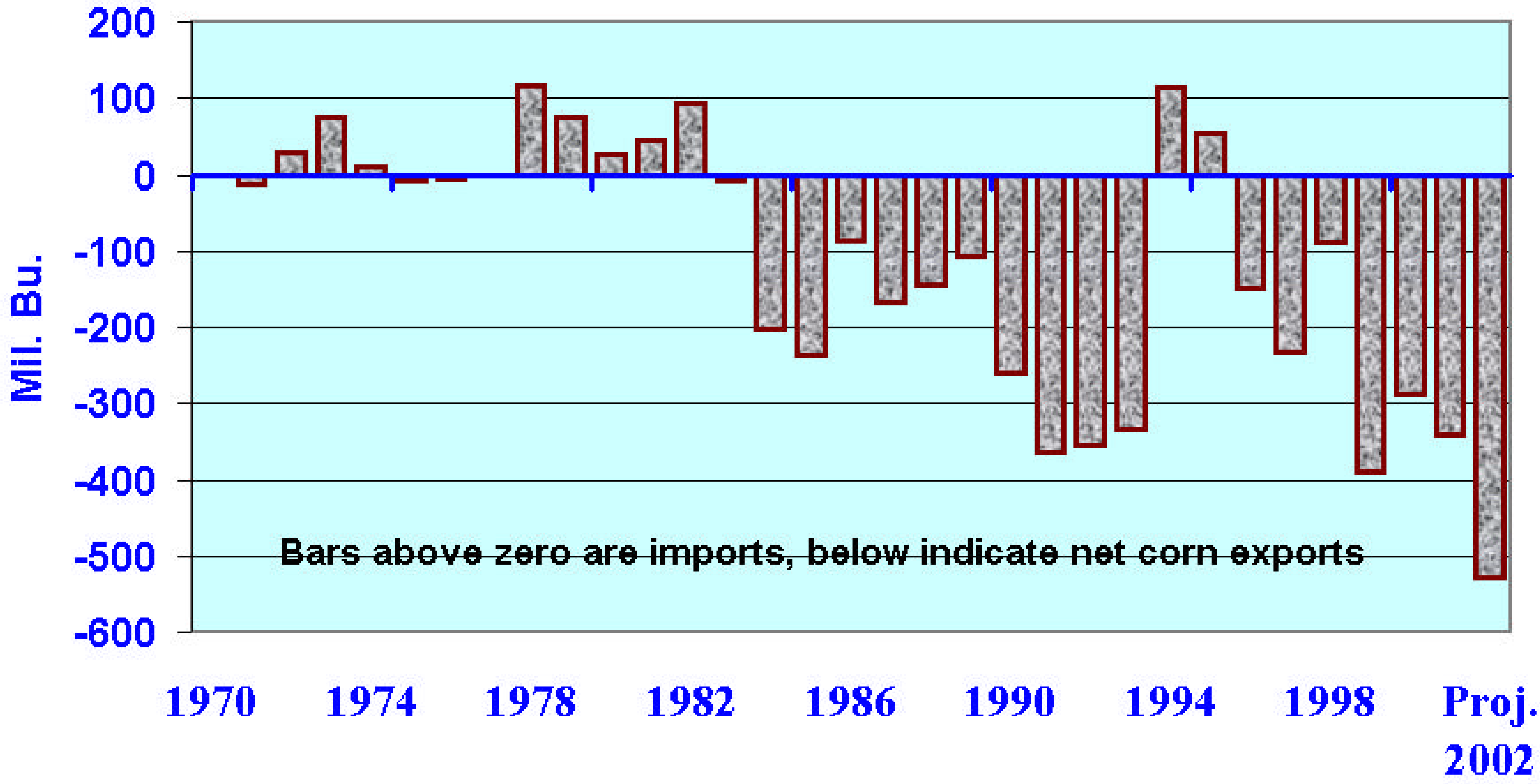


Figure 10. World Wheat Feeding

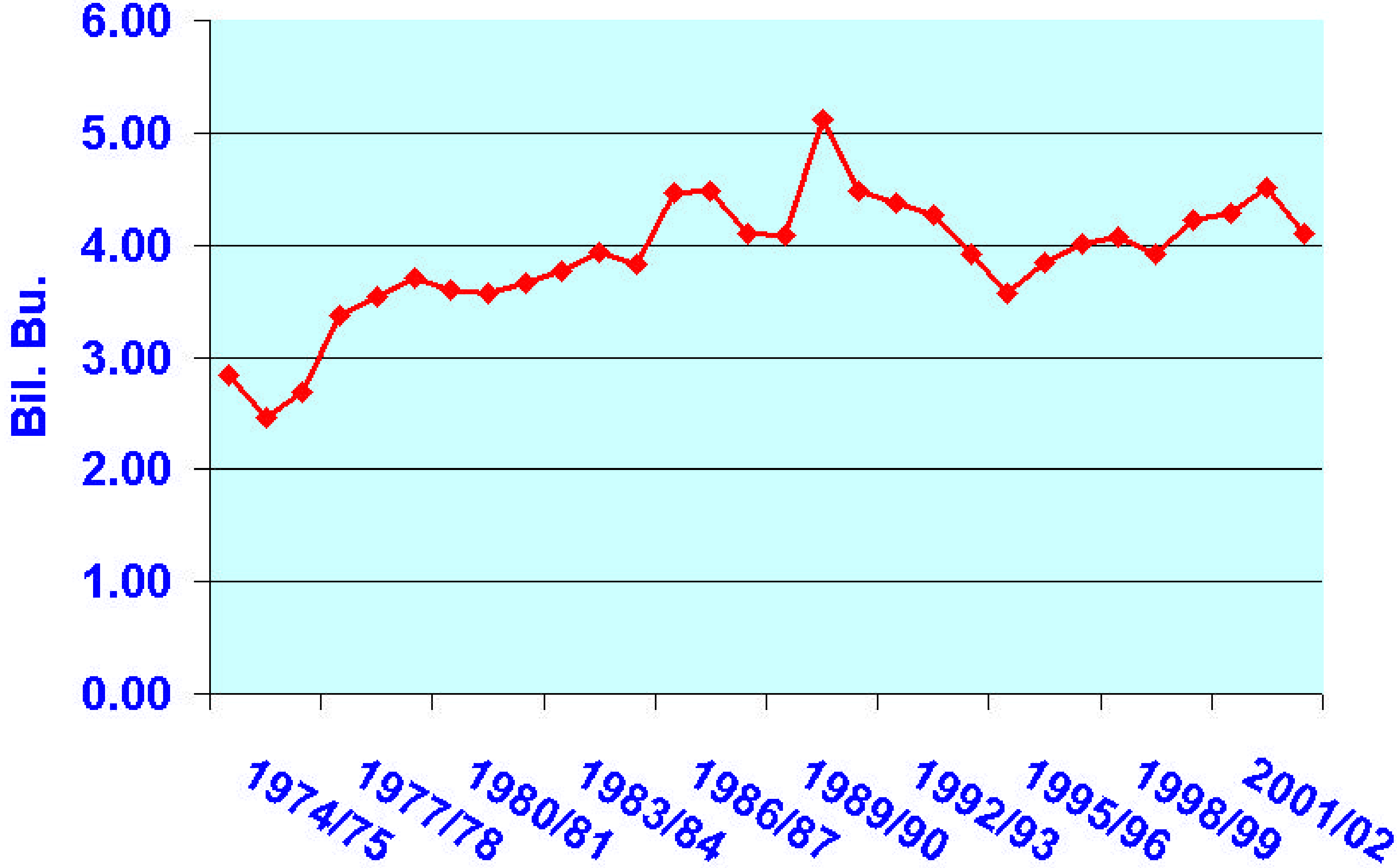
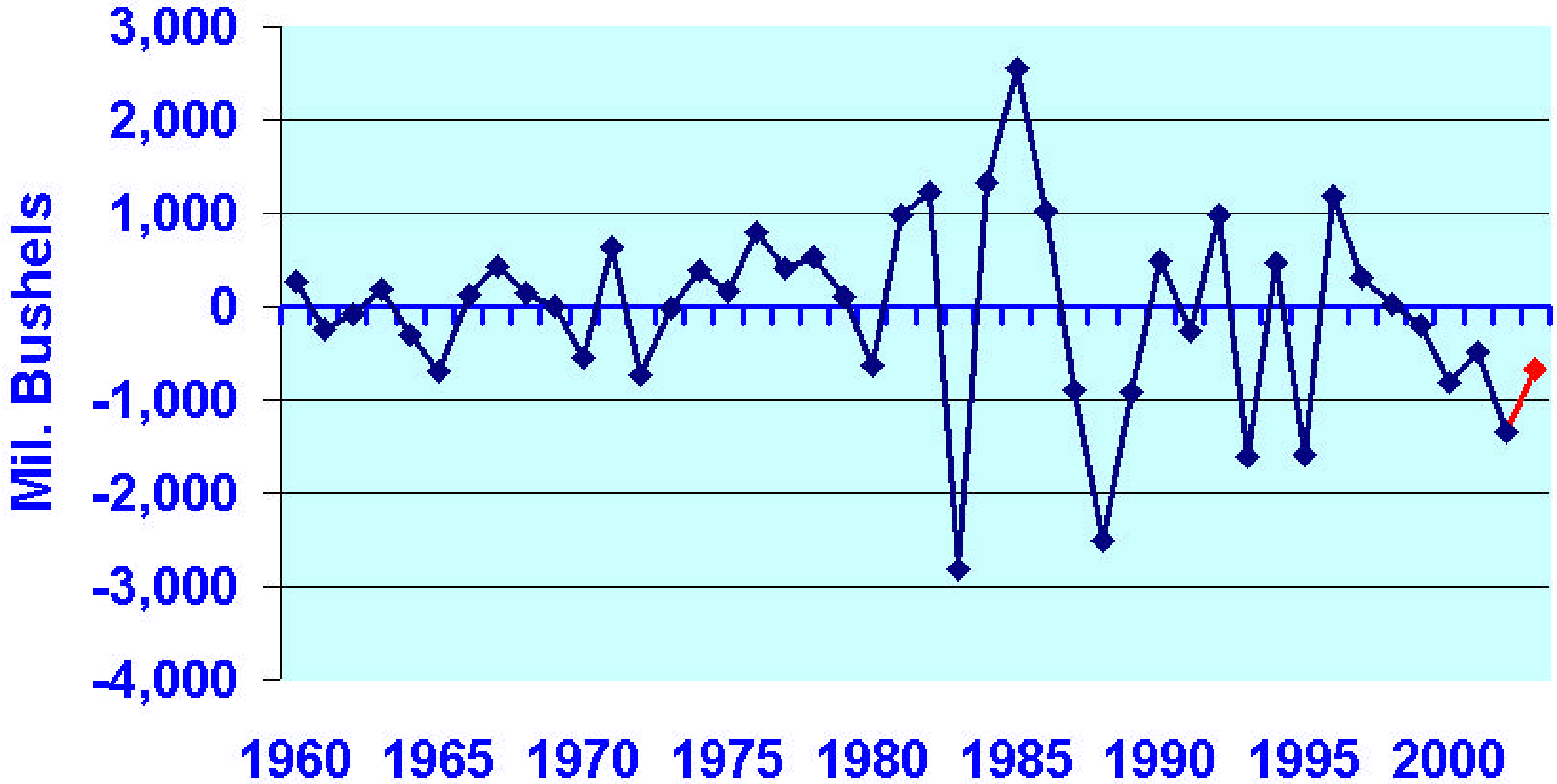
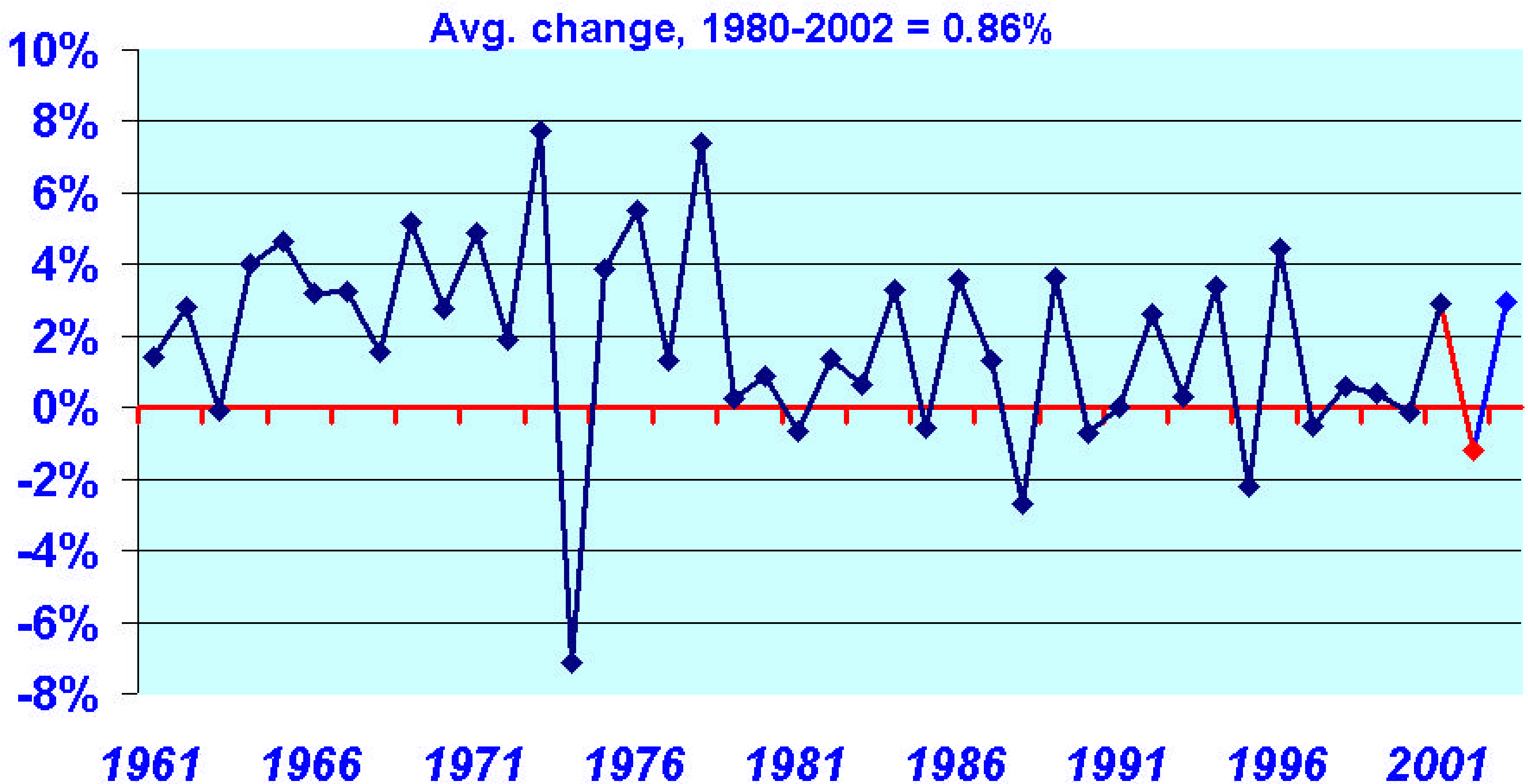


Figure 9. World Feed Grain Production-Use Gap Millions ofBushels

7/11/03

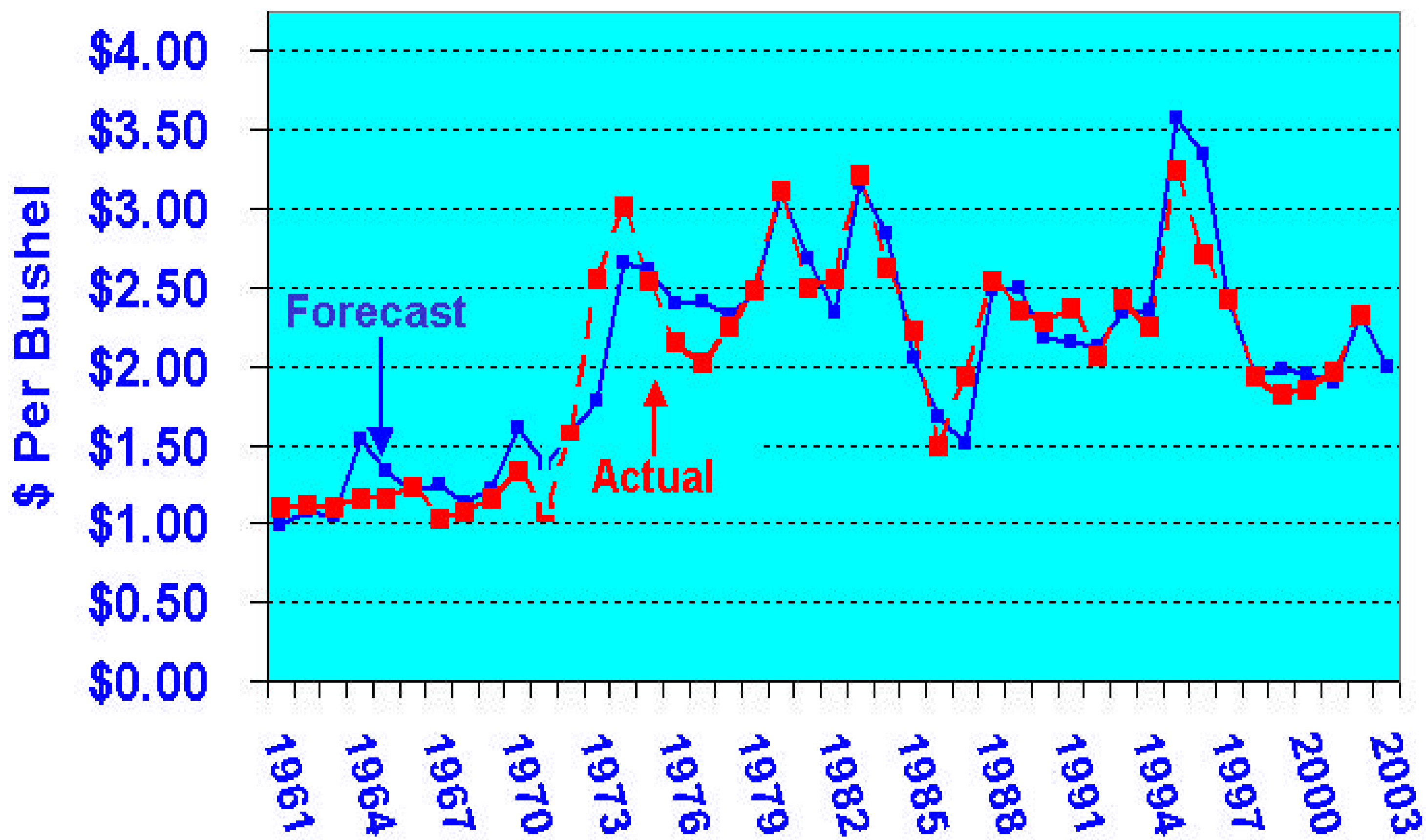


Annual Percent Change in World Feed Grain Consumption



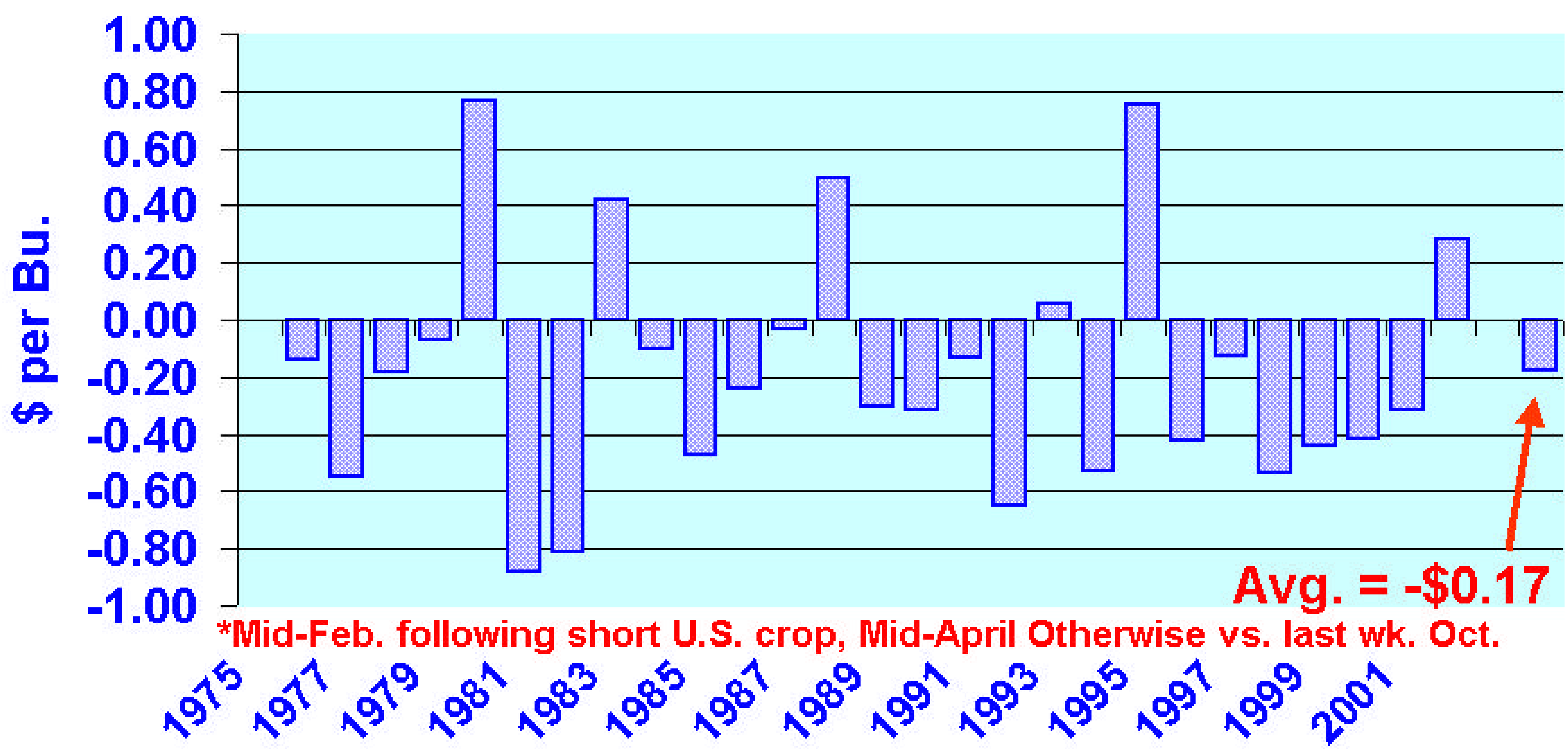
R. Wisner, ISU Econ.					*Prelim.*	*PROJ.*	Proj. 2003-04		
Corn Balance Sheet (Mil. Bu.)					2001-02	2002-03	A	B	c
7/21/03	1995-96	1998-99	1999-00	*2000-01*					
Plant. A(mil.)	71.2	80.2	77.4	79.6	75.8	79.1	78.9	79.1	79.1
Harv.A.(mil)	65.0	72.7	70.5	72.4	68.8	69.3	70.7	72.0	73.1
Bu./A.	113.5	134.4	133.8	136.9	138.2	130.0	140.0	143.3	146.5
Production	7,374	9,759	9,431	9,915	9,507	9,008	9,898	10,318	10,709
IMPORTS	16	19	15	7	10	15	15	10	10
Carryover	1,558	1,308	1,787	1,718	1,899	1,596	1,029	1,029	1,029
Total	8,948	11,086	11,232	11,639	11,416	10,619	10,943	11,357	11,748
UTILIZATION:									
Feed & resid.	4,711	5,496	5,664	5,842	5,877	5,700	5,625	5,650	5,750
Food, ind. & seed	1,583	1,822	1,913	1,957	2,054	2,310	2,480	2,500	2,520
Exports	2,228	1,981	1,937	1,941	1,889	1580	1790	1800	1850
Total	8,522	9,299	9,515	9,740	9,820	9,590	9,895	9,950	10,120
Carryover	426	1,787	1,718	1,899	1,596	1,029	1,048	1,407	1,628
U.S. FARM PRICE	$3.25	$1.94	$1.82	$1.85	$1.97	$2.32	$2.15	$2.00	$1.90
IOWA AVE. PRICE, $/Bu.	3.15	1.86	1.72	1.75	1.87	2.22	2.05	1.90	1.80
Counter-Cyclical Pmt.						0.00	0.17	0.32	0.32
HARV. PRICE, C.IA	2.90	1.75	$1.40	$1.60	1.65	2.20	1.90	1.70	1.60
DEC. FUT. @ HARV.	$3.35	$2.10	$1.95	$2.05	$2.05	$2.52	$2.22	$2.05	$1.95
LONG-TERM PROBABILITY							18%	60%	22%
Carryover: % of total use	5.0%	19.2%	18.1%	19.5%	16.3%	10.7%	10.6%	14.1%	16.1%
Weeks carryover supply	2.6	10.0	9.4	10.1	8.5	5.6	5.5	7.4	8.4
Total corn/soybean supply: % of 2000-01					96.9%	90.4%	92.7%	96.7%	100.3%

Figure 11. Forecast & Actual Iowa Avg.Corn Price, Marketing Years, 1961-2002 & Forecast '03-04



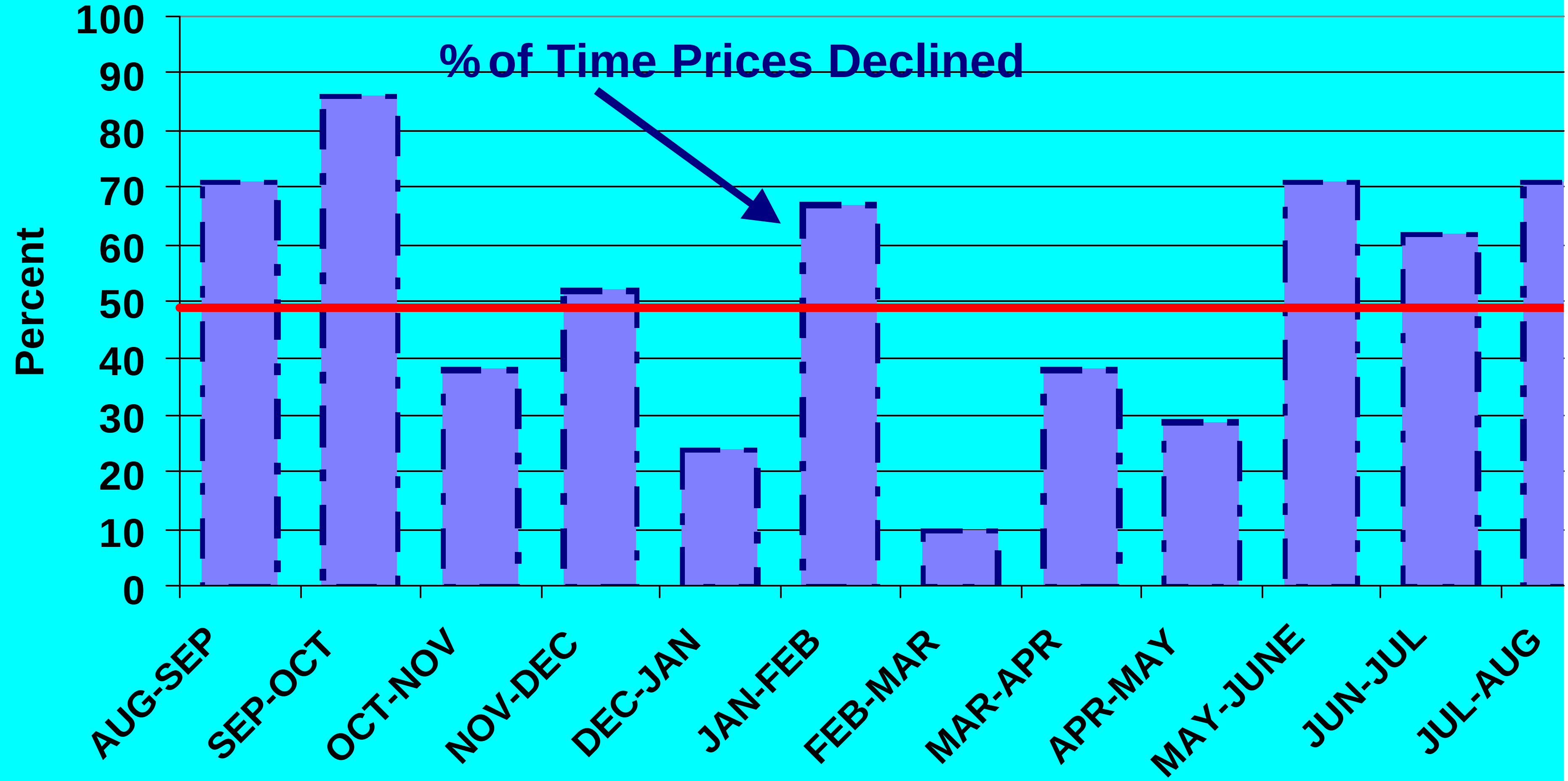
78% of years, prices declined, 22% of years prices increased

Change in Dec. Corn Futures, Feb./April vs. Late October*

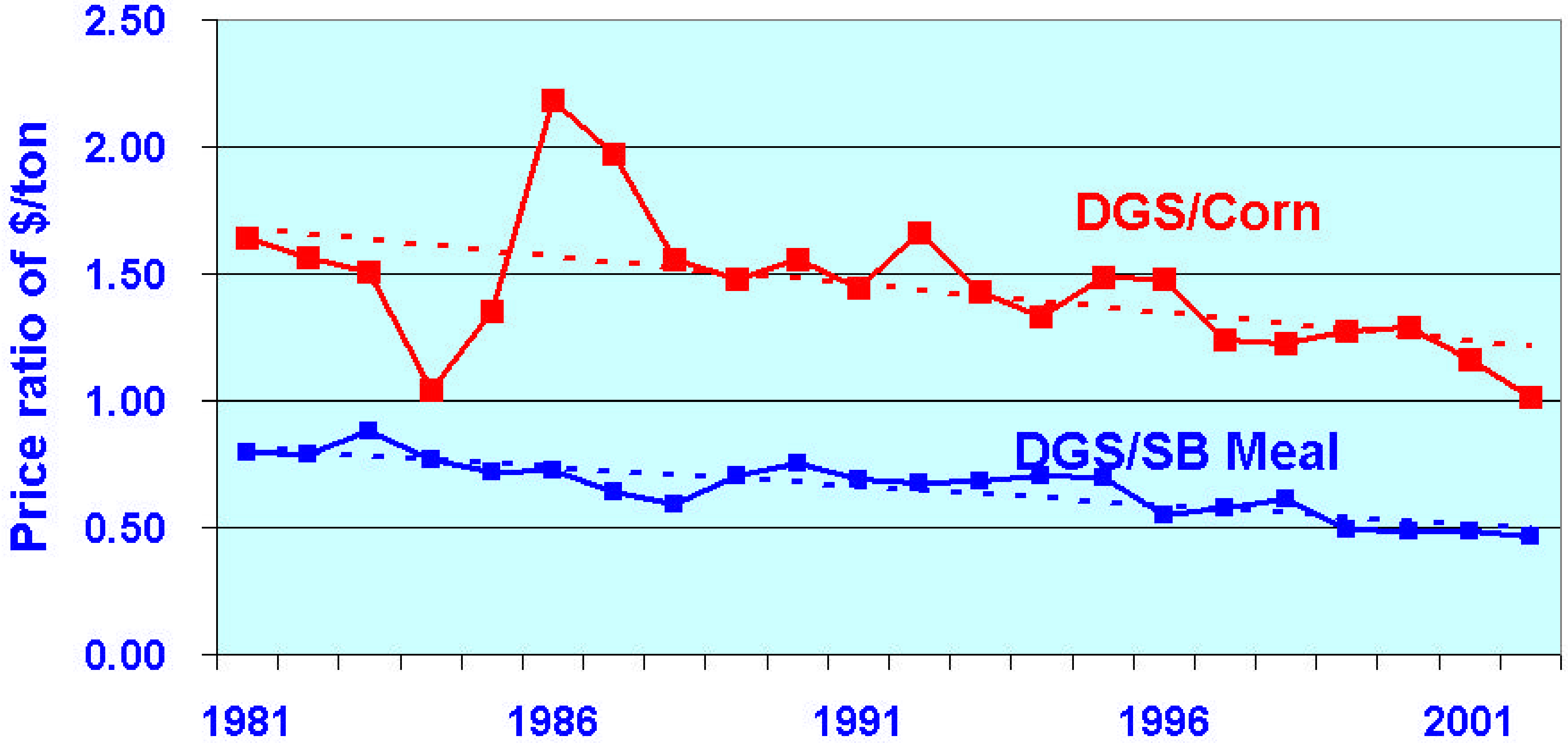


*Mid-Feb. following short U.S. crop, Mid-April Otherwise vs. last wk. Oct.

Changes in Iowa Monthly Average Soybean Prices, 1978-79 through 1999-2000 Marketing Years



Marketing Year Avg. Price Ratio of Distillers Grain & Solubles vs. U.S. Avg. corn & 44% soybean meal Decatur prices



http://www.econ.iastate.edu/faculty/wisner/

N.C. Iowa Basis, Mid-Oct. Under Near-by futures

Corn

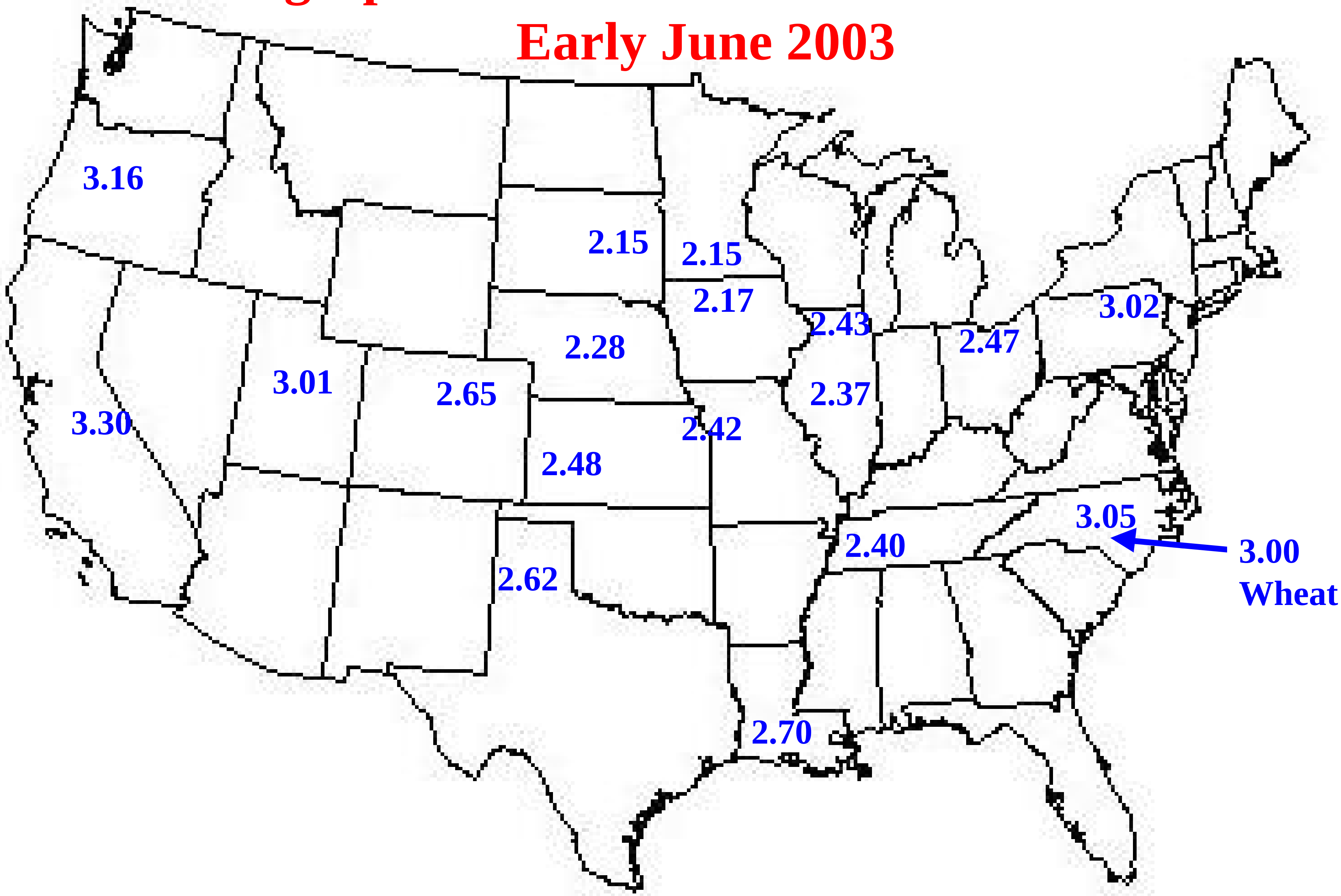
- **1996 -.24**
- **1997 -.37**
- **1998 -.43**
- **1999 -.51**
- **2000 -.38**
- **2001 -.38**
- **2002 -.29**
- **2003 -.40 to-.45?**

Futures 6/24/03

Watch Carry for Storage Hedge Opportunities

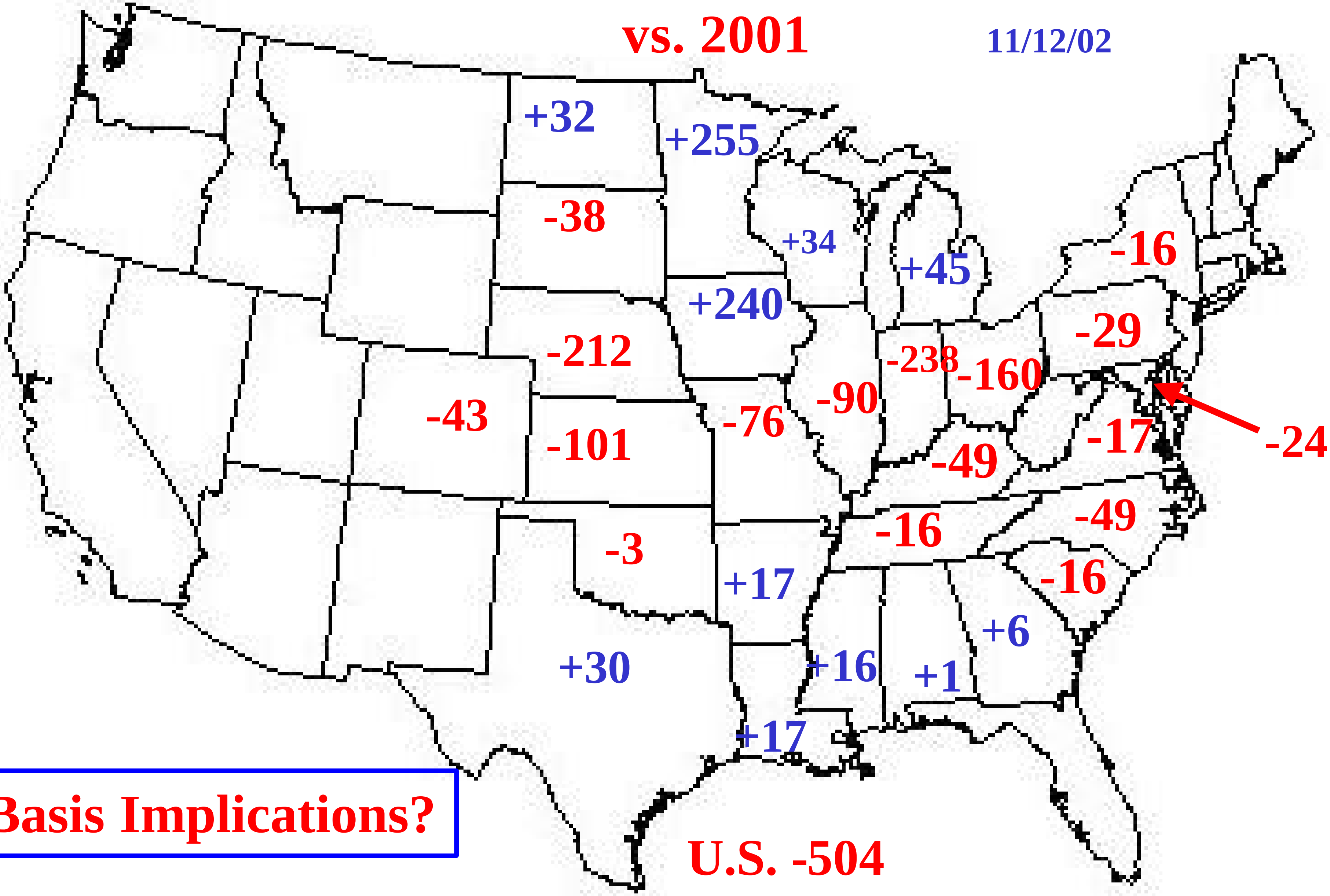
Corn		Soybeans	
July	$2.39	July	$6.30
Sept.	2.35	Aug.	6.29
Dec.	2.35	Sept.	6.00
March 04	2.41	Nov.	5.66
May	2.47	Jan. 04	5.68
July	2.47	March	5.70
Sept. 04	2.40	May	5.69

Geographical Corn Price Differences
Early June 2003



Mil. Bu. Change in 2002 Corn Production vs. 2001

11/12/02

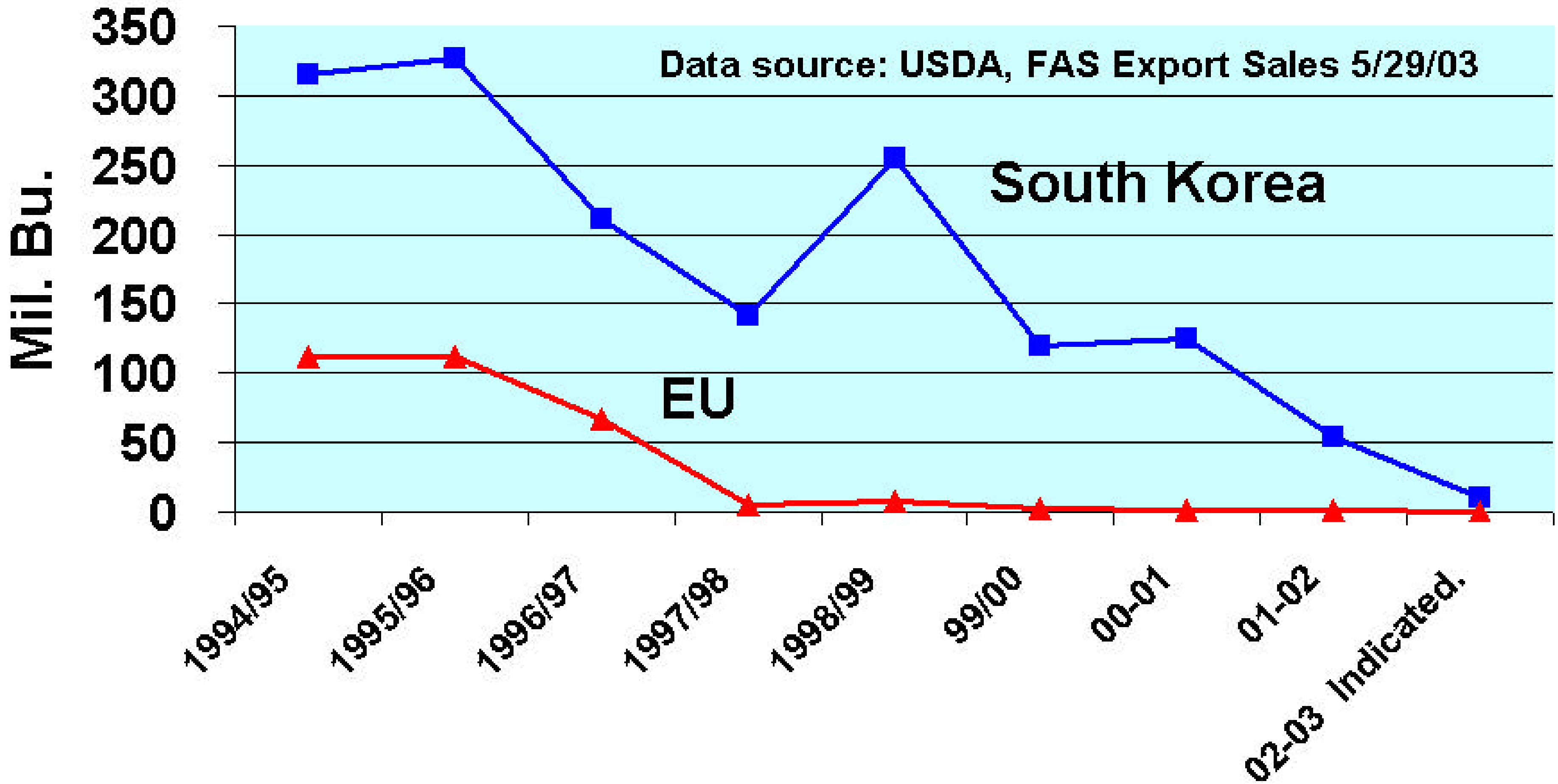


Basis Implications?

U.S. -504

814 below 2001-02 utilization

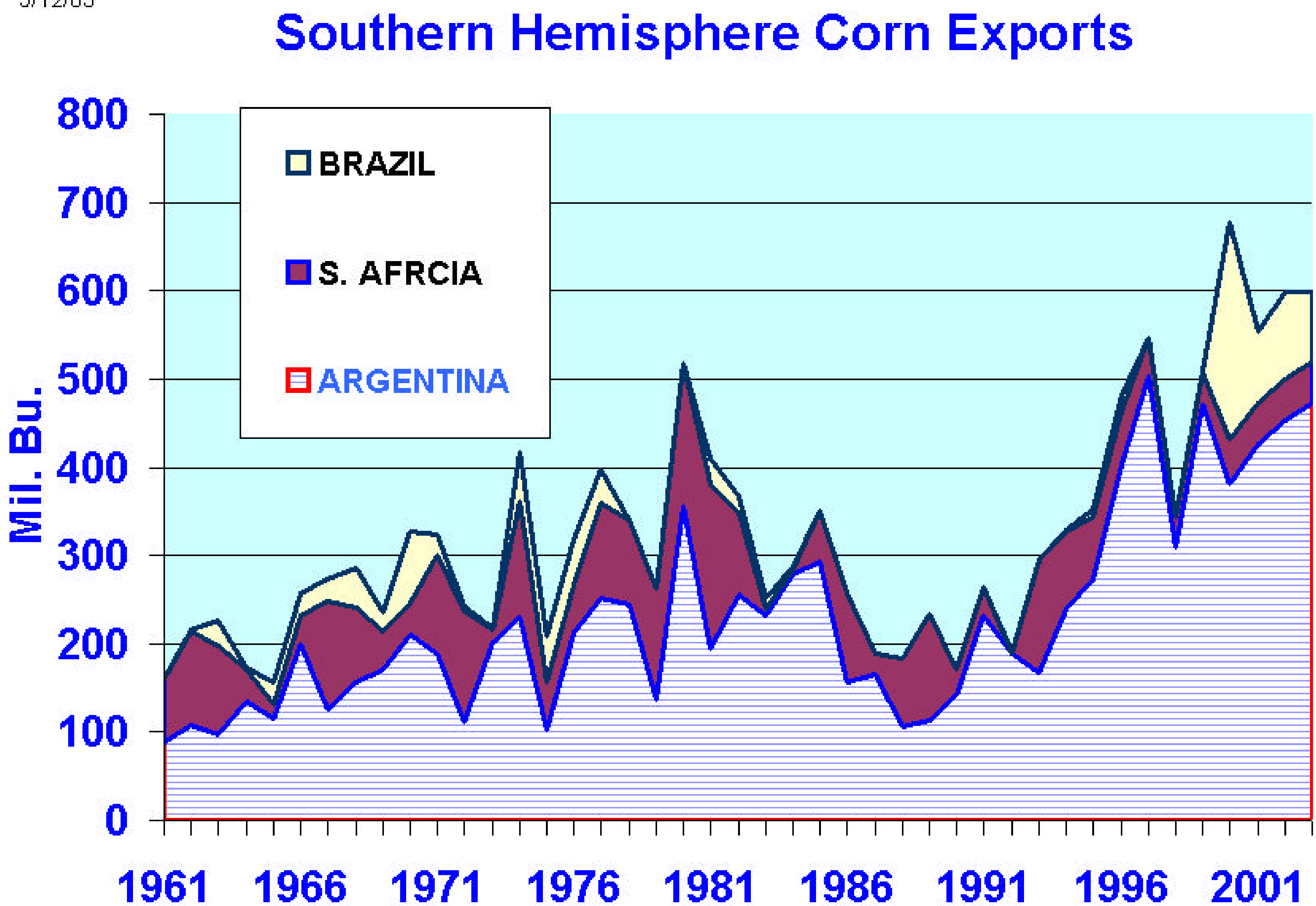
Figure 5. U.S. Corn Exports to Selected GMO-Sensitive Destinations, 1994-95 to 2001-02, and Indicated in Late May for 2002-03



Grain Outlook, 2003-04

- **Low U.S. & world reserve feed grain stocks**
- **Tightening world wheat stocks**
- **New global grain competitors crop outlook**
- **With U.S. trend yield or higher in 2003**
  - **Moderate drop in cash corn price, to moderately under loan rates**
- **Moderate potential price volatility through September if widespread adverse weather should develop**

5/12/03



Southern Hemisphere Corn Exports
Mil. Bu.
800
700
600
500
400
300
200
100
0
BRAZIL
S. AFRCIA
ARGENTINA
1961
1966
1971
1976
1981
1986
1991
1996
2001

Have currencies recovered?

% Chg. June 24,03 vs. Jan. 1996

EU Euro -8

S. Korea	-52	China	+0.1
Hong Kong	-0.8	Russia	-551
Japan	-12	Philippines	-104
Malaysia	-49	Taiwan	-26
Indonesia	-256	Thailand	-65
India	-29	Brazil	-185
Argentina	-181	Mexico	-41

Countries requiring GMO labeling 06/03

Hungary

U.K.	Greece	Italy
Belgium	Portugal	S. Korea
France	Spain	Japan
Netherlands	Sweden	Czech Rep.
Germany	Finland	Hungary
Luxembourg	Austria	Saudi Arabia
Switzerland	Poland*	Japan
Denmark	Australia	Mexico
Ireland	New Zealand	Russia
Paraguay	China	Ethiopia
Slovenia	Thailand	South Africa
Sri Lanka	Taiwan	Malaysia

*Not enforced, but will be with EU entry

Wheat Situation & Outlook

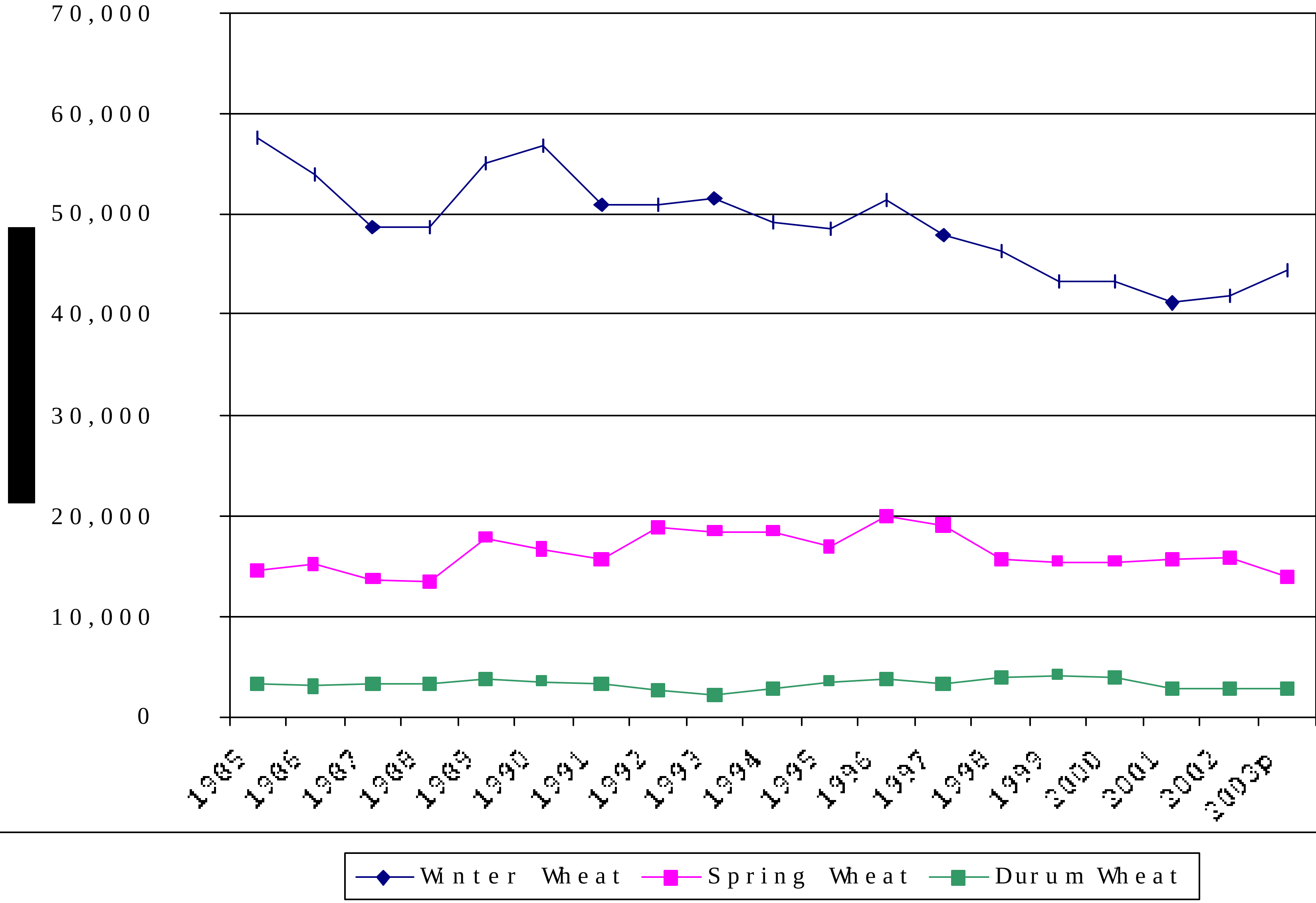
David Miller
Iowa Farm Bureau

Summary

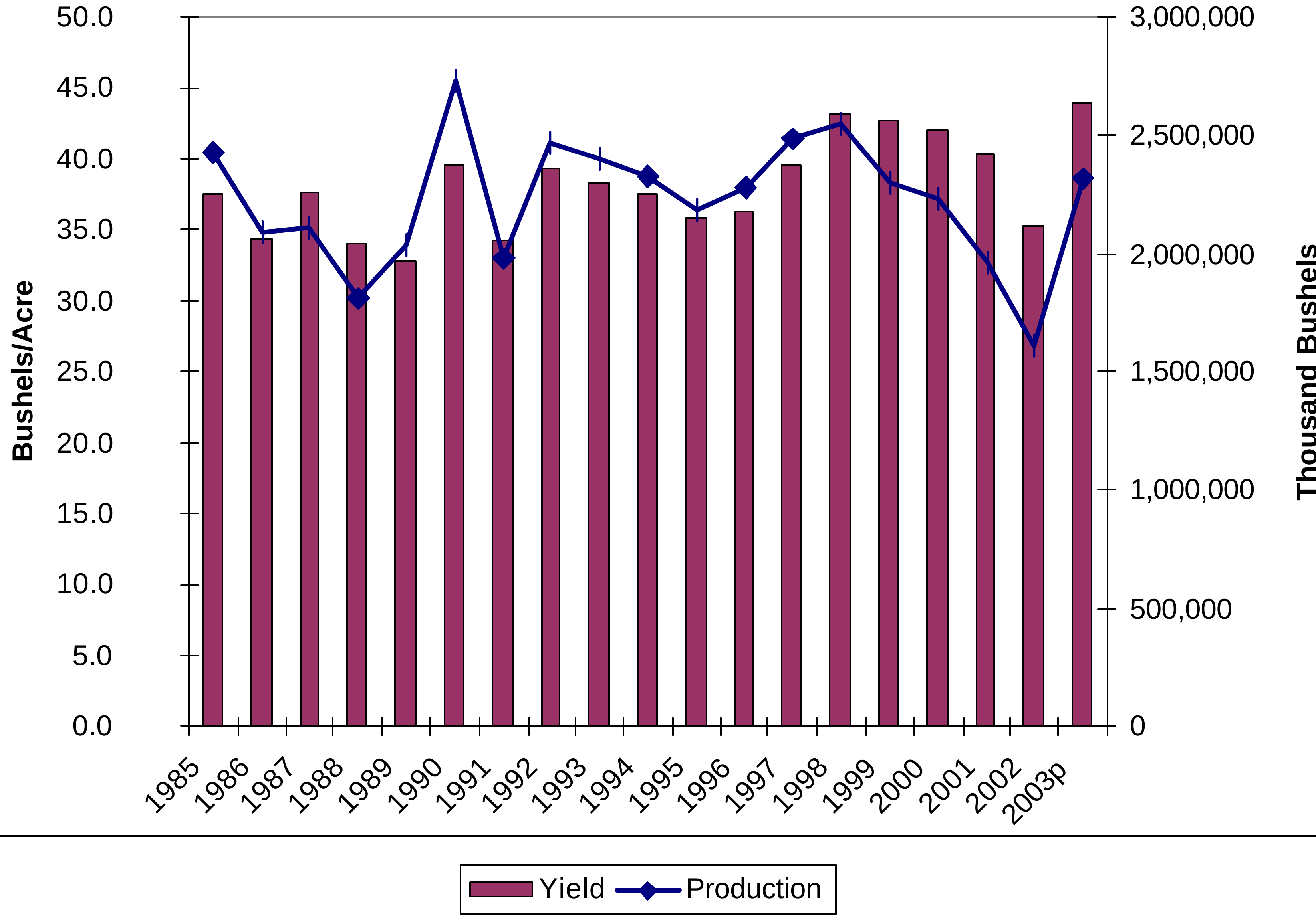
- Supply Factors
  - Low Carryin Stocks
  - Rebound in Harvested Acres
  - Large US Crop
    - +40% from ’02
  - Smaller World Crop
  - Quality Problems
- Use Factors
  - Stable Food Use
  - Increased Feed Use
  - Increased Exports

U.S. Wheat Acreage

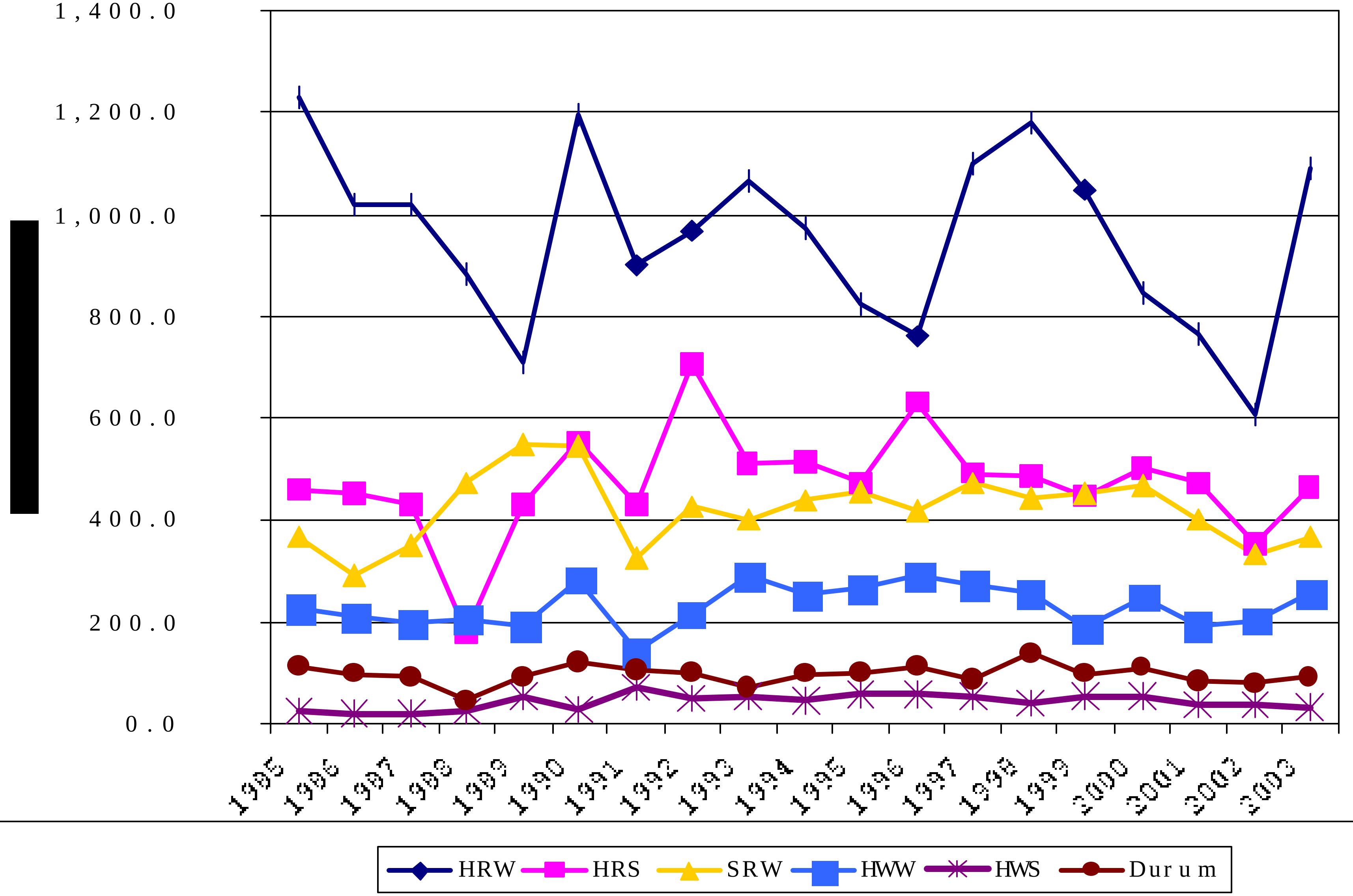
U.S. Wheat Acres (by class)



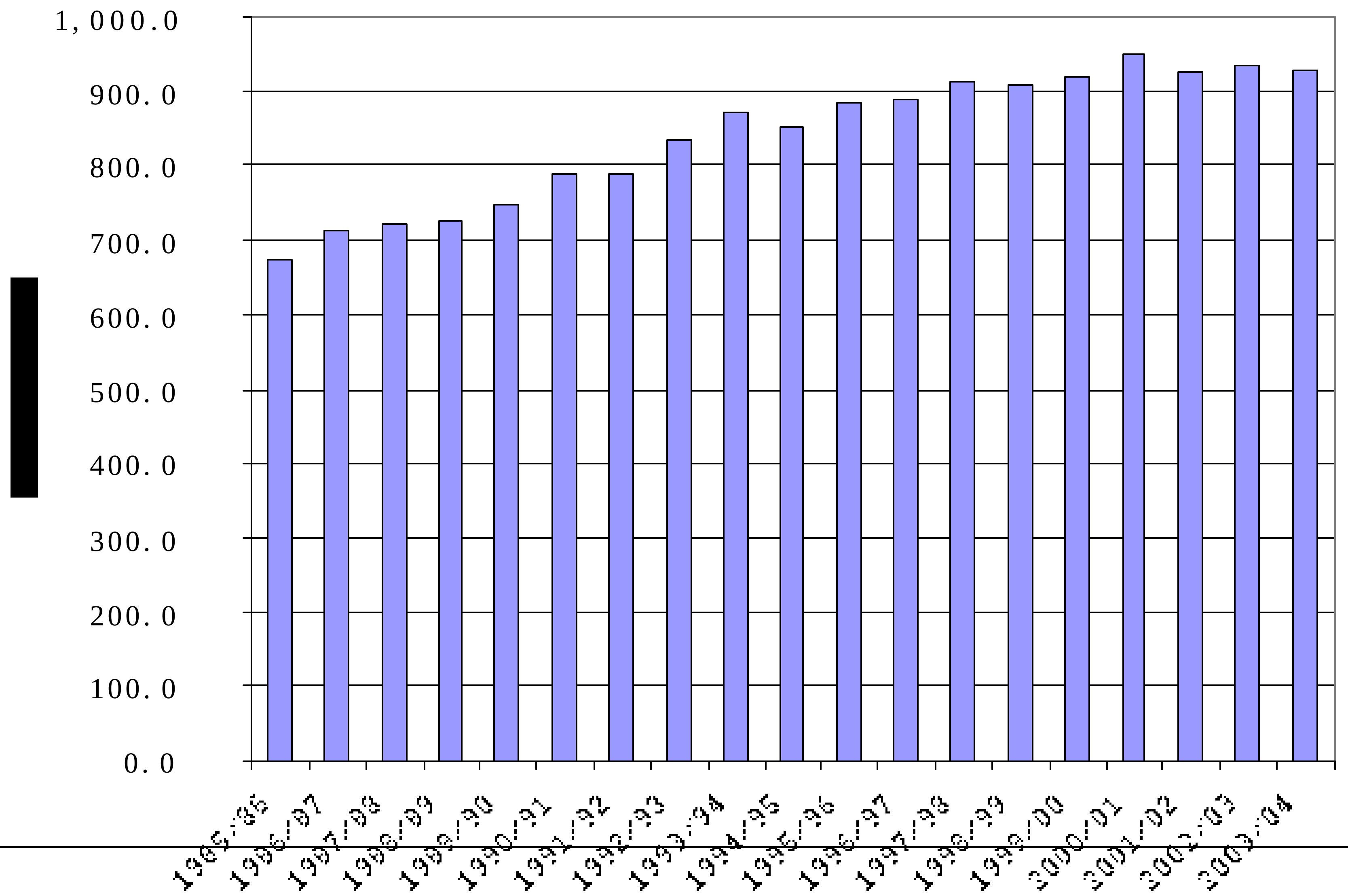
U.S. Wheat Yield & Production



Production by Class

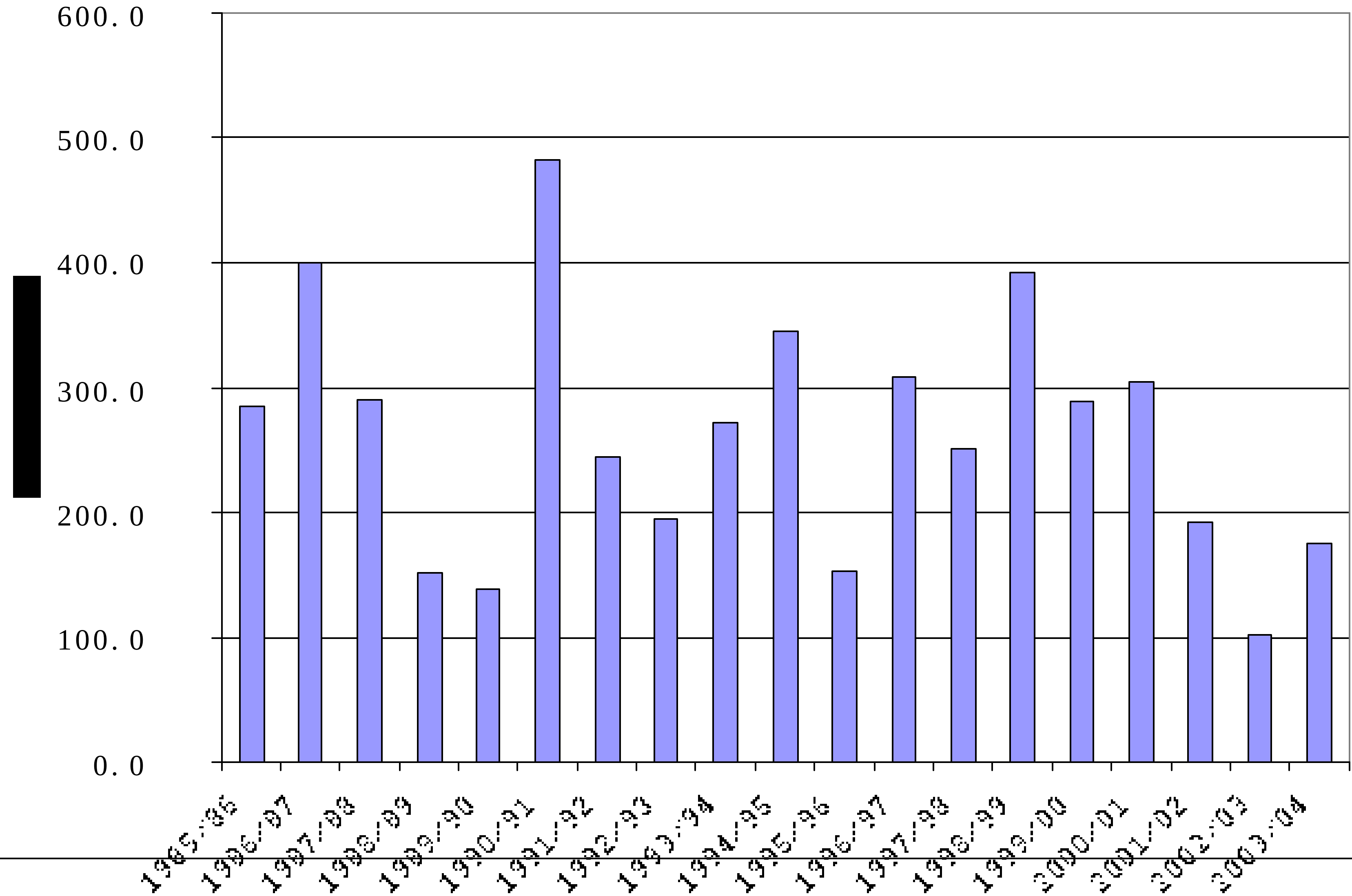


Food Use



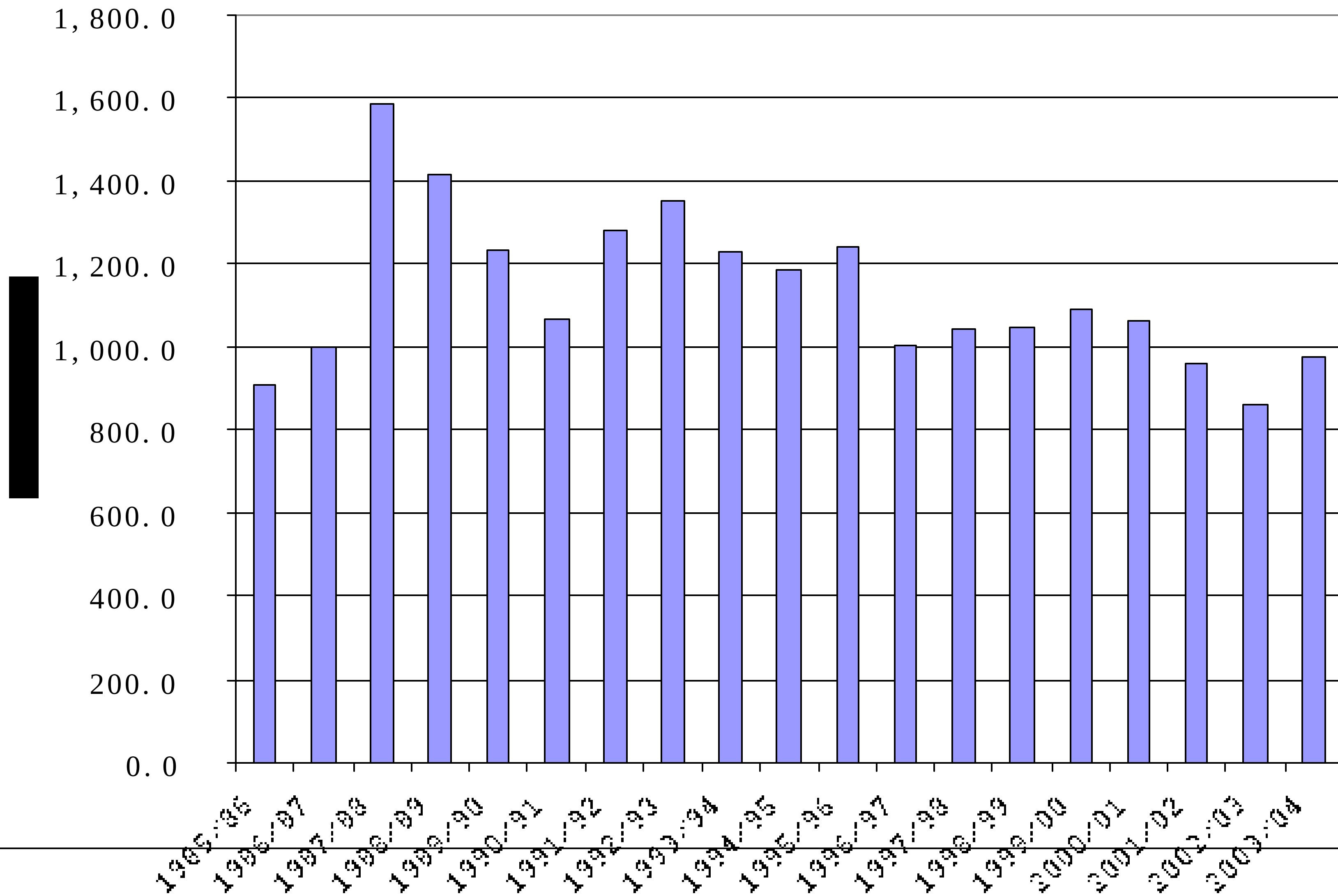
1,000.0
900.0
800.0
700.0
600.0
500.0
400.0
300.0
200.0
100.0
0.0
1985/86
1986/87
1987/88
1988/89
1989/90
1990/91
1991/92
1992/93
1993/94
1994/95
1995/96
1996/97
1997/98
1998/99
1999/00
2000/01
2001/02
2002/03
2003/04

Feed Use



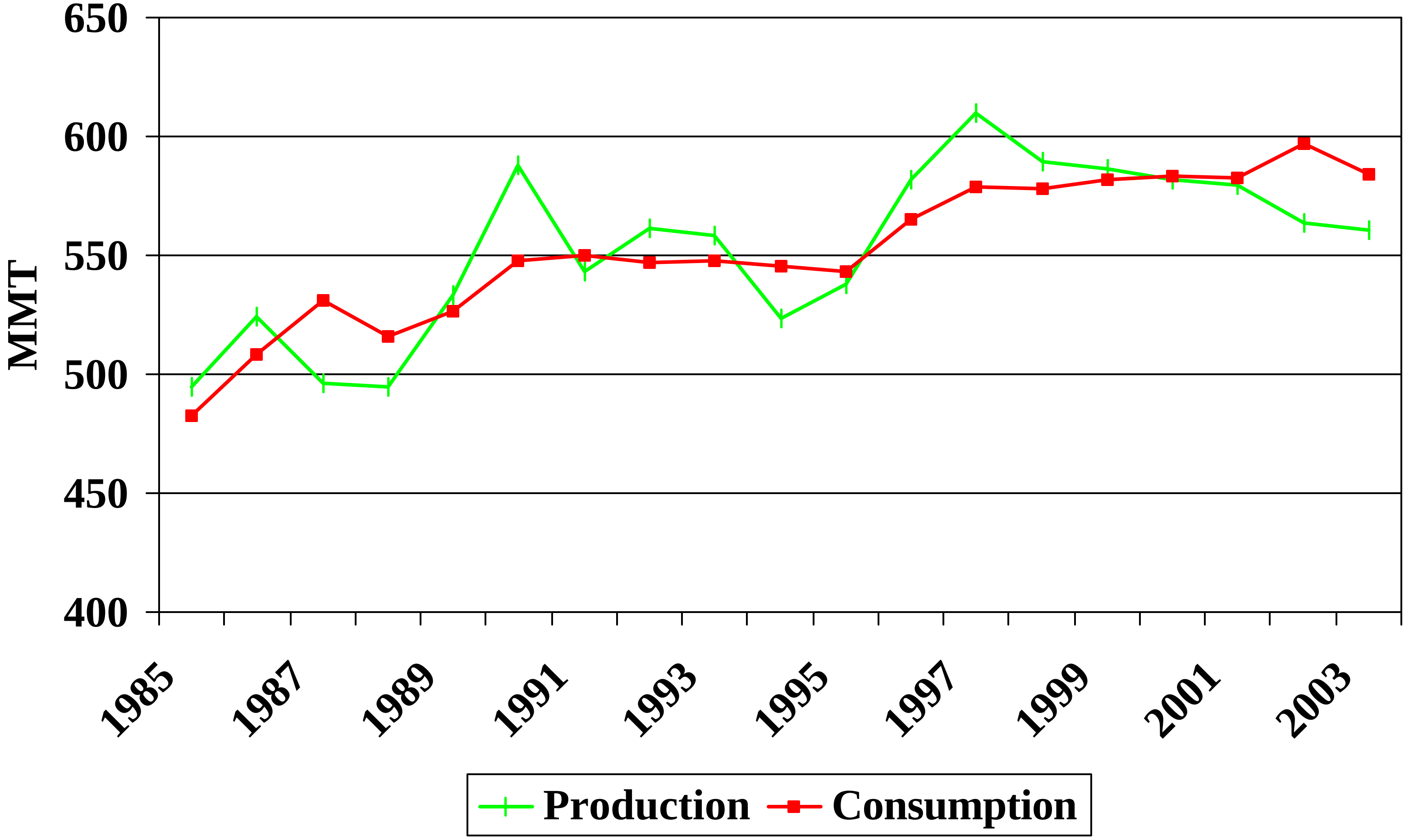
600.0
500.0
400.0
300.0
200.0
100.0
0.0
1985/86
1986/87
1987/88
1988/89
1989/90
1990/91
1991/92
1992/93
1993/94
1994/95
1995/96
1996/97
1997/98
1998/99
1999/00
2000/01
2001/02
2002/03
2003/04

Exports



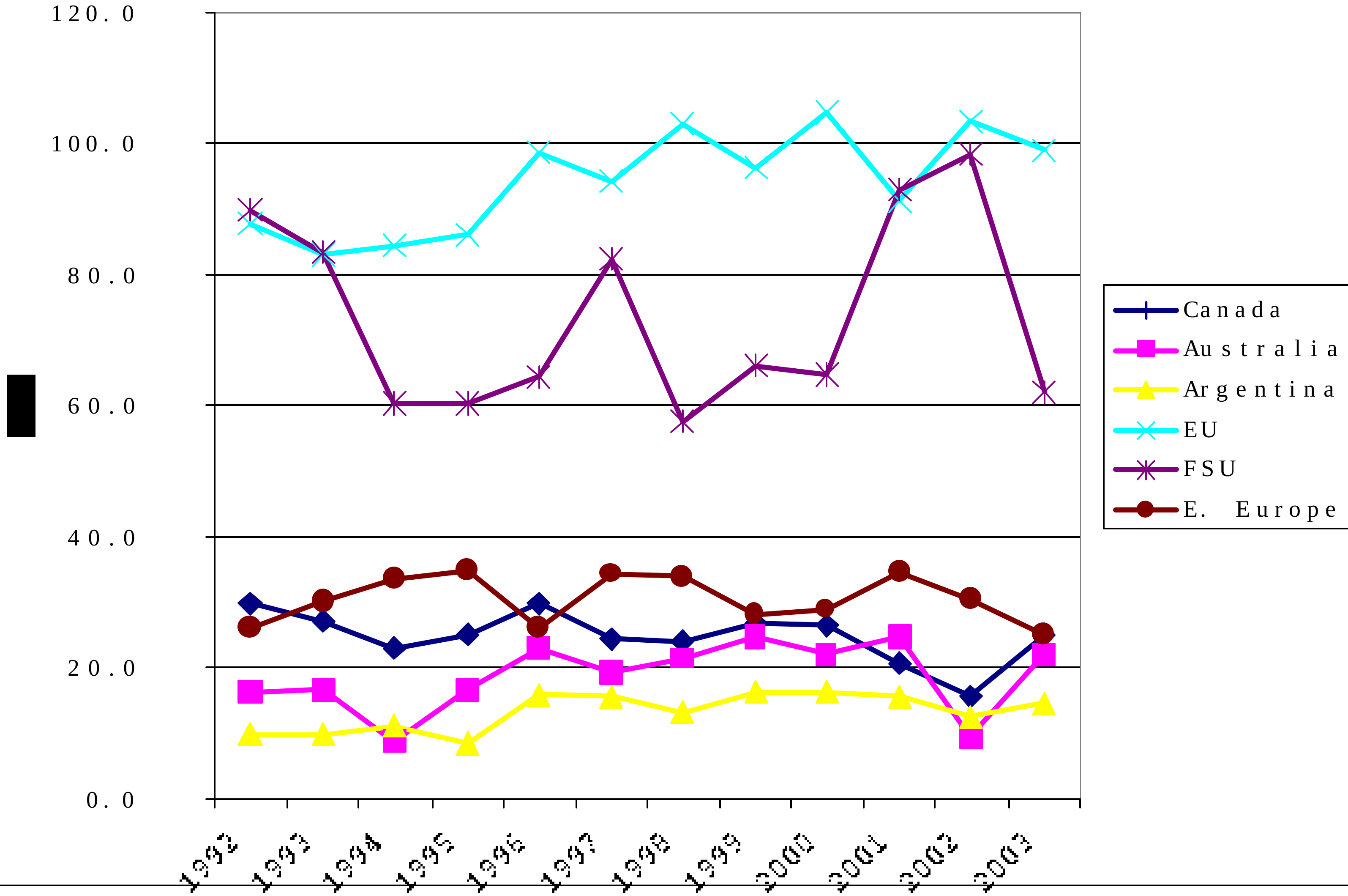
1,800.0
1,600.0
1,400.0
1,200.0
1,000.0
800.0
600.0
400.0
200.0
0.0
1985/86
1986/87
1987/88
1988/89
1989/90
1990/91
1991/92
1992/93
1993/94
1994/95
1995/96
1996/97
1997/98
1998/99
1999/00
2000/01
2001/02
2002/03
2003/04

World Wheat

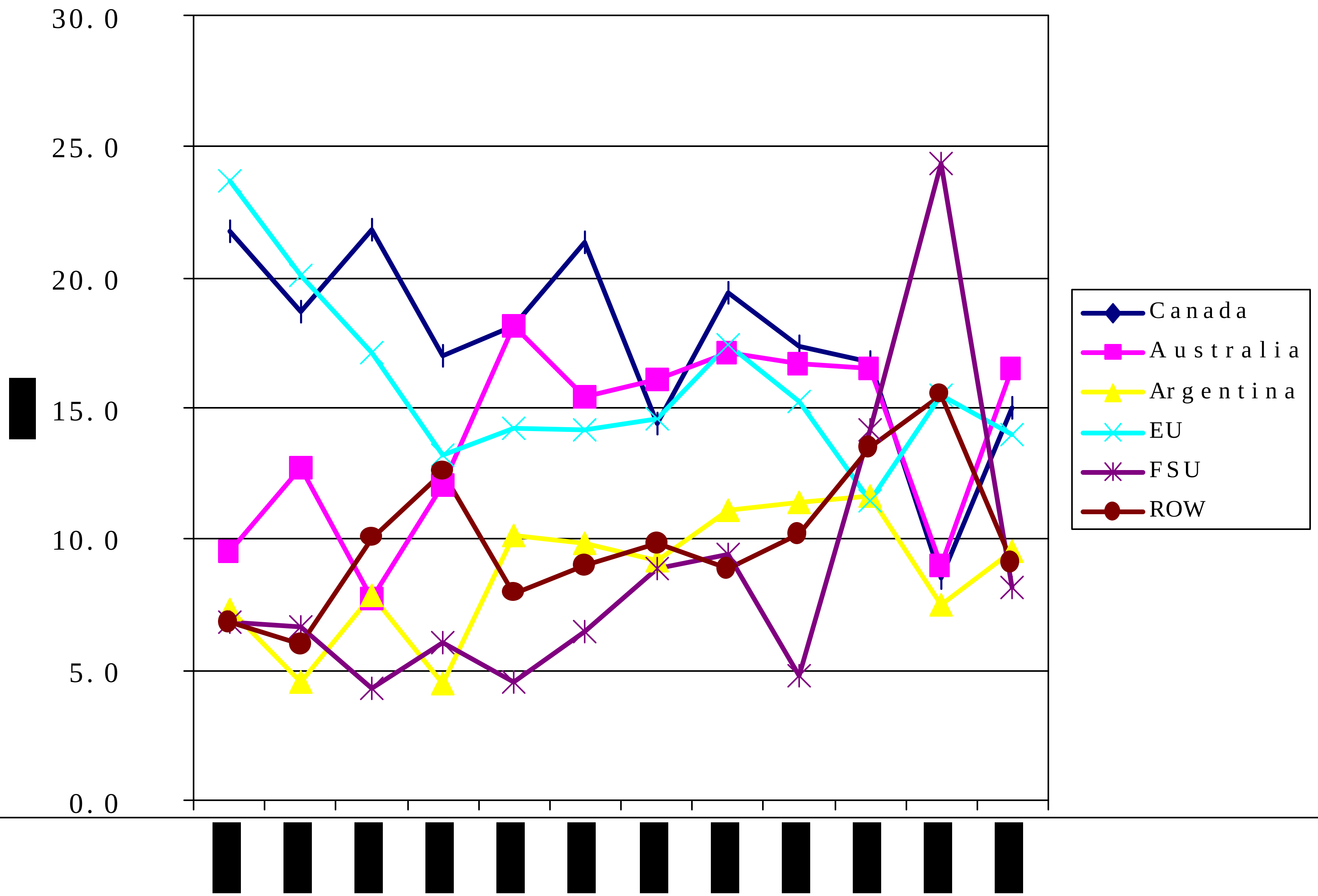


650
600
550
500
450
400
MMT
1985
1987
1989
1991
1993
1995
1997
1999
2001
2003
Production
Consumption

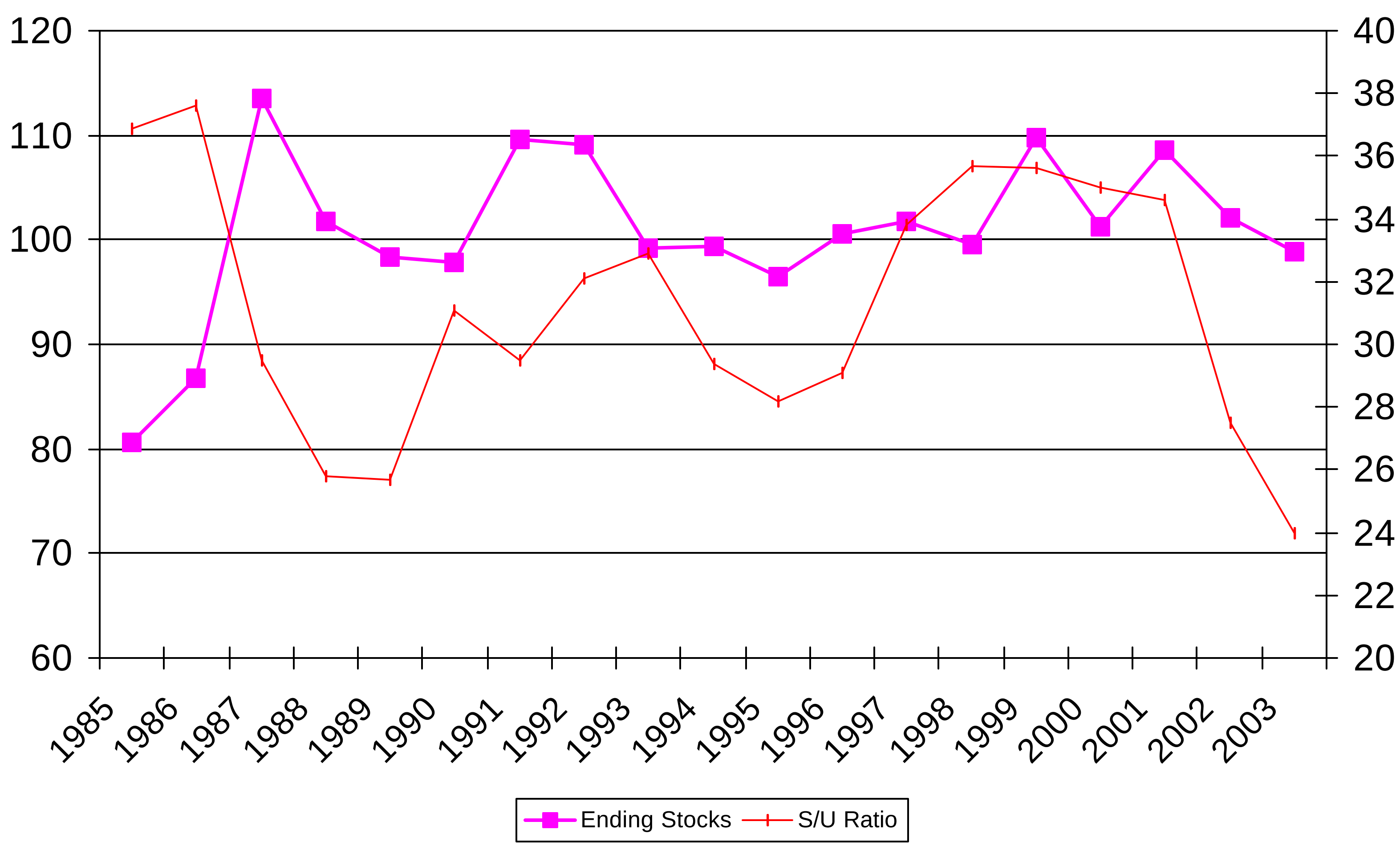
Major Foreign Production



Foreign Export Competition



World Wheat
Ending Stocks and Stocks to Use Ratio



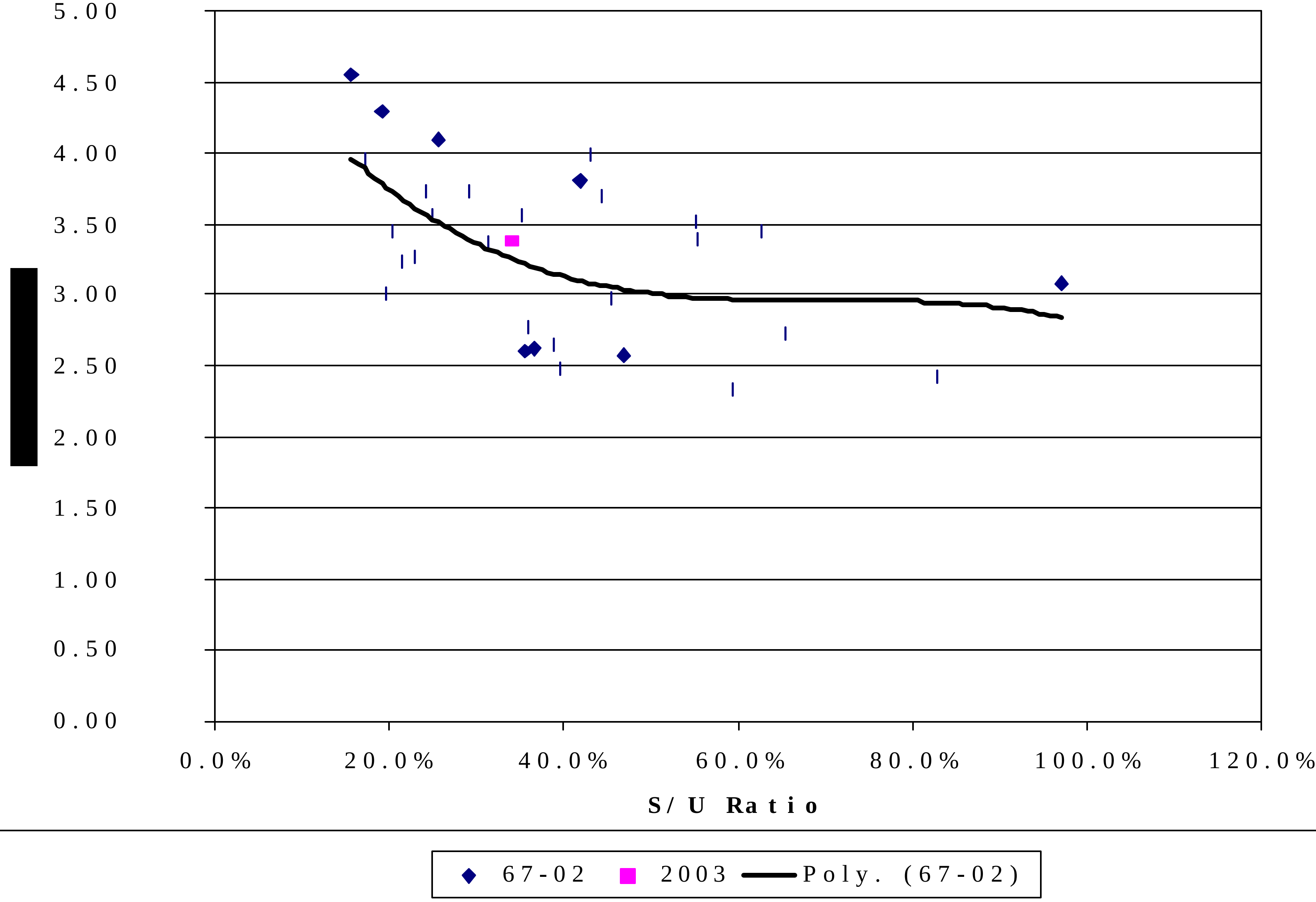
Supply & Use (All Wheat)

Item	2001/02	2002/03 Est.	2003/04 Projections July
		Million bushels	
Beginning stocks	876	777	492
Production	1,957	1,616	2,311
Imports	108	78	100
Supply, total	2,941	2,472	2,903
Food	926	935	930
Seed	84	83	85
Feed and residual	191	102	175
Domestic, total	1,201	1,120	1,190
Exports	962	860	975
Use, total	2,164	1,980	2,165
Ending stocks	777	492	738
CCC inventory	99	66	
Free stocks	678	426	
Avg. farm price ($/bu) 2/	2.78	3.56	2.80- 3.40

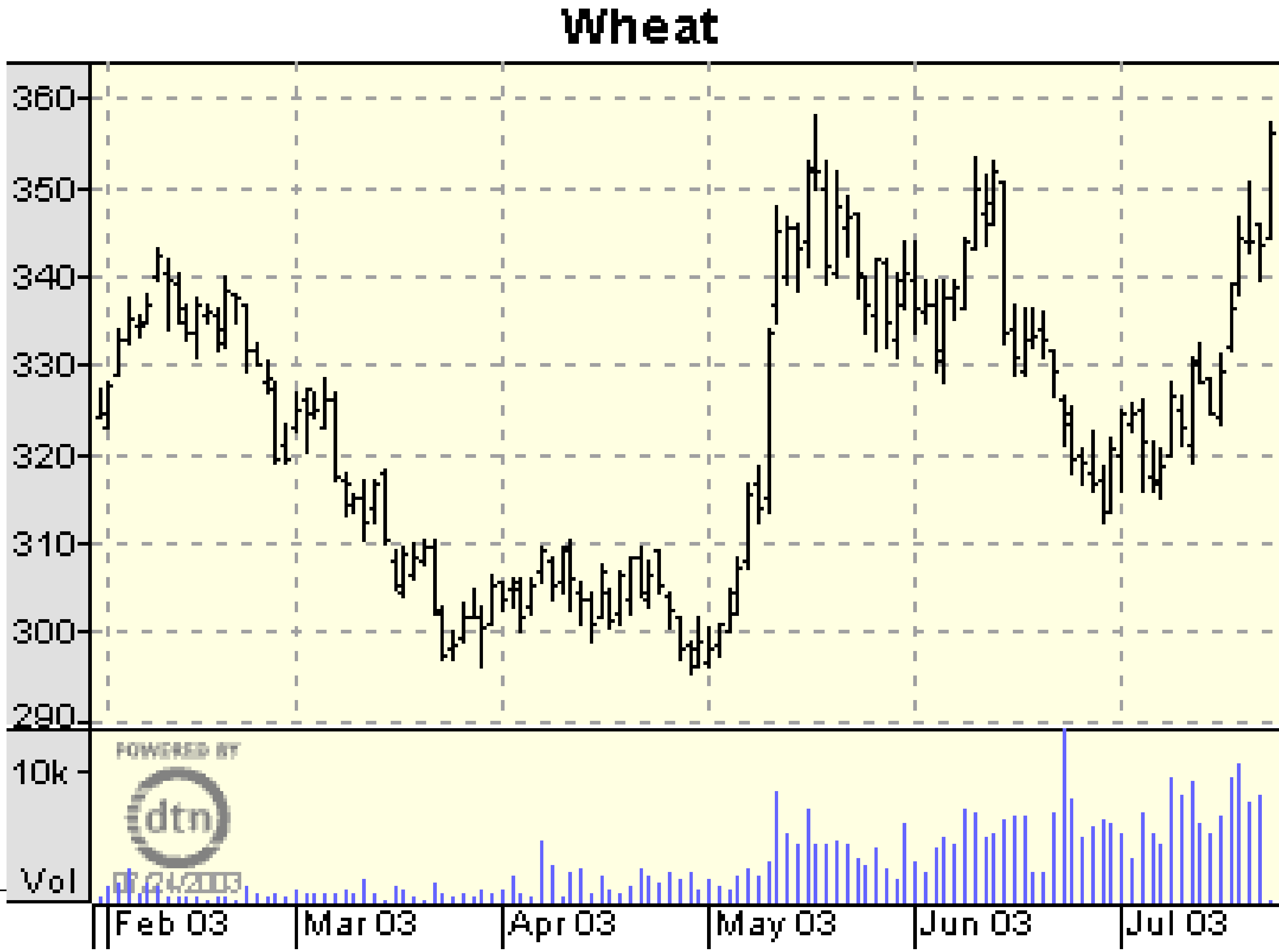
Supply & Use (by Class)

Year beginning June 1	Hard Winter	Hard Spring	Soft Red	White	Durum	Total
2003/04 (projected)						
Beginning stocks	189	145	55	75	28	492
Production	1,091	467	366	293	93	2,311
Supply, total 3/	1,281	666	421	383	151	2,903
Domestic use	496	246	261	102	85	1,190
Exports	410	240	100	190	35	975
Use, total	906	486	361	292	120	2,165
Ending stocks, total	375	179	60	92	31	738
Pct Change in ES	+98%	+23%	+9%	+23%	+11%	+50%

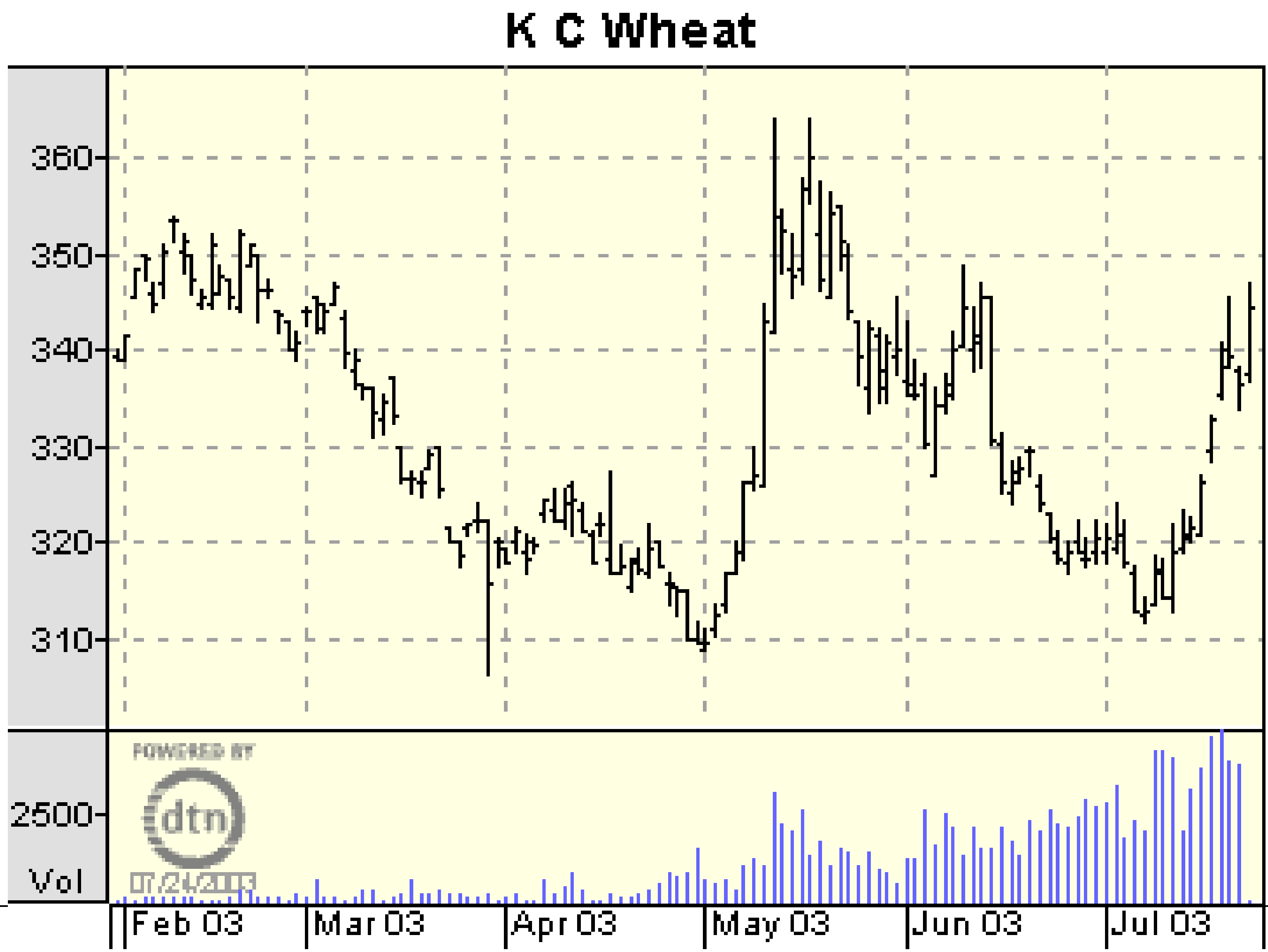
Price vs S/U Ratio 73-02



Chicago Wheat (Dec 03)



KC Wheat (Dec 03)



Bottom Line

- U.S. Stocks not as dominant in price equation as they used to be.
- World stocks and buying patterns of users will be key factors.
- Prices may be more volatile this year than last year.
- Major price direction may be up to the “Funds”
- Inter-class price spreads will be volatile

Dairy Outlook for 2003/04

Extension Livestock Outlook Session

Ken Bailey
Penn State University

Penn State is committed to affirmative action, equal opportunity, and the diversity of its workforce.

My Talk This Morning

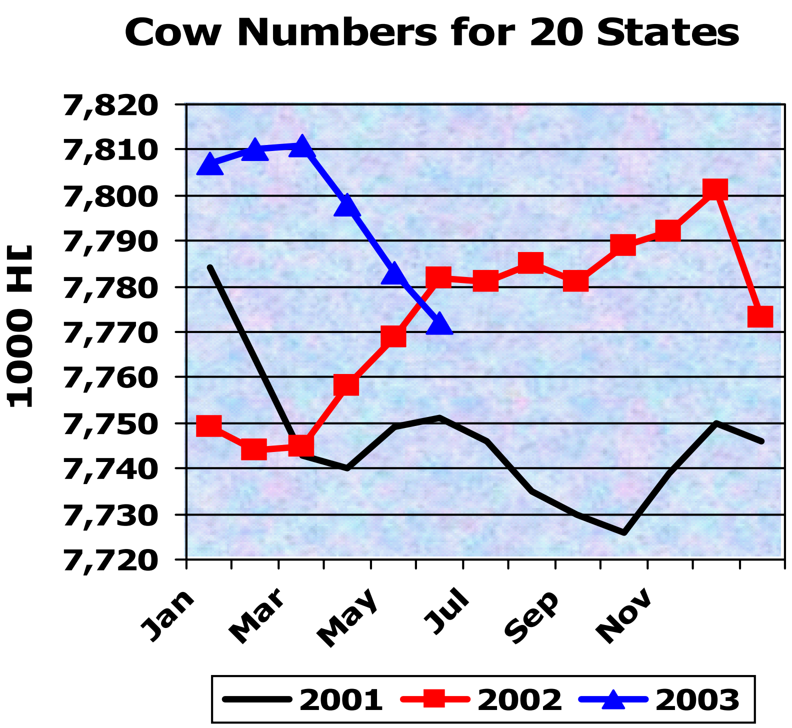
- Jan-June 2003
- July-December 2003
- 2004
- Analysis of imports

What’s Hot in Dairy News

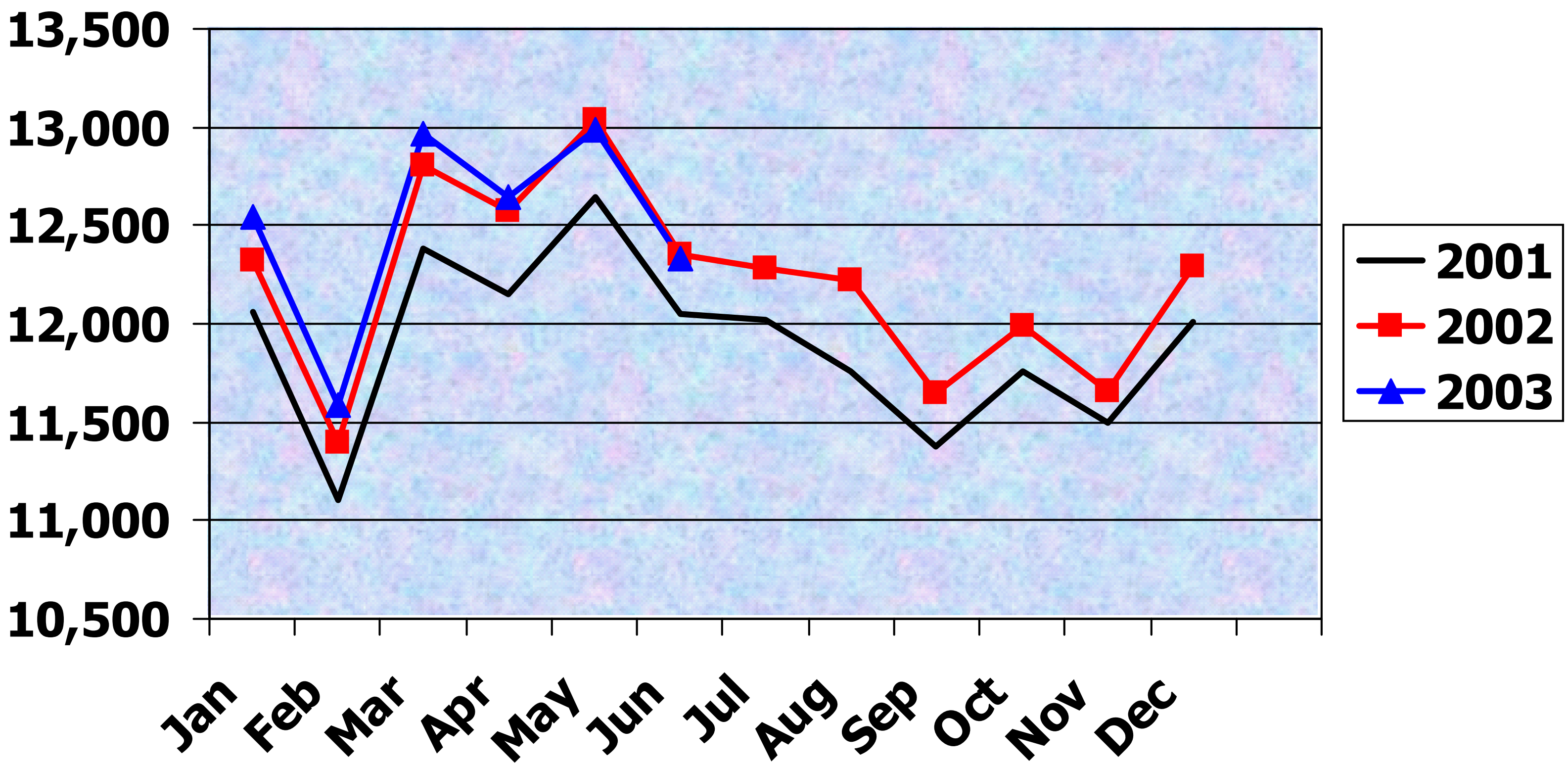
- “Penn State’s Ken Bailey: Off-Base Once Again” source: Milk Weed, July 2003
- Class III averaged $9.57 Jan-June
- Imports are to blame (ITC investigation)
- NMPF annouced “CWT” plan
- Prices suddenly surged
- MILC payments delay exits, create controversy

What's Up with the Milk Supply?

- US milk up 1.3% first quarter
- US milk down 0.3% second quarter
- Cow numbers down



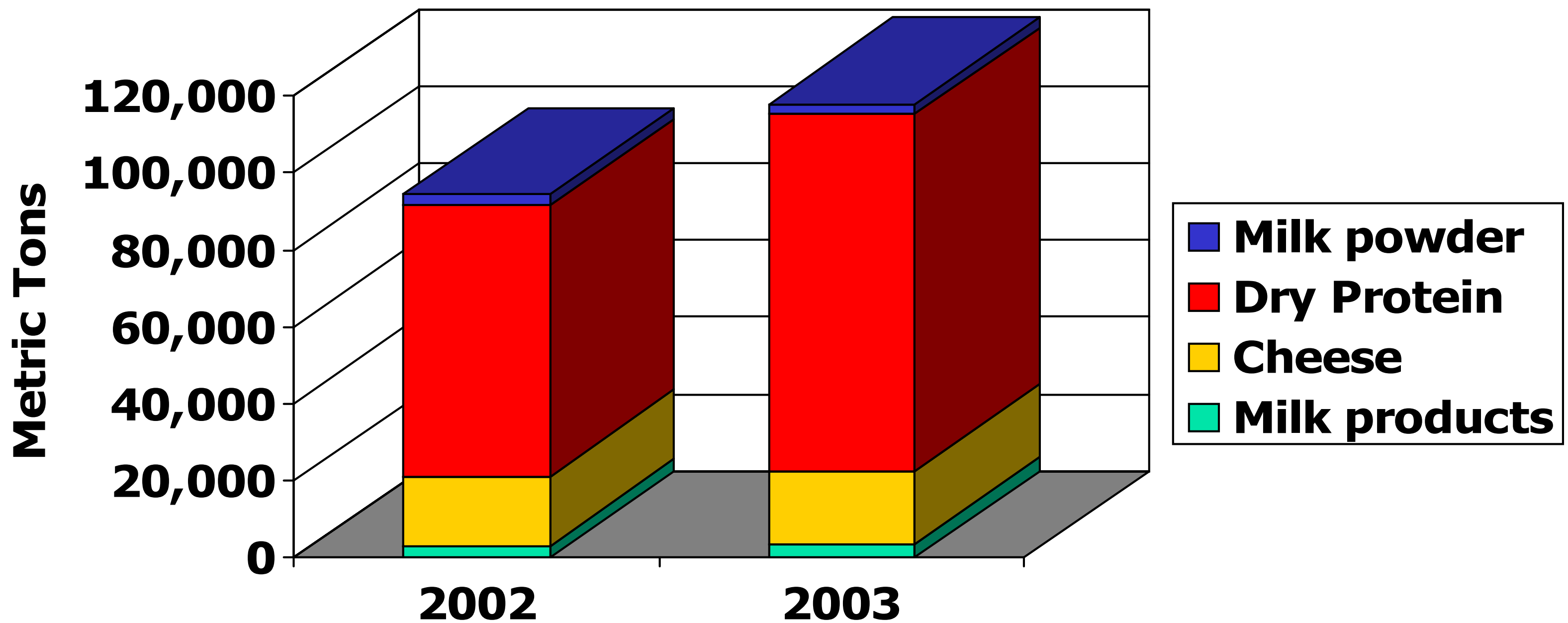
Milk Production for 20 Select States



Growth in U.S. Milk Production

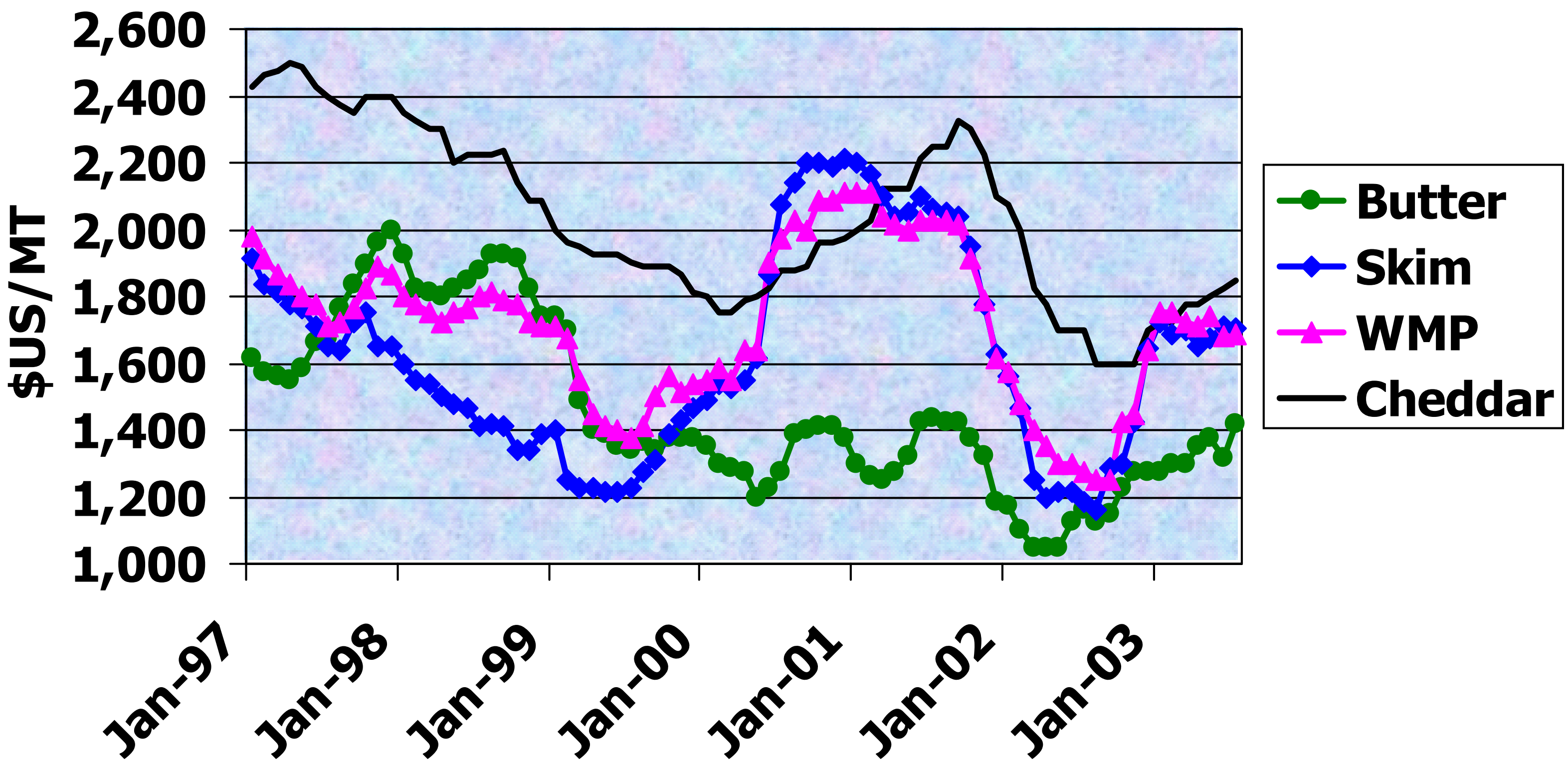
	Jan-Mar			Apr-Jun		
	2002	**2003**	**change**	**2002**	**2003**	**change**
AZ	894	915	**2.3**	923	931	**0.9**
CA	8,453	8,827	**4.4**	8,969	9,061	**1.0**
ID	1,942	2,087	**7.5**	2,061	2,197	**6.6**
KS	480	535	**11.5**	515	540	**4.9**
NM	1,508	1,622	**7.6**	1,639	1,730	**5.6**
OR	486	526	**8.2**	538	561	**4.3**
TX	1,392	1,448	**4.0**	1,414	1,496	**5.8**

Imports of Proteins Up 25%: January - May



Dry protein: casein, glues, albumins, WPC & WPI, whey, and MPC.

World Dairy Prices



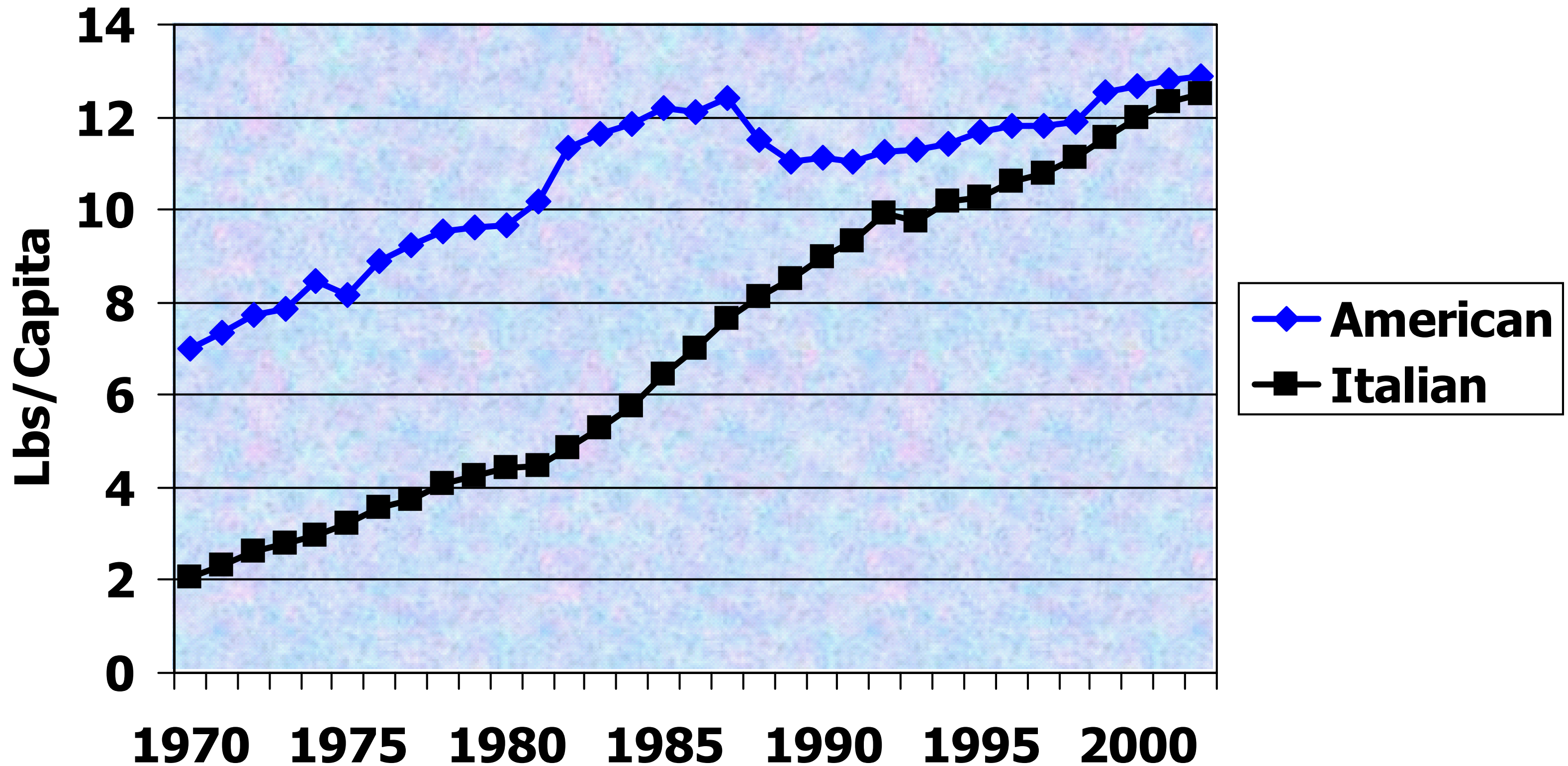
Processed Dairy Products

	2002	2003	% chng
American Cheese	1,582.8	1,551.4	-2.0
Italian Cheese	1,477.0	1,481.7	0.3
Other Cheese	535.8	535.0	-0.15
Butter	649.1	633.5	-2.4
Nonfat Dry Milk	737.0	715.1	-3.0
Dry Whey	463.2	482.5	4.2

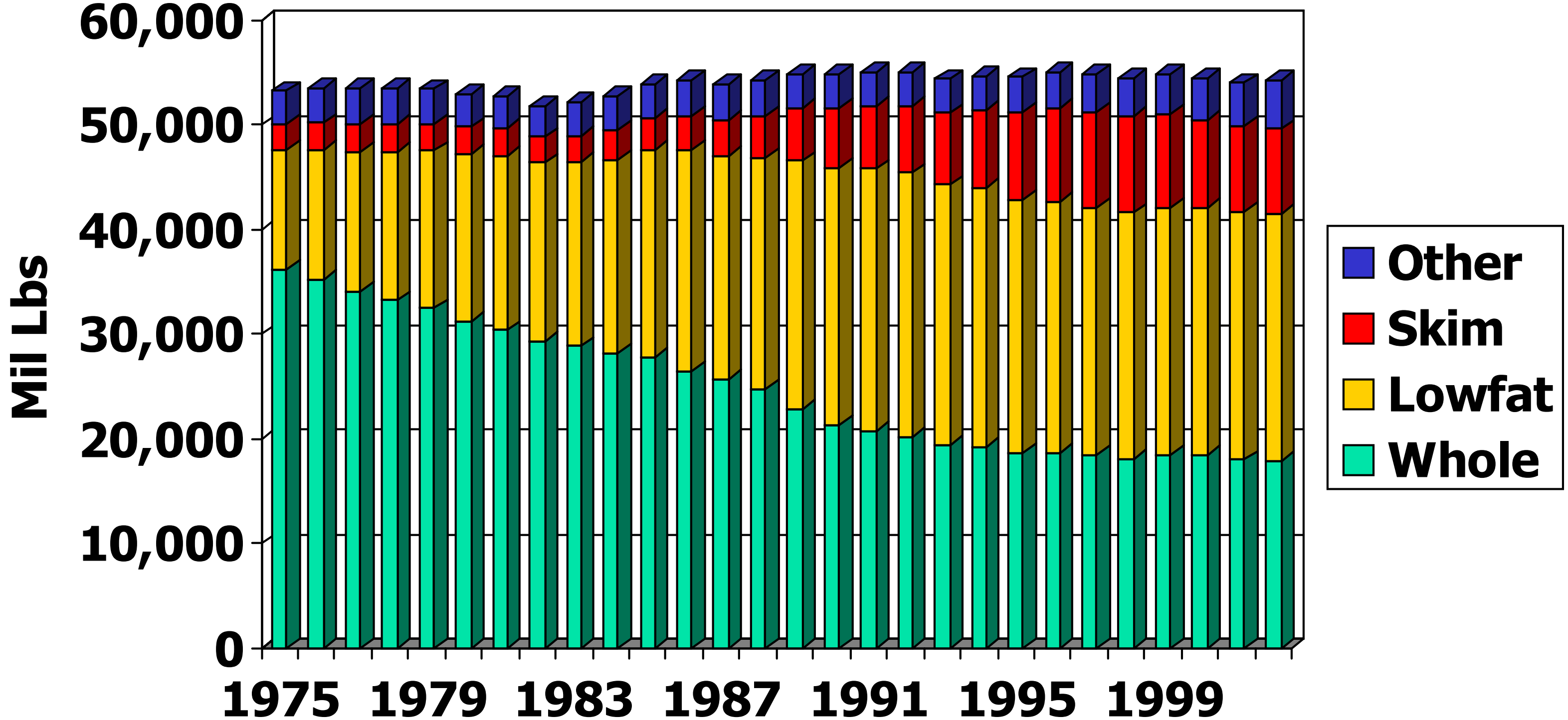
Commercial Use of Milk, mil lbs

	Jan-Apr 2002	Jan-Apr 2003	% change
Milk production	56,982	57,572	1.0%
Imports	1,577	1,646	4.4%
Consumption:			
Butter	397.3	410.3	3.3%
Amer chz	1,199.8	1,196.5	-0.3%
Other chz	1,669.7	1,699.3	1.8%
Nonfat	203.7	178.3	-12.5

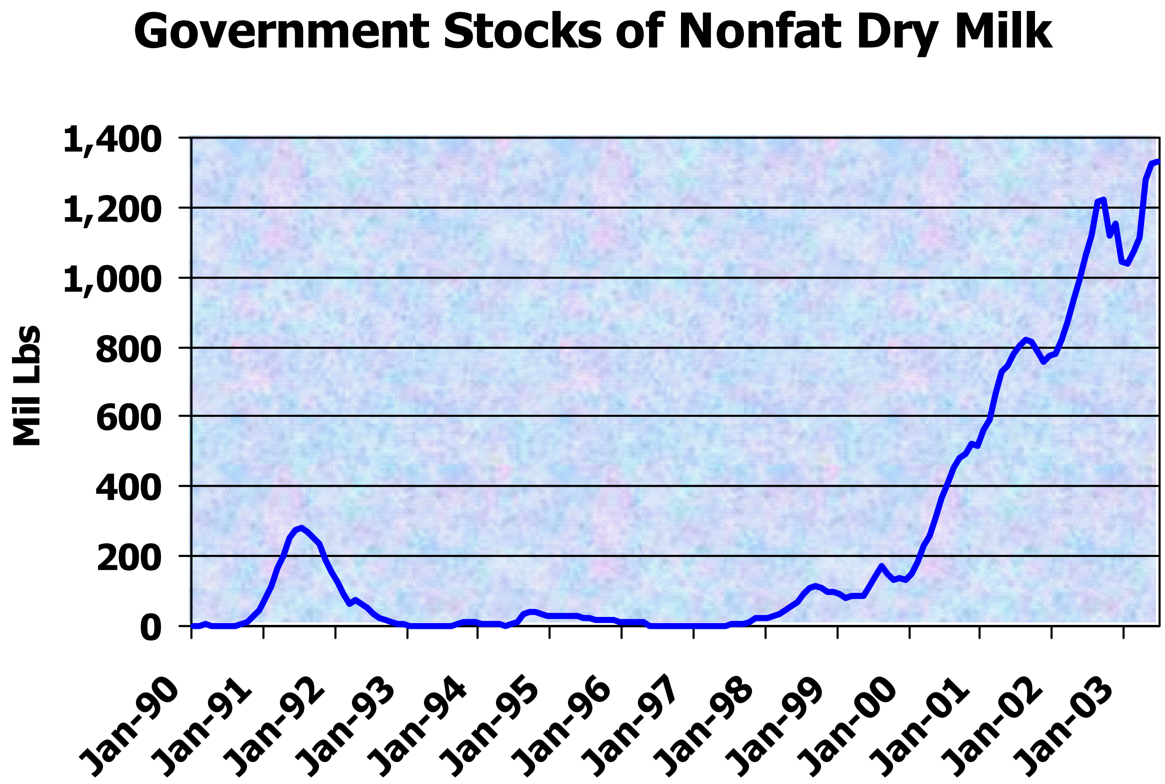
Growth in Per Capita Cheese Consumption Clearly Slowing



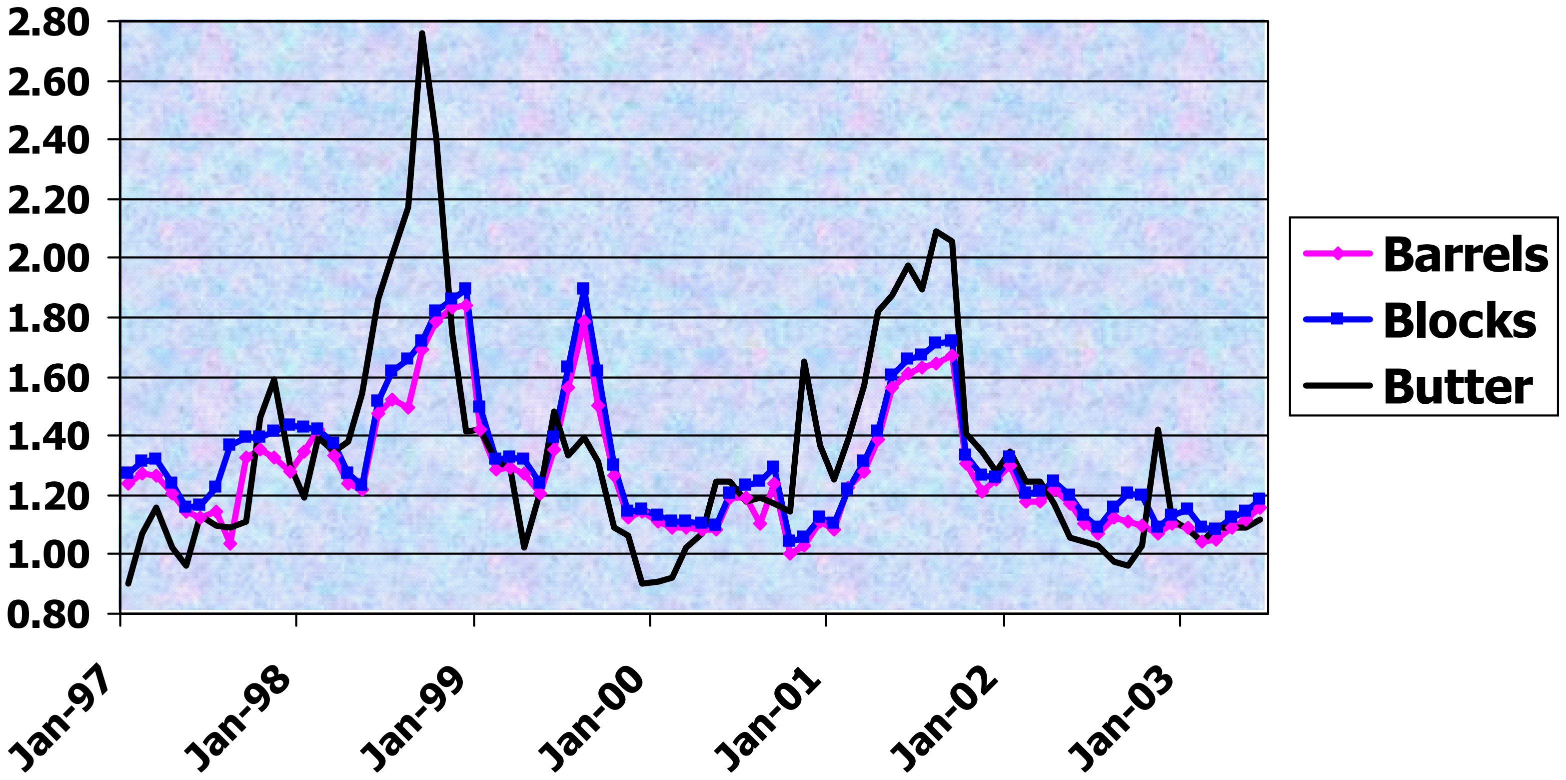
Fluid Milk Sales are Flat



Where is the Milk Going?



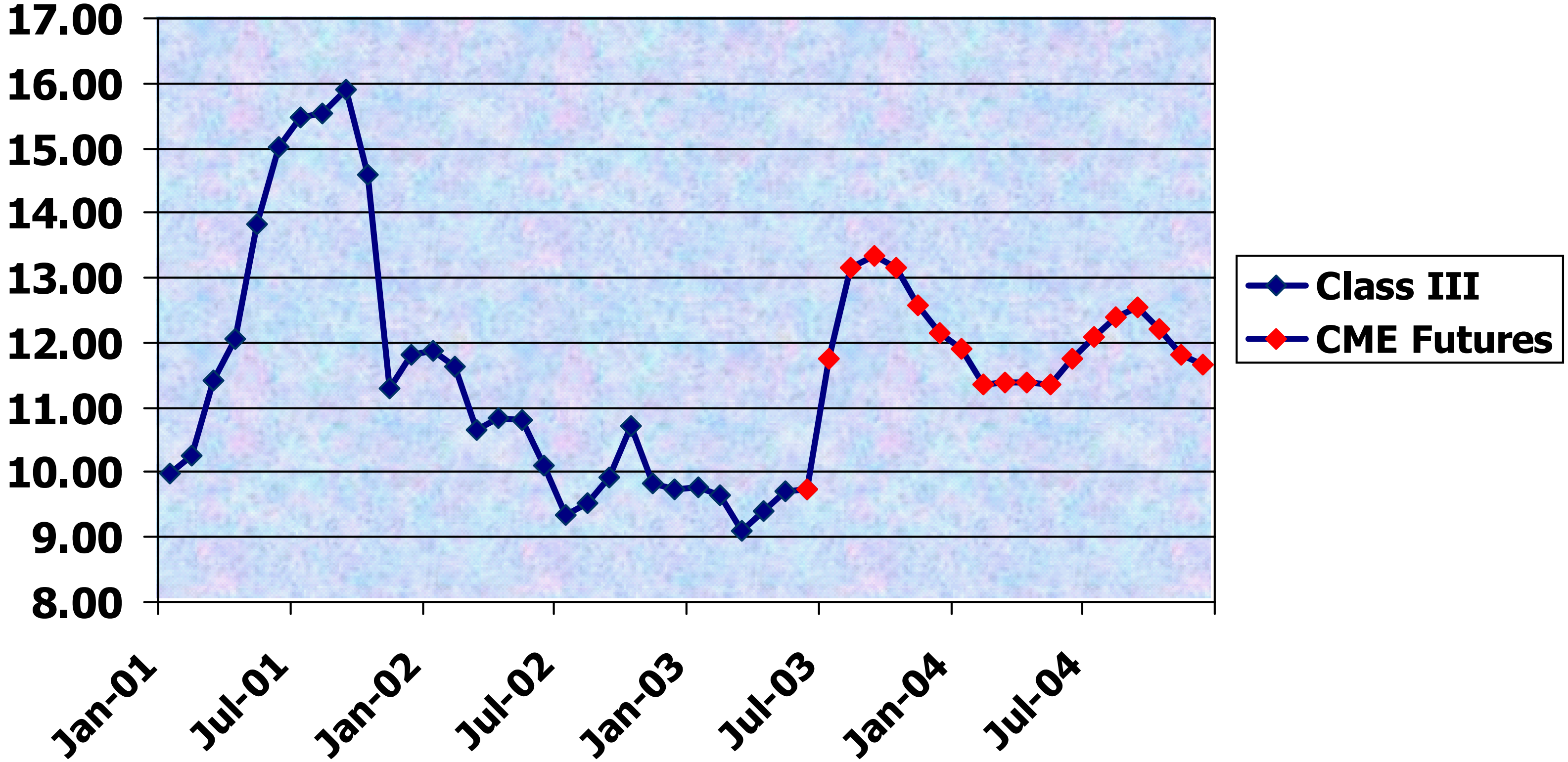
Dairy Commodity Prices



Class III Futures

2003: $11.13

2004: $11.82



Concerns for 2004

- Cow numbers stabilize instead of decline—milk production increases
- Imports continue to grow
- US consumption (cheese) flat
- Lower the CCC purchase prices (nonfat)

USDA Outlook

	2003					2004		
	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Annual
Milk cows (thou)	9,154	9,130	9,090	9,060	9,110	9,010	8,965	8,950
Milk per cow (lbs)	4,690	4,800	4,590	4,625	18,705	4,855	4,970	19,300
Milk production (bil lbs)	43	44	42	42	170	44	45	173
% change	1.2%	-0.5%	-0.2%	0.7%	0.4%	1.9%	1.8%	1.4%
Commercial Use (bf basis	41.2	43.2	44.1	44.9	173.4	42.7	44.4	177.7
% change	1.2%	2.4%	0.7%	2.3%	1.7%	3.6%	2.8%	2.5%
Net removals (skim basis	3.1	3.1	1.1	1.1	8.3	1.9	2.3	5.4
Prices ($/cwt)								
All milk	11.37	11.07	12.10	12.40	11.75	11.60	10.85	11.65
Class III	9.52	9.62	11.50	10.70	10.35	9.90	9.65	10.30
Class IV	9.89	9.74	10.10	10.30	10.00	9.95	9.90	10.15

Source: USDA, Livestock, Dairy, & Poultry Outlook, July 17, 2003.

Interpretation

- CME Futures:
  - 2003—very bullish. Expects a shortfall
  - 2004—return to average Class III prices
- USDA Outlook:
  - Pessimistic for Q3 prices
  - Normal milk production growth for 2004
  - Strong growth in consumption for 2004
  - Prices in 2004 very weak given above

http://dairyoutlook.aers.psu.edu

PENNSTATE

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Dairy Outlook Web Site

by Ken Bailey
Associate Professor of Dairy Markets and Policy
http://dairyoutlook.aers.psu.edu

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- Outlook and Futures
- Current Reports
- Pennsylvania Information
- Market Data and Graphs
- Federal Order Data
- Northeast Economic Forecasts
- Trade Data
- Information for Extension Agents
- Ken Bailey
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- Ken's Travels
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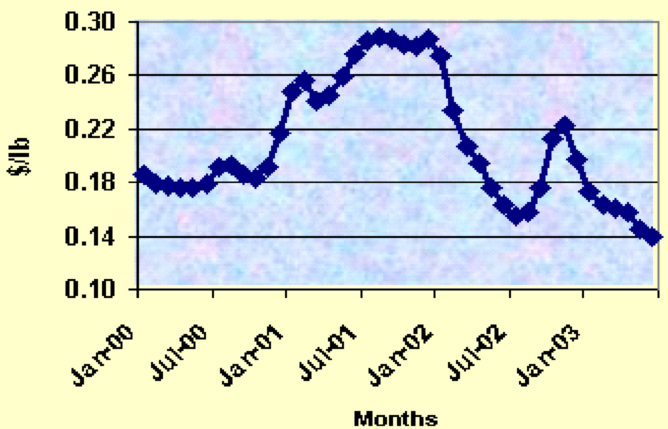
Milk Production Report Bullish

Ken Bailey's Weekly Commentary:

- Text (html format)
- Audio recording (150 seconds) for June 2, 2003
  - For modems (145kb, wma)
  - High speed access (642kb mp3)
  - Archive of audio reports

Dry Whey Prices



Big reason whey "other solids" price is negative

Quarterly Dairy Outlook Newsletter

New Reports

- NEW! Impact of Dairy Imports on the U.S. Dairy Industry, July 2003
- A Multiple Component Analysis of U.S. Dairy Trade, June 2003
- Study on the impact of MPC's on U.S. cheese production, March 2003
- Excel spreadsheet on impact of tilt & new formulas, Nov. 22, 2002
- Paper on small dairy farms, September 2002
- Paper on the structure of the U.S. dairy industry, July 2002
- Implications of the Dairy Title, Staff Paper #352, May 2002

Check out Ken Bailey's textbook on milk marketing . . .