

# Cornhusker Economics

Cooperative Extension

Institute of Agriculture & Natural Resources  
Department of Agricultural Economics  
University of Nebraska - Lincoln

## Plan Market Strategies Early in the Marketing Year

Market Report	Yr Ago	4 Wks Ago	8/15/03
<b><u>Livestock and Products,</u></b>			
<b><u>Average Prices for Week Ending</u></b>			
Slaughter Steers, Ch. 204, 1100-1300 lb Omaha, cwt	\$63.70	\$74.18	\$80.23
Feeder Steers, Med. Frame, 600-650 lb Dodge City, KS, cwt	*	*	99.17
Feeder Steers, Med. Frame 600-650 lb, Nebraska Auction Wght. Avg	92.09	*	*
Carcass Price, Ch. 1-3, 550-700 lb Cent. US, Equiv. Index Value, cwt	100.39	116.16	126.53
Hogs, US 1-2, 220-230 lb Sioux Falls, SD, cwt	30.00	42.00	41.00
Feeder Pigs, US 1-2, 40-45 lb Sioux Falls, SD, hd	*	32.25	*
Vacuum Packed Pork Loins, Wholesale, 13-19 lb, 1/4" Trim, Cent. US, cwt	104.27	105.34	107.33
Slaughter Lambs, Ch. & Pr., 115-125 lb Sioux Falls, SD, cwt	150.87	86.50	*
Carcass Lambs, Ch. & Pr., 1-4, 55-65 lb FOB Midwest, cwt	162.09	186.60	180.04
<b><u>Crops,</u></b>			
<b><u>Cash Truck Prices for Date Shown</u></b>			
Wheat, No. 1, H.W. Omaha, bu	4.01	3.31	3.85
Corn, No. 2, Yellow Omaha, bu	2.59	1.98	2.10
Soybeans, No. 1, Yellow Omaha, bu	5.64	5.62	5.55
Grain Sorghum, No. 2, Yellow Kansas City, cwt	4.70	3.68	4.02
Oats, No. 2, Heavy Minneapolis, MN, bu	2.05	1.47	1.55
<b><u>Hay,</u></b>			
<b><u>First Day of Week Pile Prices</u></b>			
Alfalfa, Sm. Square, RFV 150 or better Platte Valley, ton	105.00	112.50	117.50
Alfalfa, Lg. Round, Good Northeast Nebraska, ton	92.50	65.00	62.50
Prairie, Sm. Square, Good Northeast Nebraska, ton	115.00	*	*
* No market.			

On August 12, 2003 USDA released its first survey driven report on crop conditions in the U.S. Immediately following the report the market rose dramatically. One always needs to ask why. First, this is the first production report that uses actual crop data and second, the production numbers were well below what the trade had expected. As we move towards harvest for row crops we need to begin to watch the market for opportunities and potential change. Of course wheat has already been harvested, but we must not only be aware of present conditions but look for potential change on the world scene. Following are the supply and demand tables and some marketing factors to watch as market plans are made.

### Marketing Factors for Corn

The most significant number is production, which is at just a little over one billion bushels. Will this rise or fall in the September report? Conditions since August 1<sup>st</sup> have changed. With it hot and dry in the Great Plains states the dryland yield will drop. Conditions in the eastern corn belt have been excellent, so expect conditions to improve and this will probably offset the deteriorating conditions in the Great Plains.

- ▶ Large crop - record perhaps, but less than hoped for.
- ▶ Record use projected - lead by ethanol use.
- ▶ Exports up from 2002-03 season - China & Brazil will be factors.
- ▶ World stocks will be small.
- ▶ U.S. stocks should build and the market should pay carry.
- ▶ What will the seasonal price pattern look like?

### Marketing Factors for Soybeans

- ▶ Large soybean crop - second best ever? But less than predicted in early August.
- ▶ Soybean use stagnant in U.S.
- ▶ U.S. exports strong, but down slightly for the second year in a row.
- ▶ Global supplies and use at record highs.
- ▶ U.S. and world stocks growing, but less than expected in mid-summer.
- ▶ Modest carry only to March 2004.



**CORN: August 12, 2003**

USDA U.S. Supply/Demand Report		Corn 8/12/03 <sup>1/</sup>		
Item	2001/02	2002/03 Est.	2003/04 Projections	
			July	August
<b>CORN</b>				
Area ----- Million Acres -----				
Planted	75.8	79.1	79.1*	79.1
Harvested	68.8	69.3	72.0*	71.9
----- Bushels -----				
Yield per Harvested Acre	138.2	130.0	142.7*	139.9
----- Million Bushels -----				
Beginning Stocks	1,899	1,596	1,009	1,009
Production	9,507	9,008	10,270	10,064
Imports	10	15	10	10
Supply, Total	11,416	10,619	11,289	11,084
Feed and Residual	5,861	5,700	5,600	5,625
Food, Seed & Ind.	2,054	2,310	2,500	2,475
Domestic, Total	7,915	8,010	8,100	8,100
Exports	1,905	1,600	1,850	1,800
Use, Total	9,820	9,610	9,950	9,900
Ending Stocks, Total	1,596	1,009	1,339	1,184
CCC Inventory	6	5		
Free Stocks	1,590	1,004		
Outstanding Loans	213	250		
Average Farm Price (\$/bu) <sup>2/</sup>	1.97	2.30	1.90-2.30	2.00-2.40

Note: Totals may not add due to rounding. 1/ Marketing year beginning September 1 for corn and sorghum; June 1 for barley and oats. 2/ Marketing-year weighted average price received by farmers. \* For July: Area planted and harvested of corn as reported in June Acreage report. Corn projected yield is the trend yield adjusted for crop conditions.

**SOYBEANS: August 12, 2003**

USDA U.S. Supply/Demand Report		Soybeans 8/12/03 <sup>1/</sup>		
Item	2001/02	2002/03 Est.	2003/04 Projections	
			July	August
<b>SOYBEANS</b>				
Area ----- Million Acres -----				
Planted	74.1	73.8	73.7*	73.7
Harvested	73.0	72.2	72.7*	72.6
----- Bushels -----				
Yield per Harvested Acre	39.6	37.8	39.7**	39.4
----- Million Bushels -----				
Beginning Stocks	248	208	155	145
Production	2,891	2,730	2,885	2,862
Imports	2	4	4	4
Supply, Total	3,141	2,942	3,044	3,011
Crushings	1,700	1,610	1,625	1,625
Exports	1,064	1,040	990	1,000
Seed	90	90	89	89
Residual	80	57 <sup>3/</sup>	80	77
Use, Total	2,933	2,797	2,784	2,791
Ending Stocks	208	145	260	220
Avg. Farm Price (\$/bu) <sup>2/</sup>	4.38	5.50	4.35-5.35	4.55-5.55

Note: Reliability calculations at end of report. 1/ Marketing year beginning September 1 for soybeans; October 1 for soybean oil and meal. 2/ Prices: Soybeans, marketing year weighted average price received by farmers; for Oil, simple average of crude soybean oil, Decatur; for Meal, simple average of 48 percent, Decatur. 3/Supply estimates and reported use through June, coupled with USDA's June 1 stocks estimate, indicate a below-average residual. \*Planted and harvested acres from the June 30 Acreage report. \*\*Projected yield based on 1978-2001 regional trend analysis.

**Market Factors for Wheat**

- ▶ Much larger U.S. wheat crop than last year.
- ▶ Foreign production reduced fourth year in a row.
- ▶ Sharp reduction in expected wheat production in several countries last month.
- ▶ U.S. export potential much improved, but needs to be watched, if it does not materialize prices could fall 50-60 cents by winter.
- ▶ U.S. ending stocks forecast up 152 Mil/bus.
- ▶ U.S. wheat prices up significantly from harvest lows.

**WHEAT: August 12, 2003**

USDA U.S. Supply/Demand Report		Wheat 8/12/03 <sup>1/</sup>		
Item	2001/02	2002/03 Est	2003/04 Projections	
			July	August
<b>WHEAT</b>				
Area ----- Million Acres -----				
Planted	59.6	60.4	60.9	60.9
Harvested	48.6	45.8	52.7	52.7
----- Bushels -----				
Yield per Harvested Acre	40.2	35.3	43.9	43.5
----- Million Bushels -----				
Beginning Stocks	876	777	492	492
Production	1,957	1,616	2,311	2,292
Imports	108	77	100	90
Supply, Total	2,941	2,471	2,903	2,874
Food	927	925	930	920
Seed	84	83	85	85
Feed and Residual	191	119	175	175
Domestic, Total	1,201	1,126	1,190	1,180
Exports	962	853	975	1,050
Use, Total	2,164	1,979	2,165	2,230
Ending Stocks	777	492	738	644
CCC Inventory	99	66		
Free Stocks	678	426		
Avg. Farm Price (\$/bu) <sup>2/</sup>	2.78	3.56	2.80-3.40	3.10-3.70

Note: Totals may not add due to rounding. 1/ Marketing year beginning June 1. 2/ Marketing year weighted average price received by farmers. 3/ Includes imports. \* For June, winter wheat harvested acreage and yield reported in June Crop Production. Harvested acres and yield for spring wheat (including durum) projected using harvested-to-planted ratios and yields by state for 1998-2002. For July: area planted, area harvested, yield and production as reported in July Crop Production Report.

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Come meet and visit with the authors of the *Cornhusker Economics* newsletter! Stop by the Department of Agricultural Economics booth at Husker Harvest Days in Grand Island, September 9, 10 and 11. We'll be located in the University of Nebraska's IANR building. See you there!!

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