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Agricultural outlook

1989 AEA ANNUAL OUTLOOK SURVEY 1989\*

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AAEA annual outlook survey 1989

# 6794

compiled by

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1989

1989 makes the twelfth 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 1989. Mailings were directed toward AAEA members 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 27 individuals who responded to this survey. The majority (21) were university employees. Three respondents worked for USDA and three were non-governmental employees. Each respondent was asked to indicate the degree to which formal econometric models were used in developing the forecasts. Six respondents made no use of econometric models. Thirteen indicated minor use was made of models. Seven said they made moderate use of econometric models and one respondent said he made major use. Respondents were also asked to identify the extent to which forecasting was part of their position responsibilities. Twelve indicated forecasting was a major responsibility. Eight said moderate and seven responded that forecasting was a minor responsibility.

Survey participants were asked to indicate by category those areas in which they had major forecasting responsibility. Nine respondents said they had major responsibilities for beef, nine for pork, three for broilers, two for eggs, five for wheat, six for corn, three for cotton, eight for soybeans, six for land values, four for interest rates, and five each for inflation, gross national product, and the Dow Jones Average.

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 seven respondents made forecasts in each of the three sections of the survey (livestock

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and poultry, crops, and general economics). Fifteen respondents completed only one section.

The first section of forecasts requested was for livestock and poultry production. For each commodity (beef, pork, broilers, and eggs) respondents were asked to predict the percent change in production by quarter from the third quarter of 1989 to the fourth quarter of 1990 along with annual changes for 1989 and 1990. The results are presented in Tables 1-4. Each table gives the number of responses, the average value of the estimates, the minimum estimate, the maximum estimate, the standard deviation of the estimates, and the average value for those individuals who indicated they had major responsibility for forecasting in this area, i.e., the "experts."

Tables 5-9 present the quarterly price forecasts for slaughter steers, feeder steers, barrows and gilts, broilers, and eggs, respectively.

Survey participants were given the opportunity to choose one livestock or poultry category and estimate the low, average, and high monthly average price for the first half of 1990. Ten individuals predicted hog prices with mean estimates of \$39.28, \$42.41, and \$46.63 for the monthly low, average, and high, respectively. Four respondents estimated slaughter steer prices. The means of their estimates for the low, average, and high monthly average price were \$72.66, \$75.00, and \$78.15, respectively. One individual made monthly price forecasts for feeder steers and one estimated egg prices. The feeder steer estimates were \$83.90, \$85.05, and \$88.80. Egg price estimates were 71 cents, 72 cents, and 73 cents, respectively, for the monthly low, average, and high during the first half of 1990.

The second section of the survey dealt with crop production and prices. Tables 10-13 present the results for wheat, corn, cotton, and soybeans. Survey participants were asked to estimate for corn, wheat, cotton, soybeans, soybean oil, and soybean meal, both the low and high monthly prices and when they would occur during the period August 1989 through June 1990. Tables 14A and 14B present the results.

The final section of the survey form requested estimates for general economic variables. Table 15 presents values for respondents' estimates of percent change in farmland values as of February 1, 1990, the real growth in gross national product for 1989 and 1990, and the change in the consumer price index for both 1989 and 1990.

Table 16 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 1990 for the Dow Jones average of stocks. Also included in Table 16 are the mean values of estimates for the low, high, and June 1990 monthly averages for three-month government treasury bills.

# FIGURE 1.

## 1989 AAEA ANNUAL OUTLOOK SURVEY

### AAEA Members Involved in Market Analysis, Outlook, and Forecasting

#### I. Personal Information

- A. Name RESPONDENTS - 27
- B. Affiliation UNIVERSITIES - 21 USDA - 3 OTHERS - 3
- C. How much use do you make of formal econometric models in developing your forecasts? (Major 1) (Moderate 7) (Minor 13) (None 6)
- D. Forecasting is a (Major 12) (Moderate 8) (Minor 7) 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

##### MEAN VALUES

	1989					1990				
	I	IIF	III	IV	Annual	I	II	III	IV	Annual
<u>Production</u>	----- Percent Change from Previous Year -----									
( <u>9</u> ) Beef (Comm. Prod.)	-3	0	-1.8	-2.3	-2.1	-0.7	-1.6	-0.9	-0.2	-1.1
( <u>9</u> ) Pork (Comm. Prod.)	+3	+5	0.7	0.0	1.9	0.2	-0.6	0.0	0.5	0.2
( <u>3</u> ) Broilers (Fl. Prod.)	+4	+3	5.9	5.2	4.7	4.4	4.0	3.4	3.0	3.8
( <u>2</u> ) Eggs (Farm Prod.)	-5	-2	-1.4	-0.7	-2.3	1.7	1.1	1.2	0.8	1.0

##### Prices

Choice slaughter steers (Omaha, \$/cwt.)	73.85	73.75	72.50	73.54	73.41	74.41	75.22	73.28	72.68	74.24
Feeder steers, med. frame #1 600-700 lb., KC (\$/cwt.)	85.34	83.80	85.25	85.35	85.03	85.95	85.51	85.28	84.83	85.73
Barrows & gilts, 7 markets (\$/cwt.)	40.87	41.96	45.16	41.42	42.23	42.21	42.83	45.90	42.16	43.12
Broilers, 12 city area (cents/lb.)	59.4	69.0	64.5	58.1	62.7	58.4	62.4	61.7	59.0	60.1
Eggs, New York, Grade A, large (cents/doz.)	78.6	74.0	75.0	74.4	74.8	74.8	70.0	71.6	72.0	71.6

Pick one of the above commodities you are most familiar with and predict the low, average and high monthly average price for the first half of 1990.

Commodity	Low	Average	High
<u>(10) BARROWS &amp; GILTS</u>	<u>\$ 39.28</u>	<u>\$ 42.41</u>	<u>\$ 46.63</u>
(4) SLAUGHTER STEERS	\$ 72.66	\$ 75.00	\$ 78.15
(1) FEEDER STEERS	\$ 83.90	\$ 85.05	\$ 88.80
(1) EGGS	71.0¢	72.0¢	73.0¢

FIGURE 2.

B. Crops

MEAN VALUES

Supply & Utilization	1989-90 Crop Year			U.S. Avg. Farm Price
	1989 Production	Exports	Carry Out	
(5) Wheat (mil. bu.)	2081	1257	598	3.91
(6) Corn (mil. bu.)	7527	1946	1852	2.25
(3) Cotton, upland & ELS (mil. bales)	12.1	7.0	5.1	64.24
(8) Soybeans (mil. bu.)	1947	645	249	6.03

  

Monthly Average Prices	August 1989 - June 1990			
	Low Price Month		High Price Month	
	Month	Price	Month	Price
Corn (\$/bu.) (U.S. farm)		2.02		2.53
Wheat (\$/bu.) (U.S. farm)		3.56		4.33
Cotton (cents/lb.) (U.S. SLM, 1-1/16 in.)		59		70
Soybeans (\$/bu.) (U.S. farm)		5.51		6.44
Soybean Oil (cents/lb.) (Decatur, IL)		18.0		23.7
Soybean Meal (\$/ton) (Decatur, IL)		173.		216

III. Agricultural and General Economic Outlook

	Percent Change from Previous Year		
	1988	1989	1990
(6) Land values, February 1	+3	+6	+4.7
(5) Real GNP (1982 \$)	+3.9	+3.2	+2.4
(5) CPI, all items (1982-84 = 100)	+4.1	+5.1	+5.0
(5) Dow Jones average: Low in next 11 months		2256	
High in next 11 months		2794	
Close on 6/29/90		2483	
(4) 3-month T-bill note (monthly average):			
Low in next 11 months		6.6	
High in next 11 months		8.3	
Average for June 1990		7.0	

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Must be received by July 23, 1989

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TABLE 1

-----IIA Beef Production-----  
 -----Percent Change from Year Earlier-----

	3Q	4Q	89	1Q	2Q	3Q	4Q	90
#RESPONDING	12	12	14	12	12	12	12	14
AVERAGE	-1.8	-2.3	-2.1	-0.7	-1.6	-0.9	-0.2	-1.1
MINIMUM	-4.0	-6.0	-5.0	-4.0	-4.0	-5.0	-6.0	-5.0
MAXIMUM	3.0	5.0	1.2	4.0	5.0	2.0	6.3	3.0
STD DEV	2.0	2.8	1.4	2.1	2.5	2.3	3.0	2.3
AVG-EXPERTS	-1.8	-2.6	-1.9	-0.9	-1.8	-1.4	-0.5	-1.1

TABLE 2

-----IIA Pork Production-----  
 -----Percent Change from Year Earlier-----

	3Q	4Q	89	1Q	2Q	3Q	4Q	90
#RESPONDING	11	11	13	11	11	11	11	13
AVERAGE	0.7	0.0	1.9	0.2	-0.6	0.0	0.5	0.2
MINIMUM	-1.0	-4.0	-2.0	-5.0	-5.0	-5.0	-5.0	-5.0
MAXIMUM	4.0	5.0	4.0	4.0	5.0	5.0	5.0	5.0
STD DEV	1.6	2.3	1.5	2.8	2.7	2.8	3.3	2.5
AVG-EXPERTS	0.3	-0.5	2.0	-0.6	-1.1	-0.8	-0.3	-0.8

TABLE 3

-----IIA Broiler Production-----  
 -----Percent Change from Year Earlier-----

	3Q	4Q	89	1Q	2Q	3Q	4Q	90
#RESPONDING	10	10	11	9	9	9	9	11
AVERAGE	5.9	5.2	4.7	4.4	4.0	3.4	3.0	3.8
MINIMUM	3.0	2.0	3.0	2.0	2.0	2.0	-2.0	1.0
MAXIMUM	8.0	7.0	6.0	8.0	8.0	8.0	7.0	8.0
STD DEV	1.6	1.6	0.9	1.9	1.7	1.8	2.2	1.7
AVG-EXPERTS	5.3	5.2	4.7	4.7	4.0	2.7	3.7	3.8

TABLE 4

-----IIA Egg Production-----  
 -----Percent Change from Year Earlier-----

	3Q	4Q	89	1Q	2Q	3Q	4Q	90
#RESPONDING	9	9	10	8	8	8	8	10
AVERAGE	-1.4	-0.7	-2.3	1.7	1.1	1.2	0.8	1.0
MINIMUM	-2.0	-2.0	-3.5	0.0	0.0	-1.0	-3.0	-1.0
MAXIMUM	-1.0	1.0	-2.0	4.0	3.5	3.0	2.0	3.0
STD DEV	0.5	1.0	0.5	1.2	1.1	1.2	1.7	1.3
AVG-EXPERTS	-1.8	-0.7	-2.6	2.9	2.5	2.4	1.8	2.4

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TABLE 5

-----IIA Choice Slaughter Steers-----								
-----Omaha, \$/cwt-----								
	3Q	4Q	89	1Q	2Q	3Q	4Q	90
#RESPONDING	13	13	15	13	13	13	13	15
AVERAGE	72.50	73.54	73.41	74.41	75.22	73.28	72.68	74.24
MINIMUM	70.00	69.50	72.00	71.85	71.50	69.75	65.00	70.50
MAXIMUM	78.00	78.15	74.90	77.00	81.00	79.00	78.00	78.00
STD DEV	2.24	1.91	0.82	1.38	2.69	3.11	3.42	2.19
AVG-EXPERTS	71.83	73.62	73.26	74.64	74.98	73.52	72.76	73.91

TABLE 6

-----IIA Feeder Steers Med. Frame #1-----								
-----Kansas City, \$/cwt-----								
	3Q	4Q	89	1Q	2Q	3Q	4Q	90
#RESPONDING	12	12	14	12	12	12	12	14
AVERAGE	85.25	85.35	85.03	85.95	85.51	85.28	84.83	85.73
MINIMUM	81.50	80.00	82.66	82.00	80.00	80.00	75.00	80.00
MAXIMUM	90.00	92.00	87.20	90.00	88.15	95.00	101.00	93.50
STD DEV	2.04	2.63	0.99	2.39	2.75	3.80	6.18	3.42
AVG-EXPERTS	84.56	84.92	84.72	85.82	85.90	84.59	83.77	84.99

TABLE 7

-----IIA Barrows & Gilts-----								
-----7 Markets, \$/cwt-----								
	3Q	4Q	89	1Q	2Q	3Q	4Q	90
#RESPONDING	11	11	13	11	11	11	11	13
AVERAGE	45.16	41.42	42.23	42.21	42.83	45.90	42.16	43.12
MINIMUM	42.50	39.00	40.00	40.00	40.00	43.00	37.00	40.00
MAXIMUM	47.00	46.00	44.00	47.00	48.00	53.00	49.00	49.00
STD DEV	1.37	2.00	0.95	1.93	2.22	2.76	3.71	2.40
AVG-EXPERTS	45.48	41.79	42.53	42.59	42.96	46.37	42.70	43.68

TABLE 8

-----IIA Broilers-----								
-----12 city area, cents/lb.-----								
	3Q	4Q	89	1Q	2Q	3Q	4Q	90
#RESPONDING	9	9	10	9	9	9	9	10
AVERAGE	64.53	58.12	62.72	58.36	62.43	61.67	59.00	60.08
MINIMUM	60.00	54.00	60.00	51.00	50.00	52.00	46.00	49.80
MAXIMUM	70.00	61.00	65.00	63.00	72.00	66.00	68.00	66.25
STD DEV	2.79	2.34	1.42	3.77	6.54	4.57	5.98	4.67
AVG-EXPERTS	63.00	58.67	62.17	58.00	62.67	61.33	58.33	60.08

TABLE 9

-----IIA Eggs-----								
-----New York, Grade A Large, cents/doz.-----								
	3Q	4Q	89	1Q	2Q	3Q	4Q	90
#RESPONDING	8	8	9	8	8	8	8	9
AVERAGE	75.0	74.4	74.8	74.8	70.0	71.6	72.0	71.6
MINIMUM	72.0	69.0	67.0	64.0	60.0	62.0	63.0	63.0
MAXIMUM	79.0	83.0	79.0	77.6	77.0	79.0	77.0	76.0
STD DEV	2.18	4.64	3.21	4.22	5.01	4.53	4.21	3.98
AVG-EXPERTS	74.5	74.5	75.8	69.0	63.0	66.0	66.0	66.5

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TABLE 10

-----IIB 89-90 Wheat-----  
 -----million bushels----- F Price  
 Production Exports Carry Out \$/bu.

#RESPONDING	11	11	11	10
AVERAGE	2081	1257	598	3.91
MINIMUM	1995	1050	475	3.65
MAXIMUM	2150	1750	800	4.10
STD DEV	63	174	91	0.12
AVG-EXPERTS	2085	1346	591	3.96

TABLE 11

-----IIB 89-90 Corn-----  
 -----million bushels----- F Price  
 Production Exports Carry Out \$/bu.

#RESPONDING	13	12	12	11
AVERAGE	7527	1946	1852	2.25
MINIMUM	7215	1750	1500	2.05
MAXIMUM	7880	2200	2100	2.65
STD DEV	224	115	185	0.17
AVG-EXPERTS	7389	1905	1797	2.26

TABLE 12

-----IIB 89-90 Cotton-----  
 -----million bushels----- F Price  
 Production Exports Carry Outcents/lb

#RESPONDING	5	5	5	5
AVERAGE	12.1	7.0	5.1	64.2
MINIMUM	10.8	6.6	4.0	58.0
MAXIMUM	12.6	7.2	5.5	75.0
STD DEV	0.7	0.2	0.6	5.7
AVG-EXPERTS	12.4	6.9	5.3	65.7

TABLE 13

-----IIB 89-90 Soybeans-----  
 -----million bushels----- F Price  
 Production Exports Carry Out \$/bu.

#RESPONDING	14	13	13	12
AVERAGE	1947	645	249	6.03
MINIMUM	1860	550	170	5.25
MAXIMUM	2050	800	325	6.80
STD DEV	50	56	39	0.38
AVG-EXPERTS	1931	633	249	5.96

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TABLE 14A

	----Corn----		---Wheat---		---Cotton---	
	Low Price	High Price	Low Price	High Price	Low Price	High Price
#RESPONDING	7	6	5	6	5	5
AVERAGE	2.02	2.53	3.56	4.33	59	70
MINIMUM	1.90	2.35	3.45	4.15	52	66
MAXIMUN	2.40	3.15	3.60	4.55	71	80
MONTH & #Rs	Sep 2	May 4	Aug 2	Nov 2	Nov 1	Sep 1
	Oct 3	Jun 2	Dec 1	Dec 1	May 1	Oct 3
	Nov 1		Jun 2	Feb 2	Jun 3	Apr 1
	Dec 1		Jul 1	May 1		

TABLE 14B

	--Soybeans--		--Soy Oil--		--Soy Meal--	
	Low Price	High Price	Low Price	High Price	Low Price	High Price
#RESPONDING	9	8	5	5	6	6
AVERAGE	5.51	6.44	18.0	23.7	173.0	216.0
MINIMUM	5.25	5.85	17.4	23.0	148.0	175.0
MAXIMUN	6.05	6.80	18.7	25.0	228.0	280.0
MONTH & #Rs	Sep 2	Aug 1	Aug 1	May 2	Oct 1	Aug 1
	Oct 2	Mar 1	Oct 3	Jun 3	Nov 3	Jan 1
	Nov 4	May 4	Dec 1		Feb 1	Apr 1
	Dec 1	Jun 2			Jun 1	Jun 3

TABLE 15

	Land	--GNP--		---CPI---	
	90	89	90	89	90
	-----Percent Change-----				
#RESPONDING	14	13	13	13	13
AVERAGE	4.7	3.2	2.4	5.1	5.0
MINIMUM	2.0	2.0	-2.0	4.7	3.9
MAXIMUN	7.0	4.8	5.2	5.9	6.4
STD DEV	1.3	0.8	1.6	0.3	0.6
AVG-EXPERTS	4.8	2.6	1.4	5.1	5.1

TABLE 16

	----Dow Jones----			-----T-Bill-----		
	Low	High	Close	Low	High	June
#RESPONDING	10	10	10	9	9	9
AVERAGE	2265	2794	2483	6.6	8.3	7.0
MINIMUM	2090	2625	2270	5.5	7.9	5.9
MAXIMUN	2510	2956	2900	7.0	8.8	7.6
STD DEV	122	117	204	0.4	0.3	0.5
AVG-EXPERTS	2271	2811	2598	6.5	8.1	6.9