Baseline Update for US Agricultural Markets

Projections for agricultural and biofuel markets

August 2008

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FAPRI August 2008 Baseline Update for US Agricultural Markets

A lot has happened since FAPRI's 2008 baseline projections were prepared in January 2008. The Food, Conservation and Energy Act (FCEA) of 2008 became law, petroleum prices increased sharply and spring floods affected much of the Corn Belt.

This baseline update reflects these market and policy developments.

- The update incorporates provisions of FCEA, including changes in support prices and the new Average Crop Revenue Election (ACRE) program.

- Petroleum prices and macroeconomic assumptions are based on August 2008 projections by Global Insight, Inc., a private forecasting group. Average prices for West Texas Intermediate petroleum are assumed to exceed $120 per barrel for the next several years, far above the levels assumed in the January baseline.

- The update uses August 2008 USDA estimates of 2008 crop production levels and of 2007/08 marketing year results for supply, utilization and prices.

The projections cover a number of major US agricultural commodities, including corn, ethanol, wheat, soybeans, upland cotton, beef, pork, poultry, and dairy products. The tables cover the period through the 2013/14 marketing year for crops and through 2013 for livestock and dairy.

The tables report averages of 500 stochastic outcomes. These 500 alternative outcomes share a common set of policy assumptions, but make different assumptions about crop yields, petroleum prices, and a variety of other factors that affect commodity supply and demand.

Two policy assumptions are worthy of special mention:

1) Following the precedent of past FAPRI baselines, these estimates assume that biofuel tax credits and tariffs will be extended when they would otherwise expire.
2) The baseline assumes that in implementing the ACRE program, USDA will use the market prices of 2007/08 and 2008/09 in determining the 2009/10 benchmark level of revenue that determines ACRE payments.

The consequences of the second assumption are shown in the final table. If the 2009/10 benchmark revenue is instead based on 2006/07 and 2007/08 market prices, expected ACRE payments are sharply reduced. In the table, it is assumed that participation rates in the ACRE program would be unaffected in order to simplify the comparison. In reality, it is likely that ACRE participation rates would be much lower if 2006/07 and 2007/08 prices are used to determine the 2009/10 benchmark revenue.

This update should not be confused with a "full" FAPRI baseline exercise. The review process is much less exhaustive and the update only covers US markets. The trade figures should be treated with extreme caution, as they are not the result of a comprehensive analysis of global commodity markets. The next full FAPRI baseline process will begin in November 2008. A preliminary baseline will be prepared and reviewed at a workshop in December. Reviewer comments and other new information will be incorporated in the final baseline, which will be prepared in January 2009.

US Corn Supply and Utilization

September-August year	06/07	07/08	08/09	09/10	10/11	11/12	12/13	13/14
Area				(Million acres)				
Planted area	78.3	93.6	87.0	92.9	92.5	93.1	92.2	93.5
Harvested area	70.6	86.5	79.3	85.3	84.9	85.5	84.8	86.0
				(Bushels per harvested acre)				
Yield	149.1	151.1	155.0	155.9	158.3	160.4	162.5	164.8
				(Million bushels)				
Supply	12,514	14,396	13,878	14,448	14,700	14,964	15,069	15,391
Beginning stocks	1,967	1,304	1,576	1,132	1,238	1,235	1,268	1,197
Production	10,535	13,074	12,288	13,300	13,447	13,714	13,786	14,180
Imports	12	18	15	15	15	15	15	15
Domestic use	9,085	10,395	10,732	11,321	11,541	11,683	11,838	12,153
Feed and residual	5,595	6,050	5,307	5,185	5,196	5,266	5,196	5,210
Fuel alcohol	2,119	3,000	4,073	4,747	4,940	4,998	5,214	5,506
HFCS	510	490	501	523	531	536	538	540
Seed	24	22	24	24	24	24	24	24
Food and other	837	833	828	843	850	860	866	873
Exports	2,125	2,425	2,014	1,888	1,923	2,014	2,034	2,043
Total use	11,210	12,820	12,746	13,210	13,464	13,697	13,872	14,196
Ending stocks	1,304	1,576	1,132	1,238	1,235	1,268	1,197	1,196
CCC inventory	0	0	0	0	0	0	0	0
Under loan	116	120	47	66	66	74	68	70
Other stocks	1,188	1,456	1,085	1,172	1,169	1,193	1,129	1,125
Prices, program provisions				(Dollars per bushel)				
Farm price	3.04	4.25	5.44	5.25	5.24	5.15	5.26	5.28
Loan rate	1.95	1.95	1.95	1.95	1.95	1.95	1.95	1.95
Target price	2.63	2.63	2.63	2.63	2.63	2.63	2.63	2.63
Direct payment rate	0.28	0.28	0.28	0.28	0.28	0.28	0.28	0.28
				(Million acres)				
Base area	86.7	86.7	86.7	86.8	86.9	86.9	87.0	87.0
				(Bushels per acre)				
Direct payment yield	102.4	102.4	102.4	102.4	102.4	102.4	102.4	102.4
CCP yield	114.4	114.4	114.4	114.4	114.4	114.4	114.4	114.4
				(Percent)				
ACRE participation rate	n.a.	n.a.	n.a.	75.0	75.0	75.0	75.0	75.0
Returns and payments				(Dollars)				
Gross market revenue/a.	453.32	642.05	843.55	814.31	825.24	821.48	849.65	865.70
Variable expenses/a.	208.17	239.88	349.40	400.23	414.97	421.10	430.70	438.37
Market net return/a.	245.15	402.17	494.15	414.09	410.27	400.38	418.95	427.33
Marketing loan benefits/a.*	0.05	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ACRE payment/a.*	n.a.	n.a.	n.a.	5.32	9.09	9.70	8.11	8.51
CCP revenue/base a.*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Direct payment/base a.*	24.37	24.37	24.37	20.30	20.30	20.30	20.72	20.72

*Figures reported are averages across ACRE participants and nonparticipants.

US Ethanol Supply and Utilization

September-August year	06/07	07/08	08/09	09/10	10/11	11/12	12/13	13/14
Petroleum fuel prices				(Dollars per barrel)				
Petroleum, W. Texas interm.	63.28	106.32	127.26	126.14	123.32	120.60	122.16	125.01
Petroleum, refiners acquis.	59.38	99.60	118.25	118.25	116.62	114.38	116.34	119.58
Unl. gasoline, FOB Omaha	2.00	2.74	3.36	3.36	3.32	3.25	3.30	3.38
Unleaded gasoline, retail	2.61	3.34	3.97	3.97	3.94	3.87	3.93	4.01
Ethanol supply and use				(Million gallons)				
Production	5,883	8,372	11,413	13,389	14,030	14,326	15,109	16,168
From corn	5,732	8,226	11,190	13,114	13,714	13,945	14,621	15,516
From other feedstocks	151	146	212	253	277	294	311	326
Cellulosic	0	0	10	22	39	87	178	326
Net imports (ethyl alcohol)	589	249	489	464	611	644	870	1,014
Disappearance	6,393	8,538	11,757	13,746	14,603	14,950	15,941	17,128
Conventional	5,691	8,179	11,098	13,070	13,745	13,999	14,660	15,544
Cellulosic	0	0	10	22	39	87	178	326
Other advanced ethanol	702	358	649	654	819	864	1,103	1,258
Ending stocks	462	546	691	798	836	856	895	948
Ethanol Prices				(Dollars per gallon)				
Conventional rack, Omaha	2.32	2.40	2.55	2.49	2.45	2.42	2.48	2.52
Cellulosic rack			2.92	3.05	3.33	3.40	3.50	3.57
Other advanced rack			2.55	2.49	2.45	2.42	2.48	2.52
Effective retail	2.42	2.49	2.70	2.67	2.64	2.60	2.61	2.64
Ethanol/gasoline retail	92%	75%	68%	67%	67%	67%	67%	66%

US Biofuel Policies

Calendar year	2006	2007	2008	2009	2010	2011	2012	2013
				(Million gallons)				
Renewable Fuel Standard	4,000	4,700	9,000	11,100	12,950	13,950	15,200	16,550
Advanced biofuels				600	950	1,350	2,000	2,750
Cellulosic ethanol					100	250	500	1,000
Biodiesel				500	650	800	1,000	1,000
Taxes and tariffs				(Dollars per gallon)				
Conv. ethanol tax credit	0.51	0.51	0.51	0.45	0.45	0.45	0.45	0.45
Ethanol specific tariff	0.54	0.54	0.54	0.54	0.54	0.54	0.54	0.54
				(Percent)				
Ethanol ad-valorem tariff	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5

US Wheat Supply and Utilization

June-May year	06/07	07/08	08/09	09/10	10/11	11/12	12/13	13/14
Area				(Million acres)				
Planted area	57.3	60.4	63.5	59.6	58.2	58.3	58.4	58.1
Harvested area	46.8	51.0	56.6	50.6	49.6	49.6	49.7	49.5
				(Bushels per harvested acre)				
Yield	38.7	40.5	43.5	43.1	43.5	43.9	44.2	44.5
				(Million bushels)				
Supply	2,505	2,635	2,869	2,879	2,852	2,864	2,886	2,898
Beginning stocks	571	456	306	591	590	584	586	591
Production	1,812	2,067	2,462	2,187	2,162	2,179	2,200	2,206
Imports	122	113	101	101	101	101	100	100
Domestic use	1,140	1,066	1,303	1,327	1,330	1,338	1,360	1,370
Feed and residual	121	30	261	277	270	269	282	283
Seed	82	88	83	81	82	82	82	82
Food and other	938	948	959	969	978	987	996	1,005
Exports	909	1,264	1,010	962	939	939	934	936
Total use	2,049	2,330	2,313	2,289	2,268	2,277	2,294	2,306
Ending stocks	456	306	591	590	584	586	591	592
CCC inventory	41	0	35	35	35	35	35	35
Under loan	14	1	4	4	5	5	5	5
Other stocks	401	304	552	551	544	547	551	552
Prices, program provisions				(Dollars per bushel)				
Farm price	4.26	6.48	6.77	6.69	6.68	6.65	6.63	6.69
Loan rate	2.75	2.75	2.75	2.75	2.94	2.94	2.94	2.94
Target price	3.92	3.92	3.92	3.92	4.17	4.17	4.17	4.17
Direct payment rate	0.52	0.52	0.52	0.52	0.52	0.52	0.52	0.52
				(Million acres)				
Base area	74.8	74.7	74.8	74.9	75.0	75.1	75.2	75.3
				(Bushels per acre)				
Direct payment yield	34.5	34.5	34.5	34.5	34.5	34.5	34.5	34.5
CCP yield	36.1	36.1	36.1	36.1	36.1	36.1	36.1	36.1
				(Percent)				
ACRE participation rate	n.a.	n.a.	n.a.	65.0	65.0	65.0	65.0	65.0
Returns and payments				(Dollars)				
Gross market revenue/a.	164.91	262.54	294.55	288.27	290.20	290.79	292.13	297.12
Variable expenses/a.	87.50	100.36	151.03	174.90	181.97	184.74	188.80	192.27
Market net return/a.	77.41	162.18	143.52	113.37	108.23	106.05	103.34	104.85
Marketing loan benefits/a.*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ACRE payment/a.*	n.a.	n.a.	n.a.	3.77	4.07	4.03	4.38	4.70
CCP revenue/base a.*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Direct payment/base a.*	15.25	15.25	15.25	13.00	13.00	13.00	13.27	13.27

*Figures reported are averages across ACRE participants and nonparticipants.

US Soybean Supply and Utilization

September-August year	06/07	07/08	08/09	09/10	10/11	11/12	12/13	13/14
Area				(Million acres)				
Planted area	75.5	63.6	74.8	72.9	71.7	72.3	72.6	72.0
Harvested area	74.6	62.8	73.3	71.8	70.7	71.2	71.5	71.0
				(Bushels per harvested acre)				
Yield	42.7	41.2	40.5	41.8	42.4	42.8	43.2	43.7
				(Million bushels)				
Supply	3,647	3,169	3,114	3,151	3,175	3,232	3,287	3,301
Beginning stocks	449	574	135	139	174	179	187	194
Production	3,188	2,585	2,973	3,005	2,996	3,047	3,093	3,101
Imports	9	10	6	6	6	6	6	6
Domestic use	1,956	1,889	1,978	2,031	2,062	2,099	2,132	2,151
Crush	1,806	1,830	1,821	1,866	1,896	1,927	1,957	1,975
Seed and residual	150	59	157	165	167	172	175	176
Exports	1,116	1,145	998	948	936	948	963	958
Total use	3,073	3,034	2,976	2,979	2,999	3,046	3,094	3,109
Ending stocks	574	135	139	174	179	187	194	194
CCC inventory	0	0	0	0	0	0	0	0
Under loan	50	10	6	10	10	11	11	10
Other stocks	523	125	134	164	169	177	184	184
Prices, program provisions				(Dollars per bushel)				
Farm price	6.43	10.15	12.81	11.49	11.63	11.51	11.43	11.54
Loan rate	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Target price	5.80	5.80	5.80	5.80	6.00	6.00	6.00	6.00
Direct payment rate	0.44	0.44	0.44	0.44	0.44	0.44	0.44	0.44
				(Million acres)				
Base area	52.0	52.0	52.0	52.1	52.1	52.2	52.3	52.3
				(Bushels per acre)				
Direct payment yield	30.8	30.8	30.8	30.8	30.8	30.8	30.8	30.8
CCP yield	34.1	34.1	34.1	34.1	34.1	34.1	34.1	34.1
				(Percent)				
ACRE participation rate	n.a.	n.a.	n.a.	75.0	75.0	75.0	75.0	75.0
Returns and payments				(Dollars)				
Gross market revenue/a.	274.80	417.70	519.25	477.87	489.80	489.07	491.77	501.59
Variable expenses/a.	98.98	109.88	148.54	162.87	166.27	168.99	173.08	176.61
Market net return/a.	175.82	307.82	370.71	315.00	323.53	320.09	318.69	324.98
Marketing loan benefits/a.*	0.67	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ACRE payment/a.*	n.a.	n.a.	n.a.	11.27	14.21	12.11	11.62	9.05
CCP revenue/base a.*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Direct payment/base a.*	11.52	11.52	11.52	9.60	9.60	9.60	9.79	9.79
Product prices								
48% meal price/ton	205.44	335.00	349.31	298.70	294.92	288.74	286.20	287.77
Oil price/cwt.	31.02	53.00	56.99	56.66	58.28	58.96	58.95	59.20
Bioediesel rack/gallon	3.30	4.47	4.81	4.88	5.07	5.19	5.21	5.22

*Figures reported are averages across ACRE participants and nonparticipants.

US Upland Cotton Supply and Utilization

August-July year	06/07	07/08	08/09	09/10	10/11	11/12	12/13	13/14
Area				(Million acres)				
Planted area	14.95	10.54	9.04	9.28	10.74	10.03	10.34	10.11
Harvested area	12.41	10.20	7.66	8.32	9.63	8.99	9.26	9.04
				(Pounds per harvested acre)				
Yield	806	864	831	835	848	854	862	869
				(Million bales)				
Supply	26.82	27.70	23.33	20.00	21.03	20.53	20.96	20.92
Beginning stocks	5.99	9.34	10.08	5.50	4.01	4.51	4.33	4.52
Production	20.82	18.36	13.25	14.49	17.02	16.01	16.62	16.39
Imports	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Domestic mill use	4.90	4.57	4.42	4.14	3.93	3.69	3.50	3.38
Exports	12.34	13.07	13.40	11.85	12.59	12.51	12.94	13.03
Total use	17.23	17.63	17.83	15.99	16.52	16.19	16.44	16.41
Ending stocks	9.34	10.08	5.50	4.01	4.51	4.33	4.52	4.51
CCC inventory	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other stocks	9.33	10.08	5.50	4.01	4.51	4.33	4.52	4.51
Prices, program provisions				(Cents per pound)				
Farm price	46.5	57.0	65.8	72.5	70.6	71.8	71.2	71.8
Adjusted world price	44.7	57.9	61.2	65.2	64.2	65.3	65.0	65.7
Loan rate	52.0	52.0	52.0	52.0	52.0	52.0	52.0	52.0
Target price	72.4	72.4	71.3	71.3	71.3	71.3	71.3	71.3
Direct payment rate	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7
				(Million acres)				
Base area	18.38	18.37	18.39	18.40	18.42	18.44	18.45	18.47
				(Pounds per acre)				
Direct payment yield	599	599	599	599	599	599	599	599
CCP yield	634	634	634	634	634	634	634	634
				(Percent)				
ACRE participation rate	n.a.	n.a.	n.a.	10.0	10.0	10.0	10.0	10.0
Returns and payments				(Dollars)				
Gross market revenue/a.	440.29	595.65	667.37	714.89	706.15	723.00	723.18	735.23
Variable expenses/a.	374.47	428.69	559.25	617.51	635.90	647.53	662.69	675.49
Market net return/a.	65.82	166.96	108.12	97.37	70.25	75.47	60.50	59.74
Marketing loan benefits/a.*	73.86	0.00	27.14	20.58	22.01	20.17	19.67	16.87
ACRE payment/a.*	n.a.	n.a.	n.a.	0.79	1.35	1.34	1.50	1.33
CCP revenue/base a.*	73.99	47.05	14.72	6.71	8.26	6.84	7.26	6.32
Direct payment/base a.*	33.96	33.96	33.96	32.62	32.62	32.62	33.28	33.28
				(Dollars per ton)				
Cottonseed price	111.00	160.00	197.64	177.36	171.30	174.05	171.83	173.19

*Figures reported are averages across ACRE participants and nonparticipants.

US Rice Supply and Utilization

August-July year	06/07	07/08	08/09	09/10	10/11	11/12	12/13	13/14
Area				(Million acres)				
Planted area	2.84	2.76	2.90	3.07	2.89	2.67	2.72	2.69
Harvested area	2.82	2.75	2.88	3.05	2.87	2.66	2.70	2.67
				(Pounds per harvested acre)				
Yield	6,868	7,185	7,116	7,154	7,222	7,293	7,358	7,423
				(Million hundredweight)				
Supply	257.3	260.3	259.0	267.2	257.3	244.5	249.3	249.5
Beginning stocks	43.0	39.3	29.6	23.9	24.1	24.4	24.1	24.1
Production	193.7	197.5	204.9	218.2	207.5	193.9	198.7	198.4
Imports	20.6	23.5	24.6	25.1	25.7	26.1	26.6	27.0
Domestic use	127.2	124.7	125.5	128.6	131.4	133.0	134.6	136.1
Exports	90.8	106.0	109.7	114.5	101.4	87.4	90.7	89.4
Total use	218.0	230.7	235.2	243.0	232.8	220.4	225.3	225.5
Ending stocks	39.3	29.6	23.9	24.1	24.4	24.1	24.1	24.0
CCC inventory	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other stocks	39.2	29.6	23.9	24.1	24.4	24.1	24.1	24.0
Prices, program provisions				(Dollars per hundredweight)				
Farm price	9.96	12.60	15.15	14.27	13.43	13.54	13.53	13.54
Adjusted world price	7.33	11.66	12.73	11.53	10.32	10.30	10.21	10.10
Loan rate	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50
Target price	10.50	10.50	10.50	10.50	10.50	10.50	10.50	10.50
Direct payment rate	2.35	2.35	2.35	2.35	2.35	2.35	2.35	2.35
				(Million acres)				
Base area	4.48	4.48	4.48	4.48	4.48	4.48	4.48	4.48
				(Pounds per acre)				
Direct payment yield	4,820	4,820	4,820	4,820	4,820	4,820	4,820	4,820
CCP yield	5,128	5,128	5,128	5,128	5,128	5,128	5,128	5,128
				(Percent)				
ACRE participation rate	n.a.	n.a.	n.a.	10.0	10.0	10.0	10.0	10.0
Returns and payments				(Dollars)				
Gross market revenue/a.	684.02	905.37	1078.38	1020.17	971.52	987.22	996.17	1004.37
Variable expenses/a.	446.68	493.49	697.90	769.94	784.79	795.28	813.07	828.15
Market net return/a.	237.34	411.88	380.49	250.23	186.74	191.94	183.10	176.23
Marketing loan benefits/a.*	0.00	0.00	2.91	5.87	11.20	12.20	13.69	16.59
ACRE payment/a.*	n.a.	n.a.	n.a.	3.05	4.43	3.37	3.38	3.62
CCP revenue/base a.*	0.00	0.00	0.09	0.77	1.21	1.29	1.25	1.25
Direct payment/base a.*	96.27	96.27	96.27	92.46	92.46	92.46	94.34	94.34

*Figures reported are averages across ACRE participants and nonparticipants.

US Cattle Sector

Calendar year	2006	2007	2008	2009	2010	2011	2012	2013
				(Million head)				
Beef cows (Jan. 1)	33.0	32.9	32.6	32.1	31.6	31.2	30.9	30.8
Dairy cows (Jan. 1)	9.1	9.1	9.2	9.2	9.2	9.2	9.2	9.2
Cattle and calves (Jan. 1)	96.7	97.0	96.7	96.2	95.7	94.9	93.9	93.1
Calf crop	37.5	37.4	37.2	36.9	36.6	36.4	36.3	36.2
Calf death loss	2.3	2.4	2.3	2.2	2.2	2.2	2.2	2.2
Calf slaughter	0.7	0.8	0.9	0.8	0.8	0.8	0.8	0.8
Beef cow slaughter	3.0	3.2	3.4	3.4	3.3	3.1	3.0	2.9
Dairy cow slaughter	2.4	2.5	2.6	2.8	2.8	2.8	2.8	2.8
Bull slaughter	0.5	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Steer and heifer slaughter	27.9	28.1	28.0	27.6	27.9	28.1	28.1	27.9
Total slaughter	34.6	35.2	35.5	35.2	35.3	35.4	35.2	34.9
Cattle imports	2.3	2.5	2.6	2.7	2.7	2.7	2.8	2.8
Cattle exports	0.0	0.1	0.1	0.0	0.1	0.1	0.1	0.1
Cattle death loss	2.4	2.5	2.4	2.4	2.3	2.3	2.3	2.3
Residual	-0.1	0.0	0.0	0.0	0.1	0.3	0.4	0.4
Cattle and calves (Dec. 31)	97.0	96.7	96.2	96.0	95.2	94.3	93.6	93.1
Cattle on feed (Jan. 1)	14.1	14.3	14.3	13.2	13.5	13.9	14.0	13.7
Supply				(Million pounds)				
Beginning stocks	571	630	630	631	635	636	660	646
Imports	3,085	3,052	2,598	3,313	3,475	3,565	3,585	3,534
Production	26,257	26,523	26,759	26,610	26,804	26,973	26,936	26,810
Total	29,913	30,205	29,987	30,554	30,914	31,174	31,181	30,989
Disappearance								
Domestic use	28,138	28,141	27,619	27,503	27,699	27,840	27,821	27,728
Exports	1,145	1,434	1,737	1,937	2,116	2,296	2,417	2,459
Total	29,283	29,575	29,356	29,440	29,815	30,136	30,238	30,187
Ending stocks	630	630	631	635	636	660	646	629
Per capita consumption				(Pounds)				
Carcass weight	93.8	92.9	90.4	89.2	89.1	88.8	88.0	87.0
Retail weight	65.6	65.0	63.3	62.5	62.4	62.2	61.6	60.9
Change	0.4%	-0.9%	-2.7%	-1.3%	-0.2%	-0.3%	-0.9%	-1.2%
Prices								
1100 - 1300 #, Nebraska				(Dollars per hundredweight)				
Direct steers	85.41	91.82	94.11	97.11	97.90	100.69	106.15	111.92
Change	-2.1%	7.5%	2.5%	3.2%	0.8%	2.8%	5.4%	5.4%
600 - 650 #, Oklahoma City								
Feeder steers	117.68	115.48	111.82	106.84	108.78	114.05	123.71	131.52
Change	-2.0%	-1.9%	-3.2%	-4.4%	1.8%	4.8%	8.5%	6.3%
Utility cows, Sioux Falls	47.56	52.12	55.68	55.82	56.40	59.04	62.71	66.87
Change	-12.5%	9.6%	6.8%	0.3%	1.0%	4.7%	6.2%	6.6%
Boxed beef cutout	146.82	149.80	157.97	162.31	164.20	168.74	176.77	184.92
Change	0.7%	2.0%	5.5%	2.7%	1.2%	2.8%	4.8%	4.6%
				(Dollars per pound)				
Beef retail	3.97	4.16	4.28	4.40	4.50	4.65	4.86	5.04
Change	-3.0%	4.7%	2.8%	3.0%	2.3%	3.2%	4.5%	3.8%
Cow-calf returns				(Dollars per cow)				
Receipts	573.58	573.09	563.18	543.43	553.32	579.81	626.09	665.22
Feed expenses	154.97	158.78	168.23	163.15	160.16	159.95	159.55	158.90
Non-feed expenses	366.09	386.46	434.72	449.13	463.86	471.69	483.23	493.59
Net returns	52.52	27.85	-39.77	-68.86	-70.69	-51.83	-16.69	12.73

US Swine Sector

Calendar year	2006	2007	2008	2009	2010	2011	2012	2013
				(Million head)				
Breeding herd (Dec. 1*)	6.01	6.09	6.16	6.09	5.96	5.84	5.77	5.79
Gilts added	3.40	3.48	3.55	3.44	3.32	3.28	3.32	3.39
Sow slaughter	3.26	3.34	3.56	3.50	3.38	3.29	3.24	3.26
Sows farrowed	11.63	12.25	12.27	12.08	11.87	11.76	11.78	11.97
Pigs per litter (head)	9.08	9.22	9.34	9.24	9.29	9.33	9.38	9.42
Market hogs (Dec. 1*)	55.4	56.4	62.0	60.5	60.1	59.2	58.7	58.9
Pig crop	105.6	112.9	114.7	113.2	111.7	111.0	111.8	114.0
Barrow and gilt slaughter	101.1	105.3	113.2	110.6	109.4	108.2	108.0	109.3
Hog imports	8.8	10.0	9.5	10.0	10.5	10.5	10.7	10.8
Hog exports	0.2	0.1	0.2	0.1	0.1	0.1	0.1	0.1
Death loss/residual	12.1	11.9	12.2	13.0	13.6	13.7	14.1	14.5
Market hogs (Nov.30)	56.4	62.0	60.5	60.1	59.2	58.7	58.9	59.9
Supply				(Million pounds)				
Beginning stocks	494	514	536	621	613	603	592	590
Imports	990	968	862	976	1,070	1,117	1,137	1,144
Production	21,075	21,962	23,552	23,070	22,854	22,663	22,702	23,053
Total	22,559	23,444	24,950	24,667	24,537	24,383	24,431	24,787
Disappearance								
Domestic use	19,050	19,767	19,344	19,209	19,293	19,135	19,044	19,225
Exports	2,995	3,141	4,985	4,719	4,488	4,526	4,685	4,840
Total	22,045	22,908	24,329	23,928	23,781	23,661	23,728	24,065
Ending stocks	514	536	621	613	603	592	590	603
Per capita consumption				(Pounds)				
Carcass weight	63.5	65.3	63.3	62.3	62.1	61.0	60.2	60.3
Retail weight	49.3	50.7	49.1	48.4	48.2	47.4	46.7	46.8
Change	-1.3%	2.8%	-3.0%	-1.6%	-0.4%	-1.7%	-1.3%	0.1%
Prices								
Natl. base 51-52% lean equiv.				(Dollars per hundredweight)				
Barrows & gilts	47.26	47.09	48.76	54.13	55.93	60.82	64.00	63.04
Change	-5.6%	-0.4%	3.5%	11.0%	3.3%	8.7%	5.2%	-1.5%
IA-S. Minn. #1-2, 300-400 #								
Sows	36.24	35.38	24.87	32.15	37.67	44.36	48.98	48.04
Change	-15.1%	-2.4%	-29.7%	29.3%	17.2%	17.7%	10.4%	-1.9%
Pork cutout value	67.62	67.54	72.79	78.49	81.65	87.03	91.10	91.05
Change	-3.2%	-0.1%	7.8%	7.8%	4.0%	6.6%	4.7%	-0.1%
				(Dollars per pound)				
Pork retail	2.81	2.87	2.93	3.11	3.26	3.42	3.55	3.54
Change	-0.7%	2.2%	2.2%	5.9%	5.0%	5.0%	3.6%	-0.2%
Farrow-finish returns				(Dollars per hundredweight)				
Receipts	45.58	48.20	50.85	57.58	59.90	65.12	68.56	67.58
Feed expenses	21.11	25.76	34.46	38.32	36.47	36.80	36.29	36.74
Non-feed expenses	18.28	21.28	24.38	24.80	24.97	25.12	25.44	25.72
Net returns	6.20	1.16	-7.99	-5.54	-1.54	3.21	6.83	5.12

* Preceding year

US Poultry Supply and Use

Calendar year	2006	2007	2008	2009	2010	2011	2012	2013
Broiler				(Million pounds)				
Production	35,369	35,739	36,639	36,507	36,862	37,355	37,875	38,354
Domestic use	30,402	29,909	30,152	30,173	30,362	30,712	31,059	31,391
Exports	5,205	5,904	6,562	6,390	6,538	6,710	6,893	7,043
Ending stocks	732	719	705	711	740	746	748	750
Turkey								
Production	5,612	5,880	6,114	6,010	5,970	5,967	5,986	6,006
Domestic use	5,065	5,300	5,479	5,390	5,351	5,335	5,334	5,338
Exports	547	547	623	605	618	626	633	644
Ending stocks	218	261	286	286	278	269	267	266
Eggs				(Million dozens)				
Production	7,610	7,547	7,550	7,548	7,574	7,622	7,669	7,704
Domestic use	6,428	6,297	6,349	6,324	6,348	6,391	6,433	6,463
Hatching egg	992	1,015	1,014	1,017	1,016	1,019	1,023	1,026
Exports	202	250	201	230	239	249	259	269
Ending stocks	13	11	12	12	12	12	12	12
Prices				(Cents per pound)				
12 city wholesale broiler	64.36	76.42	81.41	85.02	87.37	90.91	93.30	94.60
Broiler retail	157.06	165.11	174.61	179.78	183.83	191.31	199.08	204.79
East. region wholesale turkey	76.95	82.06	88.81	93.40	97.03	102.26	105.38	107.20
Turkey retail	110.82	114.99	123.80	127.29	132.03	138.67	145.31	150.38
				(Cents per dozen)				
NY grade A large egg	71.76	114.36	130.10	128.97	133.87	135.04	135.49	136.95
Shell egg retail	130.63	167.63	202.12	201.69	205.89	209.42	212.66	216.26
Per capita consumption				(Pounds)				
Broiler	101.3	98.8	98.7	97.9	97.7	98.0	98.2	98.4
Turkey	16.9	17.5	17.9	17.5	17.2	17.0	16.9	16.7
				(Eggs)				
Eggs	257.0	249.5	249.4	246.3	245.1	244.6	244.1	243.2
Feed-price ratios				(Ratio)				
Broiler	5.7	5.0	3.7	3.8	4.3	4.6	4.8	4.9
Turkey	7.7	6.0	4.2	4.4	4.9	5.4	5.7	5.8
Eggs	7.5	10.2	8.3	7.6	8.4	8.5	8.5	8.6

US Dairy Sector

Calendar year	2006	2007	2008	2009	2010	2011	2012	2013
US milk supply								
Dairy cows (thou. head)	9,112	9,158	9,261	9,214	9,206	9,200	9,186	9,164
Milk yield (lbs. per cow)	19,951	20,266	20,468	20,764	21,098	21,397	21,700	21,979
Milk production (bil. lbs.)	181.8	185.6	189.6	191.3	194.2	196.9	199.3	201.4
Min. FMMO class prices	(Dollars per hundredweight)							
Class I mover	11.88	18.14	17.85	18.34	18.04	17.87	17.85	17.64
Class II	11.76	18.36	16.83	17.46	17.07	16.82	16.75	16.62
Class III	11.89	18.04	18.07	18.27	17.93	17.75	17.67	17.53
Class IV	11.06	18.36	16.13	16.76	16.37	16.12	16.05	15.92
All milk price	12.96	19.21	18.98	19.38	19.03	18.82	18.76	18.58
MILC payment	0.61	0.00	0.00	0.00	0.02	0.03	0.02	0.03
Wholesale prices	(Dollars per pound)							
Butter, CME	1.24	1.37	1.42	1.47	1.39	1.37	1.38	1.38
Cheese, Amer., 40#, CME	1.24	1.76	1.92	1.93	1.90	1.89	1.88	1.86
Nonfat dry milk, AA	1.00	1.80	1.38	1.43	1.42	1.40	1.39	1.38
Evaporated	1.50	1.94	1.72	1.75	1.75	1.76	1.77	1.77
Dairy product production	(Million pounds)							
American cheese	3,913	3,878	4,042	4,032	4,085	4,140	4,184	4,228
Other cheese	5,612	5,823	5,836	5,931	6,070	6,232	6,385	6,523
Butter	1,448	1,533	1,705	1,754	1,790	1,785	1,786	1,775
Nonfat dry milk	1,467	1,466	1,792	1,875	1,962	2,005	2,064	2,101

Net Government Outlays

Fiscal year	2006	2007	2008	2009	2010	2011	2012	2013
				(Million dollars)				
Feed grains								
Corn	8,804	3,195	2,035	1,960	1,757	2,261	2,231	2,718
Sorghum	578	150	195	190	172	204	175	213
Barley	159	58	79	80	70	87	79	98
Oats	2	2	2	3	3	7	8	10
Food grains								
Wheat	1,080	729	1,135	1,086	984	1,205	1,009	1,236
Rice	605	337	401	448	434	453	377	475
Oilseeds								
Soybeans	591	337	508	560	502	1,347	1,446	1,417
Peanuts	404	336	130	152	109	114	91	128
Other oilseeds	54	6	22	19	17	34	31	32
Other commodities								
Upland cotton	3,982	2,592	1,354	1,321	1,117	1,089	887	1,043
Sugar	10	25	-34	10	-6	4	4	-2
Dairy	412	159	0	57	53	60	55	45
CCC conservation								
Conservation reserve	1,896	1,963	2,016	1,897	1,868	1,801	1,777	1,745
Other CCC conservation	22	29	140	241	111	5	0	0
Tobacco Trust Fund	891	934	960	960	960	960	960	960
Other CCC								
Disaster payments, NAP	428	178	3,951	1,332	1,330	1,225	1,180	1,180
Other net costs	292	11	312	551	638	670	666	667
Net CCC Outlays	20,211	11,040	13,206	10,867	10,119	11,527	10,977	11,965

Selected Direct Government Payments

Marketing year	06/07	07/08	08/09	09/10	10/11	11/12	12/13	13/14
				(Million dollars)				
Direct payments	5,186	4,494	4,499	4,503	4,599	4,603	4,603	4,603
Marketing loans	216	196	260	227	234	215	221	260
Countercyclical payments	292	149	185	167	175	163	169	193
ACRE payments	0	1,683	2,283	2,203	2,039	1,901	1,863	2,105
Total	5,694	6,521	7,228	7,100	7,047	6,881	6,856	7,161

Note: Includes selected payments for feed grains, food grains, oilseeds, and upland cotton

Impacts of Alternative ACRE Rules

	2009/10 benchmark uses 2007/08 and 2008/09 prices	2009/10 benchmark uses 2006/07 and 2007/08 prices	Absolute difference	Percentage difference
Moving average of prices used to determine ACRE benchmark in 2009/10	(Dollars per bushel)			
Corn	4.85	3.65	-1.20	-25%
Wheat	6.62	5.37	-1.25	-19%
Soybeans	11.48	8.29	-3.19	-28%
	(Cents per pound)			
Upland cotton	61.40	51.75	-9.65	-16%
Rice	13.88	11.28	-2.60	-19%
ACRE payments to participants	(Dollars per acre, 2009/10-2013/14 average)			
Corn	10.86	2.62	-8.24	-76%
Wheat	6.45	4.13	-2.32	-36%
Soybeans	15.54	5.22	-10.32	-66%
Upland cotton	12.61	6.95	-5.66	-45%
Rice	35.70	20.95	-14.75	-41%
Total ACRE payments assuming no change in participation rates	(Million dollars)			
2009/10	1,683	142	-1,541	-92%
2010/11	2,283	290	-1,993	-87%
2011/12	2,203	651	-1,552	-70%
2012/13	2,039	1,012	-1,027	-50%
2013/14	1,901	1,363	-538	-28%
2009/10 - 2013/14 average	2,022	692	-1,330	-66%
Net CCC outlays assuming no change in participation rates	(Million dollars)			
FY 2009	10,867	10,867	0	0%
FY 2010	10,119	10,123	4	0%
FY 2011	11,527	9,999	-1,527	-13%
FY 2012	10,977	8,994	-1,983	-18%
FY 2013	11,965	10,416	-1,549	-13%

Note: Figures represent averages of 500 stochastic outcomes. For any particular commodity in any particular state in any particular year, ACRE payments are zero in most of these 500 outcomes. The reported figures represent an average of these outcomes, which include many cases of no payments and some instances of very large payments.

ACRE payments are made in October of the year after the year in which the crop is harvested. Thus, payments associated with the 2009/10 crop are made in October 2010, which is part of fiscal year 2011.

The tables on previous pages assume that the 2009/10 benchmark revenue for determining ACRE payments is based on US average market prices in 2007/08 and 2008/09.