

World Agricultural Supply and Demand Estimates - March 2011

The forecasts for red meat and poultry production and prices in 2011 have been raised from a month ago, according to the latest USDA *World Agricultural Supply and Demand Estimates*.



Livestock, Poultry and Dairy

The forecast for 2011 red meat and poultry production is raised from last month, reflecting increased production of beef, pork, broilers, and turkeys. Fed cattle slaughter will reflect expected strength in feedlot placements during early 2011 and relatively large dairy cow slaughter in the first part of 2011 will also contribute to higher beef production. However, the effects of increased cattle slaughter will be partly mitigated by lower expected carcass weights. Pork production is increased from last month as carcass weights thus far in the first quarter are well above last year. Broiler and turkey production is forecast higher in the first half of 2011. The broiler production increase largely reflects relatively heavy bird weights but the increase in turkey production forecast reflects higher increases in poult placements as well as increased bird weights. The egg production forecast is raised as the table egg type laying flock has been increasing. Estimates of 2010 poultry and egg production are adjusted to reflect data revisions.

The forecast for beef exports for 2011 is raised from last month on strength in exports to Asia. The beef import forecast is reduced as supplies in several exporting countries are expected to remain tight and a relatively weak US dollar is expected to constrain shipments. The pork and poultry export forecasts for 2011 are unchanged from last month. Trade estimates for 2010 reflect import and export data for December.

Despite the higher production forecasts, prices for livestock and poultry are raised from last month. Robust exports and improving domestic demand in the face of relatively tight meat supplies are expected to support higher price forecasts for cattle, hogs, broilers, and turkeys. Egg prices in the first quarter are forecast lower due to recent price declines.

The milk production forecast for 2011 is reduced from last month. Relatively high milk prices and increased supplies of replacement heifers are expected to encourage further increases in the cow herd through much of the year, but the rate of increase in milk per cow is forecast slower than last month. Exports are forecast higher as global nonfat dry milk and cheese demand remains strong with tight supplies in competitor markets expected through the first half of 2011. Estimates of 2010 milk production are adjusted to reflect data revisions.

Dairy product prices are forecast higher this month on strong early year prices. Strong international demand and improving domestic demand will support prices for most products. Currently tight butter stocks are also helping support butter prices. Class III and Class IV price forecasts are raised to reflect higher product prices. The all milk price is forecast to average \$18.10 to \$18.70 per cwt for 2011.

Wheat

US wheat ending stocks for 2010/11 are projected higher this month on reduced export prospects. Projected exports are lowered 25 million bushels with increased world supplies of high quality wheat, particularly in Australia, and a slower-than-expected pace of US shipments heading into the final quarter of the wheat marketing year. By-class changes include lower projected exports for Hard Red Spring, White, and durum wheat, partly offset by small increases for Hard Red Winter and Soft Red Winter wheat. The marketing-year average price received by producers is projected at \$5.60 to \$5.80 per bushel, unchanged from last month.

Global 2010/11 wheat supplies are projected 1.9 million tons higher reflecting higher production. Argentina production is raised 1.0 million tons based on higher reported yields. Australia production is raised 1.0 million tons with higher yields in Western Australia where wheat quality was not hurt by harvest rains as in the east. Other production changes include a 0.5-million-ton reduction for EU-27 with a smaller crop reported for Denmark and a 0.6-million-ton increase for Saudi Arabia on an upward revision to area.

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Global 2010/11 wheat consumption is projected lower with the biggest change being a 1.5-million-ton reduction in expected wheat feeding for Russia. With increased global production and reduced usage, world ending stocks for 2010/11 are projected 4.1 million tons higher.

Coarse Grains

The US feed grain balance sheet for 2010/11 is nearly unchanged this month. Projections for corn, sorghum, and oats supplies, usage, and ending stocks are all unchanged. Barley exports are lowered 2 million bushels reflecting the slow pace of shipments and sales to date. The projected marketing-year average farm price for corn is narrowed 10 cents on both ends of the range to \$5.15 to \$5.65 per bushel. Farm price projections for sorghum and barley are lowered slightly and the oats farm price projection is raised slightly, all reflecting reported prices to date.

Global coarse grain supplies for 2010/11 are projected 2.5 million tons lower this month with lower corn beginning stocks and reduced corn, barley, sorghum, and oats production. Global corn beginning stocks are lowered 0.6 million tons with upward revisions to Brazil exports and India feeding in 2009/10.

Global 2010/11 corn production is reduced 0.5 million tons as lower production in Mexico and India is partially offset by higher production in Brazil. Brazil corn production for 2010/11 is raised 2.0 million tons reflecting higher reported area and yields in the summer crop and expectations for increased area for the winter crop with government planting dates extended for crop insurance and loan programmes. Mexico corn production is reduced 2.0 million tons as the unusual early February freeze destroyed standing corn crops across much of the northwest winter corn region, which normally accounts for about one-fourth of the country's total corn production. Replanting is expected to offset some of the loss, but seasonally high temperatures in the coming months limit the growing season window.

Global 2010/11 sorghum and barley production are each lowered 0.5 million tons

and oats production is lowered 0.3 million tons. Lower sorghum output for India more than offsets an increase for Australia. Lower barley and oats output for Australia account for most of the reduction in world production for these coarse grains.

Global 2010/11 coarse grain imports are raised this month as increases for corn and sorghum more than offset a reduction for barley. Corn imports are raised 1.1 million tons for Mexico with the lower production outlook. Corn imports are raised 1.0 million tons for EU-27 on stronger expected feeding. A 0.5-million-ton reduction for Russia corn imports is partly offsetting. Sorghum imports are raised for EU-27 and barley imports are lowered for Russia, Saudi Arabia, and China. Increased corn feeding in EU-27 is more than offset by reductions in feeding in Russia and lower food, seed, and industrial use in India and Mexico. Projected global corn ending stocks are raised slightly.

Oilseeds

US soybean supply and use projections for 2010/11 are mostly unchanged from last month. A higher soybean meal extraction rate is offset by a small increase in soybean meal exports, leaving the projected soybean crush unchanged. Soybean oil production is increased due to a higher soybean oil extraction rate. Soybean oil used for biodiesel for 2010/11 is projected at 2.7 billion pounds, down 200 million from last month due to lower-than-expected production through January. Soybean oil exports are increased 200 million pounds to 3.0 billion reflecting continued strong export shipments and sales. Soybean oil stocks are projected at 2.4 billion pounds, down 165 million from last month. If realized, soybean oil ending stocks would be the lowest in 6 years.

The US season-average soybean price range for 2010/11 is projected at \$11.10 to \$12.10 per bushel, down 10 cents on both ends of the range. Soybean oil prices are forecast at 51.5 to 55.5 cents per pound, up 0.5 cents on both ends. Soybean meal prices are forecast at \$340 to \$370 per short ton, down 10 dollars on the high end.

Global oilseed production for 2010/11 is projected at 444.2 million tons, up 2.4 million tons from last month. Foreign production, projected at 343.7 million tons, accounts for all of the change. Brazil soybean production is forecast at a record 70.0 million tons, up 1.5 million tons from last month due to higher projected yields. Soybean production is also raised for China. Global sunflowerseed production is raised 0.3 million tons due to higher estimates for China and EU-27. Global cottonseed production is reduced with lower production in China, India, and Uzbekistan only partly offset by increases for Australia and Brazil.

Global oilseed supplies, crush, and ending stocks are projected higher this month. Soybean crush is projected higher for Brazil and India, and sunflowerseed crush is raised for China and EU-27. Higher soybean stocks for Brazil and Argentina are only partly offset by reductions for China, Canada, and India. Higher rapeseed stocks are projected for EU-27, Australia, and Turkey. Global protein meal production, consumption, and stocks are all projected higher this month.