

Iowa's Agricultural Situation

Projected Corn and Soybean Yields Down Slightly from Last Year, and Continuing Profits Expected in Hog Markets

Alexander Saak
 asaak@card.iastate.edu
 515-294-0696

Chad Hart
 chart@card.iastate.edu
 515-294-9911

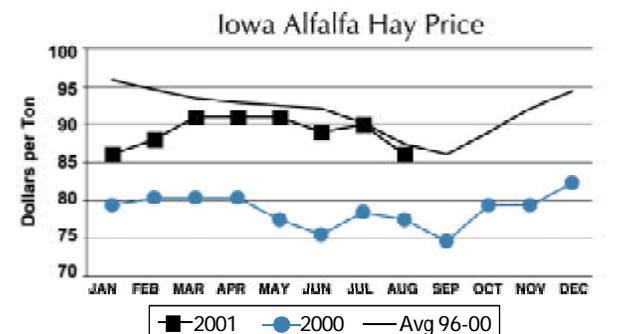
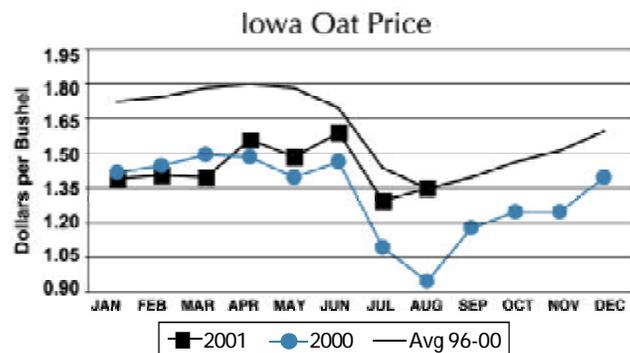
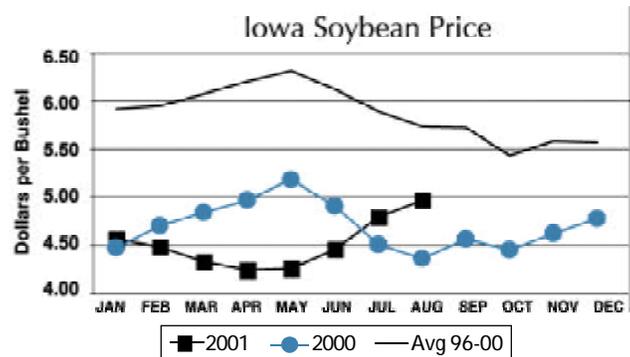
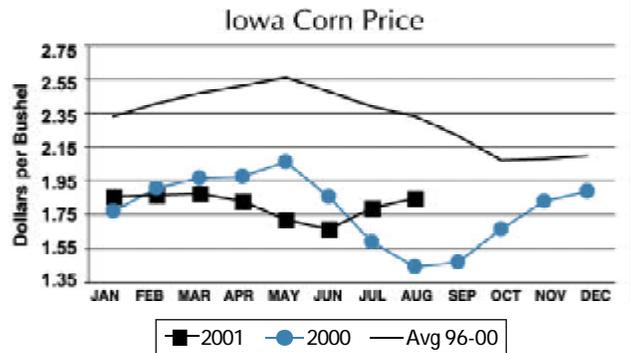
The harvest season, accompanied by the humming of combines and the bright colors of autumn, now reigns over the midwestern plains. Hot and dry August weather has somewhat hampered progress and has led to a delayed harvest, which continues to stay a couple weeks behind schedule. While foreign demand may be influenced by the fluctuations in the U.S. dollar and increased shipping costs, domestic demand may expand because the major bulk of grain is used as livestock feed, and livestock numbers are on the rise. On the livestock side, data indicates that the national beef cow herd remains stable while pork inventories appear to be more than usually depleted as compared to this time last year, which may translate into higher livestock prices this fall.

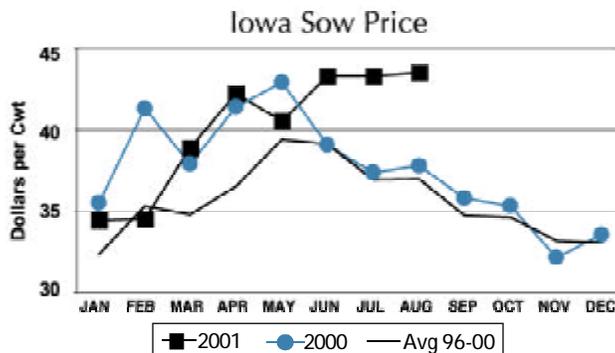
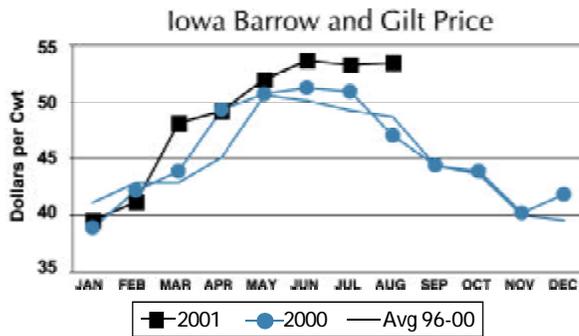
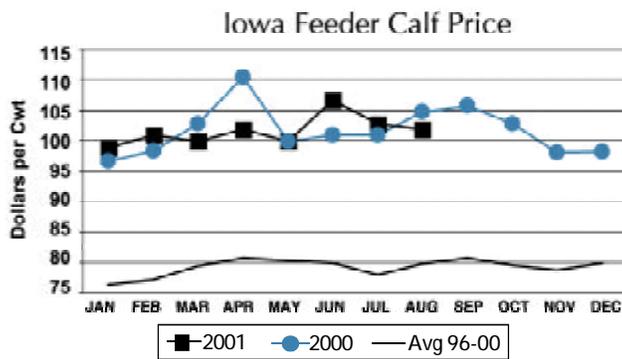
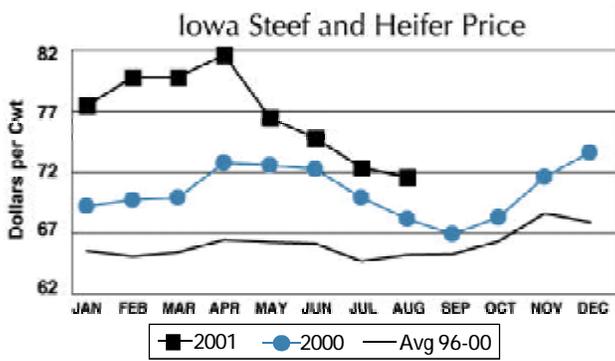
CROPS

Iowa Corn. Overall, it appears that this year's Iowa corn crop will be close to the five-year average. Corn ripened faster over the second half of September, even though corn development lagged behind at the beginning of the season. According to the U.S. Department of Agriculture's (USDA) *Iowa Crops and Weather* reports, by October 14, corn crop matured and was safe from frost on 98 percent of the total acres. Only 14 percent of the state's corn acreage was in the bin compared to 73 percent last year and 40 percent on average. The moisture level of harvested corn was recorded at 20 percent across the state, which was 4 percent lower than that of corn remaining in the field. The corn condition is fairly stable, rated at 58 percent good to excellent, a rating lower than that of last year's crop. October 1 estimates have Iowa's corn crop projected to yield 141 bushels per acre, up 2.2 percent from the previous estimate. If this forecast is on the mark, the realized yield will be 4 bushels below last year, for a total of 1.62 billion bushels, down 7 percent from last year. In September, the price of corn in Iowa averaged \$1.85 per bushel, up \$0.39 from a year ago.

U.S. Corn. On the national scene, in October the USDA raised corn yield estimates to 136.3 bushels per acre, up 2.2 percent from the September *Crop Production* report. This

Continued on page 10





Iowa Cash Receipts Jan. - June

| | 2001 | 2000 | 1999 |
|-------------------|-------|-------|-------|
| (Million Dollars) | | | |
| Crops | 2,163 | 2,256 | 2,249 |
| Livestock | 2,786 | 2,947 | 2,323 |
| Total | 4,949 | 5,203 | 4,572 |

World Stocks-to-Use Ratios

| | Crop Year | | |
|-----------|-------------------------------|-----------------------|---------------------|
| | 2001/02 (Sept. Projection) | 2000/01 (Estimate) | 1999/00 (Actual) |
| (Percent) | | | |
| Corn | 19.23 | 25.83 | 28.25 |
| Soybeans | 14.72 | 16.65 | 16.78 |
| Wheat | 22.60 | 26.92 | 28.34 |

Average Farm Prices Received by Iowa Farmers

| | Aug* 2001 | July 2001 | Aug 2000 |
|------------------|--------------|--------------|-------------|
| (\$/Bushel) | | | |
| Corn | 1.83 | 1.79 | 1.43 |
| Soybeans | 4.87 | 4.77 | 4.32 |
| Oats | 1.35 | 1.29 | 0.93 |
| (\$/Ton) | | | |
| Alfalfa | 86.00 | 90.00 | 77.00 |
| All Hay | 85.00 | 89.00 | 76.00 |
| (\$/Cwt.) | | | |
| Steers & Heifers | 71.30 | 72.10 | 67.70 |
| Feeder Calves | 102.00 | 103.00 | 105.00 |
| Cows | 44.90 | 44.70 | 40.70 |
| Barrows & Gilts | 53.60 | 53.40 | 46.90 |
| Sows | 43.80 | 43.60 | 37.90 |
| Sheep | | 37.40 | 31.00 |
| Lambs | | 60.10 | 85.10 |
| (\$/Dozen) | | | |
| Eggs | 0.27 | 0.22 | 0.40 |
| (\$/Cwt.) | | | |
| All Milk | 16.20 | 15.90 | 11.90 |

*Mid-month

yield would be the third highest on record. These numbers came as a surprise because the September estimates were lower than those in August. Historically, a low September projection has indicated a lower-than-expected national corn yield, which suggests a stronger harvest-time price outlook. However, the release of unexpectedly high October crop forecasts, combined with waning export demand, depressed corn prices. According to the USDA's October *Grain Stocks* report, total old crop corn stocks amounted to 1.9 billion bushels on September 1, which is 11 percent higher than last year and a record high since September 1993. The split between on-farm and off-farm storage was 40 to 60 percent, with on-farm stored stocks 5 percent lower and off-farm stocks 24 percent higher than last year. The summertime corn usage slightly topped that of last year at 2.03 billion bushels compared to 1.87 billion bushels consumed from June to August in 2000.

Iowa Soybeans. Even though late-planted soybeans benefited from a rainy late August, the state's soybean harvesting slowed down again due to a wet second week of October, and it is slipping behind the average pace. Soybean harvest progressed to 56 percent complete, compared to 89 percent last year and 79 percent typically by this time. Statewide, the soybean crop condition remained very steady at 52 percent good to excellent, which is comparable to a year ago.

The October 1 yield forecast increased by 1 bushel from the September 1 forecast and reached 43 bushels per acre, which is 0.5 bushel per acre lower than at this time last year. A soybean crop of 470.9 million bushels is expected, which exceeds last year's total by 1 percent. Iowa farmers have received an average of \$4.65 per bushel in September, \$0.12 higher than last year.

U.S. Soybeans. According to the October 12 USDA *Crop Production* report, the U.S. production of soybeans is expected to achieve a record high of 2.91 billion bushels, up 3 percent from September 1 projections and up 5 percent from last year's levels. Nationwide, the soybean yield forecast has increased to 39.2 bushels per acre, up 1 bushel from last month's estimates and up 1.1 bushel from 2000 yields. On the other hand, the national stock of soybeans on September 28 was pegged at 248 million bushels, which is 15 percent lower than last year. Only about 34 percent of that was kept on farm, down 26 percent from a year ago. Off-farm storage accounted for the rest of the stock and was 7 percent lower than in 2000. On the demand side, soybean export prospects were reduced by 10 million bushels in October due to significantly larger supplies in South America. Also, the June-August consumption of 460 million bushels of soybeans was 5 percent below last year's number.

Iowa Hogs and Pigs. The USDA September *Hogs and Pigs* report brought good news for pork producers, as the numbers were slightly

lower than expected. The September inventory of all hogs and pigs on U.S. farms was 1 percent smaller than it was in September 2000. Also, the breeding herd and market hogs inventory were both down 1 percent compared to a year ago. Seasonally large slaughter supplies and heavier weights depressed hog prices in late August through September. But the revised downward inventory estimates suggest that the market floor may not be as low this fall as originally expected. Generally, Iowa's inventory estimates were adjusted relatively higher compared to the national average. While the March-June Iowa pig crop was considerably below the national level, Iowa farrowing intentions appear to be above the country's average for fall and winter. The USDA estimates 14.7 million hogs and pigs on Iowa farms as of September 1, down 4 percent from a year ago and down 100,000 from June 1. The June-August pig crop totaled 3.655 million, down 12 percent from the same quarter last year. A total of 430,000 sows were farrowed to produce these pigs, with an average of 8.5 pigs per litter. Producers' intentions were to farrow 450,000 sows and gilts during the September-November quarter, down 6 percent from last year. The planned farrowings for December-February are recorded at 460,000 sows and gilts, which is 4 percent lower than for the same period in 2000. The inventories and production intentions in the September report seem to suggest that barrow and gilt prices may remain at profitable levels well into the summer of 2002. ♦