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Outlook

Electronic Outlook Report from the Economic Research Service

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Feed Outlook

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2003/04 Corn Prices Remain at $2.35 to $2.55 Per Bushel

Contents

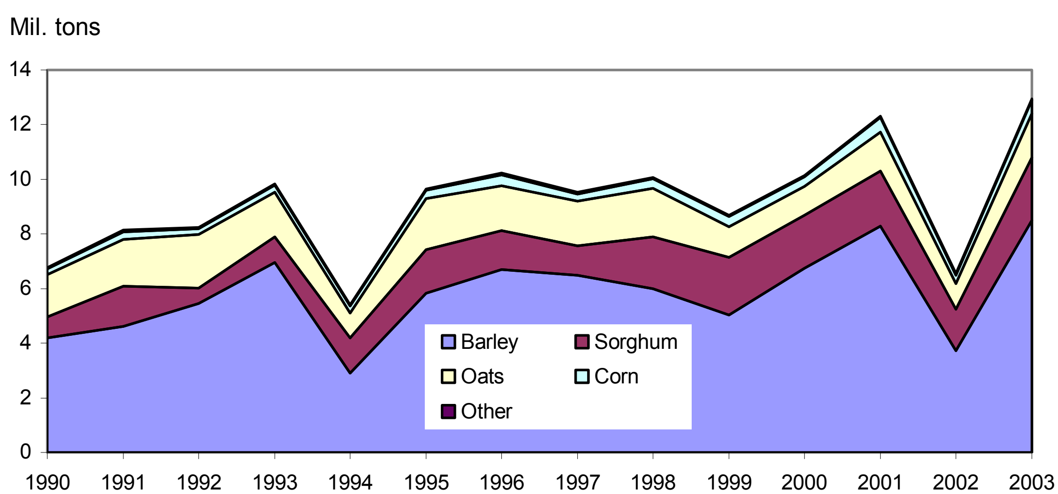
The next release is May 14, 2004

Approved by the World Agricultural Outlook Board.

No changes were made this month for the domestic corn, sorghum, barley, or oats balance sheets.

On the international side, 2003/04 coarse grain supply and use projections are up slightly from last month. Mexico's corn crop is increased 1 million tons and the European Union (EU)'s crop is up 0.5 million tons, with smaller increases for the Philippines and Egypt. India's millet crop is raised 0.7 million tons. Australia's projected sorghum and barley crops are increased as well. Despite the larger global coarse grain crop, increased use in Ukraine, India, Mexico, and other countries resulted in only a minor increase in global stocks.

Figure 1
Australian coarse grain production rebounds from last year's drought



Source: Foreign Agricultural Service, USDA.

International Outlook

Global Coarse Grains Production Up 3.3 Million Tons

Projected 2003/04 world coarse grain production increased 3.3 million tons this month to 887 million tons. Mexico's corn production increased 1 million tons to 20 million based on harvest reports from their Ministry of Agriculture that indicated larger-than-earlier expected harvested area.

Australia's coarse grain production forecast increased 0.7 million tons to a record 13 million tons. Favorable growing conditions prevailed in most barley producing regions, resulting in record area harvested and yields, boosting production 0.5 million tons this month. Sorghum production prospects also improved this month due to favorable rains across part of the crop.

India's 2003/04 millet production forecast increased 0.7 million tons this month based on higher reported yields caused by favorable monsoon rains.

EU 2003/04 coarse grain production increased 0.4 million tons this month, mostly because corn production in France was not hurt by drought as much as was earlier estimated.

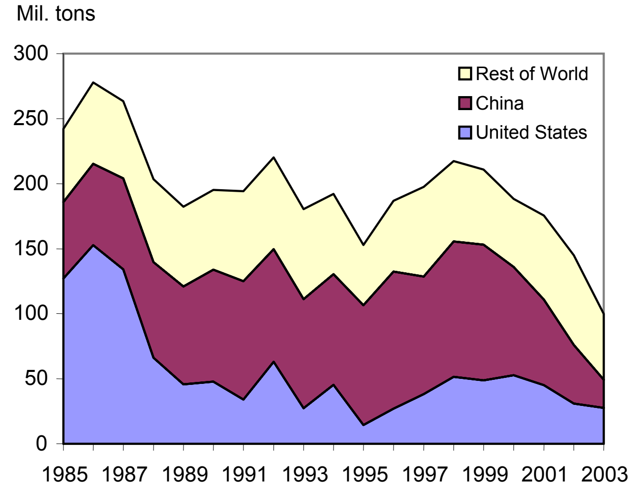
The Philippines' corn production projection increased 0.35 million tons to 4.85 million, as the Bureau of Agricultural Statistics reported an increase in area, and favorable rains across some of the islands during the later months of 2003 boosted yield prospects.

World Coarse Grain Use Increased 2.5 Million Tons This Month

Forecast 2003/04 global coarse grain use increased 2.5 million tons this month to 932 million. Ukraine is expected to use 0.6 million tons more corn and barley, as corn export prospects are reduced by the elimination of the export tax refund incentive, and barley imports are higher-than-earlier estimated.

Mexico's corn feed use prospects increased 0.5 million tons this month because of a larger crop. India's millet consumption is also up 0.5 million tons this month because of a larger crop, but it is mostly used for human consumption.

Figure 2
World course grain ending stocks



Source: Foreign Agricultural Service, USDA.

Larger corn production is boosting expected corn use by 0.3 million tons in both the Philippines and the EU. A small increase in sorghum production prospects is also expected to boost consumption in Australia.

Global Coarse Grains Stocks Up 1.2 Million Tons This Month

Projected 2003/04 coarse grain ending stocks are up 1.2 million tons this month to 101 million tons. Several countries had small increases in expected stocks.

Mexico's corn stocks were increased 0.3 million tons because of increased production. Australia's anticipated barley stocks also increased nearly 0.3 million tons because of increased production.

Ukraine's projected ending stocks of barley are up 0.2 million tons because of increased expected imports. India's coarse grain stocks are up 0.2 million tons because of increased millet production.

Global 2003/04 Coarse Grain Trade Down Slightly This Month

World coarse grain trade is forecast at nearly 103 million tons, down fractionally this month. Projected barley trade in 2003/04 is up slightly, but corn is down nearly 0.5 million tons to 78 million.

Corn imports forecast for Egypt are down 0.3 million tons because of small increases in both production and estimated beginning stocks. Mexico's corn import prospects are down 0.2 million this month due to increased production. Iran's corn import expectations were lowered 0.2 million this month because of the slow pace of purchases. These declines were partly offset by increased forecasts for corn imports into Colombia and barley imports for Syria.

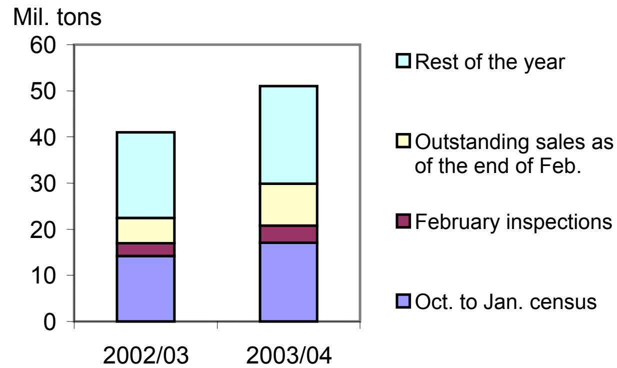
U.S. Corn and Sorghum Export Forecasts Unchanged

The U.S. corn export forecast for 2003/04 October-September was left unchanged this month at 51 million tons (2 billion bushels for the September-August marketing year). Outstanding sales and early season shipments have been very robust, but the pace of additional sales and shipments reported over the last month have not been as dynamic. Still, the export forecast is supported by shipments and outstanding sales. Census data for October 2003 through January 2004 indicate exports of 17.1 million tons up from 14.1 a year ago. The Grains Inspections Service reports that February exports were 3.7 million tons, up from 2.8 million a year ago. At the end of February 2004, outstanding export sales were 9.1 million tons, up from less than 5.5 million a year earlier. These commitments at the end of February (shipments plus outstanding sales) sum to 29.9 million tons, 59 percent of the annual forecast. At this time a year ago, commitments reached only 54 percent of final exports. This means that the forecast 51 million tons for 2003/04 implies that additional sales that are shipped in the second half of the marketing year will be only modestly above last year sluggish pace. Another way of looking at the same data indicate that by the end of February commitments already accounted for 7.5 million tons of the 9.8-million-ton increase in U.S. corn exports implied by the current forecast.

Similarly, sorghum commitments at the end of February are up more than 0.5 million tons, but the annual forecast is up only 0.3 million, meaning that sorghum sales and shipments in the second half of 2003/04 are not expected to match last year's level.

Figure 3

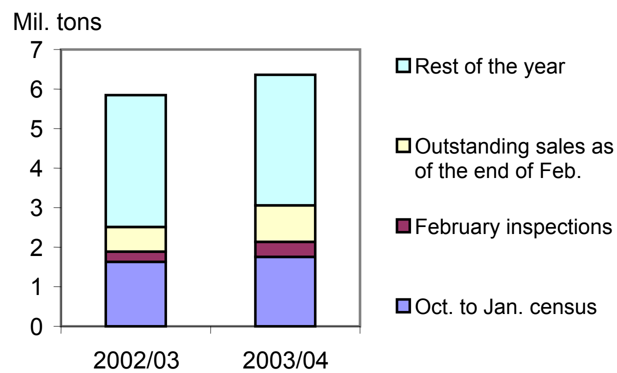
U.S. corn exports are on a strong pace relative to last year



Source: Economic Research Service, USDA.

Figure 4

U.S. sorghum export pace is also above last year



Source: Economic Research Service, USDA.

Contacts and Links

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Data

The Feed Grains Data Delivery System (http://www.ers.usda.gov/db/feedgrains/) is a queryable database that contains monthly, quarterly, and annual data on prices, supply, and use of corn and other feed grains. This includes data published in the monthly *Feed Outlook* and the annual Feed Yearbook reports.

Recent Reports From the Economic Research Service

The 2002 Farm Act: Provisions and Implications for Commodity Markets provides an initial assessment of the legislation's effects on agricultural production, commodity markets, and net farm income over the next 10 years. The report is available at http://www.ers.usda.gov/publications/aib778/.

The 2002 Farm Bill: Provisions and Economic Implications, a side-by-side comparison of the new farm bill with 1996-2001 farm legislation, is available at http://www.ers.usda.gov/Features/FamBill/.

Agricultural Productivity and Efficiency in Russia and Ukraine: Building on a Decade of Reform (http://www.ers.usda.gov/publications/aer813/) reviews the evidence on the productivity of agricultural production and explores some of the causes of inefficient practices. Implementing institutional reforms would allow productivity and efficiency in the agricultural sector to improve.

Related Websites

WASDE (http://www.usda.gov/oce/waob/wasde/latest.pdf)
Grain Circular (http://www.fas.usda.gov/grain/circular/2004/03-04/graintoc.htm)
World Agricultural Production (http://www.fas.usda.gov/wap/circular/2004/04-3/toc.html)
Corn Briefing Room (http://www.ers.usda.gov/briefing/corn/)

Table 1--Feed grains: Marketing year supply and disappearance 1/

Year/ Qtr.	Beg. stocks	Produc- tion	Im- ports	Supply	FSI	Feed & resid.	Ex- ports	Total disp.	End. stocks	Farm price
Corn:					----Million bushels----					$/bu
2000/01										
Sep-Nov	1,718	9,915	1	11,634	466	2,131	507	3,104	8,530	1.73
Dec-Feb	8,530	---	1	8,531	465	1,607	415	2,488	6,043	1.97
Mar-May	6,043	---	3	6,046	514	1,153	455	2,122	3,924	1.90
June-Aug	3,924	---	1	3,925	511	951	564	2,026	1,899	1.85
Mkt. yr.	1,718	9,915	7	11,639	1,957	5,842	1,941	9,740	1,899	1.85
2001/02										
Sep-Nov	1,899	9,507	2	11,408	492	2,204	448	3,144	8,265	1.86
Dec-Feb	8,265	---	2	8,266	482	1,540	448	2,471	5,795	1.96
Mar-May	5,795	---	4	5,799	539	1,166	497	2,203	3,597	1.93
June-Aug	3,597	---	2	3,599	532	958	512	2,002	1,596	2.16
Mkt. yr.	1,899	9,507	10	11,416	2,046	5,868	1,905	9,820	1,596	1.97
2002/03										
Sep-Nov	1,596	9,008	3	10,608	549	2,027	393	2,970	7,638	2.34
Dec-Feb	7,638	---	4	7,642	563	1,547	400	2,510	5,132	2.33
Mar-May	5,132	---	5	5,137	617	1,141	393	2,152	2,985	2.35
June-Aug	2,985	---	2	2,987	611	884	406	1,900	1,087	2.21
Mkt. yr.	1,596	9,008	14	10,619	2,340	5,599	1,592	9,532	1,087	2.32
2003/04										
Sep-Nov	1,087	10,114	2	11,203	598	2,187	473	3,259	7,945	2.17
Mkt. yr.	1,087	10,114	10	11,211	2,510	5,800	2,000	10,310	901	2.35-2.55
Sorghum:										
2000/01										
Sep-Nov	65	471	0	536	17	194	63	274	262	1.69
Dec-Feb	262	---	0	262	11	15	69	95	167	1.95
Mar-May	167	---	0	167	4	23	63	91	76	1.79
June-Aug	76	---	0	76	3	-10	42	35	42	2.03
Mkt. yr.	65	471	0	536	35	222	237	494	42	1.89
2001/02										
Sep-Nov	42	515	0	556	6	173	63	242	314	1.86
Dec-Feb	314	---	0	314	6	36	78	120	194	1.84
Mar-May	194	---	0	194	6	29	53	89	105	1.78
June-Aug	105	---	0	105	5	-8	47	45	61	2.25
Mkt. yr.	42	515	0	556	23	230	242	495	61	1.94
2002/03										
Sep-Nov	61	370	0	431	5	143	51	199	232	2.43
Dec-Feb	232	---	0	232	5	17	47	69	163	2.38
Mar-May	163	---	0	163	8	33	40	81	82	2.21
June-Aug	82	---	0	82	6	-15	48	39	43	2.13
Mkt. yr.	61	370	0	431	24	178	186	388	43	2.32
2003/04										
Sep-Nov	43	411	0	454	7	153	61	221	234	2.26
Mkt. yr.	43	411	0	454	25	165	210	400	54	2.35-2.55

continued--

Table 1--Feed grains: Marketing year supply and disappearance (cont.) 1/

Year/ Qtr.	Beg. stocks	Produc- tion	Im- ports	Supply	FSI	Feed & resid.	Ex- ports	Total disp.	End. stocks	Farm price
Barley:				------Million bushels----						$/bu
2001/02										
June-Aug	106	249	8	364	44	63	11	118	245	2.24
Sep-Nov	245	---	5	250	39	9	7	55	195	2.27
Dec-Feb	195	---	6	201	37	17	5	59	142	2.16
Mar-May	142	---	5	147	52	-1	3	54	93	2.16
Mkt. yr.	106	249	24	380	172	88	26	287	93	2.22
2002/03										
June-Aug	93	227	9	328	44	54	7	104	224	2.48
Sep-Nov	224	---	3	227	39	11	7	57	170	2.68
Dec-Feb	170	---	5	175	37	6	8	51	123	2.88
Mar-May	123	---	2	125	53	-6	9	56	69	2.85
Mkt. yr.	93	227	18	338	173	65	30	269	69	2.72
2003/04										
June-Aug	69	276	3	349	44	60	3	107	242	2.89
Sep-Nov	242	---	4	246	38	1	9	48	198	2.84
Mkt. yr.	69	276	15	360	172	65	25	262	98	2.80-3.00
Oats:										
2001/02										
June-Aug	73	117	18	207	17	73	1	91	116	1.29
Sep-Nov	116	---	48	165	17	33	1	50	114	1.59
Dec-Feb	114	---	18	132	15	23	1	39	93	1.92
Mar-May	93	---	12	105	24	18	0	42	63	1.99
Mkt. yr.	73	117	96	286	72	148	2.8	223	63	1.59
2002/03										
June-Aug	63	119	14	195	17	66	0	84	112	1.70
Sep-Nov	112	---	41	152	17	31	1	48	104	1.82
Dec-Feb	104	---	23	127	15	28	1	44	83	2.05
Mar-May	83	---	18	101	23	28	0	51	50	2.01
Mkt. yr.	63	119	95	277	72	152	2.7	227	50	1.81
2003/04										
June-Aug	50	145	21	216	17	66	1	84	132	1.47
Sep-Nov	132	---	28	160	17	23	1	41	119	1.38
Mkt. yr.	50	145	90	284	73	135	2.0	210	74	1.40-1.50

Totals may not add due to rounding.

1/ Corn and sorghum are on a September 1 to August 31 marketing year.
Barley and oats are on a June 1 to May 31 marketing year.

Source: Economic Research Service, U.S. Department of Agriculture.

Table 2--Feed and residual use of wheat and coarse grains

Year beginning Sept. 1	Corn	Sorg.	Barley	Oats	Feed grains	Wheat	Total grains	Animal units	Feed/ animal unit
	Million metric tons							Mil.	Tons
2001/02									
Sep-Nov	56.0	4.4	0.2	0.6	61.2	-0.6	60.5		
Dec-Feb	39.1	0.9	0.4	0.4	40.8	-0.2	40.6		
Mar-May	29.6	0.7	0.0	0.3	30.6	-0.7	29.9		
June-Aug	24.3	-0.2	1.2	1.0	26.3	5.3	31.6		
Mkt. yr.	149.1	5.9	1.7	2.3	158.9	3.8	162.7	89.4	1.82
2002/03									
Sep-Nov	51.5	3.6	0.2	0.6	55.9	-2.0	53.9		
Dec-Feb	39.3	0.4	0.1	0.5	40.3	0.3	40.7		
Mar-May	29.0	0.8	-0.1	0.4	30.1	-0.2	30.0		
June-Aug	22.4	-0.4	1.3	1.0	24.4	8.4	32.8		
Mkt. yr.	142.2	4.5	1.5	2.5	150.8	6.5	157.3	88.4	1.78
2003/04									
Sep-Nov	55.6	3.9	0.0	0.4	59.9	-1.6	58.2		
Mkt. yr.	147.3	4.2	1.6	2.2	155.3	4.5	159.9	89.6	1.78

Source: USDA, Economic Research Service.

Table 3--Cash feed grain prices

	Corn, No. 2, Yel, Ctrl. IL 1/	Corn, No. 2, Yel, Gulf ports 1/	Sorghum, No. 2, Yel, Texas High Plains 1/	Sorghum, No. 2, Yel, Gulf ports 1/	Barley, No. 2, feed, Duluth 2/	Barley, No. 3 or better, Malting, Minn. 2/	Oats, No. 2, Heavy white, Minn. 2/
Mkt. yr.	$/bu	$/bu	$/cwt	$/cwt	$/bu	$/bu	$/bu
2000/01	1.91	2.29	3.87	4.35	1.47	2.37	NQ
2001/02	1.92	2.28	3.90	4.23	1.52	2.44	NQ
2002/03 3/	2.35	2.72	NQ	NQ	1.89	3.48	NQ
Monthly:							
2002/03:							
Oct.	2.41	2.79	4.75	5.13	2.00	3.43	NQ
Nov.	2.36	2.77	4.71	5.21	2.00	3.86	NQ
Dec.	2.32	2.71	4.68	5.13	2.00	3.95	NQ
Jan.	2.29	2.69	4.55	5.01	2.00	3.94	2.30
2003/04:							
Oct.	2.11	2.65	NQ	NQ	1.80	2.60	NQ
Nov.	2.26	2.75	NQ	NQ	1.80	2.63	NQ
Dec.	2.38	2.84	NQ	NQ	1.80	2.65	NQ
Jan. 3/	2.52	2.95	4.90	5.55	1.80	2.65	NQ

1/ Marketing year beginning September 1.

2/ Marketing year beginning June 1. 3/ Preliminary. NQ = No quote.

Source: U.S. Department of Agriculture, Agricultural Marketing Service.

Table 4--Selected feed and feed byproduct prices

	Soybean meal high protein Decatur, IL 1/	Cotton-seed meal, 41% slv. Memphis 1/	Corn gluten feed, IL pts. 1/	Corn gluten meal, IL pts. 1/	Meat & bone meal, Central U.S. 1/	Dists.' dried grains, Lawrence-burg, IN 1/	Wheat midlgs, Kansas City 1/	Alfalfa farm price 2/
					$/ton			
Mkt. yr.								
2000/01	174.15	145.17	58.89	248.43	177.19	84.47	61.77	88.90
2001/02	165.53	134.06	59.71	242.86	167.55	78.48	59.31	104.00
2002/03 3/	178.87	147.23	65.27	241.65	170.81	74.94	64.02	100.00
Monthly:								
2002/03:								
Oct.	168.20	150.10	67.00	268.50	160.40	77.60	71.50	102.00
Nov.	163.20	150.00	68.50	256.25	156.40	96.50	66.70	101.00
Dec.	163.60	156.40	70.00	255.85	160.55	95.00	78.30	98.00
Jan.	167.40	167.50	68.25	239.75	169.80	83.50	70.20	98.50
2003/04:								
Oct.	225.20	163.50	76.90	263.40	222.00	91.00	71.30	88.80
Nov.	242.00	185.00	100.00	321.88	263.70	105.00	86.50	88.00
Dec.	231.54	NQ	109.50	337.50	257.24	128.00	90.26	87.90
Jan. 3/	252.15	188.00	101.63	360.63	118.33	125.00	90.58	83.60

1/ Marketing year beginning September 1. 2/ Marketing year beginning May 1. 3/ Preliminary. NQ=No quote.

Sources: U.S. Department of Agriculture, Agricultural Marketing Service and National Agricultural Statistics Service.

Table 5--Corn: Food and industrial uses

Year	HFCS	Glucose and dex.	Starch	---Alcohol--- Fuel	Bev. & Mfg.	Cereals & other products	Total food & industrial
				Million bushels			
2001/02							
Sep-Nov	127.2	56.0	62.4	168.3	32.0	46.2	492.1
Dec-Feb	119.9	49.7	57.9	175.2	33.6	46.2	482.4
Mar-May	143.3	54.6	61.3	179.9	35.1	46.8	520.9
June-Aug	150.3	56.8	64.1	182.6	30.3	46.8	530.9
Mkt. year	540.6	217.1	245.7	705.9	131.0	186.0	2,026.3
2002/03							
Sep-Nov	126.6	54.5	63.5	225.9	32.0	46.5	549.0
Dec-Feb	121.1	49.9	63.0	249.3	33.6	46.5	563.3
Mar-May	139.7	56.0	64.1	256.5	35.1	47.0	598.4
June-Aug	144.4	59.0	65.0	263.8	30.3	47.0	609.5
Mkt. year	531.8	219.3	255.7	995.5	131.0	186.9	2,320.3
2003/04							
Sep-Nov	127.6	57.7	65.4	268.7	32.3	46.7	598.4
Mkt. year	535.0	225.0	260.0	1,150.0	132.0	188.0	2,490.0

Source: U.S. Department of Agriculture, Economic Research Service.

Table 6--Wholesale corn milling product and byproduct prices

	Corn meal, yellow, New York	Brewers' grits, Chicago	Sugar, dextrose, Midwest	HFCS, 42% tank cars, Midwest	Corn starch, fob Midwest 3/
	$/cwt	$/cwt	cents/lb	cents/lb	$/cwt
Mkt. yr. 1/					
2000/01	15.85	11.75	16.83	9.25	12.44
2001/02	15.74	11.75	18.61	10.58	12.46
2002/03 2/	16.45	12.86	20.36	11.65	13.21
Monthly					
2002/03:					
Nov.	14.91	14.54	18.88	11.70	13.48
Dec.	15.37	12.91	20.38	11.50	13.18
Jan.	16.49	12.38	20.88	11.50	12.91
Feb.	16.61	12.50	20.88	11.50	12.82
2003/04:					
Nov.	16.64	12.54	21.98	11.81	12.16
Dec.	16.81	12.71	21.98	12.75	12.34
Jan.	17.21	13.11	21.98	12.74	12.31
Feb. 2/	17.64	13.54	21.98	12.75	12.67

1/ Marketing year beginning September 1. 2/ Preliminary. 3/ Bulk-industrial, unmodified.

Source: Milling and Baking News.

Table 7--U.S. feed grains imports by country of origin

Country/region	------2001/2002------		------2002/2003------		2003/2004
	Mkt. yr.	June-Jan.	Mkt. yr.	June-Jan.	June-Jan.
Oats:			Thousand tons		
Canada	1,138	990	843	631	869
Finland	264	209	360	272	124
Sweden	217	170	381	307	95
Total 1/	1,654	1,382	1,640	1,230	1,087
Barley, malting:					
Canada	488	363	317	290	164
Total 1/	489	364	360	315	216
Barley, other: 2/					
Canada	32	9.7	42	22	15
Total 1/	32	9.8	42	22	15

1/ Totals may not add due to rounding. 2/ Mainly consists of barley for feeding and also includes seed barley.

Source: Bureau of the Census, U.S. Dept. of Commerce.

Table 8--U.S. feed grain exports by selected destinations 1/

Country/region	------2001/02--------		------2002/03--------		2003/2004
	Mkt. yr.	Sept.-Jan.	Mkt. yr.	Sept.-Jan.	Sept.-Jan.
			1,000 metric tons		
Corn:					
Japan	14,893	5,659	14,508	6,172	6,125
Mexico	4,464	1,835	5,255	2,568	2,991
Taiwan	4,680	1,900	4,014	1,681	2,164
Egypt	4,468	1,600	2,702	958	1,608
S. Korea	1,355	721	270	80	438
Canada	3,909	1,526	3,923	1,775	1,126
Colombia	1,698	663	1,585	775	838
Venezuela	460	89	608	262	235
Algeria	1,367	624	898	542	637
Saudi Arabia	714	256	131	96	195
Dominican Republic	1,030	381	937	385	344
Israel	832	224	268	37	615
Syria	786	222	517	181	348
Turkey	747	57	981	--	12
Morocco	600	246	76	--	346
Costa Rica	463	197	529	230	192
Tunisia	714	333	123	41	293
Peru	261	146	42	27	47
Iran	63	--	--	--	--
Sub-Saharan Africa	695	94	339	227	46
Former USSR	86	74	--	--	6
Chile	34	12	--	--	19
EU	26	6	8	4	14
East Europe	15	15	--	--	10
China	20	--	--	--	--
Others	3,790	1,722	2,599	1,139	2,191
Total	48,172	18,601	40,315	17,181	20,841
Sorghum:					
Mexico	4,653	2,159	3,194	1,412	958
Japan	1,264	741	1,015	606	678
Israel	30	21	39	--	105
EU	9	--	182	--	607
Others	71	27	104	57	41
Total	6,027	2,948	4,535	2,075	2,389
	------2001/2002------		------2002/2003------		2003/2004
	Mkt. yr.	June-Jan.	Mkt. yr.	June-Jan.	June-Jan.
Barley:					
Saudi Arabia	--	--	--	--	76
Japan	293	256	358	226	208
Mexico	70	46	25	15	12
Taiwan	--	--	--	--	--
Canada	94	73	195	118	27
Other	113	84	73	38	104
Total	571	459	650	398	351

1/ Totals may not add due to rounding.

Source: Bureau of the Census, U.S. Dept. of Commerce.