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World Grain Supply and Demand Estimates

The 2006/07 U.S. outlook for coarse grains includes projected lower beginning stocks, no change in use, and no change in the price range of $2.25 to $2.65 per bushel, compared with last month.

For 2005/06, exports are increased 50 million bushels, based on the recent rapid pace of shipments and sales, and ending stocks are lowered by that amount. The old-crop price range of $1.90 to $2.10 per bushel is unchanged.

The 2006/07 global coarse grains outlook includes higher production and exports and little change in ending stocks compared with last month. The major highlight is an increase in China's corn production at 138 million tons, up 3 million from last month and slightly below the revised 2005/06 crop. China's 2005/06 corn production is raised 5.4 million tons to 139.4 million tons based on a recent report by China's National Bureau of Statistics (NBS). While the NBS only reported total grain area, other information from China indicates the corn area was larger than USDA's estimate. With last year's corn area increased and indications that this year's corn area is up from 2005/06, projected 2006/07 corn area is raised from last month. China's domestic use is increased for both years. Despite larger crops, China's domestic prices have strengthened and stocks, while forecast slightly higher than last month, will continue to tighten in 2006/07. In addition, China's 2005/06 export estimate is lowered 1 million tons this month, based on a lack of export sales.

U.S. oilseed supply and use prospects for 2006/07 are fractionally higher this month, mostly reflecting a small increase in soybean beginning stocks. Soybean production is projected at 3,080 billion bushels, unchanged from last month. Soybean stocks are projected at a record 655 million bushels, up 5 million from last month and up 85 million from 2005/06.

The U.S. season-average soybean price for 2006/07 is unchanged at $5.10 to $6.10 per bushel, compared with a projected $5.65 per bushel in 2005/06. Soybean meal prices for 2006/07 are projected at $155 to $185 per short ton and soybean oil prices are projected at 22.5 to 26.5 cents per pound, both unchanged from last month.

Changes for 2005/06 include a 5-million bushel reduction in soybean crush reflecting lower-than-expected domestic soybean meal use in recent months. Increased soybean meal exports partly offset reduced domestic use. Soybean oil production, exports, and domestic use are all reduced this month, leaving soybean oil stocks fractionally lower. Soybean ending stocks are increased 5 million bushels to 570 million bushels. Soybean oil prices for 2005/06 are projected at 23.25 cents per pound, up 0.25 cents.

Global oilseed production for 2006/07 is projected at 389.4 million tons, down 0.7 million tons from 2005/06 and down 0.6 million tons from last month. Foreign oilseed production is projected at 294.7 million tons, up 0.8 million tons from 2005/06. Global soybean production is projected to increase 1.9 million tons to a record 222 million tons. Higher yields in Brazil and increased area for Argentina will help push South American production to a record 105 million tons, up 3 million from 2005/06. The Brazilian crop is projected at 56 million tons, up only slightly from a revised estimate of 55.7 million tons for 2005/06 as higher yields mostly offset reduced harvested area. Argentina soybean production is projected at a record 41.3 million tons due to increased area. Global production of high-oil content seed is down 4 percent due to lower rapeseed and sunflowerseed production. Rapeseed production is projected lower for Canada and India, and production for EU-25 and China are projected almost unchanged from 2005/06. Sunflowerseed production is lower for 2006/07 mainly due to reduced crop prospects for Russia and Ukraine.

Global protein meal consumption is projected to increase 4 percent in 2006/07 mainly due to gains for soybean meal. Protein meal consumption is projected to increase 7 percent for China, which accounts for 40 percent of the increase in global protein consumption. World soybean trade is projected to reach a record 71 million tons, up 7 percent from 2005/06. China accounts for most of the increase in global trade with imports expanding 4 million tons to 31.5 million tons. Global vegetable oil consumption is projected to rise 5 percent led by increases for EU-25, China, and India. Increased consumption in EU-25 is primarily due to increased industrial use of rapeseed and palm oil as biodiesel production continues to expand. Global vegetable oil ending stocks are projected to decrease 9 percent from 2005/06.

U.S. Corn Supply and Demand

CORN	2004-2005	2005-2006 (Est.)	2006-2007 [1] Projections June
	Million Bushels	*Million Bushels*	*Million Bushels*
Beginning Stocks	958	2,114	2,176
Production	11,807	11,112	10,550
Imports	11	10	10
Supply, total	12,776	13,236	12,736
Feed & Residual	6,162	6,000	5,950
Food, Seed & Industrial	2,686	2,985	3,545
Domestic, total	8,848	8,985	9,495
Exports	1,814	2,075	2,150
Use, total	10,662	11,060	11,645
Ending Stocks, total	2,114	2,176	1,091
Avg. farm price ($/bu)	2.06	1.95-2.05	2.25-2.65

[1] Preliminary

U.S. Soybean Supply and Demand

SOYBEANS	2004-2005	2005-2006 (Est.)	2006-2007 [1] Projections June
	Million Bushels	*Million Bushels*	*Million Bushels*
Beginning Stocks	112	256	570
Production	3,124	3,086	3,080
Imports	6	4	4
Supply, total	3,242	3,346	3,654
Crushings	1,696	1,715	1,750
Exports	1,103	900	1,090
Seed	88	94	91
Residual	99	68	68
Use, total	2,986	2,777	2,999
Ending stocks	256	570	655
Avg. farm price ($/bu)	5.74	5.65	5.10-6.10

[1] Preliminary

ECONOMIST CORNER

Livestock by Shane Ellis and Grains by Robert Wisner
Iowa Cooperative Extension Service – Ames

LIVESTOCK

Feedlot cattle inventories remain well above average. As of the first of May, there were over 11.5 million head of cattle on feed, up nine percent from last year. 2006 feedlot inventories have been consistently greater than a year ago. Although an increasing supply of feeder cattle has added to the number of cattle being finished, feedlots have also inflated their inventories as cattle are fed longer and to higher finishing weights. This trend of heavier slaughter weights will continue if corn and other feeds remain inexpensive. With the increased supply of beef, producers hope that domestic demand will continue to absorb the additional beef being produced and support the market. Domestic per capita consumption of beef has been increasing over the past two years, but the industry would not turn down the chance to increase exports either.

Pork producers continue to face an optimist short term future, but there is substantial uncertainly to be faced through the end of the year. Corn availability will have a strong effect on feed costs this fall. Fewer acres of corn were planted and competition from the ethanol industry and cattle finishers could drive up corn prices. Recently, hog prices have improved, surpassing some expectations from a few months ago. Farrow to finish operations can anticipate profitable conditions for the next four months. However, most analysts are expecting some degree of price drop in the fourth quarter.

GRAINS

Corn prices will be very sensitive to rainfall and temperature across the Midwest through at least late July. Harvested acreage is projected to be down 5.7% from last year, although an updated number will be available from the June 30 Planted Acreage report. At the same time, corn processing for ethanol is projected to be up 550 million bushels or 34% from the current marketing year and exports are projected to be up almost 4% because of reduced foreign production. Even with slightly above normal yields in major producing states, USDA economists project the nation's corn crop to fall 1.1 billion bushels below utilization in the September 2006-August 2007 marketing year. If the projections materialize, there will be enough corn to meet demand in the year ahead, but U.S. reserve stocks will be essentially gone by the end of August next year. Processing capacity is almost guaranteed to show another very large increase in 2007-08 and the industry will need end of season working stocks of about a billion bushels to meet normal commercial requirements. If yields would fall a few bushels below the long-run trend yield, corn supplies would be expected to become quite tight in the year ahead.

Unlike corn, soybean markets have been struggling with a sharp decline in exports and only a small increase in domestic use. Soybean carryover stocks this August 31 are expected to be more than five times as large as two years ago. Those developments are caution signs for late summer and fall prices if yields are normal or better. But in the next six weeks, soybean prices will be quite sensitive to changing weather and crop conditions. Market impacts from the large U.S. carryover stocks are likely to be tempered by expectations that Brazilian farmers will reduce soybean acreage modestly again this fall. Lower plantings there reflect problems from an unfavorable currency exchange rate and multiple sprayings required to control Asian soybean rust.

Average Prices Received by Farmers for Farm Products

Item	Unit	IOWA			U.S.	
		May [1] 2005	Apr [1] 2006	May [2] 2006	Apr [1] 2006	May [2] 2006
		--------------Dollars--------------				
Corn	Bu.	1.92	2.04	2.10	2.11	2.17
Oats	Bu.	1.70	1.79	1.75	1.75	1.76
Soybeans	Bu.	6.12	5.47	5.55	5.52	5.62
Alfalfa, baled	Ton	80.00	81.00	83.00	110.00	118.00
All Hay, baled	Ton	76.00	80.00	82.00	106.00	114.00
All Hogs	Cwt.	56.70	43.10	48.80	41.30	47.20
Sows	Cwt.	44.80	29.50	30.00	28.80	29.40
Brw & Gilts	Cwt.	56.80	43.20	49.00	41.80	47.90
Beef Cattle	Cwt.	89.90	86.40	83.40	84.80	81.80
Cows	Cwt.	60.50	49.50	52.00	48.50	48.00
Strs & Hfrs	Cwt.	90.50	86.80	84.00	89.30	85.80
Calves	Cwt.	142.00	130.00	130.00	135.00	132.00
Milk Cows [3]	Hd.	-	1,780	-	1,770	-
Milk (whls)	Cwt.	15.30	13.30	13.00	12.10	12.00
Sheep	Cwt.	39.10	36.50	-	34.90	-
Lambs	Cwt.	114.00	79.00	-	86.80	-
Eggs (mkt)	Doz.	0.199	0.260	0.180	0.318	0.231

[1] Corn, oats, soybeans, all hogs, all cattle, all sheep, and milk are whole-month prices. All hay and eggs are mid-month prices. [2] All prices are mid-month. [3] Prices published January, April, July, and October.

Price Index Summary Table

Prices Received	IOWA			UNITED STATES		
	May 2005	Apr 2006	May [1] 2006	May 2005	Apr 2006	May [1] 2006
	1990-92=100 [2]					
Prices rec'd	105	95	96	119	113	114
Crops	96	94	96	116	123	126
Lvstk	114	96	96	121	105	104
	1910-14=100 [3]					
Prices rec'd	-	-	-	756	716	723
Crops	-	-	-	572	607	622
Lvstk	-	-	-	931	803	795

[1] Preliminary [2] 1990-92=100 reference replaced 1997=100 in January 1995. [3] Iowa figures for 1910-14=100 base not available.

U.S. Prices Paid Index Summary

Prices Paid	May 2005	Apr 2006	May 2006	May 2005	Apr 2006	May 2006
	1990-92=100			1910-14=100		
Prices Paid [1]	140	146	146	1,859	1,950	1,950
Feed	138	146	146	1,344	1,412	1,412
Ratio [2]	85	77	78	41	37	37

[1] Prices paid by farmers for commodities and services, interest, taxes, and farm wage rates. [2] Ratio of index of prices received to index of prices paid for commodities and services, interest, taxes, and farm wage rates.

Livestock Slaughter

Iowa: Commercial red meat production in Iowa during April 2006 totaled 501.4 million pounds, down 6 percent from April 2005. There were 2.28 million hogs slaughtered in April 2006, down slighltly more than 6 percent from April 2005. The average live weight of hogs slaughtered was 275 pounds, up 2 pounds from last year.

United States: Commercial red meat production for the United States totaled 3.61 billion pounds in April, down slightly from the 3.62 billion pounds produced in April 2005.

Beef production, at 1.97 billion pounds, was 5 percent above the previous year. Cattle slaughter totaled 2.61 million head, up 2 percent from April 2005. The average live weight was up 28 pounds from the previous year, at 1,246 pounds.

Veal production totaled 10.9 million pounds, 16 percent below April a year ago. Calf slaughter totaled 47,500 head, down 23 percent from April 2005. The average live weight was 26 pounds above last year, at 379 pounds.

Pork production totaled 1.61 billion pounds, down 5 percent from the previous year. Hog kill totaled 7.96 million head, 6 percent below April 2005. The average live weight was 1 pound above the previous year, at 272 pounds.

April 2005 contained 21 weekdays (including no holidays) and 5 Saturdays. April 2006 contained 20 weekdays (including no holidays) and 5 Saturdays.

Commercial Red Meat Production: United States [1]

Class	Apr 2005	Mar 2006	Apr 2006	Apr 06 % of		Jan - Apr [2]		
				Apr 2005	Mar 2006	2005	2006	06 as % of 05
	Million Pounds	*Million Pounds*	*Million Pounds*	*Percent*	*Percent*	*Million Pounds*	*Million Pounds*	*Percent*
Beef	1,888	2,209	1,973	105	89	7,612	8,051	106
Veal	13.0	13.3	10.9	84	82	51.6	48.4	94
Pork	1,703	1,871	1,613	95	86	6,841	6,935	101
Lamb & Mutton	15.5	18.2	17.0	109	93	64.6	66.1	102
Total Red Meat	3,620	4,112	3,614	100	88	14,570	15,100	104

[1] Based on packers' dressed weights and excludes farm slaughter.
[2] Accumulated totals and percentages based on unrounded data.

2005 Meat Animals Production and Value

	Cattle and Calves			Hogs and Pigs			Sheep and Lambs		
	Production	Value per Head	Value of Production	Production	Value per Head	Value of Production	Production	Value per Head	Value of Production
	1,000 lbs.	*Dollars*	*$1,000*	*1,000 lbs.*	*Dollars*	*$1,000*	*1,000 lbs.*	*Dollars*	*$1,000*
Iowa	1,724,905	980	1,407,321	7,810,778	100	3,647,975	33,100	152	32,310
U.S.	41,578,277	1,008	36,739,445	27,489,344	92	13,643,568	475,505	141	456,026

Milk Production

Iowa: Milk production in Iowa in April totaled 353 million pounds, up 3.5 percent from April 2005. The average number of milk cows, 200,000 head, was 8,000 head above April 2005. Production per cow averaged 1,765 pounds, down 10 pounds from one year ago.

United States: Milk production in the 23 major States during April totaled 14.2 billion pounds, up 3.7 percent from April 2005. March revised production, at 14.6 billion pounds, was up 5.6 percent from March 2005. The March revision represented an increase of 25 million pounds or 0.2 percent from last month's preliminary production estimate.

Production per cow in the 23 major States averaged 1,727 pounds for April, 37 pounds above April 2005.

The number of milk cows on farms in the 23 major States was 8.24 million head, 124,000 head more than April 2005, and 13,000 head more than March 2006.

Milk Cows and Production: By Selected States, April 2005-2006

State	Milk Cows [1]		Milk Per Cow [2]		Milk Production [2]		
	2005	2006	2005	2006	2005	2006	Change From 2005
	1,000 Head	*1,000 Head*	*Pounds*	*Pounds*	*Million Pounds*	*Million Pounds*	*Percent*
CA	1,747	1,788	1,825	1,850	3,188	3,308	3.8
IL	105	103	1,605	1,650	169	170	0.6
IA	192	200	1,775	1,765	341	353	3.5
MN	455	450	1,540	1,575	701	709	1.1
MO	119	116	1,430	1,500	170	174	2.4
WI	1,234	1,241	1,540	1,580	1,900	1,961	3.2
23-State Total [3]	8,117	8,241	1,690	1,727	13,717	14,230	3.7

[1] Includes dry cows, excludes heifers not yet fresh.
[2] Excludes milk sucked by calves.
[3] The 23 States are Arizona, California, Colorado, Florida, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Michigan, Minnesota, Missouri, New Mexico, New York, Ohio, Oregon, Pennsylvania, Texas, Vermont, Virginia, Washington, and Wisconsin.

Chickens and Eggs

Iowa: Egg production in Iowa for April 2006 was 1,158 million eggs, up nearly 5 percent from the same period a year ago. The total number of layers on hand during April 2006 was 52.4 million, up 6.9 percent from 49.0 million layers in April 2005. Eggs per 100 layers for the month of April was 2,209 eggs, down from 2,249 million eggs the previous year.

United States: U.S. egg production totaled 7.54 billion during April 2006, up 2 percent from last year. Production included 6.48 billion table eggs, and 1.07 billion hatching eggs, of which 998 million were broiler-type and 68 million were egg-type. The number of layers during April 2006 averaged 348 million, up 1 percent from last year. April egg production per 100 layers was 2,164 eggs, up slightly from April 2005.

All layers in the U.S. on May 1, 2006, totaled 347 million, up 1 percent from last year. The 347 million layers consisted of 289 million layers producing table-type eggs, 55.3 million layers producing broiler-type hatching eggs, and 2.86 million layers producing egg-type hatching eggs. Rate of lay per day on May 1, 2006, averaged 71.5 eggs per 100 layers, down slightly from May 1, 2005.

All Layers and Egg Production, April 2005 and 2006 [1]

State	Table Egg Layers in Flocks 30,000 & Above		All layers on hand [2]		Eggs per 100 layers		Egg production by type					
							Total production		Table eggs [3]		Hatching eggs [3]	
	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006
	Thousands	*Thousands*	*Thousands*	*Thousands*	*Number*	*Number*	*Million eggs*	*Million eggs*	*Million eggs*	*Million eggs*	*Million eggs*	*Million eggs*
AR	3,964	4,402	14,560	14,558	1,902	1,868	277	272	88	99	189	173
CA	18,869	19,673	19,444	20,160	2,155	2,098	419	423				
GA	10,318	10,025	19,656	19,326	2,015	2,018	396	390	222	219	174	171
IN	22,914	23,945	23,635	24,637	2,171	2,232	513	550	501	538	12	12
IA	48,300	51,622	49,038	52,425	2,249	2,209	1,103	1,158				
MN	10,403	10,626	10,954	11,113	2,227	2,205	244	245	236	237	8	8
NE	11,943	11,698	12,018	11,773	2,188	2,183	263	257	263	257		
NC	3,350	3,332	11,136	11,060	1,904	1,989	212	220	77	83	135	137
OH	27,494	27,899	27,978	28,423	2,234	2,213	625	629				
PA	22,142	22,060	23,943	23,947	2,301	2,313	551	554	533	534	18	20
TX	12,919	14,458	17,405	18,950	2,126	2,206	370	418				
29 Sts[4]	261,217	268,700	318,714	324,475	2,160	2,165	6,884	7,024	5,914	6,084	970	940
US	277,867	284,472	343,574	348,454	2,156	2,164	7,407	7,541	6,311	6,475	1,097	1,066

[1] 2006 preliminary, 2005 revised [2] Includes all layers and eggs produced in both table egg and hatching egg flocks regardless of size [3] Data by type of flock not shown for some states to avoid disclosing individual operations [4] The 29 states are those listed as well as AL, CO, CT, FL, HI, IL, ME, MD, MI, MS, MO, NY, OR, SC, SD, VA, WA, and WI.

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