



Agri-News

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Crop Production

Iowa: Corn: As of November 1, Iowa's 2006 corn for grain yield and production was forecast at 163.0 bushels per acre and 2.02 billion bushels, respectively, down 3 percent compared to last month. If realized, this would be the third highest corn crop on record. As of October 31, Iowa producers harvested 72 percent of the corn crop, behind last year's 83 percent and the 5-year average of 75 percent.

Soybeans: The November 1 soybean yield forecast of 50.0 bushels per acre is unchanged from last month's forecast but down 2.5 bushels from last year's yield. If realized, soybean production would be 502.5 million bushels, down 4 percent from last year but the second largest soybean crop on record. As of October 31, soybean harvest was 95 percent complete, behind the 5-year average of 97 percent.

Reminder: All crop forecasts in this report are based on conditions as of November 1 and do not reflect any possible weather effects since that time. End of year corn and soybean production estimates will be released in the Crop Production Annual report on January 12, 2007.

United States: Corn production is forecast at 10.7 billion bushels, down 1 percent from October and 3 percent lower than 2005. Based on conditions as of November 1, yields

are expected to average 151.2 bushels per acre, down 2.3 bushels from October but 3.3 bushels higher than last year. If realized, the yield would be the second largest on record, behind 2004. Yield forecasts are lower than last month across much of the western and central Corn Belt and Atlantic Coast States as producers reported that actual harvest yields were not as good as expected earlier due to lower grain weight per ear. Stalk quality and lodging problems were also reported in some areas. Producers in the northern Great Plains, Delta States, and parts of the Southeast reported better than expected yields. Compared with last year, yields are higher in all Corn Belt States, except Iowa and Minnesota.

Soybean production is forecast at 3.20 billion bushels, up slightly from October and 5 percent above 2005. If realized, this would be the largest U.S. soybean crop on record. Based on November 1 conditions, yields are expected to average 43.0 bushels per acre, up 0.2 bushel from October and equal to last year's record high yield. Producers in the northern Great Lakes States, Delaware, New York, North Carolina, and the Dakotas are realizing higher yields than expected last month, while yield prospects decreased slightly as harvest progressed in Illinois, Kentucky, Missouri, and Pennsylvania. Area for harvest in the U.S. is forecast at 74.5 million acres, unchanged from last month but up 5 percent from 2005.

November 2006 Production Summary - Iowa and United States

Crop	For Harvest		Yield per acre		Production	
	2005	2006	2005	2006	2005	2006
	<i>Thousand Acres</i>	<i>Thousand Acres</i>	<i>Bushels</i>	<i>Bushels</i>	<i>Thousand Bushels</i>	<i>Thousand Bushels</i>
IOWA						
Corn for Grain	12,500	12,400	173.0	163.0	2,162,500	2,021,200
Soybeans	10,000	10,050	52.5	50.0	525,000	502,500
UNITED STATES						
Corn for Grain	75,107	71,047	147.9	151.2	11,112,072	10,744,806
Soybeans	71,251	74,505	43.0	43.0	3,063,237	3,203,908

ECONOMIST CORNER

Livestock by John Lawrence and Grains by Robert Wisner
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Livestock: Red meat production is running 3.7 percent ahead of the 2005 pace on increases in both beef and pork production. Year-to-date pork production is 1.5 percent larger than the same period a year earlier and is expected to post year over year gains through the first half of 2007 and possibly beyond. While the September USDA Hogs & Pigs report indicated U.S. expansion, the Canadian hog inventory was less than the year before, slowing the rate of North American pork production increase. Higher corn prices will keep carcass weights in check and may lead to smaller pork supplies in the future, but it will likely be late 2007 or beyond before this occurs. Higher feed costs may cause losses for pork producers before spring.

The beef market enters the winter with record cattle on feed and record carcass weights for steers. While fed cattle prices typically increase from fall into March or April, this seasonal rally may be muted this year. The higher corn prices will encourage more orderly marketings but may lead to a short term market glut if feedlots attempt to sell heavyweight cattle and pull marketings ahead at the same time. Higher priced corn has already pressured feeder cattle prices. St Joe, MO prices decreased \$20 and \$15 per cwt, respectively for 5-600# and 7-800# steers in 5 weeks between early-October and mid-November. Feeder prices will remain under pressure with continued high corn prices and growing losses in the feedlot.

Grain: Rapid growth in corn processing for ethanol and strong export demand are the driving forces in the corn market. Corn use for ethanol in the current marketing year is projected to be 34 percent above a year earlier and plants currently under construction will add another 1.7 billion bushels of demand. Many other plants are in the planning stage but have not yet started construction. This unprecedented demand growth is signaling that a large increase in corn acres will be needed next year to fill the current 1.0 to 1.1 billion bushel gap between production and potential market demand and to accommodate next season's demand growth. Large additional increases in acreage also are expected to be needed for the next several years to supply other new plants. Corn prices are likely to remain high and volatile for the next several months, until there are clear indications of a large increase in potential corn plantings for 2007.

Along with strong growth in corn processor demand, cumulative U.S. corn export sales through early November were 40 percent above a year earlier and were sharply above each of the previous three years. The need for more corn acres is likely to keep soybean prices relatively firm but volatile for the next several months as the grain trade assesses prospects for next spring's South American harvest. In contrast to corn, U.S. soybean supplies look ample this season and carryover stocks are expected to increase next spring. However, future increases in corn acreage are likely to tighten soybean supplies during the next two or three years. Cumulative U.S. soybean export sales through early November were 36 percent above the depressed level of a year earlier, but were 18 percent below the level of three years earlier.

Average Prices Received by Farmers for Farm Products

Item	Unit	IOWA			U.S.	
		Oct ¹ 2005	Sep ¹ 2006	Oct ² 2006	Sep ¹ 2006	Oct ² 2006
		-----Dollars-----				
Corn	Bu.	1.78	2.09	2.60	2.20	2.72
Oats	Bu.	1.63	1.63	1.75	1.70	1.83
Soybeans	Bu.	5.70	5.11	5.25	5.24	5.46
Alfalfa, baled	Ton	81.00	82.00	83.00	112.00	112.00
All Hay, baled	Ton	80.00	78.00	82.00	107.00	107.00
All Hogs	Cwt.	48.20	50.90	48.80	48.90	46.90
Sows	Cwt.	43.30	35.70	37.50	35.50	36.80
Brw & Gilts	Cwt.	48.30	51.10	49.60	49.50	47.60
Beef Cattle	Cwt.	89.90	91.00	89.40	90.80	89.10
Cows	Cwt.	46.60	52.40	50.40	47.10	46.00
Strs & Hfrs	Cwt.	90.80	91.80	90.20	95.80	94.40
Calves	Cwt.	132.00	133.00	123.00	135.00	131.00
Milk Cows ³	Hd.	1,870.00	-	1,640.00	-	1,650.00
Milk (whls)	Cwt.	16.40	13.30	13.90	12.90	13.30
Sheep	Cwt.	48.90	42.80	-	31.70	-
Lambs	Cwt.	93.00	95.00	-	98.50	-
Eggs (mkt)	Doz.	0.233	0.314	0.322	0.372	0.382

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.

Prices Received Index Summary Table

Prices Received	IOWA			UNITED STATES		
	Oct 2005	Sep 2006	Oct ¹ 2006	Oct 2005	Sep 2006	Oct ¹ 2006
	1990-92=100 ²					
Prices rec'd	101	101	104	111	119	117
Crops	89	93	107	103	122	116
Lvstk	112	109	101	122	117	117
1910-14=100 ³						
Prices rec'd	-	-	-	704	759	741
Crops	-	-	-	507	601	574
Lvstk	-	-	-	933	897	897

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	Oct 2005	Sep 2006	Oct 2006	Oct 2005	Sep 2006	Oct 2006
	1990-92=100			1910-14=100		
	Prices Paid ¹	144	146	146	1,915	1,944
Feed	117	122	125	572	597	611
Ratio ²	77	82	80	-	-	-
Parity Ratio ³	-	-	-	37	39	38

¹ Prices paid by farmers for commodities and services, interest, taxes, and farm wage rates. ² Received/Paid ³ Ratio of index of prices received to index of prices paid for commodities and services, interest, taxes, and farm wage rates.

Iowa District Estimates Corn, 2005-2006

District	Harvested ¹		Yield/acre		Production	
	2005	2006	2005	2006 ²	2005	2006
	<i>Thousand Acres</i>	<i>Thousand Acres</i>	<i>Bushels</i>	<i>Bushels</i>	<i>Thousand Bushels</i>	<i>Thousand Bushels</i>
NW	1,889	1,875	182.6	154.0	345,000	289,100
NC	1,801	1,790	185.7	169.0	334,500	302,800
NE	1,446	1,455	183.5	182.0	269,000	264,900
WC	1,841	1,825	173.3	135.0	319,000	247,000
C	1,848	1,830	186.7	173.0	345,000	315,700
EC	1,299	1,280	143.2	172.0	186,000	220,600
SW	992	990	163.8	177.0	162,500	174,900
SC	500	500	156.0	140.0	78,000	69,800
SE	864	855	142.9	160.0	123,500	136,400
State	12,500	12,400	173.0	163.0	2,162,500	2,021,200

Iowa District Estimates Soybeans, 2005-2006

District	Harvested		Yield/acre		Production	
	2005	2006	2005	2006 ²	2005	2006
	<i>Thousand Acres</i>	<i>Thousand Acres</i>	<i>Bushels</i>	<i>Bushels</i>	<i>Thousand Bushels</i>	<i>Thousand Bushels</i>
NW	1,615	1,630	53.1	52.0	85,758	85,350
NC	1,371	1,390	53.0	51.0	72,685	71,530
NE	856	860	56.4	53.0	48,282	45,690
WC	1,569	1,560	51.2	46.0	80,333	71,280
C	1,463	1,480	56.1	52.0	82,135	77,240
EC	925	920	48.5	52.0	44,898	47,380
SW	942	940	51.1	49.0	48,137	46,240
SC	509	520	50.3	46.0	25,611	23,660
SE	750	750	49.5	46.0	37,161	34,130
State	10,000	10,050	52.5	50.0	525,000	502,500

¹ Harvest for grain ² Yield rounded

U.S. Corn Supply and Demand

CORN	2004-2005	2005-2006 (Est.)	2006-2007 ¹ Projections November
	<i>Million Bushels</i>	<i>Million Bushels</i>	<i>Million Bushels</i>
Beginning Stocks	958	2,114	1,971
Production	11,807	11,112	10,745
Imports	11	9	10
Supply, total	12,776	13,235	12,725
Feed & Residual	6,158	6,136	6,050
Food, Seed & Industrial	2,686	2,981	3,540
Domestic, total	8,844	9,117	9,590
Exports	1,818	2,147	2,200
Use, total	10,662	11,264	11,790
Ending Stocks, total	2,114	1,971	935
Avg. farm price (\$/bu)	2.06	2.00	2.80-3.20

¹ Preliminary

COARSE GRAINS: U.S. corn production for 2006 is forecast at 10.7 billion bushels, down 160 million bushels from last month. The national average yield is lowered 2.3 bushels per acre this month largely reflecting declines in Illinois, Indiana, Iowa, and Nebraska. Feed and residual use is lowered 50 million bushels reflecting sharply higher cash prices and the reduced crop. Exports are also lowered 50 million bushels as prices are expected to slow the pace of sales and shipments later in the year as supplies tighten. Ending stocks are projected 60 million bushels lower at 935 million. The 2006/07 marketing year average price is raised 40 cents on both ends of the range to \$2.80 to \$3.20 per bushel. Despite the strength of current cash prices, farm prices are expected to lag current cash levels as a result of farmer forward pricing during this past spring and summer.

Global 2006/07 coarse grain production is lowered 0.3 million tons to 964.5 million tons. Production is decreased for Australia barley, EU-25 barley and oats, and Romania corn. These reductions, combined with the U.S. corn reduction, more than offset increases in China and Brazil corn and FSU-12 barley and oats. Australia barley production is lowered 0.3 million tons this month to 4.2 million based on October's continuation of drought and heat. China corn production is raised to 143 million tons, up 2 million from last month based on indications of higher than expected yields in the major growing areas. World coarse grain consumption and exports are both lowered this month. Global coarse grain ending stocks are raised 1.0 million tons as higher corn stocks in China and higher barley stocks in Ukraine, more than offset the reduction in U.S. corn ending stocks.

U.S. Soybean Supply and Demand

SOYBEANS	2004-2005	2005-2006 (Est.)	2006-2007 ¹ Projections November
	<i>Million Bushels</i>	<i>Million Bushels</i>	<i>Million Bushels</i>
Beginning Stocks	112	256	449
Production	3,124	3,063	3,204
Imports	6	3	4
Supply, total	3,242	3,322	3,657
Crushings	1,696	1,739	1,780
Exports	1,097	947	1,145
Seed	88	93	91
Residual	104	95	75
Use, total	2,986	2,874	3,091
Ending stocks	256	449	565
Avg. farm price (\$/bu)	5.74	5.66	5.40-6.40

¹ Preliminary

OILSEEDS: U.S. oilseed ending stocks for 2006/07 are projected at 16.7 million tons, up 0.3 million tons from last month due to increased production. U.S. total oilseed production is projected at 97.0 million tons, up 0.7 million tons from last month. Soybean production is forecast at a record 3,204 million bushels, up 15 million bushels from last month based on a soybean yield of 43.0 bushels per acre. Soybean crush is raised slightly this month due to improved soybean meal export prospects. Soybean ending stocks are raised 10 million bushels to 565 million. Soybean and product prices are all raised this month. The U.S. season-average soybean price for 2006/07 is projected at \$5.40 to \$6.40 per bushel, up 50 cents on both ends of the range reflecting year-to-date price movements and strength in the corn market. Soybean meal prices are projected at \$165 to \$190 per short ton, compared with \$147.50 to \$177.50 last month. Soybean oil prices are projected at 24 to 28 cents per pound, up 1 cent on both ends of the range.

Global oilseed production for 2006/07 is projected at a record 392.5 million tons, up 2.1 million tons from last month. Foreign oilseed production is increased 1.5 million tons primarily due to higher sunflower seed and cottonseed production. Sunflower seed production for Russia and Ukraine are each raised to record levels this month based on higher-than-expected yields. Higher yields are in part due to increased use of hybrid seed in the past 2 years. Sunflower seed production is also raised for Bulgaria based on higher yields and increased area. Global cottonseed production is raised this month as increased production for China, Uzbekistan, and the United States is only partly offset by reduced production in EU-25. Other changes include reduced rapeseed production for Australia, where drought has reduced yields by 50 percent from last year.

Objective Yield Data: Iowa, 2002 - 2006

Year	Corn for Grain			Soybeans	
	Plant Population	Number of Ears	Average Row Width	Pods with Beans	Average Row Width ²
	<i>Number per Acre</i>	<i>Number per Acre</i>	<i>Inches</i>	<i>Number per 18 sq. ft.</i>	<i>Inches</i>
2002	26,700	25,800	31.8	1,867	23.0
2003	27,250	26,600	31.7	1,647	22.3
2004	27,850	27,500	31.4	1,741	21.3
2005	28,000	27,100	31.1	1,970	22.6
2006 ¹	28,600	27,350	30.8	1,760	22.4

¹ Preliminary. ² Broadcast soybeans excluded in computation of average width.

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