

FAPRI 2000
U.S. Baseline
Briefing Book

February 2000
FAPRI-UMC Report #02-00

The Food and Agricultural
Policy Research Institute

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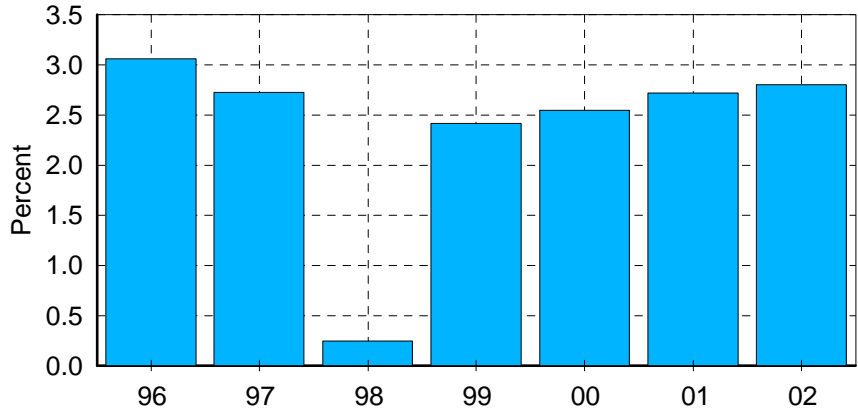
Table of Contents

What's Hot!	2
What's Not!	3
Policy Assumptions	4
Macroeconomic Assumptions	5
U.S. Wheat	6
U.S. Corn	8
U.S. Sorghum, Barley and Oats	10
U.S. Soybeans	12
U.S. Soybean Oil and Meal	14
U.S. Upland Cotton	16
U.S. Rice	18
U.S. Sugar	20
U.S. Beef	22
U.S. Pork	24
U.S. Poultry	26
U.S. Dairy	28
State-level Dairy	30
U.S. Dairy Products	32
U.S. Food Prices and Expenditures	34
Government Costs	36
Farm Income	38
Crop Insurance	40

What's Hot!

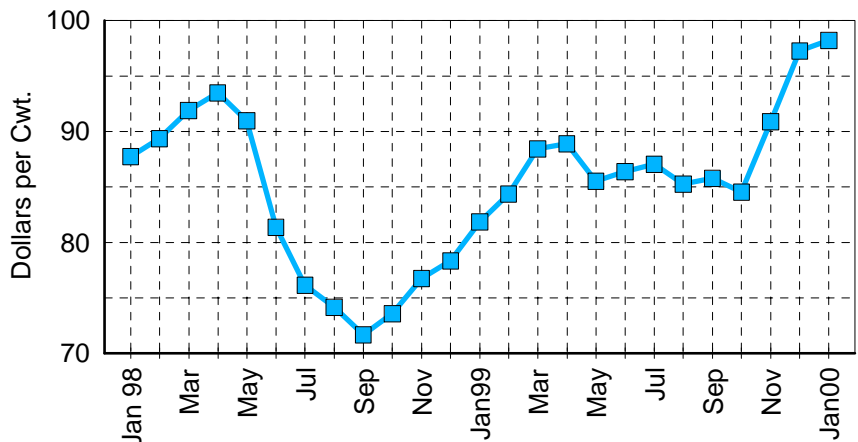
- After the slowdown in 1998, **income growth** in major importing countries recovered in 1999.
- **Real income growth** should increase food demand, especially in developing regions.

Per-Capita Real GDP Growth
Trade-Weighted Avg of 13 Major U.S. Importers



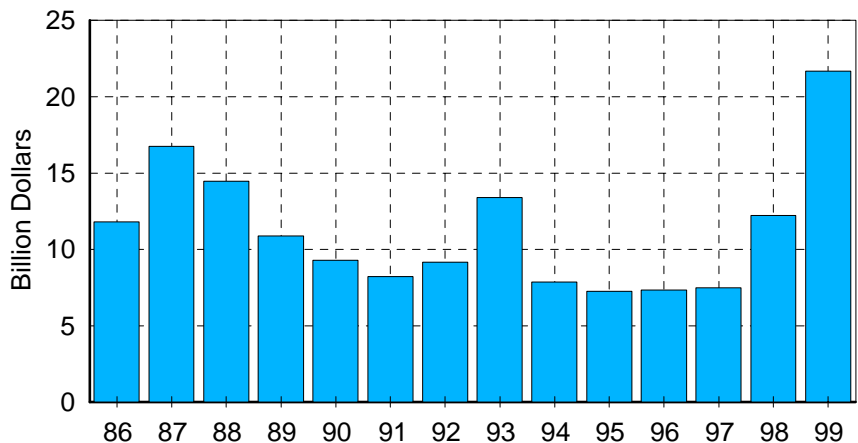
- Reduced supplies of feeder cattle have pushed **feeder cattle prices** higher in recent months.
- Current FAPRI projections suggest **feeder cattle supplies** will continue to tighten over the next 12 months

OK City, 500-600 lb., Steers



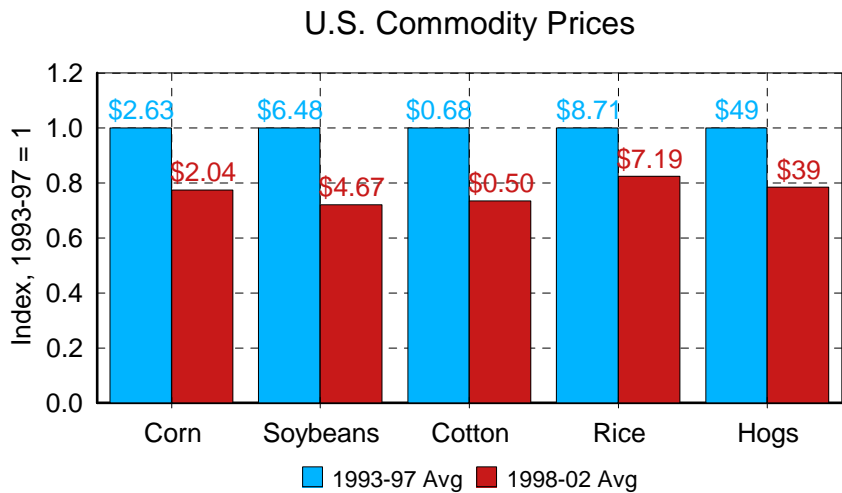
- Additional payments under the 1998 and 1999 assistance packages, coupled with increased LDP's, led to a record level of **government payments** in 1999.

Direct Government Payments

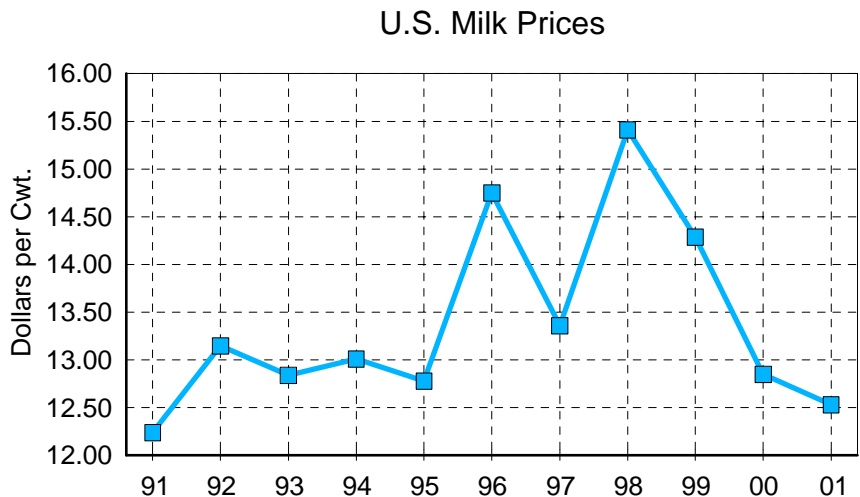


What's Not!

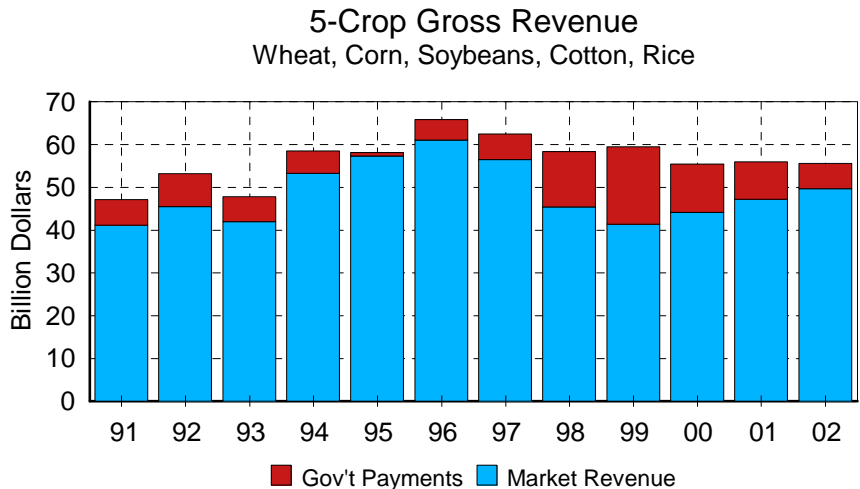
- Barring crop production problems, **commodity prices** for the 1998-02 period are expected to average substantially lower than what was observed in the mid-1990's.



- Lower **milk prices** are expected this year as a result of the large increases in milk production seen recently.
- Milk prices could fall to levels that have not been experienced since the early 1990s.

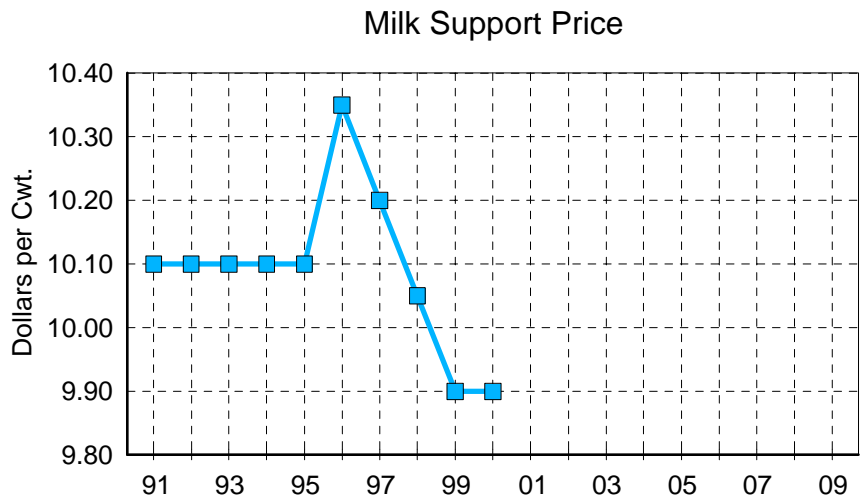


- With no additional assistance packages assumed and the decline in AMTA payments, **gross revenues** to the 5-major crops are projected to decline for the 2000-02 period, hitting the lowest levels since 1993.

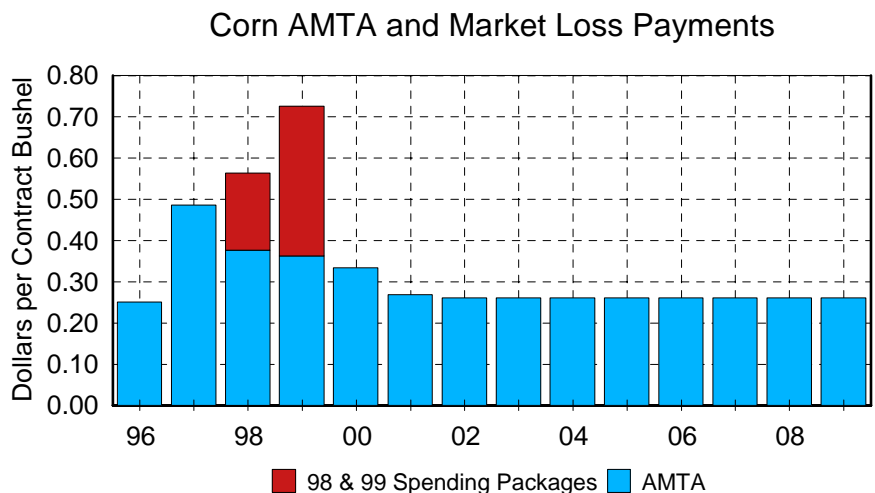


Policy Assumptions

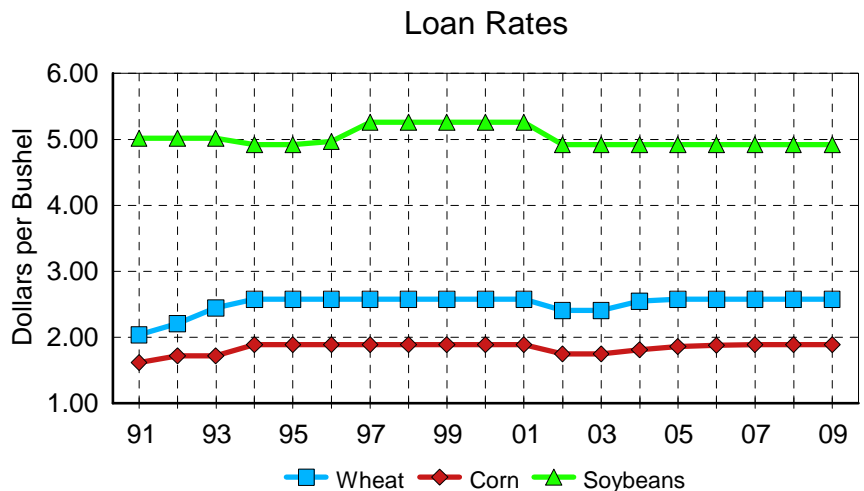
- **The milk support price** expires in the baseline after 2000 as set by current law.
- Increases in CCC purchases of NFD milk recently has made the **support program** more important to milk prices than in the past couple of years.



- The baseline assumes the provisions of the **1996 FAIR Act** continue for the duration of the projection period.
- The baseline incorporates the provisions of the **1999 emergency spending package**.

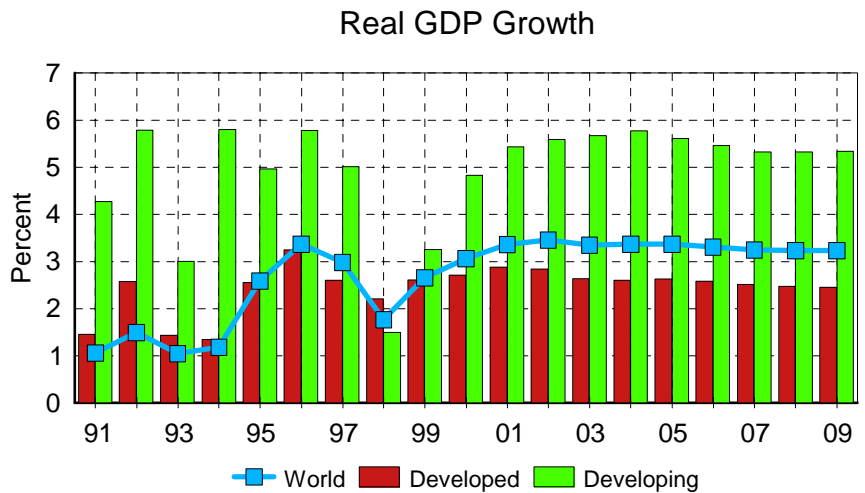


- **Loan rates** are held at their maximum levels for the 2000 and 2001 crops.
- Beginning in 2002, the rates are allowed to fall as permitted by the formulas contained in the FAIR Act.

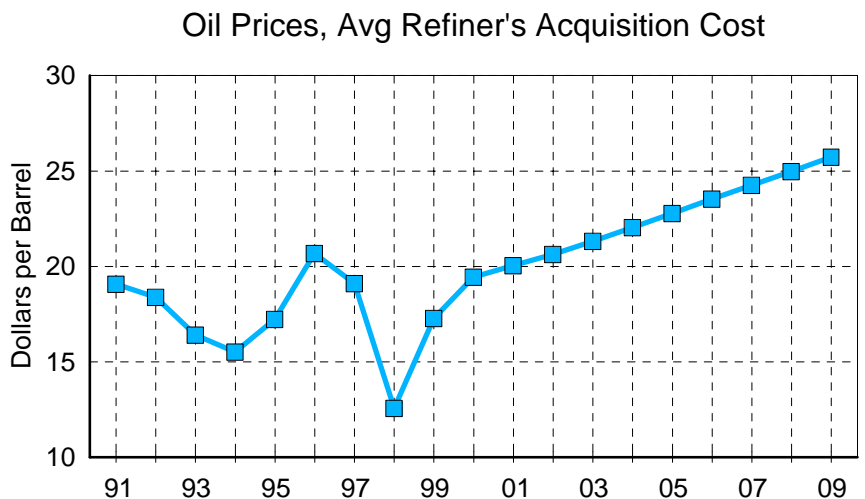


Macroeconomic Assumptions

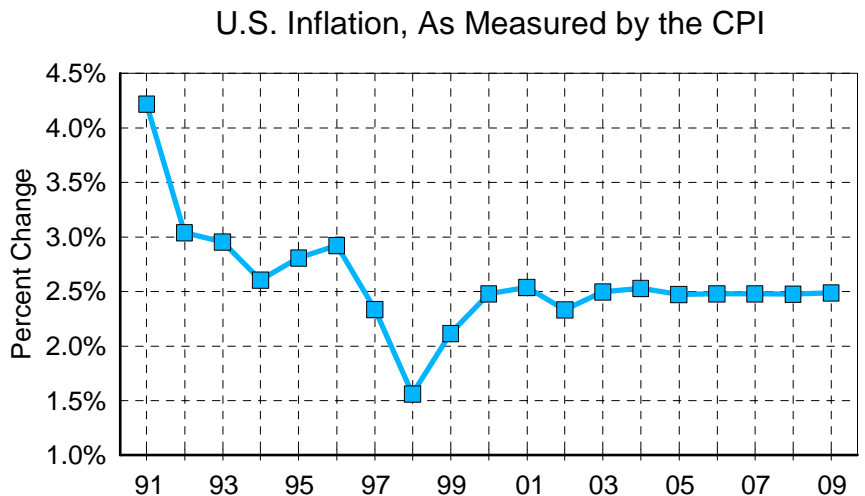
- In developed countries, recovery in Japan is offset by slower **economic growth** in the U.S.
- Projections indicate that it will be 2001 before **developing economies** approach historical growth rates.



- After the dip in 1998, **oil prices** are projected to increase over the projection period.
- If current levels hold, average prices for 2000 could be well above those assumed in the baseline.



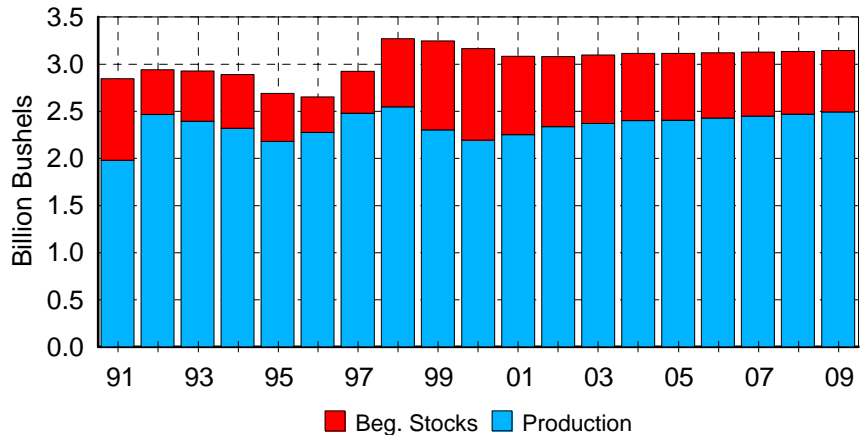
- **Inflation** in the U.S. Consumer Price Index is projected to remain around 2.5% over the life of the baseline.



U.S. Wheat

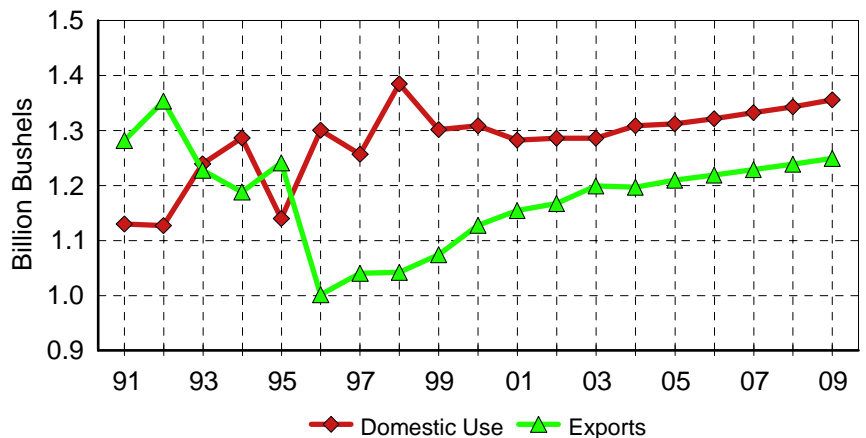
- Large beginning stocks held 1999 wheat **supplies** at market depressing levels.
- Lower planted area for crop year 2000/01 will lower total supply marginally.

U.S. Wheat Supplies



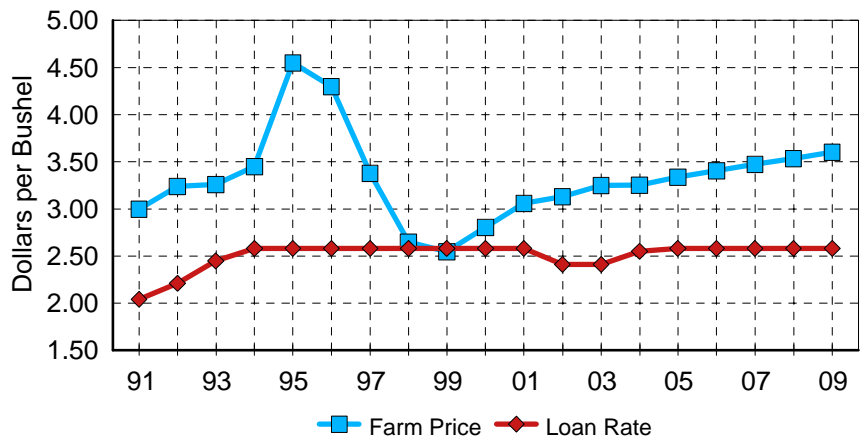
- Falling per capita **food use** and flat **feed use** holds total domestic use steady.
- **Exports** are projected to recover to 1.2 billion bushels by 2003. After that, increased exports by the EU dampen U.S. trade.

U.S. Wheat Use



- Wheat **prices** for 2000 are projected slightly higher at \$2.81.
- Longer term, prices recover to the \$3.50 range.

U.S. Wheat Prices



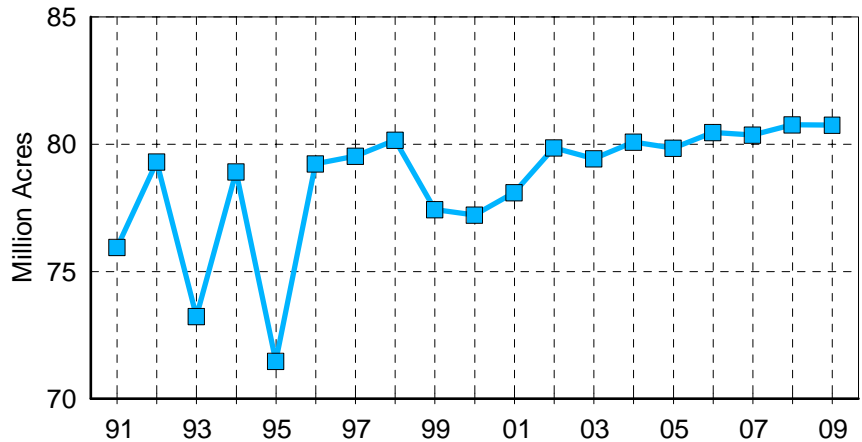
U.S. Wheat Supply and Utilization

	99/00	00/01	01/02	02/03	03/04	04/05	05/06	06/07	07/08	08/09	09/10
Area											
	(Million Acres)										
Contract Area	78.5	78.4	78.4	78.4	78.4	78.4	78.4	78.4	78.4	78.4	78.4
CRP Idled	9.3	9.7	10.1	10.4	10.7	10.9	11.0	11.2	11.2	11.2	11.0
Planted Area	62.8	62.1	63.3	65.2	65.7	66.1	65.8	66.0	66.2	66.4	66.6
Harvested Area	53.9	54.9	56.1	57.7	58.2	58.6	58.3	58.5	58.7	58.8	59.0
Yield											
	(Bushels per Acre)										
Actual	42.7	40.0	40.2	40.4	40.7	41.0	41.2	41.5	41.7	42.0	42.2
Program	34.5	34.5	34.5	34.5	34.5	34.5	34.5	34.5	34.5	34.5	34.5
Supply											
	(Million Bushels)										
Beginning Stocks	946	972	831	746	728	713	708	693	679	666	654
Production	2,302	2,195	2,253	2,336	2,370	2,401	2,407	2,427	2,449	2,470	2,493
Imports	100	100	100	100	100	100	100	100	100	100	100
Domestic Use											
Feed, Residual	301	299	265	254	243	256	250	249	249	249	251
Seed	91	92	95	96	97	96	97	97	97	98	98
Food, Other	910	918	922	936	946	957	966	976	986	997	1,008
Exports											
	1,074	1,128	1,155	1,168	1,200	1,197	1,210	1,219	1,229	1,239	1,249
Total Use											
	2,376	2,436	2,437	2,454	2,485	2,506	2,522	2,541	2,562	2,582	2,605
Ending Stocks											
FOR, Special Program	0	0	0	0	0	0	0	0	0	0	0
CCC Inventory	100	100	100	100	100	100	100	100	100	100	100
9-Month Loan	65	92	82	65	58	70	67	64	61	58	56
"Free" Stocks	808	639	564	563	555	539	526	516	506	495	485
Prices and Returns											
	(Dollars)										
Farm Price/bu.	2.55	2.81	3.06	3.13	3.25	3.25	3.34	3.41	3.47	3.54	3.60
Loan Rate/bu.	2.58	2.58	2.58	2.41	2.41	2.55	2.58	2.58	2.58	2.58	2.58
FOB Gulf Price/mt	115.76	126.95	138.00	141.05	146.23	146.33	149.93	152.85	155.81	158.48	161.34
Contract Payment/bu.	1.27	0.59	0.47	0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.46
Variable Expenses/a.	76.97	80.32	80.69	81.86	82.83	83.94	85.07	86.10	87.32	88.60	89.97
Gross Market Returns/a.	108.76	112.21	122.98	126.67	132.43	133.38	137.65	141.28	145.00	148.46	152.14
LDP Returns/a.	12.31	2.20	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Mkt+LDP Net Returns/a.	44.09	34.09	42.29	44.82	49.60	49.44	52.57	55.18	57.68	59.86	62.17
Contract Payment/a.	37.18	17.17	13.83	13.42	13.43	13.43	13.43	13.43	13.43	13.43	13.43

U.S. Corn

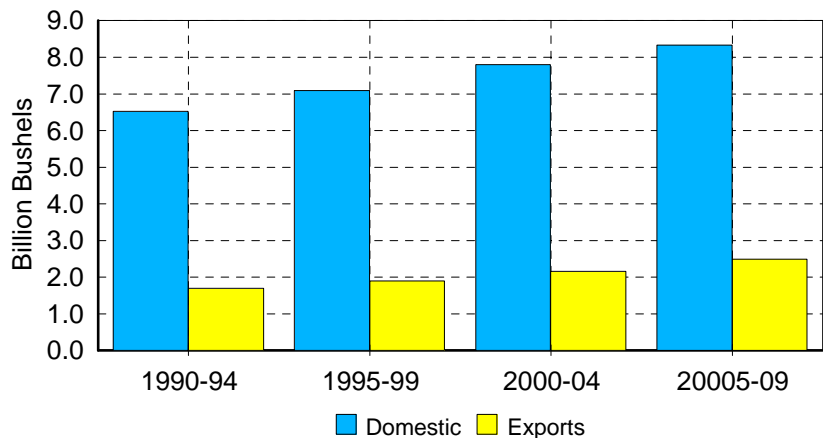
- Two years of low prices have pushed **corn area** downward.
- Assumed adjustments in the loan rates for corn and soybeans change the acreage mix during the 2002-2004 period.

U.S. Corn Planted Area



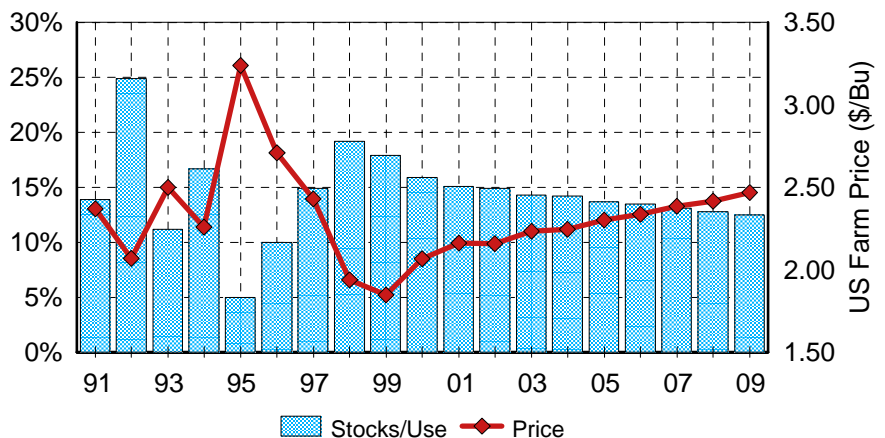
- Corn **exports** are projected to rise back to 2 billion bushels for the 2000 crop year.
- Longer term, export growth is directly impacted by China's trade position.

Corn Exports



- US and world stocks remain relatively large keeping pressure on **corn prices**.
- Assuming trend yields for the coming marketing year, carryover falls about 200 million bushels, allowing only a modest price rise.

US Corn Stocks/Use vs. Price



U.S. Corn Supply and Utilization

	99/00	00/01	01/02	02/03	03/04	04/05	05/06	06/07	07/08	08/09	09/10
Area (Million Acres)											
Contract Area	81.5	81.5	81.5	81.5	81.5	81.5	81.5	81.5	81.5	81.5	81.5
CRP Idled	2.9	3.1	3.2	3.3	3.4	3.5	3.5	3.6	3.6	3.6	3.5
Planted Area	77.4	77.2	78.1	79.9	79.4	80.1	79.9	80.5	80.4	80.8	80.8
Harvested Area	70.5	70.7	71.5	73.2	72.9	73.6	73.4	74.1	74.0	74.4	74.5
Yield (Bushels per Acre)											
Actual	133.8	133.1	134.9	136.5	138.5	140.3	142.2	143.9	145.8	147.5	149.3
Program	102.6	102.6	102.6	102.6	102.6	102.6	102.6	102.6	102.6	102.6	102.6
Supply (Million Bushels)											
Beginning Stocks	1,787	1,708	1,527	1,471	1,491	1,450	1,463	1,440	1,438	1,416	1,413
Production	9,437	9,407	9,653	10,002	10,102	10,325	10,441	10,660	10,792	10,983	11,123
Imports	15	10	10	10	10	10	10	10	10	10	10
Domestic Use											
Feed, Residual	5,635	5,620	5,678	5,827	5,855	5,915	5,967	6,056	6,101	6,154	6,202
Fuel Alcohol	555	575	578	598	603	621	629	641	651	663	671
HFCS	575	584	601	619	636	654	671	688	705	723	740
Seed	20	20	20	20	20	20	20	20	21	21	21
Food, Other	751	760	773	787	800	815	829	843	857	872	886
Exports											
	1,996	2,041	2,068	2,141	2,237	2,296	2,358	2,422	2,488	2,564	2,634
Total Use											
	9,531	9,599	9,718	9,992	10,153	10,322	10,474	10,672	10,823	10,997	11,154
Ending Stocks											
FOR, Special Program	0	0	0	0	0	0	0	0	0	0	0
CCC Inventory	15	15	15	15	12	9	6	3	0	0	0
9-Month Loan	350	378	354	288	258	291	294	299	288	283	269
"Free" Stocks	1,343	1,134	1,103	1,187	1,180	1,163	1,140	1,136	1,128	1,129	1,123
Prices and Returns (Dollars)											
Farm Price/bu.	1.85	2.07	2.16	2.16	2.23	2.25	2.30	2.34	2.39	2.42	2.47
Loan Rate/bu.	1.89	1.89	1.89	1.75	1.75	1.81	1.86	1.88	1.89	1.89	1.89
FOB Gulf Price/mt	87.97	97.31	101.39	101.24	104.46	104.95	107.41	108.88	110.93	112.28	114.51
Contract Payment/bu.	0.73	0.33	0.27	0.26	0.26	0.26	0.26	0.26	0.26	0.26	0.26
Variable Expenses/a.	170.74	176.17	177.57	180.52	183.23	186.20	189.33	192.08	195.19	198.36	201.75
Gross Market Returns/a.	247.39	275.16	291.75	294.79	309.48	315.06	327.47	336.46	347.72	356.50	368.58
LDP Returns/a.	30.22	3.95	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Mkt+LDP Net Returns/a.	106.86	102.94	114.19	114.27	126.25	128.86	138.14	144.37	152.54	158.14	166.84
Contract Payment/a.	63.31	29.10	23.43	22.74	22.74	22.74	22.74	22.74	22.74	22.74	22.74

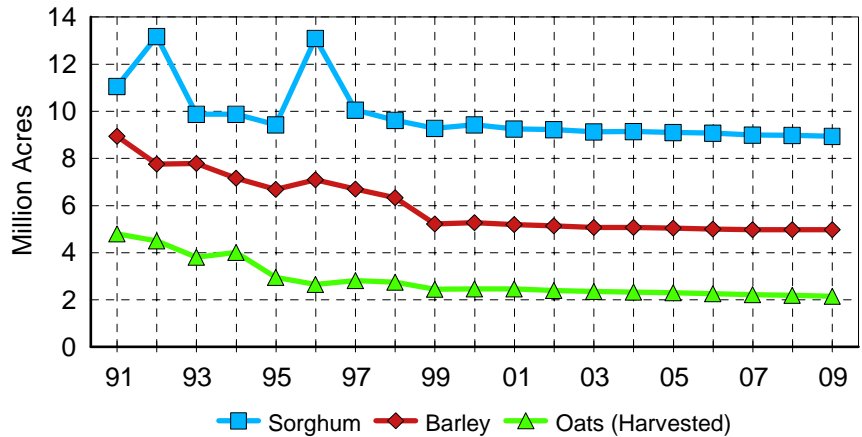
U.S. Sorghum, Barley and Oats

- Sorghum, barley and oats continue the long term trend toward lower **acreage**.
- Oats harvested area has fallen by more than 50% during the 1990's.

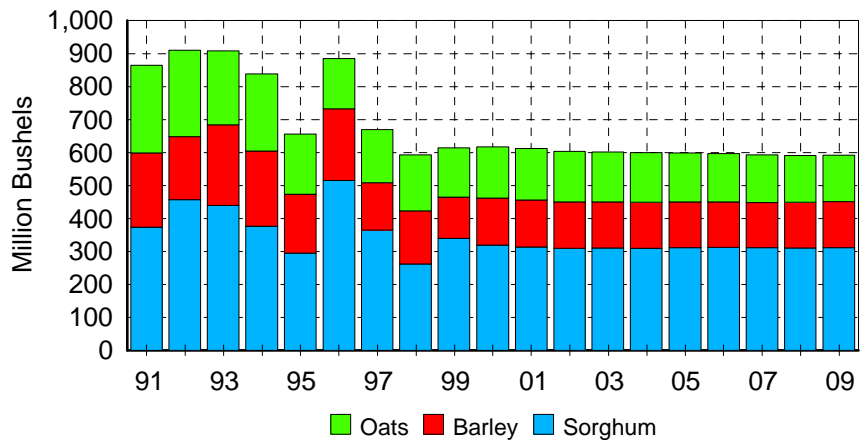
- **Feed use** of sorghum, barley and oats recovered 20 million bushels in 1999, but remains low compared to 10 years prior.

- Based on relative feed values, **prices** of the three grains strongly reflect developments in the corn market.
- Falling barley area supports its price.

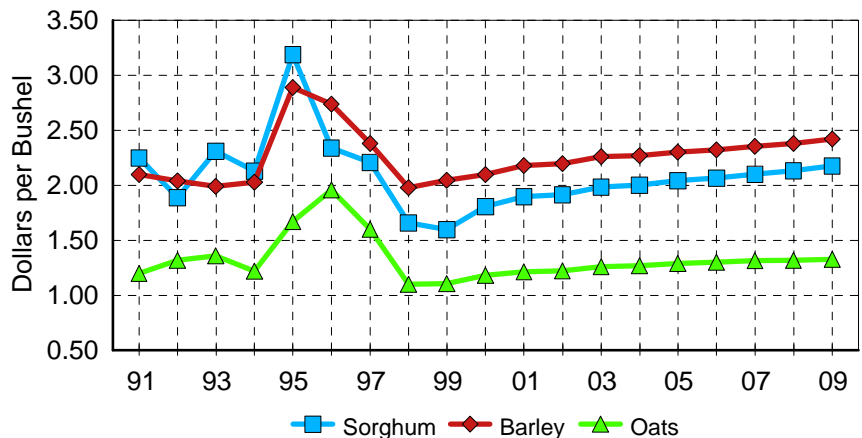
U.S. Area



U.S. Feed Use



U.S. Farm Prices



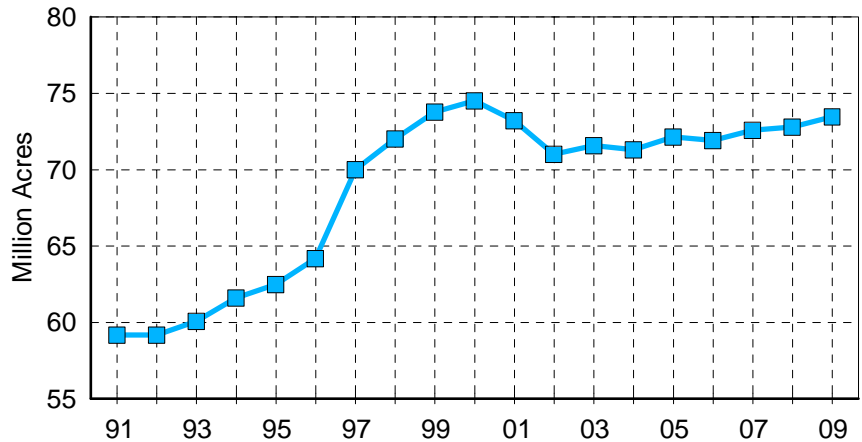
U.S. Sorghum, Barley & Oats Supply and Utilization

	99/00	00/01	01/02	02/03	03/04	04/05	05/06	06/07	07/08	08/09	09/10
Planted Area	(Million Acres)										
Sorghum	9.3	9.4	9.3	9.2	9.1	9.1	9.1	9.1	9.0	9.0	8.9
Barley	5.2	5.3	5.2	5.1	5.1	5.1	5.0	5.0	5.0	5.0	5.0
Oats	4.7	4.6	4.6	4.5	4.4	4.4	4.4	4.3	4.3	4.2	4.2
Harvested Area											
Sorghum	8.5	8.5	8.4	8.3	8.3	8.3	8.2	8.2	8.1	8.1	8.1
Barley	4.8	5.0	4.9	4.9	4.8	4.8	4.8	4.8	4.7	4.7	4.7
Oats	2.5	2.5	2.5	2.4	2.4	2.3	2.3	2.3	2.2	2.2	2.2
Yield	(Bushels per Acre)										
Sorghum	69.7	69.0	69.9	70.6	71.2	71.9	72.4	73.1	73.6	74.2	74.8
Barley	59.2	63.7	64.3	65.0	65.6	66.2	66.7	67.3	67.9	68.4	69.0
Oats	59.6	59.8	60.0	60.4	60.6	60.9	61.2	61.4	61.7	61.9	62.2
Production	(Million Bushels)										
Sorghum	595	589	585	589	588	595	597	600	600	603	606
Barley	282	319	317	317	316	319	320	321	322	324	327
Oats	146	147	148	144	143	142	141	139	137	136	134
Imports											
Sorghum	0	0	0	0	0	0	0	0	0	0	0
Barley	25	30	30	30	30	30	30	30	30	30	30
Oats	100	107	107	108	108	108	108	109	109	109	110
Domestic Use											
Sorghum	395	373	367	364	364	363	365	366	365	365	365
Barley	297	315	315	314	313	314	314	313	313	315	318
Oats	245	252	253	251	250	248	248	246	245	243	242
Exports											
Sorghum	210	216	222	226	229	231	233	234	236	239	241
Barley	30	34	35	34	35	35	37	38	39	40	40
Oats	2	2	2	2	2	2	2	2	2	2	2
Ending Stocks											
Sorghum	55	56	51	51	47	47	46	47	46	45	44
Barley	122	121	118	118	116	116	115	115	114	113	112
Oats	80	80	80	79	78	77	76	76	75	75	74
Farm Price	(Dollars per Bushel)										
Sorghum	1.60	1.81	1.90	1.92	1.98	2.00	2.04	2.07	2.10	2.13	2.18
Barley	2.05	2.10	2.18	2.20	2.26	2.27	2.30	2.32	2.35	2.38	2.42
Oats	1.11	1.18	1.21	1.22	1.26	1.27	1.29	1.30	1.32	1.32	1.33

U.S. Soybeans

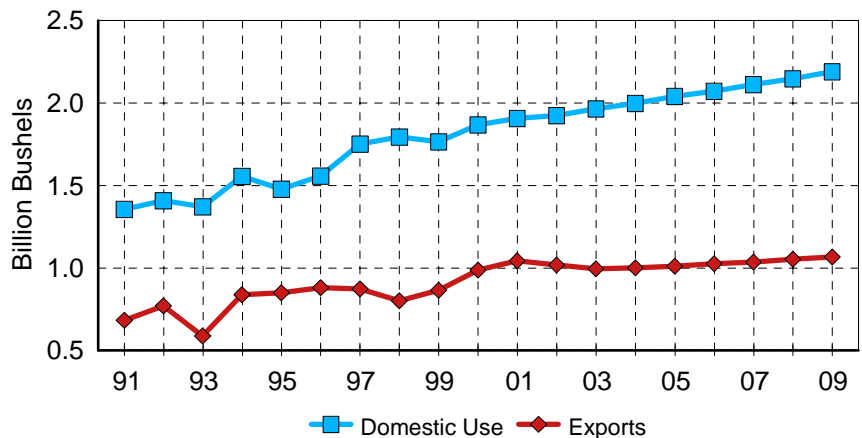
- Despite lower prices, **soybean area** is expected to expand again in 2000 as returns based on the loan rate still compare favorably with competing crops.
- The loan rate is assumed to adjust downward in 2002, lowering soybean plantings

U.S. Soybean Planted Area



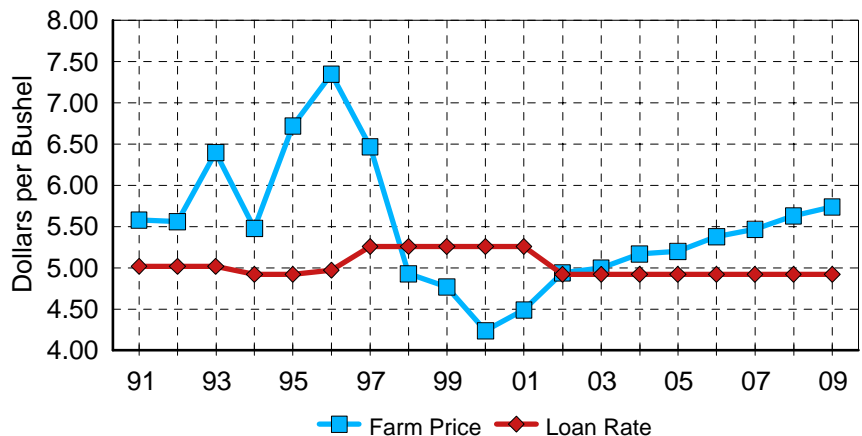
- Domestic **crush** remains the strongest area of growth for soybeans.
- Over the baseline, crush expands at an average annual rate of 1.9%.
- **Exports** increase at an average rate of less than 1%.

U.S. Soybean Utilization



- Soybean **prices** moved lower again in 1999 on the heels of large crops in the U.S. and South America.
- Assuming trend yields, soybean prices are expected to average below the **loan rate** until 2002 when the loan rate adjusts.

U.S. Soybean Prices



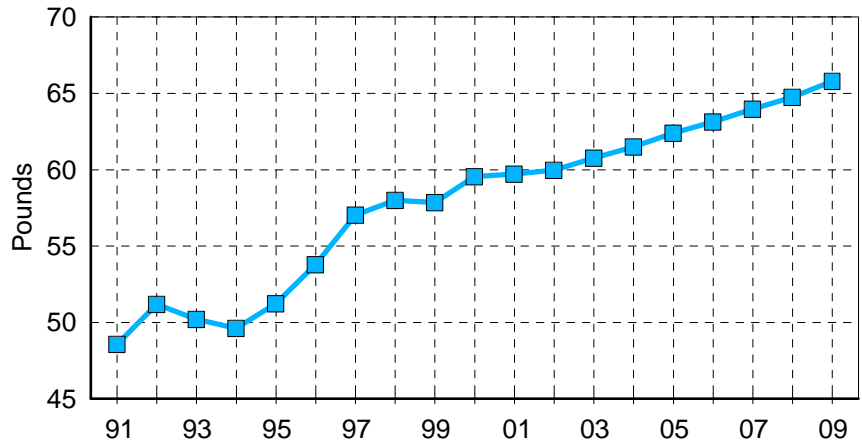
U.S. Soybean Supply and Utilization

	99/00	00/01	01/02	02/03	03/04	04/05	05/06	06/07	07/08	08/09	09/10
Area	(Million Acres)										
CRP Idled	2.8	3.0	3.1	3.2	3.3	3.4	3.5	3.5	3.5	3.5	3.4
Planted Area	73.8	74.5	73.2	71.0	71.6	71.3	72.2	71.9	72.6	72.8	73.5
Harvested Area	72.5	73.5	72.2	70.0	70.6	70.3	71.1	70.9	71.5	71.8	72.4
Yield	(Bushels per Acre)										
	36.5	39.9	40.6	41.4	41.9	42.5	42.9	43.5	43.9	44.4	44.8
Supply	(Million Bushels)										
Beginning Stocks	348	363	438	420	380	378	365	368	354	349	337
Production	2,643	2,929	2,930	2,899	2,955	2,985	3,051	3,081	3,141	3,185	3,245
Imports	3	4	4	4	4	4	4	4	4	4	4
Domestic Use	1,766	1,870	1,907	1,925	1,967	1,999	2,042	2,072	2,113	2,147	2,190
Crush	1,607	1,706	1,745	1,763	1,803	1,834	1,875	1,903	1,943	1,975	2,016
Seed, Residual	159	163	162	162	163	165	167	168	170	172	174
Exports	865	989	1,045	1,018	995	1,002	1,011	1,027	1,037	1,055	1,067
Total Use	2,631	2,858	2,952	2,944	2,961	3,001	3,053	3,098	3,150	3,202	3,257
Ending Stocks	363	438	420	380	378	365	368	354	349	337	329
CCC Inventory	5	5	5	5	5	3	1	0	0	0	0
9-Month Loan	45	37	39	64	65	73	72	73	66	55	49
"Free" Stocks	313	396	377	311	307	290	294	281	284	281	280
Prices and Returns	(Dollars)										
Farm Price/bu.	4.77	4.24	4.49	4.94	5.00	5.17	5.20	5.38	5.47	5.63	5.74
Loan Rate/bu.	5.26	5.26	5.26	4.92	4.92	4.92	4.92	4.92	4.92	4.92	4.92
Ill. Proc. Price/mt	180.64	162.28	170.79	186.26	188.37	194.33	195.32	201.43	204.43	209.81	213.77
Bean/Corn Ratio	2.58	2.05	2.07	2.29	2.24	2.30	2.26	2.30	2.29	2.33	2.33
Variable Expenses/a.	94.78	97.21	98.00	99.52	101.02	102.53	104.14	105.52	107.13	108.75	110.48
Gross Market Returns/a.	174.08	168.92	182.06	204.47	209.43	219.68	223.21	233.87	240.11	249.77	257.38
LDP Returns/a.	30.78	53.46	45.07	14.59	12.36	5.69	4.59	0.00	0.00	0.00	0.00
'99 Assistance Pymts/a.	6.02	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Mkt+LDP Net Returns/a.	116.10	125.17	129.13	119.54	120.77	122.83	123.67	128.35	132.98	141.02	146.90
48% Meal Price/ton	152.44	136.88	142.33	153.31	155.28	159.43	160.42	164.42	166.80	170.29	172.13
Oil Price/cwt	16.02	15.28	16.77	18.14	18.68	19.44	19.96	20.73	21.43	22.29	23.46
Crushing Margin/bu.	0.51	0.56	0.63	0.62	0.67	0.70	0.75	0.77	0.83	0.86	0.93

U.S. Soybean Oil and Meal

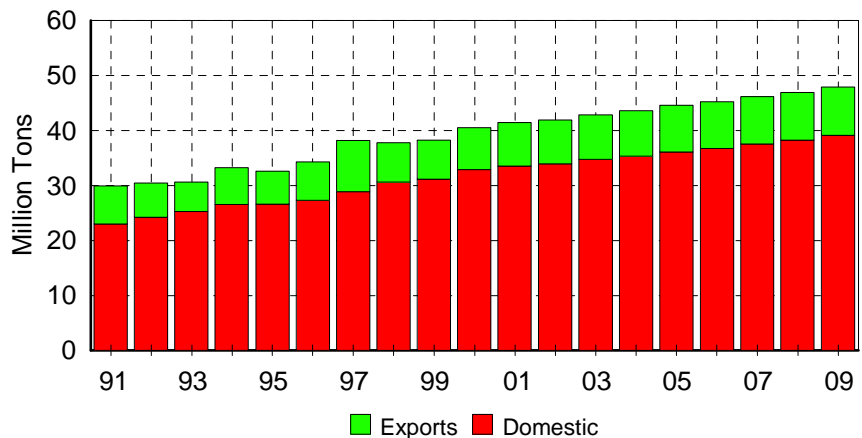
- Domestic **soybean oil disappearance** is projected to continue to increase on a per-capita basis, although at a slower rate than what has occurred in recent years.

U.S. Soy Oil Per-Capita Disappearance



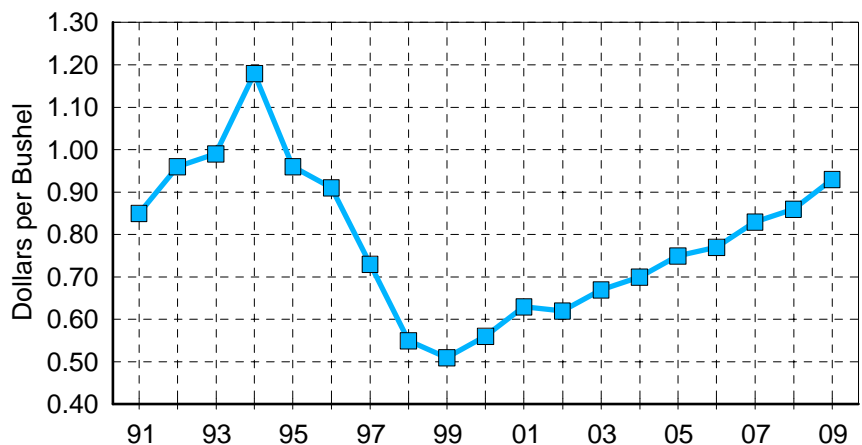
- Increased pork and poultry production cause **soybean meal domestic use** to grow at an average rate of 2.0%.
- Meal **exports** expand from 7.6 million tons in 2000 up to 8.8 million tons by 2009.

U.S. Soybean Meal Utilization



- Lower **soybean product prices** drove the gross crush margin down in 1999.
- The **margin** between the farm price for soybeans and the value of the products averages \$0.73 per bushel during the baseline period.

Gross Crush Margin



U.S. Soybean Oil Supply and Utilization

	99/00	00/01	01/02	02/03	03/04	04/05	05/06	06/07	07/08	08/09	09/10
	(Million Pounds)										
Supply	19,673	21,432	22,049	22,263	22,698	23,076	23,558	23,912	24,371	24,767	25,248
Beginning Stocks	1,520	2,091	2,264	2,258	2,234	2,255	2,264	2,286	2,293	2,307	2,312
Production	18,073	19,282	19,725	19,945	20,403	20,761	21,234	21,566	22,019	22,400	22,875
Imports	80	60	60	60	60	60	60	60	60	60	60
Domestic Use	15,751	16,347	16,529	16,734	17,096	17,443	17,840	18,197	18,583	18,963	19,426
Exports	1,832	2,821	3,262	3,294	3,347	3,369	3,431	3,422	3,481	3,492	3,521
Total Use	17,583	19,168	19,791	20,029	20,443	20,812	21,272	21,620	22,064	22,455	22,947
Ending Stocks	2,091	2,264	2,258	2,234	2,255	2,264	2,286	2,293	2,307	2,312	2,300
	(Dollars)										
Prices											
Decatur/cwt	16.02	15.28	16.77	18.14	18.68	19.44	19.96	20.73	21.43	22.29	23.46
Decatur/mt	353.20	336.89	369.77	399.82	411.80	428.47	440.03	457.03	472.52	491.37	517.11

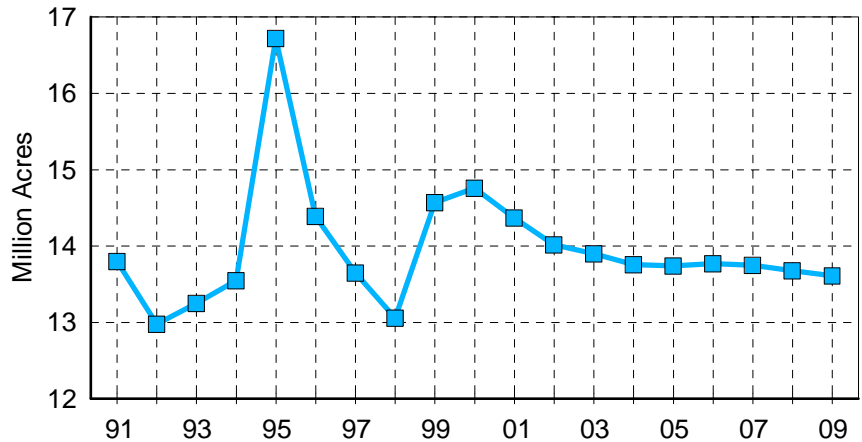
U.S. Soybean Meal Supply and Utilization

	99/00	00/01	01/02	02/03	03/04	04/05	05/06	06/07	07/08	08/09	09/10
	(Thousand Tons)										
Supply	38,539	40,827	41,775	42,219	43,157	43,891	44,865	45,542	46,472	47,251	48,228
Beginning Stocks	330	251	286	286	281	283	283	286	286	288	290
Production	38,159	40,526	41,439	41,882	42,826	43,558	44,531	45,206	46,136	46,913	47,888
Imports	50	50	50	50	50	50	50	50	50	50	50
Domestic Use	31,138	32,919	33,565	33,955	34,775	35,346	36,089	36,750	37,568	38,272	39,127
Exports	7,150	7,622	7,924	7,982	8,099	8,263	8,490	8,506	8,616	8,689	8,807
Total Use	38,288	40,541	41,489	41,937	42,874	43,608	44,579	45,256	46,184	46,961	47,934
Ending Stocks	251	286	286	281	283	283	286	286	288	290	294
	(Dollars)										
Prices, 48% Protein											
Decatur/ton	152.44	136.88	142.33	153.31	155.28	159.43	160.42	164.42	166.80	170.29	172.13
Decatur/mt	168.04	150.88	156.89	168.99	171.16	175.74	176.83	181.24	183.87	187.71	189.74

U.S. Upland Cotton

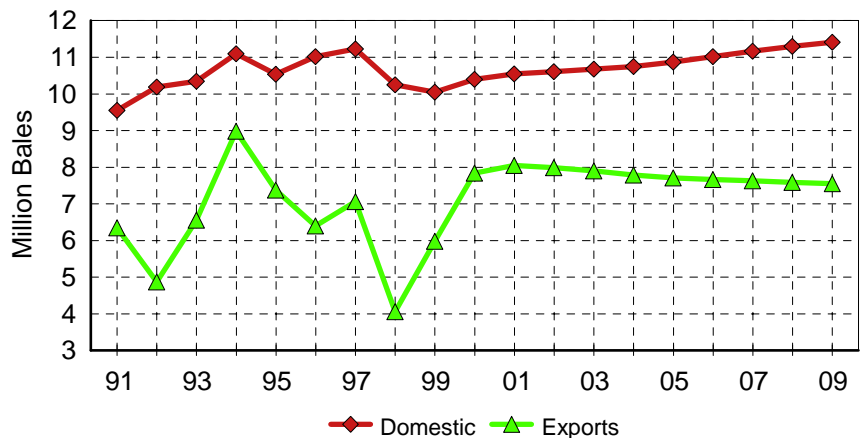
- **Planted area** is projected up in 2000 as high LDP's make cotton attractive when compared to other crops.
- Longer term, cotton area declines as cotton returns are flat while corn and soybean returns rise.

U.S. Planted Area



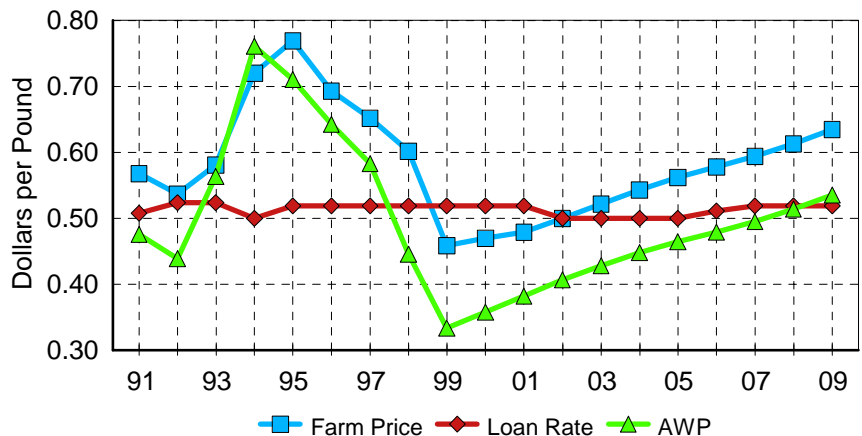
- **Domestic mill use** remains under pressure due to competition with imported textiles.
- With the continued use of Step 2 payments, cotton **exports** are expected to increase to 8.0 million bales for 2000 and remain near that level.

U.S. Utilization



- Reflecting weaker demand and an increase in stocks, **cotton prices** are projected to remain below the loan rate until 2003.
- A weak **AWP** will lead to significant loan deficiency payments over the 2000-2002 period.

U.S. Cotton Prices

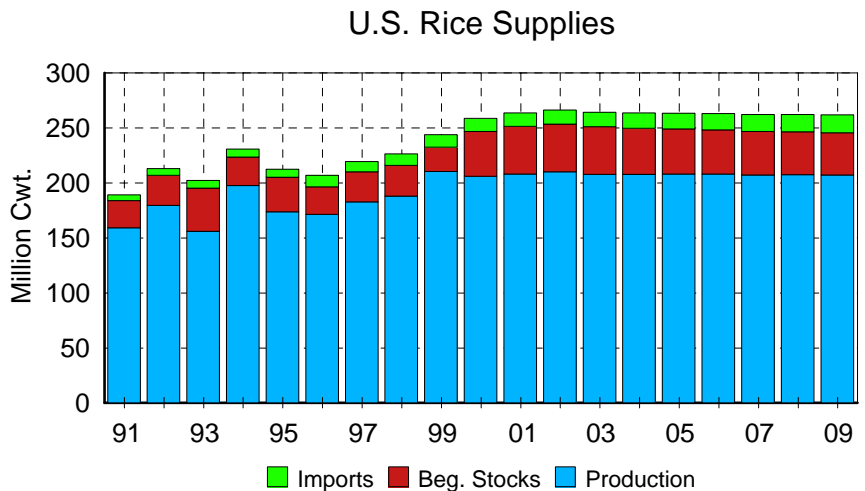


U.S. Upland Cotton Supply and Utilization

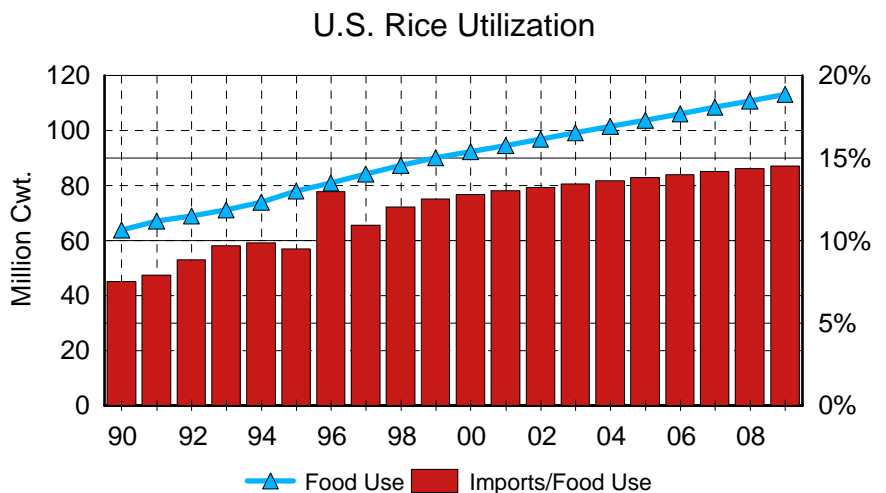
	99/00	00/01	01/02	02/03	03/04	04/05	05/06	06/07	07/08	08/09	09/10
Area	(Million Acres)										
Contract Area	16.44	16.44	16.44	16.44	16.43	16.43	16.43	16.43	16.43	16.43	16.43
CRP Idled	1.24	1.31	1.33	1.37	1.41	1.43	1.45	1.47	1.47	1.47	1.45
Planted Area	14.57	14.76	14.37	14.02	13.90	13.76	13.74	13.77	13.75	13.68	13.61
Harvested Area	13.09	13.99	13.62	13.29	13.18	13.05	13.03	13.05	13.04	12.96	12.90
Yield	(Pounds per Acre)										
Actual	596	648	652	656	661	666	671	677	681	686	690
Program	600	600	600	600	600	600	600	600	600	600	600
Supply	(Million Bales)										
Beginning Stocks	3.84	4.08	4.76	4.71	4.32	3.94	3.54	3.22	2.97	2.71	2.39
Production	16.26	18.88	18.51	18.17	18.15	18.11	18.22	18.40	18.51	18.53	18.55
Imports	0.06	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05
Domestic Use	(Million Bales)										
Mill Use	10.05	10.40	10.55	10.61	10.68	10.75	10.87	11.02	11.17	11.30	11.41
Exports	5.98	7.84	8.05	7.99	7.90	7.79	7.71	7.67	7.63	7.59	7.55
Total Use	16.03	18.24	18.60	18.59	18.58	18.54	18.58	18.69	18.81	18.89	18.95
Unaccounted	-0.05	-0.01	-0.01	-0.01	-0.01	-0.01	-0.01	-0.01	-0.01	-0.01	-0.01
Ending Stocks	4.08	4.76	4.71	4.32	3.94	3.54	3.22	2.97	2.71	2.39	2.03
CCC Inventory	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
"Free" Stocks	4.08	4.76	4.71	4.32	3.94	3.54	3.22	2.97	2.71	2.39	2.03
Prices and Returns	(Dollars)										
Season Avg. Price/lb.	0.459	0.470	0.479	0.500	0.522	0.543	0.562	0.578	0.594	0.613	0.635
Loan Rate/lb.	0.519	0.519	0.519	0.500	0.500	0.500	0.500	0.511	0.519	0.519	0.519
Contract Payment/lb.	0.157	0.071	0.057	0.056	0.056	0.056	0.056	0.056	0.056	0.056	0.056
Cotlook A Index/lb.	0.474	0.496	0.523	0.552	0.576	0.599	0.617	0.634	0.652	0.674	0.698
Adjusted World Price/lb.	0.334	0.358	0.382	0.407	0.428	0.448	0.464	0.479	0.495	0.514	0.535
Variable Expenses/a.	316.64	330.01	334.78	341.58	347.36	353.70	360.56	366.97	374.06	381.38	389.13
Gross Market Returns/a.	313.56	342.18	355.16	377.08	395.18	414.74	431.16	447.00	462.72	481.17	501.35
LDP Returns/a.	120.49	116.06	101.89	74.36	61.73	49.48	39.47	37.78	33.32	21.10	7.24
Mkt+LDP Net Returns/a.	117.41	128.23	122.28	109.86	109.55	110.52	110.07	117.80	121.98	120.90	119.46
Contract Payment/a.	80.17	36.29	29.22	28.36	28.36	28.37	28.37	28.37	28.37	28.37	28.37

U.S. Rice

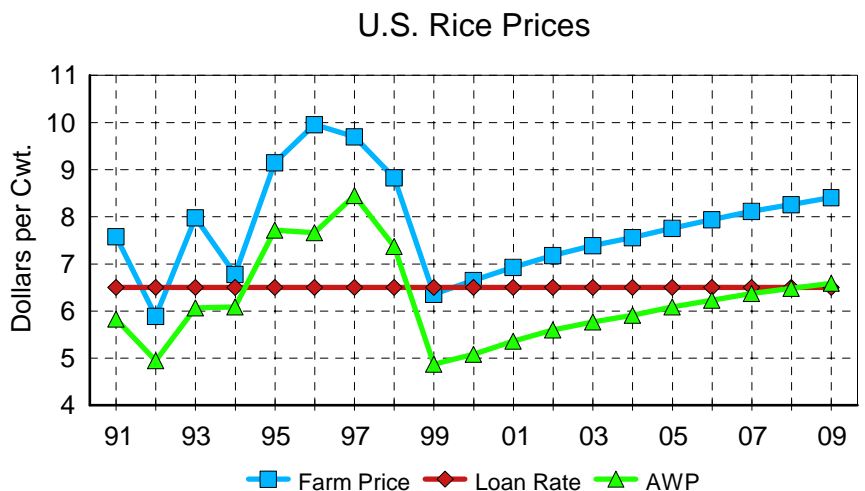
- Record supplies of rice are expected to result in 2000 due to large carry over and only a small decline in **production**.
- Imports** are expected to continue to increase over the projection period.



- Growth in **domestic food use** is expected to continue with brewing use remaining relatively flat.
- Imported** rice is expected to account for over 12% of food use in 2000.



- The strong **market prices** from 1996-98 encouraged production that now weighs heavily on the market.
- Assuming area declines during the baseline, **prices** will recover.



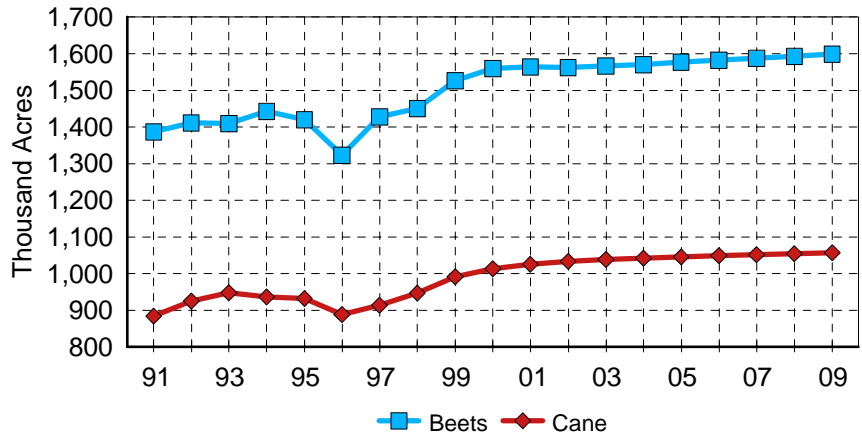
U.S. Rice Supply and Utilization

	99/00	00/01	01/02	02/03	03/04	04/05	05/06	06/07	07/08	08/09	09/10
Area	(Million Acres)										
Contract Area	4.17	4.17	4.17	4.17	4.17	4.17	4.17	4.17	4.17	4.17	4.17
CRP Idled	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Planted Area	3.58	3.45	3.46	3.48	3.41	3.39	3.36	3.34	3.30	3.29	3.26
Harvested Area	3.56	3.42	3.44	3.45	3.38	3.36	3.34	3.32	3.28	3.26	3.24
Yield	(Pounds per Acre)										
Actual	5,908	6,028	6,056	6,088	6,147	6,189	6,236	6,278	6,325	6,365	6,409
Program	4,817	4,817	4,817	4,817	4,817	4,817	4,817	4,817	4,817	4,817	4,817
Supply	(Million Cwt.)										
Beginning Stocks	22.1	40.6	43.4	43.5	43.2	41.9	41.0	40.2	39.5	38.8	38.3
Production	210.5	206.3	208.1	210.1	208.0	208.0	208.1	208.2	207.4	207.7	207.4
Imports	11.3	11.8	12.3	12.8	13.3	13.8	14.3	14.9	15.4	15.9	16.4
Domestic Use	120.3	123.0	125.5	127.8	130.2	132.6	135.0	137.4	139.9	142.3	144.8
Food	90.1	92.3	94.6	96.9	99.2	101.5	103.8	106.1	108.5	110.8	113.2
Seed	4.2	4.3	4.4	4.3	4.2	4.2	4.2	4.1	4.1	4.0	4.0
Brewing	16.0	16.3	16.5	16.7	16.8	16.9	17.0	17.2	17.3	17.4	17.6
Residual	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Exports	82.9	92.4	94.8	95.5	92.4	90.1	88.2	86.3	83.7	81.7	79.5
Total Use	203.2	215.3	220.3	223.3	222.6	222.7	223.3	223.7	223.6	224.0	224.3
Ending Stocks	40.6	43.4	43.5	43.2	41.9	41.0	40.2	39.5	38.8	38.3	37.9
CCC Inventory	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
"Free" Stocks	40.6	43.4	43.5	43.2	41.9	41.0	40.2	39.5	38.8	38.3	37.9
Prices and Returns	(Dollars)										
Season Avg. Price/cwt	6.36	6.65	6.93	7.18	7.39	7.56	7.76	7.94	8.12	8.26	8.41
Loan Rate/cwt	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50
FOB Houston/cwt	13.89	14.69	15.35	15.93	16.37	16.73	17.17	17.57	17.95	18.28	18.60
Contract Payment/cwt	5.68	2.60	2.10	2.04	2.04	2.04	2.04	2.04	2.04	2.04	2.04
Adjusted World Price/cwt	4.87	5.08	5.36	5.60	5.77	5.91	6.09	6.23	6.37	6.48	6.59
Variable Expenses/a	381.61	392.37	395.92	401.56	406.81	412.60	418.66	424.60	431.19	438.11	445.45
Gross Market Returns/a.	375.71	401.17	419.65	437.01	454.11	467.61	483.86	498.33	513.38	525.98	538.96
LDP Returns/a.	118.08	108.79	93.57	80.48	71.31	63.67	54.13	46.01	38.18	31.95	25.74
Market Net Returns/a.	112.18	117.59	117.31	115.93	118.62	118.69	119.33	119.74	120.37	119.81	119.25
Contract Payment/a.	232.56	106.34	86.01	83.53	83.53	83.53	83.53	83.53	83.53	83.53	83.53

U.S. Sugar

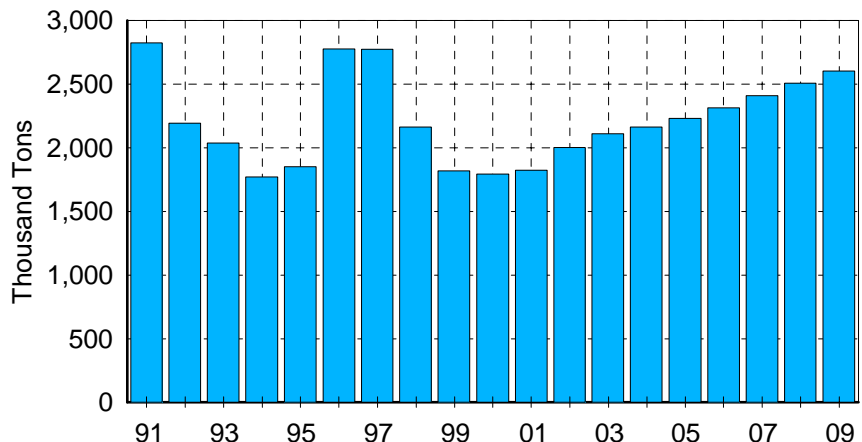
- With weaker prices of competing crops, **sugar beet harvested area** is expected to increase to 1.56 million acres in 2000.
- **Cane area** should also show a modest increase, cracking the 1 million acre mark in 2000.

U.S. Sugar Area Harvested



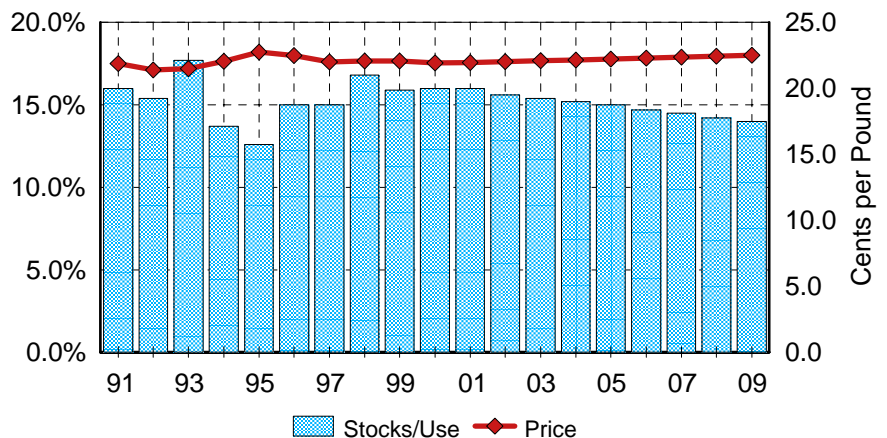
- With growth in **domestic use** expected to exceed production, additional imports will be required.
- **Imports** are expected to reach 2.6 million tons by 2009.

U.S. Sugar Imports



- **Ending stocks** are expected to decline to 14% of domestic use by the end of FY-2009.
- **Raw sugar prices** are expected to average 21.9 cents per pound in 2000.

Sugar Stocks/Use vs. NY Raw Sugar Price



U.S. Sugar Crop Production

Crop Year	99/00	00/01	01/02	02/03	03/04	04/05	05/06	06/07	07/08	08/09	09/10
Sugar Beets											
Harv. Area (1,000 a.)	1,527	1,560	1,564	1,563	1,567	1,571	1,577	1,582	1,588	1,593	1,599
Yield (tons/a.)	21.82	21.17	21.19	21.22	21.24	21.27	21.29	21.32	21.35	21.37	21.40
Prod. (1,000 tons)	33,319	33,020	33,142	33,157	33,288	33,403	33,585	33,734	33,889	34,047	34,211
Sugarcane											
Harv. Area (1,000 a.)	991	1,013	1,026	1,033	1,038	1,042	1,046	1,049	1,052	1,055	1,057
Yield (tons/a.)	36.04	36.16	36.16	36.17	36.17	36.18	36.18	36.18	36.19	36.19	36.20
Prod. (1,000 tons)	35,721	36,640	37,087	37,364	37,561	37,712	37,839	37,954	38,063	38,170	38,276

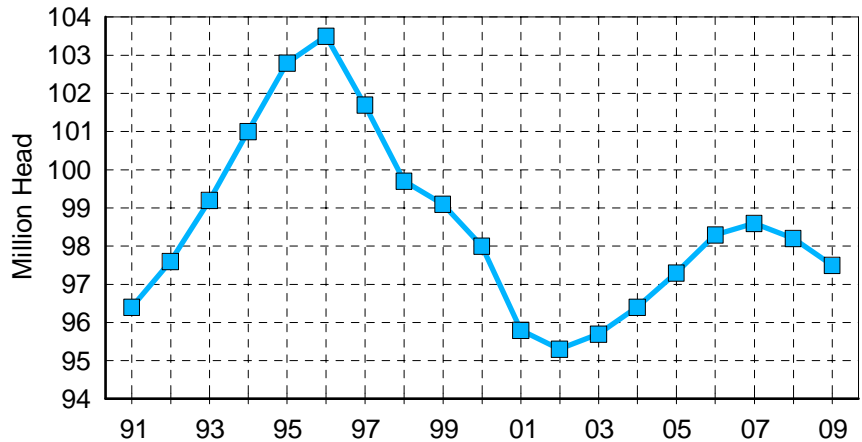
U.S. Sugar Supply and Utilization

Fiscal Year	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
(1000 Short Tons, Raw Value)											
Supply	11,873	12,184	12,312	12,577	12,726	12,822	12,922	13,043	13,170	13,300	13,428
Beginning Stocks	1,679	1,639	1,684	1,698	1,700	1,696	1,691	1,684	1,676	1,667	1,658
Production	8,374	8,750	8,804	8,876	8,915	8,961	9,000	9,045	9,085	9,124	9,164
Imports	1,820	1,795	1,824	2,002	2,112	2,165	2,232	2,314	2,410	2,509	2,605
Quota	1,252	1,225	1,324	1,502	1,612	1,665	1,732	1,814	1,910	2,009	2,105
Non-Quota	568	570	500	500	500	500	500	500	500	500	500
Utilization	10,296	10,500	10,613	10,877	11,030	11,131	11,238	11,367	11,503	11,642	11,779
Disappearance	10,066	10,250	10,363	10,627	10,780	10,881	10,988	11,117	11,253	11,392	11,529
Exports	230	250	250	250	250	250	250	250	250	250	250
Error Adjustment	-62	0	0	0	0	0	0	0	0	0	0
Ending Stocks	1,639	1,684	1,698	1,700	1,696	1,691	1,684	1,676	1,667	1,658	1,649
(Cents per Pound)											
Prices											
N.Y. Spot Raw Sugar	22.07	21.94	21.95	22.04	22.11	22.16	22.22	22.29	22.36	22.44	22.52
Cane Loan Rate	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00

U.S. Beef

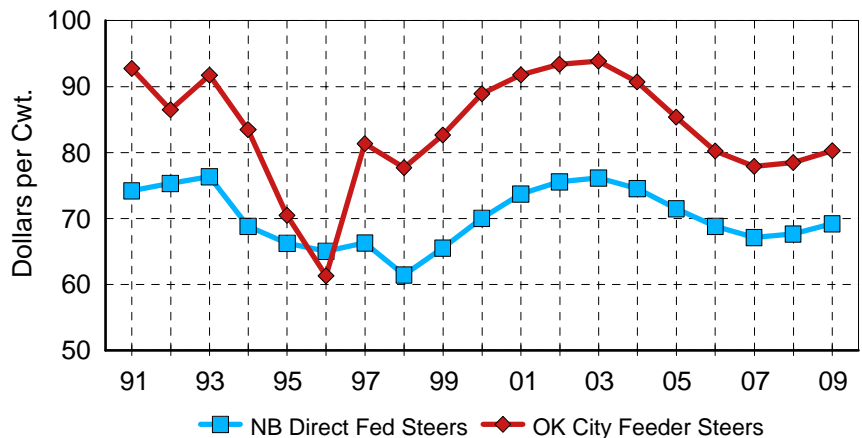
- **Cattle inventories** are expected to decline through 2002 to 95.3 million head as the sector continues the liquidation phase that started in 1997.
- Modest expansion is projected after that, reaching 98.6 million head by 2007.

U.S. Cattle and Calves



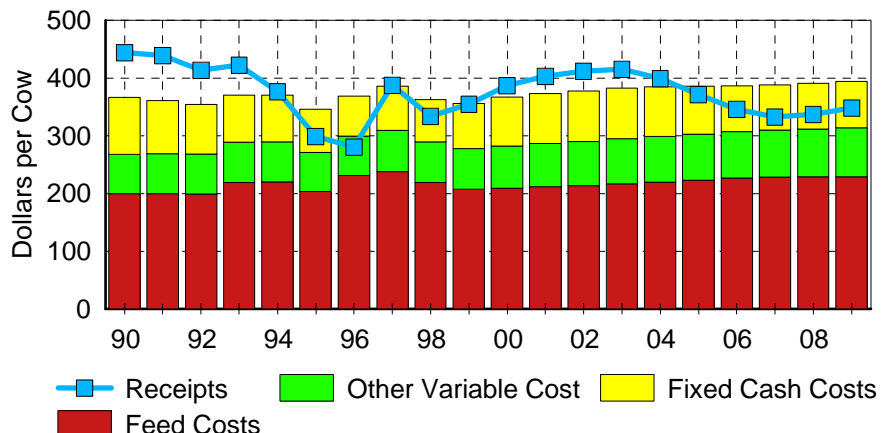
- With the decline in beef supplies, 2000 **fed steer prices** are expected to average \$70.03 per cwt.
- **Feeder steer prices** are projected to rise over the next few years reaching over \$90 per cwt. by 2001.

Cattle Prices



- **Cow-calf returns** are expected to be positive in 2000.
- Cheap feed and higher cattle prices combine for a positive outlook for the next few years.

U.S. Cow Calf Returns



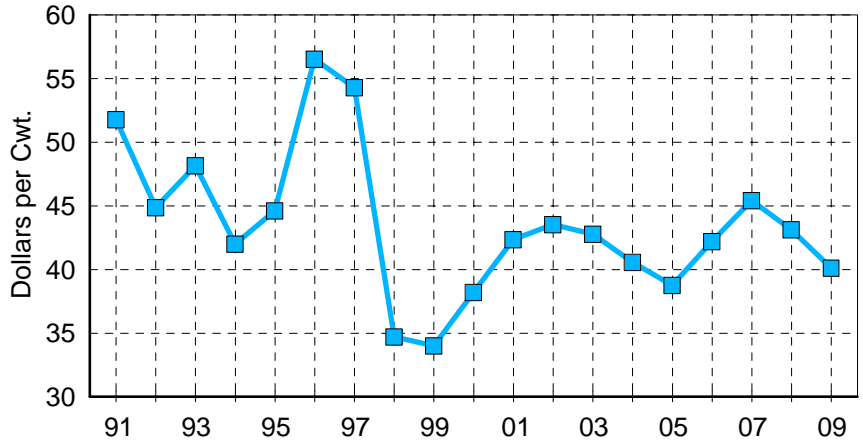
U.S. Beef Supply and Use

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
	(Million Head)										
Cattle and Calves (Jan. 1)	98.5	96.8	95.8	95.3	95.7	96.4	97.3	98.3	98.6	98.2	97.5
Beef Cows (Jan. 1)	33.5	33.3	33.0	33.1	33.6	34.2	34.7	35.1	35.1	34.8	34.4
Total Cattle Slaughter	36.3	34.7	34.0	33.5	33.6	34.0	34.6	35.3	35.8	35.8	35.6
Supply	(Million Pounds)										
Beginning Stocks	393	400	367	366	366	371	377	381	385	389	388
Imports	2,877	3,014	3,056	3,086	3,103	3,046	2,988	2,918	2,836	2,790	2,821
Production	26,496	25,412	25,034	24,770	25,049	25,537	26,098	26,767	27,308	27,514	27,560
Total	29,766	28,827	28,456	28,222	28,518	28,954	29,463	30,067	30,529	30,693	30,769
Disappearance											
Domestic Use	26,992	26,056	25,499	24,996	25,130	25,368	25,643	26,048	26,385	26,545	26,530
Exports	2,374	2,404	2,592	2,860	3,017	3,209	3,439	3,634	3,755	3,760	3,852
Total	29,366	28,460	28,090	27,856	28,147	28,578	29,081	29,682	30,140	30,305	30,382
Ending Stocks	400	367	366	366	371	377	381	385	389	388	387
Per Capita Consumption	(Pounds)										
Carcass Weight	99.0	94.9	92.1	89.6	89.3	89.5	89.7	90.4	90.8	90.6	89.9
Retail Weight	69.2	66.3	64.4	62.6	62.4	62.5	62.7	63.2	63.5	63.3	62.8
Change	1.6%	-4.1%	-2.9%	-2.8%	-0.3%	0.1%	0.3%	0.8%	0.5%	-0.2%	-0.9%
Prices											
1100 - 1300 #,	(Dollars per Hundredweight)										
Nebraska Direct Steers	65.55	70.03	73.73	75.57	76.16	74.57	71.51	68.85	67.16	67.67	69.24
Change	6.6%	6.8%	5.3%	2.5%	0.8%	-2.1%	-4.1%	-3.7%	-2.5%	0.8%	2.3%
600 - 650 #, Oklahoma											
City Feeder Steers	82.68	88.90	91.79	93.39	93.87	90.73	85.38	80.26	77.93	78.51	80.29
Change	6.4%	7.5%	3.3%	1.7%	0.5%	-3.3%	-5.9%	-6.0%	-2.9%	0.7%	2.3%
Utility Cows, Sioux Falls	38.25	41.41	43.43	44.28	44.84	43.23	40.18	37.74	35.40	36.34	38.35
Change	5.7%	8.3%	4.9%	1.9%	1.3%	-3.6%	-7.1%	-6.1%	-6.2%	2.6%	5.5%
	(Dollars per Pound)										
Beef Retail	2.88	2.99	3.09	3.16	3.17	3.15	3.11	3.10	3.08	3.11	3.16
Change	3.9%	4.0%	3.0%	2.3%	0.5%	-0.7%	-1.1%	-0.4%	-0.7%	0.9%	1.6%
Net Returns	(Dollars per Cow)										
Cow - Calf	-1.25	20.31	30.16	34.31	32.45	14.36	-14.16	-40.64	-55.27	-53.56	-45.90

U.S. Pork

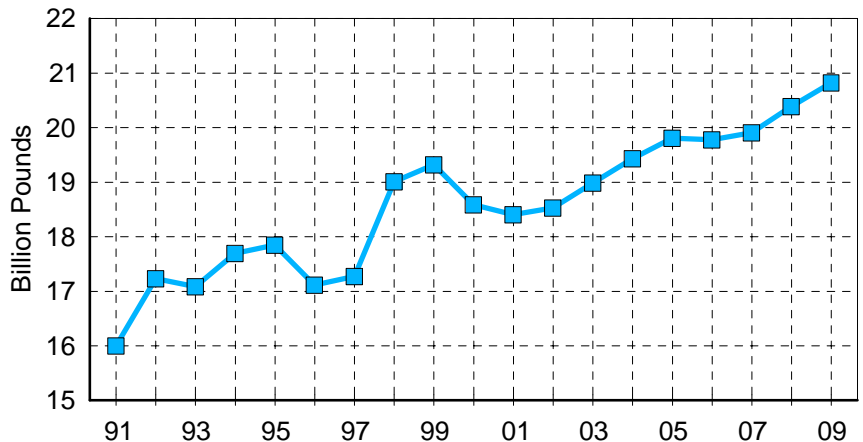
- **IA - So. MN barrow and gilt prices** are expected to rebound from the low prices experienced the past two years.
- Hog prices are expected to average \$5 per cwt. lower over the 2000-2009 period than the previous ten years.

Barrow and Gilt Price, Nat'l Base, 51-52% lean



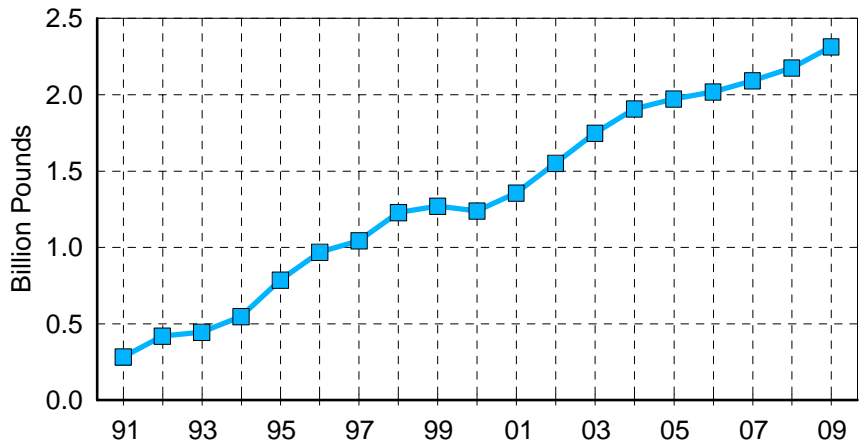
- **Pork production** continued its record pace in 1999 surpassing 19.3 billion pounds.
- The long term trend suggests that **pork production** is slated to grow to over 20 billion pounds by 2008, implying the need for additional processing capacity.

U.S. Pork Production



- **Pork exports** are expected to decline slightly in 2000 with the higher domestic pork prices.
- The longer term outlook for pork exports is positive as many Asian countries continue to demand more U.S. pork.

U.S. Pork Exports



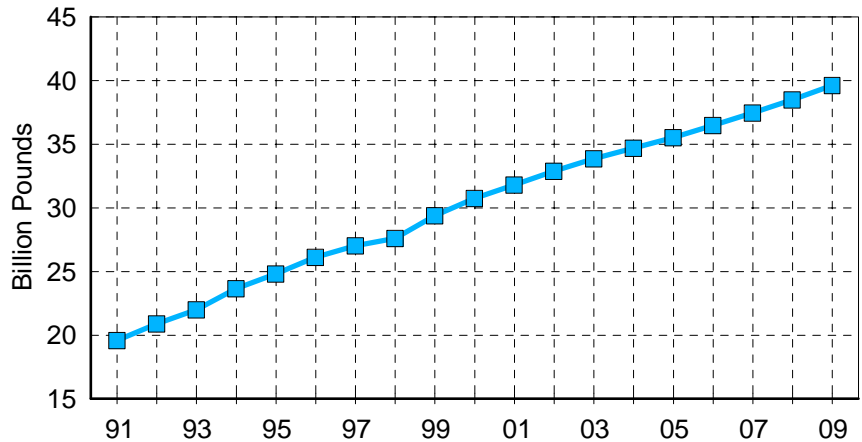
U.S. Pork Supply and Use

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Hogs on Farms (Million Head)											
Market (Dec. 1)	53.2	53.5	54.6	55.6	56.0	56.8	56.8	57.6	58.5	59.0	59.5
Breeding (Dec. 1)	6.24	6.25	6.25	6.28	6.38	6.45	6.37	6.27	6.23	6.27	6.30
Total Hog Slaughter	101.6	97.1	95.7	95.8	97.7	99.5	100.9	100.2	100.4	102.3	104.0
Supply (Million Pounds)											
Beginning Stocks	586	500	517	503	512	532	543	555	543	543	564
Imports	822	846	906	930	911	880	892	915	919	909	880
Production	19,323	18,588	18,406	18,532	18,989	19,432	19,807	19,778	19,909	20,392	20,821
Total	20,731	19,934	19,829	19,965	20,412	20,844	21,242	21,247	21,371	21,845	22,265
Disappearance											
Domestic Use	18,959	18,178	17,968	17,902	18,131	18,392	18,713	18,684	18,736	19,103	19,373
Exports	1,272	1,239	1,357	1,551	1,749	1,908	1,974	2,019	2,093	2,177	2,315
Total	20,231	19,417	19,325	19,453	19,880	20,301	20,687	20,704	20,828	21,280	21,688
Ending Stocks	500	517	503	512	532	543	555	543	543	564	577
Per Capita Consumption (Pounds)											
Carcass Weight	69.5	66.2	64.9	64.2	64.4	64.9	65.5	64.8	64.5	65.2	65.6
Retail Weight	54.0	51.4	50.4	49.8	50.0	50.3	50.8	50.3	50.0	50.6	50.9
Change	2.7%	-4.8%	-2.0%	-1.2%	0.5%	0.6%	0.9%	-1.0%	-0.5%	1.1%	0.6%
Prices											
Barrows & Gilts, Natl. Base (Dollars per Hundredweight)											
51-52% lean equiv.	34.00	38.21	42.36	43.53	42.78	40.58	38.77	42.22	45.42	43.13	40.12
Change	-2.1%	12.4%	10.9%	2.8%	-1.7%	-5.2%	-4.4%	8.9%	7.6%	-5.1%	-7.0%
Sows, IA-S. Minn. #1-2, 300-400 Lb. * (Dollars per Pound)											
	19.27	25.65	28.01	29.75	28.98	27.65	26.05	27.53	29.20	27.62	25.65
Change	-20.6%	33.1%	9.2%	6.2%	-2.6%	-4.6%	-5.8%	5.7%	6.1%	-5.4%	-7.1%
Pork Retail (Dollars per Pound)											
	2.41	2.49	2.57	2.60	2.58	2.56	2.52	2.59	2.67	2.61	2.57
Change	-0.5%	3.3%	2.9%	1.4%	-0.9%	-0.7%	-1.6%	2.7%	3.0%	-1.9%	-1.9%
Net Returns (Dollars per Hundredweight)											
Farrow - Finish	-4.13	-1.29	1.63	1.86	0.42	-2.27	-4.53	-2.21	-0.06	-2.79	-6.17

U.S. Poultry

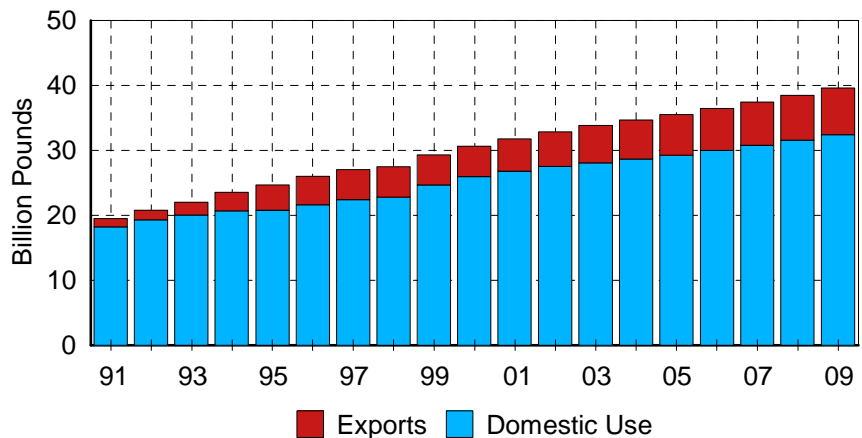
- **Broiler production** is set to expand by 4.6 percent in 2000.
- By 2005, broiler production is set to exceed 35 billion pounds.

U.S. Broiler Production



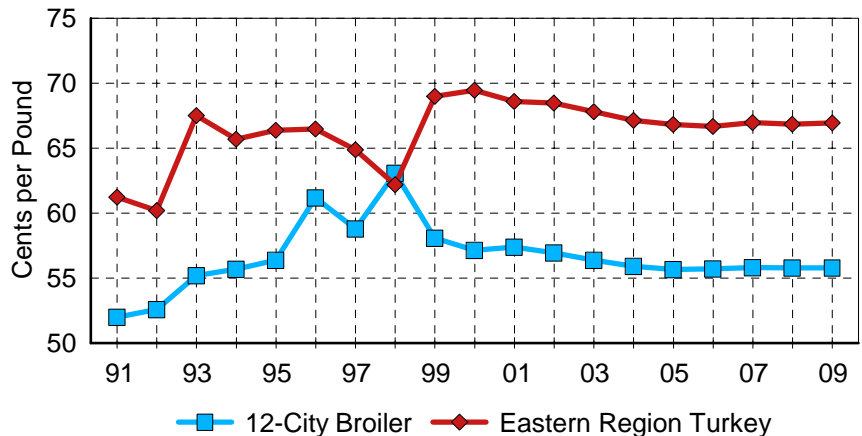
- **Domestic use** of broiler meat is expected to remain strong over the baseline period.
- The long term outlook for **U.S. broiler exports** suggests that they will reach over 7 billion pounds by 2009.

U.S. Broiler Use



- **12-city broiler prices** are forecasted to decline to 57.2 cents per pound in 2000.
- **Eastern region turkey prices** stay in the 65 to 70 cents per pound range for over the baseline period.

U.S. Poultry Prices



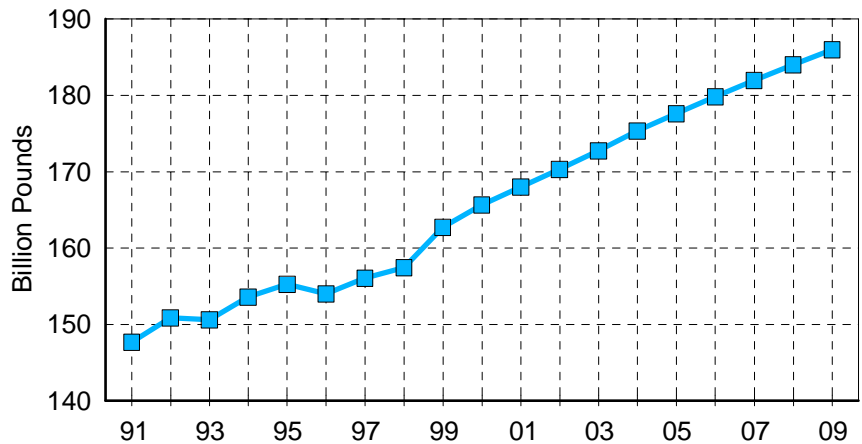
U.S. Poultry Supply and Use

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Broiler											
	(Million Pounds)										
Production	29,402	30,749	31,802	32,888	33,861	34,709	35,531	36,497	37,468	38,511	39,623
Domestic Use	24,685	25,964	26,816	27,556	28,117	28,684	29,281	30,042	30,804	31,593	32,444
Exports	4,631	4,698	4,978	5,319	5,739	6,028	6,254	6,456	6,661	6,909	7,167
Ending Stocks	800	892	902	919	928	929	928	931	939	951	968
Turkey											
Production	5,213	5,334	5,439	5,551	5,668	5,767	5,855	5,937	6,017	6,096	6,173
Domestic Use	4,931	4,887	4,996	5,067	5,138	5,209	5,274	5,332	5,389	5,438	5,488
Exports	361	386	429	474	516	547	573	596	620	648	677
Ending Stocks	225	287	301	312	326	337	346	355	363	372	380
Eggs											
	(Million Dozens)										
Production	6,901	7,067	7,163	7,261	7,351	7,441	7,531	7,626	7,727	7,831	7,939
Imports	7	4	4	4	4	4	4	4	4	4	4
Domestic Use	5,809	5,918	5,986	6,057	6,126	6,198	6,270	6,346	6,427	6,509	6,593
Hatching Egg	941	996	1,020	1,044	1,065	1,081	1,097	1,114	1,133	1,153	1,175
Exports	159	160	162	163	165	166	168	170	172	173	175
Ending Stocks	8	5	5	5	5	5	5	5	5	5	5
Prices											
	(Cents per Pound)										
12 City Wholesale Broiler	58.10	57.16	57.39	56.97	56.40	55.92	55.67	55.73	55.83	55.81	55.81
Broiler Retail	154.40	153.11	153.86	153.81	153.42	152.98	151.67	151.93	151.93	151.12	150.60
East. Region Whlsle Turkey	69.00	69.47	68.60	68.48	67.81	67.15	66.84	66.68	66.98	66.87	66.96
Turkey Retail	99.30	100.07	98.89	98.81	97.91	97.01	96.61	96.42	96.92	96.81	96.99
	(Cents per Dozen)										
NY Grade A Lg Egg	65.60	62.02	65.08	66.82	68.09	68.34	68.98	70.11	70.99	71.90	72.81
Shell Egg Retail	96.28	93.25	96.97	99.39	101.38	102.31	103.57	105.39	106.96	108.60	110.26
Per Capita Consumption											
	(Pounds)										
Broiler	90.6	94.6	96.9	98.7	99.9	101.1	102.4	104.3	106.0	107.9	109.9
Turkey	18.1	17.8	18.0	18.2	18.3	18.4	18.4	18.5	18.6	18.6	18.6
	(Eggs)										
Eggs	255.7	258.7	259.5	260.5	261.3	262.2	263.2	264.3	265.5	266.7	268.0
Net Returns											
	(Cents per Pound)										
Broiler	10.90	9.68	9.73	8.85	7.88	7.08	6.58	6.37	6.17	5.86	5.58
Turkey	8.83	9.01	7.69	7.03	5.95	4.91	4.30	3.81	3.77	3.34	3.11
	(Cents per Dozen)										
Eggs	2.20	-1.59	0.78	1.95	2.86	2.69	3.06	3.83	4.37	4.95	5.55

U.S. Dairy

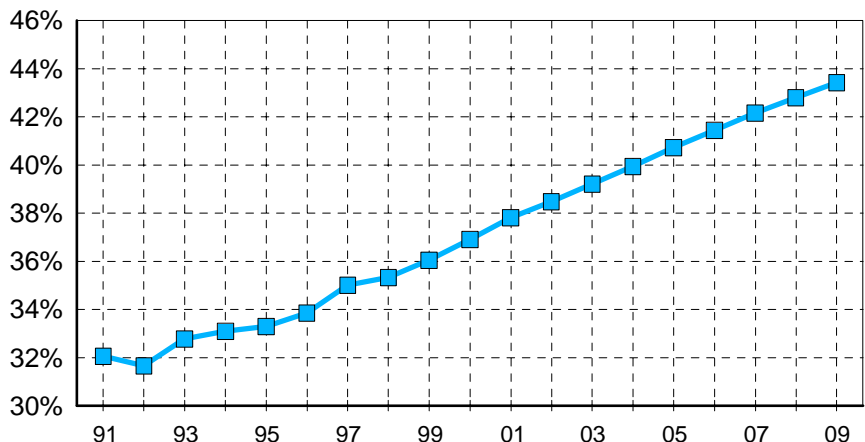
- **Milk production** is set to surpass 165 billion pounds in 2000. This increase is on top of the 3.4 percent increase in 1999.
- The annual growth in milk production is expected to average 1.2 percent over the baseline period.

U.S. Milk Production



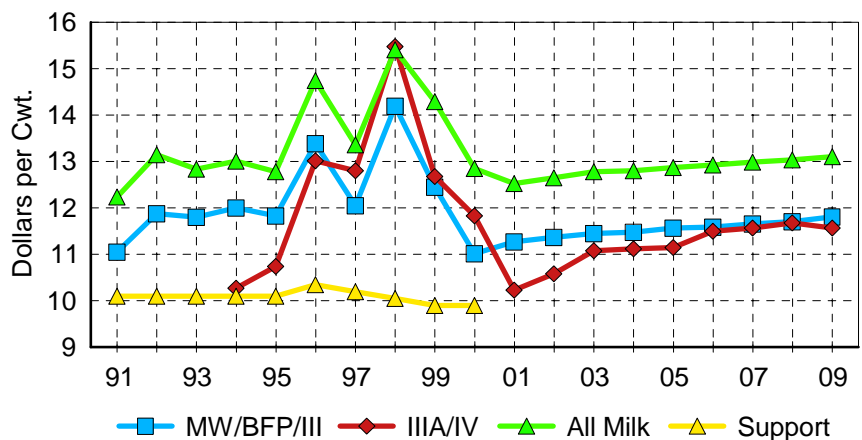
- The **cheese sector** continues to increase its share of milk use.
- Any slowdown in cheese demand could hamper the outlook for milk prices.

% of Milk Going to the Cheese Sector



- **All milk prices** are expected to average \$12.85 per cwt. in 2000, a decline of over \$2.50 from the 1998 level.
- All milk prices are expected to average \$12.86 per cwt. over the 2000 to 2009 period.

U.S. Milk Prices



U.S. Milk Supply and Use

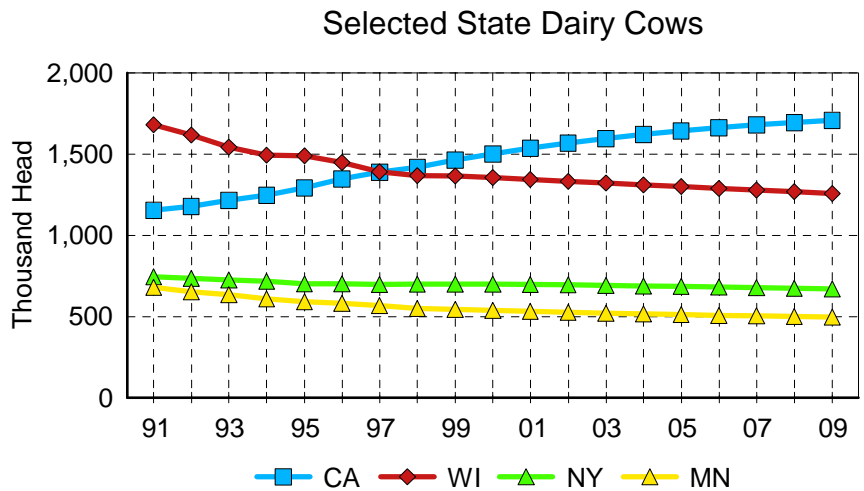
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Supply											
	(Million Pounds Milk Equivalent)										
Milk Production	162,732	165,657	168,023	170,328	172,769	175,354	177,628	179,824	181,956	184,011	186,018
Per Cow(Pounds)	17,770	18,100	18,434	18,754	19,080	19,432	19,750	20,063	20,374	20,683	20,993
No. Cows(1,000)	9,158	9,152	9,115	9,082	9,055	9,024	8,994	8,963	8,931	8,897	8,861
Net Imports in Fluid	143	143	143	143	143	143	143	143	143	143	143
Net Change in Stocks	0	0	0	0	0	0	0	0	0	0	0
Total Supply	162,875	165,800	168,166	170,471	172,912	175,497	177,771	179,967	182,099	184,154	186,161
Utilization											
On-Farm use	1,294	1,274	1,253	1,236	1,225	1,213	1,200	1,191	1,180	1,170	1,159
Fed to Calves	1,108	1,107	1,099	1,092	1,086	1,079	1,073	1,067	1,060	1,053	1,045
Farm-churned Butter	186	167	154	144	139	133	127	124	120	117	114
Fluid Product Use	56,773	56,889	57,355	57,598	57,887	58,133	58,317	58,492	58,674	58,851	59,053
Whole Milk Per Cap(lbs)	71	69	69	68	67	66	65	64	63	62	61
Lowfat Milk Per Cap(lbs)	136	136	136	136	137	137	137	137	137	137	137
Manufactured Use	98,550	101,387	103,308	105,387	107,551	109,902	112,003	114,034	115,995	117,883	119,699
Creamery Butter	26,404	26,420	26,478	26,555	26,605	26,679	26,709	26,680	26,689	26,682	26,694
Whey Cream	5,500	5,746	5,939	6,142	6,355	6,584	6,795	7,006	7,204	7,396	7,579
Net Cream. Butter	20,904	20,674	20,539	20,413	20,250	20,094	19,914	19,675	19,485	19,286	19,115
Cheese	60,073	62,650	64,667	66,792	69,016	71,414	73,618	75,820	77,893	79,902	81,822
Evap. & Condensed	1,689	1,901	1,800	1,731	1,670	1,617	1,548	1,490	1,425	1,363	1,293
Frozen Dairy Prod.	14,268	14,530	14,653	14,787	14,933	15,079	15,208	15,317	15,442	15,566	15,684
Other Mfg. Products	1,616	1,632	1,648	1,665	1,681	1,698	1,715	1,732	1,750	1,767	1,785
Residual	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250
Total Utilization	162,867	165,800	168,166	170,471	172,912	175,497	177,771	179,967	182,099	184,154	186,161
	(Million Pounds, Total Milk Solids Basis)										
Removals & DEIP	3,609	2,212	1,408	1,408	1,464	1,464	1,464	1,464	1,464	1,464	1,464
Butter	88	88	176	176	220	237	237	264	281	281	308
Cheese	48	39	39	39	39	39	39	39	39	39	39
Nonfat Dry Milk	3,403	2,016	1,124	1,124	1,124	1,124	1,124	1,124	1,124	1,124	1,124
Prices and Returns											
	(Dollars per Hundredweight)										
MW/BFP/Class III *	12.45	11.02	11.27	11.37	11.45	11.48	11.57	11.59	11.66	11.71	11.81
Manufacturing Grade	12.54	11.09	11.34	11.45	11.52	11.55	11.65	11.66	11.73	11.78	11.89
Fluid Grade	14.39	12.90	12.60	12.70	12.83	12.86	12.95	12.97	13.04	13.09	13.25
III-A/Class IV **	12.68	11.83	10.23	10.58	11.08	11.12	11.15	11.50	11.57	11.68	11.57
All Milk	14.29	12.85	12.53	12.65	12.78	12.80	12.87	12.93	12.99	13.04	13.11
Support Price	9.90	9.90	NA	NA	NA	NA	NA	NA	NA	NA	NA

*Class III beginning in 2000

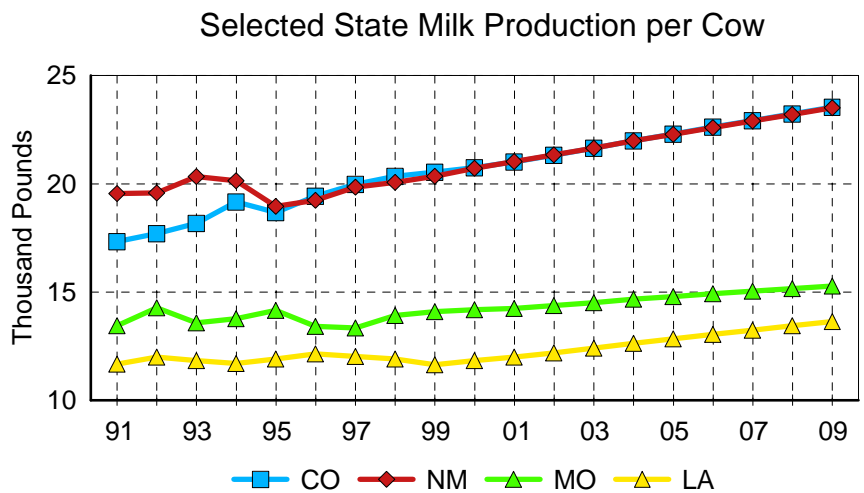
**Class IV beginning in 2000

State-level Dairy

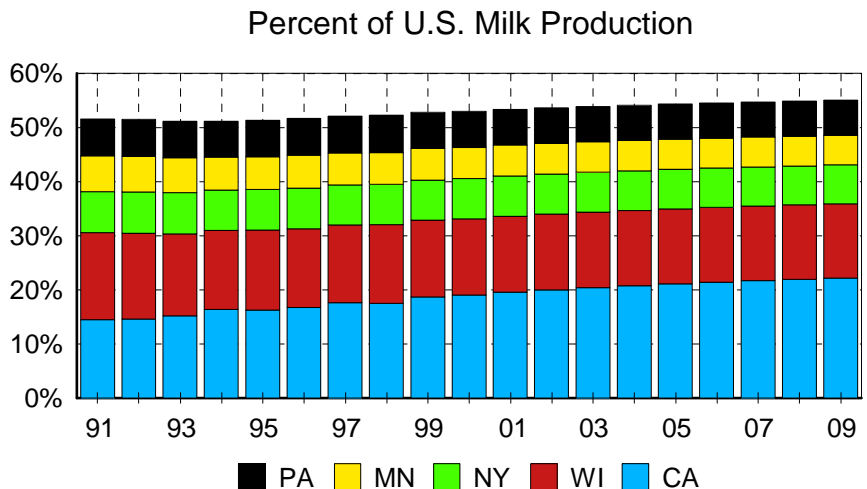
- The rate of growth in **California dairy cows** is expected to slow over the baseline period.
- **Wisconsin dairy cows** fall 107 thousand head over the 1999 to 2009 period, a smaller rate of decline than occurred in the previous ten years.



- Differences in **milk production per cow** on a state-level basis are quite visible. These differences provide some indication as to likely shifts in future milk production.



- California, Wisconsin, New York, Minnesota and Pennsylvania account for more than 50 percent of **U.S. milk production**.



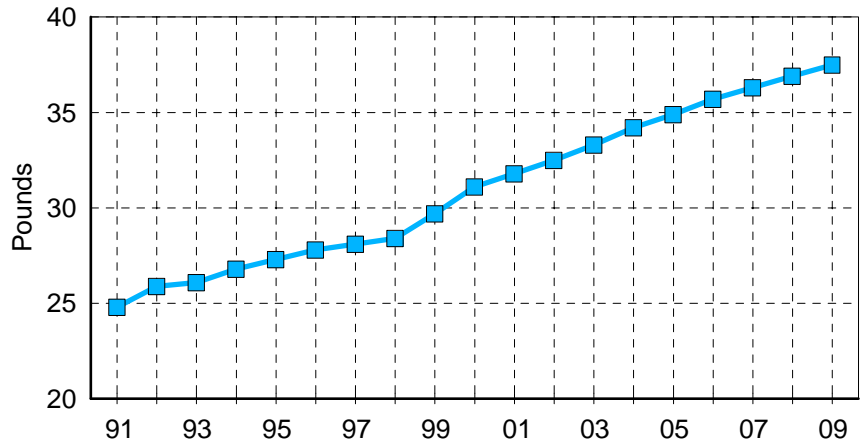
State-Level Dairy Cows

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
	(Thousand Head)										
Alabama	27	26	24	23	21	20	19	18	17	16	15
Alaska	1	1	1	1	1	1	1	1	1	1	1
Arizona	134	136	138	140	142	144	146	148	150	152	155
Arkansas	44	40	35	32	29	26	24	23	22	21	20
California	1,466	1,503	1,538	1,570	1,598	1,623	1,645	1,665	1,682	1,696	1,709
Colorado	82	81	80	78	77	76	75	74	73	72	71
Connecticut	29	28	27	27	26	26	26	25	25	25	25
Delaware	11	11	11	11	11	11	11	11	11	11	11
Florida	158	156	154	152	150	149	148	147	147	146	146
Georgia	89	85	80	76	72	69	65	62	59	57	54
Hawaii	9	8	8	8	7	7	6	6	6	5	5
Idaho	318	342	361	378	392	405	415	424	432	438	443
Illinois	123	117	112	108	104	101	98	96	93	91	89
Indiana	136	136	136	135	135	134	133	132	131	129	128
Iowa	216	209	203	198	195	191	188	186	183	180	178
Kansas	86	89	90	91	92	93	93	94	95	96	97
Kentucky	133	128	124	119	115	111	107	104	101	98	95
Louisiana	61	59	57	56	54	53	52	51	50	49	48
Maine	42	42	42	42	41	41	41	42	42	42	42
Maryland	86	85	84	83	82	82	81	81	80	80	79
Massachusetts	25	24	23	22	21	20	19	19	19	18	18
Michigan	295	291	286	282	278	274	270	267	264	260	258
Minnesota	545	539	533	527	522	517	513	508	505	501	498
Mississippi	39	37	35	33	32	30	29	28	27	25	24
Missouri	161	155	148	143	137	133	129	125	122	119	116
Montana	18	18	17	17	17	17	16	16	16	16	16
Nebraska	74	78	82	85	88	90	92	94	95	95	96
Nevada	25	25	25	25	25	25	25	25	25	25	25
New Hampshire	19	18	17	16	15	14	13	13	12	12	11
New Jersey	18	17	17	16	16	15	14	14	13	13	12
New Mexico	232	250	265	278	290	300	309	316	323	328	332
New York	701	701	699	696	693	689	686	682	679	675	671
North Carolina	73	71	70	68	66	65	64	62	61	60	59
North Dakota	49	45	42	39	36	33	31	29	27	25	24
Ohio	260	257	253	250	246	243	240	237	234	231	228
Oklahoma	92	91	90	90	89	89	88	88	88	87	87
Oregon	89	87	85	84	83	82	81	80	79	79	78
Pennsylvania	616	611	605	600	597	594	591	589	587	585	584
Rhode Island	2	2	2	2	2	2	2	2	2	2	2
South Carolina	24	22	21	20	20	19	19	18	18	18	17
South Dakota	102	101	100	98	97	96	94	93	91	90	88
Tennessee	97	92	86	81	76	72	68	65	62	60	58
Texas	345	338	331	324	317	311	305	300	294	289	284
Utah	92	92	92	91	91	91	91	92	92	92	92
Vermont	162	162	160	158	157	157	156	156	156	156	155
Virginia	121	119	117	115	113	112	110	109	107	106	105
Washington	247	246	244	242	241	240	239	239	238	238	237
West Virginia	18	18	17	17	17	16	16	16	15	15	15
Wisconsin	1,366	1,357	1,344	1,333	1,323	1,312	1,301	1,290	1,280	1,269	1,258
Wyoming	6	6	5	5	5	5	5	5	5	5	4
United States	9,158	9,152	9,115	9,082	9,055	9,024	8,994	8,963	8,931	8,897	8,861

U.S. Dairy Products

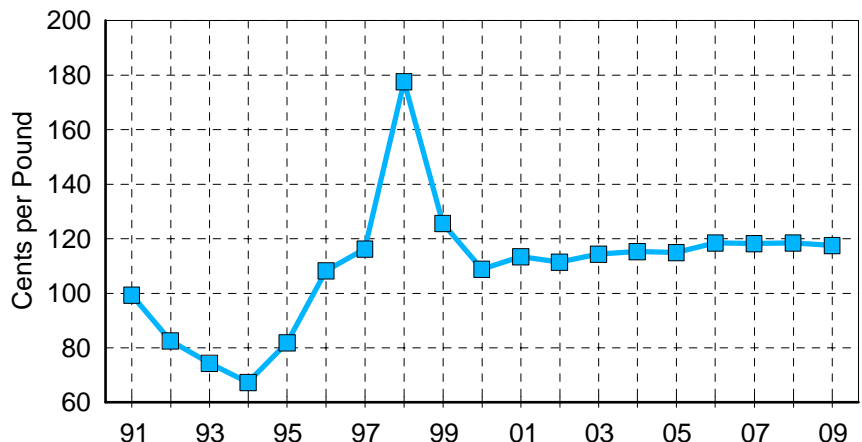
- The U.S. dairy sector is dependent upon the performance of **domestic cheese demand**.
- **Per capita cheese demand** is expected to grow by another 6 pounds over the 2000 to 2009 period.

Cheese Consumption per Person



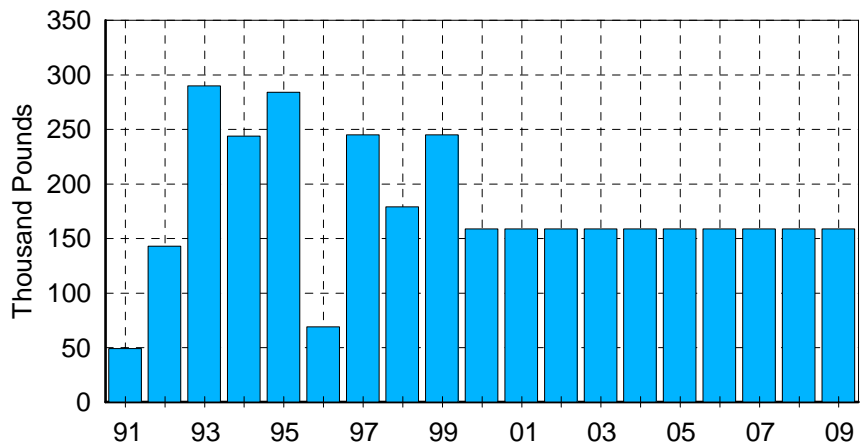
- **Butter prices** are expected to average \$1.09 per pound in 2000, a level far less than seen just two years earlier.
- Longer term, butter prices are expected to average near \$1.25 per pound.

Wholesale Butter Prices



- The U.S. is not expected to be a **commercial exporter of nonfat dry milk** over the baseline period.
- The baseline assumes the U.S. will use the **DEIP program** to WTO maximum levels for nonfat dry milk.

Nonfat Dry DEIP Quantities



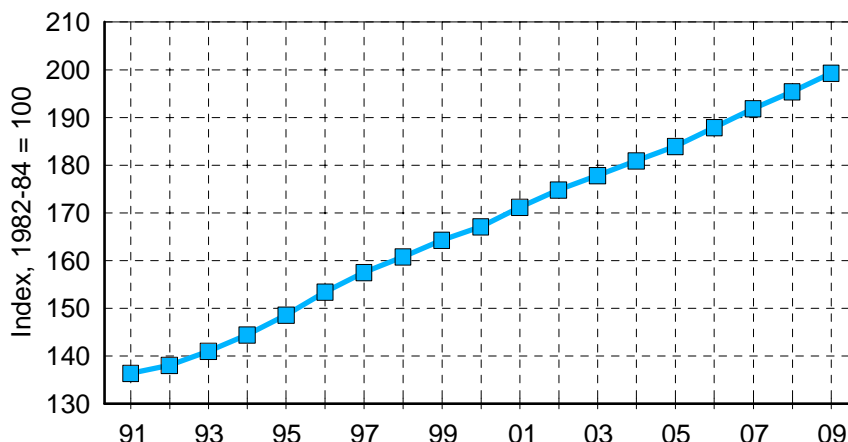
Dairy Products Supply and Use

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Cheese											
	(Million Pounds)										
Production	7,971	8,313	8,580	8,862	9,157	9,476	9,768	10,060	10,335	10,602	10,857
Imports	350	357	360	364	368	371	375	379	383	386	390
Domestic Use	8,082	8,526	8,794	9,076	9,372	9,690	9,983	10,276	10,551	10,818	11,074
Total Foreign Use	137	141	144	147	150	154	157	160	163	167	170
Ending Stocks	621	625	628	631	634	637	640	644	647	650	653
CCC Removals	1	0	0	0	0	0	0	0	0	0	0
DEIP	4	4	4	4	4	4	4	4	4	4	4
Butter											
Production	1,161	1,162	1,164	1,168	1,170	1,173	1,174	1,173	1,174	1,173	1,174
Imports	30	31	32	33	31	30	28	26	24	22	22
Domestic Use	1,175	1,179	1,174	1,177	1,173	1,172	1,171	1,166	1,163	1,160	1,158
Total Foreign Use	14	14	23	24	28	31	31	33	34	35	38
Ending Stocks	27	27	27	27	27	27	27	27	27	27	27
CCC Removals	0	0	0	0	0	0	0	0	0	0	0
DEIP	10	10	20	20	25	27	27	30	32	32	35
Nonfat Dry											
Production	1,385	1,393	1,385	1,379	1,369	1,361	1,352	1,338	1,328	1,317	1,309
Imports	12	12	12	13	13	13	14	14	14	15	15
Domestic Use	1,028	1,133	1,264	1,257	1,214	1,207	1,198	1,184	1,174	1,163	1,156
Total Foreign Use	242	249	236	231	165	165	165	165	165	165	165
Ending Stocks	271	290	183	83	82	81	80	79	78	77	76
CCC Removals	236	126	0	0	0	0	0	0	0	0	0
DEIP	245	159	159	159	159	159	159	159	159	159	159
Prices											
	(Cents per Pound)										
Cheese Wholesale, 40lb.	141.89	125.85	128.45	129.42	130.30	130.64	131.55	131.93	132.63	133.17	134.15
Cheese CCC	110.05	110.02	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Butter Wholesale	125.65	108.84	113.50	111.44	114.44	115.35	114.96	118.46	118.27	118.51	117.53
Butter CCC	65.00	65.89	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Nonfat Dry Wholesale	103.58	103.84	82.70	87.77	92.12	92.22	92.72	95.15	96.02	97.16	96.33
Nonfat Dry CCC	100.93	100.45	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	(Dollars per Pound)										
Cheese Retail	3.81	3.44	3.52	3.57	3.61	3.64	3.69	3.72	3.76	3.80	3.84
Butter Retail	2.65	2.40	2.47	2.44	2.48	2.50	2.49	2.54	2.54	2.54	2.53
Per Capita Consumption											
	(Pounds)										
Cheese	29.7	31.1	31.8	32.5	33.3	34.2	34.9	35.7	36.3	36.9	37.5
Butter	4.3	4.3	4.2	4.2	4.2	4.1	4.1	4.0	4.0	4.0	3.9
Nonfat Dry	3.6	4.0	4.4	4.4	4.3	4.3	4.2	4.1	4.0	4.0	3.9

U.S. Food Prices and Expenditures

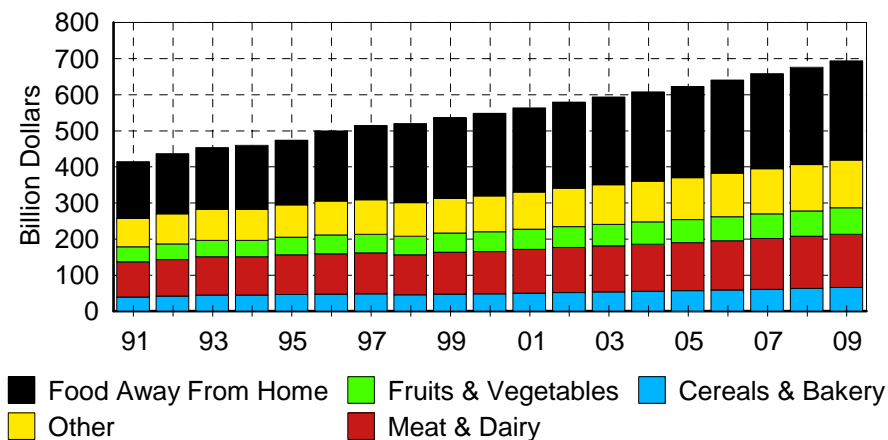
- The **CPI for food** rose by 2.1 percent in 1999. Dairy and fruits and vegetables show the largest increases.
- The annual average increase in the CPI for food over the baseline is 2 percent.

Consumer Price Index for Food



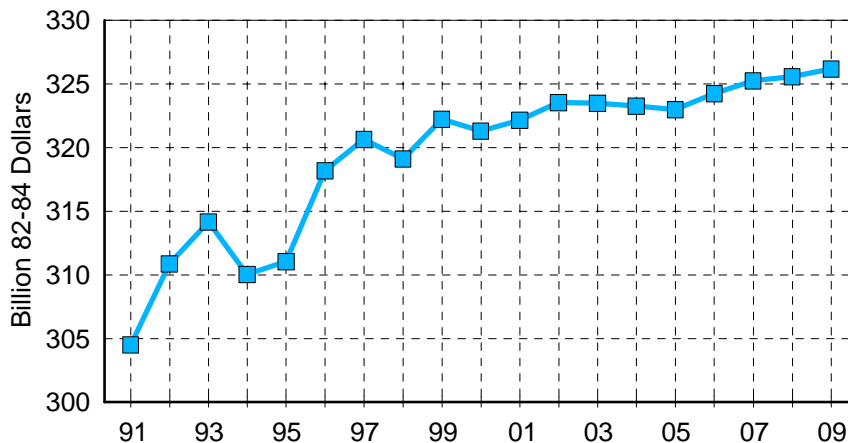
- **Consumer expenditures for food** are expected to reach \$548.5 billion in 2000.
- By 2009, consumer expenditures for food reach \$694.1 billion. Fruits and vegetables, meat and cereal and bakery products lead the growth

Consumer Expenditures for Food



- The growth in **real food expenditures** should remain modest over the baseline.
- The **annual growth** in real food expenditures is expected to be 1.5% from 2000 through 2009, compared to a 2% over the 1990-99 period.

Real Expenditures for Food



Consumer Price Indices for Food

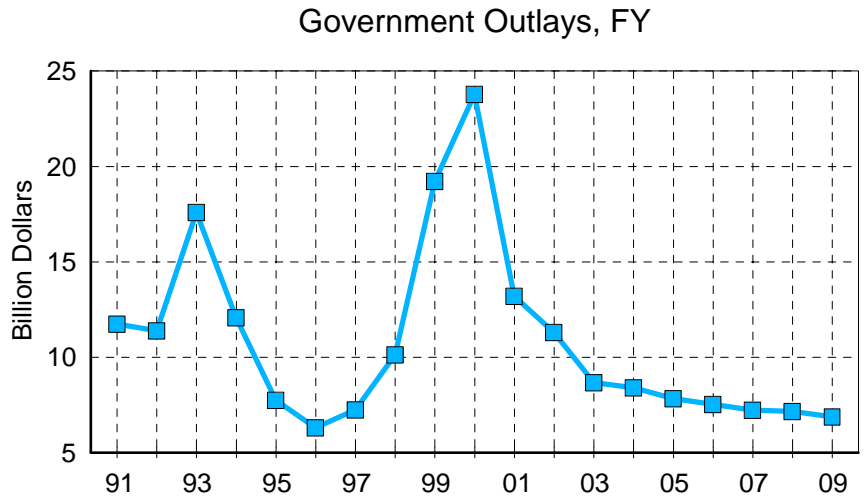
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
	(1982-84=100)										
FOOD	164.3	167.1	171.2	174.8	177.8	180.9	183.9	187.9	191.9	195.4	199.3
Food at Home	164.1	166.7	170.6	174.1	176.9	179.8	182.7	186.5	190.3	193.7	197.4
Cereal and Bakery	184.9	187.5	193.4	197.0	199.6	203.7	208.0	212.7	217.8	223.1	228.8
Meat	147.7	152.1	157.0	161.0	162.9	164.1	164.8	168.0	171.3	173.0	175.1
Dairy	159.6	154.2	155.9	158.3	160.8	162.8	165.2	167.6	169.8	172.0	174.6
Fruit and Vegetables	203.8	208.2	212.8	217.1	221.9	226.8	231.8	236.9	242.1	247.4	252.9
Other Food At Home	153.6	156.6	158.5	161.1	164.0	167.0	170.0	173.8	177.0	180.3	183.6
Sugar and Sweets	152.3	158.1	157.7	160.1	162.5	164.9	167.4	173.8	176.6	179.6	182.5
Fats and Oils	148.3	148.0	148.0	149.9	153.5	157.1	159.9	163.0	166.0	169.4	172.9
Other Prepared Items	168.9	173.0	177.3	181.4	185.9	190.5	195.2	200.0	204.9	209.9	215.0
Non-alc. Beverages	134.3	135.7	135.8	136.6	137.4	138.1	139.0	140.7	141.6	142.5	143.4
Food Away From Home	165.1	168.4	172.8	176.7	180.0	183.4	186.7	190.9	195.1	199.0	203.1

Total Consumer Expenditures for Food

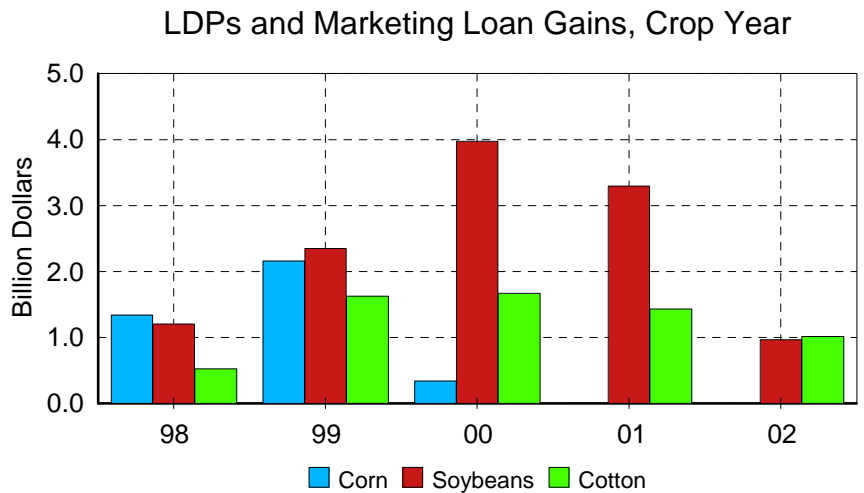
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
	(Billion Dollars)										
FOOD	536.8	548.5	563.9	579.6	593.9	608.5	623.1	641.0	658.9	676.0	694.1
Food at Home	312.7	319.9	330.1	340.8	350.6	360.5	370.4	383.0	395.4	407.1	419.6
Cereal and Bakery	47.2	48.3	50.2	52.0	53.3	55.1	56.9	58.9	61.1	63.4	65.8
Meat	81.3	83.1	85.9	88.2	90.0	91.5	92.9	95.6	98.4	100.5	102.7
Dairy	35.0	34.4	35.5	36.6	37.8	39.0	40.2	41.3	42.5	43.6	44.9
Fruit and Vegetables	53.0	54.2	56.0	57.9	59.8	61.9	64.0	66.1	68.4	70.7	73.2
Other Food At Home	96.1	99.8	102.4	106.0	109.5	112.9	116.4	120.9	124.8	128.7	132.8
Sugar and Sweets	12.3	13.1	13.3	13.9	14.3	14.8	15.2	16.1	16.6	17.1	17.7
Fats and Oils	8.5	8.5	8.6	8.8	9.1	9.4	9.6	9.9	10.1	10.4	10.7
Other Prepared Items	43.0	43.9	45.2	46.4	47.5	48.6	49.7	51.0	52.4	53.7	55.1
Non-alc. Beverages	26.4	28.0	28.8	30.2	31.5	32.9	34.3	36.0	37.4	38.9	40.4
Food Away From Home	224.1	228.6	233.8	238.8	243.3	248.0	252.6	258.1	263.6	268.9	274.5

Government Costs

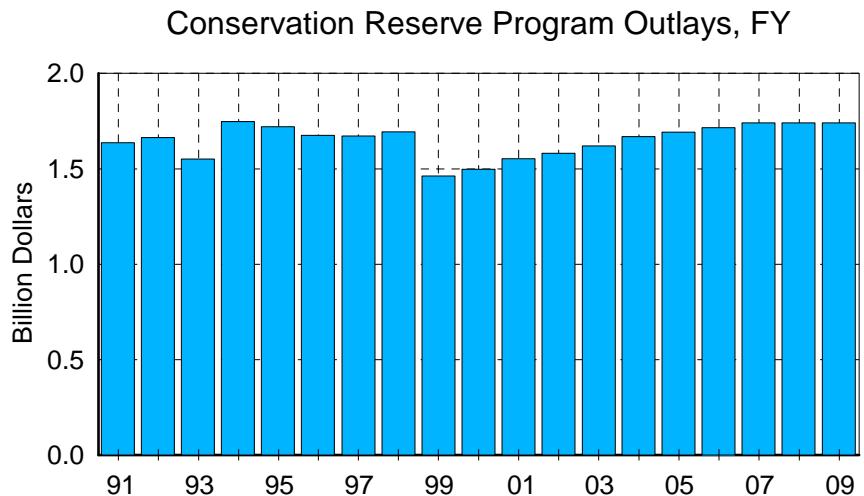
- The emergency spending packages of 1998 and 1999, together with increased LDP's, have pushed **government outlays** significantly higher. For FY00, outlays approach \$24 billion.
- Longer term, outlays stay around \$7 billion.



- Weaker market prices for the 1999 crop generated substantial **LDP's** for corn, soybeans, and cotton.
- Near-term weakness in crop prices will likely bring significant LDP outlays for cotton and soybeans for the 2000-02 crops.



- With enrollment in the CRP expected to grow, outlays associated with **rental payments and cost share** will increase from \$1.5 billion to \$1.7 billion.



CCC Net Expenditures

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
	(Million Dollars, Fiscal Year)										
Feed Grains	6,169	7,929	2,626	2,161	2,097	2,156	2,194	2,175	2,171	2,159	2,160
Corn	5,402	6,962	2,265	1,854	1,806	1,862	1,897	1,878	1,875	1,863	1,865
Sorghum	501	663	226	198	198	200	201	201	200	200	200
Barley	224	264	112	94	85	87	87	87	86	86	86
Oats	41	40	23	16	8	7	9	10	10	10	9
Wheat	3,435	3,438	1,269	1,054	1,068	1,120	1,101	1,085	1,084	1,085	1,085
Soybeans	1,289	2,842	3,951	3,235	1,000	795	363	276	8	(15)	(20)
Upland Cotton	1,882	2,845	2,132	1,859	1,446	1,264	1,090	962	939	872	710
Rice	911	1,193	696	633	582	545	515	480	450	496	409
Sugar	(51)	0	0	(43)	(43)	(44)	(44)	(44)	(44)	(45)	(45)
Dairy	480	395	126	115	120	123	124	129	132	132	130
Export Programs	106	82	81	81	81	81	81	81	81	81	81
Net Interest	210	314	282	281	259	220	192	184	170	169	148
Disaster Payments	2,294	1,487	90	90	90	90	90	90	90	90	90
Conservation Reserve	1,462	1,497	1,553	1,583	1,621	1,669	1,693	1,717	1,741	1,741	1,741
Other Conservation Prog.	293	350	294	220	225	241	254	256	258	260	261
Other Net Costs	753	1,411	102	42	136	156	190	146	162	146	144
Net CCC Outlays	19,223	23,783	13,202	11,311	8,681	8,418	7,845	7,537	7,241	7,171	6,894

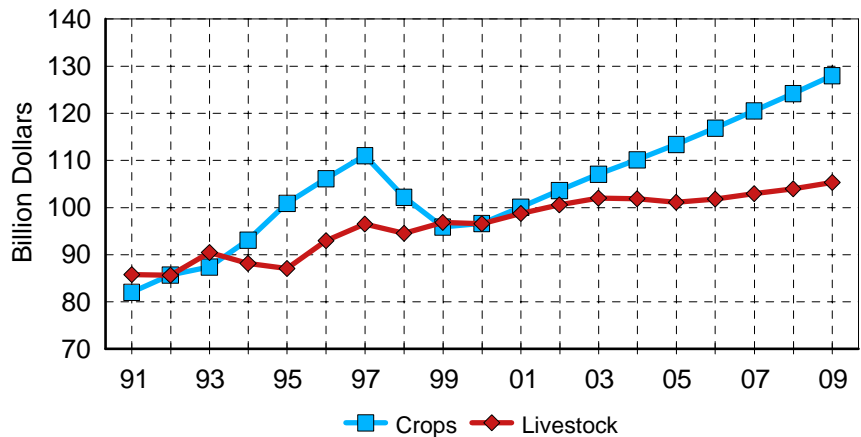
Farm Income

- Low prices will keep pressure on **crop receipts** through 2001, before recovering longer term.
- Recovery in **livestock receipts** is attributed primarily to higher poultry receipts.

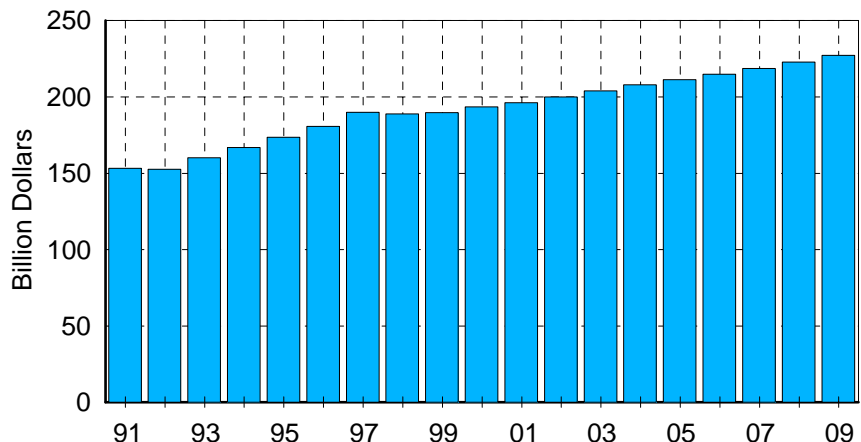
- Led by higher fuel prices, **production expenses** in 2000 are expected to increase by \$4 billion.
- Longer term, expenses grow at a rate of 2%.

- Lower **net farm income** is expected for 2000, driven by lower government payments and higher production expenses.
- Farm income recovers after 2005, but remains flat when adjusted for inflation.

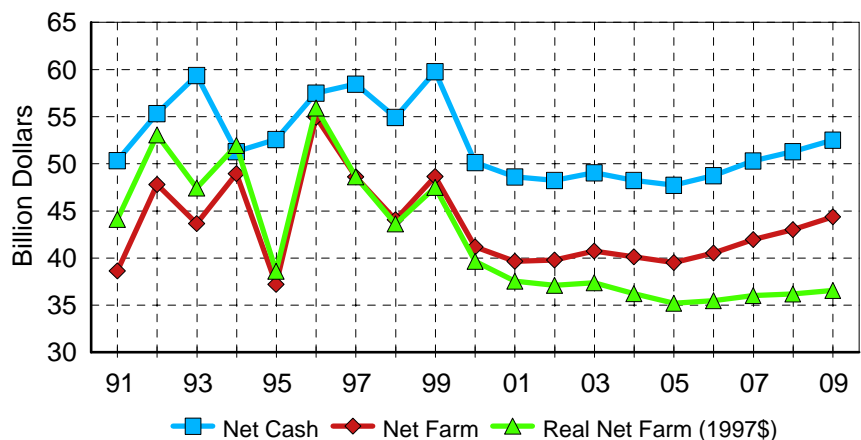
Cash Receipts



Total Production Expenses



Farm Income



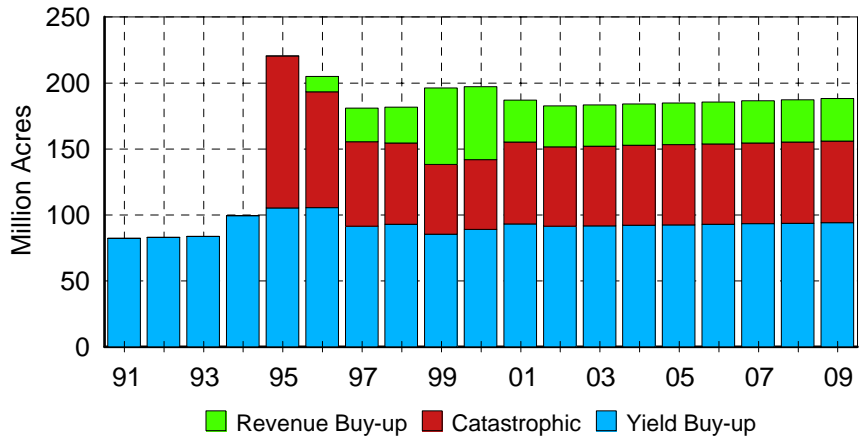
Farm Income Statistics

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
	(Billion Dollars)										
1. Farm Receipts	206.79	207.69	213.70	219.45	224.63	228.01	230.85	235.38	240.57	245.65	251.15
Crops	95.89	96.65	100.12	103.64	107.07	110.19	113.43	116.90	120.57	124.23	128.04
Livestock	96.83	96.56	98.75	100.59	101.98	101.87	101.12	101.81	102.96	104.01	105.33
Farm-Related	14.07	14.49	14.84	15.22	15.58	15.94	16.31	16.67	17.04	17.41	17.78
2. Government Payments	21.68	15.12	10.22	7.71	7.26	6.83	6.68	6.44	6.40	6.31	6.20
3. Gross Cash Income (1 + 2)	228.47	222.81	223.92	227.16	231.89	234.83	237.53	241.82	246.97	251.96	257.34
4. Nonmoney Income	11.59	11.83	12.09	12.35	12.60	12.82	13.03	13.32	13.66	14.01	14.37
5. Value of Inventory Change	-1.56	0.17	-0.07	0.32	0.34	0.51	0.38	0.29	0.03	-0.06	-0.07
6. Gross Farm Income (3 + 4 + 5)	238.49	234.81	235.94	239.83	244.83	248.16	250.93	255.42	260.66	265.91	271.65
7. Cash Expenses	168.68	172.67	175.29	178.92	182.85	186.59	189.79	193.05	196.66	200.66	204.82
8. Total Expenses	189.83	193.63	196.28	200.02	204.10	208.04	211.42	214.88	218.69	222.90	227.28
9. Net Cash Income (3 - 7)	59.78	50.14	48.63	48.24	49.04	48.24	47.74	48.76	50.31	51.30	52.53
10. Realized Net Farm Inc (3 + 4 - 8)	50.23	41.01	39.73	39.48	40.40	39.61	39.14	40.26	41.94	43.07	44.43
11. Net Farm Income (6 - 8)	48.66	41.18	39.66	39.80	40.74	40.12	39.52	40.54	41.97	43.00	44.36
Deflated (1997 \$)	47.51	39.64	37.56	37.11	37.39	36.25	35.21	35.49	36.04	36.19	36.56

Crop Insurance

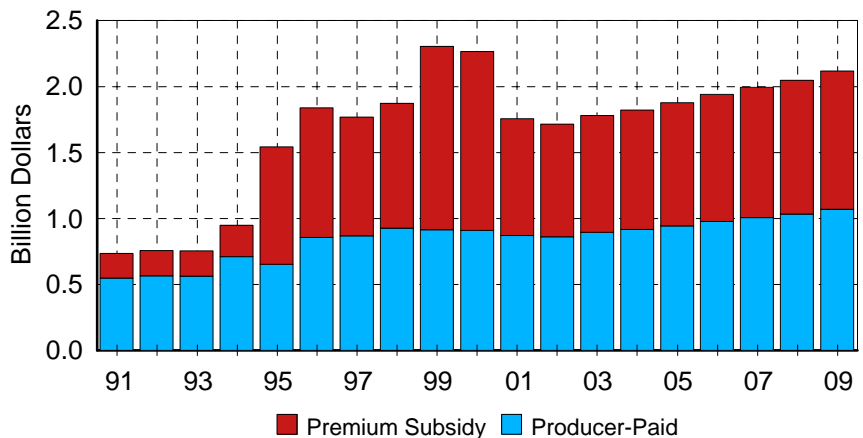
- Additional **premium subsidies** and requirements to purchase insurance by those receiving emergency assistance boost insured acres in 1999-2001.
- **Insured acres** fall after 2000 when the additional premium subsidies are removed.

Total Insured Acres



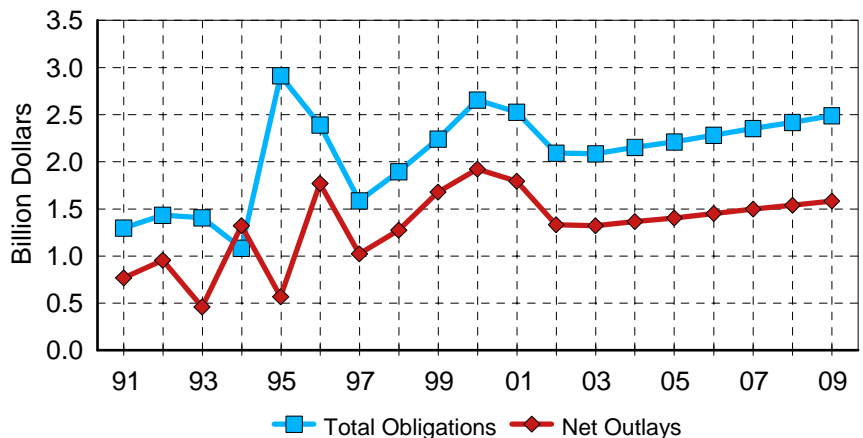
- **Premium subsidies** increase in 1999-2000 following the provision of the emergency assistance packages.
- **Total premiums** increase after 2002, moving with increasing farm prices, and reach \$2 billion by 2008.

Crop Insurance Premiums



- **Net outlays** are projected at \$1.9 billion for FY2000.
- **Longer term**, outlays remain around \$1.5 billion.

Crop Insurance Outlays



Crop Insurance

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
	(Million Acres)										
Eligible Acres	263.8	263.7	263.9	264.8	265.1	265.7	265.9	266.3	266.9	267.5	268.2
Net Acres Insured	196.2	197.2	187.2	182.8	183.4	184.3	184.9	185.6	186.5	187.4	188.3
Crop Insurance Participation Rate	74.4%	74.8%	70.9%	69.0%	69.2%	69.3%	69.5%	69.7%	69.9%	70.0%	70.2%
	(Billion Dollars, Crop Year)										
Total Premiums	2.31	2.27	1.76	1.72	1.78	1.82	1.88	1.94	1.99	2.05	2.12
Producer-Paid Premiums	0.92	0.91	0.87	0.86	0.90	0.92	0.95	0.98	1.01	1.04	1.07
Premium Subsidies	1.39	1.36	0.89	0.85	0.88	0.91	0.93	0.96	0.99	1.01	1.05
Total Indemnities	2.17	2.27	1.76	1.72	1.78	1.82	1.88	1.94	1.99	2.05	2.12
Loss Ratio	0.94	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
	(Billion Dollars, Fiscal Year)										
Total Obligations	2.24	2.66	2.53	2.09	2.08	2.15	2.21	2.28	2.35	2.42	2.49
Net Outlays	1.68	1.92	1.79	1.33	1.32	1.37	1.4	1.45	1.5	1.54	1.58
Budget Authority	1.91	1.99	1.34	1.3	1.35	1.39	1.43	1.48	1.52	1.56	1.62

