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FAPRI U.S. Agricultural Outlook

This publication contains recent baseline projections produced by the Food and Agricultural Policy Research Institute (FAPRI) for the U.S. agricultural sector and international commodity markets. These projections serve as a baseline for evaluating and comparing alternative macroeconomic, policy, weather, and technological scenarios. They are intended for use by farmers, government agencies and officials, agribusinesses, and others who do medium-range and long-term planning.

FAPRI baseline projections are grounded on a series of assumptions about the general economy, agricultural policies, the weather, and technological change. Macroeconomic assumptions are based on forecasts prepared by the WEFA Group and Project LINK. *It is assumed that current agricultural policies will be continued in the United States and other trading nations*. This is an important caveat in a year when the United States is undergoing a fundamental review of agricultural policies. Average weather conditions and historical rates of technological change are also assumed to prevail during the projection period.

FAPRI recognizes that the Agricultural Outlook is the result of efforts made by numerous individuals. These include people within nearly all agencies of USDA, but specifically ASCS, FAS, AMS, NASS, and ERS. We have also followed advice and counsel from individuals throughout the land grant and other university systems, as well as several extension specialists. Industry experts have also contributed by pointing out errors and areas of concern. We acknowledge and appreciate the help of numerous individuals, but we take full responsibility for any errors that may appear.

The projections included in this outlook were prepared in January 1995 based on the best information available at that time.

For a detailed look at international markets, see FAPRI Staff Report #2-95, FAPRI 1995 International Agricultural Outlook.

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Any opinions, findings, conclusions, or recommendations expressed in this publication are those of the authors and do not necessarily reflect the view of the U.S. Department of Agriculture.

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Abbreviations and Acronyms

This list of abbreviations and acronyms used in the *Agricultural Outlook* is provided for the convenience of our readers. Abbreviations and acronyms typically are not spelled out in the text.

ARP	Acreage Reduction Program
CAP	Common Agricultural Policy
CBO	Congressional Budget Office
CCC	Commodity Credit Corporation
CIF	Cost, Insurance and Freight
CPI	Consumer Price Index
CRP	Conservation Reserve Program
cwt	hundredweight
DEIP	Dairy Export Incentive Program
EEP	Export Enhancement Program
EU	European Union
ECU	European currency unit
FACTA-90	Food, Agriculture, Conservation, and Trade Act of 1990
FAPRI	Food and Agricultural Policy Research Institute
FOB	free on board
FOR	Farmer-Owned Reserve
GATT	General Agreement on Tariffs and Trade
GRIP	Gross Revenue Insurance Plan
GDP	gross domestic product
ha	hectare
HFCS	high-fructose corn syrup
MGA	maximum guaranteed area
MGQ	maximum guaranteed quantity
mmt	million metric tons
mt	metric ton
NAFTA	North American Free Trade Agreement
NFA	net flexed area
OBRA-90	Omnibus Budget Reconciliation Act of 1990
OBRA-93	Omnibus Budget Reconciliation Act of 1993
PLD	Paid Land Diversion
rBST	recombinant bovine somatotropin
tmt	thousand metric tons

Causes of Uncertainty

This volume contains FAPRI's "1995 U.S. Baseline," the benchmark numbers used as reference points for policy analysis. The baseline was completed in mid-January and is centered on information available at that time. These ten-year projections, representing a composite of model results and analysts' judgments about future U.S. and international policy, crop and livestock production, consumption, and trade, exhibit some demand softness in the early years, but show general market tightening over the latter half of the projection period. Many factors interact in producing results, and the projections in this publication represent only one possible scenario; a scenario that is fixed by the set of assumptions employed and the judgments incorporated.

The baseline is developed each fall, subsequent to the November production estimates by the U.S. Department of Agriculture (USDA) for crops in the Northern Hemisphere. The baseline is subjected to considerable peer review, with more than 100 outside individuals providing commentary during a formal review conference held the first week of January. Subsequent to the review, and after receiving the January crop production figures from the USDA, the baseline is finalized.

The baseline assumes that GATT-consistent policies currently in place in the United States and other countries remain in place for the coming decade. If those policies already contain provisions for annual or planned modification, then such changes are made as the outlook or analysis is being conducted. For example, the United States formulates policies that adjust acreage set-aside rates as stocks of commodities vary. In generating a baseline, it is assumed that such a program remains in force. Consequently, the analysts are required in part to act like the Secretary of Agriculture, and assume particular set-aside rates, operation of the Farmer Owned Reserve, and numerous other policy actions and reactions.

Because perfect foresight does not exist, any projection into the future entails some degree of uncertainty. In agricultural projections, a great deal of short-run uncertainty arises from supply volatility due to droughts, floods, outbreaks of pests, and other natural events. Mid-and long-term uncertainty derives from imperfect information on general economic growth, political change, and policy reform.

The FAPRI baseline assumes average weather, continuation of current agricultural policies, political stability in nations around the globe, and incorporates assumptions on macroeconomic variables such as exchange rates and growth in GDP. None of these assumptions ever fully materialize. For instance, average weather is all but certain not to occur. The dampness or the dryness of 1993, depending on the region of the United States, and the unusually favorable atmospheric conditions of 1994 underscore this point. The recent macroeconomic developments in Mexico and the political change still occurring in Eastern Europe and the former Soviet Union highlight situations generating some of the other areas of uncertainty.

At the time of this writing, a great deal of uncertainty exists regarding the economic and political situation in China. This Asian economy has sustained very rapid growth over the past few years and it is not clear if that degree of growth can be sustained over the projection period. Moreover, China's recent trade policies, have exhibited volatility and have been difficult to anticipate before the fact. Assumptions on these items play a part in baseline development and contribute to the scenario presented in this document.

Thus, the reader is forewarned that the projections are founded on certain assumptions. And as actual events occur that make the assumptions no longer viable, then the projections also require revisions. It is hoped however that, in general, errors across variables will offset one another so that the end result is, on average, realistic.

Summary of the 1995 U.S. Outlook

In developing the baseline, FAPRI utilized two sources of information for projections on the general economy. The WEFA group provided projections on the economy in the United States and other countries and regions worldwide. Project Link of the United Nations also generated projections on the growth of other economies around the world. This year, however, we relied primarily on WEFA macroeconomic projections, since Project Link figures were not available for the full ten-year period. For the most part, the projections regarding the performance of the world economy are favorable. The domestic picture is somewhat less optimistic.

According to WEFA, economic recovery in the United States loses momentum in 1995, with real GDP growing by less than 3 percent. The WEFA group then forecasts a mild drop, with growth ranging between 2 and 2.6 percent per year for the remainder of the projection period. Interest rates are predicted by the WEFA group to substantially increase again in 1995, and to continue their rise from recent low levels. Interest rates do lessen somewhat in the later years of the baseline. The WEFA group anticipates no great increase in the U.S. inflation rate. After several years of the extremely slow pace of the last recession, inflation picks up very little throughout the 1990s, barely exceeding 3.5 percent.

The world economy is anticipated to show improvement in 1995, with the equivalent of real GDP growth rising from 1.9 percent in 1994 to 2.8 percent in 1995. In later years, growth is expected to rise to 3.7 percent in 1996, and hold steady at levels around 3.5 percent for the remainder of the projection period. China and other developing countries in Asia are expected to demonstrate the strongest growth, with GDP increases in China of over 9 percent in most years and over 6 percent annually in Developing Asia. This creates a very strong base of demand for world agricultural products. Latin America is also expected to grow nearly 5 percent in most years, with Eastern Europe around 4 percent.

Only the countries of the Former Soviet Union are expected to show contraction through 1995, 1996, and 1997. It is not anticipated that this region will begin to show recovery until 1998. Even then, with growth in the 5 percent range, the overall economy is expected to be so weak that it will take many years before the region returns to levels of economic activity similar to those seen as recently as 1989.

With the exception of the Former Soviet Union, the world economic growth picture is fairly strong. This level of continued growth should present many opportunities for growth in exports. However, much of the growth in exports will likely be in the form of finished products, such as meats, with less focus on raw products. Consider poultry products and soybean meal exports as an example. While the FAPRI baseline anticipates modest growth in soybean meal exports, shipments of broilers are expected to increase by more than 1 billion pounds during the forecast. Given the preponderance of soybean meal as a feed for the broiler industry, this implies a fairly strong rate of growth in overall soybean meal exports, in one form or another.

Feed Grains

Under the 1995 FAPRI baseline, the ARP rate for corn is projected to be 5 percent for the 1996/97 through 1999/00 crops, falling to 2.5 percent for the next two years, then finally dropping to 0 percent with the 2002/03 crop. The lower ARP rates, and expiring CRP contracts, bring corn planted area up to 82.4 million acres by 2003/04. Lower prices increase feed use to 5.6 billion bushels in the 1994/95 marketing year. Feed use should decline in 1995/96 to 5.3 billion bushels. Following livestock cycles, feed use should reach 5.7 billion bushels by 2002/03. Ethanol use should show strong growth through the period, with consumption reaching 875 million bushels by 2003/04. High-fructose corn syrup demand is expected to follow population growth rates as that market has matured. Exports of corn increased in 1994/95, in response to lower prices and other changes in world supplies. Exports are expected to drop slightly in 1995/96 as production in several other countries is expected to recover. In subsequent years, exports show steady growth, reaching 2.3 billion bushels by the end of the period. Stock holdings of corn should recover somewhat with the 1994/95 marketing year. Generally, ending stocks are expected to stay below 1.6 billion bushels. Corn prices should recover somewhat in 1995/96, then move lower through the 1997/98-99/00 marketing years as corn acreage expands with CRP contract expiration. Subsequently, corn prices are expected to move toward and exceed the $2.30 per bushel level for the remainder of the baseline.

Sorghum, barley, and oat ARP rates are set at 0 percent for the entire baseline. Plantings of all three feed grains increase as the CRP expires. Sorghum plantings are up to 11.3 million acres by 1999/00. Barley approaches 8.5 million acres by 1997/98, with oat acreage holding near 7 million acres. Domestic

utilization of all three commodities is fairly steady. Oat usage remains around the 300 million bushel level, with barley domestic use (for the food sector in particular) moving upward by 20 million bushels during the projection period. Sorghum feed use follows the cattle cycle, rising more than 10 percent from 1994/95 levels by 1999/00. Sorghum feed use stands around 450 million bushels for the rest of the period. Sorghum stocks move up slightly from the current 75 million bushel level to 90 million bushels by 1997/98 and hold at that level. Barley and oat stocks are also fairly stable, around 100 to 110 million bushels each. Prices for the three feed grains closely parallel corn price movements, with traditional adjustments for the feed value of the product in question.

Soybeans

Soybean plantings have benefited from the planting flexibility provisions of the 1990 Acts, with over 4.5 million acres flexed into soybeans in 1993/94 and 5.9 million acres in 1994/95. Net flex into soybeans is expected to stay near the 5.0 million acre level for much of the baseline. Soybean plantings should stay in the 60 to 63 million acre level for the projection, with much of the growth in soybean plantings occurring in the later years of the projection. Expiration of CRP contracts brings soybean land as well as the program crops back into production. Domestic use of soybeans should show good, steady growth through the period, after a decline from 1994/95 levels. Crush demand in particular should rise from 1.31 billion bushels in 1995/96 to 1.51 billion bushels by 2003/04, much of this increase in crush demand being fueled by growing meat export demand. Exports of soybeans are expected to hold between 730 and 830 million bushels from 1995/96 through 2003/04. Soybean stocks persist around 300 to 400 million bushels for most years of the forecast. Soybean prices should show some upward pressure in the later years of the projection, rising to over $6.00 per bushel in 2002/03.

Food Grains

Expiration of CRP contracts will probably affect wheat plantings more than any other crop. After falling to 70.4 million acres with the 1994/95 crop, wheat plantings should recover to 71.1 million acres in 1995/96. By 2000/01, wheat area should be up to 75.7 million acres, and put on an additional 2 million acres by the end of the baseline. Domestic utilization of wheat will show slow, steady growth. Food use in particular is expected to move up with population growth, but even so, should approach 1.0 billion bushels by the end of the period. Export demand for wheat continues to rely on the Export Enhancement Program (EEP). Exports should hold near the 1.2 billion bushel mark through the 1997/98 crop year, finally showing some recovery in 1998/99 and beyond. Exports should approach the 1.477 billion bushel mark by 2003/04. Wheat stocks stay fairly tight. Remaining at less than 600 million bushels throughout the period, the possibility of actual weather conditions generating extreme price volatility in the outer years is very high. The baseline, with its normal weather assumption, keeps prices below the $3.15 per bushel rate for much of the 1990s. By 2000/01, wheat prices are expected to rise to $3.33 per bushel, and show continued upward pressure in the later years.

Rice area should decline marginally in 1995/96 with the 5 percent ARP. In all later years, the baseline projects a zero ARP for rice. Rice area is expected to fall to just under 3 million acres in 1995/96, then recover to 3.14 million acres in 1996/97. Rice area should hold above 3.1 million acres for most of the baseline. Domestic demand growth continues to move the rice industry. While domestic use dropped to 101.9 million cwt. in 1994/95, usage is expected to reach 117.6 million cwt. by the 2003/04 marketing year. Exports of rice were up in 1994/95 to 87.8 million cwt. Exports should be relatively flat for much of the projection period, holding around 80 million cwt. for most of the period.

Cotton

The cotton market has gone through some interesting fluctuations in the past few months. Cotton plantings for the 1995/96 growing season are expected to reflect some of the recently observed upward price pressure, as area planted should reach 15.7 million acres in 1995/96. With zero ARPs for the 1996/97 crop year as well, cotton plantings should stay near 15 million acres. It is anticipated that the Secretary of Agriculture will revert to a set-aside program for the 1997/98 crop, raising the ARP rate to 10 percent for the 1998/99 crop year, and all subsequent years of the baseline. Cotton is the only crop with an ARP expected for the last two years of the baseline. Domestic use of cotton continues to be a major driver of overall demand. At 10.8 million bales in the 1994/95 crop year, mill use should rise to nearly 13 million bales by the end of the period. Export usage of cotton should reflect recovery in production in many cotton using and exporting countries. Exports should be off nearly 1 million bales in 1995/96, and move

downward toward a 6.5 million bale level by 2002/03. Cotton prices are expected to moderate somewhat in 1995/96 as production in the United States and around the world increases. Prices should stay in the $0.58 to $0.62 per pound range for much of the projection period. Should production problems persist in other countries however, the United States should be well positioned to move into the export market.

Beef

Beef production is expected to increase in 1995, relative to 1994, and continue to grow through 1998. With modest declines in production in 1999, production should slide through 2003. Recovery in production is expected in the last year of the baseline. Beef prices should move opposite to production. Nebraska 1100-1300 lbs. direct steer prices should fall by 2 to 5 percent per year from 1995 through 1997. Prices should move up each year from 1998 through 2003, with prices falling again in 2004. Consumer prices for beef should remain fairly steady. From the $2.79 per pound nominal retail price in 1995, prices should fall to $2.70 per pound in 1997, moving up to $3.02 per pound by 2003. Per capita consumption of beef is expected to peak in 1996 at 68.1 pounds per capita, retail weight, then decline throughout much of the remainder of the baseline. Higher exports should absorb part of the increased production, with the United States actually in a net export position on a weight basis in 1998. Exports decline after 1998, as overall beef production falls, while imports of product remain relatively constant.

Pork

Pork continues to gain in production efficiency, particularly with respect to litter size standpoint, but also from a feed standpoint. Production of pork should show little change in 1995 and 1996, relative to 1994 production levels. By 1997 however, production is expected to increase and continue to grow in 1998. The same four-year pattern is expected--flat production for two years followed by increases in the following two years for much of the remainder of the baseline. Exports of pork products are expected to increase sharply during the baseline. Pork exports should be just under 500 million pounds in 1995, but should exceed 1.5 billion pounds by the end of the baseline. This will help to mitigate some of the price effects of higher pork production. The increase in export markets should be strong enough to pull domestic per capita consumption down somewhat through the 1990s and into the next century. Pork consumption was at 53.1 pounds per capita retail weight in 1994, and is expected to maintain that level for 1995. Consumption should drop to the 52.2 pound level for 1996 through 1998, then fall to 49 to 50 pounds per capita. Prices for 230-250 lbs. Iowa-Southern Minnesota barrows and gilts will mirror the changes in production, moving up in 1995 and 1996, down in 1997 and 1998, up in 1999 and 2000, and so on throughout the baseline. On average, pork prices will be somewhat lower than observed in the past, as the gains in efficiency work through the system.

Broilers

Death, taxes, and at least 4 percent per year increase in broiler production seem to be some of life's certainties. Broiler production is expected to continue to grow during the baseline, moving from just over 25.2 billion pounds in 1995 to 34.7 billion pounds in 2004. Domestic consumption of poultry is also expected to rise, from 73.7 pounds per capita, retail weight less pet food, to 87.8 pounds per capita in 2004. Exports will also show strength, rising from 3.0 billion pounds in 1995 to 4.2 billion pounds in 2004. Broiler prices will follow competing meats to a certain degree, decreasing in only three years of the next ten. Broiler retail prices should move from $0.86 per pound in 1995 to $0.96 per pound in 2004.

Overall Meat Consumption

Total meat consumed in the United States was just under 209 pounds per capita in 1994. With extra beef and broiler production in 1995, consumption is expected to rise to 213.3 pounds per capita. Growth in overall meat consumption is expected to continue through the forecast period, exceeding 219 pounds per capita in 2004. Nominal expenditures on meats should also show increases. At $377 per capita in 1995, expenditures should stay below $400 per capita through 2003. It is only in the last year of the baseline that expenditures finally get to $400 per capita for beef, pork, broilers, and turkeys. In real terms, meat expenditures should continue to decline.

Dairy

Milk production in the United States is expected to continue past growth trends. With the approval of rBST, it is assumed that 25 percent of all dairy cows will receive treatment in 1995. Further, it is assumed that annual production per treated cow will increase by 1,600 pounds over levels that would otherwise be expected. Adoption rates should continue to increase,

reaching 35 percent in 1996, 42.5 percent in 1997, and attaining a maximum of 65 percent adoption by 2004. The all-milk price is expected to fall by $0.66 per cwt. in 1995 to $12.39 per cwt. Increased milk production, due in part to rBST adoption, should continue to hold prices down through 1997. By 1998, cow numbers should have begun to adjust to the lower prices, and the all-milk price should recover to the $12.75 per cwt. level. Prices are expected to remain in the $13.00 per cwt. range for the remainder of the baseline. Dairy cow numbers should fall to less than 9 million head by January 1, 2000, and continue to decline to 8.6 million head by 2004.

Heavy demand for milk in cheese production drives much of the dairy projection. Per capita cheese consumption was 27.7 pounds in 1995, and consumption is expected to grow to 35.3 pounds per capita by 2004. Nonfat dry milk consumption is not expected to be strong enough to keep powder prices much above the support price. Butter prices are also expected to remain at, or close to, support prices. Government removals of dairy products, including shipments under the Dairy Export Incentive Program (DEIP), are expected to average just under 5 billion pounds.

Government Costs

Government costs associated with the operation of the Commodity Credit Corporation (CCC) and the CRP are expected to total $11.02 billion for fiscal year 1995. Outlays are expected to remain at, or just under, $10 billion for the life of the upcoming farm bill, with costs declining in fiscal years 2000 and 2001. Costs are expected to decrease sharply in the latter years of the baseline as prices for wheat and feed grains in particular show strength and as dairy costs also drop. With a reduction in the size of the CRP, rental payments are also falling. By fiscal year 2004, it is expected that the total cost of both the CCC and CRP will be $6.62 billion.

Farm Income

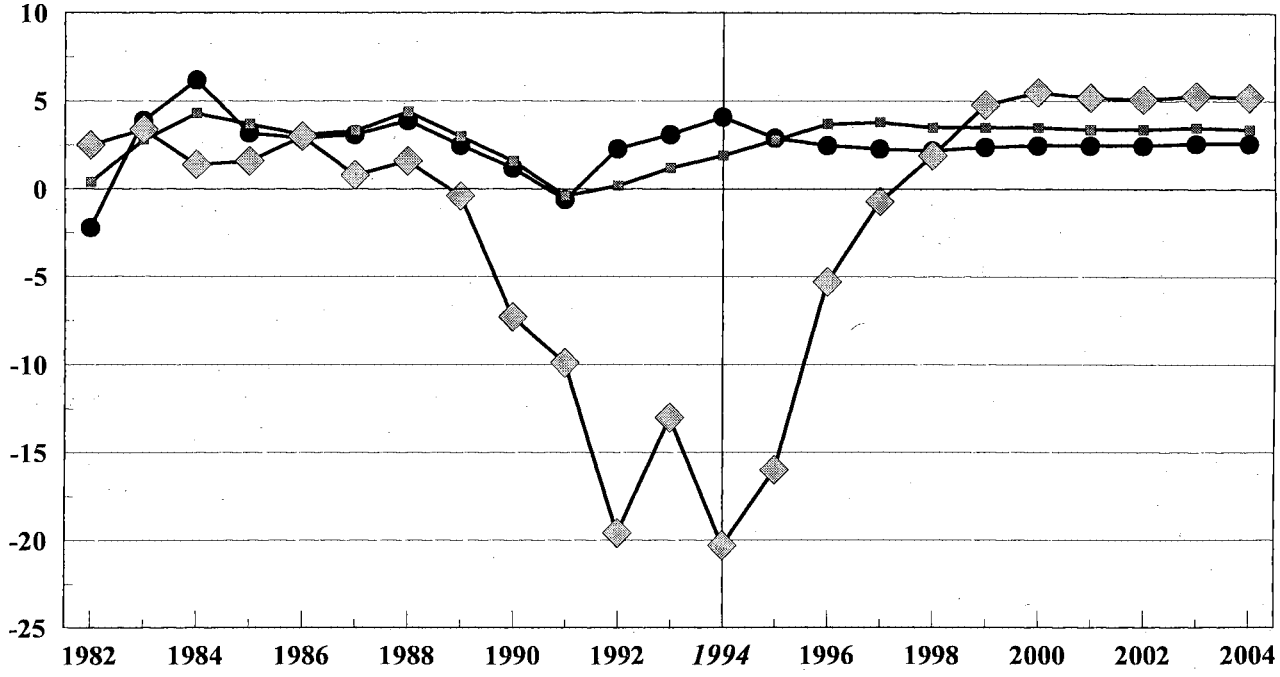
Net farm income reached $44.2 billion in 1994, with net cash income at $50.5 billion. Net farm income is expected to fall in 1995 to $41.1 billion, with net cash income actually rising to $53.5 billion. The difference in direction is caused primarily by changes in the value of inventory. Net cash income is expected to fall in 1996, due to both a decline in government payments, and an anticipated increase in production costs. Subsequently, net cash income is projected to grow, or meet the previous year's level, in each of the years of the baseline. Net cash income in nominal dollars is expected to reach $62.6 billion by 2004. Net farm income is also expected to show increases through much of the baseline period. Despite falling to $40.8 billion in 1996, net farm income should grow in every year thereafter, hitting $53.2 billion in 2003. Net farm income is projected to decline slightly to $52.5 billion in 2004. In real terms, net farm income is expected to remain around $30 to $32 billion throughout the projection period.

Consumer Food Expenditures

Food prices are expected to grow at less than the rate of overall inflation. Total per capita expenditure on food is expected to move from just under $1,700 in 1994 to $2,165 in 2004 (nominal dollars) for a 28 percent increase. Overall inflation is expected to rise by more than 40 percent implying a continuation of general declines in real food prices.

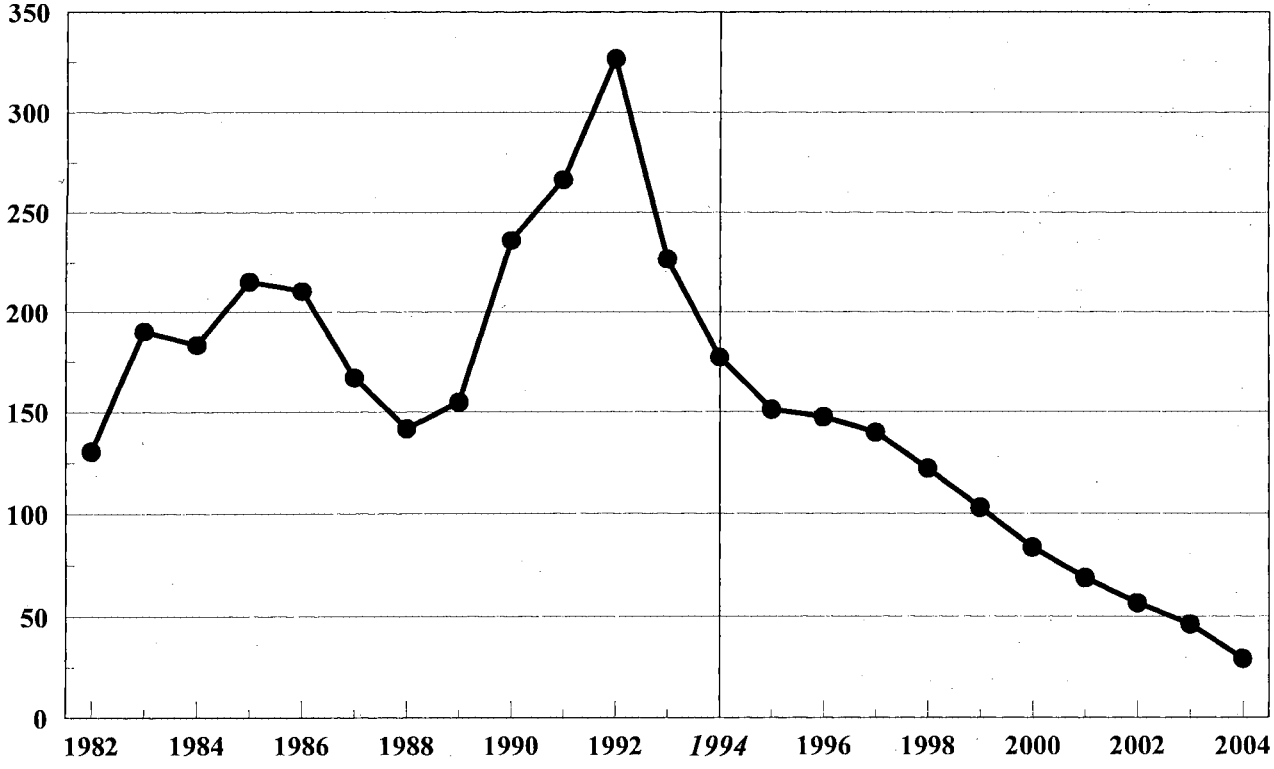
Real GDP Growth Rate

Percent Change



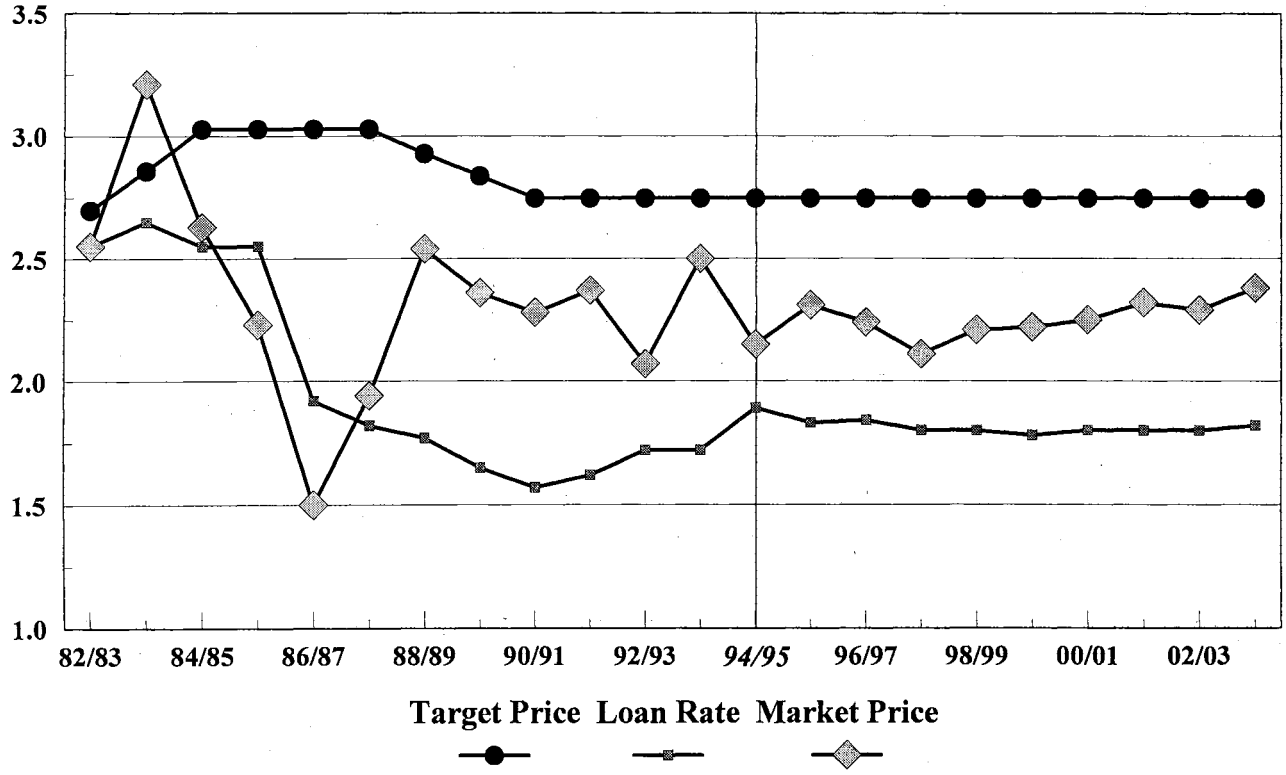
U.S. Federal Deficit

Billion Dollars



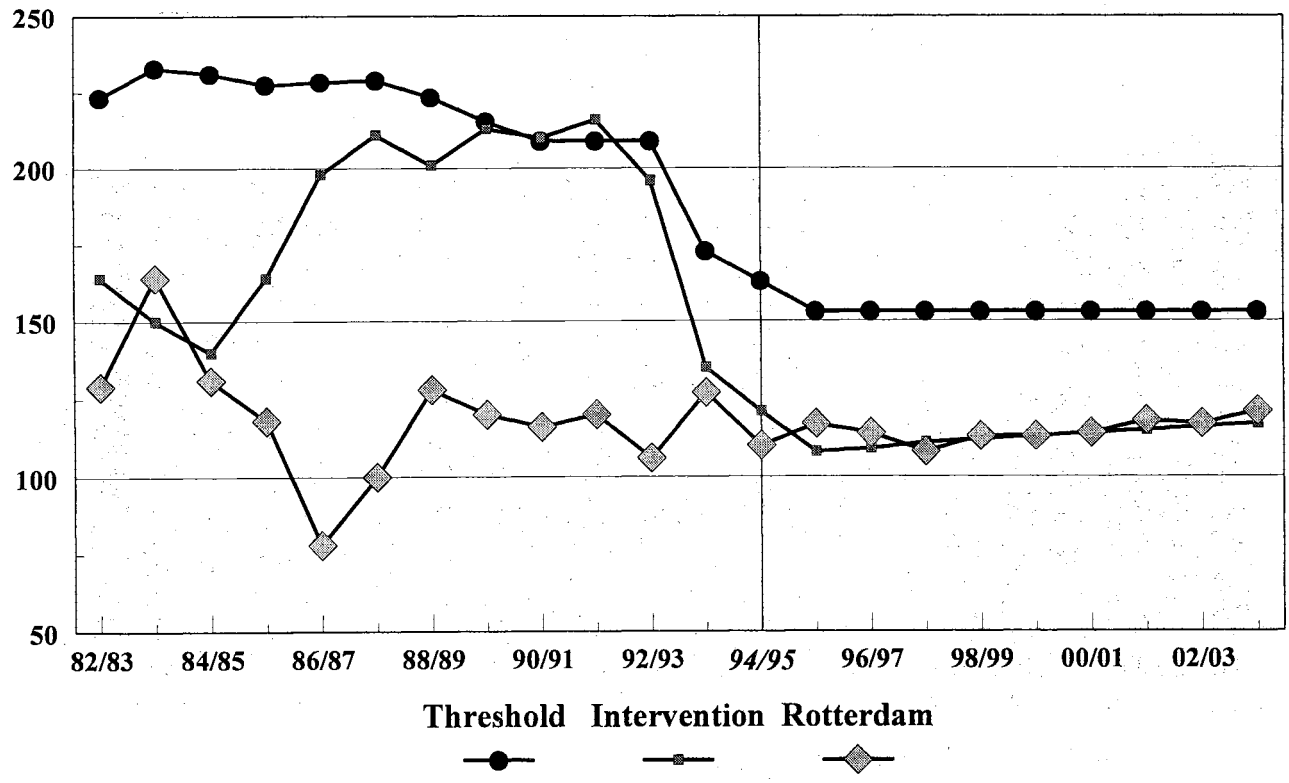
U.S. Corn Policy and Market Prices

Dollars per Bushel



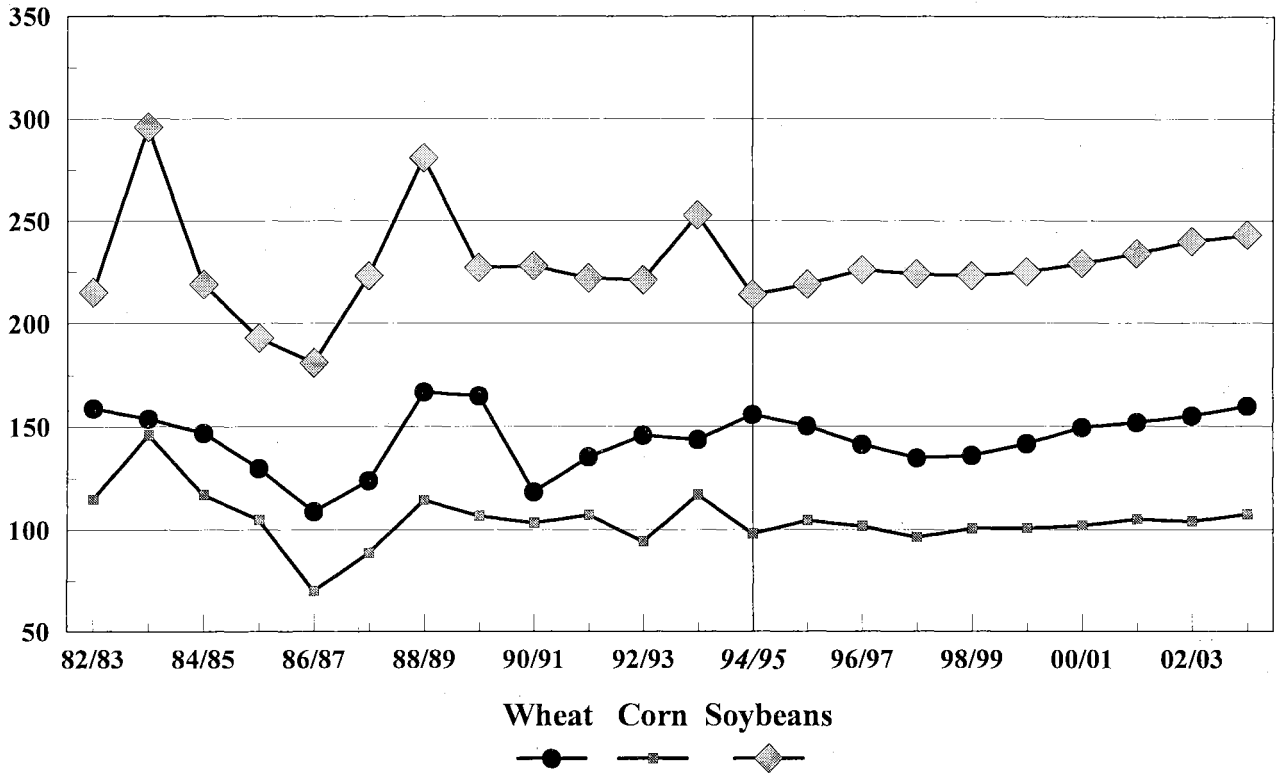
EU Corn Policy and World Prices

ECUs per Metric Ton



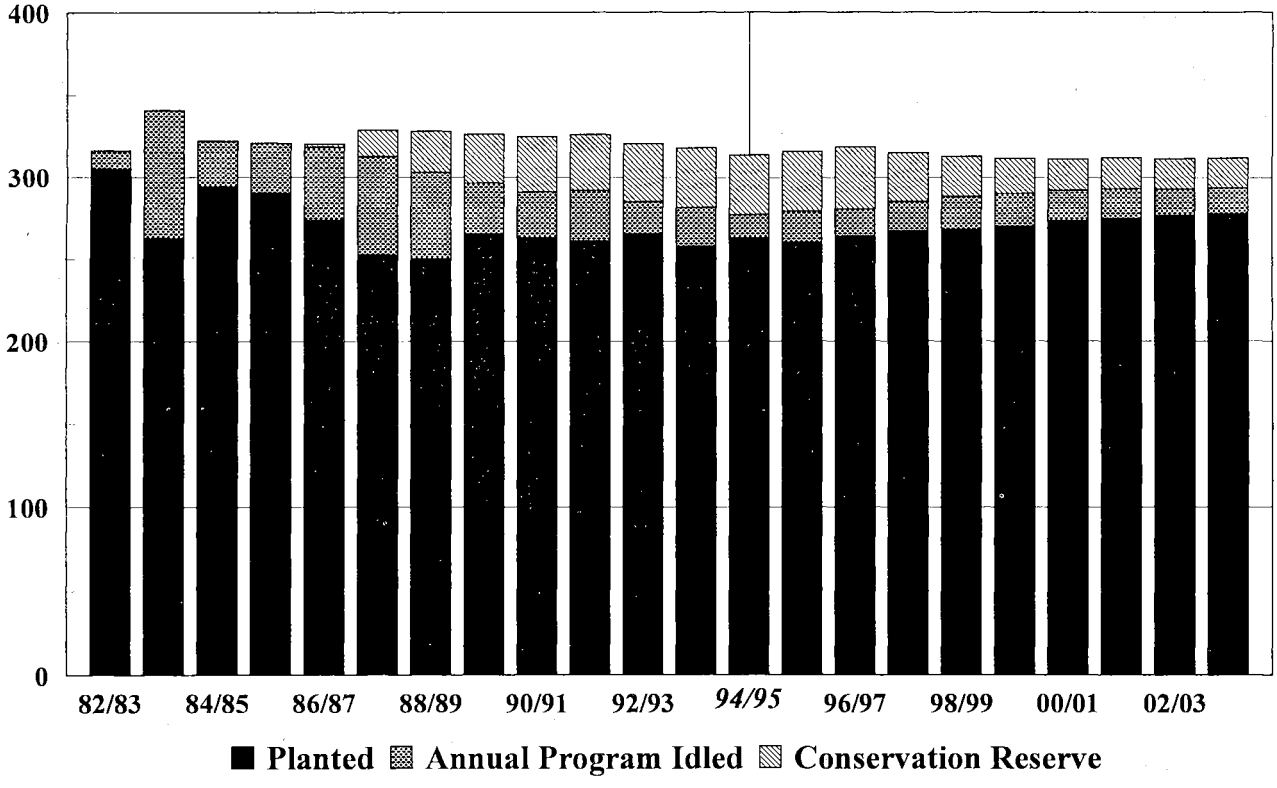
U.S. Gulf Port Prices

Dollars per Metric Ton



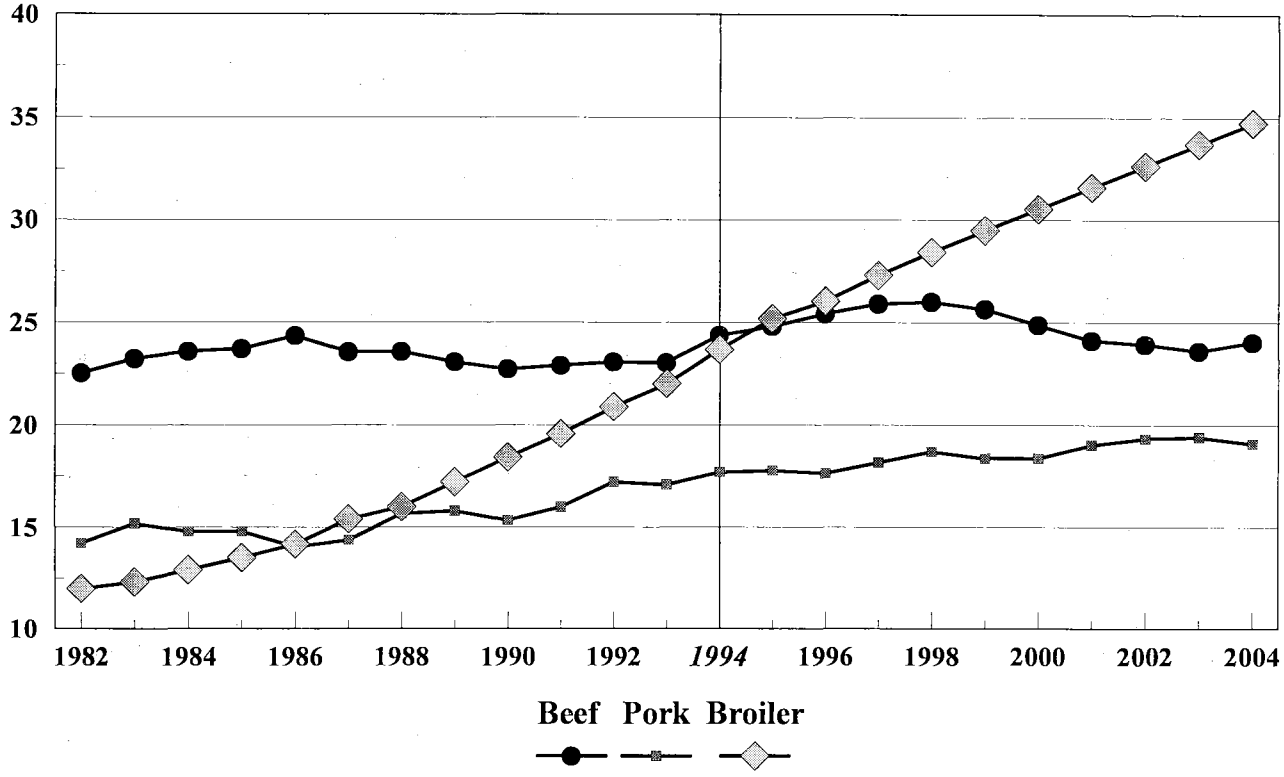
U.S. Planted and Idled Area

Million Acres



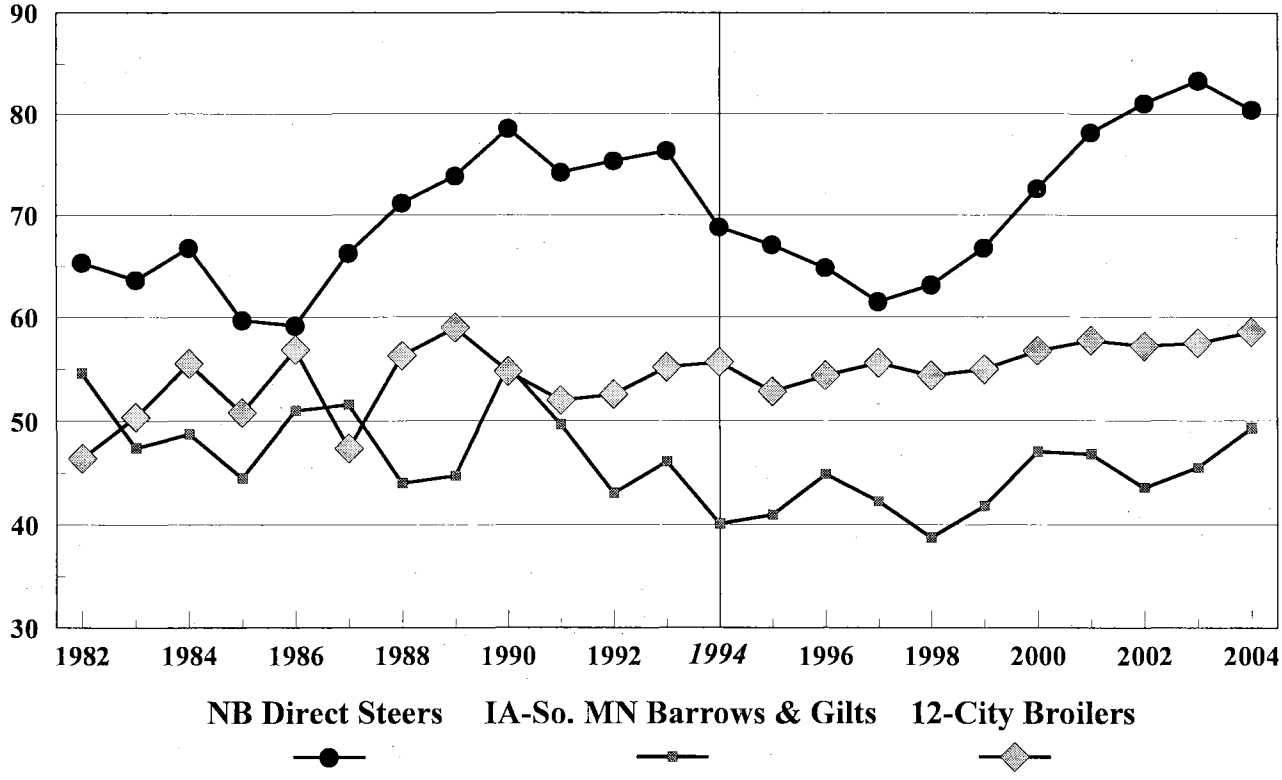
U.S. Livestock Production

Billion Pounds



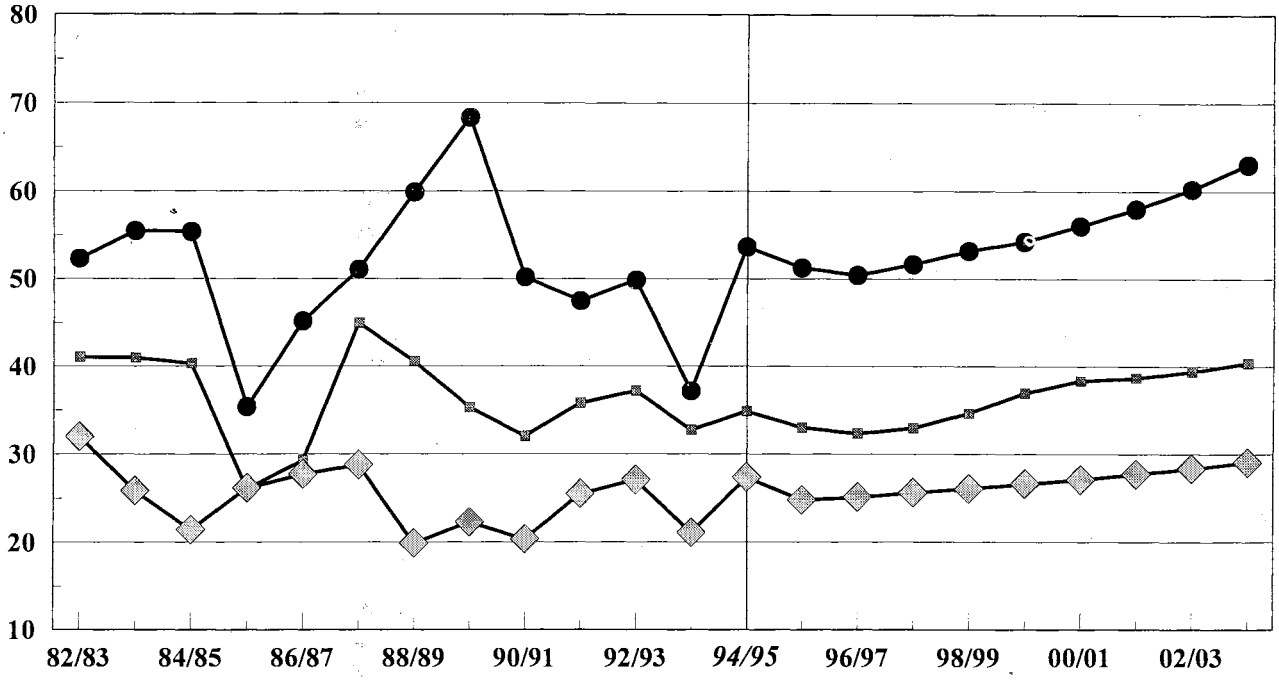
U.S. Livestock Prices

Dollars per CWT



U.S. Grain and Oilseed Net Exports

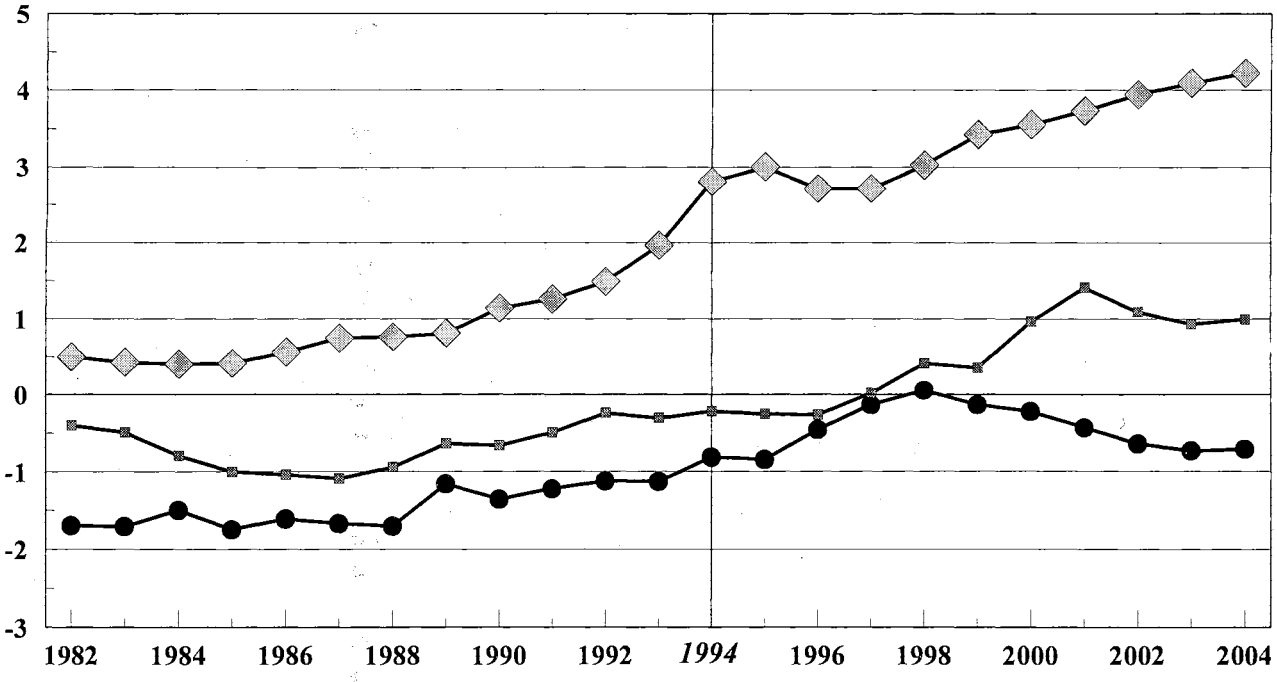
Million Metric Tons



Feed Grains Food Grains Soybean Sector

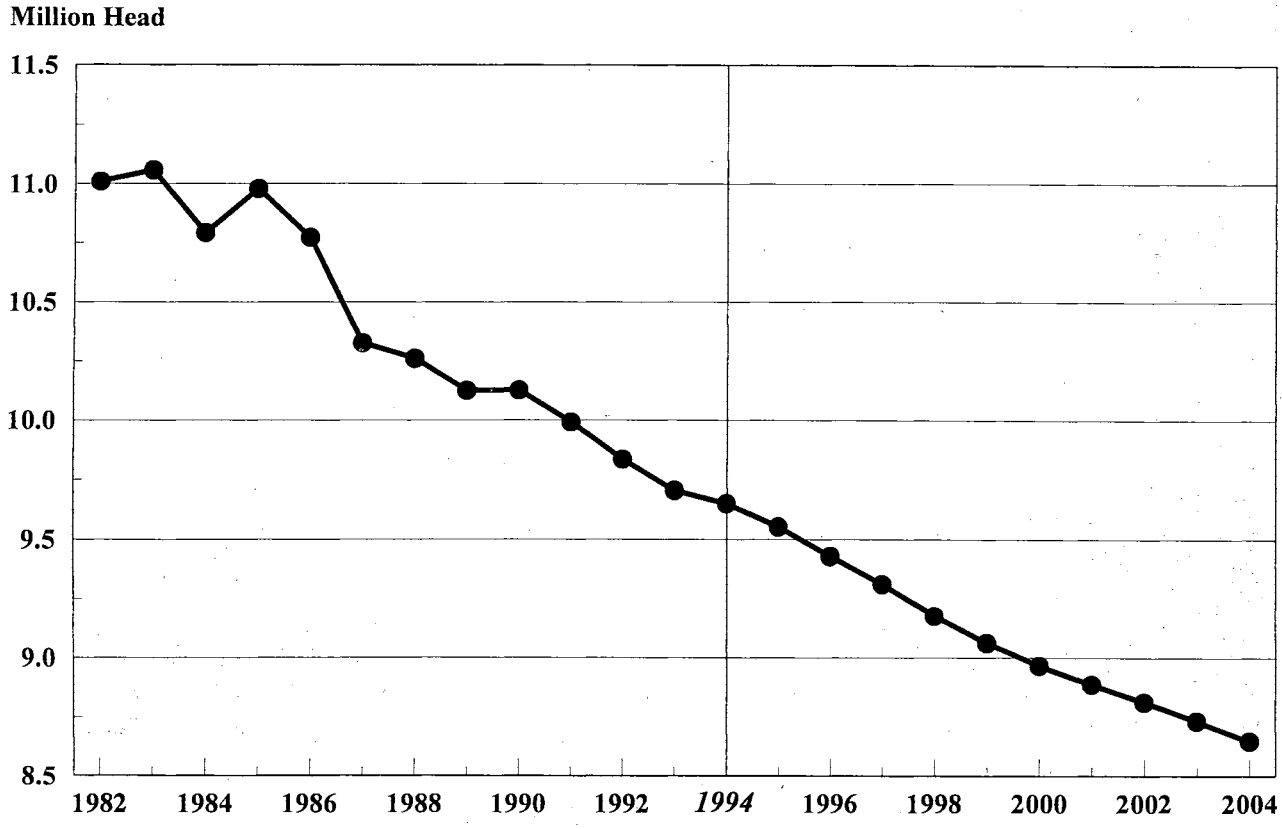
U.S. Meat Net Exports

Billion Pounds

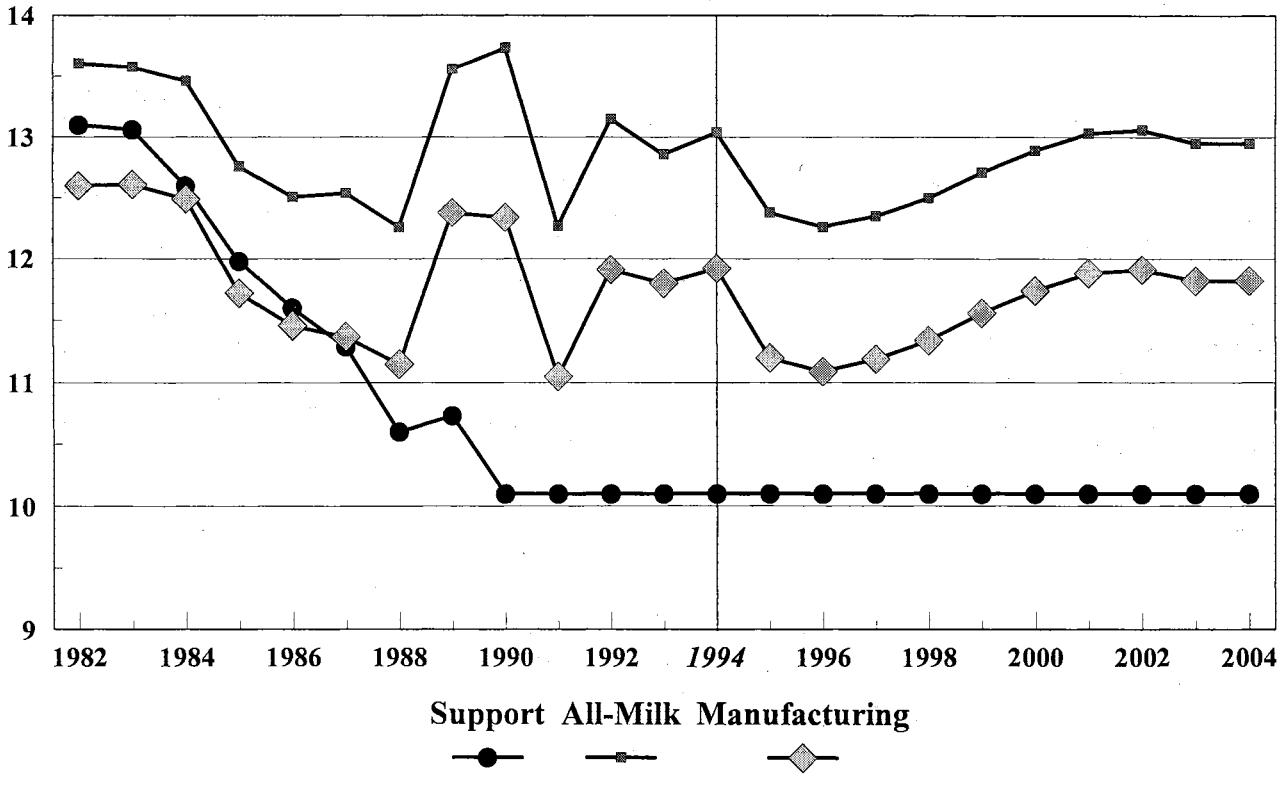


Beef Pork Broilers

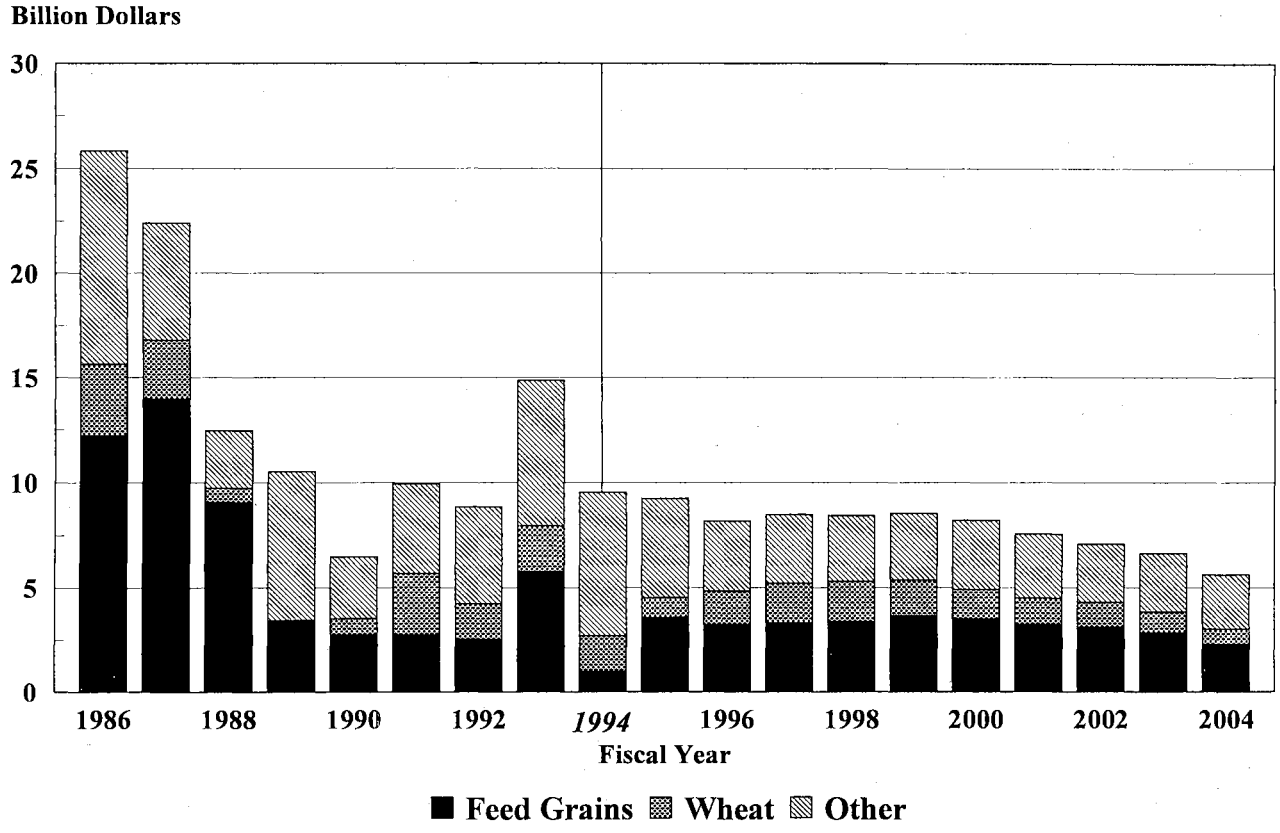
U.S. Dairy Cow Inventory



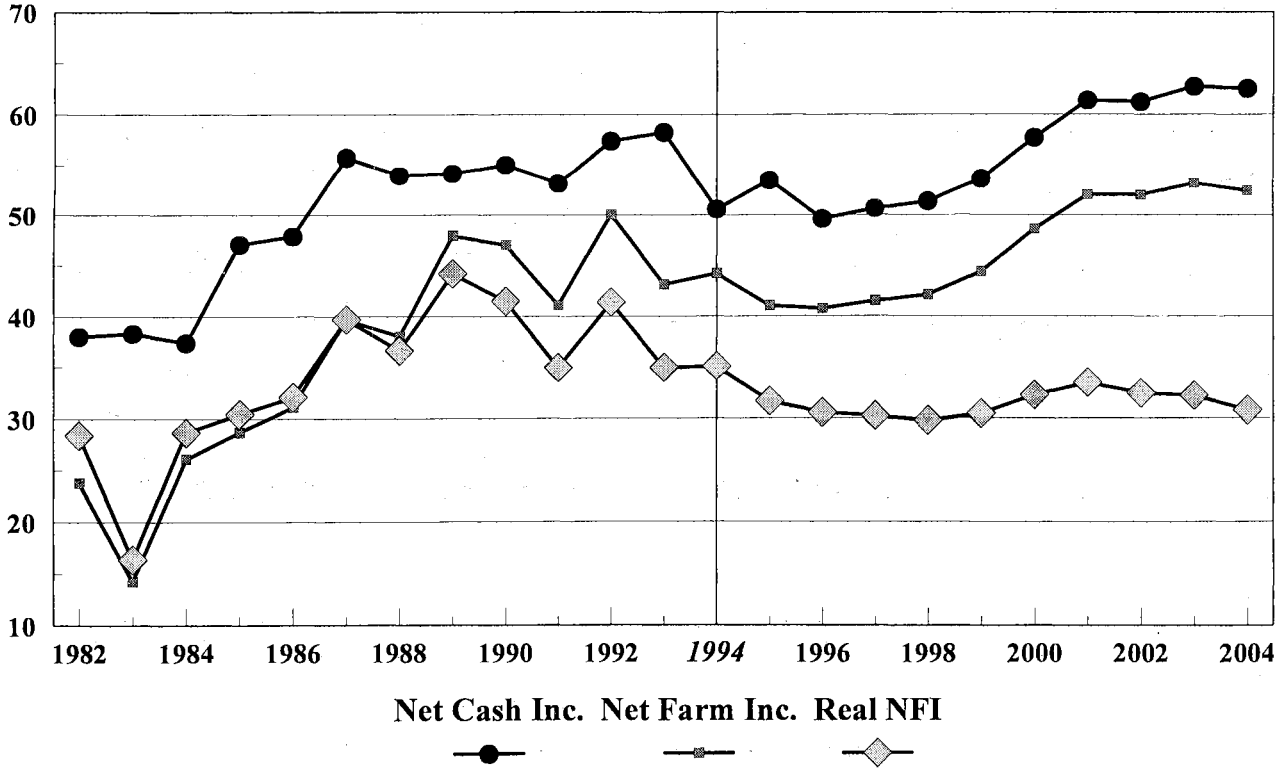
U.S. Milk Prices



Net CCC Outlays



U.S. Net Farm Income



Conditioning Assumptions

- **U.S. and World Macroeconomic Assumptions**
- **U.S. and World Policy Assumptions**

U.S. and World Macroeconomic Assumptions

- The U.S. economic recovery loses momentum in 1995 as the **real gross domestic product** (GDP) grows by less than 3 percent. The WEFA Group then forecasts growth ranging between 2.2 and 2.6 percent per year for the remainder of the projection period. No recessions are projected to occur during the projection period.

- **Interest rates** are predicted by The WEFA Group to increase in 1995. After 1996, interest rates decline slowly for the remainder of the projection period.

- The WEFA Group foresees the **federal deficit** continuing to decline over the projection period. Each year shows further advancement towards balancing the budget.

- The WEFA Group expects U.S. inflation to remain moderate. After the extremely slow pace of the last recession, inflation picks up only slowly throughout the 1990s, barely exceeding 3.5 percent for only a few years.

- Real GDP continued its five-year tailspin in the republics of the **former Soviet Union** in 1994. As restructuring continues, further declines in economic activity in these countries is projected through 1997. By the end of 1997, the economic contraction is projected to be more than 60 percent from the 1989 level. Growth is projected to begin in 1998 and reach more than 5 percent in 2000 and later years.

- Strong economic growth is projected for **China** and most of **Asia** over the next ten years. The exception is likely to be **Japan,** where the mature economy is expected to grow at rates around 4 percent for most of the projection period.

- Led by **Brazil**, **Latin America** is expected to grow at rates greater than the world average. In the long run, NAFTA is expected to accelerate **Mexico's** economic development, but the large devaluation of the peso in December 1994 will likely cause some disruption to the economy in the short to medium term.

- GDP growth rates for **Africa** are projected to be above growth rates for developed countries as a whole. However, high population growth results in low per capita income growth.

- The **U.S.** dollar weakened against Western European, Japanese, and Australian currencies in 1994. Although there will be some fluctuations over the next few years, the long-term trends are projected to be continued devaluation against the yen and Canadian and Australian dollars. The dollar is expected to strengthen against many of the Western European currencies. In general, the dollar is expected to strengthen against the currencies of developing countries.

Domestic and Foreign Economic Projections

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
United States*											
					(Percent Change)						
Real GDP	4.1	2.9	2.5	2.3	2.2	2.4	2.5	2.5	2.5	2.6	2.6
GNP Deflator	2.1	2.9	3.0	2.9	2.9	3.2	3.3	3.2	3.1	3.2	3.1
CPI	2.6	2.9	3.1	3.2	3.3	3.5	3.6	3.5	3.5	3.5	3.3
Unemployment Rate	6.1	5.7	5.9	6.1	6.1	5.9	5.8	5.8	5.7	5.7	5.5
Weighted Exchange Rate	-2.1	-0.1	1.5	-2.4	-2.5	-2.5	-2.1	-1.8	-1.5	-1.2	-0.8
					(Percent)						
3-Month Treasury Bill Rate	4.2	6.4	6.4	6.2	6.1	6.0	5.8	5.8	5.6	5.6	5.6
Moody's AAA Corporate Bond Rate	8.0	9.0	9.0	8.6	8.3	8.1	7.8	7.7	7.6	7.6	7.5
					(Billion Dollars)						
Federal Budget Deficit	177.2	151.2	147.5	139.9	122.2	103.0	83.7	68.8	56.7	46.3	29.3
Current Account Deficit	147.3	157.0	134.9	102.4	71.8	47.0	27.9	14.5	0.1	-16.5	-31.3
Foreign**											
					(U.S. Dollars per Barrel)						
Average Arab Oil	15.7	16.2	16.9	18.4	20.2	21.6	23.0	24.3	25.6	26.9	26.9
Real GDP					(Percent Change)						
World	1.9	2.8	3.7	3.8	3.5	3.5	3.5	3.4	3.4	3.5	3.4
Africa	2.0	2.7	2.6	2.8	2.8	3.2	3.3	3.3	3.3	3.3	3.3
Latin America	2.7	3.4	4.9	5.2	4.7	4.4	4.5	4.6	4.6	4.6	4.6
Developing Asia	7.8	7.5	7.1	7.0	6.8	6.6	6.6	6.5	6.4	6.4	6.4
Western Europe	2.3	3.0	2.9	2.7	2.7	2.7	2.6	2.7	2.7	2.7	2.7
Eastern Europe	1.4	3.0	3.9	4.6	4.7	4.4	4.1	4.0	4.0	4.0	4.0
Former Soviet Union	-20.3	-16.0	-5.3	-0.7	1.9	4.8	5.5	5.2	5.1	5.3	5.2
China	11.0	9.6	8.6	8.2	7.8	7.3	7.2	7.0	6.7	7.0	6.9
Local Currency per U.S. Dollar											
Argentina (Real)	3.8	5.6	6.0	5.5	5.6	6.5	5.9	5.9	5.9	5.9	5.9
Brazil (Real)	3.9	3.5	6.3	6.4	5.5	4.9	4.9	4.9	4.9	4.9	4.9
Canada	2.5	5.4	5.4	4.2	4.2	3.8	3.5	2.8	2.5	2.9	2.7
Australia	4.7	4.0	3.7	2.6	2.3	2.5	2.6	2.8	2.7	2.7	2.7
Thailand	8.3	8.3	8.2	8.1	8.0	7.9	7.7	7.6	7.6	7.6	7.6
Japan	0.7	2.5	3.0	2.9	2.3	2.4	2.3	2.3	2.2	2.3	2.3
European Union	2.0	2.8	2.8	2.9	2.6	2.3	2.3	2.3	2.2	2.3	2.3
South Korea	8.0	7.6	7.0	6.9	6.7	6.7	6.9	6.9	6.9	6.9	6.9
Taiwan	6.3	7.4	7.3	7.2	6.9	6.7	6.6	6.5	6.5	6.5	6.5

* The source for U.S. projections is The WEFA Group, December 1994.
** The source for foreign projections is Project LINK, November 1994.

U.S. and World Policy Assumptions

- FAPRI projections incorporate provisions of the **Food, Agriculture, Conservation, and Trade Act of 1990** (FACTA-90) and the **Omnibus Budget Reconciliation Acts of 1990** and **1993** (OBRA-90, OBRA-93). Provisions of the three acts are assumed to be extended indefinitely. The projections incorporate both the North American Free Trade Agreement (NAFTA) and the General Agreement on Tariffs and Trade (GATT).

- FACTA-90 mandates a freeze in **target prices** for grains and cotton and in **loan rates** for sugarcane and sugar beets. Loan rates for feed grains, food grains, and cotton are calculated according to the formulas set forth in FACTA-90. Contrary to previous baselines, it is assumed that the Secretary does not use any discretionary authority to reduce loan rates based upon export competitiveness.

- Annual **Acreage Reduction Programs** (ARPs) are assumed to be managed in these projections with a specific focus on achieving stable domestic prices and continued competitiveness for U.S. commodities in the world markets.

- The **Conservation Reserve Program** (CRP) is continued in the current FAPRI projections, with some contracts allowed to expire and some re-enrolled. Following the assumptions of the CBO, 15 million acres were assumed to be extended through the year 2000/01. These acres, along with the 1.6 million acres assumed to be enrolled in 1996/97 and the 1.3 million acres extended after 2001/02, reach a total of 17.7 million acres in 2003/04. Under the 1993 Budget Reconciliation Package (OBRA-93), enrollment in the CRP is capped at 38 million acres.

- As mandated by FACTA-90, **sugar marketing quotas** are assumed to be triggered in fiscal years when sugar imports (other than sugar imported for polyhydric alcohol production or to be refined for re-export) fall below 1.25 million tons. After 1994, marketing quotas are not triggered in the FAPRI projections.

- FACTA-90 specifies that the **milk support price** cannot be reduced below the 1990 level of $10.10 per cwt. The support price remains at this minimum level throughout the projection period since government purchases do not fall below the minimum level that triggers a support price increase. The minimum level is 3.5 billion pounds of milk equivalent, as measured on a total milk solids basis, plus an adjustment for increased imports of dairy products. Milk assessments drop to 10 cents per cwt after 1995 as legislated by OBRA-93.

- Implementation of CAP reform in the **European Union** began in 1993 and is projected to be completed in 1995. Adjustments in policy prices for many commodities have been taking place with compensatory payments being made to offset negative impacts on producer's incomes. The Blair House oilseeds agreement is also imposed on this baseline. The GATT agreement has impacts mainly on imports and exports of agricultural products. Set-aside rates for the **European Union** have been reduced to 12 percent (before exemption for small producers) for 1995/96 only.

- Support prices in **Japan** are assumed to be frozen indefinitely at current levels as Japan is expected to be in compliance with GATT AMS reduction requirements. Market access is implemented as per GATT commitments, but no tariffication of rice trade barriers is implemented. Continued tariff equivalent reduction of beef is in place.

- In the **former Soviet Union**, the transformation to market economies is assumed to continue. Credit availability is assumed to be adequate. Policies are assumed to be successful in avoiding a complete breakdown of the production and distribution systems. However, only modest improvements in reducing waste and increasing efficiency are assumed. Price liberalization, especially in Russia, is assumed to proceed over the next several years.

- **The Republic of South Africa** has begun privatizing its wheat import policy, allowing mills to import directly. Mills no longer have to wait before supplies of domestically-grown low-quality wheat are exhausted.

- The combination of lower grain prices from PROCAMPO in **Mexico** and freer access by the U.S. to the Mexican corn market under NAFTA is providing significant import opportunities for U.S. corn.

U.S. Program Provisions

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Target Prices					(Dollars per Bushel)						
Corn	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75
Sorghum	2.61	2.61	2.61	2.61	2.61	2.61	2.61	2.61	2.61	2.61	2.61
Barley	2.36	2.36	2.36	2.36	2.36	2.36	2.36	2.36	2.36	2.36	2.36
Oats	1.45	1.45	1.45	1.45	1.45	1.45	1.45	1.45	1.45	1.45	1.45
Wheat	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Rice (Dollars/cwt)	10.71	10.71	10.71	10.71	10.71	10.71	10.71	10.71	10.71	10.71	10.71
Cotton (Dollars/lb)	0.73	0.73	0.73	0.73	0.73	0.73	0.73	0.73	0.73	0.73	0.73
Loan Rates											
Corn	1.89	1.83	1.84	1.80	1.80	1.78	1.80	1.80	1.80	1.82	1.85
Sorghum	1.80	1.74	1.75	1.71	1.71	1.69	1.71	1.71	1.71	1.73	1.76
Barley	1.54	1.49	1.50	1.47	1.47	1.45	1.46	1.46	1.46	1.48	1.50
Oats	0.97	0.94	0.95	0.93	0.93	0.92	0.92	0.92	0.92	0.94	0.95
Soybeans	4.92	4.92	4.92	4.92	4.92	4.92	4.92	4.92	4.92	4.92	4.92
Wheat	2.58	2.56	2.65	2.65	2.62	2.56	2.50	2.50	2.55	2.65	2.74
Rice (Dollars/cwt)	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50
Cotton (Dollars/lb)	0.50	0.52	0.51	0.52	0.53	0.53	0.52	0.51	0.51	0.51	0.51
Sugarcane (Cents/lb)	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00
Acreage Reduction											
Program (ARP) Rate						(Percent)					
Corn	0.0	7.5	5.0	5.0	5.0	5.0	2.5	2.5	0.0	0.0	0.0
Sorghum	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Barley	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Oats	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Wheat	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Rice	0.0	5.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cotton	11.0	0.0	0.0	5.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Normal Flexed Area Rate	15.0	15.0	15.0	15.0	(Percent) 15.0	15.0	15.0	15.0	15.0	15.0	15.0
Other Idled Area					(Million Acres)						
Conservation Reserve	36.42	36.42	38.00	29.68	24.63	21.40	19.08	18.81	18.25	17.66	17.66
0-92/85, 50-92/85	12.86	13.86	13.09	13.85	15.28	15.34	15.56	15.27	15.06	15.21	14.81

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Export Program Expenditures *					(Million Dollars, Fiscal Year)						
	945	860	810	753	662	569	473	409	408	409	409
Milk Support Price					(Dollars per Hundredweight, Calendar Year)						
	10.10	10.10	10.10	10.10	10.10	10.10	10.10	10.10	10.10	10.10	10.10
Producer Milk Assessment	0.11	0.11	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10

* Includes Export Enhancement and Market Promotion Program.

Foreign Agricultural Policy Assumptions

	93/94	94/95	95/96	96/97	97/98	98/99	99/00	00/01	01/02	02/03	03/04
European Union											
Policy Prices					(ECUs per Metric Ton)						
Cereal Intervention	115	107	99	99	99	99	99	99	99	99	99
Rice Intervention	310	310	310	310	310	310	310	310	310	310	310
Oilseed Reference Price	163	193	193	193	193	193	193	193	193	193	193
White Sugar Intervention	523	523	523	523	523	523	523	523	523	523	523
Raw Sugar Intervention	434	434	434	434	434	434	434	434	434	434	434
A Beet Minimum	39	39	39	39	39	39	39	39	39	39	39
B Beet Minimum	27	27	27	27	27	27	27	27	27	27	27
Grains Compensatory Payment	25	35	45	45	45	45	45	45	45	45	45
Production Aid					(ECUs per Hectare)						
Oilseeds	359	359	359	359	359	359	359	359	359	359	359
Durum Wheat	279	279	279	279	279	279	279	279	279	279	279
					(1,000 Hectares)						
Oilseed Base Area		5,499	5,128	5,128	5,128	5,128	5,128	5,128	5,128	5,128	5,128
Set-aside Rate					(Percent)						
Grains, Protein Crops *	15	15	12	15	15	15	15	15	15	15	15
Oilseeds **	15	10	10	10	10	10	10	10	10	10	10
Japan											
Policy Prices					(1,000 Yen per Metric Ton)						
Rice Purchase	273	273	273	273	273	273	273	273	273	273	273
Rice Resale	299	299	299	299	299	299	299	299	299	299	299
Wheat Purchase	152	152	152	152	152	152	152	152	152	152	152
Wheat Resale	51	51	51	51	51	51	51	51	51	51	51
Barley Purchase	131	131	131	131	131	131	131	131	131	131	131
Barley Resale	45	45	45	45	45	45	45	45	45	45	45

Foreign Agricultural Policy Assumptions (continued)

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
European Union											
Policy Prices					(ECUs per Metric Ton)						
Beef Intervention	3,087	2,916	2,916	2,916	2,916	2,916	2,916	2,916	2,916	2,916	2,916
Pork Basic	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300
Milk Target	257	257	257	257	257	257	257	257	257	257	257
					(Million Metric Tons)						
Milk Delivery Quota	107.3	107.3	107.3	107.3	107.3	107.3	107.3	107.3	107.3	107.3	107.3
Japan											
					(Percent)						
Beef Import Tariff	50	48	46	45	43	41	39	39	39	39	39

* Average set-aside prior to exemption for small producers.
** Same as * for 1993-94, 10 percent flat rate thereafter.

Policy Prices and World Prices

	93/94	94/95	95/96	96/97	97/98	98/99	99/00	00/01	01/02	02/03	03/04
Wheat				(U.S. Dollars per Metric Ton, Marketing Year)							
EU Intervention	164	148	132	131	134	136	137	138	139	141	142
Japanese Purchase	1,414	1,421	1,341	1,319	1,347	1,374	1,401	1,429	1,458	1,488	1,518
U.S. Target	147	147	147	147	147	147	147	147	147	147	147
FOB U.S. Gulf	144	156	150	141	135	136	142	150	152	155	160
Canadian Thunder Bay	131	147	140	131	126	131	141	153	156	160	166
Australian Wheat Board	111	125	119	111	108	112	121	131	134	137	142
Barley											
EU Intervention	164	148	132	131	134	136	137	138	139	141	142
Japanese Purchase	1,218	1,224	1,155	1,136	1,160	1,184	1,207	1,231	1,256	1,282	1,308
U.S. Target	108	108	108	108	108	108	108	108	108	108	108
FOB U.S. Pacific Northwest	116	117	126	125	118	118	118	119	121	122	125
Corn											
EU Intervention	164	146	131	132	134	136	137	138	140	141	142
U.S. Target	108	108	108	108	108	108	108	108	108	108	108
FOB U.S. Gulf	117	98	105	102	96	101	101	102	105	104	108
Rice											
Japanese Purchase	2,544	2,556	2,413	2,373	2,423	2,472	2,520	2,572	2,624	2,678	2,732
U.S. Target (rough)	236	236	236	236	236	236	236	236	236	236	236
FOB Bangkok 100B NPQ	294	267	269	270	273	280	284	292	294	300	310
Rapeseed											
EU Reference	308	298	300	298	286	280	277	277	277	277	276
Cash Vancouver	300	240	235	248	245	236	248	247	257	268	267
Soybeans											
EU Reference	308	298	300	298	286	280	277	277	277	277	276
U.S. Loan Rate	184	181	181	181	181	181	181	181	181	181	181
FOB U.S. Gulf	253	214	219	226	224	223	225	229	234	240	243
Cotton											
U.S. Target	1,287	1,488	1,407	1,376	1,351	1,316	1,303	1,292	1,354	1,323	1,358
Cotlook A Index	1,558	1,802	1,741	1,680	1,649	1,603	1,586	1,572	1,651	1,612	1,657

Policy Prices and World Prices (continued)

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Beef					(U.S. Dollars per Metric Ton)						
EU Intervention	4,379	3,944	3,837	3,923	3,987	4,023	4,059	4,096	4,133	4,171	4,209
Japanese Wholesale											
Dairy and Import	6,008	4,547	4,120	4,572	4,633	4,791	4,990	5,271	5,402	5,502	5,408
Wagyu	17,968	16,151	15,602	16,747	17,861	18,882	19,544	19,870	20,000	20,369	20,486
Nebraska Direct											
Fed Steer Price	1,517	1,479	1,430	1,356	1,392	1,473	1,601	1,723	1,787	1,837	1,773
U.S. Retail	6,237	6,141	6,082	5,944	5,974	6,080	6,312	6,512	6,613	6,647	6,587
Pork											
EU Basic	1,524	1,454	1,414	1,445	1,469	1,482	1,496	1,509	1,523	1,537	1,551
Japanese Wholesale	5,135	4,930	4,951	5,077	5,183	5,272	5,352	5,439	5,527	5,634	5,746
U.S. Barrows, Gilts	884	902	989	931	855	921	1,037	1,032	961	1,004	1,087
U.S. Retail	4,371	4,387	4,568	4,536	4,463	4,607	4,873	4,843	4,697	4,791	5,004
Broilers											
EU Producer	1,602	1,648	1,831	1,832	1,997	1,967	1,891	1,899	1,828	1,789	1,798
Japanese Retail	9,950	8,452	8,532	9,008	9,155	9,213	9,369	9,548	9,650	9,781	9,951
U.S. 12-City Wholesale	1,228	1,165	1,199	1,225	1,199	1,212	1,252	1,273	1,261	1,268	1,291
U.S. Retail	1,987	1,902	1,917	1,914	1,895	1,934	2,010	2,064	2,039	2,066	2,127
Butter											
EU Intervention	3,261	3,110	3,026	3,093	3,144	3,172	3,200	3,230	3,259	3,288	3,318
U.S. CCC Purchase	1,433	1,433	1,433	1,433	1,433	1,433	1,433	1,433	1,433	1,433	1,433
U.S. Wholesale	1,479	1,477	1,437	1,467	1,443	1,459	1,464	1,462	1,466	1,450	1,445
FOB Northern Europe	1,440	1,541	1,543	1,544	1,537	1,533	1,531	1,528	1,525	1,523	1,520
Canadian Support	3,915	4,011	4,037	3,952	3,812	3,632	3,529	3,512	3,503	3,505	3,515
Nonfat Dry Milk											
EU Intervention	1,995	1,561	1,508	1,486	1,455	1,411	1,367	1,379	1,392	1,405	1,417
U.S. CCC Purchase	2,280	2,280	2,280	2,280	2,280	2,280	2,280	2,280	2,280	2,280	2,280
U.S. Wholesale	2,383	2,348	2,308	2,310	2,310	2,332	2,344	2,361	2,387	2,331	2,372
FOB Northern Europe	1,559	1,574	1,541	1,518	1,482	1,462	1,454	1,436	1,429	1,396	1,384
Canadian Support	2,620	2,699	2,815	2,929	3,057	3,218	3,333	3,371	3,403	3,426	3,444
Cheese											
EU Threshold	3,881	3,655	3,556	3,635	3,545	3,548	3,529	3,480	3,616	3,571	3,603
U.S. CCC Purchase	2,470	2,470	2,470	2,470	2,470	2,470	2,470	2,470	2,470	2,470	2,470
U.S. Wholesale	2,919	2,889	2,902	2,900	2,907	2,933	2,933	2,935	2,946	2,915	2,917
FOB Northern Europe	1,830	1,812	1,809	1,816	1,851	1,877	1,898	1,926	1,917	1,931	1,940
Milk											
EU Target	301	287	279	285	290	293	295	298	301	303	306
U.S. Support	223	223	223	223	223	223	223	223	223	223	223
U.S. Farm	288	273	270	272	276	280	284	287	288	286	285
Canadian Target, Industrial	381	392	402	408	412	418	422	425	427	429	431

World Trade

- **World Feed Grains**
- **World Soybeans**
- **World Soybean Meal**
- **World Soybean Oil**
- **World Rapeseed**
- **World Rapeseed Meal**
- **World Rapeseed Oil**
- **World Wheat**
- **World Rice**
- **World Cotton**
- **World Sugar**
- **World Livestock**
- **World Dairy**

World Feed Grains

- A 100 thousand ha increase in **Argentine** corn area combined with a slight increase in yield is expected to result in a 250 tmt increase in exports in 1994/95. Little area growth is expected for the remainder of the projection period, but moderate yield growth translates into a 1.6 mmt increase in exports by 2003/04.

- Severe drought in **Australian** barley producing regions has reduced the crop more than 4.4 mmt compared to 1993/94. After recovery from the drought, production is expected to increase with only slow yield growth, limiting export potential over the next ten years.

- **Canadian** barley area declined in 1994/95 as canola plantings increased dramatically. Barley area is projected to remain stable for the next ten years at 4.1 million ha and production increases only with yields. Export growth is expected to be very slow.

- Because of expanding poultry production in **Thailand**, corn feed demand is expected to increase faster than corn production. Consequently, exports are projected to decline, and Thailand becomes a net importer by the end of the century.

- Cereal area set-aside requirements in the **European Union** have resulted in a disproportionate reduction in barley area compared to other grains. Exports of barley are projected to decline to less than 4 mmt as stocks are reduced through 1998/99, and then begin to increase as GATT constraints on wheat exports cause a shift of land back into barley.

- The drought in **Eastern Europe** lasted into the 1994 growing season and feed-grain production was only 2.5 mmt above 1993/94 levels. Recovery is expected to occur in 1995/96 and production is projected to increase more than 8 mmt compared to 1994/95. Eastern Europe is projected to be a net importer of roughly 2 mmt by 2003/04.

- It appears that, along with other changes, the macroeconomic engine driving **Chinese** feed-grain demand shifted gears in 1994/95, leading to an expected 7 mmt increase in domestic use of feed grains. Although production in 1994/95 was 1 mmt higher than in 1993/94, China is expected to be barely self-sufficient in feed grains, compared to exports of more than 10 mmt last year.

- Although NAFTA and PROCAMPO have opened the **Mexican** market for feed grains and provided incentives for increased feeding of corn, the huge devaluation of the peso partially dampened import increases. As the Mexican economy stabilizes in the next few years, import growth is projected to accelerate.

- Feed demand is projected to be weak due to increasing beef imports and gradual declines in hog inventories in **Japan**. Even with growth in poultry production, feed-grain demand and imports are not projected to increase.

- Drought in some of the grain-producing regions of northern and western **Russia** resulted in smaller crops of feed grains, particularly corn and rye, in 1994/95. However, continuing declines in animal inventories are offsetting the small crop, and net imports are expected to fall to less than 2 mmt. No recovery in imports is projected for the next ten years.

- The productive potential of **Ukraine** and reduced domestic feed demand stemming from poor economic performance are projected to result in the Ukraine becoming a net exporter of nearly 3 mmt of feed grains by 2003/04.

- **Asia** (excluding China, Thailand, and Japan) is projected to increase feed-grain imports by nearly 5 mmt between 1994/95 and 2003/04. Land constraints should limit increases in production, while high-income growth should lead to increased demand for livestock products. The net result is stronger demand for imported feed grains. Countries such as **South Korea** and **Taiwan** are expected to account for a large proportion of this increase in imports, however environmental constraints could become an issue, particularly in Taiwan.

Feed-Grain Trade

	93/94	94/95	95/96	96/97	97/98	98/99	99/00	00/01	01/02	02/03	03/04
Net Exporters					(1,000 Metric Tons)						
Argentina	5,400	5,662	5,859	6,312	6,619	6,787	6,999	7,079	7,087	7,176	7,232
Australia	3,581	320	1,859	2,330	2,561	2,686	2,732	2,684	2,611	2,554	2,536
Canada	5,039	4,560	4,905	4,842	4,928	5,070	5,127	5,165	5,228	5,240	5,294
China	10,300	300	2,801	2,543	2,251	1,932	1,584	1,204	784	323	-186
Eastern Europe	-2,055	-301	574	800	1,792	1,924	2,003	1,988	2,021	2,156	2,267
European Union	6,958	3,650	3,760	3,402	2,091	1,606	2,018	2,387	2,770	3,531	3,531
South Africa	4,485	1,005	1,154	1,222	1,110	1,154	1,114	1,101	1,115	1,058	1,071
Thailand	-80	200	251	200	105	22	-92	-224	-372	-553	-747
Ukraine	55	200	1,499	1,041	1,248	1,393	1,656	2,060	2,311	2,597	2,843
Total Non-U.S.	33,681	15,597	22,662	22,691	22,704	22,573	23,143	23,445	23,554	24,081	23,840
United States	37,183	53,705	51,305	50,452	51,702	53,217	54,277	56,091	58,035	60,288	63,108
Trade Share	52.5%	77.5%	69.4%	69.0%	69.5%	70.2%	70.1%	70.5%	71.1%	71.5%	72.6%
Total Net Exports	70,864	69,302	73,967	73,143	74,406	75,790	77,420	79,535	81,589	84,369	86,947
Net Importers											
Israel	1,148	1,502	1,633	1,616	1,606	1,628	1,626	1,623	1,632	1,624	1,627
Japan	20,845	20,777	20,805	20,790	20,807	20,811	20,802	20,782	20,713	20,643	20,568
Russia	3,700	1,800	2,582	1,774	1,277	1,059	678	501	485	647	510
Other Former Soviet Union	850	1,255	809	846	812	833	702	624	571	548	504
Developing	40,248	46,282	47,148	46,924	48,450	49,988	51,981	54,205	56,289	58,848	61,448
Algeria	1,874	2,200	2,011	1,910	1,966	2,061	2,135	2,215	2,298	2,384	2,472
Egypt	1,949	2,207	2,095	2,205	2,331	2,488	2,646	2,818	3,003	3,201	3,412
Other Africa	3,593	3,186	2,942	3,016	3,150	3,378	3,661	3,953	4,298	4,716	5,104
Saudi Arabia	5,500	5,500	5,474	5,429	5,406	5,423	5,473	5,540	5,623	5,715	5,817
Other Middle East	2,195	2,759	2,759	2,897	3,127	3,269	3,419	3,569	3,702	3,869	4,017
Brazil	1,183	1,675	2,633	1,693	1,545	1,422	1,503	1,687	1,957	2,302	2,765
Mexico	4,755	5,353	6,057	6,374	6,750	6,993	7,315	7,602	7,848	8,155	8,408
Other Latin America	5,735	5,727	5,779	5,815	5,958	6,141	6,290	6,541	6,806	7,012	7,289
Indonesia	550	858	700	727	786	842	887	934	978	1,024	1,080
Malaysia	1,900	2,350	2,348	2,445	2,562	2,670	2,812	2,980	3,172	3,397	3,650
Pakistan	0	0	0	0	0	0	0	0	0	0	0
South Korea	5,499	7,945	8,155	8,347	8,599	8,988	9,256	9,383	9,458	9,555	9,632
Taiwan	5,650	5,750	5,827	5,915	6,013	6,115	6,219	6,327	6,438	6,553	6,673
Vietnam	-60	-100	-100	-100	-100	-100	-100	-100	-100	-100	-100
Other Asia	-75	872	467	251	357	299	464	754	808	1,063	1,228
Rest of World	323	285	-110	93	354	372	532	700	799	960	1,190
Residual	4,000	-2,600	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100
Total Net Imports	71,114	69,302	73,967	73,143	74,406	75,790	77,420	79,535	81,589	84,369	86,947
U.S. Corn Price					(U.S. Dollars per Metric Ton)						
FOB Gulf	116.99	98.05	104.64	101.81	96.34	100.55	100.74	102.05	105.25	104.05	107.50
U.S. Sorghum Price											
FOB Gulf	109.24	96.35	105.49	101.56	94.60	98.71	99.32	100.90	104.81	104.74	108.30
U.S. Barley Price											
FOB Pacific Northwest	115.53	117.17	126.07	124.92	117.65	117.59	117.89	118.65	121.22	122.41	125.40

World Soybeans

- **Argentina** is expected to continue expansion of soybean area over the projection period, although at a much more moderate rate than that of the past ten years. Crush is projected to expand by about 25 percent over the projection period to take advantage of strong world demand for soybean products. Soybean net exports are projected to increase from 3 mmt in 1994/95 to 3.8 mmt in 2003/04.

- **Brazilian** soybean net exports of 4.5 mmt in 1994/95 are projected to grow to 5 mmt by 2003/04. Slow growth in soybean exports for Brazil can be attributed to the combined effects of slow growth in area expansion, and strong crush demand for domestic consumption of oil and for exports of meal.

- **Canadian** soybean area has expanded by over 45 percent over the past two years, largely due to an attractive soybean price relative to corn. The increased production from the expanded area allowed nearly 900 tmt of soybean net exports in 1994/95. As significant area is expected to be switched back to other competing crops, net exports are projected to drop down to just over 500 tmt and are expected remain stable over the projection period.

- After several years of stable area in soybeans, **China** exploded with growth, expanding from 7.6 to 9.7 million ha in 1993/94. This area is projected to be maintained due to the attractive price of soybeans and soybean products. Most of this increase in area came at the expense of rice area. Despite the upsurge in production, income driven demand for meal and oil leaves only 500 tmt of soybean net exports in 1994/95. Although area expansion is projected to subside, crush is expected to continue robust growth, causing net exports of soybeans to fall off steadily over the projection period.

- Implementation of the Blair House oilseeds agreement constrains total area that can be planted to oilseeds in the **European Union** to 5.128 million ha beginning in 1995/96. Soybean net imports of about 14 mmt are expected to be maintained over the projection period to supply domestic crushing facilities.

- Japan, having little capacity to expand oilseed production, is expected to continue meeting its crush demand via imports. Japanese imports of soybeans are projected to increase from 4.8 mmt in 1994/95 to 5.2 mmt in 2003/04.

- South Korea and Taiwan are expected to slow their growth rate of soybean imports over the projection period due to limited growth in their livestock sectors. Net imports are projected to increase from 1.3 to 1.6 mmt for South Korea, and from 2.4 to 2.6 mmt for Taiwan.

- Soybean net imports are not expected to rebound significantly in the **republics of the former Soviet Union**, following the recent downward trends of the livestock industries and continued poor economic outlook.

Soybean Trade

	93/94	94/95	95/96	96/97	97/98	98/99	99/00	00/01	01/02	02/03	03/04
Net Exporters					(1,000 Metric Tons)						
Argentina	3,001	2,998	3,128	3,201	3,288	3,380	3,465	3,552	3,641	3,733	3,828
Brazil	4,152	4,452	4,679	4,794	4,881	4,916	4,921	4,921	4,943	4,984	5,022
Canada	550	893	561	516	530	567	577	592	604	610	628
China	740	348	407	428	435	515	520	471	373	355	356
Paraguay	1,100	1,200	1,230	1,266	1,301	1,331	1,359	1,389	1,421	1,454	1,483
Total Non-U.S.	9,543	9,890	10,005	10,206	10,435	10,708	10,843	10,925	10,982	11,136	11,317
United States	15,649	21,283	19,745	19,948	20,153	20,338	20,710	21,150	21,624	21,990	22,378
Trade Share	62.1%	68.3%	66.4%	66.2%	65.9%	65.5%	65.6%	65.9%	66.3%	66.4%	66.4%
Total Net Exports	25,192	31,173	29,750	30,154	30,588	31,046	31,553	32,075	32,606	33,126	33,694
Net Importers											
Eastern Europe	463	458	438	399	399	429	465	494	521	534	567
European Union	12,795	14,528	13,767	13,905	13,997	14,070	14,156	14,248	14,345	14,431	14,520
Former Soviet Union	385	434	432	441	451	460	470	480	491	501	513
Russian Republic	270	275	281	289	296	300	304	308	312	315	318
Ukraine	30	75	75	77	81	85	90	96	103	109	116
Other Former Soviet Union	85	85	76	75	74	74	75	76	77	77	78
Japan	4,800	4,800	4,869	4,916	4,964	5,017	5,065	5,114	5,162	5,207	5,252
Developing	5,638	6,128	6,202	6,248	6,307	6,368	6,436	6,490	6,553	6,623	6,700
India	0	0	0	0	0	0	0	0	0	0	0
Mexico	2,138	2,404	2,461	2,435	2,449	2,461	2,472	2,479	2,483	2,487	2,488
South Korea	1,200	1,325	1,372	1,432	1,462	1,488	1,517	1,531	1,552	1,576	1,606
Taiwan	2,300	2,399	2,369	2,382	2,397	2,419	2,447	2,480	2,518	2,560	2,606
Rest of World	3,400	3,635	3,842	4,044	4,271	4,503	4,762	5,049	5,334	5,630	5,943
Residual	-2,289	1,190	200	200	200	200	200	200	200	200	200
Total Net Imports	25,192	31,173	29,750	30,154	30,588	31,046	31,553	32,075	32,606	33,126	33,694
U.S. Export Price					(U.S. Dollars per Metric Ton)						
FOB Gulf	253.23	213.57	218.53	225.65	224.05	222.68	225.48	228.54	233.79	240.19	242.74

World Soybean Meal

- Soybean meal production is projected to increase by 22 percent over the projection period in **Argentina**, as soybean area and crush capacity continue to expand. Currently only about 2 percent of Argentina's meal production is consumed domestically. As this situation is not expected to change significantly, meal net exports are projected to increase from 6.9 mmt in 1994/95 to 8.2 mmt in 2003/04.

- Strong growth in **Brazil's** poultry industry continues to drive soybean meal consumption. Soybean meal domestic use is projected to grow from 4.2 mmt in 1994/95 to 5.5 mmt in 2003/04, limiting growth of net exports to less than 1 mmt over the same period.

- Despite recent area expansion of soybeans in **Canada**, crush of soybeans has not increased. Domestic use of soymeal is projected to increase only slightly over the projection period, leaving Canada as a net importer of 654 tmt by 2003/04.

- The **European Union**, responding to favorable soymeal prices, is expected to have net imports of 10.7 mmt in 1994/95, an increase of over 200 tmt from the previous year. The EU is expected to continue to increase meal imports over the projection period as livestock production increases, ending with 11.6 mmt of net imports by 2003/04.

- Heavy rains at planting time decreased soybean area in **India** in 1994/95, dropping production by nearly 20 percent. India crushes soybeans primarily for the oil, with nearly all of the meal being exported. India is expected to export 1.9 mmt of soymeal in 1994/95, and is projected to increase exports to 2.3 mmt by the end of the projection period.

- Soybean meal net imports are not projected to grow significantly in **Taiwan**. Growth in domestic consumption of soybean meal is expected to be limited partly in response to environmental restrictions associated with their pork industry.

- The **republics of the former Soviet Union** are not expected to increase net imports of soymeal over the projection period. Projected economic recovery is not expected to ignite incomes or livestock production to the extent that major imports of animal feeds would be necessary.

- **Japanese** imports of soymeal are projected to begin falling off slightly toward the end of the projection period. Continued increased crush of both soybeans and canola will increase Japan's self-sufficiency in protein meal, while increased meat imports due to GATT commitments are expected to limit growth for domestic livestock production.

Soybean Meal Trade

	93/94	94/95	95/96	96/97	97/98	98/99	99/00	00/01	01/02	02/03	03/04
Net Exporters					(1,000 Metric Tons)						
Argentina	6,734	6,911	6,969	7,101	7,251	7,406	7,556	7,706	7,858	8,013	8,171
Brazil	10,643	9,745	9,836	9,902	10,021	10,163	10,333	10,514	10,673	10,833	10,997
China	700	500	337	299	237	191	146	129	129	93	51
India	2,260	1,992	2,166	2,191	2,209	2,226	2,251	2,275	2,295	2,307	2,321
Paraguay	375	375	389	407	426	446	461	476	490	503	521
Total Non-U.S.	20,712	19,522	19,697	19,899	20,143	20,432	20,747	21,099	21,445	21,749	22,061
United States	4,817	5,230	4,473	4,508	4,765	4,955	5,081	5,096	5,197	5,396	5,630
Trade Share	18.9%	21.1%	18.5%	18.5%	19.1%	19.5%	19.7%	19.5%	19.5%	19.9%	20.3%
Total Net Exports	25,529	24,752	24,169	24,407	24,908	25,387	25,828	26,195	26,642	27,145	27,691
Net Importers											
Canada	595	570	597	596	603	625	651	626	617	619	654
Eastern Europe	1,580	1,780	1,875	1,900	1,914	1,926	1,951	1,991	2,034	2,069	2,099
European Union	10,538	10,772	10,252	10,305	10,554	10,733	10,893	11,028	11,206	11,416	11,632
Former Soviet Union	1,407	1,241	1,182	1,165	1,139	1,150	1,130	1,089	1,060	1,024	995
Russian Republic	816	700	687	668	654	667	645	622	602	580	560
Ukraine	301	251	245	245	238	236	233	220	213	203	196
Other Former Soviet Union	290	290	251	252	247	247	252	247	245	241	240
Japan	873	848	870	861	850	835	823	808	800	794	789
Developing	1,401	1,380	1,360	1,401	1,506	1,621	1,741	1,867	1,997	2,138	2,234
Mexico	371	458	446	448	488	532	581	637	699	765	792
South Korea	750	702	712	747	794	853	916	980	1,044	1,114	1,180
Taiwan	280	221	202	206	223	235	244	250	254	259	262
Rest of World	7,379	7,960	7,833	7,979	8,143	8,298	8,438	8,587	8,728	8,885	9,088
Residual	1,756	201	200	200	200	200	200	200	200	200	200
Total Net Imports	25,529	24,752	24,169	24,407	24,908	25,387	25,828	26,195	26,642	27,145	27,691
U.S. Market Price					(U.S. Dollars per Metric Ton)						
Decatur	199.00	166.23	177.45	184.03	182.98	185.11	189.38	197.25	203.94	208.79	214.58

World Soybean Oil

- Tight world vegetable oil stocks resulting from the previous year's poor soybean and palm oil crop, combined with strong world demand for oil, have resulted in a second year of high vegetable oil prices despite record crop production in the United States and the favorable outlook for the South American crop.

- Soybean oil net exports from **Argentina** are projected to increase by roughly 200 tmt between 1994/95 and 2003/04. Argentina will remain the world's leading trader of soybean oil with soybean oil net exports of 1.68 mmt in 2003/04.

- Recent growth in domestic consumption of soybean oil in Brazil is expected to continue over the projection period, reducing Brazil's capacity to export. Dropping to 910 tmt in 1994/95, net soybean oil exports are projected at just over 900 tmt during the remainder of the projection period.

- High soybeans imports in 1994/95 translate into increased production of meal and oil in the **European Union**. A 300 tmt increase in oil production in 1994/95 drives net exports to over 750 tmt. Over the projection period, net exports of soybean oil are not expected to change significantly, as increased domestic use of soybean oil keeps pace with production and imports.

- Soybean oil net imports of 900 tmt are expected in **China** in 1994/95, due to an income driven increase in demand for vegetable oil, and lack of available palm oil this season. Over the projection period, net imports are expected to remain stable at about 850 tmt, as the Chinese increase domestic production and crush of oilseeds and return to lower priced palm oil for most of their import needs.

Soybean Oil Trade

	93/94	94/95	95/96	96/97	97/98	98/99	99/00	00/01	01/02	02/03	03/04
Net Exporters					(1,000 Metric Tons)						
Argentina	1,414	1,449	1,435	1,463	1,493	1,525	1,555	1,586	1,617	1,649	1,681
Brazil	1,387	910	969	963	934	930	930	945	963	964	966
European Union	592	752	747	696	733	739	738	737	716	689	683
Paraguay	95	101	100	101	106	111	114	117	120	123	127
Total Non-U.S.	3,488	3,213	3,251	3,223	3,266	3,305	3,337	3,386	3,416	3,425	3,457
United States	635	878	614	700	758	817	875	901	951	1,016	1,066
Trade Share	15.4%	21.5%	15.9%	17.8%	18.8%	19.8%	20.8%	21.0%	21.8%	22.9%	23.6%
Total Net Exports	4,123	4,091	3,865	3,923	4,024	4,122	4,212	4,286	4,367	4,441	4,524
Net Importers											
Canada	-10	-13	-9	-8	-6	-5	-3	-3	-1	1	2
Eastern Europe	106	109	119	124	128	133	138	143	148	153	159
Former Soviet Union	189	209	211	214	216	212	208	203	198	192	186
Russian Republic	150	150	162	167	167	165	162	159	156	152	148
Ukraine	39	49	49	47	49	47	45	44	42	40	38
Other Former Soviet Union	0	10	0	0	0	0	0	0	0	0	0
Japan	10	-0	8	3	-2	1	-1	-0	2	4	6
Developing	1,223	1,073	979	989	1,043	1,088	1,147	1,204	1,257	1,300	1,346
China	1,075	895	856	844	873	874	872	877	875	859	846
India	46	50	11	6	2	15	35	42	52	64	73
Mexico	80	100	80	90	103	117	133	151	171	192	214
South Korea	15	24	27	35	46	60	74	90	106	123	141
Taiwan	7	2	5	14	19	22	33	43	53	62	73
Rest of World	2,407	2,509	2,558	2,601	2,645	2,693	2,724	2,739	2,763	2,790	2,824
Residual	197	204	0	0	0	-0	0	0	0	0	-0
Total Net Imports	4,123	4,091	3,865	3,923	4,024	4,122	4,212	4,286	4,367	4,441	4,524
U.S. Market Price					(U.S. Dollars per Metric Ton)						
Decatur	597.00	563.22	511.17	520.93	522.02	519.21	520.08	507.14	506.57	514.63	511.78

World Wheat

- A 100 thousand ha increase in **Argentine** area and higher yields resulted in a 1.1 mmt increase in wheat production in 1994/95. Slow area expansion and moderate yield growth are projected for the next ten years, increasing exportable surpluses by nearly 2.5 mmt by 2003/04.

- Severe drought in **Australian** grain producing regions cut the wheat crop by nearly 50 percent compared to 1993/94 and reduced exports by nearly 8 mmt. Wheat production and exports increase in response to GATT constraints by the end of the 1990s as wheat prices increase relative to feed grain prices.

- Wheat area in **Canada** declined nearly 1.5 million ha in 1994/95 as canola plantings increased markedly. Although wheat area is projected to increase from 1994/95 levels, continued high canola production will likely prevent wheat plantings of the magnitude of 1992/93.

- Wheat exports by the **European Union** are expected to fall to 15.2 mmt in 1994/95 as set-asides and lower stock levels begin to constrain exportable surpluses. By 1998/99, GATT commitments will further constrain wheat exports.

- Wheat yields partially recovered from drought in 1994/95 in **Eastern Europe** and production increased 3 mmt above 1993/94. Further recovery is expected for wheat production, and this region is projected to become a net exporter of approximately 1 mmt per year in the future.

- **Russian** wheat area and yields decreased in 1994/95 and production fell 8.5 mmt from 1993/94. Further economic contraction is projected, resulting in a continuing decline in wheat feed use. Imports are expected to fall over the projection period.

- Drought hit **Ukraine** resulting in an 8 mmt reduction in the size of the wheat crop in 1994/95. However, with normal yields beginning in 1995/96, wheat production is expected to recover, creating exportable surpluses of 2.5 mmt by 2003/04.

- **Chinese** wheat production fell approximately 3 mmt in 1994/95 and demand growth resulted in a consumption increase of nearly 4 mmt from 1993/94. Net imports are expected to increase more than 6 mmt this year and continue to grow throughout the projection period, reaching 14.5 mmt by the end of the period.

- A 4.6 mmt decrease in wheat production in **Other African** and **Middle Eastern Countries** is expected to be offset by stock reductions, with domestic use remaining at nearly the same level as 1993/94. This is in spite of a 1.2 mmt reduction in imports. Although domestic use is projected to increase over the projection period, imports are likely to increase slowly. Most of this region's increase in imports is expected to be driven by oil exporting countries.

- **Other Latin American** countries are likely to continue relying heavily on imports to meet domestic wheat requirements. However, continuing debt problems are expected to constrain their abilities to buy on the world market. Consequently, imports are projected to increase only 1.6 mmt over the next ten years.

- The newly industrializing **Asian** countries are expected to continue their robust economic growth, but limited production capacities make it necessary for them to increase wheat imports to meet growing demand. Imports are projected to increase from 5.6 mmt in 1994/95 to 8.4 mmt in 2003/04.

- Most of the increase in wheat demand in **other Asian** countries will be met through domestic production over the next ten years, but imports will remain an important and growing source of wheat supply in this region. Imports are projected to increase nearly 2.5 mmt by 2003/04.

Wheat Trade

	93/94	94/95	95/96	96/97	97/98	98/99	99/00	00/01	01/02	02/03	03/04
Net Exporters					(Million Metric Tons)						
Argentina	4.60	5.70	6.29	6.50	6.66	6.85	7.04	7.31	7.63	7.87	8.12
Australia	13.69	5.89	10.67	11.28	11.53	11.74	11.93	12.24	12.73	13.31	13.96
Canada	19.02	20.40	18.54	19.99	20.34	20.73	21.11	21.41	21.42	21.64	21.87
Eastern Europe	-1.88	-0.15	0.76	1.34	1.30	1.24	1.18	1.11	1.02	0.92	0.81
European Union	17.44	15.24	16.34	14.95	15.53	14.85	13.66	12.29	12.29	12.29	12.29
Other Western Europe	-0.03	-0.07	-0.16	-0.04	-0.13	-0.19	-0.18	-0.13	-0.05	-0.02	0.01
Ukraine	0.40	-0.50	0.48	0.82	1.18	1.42	1.40	1.52	1.96	2.30	2.59
Total Non-U.S.	53.24	46.51	52.92	54.83	56.42	56.63	56.15	55.75	57.00	58.31	59.66
United States	30.44	32.32	30.73	30.02	30.64	32.33	34.69	36.13	36.56	37.35	38.39
Trade Share	36.4%	41.0%	36.7%	35.4%	35.2%	36.3%	38.2%	39.3%	39.1%	39.0%	39.2%
Total Net Exports	83.68	78.84	83.65	84.85	87.06	88.97	90.83	91.88	93.56	95.66	98.06
Net Importers											
Japan	5.60	5.70	5.69	5.73	5.77	5.82	5.87	5.92	5.98	6.04	6.10
Russia	4.50	3.25	3.55	3.25	2.58	2.17	1.80	1.06	0.31	-0.46	-1.02
Other Former Soviet Union	2.72	2.39	1.78	1.23	1.17	1.00	0.94	0.65	0.30	-0.00	-0.26
Developing	64.48	66.71	68.44	70.31	73.04	75.38	77.58	79.59	82.26	85.31	88.41
China	4.14	10.83	11.36	12.03	12.72	12.90	13.04	13.29	13.67	14.06	14.45
High-Income East Asia	7.13	5.46	5.81	6.09	6.38	6.65	6.93	7.21	7.54	7.89	8.25
India	0.05	-0.67	-0.57	-0.36	0.11	0.43	0.51	0.39	0.53	0.80	0.97
Other Asia	10.92	12.30	13.13	13.41	13.82	14.26	14.62	14.86	15.14	15.43	15.71
Brazil	5.70	5.70	5.55	5.66	5.79	5.88	6.05	6.24	6.43	6.65	6.88
Mexico	1.83	1.40	1.36	1.37	1.43	1.47	1.50	1.52	1.56	1.62	1.70
Other Latin America	7.68	7.93	7.38	7.56	7.75	7.94	8.12	8.27	8.45	8.65	8.87
Algeria	4.50	4.00	4.34	4.47	4.62	4.78	4.93	5.11	5.32	5.54	5.78
Egypt	5.80	5.70	5.82	5.95	6.09	6.31	6.53	6.77	7.05	7.35	7.69
Morocco	2.50	0.80	0.94	1.04	1.16	1.28	1.42	1.56	1.71	1.84	1.98
Tunisia	0.73	1.00	0.74	0.78	0.83	0.88	0.93	0.99	1.06	1.13	1.21
Other Africa & Middle East	13.51	12.25	12.59	12.30	12.36	12.59	13.00	13.38	13.81	14.34	14.92
Rest of World/Residual	6.38	0.78	4.19	4.34	4.50	4.60	4.64	4.66	4.71	4.77	4.82
Total Net Imports	83.68	78.84	83.65	84.85	87.06	88.97	90.83	91.88	93.56	95.66	98.06
U.S. Wheat Price					(U.S. Dollars per Metric Ton)						
FOB Gulf	143.67	155.80	150.42	141.36	134.81	135.95	141.65	149.52	152.06	155.20	159.99

World Rice

- A return to normal weather conditions in **Thailand** allows production to rebound to 13.8 mmt in 1994/95, a 1.2 mmt increase above the poor crop of the previous year. Net exports are projected to increase steadily from 4.5 mmt in 1994/95 to 6.2 mmt in 2003/04 in response to increased world demand and robust prices. Thailand is expected to maintain its position as the world's leading rice exporter, due to yield growth potential and stable per capita domestic consumption.

- Although **Vietnam** is projected to moderate its growth in area for rice production and diversify into other crops, continual yield growth along with limited increases in domestic consumption translate into solid growth in exportable supplies. Vietnam is projected to emerge as the world's second largest rice exporter with net exports of just over 2 mmt in 2002/2003, a position it is expected to maintain well into the next decade.

- Rice production in the U.S. reaches record levels in 1994/95, as the ARP rate is set to 0 percent. Excellent yield coupled with the higher planting result in a 27 percent increase in production above the previous year's crop. Net exports of 2.5 mmt in 1994/95 will drop off to just 2 mmt, due to a lack of new area available to rice as well as GATT commitments which will reduce the quantity of subsidized rice exports from 272 tmt in 1995 down to 39 tmt in 2000.

- Successive years of good crops have allowed **Pakistan** to rebuild stocks and maintain last year's net export level of about 1.3 mmt in 1994/95. Slowly increasing area and steady yield growth, combined with flat per capita domestic consumption, are projected to allow Pakistan to maintain exports just above 1 mmt throughout the projection period.

- Record rice crops in **Myanmar** in 1993/94 and 1994/95 can be attributed largely to a government initiative to expand the dry season crop. 1994/95 net exports climb to 800 tmt of mostly low-quality rice, largely as a result of China's inability to export low-quality rice. Lack of investment in Myanmar's outdated milling industry will limit its ability to increase net exports over the projection period.

- A second year of good production in **India**, combined with high stock levels, allows net exports to climb to 800 tmt in 1994/95. However, despite steady yield growth, growth in domestic consumption is projected to keep pace with production in India, limiting exports to 600 to 700 tmt over the rest of the projection period.

- **Chinese** rice area drops to 30 million ha in 1994/95, down 3 million ha from the 1990/91 level, as farmers continue to switch to competing crops due to relative prices. The loss of area and subsequent reduced production has caused stocks to be drawn to dangerously low levels in order to maintain domestic consumption. China is projected to be a net importer of over 200 tmt in 1994/95, after net exports of over 1 mmt in the two previous years. Without a major policy change, net exports are not expected to rebound to previous levels at any time over the projection period.

- **Japan** responds to the poor crop of 1993/94 with a 53 percent increase in production in 1994/95. This year's bumper crop will allow Japan to replenish its stocks and delay importing its required GATT commitment quantity of rice for 1995 until late in 1995/1996. Japan is not expected to import rice over the projection period, beyond what was agreed to in the GATT.

- **Indonesia** is expected to have net imports of over 600 tmt of rice in 1994/95 due to severe drought in several regions. Although Indonesia has an official policy of self-sufficiency in rice, it has been a major rice importer in 12 of the last 15 years, and is projected to maintain a net import position over the projection period.

Rice Trade

	93/94	94/95	95/96	96/97	97/98	98/99	99/00	00/01	01/02	02/03	03/04
Net Exporters					(1,000 Metric Tons)						
China	1,000	-250	418	455	446	431	412	384	351	308	260
India	626	800	651	657	716	742	731	709	670	602	560
Myanmar (Burma)	702	806	885	877	858	872	863	862	851	851	858
Pakistan	1,199	1,283	1,241	1,222	1,217	1,189	1,189	1,147	1,093	1,058	1,026
Thailand	4,684	4,572	5,235	5,317	5,502	5,582	5,712	5,859	5,979	6,123	6,284
Vietnam	2,000	2,058	2,128	2,146	2,133	2,116	2,122	2,162	2,134	2,091	2,057
Total Non-U.S.	10,211	9,269	10,558	10,674	10,873	10,933	11,029	11,123	11,078	11,034	11,045
United States	2,302	2,534	2,299	2,315	2,293	2,291	2,248	2,206	2,155	2,078	2,030
Trade Share	18.4%	21.5%	17.9%	17.8%	17.4%	17.3%	16.9%	16.6%	16.3%	15.8%	15.5%
Total Net Exports	12,513	11,802	12,857	12,989	13,166	13,224	13,277	13,329	13,233	13,112	13,075
Net Importers											
European Union	422	563	596	584	586	593	604	614	619	624	629
Indonesia	-427	695	495	537	515	516	488	478	480	435	443
Japan	2,200	98	379	455	531	607	683	758	758	758	758
Saudi Arabia	870	728	742	750	759	772	786	800	814	829	844
Rest of World/Residual	9,448	9,718	10,645	10,664	10,776	10,736	10,716	10,679	10,562	10,465	10,400
Total Net Imports	12,513	11,802	12,857	12,989	13,166	13,224	13,277	13,329	13,233	13,112	13,075
Prices					(U.S. Dollars per Metric Ton)						
FOB Bangkok 100B NPQ*	294	267	269	270	273	280	284	292	294	300	310
FOB Houston	457	359	372	370	372	379	384	394	396	404	416

* NPQ = Norminal Price Quote

World Cotton

- Major **cotton producing countries** have experienced diminished yields for the third consecutive year due to disease and weather problems. Because the world faced the 1994/95 crop year with tight stocks, cotton prices skyrocketed with announcements of lower production from these regions. As former exporting regions were now relying on the world market or faced very high internal prices for their cotton, their advantages in textile production no longer prevailed, allowing many of the **non-cotton producing regions** to maintain or increase their use of cotton.

- **Australia** continues to produce cotton primarily for export, contrary to trends of increasing exports of value-added products currently in place in other producing countries. Due to drought, Australia's production for 1994/95 is pegged at 261,000 metric tons, down from 329,000 metric tons in 1993/94.

- Currently, many significant cotton producing regions, such as **China**, **India**, and **Pakistan**, are experiencing reduced production leading to extreme depletion of supplies available for export. A big unknown becomes the timing of these regions in overcoming yield problems and capturing historical production trends. In this analysis, this turnaround happens in 1996/97 as technological advancements begin to take effect.

- **China** is experiencing a year of diminished production due to pink bollworm and transitional acreage. Due to increases in the cotton procurement price as grain prices remain relatively stable, China is expected to increase the acreage of cotton with yields increasing slightly below trend. Production never reaches the levels needed for domestic mill use and China remains a net importer of cotton throughout the projection period.

- **India** and **Pakistan** once again experienced declining production in 1994/95 due to weather and disease problems which begin to improve by the 1996/97 crop year. Within the domestic spinning industries, India is expected to continue to increase use due to an optimistic macroeconomic outlook, but Pakistan slows from historical trends due to internal distribution problems. Even though production increases in these regions, the rebuilding of stocks supports extended high cotton exports from the United States.

- **Uzbekistan** has implemented a policy of self-sufficiency in grains production causing a decrease in area of 8 percent from 1993/94 even in the face of very high world prices, but yield increases do not lead to maintenance of 1993/94 levels of production. Because the Uzbekistani government is highly dependent on revenue from cotton exports, this acreage stays flat throughout the remainder of the forecast.

- The textile industry in **Russia** has declined as capital investments and a dwindling domestic market make feasible operation very difficult. Because Russia has barter agreements with other republics, cotton is still being imported at previous levels but, due to high prices on the world market, Russia became an exporter of raw cotton; a practice which continues until 2002/03.

- Net imports remain flat after years of decline as importing regions regain advantages in textile production due to higher priced cotton in the producing regions. In the **European Union**, **Japan**, **South Korea**, and **Taiwan,** imports only begin to decline substantially in 1996/97 and beyond as the least cost producers are able to place less expensive value-added products onto the world market.

All Cotton Trade

	93/94	94/95	95/96	96/97	97/98	98/99	99/00	00/01	01/02	02/03	03/04
Net Exporters											
					(1,000 Metric Tons)						
Australia	333	247	372	401	428	458	488	503	519	538	553
China	-26	-296	-110	-97	-144	-74	-78	-102	-75	-31	-48
India	15	16	-7	-33	-31	15	16	37	62	42	51
Pakistan	-7	-129	-33	-55	-59	-12	12	33	44	50	56
Uzbekistan	1,351	1,165	969	972	967	986	995	1,000	990	965	953
Total Non-U.S.	1,666	1,002	1,192	1,188	1,161	1,374	1,432	1,471	1,540	1,564	1,566
United States	1,504	2,106	1,914	1,803	1,657	1,595	1,546	1,512	1,495	1,478	1,450
Total Net Exports	3,170	3,109	3,106	2,991	2,819	2,969	2,978	2,983	3,036	3,041	3,016
U.S. Trade Share of Net	47.4%	67.8%	61.6%	60.3%	58.8%	53.7%	51.9%	50.7%	49.3%	48.6%	48.1%
Net Importers											
European Union	830	750	682	646	625	607	591	573	552	537	515
Japan	434	402	399	399	396	398	378	355	330	297	264
Russia	435	411	345	326	319	319	324	333	343	361	375
South Korea	354	363	353	344	338	334	323	313	304	298	289
Taiwan	272	278	271	261	262	258	250	243	231	220	203
Rest of World	801	962	955	916	778	953	1,012	1,067	1,176	1,228	1,270
Residual	43	-58	100	100	100	100	100	100	100	100	100
Total Net Imports	3,170	3,109	3,106	2,991	2,819	2,969	2,978	2,983	3,036	3,041	3,016
Total Exports	5,855	6,302	6,225	6,065	5,812	5,858	5,744	5,646	5,574	5,509	5,429
U.S. Trade Share of Total	25.7%	33.4%	30.7%	29.7%	28.5%	27.2%	26.9%	26.8%	26.8%	26.8%	26.7%
					(U.S. Dollars per Pound)						
U.S. Farm Price	0.584	0.675	0.638	0.624	0.613	0.597	0.591	0.586	0.614	0.600	0.616
Cotlook A Index*	0.707	0.817	0.790	0.762	0.748	0.727	0.720	0.713	0.749	0.731	0.752

* The "A" index is the average of the five lowest CIF Northern European quotes of the following descriptions (Middling 1-3/32"): Memphis; Calif./Ariz.; Mexican; Central American; Paraguayan; Turkish Izmir/Antalya; Central Asian; Pakistani 1503; Indian H-4; Chinese 329; African 'Franc Zone'; Tanzanian; Greek; and Australian.
Source: Cotlook, Ltd. Liverpool, England

World Sugar

- **European Union** sugar production for 1994/95 is down nearly 12 percent from 93/94 levels due to adverse weather during both the planting and growing seasons for sugar beets. The poor crop is in turn responsible for the 30 percent decrease in net exports in 1994/95. According to the reform of the sugar regime that was adopted by the EU commission in November 1994, storage refunds for holding C quota sugar will be paid for only six months in 1995, and will be eliminated starting in 1996. The current production quotas of 11.2 mmt and 2.5 mmt for A and B quota sugar, and other general arrangements of the regime will remain unchanged through 2000/01, as long as GATT limits are not exceeded. Net exports are projected to drop off only slightly over the projection period in compliance with the GATT commitments.

- **Cuban** sugar production is projected to fall an additional 20 percent in 1994/95, for a total drop of 60 percent since 1990. With the loss of subsidies from the FSU, the outlook for recovery of the Cuban sugar economy has been dim. However, recent authorization of foreign investment into the Cuban sugar industry for the 1995/96 crop year curbs future production downfalls, allowing net exports to at least stabilize over the projection period.

- Partial deregulation of the sugar industry in **Australia,** along with a 2.5 percent annual increase in area allotments for sugarcane production through 1996, have allowed significant production growth in Australia. Good weather and increased cane area push production up by 12 percent in 1994/95, allowing exports of 3.8 mmt. A saturated domestic market combined with slow population growth gives rise to a stable quantity of exportable supplies throughout the projection period. Dry weather caused the production drop in 1993/94, and has historically caused the major year-to-year production fluctuations.

- **Thailand's** sugar production is projected to grow 22 percent over the period of 1994/95 to 2003/04. Poor weather and insect problems have hindered cane yields in recent years leaving ample opportunity for yield growth. Area growth is also being spurred by incentives to switch from upland rice to sugarcane in the lower Northeast. Despite steady growth in domestic demand for sugar, exportable surplus is projected at nearly 4 mmt by 2003/04.

- **Brazil** is the world's largest sugarcane producer, however the majority of the cane is diverted to ethanol rather than sugar production. Sugar production potential remains high in Brazil with future growth in both area and yields expected to outpace increased consumption, despite population and income growth. A 10 percent export tax was instituted in October 1994 to protect the domestic market from supply shortfalls. Net exports are projected to reach 3.3 mmt by 2003/04, an 18 percent increase from present levels.

- The high cost of inputs and lack of fuel and machinery continue to hamper sugar beet production, harvesting, and transportation efforts in the **Former Soviet Union**. A continued drawdown of stocks allows consumption to be maintained until the economy turns upward. Production and consumption of sugar are projected to increase marginally over the projection period as the economy recovers.

- Sugar production in **China** in 1994/95 dropped to only 6.2 mmt as sugar beet area continues to switch to soybeans and other crops due to relative prices. Cane area has also been lost to industrial expansion and competing crops in southern coastal regions. Barter trade with the FSU largely explains China's position as a net exporter in 1992 and 1993. Over the projection period, production increases will be minor, despite yield growth, due to expected continual loss of cane area. Consumption of sugar is expected to grow with population and income growth as stocks are released and imports are allowed. China is expected to maintain its net imports of about 1.2 mmt over the projection period.

Sugar Trade

	93/94	94/95	95/96	96/97	97/98	98/99	99/00	00/01	01/02	02/03	03/04
Net Exporters											
						(1,000 Metric Tons)					
Australia	3,484	3,812	3,858	3,892	3,922	3,934	3,979	4,005	4,024	4,041	4,060
Brazil	2,651	2,860	2,895	2,927	3,019	3,100	3,127	3,201	3,242	3,304	3,375
Cuba	3,200	2,500	2,285	2,290	2,313	2,335	2,359	2,382	2,406	2,429	2,453
European Union	4,411	3,081	3,301	3,203	3,195	3,061	2,986	2,917	2,905	2,893	2,874
Thailand	3,000	3,225	3,469	3,521	3,574	3,633	3,722	3,794	3,869	3,936	3,996
Total Net Exports	16,746	15,478	15,808	15,833	16,023	16,064	16,172	16,300	16,445	16,603	16,759
Net Importers											
China	-375	1,200	1,176	1,180	1,183	1,190	1,198	1,205	1,212	1,220	1,227
Eastern Europe	458	188	191	213	199	183	166	148	129	108	87
Former Soviet Union	3,765	3,256	3,184	3,147	3,153	3,143	3,157	3,225	3,294	3,365	3,437
Japan	1,632	1,622	1,627	1,626	1,636	1,647	1,663	1,681	1,696	1,712	1,728
Rest of World	10,070	7,972	8,269	8,344	8,533	8,574	8,671	8,738	8,822	8,919	8,999
Total Non-U.S.	15,550	14,238	14,447	14,509	14,703	14,737	14,854	14,997	15,153	15,325	15,478
United States	1,196	1,240	1,361	1,324	1,319	1,326	1,318	1,303	1,292	1,278	1,281
Trade Share	7.1%	8.0%	8.6%	8.4%	8.2%	8.3%	8.1%	8.0%	7.9%	7.7%	7.6%
Total Net Imports	16,746	15,478	15,808	15,833	16,023	16,064	16,172	16,300	16,445	16,603	16,759
						(Cents per Pound)					
FOB Caribbean Price	10.03	11.89	10.67	10.79	10.27	10.66	10.73	10.99	11.16	11.25	11.48

World Livestock

- **World beef trade** is projected to decline at an annual rate of over 1.6 percent per year until the year 2000. The decline is primarily due to GATT-related restrictions on exports of the European Union and lower import demand in the United States during the rising phase of the beef cycle. An expansion in beef trade is projected after the year 2000 as the U.S. beef cycle turns while import demand from Japan and other high-income Asian countries continues to grow. Expansion in production and exports is projected for the Oceanic countries (Australia and New Zealand), Argentina, and Brazil.

- **World pork trade** is projected to grow as the import demand of Japan and other high-income Asian countries continues to increase and environmental concerns limit domestic production. The United States becomes a net exporter by 1997, and rapidly increases its market share thereafter. China is the other expanding pork exporter.

- Health concerns and low feed prices contribute to the expansion of poultry industry worldwide. Increased import demand from Pacific Rim countries strengthens the **world poultry trade**. U.S. production and exports have consistently increased in the historical period and are projected to maintain a steady growth rate during the projection period.

- Beef exports from the **European Union** (EU) show general declines from recent levels through the year 1999, after which a marginal increase is expected. The share of unsubsidized exports in the pork exports total is projected to be about 30 percent in the long run. Faster growth in EU poultry consumption, relative to production, is expected to reduce net exports by nearly 50 percent over the projection period.

- Low beef prices and reduced support to dairy decrease domestic supply of beef in **Japan**. Increased consumption, resulting from lower prices, and competitive world export leads to expanding beef imports. Pork imports are also projected to increase as production is restrained by environmental concerns.

- Meat consumption in the **Former Soviet Union**, which had previously been subsidized, has declined substantially in the recent past due to economic deterioration, thereby depressing meat import demand. However, relative prices and quality preferences of high-income groups will contribute to moderate growth in pork and poultry imports.

- The increasing production phase of the beef cycle in the United States contributes to an early decline in **world prices**, but subsequently the trend is reversed and the prices increase at an average annual rate of about 4 percent between 1997 to 2004. Pork and poultry prices remain relatively stable.

Meat Trade

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Beef and Veal											
Net Exporters					(1,000 Metric Tons)						
Argentina	289	299	302	264	228	215	189	197	216	244	260
Australia	1,155	1,190	1,133	1,083	1,129	1,178	1,181	1,142	1,154	1,164	1,199
Brazil	390	460	451	398	406	436	443	458	456	477	475
Eastern Europe	22	-25	-23	-37	-44	-29	-26	5	23	35	33
European Union	719	417	367	397	355	330	368	405	421	420	388
New Zealand	460	482	496	504	514	528	542	554	565	574	586
Total Net Exports	3,035	2,823	2,725	2,607	2,589	2,660	2,697	2,762	2,834	2,914	2,941
Net Importers											
Canada	55	45	76	76	76	76	76	76	76	76	76
Former Soviet Union	155	173	165	153	143	135	133	129	120	96	78
Japan	829	872	874	862	923	927	955	959	961	974	980
Mexico	105	125	131	145	150	144	137	131	126	122	120
United States	368	381	206	61	-27	61	99	195	289	331	321
Rest of World/Residual	1,522	1,227	1,275	1,311	1,324	1,318	1,296	1,272	1,261	1,315	1,365
Total Net Imports	3,035	2,823	2,725	2,607	2,589	2,660	2,697	2,762	2,834	2,914	2,941
Pork											
Net Exporters											
Canada	295	349	348	343	327	318	332	348	347	344	352
China	175	187	221	237	253	272	291	312	334	358	383
Eastern Europe	39	81	150	104	53	59	93	90	63	77	111
European Union	650	661	675	674	635	696	361	183	435	526	442
Other Western Europe	8	0	2	4	6	8	10	12	14	16	18
Taiwan	293	286	291	292	286	286	294	299	295	294	300
Total Net Exports	1,460	1,564	1,687	1,653	1,561	1,638	1,381	1,244	1,488	1,615	1,606
Net Importers											
Former Soviet Union	-3	82	187	201	216	235	238	240	244	227	212
Hong Kong	197	197	194	201	208	209	208	211	218	219	218
Japan	657	667	685	736	786	832	879	919	958	999	1,039
Mexico	54	58	71	84	88	77	70	73	89	96	99
United States	99	114	120	-9	-189	-164	-439	-641	-496	-423	-453
Rest of World/Residual	455	445	431	441	451	448	425	441	476	496	490
Total Net Imports	1,460	1,564	1,687	1,653	1,561	1,638	1,381	1,244	1,488	1,615	1,606

Meat Trade (continued)

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Broiler Meat											
Net Exporters					(1,000 Metric Tons)						
Brazil	460	453	450	457	463	467	464	472	474	476	479
Eastern Europe	-32	-61	-43	-23	-10	7	25	41	53	65	79
European Union	556	596	676	616	536	393	384	360	342	334	318
Thailand	160	163	179	194	206	219	233	246	258	269	282
United States	1,275	1,365	1,233	1,233	1,374	1,554	1,613	1,693	1,789	1,857	1,915
Total Net Exports	2,419	2,515	2,495	2,477	2,569	2,640	2,720	2,813	2,916	3,002	3,073
Net Importers											
Canada	46	45	55	64	69	71	91	104	120	120	110
Former Soviet Union	394	439	396	363	338	317	299	292	286	282	279
Hong Kong	219	223	239	255	271	284	295	310	325	340	354
Japan	425	424	418	399	480	545	606	659	727	793	856
Mexico	241	261	271	281	291	301	311	321	322	323	324
Saudi Arabia	249	272	276	279	286	290	293	297	303	307	311
Rest of World/Residual	845	850	840	835	836	832	825	830	833	837	838
Total Net Imports	2,419	2,515	2,495	2,477	2,569	2,640	2,720	2,813	2,916	3,002	3,073
U.S. Market Prices					(U.S. Dollars per Metric Ton)						
Nebraska Direct Steers	1,517	1,479	1,430	1,356	1,392	1,473	1,601	1,723	1,787	1,837	1,773
Iowa-Southern Minnesota Barrows and Gilts	884	902	989	931	855	921	1,037	1,032	961	1,004	1,087
12-City Broilers	1,228	1,165	1,199	1,225	1,199	1,212	1,252	1,273	1,261	1,268	1,291
Eastern Region Wholesale Turkey	1,448	1,425	1,440	1,445	1,412	1,432	1,443	1,467	1,444	1,444	1,460

World Dairy

- The **world dairy sector** is, in general, strengthened by increased import access and restrictions on subsidized exports stipulated under the recently concluded GATT agreement. This enables competitive producers to expand their share of world dairy markets.

- **World dairy prices** are projected to strengthen, in general, during the projection period. The European Union, in response to restrictions on cheese exports, is expected to shift more of the industrial milk to butter/nonfat dry milk production, resulting in a relative strengthening of world cheese prices. Butter prices, however, do not fall as rapidly as in the past when large stocks of butter were liquidated, primarily because stocks levels are relatively low at present.

- The GATT-required reduction in the **European Union**'s exports, along with import access commitments, will inhibit the growth of the cheese industry that has expanded by over 10 percent within the last five years.

- The **United States**, the world's second largest cheese producer, is projected to expand its cheese production from 3.2 mmt to 4.4 mmt by the end of the projection period. However, consumption grows faster than production, absorbing the additional cheese imports that result from GATT related import quota relaxation.

- Cheese exports from **New Zealand** and **Australia** together increase by over 40 percent during the 1995 to 2000 period. **Japan** is expected to remain the largest cheese importer over the projection period with net imports of 180 tmt in 2004.

- The **Former Soviet Union** has historically been the largest importer of butter and is projected to hold that position over the entire projection period. Cheese imports experience moderate growth. Production of all major dairy products is also expected to exhibit moderate growth in the projection period following the economic turnaround after 1997.

- Demand for other dairy products, especially **whole milk powder**, by low-income African and Latin American countries is projected to increase as new processing technology becomes available for enhancing shelf life. **Algeria**, which was one of the largest dairy importers in the early 1980s, reduced its import demand considerably in the early 1990s. The recent policy change with respect to selected dairy products would result in subsidized imports.

Dairy Product Trade

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Butter											
Net Exporters					(1,000 Metric Tons)						
Australia	85	89	95	101	106	109	107	108	109	111	112
Canada	3	1	1	1	1	0	1	1	1	1	1
Eastern Europe	-28	-25	-25	-26	-27	-29	-30	-30	-31	-32	-33
European Union	140	160	156	149	152	158	161	169	166	175	180
New Zealand	293	264	261	270	271	280	293	303	313	314	320
Other Western Europe	38	40	40	40	39	38	38	37	37	37	36
United States	117	72	71	70	69	67	66	66	66	66	66
Total Net Exports	647	600	598	604	609	623	637	654	662	672	683
Net Importers											
Former Soviet Union	213	187	178	185	194	197	196	196	194	196	197
Japan	0	2	2	4	2	3	9	11	12	14	16
Mexico	20	20	19	18	17	17	16	15	14	13	12
Rest of World/Residual	414	392	398	398	396	407	417	432	441	450	458
Total Net Imports	647	600	598	604	609	623	637	654	662	672	683
Cheese											
Net Exporters											
Australia	78	84	100	109	115	115	113	108	106	105	103
Eastern Europe	-13	-14	-15	-15	-14	-13	-13	-12	-13	-13	-13
European Union	395	401	417	411	377	351	335	310	315	311	306
New Zealand	159	178	189	201	223	241	260	282	290	301	312
Other Western Europe	57	57	58	59	61	63	64	66	67	68	69
Total Net Exports	676	707	749	764	762	757	759	755	765	772	778
Net Importers											
Canada	11	12	12	12	12	12	13	13	13	13	13
Former Soviet Union	4	5	6	7	8	9	10	11	12	13	14
Japan	140	137	141	147	150	152	158	163	170	174	180
Mexico	35	31	32	32	31	30	30	29	30	30	30
United States	140	119	124	130	135	141	147	147	147	147	147
Rest of World/Residual	345	404	434	437	425	412	403	393	394	396	394
Total Net Imports	676	707	749	764	762	757	759	755	765	772	778

Dairy Product Trade (continued)

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Nonfat Dry Milk											
Net Exporters					(1,000 Metric Tons)						
Australia	149	160	169	178	184	187	183	182	183	184	183
Canada	30	27	27	31	28	28	29	21	15	8	1
Eastern Europe	80	86	85	84	82	81	81	80	79	78	78
European Union	200	156	169	189	221	248	268	295	316	363	393
New Zealand	145	145	147	147	140	135	134	128	124	99	85
Other Western Europe	53	37	36	35	34	33	32	31	30	29	28
United States	119	117	108	99	99	95	91	91	91	91	91
Total Net Exports	776	729	741	762	788	806	817	829	837	852	859
Net Importers											
Former Soviet Union	0	4	3	2	1	0	-0	-1	-1	-2	-2
Japan	60	94	94	94	95	96	97	97	98	99	100
Mexico	180	144	149	152	156	159	160	162	162	165	166
Rest of World/Residual	535	486	496	514	536	552	561	570	577	590	595
Total Net Imports	776	729	741	762	788	806	817	829	837	852	859
FOB Price, Northern Europe					(U.S. Dollars per Metric Ton)						
Butter	1,440	1,541	1,543	1,544	1,537	1,533	1,531	1,528	1,525	1,523	1,520
Cheese	1,830	1,812	1,809	1,816	1,851	1,877	1,898	1,926	1,917	1,931	1,940
Nonfat Dry Milk	1,559	1,574	1,541	1,518	1,482	1,462	1,454	1,436	1,429	1,396	1,384

U.S. Crops

- **U.S. Corn**
- **U.S. Sorghum**
- **U.S. Barley**
- **U.S. Oats**
- **U.S. Hay**
- **U.S. Soybeans and Soybean Products**
- **U.S. Wheat**
- **U.S. Rice**
- **U.S. Upland Cotton and Cottonseed**
- **U.S. Sugar and High-Fructose Corn Syrup**

U.S. Corn

- Corn farmers recovered well from the Flood of 1993, expanding **planted area** to 79.2 million acres in 1994/95. Planted area is projected to fall to 75.8 million acres in 1995/96 due to lower prices and a 7.5 percent ARP rate.

- The ARP rate is projected to be 5.0 percent in 1996/97 and stay at that rate until 1999/00. In 2000/01, the ARP rate drops to 2.5 percent for two years and then drops again to 0 percent for the remainder of the baseline. The lower ARP rates coupled with higher prices cause corn **planted area** to increase to 82.4 million acres by 2003/04.

- **Net acreage flexed** out of corn is projected to be 3.4 million acres in 1995/96, most of which will be planted to soybeans. On average, 3.2 million acres per year are projected to flex out of corn and into other crops.

- With favorable growing conditions throughout the Midwest, the national average corn **yield** rose to 138.6 bushels per acre in 1994/95, a new record high. Assuming normal weather, corn yields should drop to 126.0 bushels per acre in 1995/96 and then grow to 135.8 bushels by 2003/04.

- Lower corn prices and larger animal inventories increased **feed use** to 5.6 billion bushels in 1994/95. Feed usage should decline in 1995/96 to 5.3 billion bushels as corn prices rise. Steady growth in several livestock categories and stable crop prices cause feed usage to rise during the baseline period, reaching 5.7 billion bushels in 2002/03.

- With mandates from the Clinton administration and the focus on ethanol production to meet oxygenated fuel requirements of the reformulated gasoline program, corn used for **fuel alcohol** production is projected to continue strong growth throughout the projection period. Ethanol production is projected to use 875 million bushels of corn by 2003/04. Growth in other domestic uses of corn, such as high-fructose corn syrup, is relatively modest.

- Feed-grain production problems in Australia and Eastern Europe coupled with strong domestic utilization in China boosted U.S. corn **exports** to more than 1.9 billion bushels in 1994/95. With substantial recovery by competing exporters in 1995/96, U.S. exports decline, but then expand to 2.3 billion bushels by the end of the projection.

- Corn **ending stocks** in 1994/95 are projected to recover to 1.7 billion bushels, an increase from the 1993/94 level of 850 million bushels. Stocks held in the Farmer Owned Reserve (FOR) program are projected to be 150 million bushels by the end of the 1994/95 marketing year and 350 million bushels by the end of the following marketing year. With a return to normal weather, ending stocks are generally low and remain below 1.6 billion bushels throughout the projection period.

- With record high production in 1994/95, season average corn **prices** are projected to decrease to $2.15 per bushel. Prices are projected to recover in 1995/96 with a 7.5 percent ARP rate and lower production. Given the assumed program management strategy, prices remain between $2.11 and $2.38 per bushel each year thereafter.

- Record yields contributed to sharply higher participant **net returns** over variable costs in 1994/95. Strengthening prices and increasing yields maintain net returns at relatively stable levels throughout the baseline.

U.S. Corn Supply and Utilization

	93/94	94/95	95/96	96/97	97/98	98/99	99/00	00/01	01/02	02/03	03/04
Program					(Percent)						
ARP Rate	10.0	0.0	7.5	5.0	5.0	5.0	5.0	2.5	2.5	0.0	0.0
NFA Rate	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0
Participation Rate	81.3	81.6	82.3	80.9	81.4	82.6	81.4	81.7	81.2	80.8	80.8
Area					(Million Acres)						
Base Area	81.8	81.5	81.5	81.5	82.1	82.2	82.4	82.5	82.5	82.5	82.6
ARP, PLD, 0-92/85	10.6	2.4	7.9	5.8	6.0	6.4	6.1	4.6	4.5	2.7	2.8
CRP Idled	4.3	4.3	4.3	4.3	3.7	3.5	3.4	3.3	3.2	3.2	3.1
Net Flexed Area	-3.0	-4.3	-3.4	-2.9	-3.1	-3.4	-3.2	-3.2	-3.2	-3.2	-3.3
Payment Planted	46.0	53.7	48.6	49.7	50.2	50.8	50.3	52.2	51.9	53.4	53.3
Planted Area	73.2	79.2	75.8	79.1	79.1	78.2	79.4	80.9	80.9	82.9	82.4
Harvested Area	62.9	72.9	68.7	71.7	71.7	70.9	72.0	73.4	73.5	75.3	74.8
Yield					(Bushels per Acre)						
Actual	100.7	138.6	126.0	126.5	128.0	129.8	131.0	131.9	133.4	134.2	135.8
Program	105.2	105.5	105.5	105.5	105.5	105.5	105.5	105.5	105.5	105.5	105.5
					(Million Bushels)						
Supply	8,470	10,958	10,366	10,549	10,727	10,733	10,901	11,181	11,328	11,604	11,724
Beginning Stocks	2,113	850	1,700	1,475	1,541	1,516	1,464	1,487	1,520	1,498	1,555
Production	6,336	10,103	8,661	9,068	9,180	9,211	9,431	9,689	9,803	10,101	10,163
Imports	21	5	5	5	5	5	5	5	5	5	5
Domestic Use	6,292	7,300	7,027	7,180	7,343	7,342	7,446	7,627	7,726	7,859	7,909
Feed, Residual	4,704	5,604	5,300	5,383	5,470	5,417	5,459	5,584	5,632	5,701	5,702
Fuel Alcohol	470	527	558	600	642	681	721	760	798	837	875
HFCS	435	460	452	464	479	481	488	494	497	505	507
Seed	20	19	20	20	20	21	21	21	22	22	22
Food, Other	663	691	696	712	732	742	756	768	778	793	803
Exports	1,328	1,958	1,864	1,828	1,867	1,927	1,968	2,034	2,104	2,190	2,295
Total Use	7,620	9,258	8,891	9,007	9,211	9,268	9,414	9,661	9,831	10,049	10,204
Ending Stocks	850	1,700	1,475	1,541	1,516	1,464	1,487	1,520	1,498	1,555	1,519
FOR, Special Program	119	150	350	175	0	0	0	0	0	0	0
CCC Inventory	45	43	43	42	41	40	40	40	40	40	40
9-Month Loan	77	480	241	277	322	308	313	328	316	342	332
"Free" Stocks	609	1,027	841	1,048	1,153	1,117	1,134	1,152	1,142	1,174	1,147
Prices and Returns					(Dollars)						
Farm Price/bu.	2.50	2.15	2.31	2.24	2.11	2.21	2.22	2.25	2.32	2.29	2.38
Loan Rate/bu.	1.72	1.89	1.83	1.84	1.80	1.80	1.78	1.80	1.80	1.80	1.82
Target Price/bu.	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75
FOB Gulf Price/mt	116.99	98.05	104.64	101.81	96.34	100.55	100.74	102.05	105.25	104.05	107.50
Variable Expenses/a.	140.41	151.63	156.72	156.96	157.80	160.96	164.89	169.04	173.15	177.47	182.33
Partic. Returns/a.	125.57	200.28	160.24	163.16	160.90	165.40	164.15	168.06	170.48	171.36	173.86
Nonpartic. Returns/a.	111.35	146.86	134.19	126.64	112.90	126.38	125.46	127.54	136.69	130.52	140.25

U.S. Sorghum

- Sorghum **planted area** fell to 9.8 million acres in 1994/95 as increases in the Northern Plains were more than offset by declines in the Southern Plains and Corn Belt. Acreage remains relatively stable in 1995/96 at 9.9 million acres. As a portion of the CRP contracts are not extended, planted area expands to 11.4 million acres by the end of the baseline.

- **Net acreage flexed** out of sorghum is projected to increase to 0.4 million acres in 1995/96. On average, 0.3 million acres per year are projected to flex out of sorghum and into other uses in each year after 1996/97.

- Favorable growing conditions in the Northern and Southern plains caused average sorghum **yields** to rise to 73.0 bushels per acre in 1994/95. Sorghum yields are projected to reach 68.4 bushels per acre by 2003/04, a growth rate of less than 0.5 percent per year. This assumes normal temperatures and rainfall in the future.

- With increased competition from corn, sorghum **feed use** is projected to fall to 402 million bushels in 1994/95. Feed use expands slowly through 1999/2000, and then remains relatively stable thereafter.

- Greater competition from corn for use in Mexican feed rations decreases U.S. sorghum **exports** to that country throughout the baseline, making export growth very modest. Exports of U.S. sorghum are projected to be 218 million bushels in 1994/95 and 249 million bushels by 2003/04.

- Increased production helped boost sorghum ending stocks to 75 million bushels in 1994/95. Stocks held in the Farmer Owned Reserve (FOR) program are projected to be 10 million bushels by the end of the 1994/95 marketing year and doubled to 20 million by the end of the 1995/96 marketing year. With a return to normal weather, ending stocks remain below 100 million bushels throughout the projection period.

- With increased production in 1994/95, season average sorghum **farm prices** fell to $2.02 per bushel. Prices are projected to increase in 1995/96 on lower production. Sorghum prices maintain a fairly constant relationship to corn prices throughout the baseline.

- Program participant **net returns** over variable costs rebounded to $95.35 per acre due to higher yields in 1994/95. Over the projection period, nonparticipant net returns increase somewhat while participant net returns generally decline with frozen target prices and program yields.

U.S. Sorghum Supply and Utilization

	93/94	94/95	95/96	96/97	97/98	98/99	99/00	00/01	01/02	02/03	03/04
Program					(Percent)						
ARP Rate	5.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
NFA Rate	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0
Participation Rate	81.6	81.1	81.7	77.3	79.0	81.8	80.0	79.7	78.9	77.4	77.4
Area					(Million Acres)						
Base Area	13.5	13.5	13.5	13.5	14.0	14.3	14.5	14.5	14.6	14.6	14.6
ARP, PLD, 0-92/85	2.2	1.6	1.8	1.6	1.7	1.9	1.9	1.9	1.8	1.8	1.8
CRP Idled	2.5	2.5	2.5	2.5	1.8	1.4	1.2	1.1	1.1	1.1	1.0
Net Flexed Area	-0.3	-0.3	-0.4	-0.2	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3
Payment Planted	6.1	6.1	6.7	6.4	6.9	7.2	7.2	7.2	7.1	7.0	7.0
Planted Area	9.9	9.8	9.9	10.5	10.9	10.9	11.3	11.3	11.3	11.4	11.4
Harvested Area	8.9	9.0	9.0	9.6	9.9	9.9	10.2	10.3	10.3	10.3	10.3
Yield					(Bushels per Acre)						
Actual	59.9	73.0	66.7	66.6	66.9	67.2	67.4	67.7	67.9	68.2	68.4
Program	59.0	59.2	59.2	59.2	59.2	59.2	59.2	59.2	59.2	59.2	59.2
					(Million Bushels)						
Supply	709	703	673	714	750	756	775	784	789	794	799
Beginning Stocks	175	48	75	76	86	90	87	89	91	89	91
Production	534	655	597	638	664	666	689	695	698	705	708
Imports	0	0	0	0	0	0	0	0	0	0	0
Domestic Use	460	410	386	415	441	450	463	464	462	461	460
Feed, Residual	453	402	378	407	433	441	455	455	454	452	451
Food, Industry	6	7	7	7	7	7	7	7	7	7	7
Seed	1	1	1	2	2	2	2	2	2	2	2
Exports	202	218	211	213	219	220	222	230	237	242	249
Total Use	662	628	597	628	660	669	686	694	700	703	709
Ending Stocks	48	75	76	86	90	87	89	91	89	91	91
FOR, Special Program	4	10	20	10	0	0	0	0	0	0	0
CCC Inventory	1	1	0	0	0	0	0	0	0	0	0
9-Month Loan	1	20	13	15	20	18	16	16	14	14	13
"Free" Stocks	42	44	43	61	70	69	73	75	76	77	78
Prices and Returns					(Dollars)						
Farm Price/bu.	2.31	2.02	2.23	2.14	1.98	2.07	2.09	2.12	2.21	2.21	2.29
Loan Rate/bu.	1.63	1.80	1.74	1.75	1.71	1.71	1.69	1.71	1.71	1.71	1.73
Target Price/bu.	2.61	2.61	2.61	2.61	2.61	2.61	2.61	2.61	2.61	2.61	2.61
FOB Gulf Price/mt	109.24	96.35	105.49	101.56	94.60	98.71	99.32	100.90	104.81	104.74	108.30
Variable Expenses/a.	78.32	82.06	86.53	86.57	87.14	88.52	90.21	92.03	93.82	95.74	97.88
Partic. Returns/a.	74.65	95.35	81.39	79.78	77.13	78.05	76.91	76.25	76.53	75.19	75.04
Nonpartic. Returns/a.	60.07	65.62	61.95	55.92	45.43	50.98	50.52	51.65	56.32	54.90	58.76

U.S. Barley

- Weaker prices relative to wheat contributed to a 0.6 million acre decline in **barley planted area** in 1994/95. With stronger prices, area peaks at 8.7 million acres by 1997/98.

- A net total of approximately 0.6 million acres was flexed out of barley in 1994/95. **Net flex acreage** remains fairly constant throughout the projection period, ranging from 0.5 to 0.7 million acres.

- Barley **yields** in 1994/95 stood at 56.1 bushels per acre. Barley yields go up slowly during the baseline period, reaching 59.7 bushels per acre by 2003/04.

- Barley **imports** are projected to remain high at 60 million bushels in 1994/95. Import levels then fall to 30 million bushels in 1995/96 and continue at that level for the remainder of the baseline period.

- Barley total domestic use is projected to increase throughout the projection period. **Feed use** will fluctuate slightly while **food uses** will grow modestly. The increases are brought about by increased population and expanding livestock numbers as per-capita consumption remains relatively flat.

- U.S. barley **exports** fell off again in 1994/95 to 62 million bushels, the lowest amount since 1985/86. Despite low U.S. prices, exports generally decline after 1997/98 due to GATT constraints on EEP.

- Barley **ending stocks** were lower in 1994/95 at 111 million bushels due to lower production and higher prices. Stocks are projected to remain tight in 1995/96 and not rebuild significantly during the baseline period.

- The 1994/95 U.S. season average barley **farm prices** are projected at $2.02 per bushel. Barley prices stay relatively weak given the poor export situation and the current program management strategy.

- Program participant **net returns** over variable costs fell to $60.91 per acre in 1994/95 due to lower yields and higher costs. Yield increases are more than offset by cost-of-production increases through the remainder of the baseline resulting in lower participant net returns.

U.S. Barley Supply and Utilization

	93/94	94/95	95/96	96/97	97/98	98/99	99/00	00/01	01/02	02/03	03/04
Program					(Percent)						
ARP Rate	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
NFA Rate	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0
Participation Rate	82.5	83.8	82.5	80.1	80.4	82.3	82.3	82.3	82.1	81.6	81.4
Area					(Million Acres)						
Base Area	10.8	10.7	10.7	10.7	11.3	11.8	12.0	12.3	12.3	12.3	12.3
ARP, PLD, 0-92/85	2.5	2.7	2.5	2.0	2.2	2.8	3.0	3.2	3.2	3.2	3.2
CRP Idled	2.8	2.8	2.8	2.8	2.0	1.5	1.1	0.9	0.8	0.8	0.8
Net Flexed Area	-0.5	-0.6	-0.6	-0.5	-0.5	-0.6	-0.6	-0.6	-0.7	-0.7	-0.7
Payment Planted	4.6	4.4	4.7	5.0	5.2	5.1	5.1	5.1	5.0	5.0	5.0
Planted Area	7.8	7.2	7.4	8.2	8.7	8.5	8.5	8.5	8.4	8.4	8.4
Harvested Area	6.8	6.7	6.8	7.5	8.0	7.8	7.9	7.8	7.7	7.8	7.7
Yield					(Bushels per Acre)						
Actual	58.6	56.1	57.6	57.7	57.8	58.2	58.5	58.8	59.1	59.4	59.7
Program	46.9	47.1	47.1	47.1	47.1	47.1	47.1	47.1	47.1	47.1	47.1
					(Million Bushels)						
Supply	620	574	533	563	596	594	597	598	594	597	597
Beginning Stocks	151	139	111	98	102	110	107	107	109	106	107
Production	398	375	392	435	464	453	459	461	455	461	460
Imports	71	60	30	30	30	30	30	30	30	30	30
Domestic Use	416	402	381	407	426	429	435	438	439	444	447
Feed, Residual	241	226	202	224	241	242	246	246	245	249	250
Food, Industry	163	163	165	168	170	173	175	177	179	181	183
Seed	13	13	14	15	14	14	14	14	14	14	14
Exports	66	62	54	55	59	58	54	51	50	47	45
Total Use	482	463	435	462	485	487	490	489	488	490	492
Ending Stocks	139	111	98	102	110	107	107	109	106	107	105
FOR, Special Program	7	5	10	5	0	0	0	0	0	0	0
CCC Inventory	5	5	0	0	0	0	0	0	0	0	0
9-Month Loan	14	15	16	18	21	21	20	21	20	20	19
"Free" Stocks	113	86	72	78	89	87	87	88	86	87	85
Prices and Returns					(Dollars)						
Farm Price/bu.	1.99	2.02	2.21	2.19	2.03	2.03	2.04	2.06	2.11	2.13	2.20
Loan Rate/bu.	1.40	1.54	1.49	1.50	1.47	1.47	1.45	1.46	1.46	1.46	1.48
Target Price/bu.	2.36	2.36	2.36	2.36	2.36	2.36	2.36	2.36	2.36	2.36	2.36
FOB Pacific Northwest/mt	115.53	117.17	126.07	124.92	117.65	117.59	117.89	118.65	121.22	122.41	125.40
Variable Expenses/a.	67.41	69.88	72.34	72.58	72.70	74.00	75.78	77.61	79.37	81.36	83.59
Partic. Returns/a.	70.47	60.91	64.60	63.99	61.26	60.76	59.57	58.58	58.51	57.48	57.12
Nonpartic. Returns/a.	52.95	47.48	58.62	57.04	48.24	47.69	46.75	46.39	48.47	48.43	50.56

U.S. Oats

- 0 percent ARP rates for all crops except cotton reduced the use of oats as a cover crop and thus reduced oats **planted area** to 6.6 million acres in 1994/95. Despite the drop in plantings, **harvested area** rose to 4.0 million acres. For the remainder of the baseline, planted area averages 7.0 million acres with approximately one-half being harvested.

- Oat **yields** benefited from the favorable weather in the 1994/95 growing season, achieving a yield of 57.2 bushels per acre. Yields show almost no growth in the baseline. Trend toward yield increases is offset by the effect of higher harvested acreage as all of the oat CRP land returns to production.

- Weaker prices and increased production cause **net imports** of oats to decline to 100 million bushels in 1994/95. Exports of 3 million bushels per year and imports of between 89 and 95 million bushels keep net imports between 86 and 92 million bushels over the baseline period.

- Oat **feed use** is projected to be 201 million bushels in 1994/95 and then declines during the rest of the baseline. This feed use path coupled with slowly growing food use produces flat domestic use.

- **Food use** of oats rises by as much as 3 million bushels per year. This increase is brought about both by population growth and increases in per-capita consumption.

- Oat **prices** were weaker in 1994/95 due to higher production, falling to $1.23 per bushel. Prices rise to $1.29 in 1995/96 and stay in the $1.31 to $1.42 range throughout the remainder of the baseline.

- Participant **net returns** over variable costs in 1994/95 are projected at $46.67. Net returns remain stable through 1996/97 and decrease thereafter. Frozen target prices and program yields cause net returns to fall to $34.65 per acre by 2003/04.

U.S. Oats Supply and Utilization

	93/94	94/95	95/96	96/97	97/98	98/99	99/00	00/01	01/02	02/03	03/04
Program					(Percent)						
ARP Rate	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
NFA Rate	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0
Participation Rate	45.7	39.8	46.3	43.1	40.2	42.5	42.8	42.3	41.4	40.3	40.2
Area					(Million Acres)						
Base Area	7.1	6.8	6.8	6.8	7.2	7.5	7.7	7.9	7.9	7.9	7.9
ARP, PLD, 0-92/85	0.8	0.6	0.8	0.7	0.7	0.8	0.8	0.8	0.8	0.8	0.8
CRP Idled	1.4	1.4	1.4	1.4	0.9	0.5	0.3	0.1	0.1	0.0	0.0
Net Flexed Area	-0.3	-0.3	-0.3	-0.2	-0.2	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3
Payment Planted	1.4	1.1	1.4	1.3	1.3	1.4	1.5	1.5	1.4	1.4	1.4
Planted Area	7.9	6.6	7.2	6.9	7.2	7.2	7.2	7.0	7.0	6.9	6.9
Harvested Area	3.8	4.0	3.6	3.4	3.6	3.6	3.6	3.7	3.7	3.7	3.7
Yield					(Bushels per Acre)						
Actual	54.4	57.2	59.0	59.1	59.2	59.1	59.0	59.0	59.2	59.2	59.3
Program	48.7	48.6	48.6	48.6	48.6	48.6	48.6	48.6	48.6	48.6	48.6
					(Million Bushels)						
Supply	427	437	414	398	409	415	414	414	415	416	416
Beginning Stocks	113	106	109	100	99	106	107	106	106	106	106
Production	207	230	212	203	215	216	215	217	218	220	221
Imports	107	101	94	95	94	93	92	92	91	90	89
Domestic Use	318	328	311	296	300	305	305	306	306	306	307
Feed, Residual	193	201	183	164	166	169	168	166	165	163	162
Food, Industry	109	111	113	115	118	120	122	124	126	128	130
Seed	16	16	15	16	16	16	16	16	15	15	15
Exports	3	1	3	3	3	3	3	3	3	3	3
Total Use	321	329	314	299	303	308	308	309	309	309	310
Ending Stocks	106	109	100	99	106	107	106	106	106	106	107
FOR, Special Program	0	0	0	0	0	0	0	0	0	0	0
CCC Inventory	0	0	0	0	0	0	0	0	0	0	0
9-Month Loan	1	0	0	0	0	0	0	0	0	0	0
"Free" Stocks	105	109	100	99	106	107	106	106	106	106	107
Prices and Returns					(Dollars)						
Farm Price/bu.	1.36	1.23	1.29	1.37	1.32	1.31	1.33	1.36	1.40	1.40	1.42
Loan Rate/bu.	0.88	0.97	0.94	0.95	0.93	0.93	0.92	0.92	0.92	0.92	0.94
Target Price/bu.	1.45	1.45	1.45	1.45	1.45	1.45	1.45	1.45	1.45	1.45	1.45
Variable Expenses/a.	49.01	51.25	53.07	53.26	53.57	54.64	56.04	57.33	58.53	60.17	61.83
Partic. Returns/a.	46.80	46.67	44.97	45.68	43.86	42.07	40.36	39.03	38.21	36.40	34.65
Nonpartic. Returns/a.	40.17	34.49	38.52	42.17	38.29	36.42	35.55	35.32	36.00	34.48	33.31

U.S. Hay

- Hay **harvested area** fell to 58.7 million acres in 1994/95, its lowest level in recent decades. As a portion of CRP contracts expire and hay prices remain relatively stable, harvested area expands to 61.8 million acres by 2000/01. As prices weaken, area falls to 61.3 million acres by the end of the projection period.

- Hay **yields** rose to 2.56 tons per acre in 1994/95, a new record. Yields are projected to drop in 1995/96 and remain at or near that level throughout the baseline. This figure assumes normal weather.

- Hay **disappearance** is projected to increase in 1994/95 to 149.8 million tons. Use shows modest growth every year of the baseline.

- Hay **ending stocks** in 1994/95 are projected to increase to 23.0 million tons with weaker prices and increased supply. After remaining relatively stable through 1998/99, stocks show modest increases thereafter in response to lower prices.

- The U.S. average **all-hay price** fell to $78.15 per ton in 1994/95. Prices decline during the baseline period with the **alfalfa hay price** averaging more than $6.50 higher than all hay prices.

U.S. Hay Supply and Utilization

	93/94	94/95	95/96	96/97	97/98	98/99	99/00	00/01	01/02	02/03	03/04
						(Million Acres)					
Area	59.7	58.7	59.8	60.3	60.9	61.4	61.7	61.8	61.6	61.4	61.3
						(Tons per Acre)					
Yield	2.46	2.56	2.52	2.52	2.51	2.51	2.52	2.52	2.54	2.55	2.57
						(Million Tons)					
Supply	167.9	172.8	173.5	174.5	175.6	176.9	178.1	179.4	180.9	181.5	182.1
Production	146.8	150.1	150.5	151.7	153.0	154.2	155.2	155.9	156.3	156.7	157.2
Beginning Stocks	21.1	22.7	23.0	22.8	22.6	22.7	22.9	23.5	24.6	24.8	24.9
Disappearance	145.3	149.8	150.7	152.0	152.9	154.0	154.5	154.8	156.1	156.7	157.3
Ending Stocks	22.7	23.0	22.8	22.6	22.7	22.9	23.5	24.6	24.8	24.9	24.7
Prices						(Dollars)					
All-Hay (crop year)	81.60	78.15	76.15	77.07	78.31	79.75	77.63	73.18	70.85	69.08	69.73
Alfalfa (calendar year)	85.73	87.08	83.86	83.41	84.68	86.23	85.05	80.87	77.56	75.40	75.31

U.S. Soybeans and Soybean Products

- Soybean **planted area** rose in 1994/95 to 61.9 million acres and is projected to fall to 59.5 million acres in 1995/96 as prices weaken relative to corn and cotton. Land returning to production from the CRP and strong prices fuel increases in planted area during the baseline period. By 2003/04, planted area will reach 63.5 million acres.

- **Net flex acres** into soybeans continued to increase and reached 5.9 million acres in 1994/95. During the projection period, net flex area ranges from 4.4 to 5.2 million acres.

- Soybean **yields** reached a new record in 1994/95 at 41.9 bushels per acre, generating production of 2.56 billion bushels, also a record high. Assuming average rainfall and temperatures during the baseline period, yields increase by an average of 0.4 bushels per acre each year.

- With an increased crushing margin, soybean **crush use** is projected to expand to 1.36 billion bushels in 1994/95. After a decline in 1995/96, strong demand for soybean products, both in the United States and abroad, cause crush to increase steadily throughout the projection period.

- Soybean **oil domestic use** increases in 1994/95, reaching almost 13 billion pounds. With slow growth assumed for many competing fats and oils, domestic use continues to increase though 2003/04.

- Domestic soybean **meal use** rose to 26.3 million tons in 1994/95. Increases in livestock numbers during the projection period keep soybean meal use rising during the 1995/96 to 2003/04 period.

- Soybean **exports** expanded in 1994/95 to 790 million bushels due to lower U.S. prices and strong world demand. As prices recover in 1995/96, exports decline to 731 million bushels, but then show steady growth as the United States maintains trade share at approximately 66 percent.

- The season average farm **price** of soybeans dropped in 1994/95 to $5.35 per bushel because of the record crop. Prices rebound to $5.48 per bushel in 1995/96 due to smaller production and range from $5.59 to $6.12 over the 1995/96 to 2003/04 period.

- Soybean **net returns** over variable costs remain strong throughout the projection period as price and yield increases more than offset rising costs of production.

U.S. Soybean Supply and Utilization

	93/94	94/95	95/96	96/97	97/98	98/99	99/00	00/01	01/02	02/03	03/04
Area					(Million Acres)						
CRP Idled	4.2	4.2	4.2	4.2	3.7	3.5	3.3	3.2	3.2	3.2	3.1
Net Flexed Area	4.7	5.9	4.7	4.4	4.8	5.2	5.0	5.1	5.0	5.0	5.2
Planted Area	60.1	61.9	59.5	59.3	60.8	62.1	62.0	62.4	62.7	62.7	63.5
Harvested Area	57.3	61.1	58.4	58.1	59.6	60.9	60.8	61.3	61.5	61.5	62.3
					(Bushels per Acre)						
Yield	32.6	41.9	35.7	36.3	36.5	36.8	37.4	37.8	38.3	38.8	39.1
					(Million Bushels)						
Supply	2,169	2,772	2,598	2,563	2,570	2,607	2,636	2,667	2,694	2,711	2,744
Beginning Stocks	292	209	509	448	385	358	357	346	335	321	303
Production	1,871	2,558	2,084	2,109	2,180	2,244	2,273	2,316	2,354	2,385	2,437
Imports	6	5	5	5	5	5	5	5	5	5	5
Domestic Use	1,370	1,473	1,419	1,439	1,466	1,498	1,524	1,550	1,574	1,595	1,622
Crush	1,273	1,359	1,314	1,335	1,362	1,394	1,419	1,445	1,468	1,488	1,514
Seed	97	114	106	104	104	104	105	106	106	107	107
Exports	589	790	731	738	746	752	766	782	800	813	827
Total Use	1,959	2,263	2,150	2,177	2,212	2,250	2,290	2,332	2,373	2,408	2,449
Ending Stocks	209	509	448	385	358	357	346	335	321	303	295
CCC Inventory	0	0	0	0	0	0	0	0	0	0	0
9-Month Loan	10	43	35	33	39	42	41	39	36	33	32
"Free" Stocks	199	466	413	352	319	315	305	296	285	270	263
Prices and Returns					(Dollars)						
Farm Price/bu.	6.40	5.35	5.48	5.67	5.63	5.59	5.67	5.75	5.89	6.06	6.12
Loan Rate/bu.	5.02	4.92	4.92	4.92	4.92	4.92	4.92	4.92	4.92	4.92	4.92
FOB Gulf Price/mt	253.23	213.57	218.53	225.65	224.05	222.68	225.48	228.54	233.79	240.19	242.74
Bean/Corn Ratio	2.57	2.49	2.38	2.54	2.67	2.54	2.56	2.57	2.54	2.65	2.59
Variable Expenses/a.	77.80	79.84	82.01	83.08	83.99	85.36	86.65	88.19	89.72	91.36	93.23
Net Returns/a.	131.00	144.14	113.75	122.75	121.71	120.66	125.21	129.16	135.61	143.43	146.34
44% Meal Price/ton	180.53	150.80	160.98	166.95	166.00	167.93	171.80	178.95	185.01	189.41	194.66
Oil Price/cwt	27.10	25.55	23.19	23.63	23.68	23.55	23.59	23.00	22.98	23.34	23.21
Crushing Margin/bu.	0.87	1.06	0.94	0.94	0.97	1.04	1.06	1.08	1.09	1.06	1.11

U.S. Soybean Oil Supply and Utilization

	93/94	94/95	95/96	96/97	97/98	98/99	99/00	00/01	01/02	02/03	03/04
						(Million Pounds)					
Supply	15,529	16,218	15,870	16,154	16,452	16,812	17,135	17,451	17,746	18,003	18,316
Beginning Stocks	1,555	1,103	1,274	1,317	1,315	1,328	1,368	1,402	1,441	1,474	1,492
Production	13,906	15,100	14,581	14,821	15,123	15,468	15,752	16,034	16,290	16,515	16,810
Imports	68	15	15	15	15	15	15	15	15	15	15
Domestic Use	12,896	12,993	13,183	13,281	13,437	13,627	13,788	14,009	14,161	14,257	14,421
Exports	1,529	1,951	1,370	1,558	1,687	1,817	1,945	2,001	2,112	2,254	2,367
Total Use	14,425	14,944	14,553	14,839	15,124	15,444	15,733	16,010	16,273	16,512	16,787
Ending Stocks	1,103	1,274	1,317	1,315	1,328	1,368	1,402	1,441	1,474	1,492	1,529
Prices						(Dollars)					
Decatur/cwt	27.10	25.55	23.19	23.63	23.68	23.55	23.59	23.00	22.98	23.34	23.21
Decatur/mt	597.45	563.22	511.17	520.93	522.02	519.21	520.08	507.14	506.57	514.63	511.78

U.S. Soybean Meal Supply and Utilization

	93/94	94/95	95/96	96/97	97/98	98/99	99/00	00/01	01/02	02/03	03/04
						(1,000 Tons)					
Supply	30,686	32,456	31,757	32,266	32,907	33,655	34,266	34,875	35,424	35,909	36,546
Beginning Stocks	204	150	301	293	285	290	290	290	288	290	293
Production	30,417	32,246	31,396	31,913	32,562	33,305	33,916	34,524	35,075	35,559	36,194
Imports	65	60	60	60	60	60	60	60	60	60	60
Domestic Use	25,161	26,330	26,474	26,952	27,305	27,844	28,316	28,909	29,346	29,609	29,986
Exports	5,375	5,825	4,990	5,028	5,312	5,521	5,661	5,677	5,788	6,008	6,266
Total Use	30,536	32,155	31,464	31,981	32,617	33,365	33,976	34,586	35,134	35,616	36,252
Ending Stocks	150	301	293	285	290	290	290	288	290	293	294
Prices, 44% Protein						(Dollars)					
Decatur/ton	180.53	150.80	160.98	166.95	166.00	167.93	171.80	178.95	185.01	189.41	194.66
Decatur/mt	199.00	166.23	177.45	184.03	182.98	185.11	189.38	197.25	203.94	208.79	214.58

U.S. Wheat

- Despite a 0 percent ARP, wheat **planted area** declined to 70.4 million acres in 1994/95. For 1995/96, wheat acreage is projected to increase to 71.1 million acres. Despite stronger wheat prices, the marginal increase is based upon the smaller-than-expected winter wheat seedings of 49.6 million acres.

- The ARP rate for wheat is projected to be 0 percent during the entire baseline. **Planted area** is projected to stay at 71.1 million acres for the 1996/97 marketing year and then increase to 77.4 million acres by 2003/04. Stronger prices and the fact that only 40 percent of CRP acres are extended account for the increase.

- **Net flexed acreage** continues to shift out of wheat throughout the projection period. Net flex acres average 2.2 million acres throughout the projection period.

- Wheat **yields** fell to 37.6 bushels per acre in 1994/95. For 1995/96, yields are projected to increase to 38.8 bushels per acre and then increase to 40.8 bushels per acre by 2003/04.

- Wheat **feed and residual use** is projected to decrease to 250 million bushels in 1994/95 as the wheat price increases relative to corn. Feed use peaks in 1998/99 and declines thereafter as prices strengthen.

- U.S. wheat **exports** are projected to strengthen in 1994/95 in response to tight wheat supplies worldwide. Exports fall back to 1.2 billion bushels in 1995/96 and remain there through 1997/98. GATT restraints coupled with increased world demand allow the United States to increase exports after that, reaching almost 1.5 billion bushels by the last year on the baseline.

- Reduced production and increased exports are projected to bring wheat **ending stocks** to below 500 million bushels in 1994/95. As prices weaken, stocks rebuild through 1997/98, but remain below 600 million bushels.

- Strong export demand in 1994/95 caused an increase in the season average wheat **price** from the 1993/94 level. Prices are projected to weaken in 1995/96 as the export market deteriorates and fall until 1997/98. Prices strengthen near the end of the projection period as the export market improves.

- Participant **net returns** over variable production costs stay relatively flat throughout the projection period as increases in market prices are offset by lower deficiency payments. Nonparticipant returns decline through 1997/98 with weaker market prices, but recover somewhat by 2003/04 as prices strengthen.

U.S. Wheat Supply and Utilization

	93/94	94/95	95/96	96/97	97/98	98/99	99/00	00/01	01/02	02/03	03/04
Program						(Percent)					
ARP Rate	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
NFA Rate	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0
Participation Rate	87.5	87.0	85.5	86.0	86.9	87.4	87.2	86.7	85.9	85.6	85.3
Area						(Million Acres)					
Base Area	78.4	78.1	78.1	78.1	80.3	81.9	83.0	83.8	83.8	83.9	84.1
ARP, PLD, 0-92/85	5.7	5.2	5.2	5.5	5.8	5.9	6.1	6.0	5.7	5.7	5.7
CRP Idled	10.8	10.8	10.8	10.8	8.4	6.7	5.4	4.6	4.5	4.4	4.2
Net Flexed Area	-2.2	-2.4	-1.8	-2.0	-2.3	-2.3	-2.4	-2.3	-2.2	-2.3	-2.2
Payment Planted	50.6	49.9	49.4	50.1	52.3	53.7	54.2	54.5	54.2	54.1	54.0
Planted Area	72.2	70.4	71.1	71.1	72.1	73.3	74.1	75.7	76.9	76.7	77.4
Harvested Area	62.7	61.8	62.0	61.9	62.6	63.5	64.1	65.5	66.7	66.5	67.0
Yield						(Bushels per Acre)					
Actual	38.2	37.6	38.8	39.1	39.2	39.3	39.6	39.8	40.1	40.5	40.8
Program	34.4	34.4	34.4	34.4	34.4	34.4	34.4	34.4	34.4	34.4	34.4
						(Million Bushels)					
Supply	3,036	2,974	2,951	3,023	3,096	3,168	3,202	3,228	3,278	3,302	3,336
Beginning Stocks	531	568	470	528	564	594	586	543	527	534	527
Production	2,396	2,321	2,406	2,420	2,457	2,499	2,541	2,610	2,676	2,693	2,734
Imports	109	85	75	75	75	75	75	75	75	75	75
Domestic Use	1,239	1,231	1,219	1,281	1,301	1,319	1,315	1,308	1,334	1,336	1,337
Feed, Residual	274	250	228	269	270	275	261	245	259	248	238
Seed	96	96	96	98	100	101	103	105	105	106	106
Food, Other	869	885	895	915	932	943	951	959	971	983	993
Exports	1,228	1,273	1,204	1,178	1,201	1,263	1,343	1,393	1,409	1,438	1,477
Total Use	2,467	2,504	2,423	2,459	2,502	2,582	2,659	2,702	2,744	2,775	2,814
Ending Stocks	568	470	528	564	594	586	543	527	534	527	522
FOR, Special Program	6	0	0	0	0	0	0	0	0	0	0
CCC Inventory	150	145	150	150	150	150	150	150	150	150	150
9-Month Loan	67	46	57	72	80	76	64	54	52	52	53
"Free" Stocks	345	279	321	342	364	360	329	323	332	326	319
Prices and Returns						(Dollars)					
Farm Price/bu.	3.26	3.47	3.35	3.14	2.99	3.01	3.15	3.33	3.39	3.46	3.57
Loan Rate/bu.	2.45	2.58	2.56	2.65	2.65	2.62	2.56	2.50	2.50	2.55	2.65
Target Price/bu.	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
FOB Gulf Price/mt	143.67	155.80	150.42	141.36	134.81	135.95	141.65	149.52	152.06	155.20	159.99
Variable Expenses/a.	55.98	58.39	61.64	61.70	61.49	62.82	64.69	66.83	68.63	70.51	72.84
Partic. Returns/a.	95.01	89.30	89.22	88.17	87.22	86.51	86.84	87.30	87.16	87.39	87.37
Nonpartic. Returns/a.	70.45	73.90	70.17	63.00	57.62	57.68	61.86	67.65	69.22	71.58	74.80

U.S. Rice

- In response to a 0 percent ARP rate and very strong prices at planting time, U.S. rice **planted area** expanded to 3.35 million acres in 1994/95. With a 5 percent ARP rate and lower prices, planted area is expected to decrease to 2.99 million acres in 1995/96. As the ARP rate stays at 0 percent throughout the projection period, planted area ranges between 3.08 and 3.14 million acres.

- **Net flexed acreage** is projected to continue to shift out of rice. Given the projected rice market returns, rice flex acres should continue to be idled or flexed to other crops.

- Rice **yields** reached record levels in 1994/95 at over 5,900 pounds per acre. Assuming average weather, yields are projected to decline in 1995/96 and then increase by an annual average of 20 pounds per acre.

- While both **food use** and **brewing use** are projected to increase throughout the projection period, the majority of the increase is in the food category.

- Substantial increases in exportable supplies as well as weak U.S. prices cause rice **exports** to increase to 87.8 million cwt. in 1994/95. After a decline in 1995/96, U.S. exports remain at the 82 million cwt. level until 1999/00. As prices strengthen thereafter, U.S. exports and trade share decline.

- **Ending stocks** of rice for 1994/95 are projected to increase from the 26 million cwt. level of 1993/94. The 42 million cwt. of 1994/95 is the highest in the projection with stocks showing year-after-year decreases. Ending stocks do remain above 32 million cwt.

- The U.S. average farm **price** is projected to decrease to $6.31 per cwt. in 1994/95, in part due to the record production. Prices should strengthen to $6.55 per cwt. in 1995/96 and gradually increase throughout the projection period.

- Participant **net returns** over variable production costs decline as cost-of-production increases more than offset yield increases under constant target prices and program yields. In 1995/96 and beyond, nonparticipant net returns follow a flat to lower path as increases in market prices and yields partially offset the cost increases.

U.S. Rice Supply and Utilization

	93/94	94/95	95/96	96/97	97/98	98/99	99/00	00/01	01/02	02/03	03/04
Program						(Percent)					
ARP Rate	5.0	0.0	5.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
NFA Rate	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0
Participation Rate	96.3	95.2	96.3	96.5	96.6	96.6	96.4	96.3	96.1	96.2	96.0
Area						(Million Acres)					
Base Area	4.14	4.16	4.16	4.16	4.16	4.16	4.17	4.17	4.17	4.17	4.17
ARP, PLD, 50-92/85	0.67	0.26	0.63	0.47	0.48	0.49	0.49	0.50	0.49	0.51	0.51
CRP Idled	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.00	0.00	0.00	0.00
Net Flexed Area	-0.31	-0.28	-0.31	-0.31	-0.31	-0.31	-0.31	-0.32	-0.32	-0.32	-0.32
Payment Planted	2.68	3.01	2.72	2.89	2.89	2.88	2.87	2.87	2.86	2.85	2.84
Planted Area	2.92	3.35	2.99	3.14	3.13	3.14	3.13	3.12	3.12	3.08	3.08
Harvested Area	2.83	3.32	2.95	3.09	3.08	3.09	3.08	3.07	3.07	3.04	3.03
Yield						(Pounds per Acre)					
Actual	5,510	5,964	5,787	5,805	5,827	5,845	5,866	5,887	5,908	5,932	5,952
Program	4,852	4,861	4,861	4,861	4,861	4,861	4,861	4,861	4,861	4,861	4,861
						(Million Hundredweight)					
Supply	202.4	231.8	221.2	224.7	226.1	227.8	228.1	228.1	228.3	227.1	226.7
Beginning Stocks	39.4	26.0	42.0	36.3	37.0	36.8	36.5	35.9	34.9	34.5	33.3
Production	156.1	197.8	170.7	179.3	179.4	180.9	180.9	180.9	181.5	180.2	180.4
Imports	6.9	8.0	8.6	9.1	9.7	10.2	10.8	11.3	11.9	12.4	13.0
Domestic Use	97.0	101.9	104.0	105.7	107.4	109.0	110.7	112.4	114.1	115.9	117.6
Food	71.3	74.1	75.8	77.5	79.1	80.6	82.2	83.9	85.5	87.2	88.8
Seed	4.2	3.7	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.8	3.8
Brewing	15.0	15.1	15.2	15.3	15.4	15.5	15.6	15.6	15.7	15.8	15.9
Residual	6.5	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0
Exports	79.4	87.8	81.0	82.0	81.9	82.4	81.6	80.8	79.7	77.9	76.9
Total Use	176.4	189.7	184.9	187.8	189.3	191.4	192.3	193.2	193.8	193.7	194.5
Ending Stocks	26.0	42.0	36.3	37.0	36.8	36.5	35.9	34.9	34.5	33.3	32.2
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	26.0	42.0	36.3	37.0	36.8	36.5	35.9	34.9	34.5	33.3	32.2
Prices and Returns						(Dollars)					
Farm Price/cwt	8.09	6.31	6.55	6.52	6.55	6.68	6.78	6.96	7.00	7.15	7.39
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
Target Price/cwt	10.71	10.71	10.71	10.71	10.71	10.71	10.71	10.71	10.71	10.71	10.71
FOB Houston/mt	457.46	359.22	372.05	370.39	372.06	378.70	384.04	393.53	395.62	403.77	416.47
Adjusted World Price/cwt	5.71	5.47	5.42	5.46	5.51	5.68	5.78	5.96	6.01	6.14	6.37
Variable Expenses/a.	331.32	340.73	347.25	353.13	357.68	365.27	375.06	385.64	395.92	406.54	418.56
Partic. Returns/a.	275.84	308.43	275.34	284.43	279.07	266.32	254.24	238.73	228.39	215.38	196.56
Nonpartic. Returns/a.	114.48	35.62	31.94	25.37	24.11	24.99	22.56	23.92	17.40	17.58	21.23

U.S. Upland Cotton and Cottonseed

- Cotton **planted area** rose by 310 thousand acres in 1994/95 despite an increase in the ARP rate from 7.5 percent to 11 percent. Strong prices and a 0 percent ARP rate combine to increase planted area to 15.7 million acres in 1995/96. Assuming current program management, the ARP rate is projected to increase to 5 percent in 1997/98 and then increase again to 10 percent in 1998/99. With a 10 percent ARP rate throughout the remainder of the projection period, planted area remains stable through the early years of the next century.

- **Net flexed acreage** is projected to continue shifting into cotton throughout the projection period. However, net acreage shifted into cotton declines somewhat as soybean market returns increase relative to cotton market returns.

- As the 1994/95 crop progressed, conditions continued to be excellent and the result was a new record high average **yield** of 707 pounds per acre. Assuming normal growing conditions in 1995/96, yields should fall to 660 pounds per acre and then grow at an annual average rate of about 5 pounds per acre thereafter.

- **Mill use** in 1994/95 is projected to continue its expansion and reach 10.8 million bales. As consumer demand remains strong, mill use should continue to increase throughout the projection period, although at slower rates than what was seen in the late 1980s.

- **Exports** of cotton in 1994/95 should increase to 9.38 million bales, in part due to reduced production by major competitors around the world. Exports are projected to remain relatively strong in 1995/96 at 8.49 million bales and then taper off to 6.36 million bales by 2003/04 due to increased competition abroad.

- Despite the new record high production, strong demand causes **ending stocks** to fall to 2.71 million bales. Ending stocks are projected to rebuild until 1998/99 and remain stable thereafter as the targeted stocks-to-use relationship is maintained.

- With strong exports and tight stocks, the U.S. season average cotton **price** is projected to be 67.5 cents per pound in 1994/95. In 1995/96 and beyond, prices range between 58.6 cents and 63.8 cents per pound.

- As prices remain relatively stable and cost increases more than offset yield increases, cotton **net returns** over variable production costs for participants and nonparticipants decline throughout the projection period.

- The record cotton crop also produced a large cottonseed crop of 7.7 million tons in 1994/95. **Cottonseed crush** is therefore projected to increase to 3.4 million tons in 1994/95. Other uses of cottonseed, primarily feed, are expected to continue to show increases during the baseline while crush use is expected to show only modest changes. Domestic use of **cottonseed oil** is projected to experience a mild decline as prices remain strong relative to soybean oil price.

- **Cottonseed meal** domestic use is projected to decrease throughout the projection period despite increasing livestock inventories.

U.S. Upland Cotton Supply and Utilization

	93/94	94/95	95/96	96/97	97/98	98/99	99/00	00/01	01/02	02/03	03/04
Program						(Percent)					
ARP Rate	7.5	11.0	0.0	0.0	5.0	10.0	10.0	10.0	10.0	10.0	10.0
NFA Rate	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0
Participation Rate	90.7	89.1	90.1	89.9	88.7	87.8	88.1	88.1	88.1	87.1	87.4
Area						(Million Acres)					
Base Area	15.07	15.32	15.32	15.32	15.58	15.71	15.78	15.81	15.82	15.84	15.86
ARP, PLD, 50-92/85	1.37	1.71	0.34	0.36	1.04	1.71	1.73	1.75	1.75	1.73	1.75
CRP Idled	1.43	1.43	1.43	1.43	1.14	1.00	0.92	0.88	0.87	0.85	0.82
Net Flexed Area	0.14	0.19	0.27	0.22	0.22	0.22	0.18	0.14	0.10	0.11	0.06
Payment Planted	10.06	9.66	11.21	11.17	10.53	9.83	9.90	9.92	9.92	9.82	9.86
Planted Area	13.25	13.56	15.67	14.98	14.48	13.92	13.70	13.62	13.47	13.68	13.51
Harvested Area	12.59	13.16	14.90	14.27	13.81	13.29	13.09	13.01	12.87	13.06	12.90
Yield						(Pounds per Acre)					
Actual	601	707	660	670	676	683	689	693	699	703	708
Program	605	606	606	606	606	606	606	606	606	606	606
Supply	20.23	22.77	23.21	23.78	24.12	24.35	24.42	24.40	24.34	24.59	24.57
Beginning Stocks	4.47	3.39	2.71	3.85	4.67	5.43	5.64	5.61	5.61	5.47	5.55
Production	15.76	19.39	20.49	19.93	19.45	18.91	18.78	18.79	18.73	19.12	19.01
Imports	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Domestic Use											
Mill Use	10.34	10.83	11.00	11.26	11.51	11.82	12.15	12.28	12.44	12.69	12.88
Exports	6.61	9.38	8.49	7.98	7.31	7.03	6.80	6.65	6.57	6.49	6.36
Total Use	16.95	20.20	19.50	19.25	18.83	18.85	18.95	18.93	19.01	19.18	19.24
Unaccounted	0.10	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14
Ending Stocks	3.39	2.71	3.85	4.67	5.43	5.64	5.61	5.61	5.47	5.55	5.47
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	3.39	2.71	3.85	4.67	5.43	5.64	5.61	5.61	5.47	5.55	5.47
Prices						(Dollars)					
Farm Price/lb	0.584	0.675	0.638	0.624	0.613	0.597	0.592	0.586	0.614	0.600	0.616
Calendar Ave. Price/lb	0.535	0.664	0.650	0.627	0.616	0.601	0.592	0.586	0.601	0.603	0.608
Loan Rate/lb	0.524	0.500	0.519	0.507	0.523	0.531	0.531	0.520	0.511	0.511	0.507
Target Price/lb	0.729	0.729	0.729	0.729	0.729	0.729	0.729	0.729	0.729	0.729	0.729
Cotlook A Index/mt	1,558	1,802	1,741	1,680	1,649	1,603	1,586	1,572	1,651	1,612	1,657
Adjusted World Price/lb.	0.564	0.620	0.596	0.571	0.559	0.541	0.534	0.528	0.560	0.544	0.562
Variable Expenses/a.	269.81	286.69	292.38	296.71	300.62	307.07	314.86	323.21	331.90	340.89	350.41
Partic. Returns/a.	198.65	240.19	218.63	221.91	217.62	218.33	214.34	203.71	184.28	179.86	172.76
Nonpartic. Returns/a.	137.92	242.13	171.57	168.02	163.99	152.76	141.11	130.64	146.58	127.54	134.93

U.S. Cottonseed Supply and Utilization

	93/94	94/95	95/96	96/97	97/98	98/99	99/00	00/01	01/02	02/03	03/04
Area					(Million Acres)						
Harvested Area	12.59	13.16	14.90	14.27	13.81	13.29	13.09	13.01	12.87	13.06	12.90
Yield	1,007	1,165	1,072	1,086	(Pounds per Acre) 1,094	1,104	1,111	1,117	1,124	1,129	1,135
Supply	6,710	8,046	8,734	8,353	(1,000 Tons) 8,007	7,738	7,674	7,666	7,636	7,773	7,721
Beginning Stocks	365	375	750	600	450	400	400	400	400	400	400
Production	6,343	7,669	7,982	7,751	7,555	7,336	7,272	7,264	7,234	7,371	7,319
Imports	2	2	2	2	2	2	2	2	2	2	2
Domestic Use	6,189	7,096	7,959	7,728	7,432	7,163	7,099	7,091	7,061	7,198	7,146
Crush	3,525	3,880	4,033	4,006	3,951	3,864	3,825	3,798	3,779	3,824	3,795
Other	2,664	3,215	3,926	3,722	3,481	3,298	3,274	3,293	3,282	3,374	3,351
Exports	150	200	175	175	175	175	175	175	175	175	175
Total Use	6,339	7,296	8,134	7,903	7,607	7,338	7,274	7,266	7,236	7,373	7,321
Ending Stocks	375	750	600	450	400	400	400	400	400	400	400
Prices and Returns					(Dollars)						
Farm Price/ton	113.00	88.91	80.16	85.35	91.02	94.50	87.61	85.44	88.37	83.48	87.11
Meal Price/ton	170.00	133.01	138.18	143.34	142.21	146.90	152.17	159.77	165.24	167.52	173.30
Oil Price/cwt	28.75	23.49	22.89	23.11	23.84	25.01	24.08	23.23	23.73	23.01	23.59
Crushing Margin/ton	53.75	48.47	57.57	55.41	51.65	54.14	60.32	63.13	64.31	67.84	68.72

U.S. Cottonseed Oil Supply and Utilization

	93/94	94/95	95/96	96/97	97/98	98/99	99/00	00/01	01/02	02/03	03/04
						(Million Pounds)					
Supply	1,225	1,385	1,467	1,461	1,443	1,414	1,400	1,391	1,384	1,398	1,390
Beginning Stocks	81	85	116	119	120	119	118	118	117	116	117
Production	1,125	1,280	1,331	1,322	1,304	1,275	1,262	1,253	1,247	1,262	1,252
Imports	19	20	20	20	20	20	20	20	20	20	20
Domestic Use	940	1,070	1,147	1,142	1,124	1,097	1,082	1,074	1,068	1,081	1,073
Exports	200	200	200	200	200	200	200	200	200	200	200
Total Use	1,140	1,270	1,347	1,342	1,324	1,297	1,282	1,274	1,268	1,281	1,273
Ending Stocks	85	116	119	120	119	118	118	117	116	117	116
Prices						(Dollars)					
Valley Points/cwt	28.75	23.49	22.89	23.11	23.84	25.01	24.08	23.23	23.73	23.01	23.59
Valley Points/mt	633.83	517.9	504.73	509.45	525.58	551.41	530.81	512.23	523.25	507.33	520.07

U.S. Cottonseed Meal Supply and Utilization

	93/94	94/95	95/96	96/97	97/98	98/99	99/00	00/01	01/02	02/03	03/04
						(1,000 Tons)					
Supply	1,585	1,776	1,850	1,838	1,814	1,777	1,759	1,746	1,737	1,757	1,744
Beginning Stocks	29	30	35	35	36	38	37	37	37	36	37
Production	1,555	1,746	1,815	1,803	1,778	1,739	1,721	1,709	1,700	1,721	1,708
Imports	1	0	0	0	0	0	0	0	0	0	0
Domestic Use	1,445	1,632	1,715	1,701	1,676	1,639	1,621	1,609	1,602	1,620	1,609
Exports	110	110	100	100	100	100	100	100	100	100	100
Total Use	1,555	1,742	1,815	1,801	1,776	1,739	1,721	1,709	1,702	1,720	1,709
Ending Stocks	30	35	35	36	38	37	37	37	36	37	36
Prices						(Dollars)					
Memphis/ton	170.00	133.01	138.18	143.34	142.21	146.90	152.17	159.77	165.24	167.52	173.30
Memphis/mt	187.39	146.62	152.32	158.01	156.76	161.93	167.73	176.12	182.14	184.66	191.03

U.S. Sugar and High-Fructose Corn Syrup

- Sugar beet **area harvested** in 1994/95 increased by 38 thousand acres from the previous year's level. With higher prices, beet area is projected to increase slightly in 1995/96 with more modest expansion in area expected after 1998/99.

- Sugarcane **area harvested** fell in 1994/95 with most of the decrease occurring in Hawaii rather than the mainland. Harvested area shows modest growth throughout the projection period with growth appearing in mainland acres.

- Sugar beet **yields** in 1994/95 rose to 21.91 tons per acre reflecting improved growing conditions compared to 1993/94. Assuming normal weather, yields should drop in 1995/96 and grow modestly thereafter.

- Average **yields** for sugar cane increased in 1994/95 to 33.15 tons per acre. Yields are projected to show marginal declines throughout the projection period as the high-yielding acreage in Hawaii becomes a smaller percentage of total cane area.

- Total **imports** of raw sugar fell below 1.8 million tons in fiscal year 1994 with marketing quotas being imposed. Given import levels, marketing quotas are not imposed after 1994.

- Sugar **consumption** is projected to increase throughout the projection period as population increases, with per capita consumption remaining relatively flat.

- **Ending stocks** of sugar fell below 1.4 million tons for fiscal year 1994. With increased production, ending stocks rebound to almost 1.5 million tons in fiscal year 1995 and remain relatively flat throughout the baseline.

- Growth in high-fructose corn syrup (HFCS) **production** is projected to continue through 2003, although future growth is expected to be more moderate than growth in the 1980s.

- **Consumption** of HFCS will continue to increase due to marginal increases in per capita consumption and population growth.

U.S. Sugar Crop Production

	93/94	94/95	95/96	96/97	97/98	98/99	99/00	00/01	01/02	02/03	03/04
Sugar Beets											
Harv. Area (1,000 a.)	1,409	1,447	1,471	1,475	1,476	1,485	1,495	1,501	1,506	1,510	1,515
Yield (tons/a.)	18.62	21.91	21.24	21.31	21.39	21.46	21.54	21.61	21.68	21.76	21.83
Prod. (1,000 tons)	26,249	31,704	31,248	31,445	31,557	31,878	32,186	32,431	32,657	32,857	33,081
Sugarcane											
Harv. Area (1,000 a.)	924	904	903	906	911	917	923	929	936	943	949
Yield (tons/a.)	32.83	33.15	32.64	32.61	32.59	32.57	32.54	32.52	32.50	32.47	32.45
Prod. (1,000 tons)	30,342	29,965	29,487	29,555	29,688	29,853	30,035	30,222	30,414	30,607	30,804

U.S. Sugar Supply and Utilization

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
					(1,000 Short Tons, Raw Value, Fiscal Year)						
Supply	11,153	11,504	11,647	11,721	11,795	11,904	11,990	12,058	12,127	12,188	12,271
Beginning Stocks	1,704	1,338	1,476	1,522	1,537	1,537	1,532	1,524	1,515	1,504	1,492
Production	7,677	8,290	8,220	8,290	8,354	8,454	8,555	8,647	8,738	8,825	8,916
Imports	1,772	1,876	1,951	1,910	1,904	1,912	1,903	1,887	1,874	1,859	1,862
Quota	1,179	1,361	1,401	1,360	1,354	1,362	1,353	1,337	1,324	1,309	1,312
Non-Quota	593	515	550	550	550	550	550	550	550	550	550
Utilization	9,787	10,028	10,125	10,185	10,258	10,372	10,466	10,544	10,623	10,695	10,791
Disappearance	9,333	9,518	9,675	9,735	9,808	9,922	10,016	10,094	10,173	10,245	10,341
Exports	454	510	450	450	450	450	450	450	450	450	450
Error Adjustment	28	0	0	-0	-0	0	0	0	-0	-0	0
Ending Stocks	1,338	1,476	1,522	1,537	1,537	1,532	1,524	1,515	1,504	1,492	1,480
Prices					(Cents per Pound, Fiscal Year)						
N.Y. Spot Raw Sugar	22.05	21.77	21.77	21.77	21.77	21.77	21.77	21.77	21.77	21.77	21.77
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. High-Fructose Corn Syrup Supply and Utilization

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
					(1,000 Short Tons, Raw Value, Calendar Year)						
Supply	7,658	7,881	7,868	8,097	8,290	8,366	8,489	8,579	8,669	8,787	8,818
Production	7,500	7,706	7,693	7,922	8,115	8,191	8,314	8,404	8,494	8,612	8,643
Imports	158	175	175	175	175	175	175	175	175	175	175
Utilization	7,658	7,881	7,868	8,097	8,290	8,366	8,489	8,579	8,669	8,787	8,818
Consumption	7,488	7,721	7,708	7,937	8,130	8,206	8,329	8,419	8,509	8,627	8,658
Exports	170	160	160	160	160	160	160	160	160	160	160
Net Change in Stocks	0	0	0	0	0	0	0	0	0	0	0
Price					(Cents per Pound, Calendar Year)						
Midwest Wholesale	20.99	20.24	20.39	20.22	20.12	20.25	20.28	20.37	20.45	20.46	20.66

Livestock and Dairy

- **U.S. Beef**
- **U.S. Pork**
- **U.S. Poultry**
- **U.S. Meat Consumption and Expenditures**
- **U.S. Livestock Production and Prices**
- **U.S. Dairy**
- **U.S. Dairy Products**

U.S. Beef

- **Beef production** in 1995 rises 400 million pounds over 1994's 24.4 billion pounds total. The beef cycle continues its expansion through the mid-to-late 1990s to reach a peak of approximately 26 billion pounds in 1998. Liquidation of the beef cow herd causes a subsequent decline in the beef cycle and a similar movement in beef production through 2003.

- **Cattle and calves** on farms increase to nearly 106 million head by 1997 and then slip to 97 million head by 2003. The cycle underlying this movement is far less pronounced than those of the past.

- In 1995, the **Nebraska Direct 1,100-1,300 pound fed-steer price** falls to $67.08 per cwt. This decline in prices continues as production climbs, reaching a bottom of $61.49 per cwt. in 1997, followed by a recovery to over $80 per cwt. by 2003 as production slips.

- The **Oklahoma City 600-700 pound feeder-steer price** falls to $79.77 per cwt. in 1995, a decline of more than $3.00 per cwt. from the 1994 level. Feeder-steer prices follow fed-steer prices, reaching a bottom level of $70.73 per cwt. in 1997.

- Improved **cow-calf returns** over the last few years have caused cow-calf producers to expand the beef cow herd. Expansion is expected to be much slower and smaller than has been experienced in previous cycles. The beef cow herd is expected to increase to nearly 36 million head in 1996 before contracting to about 30 million head by 2003 as cow-calf returns weaken substantially during the middle part of the projection period.

- Although lessened by generally lower net imports, **beef consumption** parallels the production cycle with a peak of over 26 billion pounds in 1997. On a per capita basis, beef consumption reaches its highest level, 68.1 pounds, in 1996 and falls for the next seven years.

- **Retail beef prices** generally move with fed-steer prices, but the percent changes are usually smaller. From 1995 to 2004, beef retail prices rise much less than the projected general inflation rate. Further weakening of beef demand is evident as both real beef prices and per capita beef consumption decline over the projection period relative to 1994 levels.

U.S. Beef Supply and Utilization

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
						(Million Head)					
Cattle and Calves (Jan. 1)	101.7	104.0	105.5	105.7	104.5	102.4	100.1	98.4	97.4	97.0	97.6
Beef Cows (Jan. 1)	34.9	35.4	35.8	35.4	34.6	33.4	32.0	30.8	30.2	30.1	30.3
Total Cattle Slaughter	34.2	35.1	36.1	36.8	36.7	35.9	34.3	32.9	32.3	31.8	32.4
						(Million Pounds)					
Supply	27,320	27,890	28,565	29,080	29,203	28,882	28,133	27,354	27,142	26,815	27,238
Beginning Stocks	529	575	584	598	609	610	602	584	567	563	556
Imports	2,387	2,485	2,525	2,549	2,578	2,603	2,627	2,627	2,627	2,627	2,627
Production	24,404	24,830	25,456	25,933	26,016	25,669	24,904	24,143	23,948	23,625	24,055
Disappearance	26,745	27,306	27,967	28,471	28,593	28,281	27,549	26,787	26,579	26,259	26,672
Domestic Use	25,169	25,660	25,896	26,056	25,954	25,811	25,141	24,590	24,590	24,362	24,752
Exports	1,576	1,646	2,072	2,415	2,638	2,469	2,408	2,196	1,989	1,897	1,920
Ending Stocks	575	584	598	609	610	602	584	567	563	556	566
Per Capita Consumption						(Pounds)					
Carcass Weight	96.4	97.3	97.3	97.0	95.7	94.3	91.1	88.3	87.6	86.0	86.7
Retail Weight	67.5	68.1	68.1	67.9	67.0	66.0	63.8	61.8	61.3	60.2	60.7
Change	3.7%	0.9%	-0.1%	-0.3%	-1.3%	-1.4%	-3.4%	-3.0%	-0.8%	-1.8%	0.8%
Prices											
1100 - 1300 lb						(Dollars per Hundredweight)					
Nebraska Direct Steers	68.83	67.08	64.85	61.49	63.13	66.80	72.61	78.15	81.07	83.31	80.42
Change	-9.9%	-2.5%	-3.3%	-5.2%	2.7%	5.8%	8.7%	7.6%	3.7%	2.8%	-3.5%
600 - 700 lb											
Oklahoma City Feeder Steers	83.08	79.77	75.96	70.73	71.99	76.62	83.22	90.74	93.76	95.01	89.69
Change	-9.4%	-4.0%	-4.8%	-6.9%	1.8%	6.4%	8.6%	9.0%	3.3%	1.3%	-5.6%
Utility Cows, Sioux Falls	42.56	40.24	38.11	35.12	35.46	38.08	42.38	46.16	47.45	47.56	44.71
Change	-10.4%	-5.5%	-5.3%	-7.8%	1.0%	7.4%	11.3%	8.9%	2.8%	0.2%	-6.0%
						(Dollars per Pound)					
Beef Retail	2.83	2.79	2.76	2.70	2.71	2.76	2.86	2.95	3.00	3.02	2.99
Change	-3.6%	-1.5%	-1.0%	-2.3%	0.5%	1.8%	3.8%	3.2%	1.5%	0.5%	-0.9%
Net Returns						(Dollars per Cow)					
Cow - Calf	44.25	24.80	1.60	-26.76	-23.34	-2.32	30.20	65.20	76.25	79.20	45.03
						(Dollars per Hundredweight)					
Feedlot	-5.04	-4.03	-4.21	-3.81	-2.75	-2.16	-0.47	0.13	0.96	2.16	1.88

U.S. Pork

- **Pork production** is expected to climb to 17.8 billion pounds in 1995, which is only slightly greater than the record amount of pork production seen in 1994. Since grain stocks are at relatively low levels, the pork cycle could change markedly if abnormal weather conditions occur during the forecast period.

- The pork **breeding herd** fell by 240 thousand head from December 1993 to December 1994. By December 1995, the herd is expected to decline by another 160 thousand head as hog producers respond to unfavorable returns and uncertain grain markets. Continued increases in technological efficiency allow further strength in pork production despite a smaller breeding herd. Improvements in farrowings per sow, pigs per litter, and heavier carcass weights will all support production as the breeding herd fluctuates at or a bit below seven million head.

- The **Iowa-Southern Minnesota 230-250 pound barrow and gilt price** is expected to rise to $40.93 per cwt. in 1995. Throughout the projection period, the barrow and gilt prices are counter-cyclical to production, ranging from the $38.78 to $49.31 per cwt. This price range is lower than what has been experienced in the past primarily due to advancements in technological efficiencies.

- **Farrow-to-finish returns** follow barrow and gilt prices with some deviations caused by feed costs. Changes in feed supplies attributable to unfavorable weather conditions could cause these returns to change substantially, resulting in a dramatically different production cycle.

- Domestic **pork consumption** follows a path similar to production. After holding at 53.1 pounds per person in 1995, per capita consumption gradually and unevenly drops to 49.1 pounds by the end of the baseline.

- **Foreign trade** will contribute to total demand as net imports of pork decline by over 1.2 billion pounds from 1994 to 2004. In fact, the United States becomes a net exporter of pork in 1997.

- **Retail pork prices** mirror barrow and gilt prices, though the changes are proportionately smaller. Retail prices rise only slightly to $1.99 per pound in 1995 and tend to increase over the baseline to reach $2.27 per pound by 2004.

U.S. Pork Supply and Utilization

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Hogs on Farms					(Million Head)						
Market (Dec. 1)	52.7	51.7	51.6	52.2	51.0	50.9	50.9	51.1	52.5	52.2	51.3
Breeding (Dec. 1)	6.96	6.80	6.92	7.00	6.88	6.73	6.81	7.07	7.06	6.76	6.65
Total Hog Slaughter	95.6	95.7	94.7	97.1	99.5	97.2	96.6	99.3	100.6	100.4	98.7
					(Million Pounds)						
Supply	18,809	18,942	18,820	19,234	19,701	19,363	19,324	19,968	20,296	20,360	20,041
Beginning Stocks	359	420	409	404	420	421	404	409	424	419	415
Imports	744	730	760	655	575	550	525	525	525	525	525
Production	17,706	17,792	17,651	18,175	18,706	18,392	18,395	19,033	19,347	19,415	19,101
Disappearance	18,389	18,533	18,417	18,815	19,280	18,959	18,914	19,544	19,877	19,945	19,634
Domestic Use	17,864	18,055	17,920	18,140	18,287	18,049	17,421	17,605	18,258	18,487	18,110
Exports	525	478	497	675	993	910	1,493	1,939	1,618	1,458	1,524
Ending Stocks	420	409	404	420	421	404	409	424	419	415	407
Per Capita Consumption					(Pounds)						
Carcass Weight	68.4	68.5	67.3	67.5	67.4	66.0	63.1	63.2	65.0	65.3	63.4
Retail Weight	53.1	53.1	52.2	52.3	52.2	51.1	48.9	49.0	50.4	50.6	49.1
Change	1.5%	-0.1%	-1.7%	0.3%	-0.1%	-2.2%	-4.3%	0.2%	2.8%	0.4%	-2.9%
Prices											
230-250 lb											
Iowa-Southern Minnesota					(Dollars per Hundredweight)						
Barrows and Gilts	40.08	40.93	44.87	42.24	38.78	41.80	47.03	46.81	43.57	45.52	49.31
Change	-13.1%	2.1%	9.6%	-5.8%	-8.2%	7.8%	12.5%	-0.4%	-6.9%	4.5%	8.3%
6 Market Sows	31.82	32.45	34.78	32.54	30.21	32.20	33.68	32.64	30.45	32.02	35.68
Change	-14.2%	2.0%	7.2%	-6.4%	-7.2%	6.6%	4.6%	-3.1%	-6.7%	5.2%	11.4%
					(Dollars per Pound)						
Pork Retail	1.98	1.99	2.07	2.06	2.02	2.09	2.21	2.20	2.13	2.17	2.27
Change	0.3%	0.4%	4.1%	-0.7%	-1.6%	3.2%	5.8%	-0.6%	-3.0%	2.0%	4.4%
Net Returns					(Dollars per Hundredweight)						
Farrow - Finish	-1.43	-0.43	2.33	0.03	-3.29	-0.97	3.72	2.49	-1.57	-0.20	2.36

U.S. Poultry and Eggs

- **Broiler and turkey production** increase by 6 and 4 percent, respectively, in 1995. Both continue to increase throughout the projection period, yet the growth rates are somewhat below those of the 1980s. The advantages of poultry over beef and pork in cost efficiency and product development are expected to slow. Broiler production increases by more than eleven billion pounds from 1994 to 2004, while turkey production climbs one and a half billion pounds over the same period.

- A one and a half billion pound increase in broiler exports over the projection period somewhat limits domestic consumption. After a 5.2 percent jump in **per capita broiler consumption** in 1995, the rate of increase varies between 0.9 and 3.7 percent. **Per capita turkey consumption** climbs 1.9 percent in 1995 and subsequently grows at a pace similar to that of broiler consumption. Continuing strong demand supports poultry meat consumption even as **broiler retail prices** climb to $0.97 per pound and **turkey retail prices** rise to $1.05 per pound in 2004.

- **Broiler net returns** decline slightly in 1995 as prices slip. Net returns remain between 4.7 and 6.8 cents per pound throughout the baseline. **Turkey net returns** also become less favorable in 1995 as prices weaken and fluctuate from 0.6 to 2.9 cents per pound across the projection. Feed prices rise tend to rise over the baseline, limiting gains in net returns.

- Due to the jump in poultry production in 1995, wholesale prices weaken. The **12-city wholesale broiler** price falls to 52.85 cents per pound and afterwards rises to reach 58.56 cents per pound in 2004. The **turkey wholesale price** falls in 1995 to 64.63 cents per pound. It then climbs at a more moderate pace than the broiler wholesale price, reaching 66.21 cents per pound.

- **Egg production** increases in 1995 to 6.24 billion dozen, before producers respond to continuing negative net returns by decreasing the egg-laying flock in 1996. Egg production later tends to rise over the baseline, reaching 6.8 billion dozen due to a larger number of hens and further technological enhancements.

- **Egg disappearance** mirrors production with the portion consumed as shell eggs diminishing in favor of breaking egg consumption. In per capita terms, **shell egg consumption** declines 1.5 percent in 1995 and falls each year of the baseline, whereas **breaking egg consumption per capita** increases 5.1 percent in 1995 and an additional 3 to 5.2 percent each year thereafter.

- **Egg wholesale and retail prices** continue to drop in 1995, reaching 65 and 82.5 cents per dozen respectively. Over the projection period, egg prices fluctuate between 70.5 and 77 cents per dozen at the wholesale level and 84.5 and 89 cents per dozen in the retail market.

- **Net returns** in the egg industry drop in 1995 to -0.64 cents per dozen as prices slip further and feed prices begin to recover. Over the baseline, the industry's net returns vary from 4 and 8 cents per dozen.

U.S. Broiler Supply and Utilization

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
						(Million Pounds)					
Supply	24,046	25,645	26,477	27,735	28,874	29,921	30,965	32,041	33,085	34,150	35,187
Beginning Stocks	358	440	427	427	431	434	436	438	440	443	445
Production	23,688	25,205	26,050	27,308	28,443	29,487	30,529	31,604	32,645	33,708	34,742
Disappearance	23,606	25,217	26,050	27,305	28,440	29,485	30,527	31,601	32,643	33,706	34,740
Domestic Use	20,796	22,208	23,331	24,585	25,411	26,059	26,970	27,868	28,698	29,611	30,518
Exports	2,810	3,009	2,719	2,719	3,029	3,427	3,557	3,733	3,945	4,094	4,222
Ending Stocks	440	427	427	431	434	436	438	440	443	445	447
Per Capita Consumption						(Pounds)					
Retail Weight	79.7	84.2	87.6	91.5	93.7	95.2	97.7	100.1	102.2	104.6	106.9
Retail Weight less Pet Food	70.1	73.7	76.2	79.0	80.3	81.0	82.6	84.0	85.1	86.5	87.8
Change	2.6%	5.2%	3.3%	3.7%	1.7%	0.9%	1.9%	1.7%	1.4%	1.6%	1.5%
Prices						(Cents per Pound)					
12-City Wholesale	55.69	52.85	54.39	55.59	54.39	54.98	56.77	57.75	57.21	57.50	58.56
Change	0.9%	-5.1%	2.9%	2.2%	-2.2%	1.1%	3.3%	1.7%	-0.9%	0.5%	1.8%
Broiler Retail	90.13	86.29	86.94	86.83	85.95	87.71	91.16	93.60	92.48	93.73	96.46
Change	8.7%	-4.3%	0.8%	-0.1%	-1.0%	2.0%	3.9%	2.7%	-1.2%	1.4%	2.9%
Net Returns	6.47	4.74	5.39	6.42	5.18	5.16	6.47	6.80	5.62	5.46	5.69

U.S. Turkey Supply and Utilization

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
						(Million Pounds)					
Supply	5,181	5,368	5,517	5,678	5,832	5,978	6,130	6,292	6,451	6,614	6,775
Beginning Stocks	249	240	245	245	250	254	253	257	260	265	268
Production	4,932	5,128	5,272	5,433	5,583	5,724	5,877	6,035	6,191	6,348	6,507
Disappearance	4,940	5,122	5,272	5,429	5,578	5,725	5,873	6,033	6,186	6,346	6,505
Domestic Use	4,710	4,862	5,037	5,194	5,316	5,429	5,566	5,710	5,845	5,992	6,140
Exports	230	260	235	235	262	296	307	323	341	354	365
Ending Stocks	240	245	245	250	254	253	257	260	265	268	270
						(Pounds)					
Per Capita Consumption	18.1	18.4	18.9	19.3	19.6	19.8	20.2	20.5	20.8	21.2	21.5
Change	1.7%	1.9%	2.6%	2.2%	1.4%	1.2%	1.6%	1.7%	1.5%	1.7%	1.6%
Prices						(Cents per Pound)					
Eastern Region Wholesale	65.69	64.63	65.31	65.53	64.05	64.96	65.47	66.56	65.51	65.48	66.21
Change	-2.7%	-1.6%	1.1%	0.3%	-2.3%	1.4%	0.8%	1.7%	-1.6%	-0.1%	1.1%
Retail	99.96	99.82	101.05	101.47	99.18	100.95	102.10	104.28	102.57	103.17	104.77
Change	-0.1%	-0.1%	1.2%	0.4%	-2.3%	1.8%	1.1%	2.1%	-1.6%	0.6%	1.6%
Net Returns	2.50	1.38	1.99	2.15	0.60	1.44	1.88	2.90	1.78	1.68	2.34

U.S. Egg Supply and Utilization

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
						(Million Dozen)					
Supply	6,167	6,257	6,244	6,290	6,345	6,449	6,536	6,578	6,639	6,733	6,803
Beginning Stocks	11	15	15	15	15	15	15	15	15	15	15
Production	6,153	6,238	6,225	6,271	6,326	6,430	6,517	6,559	6,620	6,714	6,784
Imports	4	4	4	4	4	4	4	4	4	4	4
Disappearance	6,152	6,242	6,229	6,275	6,330	6,434	6,521	6,563	6,624	6,718	6,788
Civilian Disappearance	5,165	5,228	5,191	5,201	5,224	5,297	5,354	5,366	5,397	5,460	5,500
Shell Egg	3,838	3,818	3,725	3,667	3,614	3,589	3,553	3,490	3,437	3,401	3,349
Breaking Egg	1,327	1,409	1,466	1,534	1,609	1,707	1,801	1,875	1,959	2,059	2,151
Hatching Egg	802	834	858	894	926	957	987	1,018	1,048	1,078	1,108
Exports	185	180	180	180	180	180	180	180	180	180	180
Ending Stock	15	15	15	15	15	15	15	15	15	15	15
Per Capita Consumption						(Eggs)					
Shell Egg	176.4	173.8	167.9	163.8	159.9	157.4	154.5	150.4	146.9	144.1	140.7
Change	-0.8%	-1.5%	-3.4%	-2.5%	-2.3%	-1.6%	-1.9%	-2.6%	-2.3%	-1.9%	-2.3%
Breaking Egg	61.0	64.1	66.1	68.5	71.2	74.9	78.3	80.8	83.7	87.3	90.4
Change	8.9%	5.1%	3.0%	3.7%	4.0%	5.2%	4.6%	3.2%	3.6%	4.2%	3.6%
Total	237.4	237.9	234.0	232.3	231.1	232.3	232.7	231.2	230.6	231.4	231.1
Prices						(Cents per Dozen)					
N.Y. Grade A Lg. Wholesale	67.31	65.00	70.88	72.78	73.92	72.04	71.54	74.20	75.78	75.34	76.96
Change	-7.2%	-3.4%	9.0%	2.7%	1.6%	-2.5%	-0.7%	3.7%	2.1%	-0.6%	2.1%
Shell Egg Retail	86.15	82.54	87.51	88.55	88.76	86.07	84.64	86.14	86.52	84.94	85.22
Change	-5.5%	-4.2%	6.0%	1.2%	0.2%	-3.0%	-1.7%	1.8%	0.4%	-1.8%	0.3%
Net Returns	-0.46	-0.64	4.24	6.46	8.03	5.58	4.80	6.91	7.93	7.30	8.05

U.S. Meat Consumption and Expenditures

- Annual **per capita meat consumption** generally varies with total domestic production over the projection period. In 1995, annual per capita consumption increases 4.5 pounds from 1994 as the quantities of beef, broiler, and turkey all increase and pork holds steady. Per capita consumption is projected to increase through 1998 as the beef cycle peaks, then decline for a brief period, and finish the baseline about 6 pounds higher than in 1995 due to strong growth in poultry, which offsets weakness in beef and pork.

- Annual **per capita meat expenditures** are projected to increase by $33 during the baseline as consumers continue to substitute less expensive poultry for more expensive red meat products. This substitution allows consumers to continue to receive a bargain at the meat counter.

- The **implied meat bundle price** increases by only 6 cents over the projection period as the mix of meat products continues to shift from traditional red meat products to less expensive poultry products.

U.S. Livestock Production and Prices

- **Production** of beef, pork, broilers, and turkeys increases by well over 2 billion pounds in 1995 as production of each type exceeds the 1994 level. Annual increases in total production are projected for each year for the remainder of the period, reaching over 84 billion pounds by 2004.

- **Livestock prices** are generally lower in 1995, with only the pork sector posting increases. By the final year of the baseline prices of all types of livestock are higher than in 1995. Export demand, production levels, and consumer demand are all factors which cause livestock prices to be strong over the projection period.

U.S. Per Capita Meat Consumption and Expenditures

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Consumption						(Pounds)					
Beef	67.5	68.1	68.1	67.9	67.0	66.0	63.8	61.8	61.3	60.2	60.7
Pork	53.1	53.1	52.2	52.3	52.2	51.1	48.9	49.0	50.4	50.6	49.1
Broiler	70.1	73.7	76.2	79.0	80.3	81.0	82.6	84.0	85.1	86.5	87.8
Turkey	18.1	18.4	18.9	19.3	19.6	19.8	20.2	20.5	20.8	21.2	21.5
Total	208.8	213.3	215.3	218.5	219.1	218.0	215.4	215.3	217.6	218.5	219.1
Change	2.6%	2.2%	0.9%	1.5%	0.3%	-0.5%	-1.2%	-0.0%	1.1%	0.4%	0.3%
Expenditures						(Dollars)					
Beef	190.96	189.76	187.85	182.99	181.54	182.10	182.54	182.62	183.87	181.58	181.30
Pork	105.27	105.59	108.06	107.60	105.76	106.79	108.08	107.61	107.33	109.93	111.55
Broiler	63.18	63.61	66.22	68.56	69.02	71.09	75.27	78.61	78.74	81.07	84.65
Turkey	18.10	18.41	19.12	19.61	19.44	20.03	20.59	21.39	21.35	21.83	22.53
Total	377.51	377.37	381.25	378.77	375.77	380.01	386.48	390.22	391.28	394.41	400.03
Change	2.4%	-0.0%	1.0%	-0.7%	-0.8%	1.1%	1.7%	1.0%	0.3%	0.8%	1.4%
						(Dollars per Pound)					
Implied Meat Bundle Price	1.81	1.77	1.77	1.73	1.71	1.74	1.79	1.81	1.80	1.81	1.83
Change	-0.2%	-2.2%	0.1%	-2.1%	-1.1%	1.7%	3.0%	1.0%	-0.8%	0.4%	1.1%

U.S. Livestock Production and Prices

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Production						(Billion Pounds)					
Beef	24.40	24.83	25.46	25.93	26.02	25.67	24.90	24.14	23.95	23.62	24.06
Pork	17.71	17.79	17.65	18.18	18.71	18.39	18.39	19.03	19.35	19.42	19.10
Broiler	23.69	25.20	26.05	27.31	28.44	29.49	30.53	31.60	32.65	33.71	34.74
Turkey	4.93	5.13	5.27	5.43	5.58	5.72	5.88	6.04	6.19	6.35	6.51
Total	70.73	72.95	74.43	76.85	78.75	79.27	79.70	80.81	82.13	83.10	84.41
Change	5.6%	3.1%	2.0%	3.3%	2.5%	0.7%	0.5%	1.4%	1.6%	1.2%	1.6%
Prices											
1100 - 1300 lb						(Dollars per Hundredweight)					
Nebraska Direct Steers	68.83	67.08	64.85	61.49	63.13	66.80	72.61	78.15	81.07	83.31	80.42
230 - 250 lb											
Iowa - Southern Minnesota											
Barrows and Gilts	40.08	40.93	44.87	42.24	38.78	41.80	47.03	46.81	43.57	45.52	49.31
12-City Wholesale Broiler	55.69	52.85	54.39	55.59	54.39	54.98	56.77	57.75	57.21	57.50	58.56
Eastern Region Wholesale											
Turkey	65.69	64.63	65.31	65.53	64.05	64.96	65.47	66.56	65.51	65.48	66.21

U.S. Dairy

- No weakness in demand for milk or milk products is projected to occur in the baseline, since after the first year of commercial use of **rBST,** no strong evidence has been found to suggest adverse consumer reaction to its use. Assumptions regarding adoption rates by dairy producers and additional milk production per cow drive the outlook for milk production in the baseline. It is assumed that 25 percent of all dairy cows will receive rBST injections in 1995 and that production per cow will increase an additional 1,600 pounds for those cows that receive injections. The adoption rate increases to 35 percent in 1996, 42.5 percent in 1997, and an additional 5 percent per year until 2000, at which point the adoption rate increases by 2.5 percent per year until reaching 65 percent adoption by 2004.

- The **all-milk price** is projected to fall by 66 cents per cwt. in 1995 to $12.38 per cwt. Stronger milk production from the use of rBST weakens the all-milk price to $12.26 per cwt. in 1996. Milk prices start to increase after 1996 as increases in dairy cow liquidation begin to offset the additional milk per cow associated with rBST. By 2004, milk prices reach $12.95 per cwt. Throughout the projection period, strong cheese demand continues to add support to all-milk prices.

- **Milk production** is expected to expand by over 4.5 billion pounds in 1995 as milk production per cow increases by nearly 640 pounds. Largely because of rBST use, milk production increases average 1.5 percent per year throughout the forecast period.

- **Dairy cow numbers** decline to 9.6 million head in 1995. As has been the rule for several years, dairy cow numbers continue to contract over the entire baseline period, reaching 8.6 million head in 2004. Contraction is greater in the late 1990s in an effort to adjust for increases in production per cow, and begins to lessen toward 2004. Nearly half of the projected decline in dairy cow numbers over the 1995 to 2004 period can be attributed to the Upper Midwest region.

- **Government purchases** of dairy products in 1995 increase to 4.8 billion pounds on a total milk-solids basis. This purchase level includes those products exported under the Dairy Export Incentive Program (DEIP). Government removals of dairy products remain between 4.7 and 5.2 billion pounds throughout the forecast period due in large part to the additional milk produced using rBST.

- The Secretary of Agriculture cannot drop the **milk support price** below $10.10 per cwt. and must increase it at least 25 cents per cwt. if purchases are projected to be less than 3.5 billion pounds on a total milk-solids basis plus the milk equivalent of additional imports of dairy products. Since removals never fall below the trigger level, the milk support price remains at $10.10 per cwt. throughout the projection period. As prescribed in OBRA93, dairy assessments in 1996 fall to 10 cents per cwt. from the current level of 11.25 cents per cwt.

U.S. Milk Supply and Utilization

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
					(Million Pounds Milk Equivalent)						
Supply	154,334	158,882	161,743	164,347	166,266	168,503	170,718	173,169	175,527	177,748	179,858
Milk Production	154,202	158,750	161,611	164,215	166,134	168,371	170,586	173,037	175,395	177,616	179,726
Per Cow (Pounds)	15,980	16,617	17,139	17,634	18,104	18,577	19,021	19,467	19,900	20,335	20,780
No. Cows (1,000)	9,650	9,553	9,430	9,312	9,177	9,063	8,968	8,889	8,814	8,734	8,649
Net Imports	127	127	127	127	127	127	127	127	127	127	127
Net Change in Stocks	5	5	5	5	5	5	5	5	5	5	5
Utilization	154,334	158,882	161,743	164,347	166,266	168,503	170,718	173,169	175,527	177,748	179,858
On-Farm Use	1,882	1,865	1,854	1,853	1,844	1,836	1,808	1,786	1,768	1,749	1,730
Fed to Calves	1,452	1,442	1,446	1,451	1,442	1,441	1,433	1,432	1,431	1,429	1,426
Farm-churned Butter	430	423	408	401	402	395	374	354	337	320	304
Fluid Product Use	55,918	56,337	56,539	56,896	56,950	57,200	57,851	58,402	59,403	60,081	60,694
Whole Milk Per Capita (lbs)	79	78	75	73	71	68	67	66	66	65	64
Lowfat Milk Per Capita (lbs)	110	110	110	111	111	112	112	113	113	114	115
Manufactured Use	93,374	97,520	100,191	102,439	104,311	106,307	107,899	109,821	111,196	112,758	114,273
Creamery Butter	30,889	33,049	33,612	34,200	34,454	34,795	35,074	35,493	35,794	36,095	36,312
Whey Cream	4,733	5,065	5,270	5,445	5,622	5,801	5,936	6,085	6,193	6,314	6,442
Net Creamery Butter	26,156	27,984	28,343	28,755	28,831	28,994	29,137	29,408	29,601	29,781	29,869
Cheese	50,893	52,980	55,120	56,956	58,811	60,675	62,093	63,646	64,775	66,045	67,388
Evaporated and Condensed	1,944	2,035	2,045	2,045	2,025	2,000	1,993	1,989	1,922	1,907	1,876
Frozen Dairy Products	12,293	12,621	12,815	12,848	12,840	12,866	12,936	13,040	13,159	13,286	13,401
Other Manufactured Products	2,088	1,900	1,868	1,836	1,803	1,771	1,739	1,739	1,739	1,739	1,739
Residual	3,160	3,160	3,160	3,160	3,160	3,160	3,160	3,160	3,160	3,160	3,160
Removals (TMSB)	3,735	4,830	5,154	5,083	4,981	4,924	4,790	4,756	4,758	4,746	4,758
Butter	1,530	1,996	2,022	2,154	2,128	2,110	2,066	2,053	2,057	2,128	2,154
Cheese	0	0	0	0	0	0	0	0	0	0	0
Nonfat Dry Milk	2,136	2,765	3,062	2,859	2,784	2,744	2,655	2,633	2,631	2,548	2,534
Farm Prices and Returns					(Dollars per Hundredweight)						
Minnesota-Wisconsin	12.02	11.31	11.21	11.30	11.45	11.66	11.84	11.97	12.01	11.92	11.92
Manufacturing Grade	11.92	11.20	11.09	11.19	11.34	11.56	11.74	11.88	11.91	11.82	11.82
Fluid Grade	13.10	12.40	12.30	12.39	12.54	12.75	12.93	13.07	13.10	13.01	13.01
All Milk	13.04	12.38	12.26	12.35	12.50	12.71	12.89	13.03	13.06	12.95	12.95
Support Price	10.10	10.10	10.10	10.10	10.10	10.10	10.10	10.10	10.10	10.10	10.10
Net Returns	3.82	3.12	2.59	2.52	2.69	2.84	3.08	3.55	3.08	2.86	2.54
Assessments	0.11	0.11	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10

U.S. and Regional Dairy Supply

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Average Cows on Farms:					(Thousand Head)						
Appalachian	547	513	483	456	429	408	392	379	367	356	344
Corn Belt	829	815	800	785	769	755	743	734	725	716	706
Upper Midwest	2,579	2,512	2,449	2,388	2,323	2,265	2,213	2,167	2,122	2,078	2,033
Northeast	1,956	1,901	1,853	1,806	1,755	1,710	1,668	1,629	1,593	1,557	1,522
Pacific	1,697	1,745	1,780	1,814	1,841	1,868	1,895	1,921	1,948	1,974	1,998
Southeast	282	283	286	288	288	288	288	288	287	286	285
Southern Plains	398	399	393	387	381	379	377	375	373	371	369
Other States	1,361	1,385	1,387	1,389	1,390	1,392	1,393	1,396	1,399	1,397	1,393
United States	9,650	9,553	9,430	9,312	9,177	9,063	8,968	8,889	8,814	8,734	8,649
United States, Jan. 1	9,623	9,460	9,375	9,225	9,102	8,998	8,911	8,838	8,761	8,678	8,590
Milk Production per Cow						(Pounds)					
Appalachian	13,238	13,921	14,331	14,736	15,124	15,505	15,858	16,195	16,512	16,817	17,127
Corn Belt	14,353	14,938	15,383	15,801	16,194	16,585	16,947	17,306	17,656	18,002	18,353
Upper Midwest	15,237	15,802	16,266	16,703	17,112	17,525	17,909	18,286	18,655	19,014	19,383
Northeast	15,775	16,437	16,914	17,355	17,774	18,191	18,582	18,969	19,351	19,733	20,123
Pacific	19,820	20,346	20,956	21,536	22,080	22,641	23,178	23,725	24,268	24,811	25,358
Southeast	14,937	15,753	16,210	16,668	17,109	17,518	17,905	18,284	18,653	19,027	19,400
Southern Plains	15,658	16,302	16,772	17,219	17,647	18,083	18,488	18,887	19,274	19,652	20,041
Other States	15,300	15,900	16,366	16,803	17,221	17,643	18,033	18,446	18,805	19,189	19,577
United States	15,980	16,617	17,139	17,634	18,104	18,577	19,021	19,467	19,900	20,335	20,780
Milk Production						(Million Pounds)					
Appalachian	7,248	7,144	6,920	6,720	6,483	6,320	6,215	6,135	6,062	5,982	5,896
Corn Belt	11,897	12,171	12,300	12,409	12,446	12,515	12,594	12,695	12,795	12,883	12,956
Upper Midwest	39,303	39,691	39,828	39,886	39,758	39,701	39,640	39,618	39,592	39,511	39,397
Northeast	30,851	31,245	31,333	31,340	31,200	31,099	30,987	30,900	30,817	30,726	30,627
Pacific	33,634	35,508	37,306	39,072	40,651	42,289	43,913	45,586	47,274	48,968	50,670
Southeast	4,207	4,461	4,633	4,798	4,922	5,040	5,151	5,258	5,356	5,446	5,524
Southern Plains	6,234	6,500	6,585	6,659	6,732	6,853	6,968	7,085	7,197	7,298	7,392
Other States	20,830	22,030	22,705	23,332	23,942	24,554	25,118	25,759	26,302	26,803	27,263
United States	154,202	158,750	161,611	164,215	166,134	168,371	170,586	173,037	175,395	177,616	179,726

U.S. Dairy Products

- The **wholesale price of cheese** is expected to decrease in 1995 by one cent per pound from the 1994 level. Throughout the baseline period, however, the wholesale cheese price runs well above the CCC purchase price for cheese, which remains at $1.12 per pound. The increase in wholesale cheese prices tends to lend support to the all-milk price over the baseline period.

- Annual **per capita consumption of cheese** is projected to continue showing year-over-year increases throughout the projection period, exceeding 35 pounds per person by 2004. Any weakness in cheese demand during the baseline period will result in lower cheese prices and thus lower milk prices.

- The **wholesale butter price** is expected to remain at about 67 cents per pound in 1995. Over the projection period, wholesale butter prices remain within 2 cents per pound of the CCC purchase price since CCC removals of butter continue.

- Annual **per capita butter consumption** is expected to remain relatively constant throughout the baseline period. Per capita butter consumption increases from the current level of 4.44 pounds in 1994 to 4.56 pounds by 2004. The last tilt in butter/powder prices which lowered the butter purchase price to 65 cents per pound has resulted in some additional commercial disappearance of butter which is expected to continue in the baseline.

- Wholesale **nonfat dry milk prices** remain 2 to 5 cents above the CCC purchase price throughout the baseline. These prices are not expected to be quite as strong as current levels due, in part, to the current GATT agreement which requires a decrease in nonfat dry milk that is exported under the DEIP.

- **Nonfat dry milk production** increased by over 200 million pounds in 1994 relative to 1993. The baseline shows that nonfat dry milk production is expected to continue at the current pace over the projection period.

U.S. Total Cheese Supply and Utilization

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
					(Million Pounds)						
Supply	7,522	7,794	8,148	8,466	8,790	9,141	9,435	9,741	9,992	10,267	10,557
Beginning Stocks	466	401	401	401	401	401	401	401	401	401	401
Production	6,715	7,095	7,437	7,743	8,055	8,393	8,675	8,981	9,232	9,507	9,797
Imports	341	298	310	322	335	347	359	359	359	359	359
Utilization	7,122	7,393	7,747	8,065	8,389	8,740	9,034	9,340	9,591	9,866	10,156
Foreign Use	79	82	82	82	82	82	82	82	82	82	82
Exports	33	36	36	36	36	36	36	36	36	36	36
Shipments	46	46	46	46	46	46	46	46	46	46	46
Domestic Use	7,043	7,311	7,665	7,983	8,307	8,658	8,952	9,258	9,509	9,784	10,074
Commercial	7,043	7,311	7,665	7,983	8,307	8,658	8,952	9,258	9,509	9,784	10,074
Government Donations	0	0	0	0	0	0	0	0	0	0	0
Ending Stocks	401	401	401	401	401	401	401	401	401	401	401
Commercial	400	400	400	400	400	400	400	400	400	400	400
Government	1	1	1	1	1	1	1	1	1	1	1
Carry-in	2	1	1	1	1	1	1	1	1	1	1
Removals	10	10	10	10	10	10	10	10	10	10	10
DEIP	6	4	4	4	4	4	4	4	4	4	4
Domestic Donations	0	0	0	0	0	0	0	0	0	0	0
Other Disappearance	11	10	10	10	10	10	10	10	10	10	10
					(Pounds)						
Per Capita Consumption	27.0	27.7	28.8	29.7	30.6	31.6	32.4	33.3	33.9	34.6	35.3
Prices					(Cents per Pound)						
Wholesale 40 lb Block	132.40	131.03	131.61	131.56	131.87	133.06	133.05	133.14	133.62	132.21	132.32
CCC Price	112.03	112.03	112.03	112.03	112.03	112.03	112.03	112.03	112.03	112.03	112.03
					(Dollars per Pound)						
Retail	3.07	3.03	3.05	3.05	3.05	3.08	3.08	3.09	3.10	3.06	3.07

U.S. Nonfat Dry Milk Supply and Utilization

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
						(Million Pounds)					
Supply	1,290	1,392	1,488	1,587	1,658	1,705	1,743	1,775	1,793	1,808	1,807
Beginning Stocks	90	135	212	289	365	403	443	468	485	502	507
Production	1,199	1,254	1,270	1,291	1,284	1,292	1,288	1,295	1,296	1,294	1,288
Imports	1	3	5	7	9	10	12	12	12	12	12
Utilization	1,133	1,130	1,128	1,121	1,130	1,137	1,140	1,150	1,151	1,161	1,157
Foreign Use	268	265	247	229	232	224	216	216	216	216	216
Exports	264	261	243	225	228	220	212	212	212	212	212
Shipments	4	4	4	4	4	4	4	4	4	4	4
Domestic Use	845	847	863	874	880	895	906	916	917	927	922
Commercial	823	797	793	774	755	770	771	776	777	787	782
Government Donations	22	50	70	100	125	125	135	140	140	140	140
Feed and Waste	20	18	18	18	18	18	18	18	18	18	18
Ending Stocks	135	212	289	365	403	443	468	485	502	507	510
Commercial	105	105	105	105	105	105	105	105	105	105	105
Government	30	107	184	260	298	338	363	380	397	402	405
Carry-in	10	30	107	184	260	298	338	363	380	397	402
Removals	302	391	433	404	394	388	375	372	372	360	358
DEIP	234	239	221	203	186	168	150	150	150	150	150
Domestic Donations	22	50	70	100	125	125	135	140	140	140	140
Other Disappearance	260	264	286	228	231	223	215	215	215	215	215
						(Pounds)					
Per Capita Consumption	3.24	3.21	3.24	3.25	3.25	3.27	3.28	3.29	3.27	3.27	3.23
Prices						(Cents per Pound)					
Wholesale	108.08	106.50	104.68	104.77	104.78	105.78	106.33	107.11	108.27	105.73	107.60
CCC Price	103.40	103.40	103.40	103.40	103.40	103.40	103.40	103.40	103.40	103.40	103.40

U.S. Butter Supply and Utilization

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
					(Million Pounds)						
Supply	1,547	1,463	1,491	1,523	1,556	1,590	1,609	1,604	1,605	1,604	1,600
Beginning Stocks	243	55	57	62	82	99	104	99	88	74	61
Production	1,300	1,391	1,415	1,440	1,450	1,465	1,477	1,476	1,489	1,502	1,511
Imports	3	17	19	21	24	26	29	29	29	29	29
Utilization	1,421	1,366	1,389	1,401	1,417	1,436	1,455	1,457	1,469	1,473	1,479
Total Foreign Use	261	176	176	176	176	176	176	176	176	176	176
Exports	260	175	175	175	175	175	175	175	175	175	175
Shipments	1	1	1	1	1	1	1	1	1	1	1
Domestic Use	1,160	1,190	1,213	1,225	1,241	1,260	1,279	1,281	1,293	1,297	1,303
Commercial	1,090	1,150	1,173	1,185	1,201	1,210	1,224	1,221	1,230	1,227	1,233
Government Donations	70	40	40	40	40	50	55	60	63	70	70
Ending Stocks	55	57	62	82	99	104	99	88	74	61	51
Commercial	10	10	10	10	10	10	10	10	10	10	10
Government	45	47	52	72	89	94	89	78	64	51	41
Carry-in	229	45	47	52	72	89	94	89	78	64	51
Removals	174	227	230	245	242	240	235	234	234	242	245
DEIP	73	70	70	70	65	56	46	46	46	46	46
Domestic Donations	70	40	40	40	40	50	55	60	63	70	70
Other Disappearance	288	185	185	185	185	185	185	185	185	185	185
					(Pounds)						
Per Capita Consumption	4.44	4.51	4.56	4.56	4.58	4.61	4.63	4.60	4.60	4.58	4.56
Prices					(Cents per Pound)						
Wholesale	67.09	67.01	65.16	66.54	65.44	66.16	66.39	66.33	66.49	65.78	65.54
CCC Price	65.00	65.00	65.00	65.00	65.00	65.00	65.00	65.00	65.00	65.00	65.00
					(Dollars per Pound)						
Retail	1.60	1.60	1.57	1.59	1.58	1.59	1.59	1.59	1.59	1.58	1.58

Aggregate Measures

- **U.S. Land Use**
- **U.S. Net Returns for Eight Crops**
- **U.S. Agricultural Exports**
- **U.S. Government Costs**
- **U.S. Cash Receipts from Farm Marketings**
- **U.S. Farm Production Expenses**
- **U.S. Net Farm Income**

U.S. Land Use

- Under the 1993 Budget Reconciliation Package, **CRP enrollment** is capped at 38 million acres. Through 12 sign-ups, enrollment for 1994/95 stands at 36.4 million acres with 23.3 million acres coming from base reductions of program commodities. Wheat base acreage represents the largest single commodity contribution with 10.8 million acres enrolled by 1994/95.

- As **CRP contracts** begin to expire in 1997/98, it is assumed that a portion of the contracts are extended. Following the assumptions of the Congressional Budget Office, 15 million acres were assumed to be extended through the year 2000/01. These acres, along with the 1.6 million acres assumed to be enrolled in 1996/97, and the 1.3 million acres extended after 2001/02, give a total of 17.7 million acres in 2003/04.

- Given the price paths of program crops, **flex acreage** is projected to continue shifting into soybeans and minor oilseeds and out of feed grains and food grains. Flexible acreage is projected to continue shifting into cotton throughout the projection period.

- The **0-85 and 50-85 programs**, formerly 0-92 and 50-92, are expected to continue to attract acreage, throughout the baseline. Acreage enrolled in these programs will remain fairly stable through 1995, but then increase slightly thereafter as a portion of the CRP contracts expire. The increase is tempered somewhat by increasing crop prices.

- Total **area planted** to 15 principal crops increased in 1994/95 due to low or zero ARP rates in program crops and favorable prices in most crops. With relatively high prices in wheat and cotton and 0 percent ARP rates for all commodities except rice and corn, planted area will decrease by only 2.6 million acres in 1995/96. By 2003/04, planted area reaches 277.3 million acres.

- Total **area idled** in government programs decreases by 9.5 million acres in 1994/95 with much of the decrease coming in the ARP program. Idled area is projected to decline throughout the baseline due to CRP contracts expiring.

- Summing across planted and idled area, the **total area** devoted to 15 principal crops is projected to increase through 1996/97 as both planted and idled area are expected to be above 1994/95 levels. Beginning in 1997/98 with the expiration of CRP contracts, total area decreases as some of the CRP acres do not return to production or annual idled programs.

Base Reductions Attributable to the Conservation Reserve Program

	93/94	94/95	95/96	96/97	97/98	98/99	99/00	00/01	01/02	02/03	03/04
						(Million Acres)					
Wheat	10.83	10.83	10.83	10.83	8.39	6.67	5.42	4.56	4.50	4.36	4.23
Corn	4.29	4.29	4.29	4.29	3.66	3.52	3.38	3.26	3.24	3.19	3.12
Sorghum	2.47	2.47	2.47	2.47	1.76	1.40	1.23	1.11	1.09	1.07	1.04
Barley	2.83	2.83	2.83	2.83	2.04	1.48	1.13	0.85	0.83	0.80	0.78
Oats	1.40	1.40	1.40	1.40	0.88	0.53	0.30	0.10	0.08	0.04	0.00
Cotton	1.43	1.43	1.43	1.43	1.14	1.00	0.92	0.88	0.87	0.85	0.82
Rice	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.00	0.00	0.00	0.00
Total Base Reductions	23.27	23.27	23.27	23.27	17.89	14.61	12.37	10.76	10.62	10.31	10.00
Reduced Soybean Area	4.16	4.16	4.16	4.16	3.68	3.47	3.32	3.22	3.20	3.15	3.10
Other	8.99	8.99	8.99	10.57	8.11	6.55	5.71	5.09	4.99	4.79	4.56
Total CRP Area	36.42	36.42	36.42	38.00	29.68	24.63	21.40	19.08	18.81	18.25	17.66

U.S. Net Flexed Area

	93/94	94/95	95/96	96/97	97/98	98/99	99/00	00/01	01/02	02/03	03/04
						(Million Acres)					
Wheat	-2.22	-2.36	-1.76	-2.04	-2.27	-2.33	-2.39	-2.31	-2.18	-2.25	-2.23
Corn	-3.00	-4.26	-3.35	-2.94	-3.13	-3.41	-3.16	-3.24	-3.24	-3.17	-3.32
Sorghum	-0.25	-0.32	-0.38	-0.24	-0.28	-0.35	-0.29	-0.30	-0.31	-0.28	-0.29
Barley	-0.52	-0.58	-0.57	-0.49	-0.52	-0.59	-0.61	-0.65	-0.68	-0.68	-0.69
Oats	-0.27	-0.26	-0.27	-0.24	-0.23	-0.25	-0.26	-0.27	-0.27	-0.26	-0.27
Rice	-0.31	-0.28	-0.31	-0.31	-0.31	-0.31	-0.31	-0.32	-0.32	-0.32	-0.32
Cotton	0.14	0.19	0.27	0.22	0.22	0.22	0.18	0.14	0.10	0.11	0.06
Soybeans	4.72	5.91	4.68	4.38	4.77	5.17	4.98	5.05	5.02	4.98	5.17
Minor Oilseeds	0.43	0.46	0.41	0.41	0.44	0.48	0.50	0.50	0.49	0.49	0.49
Other Crops	3.83	4.04	3.82	3.78	3.93	4.06	4.11	4.13	4.10	4.12	4.12

U.S. 0-92/85, 50-92/85 Area

	93/94	94/95	95/96	96/97	97/98	98/99	99/00	00/01	01/02	02/03	03/04
						(Million Acres)					
Wheat	5.67	5.18	5.18	5.51	5.77	5.89	6.05	5.97	5.72	5.74	5.68
Corn	3.97	2.35	2.87	2.49	2.64	3.03	2.76	2.88	2.81	2.71	2.83
Sorghum	1.68	1.61	1.80	1.60	1.75	1.93	1.87	1.87	1.85	1.77	1.79
Barley	2.50	2.66	2.47	1.96	2.18	2.82	3.01	3.16	3.21	3.16	3.21
Oats	0.85	0.57	0.77	0.71	0.69	0.78	0.82	0.84	0.83	0.82	0.83
Rice	0.47	0.26	0.43	0.47	0.48	0.49	0.49	0.50	0.49	0.51	0.51
Cotton	0.37	0.23	0.34	0.36	0.35	0.33	0.34	0.35	0.36	0.35	0.36

U.S. Planted and Idled Area

	93/94	94/95	95/96	96/97	97/98	98/99	99/00	00/01	01/02	02/03	03/04
						(Million Acres)					
15-Crop Total Area	317.6	313.4	315.6	318.1	314.7	312.6	311.4	311.1	311.8	311.3	311.6
Planted	257.4	262.7	260.1	263.8	267.1	267.9	269.9	273.4	274.7	276.6	277.3
Payment	121.4	127.8	124.7	126.6	129.3	130.9	131.1	133.2	132.5	133.6	133.4
Non-Payment	136.0	134.9	135.4	137.2	137.8	137.0	138.9	140.2	142.2	143.0	143.9
Idled	60.3	50.8	55.5	54.4	47.6	44.7	41.5	37.7	37.1	34.7	34.3
ARP, PLD, 0-92/85	23.8	14.3	19.1	16.4	17.9	20.1	20.1	18.6	18.3	16.4	16.6
CRP	36.4	36.4	36.4	38.0	29.7	24.6	21.4	19.1	18.8	18.2	17.7
Wheat Total Area	88.7	86.4	87.1	87.4	86.3	85.9	85.5	86.2	87.2	86.8	87.3
Planted	72.2	70.4	71.1	71.1	72.1	73.3	74.1	75.7	76.9	76.7	77.4
Payment	50.6	49.9	49.4	50.1	52.3	53.7	54.2	54.5	54.2	54.1	54.0
Non-Payment	21.6	20.6	21.7	21.0	19.9	19.6	19.8	21.2	22.7	22.7	23.4
ARP, PLD, 0-92/85	5.7	5.2	5.2	5.5	5.8	5.9	6.1	6.0	5.7	5.7	5.7
CRP	10.8	10.8	10.8	10.8	8.4	6.7	5.4	4.6	4.5	4.4	4.2
Corn Total Area	88.1	85.8	88.0	89.2	88.7	88.1	88.9	88.7	88.7	88.8	88.3
Planted	73.2	79.2	75.8	79.1	79.1	78.2	79.4	80.9	80.9	82.9	82.4
Payment	46.0	53.7	48.6	49.7	50.2	50.8	50.3	52.2	51.9	53.4	53.3
Non-Payment	27.2	25.5	27.2	29.4	28.8	27.4	29.0	28.7	29.0	29.5	29.1
ARP, PLD, 0-92/85	10.6	2.3	7.9	5.8	6.0	6.4	6.1	4.6	4.5	2.7	2.8
CRP	4.3	4.3	4.3	4.3	3.7	3.5	3.4	3.3	3.2	3.2	3.1
Sorghum Total Area	14.6	13.8	14.1	14.6	14.4	14.2	14.4	14.3	14.3	14.2	14.2
Planted	9.9	9.8	9.9	10.5	10.9	10.9	11.3	11.3	11.3	11.4	11.4
Payment	6.1	6.1	6.7	6.4	6.9	7.2	7.2	7.2	7.1	7.0	7.0
Non-Payment	3.8	3.7	3.1	4.1	4.1	3.7	4.1	4.2	4.2	4.4	4.4
ARP, PLD, 0-92/85	2.2	1.6	1.8	1.6	1.7	1.9	1.9	1.9	1.8	1.8	1.8
CRP	2.5	2.5	2.5	2.5	1.8	1.4	1.2	1.1	1.1	1.1	1.0
Barley Total Area	13.2	12.7	12.7	13.0	12.9	12.8	12.7	12.5	12.4	12.4	12.4
Planted	7.8	7.2	7.4	8.2	8.7	8.5	8.5	8.5	8.4	8.4	8.4
Payment	4.6	4.4	4.7	5.0	5.2	5.1	5.1	5.1	5.0	5.0	5.0
Non-Payment	3.2	2.7	2.7	3.2	3.5	3.4	3.5	3.4	3.3	3.4	3.4
ARP, PLD, 0-92/85	2.5	2.7	2.5	2.0	2.2	2.8	3.0	3.2	3.2	3.2	3.2
CRP	2.8	2.8	2.8	2.8	2.0	1.5	1.1	0.9	0.8	0.8	0.8
Oats Total Area	10.2	8.6	9.3	9.0	8.8	8.5	8.3	8.0	8.0	7.7	7.7
Planted	7.9	6.6	7.2	6.9	7.2	7.2	7.2	7.0	7.0	6.9	6.9
Payment	1.4	1.1	1.4	1.3	1.3	1.4	1.5	1.5	1.4	1.4	1.4
Non-Payment	6.5	5.5	5.8	5.6	5.9	5.8	5.7	5.5	5.6	5.5	5.5
ARP, PLD, 0-92/85	0.8	0.6	0.8	0.7	0.7	0.8	0.8	0.8	0.8	0.8	0.8
CRP	1.4	1.4	1.4	1.4	0.9	0.5	0.3	0.1	0.1	0.0	0.0
Soybean Total Area	64.3	66.1	63.7	63.4	64.5	65.6	65.3	65.7	65.9	65.9	66.6
Planted	60.1	61.9	59.5	59.3	60.8	62.1	62.0	62.4	62.7	62.7	63.5
CRP	4.2	4.2	4.2	4.2	3.7	3.5	3.3	3.2	3.2	3.2	3.1

U.S. Planted and Idled Area (continued)

	93/94	94/95	95/96	96/97	97/98	98/99	99/00	00/01	01/02	02/03	03/04
						(Million Acres)					
Cotton Total Area	16.0	16.7	17.4	16.8	16.7	16.6	16.4	16.2	16.1	16.3	16.1
Planted	13.2	13.6	15.7	15.0	14.5	13.9	13.7	13.6	13.5	13.7	13.5
Payment	10.1	9.7	11.2	11.2	10.5	9.8	9.9	9.9	9.9	9.8	9.9
Non-Payment	3.2	3.9	4.5	3.8	3.9	4.1	3.8	3.7	3.6	3.9	3.6
ARP, PLD, 50-92/85	1.4	1.7	0.3	0.4	1.0	1.7	1.7	1.7	1.8	1.7	1.7
CRP	1.4	1.4	1.4	1.4	1.1	1.0	0.9	0.9	0.9	0.9	0.8
Rice Total Area	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6
Planted	2.9	3.4	3.0	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1
Payment	2.7	3.0	2.7	2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.8
Non-Payment	0.2	0.3	0.3	0.2	0.2	0.3	0.3	0.3	0.3	0.2	0.2
ARP, PLD, 50-92/85	0.7	0.3	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
CRP	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sugar											
Harvested	2.3	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.5	2.5
6 Other Crops*											
Planted**	7.7	8.3	8.2	8.2	8.3	8.3	8.3	8.3	8.3	8.4	8.4
Other CRP Area	9.0	9.0	9.0	10.6	8.1	6.5	5.7	5.1	5.0	4.8	4.6
Hay											
Harvested	59.7	58.7	59.8	60.3	60.9	61.4	61.7	61.8	61.6	61.4	61.3
15 Crops + Hay	377.3	372.2	375.4	378.4	375.5	374.0	373.1	372.9	373.4	372.7	372.9
Planted	317.1	321.4	319.9	324.1	328.0	329.3	331.6	335.1	336.2	338.0	338.6
Payment	121.4	127.8	124.7	126.6	129.3	130.9	131.1	133.2	132.5	133.6	133.4
Non-Payment	195.6	193.6	195.2	197.5	198.7	198.4	200.6	202.0	203.8	204.4	205.2
Idled	60.3	50.8	55.5	54.4	47.6	44.7	41.5	37.7	37.1	34.7	34.3
ARP, PLD, 0-92/85	23.8	14.3	19.1	16.4	17.9	20.1	20.1	18.6	18.3	16.4	16.6
CRP	36.4	36.4	36.4	38.0	29.7	24.6	21.4	19.1	18.8	18.2	17.7

* Sunflowers, peanuts, edible beans, tobacco, rye, and flaxseed.
** Harvested area for tobacco and rye.

U.S. Corn Land Use

	93/94	94/95	95/96	96/97	97/98	98/99	99/00	00/01	01/02	02/03	03/04
Participation Rate						(Percent)					
Corn Belt	83	83	84	83	83	84	83	83	83	82	82
Northern Plains	90	90	89	89	89	90	89	89	89	88	88
Southeast	64	59	63	61	62	63	62	62	62	61	61
Other U.S.	66	67	67	65	66	68	66	67	66	66	66
						(Million Acres)					
Base Area	81.81	81.53	81.53	81.53	82.10	82.22	82.36	82.46	82.48	82.52	82.58
Corn Belt	52.44	52.37	52.37	52.37	52.75	52.84	52.93	52.99	53.01	53.04	53.08
Northern Plains	16.79	16.84	16.84	16.84	16.94	16.96	16.99	17.00	17.01	17.02	17.03
Southeast	6.28	6.12	6.12	6.12	6.18	6.19	6.21	6.22	6.22	6.22	6.23
Other U.S.	6.30	6.20	6.20	6.20	6.23	6.23	6.24	6.24	6.24	6.24	6.25
ARP, PLD, 0-92/85 Area	10.58	2.35	7.91	5.79	5.98	6.43	6.11	4.56	4.48	2.71	2.83
Corn Belt	6.11	0.56	4.06	2.80	2.87	3.03	2.92	1.85	1.82	0.69	0.73
Northern Plains	2.37	0.67	1.83	1.35	1.39	1.50	1.42	1.07	1.05	0.64	0.67
Southeast	1.21	0.68	1.16	0.97	1.01	1.12	1.05	0.99	0.98	0.86	0.90
Other U.S.	0.89	0.44	0.85	0.67	0.70	0.78	0.73	0.65	0.63	0.51	0.54
CRP Idled	4.29	4.29	4.29	4.29	3.66	3.52	3.37	3.26	3.24	3.19	3.12
Corn Belt	2.87	2.87	2.87	2.87	2.45	2.36	2.26	2.18	2.17	2.13	2.09
Northern Plains	0.78	0.78	0.78	0.78	0.67	0.64	0.61	0.59	0.59	0.58	0.57
Southeast	0.46	0.46	0.46	0.46	0.39	0.38	0.36	0.35	0.35	0.34	0.34
Other U.S.	0.18	0.18	0.18	0.18	0.15	0.15	0.14	0.14	0.14	0.13	0.13
Net Flexed Area	-3.00	-4.26	-3.35	-2.94	-3.13	-3.41	-3.16	-3.24	-3.24	-3.17	-3.32
Corn Belt	-2.36	-3.27	-2.49	-2.26	-2.41	-2.59	-2.44	-2.49	-2.49	-2.45	-2.55
Northern Plains	-0.27	-0.55	-0.44	-0.32	-0.34	-0.40	-0.34	-0.36	-0.37	-0.35	-0.38
Southeast	-0.29	-0.31	-0.28	-0.24	-0.25	-0.27	-0.25	-0.25	-0.25	-0.24	-0.25
Other U.S.	-0.09	-0.13	-0.15	-0.12	-0.13	-0.15	-0.13	-0.13	-0.13	-0.13	-0.14
Payment Planted Area	46.02	53.67	48.57	49.71	50.24	50.77	50.34	52.18	51.90	53.40	53.31
Corn Belt	30.30	35.43	33.06	33.67	34.08	34.58	34.18	35.45	35.22	36.17	36.14
Northern Plains	10.95	12.79	10.87	11.22	11.30	11.32	11.31	11.70	11.67	12.04	12.02
Southeast	2.08	2.18	2.02	2.09	2.12	2.12	2.12	2.20	2.19	2.26	2.24
Other U.S.	2.69	3.27	2.63	2.72	2.74	2.75	2.74	2.84	2.83	2.93	2.91
Planted Area	73.24	79.16	75.81	79.08	79.06	78.18	79.37	80.90	80.94	82.88	82.39
Corn Belt	45.85	50.10	48.99	50.60	50.58	50.14	50.64	51.68	51.68	52.90	52.63
Northern Plains	15.30	16.62	15.24	15.84	15.88	15.73	15.89	16.24	16.25	16.68	16.61
Southeast	4.94	4.90	4.63	5.42	5.47	5.33	5.74	5.81	5.85	5.98	5.92
Other U.S.	7.15	7.54	6.95	7.22	7.14	6.99	7.10	7.17	7.17	7.31	7.23

U.S. Corn Land Use (continued)

	93/94	94/95	95/96	96/97	97/98	98/99	99/00	00/01	01/02	02/03	03/04
						(Million Acres)					
Harvested Area	62.92	72.92	68.72	71.70	71.71	70.94	72.02	73.43	73.49	75.26	74.83
Corn Belt	40.53	47.69	46.05	47.57	47.55	47.13	47.61	48.59	48.59	49.75	49.50
Northern Plains	13.21	15.33	13.66	14.19	14.23	14.11	14.26	14.58	14.59	14.98	14.92
Southeast	4.06	4.27	3.97	4.70	4.75	4.62	5.00	5.06	5.10	5.22	5.17
Other U.S.	5.13	5.63	5.05	5.24	5.18	5.07	5.15	5.20	5.20	5.30	5.25
						(Bushels per Acre)					
Yield	100.7	138.6	126.0	126.5	128.0	129.8	131.0	131.9	133.4	134.2	135.8
Corn Belt	103.5	145.8	130.3	131.0	132.6	134.4	135.6	136.5	138.0	138.7	140.3
Northern Plains	97.6	131.9	124.2	124.7	126.4	128.5	129.8	130.7	132.4	133.0	134.8
Southeast	77.6	107.1	96.1	96.8	98.3	100.0	101.1	102.5	103.9	105.2	106.7
Other U.S.	104.8	119.5	115.1	116.4	117.7	119.0	120.3	121.5	122.7	123.9	125.1
						(Million Bushels)					
Production	6,336	10,103	8,661	9,068	9,180	9,211	9,431	9,689	9,803	10,101	10,163
Corn Belt	4,195	6,951	6,002	6,234	6,304	6,332	6,455	6,633	6,704	6,902	6,944
Northern Plains	1,289	2,022	1,697	1,770	1,799	1,813	1,851	1,906	1,931	1,993	2,012
Southeast	314	457	382	455	467	462	505	519	530	549	551
Other U.S.	538	673	581	610	610	604	620	632	639	657	656

U.S. Sorghum Land Use

	93/94	94/95	95/96	96/97	97/98	98/99	99/00	00/01	01/02	02/03	03/04
Participation Rate						(Percent)					
Northern Plains	89	89	89	87	88	89	88	88	88	87	87
Southern Plains	80	80	80	74	76	80	78	77	76	74	74
Other U.S.	64	61	64	57	60	64	62	61	60	58	58
						(Million Acres)					
Base Area	13.47	13.46	13.46	13.46	14.03	14.31	14.45	14.55	14.56	14.58	14.60
Northern Plains	6.58	6.58	6.58	6.58	6.82	6.95	7.01	7.05	7.06	7.06	7.07
Southern Plains	4.63	4.63	4.63	4.63	4.85	4.96	5.01	5.05	5.05	5.06	5.06
Other U.S.	2.27	2.26	2.26	2.26	2.36	2.41	2.44	2.45	2.45	2.46	2.46
ARP, PLD, 0-92/85 Area	2.23	1.61	1.80	1.60	1.75	1.93	1.87	1.87	1.85	1.77	1.79
Northern Plains	0.99	0.69	0.76	0.70	0.75	0.81	0.79	0.79	0.78	0.76	0.76
Southern Plains	0.84	0.65	0.71	0.62	0.69	0.77	0.74	0.75	0.74	0.71	0.71
Other U.S.	0.40	0.28	0.33	0.28	0.31	0.35	0.34	0.34	0.33	0.31	0.31
CRP Idled	2.47	2.47	2.47	2.47	1.76	1.40	1.23	1.11	1.09	1.07	1.04
Northern Plains	1.08	1.08	1.08	1.08	0.77	0.61	0.54	0.48	0.48	0.47	0.46
Southern Plains	0.94	0.94	0.94	0.94	0.67	0.53	0.47	0.42	0.42	0.41	0.40
Other U.S.	0.44	0.44	0.44	0.44	0.32	0.25	0.22	0.20	0.20	0.19	0.19
Net Flexed Area	-0.25	-0.32	-0.38	-0.24	-0.28	-0.35	-0.29	-0.30	-0.31	-0.28	-0.29
Northern Plains	-0.06	-0.11	-0.12	-0.06	-0.08	-0.11	-0.09	-0.10	-0.10	-0.09	-0.10
Southern Plains	-0.08	-0.09	-0.13	-0.09	-0.10	-0.12	-0.10	-0.10	-0.10	-0.09	-0.09
Other U.S.	-0.12	-0.12	-0.12	-0.09	-0.10	-0.12	-0.11	-0.11	-0.11	-0.10	-0.10
Payment Planted Area	6.05	6.08	6.74	6.44	6.86	7.20	7.15	7.17	7.11	7.00	7.00
Northern Plains	3.29	3.25	3.72	3.66	3.84	3.95	3.96	3.98	3.97	3.95	3.95
Southern Plains	1.97	2.09	2.18	2.02	2.19	2.35	2.31	2.31	2.27	2.21	2.21
Other U.S.	0.79	0.73	0.84	0.76	0.83	0.90	0.88	0.88	0.87	0.84	0.84
Planted Area	9.88	9.77	9.87	10.55	10.94	10.91	11.26	11.32	11.33	11.39	11.40
Northern Plains	4.96	5.03	5.33	5.55	5.77	5.81	5.93	5.95	5.93	5.99	6.00
Southern Plains	3.44	3.33	2.96	3.39	3.52	3.44	3.63	3.67	3.70	3.70	3.72
Other U.S.	1.48	1.42	1.57	1.61	1.65	1.66	1.70	1.70	1.70	1.70	1.69
Harvested Area	8.92	8.97	8.95	9.57	9.93	9.90	10.22	10.27	10.28	10.33	10.35
Northern Plains	4.43	4.61	4.78	4.98	5.18	5.22	5.32	5.34	5.33	5.38	5.39
Southern Plains	3.21	3.06	2.78	3.17	3.28	3.20	3.38	3.41	3.45	3.44	3.46
Other U.S.	1.28	1.30	1.40	1.43	1.47	1.48	1.51	1.52	1.51	1.51	1.50
						(Bushels per Acre)					
Yield	59.9	73.0	66.7	66.6	66.9	67.2	67.4	67.7	67.9	68.2	68.4
Northern Plains	60.4	81.0	70.4	70.7	71.0	71.4	71.8	72.2	72.6	73.0	73.4
Southern Plains	55.7	56.9	56.8	57.0	57.1	57.2	57.3	57.4	57.5	57.6	57.7
Other U.S.	68.5	82.7	73.5	73.8	74.0	74.2	74.5	74.7	74.9	75.1	75.3
						(Million Bushels)					
Production	534	655	597	638	664	666	689	695	698	705	708
Northern Plains	268	373	336	352	368	373	382	386	387	392	395
Southern Plains	179	174	158	181	187	183	194	196	198	199	200
Other U.S.	88	107	103	105	109	110	113	113	113	114	113

U.S. Barley Land Use

	93/94	94/95	95/96	96/97	97/98	98/99	99/00	00/01	01/02	02/03	03/04
Participation Rate					(Percent)						
Northern Plains	87	88	88	86	87	88	88	88	88	87	87
Far West	77	80	76	72	72	76	76	76	76	75	75
Other U.S.	68	70	67	64	64	67	67	67	67	66	65
					(Million Acres)						
Base Area	10.80	10.68	10.68	10.68	11.31	11.76	12.04	12.26	12.28	12.30	12.32
Northern Plains	6.90	6.87	6.87	6.87	7.27	7.55	7.72	7.86	7.87	7.88	7.89
Far West	2.45	2.39	2.39	2.39	2.55	2.67	2.74	2.80	2.80	2.81	2.82
Other U.S.	1.44	1.42	1.42	1.42	1.49	1.55	1.58	1.61	1.61	1.61	1.61
ARP, PLD, 0-92/85 Area	2.50	2.66	2.47	1.96	2.18	2.82	3.01	3.16	3.21	3.16	3.21
Northern Plains	1.71	1.85	1.66	1.36	1.51	1.90	2.02	2.12	2.16	2.13	2.17
Far West	0.60	0.61	0.62	0.46	0.51	0.70	0.75	0.78	0.79	0.77	0.78
Other U.S.	0.19	0.21	0.19	0.14	0.16	0.22	0.24	0.26	0.26	0.26	0.26
CRP Idled	2.83	2.83	2.83	2.83	2.04	1.48	1.13	0.85	0.83	0.80	0.78
Northern Plains	1.76	1.76	1.76	1.76	1.27	0.92	0.70	0.53	0.52	0.50	0.48
Far West	0.74	0.74	0.74	0.74	0.53	0.38	0.29	0.22	0.22	0.21	0.20
Other U.S.	0.33	0.33	0.33	0.33	0.24	0.17	0.13	0.10	0.10	0.09	0.09
Net Flexed Area	-0.52	-0.58	-0.57	-0.49	-0.52	-0.59	-0.61	-0.65	-0.68	-0.68	-0.69
Northern Plains	-0.37	-0.43	-0.43	-0.38	-0.40	-0.45	-0.47	-0.50	-0.52	-0.53	-0.54
Far West	-0.06	-0.05	-0.05	-0.04	-0.04	-0.05	-0.05	-0.05	-0.06	-0.06	-0.06
Other U.S.	-0.10	-0.09	-0.09	-0.07	-0.08	-0.09	-0.09	-0.09	-0.10	-0.09	-0.10
Payment Planted Area	4.65	4.43	4.67	4.95	5.20	5.06	5.07	5.07	5.01	5.02	4.97
Northern Plains	3.20	3.01	3.27	3.48	3.64	3.52	3.54	3.54	3.50	3.51	3.47
Far West	0.88	0.88	0.83	0.90	0.96	0.92	0.93	0.93	0.91	0.92	0.91
Other U.S.	0.57	0.54	0.57	0.57	0.60	0.61	0.61	0.61	0.60	0.59	0.58
Planted Area	7.83	7.17	7.42	8.19	8.72	8.46	8.53	8.51	8.36	8.44	8.37
Northern Plains	4.87	4.38	4.63	5.04	5.33	5.18	5.22	5.22	5.14	5.18	5.13
Far West	1.69	1.64	1.61	1.88	2.05	1.98	2.00	1.99	1.94	1.98	1.97
Other U.S.	1.27	1.16	1.19	1.28	1.34	1.30	1.31	1.30	1.27	1.28	1.27
Harvested Area	6.79	6.68	6.81	7.54	8.02	7.79	7.85	7.83	7.69	7.77	7.70
Northern Plains	4.11	4.13	4.26	4.65	4.92	4.78	4.82	4.82	4.74	4.78	4.74
Far West	1.59	1.52	1.49	1.75	1.92	1.85	1.87	1.87	1.82	1.86	1.84
Other U.S.	1.10	1.03	1.06	1.13	1.18	1.16	1.16	1.15	1.13	1.14	1.12
					(Bushels per Acre)						
Yield	58.6	56.1	57.6	57.7	57.8	58.2	58.5	58.8	59.1	59.4	59.7
Northern Plains	52.5	51.9	51.7	51.8	51.9	52.2	52.4	52.6	52.8	53.0	53.3
Far West	75.6	68.2	73.0	72.2	71.8	72.7	73.0	73.5	74.2	74.5	75.0
Other U.S.	56.9	55.4	59.6	59.6	59.7	60.2	60.5	60.8	61.2	61.5	61.8
					(Million Bushels)						
Production	398	375	392	435	464	453	459	461	455	461	460
Northern Plains	216	214	221	241	255	249	252	253	251	253	252
Far West	120	104	109	127	138	135	137	137	135	138	138
Other U.S.	62	57	63	68	71	70	70	70	69	70	69

U.S. Oats Land Use

	93/94	94/95	95/96	96/97	97/98	98/99	99/00	00/01	01/02	02/03	03/04
Participation Rate						(Percent)					
Corn Belt	33	29	35	31	26	29	29	28	27	25	25
Northern Plains	61	55	62	60	57	59	59	59	58	58	58
Other U.S.	34	25	31	28	26	28	28	28	27	27	27
						(Million Acres)					
Base Area	7.07	6.83	6.83	6.83	7.24	7.52	7.71	7.86	7.88	7.91	7.95
Corn Belt	2.64	2.54	2.54	2.54	2.72	2.79	2.83	2.87	2.88	2.90	2.92
Northern Plains	3.14	3.06	3.06	3.06	3.24	3.42	3.54	3.65	3.65	3.66	3.67
Other U.S.	1.28	1.22	1.22	1.22	1.28	1.32	1.34	1.35	1.35	1.35	1.36
ARP, PLD, 0-92/85 Area	0.85	0.57	0.77	0.71	0.69	0.78	0.82	0.84	0.83	0.82	0.83
Corn Belt	0.06	0.02	0.06	0.05	0.05	0.06	0.06	0.06	0.05	0.05	0.05
Northern Plains	0.61	0.48	0.58	0.54	0.54	0.61	0.64	0.66	0.65	0.65	0.65
Other U.S.	0.17	0.07	0.12	0.11	0.10	0.12	0.12	0.12	0.12	0.12	0.12
CRP Idled	1.40	1.40	1.40	1.40	0.88	0.53	0.30	0.11	0.09	0.04	0.00
Corn Belt	0.47	0.47	0.47	0.47	0.25	0.17	0.11	0.07	0.06	0.03	0.00
Northern Plains	0.76	0.76	0.76	0.76	0.53	0.31	0.16	0.02	0.02	0.01	0.00
Other U.S.	0.17	0.17	0.17	0.17	0.10	0.05	0.03	0.02	0.01	0.00	0.00
Net Flexed Area	-0.27	-0.26	-0.27	-0.24	-0.23	-0.25	-0.26	-0.27	-0.27	-0.26	-0.27
Corn Belt	-0.10	-0.09	-0.09	-0.08	-0.07	-0.08	-0.08	-0.08	-0.07	-0.07	-0.07
Northern Plains	-0.15	-0.15	-0.17	-0.15	-0.15	-0.16	-0.17	-0.17	-0.18	-0.17	-0.18
Other U.S.	-0.02	-0.02	-0.02	-0.01	-0.01	-0.01	-0.02	-0.02	-0.02	-0.02	-0.02
Payment Planted Area	1.41	1.12	1.42	1.30	1.28	1.43	1.48	1.49	1.44	1.40	1.39
Corn Belt	0.43	0.32	0.50	0.41	0.36	0.43	0.44	0.42	0.40	0.36	0.36
Northern Plains	0.73	0.61	0.77	0.75	0.79	0.86	0.89	0.92	0.91	0.90	0.89
Other U.S.	0.25	0.19	0.14	0.13	0.13	0.14	0.15	0.14	0.14	0.14	0.14
Planted Area	7.94	6.64	7.17	6.89	7.18	7.20	7.17	7.03	7.04	6.88	6.89
Corn Belt	3.66	2.41	3.11	2.84	2.88	2.84	2.75	2.53	2.49	2.26	2.23
Northern Plains	2.17	2.28	2.05	2.04	2.16	2.19	2.23	2.28	2.31	2.35	2.38
Other U.S.	2.12	1.96	2.01	2.01	2.14	2.17	2.19	2.22	2.24	2.27	2.29
Harvested Area	3.80	4.02	3.59	3.44	3.64	3.65	3.63	3.68	3.69	3.71	3.72
Corn Belt	1.65	1.74	1.60	1.47	1.47	1.41	1.33	1.28	1.23	1.18	1.14
Northern Plains	1.36	1.50	1.24	1.22	1.34	1.40	1.46	1.53	1.57	1.63	1.67
Other U.S.	0.79	0.78	0.75	0.75	0.82	0.84	0.85	0.87	0.88	0.90	0.91
						(Bushels per Acre)					
Yield	54.4	57.2	59.0	59.1	59.2	59.1	59.0	59.0	59.2	59.2	59.3
Corn Belt	48.9	56.9	63.0	63.2	63.4	63.6	63.8	64.0	64.2	64.4	64.5
Northern Plains	58.7	56.1	53.4	53.5	53.7	53.5	53.4	53.4	53.8	54.0	54.1
Other U.S.	58.4	60.0	59.8	60.2	60.5	60.8	61.2	61.5	61.8	62.1	62.4
						(Million Bushels)					
Production	207	230	212	203	215	216	215	217	218	220	221
Corn Belt	81	99	101	93	93	90	85	82	79	76	74
Northern Plains	80	84	66	65	72	75	78	82	85	88	90
Other U.S.	46	47	45	45	50	51	52	53	54	56	57

U.S. Soybean Land Use

	93/94	94/95	95/96	96/97	97/98	98/99	99/00	00/01	01/02	02/03	03/04
						(Million Acres)					
CRP Idled	4.16	4.16	4.16	4.16	3.68	3.47	3.32	3.22	3.20	3.15	3.10
Corn Belt	2.90	2.90	2.90	2.90	2.57	2.43	2.32	2.25	2.23	2.20	2.16
Northern Plains	0.39	0.39	0.39	0.39	0.35	0.33	0.31	0.30	0.30	0.30	0.29
Delta States	0.45	0.45	0.45	0.45	0.39	0.37	0.36	0.35	0.34	0.34	0.33
Other U.S.	0.42	0.42	0.42	0.42	0.37	0.35	0.33	0.32	0.32	0.32	0.31
Net Flexed Area	4.72	5.91	4.68	4.38	4.77	5.17	4.98	5.05	5.02	4.98	5.17
Corn Belt	2.82	3.72	2.83	2.62	2.82	3.04	2.92	2.97	2.95	2.93	3.04
Northern Plains	0.99	1.32	1.05	0.98	1.09	1.20	1.15	1.16	1.14	1.13	1.17
Delta States	0.51	0.47	0.47	0.47	0.52	0.55	0.55	0.55	0.55	0.56	0.57
Other U.S.	0.41	0.40	0.33	0.30	0.34	0.39	0.36	0.37	0.37	0.36	0.39
Planted Area	60.14	61.94	59.52	59.27	60.81	62.11	62.00	62.45	62.68	62.70	63.48
Corn Belt	38.66	39.81	38.01	37.67	38.60	39.30	38.93	39.13	39.17	39.14	39.60
Northern Plains	7.05	8.14	8.25	8.42	8.71	9.00	9.09	9.16	9.19	9.19	9.27
Delta States	6.95	6.55	6.35	6.46	6.69	6.89	6.99	7.07	7.13	7.15	7.24
Other U.S.	7.48	7.44	6.90	6.73	6.81	6.93	6.99	7.08	7.19	7.21	7.36
Harvested Area	57.35	61.13	58.36	58.12	59.64	60.92	60.81	61.26	61.48	61.51	62.27
Corn Belt	36.89	39.50	37.57	37.23	38.15	38.83	38.47	38.67	38.71	38.68	39.14
Northern Plains	6.69	7.99	8.05	8.22	8.50	8.78	8.87	8.94	8.97	8.98	9.05
Delta States	6.80	6.44	6.18	6.29	6.52	6.72	6.82	6.90	6.96	6.98	7.07
Other U.S.	6.97	7.20	6.56	6.39	6.47	6.59	6.65	6.74	6.84	6.87	7.01
						(Bushels per Acre)					
Yield	32.6	41.9	35.7	36.3	36.5	36.8	37.4	37.8	38.3	38.8	39.1
Corn Belt	36.1	45.0	38.8	39.5	39.8	40.1	40.8	41.4	41.9	42.5	42.9
Northern Plains	28.5	40.8	32.7	33.1	33.4	33.8	34.2	34.6	35.0	35.5	35.8
Delta States	24.5	32.2	28.2	28.4	28.7	28.9	29.2	29.5	29.7	30.0	30.3
Other U.S.	26.0	34.1	29.0	29.3	29.6	29.8	30.1	30.3	30.6	30.8	31.1
						(Million Bushels)					
Production	1,871	2,558	2,084	2,109	2,180	2,244	2,273	2,316	2,354	2,385	2,437
Corn Belt	1,333	1,779	1,456	1,471	1,517	1,557	1,571	1,599	1,623	1,645	1,680
Northern Plains	191	326	264	272	284	296	303	309	314	318	325
Delta States	166	208	174	179	187	194	199	203	207	210	214
Other U.S.	181	245	190	187	191	197	200	204	209	212	218

U.S. Wheat Land Use

	93/94	94/95	95/96	96/97	97/98	98/99	99/00	00/01	01/02	02/03	03/04
Participation Rate						(Percent)					
Corn Belt	71	70	69	69	71	71	71	70	69	69	68
Northern Plains	94	94	93	93	94	94	94	93	93	93	92
Southern Plains	89	89	87	88	89	90	90	89	88	88	87
Far West	88	88	85	86	87	88	87	87	86	85	85
Other U.S.	65	63	61	62	63	64	64	63	62	61	61
						(Million Acres)					
Base Area	78.38	78.12	78.12	78.12	80.32	81.86	82.99	83.77	83.82	83.95	84.06
Corn Belt	9.91	9.85	9.85	9.85	10.10	10.27	10.40	10.48	10.49	10.50	10.52
Northern Plains	41.75	41.81	41.81	41.81	42.90	43.66	44.22	44.61	44.63	44.70	44.75
Southern Plains	13.55	13.48	13.48	13.48	13.94	14.27	14.50	14.67	14.68	14.70	14.73
Far West	6.69	6.64	6.64	6.64	6.86	7.02	7.14	7.22	7.22	7.24	7.25
Other U.S.	6.48	6.34	6.34	6.34	6.51	6.64	6.73	6.79	6.80	6.81	6.82
ARP, PLD, 0-92/85 Area	5.67	5.18	5.18	5.51	5.77	5.89	6.05	5.97	5.72	5.74	5.68
Corn Belt	0.43	0.28	0.27	0.29	0.33	0.38	0.39	0.38	0.36	0.36	0.35
Northern Plains	1.90	1.89	1.88	1.99	2.02	2.01	2.06	2.04	1.98	1.99	1.98
Southern Plains	1.81	1.74	1.70	1.79	1.84	1.84	1.89	1.88	1.82	1.82	1.81
Far West	0.59	0.51	0.49	0.54	0.65	0.72	0.74	0.71	0.66	0.66	0.64
Other U.S.	0.93	0.76	0.83	0.89	0.93	0.95	0.97	0.96	0.92	0.92	0.90
CRP Idled	10.83	10.83	10.83	10.83	8.39	6.67	5.42	4.56	4.50	4.36	4.23
Corn Belt	1.20	1.20	1.20	1.20	0.93	0.74	0.60	0.51	0.50	0.48	0.47
Northern Plains	5.37	5.37	5.37	5.37	4.16	3.31	2.69	2.26	2.23	2.16	2.10
Southern Plains	2.27	2.27	2.27	2.27	1.76	1.40	1.14	0.96	0.94	0.91	0.89
Far West	1.11	1.11	1.11	1.11	0.86	0.68	0.55	0.47	0.46	0.45	0.43
Other U.S.	0.87	0.87	0.87	0.87	0.68	0.54	0.44	0.37	0.36	0.35	0.34
Net Flexed Area	-2.22	-2.36	-1.76	-2.04	-2.27	-2.33	-2.39	-2.31	-2.18	-2.25	-2.23
Corn Belt	-0.48	-0.52	-0.36	-0.42	-0.46	-0.48	-0.52	-0.51	-0.50	-0.52	-0.52
Northern Plains	-1.00	-1.12	-0.76	-0.93	-1.03	-1.05	-1.08	-1.04	-0.98	-1.00	-0.99
Southern Plains	-0.22	-0.21	-0.16	-0.17	-0.18	-0.18	-0.18	-0.17	-0.15	-0.16	-0.15
Far West	-0.14	-0.15	-0.14	-0.16	-0.18	-0.19	-0.19	-0.18	-0.16	-0.17	-0.16
Other U.S.	-0.38	-0.35	-0.34	-0.36	-0.41	-0.43	-0.43	-0.41	-0.39	-0.40	-0.40
Payment Planted Area	50.55	49.86	49.42	50.10	52.29	53.70	54.25	54.48	54.20	54.08	54.00
Corn Belt	5.10	4.85	4.90	5.13	5.42	5.54	5.58	5.57	5.51	5.48	5.46
Northern Plains	30.77	30.45	30.18	30.45	31.60	32.36	32.70	32.87	32.74	32.70	32.67
Southern Plains	8.14	8.09	8.10	8.10	8.60	8.93	9.03	9.08	9.02	8.99	8.96
Far West	4.21	4.24	4.10	4.19	4.32	4.42	4.47	4.50	4.49	4.48	4.47
Other U.S.	2.33	2.24	2.14	2.23	2.35	2.45	2.46	2.46	2.45	2.43	2.43
Planted Area	72.17	70.42	71.10	71.06	72.14	73.31	74.07	75.68	76.95	76.74	77.37
Corn Belt	8.61	7.72	8.12	8.40	8.38	8.32	8.33	8.53	8.72	8.66	8.68
Northern Plains	38.66	38.12	38.39	38.23	39.09	40.02	40.41	41.16	41.65	41.57	41.86
Southern Plains	13.71	13.57	13.64	13.49	13.71	13.78	13.90	14.14	14.33	14.32	14.38
Far West	6.22	6.09	5.95	5.93	5.83	5.88	6.00	6.23	6.46	6.46	6.52
Other U.S.	4.96	4.93	5.01	5.00	5.14	5.31	5.43	5.62	5.80	5.73	5.93

U.S. Wheat Land Use (continued)

	93/94	94/95	95/96	96/97	97/98	98/99	99/00	00/01	01/02	02/03	03/04
						(Million Acres)					
Harvested Area	62.71	61.77	62.01	61.88	62.63	63.52	64.14	65.55	66.69	66.49	67.03
Corn Belt	7.62	7.15	7.49	7.74	7.70	7.64	7.65	7.83	8.01	7.95	7.97
Northern Plains	35.60	36.26	35.42	35.29	36.03	36.83	37.17	37.81	38.23	38.17	38.41
Southern Plains	9.37	8.43	9.21	8.99	9.01	8.95	9.02	9.20	9.38	9.35	9.39
Far West	5.92	5.76	5.64	5.62	5.53	5.58	5.68	5.90	6.11	6.11	6.16
Other U.S.	4.21	4.18	4.25	4.23	4.36	4.51	4.63	4.81	4.97	4.91	5.09
						(Bushels per Acre)					
Yield	38.2	37.6	38.8	39.1	39.2	39.3	39.6	39.8	40.1	40.5	40.8
Corn Belt	40.3	44.7	48.1	48.3	48.8	49.3	49.7	50.0	50.3	50.7	51.1
Northern Plains	34.3	33.4	33.5	33.7	33.8	33.8	34.0	34.0	34.3	34.6	34.9
Southern Plains	30.0	26.6	31.0	31.2	31.3	31.5	31.6	31.7	31.8	32.0	32.2
Far West	69.4	61.9	68.8	69.4	70.3	71.0	71.6	71.9	72.2	72.9	73.5
Other U.S.	42.1	50.1	43.4	43.7	44.0	44.3	44.6	44.8	45.1	45.4	45.6
						(Million Bushels)					
Production	2,396	2,321	2,406	2,420	2,457	2,499	2,541	2,610	2,676	2,693	2,734
Corn Belt	307	320	360	374	376	376	380	391	403	403	407
Northern Plains	1,220	1,212	1,187	1,190	1,218	1,245	1,263	1,287	1,310	1,322	1,339
Southern Plains	281	224	286	281	282	282	285	292	299	299	302
Far West	411	356	388	390	389	396	407	424	441	446	453
Other U.S.	177	209	185	185	192	200	206	215	224	223	232

U.S. Upland Cotton Land Use

	93/94	94/95	95/96	96/97	97/98	98/99	99/00	00/01	01/02	02/03	03/04
Participation Rate						(Percent)					
Delta States	93	91	92	92	91	90	90	90	90	89	89
Southern Plains	92	91	92	92	91	90	91	91	91	90	90
Far West	81	82	81	81	78	76	77	77	77	76	76
Other U.S.	90	85	88	88	87	86	86	86	86	85	86
						(Million Acres)					
Base Area	15.07	15.32	15.32	15.32	15.58	15.71	15.78	15.81	15.82	15.84	15.86
Delta States	3.46	3.56	3.56	3.56	3.57	3.58	3.58	3.58	3.58	3.58	3.58
Southern Plains	7.21	7.20	7.20	7.20	7.44	7.55	7.62	7.65	7.66	7.67	7.69
Far West	1.87	1.84	1.84	1.84	1.84	1.84	1.84	1.84	1.84	1.84	1.84
Other U.S.	2.53	2.71	2.71	2.71	2.73	2.74	2.74	2.74	2.74	2.74	2.74
ARP, PLD, 50-92/85 Area	1.37	1.71	0.34	0.36	1.04	1.71	1.73	1.75	1.75	1.73	1.75
Delta States	0.30	0.39	0.05	0.06	0.22	0.37	0.38	0.38	0.38	0.37	0.38
Southern Plains	0.68	0.84	0.19	0.19	0.53	0.86	0.88	0.88	0.89	0.88	0.88
Far West	0.18	0.20	0.06	0.07	0.14	0.20	0.21	0.21	0.21	0.21	0.21
Other U.S.	0.21	0.27	0.04	0.04	0.16	0.27	0.27	0.27	0.27	0.27	0.27
CRP Idled	1.43	1.43	1.43	1.43	1.14	1.00	0.92	0.88	0.87	0.85	0.82
Delta States	0.06	0.06	0.06	0.06	0.05	0.05	0.04	0.04	0.04	0.04	0.04
Southern Plains	1.29	1.29	1.29	1.29	1.03	0.90	0.82	0.79	0.78	0.76	0.74
Far West	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other U.S.	0.08	0.08	0.08	0.08	0.06	0.06	0.05	0.05	0.05	0.05	0.05
Net Flexed Area	0.14	0.19	0.27	0.22	0.22	0.22	0.18	0.14	0.10	0.11	0.06
Delta States	0.04	0.03	0.05	0.04	0.04	0.03	0.02	0.01	0.00	0.00	-0.01
Southern Plains	0.00	0.05	0.07	0.04	0.05	0.05	0.03	0.02	0.00	0.00	-0.01
Far West	-0.05	-0.04	-0.02	-0.02	-0.02	-0.02	-0.03	-0.03	-0.04	-0.03	-0.04
Other U.S.	0.15	0.15	0.17	0.16	0.16	0.16	0.15	0.14	0.13	0.14	0.13
Payment Planted Area	10.06	9.66	11.21	11.17	10.53	9.83	9.90	9.92	9.92	9.82	9.86
Delta States	2.43	2.34	2.72	2.71	2.53	2.34	2.35	2.35	2.35	2.32	2.33
Southern Plains	4.87	4.63	5.36	5.34	5.13	4.85	4.89	4.91	4.91	4.87	4.90
Far West	1.05	1.02	1.16	1.14	1.03	0.94	0.94	0.94	0.94	0.93	0.93
Other U.S.	1.72	1.67	1.97	1.97	1.84	1.71	1.72	1.72	1.71	1.70	1.70
Planted Area	13.25	13.56	15.67	14.98	14.48	13.92	13.70	13.62	13.47	13.68	13.51
Delta States	3.21	3.16	3.62	3.54	3.38	3.21	3.17	3.14	3.11	3.15	3.10
Southern Plains	5.97	5.87	6.69	6.44	6.34	6.14	6.04	6.01	5.94	6.02	5.94
Far West	1.37	1.41	1.72	1.62	1.50	1.39	1.34	1.31	1.28	1.31	1.26
Other U.S.	2.70	3.12	3.64	3.37	3.26	3.19	3.15	3.16	3.15	3.21	3.20
Harvested Area	12.59	13.16	14.90	14.27	13.81	13.29	13.09	13.01	12.87	13.06	12.90
Delta States	3.15	3.13	3.54	3.47	3.31	3.15	3.11	3.08	3.05	3.09	3.04
Southern Plains	5.45	5.54	6.19	5.96	5.87	5.69	5.60	5.57	5.51	5.58	5.52
Far West	1.36	1.41	1.71	1.61	1.49	1.38	1.33	1.30	1.27	1.30	1.25
Other U.S.	2.64	3.09	3.46	3.23	3.14	3.08	3.05	3.05	3.05	3.09	3.09

U.S. Upland Cotton Land Use (continued)

	93/94	94/95	95/96	96/97	97/98	98/99	99/00	00/01	01/02	02/03	03/04
Yield					(Pounds per Acre)						
Delta States	572	830	743	753	768	782	790	797	804	807	815
Southern Plains	479	460	483	490	497	504	510	516	522	527	533
Far West	1,309	1,197	1,200	1,222	1,247	1,271	1,286	1,297	1,308	1,309	1,322
Other U.S.	521	802	626	638	644	650	654	656	660	661	664
					(Million Bales)						
Production	15.76	19.39	20.49	19.93	19.45	18.91	18.78	18.79	18.73	19.12	19.01
Delta States	3.75	5.41	5.48	5.44	5.29	5.13	5.12	5.12	5.11	5.19	5.16
Southern Plains	5.44	5.31	6.23	6.09	6.07	5.97	5.95	5.99	6.00	6.13	6.13
Far West	3.71	3.51	4.27	4.10	3.87	3.64	3.55	3.50	3.45	3.53	3.45
Other U.S.	2.86	5.16	4.51	4.29	4.21	4.16	4.15	4.17	4.19	4.26	4.27

U.S. Rice Land Use

	93/94	94/95	95/96	96/97	97/98	98/99	99/00	00/01	01/02	02/03	03/04
Participation Rate					(Percent)						
Delta States	97	96	97	98	98	98	98	97	97	97	97
Southern Plains	95	94	95	95	95	95	95	95	95	95	95
Far West	97	97	97	97	97	97	97	97	96	96	96
					(Million Acres)						
Base Area	4.12	4.13	4.13	4.13	4.13	4.14	4.14	4.14	4.14	4.14	4.14
Delta States	2.91	2.93	2.93	2.93	2.93	2.93	2.94	2.94	2.94	2.94	2.94
Southern Plains	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60
Far West	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60
ARP, PLD, 50-92/85 Area	0.67	0.26	0.63	0.47	0.48	0.49	0.49	0.50	0.49	0.51	0.51
Delta States	0.41	0.11	0.34	0.22	0.22	0.23	0.23	0.23	0.23	0.24	0.24
Southern Plains	0.19	0.12	0.21	0.20	0.20	0.21	0.21	0.21	0.21	0.22	0.22
Far West	0.07	0.02	0.08	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05
CRP Idled	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.00	0.00	0.00	0.00
Delta States	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.00	0.00	0.00	0.00
Southern Plains	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Far West	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Flexed Area	-0.31	-0.28	-0.31	-0.31	-0.31	-0.31	-0.31	-0.32	-0.32	-0.32	-0.32
Delta States	-0.27	-0.23	-0.26	-0.26	-0.26	-0.26	-0.26	-0.26	-0.26	-0.27	-0.27
Southern Plains	-0.02	-0.02	-0.02	-0.02	-0.02	-0.02	-0.02	-0.02	-0.02	-0.02	-0.02
Far West	-0.02	-0.03	-0.03	-0.03	-0.03	-0.03	-0.03	-0.03	-0.03	-0.03	-0.03
Payment Planted Area	2.68	3.01	2.72	2.89	2.89	2.88	2.87	2.87	2.86	2.85	2.84
Delta States	1.96	2.21	2.05	2.18	2.18	2.18	2.18	2.17	2.17	2.16	2.16
Southern Plains	0.29	0.35	0.26	0.28	0.27	0.27	0.27	0.27	0.27	0.26	0.26
Far West	0.42	0.45	0.40	0.43	0.43	0.43	0.43	0.43	0.43	0.43	0.43
Planted Area	2.92	3.35	2.99	3.14	3.13	3.14	3.13	3.12	3.12	3.08	3.08
Delta States	2.18	2.51	2.28	2.38	2.38	2.40	2.39	2.39	2.39	2.36	2.36
Southern Plains	0.30	0.36	0.28	0.30	0.29	0.29	0.28	0.28	0.28	0.27	0.27
Far West	0.44	0.49	0.44	0.46	0.46	0.46	0.46	0.45	0.45	0.45	0.44
Harvested Area	2.83	3.32	2.95	3.09	3.08	3.09	3.08	3.07	3.07	3.04	3.03
Delta States	2.10	2.48	2.24	2.34	2.33	2.36	2.35	2.35	2.35	2.32	2.32
Southern Plains	0.30	0.35	0.28	0.29	0.29	0.28	0.28	0.28	0.28	0.27	0.27
Far West	0.44	0.49	0.43	0.46	0.46	0.45	0.45	0.45	0.45	0.44	0.44
					(Pounds per Acre)						
Yield	5,510	5,964	5,787	5,805	5,827	5,845	5,866	5,887	5,908	5,932	5,952
Delta States	4,945	5,462	5,281	5,296	5,311	5,326	5,340	5,354	5,368	5,382	5,396
Southern Plains	5,401	6,003	6,070	6,067	6,094	6,120	6,140	6,163	6,179	6,204	6,223
Far West	8,300	8,500	8,213	8,222	8,292	8,363	8,434	8,506	8,574	8,647	8,716
					(Million Hundredweight)						
Production	156.11	197.78	170.66	179.30	179.44	180.86	180.90	180.94	181.54	180.17	180.39
Delta States	103.74	135.30	118.09	123.70	123.94	125.48	125.48	125.64	126.01	124.96	125.16
Southern Plains	16.09	21.25	16.90	17.85	17.58	17.36	17.31	17.16	17.24	16.94	16.90
Far West	36.27	41.22	35.66	37.76	37.92	38.01	38.11	38.14	38.28	38.27	38.33

U.S. Net Returns for Eight Crops

- Despite lower prices, higher yields brought about higher **participant per-acre net returns** for corn, grain sorghum, cotton, and rice in 1994/95. With the exception of barley, all participant net returns are projected to be lower in 1995/96. Only corn returns increase over the projection period as frozen target prices and program yields cause participant net returns to decline generally.

- **Nonparticipant net returns** follow movements in market prices throughout the projection period. Nonparticipant returns for grain sorghum, barley, oats, cotton, and rice decline throughout the late 1990s as cost increases more than offset yield increases. Stronger prices provide some support for returns in the later years of the projection period.

- **Aggregate net returns**, including disaster payments, rose by over $5 billion in 1994/95 with record yields and increased acreage.

- **Total returns** should decrease in 1995/96 with lower yields. Total returns generally increase after 1995/96 with stronger market prices and increased acreage due to the expiration of CRP contracts.

U.S. Net Returns for Eight Crops

	93/94	94/95	95/96	96/97	97/98	98/99	99/00	00/01	01/02	02/03	03/04
Net Returns											
					(Dollars per Acre)						
Wheat											
Participant	95.01	89.30	89.22	88.17	87.22	86.51	86.84	87.30	87.16	87.39	87.37
Nonparticipant	70.45	73.90	70.17	63.00	57.62	57.68	61.86	67.65	69.22	71.58	74.80
Corn											
Participant	125.57	200.28	160.24	163.16	160.90	165.40	164.15	168.06	170.48	171.36	173.86
Nonparticipant	111.35	146.86	134.19	126.64	112.90	126.38	125.46	127.54	136.69	130.52	140.25
Sorghum											
Participant	74.65	95.35	81.39	79.78	77.13	78.05	76.91	76.25	76.53	75.19	75.04
Nonparticipant	60.07	65.62	61.95	55.92	45.43	50.98	50.52	51.65	56.32	54.90	58.76
Barley											
Participant	70.47	60.91	64.60	63.99	61.26	60.76	59.57	58.58	58.51	57.48	57.12
Nonparticipant	52.95	47.48	58.62	57.04	48.24	47.69	46.75	46.39	48.47	48.43	50.56
Oats											
Participant	46.80	46.67	44.97	45.68	43.86	42.07	40.36	39.03	38.21	36.40	34.65
Nonparticipant	40.17	34.49	38.52	42.17	38.29	36.42	35.55	35.32	36.00	34.48	33.31
Soybeans	131.00	144.14	113.75	122.75	121.71	120.66	125.21	129.16	135.61	143.43	146.34
Cotton											
Participant	198.65	240.19	218.63	221.91	217.62	218.33	214.34	203.71	184.28	179.86	172.76
Nonparticipant	137.92	242.13	171.57	168.02	163.99	152.76	141.11	130.64	146.58	127.54	134.93
Rice											
Participant	275.84	308.43	275.34	284.43	279.07	266.32	254.24	238.73	228.39	215.38	196.56
Nonparticipant	114.48	35.62	31.94	25.37	24.11	24.99	22.56	23.92	17.40	17.58	21.23
					(Billion Dollars)						
Total Net Returns	31.58	36.76	30.82	31.27	30.87	31.54	31.80	32.35	33.03	33.29	33.87
Wheat	6.46	6.05	6.03	5.88	5.88	5.95	6.09	6.31	6.40	6.44	6.54
Corn	9.73	14.62	12.36	12.48	12.03	12.57	12.59	12.84	13.21	13.11	13.44
Sorghum	0.75	0.87	0.78	0.78	0.77	0.80	0.81	0.81	0.82	0.80	0.81
Barley	0.54	0.44	0.48	0.52	0.52	0.51	0.50	0.50	0.49	0.48	0.48
Oats	0.33	0.25	0.29	0.30	0.29	0.27	0.27	0.26	0.26	0.24	0.23
Soybeans	7.88	8.93	6.77	7.28	7.40	7.49	7.76	8.07	8.50	8.99	9.29
Cotton	2.65	3.62	3.22	3.12	3.09	3.07	2.96	2.79	2.61	2.51	2.44
Rice	0.89	0.99	0.90	0.92	0.91	0.87	0.83	0.78	0.74	0.70	0.64
Disaster Payments	2.34	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

U.S. Agricultural Exports

- The volume of agricultural exports increases by nearly 20 percent in fiscal year 1995, mainly due to low feed-grain and oilseed prices resulting from large crops. Total agricultural exports are not expected to reach 1995 levels again until 1999 as prices increase in the next few years.

- The volume of animal and animal products exports exhibits steady growth through 2001 as GATT implementation increases access to importing markets and reduces subsidized exports of competing countries. Grains and feeds exports decline slightly in 1996 and 1997 as prices increase relative to 1995, but increase after that time as increasing livestock production leads to increased feed demand. Oilseeds and products show a similar pattern in exports as grains and feeds.

- Reductions in the value of grains and feeds exports through 1998 are offset by increases in the value of livestock and products exports, maintaining a relatively stable value of exports. Because of the increased volume of exports along with increasing prices of many commodities under the GATT agreement, the value of agricultural exports increases steadily beginning in 1999, and reaches more than 60 billion dollars in 2004.

- The value of other products exports is expected to grow impressively over the next ten years because of increases in export volume and prices of fruits, nuts, and vegetables.

Quantity of U.S. Agricultural Exports

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
					(1,000 Metric Tons, Fiscal Year)						
Total	126,883	150,905	144,111	144,687	148,722	153,875	158,797	163,411	167,638	172,383	178,063
Animals and Animal Products	4,203	4,549	4,500	4,763	5,237	5,504	5,811	6,087	6,085	6,055	6,161
Grains and Feeds	88,090	105,867	102,255	102,242	105,137	109,271	112,990	116,512	119,787	123,564	128,044
Wheat (Unmilled and Flour)	32,229	33,576	32,074	31,805	32,801	34,684	36,622	37,686	38,246	39,133	40,239
Rice (Paddy Milled)	2,433	2,418	2,230	2,259	2,258	2,267	2,238	2,209	2,165	2,105	2,068
Feed Grains and Products	40,441	56,731	54,106	53,369	54,601	56,068	57,147	58,957	60,896	63,169	65,971
Other Grains and Feeds	12,987	13,143	13,845	14,809	15,478	16,252	16,982	17,661	18,481	19,157	19,765
Oilseeds and Products	24,051	30,137	27,413	27,746	28,283	28,728	29,302	29,799	30,443	31,092	31,786
Cotton (excl. Linters)	1,566	2,071	1,885	1,778	1,637	1,578	1,530	1,497	1,481	1,464	1,438
Other Products	8,973	8,283	8,057	8,158	8,428	8,795	9,164	9,517	9,841	10,208	10,634

Value of U.S. Agricultural Exports

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
					(Million Dollars, Fiscal Year)						
Total	43,511	46,428	46,018	46,938	48,413	50,142	52,837	55,488	56,740	58,154	60,408
Animals and Animal Products	8,654	9,354	9,803	10,764	11,982	12,418	13,725	14,825	14,540	14,446	14,870
Meat and Meat Products	3,503	3,827	4,396	5,214	5,970	5,900	6,709	7,358	6,735	6,317	6,461
Poultry and Poultry Products	1,718	1,960	1,811	1,792	1,997	2,277	2,447	2,620	2,812	2,950	3,080
Dairy Products	709	736	698	682	679	678	675	675	677	679	677
Hides and Skins	1,439	1,541	1,640	1,742	1,908	2,104	2,324	2,526	2,691	2,872	3,004
Other Animal Products	1,286	1,291	1,259	1,335	1,428	1,459	1,571	1,647	1,625	1,628	1,648
Grains and Feeds	13,130	14,446	14,168	13,710	13,576	14,358	15,023	15,842	16,514	17,063	18,081
Wheat (Unmilled and Flour)	4,274	4,891	4,503	4,182	4,102	4,376	4,825	5,257	5,431	5,678	6,028
Rice (Paddy Milled)	889	784	743	752	758	772	774	779	769	763	768
Feed Grains and Products	4,744	5,945	6,041	5,802	5,637	6,023	6,156	6,433	6,844	7,035	7,579
Corn	3,817	5,058	5,141	4,913	4,754	5,118	5,242	5,489	5,859	6,033	6,531
Other Feed Grains	927	887	901	889	883	905	914	944	985	1,002	1,048
Other Grains and Feeds	3,223	2,825	2,882	2,975	3,080	3,187	3,268	3,373	3,469	3,588	3,707
Oilseeds and Products	6,856	7,380	6,750	7,061	7,182	7,294	7,549	7,782	8,127	8,517	8,816
Soybeans	4,161	4,644	4,393	4,580	4,595	4,608	4,750	4,914	5,137	5,364	5,515
Other Oilseeds and Products	2,695	2,736	2,357	2,481	2,588	2,686	2,799	2,867	2,990	3,153	3,301
Cotton (excl. Linters)	2,287	2,901	2,655	2,461	2,278	2,169	2,106	2,069	2,053	2,056	2,019
Other Products	12,584	12,347	12,641	12,941	13,395	13,903	14,434	14,970	15,506	16,072	16,621

U.S. Government Costs

- **Net CCC outlays** are projected at $9.23 billion for fiscal year 1995, down $310 million from the 1994 level. Increased outlays for feed grains are offset by savings in wheat, cotton, and disaster payments. Net outlays are projected to range between $8 and $8.5 billion through 2000 as prices remain relatively stable. After fiscal year 2000, outlays decline as commodity prices improve.

- **Feed-grain program costs** are projected to increase to $3.57 billion in fiscal year 1995. This represents a $2.60 billion increase from the 1994 level. The increase can be attributed to a $1.1 billion increase in deficiency payments and $1.5 billion increase in net stock outlays. Feed-grain outlays remain above $3 billion through 2002 and then decline as prices strengthen.

- With stronger wheat prices, **program expenditures for wheat** are projected to fall to $0.95 billion in fiscal year 1995. As prices weaken, costs increase through 1998, reaching a high of $1.93 billion. Outlays decline at the end of the projection period as prices increase.

- **Cotton program costs** for fiscal year 1995 are projected to decline by almost $1 billion from the 1994 level of $1.54 billion. As cotton prices weaken from the high levels of the 1994/95 marketing year, net outlays increase in fiscal year 1996 and range between $780 million and $1.2 billion throughout the projection period.

- With rice prices projected to fall below the loan rate for the 1994/95 marketing year, **net outlays for rice** are projected to increase to $1.17 billion for fiscal year 1995. As rice prices grow stronger, outlays decline throughout the projection period but remain above $500 million.

- **Dairy program net expenditures** are projected to remain below $300 million throughout the projection period as revenue from producer assessments partially offsets product purchases.

- Net outlays for the export programs are projected at $1.15 billion for fiscal year 1995. This includes $876 million under the **Export Enhancement Program** and $107 million under the **Market Promotion Program**. Funding for the Export Enhancement Program declines to $411 million by fiscal year 2001 due to constraints under the GATT agreement.

- Outlays under the **Conservation Reserve Program** are projected to increase to $1.92 billion by fiscal year 1997 with 38 million acres enrolled in the program. Extension of a portion of the contracts maintains spending above $1 billion throughout the projection period.

Total Government Costs, by Program (CCC Accounting)

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
CCC					(Billion Dollars, Fiscal Year)						
Feed Grains	0.97	3.57	3.23	3.30	3.36	3.65	3.48	3.21	3.11	2.83	2.27
Corn	0.62	3.12	2.84	2.87	2.87	3.14	2.99	2.76	2.71	2.47	1.99
Sorghum	0.13	0.20	0.25	0.26	0.28	0.29	0.27	0.24	0.22	0.19	0.15
Barley	0.20	0.17	0.12	0.15	0.18	0.19	0.19	0.18	0.16	0.15	0.12
Oats	0.01	0.03	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.00	0.00
Wheat	1.73	0.95	1.60	1.91	1.93	1.71	1.43	1.28	1.18	1.01	0.76
Soybeans	-0.18	-0.05	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cotton	1.54	0.58	0.78	0.83	0.95	1.10	1.18	1.06	0.84	0.90	0.80
Rice	0.84	1.17	0.85	0.89	0.85	0.80	0.75	0.70	0.68	0.62	0.55
Dairy	0.16	0.24	0.29	0.29	0.28	0.29	0.28	0.27	0.27	0.25	0.24
Export Programs	1.25	1.15	0.92	0.87	0.78	0.68	0.59	0.52	0.52	0.52	0.52
Net Interest	-0.02	0.06	0.06	0.07	0.08	0.08	0.06	0.06	0.04	0.05	0.02
Disaster Payments	2.56	1.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08
Other Net Costs	0.70	0.49	0.36	0.24	0.12	0.14	0.35	0.38	0.37	0.37	0.37
Net CCC Outlays	9.54	9.23	8.16	8.48	8.43	8.53	8.19	7.56	7.09	6.63	5.62
Conservation Reserve	1.82	1.81	1.82	1.92	1.58	1.37	1.22	1.10	1.09	1.06	1.02
Total Government Costs	11.36	11.04	9.99	10.40	10.01	9.90	9.41	8.66	8.18	7.68	6.64

Total Government Costs, by Function (CCC Accounting)

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Direct Payments					(Billion Dollars, Fiscal Year)						
Deficiency Payments	4.88	4.72	5.85	6.58	6.92	6.99	6.55	5.90	5.49	4.95	4.08
Diversion Payments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Producer Storage	0.01	0.04	0.07	0.08	0.03	0.00	0.00	0.00	0.00	0.00	0.00
Conservation Reserve	1.82	1.81	1.82	1.92	1.58	1.37	1.22	1.10	1.09	1.06	1.02
Disaster Payments	2.56	1.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08
Total Direct Payments	9.27	7.65	7.83	8.66	8.61	8.44	7.85	7.08	6.66	6.09	5.18
Stock Outlays											
Loans Made	4.59	9.11	7.11	7.71	8.54	8.01	7.54	7.34	6.58	6.76	6.40
Loans Repaid	4.86	7.89	6.74	7.64	8.61	8.00	7.51	7.25	6.53	6.61	6.36
Storage and Handling	0.09	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
Net Dairy Purchases	0.15	0.24	0.29	0.29	0.29	0.30	0.31	0.30	0.30	0.29	0.29
Net Stock Outlays	-0.04	1.56	0.77	0.46	0.32	0.41	0.43	0.49	0.45	0.54	0.43
Other Net Costs	2.13	1.83	1.39	1.29	1.08	1.04	1.13	1.09	1.06	1.06	1.03
Total Government Costs	11.36	11.04	9.99	10.40	10.01	9.90	9.41	8.66	8.18	7.68	6.64

U.S. Cash Receipts from Farm Marketings

- Estimates of 1995 **cash receipts from farm marketings** suggest an expansion of $3.1 billion from the 1994 level of $176.01 billion. Receipts show little growth through 1997 but expand after that as cattle receipts increase.

- The record corn crop in the 1994/95 marketing year will push **feed-grain cash receipts** to $21.03 billion for 1995. Receipts remain relatively stable until 1999, but then expand as prices strengthen and acreage increases with lower ARP rates.

- **Food-grain cash receipts** for 1995 are projected to be slightly lower than 1994 levels due to lower rice receipts. The lower rice receipts are the result of dramatically lower rice prices for the 1994/95 crop. Wheat cash receipts remain flat through 1999 as wheat prices remain low due to a sagging export market. Recovery begins in 2000 as prices strengthen with expanding exports. Rice receipts show marginal growth at the end of the projection period as rice prices strengthen.

- **Oilseed cash receipts** for 1995 will reach $14.37 billion due to the record soybean crop produced in 1994/95. The assumption of trend yields coupled with reduced acreage causes a $1.26 billion decline in cash receipts for 1996. Cash receipts grow after 1996 as both production and prices increase.

- Strong market prices push **cotton receipts** to $7.19 billion for 1995. Receipts remain strong for 1996 as production expands for the 1995/96 marketing year. Receipts range between $6 and $7 billion over the projection period as price and production remain relatively stable.

- **Cash receipts from red meats** for 1995 remain unchanged from the 1994 level of $46.69 billion as lower cattle receipts are offset by higher hog receipts. Receipts remain below the 1995 level through 1999 as gains in pork are offset by declines in beef. As the beef cycle turns and prices recover, cattle receipts increase to $41.02 billion by 2003.

- With lower milk prices, **dairy receipts** decline to $19.55 billion in 1995. After 1995, receipts grow through the end of the projection period.

- With continued demand growth and expanding production, **cash receipts of poultry and eggs** are projected to increase in each year of the projection period. Receipts increase from $18.09 billion in 1995 to $26.12 billion in 2004.

Cash Receipts from Farming

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
						(Billion Dollars)					
Farm Marketings and CCC Loans	176.01	179.14	179.43	179.90	181.73	186.73	193.50	200.29	203.87	208.23	212.00
Crops	88.64	92.08	90.82	91.75	92.53	94.43	96.71	99.33	101.67	104.07	107.18
Feed Grains	19.24	21.03	20.64	20.65	20.55	21.13	21.50	22.07	22.58	23.04	24.04
Corn	14.06	15.84	15.34	15.28	15.10	15.65	16.09	16.70	17.23	17.63	18.46
Sorghum	1.14	1.16	1.18	1.17	1.19	1.23	1.26	1.30	1.33	1.36	1.42
Barley	0.66	0.70	0.78	0.81	0.79	0.79	0.80	0.81	0.83	0.85	0.89
Oats	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.15	0.15	0.15	0.15
Hay	3.25	3.19	3.20	3.26	3.33	3.32	3.21	3.11	3.04	3.04	3.12
Food Grains	8.87	8.83	8.40	8.15	8.29	8.73	9.41	9.85	10.13	10.58	11.05
Wheat	7.55	7.58	7.20	6.91	7.03	7.45	8.11	8.53	8.79	9.21	9.66
Rice	1.15	1.07	1.04	1.07	1.09	1.11	1.13	1.15	1.17	1.20	1.23
Rye	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.17
Oilseeds	14.23	14.37	13.11	13.60	13.92	14.25	14.66	15.18	15.80	16.39	17.13
Cotton	6.55	7.19	6.97	6.69	6.38	6.21	6.14	6.30	6.37	6.45	6.57
Sugar	2.17	2.21	2.21	2.23	2.25	2.27	2.30	2.32	2.34	2.37	2.39
Other Crops*	37.59	38.46	39.49	40.45	41.14	41.83	42.69	43.61	44.46	45.25	46.00
Livestock & Products	87.37	87.05	88.61	88.15	89.20	92.30	96.79	100.96	102.19	104.16	104.81
Red Meats	46.69	46.69	46.87	44.80	44.95	46.62	49.33	51.72	51.96	52.98	52.18
Cattle, Calves	36.42	36.23	35.62	33.91	34.64	35.82	37.42	39.57	40.45	41.02	39.50
Hogs	9.77	9.97	10.75	10.40	9.82	10.31	11.42	11.65	11.02	11.47	12.19
Sheep, Lambs	0.49	0.49	0.49	0.49	0.49	0.49	0.49	0.49	0.49	0.49	0.49
Dairy Products	20.01	19.55	19.71	20.17	20.66	21.30	21.89	22.44	22.79	22.90	23.16
Poultry, Eggs	17.99	18.09	19.26	20.38	20.74	21.48	22.60	23.73	24.27	25.01	26.12
Broilers	11.13	11.24	11.96	12.81	13.05	13.68	14.63	15.40	15.76	16.36	17.17
Turkeys	2.64	2.70	2.81	2.92	2.93	3.05	3.16	3.31	3.34	3.43	3.56
Chicken Eggs	3.62	3.54	3.84	3.97	4.07	4.03	4.05	4.22	4.35	4.39	4.52
Other Poultry	0.60	0.60	0.64	0.68	0.69	0.72	0.75	0.79	0.81	0.83	0.87
Other Livestock**	2.69	2.73	2.77	2.81	2.84	2.90	2.98	3.08	3.18	3.27	3.36
Government Payments	7.90	9.09	7.73	8.51	8.51	7.94	7.44	6.89	6.35	5.92	4.86
Total Cash Receipts	183.91	188.22	187.16	188.41	190.24	194.66	200.93	207.18	210.22	214.16	216.85

* Includes tobacco, vegetables and melons, fruits and tree nuts, and other crops.
** Includes horses, mules, and aquaculture.

U.S. Farm Production Expenses

- **Production expenses for farm-origin inputs** are projected to decline by $1.05 billion in 1995. The bulk of the decline occurs in feed expenses as livestock producers see lower corn and soybean meal prices. With an expanding livestock sector and increasing grain prices, feed expenses grow to $26.04 billion by 2004.

- **Manufactured input expenses** show steady growth throughout the projection period as input prices and acreage increase. For 1995, fertilizer expenses are projected to increase by $0.53 billion due to higher fertilizer prices. Increases in fuel prices cause production expenses for fuels and oils to grow from $5.60 billion in 1995 to $7.34 billion in 2004.

- As interest rates continue to recover from the low levels of 1992 and 1993, **interest expenses** are projected to increase to $12.68 billion in 1995 and grow further to $13.27 billion in 1996. From 1997 to 2002, interest expenses decline as interest rates fall.

- **Other operating expenses** are projected to show steady growth throughout the projection period. Increases in production coupled with higher wage rates increase expenses of labor, repairs, and custom work. Other operating expenses increase by $8 billion between 1995 and 2004.

- **Other overhead expenses** fell by less than 1 percent in 1995 due to marginal declines in capital consumption and rent to nonoperators. Other overhead expenses continue to decline through 1998 as capital consumption expenses decline. After 1998, increasing machinery prices and crop acreage add $3 billion to capital consumption by 2004.

- **Total production expenses** are projected to increase to $162.49 billion in 1995. Fertilizer and interest expenses are the primary contributors to the increase. Production expenses grow to $184.94 billion by 2004.

Farm Production Expenses

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
						(Billion Dollars)					
Farm-Origin Inputs	42.01	40.96	41.76	41.52	41.93	43.01	43.91	45.24	46.31	46.83	47.35
Feed	22.85	21.97	22.93	23.23	23.31	23.63	23.66	24.12	24.67	25.09	26.04
Purchased Livestock	13.82	13.71	13.40	12.75	12.99	13.60	14.30	15.07	15.42	15.42	14.86
Seed	5.34	5.27	5.44	5.54	5.62	5.78	5.96	6.06	6.22	6.32	6.44
Manufactured Inputs	23.70	24.69	24.95	25.22	25.62	26.19	26.88	27.42	28.15	28.76	29.45
Fertilizer, Lime	8.54	9.07	8.98	8.92	9.01	9.20	9.44	9.60	9.83	9.99	10.19
Petroleum Fuel, Oils	5.49	5.60	5.73	5.88	6.02	6.23	6.45	6.64	6.87	7.09	7.34
Electricity	2.66	2.75	2.80	2.85	2.90	2.94	2.98	3.04	3.11	3.19	3.29
Pesticides	7.01	7.26	7.44	7.57	7.68	7.82	8.01	8.15	8.34	8.48	8.64
Interest Charges	11.13	12.68	13.27	13.08	12.87	12.53	12.08	11.77	11.93	12.07	12.33
Short-Term Interest	5.44	6.37	6.65	6.57	6.51	6.34	6.13	6.00	6.09	6.20	6.36
Real Estate Interest	5.69	6.31	6.62	6.51	6.36	6.19	5.95	5.77	5.84	5.87	5.98
Other Operating Expenses	49.08	49.16	50.32	50.87	51.39	52.19	53.13	54.02	55.19	56.17	57.29
Repair, Operation of Capital Items	9.31	9.36	9.76	9.90	9.98	10.13	10.33	10.52	10.79	11.02	11.28
Contract, Hired Labor	15.91	15.97	16.15	16.31	16.47	16.68	16.93	17.18	17.49	17.77	18.09
Machine Hire Custom Work	4.54	4.51	4.61	4.69	4.76	4.88	5.03	5.15	5.29	5.42	5.56
Marketing, Storage, and Transportation	6.98	6.66	6.79	6.84	6.85	6.96	7.12	7.24	7.43	7.54	7.69
Miscellaneous	12.35	12.66	13.01	13.14	13.33	13.52	13.73	13.94	14.18	14.42	14.67
Other Overhead Expenses	35.21	35.00	34.51	33.82	33.65	34.22	35.00	35.79	36.56	37.44	38.52
Capital Consumption	18.67	18.52	17.89	17.24	16.89	17.27	17.75	18.23	18.72	19.25	19.79
Property Taxes	6.54	6.69	6.81	6.89	6.94	7.00	7.08	7.16	7.30	7.44	7.62
Rent to Non-Operators	10.00	9.78	9.81	9.69	9.82	9.96	10.17	10.40	10.53	10.76	11.11
Production Expenses	161.12	162.49	164.81	164.51	165.45	168.13	171.00	174.24	178.14	181.28	184.94
Cash*	143.26	144.76	147.72	148.08	149.36	151.67	154.05	156.81	160.21	162.83	165.95
Cost of Op. Dwelling	1.90	1.90	1.90	1.90	1.90	1.90	1.90	1.90	1.90	1.90	1.90
Excluding Op. Dwelling	141.36	142.86	145.82	146.18	147.46	149.77	152.15	154.91	158.31	160.93	164.05
Noncash*	17.87	17.72	17.09	16.44	16.09	16.47	16.95	17.43	17.92	18.45	18.99
Capital Consumption	18.67	18.52	17.89	17.24	16.89	17.27	17.75	18.23	18.72	19.25	19.79
Perquisites to Hired Labor	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55
Capital Cons. Rent to Non-Op. Landlords	-1.35	-1.35	-1.35	-1.35	-1.35	-1.35	-1.35	-1.35	-1.35	-1.35	-1.35

* Includes cost of operator dwelling.

U.S. Net Farm Income

- **Gross cash income** is expected to increase by approximately $4.5 billion in 1995 to $196.36 billion. The growth comes from a $3.5 billion increase in crop receipts and a $1.2 billion increase in government payments. After remaining relatively stable through 1997, gross cash income increases thereafter as growth in crop and livestock receipts more than offsets declines in government payments.

- The record corn and soybean crops of 1994/95 pushed the **value of inventory change** up to $5.35 billion in 1994. Lower production levels for corn and soybeans in 1995 are expected to lower the inventory change to -$1.15 billion. With the exception of 1998, the value of inventory change remains slightly positive throughout the projection period.

- On a cash basis, net income is expected to increase to $53.50 billion in 1995. Increased cash expenses and declining government payments result in a $3.86 billion decline in **net cash income** in 1996. Net cash income increases by $10 billion from 1998 to 2001, in large part due to gains in livestock receipts.

- Accounting for the value of inventory change, nonmoney income, and total expenses, **net farm income** is projected to fall to $41.06 billion in 1995. **Realized net farm income**, which excludes the value of inventory change, is projected at $42.21 billion for 1995. Net farm income reaches its expected low over the projection period in 1996 as gross cash income falls and production expenses increase.

Farm Income Statistics

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
						(Billion Dollars)					
1. Farm Receipts	184.05	187.28	187.73	188.34	190.30	195.48	202.46	209.43	213.22	217.77	221.74
Crops	88.64	92.08	90.82	91.75	92.53	94.43	96.71	99.33	101.67	104.07	107.18
Livestock	87.37	87.05	88.61	88.15	89.20	92.30	96.79	100.96	102.19	104.16	104.81
Farm-Related*	8.03	8.14	8.29	8.43	8.57	8.75	8.96	9.14	9.35	9.54	9.75
2. Government Payments	7.90	9.09	7.73	8.51	8.51	7.94	7.44	6.89	6.35	5.92	4.86
3. Gross Cash Income (1 + 2)	191.95	196.36	195.46	196.85	198.80	203.41	209.90	216.32	219.57	223.69	226.60
4. Nonmoney Income	8.06	8.33	8.61	8.69	8.83	9.04	9.27	9.52	9.65	9.82	9.94
5. Value of Inventory Change	5.35	-1.15	1.52	0.52	-0.06	0.08	0.42	0.45	0.95	0.97	0.85
6. Gross Farm Income (3 + 4 + 5)	205.36	203.55	205.59	206.05	207.57	212.53	219.58	226.29	230.17	234.49	237.39
7. Cash Expenses**	141.36	142.86	145.82	146.18	147.46	149.77	152.15	154.91	158.31	160.93	164.05
8. Total Expenses	161.12	162.49	164.81	164.51	165.45	168.13	171.00	174.24	178.14	181.28	184.94
9. Net Cash Income (3 - 7)	50.59	53.50	49.64	50.67	51.34	53.64	57.74	61.41	61.25	62.76	62.55
10. Realized Net Farm Inc (3 + 4 - 8)	38.88	42.21	39.26	41.02	42.18	44.32	48.16	51.60	51.08	52.24	51.60
11. Net Farm Income (6 - 8)	44.24	41.06	40.78	41.54	42.12	44.40	48.58	52.05	52.03	53.21	52.45
Deflated (1987 $)***	35.10	31.65	30.53	30.23	29.80	30.44	32.25	33.48	32.45	32.17	30.75

* Income from machine hire, custom work, sales of forest products, and other miscellaneous cash sources.
** Excludes capital consumption, perquisites to hired labor, and farm household expenses.
*** Deflated by the GNP price deflator, 1987=1.