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**FAPRI August**  
**2005 Baseline Update**  
**for U.S. Agricultural Markets**

**FAPRI-UMC Report #11-05**

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## **FAPRI August 2005 Baseline Update for U.S. Agricultural Markets**

This baseline update includes changes that have occurred in markets and policy since the 2005 FAPRI baseline was prepared earlier this year.

Assumptions underlying this baseline update reflect information available in mid-August 2005.

- Crop production figures for 2005 are set at levels estimated by the U.S. Department of Agriculture in its August 12 *Crop Production* report.
- Provisions of the Energy Policy Act of 2005 are incorporated. It is assumed that U.S.-produced, corn-based ethanol will account for almost 7.0 billion of the 7.5 billion gallon renewable fuel mandate by 2012.
- The reopening of the U.S. border to Canadian cattle for slaughter results in 300,000 head moving into the U.S. in 2005.
- This current-policy baseline assumes the cotton Step 2 program remains in place, as legislative action would be required to end or modify the program.
- Likewise, the baseline assumes the Milk Income Loss Contract (MILC) program expires as scheduled on September 30, 2005.
- In general, provisions of the 2002 Farm Security Act are assumed to be extended indefinitely when they would otherwise expire in 2007.

The estimates reported here cover a number of major U.S. agricultural commodities, including corn, soybeans, wheat, upland cotton, rice, beef, pork, poultry, and dairy. The projections cover a five year period (through the 2009/10 marketing year for crops, and through 2010 for livestock).

This update should not be confused with a “full” FAPRI baseline exercise, such as that used to generate the FAPRI baseline released earlier this year (<http://www.fapri.iastate.edu/outlook2005/>). The commodity coverage is limited, the projection period is shorter, and no estimates are made of government costs, farm income, or other aggregate indicators. Most importantly, the update is focused on U.S. markets only; no estimates were prepared for other countries. As such, the U.S. trade figures should be treated with extreme caution, as they are not the result of a comprehensive analysis of global commodity markets.

The next full FAPRI baseline process will begin in November 2005. A preliminary baseline will be prepared and reviewed at a workshop in December. Reviewer comments and other new information will be incorporated in the final baseline, which will be prepared beginning in January 2006.

## U.S. Corn Supply and Utilization

|                           | 03/04              | 04/05  | 05/06  | 06/07  | 07/08  | 08/09  | 09/10  |
|---------------------------|--------------------|--------|--------|--------|--------|--------|--------|
| <b>Area</b>               | (Million Acres)    |        |        |        |        |        |        |
| Base Area                 | 86.9               | 86.8   | 86.8   | 86.8   | 86.8   | 86.8   | 86.8   |
| Planted Area              | 78.6               | 80.9   | 81.6   | 81.9   | 82.5   | 82.9   | 83.8   |
| Harvested Area            | 70.9               | 73.6   | 74.4   | 74.2   | 74.9   | 75.3   | 76.2   |
| <b>Yield</b>              | (Bushels per Acre) |        |        |        |        |        |        |
| Actual                    | 142.2              | 160.4  | 139.2  | 147.3  | 149.0  | 150.8  | 152.4  |
| Program, Direct           | 102.4              | 102.4  | 102.4  | 102.4  | 102.4  | 102.4  | 102.4  |
| Program, CCP              | 114.4              | 114.4  | 114.4  | 114.4  | 114.4  | 114.4  | 114.4  |
| <b>Supply</b>             | (Million Bushels)  |        |        |        |        |        |        |
| Beginning Stocks          | 1,087              | 958    | 2,110  | 1,764  | 1,661  | 1,552  | 1,437  |
| Production                | 10,089             | 11,807 | 10,350 | 10,933 | 11,163 | 11,362 | 11,613 |
| Imports                   | 14                 | 10     | 10     | 10     | 10     | 10     | 10     |
| <b>Domestic Use</b>       | 8,332              | 8,840  | 8,787  | 8,967  | 9,123  | 9,281  | 9,477  |
| Feed, Residual            | 5,795              | 6,150  | 5,878  | 5,885  | 5,889  | 5,878  | 5,869  |
| Fuel Alcohol              | 1,168              | 1,325  | 1,533  | 1,715  | 1,872  | 2,037  | 2,242  |
| HFCS                      | 530                | 520    | 524    | 512    | 503    | 501    | 497    |
| Seed                      | 21                 | 21     | 21     | 21     | 21     | 21     | 21     |
| Food, Other               | 819                | 824    | 831    | 835    | 839    | 844    | 848    |
| <b>Exports</b>            | 1,900              | 1,825  | 1,919  | 2,079  | 2,157  | 2,206  | 2,235  |
| <b>Total Use</b>          | 10,232             | 10,665 | 10,706 | 11,046 | 11,281 | 11,487 | 11,711 |
| <b>Ending Stocks</b>      | 958                | 2,110  | 1,764  | 1,661  | 1,552  | 1,437  | 1,349  |
| CCC Inventory             | 0                  | 1      | 0      | 0      | 0      | 0      | 0      |
| Under Loan                | 164                | 275    | 231    | 264    | 292    | 261    | 239    |
| Other Stocks              | 794                | 1,834  | 1,533  | 1,396  | 1,261  | 1,176  | 1,109  |
| <b>Prices and Returns</b> | (Dollars)          |        |        |        |        |        |        |
| Farm Price/bu.            | 2.42               | 2.07   | 2.04   | 2.10   | 2.18   | 2.25   | 2.31   |
| FOB Gulf Price/mt         | 119.29             | 96.45  | 95.03  | 97.60  | 100.98 | 104.05 | 106.66 |
| Loan Rate/bu.             | 1.98               | 1.95   | 1.95   | 1.95   | 1.95   | 1.95   | 1.95   |
| Average LDP Rate/bu.      | 0.01               | 0.24   | 0.11   | 0.05   | 0.00   | 0.00   | 0.00   |
| Target Price/bu.          | 2.60               | 2.63   | 2.63   | 2.63   | 2.63   | 2.63   | 2.63   |
| CCP Rate/bu.              | 0.00               | 0.28   | 0.31   | 0.25   | 0.17   | 0.10   | 0.04   |
| Direct Payment/bu.        | 0.28               | 0.28   | 0.28   | 0.28   | 0.28   | 0.28   | 0.28   |
| Gross Market Revenue/a.   | 344.16             | 331.93 | 283.53 | 308.86 | 324.32 | 338.94 | 351.95 |
| LDP Revenue/a.            | 1.09               | 38.71  | 15.67  | 7.74   | 0.00   | 0.00   | 0.00   |
| Variable Expenses/a.      | 159.67             | 168.27 | 174.91 | 175.76 | 175.59 | 175.34 | 176.74 |
| Mkt+LDP Net Returns/a.    | 185.58             | 202.37 | 124.28 | 140.85 | 148.73 | 163.61 | 175.22 |
| CCP Revenue/a.            | 0.00               | 27.23  | 30.41  | 24.58  | 16.90  | 9.94   | 4.00   |
| Direct Payment/a.         | 24.37              | 24.37  | 24.37  | 24.37  | 24.37  | 24.37  | 24.37  |

## U.S. Soybean Supply and Utilization

|                           | 03/04              | 04/05  | 05/06  | 06/07  | 07/08  | 08/09  | 09/10  |
|---------------------------|--------------------|--------|--------|--------|--------|--------|--------|
| <b>Area</b>               | (Million Acres)    |        |        |        |        |        |        |
| Base Area                 | 52.8               | 52.8   | 52.8   | 52.7   | 52.7   | 52.7   | 52.7   |
| Planted Area              | 73.4               | 75.2   | 73.1   | 73.5   | 71.8   | 71.4   | 71.1   |
| Harvested Area            | 72.5               | 74.0   | 72.2   | 72.2   | 70.6   | 70.2   | 69.9   |
| <b>Yield</b>              | (Bushels per Acre) |        |        |        |        |        |        |
| Actual                    | 33.9               | 42.5   | 38.7   | 39.6   | 40.1   | 40.5   | 40.8   |
| Program, Direct           | 30.8               | 30.8   | 30.8   | 30.8   | 30.8   | 30.8   | 30.8   |
| Program, CCP              | 34.1               | 34.1   | 34.1   | 34.1   | 34.1   | 34.1   | 34.1   |
| <b>Supply</b>             | (Million Bushels)  |        |        |        |        |        |        |
| Beginning Stocks          | 178                | 112    | 300    | 196    | 235    | 243    | 243    |
| Production                | 2,454              | 3,141  | 2,791  | 2,863  | 2,830  | 2,842  | 2,854  |
| Imports                   | 6                  | 5      | 3      | 5      | 5      | 5      | 5      |
| <b>Domestic Use</b>       | 1,639              | 1,858  | 1,813  | 1,864  | 1,877  | 1,895  | 1,912  |
| Crush                     | 1,530              | 1,690  | 1,668  | 1,715  | 1,727  | 1,743  | 1,758  |
| Seed, Residual            | 109                | 168    | 146    | 149    | 150    | 152    | 154    |
| <b>Exports</b>            | 887                | 1,100  | 1,085  | 965    | 950    | 952    | 950    |
| <b>Total Use</b>          | 2,525              | 2,958  | 2,898  | 2,829  | 2,827  | 2,847  | 2,862  |
| <b>Ending Stocks</b>      | 112                | 300    | 196    | 235    | 243    | 243    | 240    |
| CCC Inventory             | 0                  | 0      | 0      | 0      | 0      | 0      | 0      |
| Under Loan                | 12                 | 40     | 42     | 70     | 77     | 78     | 75     |
| Other Stocks              | 101                | 260    | 154    | 165    | 165    | 165    | 165    |
| <b>Prices and Returns</b> | (Dollars)          |        |        |        |        |        |        |
| Farm Price/bu.            | 7.34               | 5.80   | 5.98   | 5.44   | 5.34   | 5.33   | 5.37   |
| Ill. Proc. Price/mt       | 302.03             | 224.14 | 230.48 | 211.28 | 207.80 | 207.47 | 208.92 |
| Loan Rate/bu.             | 5.00               | 5.00   | 5.00   | 5.00   | 5.00   | 5.00   | 5.00   |
| Average LDP Rate/bu.      | 0.00               | 0.09   | 0.00   | 0.00   | 0.00   | 0.00   | 0.00   |
| Target Price/bu.          | 5.80               | 5.80   | 5.80   | 5.80   | 5.80   | 5.80   | 5.80   |
| CCP Rate/bu.              | 0.00               | 0.00   | 0.00   | 0.00   | 0.02   | 0.03   | 0.00   |
| Direct Payment/bu.        | 0.44               | 0.44   | 0.44   | 0.44   | 0.44   | 0.44   | 0.44   |
| Gross Market Revenue/a.   | 248.49             | 246.33 | 231.14 | 215.58 | 214.13 | 215.76 | 219.30 |
| LDP Revenue/a.            | 0.01               | 4.03   | 0.00   | 0.00   | 0.00   | 0.00   | 0.00   |
| Variable Expenses/a.      | 79.56              | 82.02  | 94.08  | 93.99  | 93.87  | 93.86  | 94.30  |
| Mkt+LDP Net Returns/a.    | 168.94             | 168.33 | 137.06 | 121.59 | 120.26 | 121.90 | 125.00 |
| CCP Revenue/a.            | 0.00               | 0.00   | 0.00   | 0.00   | 0.51   | 0.78   | 0.00   |
| Direct Payment/a.         | 11.52              | 11.52  | 11.52  | 11.52  | 11.52  | 11.52  | 11.52  |
| Bean/Corn Ratio           | 3.03               | 2.80   | 2.93   | 2.59   | 2.45   | 2.37   | 2.33   |
| 48% Meal Price/ton        | 256.05             | 185.00 | 188.49 | 174.50 | 172.55 | 170.04 | 167.98 |
| Oil Price/cwt             | 29.97              | 23.25  | 24.82  | 22.94  | 22.81  | 23.19  | 23.91  |
| Crushing Margin/bu.       | 1.21               | 0.97   | 1.01   | 0.99   | 1.02   | 1.02   | 1.01   |

## U.S. Wheat Supply and Utilization

|                           | 03/04              | 04/05  | 05/06  | 06/07  | 07/08  | 08/09  | 09/10  |
|---------------------------|--------------------|--------|--------|--------|--------|--------|--------|
| <b>Area</b>               | (Million Acres)    |        |        |        |        |        |        |
| Base Area                 | 75.5               | 75.5   | 75.5   | 75.4   | 75.4   | 75.4   | 75.4   |
| Planted Area              | 62.1               | 59.7   | 58.1   | 58.4   | 58.2   | 58.5   | 58.2   |
| Harvested Area            | 53.1               | 50.0   | 50.4   | 49.3   | 49.1   | 49.4   | 49.2   |
| <b>Yield</b>              | (Bushels per Acre) |        |        |        |        |        |        |
| Actual                    | 44.2               | 43.2   | 43.0   | 41.9   | 42.1   | 42.4   | 42.7   |
| Program, Direct           | 34.5               | 34.5   | 34.5   | 34.5   | 34.5   | 34.5   | 34.5   |
| Program, CCP              | 36.1               | 36.1   | 36.1   | 36.1   | 36.1   | 36.1   | 36.1   |
| <b>Supply</b>             | (Million Bushels)  |        |        |        |        |        |        |
| Beginning Stocks          | 491                | 546    | 540    | 614    | 583    | 552    | 538    |
| Production                | 2,345              | 2,158  | 2,167  | 2,063  | 2,070  | 2,097  | 2,102  |
| Imports                   | 63                 | 71     | 70     | 70     | 70     | 70     | 70     |
| <b>Domestic Use</b>       | 1,195              | 1,173  | 1,184  | 1,173  | 1,163  | 1,164  | 1,164  |
| Feed, Residual            | 208                | 199    | 210    | 198    | 186    | 185    | 182    |
| Seed                      | 80                 | 79     | 80     | 80     | 80     | 80     | 80     |
| Food, Other               | 907                | 895    | 894    | 895    | 897    | 899    | 902    |
| <b>Exports</b>            | 1,158              | 1,063  | 980    | 991    | 1,008  | 1,016  | 1,022  |
| <b>Total Use</b>          | 2,353              | 2,236  | 2,163  | 2,164  | 2,171  | 2,181  | 2,187  |
| <b>Ending Stocks</b>      | 546                | 540    | 614    | 583    | 552    | 538    | 523    |
| CCC Inventory             | 61                 | 54     | 54     | 54     | 54     | 54     | 54     |
| Under Loan                | 37                 | 58     | 78     | 67     | 60     | 57     | 53     |
| Other Stocks              | 449                | 428    | 481    | 462    | 438    | 427    | 416    |
| <b>Prices and Returns</b> | (Dollars)          |        |        |        |        |        |        |
| Farm Price/bu.            | 3.40               | 3.40   | 3.09   | 3.20   | 3.32   | 3.40   | 3.47   |
| FOB Gulf Price/mt         | 155.55             | 151.22 | 139.20 | 143.89 | 149.36 | 152.66 | 155.83 |
| Loan Rate/bu.             | 2.80               | 2.75   | 2.75   | 2.75   | 2.75   | 2.75   | 2.75   |
| Average LDP Rate/bu.      | 0.04               | 0.04   | 0.00   | 0.00   | 0.00   | 0.00   | 0.00   |
| Target Price/bu.          | 3.86               | 3.92   | 3.92   | 3.92   | 3.92   | 3.92   | 3.92   |
| CCP Rate/bu.              | 0.00               | 0.00   | 0.31   | 0.20   | 0.08   | 0.00   | 0.00   |
| Direct Payment/bu.        | 0.52               | 0.52   | 0.52   | 0.52   | 0.52   | 0.52   | 0.52   |
| Gross Market Revenue/a.   | 150.24             | 146.76 | 132.93 | 133.82 | 140.05 | 144.25 | 148.45 |
| LDP Revenue/a.            | 1.69               | 1.56   | 0.00   | 0.00   | 0.00   | 0.00   | 0.00   |
| Variable Expenses/a.      | 70.45              | 74.88  | 78.29  | 78.46  | 78.76  | 79.16  | 80.23  |
| Mkt+LDP Net Returns/a.    | 81.48              | 73.44  | 54.64  | 55.36  | 61.29  | 65.09  | 68.22  |
| CCP Revenue/a.            | 0.00               | 0.00   | 9.54   | 6.21   | 2.33   | 0.00   | 0.00   |
| Direct Payment/a.         | 15.25              | 15.25  | 15.25  | 15.25  | 15.25  | 15.25  | 15.25  |

## U.S. Upland Cotton Supply and Utilization

|                           | 03/04             | 04/05  | 05/06  | 06/07  | 07/08  | 08/09  | 09/10  |
|---------------------------|-------------------|--------|--------|--------|--------|--------|--------|
| <b>Area</b>               | (Million Acres)   |        |        |        |        |        |        |
| Base Area                 | 18.42             | 18.42  | 18.41  | 18.41  | 18.40  | 18.40  | 18.40  |
| Planted Area              | 13.30             | 13.41  | 13.80  | 13.50  | 13.65  | 13.73  | 13.70  |
| Harvested Area            | 11.83             | 12.81  | 13.40  | 12.19  | 12.33  | 12.40  | 12.37  |
| <b>Yield</b>              | (Pounds per Acre) |        |        |        |        |        |        |
| Actual                    | 723               | 843    | 737    | 741    | 744    | 747    | 749    |
| Program, Direct           | 604               | 604    | 604    | 604    | 604    | 604    | 604    |
| Program, CCP              | 638               | 638    | 638    | 638    | 638    | 638    | 638    |
| <b>Supply</b>             | (Million Bales)   |        |        |        |        |        |        |
| Beginning Stocks          | 5.14              | 3.43   | 6.49   | 6.64   | 5.69   | 5.24   | 5.08   |
| Production                | 17.82             | 22.51  | 20.57  | 18.83  | 19.11  | 19.29  | 19.32  |
| Imports                   | 0.00              | 0.01   | 0.02   | 0.02   | 0.02   | 0.02   | 0.02   |
| <b>Domestic Use</b>       |                   |        |        |        |        |        |        |
| Mill Use                  | 6.16              | 6.19   | 5.87   | 5.58   | 5.36   | 5.20   | 5.07   |
| <b>Exports</b>            | 13.22             | 13.21  | 14.56  | 14.22  | 14.22  | 14.26  | 14.35  |
| <b>Total Use</b>          | 19.38             | 19.40  | 20.43  | 19.80  | 19.58  | 19.47  | 19.42  |
| <b>Unaccounted</b>        | -0.16             | -0.05  | 0.00   | 0.00   | 0.00   | 0.00   | 0.00   |
| <b>Ending Stocks</b>      | 3.43              | 6.49   | 6.64   | 5.69   | 5.24   | 5.08   | 4.99   |
| CCC Inventory             | 0.00              | 0.00   | 0.00   | 0.00   | 0.00   | 0.00   | 0.00   |
| Other Stocks              | 3.43              | 6.49   | 6.64   | 5.69   | 5.24   | 5.08   | 4.99   |
| <b>Prices and Returns</b> | (Dollars)         |        |        |        |        |        |        |
| Farm Price/lb.            | 0.618             | 0.428  | 0.436  | 0.479  | 0.504  | 0.515  | 0.522  |
| Cotlook A Index/lb.       | 0.692             | 0.535  | 0.552  | 0.590  | 0.611  | 0.619  | 0.627  |
| Adjusted World Price/lb.  | 0.551             | 0.389  | 0.412  | 0.450  | 0.471  | 0.479  | 0.487  |
| Loan Rate/lb.             | 0.520             | 0.520  | 0.520  | 0.520  | 0.520  | 0.520  | 0.520  |
| Average LDP Rate/lb.      | 0.018             | 0.163  | 0.121  | 0.083  | 0.062  | 0.054  | 0.046  |
| Target Price/lb.          | 0.724             | 0.724  | 0.724  | 0.724  | 0.724  | 0.724  | 0.724  |
| CCP Rate/lb.              | 0.039             | 0.137  | 0.137  | 0.137  | 0.137  | 0.137  | 0.135  |
| Direct Payment/lb.        | 0.067             | 0.067  | 0.067  | 0.067  | 0.067  | 0.067  | 0.067  |
| Gross Market Revenue/a.   | 512.98            | 428.51 | 381.44 | 412.43 | 431.13 | 440.41 | 448.82 |
| LDP Revenue/a.            | 13.01             | 137.79 | 89.34  | 61.60  | 46.43  | 40.48  | 34.28  |
| Variable Expenses/a.      | 328.88            | 345.08 | 358.87 | 359.01 | 358.40 | 358.12 | 360.64 |
| Mkt+LDP Net Returns/a.    | 197.12            | 221.23 | 111.91 | 115.01 | 119.16 | 122.77 | 122.46 |
| CCP Revenue/a.            | 21.33             | 74.50  | 74.50  | 74.50  | 74.50  | 74.50  | 73.19  |
| Direct Payment/a.         | 34.23             | 34.23  | 34.23  | 34.23  | 34.23  | 34.23  | 34.23  |



## U.S. Rice Supply and Utilization

|                           | 03/04             | 04/05  | 05/06  | 06/07  | 07/08  | 08/09  | 09/10  |
|---------------------------|-------------------|--------|--------|--------|--------|--------|--------|
| <b>Area</b>               | (Million Acres)   |        |        |        |        |        |        |
| Base Area                 | 4.49              | 4.49   | 4.49   | 4.49   | 4.49   | 4.49   | 4.49   |
| Planted Area              | 3.02              | 3.35   | 3.31   | 3.22   | 3.33   | 3.36   | 3.38   |
| Harvested Area            | 3.00              | 3.33   | 3.29   | 3.20   | 3.30   | 3.34   | 3.36   |
| <b>Yield</b>              | (Pounds per Acre) |        |        |        |        |        |        |
| Actual                    | 6,670             | 6,942  | 6,897  | 6,907  | 6,934  | 6,983  | 7,038  |
| Program, Direct           | 4,812             | 4,812  | 4,812  | 4,812  | 4,812  | 4,812  | 4,812  |
| Program, CCP              | 5,120             | 5,120  | 5,120  | 5,120  | 5,120  | 5,120  | 5,120  |
| <b>Supply</b>             | (Million Cwt)     |        |        |        |        |        |        |
| Beginning Stocks          | 241.7             | 268.0  | 276.7  | 265.8  | 270.4  | 274.5  | 278.1  |
| Production                | 26.8              | 23.7   | 35.9   | 30.7   | 26.7   | 26.4   | 26.6   |
| Imports                   | 199.9             | 230.8  | 226.8  | 220.8  | 228.9  | 233.0  | 236.1  |
|                           | 15.0              | 13.5   | 14.0   | 14.4   | 14.8   | 15.1   | 15.4   |
| <b>Domestic Use</b>       | 115.0             | 123.1  | 126.1  | 128.0  | 129.7  | 131.3  | 132.7  |
| <b>Exports</b>            | 103.1             | 109.0  | 120.0  | 111.1  | 114.3  | 116.7  | 118.9  |
| <b>Total Use</b>          | 218.1             | 232.1  | 246.0  | 239.1  | 243.9  | 248.0  | 251.7  |
| <b>Ending Stocks</b>      | 23.7              | 35.9   | 30.7   | 26.7   | 26.4   | 26.6   | 26.4   |
| CCC Inventory             | 0.0               | 0.0    | 0.0    | 0.0    | 0.0    | 0.0    | 0.0    |
| Other Stocks              | 23.7              | 35.9   | 30.7   | 26.7   | 26.4   | 26.6   | 26.4   |
| <b>Prices and Returns</b> | (Dollars)         |        |        |        |        |        |        |
| Farm Price/cwt.           | 8.08              | 7.30   | 7.31   | 7.30   | 7.30   | 7.29   | 7.40   |
| FOB Houston/cwt           | 17.60             | 16.00  | 15.88  | 15.60  | 15.56  | 15.49  | 15.72  |
| Adjusted World Price/cwt  | 4.68              | 6.04   | 5.96   | 5.80   | 5.75   | 5.68   | 5.76   |
| Loan Rate/cwt             | 6.50              | 6.50   | 6.50   | 6.50   | 6.50   | 6.50   | 6.50   |
| Average LDP Rate/cwt.     | 2.52              | 0.55   | 0.55   | 0.71   | 0.76   | 0.83   | 0.75   |
| Target Price/cwt.         | 10.50             | 10.50  | 10.50  | 10.50  | 10.50  | 10.50  | 10.50  |
| CCP Rate/cwt.             | 0.07              | 0.85   | 0.84   | 0.85   | 0.85   | 0.86   | 0.75   |
| Direct Payment/cwt.       | 2.35              | 2.35   | 2.35   | 2.35   | 2.35   | 2.35   | 2.35   |
| Gross Market Revenue/a.   | 538.93            | 506.76 | 504.28 | 504.35 | 506.39 | 508.74 | 520.90 |
| LDP Revenue/a.            | 167.79            | 38.50  | 37.84  | 48.89  | 52.80  | 57.61  | 52.94  |
| Variable Expenses/a       | 336.51            | 348.65 | 361.23 | 361.60 | 361.67 | 361.98 | 365.08 |
| Mkt+LDP Net Returns/a.    | 370.20            | 196.61 | 180.89 | 191.64 | 197.52 | 204.37 | 208.75 |
| CCP Revenue/a.            | 3.05              | 36.99  | 36.47  | 36.92  | 36.84  | 37.61  | 32.57  |
| Direct Payment/a.         | 96.13             | 96.13  | 96.13  | 96.13  | 96.13  | 96.13  | 96.13  |

## U.S. Cattle Sector

|   | 2004                        | 2005   | 2006   | 2007   | 2008   | 2009   | 2010   |
|---|-----------------------------|--------|--------|--------|--------|--------|--------|
|   | (Million Head)              |        |        |        |        |        |        |
| <b>Beef Cows (Jan. 1)</b>                   | 32.9                        | 33.1   | 33.6   | 34.5   | 35.1   | 35.6   | 35.9   |
| <b>Dairy Cows (Jan. 1)</b>                  | 9.0                         | 9.0    | 9.0    | 9.1    | 9.1    | 9.0    | 9.0    |
| <b>Cattle and Calves (Jan. 1)</b>           | 94.9                        | 95.8   | 97.1   | 98.6   | 100.1  | 101.4  | 102.3  |
| Calf Crop                                   | 37.6                        | 38.0   | 38.8   | 39.4   | 39.9   | 40.3   | 40.6   |
| Calf Death Loss                             | 2.3                         | 2.3    | 2.3    | 2.4    | 2.4    | 2.4    | 2.4    |
| Calf Slaughter                              | 0.9                         | 0.9    | 0.9    | 0.9    | 0.9    | 0.9    | 0.9    |
| Beef Cow Slaughter                          | 2.8                         | 2.6    | 2.9    | 3.4    | 3.7    | 3.8    | 4.0    |
| Dairy Cow Slaughter                         | 2.4                         | 2.7    | 2.7    | 2.7    | 2.7    | 2.7    | 2.7    |
| Bull Slaughter                              | 0.6                         | 0.6    | 0.6    | 0.6    | 0.6    | 0.6    | 0.6    |
| Steer and Heifer Slaughter                  | 27.2                        | 27.3   | 28.2   | 28.4   | 28.9   | 29.4   | 29.6   |
| Total Slaughter                             | 33.8                        | 34.1   | 35.3   | 35.9   | 36.7   | 37.3   | 37.8   |
| Cattle Imports                              | 1.4                         | 1.8    | 2.7    | 3.1    | 3.0    | 2.9    | 2.9    |
| Cattle Exports                              | 0.0                         | 0.1    | 0.4    | 0.5    | 0.5    | 0.5    | 0.5    |
| Cattle Death Loss                           | 2.3                         | 2.4    | 2.4    | 2.4    | 2.5    | 2.5    | 2.5    |
| Residual                                    | 0.4                         | 0.3    | 0.3    | 0.3    | 0.4    | 0.5    | 0.5    |
| <b>Cattle and Calves (Dec. 31)</b>          | 95.8                        | 97.1   | 98.6   | 100.1  | 101.4  | 102.4  | 103.2  |
| <b>Cattle on Feed (Jan. 1)</b>              | 13.8                        | 13.7   | 13.5   | 12.8   | 13.1   | 13.5   | 13.4   |
|   | (Million Pounds)            |        |        |        |        |        |        |
| <b>Supply</b>                               |                             |        |        |        |        |        |        |
| Beginning Stocks                            | 518                         | 637    | 651    | 679    | 693    | 714    | 732    |
| Imports                                     | 3,679                       | 3,741  | 3,740  | 3,633  | 3,525  | 3,419  | 3,314  |
| Production                                  | 24,650                      | 25,139 | 26,192 | 26,754 | 27,555 | 28,237 | 28,743 |
| Total                                       | 28,847                      | 29,517 | 30,584 | 31,067 | 31,773 | 32,369 | 32,789 |
| <b>Disappearance</b>                        |                             |        |        |        |        |        |        |
| Domestic Use                                | 27,750                      | 28,251 | 28,636 | 28,740 | 29,107 | 29,522 | 29,838 |
| Exports                                     | 460                         | 615    | 1,268  | 1,633  | 1,952  | 2,115  | 2,202  |
| Total                                       | 28,210                      | 28,866 | 29,904 | 30,373 | 31,059 | 31,637 | 32,040 |
| Ending Stocks                               | 637                         | 651    | 679    | 693    | 714    | 732    | 749    |
|   | (Pounds)                    |        |        |        |        |        |        |
| <b>Per Capita Consumption</b>               |                             |        |        |        |        |        |        |
| Carcass Weight                              | 94.7                        | 95.5   | 96.0   | 95.5   | 95.8   | 96.4   | 96.6   |
| Retail Weight                               | 66.3                        | 66.9   | 67.2   | 66.8   | 67.1   | 67.5   | 67.6   |
| Change                                      | 1.8%                        | 0.9%   | 0.5%   | -0.5%  | 0.4%   | 0.5%   | 0.2%   |
|   | (Dollars Per Hundredweight) |        |        |        |        |        |        |
| <b>Prices</b>                               |                             |        |        |        |        |        |        |
| 1100 - 1300 #,<br>Nebraska Direct Steers    | 84.75                       | 84.93  | 82.27  | 80.54  | 77.52  | 75.18  | 72.95  |
| Change                                      | 0.1%                        | 0.2%   | -3.1%  | -2.1%  | -3.8%  | -3.0%  | -3.0%  |
| 600 - 650 #, Oklahoma<br>City Feeder Steers | 111.79                      | 115.14 | 107.50 | 101.92 | 96.49  | 91.89  | 87.45  |
| Change                                      | 17.4%                       | 3.0%   | -6.6%  | -5.2%  | -5.3%  | -4.8%  | -4.8%  |
| Utility Cows, Sioux Falls                   | 52.35                       | 53.22  | 52.06  | 50.32  | 48.60  | 46.53  | 44.18  |
| Change                                      | 12.3%                       | 1.7%   | -2.2%  | -3.3%  | -3.4%  | -4.3%  | -5.1%  |
|   | (Dollars Per Pound)         |        |        |        |        |        |        |
| Beef Retail                                 | 4.07                        | 4.16   | 4.14   | 4.13   | 4.13   | 4.12   | 4.10   |
| Change                                      | 8.5%                        | 2.4%   | -0.5%  | -0.2%  | -0.2%  | -0.2%  | -0.4%  |
|   | (Dollars Per Cow)           |        |        |        |        |        |        |
| <b>Net Returns</b>                          |                             |        |        |        |        |        |        |
| Cow - Calf                                  | 85.62                       | 83.63  | 51.43  | 30.16  | 5.44   | -17.34 | -40.64 |

## U.S. Swine Sector

|  | 2004                        | 2005   | 2006   | 2007   | 2008   | 2009   | 2010   |
|--|-----------------------------|--------|--------|--------|--------|--------|--------|
|  | (Million Head)              |        |        |        |        |        |        |
| <b>Breeding Herd (Dec. 1*)</b>         | 6.01                        | 5.97   | 6.04   | 6.00   | 5.84   | 5.78   | 5.84   |
| Gilts Added                            | 3.33                        | 3.36   | 3.42   | 3.30   | 3.18   | 3.24   | 3.32   |
| Sow Slaughter                          | 3.31                        | 3.23   | 3.40   | 3.40   | 3.18   | 3.12   | 3.25   |
| Sows Farrowed                          | 11.50                       | 11.64  | 11.76  | 11.66  | 11.49  | 11.53  | 11.69  |
| Pigs per Litter (Head)                 | 8.94                        | 8.98   | 9.02   | 9.06   | 9.10   | 9.14   | 9.18   |
| <b>Market Hogs (Dec. 1*)</b>           | 54.4                        | 55.0   | 55.8   | 56.7   | 56.5   | 56.1   | 56.8   |
| Pig Crop                               | 102.8                       | 104.5  | 106.1  | 105.6  | 104.5  | 105.3  | 107.3  |
| Barrow and Gilt Slaughter              | 99.9                        | 100.5  | 102.4  | 103.5  | 103.4  | 103.5  | 105.5  |
| Hog Imports                            | 8.5                         | 7.6    | 8.0    | 8.6    | 9.2    | 9.7    | 9.9    |
| Hog Exports                            | 0.2                         | 0.1    | 0.1    | 0.1    | 0.1    | 0.1    | 0.1    |
| Death Loss/Residual                    | 10.6                        | 10.6   | 10.7   | 10.7   | 10.6   | 10.6   | 10.8   |
| <b>Market Hogs (Nov.30)</b>            | 55.0                        | 55.8   | 56.7   | 56.5   | 56.1   | 56.8   | 57.5   |
|  | (Million Pounds)            |        |        |        |        |        |        |
| <b>Supply</b>                          |                             |        |        |        |        |        |        |
| Beginning Stocks                       | 532                         | 543    | 554    | 570    | 579    | 574    | 573    |
| Imports                                | 1,099                       | 980    | 960    | 1,015  | 1,079  | 1,128  | 1,179  |
| Production                             | 20,529                      | 20,863 | 21,382 | 21,714 | 21,736 | 21,855 | 22,394 |
| Total                                  | 22,160                      | 22,386 | 22,896 | 23,299 | 23,394 | 23,557 | 24,146 |
| <b>Disappearance</b>                   |                             |        |        |        |        |        |        |
| Domestic Use                           | 19,437                      | 19,163 | 19,721 | 20,173 | 20,300 | 20,464 | 20,993 |
| Exports                                | 2,181                       | 2,670  | 2,604  | 2,547  | 2,520  | 2,520  | 2,562  |
| Total                                  | 21,618                      | 21,833 | 22,325 | 22,720 | 22,820 | 22,984 | 23,555 |
| Ending Stocks                          | 543                         | 554    | 570    | 579    | 574    | 573    | 591    |
|  | (Pounds)                    |        |        |        |        |        |        |
| <b>Per Capita Consumption</b>          |                             |        |        |        |        |        |        |
| Carcass Weight                         | 66.3                        | 64.8   | 66.1   | 67.0   | 66.8   | 66.8   | 67.9   |
| Retail Weight                          | 51.5                        | 50.3   | 51.3   | 52.0   | 51.9   | 51.8   | 52.7   |
| Change                                 | -0.9%                       | -2.3%  | 2.0%   | 1.4%   | -0.2%  | -0.1%  | 1.7%   |
| <b>Prices</b>                          |                             |        |        |        |        |        |        |
| Barrows & Gilts, Natl. Base            | (Dollars Per Hundredweight) |        |        |        |        |        |        |
| 51-52% lean equiv.                     | 52.51                       | 48.04  | 38.74  | 37.69  | 47.74  | 50.84  | 44.29  |
| Change                                 | 33.1%                       | -8.5%  | -19.4% | -2.7%  | 26.7%  | 6.5%   | -12.9% |
| Sows, IA-S. Minn. #1-2,<br>300-400 Lb. | 43.49                       | 41.66  | 33.26  | 31.27  | 34.09  | 34.68  | 28.97  |
| Change                                 | 54.0%                       | -4.2%  | -20.2% | -6.0%  | 9.0%   | 1.7%   | -16.4% |
|  | (Dollars Per Pound)         |        |        |        |        |        |        |
| Pork Retail                            | 2.79                        | 2.86   | 2.81   | 2.80   | 2.89   | 2.97   | 2.96   |
| Change                                 | 5.0%                        | 2.3%   | -1.6%  | -0.3%  | 3.0%   | 3.0%   | -0.6%  |
| <b>Net Returns</b>                     | (Dollars Per Hundredweight) |        |        |        |        |        |        |
| Farrow - Finish                        | 16.49                       | 15.94  | 6.01   | 4.63   | 12.97  | 14.91  | 7.43   |

\* Preceding year

## U.S. Poultry Supply and Use

|  | 2004   | 2005   | 2006   | 2007   | 2008   | 2009   | 2010   |
|--|--------|--------|--------|--------|--------|--------|--------|
| <b>Broiler</b>                         |        |        |        |        |        |        |        |
| <b>Supply</b> (Million Pounds)         |        |        |        |        |        |        |        |
| Beginning Stocks                       | 608    | 713    | 673    | 696    | 717    | 723    | 731    |
| Imports                                | 27     | 37     | 36     | 36     | 36     | 36     | 36     |
| Production                             | 33,699 | 35,256 | 36,306 | 37,360 | 37,984 | 38,674 | 39,469 |
| Total                                  | 34,334 | 36,006 | 37,015 | 38,092 | 38,737 | 39,433 | 40,236 |
|  | 4.0%   | 4.6%   | 3.0%   | 2.9%   | 1.7%   | 1.8%   | 2.1%   |
| <b>Disappearance *</b>                 |        |        |        |        |        |        |        |
| Domestic Use                           | 28,837 | 29,904 | 30,842 | 31,685 | 32,136 | 32,676 | 33,304 |
| Exports                                | 4,784  | 5,429  | 5,477  | 5,690  | 5,878  | 6,026  | 6,189  |
| Total                                  | 33,621 | 35,333 | 36,319 | 37,375 | 38,014 | 38,702 | 39,493 |
| Ending Stocks                          | 713    | 673    | 696    | 717    | 723    | 731    | 743    |
| <b>Per Capita Consumption</b> (Pounds) |        |        |        |        |        |        |        |
| RTC Weight                             | 98.4   | 101.1  | 103.4  | 105.3  | 105.8  | 106.7  | 107.8  |
| Retail Weight                          | 84.2   | 86.5   | 88.3   | 89.8   | 90.2   | 90.8   | 91.6   |
| Change                                 | 3.2%   | 2.6%   | 2.1%   | 1.7%   | 0.4%   | 0.7%   | 0.9%   |
| <b>Prices</b> (Cents Per Pound)        |        |        |        |        |        |        |        |
| 12 City Wholesale                      | 74.12  | 72.52  | 68.46  | 63.20  | 61.30  | 60.78  | 60.88  |
| Change                                 | 19.6%  | -2.2%  | -5.6%  | -7.7%  | -3.0%  | -0.8%  | 0.2%   |
| Bnls. Breast Whlsle., NE               | 181.07 | 153.44 | 145.50 | 141.02 | 140.59 | 140.95 | 141.46 |
| Change                                 | 16.2%  | -15.3% | -5.2%  | -3.1%  | -0.3%  | 0.3%   | 0.4%   |
| Whole Leg Wholesale, NE                | 43.42  | 47.51  | 43.24  | 41.37  | 40.84  | 40.37  | 40.64  |
| Change                                 | 24.8%  | 9.4%   | -9.0%  | -4.3%  | -1.3%  | -1.1%  | 0.7%   |
| Broiler Retail                         | 172.78 | 173.74 | 171.58 | 170.43 | 170.21 | 171.45 | 173.16 |
| Change                                 | 7.1%   | 0.6%   | -1.2%  | -0.7%  | -0.1%  | 0.7%   | 1.0%   |
| <b>Net Returns</b>                     | 21.04  | 22.09  | 18.04  | 12.87  | 10.72  | 9.99   | 9.91   |
| <b>Turkey</b>                          |        |        |        |        |        |        |        |
| <b>Supply</b> (Million Pounds)         |        |        |        |        |        |        |        |
| Beginning Stocks                       | 354    | 288    | 274    | 288    | 301    | 303    | 307    |
| Imports                                | 5      | 8      | 4      | 4      | 4      | 4      | 4      |
| Production                             | 5,383  | 5,417  | 5,483  | 5,544  | 5,604  | 5,677  | 5,747  |
| Total                                  | 5,742  | 5,713  | 5,761  | 5,836  | 5,909  | 5,984  | 6,059  |
|  | -3.5%  | 0.6%   | 1.2%   | 1.1%   | 1.1%   | 1.3%   | 1.2%   |
| <b>Disappearance</b>                   |        |        |        |        |        |        |        |
| Domestic Use                           | 5,010  | 4,903  | 4,923  | 4,968  | 5,020  | 5,077  | 5,131  |
| Exports                                | 442    | 536    | 550    | 566    | 585    | 600    | 616    |
| Total                                  | 5,452  | 5,439  | 5,473  | 5,535  | 5,605  | 5,677  | 5,747  |
| Ending Stocks                          | 288    | 274    | 288    | 301    | 303    | 307    | 311    |
| <b>Per Capita Consumption</b> (Pounds) |        |        |        |        |        |        |        |
|  | 17.1   | 16.6   | 16.5   | 16.5   | 16.5   | 16.6   | 16.6   |
| Change                                 | -2.2%  | -3.0%  | -0.5%  | 0.0%   | 0.2%   | 0.3%   | 0.2%   |
| <b>Prices</b> (Cents Per Pound)        |        |        |        |        |        |        |        |
| East. Region, Wholesale                | 69.70  | 70.03  | 67.58  | 66.29  | 66.61  | 66.81  | 66.85  |
| Change                                 | 12.2%  | 0.5%   | -3.5%  | -1.9%  | 0.5%   | 0.3%   | 0.1%   |
| Turkey Retail                          | 109.03 | 106.16 | 105.66 | 105.41 | 106.40 | 107.17 | 107.71 |
| Change                                 | 0.8%   | -2.6%  | -0.5%  | -0.2%  | 0.9%   | 0.7%   | 0.5%   |
| <b>Net Returns</b>                     | 4.37   | 8.26   | 5.84   | 4.72   | 4.89   | 4.97   | 4.91   |

\* Chicken feet/paws exports excluded from broiler exports beginning in 1997.

## U.S. Dairy Sector

|                               | 2004    | 2005    | 2006                | 2007    | 2008    | 2009    | 2010    |
|-------------------------------|---------|---------|---------------------|---------|---------|---------|---------|
| Milk Cows (thou. head)        | 9,010   | 9,045   | 9,061               | 9,069   | 9,056   | 9,031   | 9,001   |
| Milk Yield (pounds)           | 18,957  | 19,442  | 19,832              | 20,076  | 20,313  | 20,551  | 20,786  |
| Milk Production (mil. pounds) | 170,805 | 175,866 | 179,701             | 182,080 | 183,957 | 185,603 | 187,090 |
| Product Production            |         |         | (Million Pounds)    |         |         |         |         |
| Cheese                        | 8,877   | 9,295   | 9,634               | 9,825   | 10,020  | 10,201  | 10,376  |
| Butter                        | 1,250   | 1,351   | 1,384               | 1,422   | 1,434   | 1,444   | 1,451   |
| Nonfat Dry Milk               | 1,406   | 1,393   | 1,451               | 1,508   | 1,524   | 1,533   | 1,534   |
| Product Prices                |         |         | (Dollars per Pound) |         |         |         |         |
| Butter, CME                   | 1.82    | 1.58    | 1.42                | 1.37    | 1.32    | 1.30    | 1.30    |
| Cheese, Am, 40#, CME          | 1.65    | 1.52    | 1.38                | 1.35    | 1.33    | 1.32    | 1.32    |
| Nonfat Dry Milk, AA           | 0.88    | 0.87    | 0.86                | 0.85    | 0.84    | 0.84    | 0.84    |
| Milk Prices                   |         |         | (Dollars per Cwt)   |         |         |         |         |
| Class III                     | 15.39   | 14.00   | 12.52               | 12.22   | 12.00   | 11.92   | 11.91   |
| Class IV                      | 13.20   | 12.17   | 11.39               | 11.08   | 10.85   | 10.76   | 10.76   |
| All Milk                      | 16.13   | 15.02   | 13.72               | 13.41   | 13.17   | 13.08   | 13.07   |