1994 AGRICULTURAL POLICY AND OUTLOOK

THE OHIO STATE UNIVERSITY
OHIO COOPERATIVE EXTENSION SERVICE
DEPARTMENT OF AGRICULTURAL ECONOMICS
AND RURAL SOCIOLOGY

PREPARED BY

Dr. Allan Lines
1993 PRICE FORECASTS

Percent Change

Grades

A  C  D  A  B  A

Forecast
Actual

Calendar Year  Crop Year

Milk  Beef  Hogs  Corn  Soybeans  Wheat
1994 AGRICULTURAL OUTLOOK

FEED GRAINS AND OILSEEDS
WORLD TOTAL GRAINS

Million Metric Tons

1,800
1,700
1,600
1,500
1,400

Production

Use

Stocks-to-use Ratio

81/82 83/84 85/86 87/88 89/90 91/92 93/94

Forecast

Revised 11/93
U.S. TOTAL GRAINS

Production
Use
Stocks-to-use Ratio

Forecast
81/82 83/84 85/86 87/88 89/90 91/92 93/94

Revised 11/93
CORN: SUPPLY AND USE

Carry In

Export

Production

Domestic

Billion Bushels

89/90  90/91  91/92  92/93  93/94

9.5  9.3  9.0  10.6  8.6

8.1  7.8  7.9  8.5  7.8

89/90  90/91  91/92  92/93  93/94

PROJECTED

Revised 11/93

Slide #8
U.S. CORN
ENDING STOCKS/TOTAL USE

Revised 11/93
CORN PRICES IN NORMAL AND SHORT YEARS
1973 TO 1991

Normal years are '73, '75-'79, '81-'82 & '84-'87, '89-'90
Short Years are '74, '80, '83, '88

Percent of Annual Average Price

$2.65
$2.54
$2.43
$2.32
$2.21
$2.10

Sep Oct Nov Dec Jan Feb Mar Apr May Jun Jul Aug
Month

Cash

Normal
Short

Slide #13
1994 CORN PROGRAM

ASSUMES:
- 100 Acre Base
- 110 Bu. Program Yield
- 120 Bu. Actual Yield
- $160/Ac. Variable Costs

Program Gain

Program Loss

Breakeven $2.65

ARP = 5%
FLEX = 15% (Corn)
LOAN = $1.72
TARGET = $2.75

Market Price ($/bu)

Returns to Fixed Costs ($)

Slide #14
WORLD SOYBEANS

Forecast

Production
Use

Stocks-to-use Ratio

Revised 11/93
U.S. SOYBEANS

Production
Use

Stocks-to-use Ratio

Forecast

Revised 11/93
SOYBEANS: SUPPLY AND USE

- Carry In
- Export
- Domestic

Production

Billion Bushels

2.11 2.17 2.32 2.47 2.18 2.13
1.87 1.84 2.04 1.96

89/90 90/91 91/92 92/93 93/94

Revised 11/93

PROJECTED

Slide #17
1993-94 SOYBEAN PRICE PROSPECTS  
(Decatur, IL)

<table>
<thead>
<tr>
<th></th>
<th>Per Bu.</th>
<th>Price</th>
<th>Value</th>
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</thead>
<tbody>
<tr>
<td>Meal (Ton)</td>
<td>47.5 #</td>
<td>$190-210</td>
<td>$4.51 to 4.99</td>
</tr>
<tr>
<td>Oil (Lb.)</td>
<td>11.0 #</td>
<td>$0.22-0.24</td>
<td>$2.42 to 2.64</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>$6.93 to 7.63</td>
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</tbody>
</table>

Minus Crushing Margins

Revised 11/93
FOREIGN WHEAT

1993 forecast
WHEAT TRADE


Slide #22
WHEAT: SUPPLY AND USE

- Carry In
- Export
- Domestic

<table>
<thead>
<tr>
<th>Year</th>
<th>Carry In</th>
<th>Production</th>
<th>Export</th>
<th>Domestic</th>
</tr>
</thead>
<tbody>
<tr>
<td>89/90</td>
<td>2.23</td>
<td>2.76</td>
<td>0</td>
<td>3.03</td>
</tr>
<tr>
<td>90/91</td>
<td>2.44</td>
<td>3.31</td>
<td>0</td>
<td>2.33</td>
</tr>
<tr>
<td>91/92</td>
<td>2.42</td>
<td>2.89</td>
<td>0</td>
<td>2.47</td>
</tr>
<tr>
<td>92/93</td>
<td>2.47</td>
<td>3.00</td>
<td>0</td>
<td>3.03</td>
</tr>
<tr>
<td>93/94</td>
<td>2.33</td>
<td>3.03</td>
<td>0</td>
<td>3.03</td>
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</table>

PROJECTED
1994 AGRICULTURAL OUTLOOK

LIVESTOCK
U.S. MEAT, POULTRY AND FISH CONSUMPTION
RETAIL BONELESS TRIMMED WEIGHT

1993/1994 Estimated/Projected
RETAIL MEAT PRICES
QUARTERLY AVERAGE

Last date: July - Sept. 1993

Slide #27
U.S. MEAT EXPORTS

1993/1994 Estimated/Projected
U.S. INVENTORY OF ALL CATTLE AND CALVES, January 1

Year


Million Head

135

125

115

105

95

1994–96 Projected

Slide #29
COMMERCIAL BEEF PRODUCTION
QUARTERLY

- 1991
- 1992
- 1993 estimated
- 1994 projected

Thou. Pounds

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>JAN-MAR</td>
<td>5400</td>
<td>5600</td>
<td>+6%</td>
<td></td>
</tr>
<tr>
<td>APR-JUN</td>
<td>5800</td>
<td>5900</td>
<td>+3%</td>
<td></td>
</tr>
<tr>
<td>JUL-SEP</td>
<td>6200</td>
<td>6300</td>
<td>+2%</td>
<td></td>
</tr>
<tr>
<td>OCT-DEC</td>
<td>6400</td>
<td>6500</td>
<td>+2%</td>
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Slide #30
DEMAND FOR BEEF IN THE U.S.

Real Retail Price ($/lb, 1982=100)

1980 - 1986

1987 - 1993

Retail Consumption (lbs./person)

Slide #31
FED CATTLE PRICE, OMAHA
CHOICE, 1000-1100 LBS.

Sept/Oct - Estimated

Slide #32
## FORECASTS

<table>
<thead>
<tr>
<th>Year</th>
<th>Beef Production</th>
<th>Fat Cattle Price/cwt</th>
</tr>
</thead>
<tbody>
<tr>
<td>1993</td>
<td></td>
<td></td>
</tr>
<tr>
<td>IV</td>
<td>+3%</td>
<td>$72-74</td>
</tr>
<tr>
<td>Year</td>
<td>0%</td>
<td>$76-77</td>
</tr>
<tr>
<td>1994</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I</td>
<td>+6%</td>
<td>$74-77</td>
</tr>
<tr>
<td>II</td>
<td>+3%</td>
<td>$76-79</td>
</tr>
<tr>
<td>III</td>
<td>+2%</td>
<td>$71-74</td>
</tr>
<tr>
<td>IV</td>
<td>+2%</td>
<td>$72-75</td>
</tr>
<tr>
<td>Year</td>
<td>+3%</td>
<td>$73-76</td>
</tr>
</tbody>
</table>
COMMERCIAL PORK PRODUCTION
U.S. QUARTERLY

Mil. Lbs.
3000 3200 3400 3600 3800 4000 4200 4400 4600 4800

I 1991 -3%
II 1992 -1%
III 1993 +2%
IV 1994 +3%


Slide #34
DEMAND FOR PORK IN THE U.S.

![Graph showing the relationship between real retail price and retail consumption. The graph indicates a negative correlation between price and consumption from 1984 to 1993.](image)
BARROW AND GILT PRICE
6 MARKET AVERAGE

Sept/Oct - Estimated

Slide #36
## FORECASTS

<table>
<thead>
<tr>
<th>Year</th>
<th>Pork Production</th>
<th>Barrow &amp; Gilt Price/cwt</th>
</tr>
</thead>
<tbody>
<tr>
<td>1993</td>
<td></td>
<td></td>
</tr>
<tr>
<td>IV</td>
<td>+ 3%</td>
<td>$45-51</td>
</tr>
<tr>
<td>Year</td>
<td>- 2%</td>
<td>$47-48</td>
</tr>
<tr>
<td>1994</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I</td>
<td>- 3%</td>
<td>$47-50</td>
</tr>
<tr>
<td>II</td>
<td>- 1%</td>
<td>$48-51</td>
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<tr>
<td>III</td>
<td>+ 2%</td>
<td>$45-48</td>
</tr>
<tr>
<td>IV</td>
<td>+ 3%</td>
<td>$42-45</td>
</tr>
<tr>
<td>Year</td>
<td>+ 1%</td>
<td>$46-49</td>
</tr>
</tbody>
</table>
GROWTH OF BROILER PRODUCTION IN THE U.S.

% Growth Rate (versus year earlier)


Quarter/Year

1993/3-4 Estimated

Average Growth Rate
GROWTH OF TURKEY PRODUCTION
IN THE U.S.

% Growth Rate (versus year earlier)

Average Growth Rate

1993/3-4 Estimated

Slide #40
<table>
<thead>
<tr>
<th>YEAR</th>
<th>NUMBER OF COWS (Thousands)</th>
<th>PRODUCTION PER COW (Lbs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1987 *</td>
<td>10,327</td>
<td>13,819</td>
</tr>
<tr>
<td>1988</td>
<td>10,262</td>
<td>14,145</td>
</tr>
<tr>
<td>1989</td>
<td>10,126</td>
<td>14,244</td>
</tr>
<tr>
<td>1990</td>
<td>10,127</td>
<td>14,642</td>
</tr>
<tr>
<td>1991</td>
<td>9,992</td>
<td>14,860</td>
</tr>
<tr>
<td>1992 p</td>
<td>9,839</td>
<td>15,423</td>
</tr>
<tr>
<td>1993 f</td>
<td>9,717</td>
<td>15,639</td>
</tr>
<tr>
<td>1994 f</td>
<td>9,575</td>
<td>16,003</td>
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</table>

* Whole Herd Buyout in place last 9 months of 1986 and first 9 months of 1987.
p = preliminary, f = forecast

Slide #41
## U.S. PRODUCTION AND DEMAND

<table>
<thead>
<tr>
<th>YEAR</th>
<th>MILK PRODUCTION</th>
<th>COMMERCIAL DEMAND</th>
<th>CCC PURCHASES</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>(Billion Lbs.)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1987</td>
<td>142.7</td>
<td>135.6</td>
<td>6.8</td>
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<tr>
<td>1988</td>
<td>145.2</td>
<td>136.5</td>
<td>9.1</td>
</tr>
<tr>
<td>1989</td>
<td>144.2</td>
<td>135.4</td>
<td>9.4</td>
</tr>
<tr>
<td>1990</td>
<td>148.3</td>
<td>138.9</td>
<td>9.0</td>
</tr>
<tr>
<td>1991</td>
<td>148.5</td>
<td>139.3</td>
<td>9.7</td>
</tr>
<tr>
<td>1992 p</td>
<td>151.7</td>
<td>142.1</td>
<td>8.5</td>
</tr>
<tr>
<td>1993 f</td>
<td>152.0</td>
<td>144.0</td>
<td>7.4</td>
</tr>
<tr>
<td>1994 f</td>
<td>153.2</td>
<td>145.7</td>
<td>7.5</td>
</tr>
</tbody>
</table>

p = preliminary, f = forecast

CCC purchases stated on milkfat basis
DAIRY SUPPORT PRICE AND MINNESOTA-WISCONSIN PRICE, 3.5% BF, 1983-1993

Dollars Per CWT

$14.93
Dec., 1989

$13.43
July, 1990

M-W Price

Milk Support Price

1983 1985 1987 1989 1991 1993

Slide #43