

USDA predicts more corn acres, stronger soy exports

By Sara Wyant

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Washington, Feb.18. USDA's Chief Economist Joe Glauber forecasts that U.S. farmers will plant 89 million acres of corn this spring---up a million acres from its previous estimate. Soybean acreage is predicted to increase slightly from the department's previous estimate of 76.5 million acres to 77 million. With signs that the global economy is emerging from recession, USDA also raised its forecast for farm exports in fiscal 2010 to \$100 billion, up \$2 billion from its November estimates. See USDA's forecast, below.

Crop	2008	2009	2010 1/
Corn	86.0	86.5	89.0
Sorghum	8.3	6.6	7.0
Barley	4.2	3.6	3.6
Oats	3.2	3.4	3.4
Wheat	63.2	59.1	53.8
Rice	3.0	3.1	3.2
Upland cotton	9.3	9.0	10.3
Soybeans	75.7	77.5	77.0
8 major crops	252.9	248.8	247.3
CRP	34.6	33.8	31.4
Total planted + CRP	287.5	282.5	278.7

Jim Miller, Undersecretary for Farm and Foreign Services, said that exports will start to rebound as the global economy emerges from the recession.

With China driving demand for oilseeds, exports are expected to increase \$2.6 billion from the November forecast, up to a total \$23 billion for fiscal 2010. The soybean meal export forecast is up \$360 million on record volume and higher unit value. The soybean oil export forecast fell 7 percent on reduced unit value. Export volume remains unchanged at a record 1.5 million tons.

“China is the dominant factor in the global oilseed market. We are expecting exports to China will continue to be very strong,” said Miller.

The fiscal 2010 forecast for grain and feed exports is lowered \$1.3 billion from the November forecast to \$24.9 billion. Both coarse grains, primarily corn, and wheat exports are forecast down. Greater exports of feed and fodder products, including DDGs are forecast up from November. Corn exports are down \$500 million to \$9 billion. Demand for U.S. corn continues to come under pressure from rising foreign supplies, while a record U.S. crop weighs on unit values.

The fiscal 2010 cotton export forecast is raised \$700 million since November to \$4 billion. Export volume is up 200,000 tons to 2.5 million tons due to a strengthening world demand as stock building in the textile sector is temporarily boosting demand. Unit export values were also raised due to tighter foreign stocks held by major exporters.

The fiscal 2010 horticultural product export value is unchanged from the record November forecast of \$21.5 billion. For most products, expanding exports are due primarily to higher unit values, a driving force over the last several years. Record almond inventories are forecast to continue pressuring prices. Fiscal 2010 exports of sugar and tropical products, including coffee and cocoa products, are forecast at \$4.3 billion, unchanged from November.

The export forecast for livestock, poultry, and dairy products is raised \$200 million to \$20.1 billion as moderate gains in beef, pork, and dairy outweigh reductions in broiler meat. The dairy export forecast is up 7 percent largely due to firm global dairy prices impacting export values. A longstanding drought in Australia and the recent development of drought in northern New Zealand could lend further impetus to world market prices if the drought impact deepens.

Beef is forecast \$167 million higher as global economic recovery bolsters demand, particularly in the key markets of Japan and Korea. Pork exports are raised 7 percent to \$4.2 billion on much higher live hog prices. Despite market access issues in Russia and China, strong demand is expected to continue in major U.S. pork export markets in NAFTA partner countries and Asia.