

Risk Management

Obtaining and Using USDA Market and Production Reports

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It has been said that “accurate and timely information is the lubricant of an efficient market” (Moulton and Padberg). Information, whether factual or false, affects markets. The market would operate most efficiently if all market participants had equal information, but this equality seldom exists. Participants with the best information have a distinct advantage over others.

The wide-spread adoption of information and communication technology has made accurate and timely commodity information readily available. In fact, producers can suffer from information overload that distorts their perceptions of what is happening in the markets. It helps to know how to find the best crop and livestock information, and how to use it.

Sources of Information

Market information is gathered and disseminated by both public and private organizations. Public information is commonly available from the United States Department of Agriculture (USDA) and land grant universities. USDA is responsible for collecting and reporting to the public a vast array of information on virtually every agricultural commodity produced in the United States. In addition, USDA is charged with estimating production and prices of most commodities eligible for government support. Most land grant universities employ specialists who then interpret those reports to producers.

Many private firms also make the same types of market projections. However, those private

reports are usually available only to subscribers or members who have paid a fee for the service. These private reports can go far beyond what the public organizations can do, such as providing technical analysis of market charts and making actual marketing recommendations.

The impact of private information should not be underestimated. Several large firms provide production estimates to their clientele and eventually release their projections to the public. Generally, these estimates are made public a few days to a few weeks before the associated USDA report and they can cause the market to move. Private company estimates can affect the impact of a USDA report. Often, the impact of a USDA report is not measured from the change in the previous report but by how it differs from the industry “guesses.” Therefore, it is important to factor in pre-report private estimates when gauging the impact of a USDA report.

Public Crop Reports

Throughout the year USDA publishes estimates of crop production, use and stocks. Reports for the new year begin in January with the *Winter Wheat Seeding* report. Near the end of March, the *Prospective Plantings* is released. In April, the *Weekly Crop Progress* reports begin. In May, the monthly *WASDE* reports begin projecting crops for the current growing season. In June, USDA releases the *Acreage* report. Each report is discussed below. Table 1 details many of the USDA reports throughout the calendar year.



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World Agricultural Supply and Demand Estimates (WASDE)

The USDA releases monthly projections of future quantities of agricultural commodities in WASDE. This report is released near the 10th of each month and reports on the volume of agricultural commodities in the United States and worldwide. Current estimates and future projections are reported in four primary supply/demand categories: production; exports; domestic use; and ending stocks.

Estimates of production and use are necessary for calculating stocks-to-use ratios. This ratio is calculated by dividing the ending stocks estimate by the sum of domestic use and exports. This ratio is highly correlated to price movements. An increase in the stocks-to-use ratio signals falling prices, whereas a decrease in the ratio results in rising prices.

Even though this report is published year-round, readers should think of this publication as starting in May. USDA begins estimating production and consumption for the new marketing year with its May WASDE release. At any point in time, USDA will be reporting estimates for more than one crop year.

Crop Production

The *Crop Production* report is published monthly by the National Agricultural Statistics Service. This report estimates, by state, the acreage, yields and production of various commodities.

Three supplements to this report are watched closely by market participants. The first is the *Winter Wheat Seeding* supplement. This supplement, normally published about the 10th of January, gives the number of acres planted during the fall of the previous year to these commodities.

A second supplement is the *Prospective Plantings* report, better known as the planting intentions report. This report is released near the end of March. It indicates the number of acres of various spring crops producers intend to plant in the coming year. These estimates are derived from producer surveys conducted by USDA employees.

Table 1. USDA crop reports by month.

January	WASDE Crop Production–Winter Wheat & Rye Seeding Grain Stocks U.S. Export Sales
February	WASDE Crop Production U.S. Export Sales
March	WASDE Crop Production–Prospective Plantings Grain Stocks U.S. Export Sales
April	WASDE Crop Production U.S. Export Sales Crop Progress
May	WASDE Crop Production U.S. Export Sales Crop Progress
June	WASDE Crop Production–Acreage Grain Stocks U.S. Export Sales Crop Progress
July	WASDE Crop Production U.S. Export Sales Crop Progress
August	WASDE Crop Production U.S. Export Sales Crop Progress
September	WASDE Crop Production Grain Stocks U.S. Export Sales Crop Progress
October	WASDE Crop Production U.S. Export Sales Crop Progress
November	WASDE Crop Production U.S. Export Sales Crop Progress
December	WASDE Crop Production U.S. Export Sales Crop Progress

The third supplement is the *Acreage* report, released near the end of June. Based on surveys conducted by USDA, this report details planted acreage of crops and potential harvested acreage in the U.S. Harvested acreage estimates are based on surveys and the historical relationship between planted and harvested acres.

Grain Stocks

Grain Stocks is issued quarterly and details the quantity of grain in storage in the U.S. Grain stocks are delineated by on-farm storage and off-farm storage, and by state. The estimates are based on two sets of surveys—one sent to producers across the U. S. to derive the amount of on-farm grain stocks and the other sent to commercial grain storage facilities to estimate off-farm storage.

U.S. Export Sales

U.S. agriculture is highly dependent upon export sales. Typically, a quarter to half of the U.S. annual production of corn, wheat, soybeans and cotton is exported. The Foreign Agricultural Service publishes the weekly *U.S. Export Sales*, which outlines export sales during a particular week and outstanding sales. Outstanding sales are defined as grain that has been contracted but not yet shipped to foreign buyers.

This report becomes very important after a crop size has been determined, or near the end of a commodity's marketing year.

Other Pertinent USDA Reports

USDA publishes many additional reports outlining agricultural statistics and growth stages. The weekly *Crop Progress* is one readers should be aware of. USDA begins releasing this report in April, with the last release at the end of the calendar year. It outlines crop plantings and conditions and is released on Monday afternoons at 3:00 p.m. CST. On Tuesdays, each commodity market will trade based on the results of this report.

Public Livestock Reports

USDA publishes many reports detailing herd inventories, slaughter and consumption of livestock in the U.S. and the world. Some that producers need to be aware of are outlined in Table 2.

Cattle Inventory

The cattle inventory is published twice a year. The first report is released about January 30th and reflects U.S. cattle herd dynamics as of the first of the year. A second report is released about July 20th and reflects herd dynamics as of July 1.

These two reports give a good indication of the general situation in the cattle industry. Past and

current data from this report can be used to illustrate cattle cycles and predict the general direction of cattle inventories and resultant prices.

Cattle on Feed

The *Cattle on Feed* report is released about the 15th of each month. This report estimates the total number of cattle and calves on feed, placements in feedlots, and marketings and other disappearance. These figures are presented by weight groups of cattle and by feedlot capacity for selected states. The placement figures are used to assess price prospects for the period when those cattle are to be slaughtered.

Table 2. USDA cattle reports by month.

January	Cattle Inventory Cattle on Feed Livestock Slaughter Cold Storage
February	Cattle on Feed Livestock Slaughter Cold Storage
March	Cattle on Feed Livestock Slaughter Cold Storage
April	Cattle on Feed Livestock Slaughter Cold Storage
May	Cattle on Feed Livestock Slaughter Cold Storage
June	Cattle on Feed Livestock Slaughter Cold Storage
July	Mid-year Inventory Cattle on Feed Livestock Slaughter Cold Storage
August	Cattle on Feed Livestock Slaughter Cold Storage
September	Cattle on Feed Livestock Slaughter Cold Storage
October	Cattle on Feed Livestock Slaughter Cold Storage
November	Cattle on Feed Livestock Slaughter
December	Cattle on Feed

Livestock Slaughter

The *Livestock Slaughter* report is a monthly outline of animals that have been slaughtered in the U.S. This report provides the number of head slaughtered, live weight, and dressed weight of cattle and calves. Similar statistics are reported for sheep, hogs and pigs. For federally inspected plants, statistics are reported by class and by state. In addition, total red meat production by species is reported by state and for the U.S.

One of the most pertinent statistics for cattle operators is the dressed weight of cattle slaughtered. In general, carcass weights have climbed in the U.S. for many years as we have increased frame scores of cattle and used more exotic breeds. However, carcass weights can vary within a year because of varying weather conditions. When increased carcass weights are reported it means there are additional pounds of beef in the market, which depresses prices.

Cold Storage Report

The *Cold Storage* report contains estimates of the regional and national end-of-the-month stocks of meats, dairy products, poultry products, and fruits and vegetables in public, private and semi-private refrigerated warehouses. This report is released about the 20th of each month.

The amount of meat the market has on hand is that which is ready to be delivered to a retail outlet or to the consumer. If the report indicates larger supplies of meat on hand than expected, meat prices tend to fall. This report helps define where prices have been and current price levels.

Where to Get the Information

You can obtain USDA reports in several ways.

Internet Access

All USDA reports are available free of charge on the World Wide Web. From the USDA home page (<http://www.usda.gov/>), click on "Find commodity market reports."

E-mail Subscription

You can receive reports by e-mail free of charge upon their release. To subscribe, go to <http://usdamannlib.cornell.edu> and select "Reports by E-mail."

Mail

You can have reports mailed to you by calling (800) 999-6779. There is a cost associated with this method.

Other Report Services

Many USDA reports are also available on services such as DTN (Data Transmission Network). Contact your local representative to determine the costs.

References

- Moulton, Kirby and Daniel I. Padberg.
"Mandatory Public Reporting of Market Information. Marketing Alternatives for Agriculture: Is There a Better Way?," Cooperative Extension, New York State College of Agriculture and Life Sciences, Cornell University. Ithaca, NY. November 1976.

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