Texas Agricultural Extension Service
The Texas A&M University System

Market-Gram

Marketing and Policy Information for County Extension Agents

ECO 2
August 18, 1994, Vol. 12, No. 2

Lawrence A. Lippke, Professor and Extension Economist-Management, (409/845/8012)
Edward G. Smith, Professor and Extension Economist-Marketing/Policy, (409/845-1751)
Mark L. Waller, Associate Professor and Extension Economist-Marketing, (409/845-8011)
Carl G. Anderson, Professor and Extension Economist-Marketing, (409/845-8011)

USDA Announces CCC Loan Rates for Corn and Sorghum

On July 7, 1994 the Agricultural Stabilization and Conservation Service (ASCS) released the CCC non-recourse loan rates for 1994 crop corn and sorghum for all Texas counties. These rates are based on U.S. national average loan rates of $1.89/bu for corn and $3.21/cwt for sorghum. The attached table shows those county level loan rates.

1995 Wheat Acreage Reduction Announced

The Secretary of Agriculture announced on August 1 that the acreage reduction level for the 1995 wheat crop will be zero percent. This means that farmers are permitted to plant and harvest 100% of their wheat base acres, but they can expect to receive deficiency payments on only 85% of that base--the 15% being designated as normal flexible acreage.

Comments on 1995 Feed Grain Program

USDA is seeking public comments on the 1995 acreage reduction program (ARP) for corn, sorghum, and barley. The Commodity Credit Corporation is currently proposing ARP percentages of between 0 and 12.5 percent for corn, and between 0 and 20 percent for sorghum and barley. Anyone wishing to comment on these proposals should send them by September 14 to: Grains Analysis Division, USDA/ASCS, Room 3742-S, P.O. Box 2415, Washington, D.C. 20013-2415.

Wheat Price Continues Seasonal Climb

With winter wheat harvest mostly complete and spring wheat harvest well underway, prices are starting to improve. As expected, Kansas City and Chicago futures are starting their post harvest rally ahead of Minneapolis, where there is still more uncertainty concerning the final size of the spring wheat crop. The question now is how much demand can be generated this fall and winter and how much can that improve prices.

USDA tightened both the U.S. and the world wheat supply/demand balance in the August release of the WASDE report. While the U.S. production forecast was reduced to 2.386 billion bushels, it was in line with trade expectations. The reduced forecast for feed use was more than offset by increases for food and export use. The tighter ending stocks estimate of 605 million bushels reduced the carryover/use ratio to 25 percent for 1994/95, still above the 23 percent for 1993/94, but not a burdensome level.

Prices will likely continue to trend higher, but should exhibit more retracements along the way. Pressure on feedgrain prices could slow the rally also, but for now we appear to be off to a faster start than expected for the post harvest seasonal rally.

Feedgrain Crop Growing

USDA released its first survey based forecast of the 1994 crop last week. As expected, the forecast size of the crop was increased from last month. Good growing conditions across the Midwest continue to foster beliefs that this year's crop, currently estimated at 9.21 billion bushels, 3 percent below the 1992 record, could very well end up even larger. States such as Iowa and Illinois are currently forecast a bit below their 1992 corn production levels, but some of the states further west such as Nebraska, Kansas and, yes, Texas are all expected to exceed their 1992 corn production levels. Sorghum production, on the other hand, continues to run well behind the 1992 level, as a result of reduced acreage.

The expectation of a large crop, and the associated lower prices that we are already suffering from, should generate additional demand both for domestic and export use. The growth in consumption, however, will not be able to offset the growth in production, as ending stocks are expected to nearly double from last year's level to 1.661 billion bushels.

From a marketing perspective, we should have already seen most of the drop, but prices could slide a little further as the summer progresses. Prices could improve after harvest, but it may be difficult to get enough to offset storage costs.

Forecast of Big Cotton Crop Weakens Market Support

The August estimate of a record 19.2 million bale U.S. cotton crop was substantially higher than expected. The August supply/demand estimates place 1994/95 U.S. consumption at 11.0 million bales and exports at 7.3 for a record use of 18.3 million bales. The resulting carryover stocks next July are expected to increase a million bales from 3.5 million in 1993/94 to 4.5 million, or to a 24.6 percent stocks-to-use ratio. That is up from 20.2 percent stocks-to-use last season.

Analysis of price and stocks-to-use percent suggests that this supply increase, if realized, may decrease the U.S. price level 5 to 8 cents per pound. This means that the December '94 futures price likely peaked on June 16 at 76.90 cents per pound settlement price.

World cotton production is moving closer to balancing with consumption this season for the first time since the 1991 crop. World production was set at 85.79 million bales and consumption at 86.73.

The next crop report, as of conditions around September 1, will be released on September 12. The cotton crop wiil be more mature and a more representative survey of potential yield can be made.

CCC Loan Rates for 1994 Crop Corn and Sorghum

County	Corn ($/bu)	Sorghum ($/cwt)
Grayson	2.11	3.30
Gregg	2.11	3.25
Grimes	2.04	3.33
Guadalupe	2.08	3.27
Hale	2.17	3.52
Hall	2.12	3.40
Hamilton	2.11	3.28
Hanstord	2.14	3.36
Hardeman	2.16	3.26
Hardin	2.04	3.43
Harris	2.07	3.43
Harrison	2.11	3.25
Hartley	2.16	3.38
Haskell	2.16	3.25
Hays	2.08	3.19
Hemphill	2.16	3.35
Henderson	2.11	3.24
Hidalgo	2.04	3.23
Hill	2.11	3.30
Hockley	2.16	3.43
Hood	2.11	3.26
Hopkins	2.11	3.30
Houston	2.08	3.23
Howard	2.16	3.36
Hudspeth	2.11	3.23
Hunt	2.11	3.30
Hutchinson	2.18	3.36
Irion	2.11	3.23
Jack	2.11	3.33
Jackson	2.04	3.33
Jasper	2.04	3.25
Jeff Davis	2.11	3.23
Jefferson	2.19	3.66
Jim Hogg	2.03	3.26
Jim Wells	2.04	3.42
Johnson	2.11	3.26
Jones	2.16	3.31
Karnes	2.04	3.32
Kaufman	2.11	3.22
Kendall	2.08	3.13
Kenedy	2.03	3.26
Kent	2.16	3.36
Kerr	2.08	3.13
Kimble	2.11	3.23
King	2.16	3.33

County	Corn ($/bu)	Sorghum ($/cwt)
Kinney	2.08	3.15
Kleberg	2.02	3.42
Knox	2.13	3.26
Lamar	2.11	3.31
Lamb	2.15	3.43
Lampasas	2.11	3.29
La Salle	2.04	3.19
Lavaca	2.04	3.33
Lee	2.08	3.12
Leon	2.08	3.23
Liberty	2.04	3.43
Limestone	2.08	3.23
Lipscomb	2.14	3.33
Live Oak	2.04	3.26
Llano	2.08	3.13
Loving	2.11	3.23
Lubbock	2.27	3.56
Lynn	2.16	3.46
McCulloch	2.11	3.29
McLennan	2.11	3.25
McMullen	2.04	3.21
Madison	2.08	3.23
Marion	2.11	3.25
Martin	2.16	3.38
Mason	2.11	3.23
Matagorda	2.04	3.42
Maverick	2.08	3.19
Medina	2.08	3.17
Menard	2.11	3.23
Midland	2.11	3.23
Milam	2.08	3.14
Mills	2.11	3.28
Mitchell	2.16	3.36
Montague	2.11	3.33
Montgomery	2.04	3.33
Moore	2.16	3.38
Morris	2.11	3.28
Motley	2.16	3.39
Nacogdoches	2.08	3.20
Navarro	2.11	3.30
Newton	2.04	3.25
Nolan	2.16	3.38
Nueces	2.14	3.49
Ochiltree	2.14	3.36
Oldham	2.17	3.50

CCC Loan Rates for 1994 Crop Corn and Sorghum

County	Corn ($/bu)	Sorghum ($/cwt)
Anderson	2.08	3.23
Andrews	2.16	3.38
Angelina	2.04	3.27
Aransas	2.04	3.26
Archer	2.11	3.33
Armstrong	2.16	3.46
Atascosa	2.04	3.25
Austin	2.04	3.33
Bailey	2.18	3.53
Bandcra	2.08	3.13
Bastrop	2.08	3.14
Baylor	2.11	3.30
Bee	2.04	3.37
Bell	2.08	3.19
Bexar	2.08	3.25
Blanco	2.08	3.13
Borden	2.16	3.35
Bosque	2.10	3.26
Bowie	2.11	3.22
Brazoria	2.07	3.43
Brazos	2.08	3.23
Brewster	2.11	3.23
Briscoe	2.12	3.40
Brooks	2.03	3.26
Brown	2.11	3.22
Burleson	2.08	3.12
Burnet	2.08	3.13
Caldwell	2.08	3.17
Calhoun	2.04	3.31
Callahan	2.11	3.36
Cameron	2.04	3.35
Camp	2.11	3.25
Carson	2.18	3.46
Cass	2.11	3.28
Castro	2.17	3.49
Chambers	2.07	3.43
Cherokee	2.08	3.26
Childress	2.12	3.38
Clay	2.11	3.33
Cochran	2.16	3.49
Coke	2.11	3.23
Coleman	2.11	3.23
Collin	2.11	3.22
Collingsworth	2.12	3.36
Colorado	2.04	3.33

County	Corn ($/bu)	Sorghum ($/cwt)
Comal	2.08	3.23
Comanche	2.11	3.28
Concho	2.11	3.22
Cooke	2.11	3.30
Coryell	2.11	3.30
Cottle	2.16	3.33
Crane	2.11	3.23
Crockett	2.11	3.23
Crosby	2.16	3.38
Culberson	2.11	3.23
Dallam	2.16	3.38
Dallas	2.11	3.43
Dawson	2.16	3.42
Deaf Smith	2.18	3.53
Delta	2.11	3.31
Denton	2.11	3.22
De Witt	2.04	3.33
Dickens	2.16	3.33
Dimmitt	2.08	3.19
Donley	2.12	3.41
Duval	2.04	3.39
Eastland	2.11	3.36
Ector	2.11	3.23
Edwards	2.11	3.23
Ellis	2.11	3.26
El Paso	2.11	3.31
Erath	2.11	3.29
Falls	2.08	3.23
Fannin	2.11	3.24
Fayette	2.04	3.21
Fisher	2.16	3.35
Floyd	2.14	3.41
Foard	2.16	3.28
Fort Bend	2.08	3.43
Franklin	2.11	3.30
Freestone	2.08	3.23
Frio	2.08	3.26
Gaines	2.16	3.43
Galveston	2.19	3.66
Garza	2.16	3.36
Gillespie	2.08	3.13
Glasscock	2.11	3.23
Goliad	2.04	3.37
Gonzales	2.04	3.27
Gray	2.16	3.43

CCC Loan Rates for 1994 Crop Corn and Sorghum

County	Corn ($/bu)	Sorghum ($/cwt)
Orange	2.04	3.43
Palo Pinto	2.11	3.36
Panola	2.08	3.20
Parker	2.11	3.38
Parmer	2.18	3.53
Pecos	2.11	3.23
Polk	2.04	3.25
Potter	2.27	3.58
Presidio	2.11	3.23
Rains	2.11	3.22
Randall	2.27	3.57
Reagan	2.11	3.23
Real	2.08	3.13
Red River	2.11	3.31
Reeves	2.11	3.23
Refugio	2.04	3.37
Roberts	2.16	3.38
Robertson	2.08	3.23
Rockwall	2.11	3.22
Runnels	2.11	3.23
Rusk	2.08	3.20
Sabine	2.04	3.23
San Augustine	2.04	3.23
San Jacinto	2.04	3.33
San Patricio	2.04	3.42
San Saba	2.11	3.29
Schleicher	2.11	3.23
Scurry	2.16	3.35
Shackelford	2.11	3.36
Shelby	2.08	3.20
Sherman	2.14	3.43
Smith	2.11	3.24
Somervell	2.11	3.26
Starr	2.04	3.31
Stephens	2.11	3.36
Sterling	2.11	3.23
Stonewall	2.16	3.36
Sutton	2.11	3.23
Swisher	2.17	3.52
Tarrant	2.11	3.43
Taylor	2.16	3.23
Terrell	2.11	3.23
Terry	2.16	3.43
Throckmorton	2.11	3.37
Titus	2.11	3.28

County	Corn ($/bu)	Sorghum ($/cwt)
Tom Green	2.11	3.22
Travis	2.08	3.14
Trinity	2.04	3.27
Tyler	2.04	3.25
Upshur	2.11	3.25
Upton	2.11	3.23
Uvalde	2.08	3.14
Val Verde	2.11	3.23
Van Zandt	2.11	3.22
Victoria	2.04	3.33
Walker	2.04	3.33
Waller	2.04	3.33
Ward	2.11	3.23
Washington	2.04	3.12
Webb	2.04	3.21
Wharton	2.04	3.42
Wheeler	2.11	3.38
Wichita	2.11	3.30
Wilbarger	2.11	3.30
Willacy	2.04	3.26
Williamson	2.08	3.15
Wilson	2.04	3.33
Winkler	2.11	3.23
Wise	2.11	3.33
Wood	2.11	3.22
Yoakum	2.16	3.42
Young	2.11	3.33
Zapata	2.03	3.26
Zavala	2.08	3.19