

The World Agricultural Outlook Board (WAOB) released the January World Agricultural Demand and Supply Estimates (WASDE) yesterday in conjunction with several other major USDA NASS reports: January Crop Production, Annual Crop Production, and Quarterly Grain Stocks.

Notable changes were made to the domestic grain supply and use. USDA trimming corn acres to 90.8 million, and further reduced beginning stocks down to 1,919 million bushels. Changes were made to corn utilization categories as well: reducing in feed and residual as well as food, seed and industrial, and exports. Even with those reductions Corn ending stocks still declined by 150 million bushels further tightening supplies available, coming in at 1,552 million bushels. If realized, that would be the smallest ending stock level since the 2013-2014 marketing year, when the season average price was \$4.76 per bushel. The WASDE increased the season average corn price to \$4.20 per bushel.

Soybeans Supply and Utilization tables saw significantly less changes, but supplies still were reduced through a smaller yield than previously forecast. Use categories on the balance sheet increased by 20 million bushels, reducing already extremely tight soybean stocks to 140 million. The season average price forecast moved to \$11.15 per bushel up from \$10.55 in the December estimate.

WASDE adjusted animal production estimates as well for both 2020 and 2021. Total red meat and poultry production estimates declined in both 2020 estimates and 2021. For 2020 beef, pork, broilers, and turkeys production figures were all ratcheted lower. The largest adjustment in 2020 occurred in beef production, which was lowered by 80 million pounds. In 2021 similar changes were made to beef production, down 70 million pounds. Pork production increased slightly, up 55 million pounds. The largest change in 2021 was to broiler production which will adjust very quickly to the higher feed cost profile. The 2021 estimates now put broiler production at 44,870 million pounds, 175 pounds lower than the previous estimate. Turkey production was lower slightly, down about 30 million pounds.

Exports in 2021 were largely unchanged across the meat sector with the exception of pork which was lowered by 175 million pounds to 7,175 million pounds. Beef imports were lowered, reflecting the most recent trade data showing pull back.

Other species were left unchanged from the previous month.

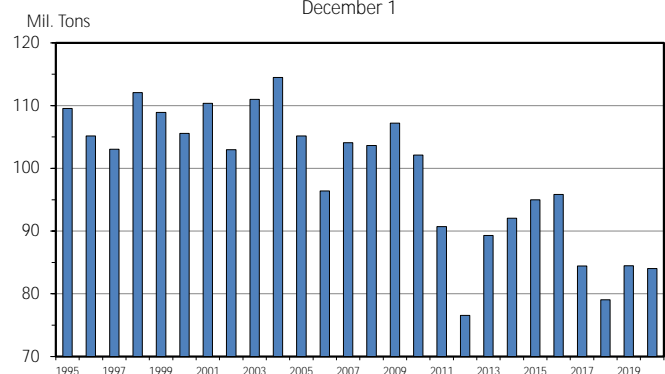
Price forecasts were moved up across all the species in 2021, adding \$0.50 per cwt to steers, \$2.50 to barrows and gilts, 1 cent per pound to broilers and 1.5 cents per pound to turkeys.

The January crop production report carried another critical piece of information for the livestock sectors and that is the December 1 hay stocks number. This is the first look at inventories after drought dominated weather patterns across the western U.S. for most of 2020.

As expected, U.S. hay stocks were smaller than a year ago, coming in at 84,020 thousand tons, a half a percent smaller than 2019's December 1 figure. States west of the Mississippi with significantly smaller stocks include Colorado: -15%, Kansas: -6%, Missouri: -13%, Montana: - 6%, New Mexico: -36%, North Dakota: -11%, Oregon: -16%, South Dakota: - 7%.

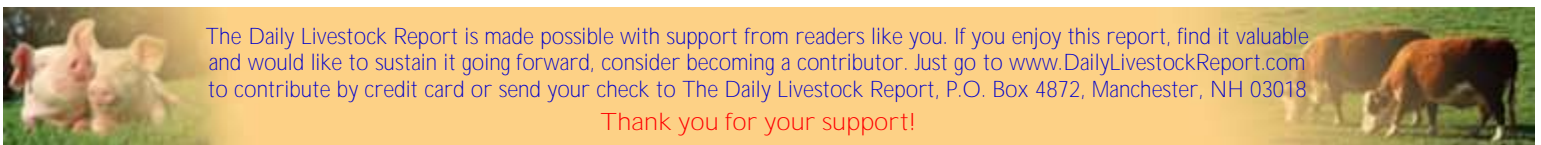
Texas, usually one of the top hay producing states in the U.S. saw a surprising gain 14%. The December stock story largely confirms that hay in the West will continue to be a limited resource until next year's crop. Snowpack levels across the Rocky Mountains and Coastal ranges, with the exception of the very northern parts of the U.S. are showing levels well below a year ago. This paints a dismal picture for spring, but there is still a lot of winter to go. Many of these areas depend on snowfall to refill reservoirs and provide soil moisture that will aid in recovery of drought tested areas.

**US ALL HAY STOCKS**  
December 1



Data Source: USDA-NASS, Forecasts by LMIC  
Livestock Marketing Information Center

GAP-22  
01/12/21



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