



ERS Information

News on agriculture, food, the environment, and rural America

U.S. Department of Agriculture

December 2002

Economic Research Service

Agricultural Baseline Projections for 2003-2012

www.ers.usda.gov/Features/baseline2003/

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Each year, USDA agencies make 10-year projections of the food and agriculture sector. The commodity projections are used to forecast farm program costs and to prepare the President's budget. The projections reflect a set of assumptions and cover major agricultural commodities, agricultural trade, and aggregate indicators of the U.S. farm sector, such as farm income and food prices. One key use of the projections is as a "baseline" from which to analyze the impacts of potential policy changes affecting U.S. agriculture.

The publication schedule for the baseline has changed to allow earlier release of selected portions. A summary of macroeconomic assumptions underlying the 2003-12 baseline projections is now available. The remaining portions of the baseline will be released in early February. The format of the baseline publication also has changed, replacing the narrative style with a presentation style that provides an overview of key projections using charts and accompanying bullets.

Macroeconomic assumptions, 2003-2012

Macroeconomic assumptions underlying the USDA baseline are characterized by a rebound from the recent U.S. and global slowdown, with a return to sustained growth at historical levels by 2005. These assumptions were completed in October 2002, incorporating data and other information available at that time. During the last decade, the U.S. and world economies became increasingly interdependent. The United States is not only the world's largest economy with around 30 percent of global gross domestic product (GDP), but the U.S. capital market is also the world's largest. Because of this interdependence, international macroeconomic conditions affect consumer incomes, exchange rates, trade, inflation, and interest rates and thus have major effects on U.S. agriculture.

International macroeconomic data set

The International Macroeconomic Data Set provides data from 1971 through 2012 for real (adjusted for inflation) gross domestic product (GDP), population, real exchange rates, and other variables for the 35 countries and 22 regions that are most important for U.S. agricultural trade. The data are a key component of the USDA baseline projections process, and can be used as a benchmark for analyzing the impacts of U.S. and global macroeconomic shocks. The data for the baseline projections are

updated once a year in December to reflect the assumptions used for the baseline. The historical data, including preliminary estimates for 2002, will be revised quarterly as the underlying data evolves.

Did You Know...?

The **Retail Scanner Prices for Meat** database contains monthly average retail price data for selected cuts of red meat and poultry, based on electronic supermarket scanner data.

While not based on a random sample, the raw data underlying the database are from supermarkets across the United States that account for approximately 20 percent of U.S. supermarket sales.

Find more information at
www.ers.usda.gov/data/Meatscanner

Inside

The USDA Agricultural Outlook Forum is scheduled for February 20-21, 2003. See our ad for details and a link to information on the web. 2

A New Magazine will arrive in February 2003 and will replace *Agricultural Outlook*, *FoodReview*, and *Rural America*. Details inside. 3

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Agricultural Outlook Forum 2003



**Arlington, Virginia
February 20-21, 2003**

Mark your calendar

USDA's 79th Agricultural Outlook Forum

An open market for issues and ideas

Watch for details at www.usda.gov/oce/waob/agforum.htm
To receive program updates by email
send requests to agforum@oce.usda.gov

The ERS Mission

The mission of the U.S. Department of Agriculture's Economic Research Service (ERS) is to provide public and private decisionmakers with economic and related social science information and analysis that helps them achieve five key goals:

- a globally competitive agricultural production system
- a safe and secure food production system
- a healthy and well-nourished public
- harmony between agriculture and the environment
- enhanced economic opportunity and quality of life for rural Americans

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Write the titles below and either fax to the Media Team at (202) 694-5638 or attach your mailing label, and mail to: Media Services, ERS, Room S-2015, 1800 M Street NW, Washington, DC 20036-5831.

Report Titles:

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Coming in February

A New Magazine from the Economic Research Service



Food Farms Rural communities Environment Trade

A collage of issues and analysis

- Feature articles with in-depth coverage of timely issues
- Brief reports on key research findings and implications
- Data and discussion
- Upcoming research reports, events, and activities
- Internet edition with updates and additional articles and data

The new ERS magazine will debut in February 2003, replacing Agricultural Outlook, FoodReview, and Rural America and covering the full range of ERS research and analysis. Published five times a year, with an Internet edition updated and supplemented more frequently, it will deliver high-quality, timely information to readers.

Watch for more details on the ERS website: www.ers.usda.gov

Questions? Comments?

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Moving? To change your address, send this sheet with label intact, showing new address to USDA/ERS, Room S-2015, 1800 M Street, N.W., Washington, DC 20036-5831.

Also Off Press

Find the latest ERS outlook reports on the web at: www.ers.usda.gov/publications/outlookreports.htm

In addition to the reports fully summarized in this issue of ERS Information, the following reports were recently released.

U.S. Agricultural Trade Update (12/19)

The cumulative calendar year 2002 value of U.S. agricultural exports and imports—\$43 billion and \$31 billion—is slightly below the 2001 value for the same period. Exports in 2001 equaled \$44 billion and imports \$33 billion.

Tobacco Yearbook (12/18)

The 2002 crop was marred by drought over wide areas of the belt and disease in Georgia, Florida, and the northern area. Producer sales totaled 564.8 million pounds, representing 97 percent of the 2002 effective quota and included an estimated 104.5 million pounds of carryover tobacco from 2001 production.

U.S.-Mexico Broiler Trade: A Bird's-Eye View (12/17)

This study examines sanitary requirements and regulations currently governing U.S.-Mexico broiler trade. Minimal economic impact is expected on the U.S. broiler market if Mexico is allowed to ship fresh, chilled, and frozen poultry to the United States.

Vegetables and Melons Outlook (12/16)

Longrun projections suggest that domestic production of vegetables and melons will increase an average of about 2 percent annually during the next decade, while the value of production increases an average of 3 percent annually.

Livestock, Dairy, and Poultry Situation and Outlook (12/13)

Price recovery is not likely to come

quickly, although fundamental adjustments to recent low dairy prices apparently have begun. Broiler production is moderating as eggs placed in incubators and chicks-placed data continue to indicate a slowdown.

December 2002 China Corn Exports: Business as Usual, Despite WTO Entry (12/13)

China's corn exports continued at a near-record pace during 2002. In the long run, government policies that encourage exports may prove too costly to continue, and restructuring of China's corn and livestock sectors may reduce the flow of exports.

Wheat Outlook (12/12)

Projected 2002/03 ending stocks of wheat are down 10 million bushels from last month due to increased food use. The projected price range is unchanged from last month at \$3.65 to \$3.95 per bushel.

Feed Outlook (12/12)

The only changes made to the 2002/03 domestic feed grain balance sheets were a 30-million-bushel increase in corn food, seed, and industrial use and a 25-million-bushel reduction in corn exports. This brought corn ending stocks down slightly to 843 million bushels, the lowest since 1995/96.

Cotton and Wool Outlook (12/11)

The latest cotton forecast for 2002/03 indicates that a record global cotton usage is expected for the fourth consecutive sea-

son. World cotton consumption was increased slightly this month to 96.4 million bales, 2.5 percent above last season.

Rice Outlook (12/11)

The U.S. 2002/03 total export forecast was raised 5 million hundredweight (cwt) (rough basis) to a record 105 million, an increase of 5 million cwt from last month's forecast.

Oil Crops Outlook (12/11)

The USDA raised its 2002/03 soybean export forecast 10 million bushels this month to 900 million, which cut the ending stocks forecast to 175 million bushels.

Oilseed Policies in Japan (12/10)

Tariffs on soy and canola oil favor crushing of oilseeds in Japan, at the expense of vegetable oil consumers. Removal of the tariffs would lead to greater imports of oil and meal into Japan, while imports of oilseeds for crushing would fall.

Outlook for U.S. Agricultural Trade (12/2)

The U.S. agricultural export projection is reduced from August by \$500 million to \$57 billion, but remains well above the \$53.3 billion shipped in fiscal 2002. The reverse is true for volume. At 112.2 million tons, projected bulk export volume is up 1.9 million from the August projection but remains below 2002.