



Louisiana Food and Fiber Industry Monitor

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Current Condition of Louisiana Agriculture

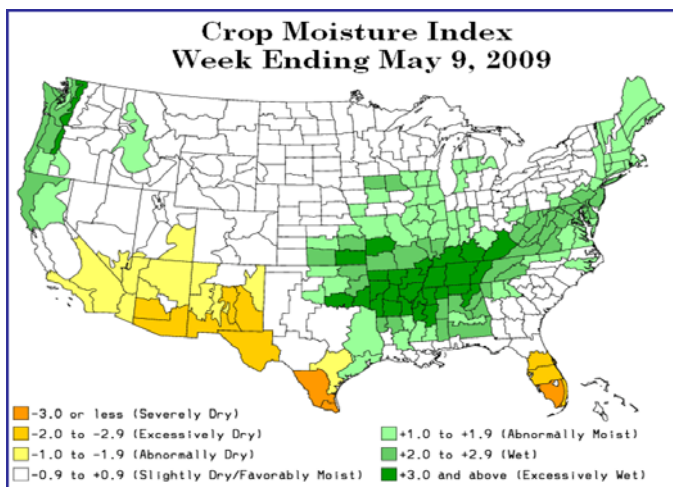
The 2009 production year is in full swing for most of the major agricultural commodities grown in the state. The large acreage shifts that have been experienced in the state over the past two years are not expected to be as severe in 2009 (See Table 1). Unlike previous years in which increases in commodity prices resulted in a clear choice for crop acreage, across the board reductions in commodity prices heading into planting did not leave any one commodity as the clear winner.

Table 1. Louisiana Planting Intentions, Selected Commodities, 2009

	2008	2009	Change	% Change
	Actual Plantings	Planting Intentions	In Acres 2008 vs 2009	In Acres 2008 vs 2009
	----- 1,000 Acres -----		----- (Percent) -----	
Corn	520.0	510.0	-10.0	-1.92%
Grain Sorghum	120.0	100.0	-20.0	-16.67%
Winter Wheat	400.0	210.0	-190.0	-47.50%
Rice	470.0	480.0	10.0	2.13%
Long Grain	455.0	460.0	5.0	1.10%
Medium Grain	15.0	20.0	5.0	33.33%
Soybean	1,050.0	1,000.0	-50.0	-4.76%
Cotton	300.0	240.0	-60.0	-20.00%
Sweet Potato	15.0	15.0	0.0	0.00%
Hay	430.0	450.0	20.0	4.65%
Totals	4,175.0	3,695.0	-480.0	-11.50%

Source: USDA, National Agricultural Statistics Service

Planting intentions can change significantly as changes in commodity prices and weather conditions dictate final crop acreage. Weather conditions have generally been favorable for planting and early crop development.



Source: NOAA

For most commodities, current crop development is generally within historical ranges (See Table 2). Only soybean plantings and cotton emergence are noted to be slightly behind historical levels. While the widespread rains over the past several weeks have generally been a positive for earlier planted commodities, for later planted commodities like soybeans and cotton, these rains have likely slowed their development.

Table 2. Crop Development - Week Ending May 10, 2009

Commodity	----- Louisiana -----				----- United States -----	
	Last 05/10/09	Last Week	Last Year	5 Yr Avg.	05/10/09	5 Yr Avg.
	----- Percent -----				----- Percent -----	
Corn - % Planted	100	100	100	100	48	71
Corn - % Emerged	100	99	100	100	14	28
Cotton - % Planted	58	35	65	56	32	39
Cotton - % Emerged	34	0	64	55	N/A	N/A
Rice - % Planted	92	87	95	93	69	80
Rice - % Emerged	83	71	89	85	51	60
Soybeans - % Planted	58	42	63	59	14	25
Wheat - % Headed	100	100	100	100	40	48
Wheat - % Turning Color	83	58	91	76	N/A	N/A
Hay - First Cutting	30	21	32	28	N/A	N/A

Source: USDA, National Agricultural Statistics Service

Given generally favorable moisture levels, the current condition of most of the state's crops is favorable (See Table 3). For those crops reported by NASS, over half of their acres are reported to be in good to excellent condition.

Table 3. Crop Condition - Week Ending May 10, 2009

Crop	----- Louisiana -----			----- United States -----		
	Very poor to Poor	Good to Excellent	Percent	Very poor to Poor	Good to Excellent	Percent
Corn	7	33	60	N/A	N/A	N/A
Sugarcane	10	36	54	N/A	N/A	N/A
Wheat	3	26	71	27	27	46
Pasture	6	30	64	18	29	53

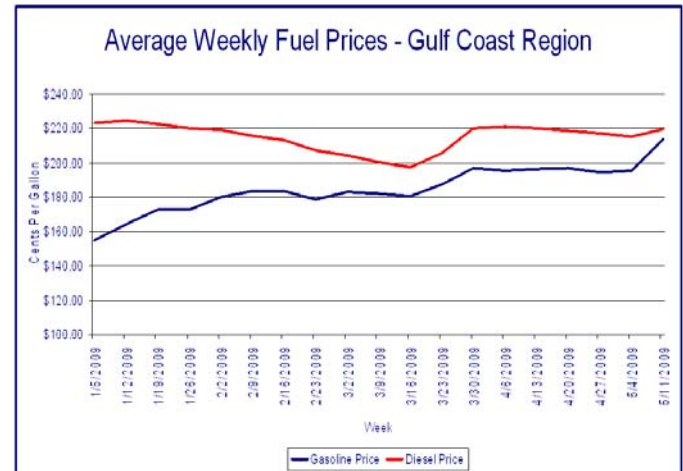
Source: USDA, National Agricultural Statistics Service

Current Price Situation

With concerns over the economic downturn in the United States and across the world, most agricultural commodities saw prices fall significantly from the record levels experienced last summer (See Tables 4 and 5). However, over the past several weeks, prices for many agricultural commodities have showed some sign of improvement. With commodity markets much

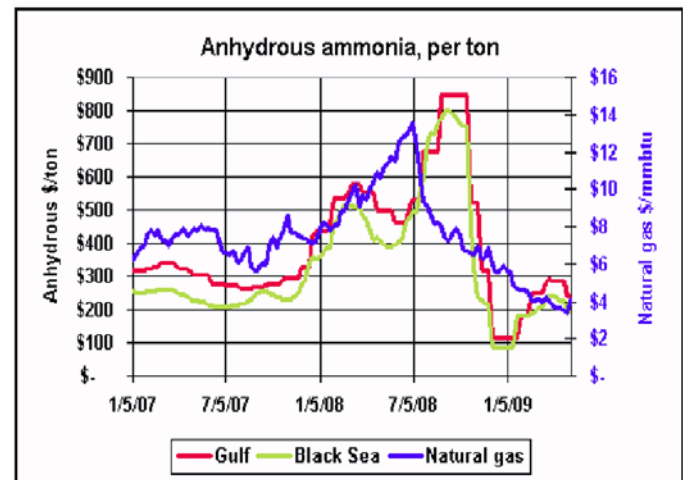
more tied to financial and energy markets than in past years, the recent stabilization in those markets looks to have provided spillover support for many of the agricultural markets. In addition, improving supply and demand factors as well as seasonal price improvement for some commodities has likely provided spillover support to all of the row crop markets. With seasonal trends continuing to suggest higher levels, prices for most row crops would be expected to remain fairly strong until 2009 acres and production levels are known with more certainty.

prices fell significantly from their record levels in 2008.



Source: Dept of Energy, Energy Information Agency

The price decline in fuel and fertilizer through the first quarter of 2009 seems to have stabilized over the past several weeks. However, these prices are expected to remain at much lower levels than was experienced in 2008.



Source: Farmfutures.Com

Forestry Sector (Provided by Dr. Mike Dunn)

First quarter, 2009 pine sawtimber prices were slightly better than 4th quarter, 2008 prices. However, pine sawtimber prices remain at about the lowest anyone has seen in twenty-five years. Prices are much lower in southeast Louisiana, averaging about \$229 per thousand board feet (mbf), compared to an average of \$262 per mbf for the rest of the state. For hardwood sawtimber, the southeastern part of the state is again lower than the rest of the state, at \$205 versus \$264 per mbf.

Sawtimber prices nationwide rest at historic real price (adjusted for inflation) lows. The collapse of the housing market provides the basis for the collapse of solid wood markets. Until housing inventories decline

Table 4. Nearby Futures Prices - May 11, 2009

Commodity	Unit	Closing Price		
		05/11/09	Previous Week	Previous Year
Corn	Bushel	\$4.14	\$3.98	\$6.04
Soybeans	Bushel	\$11.30	\$11.15	\$13.35
Wheat	Bushel	\$5.81	\$5.39	\$7.94
Cotton	Pound	\$0.6054	\$0.5722	\$0.7181
Rice	Hundredweight	\$12.45	\$12.79	\$22.44
Sugar	Hundredweight	\$21.35	\$21.50	\$20.43
Fed Cattle	Hundredweight	\$83.28	\$81.88	\$94.30
Feeder Cattle	Hundredweight	\$99.55	\$97.40	\$107.93
Class III Milk	Hundredweight	\$9.78	\$9.83	\$18.02

Source: DTN, AgDayta Online

While markets for most row crops remain at historically high levels, the same is not true for all markets. For beef and milk, a slowdown in consumer purchase patterns, high feed costs, and increases in milk supplies have all put pressure on prices. While high milk supplies suggest continued pressure on milk prices, a favorable supply situation for beef and seasonal demand expected to increase with the beginning of the grilling season, beef prices have some potential for improvement over the last half of 2009. Sugar prices remain at or slightly below historic levels despite lower domestic sugar production in 2008. Lower refinery capacity caused by the explosion in the Imperial Refinery in Georgia continues to impact the ability for prices to make sustained improvement.

Table 5. New Crop Futures Prices - May 11, 2009

Commodity	Unit	Contract Month	Closing Price		
			05/11/09	Previous Week	Previous Year
Corn	Bushel	September	\$4.30	\$4.15	\$6.27
Soybeans	Bushel	November	\$9.83	\$9.71	\$12.89
Wheat	Bushel	July	\$5.91	\$5.51	\$8.06
Cotton	Pound	December	\$0.6232	\$0.5976	\$0.8052
Rice	Hundredweight	September	\$12.34	\$12.56	\$20.09

Source: DTN, AgDayta Online

Input Prices

The 2008 production year was one of the most expensive ever experienced by many producers. Despite record commodity prices, record high input costs put substantial strain on profit levels. While prices for inputs such as seed and chemicals continued to move higher in 2009, fuel and fertilizer

(which means national home prices must decline further and foreclosures will have to cease becoming an issue), solid wood stumpage prices will not increase to any great degree. Forecasters are calling for a bottom by the middle of 2009 and the beginnings of a recovery in late 2009 or early 2010. However, this may not be seen or felt to any great degree in Louisiana until perhaps 2011, because it will take some time for any increased demand in construction to result in increased demand for standing timber.

Pulpwood markets in the state are fairing somewhat better, although they, too, have experienced some decline in prices recently. Currently, first quarter 2009 pine pulpwood prices averaged \$8.58 per ton in the southeastern part of the state and \$11.01 in the rest of the state. Hardwood pulpwood prices showed a similar trend, averaging \$7.52 per ton in the southeastern part of the state and \$10.55 per ton in the rest of the state. Note that both sawtimber and pulpwood prices tend to be lower in the Southeast than in other parts of the state. This has always been true and is probably attributable to more competition for wood products in the north and central parts of the state versus the southeastern part of the state.

Pulpwood markets will probably remain somewhat better than solid wood markets, because some of its price stability comes from global versus local markets and the increase in competition for pulp arising from emerging wood based energy markets.