

Data Users Meeting

Monday, October 25, 2010, Chicago, IL

Opening Remarks

At the October 2010 Data Users Meeting, hosted by the U.S. Department of Agriculture (USDA) National Agricultural Statistics Service (NASS), Hubert Hamer, Chairperson of the NASS Agricultural Statistics Board (ASB), welcomed the participants, who were there in record numbers. He noted that Carol House, the previous ASB Chairperson, had retired in March 2010, and introduced the panelists available to answer questions and take comments:

Agricultural Marketing Service (AMS) – Mike Lynch
Census Bureau (Census) – Carol Aristone
Economic Research Service (ERS) – Molly Garber
Foreign Agricultural Service (FAS) – Patrick Packnett
National Agricultural Statistics Service (NASS) – Joe Prusacki
World Agricultural Outlook Board (WAOB) – Gerald Bange

Open Forum

The questions, comments, and responses (R) below are organized by general topic, rather than the sequence in which they came up.

Foreign Agriculture

Question: Do we no longer get attaché reports by email?

R (FAS): The subscription service to receive alerts of attaché reports by email was disabled with the implementation of the new Global Agricultural Information System (GAIN). In order to make relevant reports accessible to a broad user base, the new GAIN search engine offers the option for 3-day and 7-day summaries of incoming attaché reports that users may bookmark in their browsers. The summaries provide the first four lines of the Report Highlights for each report along with a link to the full report. If FAS finds there is sufficient demand for an email subscription service, it will evaluate whether this type of service can be provided.

Question: Are you concerned about the 2010 Chinese production numbers for corn? What are the challenges in estimating Chinese production?

R (WAOB): When we were in China, their analysts disagreed among themselves about the drought in the north end of the country. China has relatively small imports. But unless conditions change for 2010, the mid-160 million metric tons should be more than they produced in 2009. I'm not as confident in the National Bureau of Statistics (NBS) as I used to be. They don't seem to have motivation to give the best numbers. The commodity association estimates are quite different from those of the NBS. We continue to look at those numbers very closely.

Question: What is the status of the import data for livestock in Canada?

R (AMS): We are still searching for credible data. We get some data from the Animal and Plant Health Inspection Service (APHIS), which is in the process of updating its process and system. APHIS installed new server upgrades, but nobody knew how to get the data out of the new system. When they did get it out, it did not look the same as the old database and they have to reconcile across species and weight to make it sound. APHIS is still struggling, and AMS has to do a lot of data manipulation once we get the data from them. APHIS' emphasis is on inspecting livestock coming across the border, not the data itself. AMS has had to cease using the data until everything is resolved.

Livestock and Meat Data

Question: Have you looked at the possibility of breaking the beef cold storage numbers into imported and exported?

R (NASS): The cold storage information is completely voluntary. We ask them for what they are storing. We haven't pursued whether it is domestic or imported. The purpose of the report was to report on the beef stock, not where it came from.

Question: Can you break down to ground beef? Where are we today?

R (NASS): We asked for input from individuals. We did receive feedback. We could not get that type of info from the warehouse facilities. What they are providing is what you are getting.

Question: Are the August 2010 livestock data incorrect?

R (AMS): What we have put out is correct. We are still looking at it.

Question: In looking at ERS retail meat price data, it is interesting to see how much difference there is between those data and USDA data. Scanner versus USDA is of particular interest in margins. When are we going to get the right data?

R (ERS): At this point, there are no plans to get scanner data. We don't have the resources.

Question: When will we see those LS-214 forms come electronically for feeder cattle, feeder lambs, poultry, etc.?

R (AMS): When we made all of our data searchable, that was designed to help with that. We haven't talked about making LS-214s electronic.

Comment: As data users, we continue to do a lot of work on the LS-214s.

R (AMS): So noted.

Question: We have been told that it will take two years for the pork export sales system to be built by USDA. For the Census of Agriculture, if USDA needs two years to get the pork export data, can Census begin building a system now, so that when the export sales data are ready, the Census system will be ready and we can have the data earlier?

R (Census): No. There are a lot of requests to release data early. But it involves a Memorandum of Understanding with Canada. We do a dual release, and a lot of factors go into the date of release. We are always looking for ways to publish sooner, but right now we can't get it out sooner.

Question: With respect to mandatory price reporting (MPR) for pork, what is the timeline for putting the numbers together? On the issue of hog weights, we get the hog weights estimates, but then it gets revised two weeks later. There has been a huge discrepancy on daily packer reports. Please explain the first estimate and why it is off the last few weeks.

R (AMS): The time line now is 18 months to get the final rule published. There are many nuances to negotiated rule making, including meeting two to four times and publishing the proposed rule in the Federal Register to let the public know we will be engaging in negotiated rule making. Then more comments, although we expect the comments generally to have been addressed along the way. Then the final rule is published. If everything follows the timeline, we have four to six months to get the software developed, packers educated, and systems enhanced.

Hog weights – I have not looked at that. The differences you mention stem from differences between actual slaughter weights in the daily HG201 Prior-day Slaughtered Swine Report and weekly actual slaughter weights provided to NASS from the Food Safety and Inspection Service (FSIS) meat inspection data. The average weights reported in our Prior-day Slaughtered Swine Report represent barrows and gilts slaughtered by the packing plants covered by MPR or slaughtering more than 100,000 head annually. NASS's data from FSIS represents all barrows and gilts from all plants under federal inspection.

Question: Why do mandatory price reporting weights not match NASS slaughter data?

R (NASS): The slaughter data are preliminary. NASS collects weekly and sums to monthly, and that is the best number we publish. Why is there a difference between the preliminary and the final? The plant data comes into NASS from the Food Safety and Inspection Service and we can't answer anything more than that.

Grain Stocks

Question: On the grain stocks report, it would be more useful to have information on where within a certain state the stocks are rather than whether the stocks are on or off-farm. It would be more useful to have a total by state.

R (NASS): We will look into that idea.

Question: What about September 1, 2010, stocks? Have you considered moving back to an August 1 crop year to solve the cross-year problem?

R (NASS): Crop year is set by statute. We would have to have a change in the statute. A lot of farm commodity programs depend on the crop year. We would have to look to see if this helped, or if it is a one-time issue. We will look at that.

Question: Since crop year is set by statute, is it possible to add a question about how many new bushels were blended with old crops?

R (NASS): We could think about that. We now ask specifically about "old crop" corn and "old crop" soybeans for the 2009 crop and earlier. We could consider asking about blending.

Question: With respect to the World Agricultural Supply and Demand Estimates (WASDE) report (pp. 1-2), will you address the same question about old crop/new crop on stocks if it happens again?

R (NASS): The percent harvested on September 1, 2010, was about 6 percent of corn crop, a very small percent, but higher than normal.

Comment: That would be 630 million bushels on a 13 billion bushel corn crop.

R (NASS): Was that on-farm or off-farm stocks? This year's September 1 on-farm stocks were the smallest on-farm storage since 1990. The off-farm stocks were the largest since 1990. Every year is different.

Question: When you measure the U.S. stocks reports, the methodology is clear. For the FAS and WAOB panelists, when you do the corn estimates and there are 60 million tons in China, there would be a negative usage. What is the methodology used to estimate foreign stocks estimates?

R (WAOB): The issue is we don't know what the stocks levels are. We come to some kind of consensus view among our analysts. We get input from the Chinese official staff. We get input from our weather staff. We do know they carry a substantial amount of stocks.

Question: Are those Chinese stocks defined as on-farm or off-farm stocks?

R (WAOB): They are "all" stocks. There are lots of little farms with storage that doesn't end up in official hands.

Question: On corn feed and residual, it looks like we end up with lower implied feed consumption for the third quarter. How did you reconcile that?

R (WAOB): Let's look at the corn balance sheet for the October 1 WASDE report. During lockup, we got 12.6 billion bushels. The September 1 stocks number came in much higher, implying feed use and residual was much lower than anything we've seen in the fourth quarter. That is still a large crop, but why did the fourth quarter look so low? If you look at the quick harvest (similar to 2006-07 and 2007-08, which also had early harvests), 630 million bushels had been harvested compared with 350 million the previous year. We think the extra 300 million bushels, perhaps because of the early harvest and better quality of the crop, went into exports, and feed use was mixed with lower-quality 2009 crop and used immediately. The production number NASS gives us is the production number. We think some of that production has been used already. We increased 150 million bushels, reducing 2010/11 projected ending stocks.

Question: Is feed use a residual calculation? Could we do on corn what we do on soybeans?

R (WAOB): We don't know what feed use is on corn. Soybeans have crush data but not feed. We don't know ever know what the feed use actually is.

Question: How are you doing quantifying dried distillers grain (DDG) substitution?

R (WAOB): We adjust our feeding level based on ethanol production and estimate how much will be used for feed. Historically, the residual correlates with the crop size. You have more feeding residual because they've used this year's crop already. The years 2010 and 2007 are very similar, with early harvest. We looked at how much the feeding rate was then. That year had the lowest feeding rate in the fourth quarter and drove our view on feed and residual in 2010. But we don't know what the feed uses are for corn.

Question: In the second quarter, the stocks were a lot lower than expected. Could you explain what happened?

R (WAOB): We think the 2009-10 crop went into storage in bad conditions. It is similar to what NASS is saying. But if you ask farmers what their stocks are, they look at the silo and give us bushels. If the crop went in moist or light weight, some may have disappeared due to natural shrinkage. One thing we heard consistently last year was complaints about corn reaching grade. Maybe exporters were mixing 2010 in with the 2009 crop. There was a larger than normal third quarter usage for the 2009-10 crop.

Question: If we are finding stocks and are surprised as to what had happened to corn, are we confident in the 2009 corn yield?

R (NASS): Yes, we are confident. Remember the vast majority of stocks in September were off-farm.

Question: What about third quarter usage and shrinkage?

R (NASS): We don't have information on whether or not farmers were surprised by shrinkage.

R (WAOB): If you look at feed use for the 2009-10 year, you can't necessarily explain it by animal feeding units. Maybe the 2009-10 crop is understated. But if you look at it over time, it might make sense. The numbers are what they are. Over more than one year, it should make logical sense.

Question: Could we survey for feed usage?

R (NASS): It would be difficult. But it should be easier than 20 years ago. It is always a possibility, but it takes resources and in the current environment those public dollars are not there.

Question: Would you clarify how to make sure the 2010 crop isn't included in 2009 stocks?

R (NASS): On-farm survey records are matched from September back to June. Our state and headquarter analysts look record by record to see whether current stocks are higher on farm. If they are higher, we call them back. Livestock operations could have higher stocks. But if they have new crop corn, we'll work it out of the record. For off-farm stocks, we ask to include only 2009 and earlier years. We go through the same analysis of matching the records back to June. It is almost a census of grains off-farm. We do call back if things don't seem correct compared to previous years. It is always possible some 2010 got into the 2009 stocks, but we do everything we can to get them out.

Question: NASS collects information for monthly prices received and asks for total quantity of grain bought and total money spent. Have you ever thought about releasing the quantity each month?

R (NASS): We don't release the total volume purchased ever. We publish the percent by month. The prices received surveys we do are geared to estimate the average price. They are not designed to estimate the actual amount the farmer markets. For rice and peanuts, we do show quantities, but not for grains.

Question: WASDE reports to the Chief Economist and through him to the Secretary of Agriculture and the President of the United States. We are concerned about the size of China's corn crop. From the White House, we hear about more biomass acreage and E-15 ethanol. Is your team sending any warning flags to the Chief Economist, the Secretary, and the President about the very tight corn supply situation?

R (WAOB): We do not play an active role in policy decisions. We have highlighted the tight situation for corn, but how this information gets translated into policy is not within our purview.

Crop Acreage and Yield

Question: With respect to acreage, there seem to be significant adjustments in October and January. Can we speed that process up?

R (NASS): We do a March Planting Intentions sample survey and a June 1 Acreage sample survey. The September 1 Crop Production report looks at FSA-certified planted area for cotton, rice and peanuts, and the October 1 Crop Production report looks at later seeded crops. FSA can't simply push a button and get a total at the end of the signup period. It takes FSA a while to process the information. The data stabilize mid-August for early seeded crops and mid-September for later seeded crops.

Question: Please elaborate on how methods or responses vary by States. Our data agreed with yours except for Iowa, Nebraska, Minnesota, and South Dakota. Is there something in your survey that late-season revisions could affect the FSA data?

R (NASS): There is nothing systematic that would bias small versus larger states. In the June survey, the sample size is 400 or so segments in Iowa. In June, we ask how many acres are planted and planned for each crop. There could be planned soybean plantings that do not get into the ground. As for matching up June data to FSA data, we could look into it. We are constantly looking to improve our procedures.

Question: Is there any reason NASS can't make a statement about what percent of the crop in the objective yield survey has been harvested?

R (NASS): We'll look into it and see if it is possible.

Question: Between September and October we lost a lot of ears per acres, what happened?

R (NASS): When you look month to month, there is a table for the objective yield states showing numbers of ears. Those are the "raw" objective yield counts. This is first year-over-year decline we've seen for a while. I'm not an agronomist and don't know why.

Question: Any ideas what caused this?

R (NASS): We go to same spot each month. Early on we are counting anything with one kernel, so some ears might not make it.

Question: When are we going to stop messing around with bushels and just use weights? That is a real problem, especially the last year. Exports use weights, why don't we change?

R (NASS): If you are asking about test weights, we don't know what they are nor do we use them in our analysis. We weigh the objective yield samples for grain weight to get pounds per ear and grams per pod.

Comment: Crop conditions have no meaning when a specific state drops 10 bushels and the index of the condition only dropped 1 percent. The universe of the sample needs to be changed.
R (NASS): Is there a value to changing crop progress? We could discontinue crop progress today if we don't need it. We have a cadre of 2,500 individuals who voluntarily fill out the crop progress report on a weekly basis. Do you want to get rid of it? It gets back to scarce public resources.

Question: Crop condition has turned into a beauty contest because people only look from the road, not getting into the field. The survey is not giving a sense of what is going on. People have lost track of what crop condition is. They need more variances. If it is green and tall = 80%. If not, then it is a drought.

R (NASS): I agree. We have to look at this.

Question: Nobody argues with the test weight issue on objective yield surveys, but how comfortable do you feel about the on-farm storage test weight? Are you able to capture that effect?

R (NASS): That is a potential issue. We ask for on-farm storage. Unless farmers have their own weighing facilities, they can only go by volume of bushels. Some look at their combine's yield monitor, but those aren't always correct because they aren't calibrated often enough.

Question: On the October crop report, do you recall what percent of sample plots were harvested? Was there any correlation between higher percent harvested to lower bushels harvested?

R (NASS): Corn had 91 percent harvested. Soybeans had 84 percent harvested. So, there was a fairly high harvest rate, comparable to 2007. Is there a correlation between grain yield changes and more samples? I don't know if there is a correlation. If you plot each month to final, in October everything starts matching about .95 on a regression line because we are getting real grain weights. Until you get real grain weights, it is difficult to set yield. We have several maturity categories before getting to "mature" and each is regressed each month. This year it is apparent those regression models didn't hold true. There was some mention of warm nights in Iowa and that affected the crop. There was record nitrogen loss in field runoff. When we get grain weights, the forecast gets better.

Comment: It doesn't help that we are 91 percent harvested, when in other years we were 70 percent. It makes it hard to forecast.

Question: On corn and soybean crop reports, once grain weight is in, are there other new data coming in between now and the final?

R (NASS): We still have the last unharvested amounts and the December 1 sample survey. A little is still sitting in the field on which we will get lab weight.

Question: You have two yield models for crop reports. Would you discuss the differences? Can you talk about the two model differences between September and October?

R (NASS): We do an objective yield survey, which includes field counts and measures, and the agricultural yield survey, which is a farmer-reported yield. On which did we see more change from September to October? In general, although objective yield showed 91 percent harvested, if

you look at crop progress it was not near 90 percent. Farmer reports are still based on what they see, so likely the farmers have been slower to respond to the lower yields. This is similar to what we have been seeing in grain weights; the objective yield model overestimated until weight came in. Maybe agricultural yield is doing the same thing.

Question: What are the processes you use in combining the objective yield and agricultural yield surveys?

R (NASS): We do the corn objective yield survey in 10 states that together account for roughly 85 percent of production. So the states are broken into two groups. One group of states receives only the agricultural yield survey, the other group of states receives both the objective yield and the agricultural yield surveys. For states receiving only the agricultural yield survey, we rely strictly on agricultural yield regression models to forecast final yield. In states receiving both surveys, there is not a formula we use to weight them together. We look at both surveys on time series charts, difference tables, and historical relationships with final yield. We have started to look at some modeling as two independent variables in a regression model, geometric mean, too. We look at both of them and there is not a specific weighting factor. Early in the season and later in the season there is a different relationship between the month and the final. Later objective yield drives the final yield because of the harvested grain weight.

Question: This year we are finding significantly below average moisture and higher than average grain weight. Is it adjusted in your process?

R (NASS): Yes, we adjust for both moisture and test weight.

Question: If corn comes in at 13.5, how do you get that back up to 15.0 for stocks?

R (NASS): I'd have to get the formulas to show you. We do adjust.

Question: Did the objective yield corn in October get greater weight than the farmers' survey in most prior years?

R (NASS): To say that it had more weight than in previous years may not be a true statement. However, knowing we had more than 90 percent of samples with a grain weight, we were more likely to look at final yield. We looked at both of them at the same time.

Question: In terms of objective and agricultural yields, were moisture levels in October at or above 15 percent? We are hearing a lot of reports of harvested farm corn at 12-13 percent moisture. Do you use the objective yield moisture level to go back and adjust the agricultural yield? If not, does it bias production down from the farmers' survey?

R (NASS): I don't know what the moisture percent is, but our lab procedures adjust to standard 15.5 percent moisture and 56 pounds per bushels. When we look at the two surveys, we look at both of them, the farmers' survey versus the final and the objective yield versus the final. They tell us two different things sometimes.

Question: Do you ask the farmer what the moisture content is?

R (NASS): No, we just ask for the yield.

Other

Question: Does AMS have any plans to make data available by zip code for cash grain bids? Or adding a dashboard?

R (AMS): It would be nice to have a grain dashboard. We haven't thought about it yet. The priority is livestock mandatory reporting first. As far as reporting by zip code, nobody has asked for this before. We try to keep to regions to keep the pool larger for confidentiality reasons. We can look into this.

Question: We are going to have a workshop in December on retail price spreads. We are using spreadsheets that are very old and that may or may not be accurate. We are concerned over conversion factors. Can we try again to get some accurate conversions?

R (ERS): Penn State University collaborated with the International Life Sciences Institute (ILSI) to review and collect revised or new food conversion rates for selected packaged foods. The final report identifying the information assembled through the course of their investigation, including information obtained during an earlier conversion project conducted by the University of Minnesota, is under review. One of the primary findings of the study was the absence of new estimates, as well as diversity of factor estimates for some products. As a result, the designation of new "official" estimates in many cases may imply greater precision than the new factor values warrant.

Following the review, we plan to update the relevant sections of the *Weights, Measures, and Conversion Factors for Agricultural Commodities and Their Products* (Agricultural Handbook No. 697, available at <http://www.ers.usda.gov/publications/ah697/ah697.pdf>). Anyone wishing to review the Penn State ILSI report or the University of Minnesota findings is encouraged to contact Greg Pompelli at ERS.

Closing Remarks

Hubert Hamer noted that high response rates are crucial to good survey data and that getting farmers and ranchers to report to us is very important. He told the audience NASS needs their help in getting farmers and ranchers to report. He thanked the panelists, the meeting organizers, and the audience for the lively participation. He noted the record turnout at this meeting and stressed that all the agencies will pay attention to the input and review what they can do to improve their processes.