
USDA's Commodity Supply & Demand Forecasting Program

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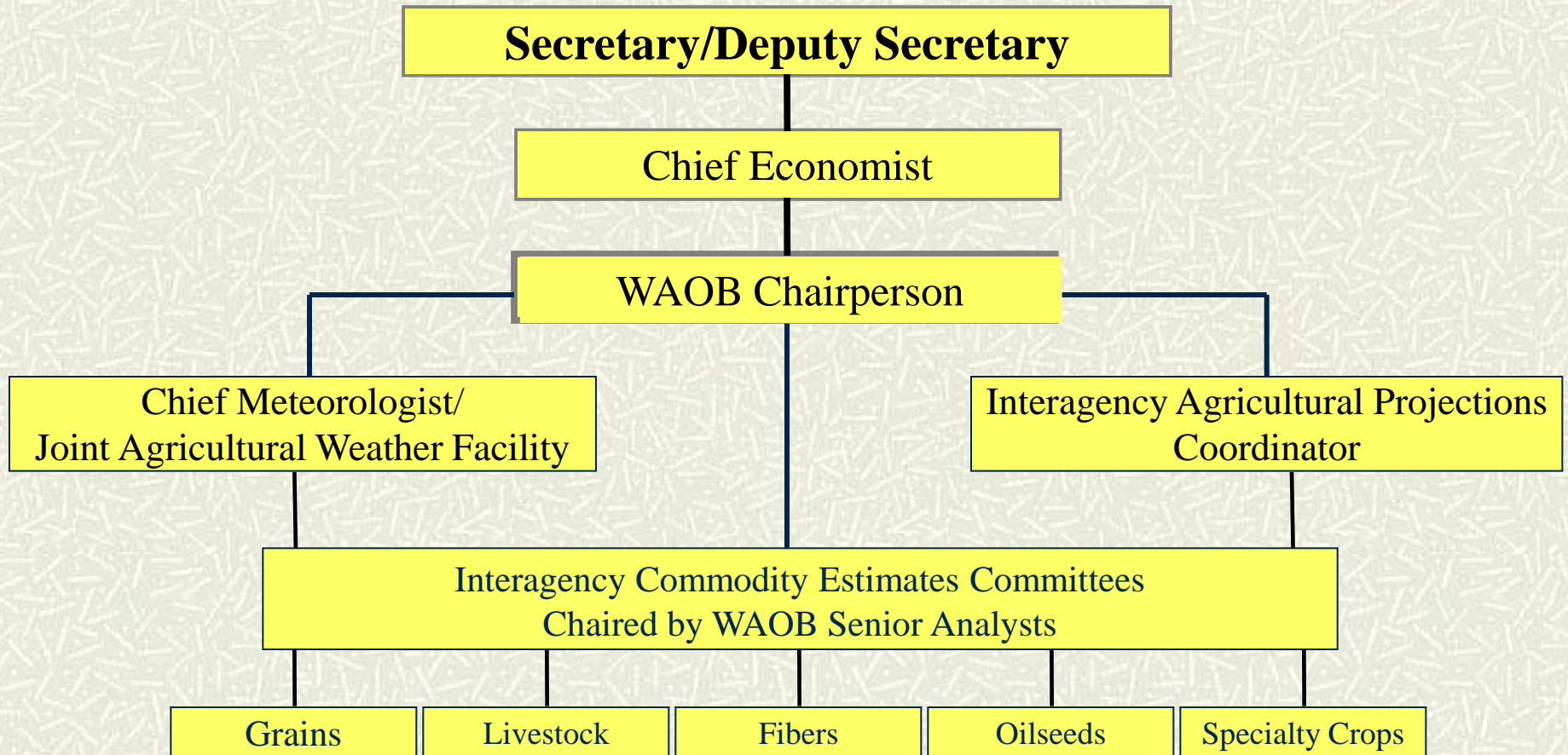
Criteria for a Successful Coordination Program

- # Mission
 - The process must occur in an organization which is clearly defined as responsible for the determination of short term commodity supply, utilization, and price estimates.
 - # Independence
 - The process must be independent of specific agendas and political biases.
 - # Consensus Building
 - The process must benefit all participants.
 - # Differing Viewpoints
 - Reports must incorporate information and expertise from agencies with different agendas.
 - # Expertise
 - The process incorporates industry-specific expertise.
 - # Basic Requirements
 - Authority, responsibility, and accountability.
 - # Cost Control
 - The organizational structure should maximize the use of existing assets.
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Establish Clear Responsibility

- The Secretary, through the Chief Economist, has designated the Chairperson of the World Board to:
 - Establish Interagency Commodity Estimates Committees to bring together estimates and analysis from participating agencies to develop *official* supply and demand estimates for major agricultural products.
 - Designate a chairperson for each committee.
 - Assure that all committee members share basic assumptions, background data, and general economic information and market prospects for individual commodities.
 - Review the analysis and results for all proposed decisions prior to release.
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USDA Situation and Outlook Organizational Structure



Goals of USDA's Outlook Information System

Objectivity

- Provide unbiased information

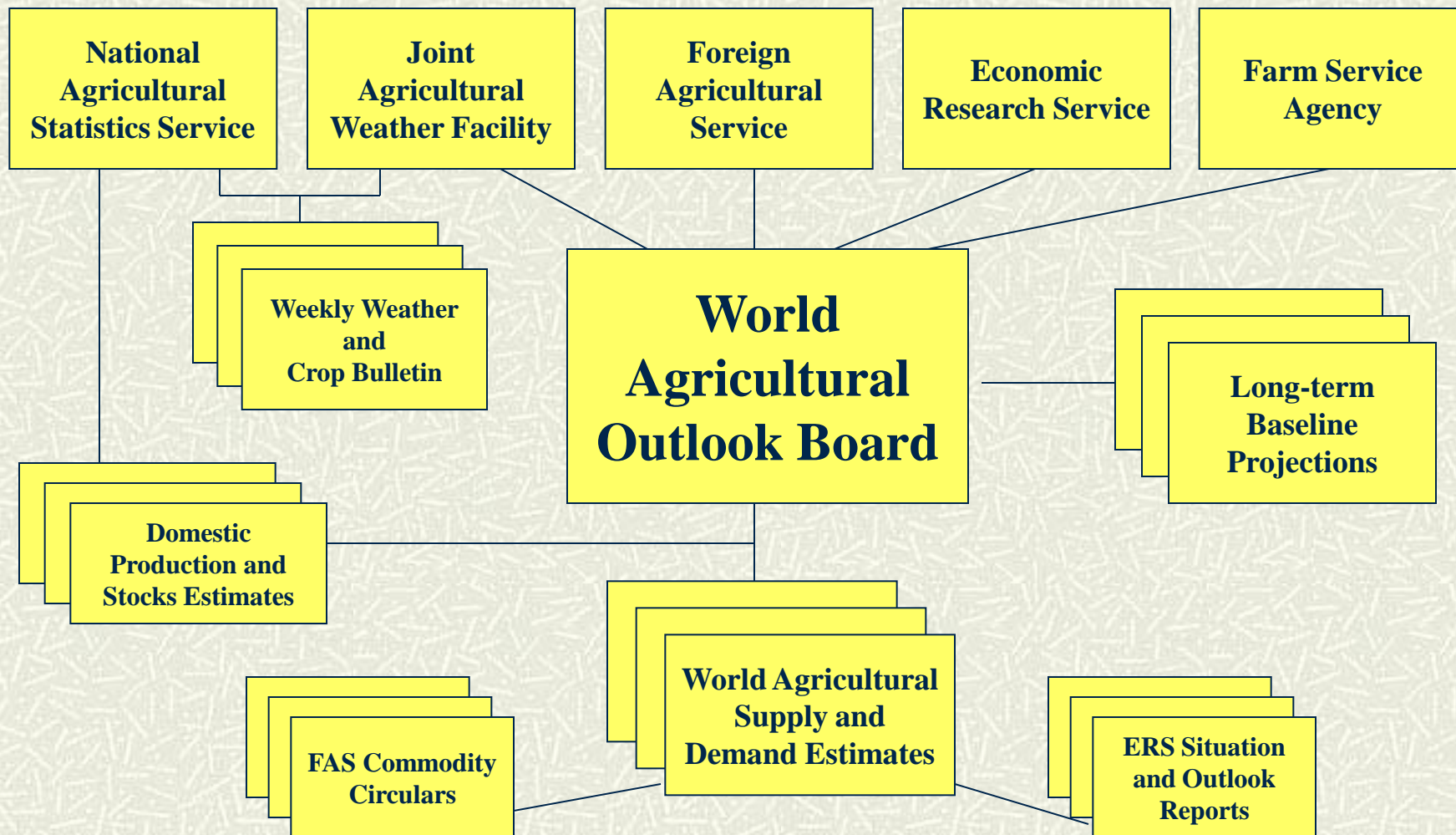
Reliability

- Based on sound data and analysis

Timeliness

- Fast flow to users
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USDA's Economic Information System



National Agricultural Statistics Service

- # Planting Intentions
 - # Crop Condition Assessment
 - # Production and Stocks Estimates
 - # Season Average Prices
 - # Inventory Numbers
 - # Marketing and Slaughter Data
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Foreign Agricultural Service

- # Foreign Market Information
 - # Global Supply / Demand
 - # Trade Flows: Short-run
 - # Export Sales
 - # Import Data
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Economic Research Service

- # Objective Economic Analysis
 - # Survey and Evaluation of Current Information
 - # Trade Economics: Medium- and Long-run
 - # Commodity Food and Industrial Use Estimates
 - # Foreign Country Macroeconomic Assessments
 - Exchange Rates
 - Price Relationships
 - Economic Growth
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Agricultural Marketing Service

- # Domestic Market Information
 - # Wholesale Prices
 - # Warehouse Inventories
 - # Shipments Data
 - # Grain Inspections
 - # Border Crossings
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Farm Service Agency

- # U.S. Farm Program Participation
 - # Program Decisions
 - # Budget Liaison
 - # Program Support
 - # Mandatory Reports
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World Agricultural Outlook Board

Chairs Interagency Commodity Estimates Committees

- Reviews and Approves Commodity Supply and Demand Estimates
- Reviews and Approves Agricultural Projections

Clears USDA Outlook Reports

- Objectivity
- Reliability
- Timeliness

Performs Primary Weather Analyses

- Joint Agricultural Weather Facility
 - Chief Meteorologist - World Meteorological Organization Liaison
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The Balance Sheet

- USDA's supply and use elements reflect a full balance sheet for each commodity and country.
 - Total supply reflects:
 - Beginning stocks
 - Prospective production
 - Imports
 - Total use includes:
 - Domestic use
 - Exports
 - Ending stocks
 - Residual or unaccounted
 - Total supply must equal total use
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Information Progression for U.S. Major Crops

2011/12 Marketing Year

Date	Report		From
January 12	<i>Winter Wheat Seedings</i>		NASS
February 24	<i>Outlook Forum (Out-year and Long-term projections)</i>		ICEC's
March 30	<i>Prospective Plantings</i>		NASS
May 10	<i>Crop Production</i>	U.S. winter wheat	NASS
	WASDE	Wheat and coarse grains (U.S. and country detail) Rice, Oilseeds, and Cotton (U.S. detail and global aggregates) Sugar (U.S. Partial S&D)	ICEC's
June 12	<i>Crop Production</i>	U.S. winter wheat	NASS
	WASDE	Wheat and coarse grains (U.S. and country detail) Rice, Oilseeds, and Cotton (U.S. detail and global aggregates) Sugar (U.S. Partial S&D)	ICEC's
June 29	<i>Acreage and Grain Stocks</i>		NASS
July 11	<i>Crop Production</i>	U.S. winter wheat, spring wheat, durum, barley, and oats	NASS
	WASDE	Major crops (U.S. and country detail)	ICEC's
August 10	<i>Crop Production</i>	Major crops, including corn, soybeans, rice, sugarbeets, sugarcane, and cotton	NASS
	WASDE	Major crops (U.S. and country detail)	ICEC's

The Estimation Process for the United States Balance Sheets

- # Each month, the ICEC's meet to estimate balance sheet items.
 - # The process begins with economic models, tempered by policy changes both in the United States and in other countries.
 - # Expert judgment provides a reality check on economic models and has the final say in determining USDA's estimates.
 - # Analytic results are derived, in many cases, using the latest data available from:
 - NASS (area, production, prices, and stocks);
 - The U.S. Department of Commerce (selected domestic use such as food use, industrial use, oilseed crush, cotton consumption, and trade data);
 - FAS (export sales)
 - The Grain Inspection and Packers and Stockyards Administration (export inspections)
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U.S. Crop Production Forecasts vs. Foreign Crop Production Estimates

U.S. Crops

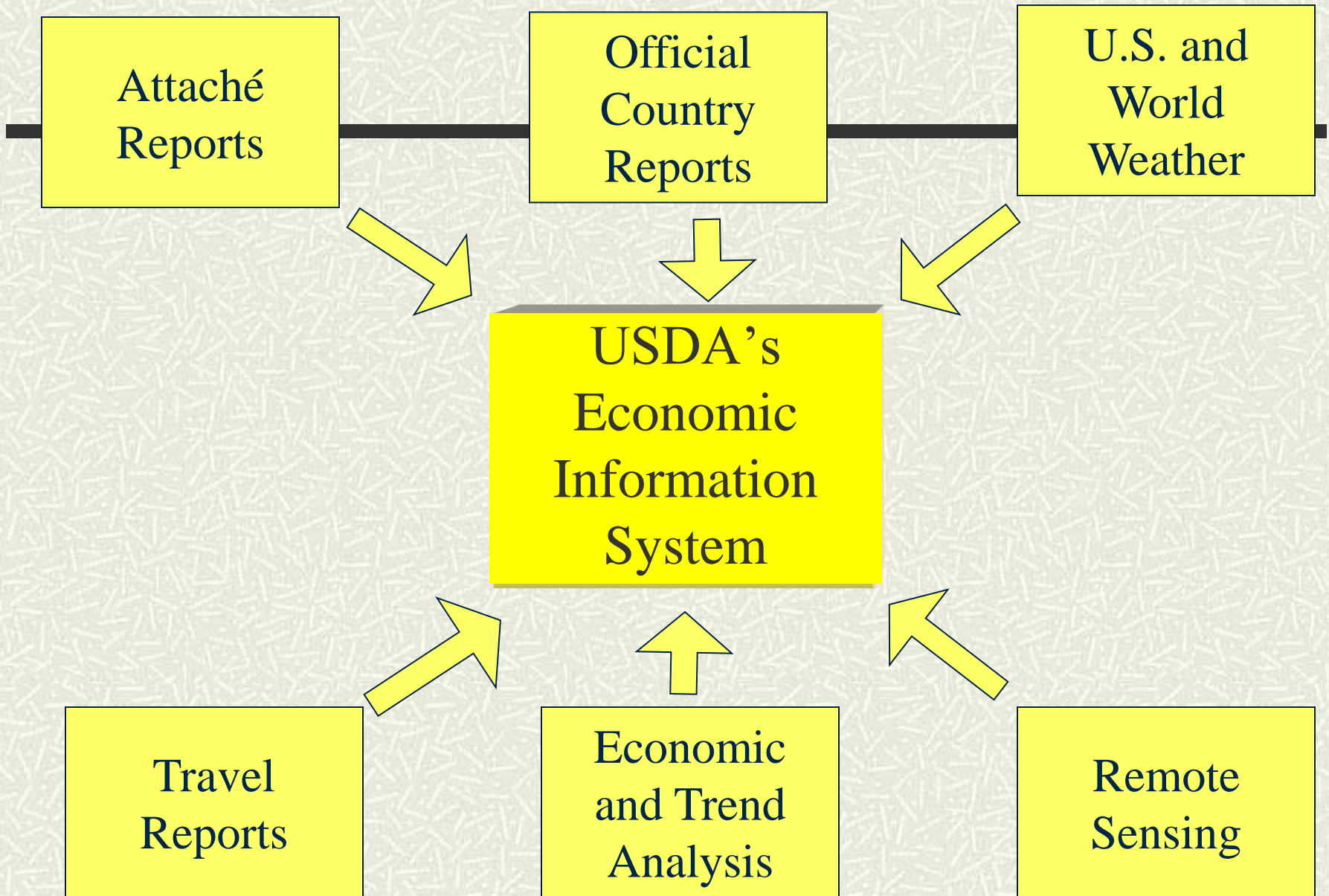
- U.S. production forecasts are based on monthly surveys of farmers and crops

Foreign Crops

- Foreign crop production estimates involve greater judgment; most are not survey-based.
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Commodity Balance Sheets for Countries Other than the United States

- # The lead agency is the Foreign Agricultural Service.
 - Agricultural attachés:
 - Provide information on growing and harvesting conditions
 - Assess local policies
 - Evaluate trade prospects
 - Maintain contact with government and commercial sources.
 - Washington:
 - Satellite imagery
 - Combine attaché reports with other information, including foreign government and press reports.
 - # Official government data
 - May not be available in a timely fashion from major producing and trading countries.
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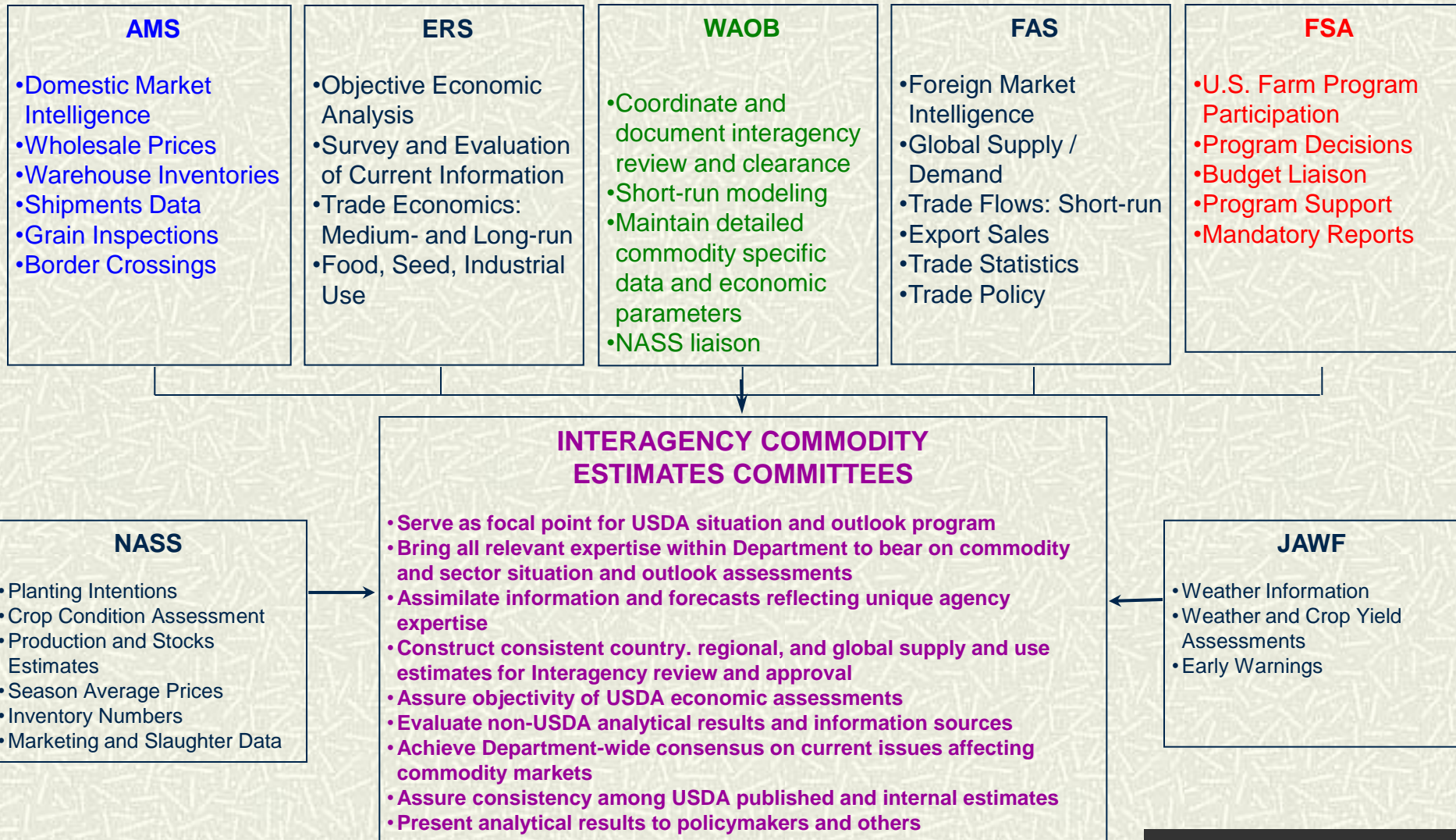


Forecast evaluation

- # Review performance periodically for:
 - Accuracy
 - Bias
 - Repetitive errors
 - # Correct bias and systematic errors.
 - # Publish evaluations on a regular basis.
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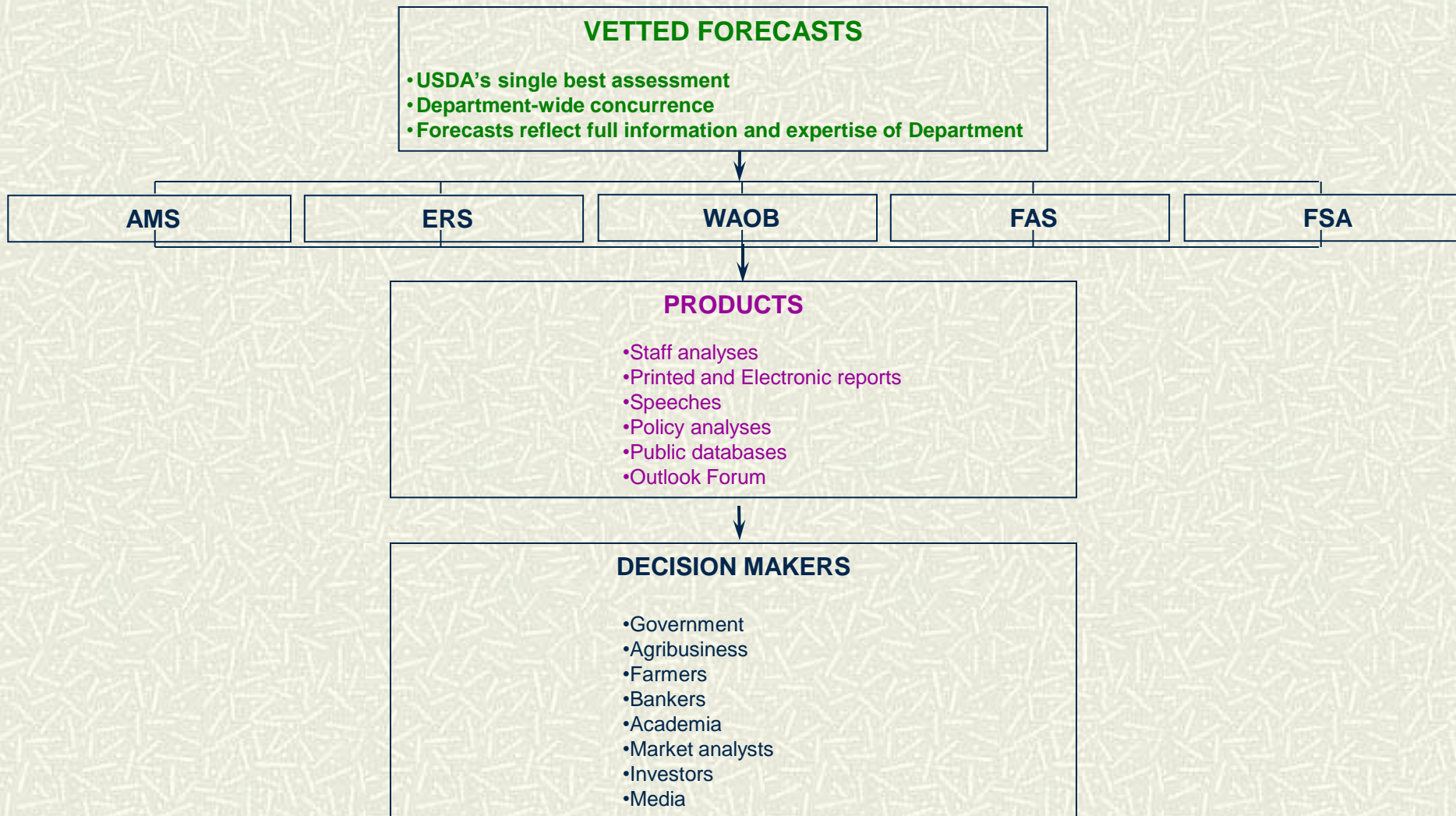
USDA's ECONOMIC INFORMATION SYSTEM

(part 1)



Continuation

(part 2)



Challenges

- # Quality of data
 - Domestic
 - Foreign
 - # Budget constraints
 - # Security
 - # User input
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