

USDA Reports Trip to KC and DC August 10 - 12, 2008

KFB Participants:
From left to right,
Theron Haresnape,
Brett Vannicola, Lori
Haresnape, Gayle
Vannicola, Sue
Peachey and Martin
Kerschen. Also
pictured is Eldon
Thiessen, KS State
Statistician.



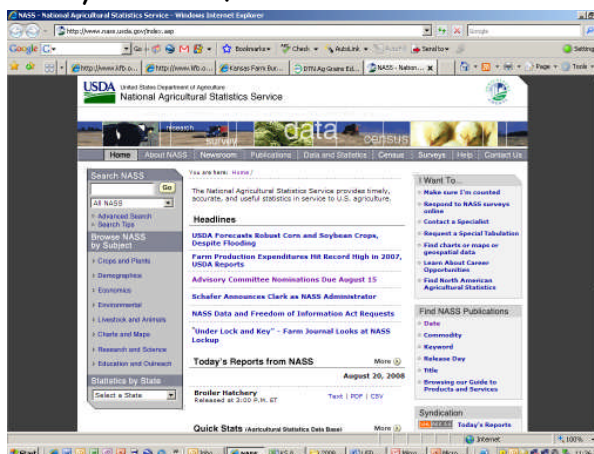
KFB Reports Trip



USDA Reports Trip to KC and DC

The National Agricultural Statistics Service (NASS) provides timely, accurate, and useful statistics in service to U.S. agriculture.

The goal of this educational study tour is to observe and learn how USDA crop estimates are made and how the resulting reports impact the prices of our commodities.



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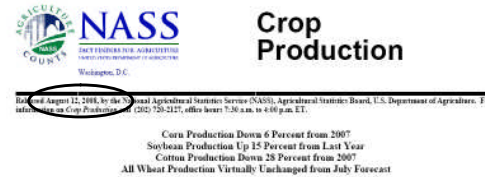


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We begin by learning how Kansas wheat estimates are made.



Then follow the data to learn how state estimates are incorporated into national crop estimates.



And end up observing how U.S. data is fit into world supply & demand estimates by the WAOB of USDA.

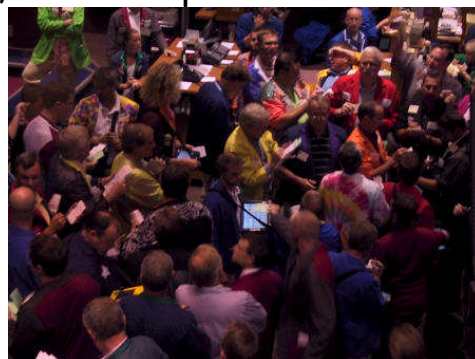


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- ✓ Our Trip begins in Kansas City, MO with Mark Nelson, Director of Commodities, KFB.
 - Group introductions and tour orientation.
 - Presentation on the, "Price Impacts of USDA Reports."
- ✓ Followed by a trip to the Kansas City Board of Trade.
 - Tour and viewing of the "market open."



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✓ At the Kansas City Board of Trade

✓ Presentations by:

- Justin Gilpin, on "An End Users View of USDA Crop Reports."
- Eldon Thiessen, Director of KS Ag Statistics on "The Role and Methodology of KS Wheat Estimates."



Justin Gilpin, General Mills, discusses how buyers of wheat use and view the KCBT wheat futures market.



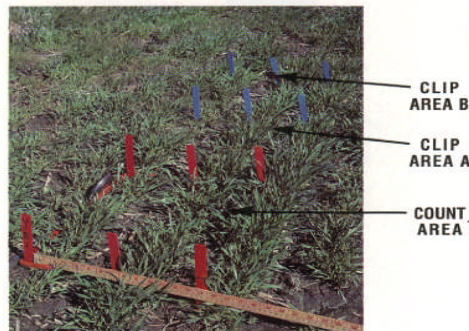
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✓ Mr. Thiessen discussed

- How random wheat producers and plots are selected.
- How both "Ag Yield" surveys (mail & phone) vs. "Objective Yield" surveys (interviews & field counts) are used to determine a Kansas Estimate.



Objective Yield surveys for wheat, like that above, involve 310 samples in Kansas and 1,410 at the national level.

Ag Yield surveys for wheat involve 1,102 mail and phone surveys in Kansas and 14,870 across the United States.



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- ✓ In Washington DC
 - We observe the August, USDA "Lock Up," *World Agricultural Supply and Demand Estimates*, and report to the USDA Secretary of Agriculture.
- ✓ The Kansas Farm Bureau group in front of the USDA South Building, Tuesday, August 12, 2008.



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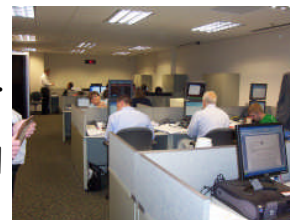


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- ✓ The group receives an overview of the methodology behind developing national statistics from Carol House, Chair of the NASS, Estimates Committee. The committee arrives around 9:00 pm of the previous night and receives the encrypted state data. At first, each analyst creates an independent estimate, ideas are shared and a consensus is developed.
- ✓ Media can enter the "Lockup" area but all communication is cut off until the report release time.



Above: Carol House, NASS, Estimates Chair
Below: The "Media" Room



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- ✓ The Secretary of Agriculture arrives and hears two reports:
 - NASS - Reports on U.S production.
 - WAOB - The World Ag Outlook Board reports on world agricultural supply & demand, including estimates of US crop/livestock prices.



L to R: Martin Kerschen, Lori & Theron Haresnape, Secretary of Agriculture - Ed Schafer, Sue Peachey, Director of KS Ag Statistics - Eldon Thiessen and Gayle Vannicola (Brett Vannicola not pictured).



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- ✓ Our last stop at USDA is with Dennis Shields, an agricultural economist with the Farm Service Agency, member of the interagency, WAOB and Lindsborg, KS native.
- ✓ The WAOB convene the previous night also, receiving the U.S. data at approximately 3:00 am.



Above: Dennis Shields, FSA, providing an "Overview of USDA's Interagency Process for Forecasting Supply and Demand."



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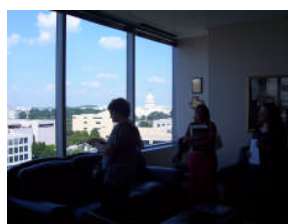


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- ✓ Our final stop was at AFBF where our group heard two presentations from AFBF staff.
- ✓ Chris Garza provided a Trade Update, while Terry Franci discussed the day's USDA reports and their potential impacts on market prices.
- ✓ The stop at AFBF ended with a tour of headquarters.



Above: Arriving at AFBF
Below: A view from Pres. Stallman's Office



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Do USDA Crop Reports Impact Prices?

- Yes - USDA Reports do impact prices in the sense that they provide market participants (including farmers) with information about the crop.
- Whether prices actually move up or down depends on how the new information is perceived by market participants.



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Do USDA Crop Reports Impact Prices?

Price Reactions to USDA Crop Production Reports 1987-2007 (Closing Cash Price, KC #1 HWW)

Reaction	Number	Average Price Change Day After
Price Increases	54	\$0.063
No Price Change	11	\$0.000
Price Decreases	54	(\$0.049)
TOTAL	119	

Source: "Price Reactions After USDA Reports," NASS, Pr Rc (08)
http://www.nass.usda.gov/Publications/Price_Reactions/index.asp



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Providing Information vs. Impacting Prices

- USDA provides comprehensive crop information to ALL market participants, ensuring that ALL participants (producers included) have access to accurate and similar information, on a timely basis, for crop seeding and marketing decisions. Crop Production (yield, acreage, etc.), Grain Stocks (stored on-farm & commercially), Winter Wheat Seedings, March Prospective Plantings, June Crop Acreage Seeded, World Production and Use, Cattle on Feed, Hogs and Pigs, Livestock numbers & values, plus many, many more.



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Providing Information vs. Impacting Prices

- By committing more resources and expertise, USDA data quality exceeds what even large grain handling or merchandising companies can produce, and as a result, represents "the final word," regarding crop size, use, etc.



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Providing Information vs. Impacting Prices

- Without USDA Crop Reports, ALL market participants would have much less information but compared to other industry segments, Farmers would have the least amount of information for decisions because we don't have the resources to collect the data.
 - ❖ "In the country of the blind, the one-eyed man is King." Bruce Gardner



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http://www.kfb.org/commodities/default.htm - Windows Internet Explorer

http://www.kfb.org/commodities/default.htm

Kansas Farm Bureau The Voice of Agriculture

KFB Market Watch w/DTN KFB Hay & Pasture Exchange Government Members Water Issues Safety & Ag Education

KFB Commodities

More information and reports can easily be found on the KFB "commodities" page.

www.kfb.org/commodities/

KFB Educational Trips/Seminars

- [Futures Trip to Chicago](#)
Mark's blog
- [USDA Report Trip to KC & DC](#)
What is the "LockUp" Tour Registration
- [Commodity Issues "101"](#)

Division Activities

- [Blog Archives](#)
- [2008 Wheat Quality Tour](#)
- [2007 USDA Reports Tour - KC & Washington DC](#)

Markets

- [KFB Market Watch](#)
- [Local Cash Grain Bids](#)
- [USDA Reports](#)

AFBF Updates

- [FoodIE-News](#)
- [Market Update](#)
- [Trade Update](#)
- [Average Crop Revenue Election \(ACRE\)](#)
- [Program Description and Analysis](#)
- [International Trade Digest](#)
- [Background on Food Prices](#)

Livestock Issues Management

Market Data/Risk Management Education

Congress & Oil

Do you think Congress will do anything that will

Yes, I think they'll find a

Internet 100%

2:37 PM

http://www.kfb.org/commodities/marketreportlinks.htm - Windows Internet Explorer

http://www.kfb.org/commodities/marketreportlinks.htm

USDA Reports Links

News Programs Markets Member Benefits Ag Exchanges County FB's KFB Foundations State Committees Links Contact Us Join KFB

KFB Web Survey August Recess

Should Congress have adjourned for an August recess before passing comprehensive energy legislation?

Yes, they should hear from their constituents

Yes, because they won't pass one anyway

No, we need

International Trade Data Fact Sheet

Interpreting USDA Hogs & Pigs Reports

Interpreting USDA Cattle on Feed Reports

Price Reactions after USDA Reports

Track Records of Crop & Livestock Reports

USDA-ERS provides their analysis of the market factors that impact commodity prices on a periodic basis.

[World Agricultural Supply and Demand Estimates_WAOB](#)

[World Agricultural Production_FAS](#)

[Grains World Markets and Trade_FAS](#)

[Cotton World Markets and Trade_FAS](#)

[Oilseeds World Markets and Trade_FAS](#)

[FAS Market & Trade Data FAS](#)

[USDA Bioenergy Price Reports](#)

[Weather - Crop Summary_NASS](#)

[Crop Production_NASS](#)

[Crop Progress_NASS](#)

[Grain Stocks_NASS](#)

[Wheat Outlook_ERS](#)

[Winter Wheat Seedings_NASS](#)

[Small Grains Annual Summary_NASS](#)

[Feed Outlook_ERS](#)

[Feed Grains Database_ERS](#)

[Oil Crops Outlook_ERS](#)

[Cotton and Wool Outlook_ERS](#)

[U.S. Agricultural Trade Data Update_ERS](#)

[U.S. Export Sales_FAS](#)

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Interested in going on the KFB sponsored, USDA Reports Trip to KC and DC?

- ✓ Second week of August, 2009.
- ✓ Nine presentations, three tours and lots of time for questions.
- ✓ To learn more, contact Mark Nelson, nelsonm@kfb.org



KFB Reports Trip



To Learn More About the Wheat Industry, Join KFB on the WQC Wheat Tour of KS

- ✓ First week of May.
- ✓ Three day trek across Kansas, assessing wheat crop potential.
- ✓ Provides you the opportunity to meet and interact with 40-50 other wheat industry participants.
- ✓ To learn more, contact Mark Nelson, nelsonm@kfb.org



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