

Evaluation of 32 Years of the AAEA Extension Outlook Survey

Ronald Plain
University of Missouri

8/13/2010

Survey Coordinators

- 1978-87
 - ◆ Jake Ferris & Jim Hilker
- 1988-10
 - ◆ Ron Plain & David Miller

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AAEA Outlook

1978-2010 Surveys

- Survey conducted by mail in July
- First 20 years: 30+ respondents
- Last 8 years: 13-22 respondents
- 70-80% university respondents
- Rest industry & government

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AAEA Outlook

1988-2010 Respondents

- Use of formal econometric models in forecast
 - ◆ 8% major
 - ◆ 19% moderate
 - ◆ 46% minor
 - ◆ 27% none

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1988-2010 Respondents

- Forecasting responsibility?
 - ◆ 44% major
 - ◆ 33% moderate
 - ◆ 23% minor

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Livestock, Poultry & Milk

- Cattle
 - Fed & Feeder Cattle
- Hogs
- Sheep
- Broilers
- Turkeys
- Eggs
- Milk

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Crop Outlook

- **Wheat**
- **Corn**
- **Cotton**
- **Soybeans**
 - **Oil**
 - **Meal**
- **Rice**

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AAEA Outlook

General Economic Outlook

- **Land Values**
- **Real GDP Growth**
- **CPI**
- **Dow Jones Average**
- **Crude Oil Price**
- **Foreign Exchange Rates**
 - **Japanese Yen**
 - **Mexican Peso**
 - **Canadian Dollar**
 - **Euro**

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AAEA Outlook

Analysis

- **Mean of absolute errors**
 - ◆ July AAEA forecast vs Actual
 - ◆ July WASDE forecast vs Actual

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Analysis

- **Livestock, Poultry & Dairy**
 - ◆ Annual
 - ◆ Quarterly
- **Crops - annual**
- **Macro - annual**

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AAEA Outlook

Mean of Absolute Errors of Forecast of Percent Change in Next Year's Production

	Years	AAEA	WASDE
Beef	1995-09	2.4	3.3
Pork	1995-09	1.8	2.1
Broiler	1995-09	1.6	1.6
Turkey	1998-09	2.8	2.8
Eggs	1995-09	0.9	1.0
Milk	1995-09	1.2	1.1

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Mean of Absolute Errors for Forecast of Next Year's Annual Average Price

	Years	AAEA	WASDE
Steers	1995-09	\$5.43	\$5.88
Hogs	1995-09	\$6.21	\$6.40
Broilers	1995-09	\$4.91	\$5.58
Turkey	1998-09	\$5.56	\$5.21
Eggs	1995-09	\$0.139	\$0.139
Milk	1995-09	\$2.23	

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AAEA Outlook

Annual Animal Forecasts

- AAEA forecast more accurate
 - ◆ Beef, Pork, Egg production
 - ◆ Steer, Hog, Broiler prices
- WASDE forecast more accurate
 - ◆ Milk production
 - ◆ Turkey price
- Same mean absolute error
 - ◆ Broiler, turkey production
 - ◆ Egg price

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AAEA Outlook

Mean Absolute Errors of Quarterly Production Forecasts, 2000-08

	3Q	4Q	This year	1Q	2Q	Next year
Beef AAEA	1.32	3.22	0.80	2.52	3.44	2.44
Beef WASDE	1.90	4.06	1.12	2.31	3.21	2.64
Pork AAEA	1.36	2.83	0.89	2.56	2.34	1.47
Pork WASDE	1.41	2.62	0.77	2.81	2.36	1.47

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AAEA Outlook

Mean Absolute Errors of Quarterly Production Forecasts, 2000-08

	3Q	4Q	This year	1Q	2Q	Next year
Broilers AAEA	1.62	1.96	0.87	2.90	1.93	1.48
Broilers WASDE	1.84	1.95	0.80	3.22	2.13	1.48
Turkey AAEA	1.71	1.94	0.82	3.51	3.17	2.91
Turkey WASDE	1.27	2.11	1.00	3.87	2.82	3.09

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AAEA Outlook

Mean Absolute Errors of Quarterly Production Forecasts, 2000-08

	3Q	4Q	This year	1Q	2Q	Next year
Eggs AAEA	0.88	0.65	0.49	0.93	1.33	1.08
Eggs WASDE	0.89	0.65	0.62	1.30	1.77	1.18
Milk AAEA	1.00	0.81	0.62	1.41	1.24	1.23
Milk WASDE	0.79	0.62	0.38	1.05	1.19	0.96

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AAEA Outlook

Mean Absolute Errors of Quarterly Price Forecasts, 2000-08

	3Q	4Q	This year	1Q	2Q	Next year
Steers AAEA	2.68	7.05	2.13	6.80	7.34	7.00
Steers WASDE	3.62	7.31	2.23	6.72	5.73	6.87
Hogs AAEA	2.50	3.88	1.23	3.55	7.16	5.49
Hogs WASDE	3.06	4.45	1.51	3.76	6.72	5.07

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AAEA Outlook

Mean Absolute Errors of Quarterly Production Forecasts, 2000-08

	3Q	4Q	This year	1Q	2Q	Next year
Broilers AAEA	1.73	3.30	1.20	5.39	6.97	6.61
Broilers WASDE	1.73	3.80	1.34	6.01	7.16	6.94
Turkey AAEA	4.10	5.77	2.32	2.93	5.47	7.12
Turkey WASDE	3.14	5.31	1.88	3.35	6.09	6.93

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AAEA Outlook

Mean Absolute Errors of Quarterly Production Forecasts, 2000-08

	3Q	4Q	This year	1Q	2Q	Next year
Eggs AAEA	9.28	17.48	6.93	22.76	15.18	18.19
Eggs WASDE	11.45	18.17	7.33	22.56	16.43	17.63
Milk AAEA	0.83	1.46	0.51	2.17	3.93	2.87
Milk WASDE						

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AAEA Outlook

Mean of Absolute Errors of Forecasts of Wheat Annual S&U

	Years	Units	AAEA	WASDE
Production	1978-09	Mil bu	72	60
Exports	1978-09	Mil bu	102	95
Ending Stocks	1978-09	Mil bu	109	114
Price	1978-09	\$/bu	\$0.28	\$0.30

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Mean of Absolute Errors of Forecasts of Corn Annual S&U

	Years	Units	AAEA	WASDE
Production	1978-09	Mil bu	575	585
Exports	1978-09	Mil bu	277	267
Ending Stocks	1978-09	Mil bu	437	485
Price	1978-09	\$/bu	\$0.34	\$0.36

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Mean of Absolute Errors of Forecasts of Soybean Annual S&U

	Years	Units	AAEA	WASDE
Production	1978-09	Mil bu	126.8	134.5
Exports	1978-09	Mil bu	95.3	91.2
Ending Stocks	1978-09	Mil bu	93.6	90.0
Price	1978-09	\$/bu	\$0.76	\$0.72

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Mean of Absolute Errors of Forecasts of Cotton Annual S&U

	Years	Units	AAEA	WASDE
Production	1978-09	Mil bales	1.5	1.5
Exports	1978-09	Mil bales	1.5	1.4
Ending Stocks	1978-09	Mil bales	1.6	1.6
Price	1978-09	\$/lb	\$0.07	

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Mean of Absolute Errors of Forecasts of Rice Annual S&U

	Years	Units	AAEA	WASDE
Production	1998-09	Mil cwt	6.9	6.4
Exports	1998-09	Mil cwt	9.5	9.5
Ending Stocks	1998-09	Mil cwt	11.7	11.6
Price	1998-09	\$/cwt	\$0.81	\$0.70

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AAEA Outlook

Annual Crop Forecasts

- AAEA forecast more accurate
 - ◆ Wheat stocks & price
 - ◆ Corn production, stocks & price
 - ◆ Soybean production
- WASDE forecast more accurate
 - ◆ Wheat production & exports
 - ◆ Corn exports
 - ◆ Soybean exports, stocks, price
 - ◆ Cotton exports
 - ◆ Rice production, stocks & price

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AAEA Outlook

Mean of Absolute Errors of Forecasts for Next Year

	Years	Units	AAEA
Farmland \$/acre	1979-09	% change	4.4
Real GDP	1979-09	% change	1.4
CPI	1979-09	% change	1.3
Dow Jones Indust avg	1989-09	June 30 close	1016

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Premier Forecaster Awards 1989+

- **Livestock**
- **Dairy**
- **Poultry**
- **Crops**
- **General Economy**

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Premier Forecaster Awards

- **13 Bob Wisner**
- **11 Jim Hilker**
- **11 Tim Petry**
- **9 John Pedersen**
- **8 Jake Ferris**
- **6 Jim Robb**

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