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Market Information Needs of the 21st Century, An Industry Perspective

Steve Reed
Sonic Industries

I want to thank the program organizers for inviting me to speak at this session of the USDA Outlook Forum. I was asked to provide an industry perspective of the market information needs of the 21st century, and what the federal role should be in the collection of statistical data, analysis, and dissemination of market information.

Let me answer both questions by telling you what I believe should remain priority data products created by USDA. The resources needed to support these products become my wish list of future market information needs and help define USDA's role in the market place into the next century.

Speaking both in my current capacity as a private sector analyst, and formerly as an economist within USDA's Economic Research Service, I believe the most important data products created by USDA are the World Supply and Demand Estimates (WASDE) and the Domestic and International Baselines.

The WASDE provides unbiased and objective analysis of current supply, demand, and price information for most major agricultural products. The quarterly forecasts included in WASDE are a planning tool for the food and fiber industries in this country and around the world. No private sector organization that I am familiar with provides a similar level of cross-sectional expertise focused on this type of product. A similar cross-sectional team effort results in annual updates of the USDA Baseline Projections, which offer a ten year planning horizon. The Baseline has only recently been released for public consumption, but has been used as an internal working document for many years within the federal government.

Both data products are created and disseminated in an environment that is objective, unbiased and neutral. This alone adds legitimacy to the process and provides a solid foundation for private sector involvement. We are best served by letting the private sector extend the dissemination to a diverse audience that includes an interpretation of how this information may impact each type of enterprise. USDA can not service this type of request. The process of turning "raw analysis" into useful information is a function that the private sector is well suited to.

That does not mean I do not advocate challenges from the private sector on any and all USDA forecasts. That is a healthy and legitimate part of the dialog that all parties benefit from. Whether to accept or reject the information provided by USDA becomes a

personal decision each individual or company has to make. What rarely is challenged is USDA's integrity in supplying unbiased information. That has significant value that would be difficult to match with private sector forecasts.

Now that I have told you what I think should remain a top priority within USDA, and why I believe no private sector organization can duplicate this effort, let me take the remaining time to highlight my concerns about the future of this program area. Government downsizing, expanded areas of responsibility, and restricted budgets are threatening most USDA agencies. Each Agency is being challenged to defend their program areas and budget expenditures. I am concerned that USDA's commitment to the inter-agency process that results in publishing both the WASDE and the Baseline Projections may be waning. We can not afford to let this happen.