



ILLINOIS FARM AND FOOD OUTLOOK

COLLEGE OF AGRICULTURE DEPARTMENT OF AGRICULTURAL ECONOMICS

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LARGE CROPS--LARGE USAGE?

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THE NOVEMBER 1 CROP ESTIMATE was released November 10. The final crop estimates will be released in January. The corn crop is currently estimated at 5,804 million bushels--up 67 million from a month ago. The yield estimates for both Illinois and Iowa were raised 3 bushels, to an average of 116 and 92 bushels per acre, respectively. This is a record for Illinois. The total corn crop is up 1,154 million bushels from last year.

The soybean crop is currently estimated at 1,520 million bushels--up from 1,474 a month ago and up 287 million from last year's weather-damaged crop.

The total supply of corn available for use and carryover is 6,163 million bushels. This is a major increase from last year, but significantly below the 1971, 1972, and 1973 crop years. The total supply of soybeans is 1,706 million bushels. This is a record, but not a huge increase from the 1,607 million during the year beginning in September, 1973.

The crop estimates and carryovers indicate liberal but not overwhelming supplies. The record disappearance for soybeans was 1,436 million in 1973-74. Such a disappearance during the year ahead would leave a carryover of 270 million--large, but not real surplus.

The record disappearance for corn was 5,991 million in 1972-73. Such a disappearance would leave a carryover of 172 million. This will not happen because 172 million is below minimum pipeline supplies.

Shortly after the crop estimates were released on November 10, exports for the week ending November 7 came over the wire. Total grains for the week were 95.7 million bushels, a record. Soybean exports were 14.7 million, bringing the total since September 1 to 100.8, versus 72.7 for the comparable period in 1974. This is an increase of 39 percent. The corn export was a record 43.1 million, bringing the total since October 1 to 185.7, compared to 75.6 last year.

These very high rates cannot be maintained, but they indicate two things: (1) Export demand is very strong. We will export about all we can load, and the Russians will take about all they can unload. (2) The moratorium on new Russian sales did not interrupt the shipping rate.

Equaling the 1973-74 record disappearance of soybeans appears unlikely because of competition from Brazil. Another large acreage increase is expected. But soybean production is not very profitable at the current prices, and weather difficulties are within the realm of possibility. As a footnote: The fishing season in Peru was to have started in September, but they haven't caught any fish yet. Who knows?

We may well export 1,450 million bushels of corn and use 475 million for food and industry. This would leave 4,238 for feed and carryover. Restoring the carryover to a prudent 600 million leaves 3,638 for feed. That would be 14 percent above last year's figure, but 13 percent below the average for the preceding three years. With strong consumer demand, such a disappearance is reasonable.

The large usage potential and the general climate of inflation suggest prices for soybeans of under \$5 a bushel and for corn of under \$2.50.

This material was prepared by T.A. Hieronymus, Professor of Agricultural Economics, expressly for this newsletter. M.B. Kirtley, Extension Specialist, Livestock Marketing.

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