



# ILLINOIS FARM AND FOOD OUTLOOK

COLLEGE OF AGRICULTURE  
DEPARTMENT OF AGRICULTURAL ECONOMICS

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## GRAIN REPORT BEARISH

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THE GRAIN STOCKS REPORT released on January 27 caused sharply lower prices on Monday, January 27. The report calls into question the advisability of continuing to hold large amounts of 1975 corn and soybeans.

### CORN SUPPLY

Corn stocks in all positions were 4,431 million bushels, compared to 3,613 million on January 1, 1975, and 4,473 the year before. The main thing revealed by the report was a relatively small disappearance of corn for feed. Feed and residual disappearance is calculated by subtracting the stocks from the beginning supply to get the total disappearance, and then subtracting exports and food and industrial use from the total. Thus calculated, the feed and residual disappearance was 1,120 million bushels, compared to 1,145 million in October-December of 1974 and 1,464 in 1973. No return to a high rate of disappearance following the reductions in the wake of the short 1974 crop has occurred. The implications are that there is little chance of using up the record 5.8 billion bushel crop of 1975, thus increasing the carryover.

Cattle on feed have been increased, and farrowing intentions point to a greater number of hogs during the second half of the year. We should expect the rate of use to pick up as the year proceeds. However, on the record of use to date, it is difficult to project a feed use of more than 3,600 million bushels for the year. Continued favorable feeding ratios will be necessary to get even that amount of corn used.

Exports through January 23 were 56 percent above the year before. So the total for the year can be handily projected at 1,500 million bushels.

Should food and industrial use be 470 million, feed 3,600 million, and exports 1,500 million, the end-of-year carryover would be about 550 million, up from 359 million last fall. Such an amount is a modest carryover--comfortable if the 1976 crop appears likely to be large, but dangerously small should weather conditions turn unfavorable. Corn prices through next summer will be strongly influenced by 1976 weather.

Preliminary planting intentions indicate an increase of 3.1 million acres of corn, suggesting about 69.5 million acres for harvest. A "normal" yield averaging

92 bushels per acre would produce a crop of 6.4 billion bushels, 830 million more than appears likely to be used this year. But the average yield of the last seven years was 84.6 bushels, which would produce a crop of about 5.9 billion, allowing only a small increase from the current low level.

#### SOYBEAN STOCKS

On January 1, the figure was 1,246 million bushels. Known disappearance through December suggested a stock of 1,228 million. The larger-than-expected stock opens the possibility that the 1975 crop was underestimated. Total stocks were up 250 million bushels from a year ago.

The rate of disappearance for processing and export was of record size during September-December, about 10 percent above the previous record set in 1973. Should such a rate relative to 1973 continue, the carryover will be a modest 135 million. But this rate is expected to decline as a large Brazilian crop is harvested in April and May--up perhaps by 20 percent. Current USDA projections of total disappearance are 1,376 million bushels, which would leave a carryover of 330 million.

Preliminary planting intentions indicate a reduction of 3.8 million acres for soybeans. The indicated acreage multiplied by the seven-year average yield would produce a crop of 1,347 million bushels, which is below the prospective disappearance figure and thus encouraging. Soybean supplies are abundant, but not burdensome in view of the prospective reduction in production. The soybean problem is one of competing production abroad. The direction of soybean prices will be affected importantly by the 1976 and 1977 crops in Brazil.

The above material was prepared by Dr. T.A. Hieronymus for this newsletter.

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