



ILLINOIS FARM AND FOOD OUTLOOK

COLLEGE OF AGRICULTURE DEPARTMENT OF AGRICULTURAL ECONOMICS

Urbana, Illinois 61801

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APRIL 1 CORN STOCKS SHOW LARGE DISAPPEARANCE

Corn stocks. The April 1 total was 2,812 million bushels compared to 4,431 million on January 1, indicating a use of 1,619 million bushels. Exports were approximately 408 million bushels and food and industrial use about 120 million, indicating 1,091 million used for feed--an increase of 20 percent from the same quarter a year ago. There were more cattle on feed, about 10 percent more broilers and turkeys, and hog numbers were beginning to turn around from record low levels.

Feed and residual disappearance for the first half of the October-September crop year was 2,216 million bushels, up 8 percent from last year. The first half is usually a good indication of the second half. A comparison with years of similarly increasing livestock numbers suggests 1,450 million for the second half and a total for the year of 3,666 million. If exports remain large and total 1,550 million and food and industrial use in 465, as expected, the total disappearance from the 1975 crop will be 5,681 million bushels. This projects to a carryover of 446 million, up less than 100 million bushels from last fall.

Nearly all of the record 1975 crop is being used, and ending stocks will be near the minimum working levels. Supplies are adequate, but not burdensome. What happens to old crop prices for the balance of the crop year will depend on new crop progress.

It is very early to estimate the demand for corn in the 1976-77 crop year, but some working numbers can be projected. A further increase in livestock numbers would require 4,150 million bushels for feed. Exports should take 1,350 million and feed and industrial use about 485 million. This gives a total demand of about 6 billion bushels.

April 1 planting intentions suggest 72.5 million acres for harvest. During the past seven years, average yields have ranged from a low of 71.3 in 1974 to a high of 97.1 in 1972. With an excellent start to date, a range of 85 to 95 bushels has a high probability of including the yield. This projects a corn crop of 6,150 to 6,888 million bushels.

Current corn prices with the December futures at about \$2.65 appear to be discounting a 6.0 billion bushel crop. Price declines appear to have a greater probability than increases.

Soybean stocks. The total in all positions was 861 million bushels. This is about 30 million bushels more than beginning supplies minus the known disappearance indicated, suggesting that the crop may have been underestimated. But the disappearance to date is very large, suggesting a total for the year of 1,440 and a carryover of 270 million bushels. This is about 100 million less than generally expected last fall.

Soybean planting intentions indicate 48.3 million acres for harvest. At a normal average yield of 27.5 bushels per acre, production would total 1,328 million, sharply below the current rate of use. If only the U.S. soybean situation were involved, the outlook for soybean prices would be favorable; but there are two large negative forces. First, 1976 Brazilian soybean production is currently estimated at 440 million bushels, up from 364 million in 1975 and 184 million in 1973. A further increase in 1977 would compete strongly with the 1976 crop of U.S. soybeans. Second, inventories of edible fats and oils are increasing for the third year in a row. World stocks of edible fats and oils may total 5.7 million metric tons next September 30, compared to 4.9 million last September 30, and a normal working stock of about 4.5 million. The stock buildup is the result of large U.S. and Brazilian soybean crops and a big increase in palm oil production. It will take more than the prospective U.S. soybean crop reduction to solve the problem.

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