



ILLINOIS FARM AND FOOD OUTLOOK

COLLEGE OF AGRICULTURE DEPARTMENT OF AGRICULTURAL ECONOMICS

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RECORD CORN CROP INDICATED BY JULY 1 CONDITIONS

THE USDA PROJECTED A CORN CROP OF 6,553 MILLION BUSHELLS based on July 1 conditions. If the crop materializes, it will be 786 million bushels--14 percent--larger than the record 1975 crop. The national average yield is projected at 90.5 bushels per acre, compared to 86.1 last year, 71.4 in 1974, and 91.2 in 1973. The national average yield would have to fall to 80 bushels for the crop to be less than last year. For Illinois, the estimated average yield is 109 bushels, compared to 116 last year; for Indiana, 103 compared to 98; and for Iowa, 104 versus 90.

The crop projection is based on normal weather from July 1 to harvest. The final size of the crop will be influenced by the weather, particularly in July and August. In 1975, the national average yield estimate decreased from 90.3 bushels on July 1 to 86.2 at the end of the season. The Illinois estimate went from 103 to 116, Indiana from 100 to 98, and Iowa from 106 to 90.

The oats crop is estimated at 499 million bushels, compared to 657 million last year; and the barley crop, at 311 million versus 383 million. The grain sorghums crop has not been projected, but the acreage for harvest suggests about 800 million bushels. Total feed grain production may be 221.5 million tons compared to 202.4 last year, an increase of 9.4 percent.

What are the implications for corn prices? First, a lot of uncertainty remains, both about the final size of the U.S. crop and about competing crops around the world. The weather thus far in Russia suggests a major recovery from last year's disaster, but less than the planned target. Western Europe is caught up in the worst drought in 250 years. If the weather around the world is normal during the balance of the season, exports of corn will be less than the record amount from the 1975 crop.

First approximations suggest an increase in availability of corn for feed and addition to carryover of 900 million bushels--about 25 percent. To get such a large increase used will require better feeding ratios and lower prices than current bids for new crop delivery.

Wheat. The winter wheat crop was estimated at 1,530 million bushels, up 114 million from the June estimate. Most of the recovery was in the western winter wheat states of Kansas, Oklahoma, Colorado, and Texas.

The Durum wheat crop was projected at 129 million bushels, and other spring wheat at 381 million. Total wheat production is estimated at 2,040 million bushels, down only 4 percent from the record 1975 crop. The carryover was up by 235 million, so the total supply is expected to be 2,707 million bushels compared to 2,566 million last year.

What are the price implications? The winter wheat crop is made and the spring crop is well advanced. There is less uncertainty about wheat production than about corn. Outside the U.S., crops will be larger and exports will probably be 150 million bushels less than last year. Subtracting probable exports and domestic food and seed use leaves about 280 million bushels to add to the carryover or to use for feed.

There is little chance of such a large carryover outside of government hands and the implication is that wheat prices will have to go down enough relative to corn to encourage the feeding of a large amount of wheat.

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