



# ILLINOIS FARM AND FOOD OUTLOOK

## COLLEGE OF AGRICULTURE DEPARTMENT OF AGRICULTURAL ECONOMICS

Urbana, Illinois 61801

August 18, 1976

### A SMALLER CORN CROP, BUT STILL A RECORD

THE USDA HAS PROJECTED A CORN CROP OF 6,187 MILLION BUSHELS based on August 1 conditions. This is a reduction of 366 million bushels, or 5.6 percent, from the July estimate. Ohio was up 20 million, Indiana up 19, Illinois down 70, Iowa down 140, Minnesota down 55, and Missouri down 43 million bushels. The estimate for the national average yield per acre was reduced from 90.5 bushels on July 1 to 85.7 bushels on August 1. The Illinois yield estimate on August 1 was 103 bushels, compared to 109 a month ago and 116 last year. The figures for Iowa were 93, compared to 104 last month and 90 last year.

If the crop materializes, it will be 420 million bushels--7 percent--larger than last year's record. The oat crop was estimated at 549 million bushels, compared to 499 last month; barley at 341 versus 311 on July 1; and the grain sorghum crop was projected at 789 million bushels, compared to 758 in 1975. Total feed grain production may be 212.2 million tons, compared to an estimate of 221.5 million last month and 202.4 million tons produced last year.

#### IMPLICATIONS FOR CORN PRICES

The reduced crop estimate should result in steady to strong prices for the 1976 crop corn until the September crop estimate is available. Prospects for the longer run are less favorable. Exports will be probably smaller because of much better crops in Russia. A moderate increase in the carryover will still require a rise of 10 million tons (8 percent) in the domestic use of feed grains. In addition, there will probably be a substantial amount of wheat available for feed. Livestock prices will not support corn prices as high as those of the past year while also generating greater use.

The August 1 wheat crop was estimated at 2,096 million bushels, up 56 million from a month ago. The total supply is 2,761 million, a record. Exports to date are disappointing. Domestic use for food will not increase appreciably. There will either be a very large carryover or a large amount will be fed, probably the latter. Wheat prices will need to lose on corn and may push corn prices down in the process.

The soybean crop was estimated at 1,344 million bushels on August 1, down from 1.521 billion last year. The principal reason for the decrease of 9 percent is that



less acreage was planted than a year ago; but yields were estimated at 27.2 bushels per acre, compared to 28.4 last year. August weather is very important in determining soybean yields; thus, the final crop size is uncertain.

#### IMPLICATIONS FOR SOYBEAN PRICES

Key things to watch in soybean prices during the year ahead are the rate of export for soybean meal and the harvest of soybeans in Brazil from now until May of 1977. The soybean carryover will be about 100 million bushels above the minimum, adding to availability from the 1976 crop. If the expected crop materializes, crush and export will have to be reduced by 60 million bushels--4 percent. However, the total will be the second largest on record. The very large disappearance during 1975-76 was based on meal prices of \$125 per ton and oil prices of about 17 cents a pound. New-crop meal and oil prices are currently \$190 and 21 cents. These increases are equal to \$1.98 per bushel of soybeans. Such an increase will go a long way toward curing the prospective shortage, probably further than necessary.

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