



ILLINOIS FARM AND FOOD OUTLOOK

COLLEGE OF AGRICULTURE
DEPARTMENT OF AGRICULTURAL ECONOMICS

Urbana, Illinois 61801

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CROP ESTIMATES REDUCED AGAIN

CROP PRODUCTION. The USDA has now projected a corn crop of 5,892 million bushels, based on September 1 conditions. This is a reduction of 255 million bushels, or 4.8 percent, from the August 1 estimate and 661 million, or 10.1 percent, from the July projection. The average Illinois corn yield was estimated at 98 bushels per acre, compared to 103 a month ago and 116 last year. There were also significant decreases in the estimates for Iowa, Minnesota, Missouri, and Nebraska. Only Indiana and Ohio are having good seasons.

The production estimate for grain sorghum was reduced to 710 million bushels. The August estimate was 789 million. For oats, the estimate was increased from 549 to 564 million bushels; for barley, from 341 to 355 million. Total feed grain production was estimated at 202.4 million tons, compared to 212.4 million estimated a month ago and the production of 202.4 million tons in 1975. The increased acreage this year was exactly offset by decreased yields.

Total wheat production was estimated at 2,139 million bushels, up from 2,096 million a month ago. The increase reflected improved spring wheat conditions.

The soybean crop was estimated at 1,274 million bushels, compared to the August 1 estimate of 1,344 million and 1975 production of 1,521 million. The national average yield was put at 25.8 bushels per acre, down from 27.2 a month ago, and 2.6 bushels or 9 percent below last year. The Illinois yield is currently estimated at 31 bushels per acre, down from 33 last month. There were also significant decreases in the estimates for Iowa, Missouri, Arkansas, and Mississippi.

Generally, crop production estimates do not change much from the September 1 report. However, yields are much more variable from area to area than usual, and there is a big difference from farm to farm in the same township. Thus, the chances of change this year are greater than normal.

IMPLICATIONS FOR CORN PRICES. Precisely the same production of feed grains would seem to imply the same price for corn as this year. The average price paid to Illinois farmers for 1975 crop corn was about \$2.60 per bushel. But it's not that simple. The USDA's estimate of feed-grain production in the U.S. was reduced by 10 million short tons in August, but its estimate of all grain production in Russia was increased from 195 to 205 million metric tons. Russian crops this year

are large enough that she will probably take the minimum required under grain agreement with the U.S. Poor crops in Europe will only partially offset the expected decrease in shipments to Russia. Wheat is in surplus in the U.S.; and large amounts will probably be fed, decreasing the demand for corn.

While disappointing, the corn crop is of record size. There will be 200 to 250 million bushels more available for feed than is being used this year. Livestock feeding profitability is low, and will not support high corn prices.

IMPLICATIONS FOR SOYBEAN PRICES. The reduced soybean crop will result in a minimum carryover a year from now and sharp reductions in quantities processed and exported. World oilseed crops appear to be large enough to prevent a shortage of edible fats and oils from developing. If there is to be major strength in soybean prices, it will have to come from the meal side. There will have to be a sharp reduction in soybean meal use from the record 1975-1976 levels, but meal availability will be large compared to earlier years. Big usage this year was built on meal prices of \$125 a ton, and current new-crop meal prices are in the \$200 area. We have already had a major increase to cure a minor shortage problem. During the year ahead, the rate of domestic disappearance of meal should be watched closely.

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