



ILLINOIS FARM AND FOOD OUTLOOK

COLLEGE OF AGRICULTURE
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Urbana, Illinois 61801

November 22, 1976

USDA OUTLOOK CONFERENCE TURNS UP A MIXED BAG

USDA HELD ITS ANNUAL AGRICULTURAL OUTLOOK CONFERENCE in Washington, D.C. November 15-18. University, government, and business economists looked into the agricultural crystal ball for the coming year. The result was a mixed bag of projections. In general, the analyst were bearish on crop prices and mildly bullish on livestock prices. There was, however, a notable amount of disagreement over any specific price scenerio.

CORN. A crop estimate of over 6 billion bushels caught nearly everyone by surprise. The sharp price drop is thought by many to be temporary, but prices will not recover to their summer highs unless severe weather problems beseige next year's production. Cash corn will average \$2.40 a bushel, give or take a dime. Corn at \$2 will build a huge feed disapperance which cannot be maintained through the year if exports hold up as expected, so look for a seasonal improvement in cash prices. The next important check point is the January report on grain stocks. If the corn supply is over 4.6 billion bushels on January 1, that would hold the lid on prices through the summer.

SOYBEANS. The soybean market has been a choppy affair for the past two months, reflecting uncertainty over demand for this year's crop. Current crush and export rates cannot be maintained for the year, because they imply greater total usage than the available supplies. The real shortage is in meal. If the current, rather high meal prices do not begin cut usage rates during the next few months, higher prices will be necessary. The later in the year this happens, the higher prices might go. If the bean crush and export rates slow down at current price levels, no price increase would be necessary.

The USDA analysts are calling for an increase of 4 to 5 million in bean acreage next year. At the current price relationships among corn, cotton, rice, and soybeans, this is unlikely. Soybeans will take a small amount of rice and corn acreage, but will give up land to cotton at current prices. The net increase could be less than a million extra acres planted in soybeans next year.

WHEAT. The world wheat supplies are burdensome, including the U.S. situation. Wheat prices will follow those for feed grains during the forseable future. Planted acreage looks about the same as last year.

CATTLE. Prices for all types of cattle are expected to improve moderately in 1977. Beef consumption will be down slightly next year due to the heavy slaughter in 1976.

HOGS. Pork supplies will be up sharply from the levels established in 1975 and early 1976. Prices for the first half of 1977 will be above the \$32 to \$33 low reached recently, but substantially below those of the January-June period this year.

DAIRY. Fluid milk has moved well in the marketplace because of the increased demand for manufactured products. However, lower feed costs and higher milk prices make the 1977 dairy outlook a bright one relative to those of the past few years.

SUMMARY. The profitability of livestock operations will improve from current levels in 1977 due to lower overall feed costs and a mild improvement in product prices. Even so, is not very comforting for grain producers, even ones with livestock enterprises.

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