



ILLINOIS FARM AND FOOD OUTLOOK

COLLEGE OF AGRICULTURE DEPARTMENT OF AGRICULTURAL ECONOMICS

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RECORD CORN CROP INDICATED

THE CORN CROP, IN ILLINOIS AND IN MOST OF THE NATION, continues to make rapid progress. Not only is corn ahead of schedule, but yield prospects in most places look as good as last year.

In July, the USDA released its first estimate of the size of the 1977 crop. Based heavily on farmers' opinions, the Department reported a prospective corn crop of 6.331 billion bushels. Unless July weather causes substantial damage, the 1977 corn crop will set a record.

For Illinois, the USDA estimated average yields as of July 1 at 110 bushels per acre. This compares to a 107-bushel average last year. However, the higher yield expected this year will be from fewer acres. So, in net terms, the estimated Illinois crop is a trifle smaller than last year's 1.25 billion bushels.

On July 1, crop conditions were much better than last year in the important Northern Corn-Belt states of Wisconsin and Minnesota. Yield prospects were off sharply in the Southeast. Georgia's 1977 corn crop is almost a total loss. Last year, Georgia corn producers averaged 62 bushels an acre for a crop of 134 million bushels. The 1977 estimated average yield for Georgia corn is 26 bushels an acre, with a crop of only 45 million bushels. On balance, though, this disaster is outweighed by higher yields expected elsewhere.

While the 1977 production outlook is optimistic at this point, the price outlook is correspondingly dismal. Two successive record crops of corn, in 1976 and 1977, would produce a carryover of about 1.4 billion bushels in October of 1978. Adding to this pressure are the large stocks of wheat, both here and abroad.

Cash corn prices will average about \$2.20 over the 1976-77 marketing year. Next year's average price will fall below the figure for this year, but how much less depends on crop developments from now until the end of harvest. In short, corn prices over the next few months are little more predictable than the weather.

If crop progress continues normally, the Illinois corn harvest could be in full swing by September, right on top of the soybean harvest. In an average year, elevators have several weeks between the peaks of bean and corn harvest. Even so, difficulties have been encountered in handling both crops. The time between the bean

and corn harvests is used to move out the beans and corn on hand to get ready for the "crunch" of new-crop corn arrivals. If this slack time is not available, the Illinois grain storage will not have the capacity to put all the crop under cover at harvest.

In previous years with ample stocks and a large crop, corn prices have bottomed-out at harvest. As this is being written, bids for harvest corn are running about \$1.70 to \$1.85 per bushel. The bottom could be lower yet. At the peak of the corn harvest, cash prices might be in the neighborhood of \$1.60 or lower, if the large crop indicated by the July estimate materializes. Once the crop is under cover, prices will recover substantially if they go as low as now looks probable. Overall, though, given a 6.3-billion bushel crop, 1977 corn prices seem likely to average about 30 cents below the \$2.20 figure for 1976 corn.

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