



ILLINOIS FARM AND FOOD OUTLOOK

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RECORD CORN AND SOYBEAN CROPS CONFIRMED

BASED ON NOVEMBER 1 CONDITIONS, the USDA now estimates the corn crop at 6,367 million bushels and the soybean crop at 1,684 million bushels--both records by significant margins. Total feed grain production is currently estimated at 222 million tons, up 2.7 percent from 1976.

The national average yield for corn is currently 91.5 bushels per acre, compared to the October 1 estimate of 90.8 bushels and last year's figure of 87.4 bushels. The November 1 yield estimate for Illinois is an average of 109 bushels, compared to 111 a month ago and 107 last year. The estimate for Iowa was up 1 bushel from a month ago at 88, but down 2 bushels from 1976. For Minnesota the estimate is 102 bushels, compared to 98 on October 1 and 59 bushels last year. Indiana at 102 is down from last year's figure of 110 bushels per acre.

Significant changes between the November 1 estimates and the final ones to be issued in January are unlikely. The bottom line is that we will have a record crop.

The 1976 corn crop was 6,216 million bushels and use was 5,736 million, so that the carryover increased by 481 million to 879 million bushels. To avoid a further increase next fall, it will be necessary to use the entire crop. Exports will be sizeable, perhaps as large as last year. Thus, it will be necessary to increase feed use in the United States by 17.6 percent. Feed use will be larger than last year, but there is very little chance of such a big increase. Therefore, the size of the carryover will increase, and the price will be dominated by the loan. In years during which the loan has dominated the price and in which an increase in carryover has occurred, the market price has tended to be near the gross loan figure but no higher.

The national average soybean yield is now estimated at 28.9 bushels per acre, a new record. Production in Illinois is estimated at 318.6 million bushels, the same as on October 1 and up 32 percent from the figure of 241.9 in 1976. In spite of a relatively small carryover of 103 million bushels, the total soybean supply is a record. The chance of a significant change in the final estimate is small.

An ending carryover next August of more than 180 million bushels will be a price-depressing factor. To hold the carryover to 180 million bushels would

require a large increase in use. Exports will be extensive, perhaps as much as 610 million bushels, and up 8 percent from the 564 million recorded last year. If this occurs, the domestic crush will need to be about 915 million, up 16 percent from last year. Such a crush will make a lot of soybean oil and soybean meal.

World oilseed crops are large. Hence, it now looks as if there will be an increase in oil stocks, particularly in the United States. There is little hope for higher oil prices, so soybeans will be crushed for meal rather than oil.

The price of soybeans will depend on the demand and meal prices. A crush of 915 million bushels will make about 21.8 million tons of meal. Meal exports may be as large as 5 million tons, leaving 16.8 million available for domestic use. This would be up 20 percent from the amount used last year and up 8 percent from the record use of 15.6 million tons in 1975-76.

The demand for meal will be larger because of increases in animal numbers. However, meal will have to sell competitively with other proteins and at a reasonable ratio to corn if such a large use is to be developed.

What this boils down to is a limited possibility of strength and the substantial risk of a decline in soybean prices from current levels.

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