



ILLINOIS FARM AND FOOD OUTLOOK

COLLEGE OF AGRICULTURE
DEPARTMENT OF AGRICULTURAL ECONOMICS

Urbana, Illinois 61801

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JANUARY 1 GRAIN STOCKS--NO SURPRISES

THE USDA ESTIMATE OF GRAIN STOCKS in all positions was released on January 25. The USDA's revised estimates on agricultural supply and demand were released on January 26.

CORN. As of January 1, the stocks of corn in all positions totaled 5.44 billion bushels--11 percent greater than last year, but in line with expectations. In Illinois, stocks totaled 1.035 billion bushels, only 2 percent more than last year. Major increases were recorded in Iowa, Minnesota, and Nebraska, where government loan activity has been heavy.

The USDA estimates that use for the year will total about 6.1 billion bushels, putting ending stocks at 1.1 billion bushels. Feed use is placed at 3.825 billion, exports at 1.75 billion, and food and industrial uses at 535 million bushels.

At the current rate, however, the corn used for feed will approach 4 billion bushels for the year. If the projected level of exports is attained, the carryover at the end of the year could be below 1 billion bushels. Corn exports will have to increase from the current rate of 29 to 37 million bushels per week in order to reach 1.75 billion bushels by the end of September.

SOYBEANS. Stocks of soybeans in all positions on January 1 were reported at 1.3 billion bushels, up 27 percent from last year. This figure confirms the size of the 1977 crop. Almost every major soybean-producing state had larger inventories than a year ago. Illinois registered the largest increase, 60 million bushels.

The USDA has estimated the soybean crush for the year at 860 million bushels and exports at 610 million bushels, leaving stocks of 270 million bushels at the end of the crop year. The rate of use for the first quarter, though, projects to a crush of 925 million, exports of 620 million, and a carryover of only 195 million bushels. There is some question about whether the current rate of use will be maintained. In addition, the level of disappearance in the first quarter results in a negative balance for feed and residual uses for that quarter, indicating that the 1977 crop may have been even larger than current estimates.

WHEAT. Wheat stocks on January 1 totaled 1.99 billion bushels, an increase of 12 percent over last year. The stocks in Illinois exceeded last year's level by

27 percent. Texas, Minnesota, North Dakota, and South Dakota registered the greatest increases in inventories. Stocks in the Northwest were substantially below the levels of a year ago.

The stocks report indicates that feed use during the October-December quarter was less than 30 million bushels. As a result, the USDA lowered its estimates of feed use for the year by 20 million bushels.

Exports have been strong in recent months and are expected to total 1.1 billion bushels by the end of May. Even so, wheat inventories at that time will likely be 100 million bushels greater than last year.

IMPLICATIONS. The January 1 Grain Stocks Report indicates abundant supplies of all food and feed grains. The rate of disappearance for corn and soybeans is encouraging but not bullish. Price movements of both commodities would be expected to stay in a narrow range until the planting season. The Prospective Plantings Report indicated large acreages for both corn and soybeans in 1978. The weather at planting time and during the growing season will determine the direction of supplies and the resultant prices.

Although wheat supplies are high, export movement is good and winter wheat seedings as well as spring planting intentions have been reduced substantially. A reduction of inventories during the 1978-79 marketing year will strengthen wheat prices, but they will still be influenced by corn prices.

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