



ILLINOIS FARM AND FOOD OUTLOOK

COLLEGE OF AGRICULTURE DEPARTMENT OF AGRICULTURAL ECONOMICS

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RECORD CORN AND SOYBEAN CROPS INDICATED

EXCELLENT GROWING CONDITIONS FOR CORN have apparently overcome the effects of a late planting season. As of August 1, the USDA estimates that the 1978 corn crop will total 6.5 billion bushels, 2 percent greater than last year's record crop. Although the harvested acreage is expected to total only 67.7 million acres, compared to 70 million last, the expected average yield is now placed at 96.1 bushels per acre-5.3 more than last year. The largest average yield attained so far in the United States was 97.1 bushels per acre, recorded in 1972.

The August 1 production estimate is almost 6 percent greater than the July 1 estimate. Yield improvements are expected in all the Corn Belt states-up 10 bushels per acre in Missouri, 9 in Iowa, 8 in Illinois, 5 in Indiana, and 4 in Ohio. The projected figure for South Dakota went up by 15 bushels per acre over the July 1 estimate. At 110 bushels per acre, Illinois is expected to have the highest average yield of the major corn-producing states. However, with a crop of 1.3 billion bushels, Iowa would have the largest crop.

SOYBEANS. The August 1 soybean estimate, the first of the year, places the 1978 crop at a record 1.765 billion bushels. In spite of a 9-percent increase in soybean acreage, this estimate is only 2 percent larger than last year's crop. This year's average yield for soybeans is estimated at 27.9 bushels per acre-down 2 bushels from last year.

Illinois' production is expected to be down about 14.5 million bushels, even though the area planted to soybeans is up by 350,000 acres in Illinois. The state average yield is expected to decline by 3 bushels per acre.

IMPLICATIONS. If a corn crop of 6.5 billion bushels materializes, the total supply for the 1978-79 marketing year will be a whopping 7.6 billion bushels. The use of corn will have to increase by nearly 360 million bushels in order to hold carryover stocks at the current level.

The amount of corn used for feed could be expected to increase since hog and poultry numbers are going up. In addition, favorable livestock-feed price ratios should result in high feeding levels per animal. So the amount of corn used for feed might total 4 billion bushels-up 250 million from this year.

Foreign demand for U.S. corn has been strong, and without a major crop failure anywhere in the world. A continuation of this strength could add another 100 million bushels to our corn exports.

If these levels of consumption are attained, the entire crop would be used up. Corn prices might rise seasonally as the high consumption rates become apparent.

If the August 1 soybean estimate holds up, the total supply of soybeans would be increased by 55 million bushels over last year. A strong domestic and foreign demand for soybeans and products should use up the entire crop. Because of favorable livestock prices and the growing world demand for high-protein feeds, a deterioration in soybean meal prices is not expected.

Even though the world production of edible fats and oil is expanding, demand should keep soybean oil prices near current levels. If high rates of consumption continue soybean prices of \$7 a bushel may be possible again in 1978-79.

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