



ILLINOIS FARM AND FOOD OUTLOOK

COLLEGE OF AGRICULTURE
DEPARTMENT OF AGRICULTURAL ECONOMICS

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ESTIMATES INCREASED FOR CORN AND SOYBEAN PRODUCTION

BASED ON NOVEMBER 1 CONDITIONS, the USDA estimated the 1978 corn and soybean crops at 6.89 billion bushels and 1.81 billion bushels, respectively. Both estimates represent an increase of 1 percent over the October estimates.

The 1978 corn crop is 8 percent larger than a year ago. The soybean crop is up about 3 percent. The increase in corn production reflects improved yields. Harvest acreage actually declined by about 3 percent. The large soybean crop reflects an increase of 10 percent in acreage and a reduction of 6.5 percent in yield.

The national average corn yield is estimated at a record 101.2 bushels per acre, compared to 100.7 a month ago and 91 bushels in 1977. The yield estimate for Illinois was reduced to 112 bushels, compared to 114 last month and 116 in September. Iowa's yield estimate was raised from 115 to 117 bushels per acre. Iowa is expected to produce 1.42 billion bushels of corn, 30 percent more than last year. The expected yields in Minnesota and Nebraska were raised by 4 bushels per acre. The yield estimates for Indiana and Ohio were lowered by 1 bushel per acre.

Soybeans are expected to average 28.6 bushels per acre nationally, up 0.3 bushel from October but down 2 bushels from the 1977 figure. Compared to last month, production estimates were increased for Arkansas, Iowa, Minnesota, and Missouri. Of the major producing states, only Illinois shows a yield reduction from October. The Illinois yield is now placed at 33 bushels per acre, down from 37 last year.

Corn consumption will have to exceed last year's use by 11 percent if the entire crop of 6.89 billion bushels is to be used. The food use of corn is expected to increase by about 4 percent, but that use accounts for less than 10 percent of the total U.S. corn consumption. Because of large supplies of feed grains worldwide, U.S. corn exports are not expected to be significantly larger than last year's record level.

The burden for increased corn consumption rests on the domestic livestock industry. If the entire 1978 corn crop is to be used, corn consumed as feed needs to total 4.37 billion bushels. That would be an increase of 18 percent over last year. Based on projected livestock numbers and feeding rates, feed use is expected to total about 4.04 billion bushels, an increase of 7 percent. As a result, the

carryover stocks on October 1, 1979, may total nearly 1.4 billion bushels, a 30 per cent increase over October 1, 1978.

The strength of the corn market has been surprising, due mainly to tight holdings by farmers and rapid movements of corn into the reserve program. Even with the large movements of corn into the reserve, supplies are abundant.

The soybean supply is about 100 million bushels greater than last year. If the entire crop is used, soybean crush and exports need to exceed last year's levels by about 6 percent. Increasing livestock numbers both domestically and abroad plus the lack of soybean meal from Brazil for the next few months should insure an increase of at least 6 percent in meal consumption. The demand for soybean oil is less certain because of larger supplies of competing products. A strong world demand for edible fats and oils, however, should prevent a significant increase in oil stocks.

The 1978 soybean crop is likely to be consumed entirely. Soybean prices may show continued strength this winter. A larger Brazilian crop is expected in 1979, which could put downward pressure on soybean prices after the first of the year.

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