

RETURN TO 419 M.H.



ILLINOIS FARM AND FOOD OUTLOOK

COLLEGE OF AGRICULTURE DEPARTMENT OF AGRICULTURAL ECONOMICS

Urbana, Illinois 61801

January 31, 1979

CORN USE ENCOURAGING, SOYBEAN CROP MAY BE UNDERESTIMATED

THE STOCKS OF CORN IN ALL POSITIONS ON JANUARY 1 totaled 6,197 million bushels. This number is useful in calculating the use of corn to date, in making projections of use for the crop year, and in projecting the carryover next September 30. The rate of disappearance in October-December was large. Hence, the carryover projections are smaller than those made ahead of the report.

The stocks in all positions of 6,197 million bushels were up 694 million--12.6 percent--from a year ago. However, the beginning supply was up 877 million, indicating an increase in use of 183 million during the fall quarter.

Corn use is made up of three principal components: food and industrial, exports, and feed. Inspections for export during the fall quarter were 456 million, up from 415 million during the same period in 1977. The increase is deceptive because exports during the summer of 1978 were unusually large. We appear to be on track for exporting about 1,950 million bushels. Food and industrial use could be approximately at 131 million for the quarter.

Subtracting exports and food and industrial use indicates a feed use of 1,402 million bushels, up 135 million from the same period of 1977. Feed use during the fall quarter is not a consistent percentage of feed use for the entire year. The percentage is high in years of decreasing use such as the 1974-75 shortage year and low in years of increasing use such as in 1975-76. The current year is definitely one of increasing use. During the past decade there have been five years of increasing feed use. In those years, the use of corn in the fall quarter averaged 32.9 percent of the entire year. If the 1,402 million bushels fed in the fall quarter is 32.9 percent of the entire year, the total for the year would be 4,261 million.

Adding the three projections--food and industry, exports, and feed--indicates a total corn disappearance of 6,770 million bushels. This is the best possible estimate now. The next check point will be April 23 when the report on April 1 stocks in all positions is released.

If the projection of total use turns out to be correct, the carryover will be 1,416 million. That would be up 312 million from last September 30. The projection of total use at 6,770 million bushels is optimistic. Even so, it pretty well reveals the fate or old-crop corn prices. There is little chance of a significant price increase.

The large projection for useage focuses attention on the size of the 1979 crop. Planting intentions suggest a harvested acreage of about 70 million. If the yield is a more-moderate 94 bushels, compared to 101 in 1978, production will be 6.5 to 6.6 billion bushels, an amount less than the current rate of use. While the corn supply is one of troublesome abundance, there does seem to be a light at the end of the tunnel.

SOYBEAN STOCKS IN ALL POSITIONS TOTALED 1,377 MILLION BUSHELS. Substracting this amount from the beginning supply of 2,002 million indicates a disappearance of 625 million. Known crush and exports during September-December were 643 million; known disappearance exceeded the calculated disappearance by 18 million. That indicates a measuring error. Either the stocks were overstated or the crop was underestimated. Only time will tell.

Farm stocks plus the stocks at interior elevators were 59.3 percent of the beginning supply of soybeans. This is a measure of the rate of farmer sales. The percentage is near normal. The average for the past seven years is 58.6 percent. The range was a low of 53.4 percent on January 1, 1973, to a high of 63.4 percent on January 1, 1974. This year, soybean producers have been neither aggressive holders nor aggressive sellers.

T.A. Hieronymus

T.A. Hieronymus, Extension Specialist-Prices and Outlook

Cooperative Extension Service
United States Department of Agriculture
University of Illinois
At Urbana-Champaign
Urbana, Illinois 61801

Official Business
Penalty for private use, \$300

FIRST CLASS

POSTAGE AND FEES PAID
U.S. DEPARTMENT OF
AGRICULTURE
AGR 101

