



ILLINOIS FARM AND FOOD OUTLOOK

COLLEGE OF AGRICULTURE DEPARTMENT OF AGRICULTURAL ECONOMICS

Urbana, Illinois 61801

April 25, 1979

QUARTERLY CORN STOCKS INDICATE A LARGE DISAPPEARANCE

STOCKS OF CORN IN ALL POSITIONS ON APRIL 1 were estimated by the USDA at 4.421 billion bushels. This is a record supply for April 1, but it indicates a large disappearance for feed and points to a manageable carryover.

Total stocks are up 544 million bushels from a year ago, but the beginning supply was up 877 million. Thus, disappearance to date has exceeded the first six months of the last crop year by 334 million bushels, or 9.7 percent. Feed and residual disappearance for the six months totaled 2.639 billion compared to 2.385 billion last year, an increase of 10.6 percent. The large disappearance of corn for feed use reflects rapidly expanding hog and broiler numbers and the large number of cattle on feed as well as the relatively high levels of current profitability.

Feed disappearance during the first half of the year is a fairly good indicator of what feed disappearance will be for the entire year. There are year-to-year differences in the percentage used during each half of the year, but these are accounted for by the consumption trend year to year.

The 1978-79 crop year clearly is one of increasing use. In similar years, the first half has averaged 61.8 percent of the total for the year. Based on use for the first half this year, the use of corn for the entire year projects to 4.270 billion bushels. If the major increase in hog numbers indicated by the March pig crop report materializes, the total use of corn this year for feed may be 4.3 billion bushels.

If feed use is 4.3 billion and exports are 1.95 billion bushels (as currently projected) and food and industrial use totals the projected 560 million bushels, the corn carryover would be "only" 1.377 billion bushels. That would be a major increase over last year and a huge increase from the 399 million carryover in the fall of 1976, but would be less than the 1.660 billion bushels first projected from the huge 1978 corn crop.

Nearly 800 million bushels are tied up in the feed-grain reserve. This will leave more than an adequate amount of corn for "free carryover." However, the non-reserve carryover will be small enough to require the redemption of a large part of the 1978 crop now under loan. The current price of corn is above the loan in the eastern corn belt but is still below the loan in the western areas.

STATE · COUNTY · LOCAL GROUPS · U.S. DEPARTMENT OF AGRICULTURE COOPERATING
THE ILLINOIS COOPERATIVE EXTENSION SERVICE PROVIDES EQUAL OPPORTUNITIES IN PROGRAMS AND EMPLOYMENT

The carryover of corn will be large enough to make further price increases unlikely, based on the old-crop situation. However, the large use of 6.8 billion bushels makes the size of the 1979 crop of critical importance. Should the April 1 planting intentions materialize and if yields are a normal average of 94 bushels per acre, the next corn crop will be about 6.5 billion bushels. Such a level of production coupled with a further increase in demand would pull the carryover on September 30, 1980 down to about the minimum level.

As of now, a major decrease in the carryover appears very likely for the 1979-80 crop year. In the past, such decreases have forced corn prices to become high in relation to livestock prices. Next year, corn prices probably will be substantially higher than in the last two years.

Soybean stocks in all positions on April 1 were about 872 million bushels. That amount is consistent with crush and export figures since January 1, tending to confirm the accuracy of the January 1 report on soybean stocks.

The supply of soybeans is large enough to support a high level of use during the balance of the crop year. However, the supply is not large enough to support the very high use level for soybeans experienced during the first seven months of the crop year.

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

