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# ILLINOIS FARM AND FOOD OUTLOOK

COLLEGE OF AGRICULTURE  
DEPARTMENT OF AGRICULTURAL ECONOMICS

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## ESTIMATES FOR CORN AND SOYBEAN PRODUCTION INCREASED AGAIN

WITH SOME HARVEST RESULTS IN, the USDA has raised its estimate once again for corn and soybeans. Based on October 1 conditions, the U.S. corn crop is expected to total 7.39 billion bushels, 2 percent more than under the September estimate and 4 percent above last year's crop. The USDA's soybean estimate is now 2.21 billion bushels, 2 percent larger than last month's figure and 18 percent more than the 1978 crop.

The corn yield is now projected at an amazing average of 106.4 bushels per acre, 5.2 higher than last year's record. Of the major corn-producing states, Illinois has the highest predicted yield at 120 bushels per acre on the average. Iowa is right behind at 119 bushels. The Illinois corn crop is placed at 1.26 billion bushels. Iowa farmers are expected to harvest 1.5 billion bushels. Only Minnesota's crop is expected to be smaller than in 1978.

The soybean yield is also pegged at a record average of 31.5 bushels per acre. The figures for Illinois and Iowa place both at 38 bushels per acre. The Ohio and Indiana crops are expected to yield an average of 37 and 36 bushels per acre, respectively. Illinois once again seems likely to be the largest soybean-producing state, with a predicted crop of 368.6 million bushels.

The USDA lowered its estimate on the 1979 wheat crop by about 9 million bushels. Most of the reduction concerns hard red spring wheat in Minnesota and North Dakota.

The increase in the estimated corn production for the United States was offset by reductions in the coarse-grain production estimates for Russia. The estimate for the USSR is now 82 million metric tons, down 22 percent from last year. The world coarse-grain crop is placed at 729.5 million metric tons, down about 3 percent from a year ago.

World wheat production is now estimated at about 9 percent below last year. The U.S. crop is 17 percent larger. The Russian crop is 31 percent smaller. The wheat crop is also likely to be smaller in Europe, Canada, and Australia.

The world oilseed crop is projected at 178.1 million tons, 12 percent more than the 1978-79 crop. The soybean crop is up 17 percent, and the sunflower crop

rose, consumers cut back on purchases and were "gone from the market" when the supplies of heavy cattle became available.

We cannot predict the market supplies of fed cattle for next spring and early summer with great accuracy. It is clear, however, that supplies during first half of 1980 will be sharply below year-ago levels.

What are the price implications? Clearly, prices above current levels and higher than the average for the first half of 1979 are indicated. How much higher they go will depend on consumer behavior. Consumer incomes corrected for taxes and inflation have declined in recent months, and an increase in real terms appears unlikely during the next 9 months. In addition, consumer installment debt has gone up rapidly for 2 years and is at record levels, after taking inflation into account. Installment debt is a record percentage of disposable income. Consumers are badly over-extended, and interest rates are high. Retrenching will occur during the months ahead, but we do not know how much that will affect the demand for beef.

Supplies of pork and poultry will continue at record levels through the first half of 1980. Consumers usually resist switching from beef to other meats. But never before have they been confronted simultaneously with a major beef shortage and an abundance of pork and poultry.

The bottom line seems to be choice steers at Omaha with prices into the \$70's, with the low \$80's as a reasonable possibility. But in planning cattle marketings, the feeders should keep the mistakes of last spring and summer in mind.

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