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ILLINOIS FARM AND FOOD OUTLOOK

COLLEGE OF AGRICULTURE
DEPARTMENT OF AGRICULTURAL ECONOMICS

Urbana, Illinois 61801

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USDA ESTIMATES RECORD CORN AND SOYBEAN CROPS

ONCE AGAIN THE ESTIMATED SIZES FOR THE 1979 CORN AND SOYBEAN CROPS have been increased. As of November 1, the USDA placed the corn crop at 7.586 billion bushels, almost 3 percent larger than the previous month's estimate and 7 percent above last year's crop. The soybean crop is now estimated at 2.236 billion bushels, 1 percent above the October estimate and nearly 20 percent larger than the 1978 crop.

For corn, the harvested acreage is expected to be about 1 percent less than last year. The average yield is expected to be 109.2 bushels per acre, 8 bushels more than a year ago. The projections show soybean acreage up by 11 percent and the average yield at a record 31.8 bushels per acre.

Of the major corn-producing states, only Minnesota's crop is now estimated at less than last year's crop. Iowa's corn crop is placed at 1.575 billion bushels. Illinois producers are expected to harvest 1.323 billion bushels. The average yield in Illinois is estimated now at an amazing 126 bushels per acre, followed closely by 125 bushels for Iowa.

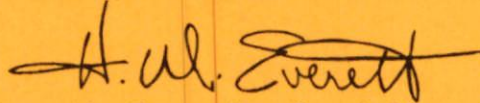
The soybean crops in both Illinois and Iowa are expected to yield a record average of 38 bushels per acre. Production in Illinois should total 368.6 million bushels. Iowa's crop is reported at 309.7 million bushels. In every major producing state, more soybeans were harvested than a year ago.

Because of the strong demand for corn, we have been projecting the 1979 crop as being entirely consumed by the time the 1980 crop is harvested. The new production estimates raise some doubts about that. Even assuming rather optimistic levels of consumption for the year ahead, the corn carryover could increase by at least 100 million bushels. For the next several weeks, farmers' marketing patterns as well as the strength of the demand for corn will set the tone for corn prices.

Based on the recent history, farmers are likely to hold on to as much of the corn crop as possible immediately after harvest. Watch the weekly export inspection figures for indications about the strength of export demand. Although the marketing year is only about 6 weeks old, exports are running behind the rate necessary to reach 2.5 billion bushels.

steps may include a small tax cut for consumers (particularly in an election year), as well as investment tax credits and accelerated depreciation allowances for businesses.

The impact of these trends on the farm sector will be noticeable in consumer expenditures on food and purchases of farm inputs. As income declines, there should be a proportional decrease in food expenditures. However, the decline is likely to come from a reduction in food purchased away from home. Farmers are most likely to put off large capital expenditures with interest rates rising into the teens. Purchases of land will be affected by lower bids being offered to offset the increased interest costs. Higher interest rates will probably not affect purchases of operating inputs for the farm such as fertilizers and chemicals.



H.W. Everett, Extension Specialist, Prices and Outlook

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

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