



ILLINOIS FARM AND FOOD OUTLOOK

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RETURN TO 419 M.H.

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A LOOK BACK AND SOME UNCERTAINTIES AHEAD

LOOKING BACK IS USEFUL SOMETIMES in order to put the current situation into perspective. The price of corn at east-central Illinois track points on December 5 was \$2.64 per bushel, up 42 cents (19 percent) from a year before. The increase in the corn prices has occurred despite five consecutive record crops. At 7.6 billion bushels, the 1979 crop was up 7 percent from the 1978 record. Part of the price increase is simple inflation, but higher prices with a huge supply can only come about because of a very strong demand.

During the 1978-79 crop year, livestock feeding ratios became significantly profitable for the first time since 1972. The result was an increase of 12 percent in the use of corn for feed. Exports were up 10 percent in spite of big grain crops outside of the United States in 1978.

At year's end, there are three big uncertainties: Do we have the logistical capability of exporting the 2.5 billion bushels projected by the USDA? Will consumer demand support further increases in livestock production? What will corn production be in 1980? An acreage increase is likely, but average yields have ranged from 86 to 109 bushels per acre with a mean of 95 bushels over the last 5 years.

On December 5, the price of soybeans was \$6.60 per bushel, compared to \$6.73 on the same date in 1978. Taking inflation into account, the price decrease is about 14 percent. The 1979 crop was 2.236 billion bushels—up 20 percent from 1978. The price decrease for soybeans is less than the rise in production, displaying a strong demand structure. In 1978-79, exports went up by 7.6 percent and the crush increased 9.6 percent. Some exports made up for short crops in Brazil in 1978 and 1979. The domestic use of soybean meal and oil has been very large during the past year. The use of soybean meal has been kept high and prices strong by good feeding profitability and rapidly expanding hog and broiler numbers. Even if the increases in exports and crush during the year ahead equal those of last year, we will have a soybean carryover of 400 million bushels, up from 173 million last fall.

