



# WEEKLY OUTLOOK

Department of Agricultural Economics  
College of Agriculture  
University of Illinois at Urbana-Champaign

May 28, 1980

## PROSPECTS ARE GOOD FOR WORLD GRAIN PRODUCTION

THE WORLD GRAIN PRODUCTION PROSPECTS FOR 1980-81 are becoming increasingly important as a factor in corn and soybean prices. Old-crop supplies are abundant, but the rate of use continues to be very high. So the development of the crops just planted will be reflected in grain prices, particularly the new-crop prices.

In the United States, planting progress has been rapid. As of May 18, 86 percent of the corn and 31 percent of the soybeans had been planted in the major producing states. The comparative figures for last year are 58 and 18 percent, respectively. In Illinois, 94 percent of the corn and 51 percent of the soybeans were planted by May 18. This is the fastest rate of planting since 1977. Although precipitation levels generally are lagging behind normal, the widespread rainfall recently has alleviated some of the earlier concerns.

On May 12, the USDA released its first projection of the supply-demand balance for corn and soybeans in 1980-81. The midpoint of the range for estimates about corn production was 7.2 billion bushels. This represents an average yield of about 100 bushels per acre, compared to last year's figure of 109.4 bushels and 100.8 for 1978. Coupled with expected carryover stocks from the 1979 crop, a 1980 crop of 7.2 billion bushels would yield a total supply only slightly smaller than the record-setting one last year. The use of corn would have to expand from the current level in order to reduce carryover stocks significantly next year.

The midpoint of the range for estimates on 1980 soybean production was 2.1 billion bushels, 8 percent less than the crop last year. The soybean production estimate of 2.1 billion bushels reflects an anticipated yield averaging about 30 bushels per acre. Last year, the average yield was 32.2 bushels. The figure was 29.5 for 1978.

For both corn and soybeans, the production prospects look good. However, it is still early in the year.

The USDA has also released its first projections about the 1980-81 world crops of grains and oilseeds. The total coarse-grain production is projected at 720 to 765 million metric tons, compared to this year's actual production of 729.7 million metric tons. The production of coarse grains outside the United States is expected

STATE • COUNTY • LOCAL GROUPS • U.S. DEPARTMENT OF AGRICULTURE COOPERATING

THE ILLINOIS COOPERATIVE EXTENSION SERVICE PROVIDES EQUAL OPPORTUNITIES IN PROGRAMS AND EMPLOYMENT.



to be 510 to 545 million metric tons, compared to this year's production of 495.3 million metric tons. The USDA's projection on the world wheat crop is for 420 to 460 million metric tons. Last year's crop totaled 420 million metric tons.

The planting and development of Russian grain crops was hampered somewhat by cold, wet weather. In recent weeks, however, seeding progress has improved. The winter grain crops in Europe are in good shape. The South American crops will not be planted until next winter.

The USDA's recent production estimates and the improved planting and moisture conditions in many parts of the world suggest that grain supplies once again will be quite large during the year ahead. The one area of concern is about spring wheat. The dry conditions continue in the United States and Canada. Present forecasts for rain could partially alleviate those conditions.

Although U.S. and world crop prospects generally are good, no major reduction in new-crop prices has occurred. During May, the December corn futures traded within a very narrow range, around \$2.98 per bushel. November soybean futures have been trading at \$6.50 to \$6.60 per bushel. Wheat prices have shown considerably more variation because of the concern about dry weather in the spring wheat areas, with July futures (CBOT) trading at \$4.00 to \$4.32 per bushel. If the crop conditions remain good, the prices for new-crop corn and for wheat should decline.

*Darrel Good*

*Darrel Good*, 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

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

