

WEEKLY OUTLOOK

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

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CROP PRODUCTION ESTIMATES BECOMING FIXED

THE USDA'S NOVEMBER ESTIMATES ON CROP PRODUCTION have become stabilized in relation to the estimates made in October. Currently, U.S. corn production is expected to total 6.461 billion bushels. Last month's estimate was 6.467 billion bushels. The national average yield per harvested acre of corn is now estimated at 90.8 bushels, unchanged from a month ago.

Soybean production in the United States is now expected to be 1.77 billion bushels, up slightly from the October estimate of 1.75 billion bushels. This results from an ever-so-slight increase in the yield estimate, from 26.1 bushels per acre in October to 26.5 bushels in November.

The current production estimates represent substantial reductions from the record figures of 1979. Corn production this year will be about 17 percent smaller than last year. Soybean production will be down even further, off 22 percent from 1979. Although each estimate represents a substantial reduction, the current projections would also be the third largest production levels on record for the two crops, exceeded only in 1978 and 1979.

Corn production in Illinois for 1980 is expected to be about 1.038 billion bushels, based on an average yield of 94 bushels per acre. Illinois soybean production is expected to total about 305 million bushels, with an average yield of 33 bushels per acre. This year's state averages for corn and soybeans compare with the ones for 1979 of 128 and 38.5 bushels per acre, respectively.

In the other major states for corn and soybeans, yield outcomes are better in some cases and worse in others. Ohio is expected to lead the nation in corn yields with an average of 115 bushels per acre. For Iowa and Indiana, the projected yields average 110 and 96 bushels per acre, respectively. Although the corn yield in Illinois is expected to decline by 27 percent from 1979 to 1980, Missouri's figures are worse. The change there is projected as falling 55 percent from last year's average of 103 bushels per acre to this year's figure of 46 bushels per acre.

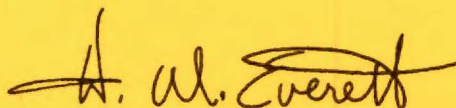
Soybean yields also reflected good weather in some states and not-so-good weather in others. Iowa probably will harvest the most beans per acre, at an

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average of 38 bushels, followed by Ohio and Indiana at 35 bushels per acre. For Missouri, on the other hand, the reduction is substantial with soybean yields falling to an average of 22 bushels per acre. Last year, the figure was 31.5. For Arkansas, a large soybean-growing state, the expected drop is even larger, a reduction of 46 percent.

These figures tell us two things. The first is that we can expect the final production figures in January to be very close to the November estimates. The corn and soybean crops will fall far short of last year's production. Second, the short supplies in relation to the expected domestic and export demands for corn and soybeans mean that the United States will reduce its carryover stocks in 1980-81 to near-pipeline levels. The implication is higher prices during the next 10 months for corn and soybeans, compared to the current levels of about \$3.39 and \$8.59 per bushel, respectively. One time this is likely to occur is just before planting time when farmers receive price signals through markets from users of corn and soybeans, indicating the acreages of each crop to be planted. Such was the case with soybeans in the 1976-77 crop year. In mid-April, soybean prices rose to their high for the year of \$10.38 per bushel. Higher prices will also occur any time the market recognizes that use rates cannot be sustained from the fixed supply of each crop. This not likely to happen until the last half of the marketing year.



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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