



# WEEKLY OUTLOOK

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June 17, 1981

## USDA EXPECTS LARGE GRAIN CROPS

THE USDA'S JUNE CROP PRODUCTION REPORT and supply-demand estimates anticipate large grain crops and increased grain inventories. The 1981 winter wheat crop should reach 2.014 billion bushels, up 6.5 percent from last year. This estimate is 65 million bushels below last month's projection, but it is still a record. The hard red wheat crop is 5 percent smaller than a year ago, while the production of soft red winter wheat is 42 percent larger than last year's crop. The white wheat crop is about the same size as last year's. The spring wheat crop should be 30 percent larger than last year--625 million bushels.

The amount of wheat used as feed and the amount exported will probably increase during the 1981-82 marketing year. However, these gains will be less than the increase in production so the wheat inventory a year from now could exceed 1 billion bushels, nearly 90 million bushels more than current inventories. The projected increase in world wheat inventories is 16 percent.

The corn and soybean crops are still in the early stages of growth and no survey of production potential has been made. However, the USDA has made projections on the production of both crops based on estimates of the number of acres planted and the yield prospects.

The 1981 corn crop is projected to be 7.725 billion bushels, an increase of 16 percent over the drought-reduced crop of 1980. Harvested acreage is estimated to be 75 million and the USDA predicts that the U.S. average yield should be 103 bushels per acre. The estimate of acreage reflects the USDA's judgement that the number of acres planted to corn will exceed farmer's March intentions by about 1 million acres. The yield estimate is the USDA's trend calculation and, if accurate, would be the second largest yield on record.

Projected figures on corn disappearance for the 1981-82 marketing year show no increase in feed use or corn exports. Food and industrial uses of

corn are expected to increase by 90 million bushels. Carry-over stocks at the end of the 1981-82 marketing year are projected at 1.1 billion bushels, 27 percent higher than the estimated carry-over from the 1980 crop.

According to the USDA, harvested soybeans in 1981 should be about 68 million acres and the forecast for the average yield is 29.5 bushels. Production is expected to total 2.005 billion bushels, 10 percent above the 1980 crop. The increase in soybean use during the 1981-82 crop year should offset the higher level of production, leaving carry-over stocks at the relatively high level of 285 million bushels.

*Evaluation.* The USDA will release its next acreage estimates on June 29. Because planting was late in the eastern cornbelt, soybean acreage may increase and corn acreage decrease from March intentions. If so, the corn harvest may be as low as 73 million acres. Less than ideal growing conditions currently point to an average U.S. yield of less than 103 bushels per acre. The USDA's production estimate of 7.725 billion bushels appears optimistic, while the projection of no increase in corn exports seems too pessimistic. Corn supplies during the 1981-82 crop year could be much tighter than the current USDA estimates.

While soybean acreage may be larger than the current USDA estimate, projected yields seem high. It is doubtful that the 1981 crop will exceed 2 billion bushels. As in the case of corn, soybean supplies during 1981-82 may be tighter than has been generally anticipated.

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