

WEEKLY OUTLOOK

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September 14, 1981

CORN PRODUCTION MAY BE A RECORD

ABUNDANT SUPPLIES OF CORN, SOYBEANS AND WHEAT are virtually assured for the 1981-82 marketing year. Based on a survey taken September 1, the USDA now estimates that corn production will be equal to the record of 1979, or about 7.94 billion bushels—nearly a 20 percent increase over the last year's level of production. U.S. soybean production was estimated to be 2.089 billion bushels, not a record, but still 15 percent larger than last year. The USDA's estimates continue to indicate 1981 wheat production will be a record 2.75 billion bushels, surpassing last year's record level by 16 percent.

The high level of corn production will be achieved by the harvest of 74.1 million acres with an average yield of 107.1 bushels per acre. This yield falls short of the record average yield of 1979 by about 2-1/2 bushels but is offset by 1.7 million more harvested acres than in 1979. The top five states producing corn in 1981 are Iowa, Illinois, Nebraska, Minnesota, and Indiana. Production in all but Indiana will top last year's levels by at least 17 percent. Of the twenty-seven states included in the USDA estimates, all show significant increases in production over 1980 except Indiana (even) and Ohio (down 21 percent). Illinois' corn production in 1981 will exceed last year's level by 34 percent, totaling 1.435 billion bushels (11.3 million acres yielding 127 bushels per acre). Iowa shares the top average corn yield with Illinois, while Kansas (118 bushels), Nebraska (112 bushels), and Texas (110 bushels) round out the top five in this category.

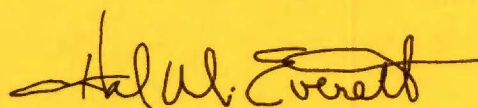
The USDA estimate for the 1981 soybean crop is still 8 percent below the record level of 1979, but the crop will be the second largest on record. The national average yield is expected to reach 31.2 bushels per acre, just under the record yield for 1979 of 32.1 bushels. Illinois will be the top producer of soybeans followed by Iowa, Missouri, Minnesota, and Indiana. Iowa is expected to lead the states in yield with 41 bushels, followed by Illinois at 38 bushels, Nebraska at 36, and Minnesota at 35. Total soybean production in Illinois will reach 356.8 million bushels, 15 percent greater than a year ago.

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Based on these estimates, supplies of corn and soybeans will be large if not excessive in 1981-82. However, the crop is not fully mature yet, so two questions arise. What is the likelihood of the USDA overestimating production? Is there a possibility of an early frost? The first question can be answered by looking at the USDA's record of comparison between September and final production estimates. In only 6 of the last 25 years has the September estimate for corn production been larger than the final estimate. The September soybean estimates have been overestimates of the final in 9 of the last 25 years. The largest overestimates occurred in 1974 when early and late September frosts damaged much of the corn and soybean crops. The probability of an early frost is apparently greater for 1981 compared with other years. However, half of the month of September has passed with no cold fronts in sight. In addition, the maturity of most of the corn and soybean crops is well ahead of the 1974 crops, even though crop maturity is presently below average.

The USDA's estimates for corn and soybeans indicate that large supplies of each will be available for use in the 1981-82 marketing year. However, figures for usage are not projected to exceed the estimated production levels. A buildup is expected, especially for corn, by the end of the marketing year. As a result, the price for these commodities will fall below 1980's levels, possibly averaging \$2.70 to \$2.80 per bushel for corn and \$6.80 to \$6.90 per bushel for beans.



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