



WEEKLY OUTLOOK

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WORLD CROP PROSPECTS

THE LARGE U.S. FEED GRAIN AND SOYBEAN CROPS this year have been well publicized. Because the United States is a large grain exporter, the size of grain crops in the rest of the world is relevant to grain production in this country.

In the case of feed grains, 1981-82 production outside of the United States is expected to be smaller than that of a year ago. While coarse grain production is forecast to be slightly higher in Eastern Europe and Canada, all other major producers are expected to have smaller crops.

Countries that compete with the United States in the export of feed grains, include Canada, Australia, Argentina, South Africa, and Thailand. Combined production in those five countries is projected at 66 million metric tons, only one half million less than that a year ago. These estimates must be considered tentative since the southern hemisphere's crops have not yet been harvested. However, it appears that the United States will have plenty of competition in the export market during the year ahead.

The case for larger exports of U.S. grain lies with the smaller crops in the major importing countries. Production in the major importing areas of Europe, Russia, and Japan is forecast at 229.4 million metric tons, down 3.5 percent from last year. Almost all of this decline is in Western Europe and Russia. It is these two areas that will determine exactly how large U.S. feed grain exports will be in 1981-82.

To date, export sales of feed grains have been disappointing, particularly for corn. The large Russian purchases of wheat and the growing economic problems in Western Europe probably account for the slow rate of sales. If we are to meet the USDA's corn export projection of 2.45 billion bushels, sales to these two areas will have to increase.

World soybean production estimates for 1981-82 are highly tentative at this time. Most of the production outside of the United States is in the South American countries of Brazil and Argentina. The 1982 crops there are just now being planted and will be harvested next spring. These two countries provide the most competition for the United States in the world soybean and soybean product market.

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Preliminary USDA estimates place the size of the 1982 soybean crop in Brazil and Argentina at 19.5 million metric tons, up one half million metric tons from last year. If these estimates materialize, production in those two countries will be about one-third the size of the 1981 U.S. crop. These preliminary production projections reflect above-average yield estimates. Planting has progressed well, and moisture conditions are generally adequate in both Brazil and Argentina. However, weather during the next six to eight weeks will be extremely critical in determining crop size.

United States soybean exports have been quite large so far in the 1981 crop year, reflecting the small inventories in South America. Our exports during the last half of the 1981-82 marketing year depend partly on the crop size in Brazil and Argentina.

If current USDA estimates hold up, the United States will carry a larger share of the world's coarse grain and soybean inventories than last year. Projections indicate that ending inventories of soybeans in the United States will account for 59 percent of the world total, up from 52 percent last year. We will have about 55 percent of the world's coarse grain inventories, up from 45 percent last year.

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