



# WEEKLY OUTLOOK

Department of Agricultural Economics  
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## LARGE GRAIN STOCKS CONFIRM EXPECTATIONS

THE USDA'S APRIL GRAIN STOCKS REPORT confirmed large inventories of corn, soybeans, and wheat. As of April 1, U.S. corn stocks were estimated at 5.074 billion bushels, 27 percent more than on April 1, 1981. Seventy percent of those stocks were being held on the farm, compared with 66 percent last year. Stocks of corn in Illinois totaled 892.1 million bushels, 37 percent more than those of a year ago.

During the January-March quarter, 1.805 billion bushels of corn were consumed, down about 3.5 percent from the same quarter last year. About 490 million bushels were exported and 160 million bushels were processed during that 3-month period. The remaining 1.175 billion bushels were fed to livestock. Corn feeding was 7 percent higher than during the same period last year. Through the first half of the marketing year (October, 1981-March, 1982), corn feeding has totaled 2.795 billion bushels, up 7 percent from last year. Over the last 8 years, corn feeding during the first half of the marketing year has consistently averaged 63 percent of the total for the year. The only exception was 1974-75 when an early frost severely reduced corn production and caused a drastic decline in all livestock production.

If we assume a normal pattern of feed use, corn feeding will total 4.436 billion bushels by the end of the marketing year (September 30). This figure is 136 million bushels higher than the current USDA estimate. Corn used for seed, food, and industrial purposes is expected to reach 785 million bushels. And exports are projected at 2.175 billion. Based on the most optimistic projections, corn used for all purposes may reach 7.396 billion bushels. Carryover stocks would then be 1.84 billion bushels. Because large quantities of corn are now isolated from the market in the farmer-held reserve program and in CCC ownership, free market stocks of corn will be extremely tight. Cash corn prices will have to remain high enough for farmers to redeem corn that is currently held in the 9-month loan program. Significantly higher prices, however, can only be justified by concern over a major shortfall in corn production in 1982. If, however, the 1982 crop is large, new crop prices could drop below old crop prices late this summer.

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Soybean stocks as of April 1 were estimated at 1.050 billion bushels, only 21 million bushels or 2 percent more than those of last year. Yet at the beginning of the marketing year (September 1, 1981) soybean stocks were 197 million bushels or 9 percent larger than those of last year. The stocks report confirms the rapid rate of soybean use. Carryover stocks may thus be no larger than beginning inventories. If increases in U.S. soybean acreage are modest (1 million acres or less) this spring, soybean prices could be expected to rise. The extent of the increase will be determined largely by the prospects of world vegetable oil production in 1982-83.

April 1 wheat inventories totaled 1.555 million bushels, up 226 million bushels or 17 percent from those a year ago. The stocks figure was very close to trade expectations. Wheat use, especially export, has been large this year, but not large enough to offset the record harvest of 1981. Carryover stocks of wheat (May 1, 1982) are projected at 1.117 billion bushels. There has been some concern about the adverse effects of weather on the 1982 harvest. Unless the crop deteriorates dramatically, however, cash wheat prices could move lower as harvest approaches.

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