



# WEEKLY OUTLOOK

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

August 10, 1983

## PUTTING CROP SIZE IN PERSPECTIVE

THE USDA WILL RELEASE ITS FIRST ESTIMATE of the size of the 1983 corn and soybean crops on August 11. This report is more significant than usual because of the circumstances surrounding production conditions so far this year. The wet spring delayed planting in many areas and resulted in wide variations in crop progress. Corn acreage was reduced 27 percent from 1982, while soybean plantings were expected to be reduced by 12 percent.

The hot, dry weather in a large part of the growing area during July reduced production potential significantly. The extreme diversity in growing conditions, however, has made it difficult to estimate the full impact of the weather. Although several private forecasters have estimated the size of the 1983 crops, the USDA estimate is the only one based on a thorough sample of actual crop conditions in all major growing areas.

The crop production estimates must be placed in the proper perspective. The best way to do this is to look at the magnitude of potential use of corn and soybeans during the 1983-84 crop year. Estimates of use must be considered tentative because actual use will be influenced by crop size and price levels.

In the case of corn, use for seed, food, and industrial purposes is least sensitive to price. Use this year is estimated at 900 million bushels and is expected to expand to 970 million next year. Expansion in the corn sweetener market is the primary growth area.

Exports during 1983-84 will reflect a number of factors--world economic conditions, the size and location of the world coarse grain crop, and the strength of the U.S. dollar are among the most important. Crop production outside of the United States is expected to be larger than a year ago, and the U.S. dollar continues to be very strong. These two factors are not conducive to increased exports of U.S. corn. There are signs of economic recovery that could stimulate exports. Exports during the last half of the year may be influenced by the prospective size of the 1984 crop. If a large crop is expected, some importers may delay purchases until the new crop is harvested. On balance, we expect little or no growth in exports over this year's 1.9 billion bushels.

STATE • COUNTY • LOCAL GROUPS • U.S. DEPARTMENT OF AGRICULTURE COOPERATING

THE ILLINOIS COOPERATIVE EXTENSION SERVICE PROVIDES EQUAL OPPORTUNITIES IN PROGRAMS AND EMPLOYMENT.



Feed use of corn will likely decline from the 4.5 billion bushels expected this year. High feed prices early in the year may result in liquidation of livestock. Low livestock prices relative to feed prices may also reduce the feeding rate. Feed use may be reduced to the levels of 1980-81 and 1981-82, or about 4.15 billion bushels.

Total use next year may not exceed 7.1 billion bushels. Beginning inventories of corn will be about 3.4 billion bushels. A comfortable level of carryover is about 1.0 billion bushels. A crop of 4.7 billion bushels or more would be ample to meet next year's needs. A crop under 5 billion bushels would require prices high enough to keep reserve corn in release status.

We approach soybeans a little differently. Soybeans are considered in short supply if use must be reduced from the previous year. Use during 1982-83 will total about 2.1 billion bushels, leaving a carryover of about 445 million bushels. A comfortable carryover is about 175 million bushels. A crop of less than 1.82 billion bushels would require a cut in use next year. Based on the USDA's estimate of harvested acreage, a yield of 29.3 bushels is needed to produce 1.82 billion bushels. Historically, soybean meal prices have had to go to relatively high levels to cut the rate of use.

The August 11 production estimates will be extremely important in determining price direction and marketing decisions. However, actual production could vary substantially from the August estimate, depending on weather conditions during the rest of the month.

*Darrel Good*

Issued by *Darrel Good*, Extension Specialist, Prices and Outlook

Cooperative Extension Service  
United States Department of Agriculture  
University of Illinois  
At Urbana-Champaign  
Urbana, Illinois 61801

Official Business  
Penalty for private use, \$300

POSTAGE AND FEES PAID  
U.S. DEPARTMENT OF  
AGRICULTURE  
AGR 101

