



WEEKLY OUTLOOK

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NEW SUPPLY AND DEMAND ESTIMATES

THE USDA RELEASED NEW SUPPLY AND DEMAND ESTIMATES on August 12. These new estimates reflect the August crop production estimates and recent developments in demand.

The estimate of corn exports for the current marketing year, ending September 30, was lowered by 50 million bushels to 1.85 billion. Weekly exports for the last eight weeks of the marketing year will have to exceed recent levels to even meet the lower estimate. Carryover stocks are estimated at 3.434 billion bushels.

The 1983 corn crop was estimated at 5.237 billion bushels as of August 1. The crop estimate reflects an average yield of 99.9 bushels on 52.4 million acres. The Illinois average yield was estimated at 102 bushels, compared with 134 bushels last year. Total corn supplies of 8.672 billion bushels would be 2 billion less than this year. Feed use of corn next year is estimated at 4.25 billion bushels, down from 4.5 billion this year. Exports are expected to increase to 2 billion bushels, and food, industrial, and seed use is forecast at 960 million bushels. Total use is forecast at 7.21 billion bushels, down 40 million from this year. Carryover stocks are expected to decline to 1.462 billion bushels.

Most observers believe that the crop size has declined since August 1. Based on demand estimates, however, carryover supplies will remain above 1 billion bushels if the crop is 4.775 billion bushels or larger. Corn prices in the next few weeks will follow weather conditions. Prices will also continue to be supported by the necessity to keep the farmer-owned reserve in release status. The average for the 1983-84 year, however, will probably be well below current levels if the 1984 crop is large. An average between \$2.90 and \$3 seems likely.

For soybeans, there were no changes in the disappearance estimates for the current crop year. Carryover stocks are estimated at 455 million bushels. The crop year ends this month. The 1983 crop was estimated at 1.843 billion bushels. This estimate reflects a national average yield of 29.7 bushels on 62.1

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million acres. Total supplies for 1983-84 are expected to total 2.298 billion bushels, down 245 million bushels or nearly 10 percent from the current year.

The domestic crush for next year is forecast at 1.105 billion bushels, up from 1.1 billion bushels this year. Exports are expected to total only 830 million bushels, compared with 900 million this year. Seed, feed, and residual use of 88 million bushels would bring total use to 2.023 billion bushels and leave a carryover of 275 million.

Most observers believe that the soybean crop could be well below the August 1 estimate. We are thinking in terms of a 1.75 billion crop, or 5 percent below the USDA August estimate. Estimates of yield and harvested acreage should decline as a result of the dry weather in August.

Our estimates of disappearance are also different than the USDA's, showing a 2 percent increase in domestic soybean meal use and a 3 percent decline in exports of meal. The estimate of soybean meal feeding would be a record high percentage of corn feeding. We believe that domestic use will be down and are also inclined to show a smaller reduction in soybean exports. Our estimate of total use is similar to the USDA estimate. If our production estimate is correct, carryover stocks could be near 200 million bushels. We are thinking in terms of a season's average price of \$215 to \$220 per ton for soybean meal, 26 cents per pound for oil, and about \$7.50 per bushel for soybeans. Prices of all the products are currently above that level and may go higher before they decline.

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