



WEEKLY OUTLOOK

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IMPRESSIONS FROM THE NATIONAL OUTLOOK CONFERENCE

THE U.S. DEPARTMENT OF AGRICULTURE HELD AN OUTLOOK CONFERENCE in Washington D.C. on October 31 through November 3. The conference dealt with a wide variety of topics. Among those topics discussed were trade prospects and the price outlook for specific agricultural commodities.

General concern was expressed about the recent decline in U.S. agricultural exports and the prospects for the immediate future. The poor performance of U.S. agricultural exports during the past three years can be attributed to a number of factors--larger world grain supplies, anti-inflation policies of many countries that have led to economic recession, the heavy debt load of many developing countries, strength of the U.S. dollar, unfair trade practices by some countries, and recent domestic farm programs that have pushed U.S. grain prices above the world market.

For the 1983-84 marketing year, corn exports are expected to be only marginally higher than last year's. At 1.875 billion bushels, corn exports would be only 2 percent above last year's shipments and 23 percent less than four years ago. Wheat exports are projected at 1.4 billion bushels, down 7.3 percent from last year but 21 percent less than during the 1981-82 crop year. Exports of U.S. soybeans will be restricted by small supplies. At 720 million bushels, exports would be 20 percent less than a year ago.

The pessimistic outlook projections for corn and soybeans are based on ideas that conditions which have led to poor exports in recent years, particularly of corn, will continue. The greatest uncertainty centers around the size of the Southern Hemisphere crops. Exports of U.S. corn and soybeans could exceed current projections if the sharp increase in South American soybean production and South African corn production does not materialize.

Domestically, the USDA expects corn feeding to be reduced to less than 4 billion bushels. Ending stocks are projected at 625 million bushels, and the season's average U.S. price is forecast in the range of \$3.40 to \$3.80 per bushel. Ironically, many other analysts expect a somewhat smaller carryover of corn but a

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season's average price that will not exceed the lower end of the USDA's projected range. Most agree that the need to keep reserve corn in release status results in very little downside risk in corn prices for the next few months. Almost all agree that next year's crop will exceed the quantity demanded and that prices could decline sharply early next fall.

Carryover supplies of soybeans are expected to be reduced to minimum levels by the end of the 1983-84 marketing year. There was a high level of agreement that soybean prices would have to rally above current levels in order to ration the available supply.

Analysts generally expect pork and beef production to decline during the last half of 1984 and prices to show substantial improvement from current levels. Compared to 1983, pork production is expected to be up about 8 percent during the first quarter of 1984, up 1 percent in the second quarter, and down 6 to 8 percent during the last half of the year. Beef production is forecast to be up 2 percent during the first quarter, but down 3 to 4 percent for the year.

Hog prices are expected to average in the low-to-mid \$40 range in the first quarter, in the mid-to-upper \$40 range in the second quarter, and in the low-to-mid \$50 range during the second half of the year. Cattle prices are expected to rise from the current low level to an average in the mid-\$60 range in the first quarter and the upper \$60 range in the second quarter of 1984

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