



WEEKLY OUTLOOK

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CROP PRODUCTION ESTIMATES ALTERED

THE USDA'S NOVEMBER CROP PRODUCTION REPORT, released on November 10, contained some revisions in crop production estimates for the United States and other grain-producing countries. The U.S. corn crop is estimated at 4.121 billion bushels, 138 million less than last month's estimate. The production figure is very close to Conrad Leslie's estimate released earlier in the week, but about 80 million less than the trade had anticipated.

The lower corn production figure reflected a reduction in the harvested acreage estimate by 200,000 acres and a lower yield estimate. The U.S. average yield is forecast at only 80.5 bushels per acre. Estimates for Illinois were unchanged from last month. Yield estimates were lowered significantly for Indiana, Iowa, and Minnesota.

The world coarse grain crop is forecast at 681.5 million tons, about unchanged from last month and almost 100 million tons less than a year ago. The lower estimate for U.S. production, as compared with last month's, was offset by an increase in the estimated size of the Soviet crop. Coarse grain production there is estimated at 108 million tons as compared with 86 million tons produced last year.

The U.S. soybean crop is now estimated at 1.537 billion bushels, 20 million above the October estimate. The production figure is 10 million bushels above the average trade guess. The estimate for harvested acreage is 50 million less than last month's, but the average yield estimate was increased by 0.3 bushels per acre, to 25 bushels. The average soybean yield in Illinois is estimated at 29 bushels per acre, 1 bushel higher than last month's estimate. The average yield in Michigan was increased by three bushels. No other state estimate changed by more than 1 bushel per acre.

The projection for the 1984 South American soybean harvest was unchanged from last month at 20.62 million tons, up 1.8 million tons from last year. The prospective size of the oilseed crops in Canada, the Soviet Union, and China was lowered marginally from last month, while the estimated crop of oilseeds in India was increased somewhat. On balance, production of major oilseeds outside of the United States is expected to be about 4 percent greater than last year's crop.

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The world wheat crop estimate for 1983-84 was lowered by 2.9 million tons from last month's estimate. The Soviet crop estimate was lowered 5 million tons. Production of wheat outside of the United States is expected to be up three percent from last year's crop.

The larger U.S. soybean production estimate provided the selling initiative for a sharp decline in soybean prices following the release of the report. However, the new production estimate does not alter the basic soybean situation. Available supplies dictate that use must be cut 15 percent from last year. That cut has not yet shown up in the weekly crush and export figures. We will continue to watch the rate of use and South American crop developments for price direction. Prices are generally expected to remain in a sideways pattern as the market takes a wait-and-see attitude.

Corn prices were also pulled down by the decline in the soybean market, even though the supply and demand balance was made much tighter by the lower production estimate. Corn prices are on very firm ground. Higher prices will require a continuation of good export movement and some indication that potential domestic feed demand has not yet been reduced sufficiently. The December USDA *Hogs and Pigs* report will be important in making that assessment.

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