



WEEKLY OUTLOOK

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PRODUCTION ESTIMATES REVISED

PRIMARILY ON THE BASIS OF CENSUS DATA, THE USDA revised its grain production estimates for the past five years. The following is a summary of these changes and the subsequent implications for the major crops.

CORN. Production estimates were lowered for each of the 5 crop years. The revisions for the 1979 and 1980 crop years were small--11 million and 6 million bushels, respectively. The 1981 crop estimate was lowered by 83 million bushels (1 percent); the 1982 crop was reduced by 124 million (1.5 percent); and the 1983 crop, at 4.166 billion bushels, was decreased by 38 million bushels (1 percent). Harvested acreage estimates were lowered for all years except 1979, which was unchanged. Average yield figures were dropped for all years except 1980, which was unchanged.

On June 21, the USDA will release revised quarterly stocks estimates for each of the past 5 years. If the October stocks estimates are not changed, the revised production figures imply that corn feeding was somewhat less than previously estimated in each of the past 4 years and the first quarter of the 1983-84 marketing year. These changes would be in line with expectations and should have little impact on prices.

SOYBEANS. The revisions in the 1979-81 crop estimates were small--down 7 million bushels, up 5.5 million, and down 11 million bushels, respectively. These changes all reflected minor adjustments in the harvested acreage figures. The 1982 crop of soybeans is now estimated at 2.19 billion bushels, down 39 million bushels, or 1.7 percent, from the previous estimate. The 1983 production figure was lowered by 28 million bushels or 1.8 percent. That crop is now estimated at 1.567 billion bushels.

Since soybean use is known with a high degree of accuracy, the changes in the production estimates imply some revisions in the September 1 soybean stocks estimates for the past 4 years. Most of these revisions should be minor. However, the 39 million bushel reduction in the estimated size of the 1982 crop implies a similar reduction in the magnitude of the September 1983 stocks estimate. Such a reduction would further reduce the supply estimate for the current marketing year.

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The implications of the revised soybean production estimates are somewhat difficult to interpret. On one hand, the reduction in the size of the 1983 crop (28 million bushels) is smaller than implied by the January 1, 1984, and April 1, 1984, stocks figures and could be interpreted as bearish. On the other hand, the relatively large reduction in the 1982 crop (39 million bushels), if reflected in a change in the September 1, 1983, stocks estimate, implies that supplies for the 1983-84 marketing year were about 67 million bushels less than previously estimated. Such a reduction would confirm the January and April stocks report and should be interpreted as friendly.

Revised stocks estimates, as well as June 1, 1984, stocks estimates, will be released on June 21. These estimates should clear up some of the confusion. Based on revised production estimates and the implications for changes in the September 1983 stocks estimates, the June 1, 1984, stocks figure should be near 425 million bushels. If stocks are at such a low level, crush and exports for the summer months will be limited to about 320 million bushels. That level of use would be 25 percent less than use last summer.

OTHER CROPS. Changes in production estimates for the other major grain crops were relatively small, for the most part. The exceptions were the 28 million bushel (4.5 percent) reduction in the size of the 1982 crop of oats and the 47.2 million bushel (1.7 percent) reduction in the 1982 wheat crop.

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