



WEEKLY OUTLOOK

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CORN AND SOYBEAN SUPPLIES ARE STILL TIGHT

ON JUNE 21, THE USDA RELEASED ESTIMATES of grain stocks as of June 1. In addition, quarterly stocks estimates for the past five years were revised. These new and revised estimates can be used to evaluate supply and demand prospects for corn and soybeans for the remainder of the marketing year.

CORN. Revised estimates place October 1, 1983, stocks of corn at 3.12 billion bushels, 20 million lower than the previous estimate. As reported last week, the 1983 corn crop is now estimated at 4.166 billion bushels, 38 million bushels below the previous estimate. The total supply of corn for the 1983-84 marketing year was 7.287 billion bushels.

As of June 1, 2.137 billion bushels of corn were still on hand, down 57 percent from the level of stocks a year ago. The total use of corn during the first eight months of the marketing year totaled 5.477 billion bushels, only 6 percent less than use during the same period a year ago. Processing use of corn has increased about 8 percent, whereas corn exports through May were about equal to last year's exports. Corn feeding was down by almost 11 percent. All of that decline has come since January, because feeding during the October-December 1983 period was higher than it was a year ago.

Assuming that the minimum level of stocks at the end of the year is 500 million bushels of corn, there are 1.637 billion bushels of corn available for use from June through September 1984. That is 9 percent less than was used during the same four months last year. If the USDA's projection of processing and export demand is correct, only 691 million bushels of corn will be available for feeding this summer. That is 22 percent below the level of feeding last summer and would be the lowest level of summer feeding in nine years. The supply of corn is small relative to livestock numbers. Old crop corn prices should be supported near current levels for the next several weeks.

SOYBEANS. As suggested last week, the lower production estimate for the 1982 and 1983 soybean crops resulted in a lower estimate for the supply of soybeans for the 1983-84 marketing year. The supply (beginning inventories plus production) is now estimated at 1.911 billion bushels. The June 1 stocks of soybeans were estimated

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at 456 million bushels, 42 percent less than stocks a year ago. Based on known use to date, the stocks estimate was higher than expected, and prices dropped sharply following the release of the new information. However, the stocks figure may not be as bearish as the first impression.

The total use of soybeans during the first 9 months of the marketing year totaled 1.455 billion bushels. Crush and export uses totaled 1.403 billion bushels, leaving only 52 million bushels in the seed, feed, and residual category of use. That is an unusually small figure. Total use for the year in that category will reach about 80 million bushels. An abnormally large amount of soybeans will show up in that category of use for the final three months of the year, much like 1981. The June 1 stocks figure, then, overstates the amount of soybeans available for crush and export this summer.

Assuming that the minimum level of ending stocks is 105 million bushels, about 351 million bushels of soybeans are available for use this summer. About 28 million will be in the seed, feed, and residual category, leaving 323 million bushels for crush and export. That level of use would be 25 percent less than the combined crush and export last summer. Through the first nine months of the marketing year, the combined crush and exports of soybeans was only 11.5 percent less than those a year ago. Cuts in use this summer must be much sharper than have occurred so far.

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