



WEEKLY OUTLOOK

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CORN AND SOYBEAN PRODUCTION PROSPECTS

THE USDA's JUNE 28 *ACREAGE REPORT* provides the basis for making preliminary projections of the size of the 1984 corn and soybean crops. The first USDA estimate of production potential will be released on August 10.

Planted acreage of corn is estimated at 79.94 million acres. This estimate reflected actual plantings and intended plantings around June 1. Actual plantings may be somewhat less because of flood conditions in the western Corn Belt. Acreage harvested for grain was estimated at 71.55 million acres. That estimate represents an unusually high percentage of planted acreage. It seems likely that harvested acreage will not exceed 71 million acres.

Acreage, of course, is just half of the production equation. The level of yields is the other half. The next two to three weeks will be the most important for determining yields. At this time these observations can be made: (1) growing conditions have not been ideal, (2) some of the lower-yielding land in each state is probably in set-aside acreage, and (3) compared with the record yield year of 1982, fewer acres of corn have been planted in the higher-yielding states of Illinois, Indiana, Iowa, and Ohio. These factors would point to an "average" yield. Recognizing that yields have been trending higher, an average yield in 1984 would be about 108 bushels per acre. Based on current conditions, the 1984 corn crop projects to about 7.67 billion bushels.

Planted acreage of soybeans is estimated at 68.025 million. Under normal conditions, that level of plantings would result in harvested acreage of about 66.66 million. Since June 1, conditions for double cropping soybeans have improved in the eastern Corn Belt and in the southeast. Soybean acreage may be somewhat higher than the June 28 estimate. Harvested acreage could reach 67.1 million.

As in the case of corn, growing conditions to date have not been above average. Excluding the drought years of 1980 and 1983, the U.S. soybean yield has ranged from 29.5 to 32.1 over the last seven years. The average of those years was 30.75 bushels per acre. Current conditions then project to a 1984 crop of 2.06 billion bushels.

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Implications. Carryover stocks of corn will be at a minimum level of about 500 million bushels. If the crop is near 7.67 billion bushels, total supplies will be about 8.17 billion bushels. Excluding the current year, that would be the smallest level of supplies since 1977. Corn use during the 1984-85 marketing year is expected to be near 7.23 billion bushels. That is equal to the average of the 5 years prior to the current marketing year. Corn feeding and exports are expected to be below the 5-year average, but domestic processing uses are projected to continue to grow.

Based on the tentative estimates developed here, corn stocks on October 1, 1985, would total about 940 million bushels, or about 13 percent of total use. Such a level of stocks would not be burdensome and suggests that the season's average price of corn during the year ahead will be well above the \$2.55 loan rate. Based on projected livestock prices for the year ahead, corn should be worth about \$2.75 to \$2.80 per bushel.

Carryover stocks of soybeans will also be at a minimum level of 100 to 110 million bushels. A crop of 2.06 billion would result in total supplies of 2.16 to 2.17 billion bushels. That level of supply would be only 13 percent above those of the current year and 11 percent below those of the record supply years of 1979 and 1982. Supplies would be similar to those of the drought year of 1980.

The market is currently offering Illinois producers a season's average price of about \$6.65 for the 1984 soybean crop. Based on supply considerations alone, prices would be expected to average at least that high next year.



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