



WEEKLY OUTLOOK

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SUPPLY AND DEMAND ESTIMATES CONTINUE TO CHANGE

ON JULY 10, THE USDA RELEASED REVISED estimates of the 1984 U.S. winter wheat crop and the 1984-85 world grain crop. The first estimates of the 1984 U.S. oats crop and the 1984-85 world oilseed crops were also released. In addition the USDA World Outlook Board released revised projections for the U.S. spring wheat crop and the 1984 corn and soybean crops. Official estimates of the spring wheat, corn, and soybean crops will be released on August 10. On July 11, revised supply and demand estimates for wheat, corn, and soybeans were released.

The 1983 U.S. winter wheat crop is now estimated at 2.02 billion bushels, up 50 million bushels from the previous estimate and 34 million bushels more than last year's crop. The World Outlook Board's projection of the spring wheat crop is 502 million bushels, down 50 million from the previous estimate and up 70 million from last year's crop. The report was viewed as negative because the decrease in the spring wheat crop was expected, while the increase in the winter wheat estimate was not. The negative impact was partially offset by a slight reduction in the expected size of the Argentine and Australian wheat crops. The projection of U.S. exports for the current marketing year was increased by 50 million bushels. Carryover stocks on June 1, 1985, however, are still expected to exceed 1.4 billion bushels, or 56 percent of annual use.

The 1984 crop of oats is expected to total 454.7 million bushels, down about 5 percent from last year's crop. The U.S. average yield is estimated at 56.2 bushels per acre, about 1 bushel above the average of the past 3 years.

The USDA World Outlook Board lowered its projection of the 1984 corn crop by 115 million bushels, to 7.81 billion bushels. The change reflected the lower-than-expected acreage figure revealed in the June 28 Acreage Report. The production estimate apparently reflects an average yield of 109 bushels on 71.55 million acres. The lower production estimate was partially offset by a 50 million bushel reduction in the export estimate. Exports are now projected at 1.975 billion bushels, only 75 million bushels above the estimate for the current year. Carry-over stocks on October 1, 1985, are projected at 1.173 billion bushels or 16.4 per-cent of use.

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The projection of the 1984 U.S. soybean crop was lowered by 50 million bushels to 2.025 billion. The U.S. average yield is apparently forecast at 30.3 bushels per acre. The average over the past 7 years, excluding the drought years of 1980 and 1983, was 30.75 bushels. The lower production forecast was more than offset by reductions in the estimates of soybean use during the 1984-85 marketing year. The domestic crush is projected at only 990 million bushels, 50 million below the previous estimate and only 20 million above the extremely low level of the current year. Soybean exports are projected at 825 million bushels, 10 million below the previous estimate, but 65 million above the expected level for the current year.

Part of the reason for the decline in the soybean demand estimates is related to the expectation of a large crop of oilseeds around the world. World production of the major oilseeds in 1984-85 is projected at 185.3 million metric tons, up 12.6 percent from this past year. Production in countries other than the United States is estimated at 122.1 million tons, up 5.3 percent. The South American soybean crop is forecast at 22.15 million tons, up about 2 percent from the harvest of this spring.

The production estimates for 1984-85 should be considered as highly tentative. Some of the North American crops have not yet been harvested, and many of the South American crops have not yet been planted. However, the relatively large production estimates were interpreted negatively by the market. In addition the USDA projections of use reflect a continuation of extremely weak domestic and foreign demand.

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