



WEEKLY OUTLOOK

Department of Agricultural Economics
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SUPPLY AND DEMAND ESTIMATES REVISED

FOLLOWING THE AUGUST CROP PRODUCTION ESTIMATES, the USDA released revised estimates of use and carryover stocks for the 1983-84 and 1984-85 crop years. There were a number of changes for corn and soybeans.

For the 1983-84 corn marketing year, which ends on September 30, carryover stocks are estimated at 587 million bushels. This estimate is 75 million bushels above the July estimate. The larger carryover projection reflects a reduction in the estimates of both exports and feed use of corn for the current marketing year. Exports are projected at 1.85 billion bushels, 50 million less than the July estimate. The reduction has resulted from a slowdown in exports in recent weeks as buyers await the lower-priced new crop.

Feed use of corn for the current year is now expected to total only 3.875 billion bushels, 50 million bushels less than the previous projection. The use of corn for seed, food, and industrial purposes is estimated at 975 million bushels, 25 million above the July estimate. This estimate is consistent with the actual rate of use during the first three quarters of the marketing year.

The total supply of corn for the 1984-85 marketing year is now estimated at 8.256 billion bushels. For the year ahead, the USDA raised its projection of corn exports and the use of corn for food and industrial purposes from the July estimates but lowered its estimate of corn feeding. Exports are projected at 2.025 billion bushels, a 50 million bushel increase from the previous estimate. The change reflects the larger-than-expected purchases by the Soviet Union and the switching by some importers from old to new crop corn.

Food and industrial uses of corn are expected to reach 1.05 billion bushels, an increase of 7.7 percent from the current marketing year. The feed and residual use of corn is forecast at 4.1 billion bushels, an increase of 225 million bushels from the current year but well below the average of the previous 5 years. Carryover stocks are expected to increase to 1.08 billion bushels, and the season's average price is expected to be from \$2.70 to \$3.05 per bushel.

Our current projections differ only moderately from the USDA's estimates for the 1984-85 marketing year. We anticipate a slightly higher level of corn feeding and expect the season's average price to be near the lower end of the projected range.

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For the 1983-84 soybean marketing year, which ends on August 31, the USDA increased the domestic crush estimate by 10 million bushels to 980 million, and it lowered the carryover estimate by 10 million to 95 million. The export estimate was unchanged at 760 million bushels, although weekly inspection figures point to a lower total.

For the 1984-85 marketing year, total soybean supplies are estimated at 2.13 billion bushels. The USDA still expects very little increase in the domestic crush next year, and projects 990 million bushels. Soybean exports are projected at 800 million bushels, 25 million less than the July estimate. Carryover stocks are expected to increase to 250 million bushels, and the season's average price is projected to be from \$5.60 to \$7.60 per bushel.

While we expect the season's average price to be very close to the midpoint of the projected range, we are projecting a higher level of use and smaller carryover stocks for the 1984-85 marketing year. At this time we expect a higher rate of domestic use and exports of both soybean meal and soybean oil. Carryover stocks could be well under 200 million bushels. The key factors will be the level of prices early in the year and changes in the value of the dollar.

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