



WEEKLY OUTLOOK

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A BUSY WEEK FOR USDA REPORTS

THE USDA RELEASED ITS SEPTEMBER CROP PRODUCTION REPORT on September 12, followed by revised supply and demand estimates on September 13. Secretary Block announced the 1985 feedgrain program on September 14.

The 1984 U.S. corn crop is forecast at 7.552 billion bushels, reflecting an average yield of 106.3 bushels per acre. The yield estimate is 1.6 bushels less than the August estimate and the production figure is down 116 million bushels. Production potential declined in Illinois and the western Corn Belt, but increased in Ohio, Indiana, and several southern states. The September estimate was in line with expectations.

The 1984 soybean crop is estimated at 2.028 billion bushels, down only 7 million bushels from the August estimate. The U.S. yield is expected to average 30.3 bushels per acre, down 0.2 bushels from the August estimate. Changes in production potential followed the same pattern as for corn.

The 1984 wheat crop is now estimated at 2.571 billion bushels, up 43 million from the August estimate. The increase reflected better-than-expected spring wheat yields.

Wheat production outside the United States is forecast at 429.6 million metric tons, up 6.6 million tons from the August estimate and up 6.8 million tons from last year's crop. Production increases in the European Economic Community account for the increase in the total.

Coarse grain production outside the United States is estimated at 552 million metric tons, 2.3 million more than the August estimate, but 0.8 million less than last year's crop. The change from the August estimate reflected a decrease in the size of the Soviet crop.

Carryover stocks of soybeans into the 1984 crop year are estimated at 110 million bushels, 15 million more than last month's estimate. The increase reflects smaller-than-expected exports of 740 million bushels. The estimates of soybean use for the 1984-85 marketing year were unchanged. The USDA continues to forecast no increase in the domestic crush and only a modest increase in exports. Carryover stocks at the end of the year are expected to total 260 million bushels.

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For the 1983-84 corn marketing year, carryover stocks are now projected at 713 million bushels, up 126 million from last month's estimate. The increase reflects a reduction of 15 million bushels in the corn export estimate and a 111-million-bushel reduction from the feed and residual estimate. The change in the feed and residual estimate is especially surprising. Feed and residual uses of corn are forecast at 3.764 billion bushels. If that estimate holds up, uses in that category for the summer quarter will total only 543 million bushels, 39 percent less than a year ago and 20 percent less than the lowest level of use in modern history.

For the 1984-85 marketing year, the export projection was raised by 50 million bushels to a total of 2.1 billion bushels. Carryover stocks are projected at 1.016 billion bushels, 40 million less than the August estimate. Without the increase in the carryover stocks estimated for the current year, next year's stocks estimate would be under 900 million bushels.

For the most part, the revised supply and demand estimates were considered negative for 1984 crop prices. Cash prices of corn and soybeans will likely be supported by farmers selling slowly. Wheat prices are likely to remain near the loan level.

The 1985 feedgrain program calls for a 10 percent acreage reduction for participating producers. The national average loan rate for corn is \$2.55 per bushel, and the target price is \$3.03 per bushel. All of these provisions are the same as for the 1984 program. The one significant difference is that producers may request half of the maximum deficiency payment of 48 cents per bushel when they sign up. The sign-up period is October 15, 1984, through March 1, 1985. The latter provision is an unexpected bonus and should result in a high rate of compliance.

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