



WEEKLY OUTLOOK

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PRODUCTION, STOCKS, AND DEMAND ESTIMATES REVISED

THE USDA's OCTOBER *CROP PRODUCTION* report contained surprises for both corn and soybeans. The 1984 corn crop is estimated at 7.498 billion bushels, 54 million less than the September estimate and less than most analysts expected.

The U.S. average yield estimate was lowered by 0.8 bushel per acre, to 105.5 bushels. The largest change was in Illinois, with a 3-bushel reduction in yield.

The 1984 soybean crop is now forecast at 1.972 billion bushels, 56 million less than the September estimate and well below expectations. The U.S. average yield estimate was lowered by 0.8 bushel to 29.5 bushels per acre. The 1983 soybean crop estimate was increased by 69 million bushels, to 1.636 billion, to make it compatible with the September 1 stocks estimate. The January 1984, and probably the April and June stocks figures, will have to be revised.

The 1984 wheat, oats, and barley production estimates were unchanged. The sorghum estimate was lowered by 10 million bushels, to 807 million.

The 1984-85 world grain production estimates were also revised. Production estimates for wheat were increased for Australia, Canada, and the European Community (EC), and lowered for the Soviet Union. The world total was about unchanged at 500 million metric tons.

For coarse grains, the production estimate was lowered by 2 million tons for the Soviet Union and increased by 1.8 million tons for the EC. The world total was lowered by 1.2 million tons, to 784.2 million.

Revised supply and demand estimates were released on October 12, following the production report. Changes were small for both wheat and soybeans. The estimate of wheat exports for the current year was raised by 50 million bushels, to 1.575 billion, and the carryover estimate was reduced by a similar amount, to 1.325 billion.

For soybeans, supplies for the 1984-85 marketing year are estimated at 2.147 billion bushels (production plus 175 million bushels of carryover stocks). The projection for both the domestic crush and exports were increased by 10 million bushels to 990 and 810 million bushels, respectively. Ending stocks are projected at 250 million bushels.

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Changes in demand estimates were more extensive for corn. For the 1983-84 marketing year, which ended on September 30, corn exports are estimated at 1.875 billion bushels, up 40 million from last month's estimate. Feed and residual uses of corn are estimated at 3.65 billion bushels, 115 million less than last month's estimate. That estimate reflects the lowest level of feeding since the 1976-77 marketing year.

Based on the current production estimate and previous stocks reports, the calculated feed and residual use of corn for the June through September period was 46 percent less than a year ago and 30 percent less than the previous low in modern history. The number is not believable. The crop may have been underestimated. There are probably errors in the previous stocks estimates and we suspect that some corn has been used, even though it is reported as still being in the farmer-owned reserve.

October 1 stocks are now estimated at 788 million bushels. The October 1 stocks report will be released on October 23. If it confirms the 788 million bushel figure, we would anticipate either a revised production estimate for 1983 or a surprisingly low January 1985 stocks figure.

For the 1984-85 crop year, feed and residual uses of corn are forecast at 4 billion bushels, down 100 million from the previous estimate. Exports are projected at 2.125 billion bushels, up 25 million, and carryover stocks are estimated at 1.112 billion, up 96 million.

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