



# WEEKLY OUTLOOK

Department of Agricultural Economics  
College of Agriculture  
University of Illinois at Urbana-Champaign

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## CORN AND WHEAT STOCKS ESTIMATES REVISED

THE USDA RELEASED THE OCTOBER 1 *GRAIN STOCKS* REPORT on October 23. October 1 marks the beginning of the 1984-85 marketing year for corn. Inventories on that date were estimated at 722 million bushels. The USDA had forecast those inventories at 788 million bushels.

The stocks figure allows us to reestimate the feed and residual uses of corn during the 1983-84 marketing year. Based on the current production estimate and the estimates of processing uses and exports, the feed and residual category totaled 3.716 billion bushels. That is about 2 percent more than the last USDA estimate, but 14 percent less than the average of the past five years. Feeding and residual uses during the summer months were reportedly 40 percent less than the average of the past 5 years. It appears that some revisions may still be in store for last year's supply and demand estimates.

The supply of corn for the 1984-85 marketing year (carryover plus production) is now estimated at 8.221 billion bushels. A revised production figure will be released on November 9. The use of corn for all purposes this year is still forecast at 7.175 billion bushels, leaving a carryover of 1.046 billion bushels. The corn-feeding estimate of 4 billion bushels seems low, however. Stocks could be well under 1 billion bushels a year from now.

The USDA announced that no paid diversion would be added to the current feedgrain program for 1985. Sign-up for the 10 percent set-aside program began on October 15 and continues until March 1, 1985.

The October 1 inventory of wheat was estimated at 2.724 billion bushels, about 8 percent less than inventories on the same date a year ago and about 100 million bushels less than generally expected.

The wheat marketing year began on June 1. This stocks report allows a mid-year check on the rate of wheat use. Supplies at the beginning of the marketing year totaled an estimated 3.97 billion bushels. Wheat use through the first four months of the year totaled 1.246 billion bushels, up 27 percent from last year and 19 percent above the previous record set in 1981.

Wheat exports (including flour) during the first four months totaled nearly 650 million bushels, up about 36 percent from last year and about 4 percent above

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the previous high in 1981. The level of food and seed use of wheat is very stable over time and follows a definite seasonal pattern. Uses for those purposes for the June through September period are estimated at 250 million bushels.

The remaining 346 million bushels fall into the feed and residual category. That figure is larger than expected since the USDA projects use in that category for the entire year at only 325 million bushels. In its revised supply and demand estimate, however, the USDA did not change the forecast for feed and residual use. It is not unusual for the feed and residual uses of wheat for the last 8 months of the marketing year to be near zero or even to be reported as negative.

The USDA projects carryover stocks of wheat at 1.329 billion bushels, or about a six-month supply at the projected rate of use. On the surface, there is no reason to expect a significant price increase in wheat. However, delayed planting of the soft red winter crop because of wet weather has given prices a boost. This rally should probably be used to price a portion of the old-crop wheat that is still on hand.

*Darrel Good*

Issued by *Darrel Good*, Extension Specialist, Prices and Outlook

Cooperative Extension Service  
United States Department of Agriculture  
University of Illinois  
At Urbana-Champaign  
Urbana, Illinois 61801

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