



WEEKLY OUTLOOK

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November 14, 1984

SOYBEAN ESTIMATE LOWERED

THE USDA's NOVEMBER CROP PRODUCTION REPORT released on November 9 placed the 1984 soybean crop at 1.902 billion bushels. That estimate is 70 million bushels, or 3.5 percent, less than the October estimate. The estimate of harvested acreage was unchanged at 66.833 million, but the U.S. average yield was lowered by 1 bushel per acre, to 28.5 bushels.

Weather delayed harvest resulted in lower yield estimates in several states in the South and the Corn Belt. The average yield in Illinois is projected at 32 bushels per acre, 1 bushel less than a month ago.

The USDA's estimates of soybean use released on October 24 totaled 1.897 billion bushels. If those estimates are unchanged following the new production report, carryover stocks would be projected at 180 million bushels, only 5 million above beginning stocks. However, it was rumored that the USDA was likely to lower the projected level of exports. Those estimates were released on November 13.

Soybean production in the rest of the world is forecast at 1.411 billion bushels. That estimate is 11 million above the October estimate and 37 million above last year's crop. Production in South America is projected at 823 million bushels, up 7 million bushels from the 1984 crop.

The 1984 U.S. corn crop is now estimated at 7.527 billion bushels, up 29 million bushels from the October estimate. The harvested acreage estimate was unchanged at 71.064 million, but the U.S. average yield estimate was increased by .4 bushels, to 105.9 bushels per acre. The Illinois yield estimate of 113 bushels and production estimate of 1.235 billion were unchanged.

The production of coarse grains outside of the United States is estimated at 556.6 million metric tons. That estimate is only a .7 percent increase from the October estimate and only .7 percent larger than last year's crop.

The U.S. wheat crop estimate was unchanged at 70 million metric tons (2.57 billion bushels). The size of the crop outside of the United States, however, is now estimated at 435.7 million tons, 1.2 percent above last month's figure and 3 percent larger than last year's crop. Wheat production in Argentina, Australia, and Canada is expected to be less than a year ago, but the projected crop in

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Argentina and Australia is above last month's estimate. At 74.7 million tons, the crop in the European Community is 26 percent larger than a year ago.

Significant harvest delays are still being experienced in many of the major soybean producing states. More precipitation was received after the crop production estimate was released. It is possible that the production estimate will be reduced again. The next estimate, however, will not be released until January.

Soybean prices should show some modest strength as a result of the production estimate and continued harvest delays. Soybean oil demand also continues to be quite strong as pipeline supplies are at low levels. Soybean futures will likely test their recent highs. However, a rally beyond that point will likely have to come from the demand side.

Corn prices are expected to remain in the narrow range established over the past 4 weeks. Supplies appear ample in relation to USDA demand estimates, suggesting little rally potential for now. Prices are not expected to go much below the \$2.55 loan rate in the eastern Corn Belt.

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