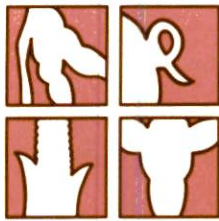




Cooperative  
Extension Service  
University of Illinois  
at Urbana-Champaign



# WEEKLY OUTLOOK

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

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## GRAIN STORAGE PROBLEMS AHEAD?

THE COMBINATION OF LARGE CARRYOVER STOCKS and a normal growing season could produce a record supply of grain in 1986. Large supplies, low prices, and a high level of eligibility for Commodity Credit Corporation (CCC) storage loans would increase storage demand significantly this year. Concerns about adequate storage capacity are already being voiced.

Part of the concern results from projections of record levels of carryover stocks of the major grain and oilseed crops. In its *March Supply and Demand Estimates* report, the USDA projected the following levels of carryover stocks: feed-grains, 4.558 billion bushels; wheat, 1.887 billion bushels; and soybeans, 500 million bushels. The total of 6.945 billion bushels exceeds the previous record by 1.128 billion bushels and is 3.125 billion bushels above the carryover at the end of the 1984-85 marketing year.

Carryover stocks, particularly of corn, may be larger than currently projected. Export demand is weaker than projected. With the marketing year almost half over, exports are running 20 percent behind last year's pace. Additional sales to the Soviet Union are not expected. Exports by China and Argentina will continue to provide competition in the Asian market. Corn exports could easily fall 100 million bushels below the current projection of 1.525 billion bushels. Carryover stocks would then total 3.6 billion bushels. Stocks of all the major grains would total 7.045 billion bushels.

Crop prospects are much more tentative. Production estimates can be made based on information in the *March 1 Prospective Plantings* report and the assumption of "normal" yields. We have lowered the estimate of corn planting intentions by 1.5 million acres to reflect participation in the set-aside program. The percentage of planted acreage of oats harvested for grain is also projected at a lower than normal rate to reflect oats planted on set-aside acres.

Based on the above assumptions, the 1986 feed grain crop is projected at 9.5 billion bushels, wheat at 2.275 billion bushels, and soybeans at 1.88 billion bushels. Production of all these crops is projected to be 13.655 billion bushels; total supplies (including carryover stocks) are projected to be 20.7 billion bushels.

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At 20.7 billion bushels, the potential supply of feed grains, wheat, and soybeans would exceed last year's record by 1.2 billion bushels. The largest potential increase is in corn. At 11.2 billion bushels, the projected supply exceeds supplies of a year ago by almost 1 billion bushels and is 800 million bushels above the record level of supplies of 1982.

If such large grain supplies materialize in 1986, prices will remain low. Producers will want to store as much of the crop as possible to take advantage of CCC storage loans. Producers need to start planning their 1986 grain storage program now. In the past, because storage problems were anticipated, adequate plans were made, and steps were taken so that the problem did not materialize. This year, however, storage facilities in some areas will clearly not be adequate to handle a "normal" crop.

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