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University of Illinois
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WEEKLY OUTLOOK

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USDA RELEASES ESTIMATES FOR PRODUCTION AND FOR SUPPLY AND DEMAND

ON MAY 9, THE USDA RELEASED its first estimate of the 1986 winter wheat crop. Slightly less than expected, the production potential for winter wheat is estimated at 1.603 billion bushels, 224 million fewer bushels than a year ago. Harvested acreage is expected to total 42.842 million acres, only 79 percent of the planted acreage. Because of winterkill in the soft red crop, harvested acreage is forecast to be a smaller-than-normal percentage of planted acreage. In Illinois, for example, harvested acreage is forecast at 800,000 acres, or 61.5 percent of the planted acreage. Typically, about 90 percent of the planted acreage in the state is harvested for grain.

The U.S. average winter wheat yield is projected at 37.4 bushels per acre, a figure that is slightly below the 1985 level and nearly 2.6 bushels below the average yield of the past three years. The yield in Illinois is expected to average 44 bushels per acre, 5 fewer bushels per acre than a year ago and 2.3 fewer bushels per acre than the three-year average.

Production of hard red winter wheat is pegged at 1.061 billion bushels--the smallest crop since 1978 and 14 percent less than the amount harvested last year. The soft red winter wheat crop is expected to total 301 million bushels, also the smallest crop since 1978 and 18 percent less than the crop last year. Production of white winter wheat is projected at 241.4 million bushels, up 5 percent from the 1985 crop.

Revised supply and demand estimates were also released on May 9. The 1985-86 marketing year for wheat ends on May 31. The use of wheat for all purposes during that year is forecast at only 1.985 billion bushels, and carryover stocks are expected to total 1.879 billion bushels. The first projections for the 1986-87 marketing year were also released. If the spring wheat crop is near a normal level, production of all classes of wheat will total about 2.178 billion bushels this summer, 247 million fewer bushels than the 1985 harvest. The USDA projects a 285 million-bushel increase in use during the year ahead. If these projections materialize, carryover stocks will remain high at nearly 1.8 billion bushels. The average price for the season is expected to be near the loan rate of \$2.40 per bushel.

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Supply and demand estimates for corn reflected the changed marketing year that is to begin with the 1986 crop. Revised estimates for 1985-86 and projections for 1986-87 are based on a year that runs from September through the end of August rather than from October through the end of September. For 1985, the change resulted in a substantial increase in the estimate for beginning stocks. Projected exports for the 1985-86 marketing year were also lowered by 50 million bushels to 1.4 billion bushels. Ending stocks are projected at 3.886 billion bushels.

On the basis of farmers' planting intentions and the assumption of a "normal" yield, the USDA estimates 1986 corn production potential at 7.575 billion bushels, 1.29 billion fewer bushels than the record 1985 crop. The use of corn during the 1986-87 marketing year is expected to increase by 345 million bushels. Projected use, however, is 600 million fewer bushels than production potential. Carryover stocks could increase to 4.5 billion bushels. The average price for the season is projected to range from \$1.80 to \$2.05 per bushel, compared to the expected price of \$2.35 per bushel for the current year.

Supply and demand estimates for the 1985-86 soybean marketing year were unchanged, with carryover stocks still projected at 490 million bushels. The USDA sees the production potential for 1986 at 1.9 billion bushels, 9.5 percent less than the 1985 crop. Soybean use is not expected to increase during the 1986-87 marketing year, leaving carryover stocks of 470 million bushels. The average price for the season is projected to range from \$4.75 to \$5.15 per bushel, compared to the \$5.10 per bushel forecast for the current year.

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