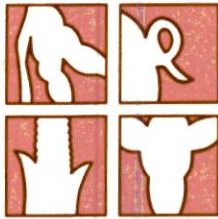




Cooperative
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WEEKLY OUTLOOK

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

July 2, 1986

JUNE STOCKS REPORT CONFIRMS LARGE GRAIN SUPPLIES

UNLIKE THE *HOGS AND PIGS* REPORT released on June 23, the USDA's *Grain Stocks* report, released on June 27, contained no surprises. June 1 stocks of corn were estimated at a record 4.989 billion bushels, 76 percent more than the inventory a year ago.

The use of corn for all purposes during April and May 1986 totaled only 956 million bushels, the lowest level in 9 years. Corn exports during those two months were a scant 107 million bushels, only one third as much as exported during the same two months last year. This is the lowest level of exports for that two-month period in 15 years.

Export sales remain at a low level. Sharp reductions in the number of hogs and cattle being fed along with low priced wheat will probably further reduce corn demand for the remainder of the summer. Old crop corn inventories on September 1, 1986 could be well above the current projection of 3.986 billion bushels. Slack demand, prospects for an early harvest, and "leakage" of government stocks into the market place will probably keep free market corn supplies at adequate levels. If the corn crop continues to develop normally, supplies this Fall (harvest plus carryover) will be record large.

June 1 inventories of soybeans totaled a record 846.6 million bushels, up 39 percent from last year and 7 percent above the previous record level in 1983. The use soybeans for all purposes is running ahead of the pace of the last two years, but use for the year is expected to be less than the size of the 1985 harvest. Domestic demand for soybean meal will be weaker than previously expected because of the rapid liquidation in hog numbers revealed in the June *Hogs and Pigs* report. Carryover supplies of soybeans will be near 500 million bushels, 40 percent above the previous high of six years ago.

June 1 wheat inventories were also record large at 1.9 billion bushels. Those stocks represent carryover from the 1985-86 marketing year and are slightly higher than forecast by the USDA. The use of wheat for all purposes during the 1985-86 marketing year totaled only 1.964 billion bushels, so that carryover stocks represent nearly a one-year supply. The only class of wheat not in abundance is soft

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red winter. At about 70 million bushels, those stocks represent less than 20 percent of annual use.

Increases in soybean stocks in Illinois were similar to increases at the national level. At 164.9 million bushels, stocks were up 39 percent from a year ago. June 1 corn stocks were estimated at 866.4 million bushels, 2.4 times the level of stocks a year ago. Corn inventories were largest in Iowa, totaling 1.28 billion bushels.

The level of wheat inventories in Illinois was essentially unchanged from a year ago at 12.5 million bushels. The low level of inventories represents the small soft red wheat crop of 1985.

The next major USDA report of significance for the corn and soybean market will be the *Crop Production* report to be released on July 11. That report will provide an update on the acreage planted to corn and soybeans. This estimate will be more important for soybean prospects than for corn.

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