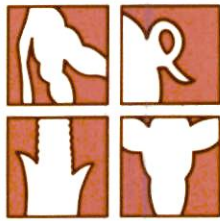




Cooperative
Extension Service
University of Illinois
at Urbana-Champaign



WEEKLY OUTLOOK

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

July 16, 1986

CORN AND SOYBEAN ACREAGE DECLINE

ACCORDING TO THE USDA'S JULY CROP PRODUCTION report, U.S. farmers planted 76.646 million acres of corn and 61.835 million acres of soybeans this spring. Corn acreage is 1.42 million less than indicated in the March *Prospective Plantings* report and 6.7 million less than planted a year ago. Except for 1983, when the PIK acreage reduction program was in place, corn acreage is at the lowest level since 1973.

Soybean acreage is down about 200,000 acres from March intentions and is 1.3 million acres less than planted last year. Acreage is at the lowest level since 1977.

In Illinois, corn plantings are estimated at 10.5 million acres, down 100,000 acres from both the March intentions and last year's actual plantings. Soybean acreage in Illinois is estimated at 9 million acres, equal to intentions, but down 100,000 acres from a year ago.

The USDA has not made an estimate of the yield potential for the 1986 corn and soybean crops. The first estimate will be available on August 12. In a separate report, however, the World Outlook Board of the USDA estimates production potential at 7.91 billion bushels. That estimate is 955 million bushels less than the record crop of 1985 and reflects a yield of 114 bushels on 69.4 million acres expected to be harvested for grain. The yield figure used in this estimate is only 4 bushels less than last year's record. Growing conditions through mid-July suggest that record yield may actually be challenged this year.

The World Outlook Board sees a modest improvement in demand next year, mostly in the export market. Even so, total use is projected at only 6.9 billion bushels. Carryover stocks at the end of the 1986-87 marketing year may exceed 5 billion bushels. If current supply and demand projections materialize, the price of corn during the year ahead will probably average well under \$2 per bushel.

The World Outlook Board puts production potential for the 1986 soybean crop at 1.9 billion bushels, down 200 million bushels from 1985. The estimate reflects a yield assumption of 31.3 bushels on harvested acreage of 60.7 million. The yield figure represents an average of the past 9 years excluding the dry years of 1980, 1983, and 1984.

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The use of soybeans during the 1986-87 marketing year is projected at 1.9 billion bushels, identical to the estimate for the current marketing year and equal to the projected size of the crop. Carryover stocks are projected at 515 million bushels for both the 1985-86 and 1986-87 marketing years. The season's average price is projected at \$5.10 for the current year and is projected in a range of \$4.70 to \$5.10 for next year.

In a revised estimate, the 1986 winter wheat crop was estimated at 1.553 billion bushels, down 25 million bushels from the June estimate and 274 million less than the 1985 harvest. Production of soft red winter wheat is expected to total only 291 million bushels, 77 million bushels less than last year's crop.

If the spring wheat yields are normal, production of all classes of wheat is expected to total 2.166 billion bushels, down 259 million bushels from last year. The use of wheat for all purposes is expected to increase by 210 million bushels to 2.175 billion. Most of that increase (185 million bushels) is projected for the export market. Carryover stocks are expected to remain near 1.9 billion bushels. The season's average price will probably be less than the loan rate of \$2.40.

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