



Cooperative
Extension Service
University of Illinois
at Urbana-Champaign



WEEKLY OUTLOOK

Department of Agricultural Economics
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August 20, 1986

CROP ESTIMATES EXCEED EXPECTATIONS

THE USDA'S AUGUST "CROP PRODUCTION" REPORT showed larger corn and soybean production than generally expected. The higher estimates reflect prospects for a record average corn yield and an above average yield for soybeans.

As of August 1, crop conditions pointed to a 1986 corn harvest of 8.3 billion bushels, about 6 percent less than last year's record crop. Harvested acreage is expected to be down about 6 million acres because of a high level of participation in the set-aside program. The U.S. average yield potential is estimated at 120.4 bushels per acre, 2.4 bushels above last year's record.

The Illinois corn crop is estimated at 1.46 billion bushels, 72 million bushels less than in 1985. The state average yield, however, is expected to reach 142 bushels per acre, 7 bushels above last year's record. Average yields are expected to set a record throughout the Corn Belt states. Yield prospects are down sharply in the South.

As of August 1, the 1986 soybean crop was estimated at 1.98 billion bushels, down 5.7 percent from a year ago. Harvested acreage is expected to be down by 1.4 million acres. The U.S. average yield is projected at 32.9 bushels per acre, 1.2 bushels below last year's record.

In Illinois, harvested soybean acreage is expected to decline by 50,000 acres, but prospects point to a new record average yield of 43 bushels per acre. Yields are expected to be above average in the Corn Belt, but are estimated to be down from last year by as much as 10 bushels per acre in some southern states.

Corn and soybean production outside of the United States is expected to show sizable increases during 1986-87. China is expected to account for almost all of the 350-million-bushel increase in corn. The 200-million-bushel increase in soybeans represents larger crops anticipated in South America and China.

For the 1986-87 marketing year, corn exports are forecast to increase by 325 million bushels, and domestic use is expected to be up 120 million bushels. Even so, carryover stocks are estimated to rise from 4 billion bushels on September 1, 1986, to 5.38 billion bushels by September 1, 1987. At 1.904 billion bushels, soybean use for the year ahead is expected to be almost identical to use during

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the 1985-86 marketing year. Use will be 75 million bushels less than production. Carryover stocks are expected to grow from 525 million bushels on September 1, 1986, to 600 million bushels on September 1, 1987.

For the year ahead, USDA predicts that the average price of corn will be in the range of \$1.65 to \$1.90 per bushel, compared with \$2.35 for the year just ending. The average soybean price is expected to be between \$4.60 and \$5.00 per bushel, compared with \$5.10 in 1985-86.

Immediately following the release of production estimates, corn and soybean prices were lower but rebounded from those lows very quickly. Futures prices may be low enough. Cash prices through harvest will reflect the farmer's ability to find adequate storage space. Soybean prices will be influenced by the level of the CCC loan rate and any other loan provisions that may be altered.

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