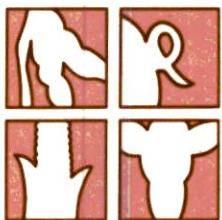




Cooperative
Extension Service
University of Illinois
at Urbana-Champaign



WEEKLY OUTLOOK

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

August 27, 1986

WORLD CROP PROSPECTS

TWO WEEKS AGO, THE USDA released estimates of large corn and soybean crops in the United States. At the same time, estimates of grain and oilseed production in the rest of the world were also released.

For 1986-87, world production of coarse grains, excluding the U.S. crop, is expected to total 566.8 million tons, 0.5 percent less than last year's record crop and 0.8 percent less than the crop of 1984-85. Production in major exporting countries is expected to be down less than 1 million tons from last year. Production in major importing countries is estimated to be down nearly 16 million tons, or nearly 6 percent. Almost all of that decline is coming in the European Community (EC) and the USSR. Production in countries that are not major traders is projected to be up about 6 percent. Most of that increase is coming in China.

In the case of corn, production in the rest of the world is expected to be up by 9.1 million tons, or 3.6 percent from last year. In major trading countries, production is estimated to be down 2 percent, while production in countries not classified as major traders may be up nearly 8 percent. The majority of that increase is in China. While corn production in China is expected to be up sharply from a year ago, the crop estimate is slightly smaller than the one of two years ago.

In the case of wheat, production outside of the United States is projected at 446.7 million tons, 2.3 percent above last year's crop and a fraction above the record crop of two years ago. Compared with last year, production in the major exporting countries is expected to total 125.5 million tons, up 4.5 percent from last year. All of that increase is coming from Canada.

Major importing countries, except for the USSR, are expected to have about the same size or slightly larger wheat crops than a year ago. The Soviet crop is projected at 76 million tons, 8.4 percent below last year.

Soybean production outside of the United States is projected to increase sharply during the year ahead. Production in other countries is projected at a record total of 44.16 million tons, up 13 percent from last year and 5 percent more than two years ago. Nearly 60 percent of that crop is projected to be in the exporting countries of South America. Crops there, however, have not yet been planted.

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Like the United States, the rest of the world is expected to have large crops in the year ahead. The major exceptions are the EC and the USSR; smaller crops there may help support U.S. corn exports. Competition for U.S. corn, wheat, and soybean exports, however, will be keen if current production estimates materialize. Wheat exports will benefit from current subsidy programs.

An expanding export market is a cornerstone of current agricultural policy. Lower world prices, a weaker U.S. dollar, and export subsidy programs are expected to increase the market for U.S. commodities and help reduce the current surplus. If that does not happen, current farm policy may have to be altered. Exports will be monitored closely, and if substantial improvement does not materialize over the next six months, major program changes may be considered in 1987.



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