



Cooperative  
Extension Service  
University of Illinois  
at Urbana-Champaign



# WEEKLY OUTLOOK

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

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## **CARRYOVER PROJECTIONS LOWERED**

**On April 9, the USDA released revised supply and demand estimates that contained lower projections for year-end stocks of corn, soybeans, and wheat. Improved domestic use accounts for much of the decline, although the corn export projection was increased as well.**

**CORN.** Domestic use of corn in the feed and residual category is now projected at 4.5 billion bushels, up from last month's projection of 4.3 billion. Revised estimates for last year put feed and residual use at 4.095 billion bushels. The larger projection reflects both the record rate of apparent use during the first half of the marketing year and the significant expansion in pork and poultry production expected in 1987.

Corn exports are projected at 1.375 billion bushels, up 125 million bushels from last month's projection and 134 million bushels above last year's exports. The larger projection reflects strong Asian demand for U.S. corn as well as deteriorating crop conditions in Argentina and South Africa. The Argentine corn crop is estimated at 10 million tons, down from last month's estimate of 11 million and last year's crop of 12.1 million tons. The South African crop, at 8.5 million tons, is expected to be just slightly above last year's crop but 1 million tons below last month's estimate.

Corn used for domestic processing purposes is projected at 1.18 billion bushels, up from 1.15 billion projected last month. The change reflects the upward revision in last year's estimate of food and industrial use of corn.

Corn used for all purposes is projected at 7.055 billion bushels, leaving a carryover of 5.24 billion. The stocks projection is 549 million bushels less than projected last December, but this projection still represents 9 months' supply at the projected rate of use.

**SOYBEANS.** The projection for the domestic soybean crush was increased by 15 million bushels, to 1.13 billion bushels. The projection is 7 percent above last year's crush and 2 percent above the record of 1982-83. The increase represents an extremely strong demand for soybean meal. Domestic use of soybean meal is projected at 20 million tons, up nearly 5 percent from last year and 3.5 percent above the record of 1982-83. Meal exports are projected at 6.5 million tons, up 7.7 percent from last year.

The seed and residual uses of soybeans are projected at an unusually high level of 103 million bushels, confirming ideas that the 1986 harvest was probably overestimated. The March stocks figure suggested that the crop has been overestimated by as much as 20 million bushels. Carryover stocks of soybeans are still expected to be record large at 610 million bushels.

**WHEAT.** The projected use of wheat for domestic purposes was increased by 29 million bushels, and the projected level of ending stocks was lowered by an equal amount. Ending stocks are now expected to total 1.848 billion bushels, 57 million bushels less than stocks at the beginning of the marketing year.

Production of wheat outside the United States in 1986-87 is estimated at 472.4 million tons, up 9 percent more than a year ago. World stocks of wheat are expected to expand by 12 million tons.

On the surface, the changes in demand and carryover estimates are supportive for grain price prospects. However, most of the changes had been anticipated. The magnitude of the surplus is still burdensome. In addition to the reduced plantings for 1987, recent price gains also reflected concerns about dry weather. Technical buying pushed soybean prices to major resistance areas. Rainfall in the Midwest resulted in some retracement of gains in soybean and wheat prices.

New crop prices will continue to reflect weather developments and planting progress. Good forward-pricing opportunities for corn and soybeans will likely develop as the growing season progresses.



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