



Cooperative  
Extension Service  
University of Illinois  
at Urbana-Champaign



# WEEKLY OUTLOOK

Department of Agricultural Economics  
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## LOWER PROJECTIONS FOR CARRYOVER STOCKS

**On May 11, the USDA released revised supply and demand estimates for the 1986 crops, an estimate of the 1987 winter wheat crop, and projected supply and demand estimates for the 1987 grain crops. Following is a summary of the significant estimates and changes for corn, soybeans, and wheat.**

**CORN.** For the 1986-87 marketing year, the projection of domestic feed use of corn was increased by 50 million bushels to a record 4.55 billion bushels. The export projection was raised by 75 million bushels to 1.45 billion. Use for all purposes is expected to total 7.18 billion bushels, up 684 million bushels from a year ago. Even so, carryover stocks are expected to be record large at 5.145 billion bushels.

For the 1987-88 marketing year, the World Outlook Board projects a potential crop of 7.2 billion bushels, down 13 percent from the 1986 crop. That estimate implies a repeat of last year's record yield of 119 bushels per acre. Both domestic feed use and exports are projected to increase by 150 million bushels, bringing total use to 7.45 billion bushels. Carryover stocks are projected at 4.87 billion bushels.

Although the estimate of domestic feed use for both the 1986-87 and the 1987-88 crop years seems inflated, a slight reduction in carryover stocks next year is probably a valid bottom line. This year's apparent large disappearance probably reflects an overestimated 1986 harvest. Also, weather conditions suggest that the 1987 harvest could fall well short of the projected 7.2 billion bushels.

**SOYBEANS.** For the 1986-87 marketing year, the domestic crush projection was increased by 15 million bushels, to 1.145 billion bushels. Projected carryover stocks were reduced by an equal amount, to 595 million bushels. The larger crush estimate reflects strong domestic meal demand now expected to reach 20.5 million tons.

For 1987-88, the World Outlook Board sees a production potential of 1.825 billion bushels. That projection implies a yield of about 33 bushels per acre, just one bushel less than the record of the past two years. Domestic use of soybeans is expected to continue to grow next year, but exports are projected to decline. Soybean exports are projected at 650 million bushels, 50 million less than the projection for this year. Meal exports are expected to decline by 500 thousand tons. Carryover stocks at the end of the 1987-88 marketing year are projected at 520 million bushels, down slightly from beginning stocks.

**WHEAT.** The 1986-87 marketing year ends this month. No changes in the supply and use estimates were made in this report. June 1 wheat stocks are still expected to total 1.848 million bushels, down slightly from a year ago.

As of May 1, the USDA saw 1987 winter wheat production potential at 1.549 billion bushels, about 30 million bushels more than a year ago. Harvested acreage is projected at 38.87 million acres, 10 percent less than in 1986. The national average yield potential was placed at 39.9 bushels per acre, 13 percent better than last year.

The World Outlook Board projected production of all classes of wheat at 2.11 billion bushels, 23 million bushels above the 1986 harvest. Dry weather over the past two weeks may have reduced production potential to some degree.

Supply and demand projections for the 1987-88 marketing year show a drop in domestic use of 164 million bushels and an increase in exports of 200 million bushels. Carryover stocks are expected to decline to 1.778 billion bushels. At the projected rate of use, that level of stocks would still represent approximately a 10-month supply of wheat.

The supply and demand estimates for the 1987 crop year reflect the expectation of continued large but declining stocks of corn, soybeans, and wheat. If those projections materialize, current new crop prices are probably too high. Significant price declines are not expected, though, until the dry weather pattern changes.



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