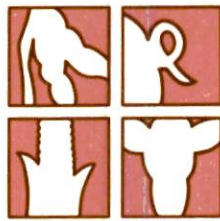




Cooperative
Extension Service
University of Illinois
at Urbana-Champaign



WEEKLY OUTLOOK

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

July 19, 1989

USDA REPORTS CONTAIN MORE SURPRISES

July 12 the USDA released new estimates of planted acreage of feed grains, soybeans, and wheat. The supply and demand estimates for the 1989-90 marketing year for these crops were also revised. Following is a summary of the new estimates and the implications for prices.

CORN. Planted acreage of corn was estimated at 72.79 million acres, only 460,000 acres less than was indicated in March. Compared with the March intentions, plantings are up in Iowa, Colorado, and Nebraska. Acreage declined in Indiana, Ohio, Kansas, Minnesota, North Carolina, South Dakota, and Wisconsin. The decline in Indiana and Ohio totaled 250,000 acres, compared with expectations of a decline of 1 million acres.

Harvested acreage of corn is projected at 65.844 million acres, an increase of nearly 7.7 million acres from a year ago. Based on early July conditions, the USDA sees an average yield of 113 bushels per acre and a crop of 7.45 billion bushels. The crop projection is 400 million bushels below the June projection. Corn use during the 1989-90 marketing year is also expected to total 7.45 billion bushels, so that ending stocks will remain at a modest 1.8 billion bushels. In spite of the optimistic supply-and-demand projections, the USDA projects the average price for the 1989-90 marketing year to be between \$1.75 and \$2.25 per bushel, down from an estimated \$2.50 to \$2.60 for the current marketing year.

The estimate of planted acreage was based on a June survey. Actual plantings may have fallen short of the estimate. Yields will be determined by weather conditions over the next several weeks. If production is near the current projection, the season's average price should be near the top end, or slightly above the USDA's projection.

Planted acreage of sorghum is expected to be slightly above March intentions while acreage of barley and oats are below intentions. Harvested acreage of these three crops is projected at 26.7 million acres, an increase of 4.5 million acres from a year ago.

SOYBEANS. Soybean plantings are estimated at 61.325 million acres, 395,000 acres below intentions and about 1 million acres less than expected. The major surprises were a reduction of 300,000 acres in Illinois, only a small increase (50,000 acres) in Indiana, and no change in Ohio. The survey may have been conducted before producers were forced to switch to soybeans by rain-delayed planting.

Harvested acreage of soybeans is projected at 60.193 million acres, and the U.S. average yield is expected to reach 32.4 bushels per acre. That yield would be the fourth largest and only 1.7 bushels per acre below the 1985 record. The 1989 crop is projected at 1.95 billion bushels, and stocks at the end of the 1989-90 marketing year are expected to grow to 265 million bushels, up from 125 million bushels at the end of the current year. The USDA's projection of the 1989-90 season's average price remains in the range of \$4.75 to \$6.25 per bushel, down from the \$7.35 expected for the current year. The price will likely be in the upper half of that range, but opportunities to forward price above \$6.25 should be used.

WHEAT. The 1989 winter wheat crop is estimated at 1.462 billion bushels, 54 million bushels larger than the June figure. The first estimate of the spring wheat crop came in at 655 million bushels, about 35 million bushels above expectations. Plantings exceeded intentions by nearly 2 million acres. The spring crop is expected to be 2.6 times the size of last year's drought-reduced harvest.

Production of all wheat is estimated at 2.117 billion bushels, about 300 million bushels larger than the 1988 harvest. Stocks at the end of the 1989-90 marketing year, however, are projected at only 592 million bushels, 100 million bushels less than stocks on June 1, 1989. The USDA's projection of an increase of 40 million bushels in wheat feeding and a decline of only 215 million bushels in exports appears optimistic. More acreage and normal yields will also produce a much larger crop in 1990. Wheat prices are expected to move lower into this fall.



**Issued by Darrel Good
Extension specialist
Prices and Outlook**

Cooperative Extension Service
United States Department of Agriculture
University of Illinois
At Urbana-Champaign
Urbana, Illinois 61801

FIRST CLASS