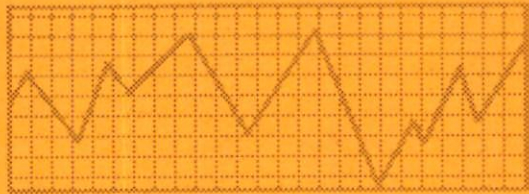




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# WEEKLY OUTLOOK

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## ANTICIPATING USDA GRAIN REPORTS

**On June 27, the USDA will release its estimates of planted acreage and June 1 grain stocks.** While weather conditions and export demand will remain the most important price factors, these estimates will provide some near-term direction for prices.

In March, U.S. producers reported intentions to plant 76.124 million acres of corn in 1991, an increase of almost 2 million acres from 1990 plantings and the largest acreage since 1986. The question that will be partially answered on June 27 is whether the rain delayed planting in parts of the western Corn Belt resulted in less corn planting than intended. The survey for this report, however, was conducted before some producers had made a final decision about planting. The extremely wet weather in the eastern Corn Belt in 1989 and 1990 did result in less corn acreage than intended. The decline was relatively small, totaling 1.03 million acres in 1989 and 633,000 acres in 1990. Some of the states not experiencing planting delays those years planted more corn than reported in March. Only about 40 percent of the reduction in acreage was revealed in the June report in each of those years.

A small reduction in acreage from March intentions is likely again this year. We anticipate planted acreage near 75.6 million acres. Very favorable growing conditions still point to a crop in excess of 8.1 billion bushels, even if acreage is reduced by a little over one-half million acres.

Soybean acreage is very difficult to anticipate. Less corn acreage than indicated in March does not necessarily mean that soybean acreage will increase. In both 1989 and 1990, soybean acreage fell short of intentions. The shortfall totaled 900,000 acres in 1989 and 1.62 million acres in 1990. Not all of the decline was reflected in the June report. Some acreage did not get planted to any crop in those years because of excessive moisture. Projections are complicated this year because of the uncertainty about the switching of cotton acreage to soybeans in the Delta states due to rain delayed planting. As always, the magnitude of double-cropped soybean acreage is a swing factor. The relatively early harvest of the soft red winter wheat crop and timely rains in mid-June will encourage double cropping even though soybean prices are low.

On balance, we anticipate that final planted acreage of soybeans will exceed March intentions by about one-half million acres, totaling about 57.6 million acres. Favorable weather points to another crop near 1.9 billion bushels. Excluding the drought year of 1988, the U.S. soybean crop has ranged from 1.92 to 1.94 billion bushels since 1986.

The magnitude of June 1 corn stocks will reveal the level of corn feeding during the March-May quarter. During the first half of the 1990-91 marketing year, feed and residual use of corn reached a record 3.024 billion bushels, an increase of nearly 8 percent from a year ago. For the entire year, the USDA projects feed and residual use at 4.85 billion bushels, about 9 percent more than use of a year ago. Last year, feed use was trimmed during the summer quarter by a high rate of wheat feeding.

If feed and residual use of corn is on target to reach the USDA projection, use during the past three months should have been near 1 billion bushels. Wheat feeding may be large again this summer due to the low quality of some of the soft red winter crop. If that is true, corn feeding for the past three months needs to come in close to 1.1 billion bushels if the USDA projection is to be reached. Based on the estimate of the use of corn for domestic processing and exports for the past three months, feed and residual use of corn of 1.1 billion bushels would point to June 1 stocks near 2.87 billion bushels.

Anticipating June 1 soybean stocks has been complicated by the fact that the Census Bureau no longer makes monthly estimates of domestic crush. Only quarterly estimates are available. Those estimates are for calendar year quarters and do not coincide with the marketing year quarters. In addition, the quarterly distribution of seed and residual use of soybeans is highly variable. Based on domestic crush data from the National Oilseed Processors Association, domestic soybean crush for the March-May quarter is estimated to be just slightly larger than a year ago. Weekly export inspection figures show a slight reduction in exports for the quarter. Residual use should be larger, since it was smaller in the first two quarters. We estimate June 1 stocks at 714 million bushels, 118 million bushels larger than stocks of a year ago.

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