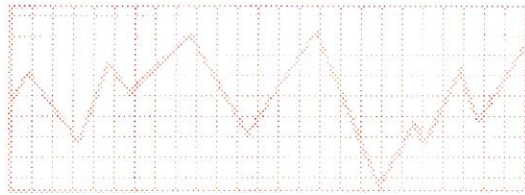




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# WEEKLY OUTLOOK

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**APRIL 13, 1992**

## **PROJECTIONS OF USE INCREASED FOR SOYBEANS AND WHEAT, REDUCED FOR CORN**

The USDA released new supply and demand estimates for the major crops on April 10. The changes reflected the numbers in the March *Grain Stocks* report and the rapid export pace for soybeans and wheat. Following is a summary of the revised projections for corn, soybeans, and wheat.

**CORN.** Two changes were made in the projections for corn use during the 1991-92 marketing year, one expected and one unexpected. The projection of feed and residual use was reduced by 100 million bushels, to a total of 4.9 billion bushels. The change was expected due to the apparent slow down in domestic feed consumption revealed by the March 1 inventory figure. The projection for processing use of corn was increased by 45 million bushels, to a total of 1.445 billion. Many analysts had expected an increase in the projection of exports due to the crop failure in South Africa and the promise of additional export credits to the former USSR. That projection, however, was unchanged at 1.525 billion bushels. Corn stocks on September 1, 1992 are projected at 1.146 billion bushels, 375 million bushels less than stocks of the previous year, but 55 million above last month's projection.

The magnitude of domestic corn feeding during that last half of the marketing year will continue to be a matter of debate. The large number of hogs currently being fed and the likelihood of a sharp reduction in summer wheat feeding suggests that feed use of corn should be large for the remainder of the year. Reduced profitability of livestock production, particularly for hogs, suggests a more moderate rate of feeding. Over the past 8 marketing years, feed and residual use of corn during the first half of the marketing year has ranged from 60.4 to 64.4 percent of the total for the year. During the first half of the 1991-92 marketing year, feed and residual use of corn totaled 3.027 billion bushels. The pattern of the past 8 years, then, would point to a total for the year between 4.7 and 5.0 billion bushels. We expect use to be at the upper end of that range.

**SOYBEANS.** The projection of soybean exports for the current marketing year was increased by 15 million bushels and the domestic crush projection was increased by 5 million bushels. To reach the export projection of 680 million bushels, shipments during the last 21 weeks of the marketing year will have to average 8.6 million bushels per week. The average during the same period last year was 8.8 million bushels. The USDA lowered its estimate of the Argentine soybean crop by 7 million bushels. South American production is now estimated at 1.118 billion bushels, only 68 million bushels larger than last year's small crop. The increase in the domestic crush projection



reflects a 100,000 ton increase in the projection of domestic soybean meal consumption. Stocks of soybeans at the end of the 1991-92 marketing year (September 1, 1992) are now projected at 305 million bushels, 24 million bushels less than on hand the previous year and 20 million less than projected last month. Stocks represent 15 percent of projected use, slightly less than the average of the past 8 years.

**WHEAT.** The projection of wheat exports for the year ending May 31, 1992 was increased by 25 million bushels, to a total of 1.3 billion bushels. Carryover stocks are projected at 366 million bushels, representing only 14.6 percent of total annual use. The change in projections were generally expected and will not have a major influence on prices.

Prices for corn, soybeans, and wheat will now mostly reflect spring weather, weather forecasts, and planting progress. The market attitude has generally shifted from concerns about adverse weather to one of expecting good yields in 1992. It would be surprising, however, if weather related rallies do not occur during the growing season. Those rallies will be selling opportunities.

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