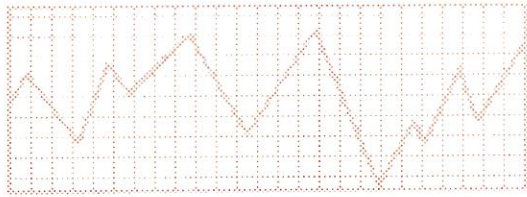




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WEEKLY OUTLOOK

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CORN AND SOYBEAN ESTIMATES UNCHANGED, WHEAT INCREASED

The USDA's September *Crop Production* report showed prospects for the corn and soybean crops essentially unchanged from August. The estimate of the spring wheat crop was increased. Following is a summary of the production report and the monthly *Supply and Demand* report.

CORN. The 1992 corn harvest is now estimated at 8.77 billion bushels, only 6 million bushels larger than the August estimate, but 1.3 billion larger than the 1991 crop. This year's crop is expected to be the largest since the record harvest of 8.875 billion bushels in 1985. The 1992 estimate reflects a record national yield of 121.4 bushels per acre. Both Illinois and Indiana are expected to have average yields of 130 bushels per acre. Compared to the August estimates, yield potential increased in Kansas, Missouri, Ohio, Pennsylvania, South Dakota, and Tennessee. Yield potential declined in Colorado, New York, and Wisconsin.

The large crop is expected to lead to year ending stocks of 1.83 billion bushels, up from 1.08 billion bushels forecast to be on hand on September 1 this year. The large increase is expected even though domestic consumption is forecast to grow by 140 million bushels. Exports are projected at 1.55 billion bushels, down from the 1.59 billion during the year ended August 31, 1992.

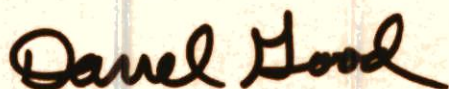
SOYBEANS. The 1992 soybean crop is estimated at 2.085 billion bushels, only 5 million bushels larger than the August estimate, but about 100 million bushels larger than the 1991 harvest. The crop will be the largest since 1985. The national average yield is estimated at a record 35.9 bushels per acre. Average yields in both Illinois and Indiana are estimated at 41 bushels per acre. Compared to the August estimates, yield potential improved in Arkansas, Georgia, Mississippi and Tennessee. Yield potential declined in Michigan, Nebraska, and Wisconsin.

For the 1992-93 marketing year, soybean exports are projected to increase by 20 million bushels and the domestic crush is expected to increase by 5 million bushels. Even so, stocks at the end of the 1992-93 marketing year are projected to increase by 30 million bushels over the level of stocks on September 1, 1992.

WHEAT. The 1992 wheat production estimate was increased by 72 million bushels, to a total of 2.407 billion bushels. The crop is 427 million bushels, or 22 percent, larger than the 1991 crop. The increase from the August estimate reflected prospects for a larger spring wheat crop, particularly hard red spring wheat. That crop is expected to be 56 percent larger than the 1991 harvest.

On the demand side, the USDA increased the export projection by 50 million bushels, to a total of 1.175 billion bushels. At that level, exports will be 106 million bushels less than exports of a year ago. Carryover stocks on June 1, 1993 are now projected at 674 million bushels, 202 million more than stocks on June 1, 1992.

Confirmation of large corn and soybean crops and somewhat warmer weather in the Midwest allowed prices to move lower. If significant frost damage is avoided, prices are expected to remain under pressure through the harvest period. December corn futures are expected to trade in a range of \$2.10 to \$2.30 per bushel, while November soybeans may be in a range of \$5.25 to \$5.60. Prices will find some support from Monday's announcement of an additional \$900 million of export credits and \$250 million in food aid to the former Soviet Union. The initial allocation is for \$66 million for feed grains, \$24 million for protein meals, and \$10 million for wheat. An additional \$500 million will be allocated in October and the final \$300 million in January. Harvest time basis levels will depend primarily on how fast the harvest progresses and farmer marketing decisions. The large carrying charge in the corn market favors storage of that crop. On a percentage basis, the carrying charge in the soybean market is only half of that in the corn market. Wheat prices will take direction primarily from export developments. The aggressive export enhancement program along with new credits to the former Soviet Union should support December futures in the \$3.25 to \$3.50 range.



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