



WEEKLY OUTLOOK



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WORLD CROP PRODUCTION ESTIMATES SHOW A MIXED BAG

The USDA's *Crop Production* report released last week shows prospects for a sharp reduction in coarse grain production outside of the United States. Wheat production is expected to be near last year's level and soybean production is expected to increase.

COARSE GRAINS. While a record crop of coarse grains is being harvested in the United States this year, production in the rest of the world is expected to decline significantly. Production of all coarse grains in the rest of the world during the 1992-93 marketing year is projected at 563 million tons, 3.3 percent smaller than last year's crop, 4.5 percent smaller than the record crop of two years ago, and the smallest crop since 1983-84.

The greatest reduction in production is in Eastern Europe, where the crop is nearly 30 percent less than the crop of a year ago. Smaller crops are also forecast for Brazil (12 percent), the European Community (10 percent), Argentina (10 percent), China (5 percent), and Canada (4 percent). Larger crops are expected in South Africa (147 percent), the former Soviet Union (21 percent), and India (18 percent).

Production of corn in the rest of the world, at 293.6 million tons, is projected to be near the level of the past year. Declines in Argentina, Eastern Europe and Brazil are offset by increases in South Africa, the European Community, and India.

The smaller coarse grain crop outside of the United States is expected to lead to a sharp decline in ending stocks in the rest of the world. Those stocks are projected at 88.2 million tons, 10 million less than stocks on hand at the beginning of the 1992-93 marketing year. In contrast, stocks in the United States are expected to grow by 28 million tons, to a total of 62.1 million. Stocks in the United States will account for 41 percent of the world total, up from 26 percent at the start of the year.

WHEAT. Wheat production in the rest of the world is estimated at 486.2 million tons, down slightly from last year's crop of 488.4 million tons and 5.5 percent smaller than the record crop of two years ago. Compared to last year, larger crops in the former Soviet Union, China, Australia, and Pakistan are being offset with smaller crops in the European Community, Eastern Europe, Canada, and Argentina. China is expected to have a record crop of 101 million tons. The crop in the former Soviet Union is 23 percent larger than last year's crop, but 11 percent smaller than the 1990 crop.

World stocks of wheat at the end of the marketing year are expected to total 135.3 million tons, up only 3 percent from the level of beginning stocks. Stocks in the United States will account for only 10.5 percent of the world total.

SOYBEANS. Soybean production in the rest of the world is projected at 53.19 million tons, about 2 percent larger than last year's crop. Production in Brazil is projected to increase by nearly 4 percent, while production in Argentina and China is expected to be unchanged from last year. The South American crop (Brazil, Argentina, and Paraguay) is projected at 32.2 million tons, 3.5 percent larger than the crop of the past year. Production of soybeans outside of the United States is expected to be 3 percent less than the record production of 1989-90. The South American crop in 1993 is projected to be nearly 5 percent smaller than the record crop of 1990.

The 1992-93 crop of oilseeds other than soybeans outside of the United States is estimated at 103 million tons, 3.5 percent smaller than the crop of 1991-92. World rapeseed production is expected to decline by 9 percent. Smaller crops are estimated for all major producing areas, except India.

For the 1992-93 marketing year, the USDA expects exports of U.S. corn and wheat to be very close to the levels of the past year. Soybean exports are projected to increase by 45 million bushels (7 percent). With the large U.S. crop estimates behind us, the market will now focus on the rate of export sales for price direction. As of November 5, export sales of wheat were nearly 4 percent larger than a year ago, corn sales were up 33 percent, and soybean sales were up 45 percent. The biggest threat to exports is the dispute between the United States and the European Community. If that dispute is settled quickly, exports could exceed current projections. A trade war would be very painful.

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