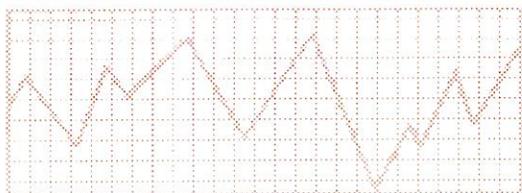




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WEEKLY OUTLOOK

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FIRST QUARTER CORN AND SOYBEAN USE TO BE RECORD LARGE

The first quarter of the 1992-93 marketing year for corn and soybeans ended on November 30. The USDA's December 1, *Grain Stocks* report, to be released in early January, will reveal the magnitude of use during that quarter. The estimate of corn stocks could be biased by the large percent of the crop still in the field on December 1. The report, however, should reveal record levels of corn and soybean use during the first quarter of the year.

In the case of corn, first quarter use was record large last year, totaling 2.461 billion bushels. The USDA's export inspection figures indicate that corn exports through November 19 were 26 million bushels larger than exports for the same period last year. Processing uses of corn should be up about 10 million bushels for the quarter. Feed and residual use of corn is the most difficult to anticipate because there is typically a large residual use during the first quarter of the year. Use in the feed and residual category during the first quarter was record large last year, at 1.689 billion bushels. The combination of increased livestock production, low feed prices, and higher than expected livestock prices should have resulted in more corn consumed as livestock feed during the first quarter of the current year.

Even with record large use during the first quarter, corn stocks on December 1 will be at a 5 year high. If the production estimate is not changed significantly from the November figure of 9.329 billion bushels, December 1 stocks should be near 7.9 billion bushels. Stocks on December 1 were record large, at 10.305 billion bushels, in 1986. Stocks were also significantly larger than 7.9 billion bushels on December 1 in 1982, 1985 and 1987. Stocks on December 1 this year will be only about 150 million bushels larger than the average of the past 10 years. As a percent of first quarter use, however, stocks on December 1, 1992 will be well below the 10 year average.

In the case of soybeans, first quarter use was record large in 1987, totaling 618.8 million bushels. Use during the first quarter last year was the second largest, totaling 540.6 million bushels. The domestic soybean crush was a record 322 million bushels during the first quarter of the marketing year last year. Based on weekly figures from the National Oilseed Processors Association, the domestic soybean crush from September 1, 1992 through November 18, 1992 was 2.8 percent larger than a year ago. The Census Bureau figures for September 1992 showed a 2.3 percent larger crush than in September 1991. The crush for the first quarter may total about 330 million bushels.

The USDA weekly export inspection figures indicate that soybean exports from September 1 through November 19, 1992 totaled 200.3 million bushels. That is a 42 percent increase over

exports during the same period last year. First quarter exports were a record 260.8 million bushels in 1987. While exports during the first quarter of the current marketing year will be about 30 million bushels less than in 1987, the domestic crush will be about 35 million bushels larger. Total use during the first quarter this year will be close to or exceed the previous record, depending on the seed and residual category of use.

The Census Bureau October soybean crush report, released last week, indicated that 1.4 billion pounds of U.S. soybean oil were consumed during October 1992. Use for the month was record large. Although monthly figures were not available last year, the average level of use for October, November and December 1991 was 1.09 billion pounds. As expected, the crush report did show a significant decline in the average oil content of the 1992 soybean crop. Oil yield averaged 10.87 pounds per bushel, compared to 11.44 pounds in September 1992. The average for the period October through December 1991 was 11.32 pounds. The average oil yield from the 1991 crop was a record 11.42 pounds.

The October crush report indicated that 2.618 million tons of soybean meal were used during October 1992. Use, domestic plus exports, was about 1.5 percent less than the average for the period October-December 1991. The decline is due to smaller exports. Domestic meal use is expected to continue the record pace established last year.

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