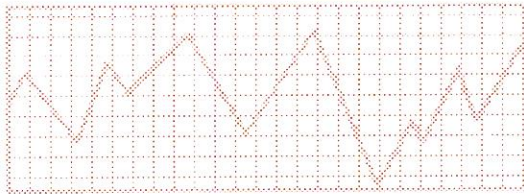




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WEEKLY OUTLOOK

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NEW PROJECTIONS SHOW DECLINING SOYBEAN STOCKS, RISING WHEAT STOCKS, AND STABLE CORN STOCKS

On May 11, the USDA released its monthly *Supply and Demand* estimates for grains and oilseeds. In addition to revised estimates for the current marketing year, that report contained the first projections for the 1993-94 marketing year. Following is a summary of the revisions and projections for corn, soybeans, and wheat.

CORN. For the current marketing year, the USDA increased the corn export projection by 75 million bushels, to a total of 1.725 billion bushels. With slightly less than 17 weeks left in the marketing year, 1.265 billion bushels have been exported and an additional 256 million bushels have been sold for export. Export sales need to average 12 million bushels per week to reach the new projection. Shipments need to average 27.3 million per week. Stocks of corn at the end of the current marketing year are projected at 2.113 billion bushels, 129 million bushels less than the largest projection made in January.

Based on March corn planting intentions and a trend yield of 122.7 bushels per acre, the USDA projects the 1993 crop at 8.5 billion bushels. Domestic consumption is expected to increase by 205 million bushels and exports are expected to decline by 175 million bushels, leaving carryover stocks unchanged by the end of the 1993-94 marketing year.

SOYBEANS. For the current marketing year, the projection of the soybean crush was increased by 10 million bushels and the export projection was raised by 5 million bushels. The increases were generally less than expected, particularly for exports. With slightly less than 17 weeks left in the marketing year, 645 million bushels have already been exported and an additional 80 million bushels have been sold for export. Only 2.4 million bushels need to be sold weekly to reach the projection. Shipments need to average only 7.2 million bushels per week. The average for the same period last year was 8.1 million bushels. Even though the South American crop is estimated to be 132 million bushels larger than last year's crop, world demand appears strong enough to support U.S. exports above the USDA projection, particularly if Chinese purchases continue. Stocks of soybeans at the end of the current marketing year are projected at 325 million bushels.

Based on March planting intentions and a trend yield of 35.1 bushels per acre, the USDA projects the 1993 soybean crop at 2.045 billion bushels, 152 million less than the 1992 crop. Exports are expected to decline to 720 million bushels and carryover stocks are projected at 280 million bushels.

WHEAT. A number of small adjustments were made in the projections of wheat use for the current marketing year, which ends at the end of this month. The projection of domestic use was reduced by

5 million bushels and the export projection was increased by 15 million. Stocks on June 1, 1993 are projected at 510 million bushels, 38 million above the level of stocks a year ago.

Production of winter wheat in 1993 was estimated at 1.808 billion bushels, 200 million larger than the 1992 crop. The estimate is 435 million bushels above the extremely small crop of 1991 and 224 million smaller than the 1990 crop. The U.S. average winter wheat yield was placed at 40.8 bushels per acre, 2.5 bushels above last year's yield and one bushel below the record yield of 1983.

Based on March planting intentions and a yield of 34.7 bushels per acre, production of spring wheat, including durum was projected at 700 million bushels. Production of all classes of wheat is projected at 2.508 billion bushels, 49 million bushels larger than the 1992 harvest. At the projected level, the 1993 crop would be the third largest on record, exceeded only in 1984 and 1990. For the 1993-94 marketing year, the USDA projects a 62 million bushel increase in domestic wheat consumption, a 115 million bushel decline in exports, and a 148 million bushel increase in carryover stocks.

In light of the lateness of planting for corn and soybeans, many analysts believe the USDA is a little generous in its yield projections for 1993. The projected corn yield is 2.9 bushels above the highest yield prior to 1992. The projected soybean yield is 0.9 bushels above the high prior to 1992. However, record yields by a wide margin were established last year even though early season growth was very slow. The crop was planted in a timely fashion, but maturity was slowed by a very cool spring. Yield uncertainty may keep the corn and soybean markets unsettled through July. After last year's experience, however, the markets will continue to be reluctant to build in a weather premium.

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