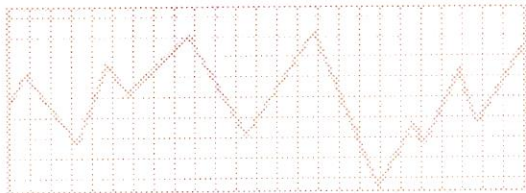




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WEEKLY OUTLOOK

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IMPORTANT USDA REPORTS TO BE RELEASED ON JUNE 30

Now that corn planting in some areas has been delayed past the first of June, the market is anticipating some shift of intended corn acreage to soybeans. Other years of late planting reveal mixed evidence of acreage shifts. Shifting of acreage may be encouraged this year due to the "flex" provisions of the farm program. In most past years, shifting of acreage from corn to soybeans would have required the producer to forego deficiency payments on the corn acreage not planted. This year, producers do not receive deficiency payments on 15 percent of their corn base acreage even if it is planted to corn. That acreage may be more easily switched than in the past. In addition, in areas of severe planting delays, the lack of herbicide and fertilizer applications may facilitate the planting of soybeans on acreage intended for corn.

Another factor which will influence soybean acreage is the extent of double cropping following wheat harvest. In general, the harvest of the soft red winter wheat crop is expected to be a little later than normal, which could limit the extent of double cropping. Offsetting the impact of a late harvest, however, is the ample moisture conditions which will tend to encourage double cropping.

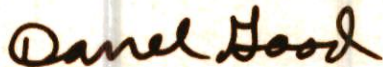
An increase in soybean acreage might also be expected on the perception that total planted acreage of the major crops was underestimated in the March *Prospective Plantings* report. Actual acreage of soybeans has exceeded the March intentions figure in each of the last two years. Planted acreage of soybeans in 1993 might be near 60 million acres, rather than the 59.3 million reported in March. Corn acreage might be near 76 million, slightly below the March figure of 76.5 million. However, if total acreage was underestimated in March, soybean acreage could increase without a decline in corn acreage. The USDA will release the results of its June acreage survey on June 30.

At the same time, the USDA will release its June *Grain Stocks* report. That report will reveal the inventory of grain on hand on June 1. The most interest will be in the estimate of the corn inventory, as that figure will reveal the rate of corn feeding during March,

April, and May. To be on target for reaching the USDA projection of feed and residual use of 5.25 billion bushels for the entire year, feeding during the March-May period would have to be near 1.15 billion bushels. Based on estimates of exports and processing uses of corn during that period, June 1 stocks of corn near 3.7 billion bushels would confirm that feed and residual use is on target for reaching the USDA projection.

Finally, on June 30, the USDA will release its quarterly *Hogs and Pigs* report. That report will estimate the nation's hog inventory on June 1 and reveal production plans for the remainder of the year. That report is expected to confirm that expansion in hog production is continuing. If so, the prospects for corn feeding will remain bright.

These three USDA reports will obviously be important for corn and soybean price prospects. However, the major focus of the market for the next two months will be on yield prospects. At this juncture, the market is generally satisfied that prospects remain in tact for good to exceptional yields in 1993. Moisture conditions are clearly ample and the National Weather Service sees favorable conditions persisting through the summer months. As a result, December 1993 corn futures have declined to within about 20 cents of last year's harvest low for December 1992 futures. November 1993 soybean futures declined to within 55 cents of the low for November 1992 futures. While there may be a little weather premium left in the market, the premium is small for this time of year. Prices are expected to stabilize over the next four weeks until a clearer picture of July weather prospects materializes.



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