

WEEKLY OUTLOOK



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CORN AND SOYBEANS -- STILL A WEATHER MARKET

The major question that the USDA's August *Crop Production* report answered was the extent of acreage lost to the flooding of 1993. A special survey of Illinois, Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota and Wisconsin revealed that in those nine states 600,000 acres intended for corn were not planted and an additional 2.5 million were lost to flooding. For soybeans 1.99 million acres did not get planted and another 1.97 million were lost to flooding. In addition to the 7.06 million acres of corn and soybeans lost, 764,000 acres of other crops were not planted or were lost to flooding. Lost acreage was the greatest in Iowa, at 1.675 million and least in Nebraska at 220,000 acres. An estimated 810,000 acres in Illinois were not planted or lost to flooding.

Planted acreage of soybeans is now estimated at 59.455 million, 125,000 more acres than planted in 1992, but 2.12 million less than intended for planting. Harvested acreage is projected at 56.343 million, 2.04 million less than harvested last year and the smallest acreage since 1976.

Planted acreage of corn is now estimated at 73.659 million acres, 600,000 less than indicated in June and 5.666 million fewer acres than planted in 1992. Harvested acreage for grain is projected at 63.97 million, 8.174 million less than harvested in 1992.

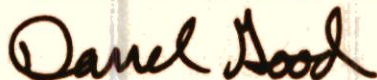
Corn yield potential as of early August showed the expected regional tendencies. Yield potential was judged to be quite good in Illinois (140 bushels versus 149 last year), Indiana (140, 147), Kansas (140, 147), and Ohio (128, 143). Poor yield potential was seen in Iowa (115, 147), Kentucky (102, 132), Minnesota (90, 114), Missouri (112, 135), North Carolina (55, 95), and South Dakota (69, 84). Small yields were projected for other southeastern and east coast states. The national average yield was estimated at 116 bushels per acre, 15.4 bushels below last year's record.

Soybean yield estimates followed the same regional pattern. The highest yield potential was seen in Indiana, at a record 45 bushels per acre. The Illinois yield was placed at 42 bushels, just 1 bushel below the 1992 yield. The national average yield estimate of 33.8 bushels is 3.8 bushels below last year's record, but just slightly less than the previous record of 34.2 reached in 1991.

The August soybean production estimate of 1.902 billion bushels is 295 million bushels less than the 1992 crop, but about 50 million larger than the market had anticipated. At that level of production, carryover stocks would be reduced near a minimum pipeline level just under 200 million bushels. The USDA judges that the season's average price would be between \$6.00 and \$7.30. We would judge that with a crop of 1.9 billion bushels, the season's average price would be near \$6.30, if the 1994 crop (U.S. and South America) make normal progress. A crop of 1.8 billion bushels or less would likely be required to push the average price above \$6.75. the market is currently offering a season's average price near \$6.40 for eastern corn belt producers.

The corn production estimate of 7.423 billion bushels is 2.056 billion less than the record crop of 1992 and slightly less than the market anticipated. With projections of use continuing to decline, stocks of corn at the end of the 1993-94 marketing year are expected to be fully adequate at 1.4 billion bushels. The USDA sees the season's average price between \$2.15 and \$2.55. The market currently offers an average price near \$2.35 for the year ahead.

The USDA's August *Crop Production* report established an important benchmark for the corn and soybean markets. The focus will now be on weather conditions during the final weeks of the growing season. The weekly crop progress reports will be monitored closely with ideas that part of the crop may not mature before the first killing frost.



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