Cooperative Extension Service

WEEKLY OUTLOOK

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MONTHLY SUPPLY AND DEMAND ESTIMATES ABOUT AS EXPECTED

On March 10, the USDA released its monthly supply and demand estimates for the major grain crops, as well as revised world production estimates. The changes from the February estimates were about as expected.

For corn, the USDA lowered the export projection for the current marketing year by 25 million bushels, to a total of 1.275 billion bushels. At that level, exports will be at the lowest level in 8 years, the second lowest in 18 years, and 23.3 percent below exports of a year ago. With the marketing year at the half way point, exports are running 21.5 percent below the pace of a year ago. However, the combination of actual shipments plus outstanding sales not yet shipped is down 28.2 percent form the level of commitments of a year ago.

Corn production outside of the United States during the 1993-94 marketing year is now estimated at 11.82 billion bushels, 152 million bushels larger than last month's estimate and 486 million larger than last year's crop. The South African crop is estimated at 531.5 million bushels, 118 million larger than last month's estimate and 154 million larger than last year's crop. The Chinese crop is up 261 million bushels, or 7 percent, from last year's crop. Corn exports from countries other than the U.S. are projected at 1.31 billion bushels, up 23 percent from last year's exports. Projected U.S. exports account for 49 percent of the world total, down from last year's 61 percent.

The inventory of U.S. corn at the end of the 1993-94 marketing year is now projected at 802 million bushels, 25 million above last month's projection. The U.S. average farm price for the 1993-94 marketing year is expected to be between $2.55 and $2.65 per bushel.

No changes were made in the domestic supply and demand estimates for soybeans. Carryover stocks are projected at the very low level of 155 million bushels. However, the projection of soybean oil exports was lowered by 75 million pounds and the projection of year-ending stocks increased by the same amount. That change was not anticipated.

The 1994 Brazilian soybean harvest is now estimated at a record 897 million bushels, 22 million larger than last month's estimate and 78 million larger than last year's crop. Total South American production is pegged at 1.41 billion bushels, 122 million larger than last year's crop.

Foreign soybean production during the 1993-94 marketing year is estimated at 2.366 billion bushels, 266 million above last year's production. The 1993 U.S. crop accounted for 43.3 percent of the world total, down from last year's 51 percent. Foreign soybean production has doubled in the past 12 years.

The supply and demand estimates for the 1993-94 U.S. wheat marketing year were unchanged from last month's estimates. World figures were also relatively unchanged.

For the most part, corn, soybean, and wheat prices will now be influenced by new crop prospects. The exception is that the March 31 *Grain Stocks* report, revealing winter feed use of corn, could have some impact on the corn market. Increasingly, spring weather prospects appear favorable for timely planting of the corn and soybean crops and for normal development of the winter wheat crop. As we get closer to the March 31 *Prospective Plantings* report, the market is beginning to anticipate a large increase in corn acreage and only a small change in soybean acreage. Some are expecting a decline in soybean acreage as a result of higher cotton and rice prices.

Two questions will be partially answered with the *Prospective Plantings* report. First, how many set-aside acres and flooded acres will really come back into crop production in 1994? Second, what will be the crop mix on the acres that are planted? These questions will not be completely answered since conditions may change from the survey date to completion of planting. There is room for significant surprises in the acreage figures. It has been 13 years since there has been a zero acreage reduction program for corn. The experience of the 1970s, however, suggests that it is very difficult to anticipate planted acreage in years of a zero set aside requirement. Somehow, the arithmetic of planted acres, idled acres, and total acres never quite works out.

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