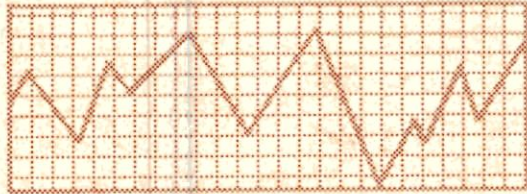




Cooperative
Extension
Service



WEEKLY OUTLOOK

A joint publication of the Departments of Agricultural Economics, Colleges of Agriculture of Purdue University, West Lafayette, Indiana, and the University of Illinois at Urbana-Champaign

September 12, 1994

SEPTEMBER CROP PRODUCTION REPORT SHOWS LARGER CORN AND SOYBEAN CROPS

The USDA's *September Crop Production* report contained larger estimates for the 1994 corn and soybean crops and a smaller wheat estimate. Projections of consumption during the 1994-95 marketing year were increased for corn and soybeans and remained unchanged for wheat. Following is a summary of the changes and implications for prices.

CORN. The 1994 corn crop is now estimated at 9.257 billion bushels, reflecting a national average yield of 129 bushels per acre. The estimate is 43 million larger than the August estimate and 225 million bushels smaller than the record crop of 1992. The projection of stocks at the end of the 1994-95 marketing year was actually lowered by 60 million bushels, to 1.601 billion bushels. The smaller figure reflected a 28 million bushel reduction in the estimate of stocks on September 1 of this year (due to larger exports), a 50 million bushel increase in the projection of feed use, and a 25 million bushel increase in the export projection. The larger feed use reflects large numbers of livestock and reduced feeding of other grains.

Stocks of feed grains outside of the United States are expected to be reduced during the 1994-95 marketing year as foreign production declines about 5 million tons and consumption increases by about 5 million tons. Recent reports of efforts to increase sales to the former Soviet Union through additional export credits suggests that U.S. exports could be slightly larger than currently projected. The USDA sees an average corn price during the 1994-95 marketing year between \$2.00 and \$2.40 per bushel, up \$.05 from the projection of last month. The average price during the year just ended was \$2.53.

SOYBEANS. The 1994 soybean crop is estimated at a record 2.316 billion bushels, 34 million larger than the August estimate and 55 million larger than the previous record crop of 1979. The U.S. average yield is estimated at 38.2 bushels, 0.6 bushels larger than the previous record established in 1992. Both Illinois and Indiana are expected to have average yields of 43 bushels, while the Iowa yield is estimated at a record 46 bushels per acre, 2 bushels above the August figure.

Even though the crop estimate was increased, the projection of stocks at the end of the year was unchanged, at 370 million bushels. The estimate of stocks on September 1 of this year was reduced by 20 million, due to large crush and exports during August. The projection of exports for the current year was increased by 10 million bushels, to 675 million, while the projection of the domestic crush increased 5 million, to a record 1.315 billion bushels.

The projection of foreign soybean production was reduced to 2.357 billion, 72 million below production of last year. The South American crop, however, has not yet been planted so the projection is very tentative. The USDA's projection of the season's average price is in a range of \$4.75 to \$5.75, unchanged from last month's projection and down from the \$6.40 average of the past year.

WHEAT. The estimate of the 1994 spring wheat crop was reduced by 25 million bushels from the estimate of last month. Production of all classes of wheat is now estimated at 2.361 billion bushels, 41 million less than harvested last year. The major focus of the wheat market is on foreign production and U.S. export potential. Foreign wheat production is now estimated at 471.2 million tons, 5.8 million less than estimated last month and 23.7 million less than harvested last year. Compared to last year's crops, production is down sharply in Australia (38.5 percent), Canada (14.7 percent), the former Soviet Union (16.3 percent) and China (2.8 percent). Larger crops are expected in the European Union (2 percent), East Europe (12.4 percent), and in North Africa (31.1 percent). Wheat imports by China are now projected at 10 million tons, up from 7 million projected last month and 4.5 million imported last year. A modest 4 percent increase in imports are projected for the former Soviet Union. Imports could be larger if credits are made available.

The USDA increased its projection of U.S. wheat exports by 25 million bushels, to 1.25 billion, and reduced the projection of domestic wheat feeding by 25 million bushels. Stocks at the end of the year are now projected at 581 million bushels, only 10 million more than stocks at the start of the year. The USDA's projection of the season's average price is in a range of \$3.10 to \$3.60 per bushel, \$.20 above the August projection.

Corn and soybean prices will remain on the defensive, with previous contract lows to be tested or perhaps exceeded if harvest occurs quickly. Wheat prices continue their climb towards \$4.00 basis the December contract at Chicago. That level may well be exceeded yet this fall, offering an opportunity to forward price the 1995 crop.

Darrel Good

Issued by Darrel Good
Extension Economist
University of Illinois

Cooperative Extension Service
United States Department of Agriculture
University of Illinois
At Urbana-Champaign
Urbana, Illinois 61801

FIRST CLASS