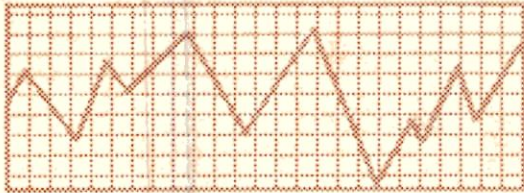




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# WEEKLY OUTLOOK

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

**October 17, 1994**

## **NEW RECORDS SET IN CORN AND SOYBEAN YIELDS, PRODUCTION, AND USE**

The old adage that "big crop estimates tend to get bigger," is certainly true this year. The USDA October *Crop Production* report estimated U.S. corn production at 9.602 billion bushels. That is 345 million bushels (3.7 percent) larger than the September estimate and 3.3 billion bushels (51 percent) larger than the 1993 corn crop. It is also 123 million bushels larger than the previous record production in 1992. Production increases across the central corn belt states of Nebraska, Iowa, Illinois, Indiana, and Ohio accounted for nearly 80 percent of the larger crop estimate.

The U.S. average yield is 133.8 bushels per acre, 2.4 bushels above the 1992 record of 131.4 bushels. Iowa leads the corn belt with a state average yield of 150 bushels per acre. Illinois, at 147 bushels per acre, is a close second, followed by Nebraska at 138 bushels and Indiana at 137 bushels.

The World Agricultural Outlook Board (WOAB) updates the supply-demand balance estimates after each major report. The September 30 Grain Stocks report indicates that the 1993 corn crop was overestimated. This shows up as feed use being reduced 60 million bushels. These changes may be reconciled after the final crop report in January 1995. Minor changes were made in the projection for exports and food, industrial, and seed use for the 1994-95 marketing year. Feed use was boosted 50 million bushels from the September estimate to a record 5.35 billion bushels. Food and industrial use was lowered 50 million bushels. The export projection was raised 150 million bushels, to 1.625 billion bushels (up 23 percent from last year). Total use of 8.35 billion bushels is a new record. Ending stocks are projected at 1.8 billion bushels, 21 percent of projected use.

The record crop had been largely discounted by the futures market. However, prices are expected to continue to drift lower through harvest due to hedging pressure and a widening basis. The USDA lowered the range for the U.S. season's average price by \$.10 per bushel to \$1.90 to \$2.30. Midwest corn prices are expected to trade in a range of \$1.75 harvest low to \$2.40 next summer, without crop problems next year.

The 1994 soybean crop was estimated at a record 2.458 billion bushels, up 142 million (6 percent) from the September estimate and nearly one-third larger than last year's flood damaged crop. Total supplies are nearly one-fourth larger than last year. The previous production record of 2.261 billion bushels was set in 1979, but required nearly 10 million additional acres. Again, the four central corn belt states accounted for nearly 75 percent of the increase from the September estimate. The national average yield is a record 40.5 bushels per acre, up nearly 3 bushels from the previous record set in 1992. Iowa holds the record state average yield of 51 bushels per acre, followed closely by Indiana and Ohio at 46 bushels, and Illinois at 45 bushels per acre.

Based on the September *Grain Stocks* report, the 1993 soybean crop was apparently underestimated about 3 percent. September stocks of 209 million bushels were 59 million bushels above earlier projections. When added to the record crop, total supplies are 23 percent larger than a year ago. Soybean crush is projected at a record 1.35 billion bushels, up 6 percent. Exports, at 740 million bushels, are expected to be 25 percent larger than last year's shipments. Total use is projected at a record 2.2 billion bushels, up 13 percent. Ending stocks are projected at 465 million bushels by September 1, 1995. This represents 21 percent of projected use and is the second largest ending stocks on record. The U.S. average price range was lowered \$.15 per bushel to \$4.60 to \$5.30. Prices in Illinois and Indiana are expected to average around \$5.25 for the year ahead, with a low or about \$4.90 this fall and a high or \$5.75 next spring, in the absence of crop problems next year.

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