



# WEEKLY OUTLOOK

A joint publication of the Department of Agricultural Economics, College of Agriculture, Purdue University, West Lafayette, Indiana, and the Department of Agricultural and Consumer Economics, College of Agricultural, Consumer and Environmental Sciences, University of Illinois at Urbana-Champaign.

**MARCH 31, 1997**

## USDA REPORTS ARE A MIXED BAG

On March 31, the USDA released its quarterly *Grain Stocks* and *Prospective Plantings* reports. These reports contained some surprises when compared to pre-report expectations.

March 1 corn stocks were estimated at 4.494 billion bushels, 694 million (18 percent) larger than stocks of a year ago, but about 60 million less than the average trade guess. The stocks figure implies that feed and residual use of corn totaled about 1.48 billion bushels during the second quarter of the marketing year. A more precise estimate can be made once the Census Bureau estimates of processing use and exports are available. Apparent feed and residual use was 9.4 percent larger than use during the same quarter last year and only 1.2 percent less than the record use of two years ago. Feed and residual use during the first half of the marketing year totaled about 3.426 billion bushels, 10 percent more than during the same period last year and 2.6 percent less than the record of two years ago. The USDA may be forced to increase the forecast of feed and residual use for the year by 100 million bushels from the current 5.2 billion bushels. However, the very slow expansion in hog numbers reported on March 27 and the likely decline in the rate of placement of cattle into feedlots as the year progresses may temper feed demand this summer.

March 1 stocks of soybeans were estimated at 1.078 billion bushels, slightly less than the average trade guess. The 1996 soybean crop may still be overestimated by about 10 million bushels. Stocks are about 113 million bushels (9.5 percent) smaller than on the same date last year. At 822 million bushels, March 1 wheat stocks were about equal to the average trade guess and very near the level of a year ago.

Based on a survey of about 1 month ago, producers intend to plant 81.416 million acres of corn in 1997. That is about 1.93 million more than planted in 1996 and about 500,000 above the average pre-report guess. The largest increase (900,000 acres) is expected in Ohio where delayed planting reduced corn acreage in 1996. Increases are also expected in Illinois, Indiana, Missouri, Nebraska, and South Dakota. If 81.4 million acres are planted, about 75 million acres will likely be harvested for grain in 1997. A trend yield of 129 bushels per acre would produce a crop near 9.7 billion bushels, 400 million larger than the 1996 crop.

The big surprise in the *Prospective Plantings* report was intended soybean acreage of 68.8 million. That is about 4.6 million more than planted in 1996 and nearly 3 million above the average pre-report guess. Large increases in intentions are reported for Arkansas, Iowa,

Kansas, Louisiana, Minnesota, Missouri, Nebraska, North Dakota, South Dakota, and Illinois. Acreage is expected to decline in Indiana and Ohio, where last year's wet spring forced more soybean acreage than intended. If 68.8 million acres are planted, nearly 68 million could be harvested. A trend yield of 39 bushels would produce a record crop of 2.65 billion bushels, 270 million larger than the 1996 harvest.

Spring wheat acreage intentions were reported at 17.775 million, down 2.26 million acres from last year's seedings. Durum intentions came in at 3.185 million, 435,000 below last year's seedings. Added to the earlier reported winter wheat acreage of 48.23 million, planted acreage of all wheat in 1997 is expected to total 69.2 million, down from 75.6 million last year.

It should be noted, that planting intentions for all major crops is only about 1.0 million acres less than were planted last year. The decline is very small considering that "double counting" last year may have been about 3.5 million acres as failed wheat acres were replanted to other crops. In addition, harvested acreage of hay is expected to increase by nearly 500,000 acres this year. Another acreage survey will not be conducted until June, but there is some chance that the March report overstated total acreage.

Taken as a whole, the reports are expected to be supportive to old crop corn and new crop wheat prices. New crop corn and soybean prices were expected to come under some pressure from the large acreage figures.



Issued by Darrel Good  
Extension Economist  
University of Illinois

CES Newsletter Service  
University of Illinois  
at Urbana-Champaign  
69 Mumford Hall  
1301 West Gregory Drive  
Urbana IL 61801

FIRST CLASS