



# WEEKLY OUTLOOK



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## REVISIONS IN WORLD CROP ESTIMATES

The USDA's April report of world crop supply and consumption prospects contained a number of revisions from the March report; some changes were expected, others were not. Following is a summary of those changes for corn, soybeans, and wheat.

**CORN.** The projection of corn exports for the current marketing year was reduced by 50 million bushels, to a total of 1.9 billion. The reduction was attributed to increased competition from Chinese and South African exports and a slow down in Mexican imports. Net exports for China are now projected at 344 million bushels, 39 million larger than last month's projection and up from 121 million bushels of a year ago. The estimate of the South African corn crop was increased by 20 million bushels and the projection of South African exports was bumped up 12 million bushels. Imports by Mexico are projected at 181 million bushels, 16 million less than projected last month and 40 million less than imported last year. The decline in the export projection was generally expected, but the magnitude of the decline was a little surprising given the recent performance of export shipments and new sales. The projection implies that exports during the last half of the marketing year will be 15 percent less than during the same period last year.

Based on revisions to historical estimates of food use of corn, the projection of food and industrial use during the current marketing year was increased by 30 million bushels, to a total of 1.93 billion. The change was not expected. Year ending stocks are projected at 1.759 billion bushels, 20 million larger than last month's projection, but 28 million bushels below the level of stocks at the beginning of the year.

**SOYBEANS.** The projection of the domestic soybean crush for the current year was reduced by 10 million bushels, to 1.59 billion. That is equal to last year's crush. The decline reflects a slow down in the rate of soybean meal consumption. Meal use for the year, domestic and exports, is now projected at 37.9 million tons, 250,000 below last month's projection and only 121,000 tons more than was consumed a year ago. A smaller export projection for U.S. meal reflects larger export projections for Brazil and Argentina.

The projection of U.S. soybean exports for the current year was increased by 30 million bushels, to 930 million. That projection exceeds last year's exports by 129 million bushels and is equal to the record exports established in 1981-82. The larger projection came in the face of an increase in the estimated size of the South American crop. That crop is now estimated at 1.984 billion

bushels, 37 million above last month's estimate and only 7 million smaller than last year's crop. The Argentine crop is expected to be record large at 772 million bushels. Chinese buying accounts for much of the increase in exports.

The projection of "residual" use of soybeans was unchanged at 79 million bushels. Residual use was extremely large in the first half of the current marketing year so that the projection for the year implies negative use during the last half of the year. That scenario has occurred on a couple of occasions in recent history.

Year ending stocks of soybeans are now expected to total 305 million bushels. That is 20 million less than projected last month and 43 million less than inventories at the beginning of the year.

**WHEAT.** Following the smaller than expected estimate of March 1 wheat stocks, the projection of feed and residual use of wheat during the current marketing year was increased by 25 million bushels, to a total of 325 million. The projection of wheat exports was also increased by 25 million bushels due to food aid shipments expected to occur before the end of May. Year ending stocks are projected at 943 million bushels, 54 million less than projected last month and almost identical to the level of stocks at the beginning of the current marketing year.

The changes made in projections of supply, use, and stocks of corn, soybeans, and wheat were not large enough to alter the projection of marketing year average prices of those crops. The average price of corn is still projected in a range of \$1.85 to \$1.95 per bushel. The average marketing year price for soybeans is expected to fall in a range of \$4.50 to \$4.90 and the average price of wheat is projected at \$2.50 per bushel.

Next month, the USDA will make the first projections for the 2000-01 marketing year. Assuming that 2000 production estimates are based on trend yields, the outlook for the upcoming marketing year will likely be for continued abundance and low prices. The market will watch weather and crop development closely for any indication that average yields in 2000 will deviate from trend. Recent precipitation has alleviated some dry conditions for the near term. Large areas of deficit soil moisture remain, however, so that price volatility may persist.

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