



UNIVERSITY OF ILLINOIS
EXTENSION



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.

JUNE 12, 2000

USDA REPORTS CONTINUE TO POINT TO LARGE CROP SUPPLIES

The USDA's June update of U.S. and world crop supply and consumption estimates contained a few revisions from the May report. For corn, the projection of U.S. feed and residual use was increased by 25 million bushels for both the current and upcoming marketing years. In addition, the projection of U.S. exports for the 2000-01 marketing year was increased by 75 million bushels. Consumption of corn for all purposes is projected at a record 9.48 billion bushels for this year and a new record of 9.65 billion next year. However, with prospects of a 9.74 billion bushel crop in 2000, year ending stocks are expected to grow from 1.759 billion bushels on September 1, 2000 to 1.859 billion on September 1, 2001. The average price for both years is expected to be near the Commodity Credit Corporation (CCC) loan rate.

Except for Eastern Europe, where the production forecast for this year was reduced by 5 percent, changes in projections for coarse grains for the rest of the world were small. World coarse grain stocks were estimated at 157.2 million tons at the end of the 1998-99 marketing year and are projected at 151 million tons at the end of the current year and 152.8 million at the end of the 2000-01 marketing year. U.S. stocks are expected to grow from 32.8 percent of the world total this year to 34.1 percent next year.

For U.S. soybeans, the projections of exports were increased by 15 million bushels for this year and 10 million for next year. Those projections were exactly offset by smaller projections for domestic crush. For the current year, Chinese imports of soybeans from all sources, are projected at 265 million bushels compared to 217 million projected last month and 141 million imported last year. This increase has been partially offset from declines in imports of soybean meal and soybean oil. Meal imports totaled 4.6 million short tons in 1998-99 and are projected at only 770,000 tons this year. Oil imports totaled 3.67 billion pounds in 1998-99, but are expected to reach only 1.4 billion pounds this year.

Stocks of soybeans in the U.S. are expected to grow from 300 million bushels on September 1, 2000 to 495 million on September 1, 2001 if the 2000 crop reaches its potential of 2.955 billion bushels. Under that scenario, prices are expected to remain well below the CCC loan rate for the third consecutive year.

For wheat, the estimate of U.S. stocks on June 1, 2000 was lowered from 938 million to 917 million bushels, reflecting a 15 million bushel increase in the export estimate, a 10 million bushel increase in the estimate of domestic wheat processing, and a 4 million bushel increase in the projection of imports. The USDA's official estimate of June 1 stocks will be revealed in the June 1 *Grain Stocks* report to be released on June 30.

For the current marketing year, the estimated size of the winter wheat crop was reduced by 27 million bushels. Production of all classes of wheat is expected to total 2.212 billion bushels, 90 million less than produced last year. For the current year, exports are expected to grow by 35 million bushels; processing use is expected to increase by 15 million bushels; and seed, feed, and residual use is expected to decline by 60 million bushels. Year ending stocks are expected to drop to 809 million bushels and the season's average price is projected in a range of \$2.40 to \$2.90 per bushel.

The 2000 wheat crop in China is now projected at 104 million tons, down from last month's projection of 107 million and last year's crop of 115 million tons. The 11 million ton drop in production is expected to lead to a 2.5 million ton increase in wheat imports by China. Imports by North Africa are expected to grow by 2 million tons because of a smaller crop, while imports by India are expected to drop by 2 million tons due to a larger crop.

World stocks of wheat are expected to decline from 125.9 million tons at the beginning of the year to 106.3 million by the end of the year. Even so, supplies are large enough that consumption will not be restricted.

Odds of another year of adequate U.S. and world grain supplies and resulting low prices are increasing. Production in the southern hemisphere, of course, is still highly uncertain and the outcome of the northern hemisphere crops will be influenced by summer weather. For the U.S., the major area of dry weather concern is now the southeast, although other dry areas exist. The south eastern and delta states represent about 6 percent of the soybean acres and 9.5 percent of the corn acres planted this year.

Issued by Darrel Good
Extension Economist
University of Illinois

U of I Extension Newsletter Service
University of Illinois
at Urbana Champaign
1917 South Wright Street
Champaign IL 61820