



UNIVERSITY OF ILLINOIS  
EXTENSION



# WEEKLY OUTLOOK



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## **USDA REPORTS REVEAL AMPLE STOCKS, MORE ACRES**

The USDA's June Grain Stocks report showed June 1 inventories of corn at 3.587 billion bushels. That is about 29 million bushels smaller than last year's inventory, but about 95 million larger than what the market expected. The stocks figure implies that domestic feed and residual use is falling short of the USDA's projection of use for the entire marketing year of 5.675 billion bushels.

The June 1 inventory of soybeans was estimated at 775 million bushels, nearly 74 million smaller than last year's inventory and equal to the average pre-report guess. The stocks figure implies that residual, or unexplained, use of soybeans continues at a very high rate. This leaves the door open for a downward revision in the 1999 crop estimate or a surprisingly large September 1 stocks estimate. A third possibility is that the USDA carries a large residual use in the soybean balance sheet, as it has on occasion in the past.

June 1 stocks of wheat totaled 950 million bushels, well above the USDA projection and average market guess of 917 million bushels. Feed and residual use of wheat and/or exports were apparently not as large as projected in the June report of supply and demand estimates.

The biggest surprises in the reports related to estimates of planted acreage. Planted acreage of corn is now estimated at 79.579 million acres, 2.148 million more than was planted last year and 1.698 million more than reported in the March Prospective Plantings report. Acreage exceeded intentions by 400,000 acres in South Dakota and 350,000 in Missouri. Plantings exceeded intentions by 100,000 acres in a number of states, including Illinois and Iowa. The USDA projects corn harvested for grain at 73.088 million acres, an increase of 2.551 million from harvested acreage of last year. If the U.S. average yield is near the 137 bushels per acre that the USDA has been using in the forecast of next year's supply and demand balance, the 2000 crop will be right at 10 billion bushels. To reach the 9.74 billion bushels earlier projected by the USDA, the U.S. average yield would need to be only 133.3 bushels per acre. Planted acreage of other feed grains (sorghum, barley, and oats) totaled 18.979 million acres, about 200,000 less than planted last year and 84,000 less than indicated in March.

Planted acreage of soybeans is estimated at 74.501 million acres, 721,000 more than were planted last year, but 370,000 less than indicated in March. The market generally expected to see acreage a little higher than March intentions. Plantings fell short of intentions in Missouri (250,000), South Dakota (300,000), Illinois (200,000), Iowa (100,000), Ohio (150,000), Kentucky (100,000) and Minnesota (100,000). Acreage exceeded intentions by 350,000 acres in North Dakota, 250,000 acres in Michigan, and 100,000 acres in Kansas and Nebraska. Harvested acreage of soybeans is projected at 73.474 million acres, 998,000 more than harvested last year. If the U.S. average yield reaches 40 bushels per acre as projected by the USDA earlier this month, the 2000 crop would be a record 2.94 billion bushels.

Seeding of durum wheat was estimated at 4.05 million acres, about equal to that of last year, but 440,000 acres above March intentions. Harvested acreage is projected at 3.986 million acres, 417,000 more than harvested last year. Other spring wheat acres were estimated at 15.547 million, 199,000 more than seeded last year and 738,000 more than indicated in March. Harvested acreage is projected at 15.058 million, 290,000 more than harvested last year. Harvested acreage of all classes of wheat is projected at 54.445 million, up by 536,000 even though planted acreage increased by only 132,000 acres.

Cotton acreage, at 15.552 million acres, is almost identical to March intentions and is 679,000 more than planted last year. Acreage of all crops, including harvested acreage of hay, is estimated at 330,858 million acres, 1.091 million more than was planted last year.

Prices reacted negatively to the USDA reports and ideas that corn and soybean crops remain in generally good condition. December 2000 corn futures traded to a low of 2.05 (a new contract low) and November 2000 soybean futures traded to a low of \$4.72. The average cash price of corn in central Illinois declined to \$1.62, \$.05 below the low of last fall and only \$.04 above the July low of a year ago.

The market will once again focus on weather and crop development. The weather pattern appears to be a little warmer and drier than during June, but rainfall events continue to occur. The USDA will release a new wheat production estimate and revised world supply and demand projections on July 12. The market will be mostly interested in the tightening world wheat supplies.

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