



# WEEKLY OUTLOOK



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## **NOVEMBER CROP REPORTS ABOUT AS EXPECTED**

In the final production forecasts of the season, the USDA projected the 2008 U.S. corn crop at 12.02 billion bushels and the 2008 soybean crop at 2.921 billion bushels. Those forecasts reflected U.S. average yields of 153.8 and 39.3 bushels, respectively.

The forecast size of the corn crop is 13 million bushels smaller than the revised October projection and 46 million smaller than the average trade guess. The average yield forecast is 0.1 bushels below the October forecast. The Illinois yield forecast is two bushels above the October forecast. At 179 bushels, the expected yield is only one bushel below the record of 2004. The forecast yield for Ohio is seven bushels below the October forecast.

For the corn supply and demand balance sheet, some revisions were made in both the 2007-08 estimates and the 2008-09 projections. For last year, the estimate of the amount of corn used for ethanol was increased by 26 million bushels, offset with a 25 million bushel reduction in the estimate of feed use. For the current year, the projection of exports was reduced by 50 million bushels, to only 1.9 billion. That forecast is 536 million, or 22 percent, below the record exports of last year. The lower projection reflects the sluggish pace of exports and export sales experienced so far this year and the large grain crops outside the U.S. Cumulative U.S. corn export inspections through November 6 were 36 percent smaller than shipments of a year ago, while unshipped sales as of October 30 were 43 percent smaller than outstanding sales of a year earlier. Coarse grain production outside of the U.S. is now projected at a record 767.9 million tons, two million tons larger than the October forecast and 41 million tons larger than last year's production. Wheat production outside the U.S. is projected at 614.3 million tons, 2.2 million tons larger than the October forecast and 60 million tons larger than last year's production.

Stocks of U.S. corn at the end of the current marketing year are projected at 1.124 billion bushels, 500 million less than the inventory on September 1, 2008, but 36 million larger than the October forecast. The 2008-09 U.S. average farm price is forecast in a range of \$4.00 to 4.80, compared to the average of \$4.20 received for the 2007 crop.

The forecast size of the 2008 U.S. soybean crop is 17 million bushels smaller than the

October forecast and about five million larger than the average pre-report guess. The U.S. average yield forecast is 0.2 bushels below the October forecast and the lowest yield in five years. The Illinois average yield forecast was increased by one bushel from the October forecast, to 46 bushels, while the Indiana forecast was increased by two bushels to 44 bushels. Yield forecasts were lowered by one bushel in Minnesota and Nebraska; two bushels in North Dakota, Ohio, and Wisconsin; and three bushels in South Dakota.

The USDA's projection of the 2008-09 domestic soybean crush was reduced by 15 million bushels, resulting in an unchanged forecast of year ending stocks. The projection of marketing year exports was left unchanged at 1.02 billion bushels in spite of the fast start to the 2008-09 export program. The projection is 12 percent smaller than the record shipments of a year ago. Through the first 9.5 weeks of the year, export inspections were about three percent larger than those of a year ago. Unshipped sales as of October 30 were 27 percent larger than the outstanding sales of a year earlier. The forecast size of the 2009 Brazilian soybean crop was reduced by 92 million bushels. That is about 37 million less than the 2008 harvest. The projection of Brazilian soybean exports during the current marketing year was reduced by 55 million bushels. Argentine production in 2009 is still projected to be 158 million bushels larger than in 2008. The projection of 2008-09 Argentine soybean exports was increased by about 30 million bushels from the October projection.

The 2008-09 U.S. average farm price of soybeans is now projected in a range of \$9.10 to \$10.60, \$.60 lower than the October projection. The average price received last year was \$10.10.

The final production estimates for U.S. corn and soybeans will be released in January. Until then, prices will be influenced by the development of Southern Hemisphere crops; the pace of consumption; and general demand prospects as reflected in the financial, currency, and energy markets. Stabilization of the financial markets and energy prices provide some support for corn and soybean prices for now, but recovery in those markets will be required to fuel a meaningful post-harvest recovery for those crops.

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