



WEEKLY OUTLOOK



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RECORD CORN AND SOYBEAN YIELDS ARE BARELY ENOUGH

The 2009 U.S. corn and soybean yields were record large, at 164.7 bushels and 44 bushels, respectively. Harvested acreage of corn for grain was 1.02 million more than harvested in 2008, although well below the record acreage of 2007. Harvested acreage of soybeans was a record 76.37 million, 1.7 million more than harvested in 2008.

As a result of record yields and large acreage, production of both crops was record large in 2009. Corn production was estimated at 13.11 billion bushels, 72 million larger than the previous record of 2007. Soybean production was at 3.359 billion bushels, 162 million above the previous record of 2006.

Based on the USDA's forecasts released on June 10, consumption of U.S. corn during the current marketing year will exceed production in 2009. Consumption for all purposes is projected at 13.19 billion bushels, 1.134 billion above consumption of a year ago and 453 million above the previous record of 2007-08. The year-over-year increase in consumption is led by an expected 873 million bushel increase in the amount of corn used for ethanol production. Year ending stocks are projected at 1.603 billion bushels, 70 million smaller than stocks at the beginning of the year.

Exports during the current marketing year could be slightly larger than projected. Cumulative export inspections through June 10 totaled 1.407 billion bushels. Through April, Census Bureau export estimates exceeded USDA estimates by 72 million bushels. To reach the USDA projection of 1.95 billion bushels for the year, it appears that shipments need to average about 40 million bushels per week from now through August, slightly less than the average of the six weeks ended June 10. Unshipped sales as of June 3 totaled 408 million bushels. New sales need to average only 7.8 million bushels per week for export commitments for the year to reach 1.95 billion bushels.

A similar supply/consumption pattern is forecast for the 2010-11 marketing year. Harvested acreage of corn for grain is expected to total 81.8 million acres 2.2 million

larger than in 2009. That forecast will be updated on June 30. The U.S. average yield is projected at 163.5 bushels, second only to the record of 2009, resulting in record production of 13.37 billion bushels. However, consumption is forecast at 13.41 billion bushels, resulting in a 30 million bushel year-over-year reduction in ending stocks.

Consumption of U.S. soybeans during the current marketing year is expected to reach a record 3.328 billion bushels, 247 million more than the previous record of 2006-07. The 281 million bushel year-over-year increase reflects a 172 million bushel increase in exports and a 72 million bushel increase in the domestic crush. Use in both categories was supported by a small South American soybean harvest in 2009 and record large imports by China. Year ending stocks of U.S. soybeans are forecast at 185 million bushels, 47 million larger than the low level of stocks at the beginning of the year.

While the domestic soybean crush appears to be declining in line with the USDA projection, the pace of exports and export sales remains robust in the face of a record South American soybean harvest earlier this year. Cumulative export inspections through June 10 totaled 1.344 billion bushels. Census Bureau export estimates through April exceeded inspections by 40.3 million bushels. With 11.7 weeks left in the marketing year, it appears that weekly shipments need to average only 6 million bushels per week to reach the USDA projection of 1.455 billion bushels. Cumulative exports plus outstanding sales as of June 3 already exceed 1.455 billion bushels. The extremely strong soybean basis currently being experienced has some wondering if stocks are tighter than advertised.

For the 2010-11 marketing year, a small reduction in the size of the U.S. soybean crop is expected, reflecting a small increase in acreage and a trend yield of 42.9 bushels. Consumption is expected to decline by 184 million bushels, leading to a doubling of U.S. stocks by the end of the 2010-11 marketing year.

The bottom line is that another record U.S. corn crop will be required in 2010 to accommodate growing consumption. There may be a little more breathing room for soybeans, but a rain delayed end to planting in the Midwest and hot, dry conditions in the Delta are of concern.

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