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# Agricultural Letter

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**CROP UTILIZATION** to date and expected future usage rates were clarified by a number of recent U.S. Department of Agriculture reports. While utilization of corn will exceed earlier expectations, wheat usage continues to slip below projections. Soybean disappearance also exceeds earlier estimates, and supplies on hand appear larger than previously anticipated. In most instances offsetting developments minimized the price impact on the various crops.

**The Grain Stocks Report** placed the April 1 corn inventory at 2.8 billion bushels. While the inventory on hand is 27 percent larger than a year earlier, stocks of corn went down slightly faster in the January-March period than originally anticipated. About 1.2 billion bushels of corn were utilized domestically, an 18 percent increase over the same year-earlier period. Increases in the number of animals on feed and in the intake per animal accounted for the rise in feed consumption. A limited rise in intake per animal was expected, but the magnitude of the increase was somewhat surprising in view of the relatively mild winter, steady corn prices, and declining cattle and hog prices. At the same time corn exports topped 400 million bushels, pushing total first-quarter corn disappearance to over 1.6 billion bushels—up 15 percent from a year earlier and essentially equal to the previous 1973 January-March record.

Wheat stocks totaled 938 million bushels April 1, up some 42 percent from a year ago. Disappearance from storage was 447 million bushels, almost the same as a year earlier.

Soybean stocks were estimated at 861 million bushels, somewhat higher than anticipated in light of year-to-date soybean exports and crushings. Both continued on the high side of earlier estimates during the first quarter. If the April 1 stocks report is accepted as the best current estimate, some observers suggest that last fall's estimate of available supplies may have been a little low.

**Supply and demand estimates** were revised in lieu of the latest stocks information. The estimated range of corn usage for feed in the current crop year was raised 50 million bushels. As a result, the estimated carryover at the end of the current crop year is now 462 million bushels, still 29 percent larger than last year.

Domestic wheat utilization estimates were increased about 27 million bushels, but export projections were cut back 100 million bushels. The revised figures reflect the sharp drop in the rate of wheat exports that has occurred since the first of the year. The

soybean supply and demand estimate remains unchanged, with a 51 percent rise still projected for the year-end carryover stock.

**The Prospective Plantings** report suggests that farmers are going to increase corn acreage even more than indicated at the start of the year. As of April 1 farmers intended to plant 82.7 million acres of corn, an increase of almost 2 million acres since January and nearly 5 million acres more than planted in 1975. About two-thirds of the increase since January is due to switching from other feed grain crops—sorghum, oats, and barley—to corn. Farmers intend to plant a total of 126.6 million acres to feed grains, up 8 percent from 1975.

Spring wheat producers have also raised their planting intentions substantially since January. Farmers plan to increase spring wheat plantings 17 percent—over three times the increase planned in January—most likely due to reports of adverse weather conditions and reduced yields in the winter wheat belt.

Farmers pared their intentions to plant soybeans since January. Soybean acreage is expected to total 49.3 million acres, down 10 percent from 1975 and a substantial drop from the 7 percent decline indicated at the start of the year. The price ratios between soybeans and both corn and cotton still tend to favor the latter two crops.

The initial supply and demand estimates for the upcoming crop year suggests a record corn crop and a drop in both wheat and soybean production. Corn production in 1976 is projected to range from 6.0 to 6.7 billion bushels, a 5 to 17 percent increase over 1975. Feed grain production is expected to increase around 8 percent. Wheat production will likely drop about 6 percent, while soybean production may decline around 11 percent. Utilization rates of corn and wheat are projected to total less than production and result in a further buildup of stocks by the end of the 1976/77 crop year. Soybean carryover stocks may drop back to around the 1974/75 level.

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