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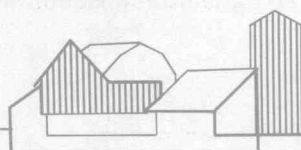
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Reports focus on corn use and plantings

Two recent reports from the U.S. Department of Agriculture provided helpful insight on developments in the corn market. The *Grain Stocks* report provided an updated benchmark for gauging the pace in domestic use of corn. It showed that gains in domestic use during the winter months continued to offset a large portion of the sharp decline in corn exports. The *Planting Intentions* report suggested that the rise in corn acreage this year will be less than indicated in an earlier USDA survey.

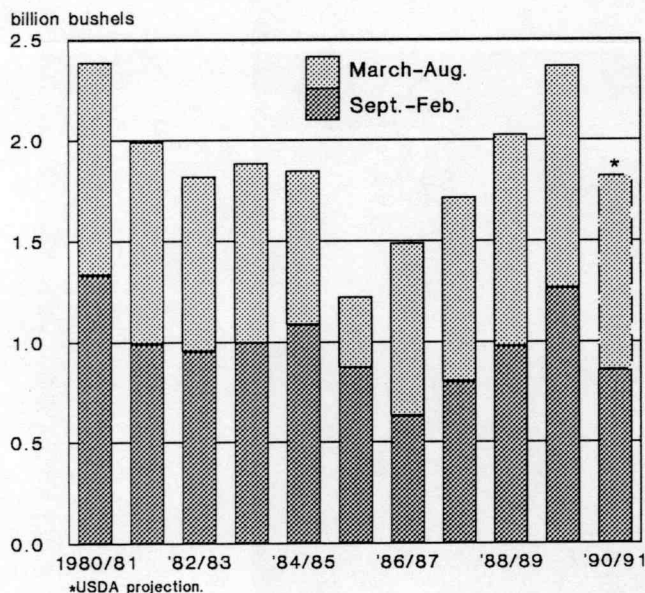
U.S. corn stocks were estimated to be 4.79 billion bushels as of March 1, virtually unchanged from the comparatively low level on that date a year ago. The stocks estimate, when subtracted from total supplies available for the entire 1990/91 marketing year, implies that the disappearance of corn in all uses during the first six months of the marketing year approximated 4.49 billion bushels, off about 3 percent from the pace of a year earlier. Corn exports during the six months ending with February retreated to around 860 million bushels, down 32 percent from the same period a year earlier and the third lowest first-half export pace for any marketing year since 1977/78. Subtracting exports from total disappearance implies that domestic use of corn during the six months ending with February approximated 3.63 billion bushels. That marks a

rise of more than 7 percent from the same period a year ago and a rise of 1 percent from the record first-half pace set in the 1987/88 marketing year.

In March, the USDA projected that corn exports for the entire 1990/91 marketing year would retreat to 1.82 billion bushels (down 23 percent from the year before) while domestic use would rise to 6.17 billion bushels (up more than 7 percent). Extrapolating the first half performance of this year on the basis of historical ratios implies that the USDA's projection for domestic use, while still reasonable, may prove to be a little low. Alternatively, the USDA's export projection would appear to be too high. But overall, disappearance of corn in all uses during the 1990/91 marketing year seems likely to come close to the 8.0 billion bushels projected by the USDA.

The projected disappearance of corn for the current marketing year provides a rough measure for judging the adequacy of the potential 1991 corn harvest. The *Planting Intentions* survey indicated that farmers nationwide intend to seed 76.1 million acres to corn this year. This latest reading was down from the 77.5 million acres indicated in an earlier survey and 2.5 percent above actual plantings last year. From a longer perspective, the indicated corn acreage would be the most since 1986 but well short of the 83.4 million acres planted in 1985.

Corn exports were sharply lower during the first-half of the 1990/91 marketing year



The March survey of planting intentions has provided a fairly reliable estimate of corn acreage in past years, typically falling within 2 percentage points (plus or minus) of actual plantings. Some analysts discount the reliability of this year's survey because of the late enrollment period for the 1991 corn price support program and the new provisions that give program participants more flexibility for planting alternative crops. But aside from these concerns, the indicated corn plantings would likely result in about 68.5 million acres harvested for grain. Excluding the drought year of 1988, corn yields per harvested acre the past six years have ranged from 116 bushels to 120 bushels and averaged about 118.5 bushels per acre. Assuming an "average" yield, the intended acreage for this year would produce a corn harvest of 8.1 billion bushels. Considering the already tight carryover stocks and the current rate of corn disappearance in all uses, a harvest of that magnitude is not likely to be too overbearing on prices. As is often the case, weather conditions during the planting and growing season may be the dominant influence on prices over the next few months.

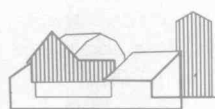
Selected agricultural economic indicators

	Latest period	Value	Percent change from		
			Prior period	Year ago	Two years ago
Prices received by farmers (1977=100)	March	148	2.1	-1	-1
Crops (1977=100)	March	126	3.3	-2	-9
Corn (\$ per bu.)	March	2.37	2.2	0	-9
Oats (\$ per bu.)	March	1.15	1.8	-17	-52
Soybeans (\$ per bu.)	March	5.63	-0.4	0	-25
Wheat (\$ per bu.)	March	2.52	3.7	-28	-38
Livestock and products (1977=100)	March	169	1.8	-1	5
Barrows and gilts (\$ per cwt.)	March	52.70	-0.2	2	32
Steers and heifers (\$ per cwt.)	March	81.70	-0.5	5	6
Milk (\$ per cwt.)	March	11.50	-1.7	-17	-9
Eggs (¢ per doz.)	March	80.5	18.9	2	1
Prices paid by farmers (1977=100)	January	187	0.0*	3	7
Production items	January	173	-0.6*	2	5
Feed	January	123	-0.8*	-4	-12
Feeder livestock	January	216	-1.4*	5	7
Fuels and energy	January	219	-8.4*	9	33
Producer prices (1982=100)	February	121	-0.6	3	9
Agricultural machinery and equipment	February	123	0.7	2	6
Fertilizer materials	February	101	-0.2	8	-10
Agricultural chemicals	February	124	0.2	5	10
Consumer prices (1982-84=100)	February	135	0.1	5	11
Food	February	136	-0.2	3	10
Production or stocks					
Corn stocks (mil. bu.)	March 1	4,789	N.A.	0	-8
Soybeans stocks (mil. bu.)	March 1	1,190	N.A.	13	34
Beef production (bil. lbs.)	February	1.69	-13.9	-1	-3
Pork production (bil. lbs.)	February	1.20	-13.8	-1	0
Milk production (bil. lbs.)**	February	9.96	-6.6	2	3

N.A. Not applicable.

*Prior period is three months earlier.

**21 selected states.



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