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July 19, 1974

**CROP PRODUCTION PROSPECTS** have deteriorated markedly from earlier expectations due to adverse weather conditions. Although record food and feed grain harvests are still considered highly probable for this year, any easing in the tight supply-demand balances may be marginal. The U. S. Department of Agriculture recently estimated that spring plantings of 15 major crops totaled more than 218 million acres this year, up 1 percent from the high 1973 level but well short of the 4 percent rise indicated by earlier planting intentions. Simultaneously, the estimate of this year's wheat harvest was revised downward by 8 percent from an earlier forecast.

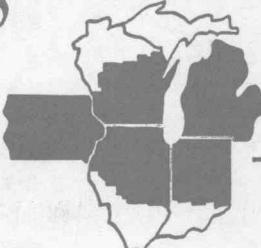
The latest estimates of planted acreage must still be considered somewhat tentative since they are based on a survey of actual and intended plantings conducted around June 1. At that time, significant portions of the various crops had not yet been planted, and reports were starting to indicate that much of the earlier plantings would have to be replanted. For example, only three-fifths of the intended corn acreage in Indiana had been planted by early June, while less than three-fourths of that in Illinois had been seeded. Similarly, only two-fifths of the intended soybean plantings had been completed in the Corn Belt at the time the USDA conducted the acreage survey. Since the prolonged adverse weather conditions may have caused some farmers to alter their planting decisions, many observers expect next month's estimates of planted acreage will be revised significantly from current levels.

**Feed grain plantings** rose 1 percent above the 1973 level to an estimated 123 million acres, a gain well short of the 4 percent rise previously anticipated. Seeded corn acreage accounted for all of the increase, while plantings of oats, barley, and sorghum all fell sharply from both earlier intentions and a year-ago. Overall, some 77.7 million acres were seeded to corn, up 8.6 percent from last year and only marginally short of earlier expectations. At the time of the USDA acreage survey, farmers intended to harvest grain from about 67.6 million of the planted corn acres, up 9.4 percent from a year ago.

**Soybean plantings** are currently estimated at 53.4 million acres, down a surprisingly large 7 percent from 1973 and the first year-to-year decline since 1958. Earlier surveys of farmers' planting intentions had indicated only a 4 percent cutback in soybean seedings. As of early June, farmers intended to harvest soybeans from about 52.5 million of the seeded acres, down from 56.4 million last year.

**Plantings in district states** were substantially altered from both earlier intentions and a year-ago. For example, farmers in district states boosted planted corn acreage 8.5 percent above the year-earlier level while cutting soybean seedings by nearly 10 percent.

# Agricultural Letter



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Earlier surveys had suggested farmers in the five district states would increase corn plantings by 11.5 percent and cut soybean seedings by only 6 percent.

**Wheat production** is currently estimated at 1,925 million bushels, up 12 percent from last year, but short of earlier expectations that closely paralleled the 18 percent increase in harvested wheat acreage. The downward revision reflects dry weather in some areas, excess moisture in other areas, and spreading disease damage. These factors reduced wheat yields to 30.2 bushels per acre, the lowest since 1968.

**Corn and soybean production prospects** are still highly uncertain. The USDA does not release estimates of per acre yields until next month, and acreage estimates may also be revised next month. At present, however, the USDA is forecasting that corn production could range from a low of 5.95 billion bushels to a high of 6.35 billion bushels. Soybean production is forecast at 1.47 to 1.51 billion bushels. In 1973, corn production totaled 5.64 billion bushels, while 1.57 billion bushels of soybeans were harvested.

**Crop prices** have rebounded sharply in recent weeks as the declining production prospects have limited the likely buildup in stocks. Current forecasts of utilization during the 1974-75 crop marketing years may be revised significantly in the future. Nevertheless, current USDA projections indicate utilization of corn during the 1974-75 marketing year will total 6 billion bushels. At this point in time, it appears there may be only a marginal easing in the tight supply-demand balance for corn, assuming the mid-point in the estimated range in corn production is the most probable outcome. This outlook is likely to hold corn prices at high—but widely fluctuating—levels until the size of this year's harvest becomes more certain.

The latest projections indicate soybean utilization may reach 1.5 billion bushels during the 1974-75 marketing year. Such a level would about equal current production forecasts, indicating the supply-demand situation may be little changed from that experienced this year. For wheat, it appears the supply-demand balance will ease only slightly since total utilization is currently pegged at 1.9 billion bushels.

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