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CROP PRODUCTION PROSPECTS changed little during August according to the U.S. Department of Agriculture's latest estimates. The estimate of feedgrain production was raised slightly from last month's forecast, while that for oilseed production was virtually unchanged. Compared to a year ago, both feedgrain and oilseed production are expected to be down 14 percent. The estimate of foodgrain production was lowered 2 percent from last month's forecast, cutting the year-to-year increase to 6 percent.

The latest production estimates reflect conditions as of September 1. Crop damage caused by Hurricane Carmen in the South and by the early September frost in the northern portions of the Corn Belt is not reflected in these estimates. In some areas, the damage reportedly is quite extensive and may result in some downward revisions in next month's report.

1974 Corn and Soybean Production Estimates

	Ill.	Ind.	Iowa	Mich.	Wis.	United States
Corn						
Planted acres (000)	10,520	5,760	12,920	2,310	3,490	77,353
Change (percent)	5	7	9	10	9	8
Harvested acres (000)	10,150	5,500	11,750	1,780	2,270	63,796
Change (percent)	5	5	5	5	9	3
Yield per acre (bu.)	88	81	88	69	86	78.3
Change (bu.)	−15	−21	−20	−10	3	−13.1
Production (mil. bu.)	893	446	1,034	123	195	4,995
Change (percent)	−10	−17	−14	− 8	13	−11
Soybeans						
Planted acres (000)	8,600	3,960	7,200	620	230	53,755
Change (percent)	− 8	− 8	− 9	−11	− 7	− 6
Harvested acres (000)	8,500	3,910	7,070	610	225	52,410
Change (percent)	− 8	− 9	−11	−12	− 7	− 7
Yield per acre (bu.)	29	27	30	22	24	25.1
Change (bu.)	−2.5	−4.5	−4.0	−2.0	−1.0	−2.7
Production (mil. bu.)	246	106	212	13	5	1,316
Change (percent)	−15	−22	−21	−19	−10	−16

Corn production is still expected to fall below 5 billion bushels this year, down 11.5 percent from 1973. An even greater reduction in carryover stocks will leave total corn supplies for the 1974-75 marketing year that starts October 1 roughly 15 percent below the 1973-74 level. Since carryover stocks are now virtually depleted, utilization of corn will have to be lowered accordingly to stretch available supplies through to the 1975 harvest.

The U.S. Department of Agriculture presently envisions a 10 to 12 percent reduction in domestic utilization of corn for feed purposes in the 1974-75 marketing year. (Corn used for feed accounts for about 90 percent of total domestic utilization.) Such a reduction would cut the amount of corn used for feed to the lowest level since 1970-71, the year following the blighted harvest. Views on the extent of the reductions in foreign shipments of corn vary widely. The USDA presently forecasts 1974-75 corn exports in the 750 to 900 million bushel range, down from about 1.2 billion bushels in each of the preceding two marketing years. Nevertheless, export commitments continue to edge upward and as of September 1 totaled more than 1 billion bushels.

The soybean production estimate was virtually unchanged from last month's forecast of 1.3 billion bushels, down 16 percent from last year. While larger carryover stocks will partially offset the lower harvest, total supplies for the 1974-75 marketing year that started this month will likely be down 9 percent. Although the USDA is projecting some marginal declines in both domestic utilization and exports, it appears that the supply/demand balance for soybeans will be about equivalent to the tight situation experienced in 1972-73. This would be particularly true if the current strong export commitments accurately reflect foreign demand in the 1974-75 marketing year.

Wheat production estimates were lowered again in the latest forecast because of indications that weather damage to durum and other spring wheat was greater than previously anticipated. The revision indicates the 1974 wheat harvest will reach a record 1.8 million bushels, down 3 percent from the August estimate but still 5 percent above the 1973 crop. The increase in production, however, will not offset the decline in carryover stocks. As a result, total wheat supplies for the current marketing year will be down more than 5 percent from the level of 1973-74. Nevertheless, the U.S. Department of Agriculture anticipates that a sizable reduction in exports will bring total utilization of wheat to the lowest level since the 1971-72 marketing year and provide a marginal increase in carryover stocks by mid-1975. At the present time, the anticipation of lower exports is strongly supported by the comparatively small amount of wheat covered in the export commitments outstanding.

Crop prices have trended downward in recent weeks despite several developments that would normally provide bullish support. For feedgrains and oilseeds, the declines likely reflect the approaching harvest and the strong indications that livestock production is being curtailed. These factors may continue to dominate in the near term. Nevertheless, some post-harvest season recovery is expected to occur. The extent of the recovery will be largely influenced by the unfolding developments in exports and by the indications of reduced feed demand for livestock.

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