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## Weekly Outlook: Anticipating the December 1 Corn Stocks Estimate

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On January 12, the USDA will release the final estimate of the size of the 2015 corn crop and an estimate of the magnitude of corn stocks that were being held on December 1. Those estimates will reveal the pace of corn consumption during the first quarter of the 2015-16 marketing year as well as the inventory of corn available for consumption during the remainder of the marketing year. Those estimates will allow for an updated projection of the level of stocks likely to be on hand at the end of the marketing year and will set the tone for corn prices into the spring of the year.

It is difficult to anticipate the estimate of the magnitude of December 1 corn inventories since neither the final estimate of the size of the 2015 crop nor the magnitude of consumption during the first quarter of the marketing year are known. What can be calculated is the likely magnitude of stocks if 1) the final production estimate is equal to the November forecast, 2) if non-feed consumption during the quarter was near the level estimated from incomplete consumption data already revealed, and 3) if feed and residual use of corn during the quarter was at the pace of total marketing year consumption projected by the USDA. A December 1 stocks estimate near the calculated value would be considered neutral for corn prices, while an estimate that differed substantially from the calculated value would likely result in some price adjustment.

The most is known about the magnitude of exports during the first quarter of the marketing year. Official Census Bureau export estimates are available for September and October and USDA cumulative weekly export inspection estimates are available through the week ended December 10. Cumulative export inspections for September, October, and November totaled 277 million bushels. Census Bureau estimates through October exceeded cumulative export inspections by 16 million bushels. Historically, that margin has been even larger by the end of November. Assuming that to be the case this year, corn exports during the first quarter of the marketing year were likely very close to 300 million bushels. That level of exports would be about 100 million bushels less than during the first quarter last year, the smallest for the quarter since the extremely small crop of 2012, and the third smallest since 1974. Based on estimates in the USDA [Grain Crushings and Co-Products Production](#) reports, 872 million bushels of corn were used for ethanol and co-product production in September and October of 2015. Use

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of corn for the production of those products during November can be estimated based on the U.S. Energy Information Administration (EIA) ethanol production estimate for November. The official estimate for November, however, will not be released until the end of January. For now, the production estimate for November is based on weekly EIA estimates which sometimes differ from the subsequent monthly estimates. Weekly estimates point to November 2015 ethanol production of 1.219 billion gallons, 1.5 percent larger than production in November 2014 when 434 million bushels of corn were used for ethanol and co-product production. A 1.5 percent increase would put November 2015 corn use at 441 million bushels and use during the first quarter of the marketing year at 1.313 billion bushels. However, a bit more sorghum may have been used for ethanol production in November this year. Corn use during the quarter is estimated at 1.305 billion bushels.

For the 2015-16 marketing year, the USDA projects domestic corn consumption for the production of food, seed, and industrial products other than ethanol at 1.38 billion bushels. That is 1.5 percent larger than consumption during the previous year. Quarterly consumption for those products is relatively consistent from year to year, so that a 1.5 percent year-over-year increase in the first quarter this year would have resulted in use of about 343 million bushels.

The least is known about the magnitude of feed and residual use of corn during the first quarter of the marketing year since use in that category is not measured. Instead, use will be revealed by the December 1 stocks estimate. For the year, the USDA has projected feed and residual use of corn at 5.3 billion bushels, slightly less than the estimate of 5.315 billion bushels used in the previous year. The quarterly distribution of feed and residual use continues to vary from year to year. An estimated 2.226 billion bushels of corn were used in the feed and residual category during the first quarter of the marketing year last year. With a year-over year increase in the number of hogs fed, the number of cattle on feed, and the number of dairy cows on farms, feed and residual use should be proceeding at least as rapidly as last year even with no increase in broiler chick placements and a decline in layer numbers. Corn consumption during the first quarter of the marketing year is estimated to be near 4.174 billion bushels. Stocks of corn at the beginning the marketing year totaled 1.731 billion bushels and imports during the quarter were likely near seven million bushels. With a crop of 13.654 billion bushels, the corn supply totaled 15.392 billion bushels. The calculation for the December 1 stocks estimate, then, is 11.218 billion bushels, almost identical to the level of stocks a year earlier.

**Note: This is the last issue of the Weekly Outlook Newsletter for 2015. The next issue will be released on January 4, 2016.**

## References

United States USDA Agricultural Marketing Service. "Grain Crushings and Co-Products Production." Last updated December 1, 2015.  
<http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1899>