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August 18, 1967

RECORD CROP PRODUCTION is in sight for 1967. Prospects for most late maturing crops improved during July owing to adequate soil moisture conditions. Crop development, nevertheless, remains behind normal, especially in the Midwest. Production estimates for some small grains were reduced from a month earlier because of dry weather in northern areas. The index of crop production is expected to be up 4 percent from last year's level and 2 percent from the 1965 record. The average yield per acre for all crops is estimated to be about the same as last year but slightly less than in 1965.

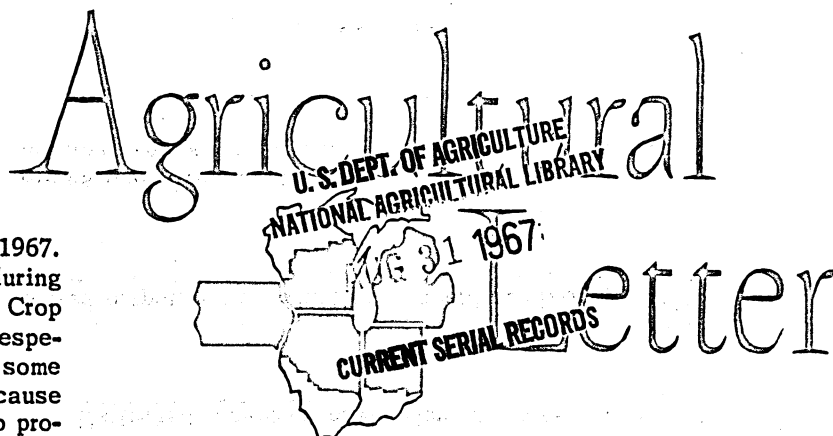
Corn prospects are excellent in most major producing areas. Total corn output is projected at nearly 4.7 billion bushels—13 percent above the record year-ago level and 3 percent above last month's estimate. A record yield of 75.9 bushels per acre—more than 2 bushels larger than the 1965 record—is expected from the largest harvested corn acreage since 1960. Although corn acreage is above the 1966 level in each of the Seventh District states, yields are above the year-earlier level only in Indiana and Illinois—up 8 and 16 bushels, respectively. Corn production is projected above the 1966 level in each of the five District states, but soil moisture shortages have developed in Iowa, Wisconsin and Michigan following heavy June rains, and yields may be below the 1966 level in these areas unless precipitation improves during the remainder of the growing season.

Crop Prospects Above Year Earlier

	<u>Ill.</u>	<u>Ind.</u>	<u>Iowa</u>	<u>Mich.</u>	<u>Wisc.</u>	<u>United States</u>
	(million bushels)					
Corn						
1966	835	396	902	94	142	4,103
1967*	1,063	463	930	97	143	4,652
Percent change	+ 27	+17	+ 3	+3	+ 1	+ 13
Soybeans						
1966	159	73	150	11	4	931
1967*	175	74	153	13	4	999
Percent change	+ 10	+ 1	+ 2	+18	--	+ 7
Oats						
1966	54	18	102	25	101	798
1967*	46	13	100	25	107	785
Percent change	- 15	-28	- 2	--	+ 6	- 2

*Indicated August 1, 1967

Grain sorghum production is forecast at 821 million bushels, about 14 percent more than last year. While much of the increase is accounted for by larger acreage owing to changes in the feed grain program and the replanting of abandoned wheat and corn acreage to sorghum, yield per acre is expected to be above last year's average.



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Oats and barley production is estimated to be down 2 and 7 percent, respectively, from last year. These declines are wholly attributable to smaller acreage since average indicated yields are at or above the 1966 level. Oat yields are estimated at 48.4 bushels per acre—exceeded only by the 1965 yield of 50.2. Prospective barley yields, on the other hand, are lower than last month's estimate because of dry weather in the Northern Plains.

Estimated soybean production is larger than last year's record level, primarily because of larger acreage. Farmers allotted about 9 percent more acres to soybeans in 1967. This year marks the fifth consecutive year of record output, with production forecast at slightly under 1 billion bushels, 7 percent more than in 1966. The indicated yield of 24.9 bushels per acre, if realized, would be slightly under that of last year. In the five District states only Illinois, the perennial leader in soybean production, shows an increase in prospective yield from a year ago. Although soybeans in most regions are making satisfactory progress, development is below normal, especially in the Midwest. Normal fall temperatures will be needed to minimize frost damage.

Wheat production as of August 1 is estimated at 1,511 million bushels, up about 15 percent from last year but 5 percent below the projection of a month ago. The estimate of average yield was reduced 1.4 bushels to 25.2 bushels per acre—about one bushel less than that of 1966. Larger wheat production is accounted for solely by expanded acreage. Yield estimates were reduced in July as hot dry weather in the Pacific Northwest shriveled grain, and rains and hail in the Central Plains states slowed harvesting activities.

Crop prices have been under downward pressure as a result of the forecast record production and carryover stocks of grains into the 1967-68 marketing year which are larger than had been expected. Corn prices received by farmers declined about 3 cents per bushel from mid-June to mid-July, and December futures contracts have declined about 17 cents to \$1.19 per bushel since early June. November soybean futures have declined about 14 cents to \$2.69 per bushel in the same time period. Prices are likely to decline further as harvest of the record crop approaches and will probably average below the year-earlier level during the coming marketing year if the forecast production is realized.

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