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# Agricultural Letter

Number 1135

**CROP PROSPECTS** for 1971 continue to point toward record yields and production according to the Department of Agriculture. Conditions as of September 1 indicate that the composite yield index, which covers 28 major crops, will better the old 1969 record by 1 percent and rise above last year's level by nearly 6 percent. Higher yields coupled with a large increase in planted acreage will boost the index of all crop production to a new record—11 percent over the 1970 production level and nearly 7 percent above the 1969 record.

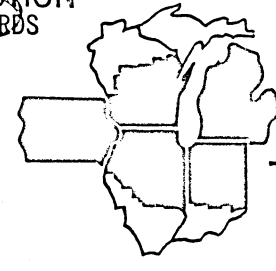
An estimated 24 percent rise in feed grain production paces the overall expansion. Large increases for corn and grain sorghum, plus a moderate rise in barley, more than offset a forecasted reduction in oats. The large increases reflect the remodeled feed grain program, absence of corn blight, and generally favorable growing conditions.

In contrast to the 1970 program which limited feed grain plantings by participants to their base acreage, the 1971 version allowed unlimited plantings once the participant set aside 20 percent of his base acreage. A record number of farmers, in response to early planting opportunities and relatively high grain prices, took advantage of this open-ended contract to expand total feed grain acreage to 106.4 million acres—up nearly 7.1 million acres.

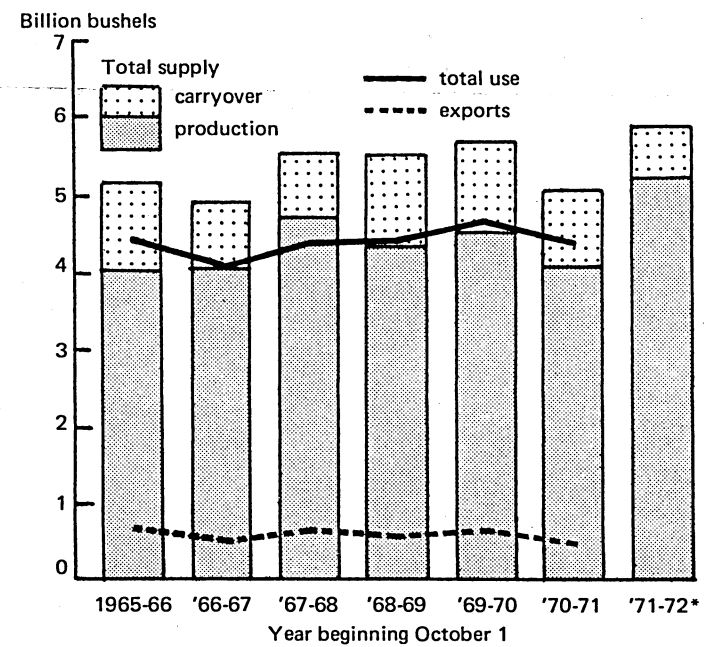
An increase of 6.8 million acres planted to corn represented nearly all of the expanded feed grain acreage and pushed total corn acreage to 64.2 million acres—the largest acreage in more than ten years. In contrast to last year's crop, damage caused by Southern Corn Leaf Blight has been relatively moderate this year, reflecting greater use of resistant seed varieties and favorable weather conditions. As a result, corn yields are estimated at 82 bushels per acre—up 10 bushels from the 1970 yield and the second highest on record. Combined, the enlarged acreage and higher yield indicate a total corn crop of 5.3 billion bushels—28 percent higher than last year's production and 11 percent over the 1967 record.

Farmers in the Seventh District states—which account for well over half of the total corn crop—have paced the overall increase in corn production. Michigan, which avoided serious blight damage last year, has been plagued by drought conditions this year, and forecasted yields are down by 16 bushels per acre. Yields in other district states are up significantly, lead by a 19 bushel per acre increase in Illinois. The forecasted 30 percent jump in Iowa corn production will allow the state to retain its number one ranking nationally. Illinois ranks second in corn production.

The carryover of corn from previous crops is the smallest in two decades. Even so, total supplies for the 1971 marketing year beginning October 1 will total nearly 6 billion bushels—16 percent over last year and 4 percent above the previous record supply in 1969. This undoubtedly will result in considerable downward pressure on corn prices during the remainder of the year—perhaps near the national loan average of \$1.05 per bushel. Recovery from harvesttime lows will depend on increases in domestic utilization and the uncertain prospects for exports.



Record Corn Supply Forecasted



\*Preliminary.

Since the mid-Sixties, domestic utilization of corn has fluctuated within the rather narrow range of 3.6 to 4.1 billion bushels, with a maximum increase in any one year of just over 4 percent. While lower cash prices will tend to encourage expanded livestock production, experience indicates that the increase in domestic utilization may be only moderate.

Although lower prices and the revaluation of most foreign currencies will make U. S. corn more competitive in world markets, prospects for expanded corn exports remain uncertain. Domestically, the possibility of a prolonged dock strike at Eastern and Gulf ports could be a serious blow to agriculture since such losses would be nearly impossible to recoup in ensuing months. Existing longshoremen's contracts at these ports expire on September 30 and could overlap the currently existing West Coast dock strike. Internationally, larger overseas supplies of corn and other feed grains could limit U. S. corn exports. Expanded feed grain production in Argentina and South Africa will provide additional competition for U. S. exports. In addition, an expected 5 to 10 percent rise in Western Europe's production of feed grains could lower the European demand for corn imports.

Gary L. Benjamin  
Agricultural Economist