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CORN PRICES have been under downward pressure recently, reflecting the full swing into harvest and a recent upward revision in the estimated size of the 1972 crop. Chicago corn prices have averaged around \$1.30 per bushel in the past week. This is about 11 cents below the comparable period a month ago but well above the \$1.12 average of a year ago.

The 1972 corn crop, based on October 1 conditions, is now expected to approach 5.3 billion bushels, up 3 percent from the September estimate but about 5 percent below last year's banner crop. The latest estimate reflects an anticipated record yield of 92.2 bushels per acre—up 5.4 bushels from the previous mark set last year. Harvested acreage is pegged at 57.1 million acres, down 10 percent from last year.

**Sharp Increase in 1972 Corn Yields
Will Partially Offset Lower Acreage**

	Acreage*		Yield*		Production*	
	Million acres	Change (percent)	Bushels per acre	Change (bushels)	Million bushels	Change (percent)
Illinois	9.3	- 9	102	0	944	- 9
Indiana	4.9	-11	97	0	473	-11
Iowa	10.4	-10	111	9	1,160	- 2
Michigan	1.6	- 4	83	15	135	17
Wisconsin	1.9	- 8	98	1	190	- 7
District total	28.1	- 9			2,902	- 6
U. S. total	57.1	-10	92.2	5.4	5,266	- 5

*Estimates based on October 1 conditions.

Corn utilization during the 1972-73 marketing year (October 1, 1972-September 30, 1973) is expected to reach 5.3 billion bushels—equal to this year's projected production—according to a special report recently issued by the U. S. Department of Agriculture. This is up 196 million bushels from the unusually large amount of corn estimated to have been used during the past 12 months. The increase is expected to be about evenly split between domestic use—reflecting expanded livestock numbers and reduced wheat feeding—and exports.

The projected increase in exports, if it materializes, would boost total corn exports to an unprecedented 875 million bushels—11 percent over the comparatively large volume of exports estimated for the past 12 months, and nearly 60 percent over the average during the five previous marketing years. Several factors seem to support the apparent optimistic export forecast. Most notable is the large volume of anticipated sales to Russia. In addition, the sharp decline in Argentina's corn and grain sorghum crops will boost the export demand for U. S. grain. The U. S. Department of Agriculture recently estimated that corn exports out of Argentina—the

second largest feed grain exporter—will decline from about 250 million bushels in 1971-72 to around 71 million bushels in 1972-73. A possible increase in corn exports to Japan, and the likelihood that higher world wheat prices will cause some substitution of corn for wheat for feeding purposes, also support the export outlook.

Other factors could partially offset the current optimistic prospects and hold the actual gain in corn exports below the projected amount. The unprecedented amount of wheat to be exported from the United States in the next few months has already produced a strain on transportation and storage facilities both domestically and in importing countries. This may well tie up railroad cars, barges, ships, and port storage facilities needed for corn exports. Moreover, the size of the grain crop in Europe will also have an important bearing on the demand for U. S. corn exports, and as of August the grain production prospects in Europe looked favorable. In addition, record feed grain crops in South Africa and Australia will provide the United States with additional export competition through the first half of the 1972-73 marketing year. And the likelihood of further gains—which have already been suggested for Australia's corn and sorghum crops despite reports of drought conditions—may add further competition in the latter half of the 1972-73 marketing year.

The estimated balance between the 1972 corn crop and total corn use during the 1972-73 marketing year indicates carryover a year from now will equal the October 1 inventory of 1.1 billion bushels. Despite this, the level at which futures contracts are currently trading suggests corn prices will exceed year-ago levels during the 1972-73 marketing year. December corn futures, for example, are currently trading at around 11 cents per bushel over the December 1971 average cash price of \$1.22 per bushel at Chicago. Similarly, July 1973 corn contracts are currently trading at about 15 cents per bushel over the average July 1972 cash price at Chicago of \$1.29 per bushel. While this spread is apt to fluctuate as more current information on 1972 crop production and exports becomes available, the present price structure offers attractive opportunities for locking in above year-ago prices—particularly in light of the current prospects of no reduction in carryover a year from now.

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