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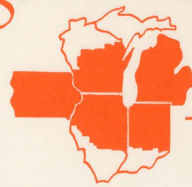
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CROP PROSPECTS declined during July as high temperatures and below normal rainfall resulted in short soil moisture conditions in important crop producing areas of the Corn Belt and the South Central states. The output of all crops as of August 1 is estimated at 109 percent of the 1957-59 average, 7 percent below the record 1965 final output. The average yield per acre is estimated at 117 percent of the 1957-59 average—5 percent below last year's record.

Favorable weather in the Midwest since August 1 probably has improved the crop prospects somewhat. Recent rains have relieved drought conditions in the southern half of Illinois and added to short soil moisture supplies in other areas.

Crop Prospects Below Year Earlier

	Ill.	Ind.	Iowa	Mich.	Wisc.	United States
	(million bushels)					
<u>Corn</u>						
1965	892	418	812	99	124	4,171
1966*	842	459	838	94	128	3,981
Percent change	- 6	- 2	3	- 5	3	- 5
<u>Soybeans</u>						
1965	175	83	123	10	3	844
1966*	151	73	146	11	3	860
Percent change	-14	-12	19	10	0	2
<u>Oats</u>						
1965	52	17	108	26	122	959
1966*	56	19	107	27	108	859
Percent change	8	12	- 1	4	- 12	- 10

*Indicated August 1, 1966.

Corn production prospects declined during July as generally unfavorable weather prevailed over all but the west and northern part of the Corn Belt. The nation's total corn output is projected at 4 billion bushels—5 percent below last year's record high production but 6 percent above average. A yield of 67.8 bushels per acre is expected, compared with the record yield of 73.1 in 1965. For the five District states, corn yields and total production are estimated to be above last year's level only in Wisconsin and Iowa. The southern portion of the Corn Belt was adversely affected by a shortage of moisture and high temperatures during the critical tasseling stage. The corn crop in this area is expected to recover to a certain extent if cool temperatures and normal precipitation continue for the remainder of the growing season.

Estimated soybean production is larger than last year, primarily as a result of a record acreage. Farmers allotted about 6 percent more acreage for soybeans in response to high prices for beans and changes in the Government's programs, permitting the planting of soybeans on feed grain acreage and some cotton land. The 1966 production is forecast at 860 million bushels, 2 percent

larger than last year's record output. The estimated yield of 23.3 bushels per acre is slightly below that of last year. In the three Corn Belt District states, expected soybean yields are below the year-earlier levels in Illinois and Indiana while a record yield is projected in Iowa. Soybeans in Illinois and Indiana are reportedly making an excellent recovery from the dry July conditions, and if the present favorable weather conditions prevail through the remainder of the season, the realized production may exceed the current prediction.

Wheat production as of August 1 is estimated at 2,286 million bushels, 4 percent above the output estimated a month earlier. The crop is now expected to be 3 percent less than last year, reflecting a slight decline in both yield and harvested area. Winter wheat yields were greater than expected in some North Central states as the crop recovered from earlier drought conditions. For the nation the average yield per acre is estimated at 27.2 bushels, the third largest on record.

Oats and barley production are estimated to be 10 and 7 percent, respectively, less than last year. The late planting and slow development combined with the hot, dry weather in July reducing yields in the heavy producing North Central states. Among the important oats producing states in the Seventh District, yields exceeded 1965 levels in Iowa and Illinois but were lower in Wisconsin.

Grain sorghum output is projected at 587 million bushels or 12 percent less than the record in 1965. Some of this reduction is accounted for by smaller acreage, but most of it reflects lower expected yields in all but the important Southwestern states.

Carryover stocks of grains into the 1966-67 marketing year are estimated below year-earlier levels. Large numbers of livestock on feed and sharply increased exports have reduced feed grain inventory below the 1965 level. On July 1, the stocks of corn and grain sorghum totaled 1,814 million and 534 million bushels, respectively, 6 and 21 percent below year-earlier totals. Oats, barley and soybean carryover inventories, however, were estimated at 14, 6 and 2 percent more than last year. If the anticipated lower output of feed grains is realized, the combination of smaller production and lower carryover probably will result in smaller feed grain supplies during the 1966 marketing year.

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