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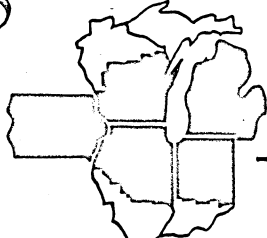
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Agricultural Letter



Number 1027

PRODUCTION OF CORN AND SOYBEANS this year is expected to be slightly below 1968 levels. For corn the current estimate is 4.3 billion bushels, about 1 percent less than the 1968 harvest. Soybean production is indicated to be 2 percent below last year's record crop. If production of beans does not exceed the indicated level, it would be the first time since 1962 that it did not increase over the previous year.

The indicated average yield for corn is a record 78.7 bushels per acre—slightly higher than last year. Harvested acres will likely be 2 percent less than last year due to the Government's feed grain program and unusually wet weather during the planting season in many areas.

The adverse Spring weather which delayed and shortened the corn planting season likely helped boost acreage of soybeans this year—up more than 2 percent from last year's record. However, the indicated average yield of 25.5 bushels per acre is over a bushel less than last year although greater than the average for 1965-67.

In states of the Seventh District, corn and soybean production is expected to decline relatively more than for the nation, with corn down about 4 percent and soybeans about 3 percent.

Corn acreage in each state is down with total acreage for the district 3 percent less than in 1968. Substantial declines in yields are indicated for Iowa, Michigan, and Wisconsin. In Iowa, yields are forecast at 84 bushels per acre—9 bushels less than the record set in 1968 and approximately 3 bushels per acre less than the 1965-67 average. In Wisconsin and Michigan yields are expected to fall 5 and 8 bushels respectively from their 1968 peaks. Unseasonably cool weather and excess moisture are largely responsible for the sharp drop in yields in these states. Yields in Illinois and Indiana, on the other hand, are expected to average 6 and 9 bushels an acre above their relatively low 1968 levels. As a result, farmers in Indiana are ex-

pected to produce over 8 percent more corn in 1969 while production in Illinois is indicated to be up approximately 4 percent from last year.

Because of lower yields, soybean production in the Seventh District states is also expected to decline relatively more than for the nation. The August 1 estimate was nearly 7 percent smaller than last year's crop. Lower yields are expected in all five states. Poorest results are indicated in Iowa where late plantings and excess moisture may lower yields as much as 5 bushels per acre from last year's record high.

Futures prices of December corn have declined about 10 cents per bushel since mid-July reflecting recently improved weather and crop conditions. Current demand for corn continues strong with the current price averaging almost 20 cents per bushel above the year earlier level.

Prices are expected to continue well above year-ago levels until harvest. Feed use is up from a year ago. Exports of corn during the second half are almost certain to rebound from their depressed level during the first half of the marketing year when the dock strike slowed winter shipments. The latest information indicates shipments in the first two months of the second half (April and May) are running 3 percent ahead of last year.

However, the recent devaluation of the French franc may give new impetus to the already sharp rise in exports of feed grains from France—up 45 percent over the July-March period of a year ago. In addition, a large surplus of wheat has led to increased use of wheat as feed thus increasing competition in the market for feed grains.

The outlook for soybean prices is less favorable than that for corn. The lowering of the support price for new crop beans from \$2.50 per bushel for number 2 grade to \$2.25 per bushel from number 1 grade should encourage domestic use and exports. Nevertheless, the lower support price and expected record carry-over of old crop beans has resulted in November futures prices at Chicago falling about 17 cents a bushel below last year's harvest season lows.

**Corn Yields Expected Lower
in Some Seventh District States**

	1968 (bushels per acre)	1969* (bushels per acre)	Change (percent)
Illinois	89	95	+ 7
Indiana	85	94	+11
Iowa	93	84	-10
Michigan	76	68	-11
Wisconsin	93	78	-16
United States	78.5	78.7	-

*Estimate as of August 1, 1969.

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