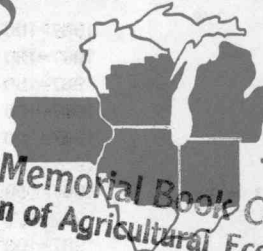


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THE CORN AND SOYBEAN OUTLOOK received some clarification from three reports recently issued by the U. S. Department of Agriculture. One report contained revised estimates of the size of the 1972 and the 1973 corn and soybean harvests. A second report provided estimates of the available stocks of corn and soybeans as of the start of this year, while the third report summarized a January 1 survey of the 1974 planting intentions held by farmers.

1973 production estimates for both corn and soybeans were lowered slightly from earlier forecasts. According to the latest report, the 1973 corn harvest totaled 5,643 million bushels, up 1.3 percent from the upward revised 1972 harvest and just barely exceeding the previous 1971 record. Last year's soybean harvest is now estimated at a record 1,567 million bushels, 23 percent larger than the downward revised 1972 crop and 33 percent greater than the 1971 harvest. In both cases, last year's increase in production reflected a rise in harvested acreage. Per acre corn yields averaged sharply below the 1972 record, while soybean yields averaged the same.

1973 Corn and Soybean Production Estimates

	Ill.	Ind.	Iowa	Mich.	Wis.	United States
Corn						
Yield per acre	103	102	108	79	83	91.4
Change (bushels)	-7	-2	-8	-4	-12	-5.7
Acreage (thou.)	9,670	5,240	11,150	1,690	2,090	61,760
Percent change	5	7	5	-2	-2	8
Production (mil. bu.)	996	534	1,204	134	173	5,643
Percent change	-2	5	-2	-7	-15	1
Soybeans						
Yield per acre	32	32	34	24	25	27.8
Change (bushels)	-3	2	-2	-2	-3	0
Acreage (thou.)	9,230	4,290	7,900	693	241	56,416
Percent change	23	16	32	32	66	23
Production (mil. bu.)	291	135	269	17	6	1,567
Percent change	12	24	24	22	48	23

The revised production estimates indicate corn supplies for the 1973-74 marketing year (October 1973-September 1974) totaled 6,352 million bushels, down 5 percent from the previous marketing year due to a sharp reduction in carryover stocks. By January 1, 1974, corn stocks had been drawn down to an estimated 4,465 million bushels, indicating that utilization of corn during the October-December 1973 period ran nearly 1 percent greater than in the same year-earlier period.

The increase in the rate of utilization in the early part of the corn marketing year contrasts with a recent USDA projection of a near 4 percent decline for the entire marketing year. This divergence adds further support to the possibility that carryover stocks of corn at the end of the current marketing year may fall short of the 626 million bushels recently forecast by the U. S. Department of Agriculture. In comparison, carryover stocks of corn totaled 709 million bushels at the end of the last marketing year and averaged more than 1 billion bushels during the preceding five years.

Soybean stocks as of September 1, 1973 (the beginning of the 1973-74 marketing year) totaled 1,626 million bushels based on the latest revisions, up 21 percent from the year-earlier level. By January 1, 1974, soybean stocks had only declined to 1,169 million bushels. This suggests that utilization during the first four months of the soybean marketing year ran 4 percent below the corresponding year-earlier period. The decline in utilization during the early part of the marketing year partially reflected dwindling pipeline supplies prior to the 1973 harvest and export controls which lasted through September 1973. With these factors no longer hampering utilization, it is likely that total utilization of soybeans for the entire 1973-74 marketing year may register a year-to-year gain in excess of 6 percent, a projection recently made by the U. S. Department of Agriculture. This portends soybean carryover stocks at the end of the current marketing of around 250 million bushels, the highest level in five years.

Planting intentions for 1974 indicate a sizable increase in corn acreage and a slight reduction in soybean acreage. Based on a January 1 survey of planting intentions of farmers in 35 major agricultural states, planted corn acreage throughout the United States is expected to reach 78.8 million acres this year, up 10 percent from 1973. In contrast, soybean plantings are expected to decline by more than 3 percent to 55.4 million acres, marking the first year-to-year decline since 1958. Overall, an additional 17 million acres of plantings were indicated for the 11 major crops surveyed plus estimated winter wheat seedings (wheat seeding estimates were made in December), considerably larger than the expectations of many observers.

Although the January survey provides a measure of current planting intentions of farmers, a number of factors—including unanticipated changes in farm programs, abnormal weather patterns, and changed market conditions—often cause farmers to change their plans. In the past, this has resulted in sizable discrepancies between actual plantings and January projections. In 1972, for example, the January projection overestimated actual corn plantings by 6 percent and underestimated soybean plantings by 5 percent. In 1973, the January projection closely approximated actual corn plantings but fell short of soybean plantings by 14 percent. Sizable discrepancies are a distinct possibility again this year, particularly in view of tight fertilizer supplies. Some idea of the discrepancies may become apparent in the March planting intentions survey conducted by the U. S. Department of Agriculture.

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AGRICULTURAL ECONOMIC DEVELOPMENTS

Subject	Unit	Latest period	Value	Percent change	
				Prior period	Year ago
INDEX OF PRICES					
Received by farmers	1967=100	December	184	+ 2	+ 34
Crops	1967=100	December	193	+ 7	+ 52
Livestock	1967=100	December	178	- 2	+ 23
Paid by farmers	1967=100	December	153	+ 1	+ 17
Production items	1967=100	December	156	+ 2	+ 21
Family living items	1967=100	December	146	0	+ 15
Ratio of prices received to prices paid	1967=100	December	120	0	+ 14
Consumer price index (all items)	1967=100	December	139	+ 1	+ 9
Food at home	1967=100	December	152	+ 1	+ 22
CASH FARM PRICES (U. S. average)					
Corn	dol. per bu.	December	2.39	+10	+ 68
Soybeans	dol. per bu.	December	5.65	+10	+ 43
Wheat (all)	dol. per bu.	December	4.78	+14	+101
Sorghum grain	dol. per cwt.	December	3.83	+ 5	+ 41
Oats	dol. per bu.	December	1.20	+ 6	+ 49
Beef steers and heifers	dol. per cwt.	December	39.90	- 5	+ 7
Hogs	dol. per cwt.	December	38.20	- 5	+ 29
Milk, all sold to plants	dol. per cwt.	December	8.78	+ 2	+ 34
Milk cows	dol. per head	December	531	0	+ 29
Chickens, broilers, live	cents per lb.	December	19.3	- 1	+ 38
Eggs	cents per doz.	December	63.8	+ 8	+ 48
INCOME (seasonally adjusted annual rate)					
Cash receipts from farm marketings	bil. dol.	3rd Qtr.	84.5	+12	+ 40
Net farm income	bil. dol.	3rd Qtr.	25.5	+ 4	+ 32
Nonagricultural personal income	bil. dol.	November	1,037.9	+ 1	+ 10
FARM FINANCE					
Total deposits at agricultural banks ¹	1967-69=100	December	191	0	+ 18
Time deposits	1967-69=100	December	229	+ 1	+ 19
Net demand deposits	1967-69=100	December	154	- 2	+ 18
Total loans at agricultural banks ¹	1967-69=100	December	212	- 1	+ 20
Production Credit Associations					
loans outstanding:					
United States	mil. dol.	November	7,589	- 1	+ 17
Seventh District states	mil. dol.	November	1,323	0	+ 10
new loans made:					
United States	mil. dol.	November	1,205	+ 8	+ 32
Seventh District states	mil. dol.	November	181	+ 7	+ 36
Federal Land Bank Associations					
loans outstanding:					
United States	mil. dol.	November	10,926	+ 1	+ 22
Seventh District states	mil. dol.	November	1,861	- 4	+ 10
new loans made:					
United States	mil. dol.	November	226	- 8	+ 26
Seventh District states	mil. dol.	November	30	- 3	+ 36
Interest rates					
		week ending			
Three-month Treasury bills	percent	1/16	7.89	+ 4	+ 49
Federal funds rate	percent	1/16	9.77	0	+ 67
Government bonds (long-term)	percent	1/16	7.50	+ 1	+ 9
AGRICULTURAL TRADE					
Agricultural exports	mil. dol.	October	1,733.7	+20	+ 91
Agricultural imports	mil. dol.	October	715.6	+11	+ 23
FARM MACHINERY SALES					
Farm tractors	units	November	10,786	-51	+ 34
Combines	units	November	2,004	-77	- 16
Balers	units	November	687	-66	- 14

¹ Member banks in Seventh District having a large proportion of agricultural loans in towns of less than 15,000 population.