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## Crop Production Outlook

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# Economics Newsletter

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## Crop Production Outlook

"You can't judge the world by your own back yard" has never been more true than today, and probably never have our grain prices been so responsive to conditions all over the world. Even news that we feel shouldn't really have any effect on prices does, and also the market may respond differently to news than one would expect.

Here in South Dakota it is difficult to understand how nationally we can be talking about too much grain being produced to hold the recent price levels. However, based on what we know today, it looks like we will produce a near record crop of wheat (if not a record) and the possibility of a record crop of corn is very good. As of this time it appears we will produce the smallest crop of oats since 1881, we are going to produce considerable less soybeans and barley than in 1975, and probably less rye and flax than our very low production of 1975.

billion bushel crop. We told you that you were planting more corn and less beans, and that this could cause a burdensome carryover in corn. We told you to watch the unusual situation last winter of having new crop (1976) soybean futures quoted at 40 cents a bushel higher than old crop futures. We also told you we had the lowest supply of oats in 40 years and a small acreage being planted for the coming year. These are things that we foresaw as probable happenings, and to this point look true. However, the need to keep current is very evident in some of the things we did not expect that have occurred. We did not expect Russia to buy twice as many soybeans as was projected. This removed what seemed to be a burdensome carryover of bean stocks. We did not expect last winter and spring that exports in corn would reach 1,700 million bushels. We were hoping we could equal the 1,150 of the year before. This additional 550 million bushels of corn exports has at least delayed a large carryover of corn and the resulting very low prices.

### JULY CROP PRODUCTION REPORT

	July 1 '76 as		
	1975	1976	% of '75
Million bushels			
Corn	5,767	6,553	114
All wheat	2,134	2,040	96
Durum	123	129	105
Other spring	359	381	106
Winter	1,651	1,530	93
Barley	383	311	81
Oats	657	499	76
Soybeans	1,521	1,350	89
Rye	18	17	95

\*Million cwt.

Many of the things have developed that we were telling you to watch for as we talked last winter. We told you of farmers planting more acres of wheat so that even a modest decrease in yield wouldn't keep us from producing a 2

Now as we talk of record and near record crops of wheat and corn we must remember current production has only a very temporary influence on price. The real relationship to price comes in the amount of available or carryover stocks. Wheat appears to be in some trouble for the next year unless there is a significant increase in exports, but corn? Who knows. With the drouth in Western

Europe, as well as increased feeding there, corn exports may again keep our stocks from becoming burdensome to price in spite of a record production of 6.5 to 6.7 billion bushels.

No one person has all the correct answers as to what grain prices will do. We do want people to keep informed and then on the basis of the information available make their own decision as to expected market trends.

### July 1976 - Supply - Demand Estimates

	1974/75	1975/76	1976/77
	Prelim.		Proj.
<b>CORN</b>			
Area : Million acres			
Set aside	--	--	--
Planted	77.8	77.9	84.1
Harvested	65.4	66.9	72.4
Yield per harvested unit : Bushels per acre			
	71.4	86.2	90.5
: Million bushels			
Beginning stocks	483	359	313
Production	4,664	5,767	6,553
Imports	2	2	1
Supply, total	5,149	6,128	6,867
Feed	3,191	3,650	4,115+200
Food, seed and industrial uses	450	465	485
Domestic, total	3,641	4,115	4,600+200
Exports	1,149	1,700	1,450+150
Use, total	4,790	5,815	6,050+300
Ending stocks	359	313	817+300

	1974/75	1975/76	1976/77
	Prelim.		Proj.
<b>WHEAT</b>			
Area : Million acres			
Set aside	--	--	--
Planted	71.4	75.1	80.2
Harvested	65.6	69.7	70.2
Yield per harvested unit : Bushels per acre			
	27.4	30.6	29.1
: Million bushels			
Beginning stocks	339	430	665
Production	1,796	2,134	2,040
Imports	3	2	2
Supply total	2,138	2,566	2,707
Domestic	690	726	735+35
Exports	1,018	1,175	1,050+100
Disappearance, total	1,708	1,901	1,785+90
Ending stocks	430	665	922+125

	1974/75	1975/76	1976/77
	Prelim.		Proj.
<b>SOYBEANS</b>			
Area : Million acres			
Planted	53.5	54.6	49.0
Harvested	52.4	53.6	48.2
Yield per harvested unit : Bushels per acre			
	23.2	28.4	28.0+1.5
: Million bushels			
Beginning stocks	171	185	200
Production	1,215	1,521	1,350+70
Supply, total	1,386	1,706	1,550+30
Crushings	701	865	820+30
Exports	421	565	550+30
Seed, feed, and residual	79	76	80
Disappearance, total	1,201	1,506	1,450+60
Ending stocks	185	200	100+30

Art Sogn, Extension Economist - Grain Marketing

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