



ILLINOIS FARM AND FOOD OUTLOOK

COLLEGE OF AGRICULTURE DEPARTMENT OF AGRICULTURAL ECONOMICS

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GRAIN STOCKS LARGER THAN GENERALLY ANTICIPATED

STOCKS OF CORN AND WHEAT ON OCTOBER 1 were somewhat larger than generally anticipated. According to the USDA there were 399 million bushels of corn carried over into the 1976-77 marketing year. This is slightly larger than last year's carryover, and represents a pipeline supply that is close to the minimum. The feed disappearance of corn during the June-September period was 774 million bushels an increase of 16 percent from the comparable period in 1975, which was very low, but a decrease of 16 percent from 1974 and 28 percent from 1973. In spite of adequate supplies this year, summer feed was not large by historical standing. High grain prices and unprofitable price-feed ratios for cattle, hogs, and poultry combined to reduce use from potential levels.

With a near-record wheat crop and export sales lagging behind those of last year, wheat is available in abundance. Wheat stocks on October 1 were 2,163 million bushels, or 272 million more than on the same date in 1975. On June 1, 1976, the stocks of wheat were 234 million bushels more than a year earlier. Wheat exports during the June-September period were 382 million bushels, compared to 434 million last year. Total domestic disappearance during the period was 248 million bushels--compared to 241 million in the same period of 1975, an increase of only 7 million. In spite of wheat prices being fully competitive with corn, not much wheat was used for feed. Wheat is in surplus, and the problem is not getting any better.

Recent wheat and feed-grain prices indicate the seriousness of the situation. On June 1, 1976, the December corn future closed at \$2.74 while the comparable quote for wheat was \$3.88 per bushel. There was a \$1.14 premium for wheat. On Friday, October 22, December corn and wheat futures closed at \$2.61 and \$2.80, narrowing the premium for wheat to 19 cents. At these prices wheat will replace some corn in animal rations. The only question is whether this will take place predominately inside or outside the United States. Until this wheat surplus is worked off, it will weigh heavily on all grain prices. Current estimates of supply and demand indicate that with normal weather, wheat will be priced as a feed grain through next fall.

Stocks of all feed grains on October 1 were virtually unchanged from a year ago. Small increases in the amounts of corn, sorghum, and barley on hand were matched

by a large drop in the stocks of oats. Record corn exports since June were expected to pull down feed-grain inventories. In the face of an anticipated reduction in the level of corn exports for this crop year (starting in October), the supplies of feed grains for domestic use would seem to be ample. However, an increase in the feed-grain carryover next fall is also unlikely, implying another year of unstable prices.

Finally, the report indicated that Illinois corn stocks as of October 1 were twice those of the year before--64 million bushels compared to 32 million. About 31 million bushels of this was on the farm, while 33 million were stored off-farm. A part of the increase was due to early harvest activity, but part must be ascribed to corn being held by farmers in anticipation of higher prices.

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