



## Numerous Changes in Crop Production and Consumption Forecasts

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The USDA's November *Crop Production* and WASDE reports released this morning contained a number of changes in production and consumption forecasts for corn, soybeans, and wheat for the current marketing year. Following is a brief summary of those changes.

### Corn

The 2011 U.S. corn crop is now forecast at 12.31 billion bushels, 123 million smaller than the October forecast and 137 million smaller than the 2010 crop. The national average yield is forecast at 146.7 bushels 1.4 bushels lower than the October forecast. Yield forecasts declined substantially for Minnesota, the Dakotas, and Texas. The Illinois average yield was lowered by 3 bushels to 156 bushels, while the Iowa forecast was increased by 2 bushels to 171 bushels.

Outside the U.S., corn production forecasts were increased for Argentina and China and reduced for Mexico. The total foreign production forecast was increased by only 80 million bushels, or 0.2 percent.

On the consumption side, the forecast of domestic feed and residual use of corn was reduced by 100 million bushels to a total of only 4.6 billion. That forecast is 200 million below the low level of feed and residual use last year. USDA cited reductions in broiler production and a smaller crop forecast as the reasons for the cut. A smaller crop implies smaller residual use.

Year-ending stocks are projected at 843 million bushels, only 23 million less than the October forecast. The forecast of the season's average farm price is in a range of \$6.20 to \$7.20, unchanged from the October forecast.

### Soybeans

The 2011 U.S. soybean crop is now forecast at 3.046 billion bushels, 14 million less than the October forecast and 293 million bushels smaller than the 2010 crop. The U.S. average yield is forecast at 41.3 bushels, 0.2 bushel below the October forecast and 2.2 bushels below the 2010 average. Changes in state level yield forecasts for the major producing states were one bushel or less, except for the two

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bushel increase for Wisconsin.

Outside the U.S., the soybean production forecast was reduced by 37 million bushels for Argentina and increased by 55 million bushels for Brazil. The world production forecast is almost unchanged from last month's forecast and about two percent smaller than the 2010-11 crops.

On the consumption side, the USDA lowered the U.S soybean export forecast by 50 million bushels. At 1.325 billion bushels, the forecast is 176 million below the record exports of last year. The lower forecast reflects what USDA believed to be the slow pace of sales through October. While the forecast of the domestic crush was unchanged, the forecast of soybean oil exports was reduced by 300 million pounds. Projected consumption of soybean meal was unchanged, with expectations of slightly larger exports offset by lower domestic consumption.

Year-ending stocks of soybeans are projected at 195 million bushels, 35 million larger than the October forecast. The forecast of the season's average farm price is in a range of \$11.60 to \$13.60, \$0.55 lower than the October forecast.

### **Wheat**

The estimated size of the 2011 U.S. wheat crop was reduced by 8 million bushels, while forecasts of consumption were unchanged. The forecast of the season's average farm price is in range of \$7.05 to \$7.75, compared to the October forecast of \$7.10 to \$7.90. Much of the 2011 winter wheat crop has already been sold by producers. The forecast of foreign wheat production was increased by 86 million bushels (0.4 percent), reflecting a larger crop estimate for Kazakhstan.

### **Implications**

While a number of changes to world crop production and consumption forecasts were made today, the forecasts of world ending stocks of wheat, coarse grains, and soybeans were not much different than last month's forecasts. Domestically, soybean stocks are expected to be more abundant than earlier forecasts, with the forecast of year-ending stocks representing 6.3 percent of projected consumption. It appears, however, that the lower U.S. soybean export forecast may be pre-mature. Weekly export sales reports will continue to shed more light on that issue. The projection of domestic year-ending stocks of corn represents 6.7 percent of projected use. The lower projection of feed and residual use of corn this month also appears pre-mature. The pace of consumption will be revealed in the USDA's quarterly Grain Stocks report, with the estimate of December 1, 2011 stocks scheduled to be released on January 12. Overall, today's projections should support corn and wheat prices in the upper part of the recent trading range. The projections are less supportive for soybeans, suggesting trading in the lower part of the recent range.