



Weekly Outlook: Anticipating June 1 Corn Stocks

Todd Hubbs

Department of Agricultural and Consumer Economics
University of Illinois

June 22, 2020

farmdoc daily (10): 113

Recommended citation format: Hubbs, T. "Weekly Outlook: Anticipating June 1 Corn Stocks." *farmdoc daily* (10): 113, Department of Agricultural and Consumer Economics, University of Illinois at Urbana-Champaign, June 22, 2020.

Permalink: <https://farmdocdaily.illinois.edu/2020/06/anticipating-june-1-corn-stocks-2.html>

The USDA releases the June 1 corn stocks estimate on June 30. Typically, the Acreage report published on the same day eclipses the quarterly grain stocks report. While the Acreage report remains crucial for price expectations this year, the grain stocks report looks to hold some essential information on feed and residual levels for the current marketing year. The drop in ethanol production and severe supply chain issues with livestock markets creates an expectation of expanded feed and residual use during the quarter. This analysis presents an estimate for June 1 corn stocks under current feed and residual use estimates during the marketing year.

The supply of corn available as of March 1 is the base for estimating June 1 stocks. Corn stocks at the beginning of the quarter totaled 7.953 billion bushels in the March Grain Stocks report. Currently, the Census Bureau estimates for corn imports are only available through April. In the first half of the marketing year, corn imports totaled 14.2 million bushels. Imports for the third quarter might have been around 7 million bushels. By combining imports with the beginning stocks, the total available supply for the second quarter comes in at 7.960 billion bushels.

An estimate of corn exports for the third quarter is based on the cumulative weekly export inspections estimate available for the entire quarter. Cumulative export inspections through May totaled approximately 1.096 billion bushels. During the first eight months of the marketing year, total Census Bureau corn exports came in 74 million bushels above cumulative export inspections. Assuming the margin continued through May, corn exports through three quarters of the year equaled 1.214 billion bushels. Since exports in the first half of the marketing year totaled 621.7 million bushels, the estimate for third-quarter corn exports equals 592.3 million bushels.

The Grain Crushing and Co-Products Production report released on June 1 provided corn used for ethanol and co-product production during March and April. A drop of 26.7 percent from the previous year showed the impact of the lockdown. Corn used for ethanol production over the two months totaled 655.3 million bushels. Weekly estimates of ethanol production provided by the Energy Information Administration indicate ethanol production decreased by 33.7 percent in May 2020 from the preceding year. By calculating the amount of corn used to produce ethanol from these May numbers, corn used for ethanol production in May was approximately 308.3 million bushels if conversion rates remained similar to recent months. Total use for the quarter is estimated at 969 million bushels.

We request all readers, electronic media and others follow our citation guidelines when re-posting articles from *farmdoc daily*. Guidelines are available [here](#). The *farmdoc daily* website falls under University of Illinois copyright and intellectual property rights. For a detailed statement, please see the University of Illinois Copyright Information and Policies [here](#).

Corn used to produce other food and industrial products during the marketing year is projected at 1.405 billion bushels by the USDA. Using historical corn use data, around 75 percent of the final marketing year food and industrial product use occurs in the first three quarters of the marketing year. If this historical pattern holds and the USDA projection is correct, corn use for the first three quarters of the marketing year totaled 1.054 billion bushels. Corn use during the first half equaled 678.39 million bushels, which set the third-quarter use estimate at 376 million bushels.

The current USDA projection for feed and residual use sits at 5.7 billion bushels. An increase in corn use for feed seems possible given the lower distiller's grain production over the quarter. The historical pattern of feed and residual use in corn may provide some indication of the third-quarter use. For the five previous marketing years, use during the first three quarters of the marketing year ranged from 87.4 – 90.1 percent of the marketing year total with an average of 87.6 percent. Third-quarter feed and residual use ranged from 17.9 to 20.7 percent of the total use over this time. For this analysis, an 88.7 percent usage rate during the first three quarters is used to calculate expected feed and residual use during the third quarter. The potential for the percentage exceeding this level is quite strong at the current estimate of 5.7 billion bushels of consumption. If the USDA projection is correct, a use level near 1.13 billion bushels is expected in the third quarter. Feed and residual use equaled 3.93 billion bushels in the first half. This analysis indicates feed and residual use during the first three quarters of the marketing year totaled 5.056 billion bushels.

By adding the estimates for exports and domestic uses, the total consumption of corn during the third quarter is estimated at 3.063 billion bushels. The total use estimate for the third quarter places June 1 corn stocks at 4.897 billion bushels. At this estimated total, June 1 stocks come in 306 million bushels smaller than in 2019.

A June 1 corn stocks estimate that supports the USDA projection of 5.7 billion bushels of feed and residual use during the marketing year is considered neutral for corn prices. An estimate of corn stocks near 4.89 billion bushels would indicate that feed and residual use is on the pace estimated by the USDA for the marketing year. A substantial difference from the estimated third-quarter consumption indicates a deviation in feed and residual use estimates for the current marketing year.