

1999 Outlook Corn
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The corn price outlook for 1999 is dominated by very large stocks going into the harvest. Even with a projected small reduction in U.S. acreage, it is probable that total supplies in the fall of 1999 will be larger than in 1998. Current projections call for U.S. acreage to fall slightly to about 80 million acres planted. Given normal harvested acres and trend yields of about 128 bushels per acre, 1999 production would be near 9.4 billion bushels. Beginning stocks will be near 1.725 billion bushels and will contribute to a total supply of 11.13 billion bushels, up marginally from 1998.

Corn use in the 1999 crop year will do well to equal use for the 1998 crop season at 5.85 billion bushels. While at present the U.S. livestock sector has a record large number for animal units consuming grain, continued deep losses in the hog and cattle sector point to smaller numbers eating grain during 1999. Some analysts feel a 10 to 15 percent reduction in the hog industry is needed to bring supply into balance with demand in order to restore profits to producers. Cattle numbers may see a decline in the range of 3-5 percent over the next two years. The poultry sector will likely see continued expansion throughout 1999 and into 2000 at a rate of about 4-6 percent. Domestic meat consumption remains strong. The weakness in meat demand resides in the export arena caused by financial weakness in many countries that import U.S. meats.

Corn exports will likely be near steady for the 1999 crop marketing year compared to 1998 at about 1.7 billion bushels. Global coarse grain use has declined slightly over the last three years as has foreign production. This has resulted which has resulted in a buildup in stocks that can be used to meet any increased demand. Global corn trade will not likely increase unless there is a sharp reduction in production outside the U.S. The "other domestic use" category will see continued growth as ethanol production continues to increase. This category, which represents human use of field corn, has established itself as the second largest use category. It has shown steady growth and is a reliable market.

U.S. corn ending stocks will be near year ago levels at 1.6 billion bushels. Stocks of this magnitude will prevent prices from moving sharply higher without a threat to new crop production. South Carolina corn prices for the 1999 crop will remain under pressure and will likely range between \$2.20 and \$2.50.

Wheat Market Situation
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The U.S. market remains in the doldrums. Both U.S. and global stocks of wheat are large, world trade is weak and prices remain under pressure to seek a level at which the excess supply can be cleared from the market. Current estimates are that wheat seedings for 1999 harvest will fall sharply from the 66.2 million acres of 1998 to about 62 million for this year. If this comes to pass, this would be the lowest since 1973.

Planted acres of 62 million would provide about 55.2 million harvested acres. Given trend yields of 40 bushels per acre, a crop of 2.2 million bushels would be produced. Combined with the large beginning stocks of over 825 million bushels, total supply would be near 3.1 million bushels. While this is a slight reduction in total supply, it is not near enough to allow prices to move significantly higher without a improvement in demand.

Wheat use will likely remain fairly steady for the 1999 crop marketing year at about 2.52 million bushels. Domestic use will rise slightly as it has for several years and account for about 950 million bushels. Feed use of wheat will likely fall due to the abundance of corn at very low prices and will account for around 325 million bushels, perhaps even less. Exports will do well to equal the 1.15 billion bushels sold from the 1998 crop. Again, weak foreign economies and large global supplies will limit export growth. Ending stocks will fall from over 825 million bushels to around 625 million bushels providing a stocks-to-use ratio of around 24 percent.

Season average prices for 1999 wheat will range between \$3.10 and \$3.35. This is an increase from the \$2.65 received for the 1998 crop.