

2001 FEED GRAIN OUTLOOK*

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Recap of Last Year

In the year 2000, U.S. farmers planted 79.6 million acres to corn and harvested 72.7 million acres. U.S. average yields were an excellent 137.1 bushels per acre despite drought across the south. The crop totaled 9.968 billion bushels, just short of a record. Total stocks were 11.7 billion bushels. Off take was record large at 9.89 billion bushels as all major use categories posted gains. Ending stocks rose nearly one million bushels to 1.8 billion bushels. Season average cash prices received by farmers was \$1.85 per bushel.

Outlook for 2001

I expect corn acreage to decline in 2001 due to low prices and rising input prices, especially nitrogen and fuel costs. I project U.S. planted corn acres to be about 77.8 million acres down 1.8 million from last year. Harvested acres have averaged about 91.5 percent of planted acres over recent years and that would point toward about 71.2 million acres harvested for grain. That would be a 1.5 million acre decline from last year.

Corn Supplies Extending the yield trend line into 2001 would point toward average yields near 131.8 bushels per acre. If yield are at that level, the 2001 crop would be about 9.38 billion bushels, down from the 9.97 billion harvested last year. Carry in stocks will be about 1.8 billion bushels so total supply for the 2001-02 marketing year will be near 11.2 billion bushels, down nearly 500 million bushels. These supply numbers, if they occur should be price positive.

Corn Disappearance Corn use should remain fairly steady for the coming marketing year at about 9.88 billion bushels. I project feed use to be near year ago levels as the nations livestock herd remains near steady. Exports may drop slightly but still remain at a good pace. Domestic use should continue its steady rise and may get a nice upward nudge if fuel prices remain high calling forth more ethanol production.

Projected ending stocks may be near 1.33 billion bushels, down from 1.8 billion from the 2000 crop. This also should be price positive. The stocks-to-use ratio would be near 13.4 percent, the lowest since 1996.

Corn Prices Under the supply-demand situation laid out above, I would project 2001 crop cash prices received by farmers to be near \$2.40 per bushel. Seasonal movements may offer prices both above and below that level. Sound marketing this year can allow farmers to receive prices well above the average, especially if we see any form of weather market develop this summer.

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