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ACRE: A 2009 Recap and Looking Ahead for 2010
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While the final price component used to determine actual revenues for the ACRE program will not be finalized until the end of the marketing year, at this point we are able to estimate with reasonable accuracy the level of payments which will be generated in the state of Illinois for the 2009 crop year. As of April 9th, the Farm Service Agency (FSA) was reporting actual yield levels of 173, 46, and 55.4 bushels per acre for Illinois corn, soybeans, and wheat. Marketing year average price estimates obtained from farmdoc’s ACRE Payment Estimator FAST tool are $3.50 for corn, $9.54 for soybeans, and $4.92 for wheat. These price estimates are based on actual monthly prices received by U.S. producers through March, and futures prices less historical basis through the remainder of the marketing year for each crop.

At these price and yield levels, ACRE payments on Illinois corn acres will average approximately $30 per planted acre, while wheat payments will reach the $90 per planted acre limit implied by ACRE program payment rules. In contrast, no payment would be triggered on Illinois soybean acres. ACRE payments received by corn and wheat farms which were enrolled in the program for 2009 should more than make up for the 20 percent reduction in direct payments required for enrollment through the 2012 crop year. The payment estimates reported here are still subject to variation in the actual marketing year average price for each crop, and will also vary across enrolled farms based on their farm-level benchmark and actual yield levels for the 2009 crop year. Final marketing year prices and state-level payment rates will be reported by October 1st for corn and soybeans, and by July 1st for wheat.

The FSA recently released preliminary benchmark values for the 2010 ACRE program. The yield component of the ACRE revenue guarantee will be 170 bushels per acre for corn, 46.5 bushels per acre for soybeans, and 59.1 bushels per acre for wheat. The expected price components are $3.83, $9.71, and $5.84 per bushel for corn, soybeans, and wheat, respectively. The resulting ACRE revenue guarantees are $586 per acre for corn and $406 per acre for soybeans. The expected revenue guarantee for corn is $53 less than the revenue guarantee of $639 for the 2009 crop year. Similarly, the revenue guarantee for soybeans declined by $19 from the 2009 level. The 2010 revenue guarantee for wheat acres is estimated at $323 per acre, down $36 per acre from last year. The change in the revenue guarantee for wheat was determined by the ACRE program’s rule which limits changes in the revenue guarantee to 10 percent from the previous year’s level.

Futures markets for corn, soybeans, and wheat suggest that 2010/11 marketing year average prices will be greater than in the 2009/10 marketing year. ACRE program payments would not be triggered on corn and soybean acres in Illinois at these expected
price levels if trend yields are achieved in 2010. At current expected price levels a small ACRE payment on wheat acres could be triggered if trend yield levels are achieved in 2010. For those producers who are interested in enrolling farms currently covered under the counter-cyclical program, the ACRE enrollment deadline for the 2010 crop year is June 1st.