

**April 4, 2008****FEFO 08-07****Historic and Projected Corn versus Soybean Returns: Release of FBFM Corn and Soybean Results**

Financial data for 2007 have been summarized for farms enrolled in Illinois Farm Business Farm Management (FBFM) such that actual 2007 returns for corn and soybeans can be calculated. The 2007 returns, along with updated 2008 budgets, are reported in *Revenue and Costs for Corn, Soybeans, Wheat, and Double-Crop Soybeans, 2000 – 2007 Actual, 2008 Projected* available in the management section of farmdoc ([http://www.farmdoc.uiuc.edu/manage/corn\\_soybean\\_wheat\\_returns\\_costs.pdf](http://www.farmdoc.uiuc.edu/manage/corn_soybean_wheat_returns_costs.pdf)).

**Corn and Soybean Returns**

Table 1 summarizes the above publication by reporting operator and farmland returns for 2000 through 2007. Operator and farmland returns represent returns to both the farmer and landowner. Under a cash rent situation subtracting the cash rent from operator and farmland return gives the return to the farmer. Take a \$250 per acre operator and farmland return and a cash rent of \$160 per acre. In this case, the farmer has a return of \$90 per acre (\$250 operator and farmland return - \$160 cash rent). Returns are reported for northern Illinois, central Illinois, and southern Illinois. Central Illinois is further broken down into farms with high productivity and farms with low farmland.

As acreage decisions are made, the difference between corn and soybean returns are of particular interest. In recent years, the difference between corn and soybean returns have increased, indicating that corn has become more profitable than soybeans. In northern Illinois, for example, corn minus soybean return was \$31 in 2000, \$0 in 2001, \$21 in 2002, \$62 in 2003, \$46 in 2004, and \$5 in 2005 (see Panel A of Table 1). Between 2000 and 2005, corn minus soybean return averaged \$27 per acre. This difference widened to \$98 in 2006 and \$90 in 2007, considerably above the \$27 average between 2000 and 2005.

Projections for 2008 indicate that the differences between corn and soybean may be even wider than in 2006 and 2007. For northern Illinois, 2008 projections are based on projected yields of 179 bushels per acre for corn and 51 bushels per acre for soybeans, non-land costs of \$400 per acre for corn and \$251 for soybeans, and projected commodity prices of \$5.35 for corn and \$10.30 for soybeans. These prices reflect new crop bids in early April. Based on these yields, costs, and prices, corn is projected to \$289 per acre more profitable than soybeans (see Table 1). The \$289 exceeds differences in 2006 and 2007.

Corn is projected to be more profitable in all regions of Illinois. Corn minus soybean returns are projected at \$302 in central Illinois for farms with high productivity farmland, \$245 for central Illinois with low productivity farmland, and \$193 for southern Illinois (see Table 1).

**Summary**

Corn appears to be more profitable than soybeans in 2008 by wider margins than in recent years.

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**Table 1. Operator and Farmland Returns for Corn and Soybeans, Illinois Farm Business Farm Analysis Grain Farms, 2000 to 2008P.**

	Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008P	
<b>Panel A. Northern Illinois</b>										
	\$ per acre									
Corn Return <sup>1</sup>	150	147	142	207	229	152	270	444	587	
Soybean Return <sup>1</sup>	119	147	121	145	183	147	172	354	298	
Corn Minus Soybean Return <sup>2</sup>	31	0	21	62	46	5	98	90	289	
<b>Panel B. Central Illinois -- High Productivity Farmland</b>										
	\$ per acre									
Corn Return <sup>1</sup>	173	169	143	232	248	206	285	488	658	
Soybean Return <sup>1</sup>	143	157	149	173	211	182	202	393	356	
Corn Minus Soybean Return <sup>2</sup>	30	12	-6	59	37	24	83	95	302	
<b>Panel C. Central Illinois -- Low Productivity Farmland</b>										
	\$ per acre									
Corn Return <sup>1</sup>	156	138	147	162	193	138	259	436	556	
Soybean Return <sup>1</sup>	126	145	120	219	140	149	177	359	311	
Corn Minus Soybean Return <sup>2</sup>	30	-7	27	-57	53	-11	82	77	245	
<b>Panel D. Southern Illinois</b>										
	\$ per acre									
Corn Return <sup>1</sup>	135	110	19	141	203	110	174	277	460	
Soybean Return <sup>1</sup>	111	106	52	152	164	135	139	198	267	
Corn Minus Soybean Return <sup>2</sup>	24	4	-33	-11	39	-25	35	79	193	

<sup>1</sup> Represent Operator and Farmland Return. More detail on these returns are provided in Schmitkey, Gary, and Dale Lattz, *Revenue and Costs for Corn, Soybeans, Wheat and Double-Crop Soybeans, 2000 - 2007 Actual, 2008 Projected*. Department of Agricultural and Consumer Economics, University of Illinois. April 2008, available at [http://www.farmdoc.uiuc.edu/manage/corn\\_soybean\\_wheat\\_returns\\_costs.pdf](http://www.farmdoc.uiuc.edu/manage/corn_soybean_wheat_returns_costs.pdf)

<sup>2</sup> Equals corn return minus soybean return.

Source: Illinois Farm Business Farm Management and the Department of Agricultural and Consumer Economics, University of Illinois.

## Acknowledgments

Data used in this study comes from the local Farm Business Farm Management (FBFM) Associations across the State of Illinois. Without their cooperation, information as comprehensive and accurate as this would not be available for educational purposes. FBFM, which consists of 6,000 plus farmers and 60 professional field staff, is a not-for-profit organization available to all farm operators in Illinois. FBFM field staff provides on-farm counsel with computerized recordkeeping, farm financial management, business entity planning and income tax management. For more information, please contact the State FBFM Office located at the University of Illinois Department of Agricultural and Consumer Economics at 217-333-5511 or visit the FBFM website at [www.fbfm.org](http://www.fbfm.org).