



ILLINOIS FARM AND FOOD OUTLOOK

COLLEGE OF AGRICULTURE DEPARTMENT OF AGRICULTURAL ECONOMICS

Urbana, Illinois 61801

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PLANTING INTENTIONS BEARISH FOR CORN, REPORT ON GRAIN STOCKS NEXT

ON APRIL 13, THE USDA RELEASED THE RESULTS OF ITS APRIL 1 PLANTINGS SURVEY. The report showed that corn acreage will be reduced slightly from last year while soybeans will be planted on a record 63.7 million acres. Most market observers had correctly anticipated the soybean acreage, but the 80.2 million-acre figure for corn was higher than most estimates.

However, the market will not take this report very seriously since on April 1, farmers had not had time to react to the March 29 changes in the farm program. Any effect of the new program will show up in the form of reduced corn and soybean figures in the annual acreage survey to be released on June 30.

Compared to the January 1 report on planting intentions, the April 1 report showed that combined corn and soybean planting intentions are down 900 thousand acres. Sorghum, oats, and barley are down about 3 million acres from January 1. This suggests that some farmers may have incorporated their set-aside plans into their responses to the USDA's April 1 survey.

IMPLICATIONS FOR CORN PRICES. If the April 1 intended acreage for corn is actually planted, a corn crop of 6.1 billion bushels could be expected with average weather. We are currently using corn at an annual rate of about 6 billion bushels. So the outlook is somewhat bearish for corn prices, tempered by the uncertainty over what farmers will actually plant.

GRAIN STOCKS REPORT. On April 20, the USDA will release its estimates of April 1 grain stocks. As usual, the most closely watched figure will be the stocks of corn in all positions. April corn stocks have important implications for the rate of feed use and the ending carryover.

It looks as if we should have had 3.75 to 3.85 billion bushels of corn on hand as of April 1. This number was derived by subtracting estimates of January-March feed use, exports and food use from the January 1 stocks, which totalled 5.44 billion bushels. The estimate assumes that the January-March feed use was 1.16 billion bushels, up 8.5 percent from last year.

Surprises in the corn stocks are likely to be on the high side, reflecting the slow expansion in pork production. A stocks figure of greater than 3.9 billion bushels would certainly be bearish for corn prices.

The April 1 soybean stocks should total 865 to 875 million bushels. Weekly reports on soybean useage make it possible to calculate the April 1 bean stocks with a fair degree of accuracy. That part of the report rarely contains any surprises.

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