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ILLINOIS FARM AND FOOD OUTLOOK
COLLEGE OF AGRICULTURE
DEPARTMENT OF AGRICULTURAL ECONOMICS

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U.S. FARMERS INTEND TO PLANT MORE SOYBEANS, LESS CORN

ACCORDING TO USDA'S APRIL 1 REPORT ON PLANTING INTENTIONS, U.S. farmers intend to plant about 68.8 million acres of soybeans this spring, an increase of 4.8 million acres or 7.4 percent from last year. Corn-planting intentions were pegged at 79.2 million acres, compared to the 79.7 million acres that were planted a year ago.

In January, farmers intended to increase soybean plantings by only 2.2 million acres and to increase corn acreage by 1 million acres. A minor switch from corn to soybeans is now planned, even though the relative price of corn and soybeans did not change between January 1 and April 1. A major portion of the increase in planned soybean acreage is coming from land that was planted in other feed grains or was set aside last year. A substantial amount of the expansion is also outside of the Corn Belt.

Intentions to plant more soybeans reflect the fact that soybean prices during the January-March 1979 period averaged about \$1.20 per bushel higher than a year ago. By contrast, corn prices averaged only about 10 cents per bushel above the price during the same period last year.

Planting intentions for the major feed grains as of April 1 totaled 118.5 million acres, down 3.4 percent from last year. The acreage for all major crops, including fall-seeded crops, exceeds last year's plantings by nearly 8 million acres.

The largest increase in soybean planting intentions came in Minnesota--750 thousand acres, followed by Tennessee--470 thousand, Iowa--450 thousand, Alabama--400 thousand, Indiana--350 thousand, and Illinois--300 thousand. Illinois farmers intend to reduce their corn plantings by ~~300~~ thousand acres, the largest reduction of the major corn-producing states.

IMPLICATIONS FOR CORN. Taking the figures in the April 1 report on corn-planting intentions and projecting them indicates a harvested acreage (for grain) of about 68.9 million acres next fall. If the 1979 corn crop yields an average of 93 bushels per acre (the yield average was 101 bushels last year and the average is 88 bushels over the last 5 years), U.S. farmers would harvest 6.4 billion bushels this fall. Corn is being used currently at an annual rate of almost 6.8 billion bushels. Because of increasing livestock numbers and a continuing, strong export demand, the rate may increase to nearly 7 billion bushels during the 1979-80 marketing year.

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Under those circumstances, carryover stocks of corn would be significantly reduced next year and price strength could be expected. Corn prices might be expected to rise at least to the reserve release level of \$2.50 per bushel. Near-term price strength might be expected with a continuation of cool, wet weather or if a high rate of use is revealed in the April 23 report on grain stocks.

IMPLICATIONS FOR SOYBEANS. In recent years, a change in the planting intentions for soybeans from January to April has been followed by a further change in the same direction from April to the actual planting time. Soybean plantings in 1979 may exceed 68.8 million acres.

Using the April 1 planting intentions and the average soybean yield for the past 5 years, the 1979 soybean crop projects to 1.921 billion bushels, a 4 percent increase over 1978. Because carryover stocks will be smaller, 1979-80 soybean supplies would be only about 3 percent greater than in 1978. This is not a large increase. Rises of 21 and 7 percent occurred in 1977 and 1978, respectively. Those increases were absorbed at profitable prices to the farmer.

A smaller-than-expected soybean crop in the Southern Hemisphere and a continued, strong world demand for soybean products should prevent a major decline in soybean prices. Further strength is possible.

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