



WEEKLY OUTLOOK

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PLANTING INTENTIONS ARE LARGE

IN THE ABSENCE OF ANY SET-ASIDE PROGRAM FOR WHEAT OR FEED GRAINS, farmers intend to plant more acreage this spring than was planted a year ago. For corn, the planting intentions total 82 million acres, up 2 million acres from actual plantings a year ago. For all feed grains, the intentions total 120.1 million acres, an increase of 2.5 million acres from last year.

Farmers intend to plant 71.3 million acres of soybeans, down only slightly from last year's record of 71.6 million acres. At 22.6 million acres, the seeding intentions for spring wheat are up 3 million acres from last year. Cotton acreage is estimated at 14.8 million, compared to 14 million last year. Sunflower acreage is expected to total 4.5 million, down from last year's figure of 5.6 million acres.

Adding winter wheat and rye seedings to spring planting intentions brings the 1980 crop acreage to a total of 360.5 million. If these intentions materialize, the 1980 crop acreage will be the third largest in the last 40 years, exceeded only by those in 1945 and 1949. At 300 million acres, crop acreage excluding hay would be the largest in the past 40 years.

Illinois farmers intend to plant 11.15 million acres of corn, an increase of 300,000 acres from last year, and 9.5 million acres of soybeans, a reduction of 300,000 acres from last year. Corn acreage in Iowa is expected to exceed year-ago plantings by 400,000 acres. The planting intentions for soybeans are up by 200,000 acres. Compared to last year, Indiana farmers intend to switch 100,000 acres from soybeans to corn.

CORN PRICES. In spite of declining corn prices and rising costs of production, Midwestern farmers intend to plant more corn and fewer soybeans than a year ago. This switch was anticipated and reflects the high price of new-crop corn in relation to new-crop soybeans. Because of the current large supply of corn, prices are not likely to increase, at least until the 1980 crop prospects can be evaluated. The government actions to temporarily isolate corn from the market, either in the farmer-held reserve or by direct purchase, is the only factor supporting prices currently. Corn prices are still high relative to livestock prices.

The 1979 U.S. average corn yield was 109.4 bushels per acre. The case for higher corn prices rests on substantially lower yields in 1980. The anticipated acreage of 82 million points to about 72.7 million acres being harvested for grain.

At the current rate of use, a national average yield of 102 bushels per acre or more would add to carryover stocks next year. Allowing for some expansion in domestic food and industrial uses as well as exports of corn, an average yield of less than 105 bushels per acre would call for some of the corn currently held in reserve to be used. However, total supplies would not be tight unless the average yield is less than 93 bushels per acre. So cash corn prices are not likely to exceed the \$2.63 release level in 1980-81. The prices currently being offered for spring 1981 delivery are above that level in many parts of the Corn Belt.

SOYBEAN PRICES. Based on the current rate of use and April planting intentions, 1980-81 soybean supplies will be tight only if the national average yield declines to about 25 bushels per acre. Last year's average was 32.2 bushels per acre. The average for the past 3 years was 30.7 bushels per acre. Again, an average yield would hold down soybean prices through the end of the year. Because of the large carrying charge in the market, cash soybean prices for the spring of 1981 are about 20 percent higher than the current cash price.

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