



WEEKLY OUTLOOK

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MORE CORN ACREAGE, LESS IN SOYBEANS

THE USDA'S JUNE ESTIMATE PLACED THE 1980 CORN ACREAGE at 83.5 million; soybean acreage, at 70.3 million. For corn, this is an increase of 3.5 million acres from last year and about 1.5 million acres more than farmers said they intended to plant when surveyed on April 1. The soybean acreage is down 1.3 million acres from last year and is 1 million acres less than the total indicated in April. The harvested acreage is estimated at 73.5 million for corn as grain and 69.2 million for soybeans.

Illinois producers led the switch from soybeans to corn. Corn acreage is estimated at 11.4 million acres, 550 thousand more than last year. At 9.3 million acres, Illinois soybean plantings dropped by 500 thousand acres.

In contrast to the U.S. trend, farmers in Iowa, Nebraska, and North Carolina planted more soybeans than they did a year ago. Of all the major corn-producing states, only Georgia showed fewer acres of corn this year than last year.

The harvested acreage of winter wheat is expected to total 52.3 million, up from 43.6 million in 1979. The spring wheat harvest is expected to reach 21.2 million acres, compared to 19 million last year. Because of the dry weather in the spring wheat areas, however, the estimate is probably subject to more uncertainty than usual.

The planted acreage of feed grains, other than corn, was estimated at 37.3 million—down about 300 thousand acres from last year. The decrease reflects a sharp cut in the acreage of oats.

For all major crops (excluding hay), the estimate is 300 million acres. This exceeds the previous high of 296 million acres set in 1949.

A change from soybeans to corn compared to the April intentions figures was anticipated. However, the switch was somewhat larger than expected. Price direction will hinge primarily on weather conditions and crop development. Old-crop supplies are abundant. Let us examine the implications of alternate yield levels.

CORN. Our estimates suggest that corn consumption for the current year will total about 7.3 billion bushels. Expanding exports and increased food and industrial uses of corn should push consumption to about 7.55 billion bushels next year. Based on the June acreage estimate, then, next year's corn use will total about 103 bushels per acre. If the average yield is 103 bushels or higher for the nation,

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no reserve stocks would be needed and the prices would remain below the "release" level. Because 70 to 75 percent of the carryover stocks will be isolated from the market, an average yield of less than 100 bushels would be likely to push prices slightly above the "release" price (currently \$2.63 per bushel). A yield of less than 90 bushels per acre would result in prices approaching the "call" level (currently \$3.05 per bushel).

SOYBEANS. This year, soybean use will total about 2.08 billion bushels. The trend increase is expected to continue next year. Adding a modest 5 percent brings soybean use for 1980-81 to 2.18 billion bushels. Based on the June acreage report, an average yield of 29 bushels per acre nationwide would be required to maintain carryover stocks at 200 million bushels.

The first USDA estimate on corn yields will be released on July 11. The first estimate on soybean yields will be given in the August 11 report.

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