



WEEKLY OUTLOOK

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RAIN CONTINUES TO DELAY CORN PLANTING

HEAVY RAINFALL THROUGHOUT MUCH OF THE CORN BELT has delayed corn planting, particularly in the eastern Corn Belt. As of May 11, 15 percent of the crop was planted in Ohio. Last year 60 percent had been planted by that time; the average is 45 percent. In Indiana 15 percent had been planted, compared to 65 percent last year and 35 percent normally. Illinois farmers had reportedly planted 48 percent of the corn crop, well below last year's 84 percent and the average of 57 percent. Planting in western and northern Corn Belt areas has progressed at a normal rate.

The implications of delayed planting are not clear. Several analysts are suggesting that corn acreage will decline in favor of increased soybean planting. However, in the past farmers have usually been reluctant to switch from corn to soybeans when planting is delayed by rain. Planting progress was slow in 1973, but planted acreage exceeded March intentions by nearly one-half million acres. The wet spring of 1974 resulted in only a 1-million-acre reduction in plantings from March intentions. Although planting was a little late in 1978 and 1979, planted acreage was 1.4 million acres above April intentions in 1978 and 2.2 million acres higher in 1979.

The most important factor affecting changes in planting intentions is the relationship of corn prices to soybean prices. Since the March planting intentions survey was completed, corn and soybean price relationships have remained essentially unchanged. This suggests that farmers should carry out their March corn planting intentions if weather delays are not too severe.

How does a wet spring affect the corn yield? Over the past nine years the U.S. corn yield averaged 91.8 bushels per acre. There were small delays in planting because of rain in 1972, 1978, and 1979. Yields for those three years averaged 102.5 bushels per acre. Delays were severe in 1973 and 1974. However, the average yield in 1973 was 91.3 bushels per acre. In 1974 an early frost cut the average to only 71.9 bushels per acre. Planting progress was very rapid in 1975, 1976, 1977, and 1980. The average yield for those four years was 89 bushels per acre.

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The effect of delayed planting appears to depend on the severity of the delay. This year we are rapidly approaching the point where yield prospects will deteriorate. Because of current moisture conditions, not much planting progress will be made this week. If the weather clears soon, corn acreage will probably be near March intentions, but yields may fall short of record levels. The USDA's projection of 85 million acres planted to corn with an average yield of 103 bushels per acre may be optimistic considering current weather conditions.

Price Implications. Generally adequate moisture will affect prices for wheat and soybeans as well as for corn. Yield prospects for wheat are excellent. With the prospect of increased acreage, a record wheat crop should be harvested this year. Prices will continue to be under pressure through harvesttime. Soybean prices will also be pressured as the market anticipates a switch from corn to soybean planting in the Corn Belt as well as a significant increase in soybean planting following the wheat harvest. Corn prices should strengthen moderately.

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