



# WEEKLY OUTLOOK

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## JUNE REPORT REVEALS MORE CORN, LESS SOYBEAN ACREAGE

THE USDA'S JUNE ACREAGE REPORT, which was released on June 29, contained three mild surprises: the acreage of all planted crops increased, farmers switched from planting soybeans to corn, and the estimate of the acreage of harvested winter wheat was larger than expected. The estimate of planted acreage of all major crops, excluding hay, was 311.8 million acres, 2.7 million more acres than March intentions and 9.8 million acres more than were planted a year ago. Planted acreage is at a record high. Corn may total 84.7 million acres, an increase of 700,000 over March intentions and 570,000 over last year. Planted acreage of wheat is expected total 88.8 million acres, a 10 percent increase from last year.

Soybean estimates are 68.5 million acres, 1.3 million acres below the March estimate and 1.5 million acres less than a year ago. Harvested hay is expected to be 59.4 million acres, which is no real change from last year.

Major increases over a year ago in acreage planted to corn are projected for Iowa, Michigan, Minnesota, Wisconsin, and North Carolina. Acreage declines are projected for Illinois, Nebraska, Texas, and South Dakota. Of the major soybean producing states, only Illinois and Nebraska are expected to have expanded acreage. Major reductions are projected for Minnesota, Ohio, and the southeastern and delta states. However, because of the high rate of abandonment last year, harvested acreage in the southern states should not decline as much as planted acreage.

Compared with March planting intentions, corn acreage increased in Iowa, Kansas, Michigan, and Wisconsin, while decreases were reported in Nebraska, South Dakota, and Texas. Planted acreage of soybeans declined from March intentions in the southeastern and delta states and in Minnesota. More acres of soybeans should be planted in Illinois, Indiana, Missouri, and Nebraska.

Harvested corn was projected at 74.6 million acres, 1.5 million acres more than a year ago. Harvested soybeans were placed at 67.3 million acres,

500,000 less than a year ago. Harvested acreage as a percent of planted acreage is expected to be much higher than it was for last year's drought affected crops.

*Evaluation.* The June acreage report appears to support soybean prices and is somewhat bearish for corn. However, the surveys for the acreage report were taken early in the month. Because planting was late this year, the survey responses may have reflected intentions rather than actual plantings, so actual plantings could vary substantially from the June report. The planting delays in the eastern corn belt suggest that there may be less corn acreage and more soybean acreage than is currently estimated. In addition, the combined acreage of corn and soybeans may be lower than estimated. The late planting also suggests that harvested acreage as a percent of planted acreage may be lower.

Current conditions point to a 1981 corn crop of 7.2 to 7.3 billion bushels, rather than the 7.7 billion projected by the USDA. Carry-over stocks of corn could also be lower than the USDA estimates. The Grain Stocks Report for June showed a good rate of corn feeding during the April-May quarter. Unless exports decline badly, carry-over stocks could be as low as 750 million bushels.

The 1981 soybean crop should be about 1.95 billion bushels, and carry-over stocks will be lower than a year ago. Unless production prospects improve dramatically, corn and soybean prices can be expected to improve this summer.

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