



WEEKLY OUTLOOK

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SURPLUS CROPS MAY HAVE LITTLE EFFECT ON 1982 CORN-BELT PLANTINGS

DESPITE THE LARGE CARRYOVERS OF CORN AND SOYBEANS expected by the end of the 1981-82 marketing year, U.S. farmers have initially indicated their intention to plant as much as or more land to these crops this spring. The U.S. Prospective Plantings report released by the USDA on February 18 indicated that corn acreage may rise by less than 1 percent in 1982 to 84.74 million acres, while soybean acreage may rise by more than 2 percent to 69.54 million acres. It is not clear from these figures whether farmers included in their planting intentions the set-aside program announced on January 29, two days before the survey was conducted.

Interestingly, the increase in soybean acreage did not come at the expense of corn acreage, as some had believed. In fact, the major soybean acreage increases came in states such as Missouri (up to 420 thousand acres) and Nebraska (up to 250 thousand acres) where corn acreage is also indicated to be up from or the same as the 1981 actual acreages. However, Georgia and the Carolinas may have soybean acreage increases totaling over a half million acres that could be planted partially to offset a 675,000 acre decline in corn acreage.

In general, the Corn Belt states maintained or increased their prospective acreages of corn and soybeans relative to 1981. Only Indiana registered a potential soybean acreage decline of 3 percent. Other states decreasing corn or soybean plantings or both are located in the south or southeast. The potential production of corn and soybeans from these acreages is huge judging from last year's record or near-record level of crop production. However, even a five-year average yield on each of these crops on their prospective acreages may have little impact on the large levels of stocks. An average yield of 100.5 bushels per acre on 73.4 million acres of corn harvested for grain will produce a 7.4 billion bushel crop. Assuming the total use of corn will remain between 7.6 and 7.7 billion bushels, stocks may be reduced by only 200 million bushels or so, or about 10 percent.

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Soybean production in 1982 may again reach 2.0 billion bushels if we assume that 68.5 million acres are harvested and yield a 5-year average of 29.8 bushels per acre. This potential production is likely to keep even with demand at best, and add to stocks at worst.

Overall, planted acreage in the United States is indicated to stay almost unchanged at 370.4 million acres (up only one-half percent). This stability of total plantings lends some support to the argument that the available crop land in the United States is almost fully utilized. Thus, while surpluses of corn and soybeans may exist now, equally large levels of production in the future may be easily met by the demands of a growing world population.



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