



# WEEKLY OUTLOOK

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## PROSPECTIVE PLANTINGS SHOW SHARP DECLINES

THE USDA's PROSPECTIVE PLANTINGS SURVEY conducted at the beginning of February indicates that U.S. farmers will make significant cuts in both corn and soybean acreage in 1983. Farmers indicated that they plan to plant about 69.6 million acres of corn, down 15 percent from last year's 81.9 million acres. They intend to plant 68.8 million acres of soybeans, compared with 72.2 million last year.

Although these early acreage figures must be considered tentative, they do suggest that corn producers are responding favorably to the USDA's acreage reduction programs. None of the major producing states indicated an increase in corn acreage. The indicated cuts, on a percentage basis, are fairly uniform throughout the Corn Belt. Of the major Corn Belt states, the largest reductions are planned in Minnesota (down 22 percent), and the smallest in Wisconsin (down 13 percent). Illinois farmers plan to reduce corn plantings by 15 percent, and intentions in Iowa are down 17 percent. The smallest reductions are planned in Missouri (down only 5 percent) and the southeastern states (down 9 percent).

The reduction in soybean planting intentions (4.6 percent) was generally greater than anticipated. Pre-report guesses estimated intentions of approximately 71 million acres, or a cut of less than 2 percent. In fact, the seven largest soybean producing states (accounting for 60 percent of the acreage last year) plan to reduce acreage on an average of only 2 percent. Intentions in Iowa and Minnesota are unchanged from last year's plantings. Planned acreage in Illinois is down only 1 percent from a year ago.

The largest cut in soybean acreage is expected in Texas, where intentions are down by 600,000 acres, or 60 percent from last year. Acreage was large there a year ago because hail-damaged cotton was replanted to soybeans. The reduction in soybean acreage in other states may be associated with smaller plantings of soft winter wheat and less opportunity for double cropping. States with significant soft winter wheat acreage indicated that soybean acreage would be reduced by a total of 2.8 million acres.

If planted acreage of corn is near the 69.6 million indicated in this report, acreage harvested for grain will be near 61 million acres. The yield potential will be high

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in 1983 because most of the lower yielding acres will be idled. However, growing conditions have been extremely good for the past two seasons. More "normal" weather in combination with a higher average quality of planted acreage might result in an average yield close to the 115 bushels of this past year. At this time, then, the corn production potential for 1983 is around 7 billion bushels, compared with 8.4 billion last year. Such a crop would result in reductions of 500 to 600 million bushels in the corn surplus. However, if farmers carry through with their intentions to participate in government acreage reduction programs, a large percentage of the crop will be eligible for the loan and reserve programs. Market prices during 1983-84 should be supported at or above government support prices.

Soybean planting intentions point to harvested acreage of about 67.4 million acres. The potential average yield will be supported by the fact that planned acreage cuts are greatest in those areas with lower average yields, particularly for double-cropped beans. Normal weather could produce a repeat of 1982's average yield of 32 bushels per acre. If so, next year's crop would total about 2.16 billion bushels. The total supply of soybeans would be 2.55 billion bushels, almost unchanged from 1982. A crop in excess of 2.1 billion would not support 1983 prices above the level currently being offered for that crop.

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