



WEEKLY OUTLOOK

Department of Agricultural Economics
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PLANTED ACREAGE ESTIMATES UPDATED

REVISED ESTIMATES OF PLANTED ACREAGE of the major crops were released last week by the USDA. The combined acreage of all of the major crops included in the report is expected to total 263.2 million acres, down 45.5 million acres, or 14.7 percent from last year, and 1.5 percent less than indicated in last month's *Prospective Plantings* report.

Planted acreage of crops included in the acreage reduction and payment-in-kind programs (wheat, feedgrains, cotton, and rice) is down 342 million acres, or 15.3 percent. However, some of that planted acreage, particularly for oats, is for conservation use. Harvested acreage of these program crops is expected to be reduced by 46 million acres, or 23 percent from last year. Harvested acreage of all major crops is expected to be down by 57.2 million acres, or 20.4 percent from last year.

Regardless of how acreage reductions are measured, the cut has been large. However, the reductions fall well short of the 83 million acres which were designated for conservation use under the acreage reduction and payment-in-kind programs.

Planted acreage of corn is estimated at 60.1 million acres, down from last year's 81.9 million acres, but 1.3 million acres more than indicated last month. Acreage of corn to be harvested for grain is expected to total 52.46 million acres, 20.7 million less than a year ago.

The size of the 1983 corn crop will be determined by growing conditions for the remainder of the summer; weather during the pollination period will be especially important. It is difficult to make yield predictions at this juncture. However, it is important to note that the majority of the reduction in corn acreage has occurred in the traditionally high-yielding acres of the Corn Belt. While the poorer land in these areas may have been taken out of production, the whole base PIK idled some very productive land. Growing conditions will have to be exceptionally good for the U.S. average yield to exceed last year's average of 115 bushels per acre.

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A corn crop near 6 billion bushels seems most likely at this time. A crop of this size, along with PIK payments of 1.8 billion bushels, would result in ample free market supplies. Under such conditions, the average price of corn during the 1983-84 crop year would be supported by the Commodity Credit Corporation loan program and should average between \$2.70 and \$2.80 per bushel.

Planted acreage of soybeans is estimated at 63.3 million, down from 72.2 million last year and 2.5 million less than indicated last month. Harvested acreage is expected to total 62.2 million acres, down from 70.8 million last year. The cut in soybean acreage is fairly evenly distributed between high- and low-yielding states.

Based on the estimate of harvested acreage, a record yield will be required in 1983 to produce a crop in excess of 2 billion bushels. A 2 billion bushel crop would result in a significant cut in soybean stocks next year. Soybean meal prices would be fully competitive with corn prices near the loan level. With soybean oil near 20 cents per pound, soybeans at the farm would be worth between \$6.25 and \$6.50 next year.

Conclusion. New crop corn prices are only marginally above the loan support level, and soybean prices are low relative to corn prices. For those corn producers who are eligible for the CCC loan program, downside price risk on next year's production is small. Better forward pricing opportunities for corn and soybeans will likely occur before harvest.

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