



WEEKLY OUTLOOK

Department of Agricultural Economics
College of Agriculture
University of Illinois at Urbana-Champaign

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PROSPECTIVE PLANTINGS REPORT

THE USDA RELEASED A PROSPECTIVE PLANTINGS REPORT on February 16. This report reflected the results of a farmer survey taken approximately the first of the month. The survey indicates that the combined acreage of all major crops will rebound sharply from 1983 when the payment-in-kind program was in effect. The planted acreage of all major crops, including fall-seeded grains and prospective hay acreage, is estimated at 355.8 million acres, up 13 percent from last year's 316 million acres. However, about 17 million of last year's reported acreage was for conservation use. The increase in planted acreage for harvest, then, is about 19 percent.

The combined acreage of all crops planted or intended to be planted is smaller than expected. In 1982, for example, planted acreage of the same crops totaled 368.7 million acres, 12.9 million more than 1984 intentions. Part of the difference may be attributed to higher rates of participation in set-aside programs planned for 1984, as compared with 1982. In 1982, however, participation in similar programs removed an estimated 10 million acres from production. It is unlikely that the increase in participation this year would take an additional 12.9 million acres out of production.

It may be that producers are planning to retire some cropland. There are indications that some marginal land placed in conservation use last year will remain uncultivated. New crop prices do not encourage fence-row-to-fence-row planting. Increases in new crop prices could result in actual plantings exceeding the current planting intentions, however.

Planted intentions for corn are estimated at 81.766 million acres, 36 percent above last year's plantings, but almost identical to planted acreage in 1982. Producers in Illinois intend to plant 11.7 million acres of corn, 3.5 million more than last year and 0.1 million more than in 1982.

If planted acreage of corn is near current intentions, about 72.8 million acres will be harvested for grain. Yields near the high levels of 1979, 1981, and 1982 would produce a crop near 8.0 billion bushels. Such a crop would be 500 to 600 million bushels more than could be used. If an 8.0 billion bushel crop materializes, new crop corn prices might be expected to decline 25 cents from the current

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level. Such a decline would not be expected until such a large crop is confirmed late in the summer. In the meantime, new crop prices should be very sensitive to weather conditions during the planting and growing season.

Soybean producers intend to plant 65.24 million acres in 1984, only 3 percent more than last year and almost 9 percent less than 2 years ago. These intentions are 3 to 4 million acres less than expected and project to harvested acreage of only 63.9 million. Even with an above average yield of 31 bushels per acre, the 1984 soybean crop would be less than 2 billion bushels. Soybean use has exceeded 2 billion bushels in 3 of the past 4 years.

If the total planted acreage increases from February intentions, it is most likely to show up in soybeans. A higher level of participation in the feed-grain program may result in planted acreage of corn being slightly below intentions. November soybean futures, at \$7.11, are within 60 cents of the contract high. Some pricing of new crop soybeans should be considered.

Darrel Good

Issued by *Darrel Good*, Extension Specialist, Prices and Outlook

Cooperative Extension Service
United States Department of Agriculture
University of Illinois
At Urbana-Champaign
Urbana, Illinois 61801

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