



WEEKLY OUTLOOK

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

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CORN PLANTING OFF TO A SLOW START

ATTENTION IN THE CORN MARKET IS INCREASINGLY changing from old-crop to new-crop conditions. The April 1 stocks report showed more corn than expected, and the market generally believes that the rationing of last year's small crop has been accomplished, even though supplies will be very tight. That tight supply situation, along with the delays in planting the 1984 crop, have directed the market's focus to the potential size of the 1984 crop.

The slow start in getting the 1984 crop planted needs to be evaluated from two standpoints--the implications for the magnitude of planted acreage and the implications for yield. Recent history of late corn planting provides some perspective on these two factors.

In Illinois, for example, data for the past 12 seasons reveal that, on the average, half of the crop has been planted by mid-May; three-quarters of the crop has been planted by the end of the third week of May; and planting has been completed by the end of the first week of June. In six of those 12 years, the corn crop was planted later than average. Those years included 1973, 1974, 1978, 1979, 1981, and 1983. Except for 1973, planting was late in most states in those years.

In five of those six years, planted acreage of corn, nationally, exceeded farmers' first intentions as reported in the USDA's *Prospective Plantings* report. The only exception was 1974 when planting delays were severe. In that year, planting did not reach the three-quarters level until the first week of June. Even then, the reduction was only one percent.

In Illinois, planted acreage of corn was less than intentions in three of the six years. Those years included 1973, 1974, and 1983. The reduction in 1973 was less than 1 percent, and the reduction in 1983 was associated with the payment-in-kind program, not late planting.

This past February, the USDA reported that corn producers intended to plant 81.8 million acres of corn this spring. Participation in the set-aside program may be somewhat greater than indicated at that time. However, past history suggests that corn acreage will not likely decline from those intentions unless planting in

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the Corn Belt is delayed until very late in May. The next USDA Acreage report is scheduled for June 29.

The yield implication of late corn planting is a little more difficult to evaluate because of the extreme variability in yields over the past 12 years. In addition, there has been an underlying trend increase in yields over that period. In 1973, national yields and Illinois yields were consistent with the average for that time period. The late planted crop of 1974 was damaged by a dry summer and an early frost, resulting in the lowest yields of the past 20 years. Yields in 1978, 1979, and 1981 each established new records. The late planted crop of 1983 was followed by a severe drought, resulting in the lowest acreage yield since 1974.

The evidence is somewhat mixed. The conclusion seems to be that in years when corn planting is delayed by only 7 to 10 days because of too much moisture, yields are likely to be average or better if the remainder of the growing season is normal. Yields are determined in July, not in May.

What of 1984? Current corn planting delays will probably not result in any significant reduction in corn acreage. Current new-crop prices are higher than will likely be available this fall, if the growing season is normal. However, new-crop prices are not expected to drop significantly until a large 1984 crop becomes apparent. The low level of old-crop inventories will force the market to be very sensitive to production prospects. The expected price volatility should provide good forward-pricing opportunities.

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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