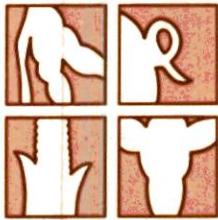




Cooperative
Extension Service
University of Illinois
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WEEKLY OUTLOOK

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

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ANOTHER LOOK AT SOYBEAN ACREAGE

As reported three weeks ago, soybean planting intentions for 1987 totaled only 56.9 million acres, 4.6 million acres less than planted last year and 14.8 million acres less than the peak plantings of 1979. This being the case, it seems appropriate to review the recent history of soybean acreage and some of the factors behind the changes.

Soybean acreage in the U.S. grew rapidly from the mid-1960s through the 1970s. The expansion reflected a number of factors, but two stand out as being most important. First, surplus production of corn, wheat, and cotton resulted in commodity programs that restricted the acreage of those crops. Soybeans were planted on acreage that might have been idled. The second and dominant factor was the rapid growth in the market for soybean products. Initially, soybean oil and meal were inferior products in relation to substitutes. The low prices of these products generated technological improvements that led to market acceptance.

The expansion in soybean acreage occurred in all production regions of the country but was generally greater outside of the Corn Belt states. By 1979, the mid-South and Southeastern states accounted for 37.6 percent of the soybean acreage.

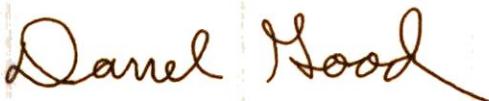
The growth in soybean acreage since 1963 occurred in roughly three stages. Acreage expanded from about 30 million acres in 1963 and 1964 to 42 million acres in 1968. Growing stocks and low prices resulted in a leveling of acreage from 1968 through 1972. Sharply higher prices and increasing world demand pushed soybean plantings to nearly 57 million acres in 1973. By 1976, plantings had declined to 50 million acres as corn and wheat acreage reached the highest levels since 1949.

The small crop and strong export demand of 1976-77 initiated the third growth phase for soybean acreage. Plantings grew from 50 million acres in 1976 to 71 million acres in 1979. Acreage varied from 68 to 70 million acres from 1980 through 1984 (with the exception of 1983, when plantings declined to 64 million acres). Acreage declined by 4.7 million in 1985, 1.6 million in 1986, and 4.6 million in 1987 (intentions). These declines reflect the increasing surpluses and low prices of soybeans since late 1984. The average monthly price of soybeans has been below \$6.00 per bushel since December 1984.

Since the 1979 peak in soybean acreage, the greatest declines in acreage have been in the mid-South and Southeast. If intentions for 1987 materialize, those two areas will account for only 23.8 percent of the acreage, compared with 37.6 percent in 1979. Plantings will have declined by 13.3 million acres in those two regions. However soybean acreage in the Corn Belt has been much more stable. Intentions for 1987 plantings in Illinois, Iowa, Indiana, Ohio, and Missouri total 29.85 million acres, compared with 32.5 million acres in 1979. Those five states will account for 52.5 percent of the acreage, compared with 45.4 percent in 1979.

What happened to the acreage taken out of soybean production in the South? As an example, consider the states of Arkansas, Georgia, Louisiana, Mississippi, North Carolina, and Tennessee. Soybean acreage in those states in 1986 was 7.2 million acres less than in 1979. During that same period, the acreage of other major crops (corn, sorghum, oats, rye, wheat, rice, cotton, peanuts, and hay) increased by 3.0 million acres. The majority of that increase was in wheat, sorghum, and corn. Acreage of peanuts, cotton, and hay was up marginally while acreage of rye, rice, and oats declined slightly. The preceding tally leaves 4.2 million acres in the six states unaccounted for and presumed idled. That acreage represents more than 10 percent of the acreage planted to the ten major crops in those six states in 1979.

The reduction in soybean acreage over the past seven years has been in response to market conditions. The change implies that (1) low prices will result in the idling of productive land and (2) reduction in acreage occurs more rapidly in marginally productive areas. The implications are significant as policy for other commodities moves more in the direction of market orientation.



Issued by
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