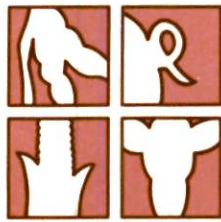




Cooperative
Extension Service
University of Illinois
at Urbana-Champaign



WEEKLY OUTLOOK

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

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ENROLLMENT IN ACREAGE LIMITATION PROGRAMS NEAR EXPECTATIONS

Preliminary figures indicate that 187.8 million acres, 83.4 percent of the eligible acres, are enrolled in 1988 acreage limitation programs. This figure compares to 195.9 million acres, 86.5 percent of the eligible acres, in 1987. These annual programs are expected to idle 54.2 million acres of cropland, compared to 59.9 million idled acres last year. Crops included in these annual programs are corn, sorghum, barley, oats, wheat, cotton, and rice. Following is a summary of program participation rates for corn, other feed grains, and wheat.

Corn. The national corn base acreage is estimated at 83.4 million acres. In 1988, 72.5 million acres--86.9 percent--are enrolled in annual acreage limitation programs. That figure is down slightly from 73.2 million acres in 1987. Participation exceeds 90 percent of the eligible acres in Illinois, Iowa, Minnesota, Nebraska, North Dakota, and South Dakota.

Participants in the program must idle 20 percent of their base corn acreage to be eligible for benefits from loans or target prices of the Commodity Credit Corporation (CCC). This program, then, will idle 14.6 million acres of the corn base in 1988. In addition, corn producers could idle an additional 10 percent of their base acreage in return for a direct payment of \$1.75 per bushel of normal yield on those acres. Only 44 percent of the base acreage enrolled in the 20 percent reduction program are also enrolled in the 10 percent paid diversion program. That paid diversion program will idle nearly 3.2 million acres of the corn base in 1988.

Finally, corn producers could choose to idle either half or all of their corn base in return for receiving 92 percent of the estimated deficiency payments of the 1988 crop (0/92 or 50/92). That deficiency payment has been estimated at \$1.10 per bushel. Participation in that program is expected to idle 3 million acres of the corn base in 1988. The three programs are expected to idle 20.9 million acres of the corn base, compared to 23 million in 1987. The 1988 corn base, however, is estimated to be 1.9 million acres larger than it was in 1987. On the surface, this report suggests that planted acreage of corn in 1988 could exceed 1987 plantings by 4 million acres rather than the 1.2 million indicated in March.

Other Feed Grains. Acreage limitation programs for the other feed grains (sorghum, barley, and oats) are the same as that for corn, except that participants in the program for oats are required to reduce their base acreage by only 5 percent, and there is no paid diversion program for oats. These differences reflect the small supply of oats. The national acreage base is 17 million acres for sorghum, 12.6 million acres for barley, and 8 million acres for oats. Participation totaled 81.3 percent of the sorghum base acreage, 78.3 percent of the barley base, and 30.2 percent of the oat base. Participation in 1987 was 84.3, 84.3, and 44.6 percent, respectively. Even though the rate of participation is lower than it was a year ago, acreage idled

under the three programs is expected to be near the level of a year ago: 7.3 million acres, compared to 7.7 million acres in 1987.

Wheat. The national wheat base is estimated at 85.3 million acres, compared to 87.6 million acres in 1987. The reduction reflects base acreage lost to the Conservation Reserve Program. In 1988, 72.6 million acres--85.2 percent of the base--are enrolled in acreage reduction programs. Participants are required to idle 27.5 percent of their base in order to be eligible for benefits from CCC loans and target prices. That program is expected to idle 19.4 million acres of the wheat base in 1988. Wheat producers were also eligible for the 0/92 and 50/92 programs. Participation in that program idled an additional 3.4 million acres, for a total of 22.8 million acres. That is one million fewer acres than idled in 1987.

In addition to the 54.2 million acres of cropland idled under annual programs, an estimated 24 million acres have been enrolled in the 10-year Conservation Reserve Program. That program is targeted to idle between 40 million and 45 million acres by 1990. The large amount of idled acreage makes weather an even more important market factor in 1988.



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