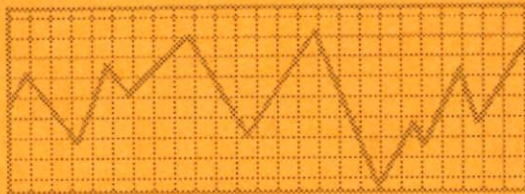




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WEEKLY OUTLOOK

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LATE CORN PLANTING - WHAT DOES IT MEAN?

Excessive moisture has delayed corn planting in parts of the Midwest, particularly in Missouri, Kentucky, southern Illinois, and southern Indiana. Two important questions arise from late corn planting -- Will producers reduce corn acreage in favor of other crops? and How will average yields be affected? A look at history might provide some insight into both of these questions. Some recent experience in Illinois is examined here.

Corn planting in Illinois was delayed to some extent in 5 of the past 18 years. In each of those years, less than 50 percent of the corn was planted by mid-May and less than 90 percent was planted by the first reporting date in June. In order of severity of lateness, those years were 1974, 1978, 1973, 1981 and 1984. Planting progress through mid-May this year was estimated at 65 percent, well above the rate of progress in the previous years defined as late. Very little planting, however, has occurred since mid-May and delays will apparently extend for another week or so.

In 4 of the 5 years of late corn planting in Illinois, planted acreage was below intentions as reported in February, March, or April. The largest decline was the 750,000 acre reduction (7 percent) in 1974. Surprisingly, the second largest reduction (500,000 acres or 4 percent) was in 1984, the year of the least planting delays. Nationally, corn acreage was below intentions in only 2 of the 5 years - 1974 and 1984. The reduction was only 1.5 percent in each of those years.

In March of this year, producers reported intentions to plant 74.8 million acres of corn. It is unlikely that planting delays have been severe enough to result in a reduction from those intentions. The most severe delays are in southern growing areas where producers will continue to plant corn well into June. Preliminary figures released on May 18 indicated that participation in the USDA's 1990 acreage reduction program for corn accounted for 76.1 percent of the base acreage. Participation last year accounted for 79.5 percent of the base. Corn planting may exceed March intentions if weather permits planting to resume in the near future. It is unlikely, however, that planting will exceed intentions by the 1 to 1.5 million acres forecast by some analysts. The next USDA acreage report will be released on June 28.

The yield implication of late corn planting is more difficult to evaluate because of the extreme variability in yields over the past 18 years. In addition, there has been an underlying trend increase in yields over that period. Since 1972, the trend increase in yield has been about 1.6 bushels per acre per year.

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 extremely early frost, resulting in the lowest yields of the past 25 years. The average yield in Illinois in 1978 was the second highest to date and the average in 1981 equalled the previous record established in 1979. Nationally, average yields reached a new high in 1978. In 1981, the national average yield was very close to the previous record yield of 1979. Average yields in 1984, both in Illinois and nationally, were well below the previous highs but about equal to trend yields. Dry summer weather adversely affected the crop in some areas that year.

The yield evidence is somewhat mixed. The conclusion seems to be that in years of moderate planting delays because of too much moisture yields are likely to be quite good if the remainder of the growing season is normal. That is, adequate moisture more than compensates for the effects of late planting. Yields are still largely determined in July.

What of 1990? Current 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 remainder of the growing season is favorable. However, new crop prices are not expected to drop significantly and not until a large 1990 crop is confirmed. The high rate of corn use and the low level of old crop inventories will force the market to be very sensitive to production prospects.

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