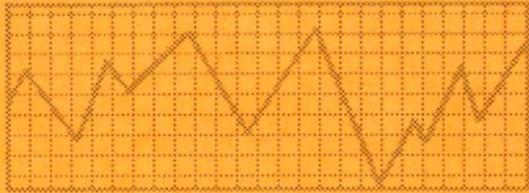


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# WEEKLY OUTLOOK



A joint publication of the Departments of Agricultural Economics, Colleges of Agriculture of Purdue University, West Lafayette, Indiana, and the University of Illinois at Urbana-Champaign

June 13, 1990

## PLANTING DELAYS - CONCERN BUT NOT PANIC

**Persistent wet weather** in some parts of the southern Midwest has resulted in significant planting delays. Weekly reports indicate the most serious delays in corn and soybean planting have occurred in Missouri, Kentucky, and the southern parts of Illinois, Indiana and Ohio. The slow planting progress is most threatening to the corn crop. Reduced acreage and lower yields are possible. The relatively low level of corn inventories and excellent demand magnify the implications of a potential shortfall in production.

Market reaction to late plantings has been modest in comparison to the reaction to the dry conditions of 1988, even though inventories of corn were much larger two years ago. Clearly, wet weather is not as threatening to the crop as dry weather. Where the crop has been planted and where soil moisture has been short, the moisture is potentially very beneficial. The market, for the most part, has been willing to take a wait-and-see attitude. The rainy pattern of early last week, however, intensified the concerns about the corn crop. New crop futures were pushed to new highs on Friday.

Late last week, WILL radio station in Urbana, Illinois, made telephone contact with a number of county Extension agents and statisticians with the Agricultural Statistical Service in those states experiencing the most significant planting delays. For the most part, the officials contacted remained optimistic about both planting and yield prospects. That optimism was partly in response to the forecast of a week of warm, dry weather. The optimism also stemmed from previous experiences with wet springs.

The most common opinion expressed about corn planting is that many producers in the southern growing areas will continue to try to plant corn until about June 20. Some producers, however, have already made plans to switch to other crops. If not restricted by previous applications of fertilizer or herbicides, soybeans will likely be planted on most of the acres not able to be planted to corn. Some planting of milo will occur, but will be limited by lack of markets and lack of experience on the part of some producers. Some acreage will not get planted to any crops because of flooding. Double cropping of

soybeans after wheat harvest will be very popular because of the adequate moisture situation. Expectations about planting decisions, for the most part, are consistent with the patterns of previous years of delayed planting due to excess moisture.

The extremely wet weather of the past few weeks has resulted in some deterioration of the condition of the soft red winter wheat crop. Infestation of a number of diseases will likely reduce the quality as well as yield of that crop. The overall impact of wet weather on wheat production is more difficult to evaluate. Some areas may experience near record yields because of adequate moisture and lack of disease problems. Prospects for the spring wheat crop have improved dramatically in recent weeks.

Concerns about the impact of weather on the size of the 1990 crops may persist into the summer months. The recent formation of a high pressure system over the center of the country is bringing welcome relief from excessive moisture. Some climatologists expect that pattern to bring excessive heat and dryness in July and August. That pattern would be similar to 1974. The growing season that year was climaxed with an early killing frost.

Markets could be very volatile into the fall of the year, with corn prices likely to be the most volatile. Marketing decisions will be difficult for producers, especially for those experiencing planting delays and significant production uncertainty. Some producers have or are considering the cancellation of previous sales. This is the type of market environment in which producer may want to investigate the use of options. Premiums may appear high due to increased volatility and the time value involved. Those premiums are not large, however, in comparison to the potential price changes that could occur over the next several weeks. Corn producers may want to consider the use of September rather than December options as a way to reduce the premiums slightly.

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