

WEEKLY OUTLOOK

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LARGER CROP ACREAGES EXPECTED IN 1991

A special USDA survey indicated farmers intend to boost corn plantings 4 percent this spring to a 6 year high of 77.5 million acres, 3.3 million larger than last year. Sorghum planted acreage was pegged at 12.5 million acres, 2 million or 19 percent larger than last year. Barley at 9.1 million acres and oats at 6.8 million acres were both about .8 million acres larger. While the corn acreage was at the high end of trade expectations, the increase in oats, sorghum and barley adds another 4 million feedgrain acres. Soybean plantings are expected to rise 1 percent to 58.5 million acres, about 700,000 acres more than last year. This was in line with expectations, but a similar increase in sunflower production could be negative to price prospects. The survey covered nearly 19,000 operators in the major crop producing states.

Wheat was the only crop to show a decline from last year. Total wheat plantings for 1991 harvest, including winter wheat planted last fall and spring-planted varieties, were forecast at 68.6 million acres, down 11 percent from last year. Winter wheat, at 51 million acres was down 10 percent. Durum wheat, at 3.6 million acres, was about the same as a year earlier. Spring wheat, at 14 million acres, was 14 percent smaller.

Many things can occur which would cause the actual 1991 plantings to differ from these early intentions. More farmers may decide to participate in the government feedgrain program. Changes in market conditions prior to planting and the spring weather during planting time are the major variables that may cause changes. The normal spring planting intentions report will be published March 28 and will contain state and regional estimates. Sign-up for the feedgrain program is scheduled to begin March 4 and continue through April 26 at the county ASCS offices.

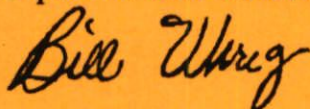
No official estimates of production are available. The USDA's first estimate of 1991 winter wheat production will be issued May 9, and estimates for all classes of wheat will be available on July 11. The first corn and soybean production estimates will be released August 12. However, the acreage estimates provide a base to start looking at production possibilities.

Based on this preliminary report, 1991 corn harvested acreage could be in the 68-70 million acre range. With corn usage running over 8 billion bushels, U.S. average yields would have to be 115-118 bushels per acre to prevent a reduction in usage and/or corn carryover stocks in 1992. Conversely, a trend yield of 120 bushels per acre could add 200-500 million bushels to the production estimate.

Harvested soybean acreage is expected to be 57.3 million acres, up about 1.5 percent. With the large soybean carryover, 1991 U.S. average yields could drop to 30 bushels per acre without causing a tight supply situation.

The estimate of Brazilian soybean production was lowered 15 million bushels to 645 million. The estimate of the 1990 Brazilian soybean crop was increased 25 million bushels to 735 million. This places the 1991 crop at 88 percent of last year. Argentine production estimates were left at 380 million bushels for soybeans and 270 million bushels for corn. The estimate of Soviet grain production was left unchanged, but their corn import estimate was lowered by 20 million bushels.

The immediate impact of the larger estimates for 1991 acreage is negative because they are larger than expected and have potential for boosting production. However, corn carryover, at under 1.3 billion bushels, is not burdensome. The Brazilian soybean crop is still subject to further changes. Look for opportunities to sell soybeans during the next 2-3 months. Expect to hold corn into early summer for best prices.



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