



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

July 1, 1991

CORN AND SOYBEAN ACREAGE HIGHER THAN EXPECTED

The USDA's *Acreage* report released on June 27 revealed more acres of most crops than anticipated by the market. Planted acreage of all the major crops is estimated at 261.3 million acres, 3.3 million acres above intentions reported in March, but 1.5 million acres less than planted last year. Including acreage of hay, crop acreage is about equal to that of a year ago. The combination of planted acreage plus idled acreage as estimated in May, is up between 2 and 2.5 million acres. The magnitude is a little difficult to calculate due to double counting of idled acres and planted acres of some crops, particularly oats.

Soybean acreage is estimated at 59.775 million acres, 2.66 million acres above intentions reported in March and 1.98 million acres more than planted last year. Compared with March intentions, soybean acreage is up in Illinois, Iowa, Minnesota, Mississippi, Missouri, Ohio, and South Dakota. Only Kansas showed a significant reduction from intentions. The increase in Iowa, Minnesota, and Missouri reflected the late planting and switch away from corn acreage. The increase in the Eastern Corn Belt and the Southeast may reflect an increase in double cropping following the early wheat harvest. The magnitude of planted acreage exceeded the average trade estimate by 2.1 million acres.

Planted acreage of corn is estimated at 75.9 million, 215,000 acres below March intentions, but 1.74 million acres more than was planted in 1990. As expected, acreage fell short of intentions in Iowa, Minnesota, and Missouri due to the rain delayed planting. Not expected was the increase in acreage in Illinois, Nebraska, and Texas. The acreage figure exceeded the average trade estimate by 740,000 acres.

Acreage of spring wheat (including durum) is estimated at 18.98 million acres, 693,000 acres above intentions, but 1.3 million acres less than planted last year. Cotton acreage is pegged at 14.19 million acres, 459,000 above intentions and 1.845 million more than planted last year.

The *Acreage* report is not completely consistent with reports of some acreage not being planted at all in Iowa, Minnesota, Missouri, and the Delta states. The survey for this report was conducted in early June and may reflect some intentions to plant that did not materialize. It is also unclear as to whether or not this report fully reflected double-cropping intentions. Double cropping has been very popular due to the early soft red winter wheat harvest.

The acreage figures for corn and soybeans, the rapid development of the crop, and the forecast for favorable weather in the Midwest all point to large corn and soybean crops. The corn crop could easily reach 8.2 billion bushels, while soybean production potential may now be approaching 2 billion bushels.

The June *Grain Stocks* report showed June 1 inventories of corn of 2.992 billion bushels, 150 million bushels above the level of stocks a year ago and about 80 million above the average trade estimate. The large stocks figure implies that feed and residual use of corn totaled only 980 million bushels in the March-May quarter. That figure is 24 million bushels less than use during the same quarter last year. Use during the first half of the marketing year was 217 million bushels larger than use of a year ago. If feed and residual use of corn is to reach the USDA's projection for the year of 4.85 billion bushels, use during the summer quarter will have to reach 846 million bushels, 31 percent above the use of a year ago and near the record use in 1988.

June 1 soybean stocks totaled 724 million bushels, 128 million bushels larger than stocks of a year ago, but equal to the average trade estimate. June 1 stocks of wheat were estimated at 865 million bushels, just 9 million bushels above the USDA projection.

Corn and soybean prices declined to new lows on the basis of the *Acreage* report. Soybean prices dropped to the lowest level since 1987 and corn prices were only 10 cents above last year's low. The seasonal lows will apparently occur early this year. Prospects of above normal temperature should provide some support for prices, but will not likely produce a sustained rally.

Darrel Good

Issued by Darrel Good
Extension Specialist
University of Illinois

Cooperative Extension Service
United States Department of Agriculture
University of Illinois
At Urbana-Champaign
Urbana, Illinois 61801