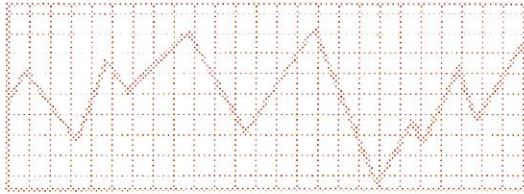




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WEEKLY OUTLOOK

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WHERE DID THE ACREAGE GO?

The USDA's *Prospective Plantings* report appears to have underestimated acreage to be planted in 1992. Intentions for the major crops show 1992 planted acreage at 261.438 million acres, almost identical to last year's plantings of 261.506 million acres. (These totals include only oats intended for harvest.) If acreage intended for harvest as hay is included, total intentions are 1.923 million acres less than planted/harvested in 1991. On the surface, an increase in total acreage should be expected due to the reduction in idled acres required under the acreage reduction programs.

The acreage reduction requirement for feed grains has been reduced from 7.5 percent of the base acreage in 1991 to 5 percent in 1992. If the rate of participation in these programs is the same this year as last year, the change would allow 2.069 million acres of idled feed grain acreage to come back into production in 1992. The change from a 15 percent to a 5 percent acreage reduction requirement for wheat would theoretically bring 6.757 million acres of conserving use land back into production if the participation rate remains constant. Changes in cotton and rice programs account for only a few thousand acres of set-aside. Another 11.715 million acres were idled under the 0/92 or 50/92 programs in 1991. It is not possible to predict the direction of change in those acres. Over the past 4 seasons, acreage idled under these programs has ranged from 8.9 to 13.4 million acres.

At the extreme, it appears that acreage of all major crops could increase by as much as 8.83 million acres in 1992, yet the intentions show a potential decrease of 1.84 million. How can the discrepancy be explained? There are several factors that offer partial explanation. First, there is a long history of a lack of a close relationship between changes in acreage reduction requirements and changes in planted acreage. Planted acreage traditionally shows less variation than idled acreage. This is true for individual crops as well as for the total, and has historically led to the conclusion that non-cropland has qualified for set-aside acreage. Second, there is a tendency for hard red winter wheat producers to over-plant their permitted acreage and then decide in the spring which acreage to keep for harvest. A reduction in set-aside requirements, then, would not necessarily reduce planted acreage by an equal amount. Over the past six years, for example, planted acreage of hard red winter wheat has varied by 5 million acres, while harvested acreage has varied by 6.5 million acres. The difference between planted and harvested acreage in any given year has ranged from 5.4 to 11.4 million acres. Third, an additional 1.2 million acres have been enrolled in the Conservation Reserve Program since last spring. Fourth, there may be intentions to double crop fewer soybeans than in 1991.

Even with these explanations, there are probably several million acres not accounted for in the intentions report. Actual plantings will likely exceed March intentions, as they did last year. Actual plantings of the major crops exceeded intentions by 2.717 million acres in 1991. If harvested acreage of hay is included in the calculation, the increase was 3.884 million acres. Excluding hay, the largest increases last year were in soybeans (1.945 million), spring wheat (906,000), and sunflowers (406,000). The large increase in soybean acreage between intentions and actual plantings reflected the late, wet spring in Iowa and Minnesota.

History would suggest that any increase from intentions this year would not occur in soybeans unless a late planting season develops or soybean prices rally between now and the end of May. In the 8 years since 1974 when soybean acreage declined from the previous year, actual acreage exceeded intentions only twice, 1976 and 1987. In both years soybean prices were increasing during the planting season. In two other years (1988 and 1991) intentions showed a slight decrease in plantings from the previous year, but actual plantings exceeded those of the previous year. Prices were moving sharply higher in 1988 and, as mentioned earlier, 1991 was a late planting season in the western corn belt.

In spite of the historical pattern, we expect actual soybean plantings to slightly exceed intentions in 1992 due to replanting of failed winter wheat acreage. Plantings, however, will be less than in 1991. The increase in acreage from March intentions may be distributed among feed grains, spring wheat, and oilseeds. With favorable growing conditions, production will be large in 1992.

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