



# 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 1, 1992**

## **1992 PROGRAM ENROLLMENT AND 1993 WHEAT ACREAGE REDUCTION PROGRAM ANNOUNCED**

On May 27, the USDA released preliminary enrollment figures for the 1992 acreage reduction programs (ARP). The 1993 acreage reduction program for wheat was announced on May 29.

The preliminary figures for the 1992 programs indicated that participation remains at very high levels. For corn, 75.4 percent of the base acreage is enrolled in the program, down from 76.7 percent last year, and 78.2 percent in 1990. In Illinois, 76.5 percent of the corn base is enrolled in the program, up from 75.8 percent last year. Participation in Indiana is at 70.1 percent, compared to 70.7 percent last year. Enrollment remains the highest in the western corn belt. Participation in Iowa, Kansas, Nebraska, North Dakota, and South Dakota ranges from 83.9 to 87.9 percent of the base acreage. For wheat, 82.2 percent of the base is enrolled, down from 85.2 percent last year, and 86.9 percent in 1990. Participation is at or above 90 percent of the base acreage in Kansas, Montana, North Dakota, Oklahoma, and Washington. Participation in Illinois and Indiana is 54 and 48.7 percent, respectively. Enrollment for other crops is as follows: sorghum -77.4 percent, barley -74.4 percent, oats -40.4 percent, rice 93 percent, and cotton -86 percent. These rates are very close to those of last year.

Based on the acreage reduction requirements (5 percent for corn, sorghum, barley and wheat, 10 percent for cotton, and zero for oats and rice) the enrollment figures indicate that a total of 8.57 million acres will be idled under these programs in 1992. Last year, 17.11 million acres were idled under the ARP. In addition, last week's report indicated that 9.7 million acres will be idled under the 0/92 and 50/92 programs. Last year, 11.71 million acres were idled under those programs.

In total, 18.26 million acres are scheduled to be taken out of crop production in 1992 as a result of participation in annual acreage reduction programs. Last year, the total was 28.83 million acres, a difference of 10.57 million acres. The USDA's March *Prospective Plantings* report indicated no change in the magnitude of planted acreage of all major crops in 1992 compared to 1991. The program enrollment figures suggest that the plantings

report underestimated crop acreage for 1992. We continued to expect the June *Acreage* report to show 3.5 to 4 million more acres of cropland than indicated in the March report. Much of this acreage will likely be in feed grains, soybeans, and spring wheat. Replanting of failed winter wheat acreage in the midwest to corn and soybeans could result in substantial increases in acreage of these crops in the June report. For the next several weeks, however, the corn and soybean markets will react to weather, not acreage. The highest prices of the season may well be established between now and early July.

For the 1993 wheat crop, the USDA announced a zero percent acreage reduction program. This is different than a "no reduction" program which would put no restrictions on wheat acreage in 1993. Under a zero percent ARP, producers cannot exceed their base acreage and still be eligible for the price support program. For the 1993 crop, the price support loan rate will be \$2.45 per bushel, up from \$2.21 for the 1992 crop. Provisions of the Food, Agriculture, Conservation, and Trade Act of 1990 calls for a minimum target price of \$4.00 per bushel for the 1993 crop.

It is difficult to anticipate the change in wheat acreage in 1993. If participation in the program remains at the 1992 level, 3.25 million acres of wheat base could come back into production. The actual increase could be larger or smaller depending on participation in the 0/92 and 50/92 programs and the decisions made by non-participants. In an analysis of acreage reduction alternatives, the USDA earlier projected that a zero percent requirement could result in a 1993 crop of 2.415 billion bushels, only about 6.5 percent larger than the current estimate of the 1992 crop. Secretary of Agriculture Madigan indicated that larger wheat supplies would be met with aggressive export subsidy programs.

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