



# WEEKLY OUTLOOK



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## HAS PLANTED ACREAGE BEEN UNDERESTIMATED AGAIN?

In its March *Prospective Plantings* report, the USDA estimated planted acreage of the fourteen major crops (including harvested acreage of hay) at 319.3 million acres, 3.9 million fewer acres than were planted in 1992. Excluding the estimate of harvested acreage of hay, planted acreage is estimated at 259 million, 4.5 million less than was planted last year. All of the decline was in feed grain acreage. Plantings of those four crops are estimated at 103.5 million acres, down from 108.4 million planted in 1992. In general, total intentions for the major crops are less than expected. Many analysts are expecting final acreage estimates to exceed the March total.

A decline in feed grain acreage, particularly corn, was expected due to the increase in conserving use acres for those participating in the Acreage Reduction Program (ARP). The requirement for corn was increased from 5 percent of the base acreage in 1992 to 10 percent in 1993. If participation in the program remains the same in 1993 as in 1992, the change should reduce corn plantings by 3.1 million acres, assuming participation in the 0/92 program remains at the same level. The March report shows plans to reduce corn acreage by 2.8 million acres.

One surprise in the report was the estimate of sorghum acreage of 11.2 million, down 2.1 million from plantings in 1992. The conserving use requirement for the ARP remains unchanged at 5 percent. Intentions to plant sorghum were below year ago figures for most states. Of the 3 largest sorghum producing states, intentions were down 1.45 million acres in Texas, down 200,000 in Nebraska, and unchanged in Kansas.

The other major surprise in the report centered around wheat acreage. Acreage of all wheat was estimated at 72.3 million acres, unchanged from plantings of a year ago. Acreage of winter wheat is down by 265,000 (0.5 percent) intentions for durum are down 415,000 (16.5 percent) and intentions for other spring wheat are up 258,000 (1.4 percent). In general, an increase in wheat acreage, particularly winter wheat and spring wheat other than durum, was expected due to the change in the conserving use requirement for the ARP in 1993. That requirement was reduced from 5 percent in 1992 to zero for the 1993 crop.

Historically, there has not been a close relationship between the conserving use requirement for wheat and planted acreage of wheat, particularly winter wheat. In addition, there has been a substantial variation in the difference between planted and harvested acreage of winter wheat. Over the past 10 years, for example, the difference between planted and harvested acreage of winter wheat has varied from 7.05 to 14.52 million acres. The average was 10.68 million. The difference in 1992 was slightly below average, at 9.16 million acres. Producers of hard red winter wheat tend to over plant their permitted acreage in the fall and then decide in the spring whether or not to participate in the ARP. Harvested acreage in 1993 might increase, even though planted acreage is down.

The discrepancy between planting intentions for the major crops in 1993 and expected acreage is not as great as in 1992. Last year, an increase in acreage was expected, yet the March report showed intentions to plant 2.2 million fewer acres than in 1991. Final estimates for 1992 revealed that acreage of the 14 major crops was 3.8 million acres larger than March intentions. The increase was mostly in wheat, soybeans and sorghum. Acreage of each of those crops appear to be underestimated again in 1993, but not as much as was the case in 1992.

The next USDA estimate of planted acreage will be released on June 30. In addition to the estimate of total acreage, the market will be watching for any shifts in acreage among crops. In particular, an increase in soybean acreage at the expense of corn in the midwest and cotton in the south is anticipated. The magnitude of shift, if any, will depend on the extent of planting delays due to wet weather and changes in relative prices.

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