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SOYBEAN AND CORN PRODUCTION SHIFTING WEST

Soybean acreage in the United States has increased by 13.06 million acres (22.6 percent) since 1990. That increase has all been in the traditional corn belt states. The mid-south region has gained only 210,000 acres (2 percent). The eastern states have increased soybean plantings by 145,000 acres (9 percent) while acreage in the southeast has declined by 760,000 acres (21 percent).

In 1997, soybean acreage in the western corn belt (Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, and South Dakota) accounts for 46.4 percent of the U.S. acreage, compared to 41.1 percent in 1990. In 1979, the year of record U.S. soybean acreage, those seven states accounted for only 32.7 percent of the acreage.

Soybean acreage in the eastern corn belt (Illinois, Indiana, Michigan, Ohio, and Wisconsin) accounts for 32.2 percent of the total this year, compared to 32 percent in 1990 and 27.5 percent in 1979. The mid-south and southeastern states account for 18.9 percent of the acreage this year, compared to 23.5 percent in 1990 and 37.6 percent in 1979.

Due to generally higher yields, the western corn belt states account for a larger percentage of production than acreage. Those states accounted for 45.3 percent, 46.1 percent, and 45.8 percent of the U.S. crop in 1994, 1995, and 1996, respectively. The eastern corn belt states produced 36.2 percent, 37.8 percent, and 35.2 percent of the crop in those three years, respectively. Those 12 states accounted for 81 percent of the crop in 1996.

The increase in the percentage of the crop produced in the western corn belt in 1997 may be more dramatic than the increase in acreage. As of July 21, the USDA crop condition report showed the crop in those states in quite good condition. The percentage of the crop rated in good to excellent condition ranged from 50 percent in Missouri to 84 percent in Kansas. For the six states with ratings, 66 percent of the acreage was rated in good to excellent condition. Recent precipitation has likely increased those ratings.

In contrast, the eastern corn belt states showed that the crop rated in good to excellent condition ranged from 51 to 57 percent. For the four states with ratings, 55 percent of the acreage was rated in good to excellent condition.

Corn acreage in 1997 is estimated at 80.227 million, up from 74.171 million in 1990. The increase is 6.056 million acres, or 8.2 percent. Plantings in the western corn belt are up by 3.5 million acres, or 10.2 percent, while acreage in the eastern corn belt is up only 1.2 million, or 4.6 percent. The traditional corn belt states account for 81 percent of the acreage, compared to 83 percent in 1990.

Production in the western corn belt states increased from 49.5 percent of the U.S. total in 1994 to 53 percent in 1996. Production in the eastern corn belt declined from 37.9 percent to 32.2 percent.

For the current year, harvested acreage of corn is expected to be down 370,000 (1 percent) from last year's acreage int he western corn belt. Acreage is expected to be up by 1.35 million (5.6 percent) in the eastern corn belt. However, as of July 21, crop conditions were much better in the western states than in the eastern states. The percentage of the crop rated good or excellent stood at 75 percent in the west and only 61 percent in the east. That rating suggests better yield potential in the west. Recent precipitation has also favored western growing areas.

The shift in production to the west has, to some extent, been accompanied by shifts in consumption patterns. Exports, particularly for corn, have declined on the east coast and increased on the west coast. Soybean processing capacity is expanding in many regions, but more rapidly in the western corn belt. Livestock production continues to shift out of the eastern corn belt to the western U.S., and for hogs, to North Carolina.

The shift in production, however, has left some corn and soybeans "out of position". On average, the relationships between prices received by farmers in Illinois and Iowa, for example, has not changed over the past 7 years. However, prices in some northern growing areas have become weaker in relation to the eastern corn belt as production has increased. It appears that the changing price relationship may continue this year as production shifts continue.

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