



WEEKLY OUTLOOK



A joint publication of the Department of Agricultural Economics, College of Agriculture, Purdue University, West Lafayette, Indiana, and the Department of Agricultural and Consumer Economics, College of Agricultural, Consumer and Environmental Sciences, University of Illinois at Urbana-Champaign.

MARCH 31, 2009

FRIENDLY REPORTS

The USDA's *Prospective Plantings* report indicates that U.S. producers intend to plant less acreage in 2009 than in 2008. Planting intentions for all crops included in the March survey are 7.8 million acres less than acreage seeded to those crops in 2008. Including acreage of hay intended for harvest, the decline is about 7.6 million.

Declines total 4.5 million for wheat, 1.3 million for sorghum, nearly 1 million for corn, 658,000 for cotton, 446,000 for sunflowers, 410,000 for peanuts, and 154,000 for canola. For wheat, 75 percent of the acreage reduction is for winter wheat, even though winter wheat seedings are 791,000 acres larger than reported in January. Intended acreage of soybeans is 306,000 more than planted in 2008 and intended acreage of rice is 188,000 more than planted in 2008. Intended acreage of all oilseed crops included in this report is 672,500 less than planted in 2008. Intended acreage of feed grains (corn, sorghum, barley, and oats) is 2.4 million less than planted in 2008.

For corn, the largest changes in acreage are planned in Missouri (up 250,000) and North Dakota (down 250,000). Illinois producers intend to increase corn acreage by 100,000, while producers in Iowa intend to reduce acreage by the same amount. Intended acreage in Indiana is equal to last year's plantings.

Corn planting intentions of 84.986 million acres point to acreage harvested for grain of 77.786 million. The long term trend yield of 152.8 bushels per acre, then, points to a 2009 harvest of 11.862 billion bushels, 239 million smaller than the 2008 harvest. A crop of that size would likely result in a sharp decline in stocks by the end of the 2009-10 marketing year as both exports and ethanol use of corn are expected to increase during the year ahead.

For soybeans, intended acreage is below actual plantings in 2008 by 150,000 acres in Missouri and South Dakota, 100,000 acres in Illinois, and 50,000 acres in Indiana, Louisiana, and Minnesota. The

largest increase, 200,000 acres, is planned in Kansas, with increases of 100,000 planned in Iowa, Mississippi, Nebraska, North Carolina, North Dakota, and Ohio.

Soybean planting intentions of 76.024 million acres points to harvested acreage of about 75 million. The long term trend yield of 41.6 bushels per acre, then, points to a 2009 harvest of 3.12 billion bushels, 160 million larger than the 2008 harvest. A crop of that size would likely lead to a small increase in stocks by the end of the 2009-10 marketing year.

Intended acreage of spring wheat, including durum, is estimated at 15.749 million, 1.117 million less than seeded in 2008. Winter wheat seedings are estimated at 42.889 million, 3.392 million less than seeded the previous year.

Stocks of corn on March 1, 2009 were estimated at 6.958 billion bushels, implying that corn used for all purposes during the second quarter of the 2008-09 marketing year totaled about 3.13 billion bushels. March 1 stocks are 100 million bushels larger than those of a year earlier and use during the second quarter was 293 million less than the record use of a year earlier. Exports during the quarter were off 262 million and domestic use declined by only 31 million. Feed use during the quarter was down while use for ethanol production was larger.

Stocks of soybeans on March 1, 2009 were estimated at 1.302 billion bushels, implying that use during the second quarter of the 2008-09 marketing year totaled 976 million bushels. March 1 stocks are about 132 million smaller than on the same date last year and use during the second quarter was 46 million larger than use of a year earlier. The domestic crush was down nearly 47 million bushels; exports up about 50 million; and seed, feed, and residual use was 42 million larger.

Stocks of wheat on March 1, 2009 were estimated at 1.037 billion bushels, 327 million larger than stocks of a year earlier. The estimate, however, is 25 million bushels less than the average pre-report guess.

Taken together, the USDA reports of planting intentions and March 1 stocks are supportive for corn, soybean, and wheat prices. Acreage intended for all crops in 2009 is less than expected and intended acreage of both soybeans and wheat is less than expected. Intended corn acreage is a bit higher than the average pre-report guess, but the large decline in intended acreage of barley and sorghum probably exceeds expectations. March 1 stocks of all three crops were slightly smaller than the average pre-report guesses.

Prices may show a modest response to these reports, but the market will also begin to anticipate how actual plantings may differ from intentions. In addition, financial, currency, and energy markets will continue to have an influence on crop prices as those markets influence over all demand prospects.

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