



WEEKLY OUTLOOK



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CORN ACREAGE JUMPS, STOCKS ARE LARGE

Estimates in the USDA's June 1 *Grain Stocks and Acreage* reports were generally very negative for corn price prospects as those estimates exceeded expectations. Acreage of wheat also exceeded expectations. Estimates were closer to expectations for soybeans, but point to ample supplies during the year ahead.

Stocks of corn on June 1 were estimated at 4.266 billion bushels, 238 million larger than stocks of a year ago and about 75 million larger than the average trade guess. Stocks were about 185 million larger than if third quarter domestic consumption had been at the rate projected by the USDA. The July update of projected marketing year consumption and year ending stocks will likely contain a larger projection of year ending inventories.

Inventories of soybeans on June 1 were estimated at 597 million bushels, 79 million smaller than the inventory of a year ago, but about 10 million above the average trade guess. Seed, feed, and residual use of soybeans during the third quarter of the year was below the average of the past 5 years. The report does not alter the outlook for extremely tight supplies of soybeans at the end of the 2008-09 marketing year. Both exports and the domestic crush are progressing at a slightly faster pace than projected by the USDA.

Planted acreage of corn in 2009 is now estimated at 87.035 million, 1.053 million more than planted in 2008 and 2.049 million more than reported in the USDA's March *Prospective Plantings* report. Acreage exceeded intentions in most states. The largest increases were in Nebraska (600,000) and Iowa (500,000). Acreage exceeded intentions by 100,000 in Illinois, Michigan, Minnesota, Ohio, Pennsylvania, and South Dakota. Acreage is 400,000 less than intentions in North Dakota.

Corn acreage harvested for grain in 2009 is projected at 80.107 million, 1.467 million more than harvested last year. If the U.S. average yield is near the adjusted trend of 153.4 bushels projected by the USDA earlier this month, the 2009 crop would total 12.288 billion bushels, 353 million larger than the early month projection. A larger crop, along with larger stocks at the beginning of the 2009-10 marketing year and the now confirmed slowing pace of domestic consumption, suggest that stocks at the end of the

2009-10 marketing year will now be projected well above the 1.09 billion bushels previously projected by the USDA.

Planted acreage of soybeans in 2009 is estimated at 77.483 million acres, 936,000 more than acreage of a year ago and 1.459 million more than intentions reported in March. The largest increases relative to intentions were in South Dakota (400,000) and Missouri (350,000). Acreage exceeds intentions by 100,000 in Illinois, Kansas, and Mississippi; 140,000 in Tennessee; 150,000 in North Dakota; and 200,000 in Minnesota. Acreage is 500,000 less than intentions in Nebraska. Soybean acreage estimates may include more than the usual portion of intentions due to late planting in the eastern corn belt.

Harvested acreage of soybeans in 2009 is projected at 76.547 million, 1.906 million more than harvested last year. If the 2009 yield is at the trend value of 42.6 bushels projected by USDA earlier this month, the 2009 crop would total 3.261 billion bushels, 66 million above the early month projection. A crop of that size will generate expectations of fully adequate supplies for the 2009-10 marketing year, particularly if South American production rebounds in 2010.

Planted acreage of wheat for harvest in 2009 is now estimated at 59.775 million, 3.372 million less than planted for harvest in 2008, but 1.137 million more than estimated in March. Winter wheat acreage was 559,000 more than previously estimated, while durum acreage exceeded intentions by 100,000 and acreage of other spring wheat exceeded intentions by 468,000 acres. Harvested acreage of all classes of wheat is projected at 50.445 million, 5.24 million fewer than harvested last year, but about 1.5 million more than projected earlier this month.

Area planted to principal crops in 2009 is estimated at 320.879 million, 3.94 million less than planted in 2008. This is a much smaller decline than reported in March. Intentions for the crops reported in March were 7.8 million acres less than planted in 2008.

The June USDA reports point to a more comfortable supply of corn, soybeans, and wheat for the 2009-10 marketing year. The focus in the corn and soybean markets will now turn to summer weather and yield prospects.

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