



## Weekly Outlook: Attention Shifting from Acreage to Corn and Soybean Yields

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In the monthly report of World Agricultural Supply and Demand Estimates (WASDE), the USDA's World Agricultural Outlook Board (WAOB) reduced the forecast of U.S. planted and harvested acreage of corn and rice,. Forecasts for the other major crops were not changed from the forecasts in the March Prospective Plantings report.

Analysts lowered the corn planted acreage forecast due to planting delays in the eastern Corn Belt and northern Plains. In contrast, some increase in acreage is expected in the western Corn Belt and central Plains where planting was more timely. USDA judges that planted acreage will total 90.7 million acres, 1.5 million fewer than revealed in the March survey of planting intentions. Area harvested for grain is projected at 83.2 million acres, 1.9 million below the May forecast. The large reduction reflects expectations that some planted acreage was lost to flooding in the lower Ohio, lower Mississippi, and Missouri River valleys.

A change in corn acreage estimates in the June WASDE report has not occurred often since the USDA's National Agricultural Statistics Service (NASS) conducts a planted and harvested acreage survey in June. Changes occurred in the late corn planting years of 1995, 1996, and 2002. In June 1995, the forecast of planted acreage was reduced from 75.3 to 73.3 million acres and the forecast of harvested acreage declined from 68.5 to 66 million acres. In June NASS acreage survey revealed planted acreage at 72.8 million and final acreage that year was reported at 71.5 million. Area harvested for grain was estimated at 65.2 million acres.

In June 1996, the WASDE forecast of planted acreage was reduced from 81 to 79 million acres and the forecast of harvested acreage was reduced from 74.4 to 72.4 million acres. The June NASS acreage survey revealed corn plantings of 80.4 million, while the final acreage estimate was at 79.2 million. The final harvested acreage estimate was at 72.6 million acres.

In June 2002, the forecast of corn planted acreage was reduced from 79 to 78 million acres and the forecast of harvested acreage was reduced from 72 to 71 million. The June NASS acreage survey reported corn planting at 78.8 million, while the final acreage estimate was 78.9 million. Area harvested

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for grain in 2002 was estimated at 69.3 million acres.

The track record for corn acreage changes in the June WASDE report since 1995 has been generally very good. In the three years cited above, the June forecast of harvested acreage differed from the final estimate by 0.8, 0.2, and 1.7 million acres, respectively.

While the soybean acreage forecasts were not changed in the June WASDE report this year, it is interesting to note that acreage forecasts were all increased in 1995, 1996, and 2002. In fact, planted acreage did exceed March intentions in all three years. The June forecast of harvested acreage in 1995 was equal to the final estimate while the forecasts in 1996 and 2002 differed from the final estimates by only 0.4 and 0.3 million acres, respectively. Soybean planting delays were greater in 1995 and 1996 than in 2011, but were less severe in 2002. Given the record of soybean acreage increases in years of late corn planting, an increase in the forecast of 2011 acreage would not have been surprising. The unknown factors this year include how much acreage intended for corn was left unplanted due to prevent planting provisions of crop insurance rather than switched to soybeans and how much soybean acreage may have been lost to flooding.

On the supply side, the market's attention will now turn more to yield prospects. For the most part, those prospects will be based on the USDA's weekly estimates of crop conditions. As of June 5, 67 percent of the emerged corn crop was rated in good or excellent condition, up from 63 percent on May 29. The average end-of-year rating since 1986 is near 64 percent good to excellent. Last week, 21 percent of the crop still had not emerged, compared to an average of only 10 percent in the previous 5 years. Crop condition ratings as of June 12 will be more complete and a larger percentage of the crop is expected to be rated in good or excellent condition. Generally cooler weather, with adequate moisture, in the heart of the Corn Belt should keep crop condition ratings high in June. The first condition ratings for the soybean crop are scheduled for release today.

The near completion of planting, except for double-cropped soybeans, and less threatening weather may reduce crop concerns for now, resulting in some modest price weakness. The June 30 USDA Acreage and Grain Stocks reports will provide additional price direction.