

USDA Acreage Report Released on June 30th

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July 2, 2010

Summary of June 1st Acreage Report Released on June 30th

The June 1st 2010 Acreage report released on Wednesday, June 30th by the USDA National Agricultural Statistical Service indicates U.S. farmers' planted acreage for the current year. It indicated that U.S. farmers have increased planted acreage of corn, soybeans, spring wheat and cotton in 2010 over the previous year, and have decreased plantings of grain sorghum and winter wheat.

Feedgrains: Projected 2010 U.S. corn acreage is 87.827 million acres, up 1.6% from 2009. Corn acreage in 2010 is markedly less than expected by market participants prior to the report. As a result, expected production of U.S. corn in 2010 is likely to be lowered by 100 – 150 million bushels. Taken together with the impact of a supportive USDA NASS June 1st Grain Stocks report indicating strong corn usage during the March – May 2010 period, it is likely that the USDA will reduce U.S. corn ending stocks projections for both MY 2009-10 and for MY 2010-11 in the July 9th USDA World Agricultural Supply Demand Estimates report, providing support for corn prices during the summer of 2010. Grain sorghum planted acreage was also lower than had been projected earlier by USDA NASS, providing further support for corn and grain sorghum prices during the remainder of 2010.

Soybeans: Projected 2010 U.S. soybean acreage is 78.868 million acres, up 1.8% from 2009. Soybean acreage is near the high end of pre-report expectations and nearly 80 million acres higher than previous USDA NASS projections. As a result, projected production of U.S. soybeans in 2010 is likely to increase by 30 – 40 million bushels. Taken together with the impact of a supportive USDA NASS June 1st Grain Stocks report indicating strong soybean usage in the March-May 2010 period, it is likely that the USDA will on the one hand decrease U.S. soybean ending stocks for MY 2009-10 in the July 9th USDA World Agricultural Supply Demand Estimates report, but on the other hand increase its projection of 2010 soybean production at least marginally for MY 2010-11, providing mixed support for soybean prices during the summer of 2010.

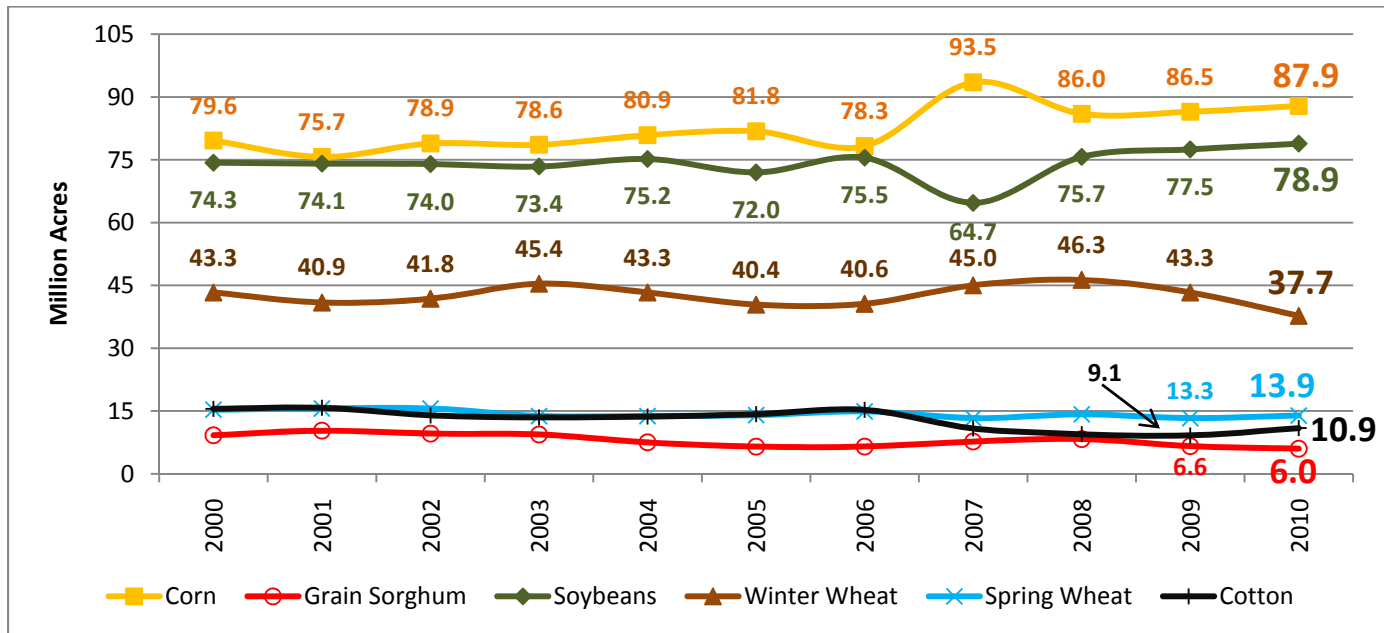
Wheat: Projected 2010 U.S. hard red spring wheat acreage is 13.907 million acres, up 4.8% from 2009. Hard red spring wheat acreage is near the high end of pre-report expectations. As a result, projected production of all U.S. wheat in 2010 is likely to increase by 40 – 60 million bushels. Taken together with the impact of an unsupportive USDA NASS June 1st Grain Stocks report, indicating slower than expected wheat usage in the March-May 2010 period, it is likely that the USDA will increase U.S. wheat supplies and ending stocks for MY 2010-11 in the July 9th USDA World Agricultural Supply Demand Estimates report, adding further downward pressure to wheat prices during the summer of 2010.

U.S. Corn Acreage in 2010

Corn Planted and Harvested Acres: Farmers in the U.S. planted 87.872 million acres (mln ac) of corn in 2010. This amount of planted corn acreage is an increase of 1.390 mln ac or 1.6% from 2009, and an increase of 2.2% from 2008 (Figure 1). Planted acreage of 87.872 mln ac is 1.358 mln ac or 1.5% less than average pre-report expectations of private analysts, and beneath the lower end of the pre-report range of estimates (i.e., 88.1 to 90.15 mln ac).

Figure 1. U.S. Crop Acreage for 2000-2010 for Selected Major Crops

(Source: USDA NASS Prospective Plantings Report, June 30, 2010)



The National Agricultural Statistical Service (NASS) projected that U.S. farmers would eventually harvest 81.005 million acres (mln ac) of corn in 2010 (7.8% less than planted acreage). This amount of harvested corn acreage would be an increase of 1.505 mln ac or 1.9% from 2009, and an increase of 3.1% from 2008. Using the average U.S. corn yield of 163.5 bushels per acre in the June 10th USDA World Agricultural Supply-Demand Estimates (WASDE) report, U.S. corn production in 2010 would equal 13.244 billion bushels (bb). This would be the largest U.S. corn crop in history, trailing 13.038 bb in 2007 and 13.151 bb in 2009.

Corn Supply-Demand Impact of USDA Harvested Acres: Using the USDA NASS harvested acres estimate of 81.005 mln ac, this analysis can be extended further by assuming beginning stocks and total use of U.S. corn in MY 2010-11 of 1.5 bb and 13.310 bb, respectively. United States corn ending stocks and ending stocks-to-use for MY 2010-11 would be approximately 1.344 bb and 10%, respectively. These figures are lower than projections of 1.573 bb ending stocks and 11.7% S/U for U.S. corn in MY 2010-11 from the June 10, 2010 USDA WASDE report.

Corn Harvested Acres – Historic Relationships: However, if U.S. harvested corn acreage equals 90.9% of planted corn acreage in 2010, equal to the 2000 – 2009 average (Table 2), then U.S. harvested area in 2010 would be only 79.876 mln ac. This amount of harvested corn acreage in 2010 would be 1.129 mln ac or 1.4% less than the USDA NASS projection of 81.005 mln ac. Again using the average U.S. corn yield of 163.5 bushels per acre in the June 10th USDA WASDE report, U.S. corn production in 2010 would equal 13.060 billion bushels (bb). This would be the second largest U.S. corn crop in history, trailing 13.151 bb in 2009.

Table 2. U.S. Crop Planted & Harvested Acreage for Selected Crops Since 2000 (million acres)

(Source: USDA NASS Prospective Plantings Report, June 30, 2010)

Year	Corn		Soybeans		Grain Sorghum		Winter Wheat		Spring Wheat	
	Planted	Harvested	Planted	Harvested	Planted	Harvested	Planted	Harvested	Planted	Harvested
2000	79.6	72.4	74.3	72.4	9.2	7.7	43.3	35.0	15.3	14.5
2001	75.7	68.8	74.1	73.0	10.3	8.6	40.9	31.2	15.6	14.5
2002	78.9	69.3	74.0	72.5	9.6	7.1	41.8	29.7	15.6	13.4
2003	78.6	70.9	73.4	72.5	9.4	7.8	45.4	36.8	13.8	13.4
2004	80.9	73.6	75.2	74.0	7.5	6.5	43.3	34.4	13.8	13.2
2005	81.8	75.1	72.0	71.3	6.5	5.7	40.4	33.8	14.0	13.6
2006	78.3	70.6	75.5	74.6	6.5	4.9	40.6	31.1	14.9	13.9
2007	93.5	86.5	64.7	64.1	7.7	6.8	45.0	35.9	13.3	12.9
2008	86.0	78.6	75.7	74.7	8.3	7.3	46.3	39.6	14.2	13.5
2009	86.5	79.6	77.5	76.4	6.6	5.5	43.3	34.5	13.3	13.0
2010	87.9	81.0	78.9	78.0	6.0	5.2	37.7	32.1	13.9	13.6

Corn Supply-Demand Impact of Historic Harvested Acre Relationships: This analysis can be extended by using the alternative harvested acres estimate of 79.876 mln ac, and again assuming beginning stocks and total use of U.S. corn in MY 2010-11 of 1.5 bb and 13.310 bb, respectively. In this scenario, U.S. corn ending stocks and ending stocks-to-use for MY 2010-11 would be approximately 1.160 bb and 8.7%, respectively. These figures are markedly lower than projections of 1.573 bb ending stocks and 11.7% S/U for U.S. corn in MY 2010-11 from the June 10, 2010 USDA WASDE report.

State Corn Planted Acres: Among the top 7 corn producing states in terms of acreage, Iowa is projected to decline by 400,000 acres to 13.3 mln ac; Illinois to increase by 600,000 acres to 12.6 mln ac; Nebraska to decrease by 350,000 acres to 8.8 mln ac; Minnesota to decline by 100,000 acres to 7.5 mln ac, Indiana to increase by 400,000 acres to 6.0 mln ac; and Kansas to increase by 600,000 acres to 4.7 mln acres. Projected changes in other states of note are: Ohio to increase by 250,000 acres to 3.6 mln ac; Missouri to increase by 300,000 acres to 3.3 mln ac; and decreases in corn acreage across southern states such as Arkansas, Georgia, Louisiana, Oklahoma, and Texas.

Soybean Acreage in 2010

Soybean Planted and Harvested Acres: Farmers in the U.S. planted 78.868 mln ac of soybeans in 2010 according to USDA NASS. This amount of soybean acreage would be an increase of 1.417 mln ac or 1.8% from 2009, and an increase of 4.2% from 2008 (Figure 1). Planted acreage of 78.868 mln ac was 0.688 mln ac or 0.9% more than average pre-report expectations of private analysts, which ranged from 76.53 to 78.9 mln acres.

USDA NASS projected that U.S. farmers would eventually harvest 77.986 mln ac of soybeans in 2010 (1.1% less than planted acreage). United States harvested soybean acreage has averaged 1.5% less than planted soybean acreage over the 2000 – 2009 period (Table 2). This amount of harvested soybean acreage would be an increase of 1.614 mln ac or 2.1% from 2009, and an increase of 4.4% from 2008. Using the average U.S. soybean yield of 42.9 bushels per acre in the June 10th USDA World Agricultural Supply-Demand Estimates (WASDE) report, U.S. soybean production in 2010 would equal 3.346 bb. This would be the second largest U.S. corn crop since 2000, trailing 3.359 bb in 2009.

Soybean Supply-Demand Impact: Using the USDA NASS harvested acres estimate of 77,986 mln ac, this analysis can be extended further by assuming beginning stocks and total use of U.S. soybeans in MY 2010-11 of 125 mb and 3.144 bb, respectively. United States soybean ending stocks and ending stocks-to-use for MY

2010-11 would be approximately 337 mb and 10.7%, respectively. These figures are lower than projections of 360 mb ending stocks and 11.45% S/U for U.S. soybeans in MY 2010-11 from the June 10, 2010 USDA WASDE report. Note that the MY 2010-11 beginning stocks projection of 125 mb has been lowered from the June WASDE projection of 185 mb following the findings of the Jun30th USDA NASS Grain Stocks report concerning soybean usage during March-May 2010.

State Soybean Planted Acres: Among the top 7 soybean producing states in terms of acreage, Iowa is projected to increase by 600,000 acres to 10.2 mln ac; Illinois to decrease by 100,000 acres to 9.3 mln ac; Minnesota to increase by 300,000 acres to 7.5 mln ac; Indiana decrease by 150,000 acres to 5.3 mln ac; Missouri to increase by 150,000 acres to 5.5 mln ac; and Nebraska to increase by 600,000 acres to 5.4 mln acres. Projected changes in other states of note are: South Dakota to increase by 100,000 acres to 4.35 mln ac; Kansas to increase by 400,000 acres to 4.1 mln ac; and decreases in soybean acreage across southern states such as Alabama, Arkansas, Georgia, North Carolina, South Carolina, and Tennessee (as some acres have switched to cotton).

Spring Wheat and All Wheat Acreage in 2010

Spring Wheat Planted & Harvested Acreage: According to USDA NASS, farmers in the U.S. intend to plant 13.907 mln ac of spring wheat in 2010. This amount of spring wheat acreage would be an increase of 639 mln ac or 4.8% from 2009, but a decrease of 1.8% from 2008 (Figure 1). Planted acreage of 13.907 mln ac essentially equal to average pre-report expectations of private analysts, which ranged from 13.06 to 14.00 mln acres.

USDA NASS projected that U.S. farmers would eventually harvest 13.590 mln ac of spring wheat in 2010 (2.3% less than planted acreage). United States harvested soybean acreage has averaged 5.5% less than planted soybean acreage over the 2000 – 2009 period (Table 2), a 3.2% difference. This amount of harvested hard red spring wheat acreage would be an increase of 635,000 ac or 4.9% from 2009, and an increase of 0.5% from 2008.

State Spring Wheat Planted Acreage: Among the top 6 spring wheat producing states in terms of acreage, North Dakota is projected to increase by 250,000 acres to 6.7 mln ac; Montana to increase by 400,000 acres to 2.8 mln ac; South Dakota to decrease by 100,000 acres at 1.5 mln ac; Minnesota to increase by 100,000 acres at 1.7 mln ac; Idaho to increase by 10,000 acres to 560,000 acres; and Washington to decrease by 30,000 acres to 560,000 acres.

U.S. Winter Wheat Harvested Acreage: USDA NASS projected that U.S. farmers would eventually harvest 32.085 mln ac of winter wheat in 2010. If this figure holds true, then harvested U.S. winter wheat acreage would be 15.0% less than projected U.S. winter wheat planted a acreage of 37.723 mln ac in MY 2010-11. United States harvested winter wheat acreage has averaged 20.5% less than planted winter acreage over the 2000 – 2009 period (Table 2), a 5.5% difference. This amount of harvested winter wheat acreage would be a decrease of 2.4 mln ac or 7.0% from 2009, and a decrease of 19% from 2008.

State Winter Wheat Acreage: Among the top 7 winter wheat producing states in terms of harvested acreage, Kansas is projected to decrease harvested acreage by 600,000 acres to 8.2 mln ac; Oklahoma to increase by 400,000 acres to 3.9 mln ac; Texas to increase by 1,100,000 acres at 3.55 mln ac; Colorado to decrease by 150,000 acres at 2.3 mln ac; Montana to decrease by 370,000 acres to 2.05 mln acres; Washington to increase by 80,000 acres to 1.72 mln acres; and Nebraska to decrease by 80,000 acres to 1.52 mln acres.

Estimated Production & Supply-Demand Impacts – All U.S. Wheat: Using the USDA NASS harvested acres estimate of 48.263 mln ac for all wheat in the U.S. together with the average U.S. wheat yield of 43.9 bushels per acre as in the June 10th USDA WASDE report, U.S. wheat production in 2010 is projected to be 2.119 bb. This is 52 mln bu larger than the U.S. wheat production estimate in the June 2010 WASDE report of 2.067 bb.

This analysis can be extended further by assuming beginning stocks and total use of U.S. wheat in MY 2010-11 of 930 mb and 2.116 bb, respectively. United States wheat ending stocks and ending stocks-to-use for MY 2010-11 would be approximately 1.043 bb and 49.3%, respectively. These figures are larger than projections of 991 mb ending stocks and 46.8% S/U for U.S. wheat in MY 2010-11 from the June 10, 2010 USDA WASDE report.

Grain Sorghum Acreage in 2010

Grain Sorghum Planted & Harvested Acreage: Farmers in the U.S. planted 6.0 million acres of grain sorghum in 2010 according to USDA NASS. This amount of grain sorghum acreage is a decrease of 633,000 acres or 9.5% from 2009, and a decrease of 27.6% from 2008 (Figure 1). Planted acreage of 6.000 mln ac was 250,000 ac or 4.0% less than average pre-report expectations of private analysts, which ranged from 6.0 to 6.5 mln acres.

Harvested area of grain sorghum in 2010 is projected to be 5.176 mln acres, which is 824,000 ac or 13.7% below planted acres. United States harvested grain sorghum acreage has averaged 16.8% below planted grain sorghum acreage over the 2000 – 2009 period (Table 2), a difference of 3.1%. If this same historic relationship applied to 2010 planted grain sorghum acres, then the 6.0 mln ac of grain sorghum planted in the U.S. in 2010 would result in a harvested area of 4.992 mln ac.

Using the USDA projection of 5.176 mln ac harvested and the average U.S. grain sorghum yield of 65.9 bushels per acre used in the June 10, 2010 USDA WASDE report, U.S. grain sorghum production in 2010 would be projected to equal 341 mb. This is 14 mb lower than the June WASDE projection of 355 mb, and would be the second smallest U.S. grain sorghum crop since 1957, with only the 277 mb in 2006 being smaller.

State Grain Sorghum Planting Intentions: Among the top 7 grain sorghum producing states in terms of acreage, Kansas is projected to be down 300,000 acres to 2.4 mln ac; Texas to decrease by 300,000 acres to 2.4 mln ac; Oklahoma to increase by 10,000 acres to 260,000 acres; Nebraska to decrease by 90,000 acres to 145,000 acres; Colorado to increase by 30,000 acres to 210,000 acres; South Dakota to be unchanged at 180,000 acres, and New Mexico to decline 5,000 acres to 80,000 acres.

Sunflower Acreage in 2010

Farmers in the U.S. planted 2.093 million acres of sunflowers in 2010, which is an increase of 63,000 acres or 3.1% from 2009. Oil sunflower planted acreage in 2010 decreased by 46,000 acres to 1,652,000 acres, while non-oil sunflower planted acreage increase by 109,000 acres to 441,000 acres.

Kansas Crop Acreage for 2000-2010

The 2010 USDA NASS June 1st Acreage report showed a continuation of the 3 year trend in which decreases in hard red winter wheat acreage are being displaced by increases in corn and soybean acres (Figure 2). Based on the June 30th Acreage report, since 2007 hard red winter wheat acreage in Kansas has declined by 1.8 million acres, while corn and soybean acres have increased by 1.0 million and 1.4 million acres, respectively. Grain sorghum acreage in the state has declined by 500,000 acres since 2007, while sunflower acreage is steady around 165,000-170,000 acres (with a jump to 240,000 in 2008). Increasing intensity of nonirrigated cropping rotations, with trends toward diminishing fallow acres, may account for the disparity between the amount of wheat acreage declines and corn plus soybean acreage increases.

Winter wheat planted acres in Kansas are projected at 8.6 million acres for 2010 (down 700,000), followed by corn (4.7 mln ac, up 600,000), soybeans (4.1 mln ac, up 400,000), grain sorghum (2.4 mln ac, down 300,000) and sunflowers (165,000 acres, down 3,000).

Corn	0.8%	1.3%	481	14	1,345	4	16
Soybeans	1.1%	1.9%	625	32	1,490	7	13
Grain Sorghum	5.7%	9.8%	414	1	1,113	11	9
Other Spring Wheat	4.3%	7.5%	372	5	3,146	12	8
Winter Wheat	1.1%	1.9%	387	25	1,035	2	18
Durum Wheat	3.7%	6.4%	95	0	187	11	8
Upland Cotton	2.2%	3.8%	256	3	556	8	12
Barley	2.1%	3.6%	92	15	254	3	17
Oats	3.0%	5.1%	97	1	246	6	14

Corn and grain sorghum acreage estimates from USDA NASS Prospective Planting reports have been within 3.5% and 15.3%, respectively, of final acreage figures 90% of the time over the 1990-2009 period. Final acreage for corn has been greater than the Prospective Plantings report estimate 12 times, and below 8 times, whereas final acreage for grain sorghum has been greater 9 times and below 13 times. Soybean acreage estimates from USDA NASS have been within 3.6% of final acreage figures 90% of the time over the 1990-2009 period, with final soybean acreage being greater than the Prospective Plantings report estimate 7 times, and below 13 times. Winter wheat and other spring wheat acreage estimates have been within 2.5% and 9.0% of final acreage figures 90% of the time over the 1990-2009 period, respectively. Final winter and other spring wheat acreage has been greater than the Prospective Plantings report estimate 12 and 10 times, respectively.

Conclusions

The 2010 Planting Intentions report reveals U.S. farmers plans to at least partially shift acreage from winter wheat to other cropping alternatives such as corn, soybeans and spring wheat in the mid to northern Corn Belt and Great Plains regions of the United States. This report also reveals an important shift in acreage toward cotton in large portions of the southeastern U.S. and southern plains regions of the country.

As shown in the record of historical reliability of the Planting Intentions report (Table 2), these estimates are subject to change, especially if excessively wet conditions would hamper field work and planting in major parts of the U.S. Corn Belt, the northern or southern plains, or elsewhere in the United States. The USDA World Agricultural Outlook Board will begin reporting supply-demand estimates for the 2010-11 marketing year based on these National Agricultural Statistics Service acreage projections and other information in the World Agricultural Supply-Demand Estimates scheduled for release on May 11, 2010.