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March 20, 1970

Agricultural Letter



CROP ACREAGE this year will show a modest increase nationally but will rise rather sharply in the Midwest if farmers carry out their planting intentions, as reported to the Department of Agriculture earlier this month. The department's survey indicates about 6 million acres more will be planted this spring. This will more than offset the nearly 4 million acre reduction in winter wheat plantings and would boost acreage planted of all crops to above 300 million—compared with about 298 million acres last year.

Number 1057

Most Expansion Expected in the Midwest

	Corn		Soybeans	
	Acreage intended (millions)	Change from 1969 (percent)	Acreage intended (millions)	Change from 1969 (percent)
Illinois	10.4	+3	6.8	+1
Indiana	5.1	+6	3.3	- 1
Iowa	10.7	+8	5.5	+ 1
Michigan	1.8	+7	0.6	+10
Wisconsin	2.8	+3	0.2	+ 9

trict states, ranging from about 3 percent in Wisconsin to 8 percent in Iowa. Combined, farmers in the five states account for well over half of the planned increase. Assuming normal conditions, a crop of around 4.8 billion bushels is indicated—up from the record 4.6 billion harvested last year.

Farmers' plans may be revised, of course, in response to weather, price changes, and a host of other things that affect last minute decisions. But despite all the things that can happen between early March and planting time, the survey has been fairly reliable in the past.

Soybean acreage is expected to increase to a record 43.1 million acres—about 1 million more than in 1969. If this acreage is planted, it will mark the tenth consecutive year that record acreages have been seeded. Increases are planned in each of the district states, except for Indiana.

Feed grain acreage is expected to increase the sharpest—owing to changes in the feed grain program that make participation in the program less attractive and somewhat more favorable prices. Since the beginning of the year, feed grain prices have averaged around 2 percent above a year ago. Signup in the feed grain program has run well behind last year's rate and the Department of Agriculture has, as a result, extended the signup period in 11 states to encourage additional participation. A major factor in the reduced participation in this year's program probably was the reduction in the acreage diversion payment of about 10 percent. In addition, advance payments were eliminated this year. (In recent years, farmers have received half of their payments in the spring for acreage idled under the program.) Last year these payments amounted to around \$375 million of which farmers in the Seventh District states received about a third. And finally, the support rate for corn was effectively reduced by about 3 cents a bushel because of the different basis for quotation.

About 42 million acres of soybeans will be harvested if farmers follow through on present plans, according to Department of Agriculture estimates. Thus, the likely result will be the third soybean crop in excess of a billion bushels.

Crop Acreage Up Slightly

	Actual 1969 (million acres)	Indicated 1970 (million acres)	Change (percent)
Corn	64.3	66.7	+4
Soybeans	42.1	43.1	+2
Oats	23.6	24.6	+4
Barley	10.2	10.7	+5
Sorghum	17.4	18.6	+6
Hay	61.8	62.1	-
Spring Wheat	11.2	11.8	+5
Cotton	11.9	12.2	+3
Total Acreage*	298	300	+1

*Based on spring planting intentions, winter wheat plantings, and allowances for other minor crops.

About 120 million acres of feed grains are expected to be planted—up from 115 million last year. Each of the four crops—corn, sorghum, oats, and barley—is expected to show a sizable increase.

The projected output of these two major crops, if it materializes, would likely have a deteriorating effect on prices this fall. Prices of distant futures contracts of both corn and soybeans have been under pressure during the past several weeks. In addition, the larger acreage to be planted, coupled with the elimination of advance feed grain program payments, is almost certain to expand credit requirements, especially in the Midwest.

Nationwide, nearly 67 million acres of corn are expected to be planted—4 percent more than last year and the most since 1967. Sizable increases are indicated for each of the dis-

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