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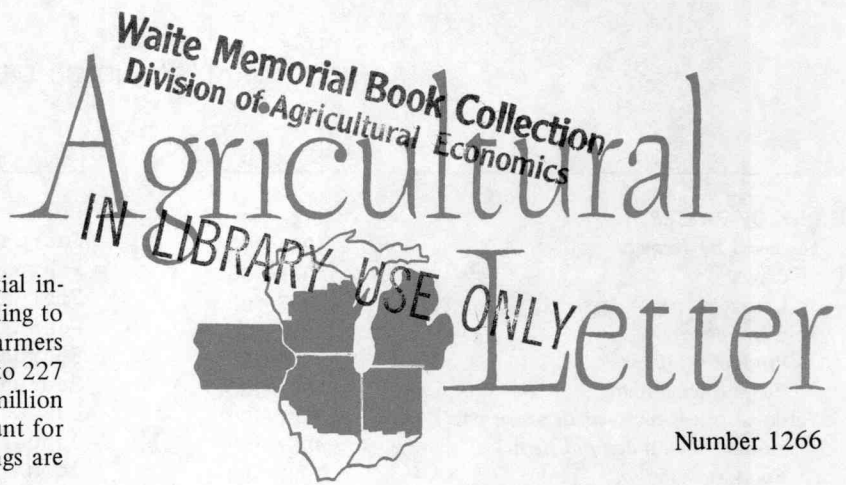
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Number 1266

1974 PLANTING INTENTIONS portend substantial increases in the production of several major crops. According to a U. S. Department of Agriculture March 1 survey, farmers plan to increase plantings of the 16 major spring crops to 227 million acres, up 9 million acres from 1973 and 29 million acres larger than in 1972. Corn, wheat, and cotton account for most of the increase, while soybean and barley plantings are expected to be reduced.

Farmers plan to increase feed grain acreage to 126 million acres, up 5 million acres from last year. Corn acreage would increase, while sorghum, oat, and barley acreage is expected to be smaller. Nearly 79 million acres will be planted to corn this year, a 10 percent increase from 1973 and the largest acreage since 1960. Farmers in the district states plan to increase corn plantings slightly more than nationally.

Arab oil embargo, the probability of widespread farm fuel shortages appears minimal. Spot shortages may occur but at worst will probably only delay plantings for a short time. Some substitution of later planted crops for earlier planted crops, such as soybeans for corn, may occur. Likewise, the shortage of nitrogen fertilizers may induce some Midwest farmers to substitute soybeans for corn, a high nitrogen-consuming crop.

More Corn, Fewer Soybeans in 1974

	Corn		Soybeans	
	Intended acreage (million)	Change from 1973 (percent)	Intended acreage (million)	Change from 1973 (percent)
Iowa	13.2	+12	7.5	-6
Illinois	11.2	+12	8.6	-8
Indiana	6.0	+11	4.2	-4
Wisconsin	3.5	+10	0.2	-2
Michigan	2.3	+11	0.7	-3
District states	36.2	+11	21.2	-7
United States	78.8	+10	55.0	-4

Soybean and corn price relationships will likely be the most important factor affecting the final allocation of acreage between these two crops. Historically, as the soybean/corn price ratio approaches 3.0 farmers shift acreage to soybeans, and as it approaches 2.0 farmers shift acreage to corn. Of course, other factors, such as weather conditions at planting time, government programs, and availability of production inputs, also affect the level of plantings of both crops.

Soybean plantings are expected to be reduced to 55 million acres, down 2 million acres from last year. This will mark the first time in 14 years that soybean seedings will total less than the previous year. Farmers in the district states intend to plant 7 percent fewer soybeans and will account for three-fifths of the reduction in soybean acreage, reflecting a large shift to corn.

Nevertheless, March 1 planting intentions indicating reduced soybean acreage and expanded corn acreage are consistent with the current soybean/corn price ratio, running around 2.0 to 2.1. If sufficient nitrogen fertilizers were available to apply to the corn ground, the shift to corn might be even greater than indicated. Although the constraint is not absolute, the present nitrogen fertilizer shortage will likely temper corn acreage expansion in 1974 to some degree.

Spring wheat and durum wheat intended plantings are up 40 and 20 percent, respectively. Planted wheat acreage (winter, spring, and durum wheat) will be 20 percent larger than a year ago if the spring and durum wheat planting intentions are fulfilled.

Trend line yields suggest corn yields of 97 bushels per acre and soybean yields of 28.5 bushels per acre in 1974. Maximum deviations from the trend yields, barring major drought or blight, have been about 4 bushels for corn and less than half that amount for soybeans. Based on the intended March 1 plantings, corn production would be around 6.7 billion bushels with a range of 6.4 to 7.0 billion bushels. The soybean production would range from 1.4 to 1.6 billion bushels. The indicated production of both corn and soybeans would likely exceed consumption in the 1974-75 marketing year.

The March 1 planting intention estimates are subject to change prior to and during the planting period. Nevertheless, in past years, the estimates have been fairly reliable indicators of actual plantings. During the past 13 years, the March estimates of corn and soybean plantings have been within 2 percent of the actual over half the time. The maximum deviation is around 4 percent for corn and 7 percent for soybeans.

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Farm input shortages—for such items as fuel and fertilizer—may affect crop planting this spring although the effect on total acreage will likely be small. With the lifting of the

ERRATA: Legend on chart in last week's *Agricultural Letter*, No. 1265, was in error. Legend should indicate that solid line represents Federal Land Banks; broken line represents life insurance companies.

AGRICULTURAL ECONOMIC DEVELOPMENTS

Subject	Unit	Latest period	Value	Percent change	
				Prior period	Year ago
INDEX OF PRICES					
Received by farmers	1967=100	February	203	+ 2	+ 36
Crops	1967=100	February	223	+ 6	+ 68
Livestock	1967=100	February	190	- 1	+ 18
Paid by farmers	1967=100	February	159	+ 1	+ 17
Production items	1967=100	February	161	0	+ 20
Family living items	1967=100	February	153	+ 3	+ 17
Ratio of prices received to prices paid	1967=100	February	128	+ 1	+ 16
Consumer price index (all items)	1967=100	January	140	+ 5	+ 9
Food at home	1967=100	January	154	+ 9	+ 21
CASH FARM PRICES (U. S. average)					
Corn	dol. per bu.	February	2.76	+ 7	+104
Soybeans	dol. per bu.	February	6.07	+ 3	+ 11
Wheat (all)	dol. per bu.	February	5.52	+ 4	+180
Sorghum grain	dol. per cwt.	February	4.38	+ 9	+ 68
Oats	dol. per bu.	February	1.44	+ 9	+ 86
Beef steers and heifers	dol. per cwt.	February	46.50	- 2	+ 7
Hogs	dol. per cwt.	February	39.40	- 2	+ 15
Milk, all sold to plants	dol. per cwt.	February	8.95	+ 1	+ 36
Milk cows	dol. per head	February	545	+ 2	+ 25
Chickens, broilers, live	cents per lb.	February	23.7	+13	+ 22
Eggs	cents per doz.	February	64.1	- 4	+ 51
INCOME (seasonally adjusted annual rate)					
Cash receipts from farm marketings	bil. dol.	4th Qtr.	101.2	+20	+ 57
Net farm income	bil. dol.	4th Qtr.	30.4	+19	+ 43
Nonagricultural personal income	bil. dol.	January	1,046.0	0	+ 9
FARM FINANCE					
Total deposits at agricultural banks ¹	1967-69=100	February	197	+ 1	+ 17
Time deposits	1967-69=100	February	238	+ 3	+ 18
Net demand deposits	1967-69=100	February	157	- 1	+ 15
Total loans at agricultural banks ¹	1967-69=100	February	221	+ 2	+ 20
Production Credit Associations					
loans outstanding:					
United States	mil. dol.	January	7,803	- 1	+ 18
Seventh District states	mil. dol.	January	1,326	- 2	+ 14
new loans made:					
United States	mil. dol.	January	1,495	+ 3	+ 22
Seventh District states	mil. dol.	January	273	+14	+ 24
Federal Land Bank Associations					
loans outstanding:					
United States	mil. dol.	January	11,245	+ 2	+ 22
Seventh District states	mil. dol.	January	1,991	+ 6	+ 16
new loans made:					
United States	mil. dol.	January	303	+32	+ 25
Seventh District states	mil. dol.	January	40	+38	+ 25
Interest rates					
		week ending			
Three-month Treasury bills	percent	3/13	7.81	+ 3	+ 32
Federal funds rate	percent	3/13	9.03	+ 1	+ 27
Government bonds (long-term)	percent	3/13	7.62	0	+ 10
AGRICULTURAL TRADE					
Agricultural exports	mil. dol.	October	1,733.7	+20	+ 91
Agricultural imports	mil. dol.	October	715.6	+11	+ 23
FARM MACHINERY SALES					
Farm tractors	units	December	15,850	+47	+ 38
Combines	units	December	1,753	-13	- 48
Balers	units	December	1,086	+58	+ 43

¹ Member banks in Seventh District having a large proportion of agricultural loans in towns of less than 15,000 population.