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2015 Planting Intentions: Fertilizer, Seed, and Pesticide Manufacturers Dodge a Bullet

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Fertilizer, seed, and pesticide manufacturers likely took comfort in the acreage numbers contained in USDA's 2015 *Prospective Planting* report. Farmers reported intentions to plant 89.2 million acres of corn, 1.4 million less than in 2014, but about 470,000 more than the average trade guess (*farmdoc daily* [March 31, 2015](#)). Farmers reported intentions to plant 84.6 million acres of soybeans in 2015, 834,000 more than in 2014, but nearly 1.3 million less than the trade guess (*farmdoc daily* [March 31, 2015](#)). Overall, projected switches from corn to soybeans indicated in the *Prospective Plantings* report were less than what many had anticipated.

Input costs are higher for corn than for soybeans. In central Illinois on high-productivity farmland, 2015 fertilizer costs are projected at \$148 per acre for corn-after-soybeans compared to \$49 per acre for soybeans ([2015 Illinois Crop Budgets](#)). Seed costs are projected at \$124 per acre for corn compared to \$78 per acre for soybeans. Pesticide costs are \$66 per acre for corn compared to \$40 per acre for soybeans.

Overall, input manufacturers likely prefer to see more corn acres planted than soybean acres because farmer costs are higher for corn. Having more corn acres increases the chances of higher gross revenues for input manufacturers. Higher revenues then can lead to higher returns if margins are roughly the same between corn and soybean inputs. Therefore, the projected relatively small shifts away from corn reduce the possibilities of input manufacturers facing much lower incomes from 2015 sales.

Farmers, however, will face lower 2015 incomes, particularly if corn and soybean prices remain at current levels. If corn prices continue to be below \$4.40 into the fall, there will be mounting pressures for farmers to reduce 2016 cash flows through reduced cash rents and reduced fertilizer, seed, and pesticide expenditures. Input manufacturers, however, may not see the need to reduce input prices, as corn acres did not decrease significantly in 2015 while input prices were high. Therefore, not having a significant corn acreage reduction in 2015 may mean less downward pressure on input prices for 2016 production.

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