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Weekly Outlook: Focus on Soybean Acreage

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The surveys conducted by the USDA's National Agricultural Statistics Service (NASS) in June revealed that producers had planted or intended to plant 85.1 million acres of soybeans in 2015. The extremely wet weather in June resulted in a July re-survey of those producers in Arkansas, Kansas, Missouri, and Texas who had indicated in the June survey that they had intended acres that were not yet planted. That re-survey resulted in an 800,000 acre reduction in the estimate of planted acreage of soybeans, to a total of 84.3 million acres.

Questions about the magnitude of planted acreage of soybeans persist. In particular, extremely wet weather in June in parts of the eastern Corn Belt raised questions about whether all the intended acres in that area were actually planted. NASS will update the estimate of planted acreage of soybeans in the October 9 *Crop Production* report. That estimate will incorporate administrative data, primarily from the USDA's Farm Service Agency (FSA). Producers participating in federal farm programs are required to report planted acreage to FSA. FSA releases monthly summaries of the producer reports that have been received and processed to date beginning in August. Those reports contain clues about how NASS may change its acreage estimate in October. While NASS will have access to the FSA data for the October 9 *Crop Production* report, FSA is not scheduled to post that report on its website until October 14.

Anticipating the NASS October estimate of planted acres of soybeans based on FSA acreage data, then, is a two-step process. First, the pattern of changes in FSA monthly planted acreage data is examined to anticipate the magnitude of planted acreage that might be reported in October this year. Second, the relationship between the FSA and NASS October acreage estimates are examined in order to anticipate the likely NASS October acreage estimate this year. This process is illustrated using the experience of the past three years. In 2012, a year of very early planting, the FSA report of planted acreage of soybeans increased by 0.8 million acres from August to September and by only 0.096 million acres from September to October, for a total increase of only 0.896 million acres. The increases in 2013, a year of very late planting, were 2.6 million in September and 0.6 million in October, for a total increase of 3.2 million acres. In 2014, a year of moderately late planting, the increases were 1.6 million in September and 0.2 million in October, for a total increase of 1.8 million acres.

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The variation in the pattern of changes in monthly FSA reports of planted acreage makes it difficult to anticipate the October report this year. In terms of planting progress nationally, 2015 was more similar to 2014 than to either 2012 or 2013. In 2014, the October report of planted acres was 1.8 million above the August report. This year, the September FSA report of planted acreage totaled 80.7 million acres, 1.2 million above the August report. Expectations, then, might be for the October report of acreage to be about 0.6 to 0.8 million acres above the September report, for a total of 81.3 to 81.5 million acres.

The October NASS estimate of planted acreage as a percentage of the FSA report of planted acreage in October was 101.8, 101.7, and 103.9 in 2012, 2013, and 2014, respectively. Relationships between NASS and FSA October acreage data over the past three years suggest that the NASS October estimate of planted acreage this year could be as much as 0.4 million acres larger than the current estimate to 1.6 million acres smaller than the current estimate. The magnitude of the potential range, about two million acres, is similar to the experience of the past three years. The NASS October estimate of planted acreage exceeded the September estimate by 1.1 million acres in 2012 but was about 0.7 million less than the September estimate in 2013 and 2014.

Expectations for the final NASS estimate of planted acreage, to be released in January 2016, can be updated following the release of the October FSA acreage report and the NASS October acreage estimate. The final NASS estimate of planted acreage in the previous three years ranged from 0.5 million less than the October estimate to 0.3 million more than the October estimate. That final estimate represented 101.8 to 103.0 percent of the October FSA acreage report.

The change in the NASS soybean acreage estimate, if any, next month would have to be near the extreme of a decline of 1.6 million acres suggested by recent history to substantially alter the 2015-16 supply and consumption balance sheet. With a national average yield near 47 bushels, a 1.6 million acre decline represents 75 million bushels, assuming the difference between planted and harvested acreage remains near the current estimate of only about 0.8 million acres. With all other WASDE balance sheet projections unchanged, a decline of that magnitude would point to year ending stocks of 375 million bushels, rather than the 450 million bushels currently projected.

Based on the nature of the 2015 planting season, we judge that the NASS October acreage estimate could be small enough to lower the projection of 2015-16 marketing year ending stocks to less than 400 million bushels. Stocks at that level would be expected to support prices at current levels. On the other hand, higher prices will likely require some combination of a lower yield forecast or improved export demand.