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Weekly Farm Economics: Wheat in 2013?

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Recent high wheat prices have led to speculation that wheat acres may increase in 2013. Herein, projected 2013 returns for corn, soybeans, and wheat-double-crop-soybeans are compared to historical averages for southern Illinois. In 2013 budgets, wheat-double-crop-soybean return is closer to corn return and further from soybean return than is typical from a historical perspective, but differences from historical averages are not large. Projected returns do not suggest large increases in wheat acres. However, favorable fall planting weather could lead to more wheat plantings.

2013 Budgets

Table 1 shows summaries of 2013 budgets for corn, soybeans, wheat, and double-crop soybeans grown in southern Illinois. Projected yields are 160 bushels per acre for corn, 48 bushels per acre for soybeans, 56 bushels per acre for wheat, and 32 bushels per acre for double-crop soybeans. Prices are \$6.00 per bushel for corn, \$13.00 per bushel for soybeans, and \$8.35 per bushel for wheat. Non-land costs are projected at \$493 per acre for corn, \$310 per acre for soybeans, \$316 per acre for wheat, and \$212 per acre for double-crop soybeans.

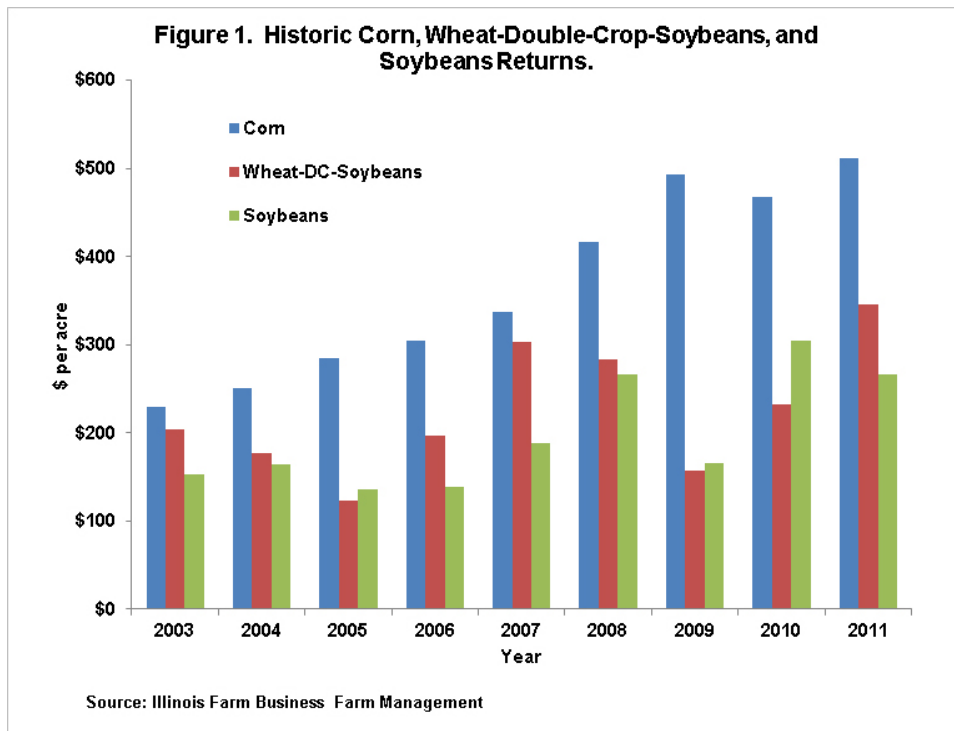
Table 1. 2013 Crop Budgets in Southern Illinois.

	Corn	Soybeans	Wheat	Double-Crop Soybeans
Yield (bushels per acre)	160	48	56	32
Price (per bushel)	\$6.00	\$13.00	\$8.35	\$13.00
Revenue (per acre)	960	624	468	416
Non-land costs (per acre)	493	310	316	212
Operator and land return (per acre)	467	314	152	204

Source: Yields, prices, and costs taken from 2013 Corn and Soybean budgets, with slight adjustments to yields and prices (management section of farmdoc).

Operator and farmland returns in 2013 are projected at \$467 per acre for corn, \$314 for soybeans, \$152 for wheat, and \$204 for double-crop soybeans. Wheat-double-crop-soybeans together have a combined return of \$356 per acre ($\$356 = \152 return for wheat + $\$204$ return for double-crop soybeans). Wheat-double-crop-soybeans has a lower return than corn ($\$467$ for corn versus $\$356$ per acre for soybeans), but a higher return than soybeans ($\$356$ per acre for wheat-double-crop-soybeans versus $\$314$ per acre for soybeans).

Wheat-double-crop-soybeans often have returns that are lower than corn but higher than soybeans (see Figure 1). From 2003 through 2012, corn has an average return in southern Illinois of \$366 per acre, wheat-double-crop-soybeans have a \$224 per acre, and soybeans have a return of \$198 per acre. Historically, corn has been \$142 more profitable than wheat-double-crop-soybeans and wheat-double-crop soybeans has been \$27 more profitable than soybeans. In 2013, corn is projected to be \$111 more profitable than wheat-double-crop-soybeans and wheat-double-crop-soybeans is projected to be \$42 higher than soybeans. The 2013 budgets have wheat-double-crop-soybeans return closer to corn return than is the historical average (a \$111 difference in 2013 compared to a \$142 historical average). The 2013 budgets also have wheat-double-crop-soybeans more profitable than soybeans than is typical (a \$42 difference in 2013 compared to a \$27 historical average). Still, this difference may not result in large increases in wheat acres.



Summary

Current budgets have wheat-double-crop-soybeans in their historical relations with corn and soybeans: corn has higher returns than wheat-double-crop-soybeans which have higher returns than soybeans. These projected returns do not suggest major shifts to wheat during this fall. As is typically the case, wheat plantings may be influenced more by planting conditions than by differences in projected returns. A favorable planting season this fall could see more wheat planting in southern Illinois.