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Weekly Outlook: Acreage in 2020

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The 2019 crop year will live long in the memory. A record amount of prevent plant acres, delayed harvest, and considerable dismay over USDA reports compounded the uncertainty associated with the trade war. Speculation about the acreage levels in 2020 is already underway. Current market conditions support acreage increases in corn and soybeans in 2020. It appears only the magnitude of those increases is in doubt.

A variety of surveys and projections by industry analysts place 2020 corn acreage close to 94 million acres. Soybean acreage projections come in around 84 million acres. Prospects for 2020 crop acreage levels begin with expectations about planted acreage for principal crops. In 2019, acreage planted in principal field crops fell to 309.3 million acres, down 10.3 million acres from the previous year. A record level of prevent plant acreage led to this dramatic drop. At 19.6 million acres of prevent plant acres, this crop year eclipsed the previous record acreage total of 2011 by almost 10 million acres. Corn prevent plant came in at 11.4 million acres while soybean prevent plant sits at 4.5 million acres. Among major field crops, acreage increases for corn, barley, and oats materialized in 2019 despite the tough planting conditions. Other field crops acreage fell from the previous year. Soybean acreage dropped by 12.5 million acres in 2019 under the complex prevent plant decisions that occurred in the spring months.

Any analysis of principal crop acreage requires considering 2019 as an anomaly. The possibility of seeing massive prevent plant acreage in successive years seems remote. In the four years leading into 2019, principal crop acreage averaged 318.9 million acres. An expectation of principal crop acreage near this level seems reasonable for 2020. As we move into 2020, the prospect of significant adjustments in crop acreage increasingly focuses on soybean acreage, while acreage changes among other crops may be in the form of acreage adjustments instead of acreage losses. The environment across most field crops point to total planted acreage of principal crops near 319 million acres in 2020.

In 2019, the combination of corn and soybean acres decreased to 166.4 million planted acres, down from 178.7 million acres in 2018. Over the three years before 2019, corn and soybean acreage averaged 178.7 million acres. Corn and soybean acreage over those years accounted for close to 56 percent of principal crop totals. For this analysis, principal crop acreage near pre-2019 totals and a similar percentage for combined corn and soybean acres is the expectation. Corn and soybean acres near

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177.5 million acres seems a reasonable estimate. As we move into 2020, corn and soybean acreage shifts depend on the profitability of corn and soybean production relative to other crops.

Early surveys indicate winter wheat acreage is set to fall again this year. After planting 31.16 million acres for the 2019-20 crop year, expectations place this year's winter wheat acreage near 31.12 million acres. Delayed harvesting of spring crops and relatively low cash prices may see this come to pass. Wheat prices picked up recently and a continuation of stronger prices may incentivize wheat planting in the spring. Still, the USDA forecast of an average seasonal price near \$4.70 for the 2019-20 marketing year may not provide enough incentive to see total wheat acres above last year's 45.2 million acres if it comes to fruition. Low cotton prices point toward a lower acreage than last year's 13.76 million acres as well. The prospects of cotton acreage between 10-11 million acres open up more acreage for other crops. Even if other grains expand acreage, the magnitudes of the expansion may not amount to more than a million acres between sorghum, rice, barley, and oats. The percentage of these reduced acres devoted to corn and soybeans remain an open question. Expanded acreage appears likely barring a reduction in principal crop acreage in 2020 from pre-2019 levels.

At present, fall 2020 cash delivery prices in central Illinois yield a soybean-to-corn price ratio near 2.48. Current market prices point toward a more robust expansion of soybean acreage than corn. Corn acreage near 92.1 million acres and soybean acres at 85.4 million acres indicates a 2.2 million and 8.9 million acre increase in corn and soybean acreage, respectively. A resolution to the trade war or substantial changes in current 2019 crop production levels may alter this scenario significantly.

The market will continue to form expectations about acreage devoted to corn and soybeans. Preliminary surveys of farmer's planting intentions for 2020 indicate an expansion of corn and soybean acreage. Thus far, all surveys have indicated a reduction of wheat and cotton acreage. Data availability on acreage prospects in 2020 begins with the USDA's January 10 *Winter Wheat Seedings* report and will be followed by the March 31 *Prospective Plantings* report.