

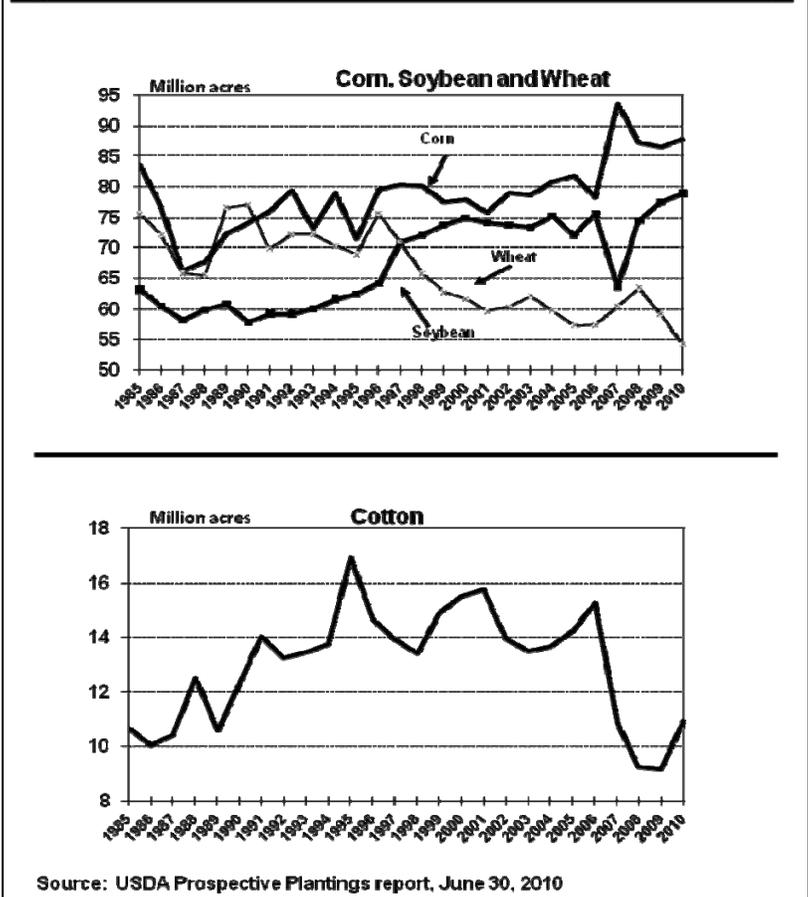
U.S. Planted Acres: Corn, Cotton and Soybeans Up; Wheat Down Grain Markets Initially Weaken, but Recover; Cotton Weakens *Jose G. Peña, Professor and Extension Economist-Management*

USDA's highly anticipated acreage report, released on June 30, 2010, indicated that farmers planted more corn, cotton, and soybeans and less wheat compared to last year. About 87.87 million acres of corn were planted, up 1.6 percent from 86.48 million acres planted last year but down about 926,000 acres (1.0% percent) from 88.978 million acres (1.0% percent) from 88.978 million acres indicated for planting in the initial March '10 planting intentions report. A record high 78.9 million acres of soybeans were planted, up 1.8 percent from last year. Cotton planted area at 10.909 million acres is up 19.2 percent from 9.15 million acres planted last year. All wheat planted acres at 54.305 million acres are down 8.2 percent from 59.133 million acres planted last year (See Figure 1 and Table 1).

This was the second highest planted acreage to corn since 1946, behind 2007 with 93.527 million acres planted.

The report surprised the corn market which had estimated an average of 89.23 million acres planted to corn, 1.4 million more acres than USDA's planted acreage estimate. Corn futures prices on the Chicago Board of Trade (CBOT) had been showing weakness since mid-June, but recovered quickly after the report release date. December 2010

Figure 1: U.S. Corn, Soybean, Wheat and Cotton Planted Acreage



contracts, for example, dropped on June 29 to life of contract lows of about \$3.44/bu., down 36 cents from recent highs of \$3.80/bu. on June 18th. December 2010 contracts have now climbed back up to \$4.00/bu.

While corn markets had weakened, but recovered after the release date, the cotton market weakened since the report release date but is still trading in the mid-to-high 70's.

Corn

USDA's June 30, 2010 estimate of corn planted acreage at 87.87 million acres is up about 1.4 million acres from 86.482 million planted last year. USDA's acreage report estimates that about 81.0 million acres will be harvested this season, up about 1.4 million acres from 79.6 million acres harvested last year. USDA's July 9, 2010 estimate of use for the 2010/11 season at 13.36 billion bushels is up 45 million bushels (0.3%) from total use of 13.315 billion bushels during the 2009/10 season. Ethanol use now accounts for about 35.5 percent of USDA's July 6, 2010 production estimate of 13.244 billion bushels. While USDA's July 2010 estimate of exports at 1.95 billion bushels remains the same as last year, total use will exceed the production estimate by about 116 million bushels. The 2010/11 estimate of ending stocks at 1.372 billion bushels will be down 106 million bushels (down 7.2%), from beginning stocks of 1.478 billion bushels.

Fundamentals support a positive market response. Keep in mind, however, that USDA's July estimate of use includes the use of about 4.7 billion bushels of corn for ethanol production. About one-third to 40 percent of this corn will be recycled into livestock feed, which influences the corn market.

Cotton

USDA's, June 30, 2010 estimate of acreage planted to cotton for the 2010/11 season at 10.91 million acres (Upland 10.315 million; Pima 190,000) is up 404,000 from 10.505 million indicated for plantings in the March '10 planting intentions and up 1.76 million acres (19.2%) from 9.15 million acres planted last year. Futures prices for cotton had been showing strength, but have weakened since the report release date. December '10 cotton futures contracts closed at about 73.3 cents a pound on Thursday (7.15.10) down about 6.7 cents from mid-June high's of around 80 cents.

According to USDA's June 30, 2010 Acreage report, upland planted area is estimated at 10.7 million acres, up 18.18 percent from 2009. Increased planted acres are expected in all States except Louisiana, where acres were unchanged from last year's record low. In Alabama, California, Mississippi, North Carolina, South Carolina, and Tennessee, planted acreage increased over 30 percent with California experiencing a 76 percent increase. American-Pima cotton growers planted 209,000 acres, up 48 percent from 2009.

USDA's July 9, 2010 supply/demand report estimates production at 18.31 million bales, up 50.2 percent from

12.19 million bales produced last year. With the estimate of total use at 15.5 million bales, production will exceed use by 2.81 million bales. Ending stocks at 5.69 million bales will almost double the beginning stock estimate of 2.91 million bales.

The U.S. July 9, 2010 supply/demand report includes a forecast range of 60 to 74 cents per pound for the 2010/11 upland cotton weighted average price received by farmers, compared to 62.5 cents/lb for last season.

TABLE 1. ACRES PLANTED TO SELECTED CROPS								
COMMODITY	2006	2007	2008	2009	2010		% CHNG	% CHNG
					March ¹	June ²	Mar/June	2009/June '10
(X 1,000 ACRES)								
CORN	78,327	93,600	85,982	86,482	88,798	87,872	-1.0%	1.6%
SOYBEANS	75,522	63,631	75,718	77,451	78,098	78,868	1.0%	1.8%
ALL WHEAT	57,344	60,433	63,147	59,133	53,827	54,305	0.9%	-8.2%
Winter	40,575	44,987	46,281	43,311	37,698	37,723	0.1%	-12.9%
Durum	1,870	2,149	2,731	2,554	2,223	2,675	20.3%	4.7%
Other Spring	14,899	13,297	14,135	13,268	13,906	13,907	0.0%	4.8%
ALL COTTON	15,274	10,827	9,471	9,150	10,505	10,909	3.8%	19.2%
UPLAND	14,948	10,535	9,297	9,008	10,315	10,700	3.7%	18.8%
PIMA	326	292	174	141	190	209	10.0%	47.8%
SORGHUM	6,522	7,718	8,284	6,633	6,360	6,000	-5.7%	-9.5%
PEANUTS	1,243	1,230	1,534	1,116	1,201	1,290	7.4%	15.6%
OATS	4,168	3,760	3,217	3,404	3,364	3,176	-5.6%	-6.7%
HAY/2	60,807	61,625	60,062	59,755	60,460	59,656	-1.3%	-0.2%
TOTAL	299,207	302,824	307,415	303,124	302,613	302,076	-0.2%	-0.3%
1/Intended plantings in March 31, 2010 as indicated by reports from farmers.								
2/Acres planted as indicated on June 30, 2010 by reports from farmers.								
Source: Agricultural Statistics Board								

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