

Setting up for a Profitable 2021 for Illinois and Midwest Farms

# Acreage Decisions in 2021

**I**  
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Scott Irwin



Gary Schnitkey

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# Topics

1. Outlook
2. Historical acres
3. Projected 2021 returns

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# Outlook



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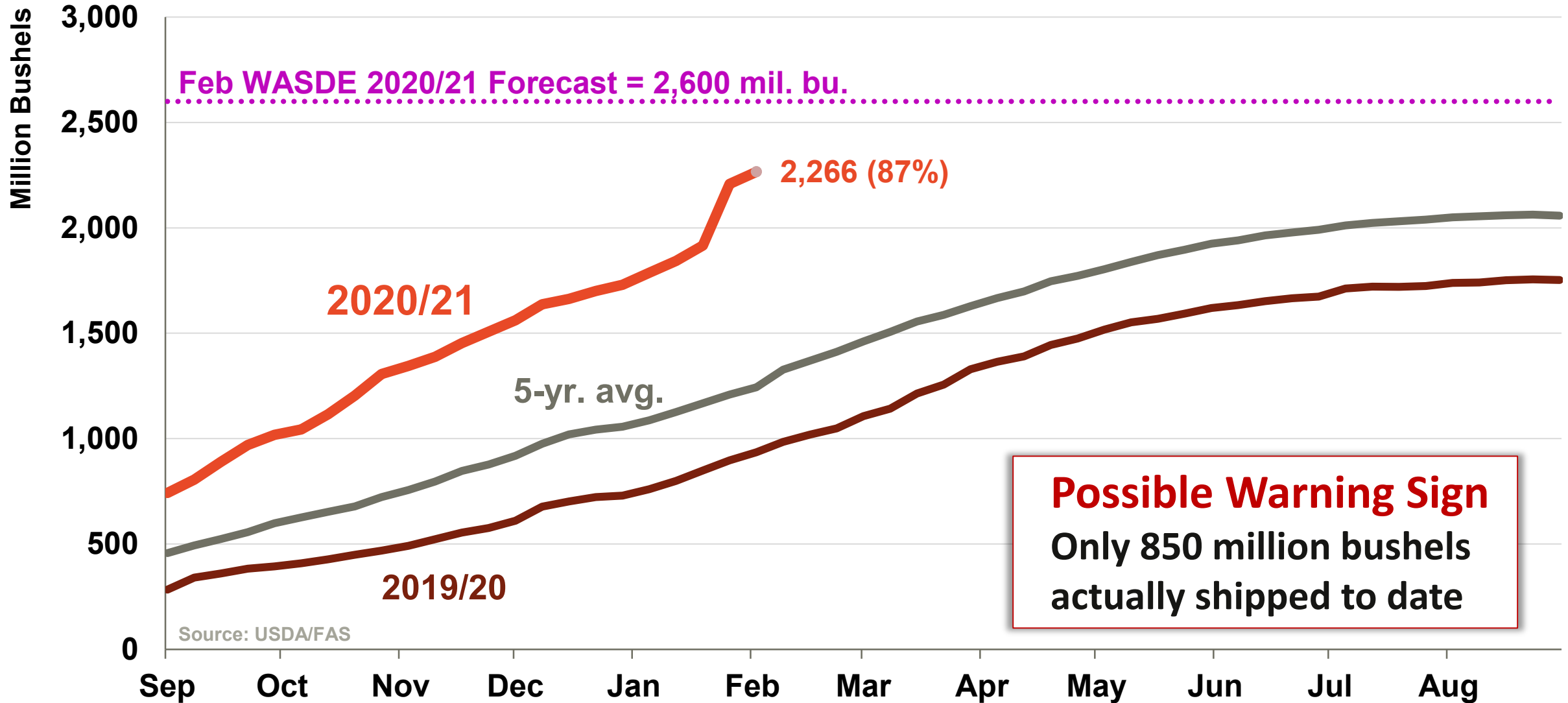
**Scott Irwin**

Laurence J. Norton Chair of Agricultural Marketing  
[sirwin@illinois.edu](mailto:sirwin@illinois.edu)

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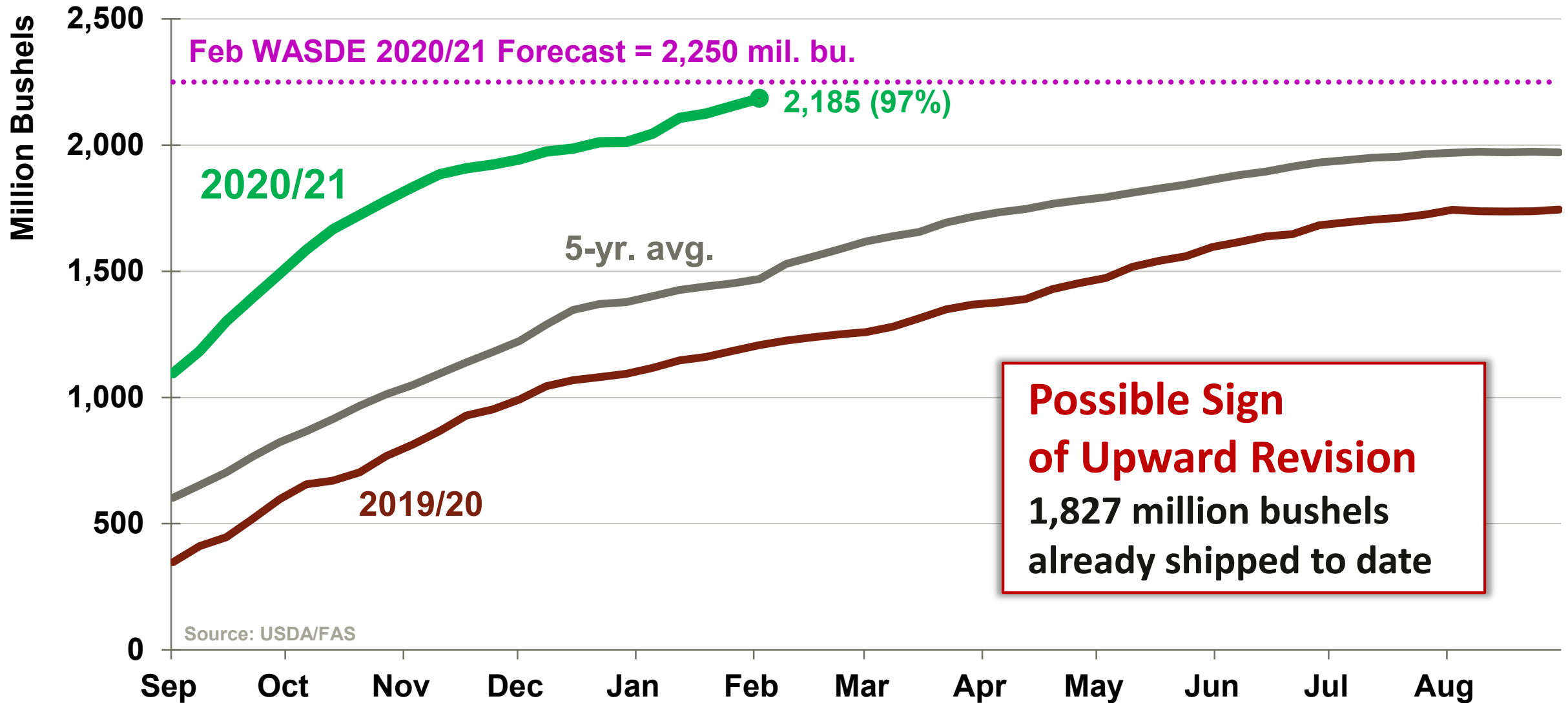
# Total Export Commitments for Corn

(Exports + Outstanding Sales) by Week of the 2020/21 Marketing Year



# Total Export Commitments for Soybeans

(Exports + Outstanding Sales) by Week of the 2020/21 Marketing Year

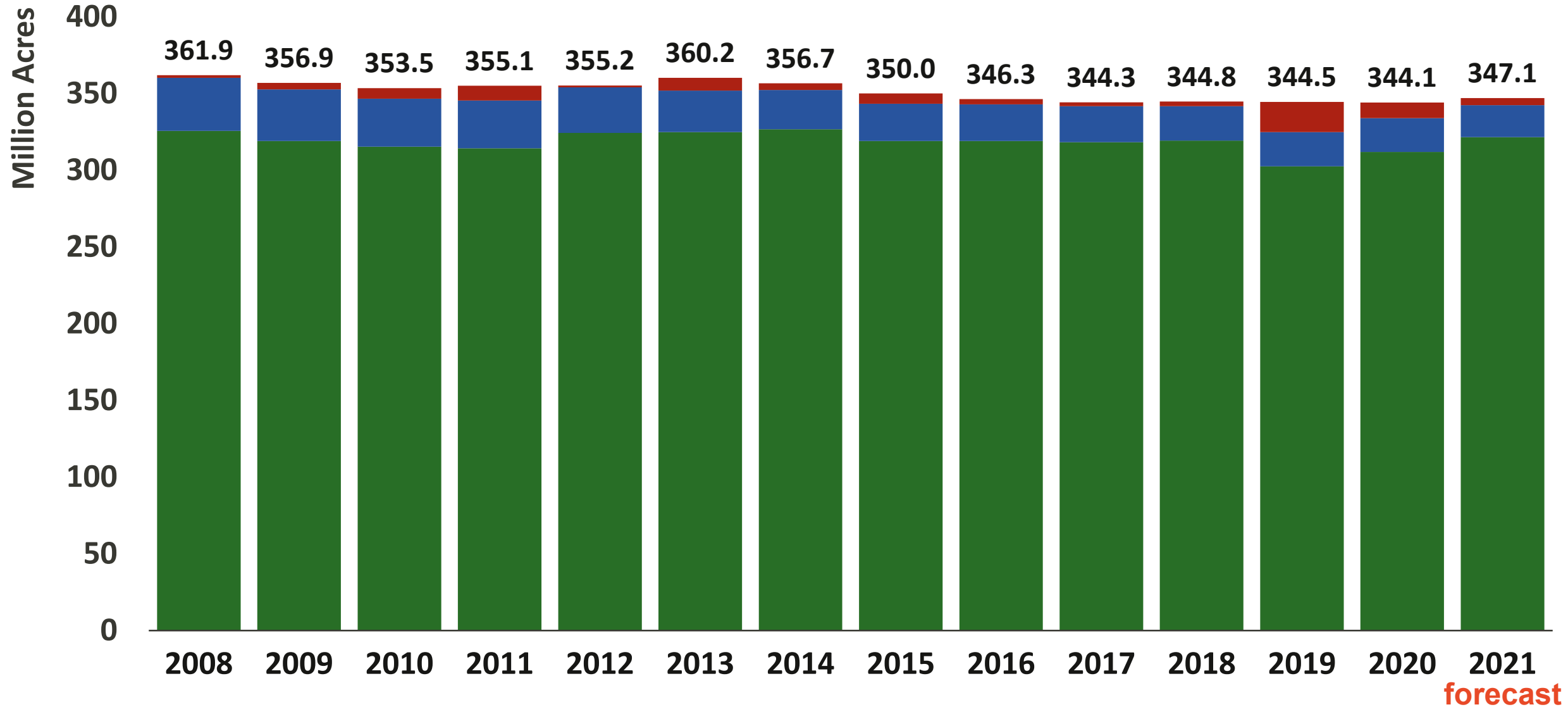


<b>U.S. Corn Supply and Use</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21 USDA</b>		<b>2020/21 Forecast</b>
			<b>May WASDE</b>	<b>Feb WASDE</b>	
<b>Area Planted (mil. acres)</b>	88.9	89.7	97.0	90.8	90.8
<b>Area Harvested (mil. acres)</b>	81.3	81.3	89.6	82.5	82.5
<b>Yield (bu./acre)</b>	176.4	167.5	178.5	172	172
<b>Beginning Stocks (mil. bu.)</b>	2,140	2,221	2,098	1,919	1,919
<b>Production (mil. bu.)</b>	14,340	13,620	15,995	14,182	14,182
<b>Imports (mil. bu.)</b>	28	42	25	25	25
<b>Total Supply (mil. bu.)</b>	16,509	15,883	18,118	16,127	16,127
<b>Feed and Residual (mil. bu.)</b>	5,429	5,903	6,050	5,650	5,750
<b>Food, Seed, and Industrial (mil. bu.)</b>	6,793	6,282	6,600	6,375	6,400
<i>Ethanol (mil. bu.)</i>	5,378	4,852	5,200	4,950	4,975
<b>Exports (mil. bu.)</b>	2,066	1,778	2,150	2,600	2,650
<b>Total Use (mil. bu.)</b>	14,288	13,963	14,800	14,625	14,800
<b>Ending Stocks (mil. bu.)</b>	2,221	1,919	3,318	1,502	1,327
<b>Stocks/Use (%)</b>	15.5	13.7	22.4	10.3	9.0
<b>Season Average Price (\$/bu.)</b>	\$3.61	\$3.56	\$3.20	\$4.30	\$4.50

U.S. Soybean Supply and Use	2018/19	2019/20	2020/21 USDA		2020/21 Forecast
			May WASDE	Feb WASDE	
Area Planted (mil. acres)	89.2	76.1	83.5	83.1	83.1
Area Harvested (mil. Acres)	87.6	74.9	82.8	82.3	82.3
Yield (bu./acre)	50.6	47.4	49.8	50.2	50.2
Beginning Stocks (mil. bu.)	438	909	580	525	525
Production (mil. bu.)	4,428	3,552	4,125	4,135	4,135
Imports (mil. bu.)	14	15	15	35	35
<b>Total Supply (mil. bu.)</b>	<b>4,880</b>	<b>4,476</b>	<b>4,720</b>	<b>4,695</b>	<b>4,695</b>
Crush (mil. bu.)	2,092	2,165	2,130	2,200	2,200
Exports (mil. bu.)	1,752	1,682	2,050	2,250	2,275
Seed (mil. bu.)	88	96	100	103	103
Residual (mil. bu.)	39	9	35	22	22
<b>Total Use (mil. bu.)</b>	<b>3,971</b>	<b>3,952</b>	<b>4,315</b>	<b>4,575</b>	<b>4,600</b>
<b>Ending Stocks (mil. bu.)</b>	<b>909</b>	<b>525</b>	<b>405</b>	<b>120</b>	<b>95</b>
Stocks/Use (%)	22.9	13.3	9.4	2.6	2.1
Season Average Price (\$/bu.)	\$8.48	\$8.57	\$8.20	\$11.15	\$11.50

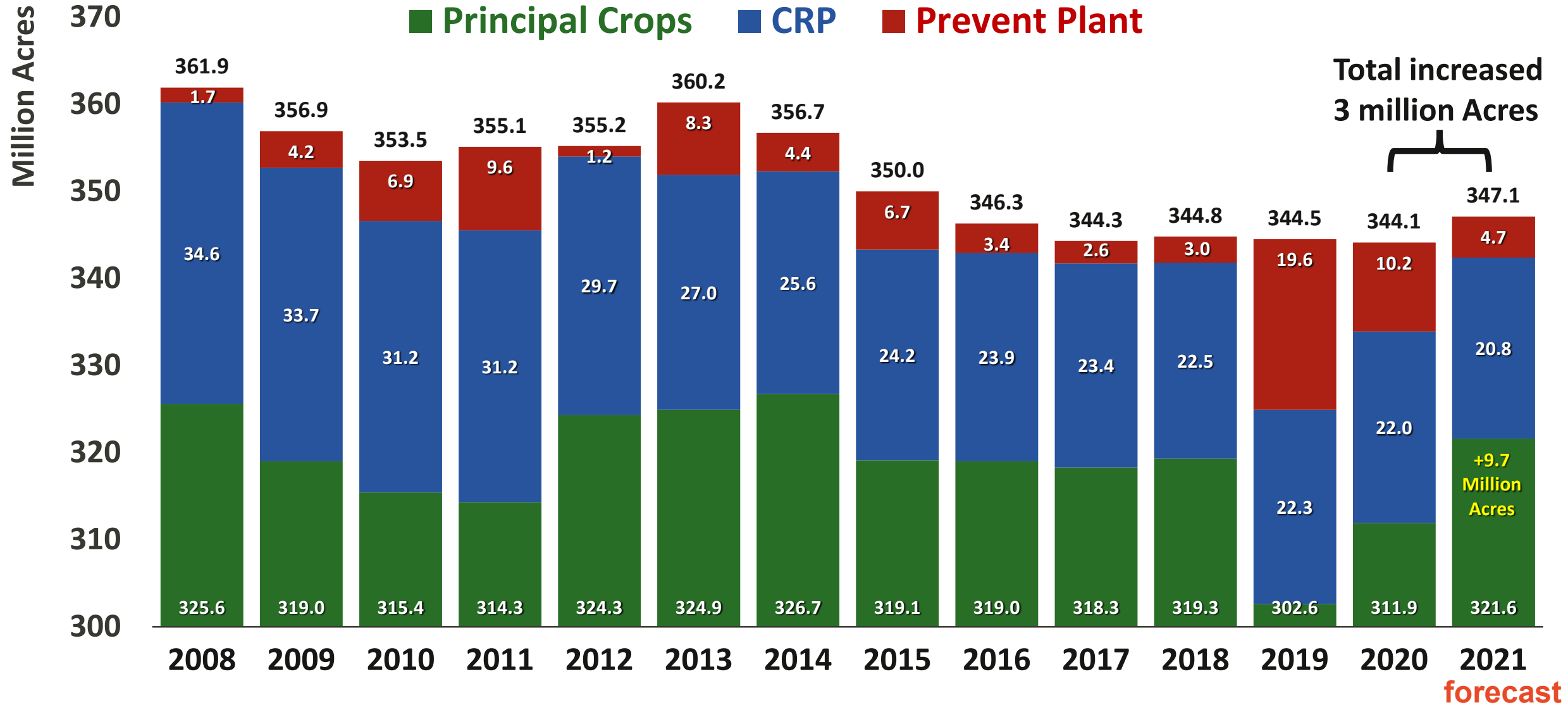
# Composition of Total Crop Acreage in the U.S.

■ Principal Crops ■ CRP ■ Prevent Plant

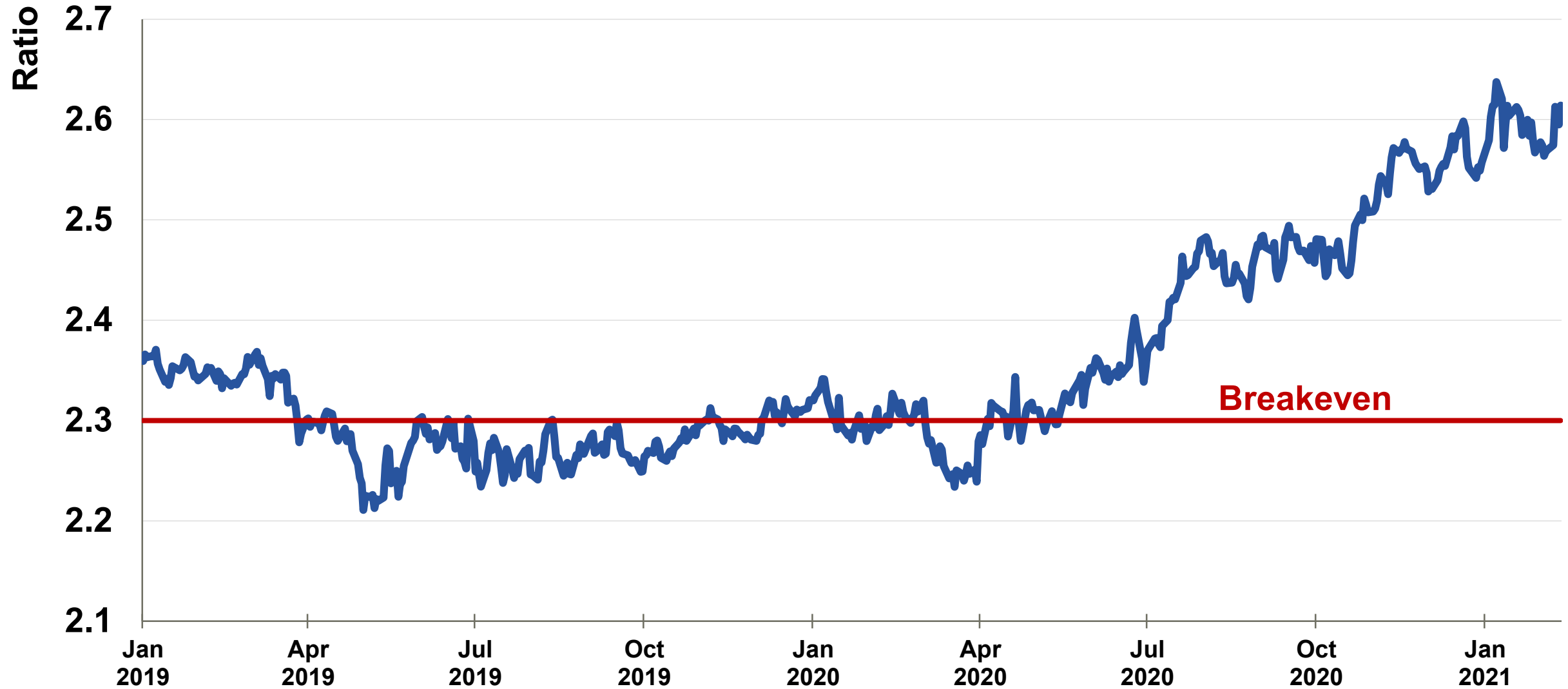




# Composition of Total Crop Acreage in the U.S.



# Daily Ratio of November 2021 Soybean Futures Price and December 2021 Corn Futures Price, January 2, 2019 - February 12, 2021



<b>First Look at 2021/22 U.S. Corn Supply and Use</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21 USDA Feb WASDE</b>	<b>2020/21 Forecast</b>	<b>2021/22 Forecast</b>
<b>Area Planted (mil. acres)</b>	88.9	89.7	90.8	90.8	91.9
<b>Area Harvested (mil. acres)</b>	81.3	81.3	82.5	82.5	84.7
<b>Yield (bu./acre)</b>	176.4	167.5	172	172	179.0
<b>Beginning Stocks (mil. bu.)</b>	2,140	2,221	1,919	1,919	1,327
<b>Production (mil. bu.)</b>	14,340	13,620	14,182	14,182	15,161
<b>Imports (mil. bu.)</b>	28	42	25	25	25
<b>Total Supply (mil. bu.)</b>	16,509	15,883	16,127	16,127	16,513
<b>Feed and Residual (mil. bu.)</b>	5,429	5,903	5,650	5,750	5,800
<b>Food, Seed, and Industrial (mil. bu.)</b>	6,793	6,282	6,375	6,400	6,850
<i>Ethanol (mil. bu.)</i>	5,378	4,852	4,950	4,975	5,400
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<b>Total Use (mil. bu.)</b>	14,288	13,963	14,625	14,800	15,050
<b>Ending Stocks (mil. bu.)</b>	2,221	1,919	1,502	1,327	1,463
<b>Stocks/Use (%)</b>	15.5	13.7	10.3	9.0	9.7
<b>Season Average Price (\$/bu.)</b>	\$3.61	\$3.56	\$4.30	\$4.50	\$4.00

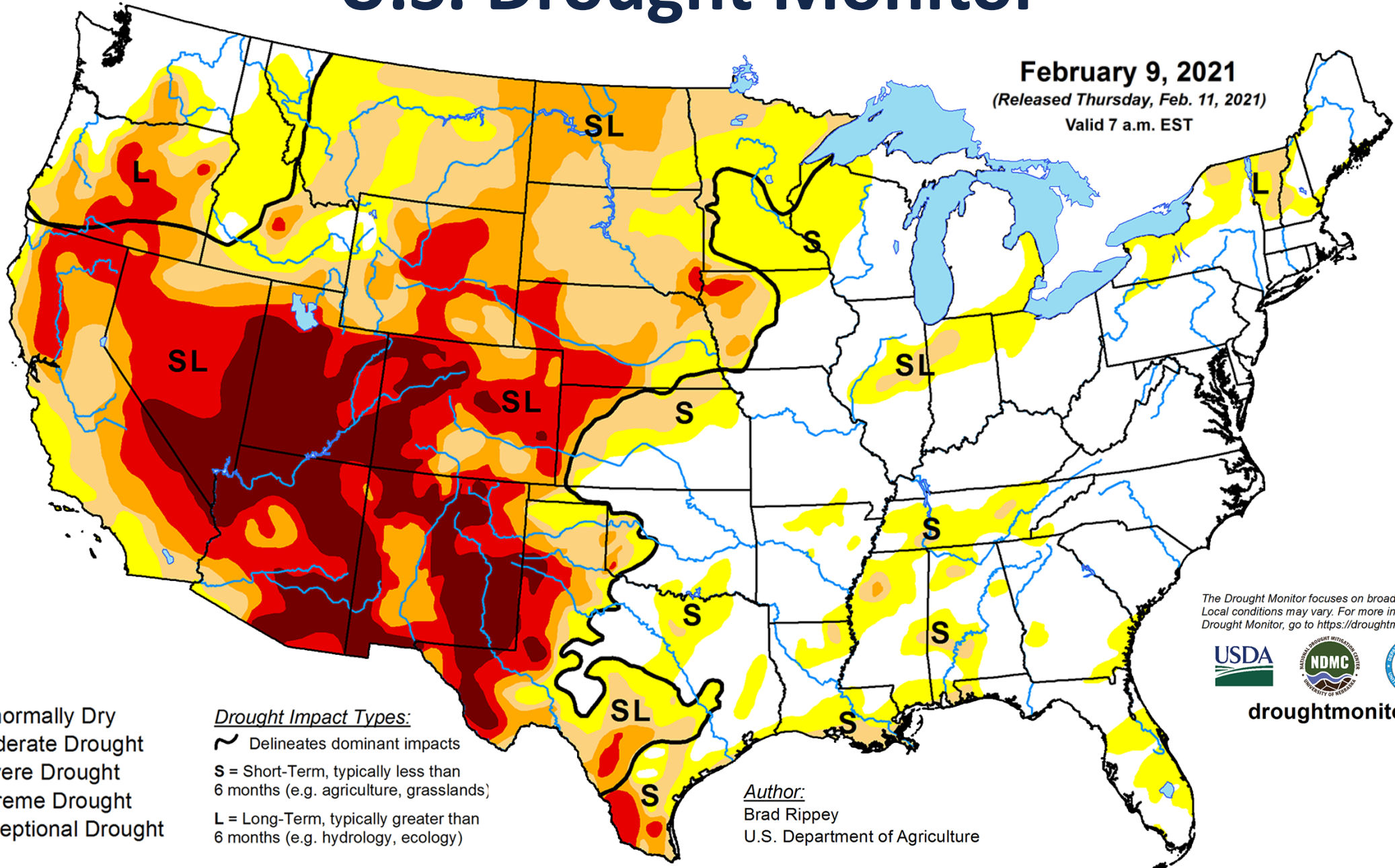
<b>First Look at 2021/22 U.S. Soybean Supply and Use</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21 USDA Feb WASDE</b>	<b>2020/21 Forecast</b>	<b>2021/22 Forecast</b>
Area Planted (mil. acres)	89.2	76.1	83.1	83.1	90.8
Area Harvested (mil. Acres)	87.6	74.9	82.3	82.3	89.9
Yield (bu./acre)	50.6	47.4	50.2	50.2	50.5
Beginning Stocks (mil. bu.)	438	909	525	525	95
Production (mil. bu.)	4,428	3,552	4,135	4,135	4,540
Imports (mil. bu.)	14	15	35	35	35
<b>Total Supply (mil. bu.)</b>	<b>4,880</b>	<b>4,476</b>	<b>4,695</b>	<b>4,695</b>	<b>4,670</b>
Crush (mil. bu.)	2,092	2,165	2,200	2,200	2,100
Exports (mil. bu.)	1,752	1,682	2,250	2,275	2,150
Seed (mil. bu.)	88	96	103	103	113
Residual (mil. bu.)	39	9	22	22	22
<b>Total Use (mil. bu.)</b>	<b>3,971</b>	<b>3,952</b>	<b>4,575</b>	<b>4,600</b>	<b>4,385</b>
<b>Ending Stocks (mil. bu.)</b>	<b>909</b>	<b>525</b>	<b>120</b>	<b>95</b>	<b>285</b>
Stocks/Use (%)	22.9	13.3	2.6	2.1	6.5
Season Average Price (\$/bu.)	\$8.48	\$8.57	\$11.15	\$11.50	\$10.75

# U.S. Drought Monitor

February 9, 2021

(Released Thursday, Feb. 11, 2021)

Valid 7 a.m. EST



Intensity:

- None
- D0 Abnormally Dry
- D1 Moderate Drought
- D2 Severe Drought
- D3 Extreme Drought
- D4 Exceptional Drought

Drought Impact Types:

- Delineates dominant impacts
- S** = Short-Term, typically less than 6 months (e.g. agriculture, grasslands)
- L** = Long-Term, typically greater than 6 months (e.g. hydrology, ecology)

Author:

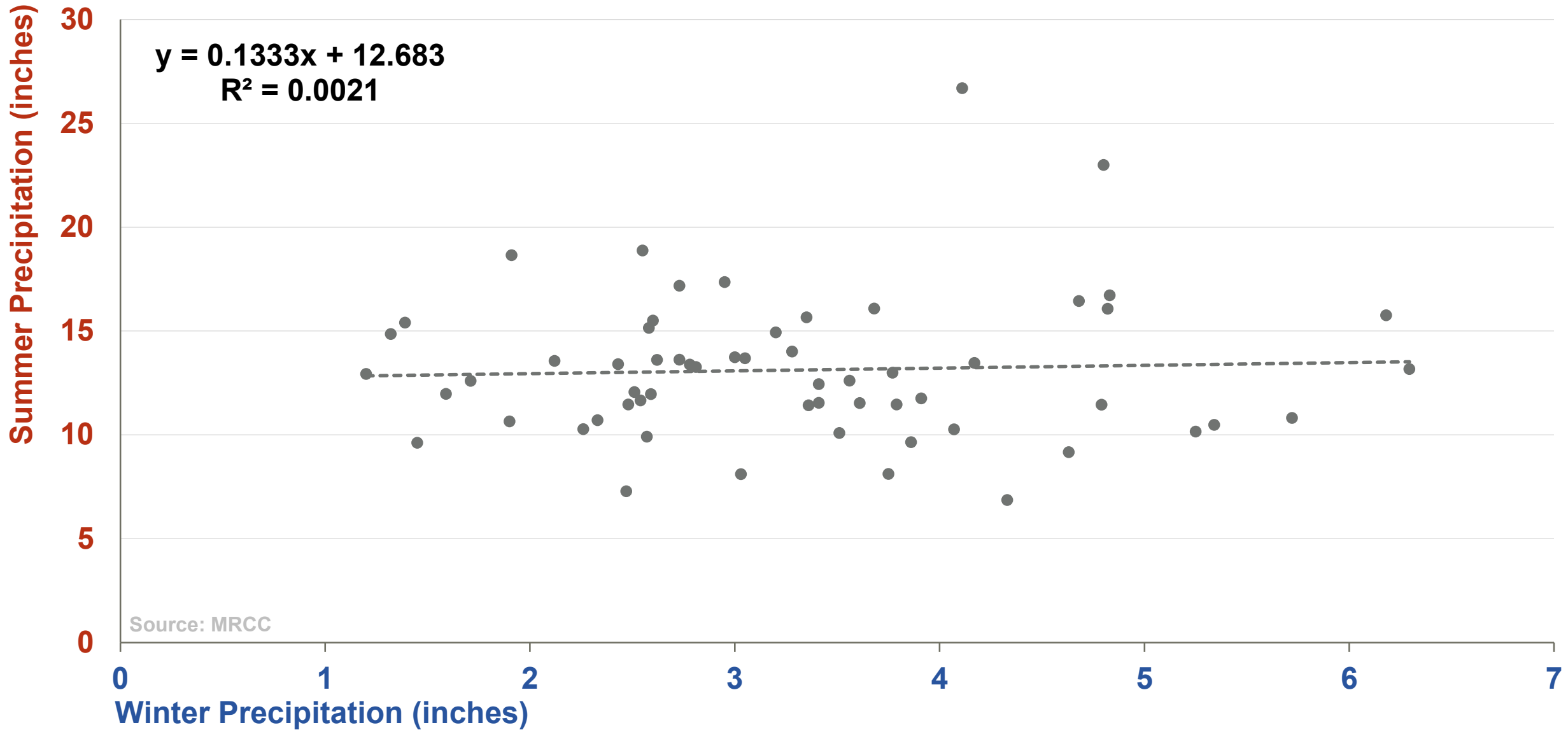
Brad Rippey  
U.S. Department of Agriculture

The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. For more information on the Drought Monitor, go to <https://droughtmonitor.unl.edu/About.aspx>



[droughtmonitor.unl.edu](https://droughtmonitor.unl.edu)

# Relationship between Winter (Dec-Feb) and Summer (Jun-Aug) Precipitation in Iowa, 1961-2020



# Acres



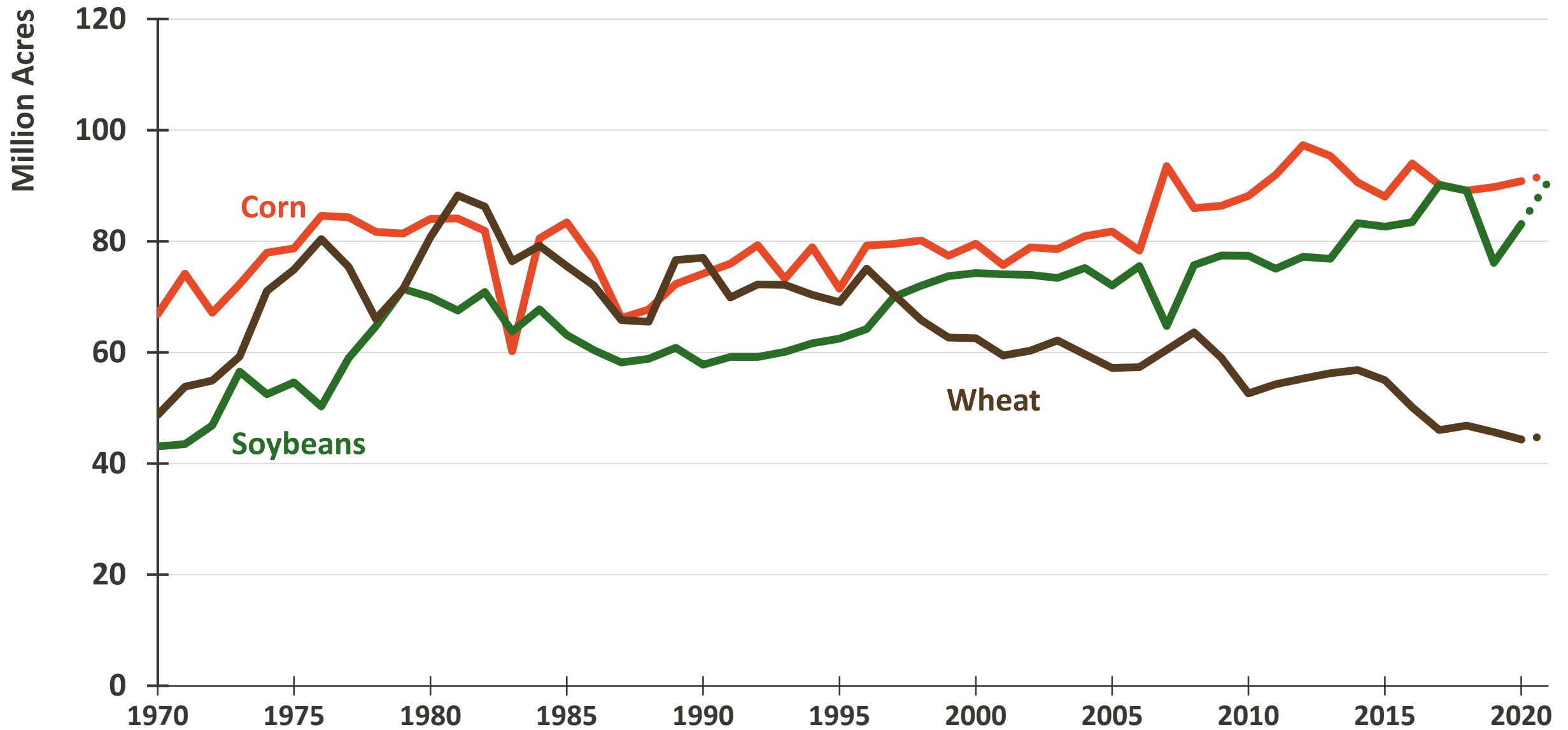
**Gary Schnitkey**

# What do you expect to do acreage this year

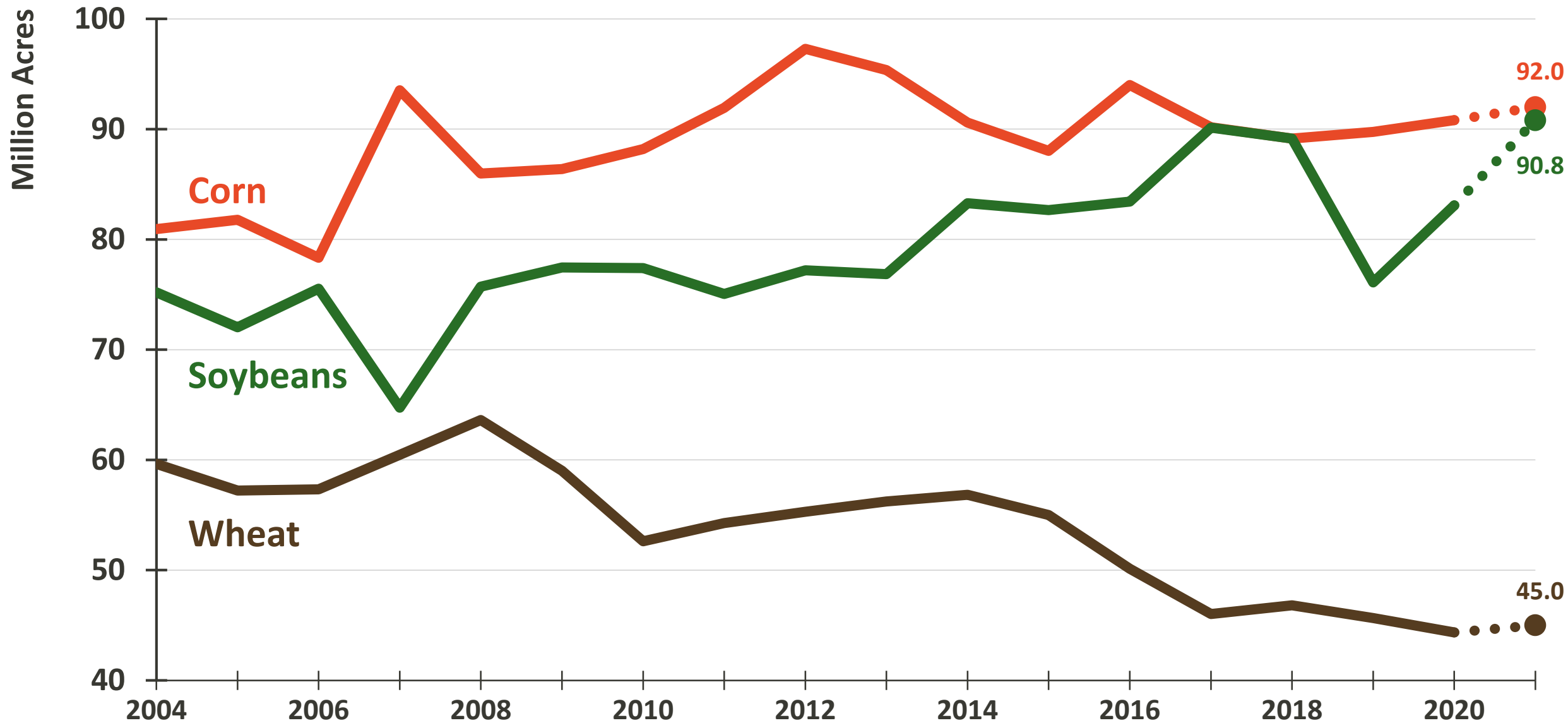
- More corn in 2021 as compared to 2020
- Same corn and soybeans
- More soybeans in 2021 as compared to 2020
- Not a decision



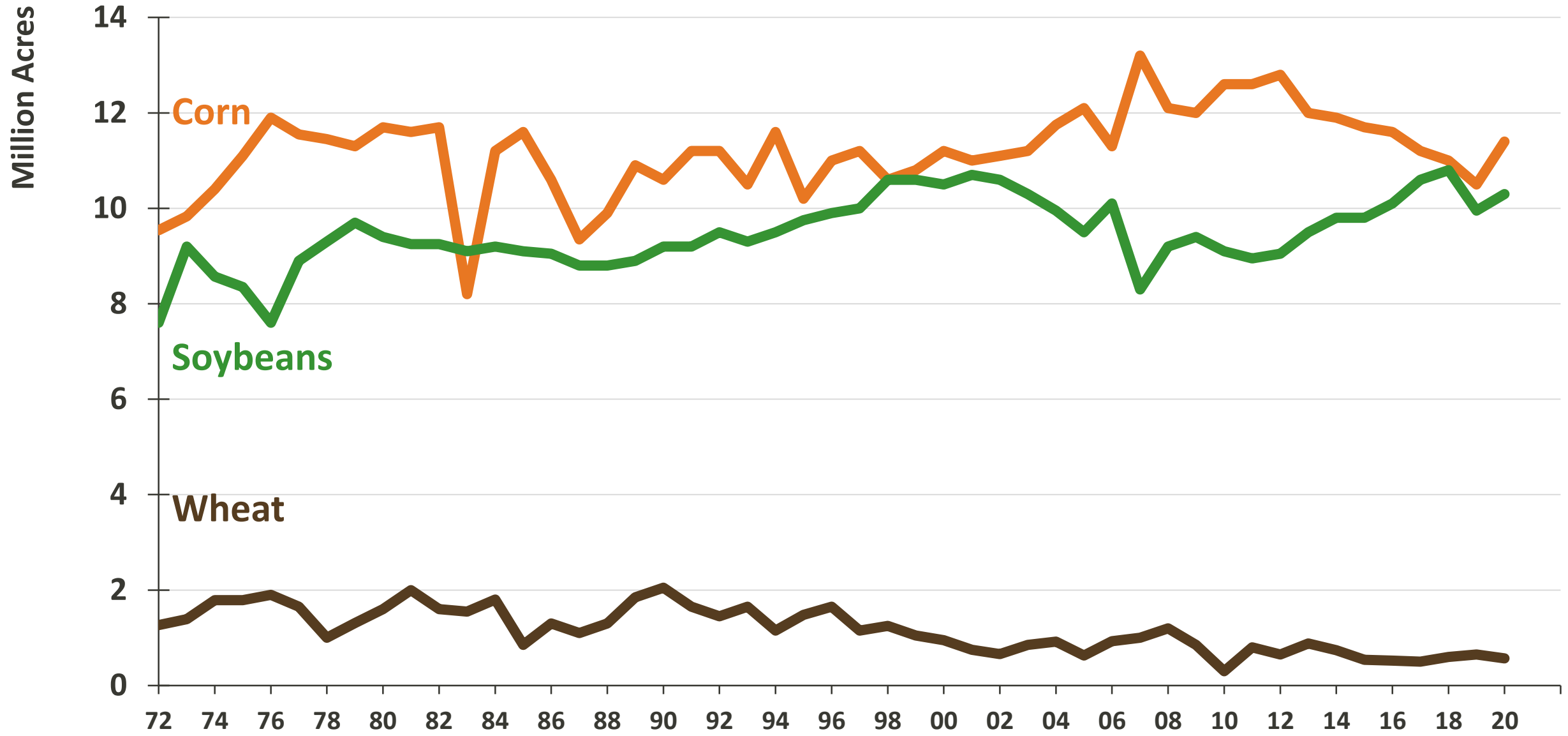
# Acres of Corn, Soybeans, and Wheat in United States, 1970 to 2021\*



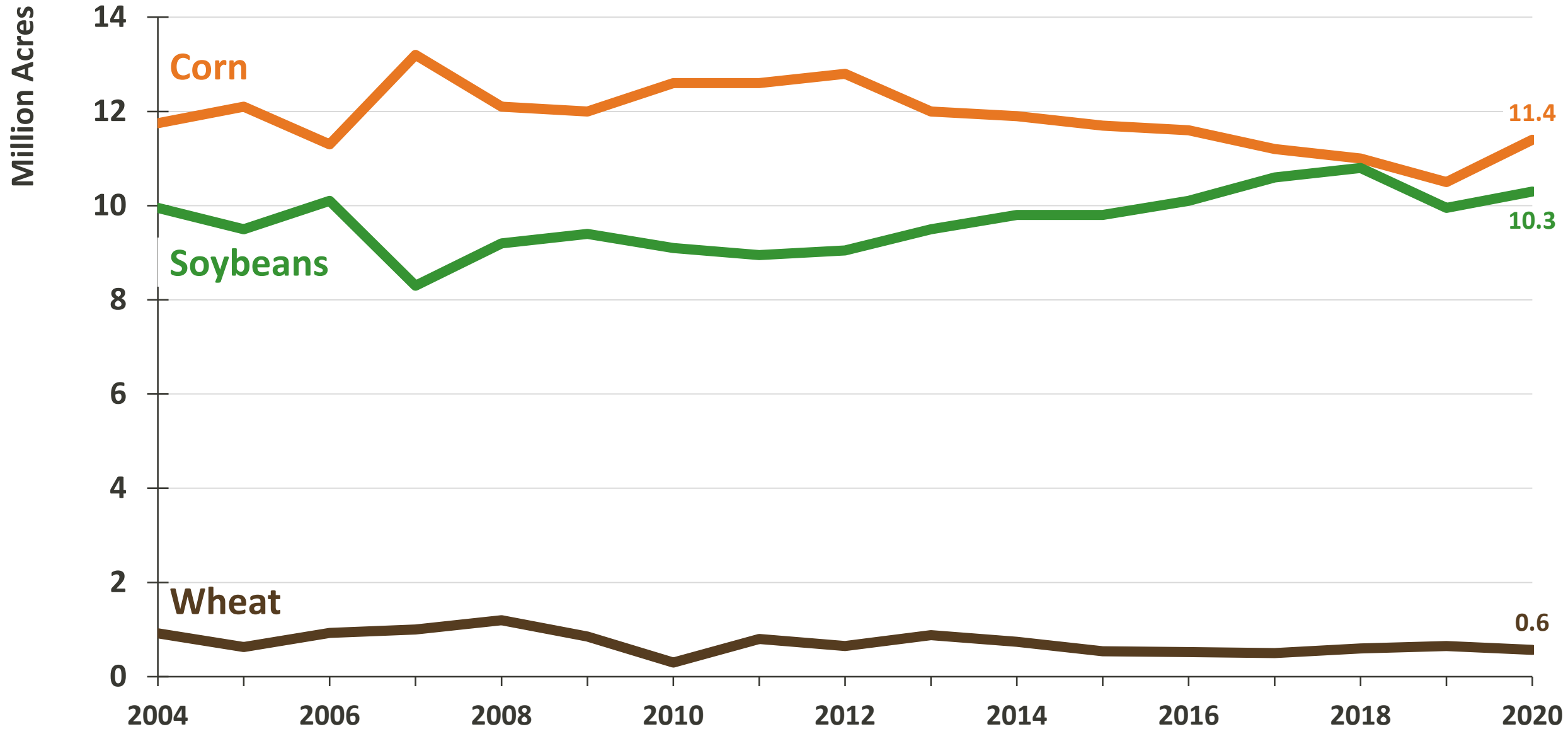
# Acres of Corn, Soybeans, and Wheat in United States, 2004 to 2021\*



# Acres of Corn, Soybeans, and Wheat in Illinois, 1972 to 2020



# Acres of Corn, Soybeans, and Wheat in Illinois, 2004 to 2020



# Corn, Soybeans, and Wheat in 2019

## Northern

60% corn  
39% soybeans  
1% wheat



## Central

52% corn  
47% soybeans  
1% wheat



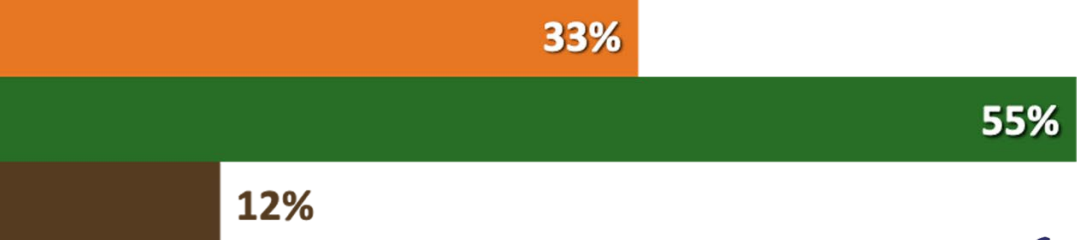
## Mid-South

48% corn  
49% soybeans  
3% wheat

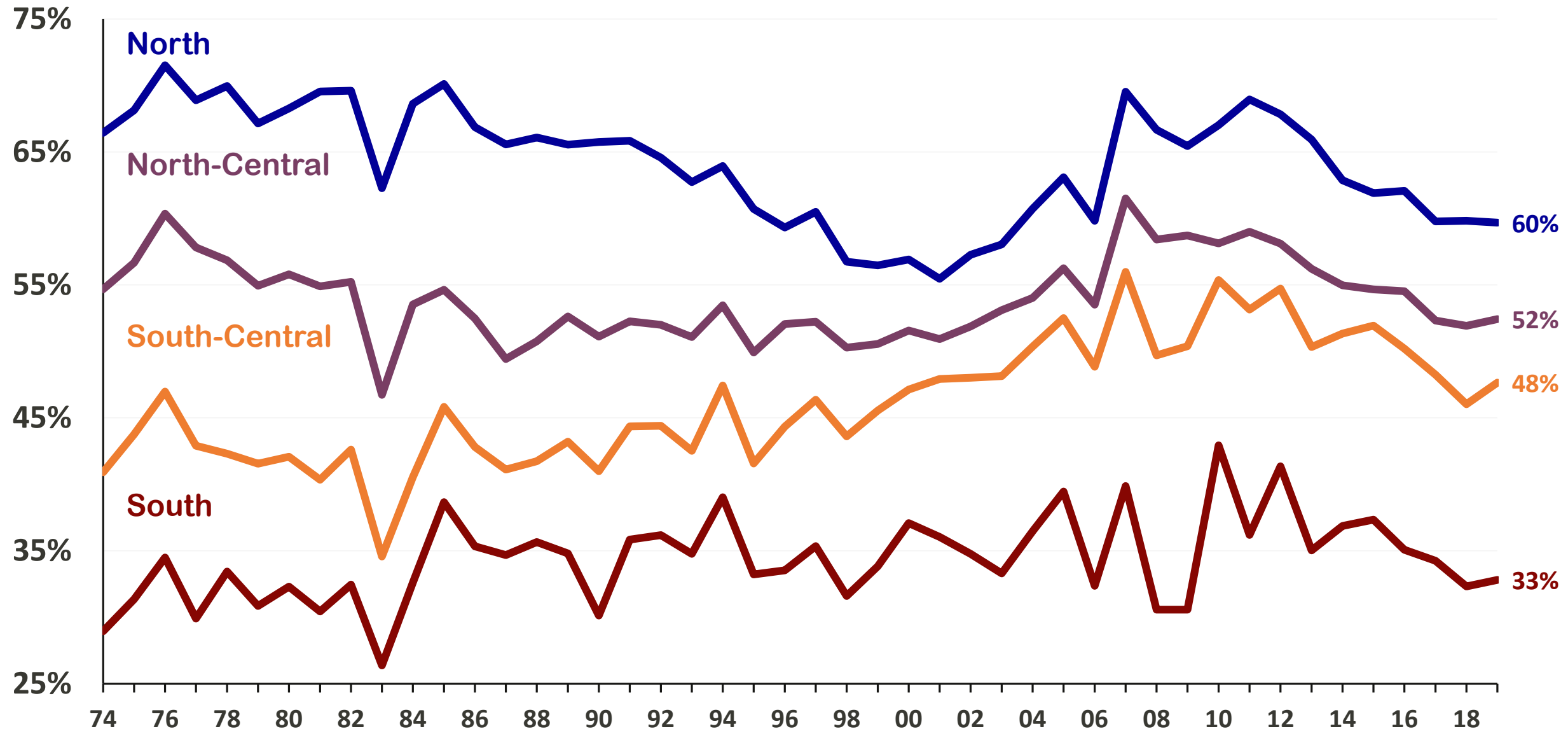


## South

33% corn  
55% soybeans  
12% wheat

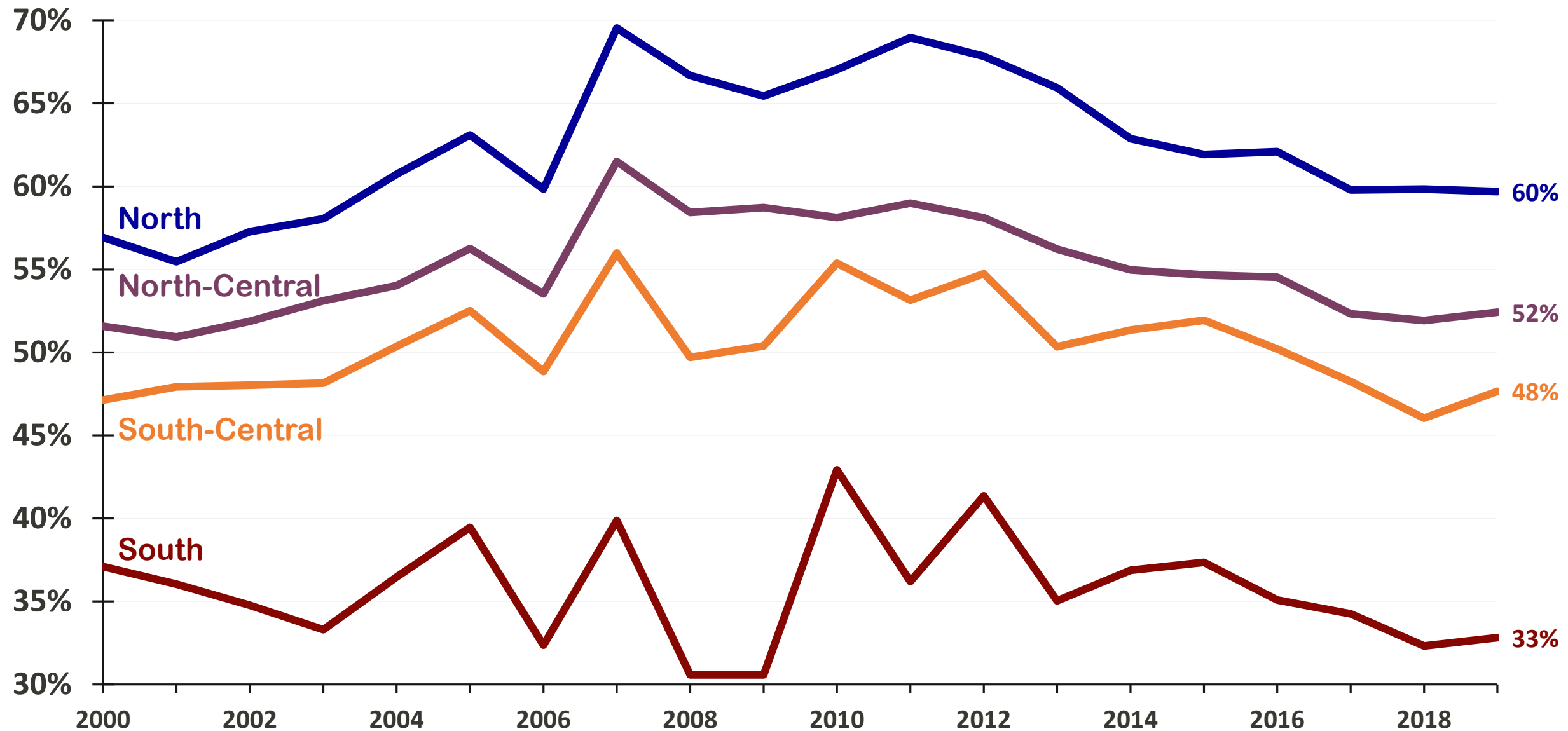


# Percent of Area in Corn, 1974 to 2019\*



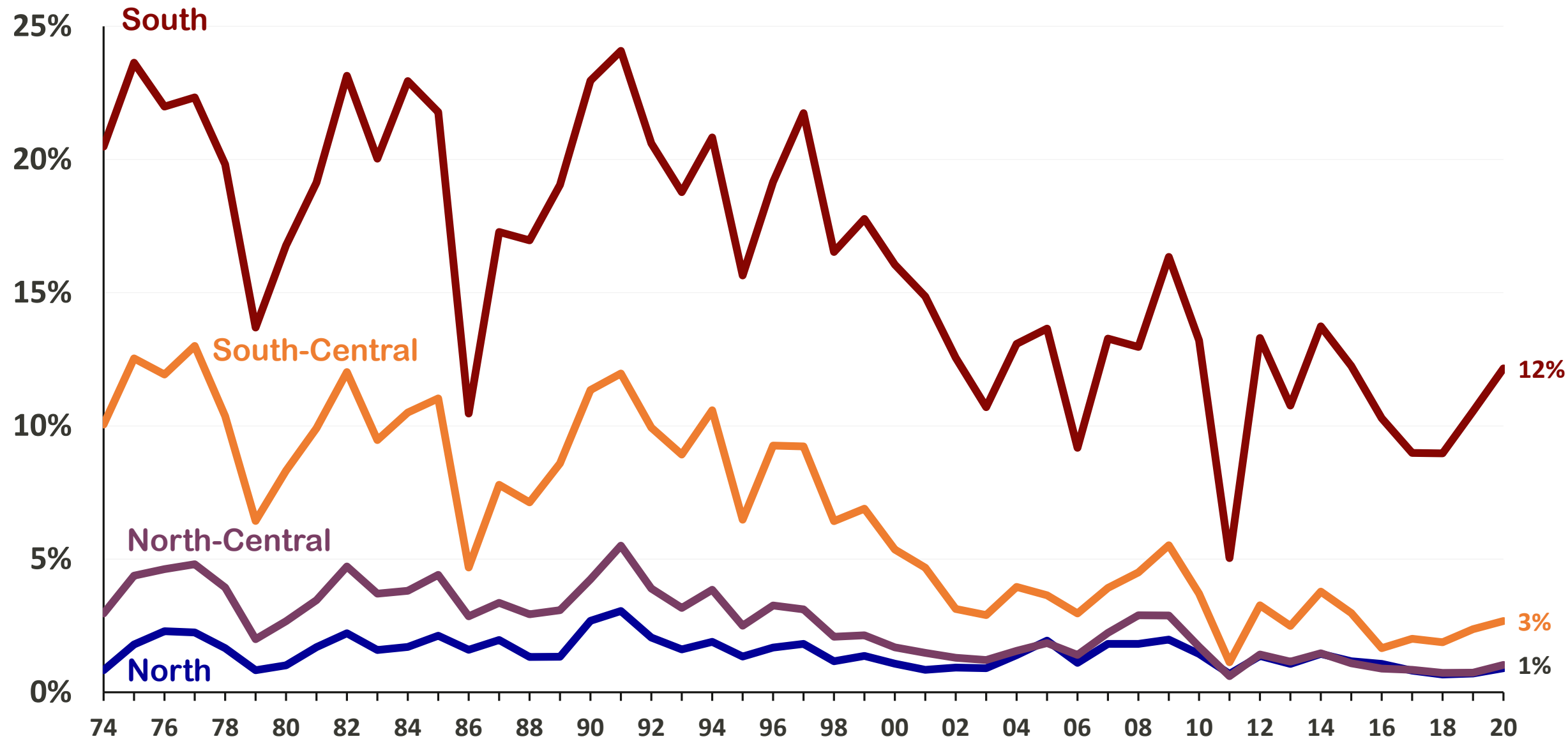
\*Percent of acres in corn relative to total corn, soybeans and wheat acres. Data are from National Agricultural Statistical Service

# Percent of Area in Corn, 2000 to 2019\*



\*Percent of acres in corn relative to total corn, soybeans and wheat acres. Data are from National Agricultural Statistical Service

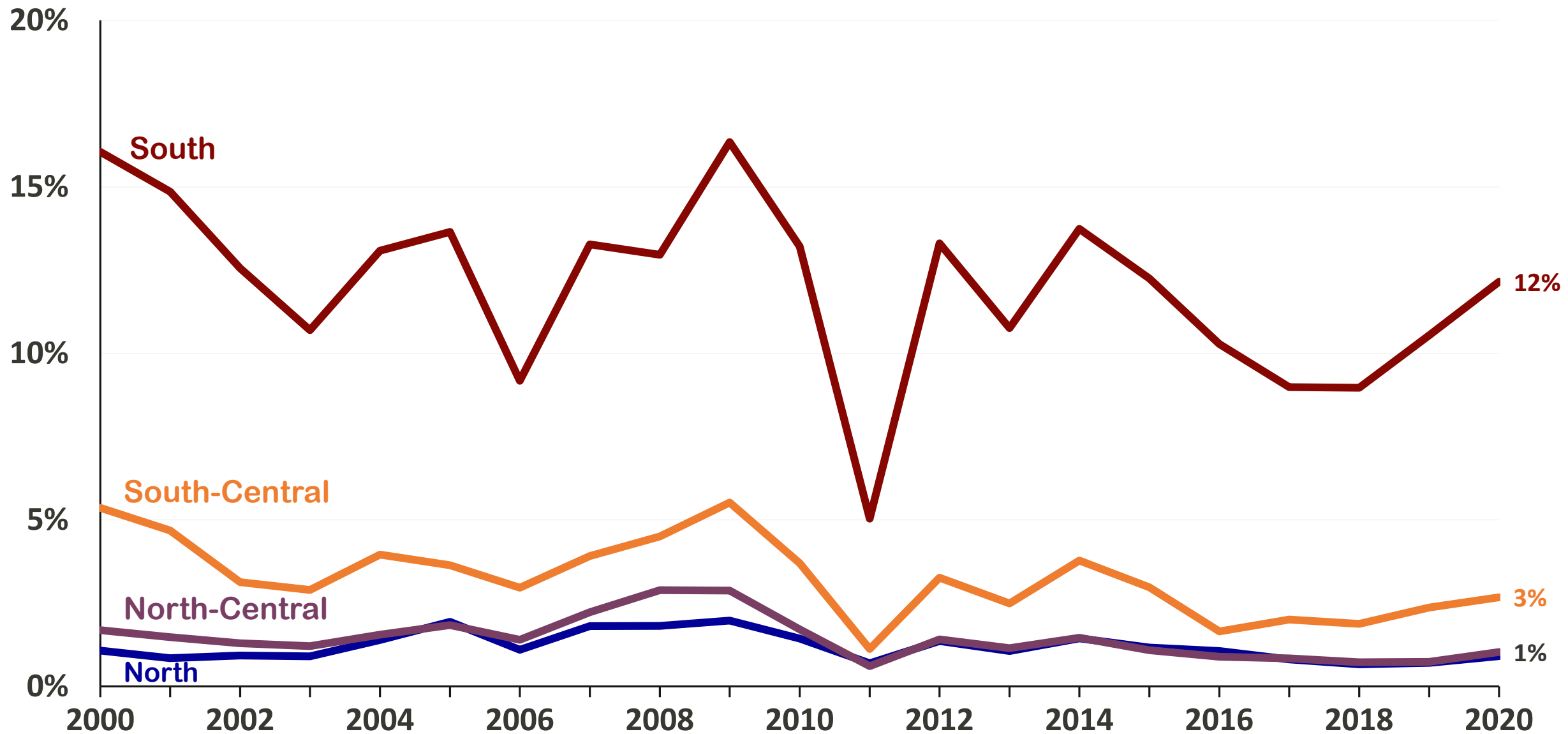
# Percent of Acres in Wheat, 1974 to 2020\*



\*Percent of acres in corn relative to total corn, soybeans and wheat acres. Data are from National Agricultural Statistical Service

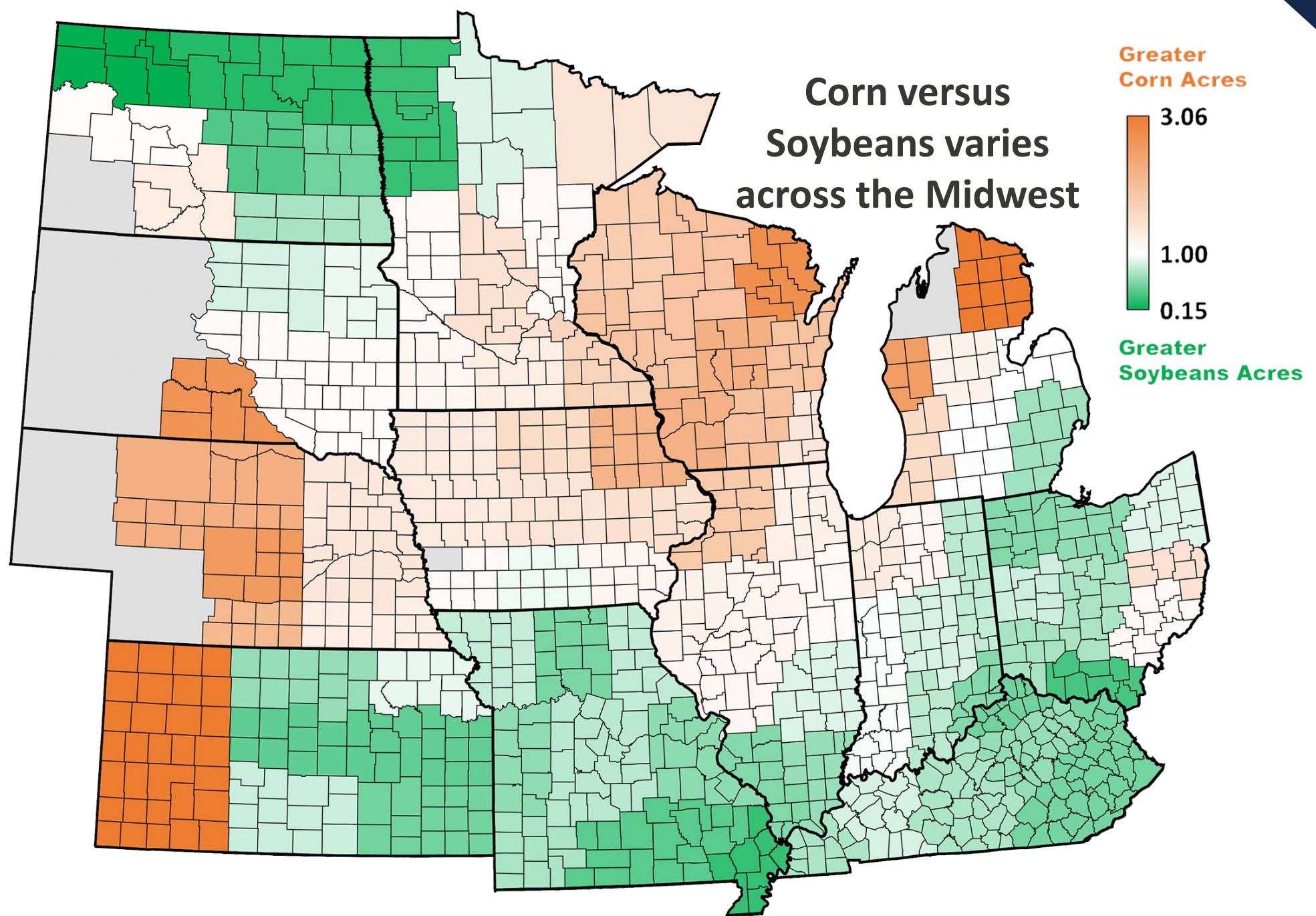


# Percent of Acres in Wheat, 2000 to 2020\*



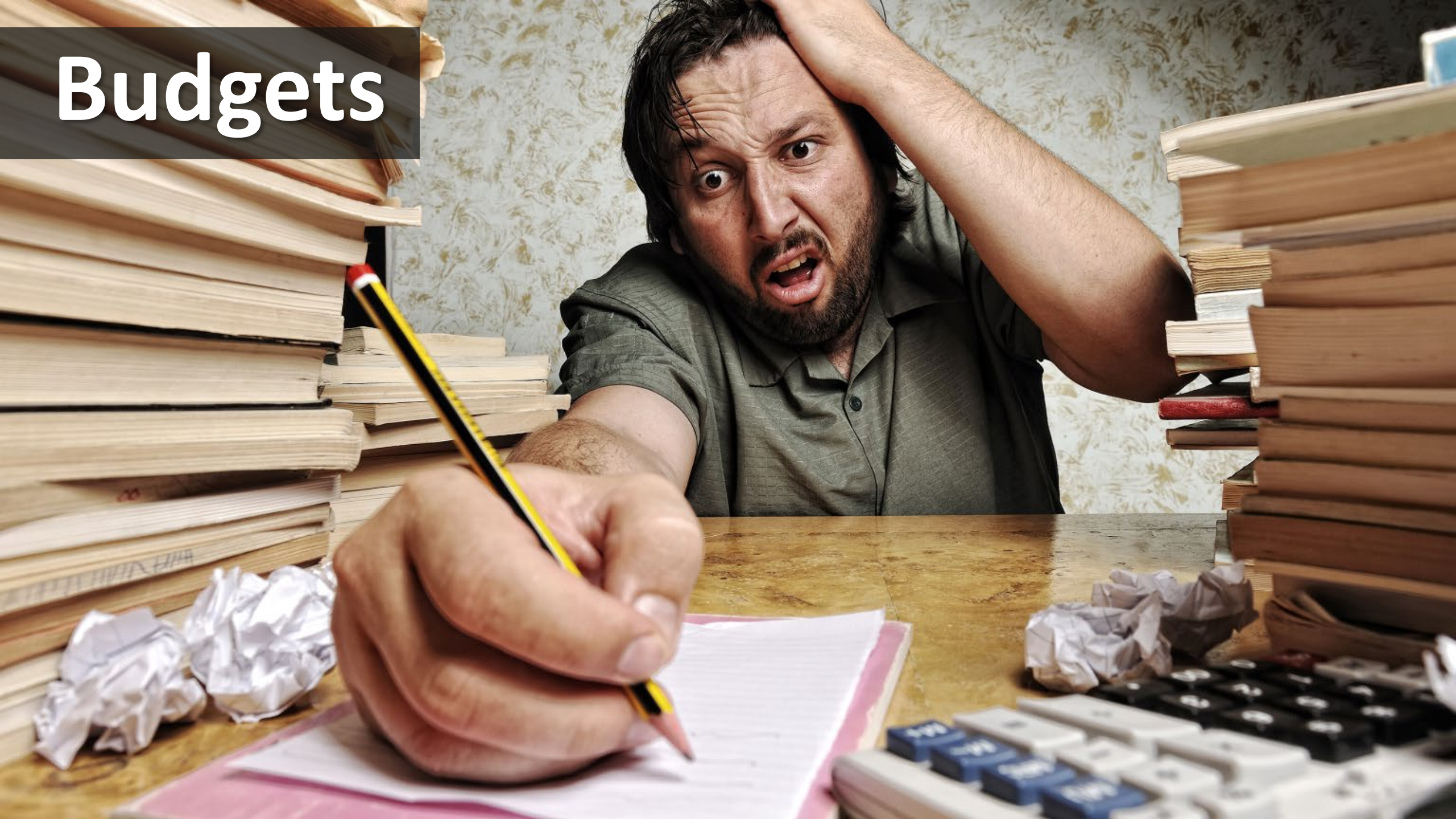
\*Percent of acres in corn relative to total corn, soybeans and wheat acres. Data are from National Agricultural Statistical Service

Crop Reporting  
District Cases  
Showing  
**Corn-Soybean**  
Acres Ratio,  
2015-2019



Map shows ratios of **Corn** divided by **Soybean** Acres

# Budgets

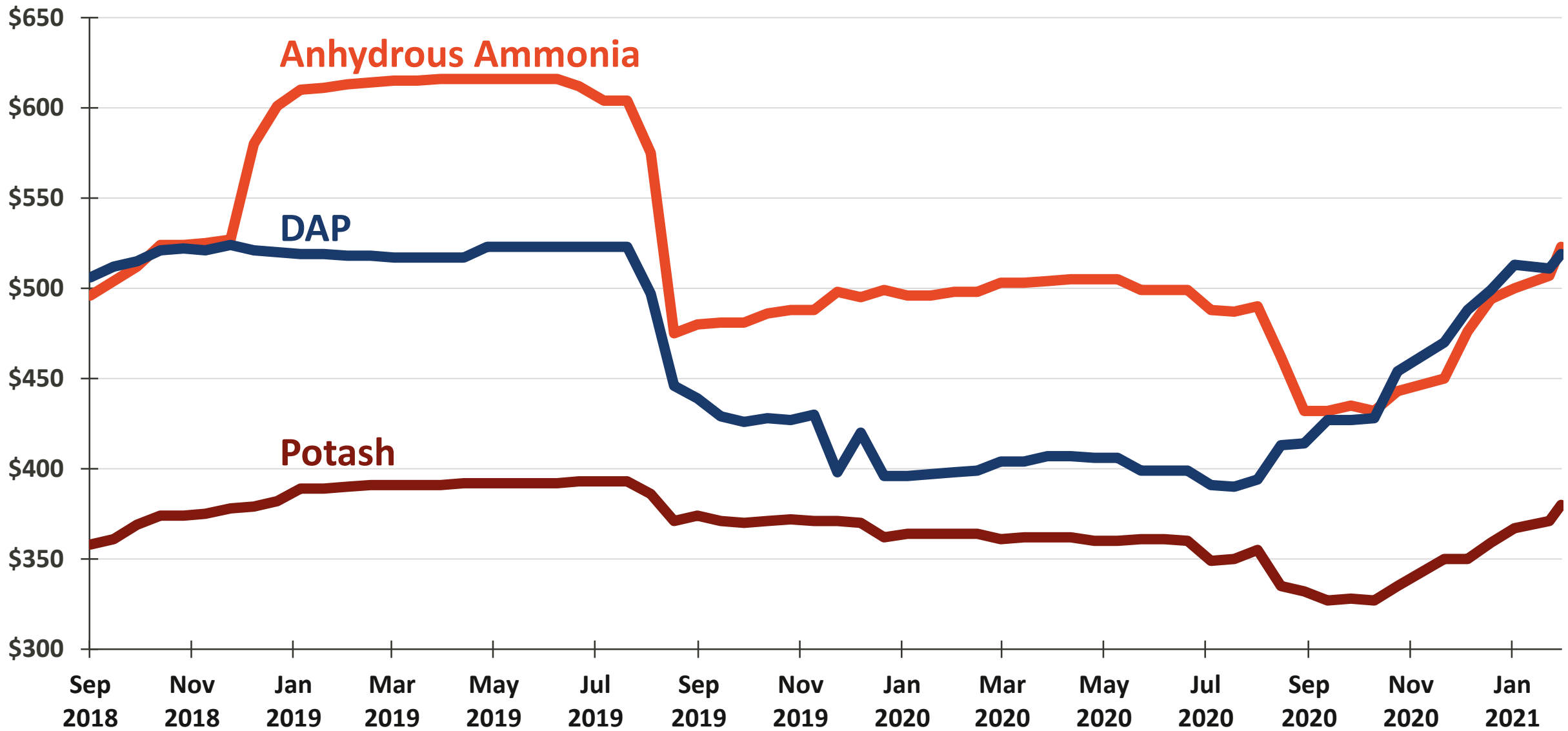


# How much of your nitrogen have you applied for 2021?

- Most
- About  $\frac{1}{2}$
- About  $\frac{1}{4}$
- None
- Not a decision

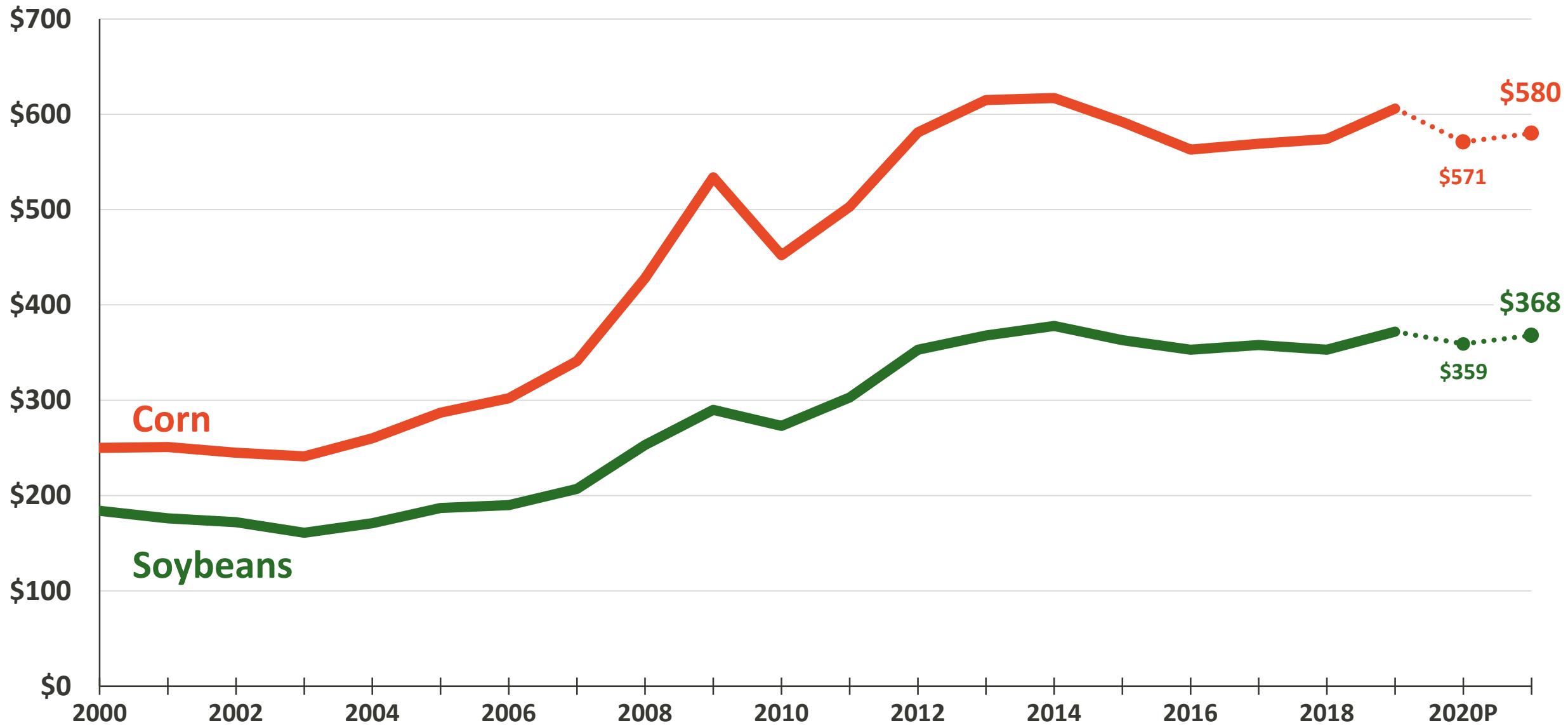


# Fertilizer Prices in Illinois



Source: Illinois Production Cost Report, Agricultural Marketing Service, AMS

# Non-land Costs, Central Illinois



Source: Illinois Farm Business Farm Management

	Corn			Soybeans		
	2019	2020P	2021P	2019	2020P	2021P
Yield per acre	208	228	217	64	72	68
Price per bu	\$3.65	\$4.25	\$4.00	\$8.58	\$11.20	\$10.50
Crop revenue	759	969	868	549	806	714
ARC/PLC	10	0	0	10	0	0
Ad hoc Federal payments	110	68	0	94	45	0
Crop insurance	14	0	0	9	0	0
<b>Gross revenue</b>	<b>893</b>	<b>1,037</b>	<b>868</b>	<b>662</b>	<b>851</b>	<b>714</b>
<b>Total non-land costs</b>	<b>606</b>	<b>571</b>	<b>580</b>	<b>372</b>	<b>359</b>	<b>368</b>
<b>Operator and land return</b>	<b>287</b>	<b>466</b>	<b>288</b>	<b>290</b>	<b>492</b>	<b>346</b>
Cash rent	275	275	275	275	275	275
<b>Farmer return</b>	<b>12</b>	<b>191</b>	<b>13</b>	<b>15</b>	<b>217</b>	<b>71</b>

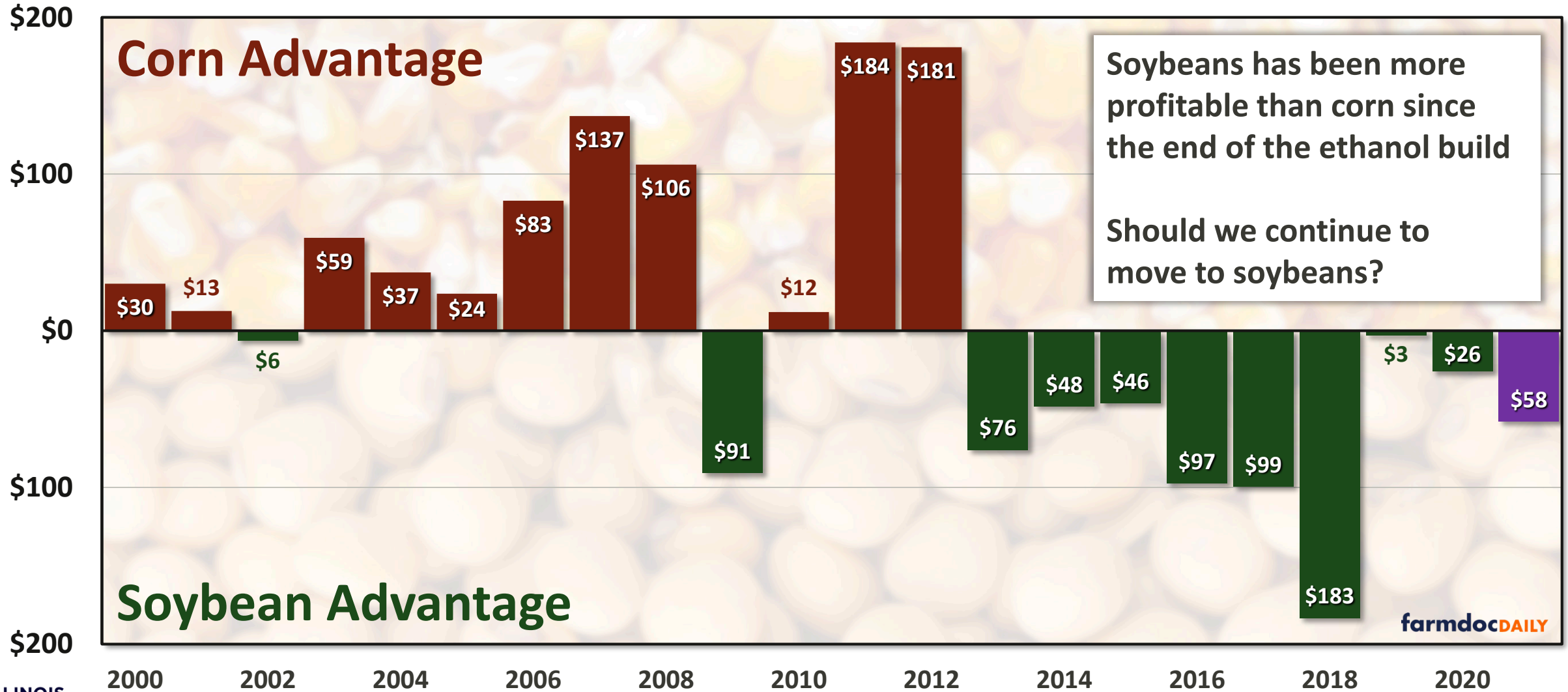
# Do you expect another round of MFPs or CFAPs

- Over \$50 per acre
- Between \$25 and \$50 per acre
- Less than \$25
- No payments

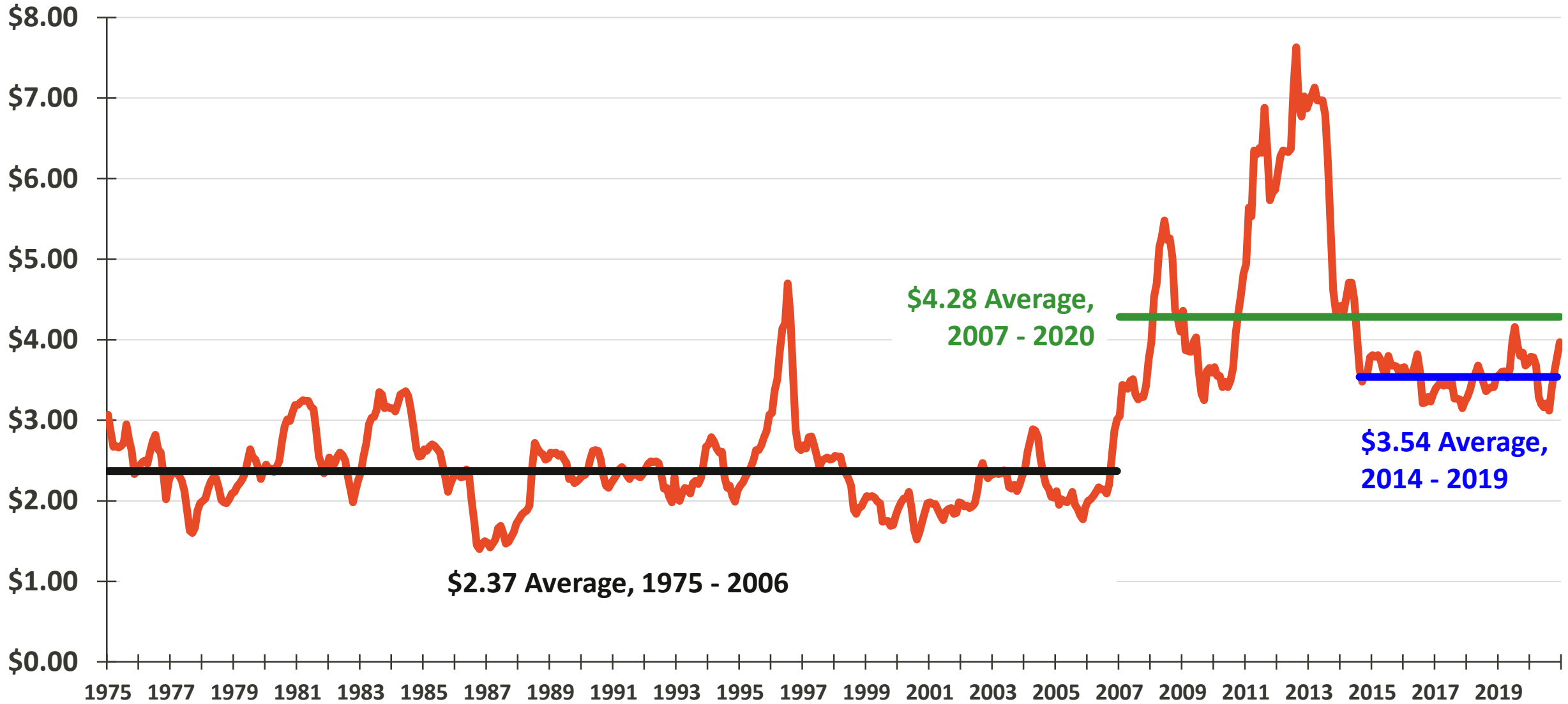


# Figure 4. Corn-Minus-Soybean Returns

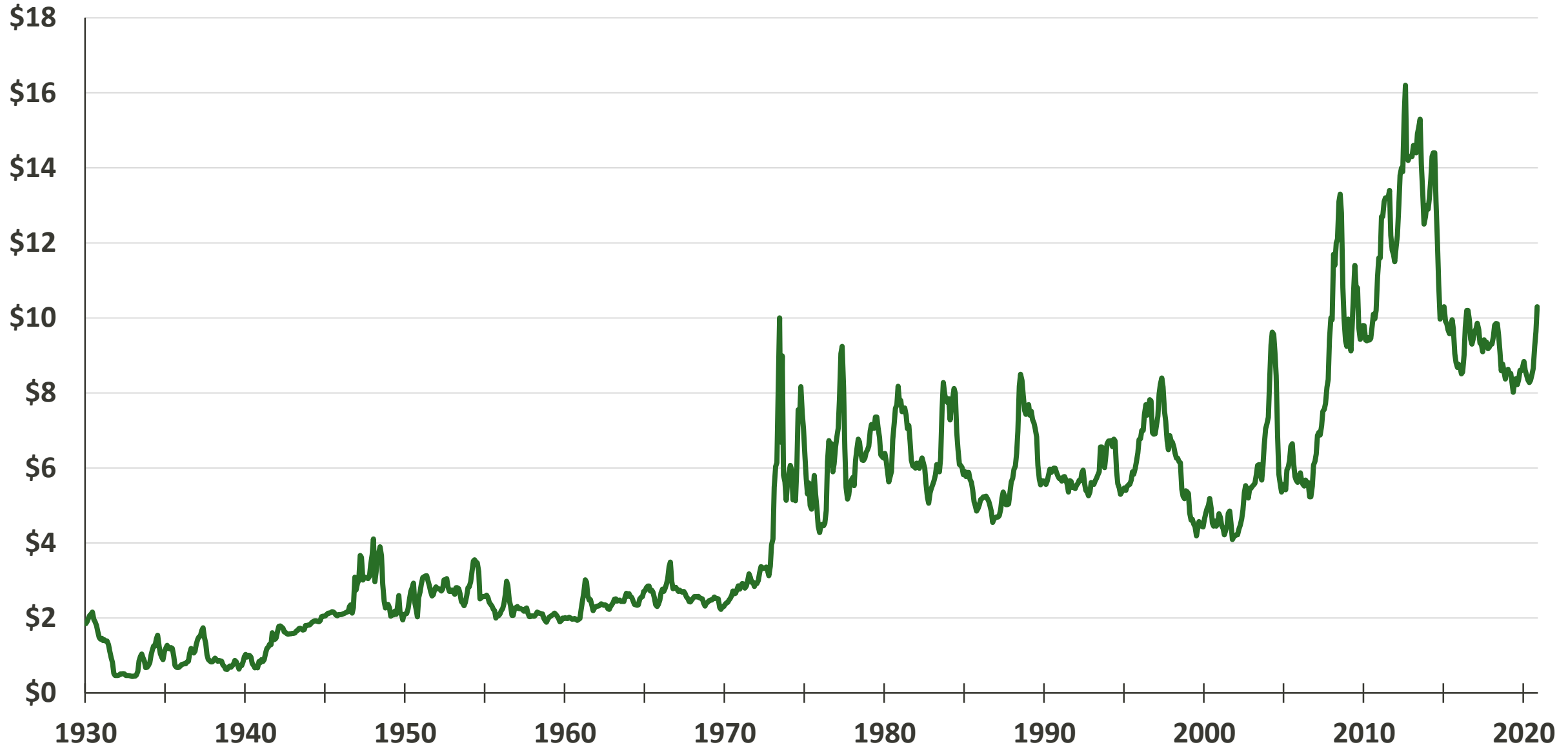
on High-Productivity Farmland in Central Illinois, 2000 to 2021P



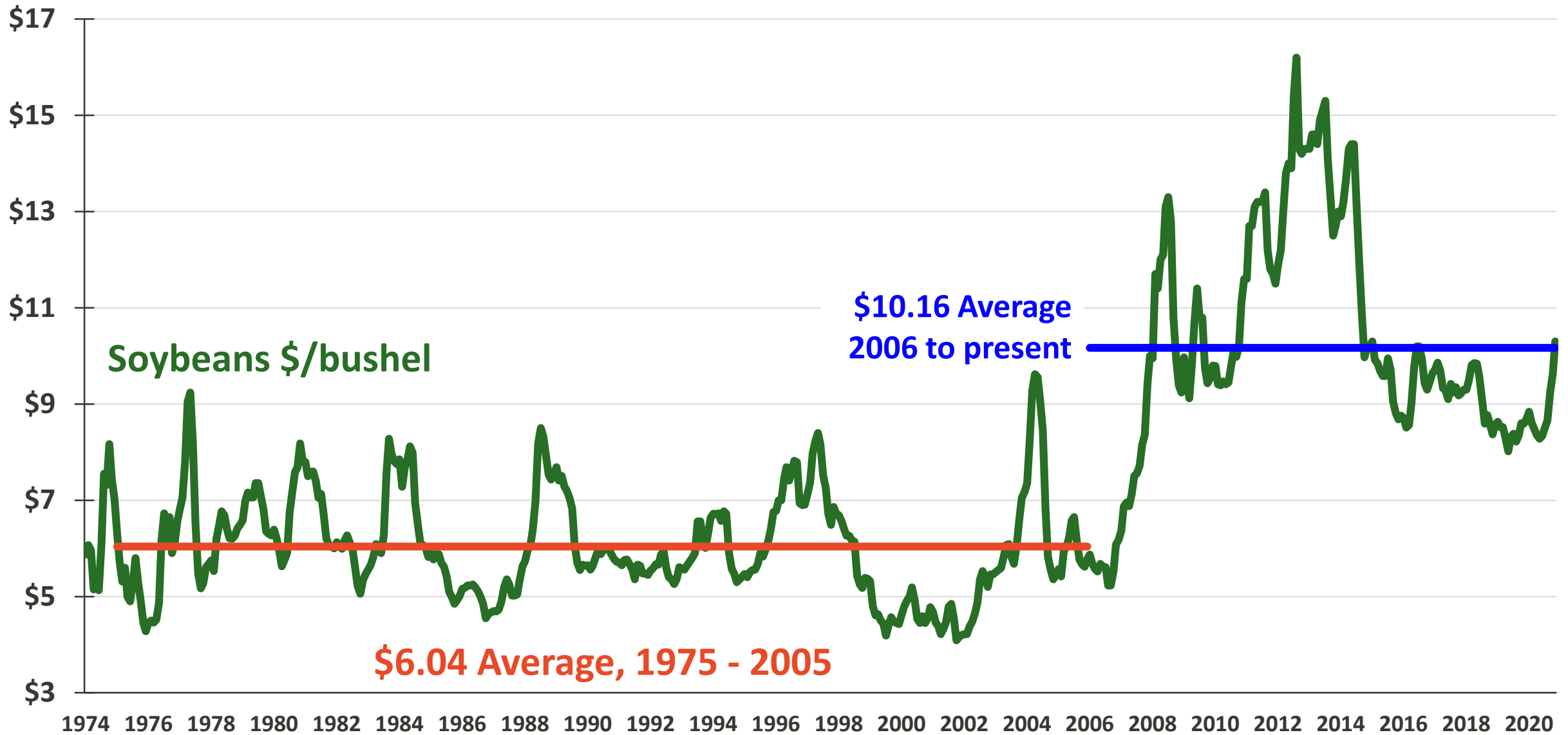
# Corn Prices, National, US, Monthly



# Soybean Prices, National, US, Monthly



# Soybean Prices, National, US, Monthly



# Guarantees and Risk Under RP Insurance

	Corn			Soybeans		
	TA-APH Yield: 210 bushels/acre Projected Price: \$4.50/bushel			TA-APH Yield: 60 bushels/acre Projected Price: \$11.65/bushel		
Coverage Level	RP Guarantee <sup>1</sup>	Cash Guarantee <sup>2</sup>	Cash Guarantee minus Costs <sup>3</sup>	RP Guarantee <sup>1</sup>	Cash Guarantee <sup>2</sup>	Cash Guarantee minus Costs <sup>3</sup>
85%	\$803	\$750	-\$105	\$594	\$579	-\$66
80%	\$756	\$706	-\$149	\$559	\$545	-\$100
75%	\$709	\$662	-\$194	\$524	\$511	-\$134

*TA-APH is Trend-Adjustment Actual Production History*

1: TA-APH yield x Projected Price x Coverage level

2: TA-APH yield x (Projected Price - \$.30 basis) x coverage level

3: Cash Guarantee - non-land cost (\$580 for corn, \$346 for soybeans) - \$275 cash rent

# Summary

- Price currently are **higher** than in recent years, and **favor soybeans**
- This has been the case since 2013
- Suggests considering moving to more soybeans

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# Upcoming Webinars

## Last Financial Issues Before Planting

**11:00 to noon CT, Thursday February 25<sup>th</sup>**

A recap of the financial position of Illinois farms will be provided. We will go over budgeting and pro forma cash flow planning for 2021.

## Final Look at Commodity Title and Crop Insurance Decisions

**11:00 to noon CT, Thursday March 3<sup>rd</sup>**

All the information is needed to calculator crop insurance premiums. Deadlines for crop insurance and commodity title choices are nearing. This webinar will update any information that needs to be covered before decisions are final.

# Thank You for joining us!

## Please submit your questions



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Weekly Farm Economics

### Higher 2021 Crop Insurance Premiums and 2021 Decisions

February 9, 2021

Gary Schnitkey, Krista Swanson, Carl Zulauf, and Nick Paulson  
Crop insurance premiums for all products will likely be much higher in 2021 than in 2020 because projected prices and volatilities will be higher in 2021 compared to 2020. These higher premiums could impact crop insurance decisions, particularly at higher...

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