



Projected Soybean Plantings Are Surprisingly Low

John Newton

Department of Agricultural and Consumer Economics
University of Illinois

February 23, 2015

farmdoc daily (5):33

Recommended citation format: Newton, J. "Projected Soybean Plantings Are Surprisingly Low." *farmdoc daily* (5):33, Department of Agricultural and Consumer Economics, University of Illinois at Urbana-Champaign, February 23, 2015.

Permalink URL <http://farmdocdaily.illinois.edu/2015/02/projected-soybean-plantings-surprisingly-low.html>

On February 20, USDA released the [Grain and Oilseeds Outlook](#) as part of the [2015 Agricultural Outlook Forum](#). The report includes projections of the anticipated supply and consumption of corn and soybeans for the upcoming 2015-16 marketing year. Among the highlights of this report are projections of 2015 planting intentions for corn, soybeans, and wheat.

Current expectations are for lower commodity prices in the 2015-16 marketing year (\$3.50/bu corn, \$9.00 per bushel soybeans, and \$5.10 per bushel wheat). In large part due to these lower commodity price expectations USDA projects total wheat, corn, and soybean planted acreage at 228 million acres in 2015, down 3.1 million acres from 2014.

While USDA projects plantings to decline among the three commodities, recent reports actually suggest that many U.S. farmers may be preparing to switch more acres from corn into soybeans due to the lower costs of production. Such a scenario would lead to increases in soybean plantings for 2015. [Trade guesses](#) on soybean plantings for 2015 range from a low of 82.1 million acres to a high of 88.3 million acres, 4.8 million acres above the record plantings of 2014. On average, however, the trade guess suggests a 2.3 million acre increase to 86.0 million acres of planted soybeans for 2015.

In light of the average trade guess, USDA surprised the market by dismissing expectations for increased soybean plantings and projecting fewer soybean acres planted in 2015. For 2015, USDA projects planted acres of soybeans at 83.5 million acres. If realized, this total would represent a 200,000 acre decline from 2014, and is significantly less than the average trade guess of 86.0 million acres. With respect to harvested soybean acres, the USDA projection is for 82.6 million acres, down 500,000 acres from 2014, but 2.7 million acres less than the average trade guess of 85.3 million acres.

USDA projections for the U.S. average soybean yield is 46 bushels per acre, 1.8 bushels below the record 2014 yield, and 0.8 bushels above the average trade guess. The USDA yield projection is approximately 1.7 bushels higher than a trend-yield forecast of 44.3 bushels per acre. Combining the USDA projections for soybean yield and harvested acres, the 2015 soybean crop is projected to total 3.8 billion bushels and would only be 169 million bushels below the record 2014 crop. Importantly, while USDA projections are surprising low for planted and harvested soybean acres, USDA projected yield is above market

We request all readers, electronic media and others follow our citation guidelines when re-posting articles from farmdoc daily. Guidelines are available [here](#). The farmdoc daily website falls under University of Illinois copyright and intellectual property rights. For a detailed statement, please see the University of Illinois Copyright Information and Policies [here](#).

expectations. These two measures effectively offset and the projected size of the soybean crop is only 56 million bushels below the average trade guess of 3.856 billion bushels.

Consumption of soybeans during the 2015-16 marketing year is expected to increase on improved exports and crush to a total of 3.776 billion bushels. Despite the improvement in soybean consumption, supply is still expected to outpace demand and projected 2015-16 ending stocks are 430 million bushels, up 45 million bushels from current marketing year projections, but 76 million bushels below the average trade guess of 505 million bushels. Due to the projected increase in stocks, USDA forecasts that the marketing year average soybean price will decline \$1.20 per bushel to \$9.00.

With respect to corn, USDA projects 2015 planted acres of corn at 89.0 million acres. If realized, this total would represent a decline of 1.6 million acres from 2014, but is only slightly less than the average trade guess of 89.1 million acres. With respect to harvested corn acres, the USDA projection is for 81.5 million acres, down 2 percent from 2014, and only 100 thousand acres less than the average trade guess of 81.6 million acres.

USDA projections for U.S. average corn yield is 166.8 bushels per acre, 4.2 bushels below the record 2014 yield, and 1.8 bushels above the average trade guess. Depending on how yield is estimated, the USDA projection is approximately 2.8 to 4.7 bushels higher than trend-yield forecasts ([farmdoc daily February 9, 2015](#)). Combining the USDA projections for corn yield and harvested acres, the 2015 corn crop is projected to total 13.595 billion bushels and would only be 621 million bushels below the record 2014 crop. This total is 131 million bushels higher than the average trade guess and is driven by the higher yield estimate.

Consumption of corn during the 2015-16 marketing year remains unchanged from earlier estimations and is projected at 13.760 billion bushels. The anticipated decline in corn production, combined with the increase in corn use, results in projected 2015-16 ending stocks of 1.687 billion bushels, down 140 million bushels from current marketing year projections, but 83 million bushels higher than the average trade guess. Despite the projected reduction in carryover stocks, USDA forecasts the marketing year average corn price will decline \$0.15 per bushel to \$3.50.

At this point in time, and contrary to market expectations, USDA does not anticipate a significant increase in soybean acres. In fact, when including cotton, other feed grains, rice, and CRP, total cropland is expected to decline by 4.7 million acres to 278.8 million acres in 2015. Whether or not the trade believes these projections will be tested in the coming months. Information to monitor includes the ongoing pace of 2014-15 marketing year consumption and USDA's 2015 [Prospective Plantings](#) report released on March 31, 2015. Following the Prospective Planting report USDA will update the 2015-16 Grain and Oilseeds Outlook in the [World Agricultural Supply and Demand Estimates](#) report released on May 12, 2015.

References

Good, D. "[Balance Sheet Projections for the 2015-16 Corn Marketing Year.](#)" *farmdoc daily* (5):23, Department of Agricultural and Consumer Economics, University of Illinois at Urbana-Champaign, February 9, 2015.

USDA Agricultural Outlook Forum 2015. "[Grain and Oilseeds Outlook](#)". Released February 20, 2015. http://www.usda.gov/oce/forum/2015_Speeches/Grains_Oilseeds.pdf

Wilson, J. "Farmers Planting More Soy as Corn Ends Run as Profit King." *Bloomberg Business*, released February 17, 2015. <http://www.bloomberg.com/news/articles/2015-02-18/farmers-planting-more-soy-as-corn-ends-run-as-profit-king>

Also available at:
<http://farmdoc.illinois.edu/marketing/weekly/html/022315.html>