



Weekly Outlook: Corn and Soybean Acreage Prospects for 2019

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October 29, 2018

farmdoc daily (8): 199

Recommended citation format: Hubbs, T. " [Corn and Soybean Acreage Prospects for 2019](https://farmdocdaily.illinois.edu/2018/10/corn-soybean-acreage-prospects-2019.html)." *farmdoc daily* (8): 199 , Department of Agricultural and Consumer Economics, University of Illinois at Urbana-Champaign, October 29, 2018.

Permalink: <https://farmdocdaily.illinois.edu/2018/10/corn-soybean-acreage-prospects-2019.html>

As we finish harvest, considerable speculation will occur over the next few months about the acreage decisions farmers will make in 2019. Current market conditions support an acreage increase in corn and a reduction in soybeans in 2019.

Prospects for 2019 crop acreage levels begin with expectations about planted acreage for principal crops. In 2018, acreage planted in principal field crops expanded to 322 million acres, up 2.9 million acres from the previous year. A large share of increased acreage came from an expansion of spring wheat acreage by 2.18 million acres, cotton acreage by 1.4 million acres, and hay acreage by 1.28 million acres. Corn and soybean acreage decreased by 1.03 and .997 million acres respectively. Illinois increased planted acreage by 188,000 acres like most of the primary Corn Belt states. A significant exception came in South Dakota which lowered acreage by 343,000 acres, driven mostly by lower corn acreage. In conjunction with the increase in principal crop planted acreage, prevent plant acreage is small thus far in 2018. The Farm Service Agency reports 1.88 million acres of prevented plantings as of October 1, down from 2.59 and 3.4 million acres in 2016 and 2017 respectively. As we move into 2019, the prospects of large adjustments to crop acreage increasingly focus on soybean acreage. Acreage adjustments in many major growing areas may be in the form of crop adjustments instead of acreage losses. The current price environment across principal crops points to constant or modest changes in total planted acreage in 2019 and holds the potential for less overall soybean and corn acres.

Since the inception of the Renewable Fuels Standard and growth in Chinese soybean imports, a noticeable shift in principal crop acreage created increases in corn and soybean acreage at the expense of wheat and small grains. Corn and soybean acreage increased from 158.3 million acres in 2006 to 178.3 in 2018 with a peak acreage of 180.3 million in 2017. Over the same period, wheat acreage declined from 57.3 million acres to 47.8 million projected in 2018. The low for wheat acres came in 2017 at 46.02 million acres. Similarly, small grain acres fell from 18 million acres to 14.88 million with a low of 14.5 in 2017. These acreage adjustments stand out when analyzing the data from the three western Corn Belt states of North Dakota, South Dakota, and Kansas. In 2006, the states mentioned above planted 20.54 million acres of corn and soybeans. Since that year, corn and soybean acreage grew by

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over eleven million acres with a peak year of 32.52 million acres in 2017. In 2018, 31.15 million acres of corn and soybeans were planted in those states. Conversely, wheat acres contracted dramatically in those states continuing a long run trend. In 2006, the three states planted 21.9 million acres of wheat. Since that year, wheat acreage fell by over four million acres with a low year of 16.2 million acres in 2017. In 2018, 17.3 million wheat acres were planted in those states.

Narrowing profitability margins appear to be shifting away from the expansion of corn and soybean acreage and back to wheat, small grains, and cotton in many areas. Current projections by industry analysts place 2019 corn acreage in a range from 90 to 93.7 million acres. Soybean acreage projections come in between 82.3 and 87.5 million acres. In essence, if the current margins continue, we may be at the beginning stages of unwinding the acreage shifts seen over the last decade. In 2018, corn and soybean acreage in total reversed a three-year trend of increased planted acres. While soybean and corn acreage decreased in 2018, many crops saw planted acreage increases. In particular, spring wheat, cotton, barley, rye, oats, and hay recorded increases. In the main corn producing states during 2018, Missouri, Michigan, Nebraska, and Ohio increased corn acreage over 2017 planting decisions. None of those states increased corn acreage by more than 100,000 acres. Decreases in soybean planted acreage came from North Dakota, Kansas, Arkansas, Minnesota, and Missouri. As we move into 2019, corn and soybean acreage shifts depend on the evolution of corn and soybean prices between now and planting.

Expectations about corn and soybean acreage will continue to evolve. Preliminary surveys of farmer's planting intentions indicate an intention to decrease soybean acreage and increase corn acreage. Using current market prices, projections for corn and soybean acreage place 2019 corn acreage at 91.1 million acres and soybean acreage at 85.7 million acres. Data availability on acreage begins with the USDA's Winter Wheat Seedings report in January to be followed by the March Prospective Plantings report.

YouTube Video: Discussion and graphs associated with this article available at youtu.be/C7lxvEhLLPQ