



## Weekly Outlook: Implications of 97 Million Corn Acres

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The *Prospective Plantings* report, released on March 31, indicated producer intentions to plant almost 97 million acres of corn in 2020. Under current planting intentions and consumption trends, a massive corn supply appears feasible during the 2020-21 marketing year.

Producer intentions to plant principal crop acreage show a 16.5 million acre increase from 2019. The USDA estimates that acreage planted to principal crops will total 319.1 million acres, on par with acreage levels in 2018. The planned increase in total planted acreage from that of a year ago is particularly acute in feed grain crops. Corn producers reported intentions to plant 97.0 million acres of corn this year, 7.1 million more than planted last year. Sorghum acreage came in 555,000 acres higher than a year ago at 5.82 million acres. Barley and oats increased by 200,000 and 202,000 acres, respectively. The growth in feed grain acres holds implications for corn prices. Soybean planting intentions indicated farmers plan to plant 83.5 million acres of soybeans. The soybean acreage came in at the low end of market expectations.

A shift in the perceived profitability of spring crops appears necessary for producers to plant fewer corn acres. Since 1997, final corn planted acreage dropped over a million acres from March planting intentions five times (1997, 2013, 2014, 2015, and 2019). Corn acreage decreases greater than two million acres occurred only in 2019 (3.1 million acres) and relates to the difficult planting season. In 2007, corn planted acreage increased by 3.5 million acres over March intentions. A dramatic shift in acreage is not out of the question. The current harvest futures price ratio between corn and soybeans sits at 2.46. At present, the price ratio is higher than the 2.38 level around the time of the planting intentions survey. While the prospect of lower corn acreage on changing price relationships exists, a drop in corn acreage over two million acres requires a substantial reallocation of spring crop acres or significant planting issues. A large corn crop looks in the offing. If USDA's yield projection of 178.5 comes to fruition, corn production comes in near 15.9 billion bushels with the present acreage intentions.

A corn crop at that level means demand becomes critical. The potential for the current marketing year ending stocks eclipsing two billion bushels, while not certain, looks high. Ethanol production for the week ending March 27 gave an initial glimpse of potential corn demand destruction. At 840 thousand barrels per day, ethanol production fell by 16.4 percent from the previous week. A drop in production of that magnitude suggests approximately 17 million bushels of lost corn use. The continuing spread of Covid-

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19 and subsequent stay-in-place orders enacted around the country implies these totals will grow. A considerable level of uncertainty surrounds the duration of the lockdown. Corn consumption losses over 300 million bushels look probable under an extended period of lockdown.

The drop in ethanol production signals lower distiller's grain production, which may support stronger feed use for corn. The March 1 grains stocks report indicated robust feed use during the second quarter of the marketing year. Feed and residual use for the marketing year increasing to 5.68 billion bushels or above in the next WASDE report is not out of the question. It remains an open question of how meat demand evolves under reduced economic growth and significant levels of unemployment. An expectation of reduced meat demand, a lower livestock supply, and lower feed demand, in general, for the latter half of 2020 seems reasonable.

Export sales of corn continue to show some improvement from the weak start in the first half of the marketing year. Exports in the first half of the marketing year totaled 622 million bushels. Exports through April 2 total near 819 million bushels. Outstanding sales as of March 26 sit at 525 million bushels. USDA's projection for corn exports sits at 1.725 billion bushels for the current marketing year. A poor second crop in Brazil or additional Chinese buying appears required to reach current predictions. Lower corn prices and a resumption of economic activity would benefit exports in the next marketing year. The potential for a sharp global contraction in growth or significant supply chain disruptions remains feasible and may hinder strong exports over the near term.

Under the current planting intentions and consumption trends, corn supply near 18 billion bushels appears feasible during the 2020-21 marketing year. An assumption of corn consumption during the 2020-21 marketing year near 14.8 billion bushels, the highest use total on record, still places carryout above three billion bushels. Corn prices already reflect lost demand and the potentially huge crop this year. If corn acreage stays at 97 million acres, cash corn prices under three dollars for large areas of the Corn Belt seem probable over an extended period.

**Podcast:** Discussion and graphs associated with this article at:  
[https://farmdoc.illinois.edu/assets/podcasts/weeklyoutlook/2020-04-06\\_ImplicationsOF97MillionCornAcres.mp3](https://farmdoc.illinois.edu/assets/podcasts/weeklyoutlook/2020-04-06_ImplicationsOF97MillionCornAcres.mp3)