



Episode 17—Crops Acreage Report

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Announcer:

The Alabama Crops Report Podcast. Your trusted information source for Alabama agriculture.

Katelyn Kesheimer:

Hey, and welcome back to the Alabama Crops Report Podcast. My name's Katelyn Kesheimer, and I am an Extension Entomologist

Adam Rabinowitz:

And I'm Adam Rabinowitz, an Extension Economist.

Katelyn Kesheimer:

And we're excited to have another episode of the Alabama Crops Report Podcast. I have not been in here in a long time. So you guys may have thought I got stuck in a cornfield or something, but I'm excited to be back and recording another episode.

Adam Rabinowitz:

Well, it's good to have you back, Katelyn. It's nice to see you again.

Katelyn Kesheimer:

Yeah. So how are things going Adam?

Adam Rabinowitz:

They're going well, we've had some really good podcast episodes and we're really excited today to have Wendiam Sawadago with us, an Extension Economist with the...

Katelyn Kesheimer:

Responsibilities in agricultural marketing. Yeah, you're just so entrenched in Ag economics that you forgot what Wendiam did. So welcome, Wendiam.

Wendiam Sawadago:

Thank you so much for having me. Glad to be on again.

Katelyn Kesheimer:

So you are a returning guest, and we had you back to an earlier episode, not long ago, talking about predicted acres for 2021. And now we're talking about the 2021 June acreage reports.

Wendiam Sawadago:

Yes.

Katelyn Kesheimer:

So what is this junior acreage report we're talking about today?

Wendiam Sawadago:

Yeah, so really at this point in time, we're looking at what our planet acreage for 2021 is going to be for our major row crops. And the June acreage gives us the best estimate to date on what our acreage will be for corn, soybeans, cotton, peanuts, and all of our major commodity crops in the state, and throughout the United States. And so you referenced when I was here last on, sometime in March to discuss...

Katelyn Kesheimer:

Yeah sometime in the past. Time is irrelevant right now.

Wendiam Sawadago:

Yeah I think time just doesn't matter anymore. But you know, it was the March intended planting perspective planning report, which basically asked farmers what they intended to plant. The June acreage is more of a solidified, what did you plant, or at least a stronger intention to plant that's based off of stronger numbers.

Katelyn Kesheimer:

So now that we're a little bit into the growing season, we have a better idea of what's out there, what's in the ground, what's coming up.

Wendiam Sawadago:

Definitely. That's a good way to put it.

Katelyn Kesheimer:

Okay. Yeah. My bug brain's got to put together this kind of stuff.

Adam Rabinowitz:

Well that's it, and a lot of things change between the time when farmers decide what they want to do, and then when they get into the field, there are a lot of variables that can happen in between that time, that ultimately shift to what they actually do.

Katelyn Kesheimer:

Yeah. I mean, we've had lots of rain, so that'll stop growers from getting to the field. We've had some supply chain issues as a result of COVID and every other stuff. So I mean, getting access to seed and chemicals and labor, I feel like there's a lot of variables, like you said, that can really affect your intentions and what actually happens. In life and in Ag.

Adam Rabinowitz:

That's right. And we'll see market prices change as well.

Katelyn Kesheimer:

So Wendiam, let's talk about this acreage report. What is happening in Alabama specifically?

Wendiam Sawadago:

So there's been some pretty sizable changes. I came on last time, I talked about corn, soybeans, cotton, peanuts. The biggest changes moving in the upwards direction would be for corn and soybeans. The March report had about 330,000 acres of corn, and 290,000 acres of soybeans. Corn is predicted to be up actually 20,000 above that, to 350,000 acres statewide, and soybeans up 30,000 acres to 320,000.

Adam Rabinowitz:

And what drives that type of increase?

Wendiam Sawadago:

So I think that's mainly prices, as I'll say that cotton acres are down from 450 to 410,000 acres. So that's a 40,000 acre decrease in cotton. 10,000 acres for peanuts as well. And so those were mainly shifted towards corn and soybeans, mainly as you mentioned before, the higher prices for corn and soybeans relative to our other two crops.

Adam Rabinowitz:

So that's interesting. So we're talking about,, from where we were planning to be and where farmers were thinking back in March to where they actually planted now that we're at the end of June, we're talking about more corn, more soybeans out in the field and less cotton, less peanuts, at least with respect to Alabama.

Wendiam Sawadago:

Exactly. And you know, not only with respect to Alabama, but really nationwide. And I will mention one thing. There was actually about 10,000 more acres planted than were intended to be planted as of March in our state.

Adam Rabinowitz:

Okay. So more total row crop acres in Alabama.

Katelyn Kesheimer:

So from a market perspective, how has this shifted from perspective to actual plantings going to affect the markets?

Wendiam Sawadago:

So it's a bit of a surprise. I'd say most people were expecting quite an upward revision. I should mention our numbers for Alabama aren't necessarily ones that are going to affect the markets, maybe besides for cotton and peanuts a little bit, but our nationwide numbers are going to be the major market shifters. And so the expectation heading into this report was that corn and soybean numbers were going to be revised upwards quite a bit. So the March report had about 91 million acres of corn, that went up about one and a half million acres. The expectation was probably closer to three to five million though. And so soybeans at 87.6 millions were actually unchanged. The expectation was that those numbers would go up a couple million acres as well. So the idea being that there was little upward change in corn and soybean acres. And so the markets generally expected those to increase quite a bit, help production increase quite a bit this fall. That didn't happen, so that's kind of, as I'll allude to later, we're seeing market increases in prices for those two crops.

Adam Rabinowitz:

So a little less acreage than was expected in terms of the increase, and those prices up, and I was looking a little bit earlier on the corn market and we actually hit a limit up in the futures market. Can you talk about that a little bit?

Wendiam Sawadago:

Yeah. So the futures markets through the Chicago Mercantile Exchange have limits to the total value that a price can change throughout one trading day. So from settlements, from the previous days close to the settlements at that day. And so for corn, for example, it's 40 cents. And so the main idea there is to prevent excess volatility in the markets due to small events, or they might be major events, but to keep the markets afloat basically.

Katelyn Kesheimer:

So are we seeing a big market response to this acreage report? We're recording at the end of June, so you just saw them earlier today, correct?

Wendiam Sawadago:

That's right.

Katelyn Kesheimer:

Right, so what's been the response of the market since the report was released earlier today?

Wendiam Sawadago:

Right. So, as Adam mentioned, he brought up the concept of limit up. And so with corn, we are at a limit up for corn of 40 cents, meaning corn prices for our September futures,, and really all our futures have been up 40 cents today. September 21, corn is at 599. This is roughly four hours after the release of the report, so curious to see how those markets will close today. Cotton, not much change. Cotton is sort of on the opposite side of those crops. I said corn, soybean, acreage expected to increase, cotton probably expected to decrease acreage a little bit. Cotton acres roughly the same as they were in the March report. So cotton may be down about 2 cents today, but nothing stabilized quite yet. Soybeans have been up 80 to 90 cents today. So not quite to their limit up number, but in the territory of it.

Adam Rabinowitz:

But the fact that we're talking about corn prices, six, maybe even \$7 right now, bushel soybean prices, \$14 a bushel. I mean, these are pretty outstanding prices compared to where we were just over a year ago.

Wendiam Sawadago:

Yeah. They really are. And I should mention they're, at least if you look at the futures markets, they're supposed to be that way for a long time. You have to look all the way until the September '22 contract to see corn prices below the 550 mark, which we hadn't reached that mark for what three, four years before this year.

Adam Rabinowitz:

So let's keep talking a little bit about that corn and soybeans. Is there anything happening outside of the U.S. in terms of competition and other markets that are helping support this price?

Wendiam Sawadago:

So one major thing always happens. You can predict it worse than prices, that's weather. So we're talking about bad weather in South America, as well as in parts of the United States, but starting with South America, our major competitors for corn, soybeans, like Brazil, Argentina, are going through tremendous drought, actually one of the worst droughts in almost a century.

Adam Rabinowitz:

Wow.

Katelyn Kesheimer:

Yikes. Yeah. Sounds like some of our friends out west are dealing with that too, and just tough weather across the board.

Wendiam Sawadago:

Very true.

Katelyn Kesheimer:

So the rest of the growing season, it sounds like there's been a lot of movement recently. What do we anticipate now, we're end of June, early July, what things can change that might affect the markets the next couple of months?

Wendiam Sawadago:

So you mentioned our friends out west who are in tremendous droughts, I should say our friends in Mississippi, opposite situation, the Delta region, flooded fields. The question will be, what's our crop going to look like this year? We know, at least we have a guess on to what our planted acreage is, the next question is what's our actual harvested acreage. And then what's our yield on the acreage that we harvest.

Adam Rabinowitz:

So we'll start seeing those yield estimates come out, which will give us some idea of whether or not this is going to be a really large crop at this acreage, or if some of these drought situations or flooding situations are going to potentially hold back yield.

Wendiam Sawadago:

Yeah. So that brings us to a good point. I'm going to be looking at one thing, the U.S. drought monitor, to see what's going on in the Midwest, and especially in the Dakotas. I should mention North, South Dakota have record planted soybean beans this year. And so if that crop falls, they're in exceptional drought right now, that could have a huge impact on the market. And also the July crop production report will give us our first yield projection for this year. And so I'm curious to see if those levels will be at yield trend levels or below or above.

Katelyn Kesheimer:

So it sounds like we'll have to have you back on the podcast after the July report comes out.

Wendiam Sawadago:

Sounds like it.

Katelyn Kesheimer:

Okay. Sounds good.

Adam Rabinowitz:

That's going to be great to have you back again Wendiam, but before that our producers do need to remember that the FSA does require that crop acreage report to be filed by July 15th. So make sure to get into that FSA office and let them know exactly what the exact acreage is for all of your crops, because that helps access those important programs that are available through FSA.

Katelyn Kesheimer:

That is a great point, Adam, thanks for the reminder, and thanks to our returning guest, Wendiam, for giving us an update on the June acreage report. It was great to have you back.

Wendiam Sawadago:

It's been fun.

Katelyn Kesheimer:

Well that does it for this episode of the Alabama Crops Report Podcast. And as always, if you all have any questions, don't hesitate to reach out to us, whether it's on crop prices, insect or disease or weed issues, or anything agricultural related, we are here to help.

Announcer:

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