

Dairy Keeper News & Information Notice

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LANSING, April 3, 2008 - Eagerly anticipated data was released this week revealing the crops Michigan and U.S. farmers intend to plant this spring, and the statistics forecast fewer fields planted to corn and more to soybeans and wheat. But industry experts warn not to bet the farm on the projections, emphasizing that these are early predictions and what ultimately happens rests in the hands of uncontrollable forces such as Mother Nature.

According to the National Agricultural Statistics Service (NASS) Michigan Field Office, Michigan farmers on March 1 said they intend to plant 2.35 million acres of corn, down 300,000 acres or 11 percent from last year. Meanwhile, Michigan farmers intend to plant 2 million acres of soybeans, up 250,000 acres or 14 percent from 2007. Michigan wheat fields planted last fall grew 30 percent from 560,000 acres the previous year to 730,000 acres this year.

The state statistics follow national trends that suggest U.S. farmers this year will plant 86 million acres of corn, down 8 percent from a year ago when corn acreage was the highest since 1944. U.S. soybean acreage is forecast at 74.8 million acres, up 18 percent from 2007 but 1 percent below the record high set in 2006. Meanwhile, U.S. farmers intend to plant 63.8 million acres of wheat, a 6 percent increase from last year.

The early findings don't surprise Bob Boehm, manager of the Michigan Farm Bureau Commodity and Marketing Department.

"Farmers were surveyed a month ago and, at that time, market prices for soybeans and wheat were very bullish. Prior, corn had been the real standout. So you had producers seeing new profit potential in soybeans and wheat, and they were weighing the costs of what it takes to grow corn against what it takes to grow soybeans or wheat. Traditionally, soybeans and wheat are less expensive crops to grow relative to corn, so you naturally had farmers leaning toward these other markets," said Boehm. "Also, farmers were looking to return to more typical crop rotations, as corn following corn is more expensive in terms of inputs."

While well and good in theory, only time will tell whether farmers ultimately choose to - or are able to - carry out their plans.

Already, the planting intentions report is making an imprint on markets and could influence farmers to re-think their planting decisions. For instance, corn futures on the Chicago Board of Trade soared Wednesday to around \$6 a bushel, while soybean and wheat prices slid earlier in the week.

History has shown that farmers adjust their planting intentions as these reports come out and the market reacts," said Terry Francl, senior economist for the American Farm Bureau Federation.

Boehm and Francl agree that the bigger variable, however, is weather. Michigan farmers ideally like to start planting corn around April 15, followed very soon by soybeans.

"With current weather patterns and cooler and wetter than normal conditions forecast for the Midwest for the next 10 days, it could be a challenge to get soil conditions conducive to planting activity by April 15, and markets will respond accordingly," said Boehm.

The availability of seed and fertilizer could also influence farmers' ultimate planting decisions, as countries like Asia and India contribute to increased global demand for crop inputs.

"Seed, fertilizer and crop protection manufacturers are already pushing capacity. So if weather conditions delay planting in areas that are normally ahead of Michigan and farmers across the Corn Belt hit fields simultaneously, there could be a tight squeeze for supplies," said Boehm.

And despite the projected decrease in corn fields this year, Boehm and Francl expect corn acreage to remain at historically high levels as the corn price outlook stays strong, due in part to the continued expansion of ethanol production.

Other crops

Tracking other Michigan-grown crops, the NASS-Michigan Field Office March 1 survey found that Michigan sugar beet producers expect to plant 141,000 acres, down 6 percent from last year. Sugar beet acreage is tied to contract production, so the reduction balances supply and demand for the crop.

In the state's dry edible bean sector, growers intend to plant 190,000 acres, down 5 percent from 2007.

"Dry bean prices, as well as prices for other specialty crops, have risen in an attempt to compete against major crops for acres. However, with significant per-acre returns available from crops such as corn, soybeans and wheat which, in many cases, have less production risk, require less labor and offer broader marketing options, specialty crop annual plantings are under pressure," explained Boehm.

This information was obtained from Michigan Farm Bureau Commodity and Marketing Department.