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With market ripe for corn, soybeans, what will farmers do next spring?

By JIM SUHR

ST. LOUIS - On his central Illinois farm, Kyle Winkleman has a quandary _ for farmers, certainly an enviable one.

Corn took up about two-thirds of the 27-year-old grower's 1,800 acres last year, with soybeans taking up much of the rest. Winkleman made out well with both. Corn fetched lofty prices, driven at least in part by ethanol production reliant on it, while soybeans are commanding prices not seen in decades.

Come this spring, many farmers may be beckoned back to the beans, although Winkleman still isn't sure what he'll do. It's a matter of economics: With prices of soybeans narrowing the gap with corn recently, there's better profit potential in beans because they're cheaper to grow than corn.

That's not to say corn is a laggard; the grain recently has fetched \$4 a bushel or more.

So what's a farmer to do?

"The markets are so volatile, no one knows what they're going to do," Winkleman said from his farm near Tallula, just northwest of Springfield, Ill.

When it comes to what to plant, "we'll make that decision when it comes around," he says, noting that choices may be influenced by such factors as the lofty costs of fertilizer and fuel.

For now, he says, "I don't really know."

A shift from corn to beans may be inevitable, given the context. U.S. farmers harvested a record 13.1 billion bushels of corn this fall on nearly 93 million acres planted, in many cases cutting their soybean acreage for corn's sake to take advantage of high prices fed by demand for ethanol, the corn-based fuel additive.

Now, many observers see U.S. farmers moving 4 million to 6 million of those corn acres back into soybeans to take advantage of prices that have soared for that commodity, lately beyond \$11 a bushel _ a price not seen since the early 1970s.

"Last year, there was a clear economic signal that the market wanted more corn acres, and farmers responded in a big way," said Randy Winter, an Illinois State University professor of agricultural economics. "As we sit here today, that message is a lot more fuzzy."

Citing a late November survey of some 750 growers, Farm Futures magazine estimates that farmers are planning to plant 88 million acres of corn next spring, down about 5 million from this year. Acreage of soybeans should be about 69.5 million, up nearly 6 million acres, the magazine forecasts.

To Darrel Good, a University of Illinois market specialist, guessing what farmers will do with their acres is foolhardy.

"I don't think there's any basis for knowing that at this point," he said. "Farmers at the margin

will make up their minds late. To make specific forecasts right now, I think, borders on the insane."

"We know there's a fair amount of flexibility, right up to the last minute," he added. "I'm just trying to understand how people can make acreage forecasts right now. Because those are not set in concrete."

Other things, including a farmer's desire for balance, are far more certain.

Growers generally, for example, like to rotate their acreage, growing soybeans one year and corn on that acreage the next to keep pests, weeds and diseases from getting too much of a foothold on any certain crop. Planting consecutive crops on the same land also can crimp yields.

But in many cases last spring, farmers tempted by higher corn prices went with that crop again, dropping soybeans out of the rotation.

Now, costs of what farmers call "inputs" — the items that go into producing a crop — have risen sharply, helping make the decision of whether to bring soybeans back to the rotation easier for many growers.

An example: Corn craves nutrients such as nitrogen, though costs of nitrogen fertilizer — and anhydrous ammonia, the most common form of that fertilizer — have skyrocketed, making soybeans potentially more lucrative.

A recent University of Illinois study that took in such expenses as seed, fertilizer, chemicals, fuel, labor and machinery repair projected the cost of growing corn was \$330 an acre. The cost for soybeans? Only about \$200 an acre.

Throw in the lofty price of soybeans — lately fetching \$10 to \$11 a bushel compared to the \$6.50 to \$7 price a year ago — and the potential returns can be hard to ignore.

Still, there's demand for both crops. U.S. inventories of soybeans, adequate last year to weather the pullback in acreage, will need to be replenished next year. And Good says U.S. corn exports are expected to stay strong as Chinese exports continue declining, helping keep corn prices robust.

"The market has to say, 'OK, how much corn do we need and what price of corn does it take to get that many acres?'" considering the input costs, Good said. "That judgment will be unfolding over the next several months."

Maybe not for John Olsson.

For some time now, the 46-year-old grower near the central Illinois town of New Berlin has split his some 1,300 acres evenly between corn and soybeans. And he's not expecting that to change "by chasing prices back and forth and wearing myself out."

"I kind of fall into the category of boring," he said. "I hadn't chased corn prices last year, and I'm not chasing the soybean prices this year. I'm keeping my rotation the same."

"My fear is being on the wrong side of it and guessing wrong," he shrugs, finding price speculation not his cup of tea. "I have a tendency just to be a little more conservative. Call it stuck in the mud, but I do it how it's worked."

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