

10-1-2010

Marketing Year Prices Cancel ACRE Payments in Iowa

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Recommended Citation

Hart, Chad and Edwards, William M., "Marketing Year Prices Cancel ACRE Payments in Iowa" (2010). *Integrated Crop Management News*. 362.

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Abstract

Following the completion of the 2009/10 marketing year, the U.S. Department of Agriculture (USDA) released its final monthly price estimates for corn and soybeans. Over the September through August marketing year the national average price for corn was \$3.55 per bushel. This is \$.51 less than the average price during the 2008/09 marketing year of \$4.06 per bushel. For soybeans, the 2009/10 national average price was \$9.60 per bushel, which is \$.37 lower than the previous year's average price of \$9.97 per bushel.

Keywords

Economics

Disciplines

Agricultural Economics | Agricultural Science | Agriculture

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Marketing Year Prices Cancel ACRE Payments in Iowa

by Chad Hart and William Edwards, Department of Economics

Following the completion of the 2009/10 marketing year, the U.S. Department of Agriculture (USDA) released its final monthly price estimates for corn and soybeans. Over the September through August marketing year the national average price for corn was \$3.55 per bushel. This is \$.51 less than the average price during the 2008/09 marketing year of \$4.06 per bushel. For soybeans, the 2009/10 national average price was \$9.60 per bushel, which is \$.37 lower than the previous year's average price of \$9.97 per bushel.

One of the key USDA commodity programs that depends on the marketing year prices is the Average Crop Revenue Election (ACRE) program. Given the price levels for 2009/10, the ACRE program will not provide revenue deficiency payments in Iowa this year for either corn or soybeans. With Iowa's 2009 state average yields (as calculated by the Farm Service Agency) of 182 bushels per acre for corn and 50.5 bushels per acre for soybeans, 2009/10 national average prices needed to be below \$3.49 per bushel for corn and \$9.03 per bushel for soybeans in order to trigger ACRE payments.

The 2009/10 prices also help set the revenue guarantees for ACRE for the 2010 crops. The ACRE guarantee price is a rolling two-year average of the national price. For 2010, the ACRE guarantee prices will be \$3.81 per bushel for corn and \$9.79 per bushel for soybeans. The ACRE benchmark state yields are based on rolling Olympic 5-year averages. For Iowa in 2010, the ACRE benchmark yields are 51 bushels per acre for soybeans and 171 bushels per acre for corn. These prices and yields imply that the Iowa ACRE revenue guarantees for the 2010 crops will be \$586.36 per acre for corn and \$449.36 per acre for soybeans.

Iowa grain producers still have the opportunity to enroll in the ACRE program for their 2011 and 2012 crops.

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