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# Crop Production and Outlook

Chad Hart

Iowa State University, [chart@iastate.edu](mailto:chart@iastate.edu)

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# Crop Production and Outlook

## **Abstract**

The latest round of USDA updates to its World Agricultural Supply and Demand Estimates and Crop Production reports were released on Oct. 10. On the production side, pre-trade estimates had indicated little movement was expected. The October estimates from USDA showed increased corn and soybean production of 1 to 2 percent. The corn increase was driven by an increase in yields, up 1.7 bushels to 154 bushels per acre national average. The soybean increase was driven by a jump in acreage, with harvested area increasing by 2.15 million acres.

## **Keywords**

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## **Disciplines**

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## Crop Production and Outlook

By Chad Hart, Department of Economics

### U.S. Supply

The latest round of USDA updates to its World Agricultural Supply and Demand Estimates and Crop Production reports were released on Oct. 10. On the production side, pre-trade estimates had indicated little movement was expected. The October estimates from USDA showed increased corn and soybean production of 1 to 2 percent. The corn increase was driven by an increase in yields, up 1.7 bushels to 154 bushels per acre national average. The soybean increase was driven by a jump in acreage, with harvested area increasing by 2.15 million acres.

The national soybean yield estimate was lowered to 39.5 bushels per acre, but the increase in area was more than enough to offset the yield drop. For corn, the 2008 crop is shaping up to be the second largest crop in terms of yield and production. The soybean crop is still on target to be the fourth largest on record.

For Iowa, corn harvested area was reduced by 100 thousand acres, but the yield was increased to 172 bushels per acre. The combination points to slightly higher corn production. Overall, corn yields were increased in 12 states, lowered in 14 states, and held steady in 7 states. But most of the major corn producing states saw their projected yields go up.

Illinois was bumped up 5 bushels per acre, while Minnesota and Nebraska yields were increased by 4 bushels per acre. Looking at the number of ears per acre, record ear counts were seen across most of the upper Midwest. In fact, Kansas and Nebraska were the only states that were not at record ear counts.

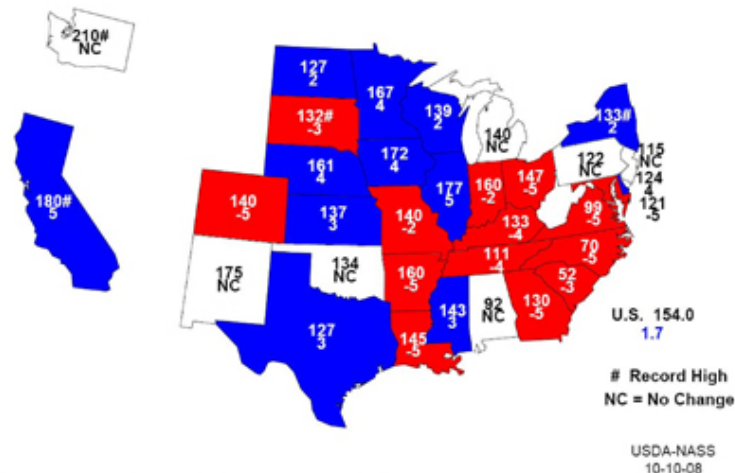


Figure 1. Corn Yields (bushels per acre) and the Change from Last Month  
Source: USDA, NASS

Iowa soybean production was raised nearly 14 million bushels as the acreage increase, 500 thousand acres, more than offset the yield decline, off 1 bushel per acre to 46. Several other states also saw significant adjustments to soybean area. At least 100 thousand soybean acres were added to Arkansas, Illinois, Kansas, Minnesota, and Nebraska. North Dakota had the largest increase with 530 thousand acres.

Figure 2 shows where soybean area was added. On the yield side, Illinois was up 3 bushels per acre to 45, while Indiana and Nebraska were down and Minnesota was unchanged.

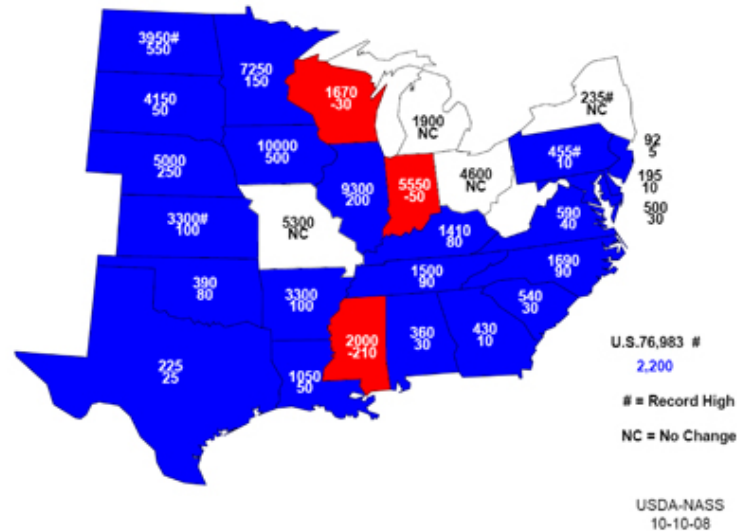


Figure 2. Soybean Planted Acres (in thousand acres) and the Change from Last Month  
Source: USDA, NASS

At the end of last month, USDA updated the grain stocks situation. In that update, both corn and soybean stocks were increased for the 2007 crop year. Corn stocks for 2007 were upped 48 million bushels, based on lower feed, food, and seed use. Soybean stocks for 2007 were increased 65 million bushels, based on higher production and lower crushing use. The increased production, combined with the higher stock levels coming out of the 2007 crop year, will likely add to the downward pressure on both the corn and soybean markets.

### World Supply

For the 2008 crop year, the worldwide production of corn is projected at 30.9 billion bushels, up 0.3 percent from last month. Besides the U.S., corn production estimates increased in the European Union by 1.7 percent. Projected corn production in Brazil and the former Soviet republics was lowered by 3.5 percent and 1.6 percent respectively. The Brazilian drop was attributed to lower corn plantings for the main summer corn crop, which is being planted currently.

Worldwide soybean production is projected at 8.8 billion bushels, up 0.6 percent from last month. The vast majority of the increase is due to the U.S. There were small increases in projected soybean production for the European Union and Canada. Production for Argentina, Brazil, and China were held unchanged.

*Chad Hart is a grain markets specialist and an assistant professor of economics with research and outreach responsibilities in grain and bioenergy crop marketing.*

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