USDA Grain Stocks and Acreage Reports - June 30, 2014
University of Tennessee Extension – Aaron Smith and Chuck Danehower

Acreage Report

USDA Summary:

Corn planted area for all purposes in 2014 is estimated at 91.6 million acres, down 4 percent from last year. This represents the lowest planted acreage in the United States since 2010; however, this is the fifth largest corn acreage in the United States since 1944.

Soybean planted area for 2014 is estimated at a record high 84.8 million acres, up 11 percent from last year. Area for harvest, at 84.1 million acres, is up 11 percent from 2013 and will be a record high by more than 7.4 million acres, if realized. Record high planted acreage is estimated in Michigan, Minnesota, Nebraska, New York, North Dakota, Ohio, Pennsylvania, South Dakota, and Wisconsin.

All wheat planted area for 2014 is estimated at 56.5 million acres, up less than 1 percent from 2013. The 2014 winter wheat planted area, at 42.3 million acres, is down 2 percent from last year but up less than 1 percent from the previous estimate. Of this total, about 30.4 million acres are Hard Red Winter, 8.50 million acres are Soft Red Winter, and 3.41 million acres are White Winter. Area planted to other spring wheat for 2014 is estimated at 12.7 million acres, up 10 percent from 2013. Of this total, about 12.0 million acres are Hard Red Spring wheat. The intended Durum planted area for 2014 is estimated at 1.47 million acres, down slightly from the previous year.

All cotton planted area for 2014 is estimated at 11.4 million acres, 9 percent above last year. Upland area is estimated at 11.2 million acres, up 10 percent from 2013. American Pima area is estimated at 178,000 acres, down 11 percent from 2013.

Table 1. Planted acreage for major row crops produced in Tennessee in thousands of acres

	2009	2010	2011	2012	2013	**2014**	2009-13 Average	% Change '13 to '14
				-----U.S-----				
Corn	86,482	88,192	91,921	97,155	95,365	**91,641**	91,823	-3.9%
Soybeans	77,451	77,404	74,976	77,198	76,533	**84,839**	76,712	10.9%
Wheat	59,133	53,603	54,409	55,736	56,156	**56,474**	55,807	0.6%
Cotton	9,150	10,974	14,735	12,635	10,206	**11,191**	11,540	9.7%
				-----Tennessee-----				
Corn	670	710	790	1,040	890	**880**	820	-1.1%
Soybeans	1,570	1,450	1,290	1,260	1,560	**1,620**	1,426	3.8%
Wheat	430	260	420	420	610	**560**	428	-8.2%
Cotton	300	390	495	380	250	**250**	363	0.0%

Table 2. Harvested acreage for major row crops produced in Tennessee in thousands of acres

	2009	2010	2011	2012	2013	**2014**	2009-13 Average	% Change '13 to '14
				-----U.S-----				
Corn	79,590	81,446	83,981	87,375	87,668	**83,839**	84,012	-4.4%
Soybeans	76,372	76,616	73,636	76,104	75,869	**84,058**	75,719	10.8%
Wheat	49,868	47,637	45,705	48,991	45,157	**46,240**	47,472	2.4%
Cotton	7,529	10,699	9,461	10,810	7,345	**-**	9,169	-
				-----Tennessee-----				
Corn	590	640	735	960	820	**820**	749	0.0%
Soybeans	1,530	1,410	1,250	1,230	1,520	**1,580**	1,388	3.9%
Wheat	340	180	310	340	540	**480**	342	-11.1%
Cotton	280	387	490	375	233	**-**	353	-

Grain Stocks Report

USDA Summary:

Corn stocks in all positions on June 1, 2014 totaled 3.85 billion bushels, up 39 percent from June 1, 2013. Of the total stocks, 1.86 billion bushels are stored on farms, up 48 percent from a year earlier. Off-farm stocks, at 1.99 billion bushels, are up 32 percent from a year ago. The March - May 2014 indicated disappearance is 3.15 billion bushels, compared with 2.63 billion bushels during the same period last year.

Soybeans stored in all positions on June 1, 2014 totaled 405 million bushels, down 7 percent from June 1, 2013. On-farm stocks totaled 109 million bushels, down 36 percent from a year ago. Off-farm stocks, at 296 million bushels, are up 12 percent from a year ago. Indicated disappearance for the March - May 2014 quarter totaled 589 million bushels, up 4 percent from the same period a year earlier.

Old crop all wheat stored in all positions on June 1, 2014 totaled 590 million bushels, down 18 percent from a year ago. On-farm stocks are estimated at 97.0 million bushels, down 19 percent from last year. Off-farm stocks, at 493 million bushels, are down 18 percent from a year ago. The March - May 2014 indicated disappearance is 467 million bushels, down 10 percent from the same period a year earlier.

Grain sorghum stored in all positions on June 1, 2014 totaled 92.3 million bushels, up 125 percent from a year ago. On-farm stocks, at 4.50 million bushels, are up 66 percent from last year. Off-farm stocks, at 87.8 million bushels, are up 129 percent from June 1, 2013. The March - May 2014 indicated disappearance from all positions is 83.4 million bushels, up 65 percent from the same period last year.

Table 3. USDA estimated grain stocks as of June 1 in millions of bushels

	2009	2010	2011	2012	2013	**2014**	2009-13 Average	% Change '13 to '14
Corn	4,261	4,310	3,670	3,149	2,766	**3,854**	3,631	39.3%
Soybeans	596	571	619	667	435	**405**	578	-6.8%
Wheat	657	973	862	743	718	**590**	791	-17.9%

Comments and Market Reaction:

Corn, soybean, cotton, and wheat markets were down across the board today.

Soybeans - July closed down $0.31 ½ at $14.00 ½ and November closed down $0.70 ¾ at $11.57 ¼. Today the USDA surprised many analysts by dramatically increasing the estimated number of acres planted to soybeans in the U.S. to 84.839 million acres. The USDA's March 31st Prospective Plantings Report estimated domestic soybean acreage at 81.493 million acres, an all-time high and almost 5 million more acres than in 2013. The 3 million + acre increase in estimated soybean acreage was much larger than the 1 million acre increase many were anticipating. With these adjustments to the 2014 crop, harvested soybean acreage is now estimated to exceed harvested corn acreage in the U.S. Using the June WASDE estimated average yield of 45.2 bu/acre production is currently estimated to be 3.799 billion bushels leading to an estimated carryover (leaving the demand side unchanged from the June WASDE) of 489 million bushels. Additional bearish information was contained in the grain stocks report as estimated soybean stocks as of June 1, 2014 were 27 million bushels larger than the average estimate. Combined the two reports were very bearish for soybean futures.

Corn - July closed down $0.18 ¾ at $4.24 ¼, September closed down $0.23 ½ at $4.18 ¾ and December closed down $0.22 at $4.25 ¼. Estimated corn planted acreage was down 50,000 acres from the March report however was within expectations from most analysts. Estimated high yields continue to offset acreage losses in corn leaving production slightly above last year. Ending corn stocks as of June 1st were 100 million bushels greater than average estimates. The combination of higher carryover and increased production continues to exude downward pressure on corn futures.

Wheat - July closed down $0.20 ½ at $5.64 ¾ and September closed down $0.16 ¼ at $5.77 ½. Estimated all wheat planted acreage was up 659,000 acres from the March report which exceeded most analysts' expectations. June 1 wheat stocks were close to trade expectations at 590 million bushels.

Cotton - July closed down 1.68 cents at 79.21 cents/lb and December closed down 1.34 cents at 73.51 cents/lb. Upland cotton acreage was estimated up 248,000 acres from the March Prospective planting report. Increased cotton acreage combined with projected lower abandonment acreage primarily in Texas could lead to greater than expected domestic production and provide additional downward price pressure to an already fragile global cotton outlook.

Profitability Outlook

Please contact your local County Extension office or Area Specialist – Farm Management for assistance in developing your own budget or farm financial plan. This table below should be used as a guide as yields, prices, and expenses will vary among producers and locations. Expenses will vary among producers and production systems. Cotton prices include revenue for cottonseed and hauling. There have been some adjustments made in fertilizer prices as that input seems to be easing up. For reference, in variable expenses below, fertilizer expense per acre is estimated as follows: Cotton - $ 121, Soybeans - $40, Corn - $167 (includes 170 units of N), Milo - $104, and Wheat/Soybeans - $111. Cost of production will continue to be adjusted as information becomes available. Projected yields used in these estimates are based on 5-year average Tennessee yields. Please note that the wheat yield is the June USDA state average estimate for Tennessee. Weed control costs with resistant weeds have also been difficult to estimate. These costs will vary greatly among producers and individual fields. Production costs are estimates based on the 2014 University of Tennessee Crop Budgets with adjustments made where needed. Please visit with your farm supplier on estimated cost in your area. Producers with owned land and or cash rent can use Returns Over Variable as a guide in decision making. Producers with share rent ground should use Returns Over Variable and Land Costs as a guide with their appropriate share rent calculated. A land cost of 25% of revenue minus 25% of crop insurance cost is used in the table as a guide or method of comparison and should not be construed as the appropriate rent for a particular area. Producers who are not making major equipment changes can use UT budgets and this table as a guide in developing their own cropping decision budgets. If equipment changes are being made, then a whole farm financial plan would be better suited as a decision aid.

2014 Estimated Returns					
	Cotton	**Soybeans**	**Corn**	**Milo**	**Wheat/Soybeans**
Yield	**860 lbs.**	**40 bu.**	**127 bu.**	**85 bu.**	**70 bu./28 bu.**
Price (as of 6/30/14)	$0.74 lb.	$11.80 bu.	$4.14 bu.	$4.49 bu.	$5.58 bu./$11.80 bu.
Revenue	$636	$472	$526	$382	$721
Variable Expenses	$504	$274	$406	$231	$449
Returns Over Variable	**$133**	**$198**	**$120**	**$150**	**$272**
Land Costs (25% of Revenue-25% crop insurance)	$157	$115	$128	$94	$175
Returns Over Variable and Land Costs	**-$24**	**$82**	**-$8**	**$56**	**$97**
Fixed Costs Depreciation & interest on machinery	$85	$63	$60	$60	$107
Returns Over Specified Costs	-$109	$19	-$68	-$3	-$9
Breakeven Price at Average Yield and Specified Cost	$0.87	$11.32	$4.67	$4.53	$5.84/$11.56

The table below is an estimate of returns for crops under irrigation. Since irrigated yields are not as of yet kept separate in Tennessee, yields below are an estimate of irrigated yields. Irrigation fixed costs and energy costs will vary greatly among producers and systems. These projections include in variable expenses energy costs for irrigation of $26 per acre and $11 per acre of irrigation repairs and maintenance. Fixed costs of $88 per acre for irrigation equipment are used. Please contact your local County Extension office or Area Specialist – Farm Management for assistance in developing your own budget or farm financial plan. This table below should be used as a guide as yields, prices, and expenses will vary among producers and locations. Expenses will vary among producers and production systems. Cotton prices include revenue for cottonseed and hauling. For reference, in variable expenses below, fertilizer expense per acre is estimated as follows: Cotton - $ 121, Soybeans - $40, Corn - $215 (includes 225 units of N), Milo - $138, and Wheat/Soybeans - $111. Cost of production will continue to be adjusted as information becomes available. Weed control costs with resistant weeds have also been difficult to estimate. These costs will vary greatly among producers and individual fields. Production costs are estimates based on the 2014 University of Tennessee Crop Budgets with adjustments made where needed. Please visit with your farm supplier on estimated cost in your area. Producers with owned land and or cash rent can use Returns Over Variable and Fixed IR Costs as a guide in decision

making. Producers with share rent ground should use Returns Over Variable, Fixed IR Costs and Land Costs as a guide with their appropriate share rent calculated. A land cost of 25% of revenue minus 25% of crop insurance cost minus 25% of the irrigation equipment fixed cost is used in the table as a guide or method of comparison and should not be construed as the appropriate rent for a particular area. A management cost of $30 per acre is included in Fixed Costs – management labor, depreciation & interest on machinery. This is an additional $15 above the dryland crop management labor. Producers who are not making major equipment changes can use UT budgets and this table as a guide in developing their own cropping decision budgets. If equipment changes are being made, then a whole farm financial plan would be better suited as a decision aid.

2014 Estimated Returns - Irrigation

	Cotton	**Soybeans**	**Corn**	**Milo**	**Wheat/Soybeans**
Yield	**1100 lbs.**	**60 bu.**	**190 bu.**	**130 bu.**	**70 bu./45 bu.**
Price (as of 6/13/14)	$0.74 lb.	$11.80 bu.	$4.14 bu.	$4.49 bu.	$5.58 bu./$11.80 bu.
Revenue	$814	$708	$787	$584	$922
Variable Expenses(include energy cost)	$542	$312	$506	$307	$486
Fixed Irrigation Costs per Acre	**$88**	**$88**	**$88**	**$88**	**$88**
Returns Over Variable & Fixed IR Costs	**$184**	**$308**	**$193**	**$189**	**$348**
Land Costs (25% of Revenue-25% crop insurance-25% fixed irrigation costs)	$179	$152	$172	$123	$203
Returns Over Variable, IR Fixed Cost and Land Costs	**$5**	**$156**	**$21**	**$66**	**$145**
Fixed Costs- management labor, depreciation & interest on machinery	$100	$78	$75	$75	$122
Returns Over Specified Costs	-$95	$78	-$54	-$9	$23
Breakeven Price at Average Yield and Specified Cost	$0.83	$10.51	$4.42	$4.56	$5.84/$10.96