



June 28, 2002 Crop Acreage and Grain Stocks Reports *Kurt M. Guidry, Associate Professor*

Comments On Reports

Based on unfavorable weather during planting, the market had generally decided that fewer corn acres were planted than was originally intended. The market had also decided that those acres not planted to corn would be planted to soybeans, therefore, increasing soybean acres above planting intentions levels. What the June 28th Acreage report showed was that corn acres, while decreased from planting intentions levels, did not fall as much as was originally thought. The Acreage report places corn acres at 78.947 million acres, down only 100,000 acres from planting intentions. This was over 800,000 acres higher than the highest market estimate and really put the corn market in a defensive mode.

While the Acreage report was generally viewed as negative for the corn market, it proved to be positive for both the soybean and cotton markets. The market had been thinking that a substantial number of acres had been switched from corn into soybeans. The Acreage report, however, placed soybean acres at 72.993 million acres, only 27,000 acres higher than planting intentions. The soybean acreage estimate was also on the low end of market estimates and was nearly 1 million acres lower than the average trade guess. For cotton, the USDA's value of 14.415 million acres also came in at the low end of the market's range of estimates. Both the soybean and cotton markets saw substantial rallies in futures prices.

For grain sorghum and rice, the Acreage report placed acreage for 2002 at 9.290 million acres and 3.251 million acres, respectively. While acreage for both sorghum and rice are below year- ago-levels, they really provided no surprise to the market and failed to make any substantial impact on prices.

The other report released by the USDA was the Quarterly Grain Stocks report. While nearly all values came in well within the range of market estimates, the continuing theme of shrinking grain stocks helped fuel the fire started by the Acreage report.

Price Impact

Table 3. shows the price movement for selected commodities on June 28, 2002. Soybeans and cotton were the big winners for the day with the November Soybean Futures Contract price climbing roughly \$0.15 per bushel and the December Cotton Futures Contract price climbing nearly \$0.02 per pound. While the September Corn Futures Contract price fell by roughly \$0.01 per bushel, it was encouraging that the market was able to limit the loss given the higher-than-expected acreage.

Changes To Marketing Strategy For Soybeans And Corn?

The release of the two USDA reports gives some insight to both what the supply situation will be like for the 2002 crop as well as how the 2001/02 marketing year may end up. When taken together, these reports certainly place a more positive tone to the soybean market. Lower than expected acres along with a tightening stocks situation will obviously place great importance on the performance of the 2002 crop. In my June Soybean Outlook report, I suggested that producers may wish to hold off from making additional sales of expected 2002 production. I would still stick to this strategy. This becomes a little more difficult to suggest given that the rally on June 28th put the November Contract above the \$5.00 per bushel loan rate. However, with weather concerns still out there and as long as demand can continue to perform well, there should be some opportunity for this market to continue to move higher. As I said in my June Outlook report, producers should monitor closely both weather and the status of ending stocks for the 2001/02 marketing year. If stocks get tight enough, there may be some possibility for some attractive basis levels for earlier harvested soybeans.

For corn, the marketing strategy probably needs to be modified. With the higher acreage level, I think this gives the market some cushion and will likely help limit price rallies. While unfavorable weather forecasts will more than likely provide price rallies, I would think that they will be relatively minor and short lived. With the September Contract closing at \$2.33 per bushel on June 28th, producers should probably continue to make some sales of expected 2002 production. Producers may wish wait to see if weather rallies will occur, but I would suggest placing a lower limit on this market. If prices begin to fall, I would suggest producers place a limit around the \$2.15 level on the September Contract.

Table 1. Comparison of Pre-Report Estimates For Acreage to USDA Values

Commodity	June 28, 2002 Report Estimates	Average Pre-Report Estimates	Lowest Pre-Report Estimate	Highest Pre-Report Estimate
----- 1,000 Acres -----				
Corn	78,947	77,763	77,080	78,100
Soybeans	72,993	73,936	72,970	74,710
Cotton	14,415	14,500	14,300	14,946

Source: DTN Agdayta

Table 2. Comparison of Pre-Report Estimates For Stocks to USDA Values

Commodity	June 28, 2002 Report Estimates	Average Pre-Report Estimates	Lowest Pre-Report Estimate	Highest Pre-Report Estimate
----- Million Bushels -----				
Corn	683.77	689.00	655.00	703.00
Soybeans	3,594.00	3,608.00	3,552.00	3,685.00
Wheat	771.90	753.00	730.00	767.00

Source: DTN Agdayta

Table 3. Futures Price Changes On June 28, 2002

Commodity	Unit	Futures Month	Closing Price	Change
Corn	Bu.	September	\$2.3300	(\$0.0100)
Soybeans	Bu.	November	\$5.0600	\$0.1500
Rice	Cwt.	September	\$4.3000	\$0.0800
Cotton	Lb.	December	\$0.4860	\$0.0177

Source: DTN AgDayta

Quarterly Grain Stocks

Table 4. US Corn Stocks By Quarter, 2001 to 2002

Date	2001 On - Farm Stocks	2001 Off - Farm Stocks	2001 Total Stocks	2001 Implied Use By Quarter	2002 On - Farm Stocks	2002 Off - Farm Stocks	2002 Total Stocks	2002 Implied Use By Quarter	Percent Change In Stocks From 2001 to 2002	Percent Change In Use From 2001 to 2002
	----- 1,000 Bushels -----								(Percent)	(Percent)
March 1	3,600,000	2,442,999	6,042,999	2,486,635*	3,355,000	2,440,261	5,795,261	2,469,454*	-4.10%	-0.69%
June 1	2,230,800	1,693,158	3,923,958	2,119,041*	2,020,600	1,573,385	3,593,985	2,201,276*	-8.41%	3.88%
September 1	753,150	1,145,958	1,899,108	2,024,850*						
December 1	5,275,000	2,989,715	8,264,715	3,141,233**						

Source: National Agricultural Statistics Service - Grain Stocks Report - June 28, 2002.

* Implied Use is calculated by subtracting stocks in the current quarter from stocks in the previous quarter.

** Implied Use in this quarter is calculated by subtracting stocks in the current quarter from the sum of stocks in the previous quarter and estimated production.

Table 5. US Sorghum Stocks By Quarter, 2001 to 2002

Date	2001 On - Farm Stocks	2001 Off - Farm Stocks	2001 Total Stocks	2001 Implied Use By Quarter	2002 On - Farm Stocks	2002 Off - Farm Stocks	2002 Total Stocks	2002 Implied Use By Quarter	Percent Change In Stocks From 2001 to 2002	Percent Change In Use From 2001 to 2002
	----- 1,000 Bushels -----								(Percent)	(Percent)
March 1	40,100	127,027	167,127	94,854*	38,100	156,007	194,107	119,770*	16.14%	26.27%
June 1	19,000	57,411	76,411	90,716*	17,300	88,524	105,824	88,283*	38.49%	-2.68%
September 1	8,900	32,851	41,751	34,660*						
December 1	72,400	241,477	313,877	242,398**						

Source: National Agricultural Statistics Service - Grain Stocks Report - June 28, 2002.

* Implied Use is calculated by subtracting stocks in the current quarter from stocks in the previous quarter.

** Implied Use in this quarter is calculated by subtracting stocks in the current quarter from the sum of stocks in the previous quarter and estimated production.

Table 6. US Wheat Stocks By Quarter, 2001 to 2002

Date	2001 On - Farm Stocks	2001 Off - Farm Stocks	2001 Total Stocks	2001 Implied Use By Quarter	2002 On - Farm Stocks	2002 Off - Farm Stocks	2002 Total Stocks	2002 Implied Use By Quarter	Percent Change In Stocks From 2001 to 2002	Percent Change In Use From 2001 to 2002
	----- 1,000 Bushels -----								(Percent)	(Percent)
March 1	384,750	953,648	1,338,398	467,727*	338,500	871,268	1,209,768	413,687*	-9.61%	-11.55%
June 1	197,270	678,912	876,182	462,216*	211,830	560,075	771,905	437,863*	-11.90%	-5.27%
September 1	696,850	1,458,964	2,155,814	678,011**						
December 1	517,890	1,105,565	1,623,455	532,359*						

Source: National Agricultural Statistics Service - Grain Stocks Report - June 28, 2002.

* Implied Use is calculated by subtracting stocks in the current quarter from stocks in the previous quarter.

** Implied Use in this quarter is calculated by subtracting stocks in the current quarter from the sum of stocks in the previous quarter and estimated production.

Table 7. US Soybean Stocks By Quarter, 2001 to 2002

Date	2001	2001	2001	2001	2002	2002	2002	2002	Percent Change In Stocks From 2001 to 2002	Percent Change In Use From 2001 to 2002
	On - Farm Stocks	Off - Farm Stocks	Total Stocks	Implied Use By Quarter	On - Farm Stocks	Off - Farm Stocks	Total Stocks	Implied Use By Quarter		
	----- 1,000 Bushels -----								(Percent)	(Percent)
March 1	780,000	623,908	1,403,908	836,083*	687,000	648,987	1,335,987	939,631*	-4.84%	12.38%
June 1	365,000	343,180	708,180	695,728*	301,200	382,573	683,773	652,214*	-3.45%	-6.25%
September 1	83,500	164,247	247,747	460,433*						
December 1	1,240,000	1,035,618	2,275,618	862,701**						

Source: National Agricultural Statistics Service - Grain Stocks Report - June 28, 2002.

* Implied Use is calculated by subtracting stocks in the current quarter from stocks in the previous quarter.

** Implied Use in this quarter is calculated by subtracting stocks in the current quarter from the sum of stocks in the previous quarter and estimated production.

2002 Crop Acreage

Table 8. U.S. Planted Acres of Selected Commodities

Commodity	2001 Planted Acres	2002 Planted Acres	March 3, 2002 Planting Intentions	July 12, 2002 Supply and Demand Report Figures	Change In Planted Acres From 2001 to 2002	Change In Acres From Intentions	Change In Acres From June 12 th Report
	----- 1,000 acres -----				----- Change (1,000 acres) -----		
Corn	75,752.0	78,947.0	79,047.0	78,000.0	3,195.0	(100.0)	947.0
Grain Sorghum	10,252.0	9,290.0	9,015.0	9,000.0	(962.0)	275.0	290.0
Wheat	59,617.0	60,085.0	59,004.0	59,000.0	468.0	1,081.0	1,085.0
Rice							
Long	2,714.0	2,583.0	2,690.0	N/A	(131.0)	(107.0)	N/A
Short & Medium	621.0	668.0	633.0	N/A	47.0	35.0	N/A
Total	3,335.0	3,251.0	3,323.0	3,320.0	(84.0)	(72.0)	(69.0)
Soybeans	74,105.0	72,993.0	72,966.0	73,500.0	(1,112.0)	27.0	(507.0)
Cotton	15,768.5	14,415.5	14,770.5	14,770.0	(1,353.0)	(355.0)	(354.5)

Source: USDA, Crop Acreage Report - June 28, 2002.

Table 9. Louisiana Planted Acres of Selected Commodities

Commodity	2001 Planted Acres	2002 Planted Acres	March 3, 2002 Planting Intentions	Change In Planted Acres From 2001 to 2002	Change In Acres From Intentions
	----- 1,000 acres -----			----- Change (1,000 acres) -----	
Corn	315.0	500.0	570.0	185.0	(70.0)
Grain Sorghum	230.0	200.0	220.0	(30.0)	(20.0)
Wheat	175.0	180.0	180.0	5.0	0.0
Rice					
Long	540.0	510.0	515.0	(30.0)	(5.0)
Short & Medium	8.0	10.0	5.0	2.0	5.0
Total	548.0	520.0	520.0	(28.0)	0.0
Soybeans	640.0	800.0	650.0	160.0	150.0
Cotton	870.0	580.0	835.0	(290.0)	(255.0)

Source: USDA, Crop Acreage Report - June 28, 2002.