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USDA Report Indicates Record Soybean Acreage

On March 31, 2017, the USDA released its Prospective Plantings Report, as well as the Quarterly Grain Stocks Report.

These reports were highly anticipated, due to the uncertainty with grain prices in recent months, the potential for a significant increase in U.S. soybean acreage in 2017, and the likelihood of even larger increases with regard to estimated grain stocks in the coming year.

Typically, these late March USDA reports are very critical to farm operators and grain traders, because they tend to have a high impact on grain market prices in the Spring and early Summer. This is the time of the year when many farm operators try to sell remaining grain inventories from the previous growing season, as well as look for opportunities to forward price a portion of the anticipated crop for the current year. In a majority of years, corn and soybean prices usually reach their peak price from April to June, which is why the March 31 USDA reports are so important.

The following are the key items from the March 31 USDA reports:

CORN

The 2017 USDA corn acreage estimate is slightly below the average grain trade estimate of about 91 million acres. The highest U.S. corn acreage recorded in the March 3 estimate was 97.2 million acres in both 2012 and 2013. 2017 corn acreage is expected to decline in most major corn producing states.

The total U.S. corn stocks on March 1, 2017, were listed at over 8.62 billion bushels, which is up about 10 percent, compared to the 7.8 billion bushels on March 1, 2016. The March 1 USDA estimate was slightly above the grain trade estimates prior to the report.

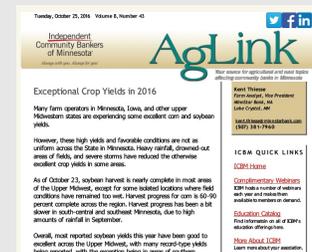
SOYBEANS

A record level of planted soybean acreage (89.5 million acres) is anticipated for 2017, which is an increase of 7 percent from 83.4 million acres of soybeans in 2016. The USDA projection exceeded the average grain trade estimate by 1.3 million acres and was above the highest grain trade estimate. 2017 soybean acreage is

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expected to increase or remain steady in 27 of the 31 major soybean producing states, with 12 states expected to see record soybean acreage.

Soybean stocks on March 1, 2017, were listed at 1.73 billion bushels, which is up 13 percent from 1.53 billion bushels on March 1, 2016, and compares to about one billion bushels as recently as March 1, 2014. The March 1 soybean stocks estimate was toward the high end of the pre-report estimates by grain traders.

WHEAT

It is estimated that 49.6 million acres of wheat will be planted this year, which is down 8 percent from the 2016 level of 50 million acres. Significant declines in wheat acreage are expected in North and South Dakota, Kansas, Nebraska, and Oklahoma.

Total wheat stocks on March 1, 2017, were listed at 1.66 billion bushels, which is up 21 percent from 1.37 billion bushels on March 1, 2016, but was close to grain trade estimates.

COTTON

Intended U.S. cotton plantings for 2017 are estimated at 12.26 million acres, which is up 21 percent from 2016 acreage levels, and is at the highest level since 2012.

The State-by-State Prospective Plantings Report for 2017 is also rather interesting. Minnesota corn growers are expected to plant 8 million acres of corn in 2017, which is down 5 percent from 8.45 million acres planted in 2016.

Minnesota farmers are expected to increase their planted soybean acreage by 9 percent in 2017 to 8.25 million acres, which compares to 7.5 million acres in 2016. Prospective plantings for 2017 in Iowa indicated 13.3 million acres of corn, which is down 4 percent from the 13.9 million acres planted in 2016. The 2017 planted soybean acreage in Iowa is estimated at 10.1 million acres, which is 6 percent above the 2016 level.

Prospective planted corn acreage for 2017 declined by 3 percent in Illinois and Nebraska, and dropped by 4 percent in both North and South Dakota, while holding steady in Indiana and Ohio, compared to 2016.

In addition to Minnesota and Iowa, the USDA expects increases in 2017 soybean acreage of 500,000 acres or more in North Dakota, Nebraska, and Kansas. Other projected increases in 2017 soybean acreage include: South Dakota at 4 percent, Indiana at 6 percent, and Illinois at one percent. North and South Dakota have increased their total corn and soybean acreage considerably in recent years. North Dakota is expected to have 3.3 million acres of corn and 6.9 million acres of soybeans in 2017, while South Dakota is projected to have 5.4 million acres of both corn and soybeans this year.

The March 31 USDA Grain Stocks Report indicated that as of March

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1, 2017, there were over 4.9 billion bushels of corn and just over 668 million bushels of soybeans stored on farms in the U.S., which represents about 56 percent of the total corn stocks and 40 percent of the total soybean stocks. The March 1, 2017, on-farm grain stocks compare to 4.33 billion bushels of corn and 727 million bushels of soybeans in on-farm storage as of March 1, 2016. According to the USDA Report, there were 770 million bushels of corn and 93 million bushels of soybeans in on-farm storage in Minnesota on March 1, 2017, along with one billion bushels of corn and 115 million bushels of soybeans in Iowa.

The USDA does not survey the percentage of bushels in on-farm storage that are forward-priced for future delivery, compared to bushels that are not priced. However, many private analysts feel that a much higher percentage of the corn bushels still in storage as of March 1, 2017, may not be forward priced in 2017, compared to other recent years, due to continued low market prices since harvest in 2016. The large amount of corn bushels in on-farm storage (much of which is probably not priced) will likely make the cash-corn market trends in the next few months very important for 2017 farm income levels. The increased 2017 soybean acreage, as well as a rather large level of soybean stocks, is likely to put downward pressure on both the cash and new crop soybean prices in the coming months.

For more information, contact Kent Thiesse, Farm Management Analyst and Vice President, MinnStar Bank, Lake Crystal at: 507-381-7960 or kent.thiesse@minnstarbank.com.

U of M Extension Offers Financial Counseling for Distressed Farmers

The University of Minnesota Extension recently announced it will begin offering financial counseling to farmers in serious financial stress.

"We know that due to a variety of factors, including ongoing low prices, some farmers find themselves facing difficult circumstances," said Bev Durgan, Extension Dean. "With our new program, Extension offers distressed farmers help in understanding the financial situation and exploring options to keep their farms functioning as a viable enterprise."

More details can be found [here](#).

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