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USDA bets on soy, but farmers like corn

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CHAMPAIGN, Ill. --

A few days before the U.S. Department of Agriculture released its estimate of how much corn, soybeans and other crops farmers will plant this year, Larry Gleason was getting ready to do what the forecasters were betting he wouldn't.

Plant more corn.

The USDA said Monday that it expects American farmers to cut back on corn this year in favor of soybeans. But soybean prices dropped sharply in the days before the projection was released.

Before the price drop, Gleason planned to do what the USDA said he would: Plant about half the 3,500 central Illinois acres he farms in corn and the other half in soybeans. Last year, Gleason, his brothers and father planted 70 percent corn.

"In the last two weeks, we've seen the bean market fall," said the 56-year-old Gleason, who farms near Elkhart, Ill., about 20 miles northeast of Springfield. "We've made some plans to add more acres of corn and take away some beans."

Similar shifts could happen on farms across the Corn Belt, University of Illinois agricultural economics professor Darrell Good said.

Soybean futures prices have fallen more than 20 percent since early March, to just over \$12 a bushel from almost \$16 a bushel, while corn prices have held relatively steady, near \$6 a bushel.

"The pendulum has swung decidedly in favor of corn at this point," Good said. "For a lot of the central and northern Illinois farms, corn pencils out easily to be \$200 an acre more profit than soybeans."

American farmers planted 93.6 million acres of corn last year, more than any year since 1944, because of high prices. Corn has been in heavy demand in the United States to make the fuel additive ethanol, while booming economies in the developing world are buying more of the crop for animal feed and other uses.

Farmers planted soybeans, meanwhile, on 63.6 million acres, the smallest figure in 12 years.

Using surveys of farmers conducted in early March, the USDA said farmers would shift back toward soybeans this year.

Across the country, the USDA projects farmers will plant 86 million acres of corn, 8 percent less than last year. The government thinks the soybean crop will grow to 74.8 million acres, an 18 percent increase.

In Iowa, the nation's largest corn and soybean producer, the USDA thinks farmers will cut back to 13.2 million acres of corn from 14.2 million acres, and plant 9.8 million acres of soybeans, up from 8.55 in 2007.

And in Illinois, the country's No. 2 corn and soybean state, the agency says farmers will plant 12.6 million acres of corn, 5 percent fewer than last year's 13.2 million. Soybeans are expected on 8.8 million acres this spring, up from 8.2 million in 2007.

The projections, combined with the soybean price drop, could push more farmers to reconsider - like Greg Whitmore, who plans to plant 65 to 75 percent of his 2,500 acres with corn in Shelby, Neb.

Weather permitting, that figure could grow. He'd like to plant a few of his fields planned now for soy with higher-paying corn. "You can still make more dollars per acre by planting corn," Whitmore said.