

# Farmdoc Website Launches ACRE Payments Estimator

URBANA, ILL.

**A** new farm management tool estimates the amount of Average Crop Revenue Election (ACRE) payments a farm will receive for its 2009 crop. The ACRE payment estimator is available for download from the farm analysis solution tools (FAST) section of the farmdoc website at [www.farmdoc.illinois.edu](http://www.farmdoc.illinois.edu).

"Users of the ACRE payment estimator enter their state and crop for which ACRE payment estimates are desired," said Gary Schnitkey, a University of Illinois professor of agricultural and consumer economics. "The program then estimates the state ACRE payment. This estimate equals the state guarantee minus state revenue. The state guarantee is known for 2009 and equals the benchmark yield times a benchmark price. The ACRE payment estimator includes state guarantees for corn, soybeans, and wheat for most states in the United States."

State revenue equals the state yield times the market year average price. "At this point, neither the state yield nor market year average price is known with certainty. The acre payment estimator projects both of these factors," Schnitkey said.

State yields are projected using estimates released by the National Agricultural Statistical Service. Market year average price is estimated with a combination of actual monthly and forecast prices, weighted by historical marketings. A forecast price equals the futures price traded on the Chicago Board of Trade minus historical basis.

For corn, the state ACRE payment for Illinois

is projected to be \$21 per acre. Using January 15 information, Illinois' state yields are projected at 174 bushels per acre, and the estimated market year average price is \$3.55, yielding state revenue of \$618 per acre. This revenue is below the \$639 state guarantee, indicating that an ACRE payment will occur. For corn, remaining monthly prices must average below \$3.73 before an ACRE payment is received.

"Given that the \$3.73 breakeven price is close to current market prices there is a chance that prices will decline, yielding a higher ACRE payment," Schnitkey said.

For soybeans, ACRE payments in midwestern states are forecast at \$0 per acre. In Illinois, ACRE payments will occur if remaining monthly prices average below \$8.95.

For wheat, a state ACRE payment of \$90 per acre is projected for Illinois. Remaining prices must average below \$10.96 for an ACRE payment to occur. According to Schnitkey, all states in the Midwest are projected to have wheat ACRE payments.

The farmdoc website received initial funding from the State of Illinois through the Illinois Council on Food and Agricultural Research (C-FAR). Since its inception over a decade ago, the website has delivered unbiased and timely economic information to agricultural producers and businesses.

For more information, contact Gary Schnitkey at 217-244-9595 or via email at [schnitke@illinois.edu](mailto:schnitke@illinois.edu). △



Link Directly To: **SYNGENTA**