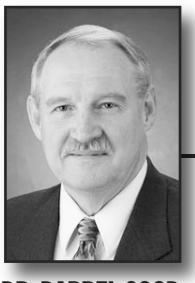
Harvest To Accelerate



grain outlook

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The late planted and late maturing corn and soybean crops of 2009 have also experienced one of the slowest harvest rates in modern history. As of October 25, the USDA reported only 20 percent of the corn crop and 44 percent of the soybean crop had been harvested.

For corn, an average of 58 percent of the crop had been harvested by that date in the previous 5 years. Excluding the slow pace of 2008, the average for that date was 63 percent harvested. For soybeans, the previous 5-year average harvest pace for that date is 80 percent. The rate of harvest relative to the previous 5 year average pace varied considerably by state and within states. The slowest pace of corn harvest was in Illinois, with only 14 percent harvested as of October 25, compared to the previous 5 year average of 77 percent. The percent of the crop harvested ranged from 3 percent in the northeast crop reporting district to 38 percent in the southwest district. Excluding 2008, the previous average harvest completion by that date was 85 percent. Harvest was at a more normal pace in the southern states of North Carolina, Tennessee, and Texas. Soybean harvest was especially slow in Illinois, Iowa, Minnesota, North Dakota, and South Dakota. The pace of harvest was near normal in Ohio.

Some additional harvesting occurred during the week ended November 1, but the pace was likely very slow. The percent of the crop harvested will be reported in the USDA's Crop Progress report to be released on November 2. The current week may result in the fastest pace of harvest so far this year. The Midwest is expected to be generally rain free, allowing harvest to pick up speed as the week progresses. The pace will vary geographically, reflecting various levels of precipitation received last week.

For corn, the most rapid weekly rate of harvest in recent years has resulted in 16 percent of the crop being harvested. Those peak weeks tended to be in the middle of harvest when the majority of farms were still harvesting. The harvest rate declined as more producers completed harvest. Assuming only about 25 percent of the crop was harvested as of November 1, a harvest pace of 16 percent per week would require almost 5 weeks to complete the harvest. Since the pace cannot be maintained at 16 percent per week, it appears that harvest will stretch into at least mid-December, depending on future weather conditions. The pace of harvest will also be influenced by the rate at which the crop can be conditioned for storage and shipping. Areas with a majority of the crop still at high moisture levels could experience some delays due to limited drying capacity.

For soybeans, the peak weeks of harvest in recent weeks have seen 20 to 24 percent of the crop harvested. With perhaps 50 percent of the crop harvested by November 1, it still appears that harvest could extend into December, depending on weather conditions after this week.

The delayed harvest due to wet conditions raises several issues about the quantity and quality of the 2009 crop, particularly the corn crop. More widespread disease outbreaks, low test weights, above average field losses, and quality deterioration due to drying and handling a crop with high moisture levels have all been cited as potential problems. In addition, extreme weather conditions in some areas may result in more than the average amount of unharvested acreage.

The USDA's November 10 Crop Production report will provide an important benchmark for judging the yield impacts of poor harvest conditions. The impact of a poor quality crop will be revealed over a longer period of time. Typically, the impact of corn quality on livestock feeding rates could be evaluated based on the December 1 inventory of corn, with higher feeding rates associated with poor quality. With more than the normal amount of the crop likely to be unharvested by December 1, the estimate of December 1 stocks may be less reliable than in a more normal year. The March 1 inventory estimate, then, becomes more important.

For soybeans, the wet growing season in many areas along with higher moisture levels at harvest, may affect the relative meal and oil content of the crop. The industry will have information on relative yields immediately, but the monthly Census Bureau estimates of soybean crush and product yield will reveal the overall impact.

The impacts of late harvest and poor quality crops on production and use are often over estimated. It appears that may have been the case this year, with prices of both corn and soybeans dropping sharply with the forecast of more favorable harvest conditions. However, this year's growing and harvest season weather conditions are outside the experience of modern history. More time will be required to fully evaluate the impacts. Δ

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