

# High Commodity Prices Could Mean Lower Wheat Acreage In Kentucky

LEXINGTON, KY.

In the next couple of weeks, wheat planting will begin across Kentucky. While commodity prices for corn and soybeans have dropped in recent weeks, they still remain relatively strong. These prices could entice some producers to break their typical crop rotation pattern this fall and plant less wheat, as wheat prices are down from a year ago.

Depending on a producer's location, planting less wheat may or may not be profitable. Using recent commodity prices, average yields for each crop in each area and estimated costs for inputs, labor and machinery, a University of Kentucky College of Agriculture economist created analyses of different planting options for producers in two locations in the state.

The Hopkinsville area and the area around Daviess and Union counties have different agronomic characteristics, said Greg Halich, UK agricultural economist. Producers in the Hopkinsville area traditionally grow the most wheat in the state. The Daviess and Union County area has some of the best yields for corn and soybeans in the state and typically grows less wheat than southern Kentucky.

In his analyses, he assumed average yields of 68 bushels per acre of wheat, 35 bushels per acre of double-crop soybeans and 41 bushels per acre of full-season soybeans in the Hopkinsville area. In the Daviess and Union County area, he used average yields of 65 bushels per acre of wheat, 38 bushels per acre of double-crop soybeans and 50 bushels per acre for full-season soybeans. Both analyses used futures market prices on Oct. 4, adjusted

for new crop basis, which resulted in \$5.20 per bushel for corn, \$11.30 a bushel for soybeans and \$6.20 per bushel for wheat.

Using these figures and subtracting production costs, Halich found it is more profitable for growers in both areas to grow wheat followed by double-crop soybeans rather than plant full-season soybeans.

"There was a \$108 per acre net profit difference in the Hopkinsville area and a \$23 per acre net profit difference in the Daviess and Union County area in favor of wheat and double-crop soybeans," Halich said. "Double crop soybeans yields would have to drop to 25 bushels per acre in Hopkinsville and 36 bushels per acre in Daviess and Union counties before full-season soybeans were more profitable."

Continuous corn – corn grown in the same field two years in a row – is more likely an option in the Daviess and Union County area. When comparing wheat to continuous corn in the area, he assumed average yields of 167 bushels per acre for continuous corn, 65 bushels per acre for wheat, 38 bushels per acre for double-crop soybeans and the same prices from Oct. 4. Area producers could make a net profit of \$72 more per acre growing continuous

corn compared to wheat and double-crop soybeans.

"Given the current market conditions, planting wheat followed by double-crop soybeans looks to be a mixed bag for the 2011-2012 year," Halich said. "In the Hopkinsville area it looks fairly attractive, but in the Daviess and Union County area, it looks less so." Δ



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