

Taking The Guesswork Out Of 2011 Planting Decisions

URBANA, ILL.

A recent report projecting the 2011 crop budget suggests that for the best return farmers in southern Illinois should plant wheat/double-crop-soybean.

The report is an installment of Farm Economics Facts and Opinions and is posted on the University of Illinois farmdoc web site.

The full report with data and commentary entitled 2011 Crop Budget: Implications for Crop Rotations and Returns is available to view online or to download a pdf at http://www.farmdoc.illinois.edu/manage/newsletters/fe10_14/fe10_14.html

"There is a lot of interest right now in 2011 budgets because of some of the wheat decisions people are having to make as well as corn and soybeans for the upcoming year," said Gary Schnitkey, a University of Illinois professor of agricultural and consumer economics and farm management specialist.

"We've seen increasing wheat prices recently, so we put together budgets to compare corn, soybeans, wheat and wheat/double-crop-soybeans. For southern Illinois, budgets used expected prices of \$5 for wheat, \$3.75 for corn, and \$9.50 for soybeans for 2011. We are still finding that wheat by itself is not as profitable as corn or soybeans, but when you combine wheat/double-crop-soybeans, the returns exceed corn and soybeans in southern Illinois," Schnitkey said.

The information in the report is broken down by area of the state with northern Illinois defined as north of I-80, central Illinois as between I-80 and I-70, and southern Illinois as the area south of I-70.

Schnitkey said that historically wheat/double-crop-soybeans was on average \$6 less than corn returns in southern Illinois. "The data varied from year to year by quite a lot. Our current projection for 2011 is that wheat/double-crop-soybeans would be \$28 higher than corn which is above average," he said.

And for southern Illinois single crops?

"In southern Illinois, we're projecting corn returns, both to the farmer and the land, to be \$174 for corn and \$140 for soybeans. So corn is projected to be more profitable than soybeans,

which is typical. The best rotation of land in the fall after soybeans would be a wheat/double-crop-soybean. That would give you the most return – and then followed by corn only."

Schnitkey said the discount on soybeans for the double-crop soybeans yield in this budget is 35 bushels an acre and the average with just soybeans would be 47 bushels.

In the central part of the state, the implications are for corn to be \$64 more profitable than soybeans.

Schnitkey said that from 2000 to 2009 corn on average was \$30 more profitable than soybeans. "So, we're looking at corn to be more profitable on average but not as much as it was in 2007 and 2008.

"The numbers are more optimistic than they were if we'd been projecting a couple of months ago due to higher prices recently. But overall, 2010 would be projected lower than 2011 returns, but not by a lot."

In northern Illinois, projections are for corn to be \$84 more profitable than soybeans – a bit more than in the central part of the state. On average, corn has exceeded soybean returns profitability by about \$36 from 2000 to 2009.

Near the end of the report, cash rents are compared with projections for 2011 and what farmers have received historically from farm land returns.

"If you look at those two things, cash rents should remain stable," Schnitkey said. "The 2011 budgets aren't suggesting large increases in cash rents because of high profitability. If anything, budgets for 2011 are less than 2007 and 2008, a bit better than 2009, and roughly comparable to what we're looking at in 2010 given reasonably good yields.

The farmdoc website received initial funding from the State of Illinois through the Illinois Council on Food and Agricultural Research (CFAR).

Since its inception over a decade ago, the website has delivered unbiased and timely economic information to agricultural producers and businesses.

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