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U.S. Farmers Estimated to Plant More Corn Than Expected in 2023

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USDA released the first survey of farmers' planting intentions for 2023 crops on March 31, 2023. Before the report's release, analysts expected farmers to plant 90.8 million corn acres and 88.2 million soybean acres this year. The analysts believed the corn area would increase from last year despite high input prices, projections of lower prices and tighter profit margins for the 2023 corn crop.

The Prospective Plantings report indicates farmers intend to plant 91.99 million corn acres, an increase of 3.4 million acres from 2022. This projection is near the upper range of analysts' estimates for the 2023 corn area and was over 1.1 million acres above the average trade expectation. USDA also projects the soybean area to increase, but by a more modest amount and by an amount closer to the lower range of the analysts' estimates. USDA surveys indicate soybean farmers intend to plant 87.5 million acres, a 55 thousand-acre increase from 2022 and about 700 thousand acres below the average trade expectation.

Farmers in the top-five producing corn states of Iowa, Illinois, Minnesota and Indiana all plan to increase corn area by 200 thousand acres each (Iowa and Illinois), 250 thousand acres (Indiana), and 350 thousand acres (Minnesota). Only Nebraska farmers indicated they plan to trim their corn-planted area by 100 thousand acres from 2022. USDA projects the top five corn-producing states to plant 47.45 million acres of the country's 92 million corn acres, or almost 52% of the planted area.

The survey indicates the largest area for corn expansion is in North Dakota. North Dakota farmers intend to increase corn area by 800 thousand acres, or a 27% increase from last year. Of the 48 states surveyed, only Texas and Nebraska farmers indicated plans to reduce corn plantings by 100 thousand acres in each state.

In contrast, farmers in three of the top five soybean-producing states expect to plant the same amount of soybean acreage as in 2022. Farmers in Iowa, Illinois and Nebraska all responded that they expect to plant the same amount of soybeans in 2023. Minnesota farmers plan to increase plantings by 100 thousand acres, while Indiana farmers plan to reduce soybean acreage by 250 thousand from 2022.

North Dakota farmers indicated that they plan to increase soybean plantings by 850 thousand acres, with South Dakota farmers increasing soybean acreage by 200 thousand acres from 2022. Combined, the Dakotas could increase soybean plantings by 1 million acres. In contrast, Kansas

and Indiana plan to reduce soybean plantings by 450 thousand acres and 250 thousand acres, respectively, from 2022. Missouri, Arkansas and Michigan also plan to reduce planted soybean areas by 100 thousand acres, 130 thousand acres and 150 thousand acres, respectively. As a result, the reduction in soybean area in these five states offset the increase in the Dakotas.

The market has been prepared for an increase in corn area, but the survey results are toward the upper range of expectations, and the 3.4 million acres increase in plantings from 2022 could increase stocks more than expected. If realized, the increased stocks would limit price potential. However, 23% of the potential corn area increase is in North Dakota, which has historically had a large amount of corn in prevented plantings acres and a lower yield potential than the core corn production area. As a result, the market may be discounting the report's impact on increased corn area and production.

With the soybean-planted area pegged below the market's average expectation, the concern about high fertilizer prices shifting corn acres to soybeans may be reduced and ending stocks may not increase as much as feared by some analysts.

The December 2023 corn futures contract closed \$0.0025 per bushel lower to \$5.66 ¼ per bushel. The potential increase in corn area did not faze the futures market. In contrast, the November 2023 soybean futures contract closed \$0.15 ½ a bushel higher to \$13.19 per bushel. The report pegging the 2023 soybean area to be almost unchanged from 2022 was bullish given soybean's tight stocks and strong demand.

Today's report is the first of many survey-based reports to help managers understand the 2023 corn and soybean market fundamentals. Managers can use this information to update and modify marketing and business plans to reflect market conditions. Since the corn and soybean seed is still in the bag, market fundamentals will change significantly from USDA's February projections. Mother Nature has the final say on the 2023 planted area; however, everyone will have to wait for the June 30 Acreage report for an update on the potential size of the 2023 corn and soybean crops.