

Policy Pennings by Dr. Daryll E. Ray

Corn crop ain't known until it's known

Here in our office, we were just as surprised as anyone when the USDA's August 12, 2004 World Agricultural Supply And Demand Estimates report came out projecting corn production for this year at 10.923 billion bushels. Production at this level would set a new record for U.S. corn exceeding last year's production by 8%. This is somewhat above the average of trade expectations.

USDA's projections for a record harvest is dependent upon an increase in both yield and harvested acres. Yield is projected to come in at a record 148.9 bushels per acre, 3.9 bushels above last year's record yield. Harvested acres are projected to be 73.4 million acres, 2.3 million acres above last year. We have questions about both of these.

Harvested acreage was about 91 percent of planted acreage in 2003. Interestingly, USDA's estimated harvested acreage for 2004 is also about 91 percent despite, what we thought, was a relatively high incidence of pond drown-out in several areas. We also are finding it hard to reconcile the yield numbers with the anecdotal reports that we getting. In talking with farmers and in post after post on agricultural websites, farmers in many areas of the country are saying that the crop looks good from the road, but once you get into the field, problems begin showing up.

One producer from West Central Minnesota writes: "Things look good here from the windshield, but walk out into the cornfields past the endrows and things aren't pretty at all. The cooler and darker environment has not been good for ear development with a lot of them filling to 70% of its length . . . The big story is the lack of heat units for our area. I checked a seed company website for GDU info thru today for us [Aug. 16] and, at 1393 GDUs, it puts us 335 behind normal and a long way from the 2700 GDUs we need to get to black layer maturity" (Agweb 8/16/04).

This web post identifies several of the themes that run through the nearly 100 posts that we have read. First, ear fill is less than last year, coming short both on row length and number of rows around the ear. The second concern

is the cool weather and the shortage of growing degree days. Many farmers are concerned that the corn crop may not mature before the first frost. Each day of cool weather makes the chance of catching up on heat units more and more remote.

In some areas, windstorms blew down a considerable amount of corn. Depending on the stage at which the corn lodged, farmers can expect a 10% to 30% reduction in yield. The other concern that pops up in a number of posts is a nitrogen shortage just when the corn ear is beginning to fill. The wet spring in many areas resulted in the leaching of nitrogen out of the corn root zone. At this point in mid-August, few farmers are reporting significant disease damage in the corn.

A few posts had farmers crowing about their corn crop, but not many. Since anecdotal information is by definition not a statistically-sound survey, maybe more than an offsetting number of farmers with good yields are keeping their good fortune to themselves. I don't know.

By the time you read this the John Deere Pro Farmer Midwest Crop Tour results will be in and we will have a better idea of what this year's corn crop looks like. It will be interesting to see how close the tour estimates are to those released by USDA. In any case, it seems that the final yield results will depend on the number of heat units the crop gets each day and how early or late the first killing is.

Because weather can take a number of turns between now and harvest, we will likely see continued volatility in corn prices. As Yogi Berra says, "It ain't over till it's over." And that goes double for this year.

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