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University of Kentucky
College of Agriculture,
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Farm Update

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USDA Prospective Planting Report for 2023

Anyone who follows the grain markets knows how far prices have fallen in the past two weeks due to the recently released USDA Prospective Planting Report for 2023. In this article, Dr. Grant Gardner, Assistant Extension Professor in the College of Agriculture Department of Agricultural Economics, discusses the report which provides the first survey-based estimates of farmers' 2023 planting intentions. He first discusses the projections for the United States and Kentucky. He then looks at how accurate the United States estimates have been in recent history and how the information could affect marketing year prices. The 2023 report and current events this spring point to lower corn prices and volatile soybean and wheat prices compared to last year.

Historically, the report does indicate that actual planted acres closely follow the prospective plantings report. For example, the worst miss-projection in the past ten years occurred in the 2019 soybean acreage estimate when the report overestimated soybean acreage by 11.2%. On average, prospective plantings for the United States have been off by 2.21% for corn, 3.65% for soybeans, and 0.94% for wheat. It is worth noting that winter wheat planting

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indicates an estimate of already planted winter wheat, which causes the U.S. winter wheat prospective planting estimates to miss by less than 1% on average.

Corn production in 2023 is projected to be up by close to 3.4 million acres as high fertilizer prices likely restrained 2022 acres. Soybean acreage is expected to be similar to 2022, and wheat acres are projected to increase by over 4 million compared to last year.

Looking specifically at Kentucky, soybean acreage is projected to decline by half a million acres to 1.9 million. Kentucky corn acres are projected to increase from 1.44 million in 2022 to 1.6 million in 2023. Kentucky winter wheat acres are projected to increase by 8,000 acres to 610,000 acres in 2023.

Since the report's release, December corn futures have dropped close to \$0.23, from \$5.67 to \$5.44. After a sharp increase at the time of the report, soybean futures fell \$0.58 from \$13.22 to \$12.62. and July Chicago SRW futures dropped close to \$0.59 from \$7.04 to \$6.45. The drop in December corn futures is likely caused by the near-record prospective plantings in 2023. Soybean futures are experiencing volatility due to increases in crush capacity and low soybean stocks. Wheat futures are experiencing similar volatility due to questions over the Black Seas Grain Deal and drought in the West, which could cause supply shortages.

Overall, the Prospective Planting projections have a small margin of error. Although Kentucky has slightly more variability, I expect the number of acres of each crop to follow prospective plantings closely, should the weather cooperate. Current prospective acreage projections, in combination with the crop balance sheets, point towards a lower corn price due to excess supply and more volatile soybean and wheat prices. Producers may want to leverage forward contracting to avoid price volatility, specifically in the wheat and soybean markets.

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Wheat Field Day

The 2023 Wheat Field Day hosted by the College of Agriculture Wheat Science Group and sponsored by the Kentucky Small Grain Growers' Association will be this Thursday, May 9 from 9 am-noon at the UK Research and Education Center Farm at 1205 Hopkinsville St. Princeton, KY. Registration opens at 8 am. Several topics will be covered including drone regulations, applications, and economics, the wheat price market outlook, work at the university concerning oat and rye breeding programs adapted to the increased distilling demand for rye spirits. Management of fusarium head blight and a walk-through of the university variety trial at the station will be done. There is more wheat planted in this area than in the past few years. If it is an important enterprise for your business, take time to attend the event.

4-H Camp Sign-up Underway

Daviess County is camping July 4-7 at the West Kentucky 4-H camp at Dawson Springs in Hopkins County. Enrollment is open to all youth ages 9-14, and the cost is \$200.00. Each year more than 100 youth, teen, and adult leaders from Daviess County participate in a fun, activity-filled week. Call the office at 270-685 8480 or go on our website at <https://daviess.ca.uky.edu/4hcamp> for more information.

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