

Corn Returns May Top Soybeans In 2008

URBANA, ILL.

Corn may be a more profitable crop for Illinois producers in 2008 than soybeans, according to a new University of Illinois Extension study.

"Relative profitability of corn and soybeans may impact acreage decisions," explained Gary Schnitkey, U of I Extension farm financial management specialist who prepared the study with Extension colleague Darrel Good. "Given the current cash bids for fall delivery, our analysis suggests that corn will be more profitable than soybeans in 2008 on many farms in Illinois.

"Our analysis was conducted by calculating expected corn and soybean revenues for each Crop Reporting District in the state. Differences in corn and soybean revenue are compared to differences in non-land production costs. Across all districts, corn is projected to be more profitable than soybeans based on harvest bids as of March 20."

The full report, "Corn versus Soybean Returns

in 2008" (http://www.farmdoc.uiuc.edu/manage/newsletters/fefo08_06/fefo08_06.html), is available on U of I Extension's farmdoc website.

However, most projections indicate fewer corn acres and more soybean acres will be planted in 2008 as compared to 2007, Schnitkey noted.

"While Illinois farmers may – as projected – shift acres from corn to soybeans in 2008, the relative profitability of the crops does not appear to be a reason for this acreage shift," Schnitkey said.

Schnitkey said a number of factors could change the projected relative profitability scenario.

"A relative corn and soybean price change could cause profitability to switch," he said. "Relative yields could vary. In particular, any yield drag for corn-after-corn could narrow profits.

"Insect, disease, or fungus problems could require pesticide treatments which could raise the costs of one of the crops." Δ