

High Input Costs, Low Commodity Prices Push Wheat Acreage Down

LEXINGTON, KY.

The state's winter wheat acreage likely will decrease this year because of high input costs and lower commodity prices, said specialists with the University of Kentucky College of Agriculture.

While no official estimates are available yet on how many acres will not be planted, UK Extension Grain Crops Specialist Chad Lee said some producers are saving their wheat seed and opting to plant full-season soybeans in the spring.

"When weighing the commodity price of wheat against the current input costs, many farmers are finding it's not going to be profitable to grow wheat this year, especially on rented ground," he said.

Typically, Kentucky wheat producers plant wheat in the fall and double crop soybeans in the summer. However, double crop soybeans are more susceptible to moisture stress than full-season soybeans due to the later planting date.

Fertilizer prices have risen dramatically from last year. UK Agricultural Economist Greg Halich estimates that farmers could pay from \$40 to \$75 more per acre this year, depending on the type of fertilizer they use. While some growers are starting to see the cost of fertilizer decline, prices likely still will be higher than last season.

Commodity prices have slumped since this

summer. July 2009 wheat futures are selling for around \$6 per bushel, which is down from nearly \$11 offered for July 2008 futures last spring.

"Prices in the last couple of years as a whole have been fairly high by historical standards, but they do not compensate for input costs," Halich said.

Cory Walters, UK agricultural economist, said the decline was caused by several factors including a significant increase in domestic production, decrease in exports due to high transportation costs, an increase in foreign wheat production and a weak basis.

Pressured by falling energy prices and an increase in supply, soybean prices have also declined. Despite the lower prices, full-season soybeans currently remain more profitable than double cropping with wheat.

"Given the current market situation, farmers should make about \$75 more per acre on next year's crop by growing full-season beans rather than double cropping wheat and beans," Halich said.

This past spring, Kentucky wheat producers reported one of their largest harvests on record, harvesting 460,000 acres, which was 200,000 more acres than in 2007. Producers averaged 71 bushels per acre, which was a yield increase of 22 bushels from 2007. Δ