

Reshuffling 1976's Planted Acreages To Increase Crop Production Expenditures

by Gene D. Sullivan

Farmers plan to reshuffle planted acreages again in 1976, and total crop production expenditures will increase as a result. Part of the planned change reported in the USDA's April 15 planting intentions survey reverses some of the extreme shifts made in 1975. Most of the changes have resulted from farmers' adjustments to wide price swings for particular farm products during the past two years.

For most crops, planting changes in the Sixth District states¹ and in the United States are moving in the same direction. In most cases, however, proportional changes in the Southeast will be larger than those in the nation as a whole (see Table 1).

Soybeans Down Sharply

The major acreage shift is in soybeans, a crop that held great promise for favorable returns a year ago. But soybean prices in early 1976 have averaged nearly 20 percent below year-ago levels, while prices of cotton, an important crop that can be grown in place of soybeans, have increased dramatically. District farmers plan to decrease soybean plantings by 725,000 acres, or 7 percent, this year (see figure). The largest drop will occur in Georgia; total U. S. acreage will decline by 10 percent.

Cotton and Corn to Increase Sharply

Cotton prices, hovering about 50 percent above year-earlier levels, have induced plans for a huge upturn in planted acreage. Farmers will increase plantings by 596,000 acres, or 24 percent, in 1976. Mississippi farmers plan the largest increase. Unquestionably, some of the acreage in the Southeast that moved from cotton to soybeans in 1975 will return to cotton production in 1976, but cotton acreage will still not recover to 1974's high level. The shift is proportionately greater than in the nation as a whole, however, where 16 percent more acreage will be planted to cotton.

¹The Sixth District states are Alabama, Florida, Georgia, Louisiana, Mississippi, and Tennessee, which are either totally or partially within the Sixth Federal Reserve District.

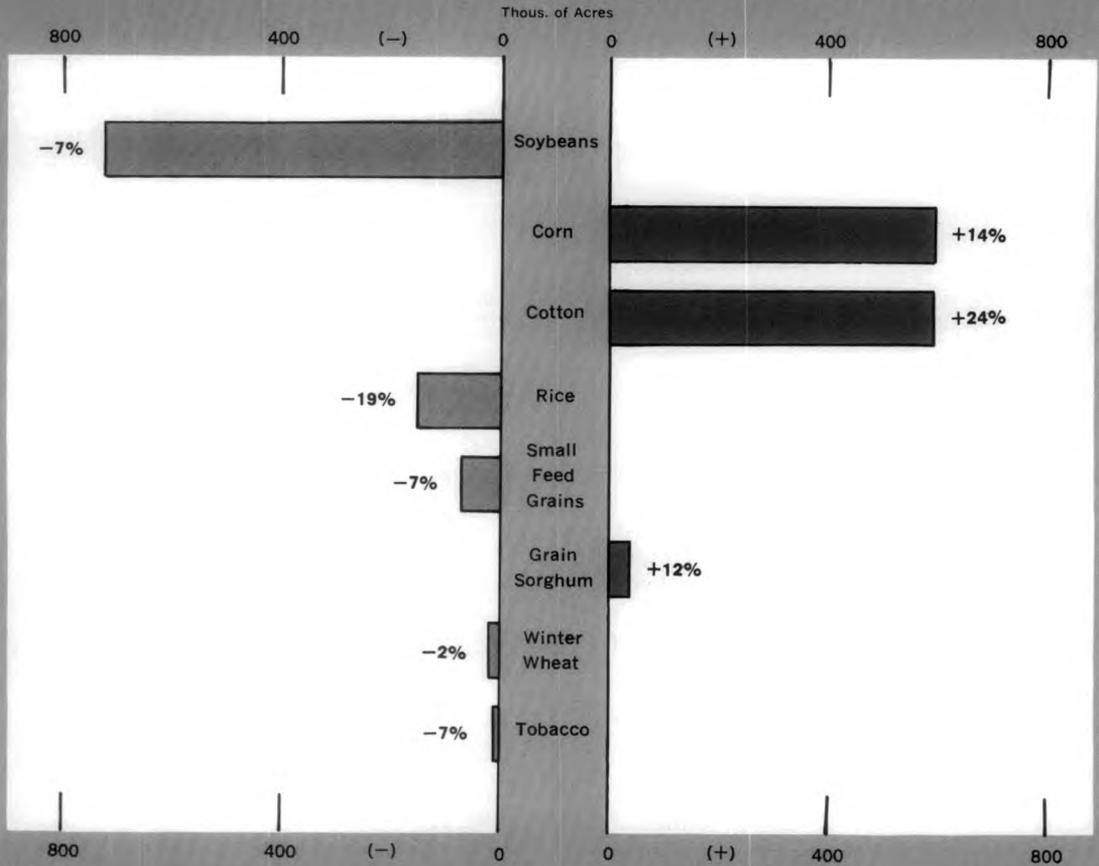
TABLE 1
Planted Acreages: Sixth District States and United States

	1974 (-----)	1975 -----1,000 acres-----	Ind. 1976 ¹	1976/1975 Percent
Soybeans				
Alabama	1,050	1,350	1,200	89
Florida	285	305	280	92
Georgia	1,030	1,290	1,020	79
Louisiana	1,800	1,900	1,900	100
Mississippi	2,605	3,230	3,050	94
Tennessee	1,620	1,950	1,850	95
Total Sixth District States	8,390	10,025	9,300	93
Total U. S.	53,507	54,577	49,330	90
Cotton				
Alabama	600	440	525	119
Florida	13	5	6	120
Georgia	423	160	220	138
Louisiana	650	320	480	150
Mississippi	1,780	1,175	1,400	119
Tennessee	540	335	400	119
Total Sixth District States	4,006	2,435	3,031	124
Total U. S.	13,699	9,691	11,256	116
Corn				
Alabama	715	750	850	113
Florida	452	464	557	120
Georgia	2,000	2,020	2,250	111
Louisiana	95	80	120	150
Mississippi	205	195	220	113
Tennessee	760	780	890	114
Total Sixth District States	4,227	4,289	4,887	114
Total U. S.	77,787	77,902	82,727	106
Rice				
Louisiana	661	660	540	82
Mississippi	114	175	140	80
Total Sixth District States	775	835	680	81
Total U. S.	2,555	2,818	2,361	84
Winter Wheat				
Alabama	185	185	220	119
Florida	52	40	30	75
Georgia	215	160	150	94
Louisiana	80	70	65	93
Mississippi	195	231	220	95
Tennessee	395	405	385	95
Total Sixth District States	1,122	1,091	1,070	98
Total U. S.	52,354	56,163	57,227	102
Small Feed Grains²				
Alabama	100	110	110	100
Florida	33	31	34	110
Georgia	542	730	672	92
Louisiana	24	20	20	100
Mississippi	80	85	70	82
Tennessee	181	170	165	97
Total Sixth District States	960	1,146	1,071	93
Total U. S.	30,161	30,078	28,989	96
Grain Sorghum				
Alabama	70	80	80	100
Florida	—	—	—	—
Georgia	65	80	70	88
Louisiana	42	41	70	171
Mississippi	85	75	90	120
Tennessee	52	51	55	108
Total Sixth District States	314	327	365	112
Total U. S.	17,676	18,275	17,897	98
Tobacco				
Florida	13.3	14.5	13.5	92
Georgia	72.3	75.1	65.0	87
Tennessee	56.5	61.6	61.7	100
Other States	0.8	0.9	0.8	89
Total Sixth District States	142.9	152.1	141.0	93
Total U. S.	962.6	1,083.5	1,009.3	93

¹Planting indications released by the USDA, April 15, 1976 (December 1975 for winter wheat)

²Combined acreages of oats, barley, and rye

District Farmers Plan Changes in Crop Acreages From 1975 Levels



Note: Percentage indicates percent change from 1975 level.

Some land planted in soybeans in 1975 will be planted in corn this year, particularly in Georgia. Although corn prices have also dropped below the year-ago level, potential returns still compare quite favorably with other cropping alternatives. Thus, District farmers have indicated that they will plant 598,000 more acres in 1976, a 14-percent rise. Nationally, corn plantings will be up a projected 6 percent.

Rice Acreage to Plummet

Average rice prices dropped from one-third to one-half below 1975's early spring level, causing farmers to plan a one-fifth reduction in planted acreage. Ironically, the Rice Program was recently revised to permit unrestricted planting. Some of the 1975 rice acreage in both Louisiana and Mississippi will apparently be switched to cotton or other grains in 1976. Rice acreage in both the District and nation will be reduced about the same percentage.

Wheat and Small Feed Grains Also Drop

Winter wheat acreage is down moderately from a year earlier, possibly because wheat cannot be double-cropped with cotton and corn as it can with soybeans. Cotton and corn cannot be grown successfully when planting is delayed until wheat has been harvested. Farmers knowing that they would not plant as large an acreage to soybeans in 1976 probably curtailed some of their winter wheat plantings in the fall of 1975. Also, wheat prices averaging near \$3.50 per bushel during the fall planting season were down sharply from the more than \$5 per bushel that stimulated the abrupt acreage increases in 1975. Nevertheless, potential profits from wheat production were sufficiently high to stimulate a slight increase in plantings at the national level.

District plantings of small feed grains, primarily oats, have also dropped from 1975's level. Oats have not shared corn's extremely high prices, and farmers

have not had the incentive to increase production. Indicated acreage for 1976 declined at the national level as well.

Grain Sorghum to Increase

Grain sorghum commands a more favorable price than other small feed grains because it is more directly substitutable for corn in animal rations. It is rather well adapted to Southeastern growing conditions, and farmers plan to boost grain sorghum plantings by almost 38,000 acres, or 12 percent, in 1976. This runs counter to indications of reduced plantings at the national level.

Less Tobacco in 1976

Tobacco acreage allotments were increased in 1975, and production jumped upward. Unfortunately, prices dropped and District growers received less total revenue despite increased production. Marketing quotas have been cut back for 1976, and District farmers will plant 11,000 fewer acres to tobacco, a 7-percent cutback equal to the national reduction.

Crop Acreages up in Total

In spite of planned reductions for several crops, total plantings of eight crops in 1976 will increase by 246,000 acres, or 20 percent, within District states. Undoubtedly, land not recently cropped will be brought into production. The gain will probably come from areas that have been devoted to pasture or that have been allowed to remain idle in recent years. Also, some recent clearing of timbered regions has made new land available for cultivation in the Southeast.

Crop Production Expenditures to Increase

The shifts in crop acreages and expanded plantings will have a favorable impact on the Southeast's economy. Although farmers' expenditures for some types of inputs will decline, the shifts of acreage to crops that are more costly to produce will generate a net increase of \$76.3 million in total expenditures for eight crops (see Table 2).

Planned increases in cotton acreage will have the greatest impact. Direct production costs amount to \$205 per acre, mostly fertilizer and chemicals and farm machinery operations. An increase of 596,000 in planted acreage would generate an estimated \$122.2-million increase in cotton production expenditures.

Expanded corn acreage accounts for the other major increase in expenditures. An additional 598,000 acres would generate new expenditures of \$65.8 million, largely for commercial fertilizers.

Item	Cotton: Up 596,000 Acres ¹	
	Cost Per Acre ²	Total Change in Expenditures ³
Labor	\$ 19	\$ 11,324,000
Power and Equipment	55	32,780,000
Materials, Seed, Fertilizer, etc.	83	49,468,000
Custom Services	13	7,748,000
Interest on Operating Capital	7	4,172,000
Ginning, Bagging, Ties	28	16,688,000
Total Direct Production Costs	\$205	\$ 122,180,000
Corn: Up 598,000 Acres¹		
Labor	\$ 7	\$ 4,186,000
Power and Equipment	27	16,146,000
Materials, Seed, Fertilizer, etc.	62	37,076,000
Custom Services	9	5,382,000
Interest on Operating Capital	5	2,990,000
Total Direct Production Costs	\$110	\$ 65,780,000
Soybeans: Down 725,000 Acres¹		
Labor	\$ 7	\$ - 5,075,000
Power and Equipment	27	- 19,575,000
Materials, Seed, Fertilizer, etc.	36	- 26,100,000
Custom Services	5	- 3,625,000
Interest on Operating Capital	3	- 2,175,000
Total Direct Production Costs	\$ 78	\$- 56,550,000
Rice: Down 155,000 Acres¹		
Labor	\$ 17	\$- 2,635,000
Power and Equipment	56	- 8,680,000
Materials, Seed, Fertilizer, etc.	76	- 11,780,000
Harvest Cost ²	42	- 6,510,000
Interest on Operating Capital	8	- 1,240,000
Total Direct Production Costs	\$199	\$- 30,845,000
Tobacco: Down 11,000 Acres¹		
Labor	\$523	\$- 5,753,000
Power and Equipment	403	- 4,433,000
Materials, Seed, Fertilizer, etc.	253	- 2,783,000
Irrigation	27	- 297,000
Harvest Cost ²	156	- 1,716,000
Interest on Operating Capital	49	- 539,000
Insurance	71	- 781,000
Land and Allotment Rent	407	- 4,477,000
Overhead	56	- 616,000
Total Direct Production Costs	\$1,945	\$- 21,395,000
Winter Wheat: Down 21,000 Acres¹		
Labor	\$ 4	\$- 84,000
Power and Equipment	16	- 336,000
Materials, Seed, Fertilizers, etc.	51	- 1,071,000
Custom Services	3	- 63,000
Interest on Operating Capital	3	- 63,000
Total Direct Production Costs	\$ 77	\$- 1,617,000
Grain Sorghum: Up 38,000 Acres¹		
Labor	\$ 6	\$ 228,000
Power and Equipment	6	228,000
Materials, Seed, Fertilizer, etc.	15	57,000
Custom Services	5	190,000
Interest on Operating Capital	1	38,000
Total Direct Production Costs	\$ 33	\$ 741,000
Small Feed Grains: Down 75,000 Acres¹		
Labor	\$ 4	\$- 300,000
Power and Equipment	6	- 450,000
Materials, Seed, Fertilizer, etc.	15	- 1,125,000
Custom Services	0	-
Interest on Operating Capital	1	- 75,000
Total Direct Production Costs	\$ 26	\$- 1,950,000
Net Change, Eight Crops		\$ 76,344,000*

*Approximately 4 percent above estimated expenditures for these crops in 1975.

¹Changes from 1975 acreage indicated by the USDA's planting intentions survey released April 1, 1976

²Based on variable costs developed by the Economic Research Service, USDA, adjusted for increases in prices paid by farmers. Rice costs were developed by economists at Mississippi State University.

³The direct cost per acre times the planned change in acreage

⁴Oats, barley, and rye

⁵Harvest costs include power and equipment and labor for rice; marketing and conventional storage barn only for tobacco

Production expenditures for soybeans will drop an estimated \$56.6 million, a minor decline considering the nearly three-quarter-million-acre reduction in plantings. Direct production expenditures for soybeans are only about one-third of the per acre cost of producing cotton.

Planned acreage reductions for rice and tobacco will cut production outlays by an estimated \$30.8 million and \$21.4 million, respectively. Because of the relatively high production costs for both crops, especially tobacco, small changes in acreage pro-

duce greater changes in expenditures than for most other crops.

In 1975, the agribusiness complex braced itself for a net reduction in farm production expenditures, largely resulting from a sharp drop in cotton acreage. Prospects are brighter in 1976, mostly because farmers will again plant more cotton. The fact that cotton acreage has not increased to 1974's high level, however, holds promise that farmers will not overproduce again in 1976 and thereby stimulate another sharp acreage cutback in 1977. ■

Bank Announcements

April 15, 1976

THE BANK OF FITZGERALD

Fitzgerald, Georgia

Opened for business as a par-remitting nonmember.

April 19, 1976

LANDMARK BANK OF POMPANO BEACH, N.A.

Pompano Beach, Florida

Opened for business as a member. Purchased assets and assumed liabilities of The Security State Bank of Pompano Beach, a State nonmember bank.

May 3, 1976

THE NATIONAL BANK OF COLLIER COUNTY

Marco Island, Florida

Converted to a national bank from First Bank of Marco Island.

May 6, 1976

FIRST NATIONAL BANK OF HAMILTON

Hamilton, Alabama

Opened for business as a member. Officers: Tommy Bain Moore, president; Joyce M. James, cashier. Capital, \$400,000; surplus and other funds, \$600,000.

May 20, 1976

KAPLAN STATE BANK

Kaplan, Louisiana

Opened for business as a par-remitting nonmember.