



NEWS COLUMN

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Break-even corn-after-corn yields and yield drags

URBANA – Many Illinois farmers have been disappointed with 2011 corn-after-corn yields, reporting significantly lower corn-after-corn yields compared to corn-after-soybean yields. To provide guidance for 2012 planting decisions, University of Illinois agricultural economist Gary Schnitkey calculated the break-even corn-after-corn yields for farms in northern, central Illinois with high-productivity farmland, central Illinois with low-productivity farmland and southern Illinois regions.

“We were looking at what sort of yield you need to have corn-after-corn before you switch to soybeans and how much lower that will be than corn-after-soybean,” Schnitkey said. “What we found is that in southern Illinois, if you can have yield drags of between 24 bushels per acre and 35 bushels per acre, which is a central Illinois high productivity, it’s more profitable to plant soybeans than it is corn, given that corn is following corn.”

For comparison, Schnitkey calculated a 56-bushel yield in central Illinois with a \$12.00 price and subtracted from that \$298 of non-land cost for soybeans to discover the soybean net return.

“We knew what the cost was for producing corn-after-corn, \$520 per acre,” he said. “We also took a corn price of \$5.50. We calculated the yield on corn that equated to 56 bushels of soybeans. That came to 163 bushels of corn. So, if you get less than 163 bushels of corn-after-corn, it’s more profitable to plant soybeans than it is to plant corn-after-corn.”

He noted that 163 bushels is less than what is being projected for corn-after-soybeans.

“We’re projecting corn-after-soybeans for 2012 to be in the 198-bushel-an-acre range. So the break-even number of corn-after-corn bushels is 163. If you get more than 163 bushels, it will be more profitable than growing 56 bushels of soybeans.

“At 167 bushels, that’s 35 bushels yield drag. What we’ve seen in the past couple of years is that it has been more than that. But over time, 10 to 20 bushels is about what we’d expect,” he said.

Schnitkey believes that there is more interest in going back to soybeans from corn-after-corn.

“There may be agronomic reasons why things have changed, but if you’re looking at just the straight prices that are being offered and the cost levels we’re at, right now the economics would be saying to plant more corn than soybeans.

“The corn yield to match soybean yield is historically low compared to where we’ve been for the past 10 years. So the market is saying, ‘plant more corn,’ but we’re having these yield drags so people are thinking that they should grow more soybeans and there’s a conflict,” he said.

According to Schnitkey, the calculations show where farmers need to be on break-even levels.

“We’ve had two unusual years,” he said. “There is a good agronomic reason to believe that in stressful years, corn-after-corn will do worse than corn-after-soybeans. So if we have a more normal year, there could be no yield drag, in which case, corn would be more profitable than soybeans.”

Visit http://www.farmdoc.illinois.edu/manage/newsletters/fefo11_20/fefo_11_20.html for the full report.

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