

Prospective Planting Outlook

The USDA released their annual Prospective Plantings report on March 31st, marking the first survey-based report of the 2023 growing season. It should be noted that these numbers will change as farmers react to planting conditions but hold some important data for this snapshot in time.

The biggest increases shown in the report for 2023 come from rice, corn and wheat. The starkest decrease in the planted acres forecast is found in cotton. This report and others drive the markets, and commodity traders will continue monitoring a series of data points that could create change such as planting progress, weather-related events, global production and world events as the season continues.

2023 Arkansas Agriculture Expectations

Using the Prospective Plantings report and past data, 2023 projections include area harvested, yield and production. This will be used as a reference point and to determine a forecast about how the season might play out for Arkansas commodities. The calculations and prices mentioned below are subject to change as the season continues and as more information becomes available.

Corn

Expectations for corn are higher this year as planting intentions increased year-over-year. Using the average harvest percentage of 97.7% from the past few years, the expected corn harvest for 2023 would be around 792,000 acres for Arkansas. Roughly 92,000 more acres than the five-year average but slightly behind 2021 harvested acres, which was the second highest acreage in recent history. The high benchmark for recent history came in 2013 with 870,000 acres of corn harvested in Arkansas. This year's increase could grow corn production by more than 20,000 bushels over last year, which is based on an average yield of 179 bu/acre. Just like Arkansas, farmers across the U.S. are reporting intentions to plant more corn. This could put pressure on the market as increased production would lead to higher ending stocks. According to the USDA, the 2022/2023 season average farm price is \$6.60 per bushel, which is down slightly from last year's reported average price of \$6.65.

Prospective Planting

	2022 (1,000 acres)	2023 (1,000 acres)	% Change
Corn			
United States	88,579	91,996	4%
Arkansas	710	810	14%
Soybeans			
United States	87,450	87,505	0%
Arkansas	3,180	3,050	-4%
Wheat			
United States	45,738	49,855	9%
Arkansas	220	230	5%
Rice			
United States	2,222	2,583	16%
Arkansas	1,106	1,301	18%
Cotton			
United States	13,763	11,256	-18%
Arkansas	640	480	-25%
All Hay			
United States	49,546	50,645	2%
Arkansas	1,093	1,130	3%

Soybeans

Arkansas soybean expectations are down slightly from 2022, which is largely due to the projected increase in corn acreage for 2023. Based on a 99% harvest average, the expected soybean harvest for 2023 is just over three million acres. Though the projection is lower than the 2022 reported harvested acres, it is still slightly above the five-year average and remains consistent with the 10-year average. Using an estimated average yield of 52 bu/acre, production for 2023 is projected to be down 6,731,000 bushels compared to 2022. These numbers could still shift if any complications arise from weather during planting. While the soybean estimates for Arkansas are down, the U.S. production should remain relatively the same. The USDA has 2022/2023 U.S. season-average soybean price forecasted at \$14.30 per bushel, down 10 cents from last year's reported average of \$14.40.

Arkansas									
Type	Area Harvested			Yield Per Acre			Production		
	2021	2022	Project 2023	2021	2022	Project 2023	2021	2022	Project 2023
	(1,000 Acres)	(1,000 Acres)	(1,000 Acres)	(Bushels)	(Bushels)	(Bushels)	(1,000 Acres)	(1,000 Bushels)	(1,000 Bushels)
Corn	830	695	792	184	173	179	152,720	120,235	141,357
Soybean	3,010	3,150	3,021	51	53	52	153,510	163,800	157,069
Wheat	145	150	158	58	53	56	8,410	7,950	8,759
	(1,000 Acres)	(1,000 acres)	(1,000 acres)	(Pounds)	(Pounds)	(Pounds)	(1,000 cwt)	(1,000 cwt)	(1,000 cwt)
Rice	1,194	1,084	1,279	7,630	7,410	7,520	91,136	80,340	96,175
	(1,000 Acres)	(1,000 Acres)	(1,000 Acres)	(Pounds)	(Pounds)	(Pounds)	(1,000 Bales)	(1,000 Bales)	(1,000 Bales)
Cotton	475	630	450	1,248	1,196	1,222	1,235	1,570	1,147
	(1,000 Acres)	(1,000 Acres)	(1,000 Acres)	(Tons)	(Tons)	(Tons)	(1,000 Tons)	(1,000 Tons)	(1,000 Tons)
Hay, Grass	1,180	1,090	1,230	2.2	2	2.2	2,596	2,180	2,706
Hay, Alfalfa	3	3	3	3.3	2.8	3.1	10	8	9.3

Wheat

2023 Wheat planting intentions are up for both the U.S. and Arkansas. Using an average harvest percentage of 68%, it is expected that the total area harvested in Arkansas will be around 158,000 acres. This is the highest expected wheat crop since 2015, which was 220,000 acres. While wheat has continued to increase, it still has not reached the 2013 benchmark of 615,000 acres. Using an average yield of 52 bu/acre, the projected production for 2023 is 8,759,000 bushels. This would be roughly 800,000 more bushels than what was produced in 2022 for Arkansas. The 2022/2023 season-average farm price is forecasted at \$8.90, based on NASS prices reported to date and expectations for cash prices for the remainder of the year. This is \$1.05 more than the reported average price from 2022.

Rice

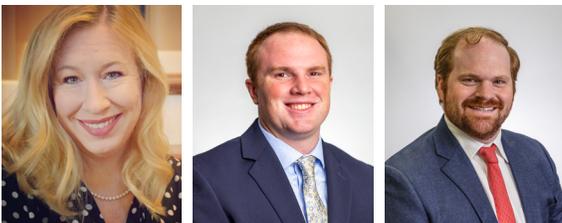
Rice farmers reported intentions to plant more rice acres for 2023. In fact, farmers in every rice state except Texas are planning to plant more rice this year. Using the average harvest percentage of 98% from the past few years, Arkansas is projected to harvest 1,279,000 acres. If this number holds through the end of season, it will beat the five-year average of 1,254,000 acres harvested and would be on par with the 10-year average. Rice harvested acres have fluctuated over the years with a low acreage of 1,070,000 acres in 2013 and a high of 1,512,000 in 2016. With the increased acreage year-over-year, rice production is expected to be around 96,000,000 CWT for 2023, based on an average yield of 7,520 lb/acre. According to the USDA, the long-grain 2022/2023 season-average is at \$16.90 per CWT. This is 20 cents lower than the reported average in 2022.

Cotton

Cotton acres are projected to decrease significantly from 2022 for both the U.S. and Arkansas. The change is believed to be due to decreases in cotton prices, especially in comparison to corn and soybeans. Based on the Prospective Planting report and using an average harvest percentage of 94%, expected area to be harvested in 2023 is around 450,000 acres. This would be a decrease of roughly 180,000 cotton acres year-over-year for the state. If this holds true, it will be the lowest amount of cotton harvested in the state since 2017. Projected 2023 production is estimated to be 1,147,000 bales, with an average yield of 1,222 lb/acre, which is roughly 423,000 lb bales less than 2022. The marketing year price received by upland cotton producers is projected to average 82 cents per pound for the 2022/2023 season. This is roughly 16 cents below the USDA reported 2022 average price per unit.

Hay

Hay acreage is expected to be up from 2022 for both Arkansas and the U.S., as producers scramble to make up for depleted supplies from last year's drought. The USDA December Dry Hay Stocks Inventory put nationwide hay stocks at 71.9 million tons. This is the lowest level seen since 1954. Using the average hay production per year based on the Jan. 1 cattle inventory, 1.53 tons per cow, with Arkansas having a beginning inventory of 1.63 million head, the current herd demand is 2.508 million tons of hay. Given the average yield of hay is estimated to be 2.2 tons per acre, there is a need of 1.14 million acres of hay production to meet the Jan. 1 cattle inventory needs. In addition to this, the 250,000-ton shortage of hay stocks reported in December needs to be replenished. Based on current inventory, if it is assumed that this stock will be replenished over the next two years, there would need to be 129,000 tons produced in both years to meet the demand and account for storage losses. Using the forecasted average yield, this adds an additional 59,000 acres to the 1,140,000 acres, providing a projected 2023 hay acreage of 1,199,000 acres in Arkansas.



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