Expectations of a large increase in planted acreage of corn in 2007 have resulted in some concerns about capacity to store the crop if average yields are also high. If planted acreage increases by 10 million, to a total of 88.3 million acres, area harvested for grain could be near 81 million acres. A trend yield near 153 bushels per acre, then, would result in a crop of about 12.4 billion bushels. That would be 1.87 billion bushels larger than the 2006 crop and 600 million larger than the record harvest of 2004. However, stocks of old crop corn at the start of the harvest season will be much smaller than stocks of the past two years. Those stocks are forecast at 752 million bushels, compared to 1.967 billion in 2006 and 2.114 billion in 2005. The total supply at harvest would be 13.15 billion bushels. That is 650 million larger than the supply in the fall of 2006, but nearly 100 million bushels smaller than the supply in the fall of 2005.

A smaller soybean crop would make more space available for corn. Stocks of old crop soybeans in the fall of 2007 look to be about 145 million bushels more than in the fall of 2006. However, with an average yield near 43 bushels, a reduction in plantings of more than 3.5 million acres would result in smaller supplies in the fall of 2007 than in the fall of 2006.

Storage capacity is also expanding. The USDA estimates that on-farm grain storage capacity on December 1, 2006 was 11.58 billion bushels, 165 million more than on December 1, 2005. Off-farm capacity as of December 1, 2006 was estimated at about 8.767 billion bushels, 226.5 million bushels more than capacity of a year earlier. In total, grain storage capacity increased by about 391.5 million bushels in 2006. In Illinois, capacity increased by about 110 million bushels in 2006. Significant new capacity will likely be added throughout the Midwest in 2007.

It appears that crop storage issues in 2007 will be less severe than those of recent years, particularly 2005 when the Gulf port was essentially closed by hurricane damage just prior to harvest. A large harvest, however, will mean that significant quantities of corn will have to be stored on the ground again in 2007. In addition, local areas of extreme shortage of storage capacity could develop, depending on the magnitude of acreage increases and the level of yield.

A storage crunch would have implications for the harvest time basis. Periods of very weak basis could develop in some areas. In fact, basis bids for harvest delivery of corn are already relatively weak in some areas. On March 12, 2007, the average harvest bid in central Illinois was $.33 under December 2007 futures. That was $.05 weaker than the very weak basis on the same date last year and about $.10 weaker than the harvest
basis last year. High prices and anticipation of a large crop may keep harvest basis bids weak for much of the growing season. The harvest basis may be stronger than currently anticipated by the market, but any opportunity to lock-in a strong basis during the growing season should probably be taken.