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Cornbelt Update

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- **USDA's January 12 Crop Report** placed the 2009 corn crop at 13.151 bil. bu. and soybeans at 3.361 bil. bu., which were larger than prior estimates and larger than what the market was expecting, says IL marketing specialist Darrel Good in his weekly newsletter: <http://www.farmdoc.illinois.edu/marketing/weekly/html/011210.html>
- **Darrel Good says**, "Taken together, the reports confirmed prospects for fully adequate supplies of corn, soybeans, and wheat during the current marketing year and prospects for an exceptionally large South American soybean harvest. Fewer winter wheat acres could be supportive for wheat prices and basis levels in the 2010-11 marketing year. However, the decline also points to more acres of spring planted crops. More corn acres may be needed, but an increase in soybean acres may not be needed if the South American crop meets expectations. With a favorable growing season, a large increase in acreage could result in a surplus of corn or soybeans, or both, in 2010."
- **USDA's quarterly stocks report** indicated the large crops neutralized the large use, says Chad Hart at IA St., "The stock situation was helped by a larger corn disappearance over the first three months of the marketing year as 3.89 billion bushels of corn were used, versus 3.64 billion bushels last year. But the record size of this year's crop more than offset the strong disappearance numbers and stocks increased. A similar story holds for soybeans. Soybean stocks are up 3% from last year even though disappearance from September to November was 30% higher than last year." Read his newsletter at: <http://www.econ.iastate.edu/outreach/agriculture/periodicals/ifo/> .
- **Projected increases** in domestic and foreign grain supplies will diminish price prospects says marketing specialist Dan O'Brien at KS St., and he says this week's USDA reports will likely lower expectations for the direction and level of grain markets through early summer. But he says bidding for acres by corn and bean buyers will be supportive to US grain prices. More: <http://www.agmanager.info/marketing/outlook/newletters/default.asp>
- **With the wheat acreage at a 97 year low**, O'Brien says that will contribute to a tightening of domestic, then eventually, global supplies. But he says current supplies are abundant and it will take two or more years for domestic and world supplies to experience significant reductions in stockpiles for prices to respond. He says currently wheat prices are being influenced by outside market factors, such as currency valuations, financial markets, and cross-market influences from corn and soybean markets.

- **Your marketing plan** should be in place for the 2010 crop, and some marketers may have already priced corn with a spring target at \$4.52 and beans with a target at \$10.60. IA St. farm management Stephen Johnson recommends early sales with either cash or futures contracts, since profitable prices have been offered. Read his newsletter: <http://www.extension.iastate.edu/polk/news/agmarketingstrategies.htm> .
- **Stephen Johnson also reminds you** to not oversell, even if prices are great:
 - 1) Don't sell more than your APH multiplied by your crop insurance coverage level.
 - 2) If you use enterprise units for crop insurance, add hail coverage to those farms.
- **Have you checked your bins lately?** Letting 15,000 bu. of corn go out of condition is like tearing up a \$52,000 check. OSU's experts on moldy grain remind you that toxin levels can increase in storage if there are warm, moist pockets. "Aeration is important to keep the grain dry and cool, and if not done appropriately, pockets of warm, damp areas will develop due to the metabolic activity of the grain and microorganisms."
- **Corn has great variability** in its contamination, say OSU specialists, even within a truckload. They say every bin will have hot spots and those are transferred to a truck, which may be approved at one elevator, but not at another, because of where the sample was taken. "That's the reason why we always recommend that multiple samples be taken from multiple locations then bulk, mix and grind the grain before analysis," they say. Find out more about maintaining stored corn quality at: <http://corn.osu.edu/#B>
- **NE climatologist Al Dutcher** is warning his state about the potential for flooding, but that alert could apply most anywhere in the Cornbelt. He says, "With December being one of the coldest on record, lakes, rivers, and streams are accumulating significant ice mass, causing danger of spring flooding if there were to be a quick warm up. He says fields could see some flooding since there is little infiltration from the snow into the soil profiles. He says current weather models do not point to large scale warming very soon.
- **Mark your calendar.** USDA's Final 2009 Crop Report will possibly be updated on March 10, after crop statisticians contact farmers with acreage that was unharvested when the latest survey was taken. County estimates for small grains will be released on Feb. 19. County estimates for major row crops will be released on Feb. 26, except for states with crops still in the field, and those county estimates will be released on March 26.
- **Livestock operations have a risk** in the climate change debate because methane is 21 times more potent than carbon dioxide. IL ag law specialist Bryan Endres says 107 of the largest operations will have to report their emissions under current EPA regulations, but those could expand if Congress does not come to agreement on a cap and trade program that pays farmers for sequestering carbon while industries emit carbon.
- **Bryan Endres says** the EPA has authority to take independent action to cap greenhouse gas emissions under present law, based on endangerment to public health. While the immediate reason is to improve fuel economy, a domino effect allows the EPA to regulate other sources of emissions, and there is no explicit agricultural exemption.
- **The answer is 30-35,000.** The question is what is the optimum corn population? IL agronomist Mike Roegge says that population works when seed is priced anywhere from less than \$150/bag to more than \$250/bag. That equates to \$62-\$104/A at 33,000/A.

- **Mike Roegge says** that was studied at the University of Illinois and Iowa State:
 - 1) IL compared \$5 corn at \$200/bag to \$3 corn at \$300/bag. The optimum populations were 35,000 for the first scenario and 33,000 for the second scenario.
 - 2) IA St. compared seeding rates from \$140 to \$300/bag and a selling price of \$3.25. The optimum seeding rate was essentially the same, and ranged from 30,000 to 35,000/A.
- **Poor soybean performance** can be changed. OSU pathologist Ann Dorrance says make an assessment of your problems from 2009 and make significant changes for 2010.
 - 1) More pathogens are awaiting your beans, so plant corn there or bury it with tillage.
 - 2) If you know what diseases killed your 2009 yield, buy seed with that resistance.
 - 3) If soils are wet or a storm is on the way, do not plant soybeans and hope they'll grow.
 - 4) Farmers with soils that hold water should use seed treated for typical fungi issues.
 - 5) If you had a poor yielding number in 2009, rotate to another variety for 2010.
 - 6) If your soil was too wet for fall SCN sampling, an April sample is better than none.
- **Soybean cyst nematodes** don't move, but have spread throughout the Cornbelt and probably have cut your yields. IA St. nematologist Greg Tylka says the best way to react is with resistant varieties of beans, but not all do well in fields infested with SCN. The resistance genes in the beans vary in their effectiveness because of field environments.
- **Greg Tylka says** you should be asking how to select high yielding SCN resistant beans:
 - 1) Look for resistance data from as many sources as possible.
 - 2) Consider the rate of SCN reproduction in the field as well as the bean yield.
 - 3) High SCN numbers are hard to reduce, so consider how well SCN is controlled.
 - 4) Look for SCN resistant varieties that yield well in SCN infested fields.
 - 5) Look for SCN resistant varieties that decrease SCN population densities.
- **Soybean genes** no longer hold their secrets, following the Thursday announcement that USDA and other scientists had developed a map of 85% of the 1.1 billion soybean genetic pairs. The result will be more efficient crossing of varieties that will perform better on yield, protein and oil content, and better environmental adaptation.
- **What is your tire maintenance IQ?** Purdue ag engineer Dennis Buckmaster says the inflation pressure on the tire is not the proper tire inflation. He says proper inflation is a function of the load on the tire. He said Internet sites are available to calculate the best possible inflation based on tractor weight, what's being pulled, and the speed traveled."
- **Having the proper tire** on the equipment is not always guaranteed, says Purdue's Buckmaster. He says tires should be rated to carry the load, but that does not mean replace the tire with a new one. He says most equipment has several compatible tires, so the original dimensions may not be optimal for certain operations. "Even with new equipment, the stock tires may not be optimal for a particular operation."
- **Raise your farm tire IQ** with these tips that you can work on before spring arrives:
 - 1) Correct weight, tire size, and inflation pressure can reduce slip by half.
 - 2) Tractor power efficiency ranges from 60% to 80%, but proper tires add 10%.
 - 3) Proper inflation can improve efficiency and prevent premature tire failure.
 - 4) Underinflated tires run the risk of slipping off the rims or other failures.
 - 5) Overinflated tires increase risk of failure, and cause more field compaction.
 - 6) The decades old debate between radial or bias tires is no longer an issue.

- **Is there hope in the cattle market?** Utah St. livestock economist Dillon Feuz says, “You are probably tired of hearing this, but much of your hope for better prices will be determined by the overall economy. If people are still out of work or concerned they might lose their job, it is a good bet they won’t be spending a lot of money on steak.”
- **Dillon Feuz says**, “In the short term, fed cattle prices have recovered about \$5-6 per cwt. from the lows in early December. If the market could put on another \$3-4, feedlots should be breaking even.” He calculates an \$85 per head loss for feedlots in 2009.
- **Expect a decline in cattle slaughter.** MO livestock economist Ron Plain says the dairy co-op buyout plan had major benefits for the beef industry, “Thanks to the CWT program, dairy cow slaughter was 9.6% higher in 2009 than 2008. USDA estimates that the 2009 calf crop was 1.4% smaller than the 2008 crop and 3.8% smaller than the 2007 calf crop. Thus, there is good reason to expect cattle slaughter to be down again in 2010.”
- **Circle April on your calendar.** That will be the first profitable month for the average pork producer in many a moon says MO livestock economist Glenn Grimes. Quoting counterpart John Lawrence at IA St., Grimes says, “The average market hog was sold for a loss of \$26.04 per head last year. Only 1998, with an average loss of \$26.88/head was worse. John estimates cost of production for barrows and gilts last year at \$52.44/cwt live or roughly \$70/cwt on a carcass basis. By Dr. Lawrence’s estimates, hog producers have lost money in 25 of the last 27 months for a total loss of over \$6 billion in equity.”
- **The application of manure** on no-till fields is creating the opportunity for pathogens to make their way down worm channels and root openings, then be carried out to waterways via the field tiles. OSU soil biologist Warren Dick suggests some light tillage over the field tiles to interrupt the flow of the pathogens directly to the field tile. He says that will help keep the pathogens in the soil and reduce farmer liability for stream pollution.
- **Mark your calendar** for a high level seminar on using the futures market. The 2/22-23 Chicago session will address hedge scenarios, the practice and benefits of rolling hedges, calculating cost of carry, and covering carry charges in futures. The program wraps up with a trading game that assigns groups with the task of purchasing decisions for a feed manufacturing facility. Details: www.ace.illinois.edu/ofor/workshops/advanced.htm .
- **Mark your calendar.** If you want to rent additional farmland or have land to be rented, or are buying and selling farmland, plan to attend the Farmland Investment Fair Feb. 6 at Joliet Junior College sponsored by The Chicago Farmers. Seminars will cover ownership issues, biomass, wind farms, machinery costs, organics, climate change, and farm income. Registration details are at: www.chicagofarmers.org .
- **Biotech companies** like Monsanto, Syngenta, Dow, Pioneer and others have bid up salaries for newly-minted crop scientists because there are not enough graduating. To sweeten the pot the IL Soybean Association is offering scholarships worth up to \$50,000 to enroll in crop science. Details: www.students.aces.illinois.edu/scholarships .

Cornbelt Update (formerly Extension Update) is e-mailed on Friday to selected subscribers and is also on the Internet at www.farmgate.uiuc.edu . E-mail comments to: Stu Ellis at shellis@illinois.edu .