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Cornbelt Update

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- **Crop prices** have declined since last week's USDA production and grain stocks reports, causing curiosity if there will be a recovery prior to South American crops becoming available. IL marketing specialist Darrel Good says prospects are less than encouraging. Read more: <http://www.farmdoc.illinois.edu/marketing/weekly/html/011910.html>
- **Soybean supplies** are 322 mil. bu. more than a year ago, but stocks were only 61 mil. bu. more, which means continued heavy exports to Darrel Good. But he says the feed, seed, and residual use is double that of a year ago, which leads him to believe that the 2009 crop may have been over-estimated. He looks for confirmation in late March.
- **Corn supplies** in the stocks report implied a nearly 7% increase in domestic feed and residual use for the first quarter of the marketing year, which Good says is curious because of poor livestock margins and large increases in the availability of DDGS. He says the large level of use may also imply an over-estimate of the 2009 corn crop.
- **Wheat supplies** were also large in the USDA report, and Darrel Good says the large decline in planted acreage offers some opportunity for a recovery in wheat prices during the next marketing year. He says a smaller wheat harvest could allow for a recovery in the SRW basis that has been extremely weak for the past three years.
- **The lower wheat acreage** and additional acres released from the Conservation Reserve may be a problem for the corn and bean markets, says Good. He says a few more corn acres could be needed for the expected increase in the rate of consumption next year, but large soybean supplies growing in South America means no need for more bean acres.
- **If you have corn to sell**, MI St. marketing specialist Jim Hilker suggests monitoring cost of storage, "At this point the market is still saying it will pay for on farm storage, but not commercial storage. Consider watching for 2009-10 pricing opportunities if you still have most of your 2009 corn crop unpriced, and if the market makes a good attempt at filling the recent gaps. These new numbers have great implication for the 2010-11 projections."
- **If you have beans to sell**, Hilker at MI St. says, "While I don't expect soybean prices to change a much without new information out of South America, consider setting some pricing objective near previous highs, especially if you have a lot of 2009 soybeans unpriced. At this point, unless we have some significant basis appreciation the market is saying it will not pay for storing soybeans, unless you can honestly store for 3¢/mo."

- **If you have wheat to sell**, Hilker expresses surprise at the bullishness of the wheat seedings report, but admits that ending stocks in June will be nearly 49% of projected use, “How quickly things can change, just two years after the world experienced two years of very poor world wheat crops, and stocks to use levels were lower than at any time in modern history, and the world now has plentiful supplies. I guess that is what happens when you follow two very poor world wheat production years with the two largest world wheat production years and a weaker world economy.” Hilker’s marketing comments for grains and livestock are at: <https://www.msu.edu/user/hilker/outlook.htm>
- **USDA will pay out claims** for the SURE permanent disaster program if you had a crop loss in 2008. IA St. farm management specialist Stephen Johnson says benefits could reach \$100 per acre for some farms. He says the better your crop insurance coverage, the more likely you are in collecting a crop disaster payment, if your county is eligible. Read more: <http://www.extension.iastate.edu/agdm/articles/others/JohJan10.html>
- **If you are budgeting**, and needing help with reasonable costs and revenue projections for a variety of crops, NE economists have assembled a collection of crop budgets on grains, oilseeds, forages, small grains, and other crops at: <http://cropwatch.unl.edu/home>
- **Despite 2009, you may owe taxes** anyway, believes OH St. specialist Dianne Shoemaker, who says if you are current on bills by using your savings, those expenses are deductible for 2009, but if you have open accounts, those expenses are not deductible. If you are regularly caught in that situation, you might shift from cash to accrual.
- **Shoemaker says** if you used milk income, and sales of cull cows to pay your family living expense, that means your production expense might be in open accounts. Family living expense is not deductible, and your deductible expenses were not paid. Read more: <http://ohioagmanager.osu.edu/~ohioagmanager/news/index.php#dairytax>
- **Foreign consumers** are whetting their appetite for US pork, says MO economist Glenn Grimes, “Pork exports during November totaled 383.2 mil. lbs., 11.3% more than 12 months earlier and the largest monthly total since October 2008. Although 2009 pork exports were down compared to 2008, last year was easily the second best year ever for US pork exports. US pork exports in 2010 are expected to be close to the 2008 record.” Find Grimes’ hog market comments here: <http://agebb.missouri.edu/mkt/bull1c.htm> .
- **The beef market** is also going to the export party says MO economist Ron Plain, “For the first month since September 2008, US beef exports were larger than imports during November. The US exported 172.6 mil. lbs. of beef and imported 169.1 mil. lbs during the month. During the first 11 months of 2009 beef exports were 3% lower than in 2008 and imports were 7.5% higher. USDA is forecasting a 10% hike in 2010 beef exports.” Find Plain’s beef market comments here: <http://agebb.missouri.edu/mkt/bull2c.htm>
- **Smithfield Foods** will close its John Morrell hog slaughter plant in Sioux City, IA in April, but IA St. livestock economist John Lawrence says the 4 million hogs will go to other slaughter plants without much impact, other than higher transportation costs for producers. He says the plant closing will bring slaughter capacity into line with national production levels, and adds that there are 7 other plants within 100 miles of Sioux City. More: <http://www.econ.iastate.edu/outreach/agriculture/periodicals/ifo/>

- **Manure digestors** may have an expense associated with them, but they may also produce a revenue stream. WI researchers say as more of them are in operation, livestock farmers have increased interest in the production of a marketable soil amendment for non-farm use. In other words, let the anerobic digester kill the pathogens in the manure, then sell the compost to urban gardeners as soil amendments full of neutral bio-solids. More: <http://ipcm.wisc.edu/LinkClick.aspx?fileticket=jypxoTXq1P4%3d&tabid=114&mid=669>
- **2, 4, 6, 8, who needs another trait?** That is what IA St. agronomist Roger Elmore is asking, given multiple-traited corn, which he says is “one size fits all.” Elmore says every field is different in some aspect, and every corn farmer manages his cornfields different from his neighbors, which seem to say one seed does not need to do everything. More: <http://www.extension.iastate.edu/CropNews/2010/0119elmore.htm>
- **Advantages to multiple traits** do exist says IA St. agronomist Roger Elmore:
 - 1) Corn with the SmartStax traits can be grown with only a 5% refuge.
 - 2) If the refuge yields are poor, then fewer acres protected the overall yield.
 - 3) Stacking multiple traits for above-ground insects increases the species controlled.
 - 4) More traits for the same pest may delay development of pest resistance.
- **Disadvantage of multiple traits** also exist says Elmore:
 - 1) Refuge areas can produce comparable yields if insecticides control pests.
 - 2) Increasing the traits attacking one pest will not improve pest control or yield.
 - 3) Two traits preventing one pest does not mean resistance will not evolve.
- **If you have weeds**, and there was plenty of opportunity in 2009, then you may need some professional help. And you can find it here. Weed specialists have completed their evaluation of new chemistry and tank mixes, and provide an extensive herbicide analysis, as well as management strategies and recommendations to reduce herbicide resistance:
 - 1) Iowa State University <http://www.weeds.iastate.edu/mgmt/2010/WC94%202010.pdf>
 - 2) Purdue University <http://www.btny.purdue.edu/Pubs/WS/WS-16/>
- **Producers of biomass crops** for energy production can obtain payments authorized by the 2008 Farm Bill, however it is limited to crops grown for that purpose and the payment is designed to help offset costs. A production payment could reimburse up to 75% of the cost of establishing the crop. Another program will offset the cost of harvest, storage, and transportation, and would match the market price up to \$45 per ton. The program will only be available in certain areas, as yet unannounced by USDA.
- **The USDA wants to approve** the entire process, and requirements call for the operator of the ethanol refinery to certify the process, as well as producers applying for the matching payments. The payments apparently will not be applicable for cornstalks.
- **Sorghum could be a good crop** for refining into ethanol, says Purdue agronomist Gebisa Ejeta, because it produces a lot of biomass and the stalks produce a lot of sugars. However, the World Food Prize laureate says the limitation of sorghum is its lack of regional production. Ejeta says while 18 mil. acres have been grown, it is not centralized. Read more: <http://www.agriculture.purdue.edu/aganswers/story.asp?storyID=5720>

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