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WHERE FARM DECISION-MAKERS START THEIR DAY



Cornbelt Update

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- **Chief Economist Joe Glauber** updated the annual USDA Outlook Forum Thursday morning on USDA's latest forecast for commodity supply and demand. His speech is at: http://www.usda.gov/oce/forum/2010_Speeches/Speeches/GlauberJ.pdf and his slides are at: http://www.usda.gov/oce/forum/2010_Speeches/Presentations/GlauberJ.pdf.
- **Glauber on corn:** Production will reach a record 13.2 bil. bu., up slightly from the 2009 crop with more acreage offsetting a return to normal weather and trend yields. Total use will be a record 13.24 bil. bu., up 1% from the current crop, with total supply at 14.9 bil. Exports will be up 5% to 2.1 bil. bu. helped by larger global livestock numbers. Ethanol use will rise 5% to 4.5 bil. because of refiner profitability and higher use mandates. Ending stocks will decline 4% and the season average farm price will be \$3.60 per bu.
- **Glauber on beans:** Production is projected at 3.26 bil. bu. down 1% from 2009, from acres down 500,000 from last year to 77 million, and a trend yield of 42.9 bu., compared to the 44 bu. of 2009. Use will decline 4.5% due to reduced crush and exports, a function of the large South American supplies. China will import a record 42.5 mil. tons of beans from the 2009 crop and that will rise 1.8 mil. tons per year for the next 10 years. 2010 ending stocks will be up to 330 mil. bu. and the average farm price will be \$8.80 per bu.
- **Glauber on wheat:** Planted acres will be down 5.3 mil. to 53.8 mil, and that will push total production lower helped by a decline in expected yields, due to fewer acres of higher yielding soft red winter wheat. Supplies are at a 10 year high, with a 50% increase in beginning stocks. Ending stocks will decline only modestly and the season average price for the 2010/11 season is projected at \$4.90, depressed by larger domestic and global supplies, and the latter will hurt the chances of US wheat exports.
- **Glauber on income:** Net cash income will be \$76.3 bil., up \$5.5 bil. from 2009. Crop receipts will drop \$6 bil. to \$160.3 bil. and livestock receipts will be up \$11.5 bil. to \$130.3 bil. Farm production expenses are expected to change little from 2009. Acres planted for the 8 major crops will be 1.6 mil. from 2009 to 247.3 mil. acres. Wheat acres that are down 5.3 mil. from 2009 will not be made up by spring wheat plantings. Lower fertilizer prices will boost net returns for most of the major crops.
- **Glauber, in conclusion:** "Perhaps what is surprising is the fact that despite record production and the worst global recession since the Great Depression, price levels for grains and oilseeds still remain high relative to levels seen as recently as 5-10 years ago."

- **Exports have been a mainstay** of the grain markets, says IL marketing specialist Darrel Good, but he says doubt is being cast by recent statistics that targets will be reached. His newsletter is at: <http://www.farmdoc.illinois.edu/marketing/weekly/html/021510.html>
- **On corn, he says**, “To reach the USDA projection of 2 bil. bu. for the year, weekly shipments need to average 42.2 mil. bu. from now through Aug., but they are only at 33.2 mil. bu. He says, “The pace of outstanding export sales is encouraging, but the pace of shipments will have to accelerate substantially to reach the projection of 2 bil. bu.”
- **On beans, he says**, “To reach the USDA projection of 1.4 bil. bu. for the year weekly shipments need to average 13.7 mil. bu. per week from now through August. To date, exports have averaged 44.3 mil. bu. per week. Sales should decline as the record South American crop comes to market. It is now forecast at 4.754 bil., up 1.244 bil. from ‘09.”
- **ACRE may not pay off for IA farmers** says IA St. farm management specialist Steven Johnson, who says blame the good yields, but not the prices. He says farms could yield up to 257 bu. on corn and still trigger an ACRE payment, but the state yield is too high. Johnson says there is a greater potential for corn than soybeans to trigger an ACRE payment in IA because with the weighted averages of sales. He says a large percentage of beans have already been sold at a price higher than the \$8.95 ACRE trigger price.
- **The crop insurance deadline** is March 15, and decision time is drawing near. NE farm economists remind you that USDA began more heavy subsidization of enterprise units, making premium expense cheaper. For enterprise units, all your insurable crops in one county are insured together. They say one field may be destroyed, but if other fields yield well enough there may be no payment, but they add, “The premium savings are usually good enough to move coverage levels up 10%, and still have some savings in premiums.” More: <http://www.agecon.unl.edu/Cornhuskereconomics/2010/2-17-10.pdf>
- **Is the condition of your grain stable**, critical, grave, or terminal? As February expires so may the “sell by” date on your corn. You stored it wet, light in test weight, low in protein, and potentially full of mold and its toxins. At your bin site, you may have more activity than from teenage parkers on a summer night. So what can you do about it now?
- **Grain quality specialist** Charles Hurburgh at IA St. says the short shelf life of 2009 corn requires watching. <http://www.extension.iastate.edu/CropNews/2010/0216hurburgh.htm>
 - 1) Increases in temperature without the fan running indicate spoilage is underway.
 - 2) Once spoilage has begun, problems will return, even after aeration cooling.
 - 3) If the corn is clean, it can be kept longer into the spring if fans control condensation.
- **Manage your risk** if you have a bin of corn that could be going through major changes.
 - 1) Know the moisture, test weight, and temperature of the grain in every bin.
 - 2) Corn exceeding 20% moisture should be dried or moved out immediately.
 - 3) Schedule your marketing by test weight, and sell the lightest test weight corn first.
 - 4) Late in Feb. or early in Mar., remove some of the core of the bin and recheck the corn.
 - 5) If there is an increase in temperature in the bin of grain, act immediately.
 - 6) Corn destined for livestock feeding should be tested for toxins and protein.
 - 7) For toxin testing, collect a 5 lb. sample, grind it up and test the composite sample.

- **A farming partner** who is not providing labor or management may cause a partial cut in farm program payments according to court decisions on FSA regulations. Ag law specialists in OH & IA say the rule for 2010 will allow a full \$40,000 payment to an entity, if a partner is inactive. But if all of the owners are eligible to collect more, then a percentage of the full amount will be deducted if one of the owners is inactive. Read more: <http://www.calt.iastate.edu/fsainactivemembers.html> A similar report is found at: http://ohioagmanager.osu.edu/~ohioagmanager/news/index.php#inactive_member
- **What are you doing between now and spring?** IA St. ag engineer Mark Hanna suggests trying your hand at converting your planter to no-till. He says all that a no-till planter does is plant at uniform depth, close the furrow, and maintain uniform seed spacing. He offers a DVD and a series of YouTube videos to make the conversion. He gives tips on leveling, downward pressure, and the necessary adjustments for seed openers, closers, attachments such as row cleaners and fertilizer injectors. Read: <http://www.extension.iastate.edu/CropNews/2010/0211hanna.htm>
- **Few of us will be around to confirm it**, but IN, IL, WI, & MI will have warmer winters and summers by 2070 and the result will be increased winter and spring flooding. That is the thinking of Purdue ag engineer Keith Cherkauer who says adding another inch or so of rain will be a problem. He forecasts planting problems and a 20% increase in the peak flows of the Chippewa, Wisconsin, Illinois, Wabash, Grand, and Rock Rivers. He says, "This area is not going to be short of water, but we may not have it at the right times."
- **If you had your fill** of Gibberella and other ear rots last year, don't invite them back in the 2010 crop suggests OH St. agronomist Peter Thomison. Here are his recommendations:
 - 1) Shred stalks and do light tillage to promote decomposition and reduce the inoculum.
 - 2) Corn and wheat are a host to the fungus, so don't plant corn after either of those crops.
 - 3) Corn after beans is the least likely to suffer, but spores can blow in from other fields.
 - 4) Full conventional tillage may help, but only if your neighbors are doing it also.
 - 5) Use hybrids with different maturity and silking dates to promote genetic diversity.
 - 6) Higher plant populations create more residue in field and more chance for fungus.
 - 7) There is no way to eradicate the fungus, but there are ways to minimize the risk.
- **Pork exports** were down sharply in 2009, compared to 2008 according to MO livestock economist Glenn Grimes. His newsletter says: <http://agebb.missouri.edu/mkt/bull1c.htm>
 - 1) Both the quantity of pork exported and the price per pound were lower in 2009.
 - 2) The total value of fresh, chilled and frozen pork exported was \$3.18 billion, down 16%
 - 3) Despite the big decline, the value of pork exports in 2009 was the second highest ever.
 - 4) Since slaughter totaled 113.6 mil. head, pork exports equaled \$28 per pig slaughtered.
- **Beef exports** were also down in 2009, compared to 2008, says MO's Glenn Grimes and Ron Plain in their weekly newsletter: <http://agebb.missouri.edu/mkt/bull2c.htm>
 - 1) Both the quantity of beef exported and the value per pound declined last year.
 - 2) The value of beef exports was down 8% and the tonnage was down 2%
 - 3) The US exported \$2.48 billion worth of beef, which is \$74.45 per head slaughtered.

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.