



the farm gate

WHERE FARM DECISION-MAKERS START THEIR DAY



Cornbelt Update

A weekly publication for farm owners and operators, Mar. 5, 2010, Vol. 11 No. 46

Start your day at: www.Farmgate.uiuc.edu, a blog for farm decision-makers.

"Your Virtual Research Assistant."

- **The recovery in energy prices** is helping the recovery of grain prices says IA St. marketing specialist Chad Hart. He says 2010 demand will see 4+ bil. bu. of corn going to ethanol production, and reach 4.6 bil. in 2011. He sees that increasing due to the Renewable Fuels Standard, which will eventually require more than 5 bil. bu.
- **Declining livestock production** means less corn used for feed. But futures prices for livestock suggest reason for a rebound moving through the summer. Hart says increased export demand for US meat is helped by a lower valued dollar. However, he says feed demand has the weakest outlook, and it is possible that feed demand may decline more.
- **Chad Hart says** IA St. production cost estimates are \$3.50 for corn and \$8.67 for beans, and based on those costs and projected prices, corn holds a return advantage going into 2010. He doubts that any land shifts will be dramatic, which points his estimates toward 90 mil. acres for corn and 77 mil. acres for soybeans, and other crops losing acres.
- **Crop insurance decisions** must be made soon, since the March 15 deadline is looming. If you are uncertain about what to do, there are numerous opportunities to learn about crop insurance for 2010. IL Farm Management Specialist Gary Schnitkey has a webinar: <http://www.farmdoc.illinois.edu/webinars/crop%20insurance%202010%20webinar/player.html>
- **Crop insurance guaranteed prices** are \$3.99 for corn and \$9.23 for beans, and since the market volatility is less than the past two years, premiums will be lower. For some counties, GRIP will be as much as 30% lower, but not everywhere. He says CRC and RA provide better yield protection and GRIP will provide better price protection.
- **With the guaranteed prices**, Schnitkey says a 175 bu. APH and an 85% coverage level will guarantee \$594 per acre of corn. For beans, a 50 bu. APH and an 85% coverage level will guarantee \$392 per acre. Visit his crop insurance decision aid and premium calculator at: <http://www.farmdoc.illinois.edu/cropins/index.asp>
- **Do Bt hybrids pay back** when insect pressure is low? IL agronomist Jim Morrison says, "Grain yield and net return to seed cost were not affected by the hybrid. Net return to seed cost within \$1.00 per acre of the maximum occurred with plant population of 30,500 to 39,400. Yield within this optimum plant density was 253 bushels per acre. Regardless of insect resistance traits, corn grain yield responded to increasing plant density and was maximized at densities of 37,600." The IL & IA research was with rotated corn.

- **Corn rows are narrower**, and beans are wider, at least in IL. NASS statisticians say
 - 1) 2009 corn rows average 30 in., with 84.5% between 20.6 and 30.5 in.
 - 2) Population was 29,600, up from 28,900 in 2008, with 28,900 ears per acre.
 - 3) Bean rows were 18.6 in., up 2 in. from 2008, with 52% from 10.1 to 18.5 in.
- **If you changed maturity dates** just before planting corn last spring, did it pay off? IL agronomist Eric Adee says using 106 and 113 day hybrids indicated it paid to switch to a shorter maturity when planting was delay more than one month past the optimum date. He says normally, the advantage for the shorter maturity hybrid may have been reduced. The use of a fungicide at the later planting date increased the yield nearly 10 bu. More: http://www.cropsci.illinois.edu/research/rdc/monmouth/newsletters/2009/Sep-Oct_2009.pdf
- **Are your P & K levels low or high?** A soil test of nearly 600 IL corn fields found:
 - 1) 17% were below the mean critical level of 38 lbs of phosphorous.
 - 2) 58% were above the mean soil test level of 66 lbs of phosphorous
 - 3) 43% were below the mean critical level of 280 lbs of potash.
 - 4) 30% were above the mean soil test level of 380 lbs of potash.
 - 5) The test also found no need for application of calcium and magnesium.
- **If spring conditions are wet** or the spring is a cool, wet one, the potential for seed decay, seedling blights and root rot problems in both corn and soybeans could be higher than normal, believes MO specialist Laura Sweets. Planting high quality seed with a high germination rate is always recommended but may be especially important this season. Corn seed comes with fungicide seed treatments already applied, consider it for beans.
- **Yes, we have plenty of soil moisture**, but MN climatologist Mark Seeley says we also have a threat of flooding in many watersheds. Using the Red River as an example, he said all points have a more than 50% chance of reaching flood stage this month or next. He said the biggest uncertainties are spring temperature and precipitation estimates.
- **This winter could be** one of the top 10 coldest, says MO climatologist Pat Guinan, but will be at least in the top 15. The coldest were the winters of 78/79 and 79/80, but one of the coldest periods in more than a decade occurred in the first 10 days of January. He says this is the first winter since 81/82 that Dec-Feb had below normal temperatures.
- **MO climatologist Guinan says** little evaporation has lead to continued period of surplus soil moisture, which started with 10 inches in October, the second wettest October on record. He says March will allow very little opportunity for soils to dry out.
- **Does your above ground fuel storage** exceed 1,320 gal? If so, some new EPA rules may apply, which require a dike that can hold a quantity from the largest tank in case of a spill. But there is also a requirement for a self-certification plan. Visit the EPA website <http://www.epa.gov/oilspill/> which takes you to the Federal Register. If you fill out the form beginning on pages 58811, you have created the required plan for your farm.
- **If you are buying a poly tank**, know how it is going to be used and what you are going to put in it. Those are the recommendations of Purdue ag engineers who say large tanks put more stress on a vehicle, and spills in small tanks mean less product is lost. They recommend fertilizer and pesticides be limited to tanks with at least 1.5 specific gravity. Read more: <http://www.btny.purdue.edu/Pubs/PPP/PPP-77.pdf> .

- **The sun is shining** says Purdue economist Chris Hurt as he looks at the pork industry, and says it will benefit from supply cuts, demand improvements, and some moderation in feed costs. Also, more moderate retail margins will help, which he says have allowed pork producers to increase their share of retail prices to 30% from 23% recently.
- **The early spring rally in the pork market** should begin soon says Hurt, barring any repeats of nightmares like the H1N1 flu. He says live hog prices should move to the higher \$50's by early summer, then soften by \$1 in the third quarter. Next winter, he says prices should see seasonal retreats to the \$47 to \$49 range. Hurt says a \$51 live hog average and a \$47 production cost per cwt would mean a \$10 per head profit for 2010. That would be welcome compared to the \$17 loss in 2008 and the \$23 loss in 2009.
- **Profitability will allow some producers** to recover some of the equity erosion says Hurt, but his bottom line message is that feed costs are higher now and supplies have been trimmed. He does not want black ink to lead to red ink if feed prices rise. Read more: <http://www.farmdoc.illinois.edu/marketing/weekly/html/030110.html>
- **Sow prices reached a record high \$60**, and MO livestock economist Glenn Grimes says that is a head scratcher. He says sow slaughter has been below year-ago levels, but he notes there are fewer sows around with the recent herd reduction. He suggests a reason may be the strong demand for trimmings, since most sows are processed for sausage, and as is typical during a recession, lower cost cuts of meat do better than higher cost cuts.
- **Pork production** is being shut down in states where the Humane Society of the US has filed suit forcing the abandonment of gestation crates for sows. But IL animal scientists say don't move sows to open farrowing, just give them a flexible crate that can be widened to provide more comfort, but not more length. Their invention has improved sow well-being, and allowed higher litter rates and more pigs saved per sow.
- **There is both good and bad news** in the beef market. MO livestock economists say the good news is that export demand for US beef ended 2009 on a strong note, but the bad news is that domestic retail demand for choice beef was weaker in the fourth quarter. Fed cattle prices were \$11 higher than year ago levels and the highest since late 2008.
- **Your unharvested corn** can be grazed with success says NE forage specialist Bruce Anderson. Before turning them into your cornfield, ease them into a corn diet first. Establish small sections in the cornfield with electric fence to prevent total wastage, giving them one day's ration of corn at a time. Just estimate your yield, and calculate three head of cattle for each bushel per day, eating off the stalk and off the ground.
- **Take bacteria** that sense the presence of an amino acid, and produces a protein in response to that stimulant. Then attach a gene that tells it to continue producing the protein if there are insufficient amounts of amino acids. IL researchers say all they have to do is convert the protein to nitrogen, and attach the bacteria to a corn root. Voila, they have a corn plant that can produce its own nitrogen should it not have enough nearby. Soybeans do that now, and with synthetic biology, corn will soon be growing its own.

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.