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# Cornbelt Update

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- **Frost premiums** are bid in and out of the market daily says Mike Woolverton at KS State, since the last crop progress report showed 60% of the beans vulnerable and only 21% of the corn mature. And he says the greatest lags in development are in states most likely to experience the early freezing temperatures. The next potential frost date is about Oct. 8, and more acreage will be mature. However, he says even if a killing frost does not arrive until late Oct. some corn and soybeans will be damaged. Read his latest newsletter at: <http://www.agmanager.info/marketing/outlook/newletters/default.asp>
- **Markets have not really responded** to the potential for damage, says Woolverton, because energy, currency, and other markets are dominating the commodities market. However, he says while the US will have an adequate supply of corn available to meet demand, there will not be a surplus, and the freeze cushion is not large.
- **Woolverton is watching the bean market** because of short supplies from the old crop and large demand for the new crop. He says if old crop use is raised by USDA in Oct. that would lower ending stocks further. Any yield loss from frost hurting the new crop will cause stocks to tighten further, and he says there is no freeze cushion for beans.
- **The wheat market** could be impacted by a freeze, but not in the US. Woolverton says weather in Argentina and Australia has been dry and planted acreage is down 40% in Argentina where "intense frost" is a threat. The same is true for Australian wheat which is threatened by a frost that could support global wheat prices if they happen.
- **How wide is your basis** for soft red winter wheat? After trying to improve the convergence between futures and cash prices, the administrative efforts of the CBOT have not resolved the wide basis problems, at least for southern IL wheat growers, where spot bids range from \$1.61 to \$2.07 under the December futures contract. IL Marketing Specialist Darrel Good says this magnitude of basis has been common for a long time.
- **Darrel Good says** the basis for hard red winter wheat is weak, but not to the extent of the SRW contracts. He says the small SRW crop and large carry would normally tell farmers to store, but there is a "fundamental disconnect between the value of SRW to end users and the value established by the futures market." Read more of his weekly newsletter at: <http://www.farmdoc.uiuc.edu/marketing/weekly/html/092109.html> .

- **The SRW price issue** may discourage producers from planting wheat this fall, as well as the lateness in getting corn and soybeans out of the field. Good says the CBOT continues to work on the problem by revising contract specifications, and wanting to avoid forced convergence, which would be cash settlement or forced load out of deliveries.
- **The wheat market** is in a funk according to Alan May at SD State because, “carryover supplies of wheat are expected to be the largest since 2001 when wheat prices were struggling to exceed the \$3.00 per bushel mark.” He says wheat production is down, but so is demand and with a 65 mil bu. drop in exports the surplus will grow by 70 mil. bu. Read more of his newsletter at: <http://econ.sdstate.edu/Extension/CMA.htm> .
- **Alan May says**, “Wheat supplies have already experienced a significant buildup in 2008 and 2009 so wheat also faces the risk of further buildup of supplies if current demand projections remain constant or weaken. The length of the recovery from the recession will influence demand in the export market as well as in the domestic market.”
- **Nuances from the September Crop Report** are being detected by MI State marketing specialist Jim Hilker, who says there were some encouraging signs of more corn use than previously expected. His newsletter is at: <https://www.msu.edu/user/hilker/outlook.htm>
  - 1) USDA raised estimates for corn used for ethanol by 25 mil. bu., lowering carryout.
  - 2) Feed use was raised 50 mil. bu., since cheaper feed raises livestock weights.
  - 3) Exports were raised 100 mil. bu., along with lowering global corn production.
  - 4) Despite 193 mil. bu. more production, carryout was only raised 14 mil. bu. from Aug.
- **Sept. 30 brings the Quarterly Stocks Report.** Jim Hilker says the Sept. 1 corn stocks report becomes the old crop carry-out and new crop carry-in number. Subsequently, that will change the new ending stocks number for the 2009-2010 marketing year.
- **We’ve covered fungal rots in corn previously**, but as more farmers head to the field, more of them are finding ears of corn that are moldy. IL plant pathologist Suzanne Bissonnette says most of the problems will either be fusarium or diplodia ear rot.
- **Diplodia ear rot** will cause a bleached husk and white fluffy fungus around the kernels. However, diplodia will not produce toxins, like the fumonisin produced by fusarium, but the kernels affected by diplodia will be light in weight, shriveled, and poor in quality. Diplodia will thrive in corn stored above 18%. Bissonnette says if the corn can dry in the field, that is beneficial, but once harvested, dry it below 18% for short term storage, or 15% for long term storage. More: <http://ipm.illinois.edu/bulletin/article.php?id=1220> .
- **Soybean aphids** invaded soybean fields in scattered areas of the Cornbelt, but their presence was really made known when the winged individuals recently began their migration from soybeans to buckthorn. Infestations, with high populations, drew attention of the non-farm media when the public began complaining about flying pests.
- **Combines are like pick-up trucks**, they carry a lot of things around, and in some cases things you don’t want, such as fungus from one soybean field to another. OSU plant pathologist Anne Dorrance says sclerotinia fungus is being frequently transferred:
  - 1) Harvest problem fields first, clean the combine, then move to fungus-free fields.
  - 2) Harvest problem fields last, then clean the combine before storing for the season.

- **If you have white mold in soybeans**, do yourself a favor and reduce its spread next year by the way you combine your beans. IA State specialist X.B. Yang suggests combining the infested areas last, so the combine does not contribute to the spread of the fungus.
- **Soybean rust is closing in on the Cornbelt** following confirmation that it had spread to the Missouri bootheel thanks to weather perfect for Asian rust. MO plant pathologist Allen Wrather said the infections were extensive with pustules emitting spores. Wrather said most soybeans in that part of the state are in the R6 stage and will not be impacted by rust. But he said soybeans that are R5 or less should be treated with a fungicide. For the latest information about soybean rust consult the USDA website: [www.sbrusa.net](http://www.sbrusa.net).
- **Harvest may be your priority**, but add fall herbicide treatment to your list, says OSU weed specialist Mark Loux, who says schedule that around weed life cycles.
  - 1) Before first frost treat warm season perennials including johnsongrass, pokeweed, milkweeds, hemp dogbane and horsenettle which shut down after the first frost.
  - 2) Even after a hard freeze consider control of winter annuals and biennials, such as chickweed, deadnettle, mustards, cressleaf groundsel and others which emerge in fall.
  - 3) Follow suggestions for cool season weed control at: <http://corn.osu.edu/#C>
- **If drought forced you to sell livestock** and tax penalties require replacement of the herd, livestock producers in dozens of Cornbelt counties now have a longer time to do just that. IA State ag law specialist Roger McEowen says the 4 year replacement period has been lengthened to “the first tax year after the first drought-free year.” But that door is now closing for many counties on this list. <http://www.calt.iastate.edu/countiesdrought.html>.
- **Profitable cattle feeding?** IA State’s John Lawrence says it is possible for a 650# calf to be purchased and fed with \$3 corn and make a profit with basis adjusted \$88 per cwt April and May futures. Lawrence provides a cost-price matrix to prove his point. <http://www.econ.iastate.edu/outreach/agriculture/periodicals/ifo/info/info2009/S0906.pdf>
- **Every little bit helps**, say MO livestock economists Glenn Grimes and Ron Plain. They calculate that the Sept. Crop Report’s new price estimates of \$3.35 for corn and \$280 for soybean meal will reduce the cost of producing 100# of pork by 50¢ per live cwt. They are looking for a counter-seasonal rally. More: <http://agebb.missouri.edu/mkt/bull1c.htm>
- **International trade in pork** has changed dramatically from 2008, say Grimes and Plain. Their weekly newsletter reports Jan-July pork exports were down 19.3% from 12 mos. earlier, and pork imports were down 3.6% from year earlier numbers. Pork exports as a share of production were nearly 18% in 2008, and that has declined to 14% for 2009. Live hog imports from Canada were down 32% from the same period of 2008.
- **So you want to produce biomass?** Your crop year will be focused on pre-harvest crop monitoring (scouting), harvesting, transportation, storage, and analysis of the information you collect. And IL ag engineer K. C. Ting says each of those has many steps as he and colleagues try to prepare farmers to produce the next generation of ethanol. And leave it to an ag engineer to build a small unmanned helicopter to help with his crop scouting.

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