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Cornbelt Update

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- **USDA fine tuned** its yield estimates earlier this week, but most market watchers are waiting for the 2009 Final Report to be issued in January. With the monthly estimates now in place, IL marketing specialist Darrel Good says the market will be watching the pace of harvest, crop progress in South America, and how the market perceives the demand. <http://www.farmdoc.illinois.edu/marketing/weekly/html/111009.html>
- **There were ups and downs** when USDA looked at the 2009 corn crop:
 - 1) The average yield dropped 1.3 bu. to 162.9 bu. per acre
 - 2) State average yields dropped 5 bu. per acre in IL, IA, and MS.
 - 3) State average yields increased in CO, KY, MN, TN, and WA.
 - 4) Brazilian corn acres, yield, and production estimates were reduced by USDA.
 - 5) USDA estimates were cut 50 mil. for exports and carryout dropped to 1.625 bil.
 - 6) The estimated price range for the marketing year was raised 20¢ to \$3.25 to \$3.85.
- **There were ups and downs** when USDA looked at the 2009 soybean crop:
 - 1) The average yield was raised 0.9 bu. to 43.3 bu. per acre.
 - 2) USDA increased its state estimates by 3 bu. per acre for IN and KS.
 - 3) Average yield estimates were lowered by AR, GA, MS, TX, and IA.
 - 4) The So. American soybean crop estimate was raised 80 mil. bu to 4.623 bil.
 - 5) So. American crops began with early dryness, but will be helped by El Nino.
 - 6) USDA raised export estimates slightly due to more imports by China and the EU.
 - 7) USDA raised ending stocks to 270 mil. bu. and the national average price to \$9.20.
- **There were ups and downs** when USDA looked at the 2009 wheat crop:
 - 1) the 2009 wheat harvest was adjusted down 4 mil. bu. to 2.216 bil. bu.
 - 2) More wheat in the Russia region will mean US exports will drop by 25 mil. bu.
 - 3) USDA raised its estimate for wheat carryout by 21 mil. bu. to 885 mil. bu.
- **Corn demand remains high** says IA St. economist Chad Hart, with 4.2 bil. bu. headed to ethanol plants. "Crude oil prices have risen to the upper \$70s per barrel range and this has helped ethanol margins remain positive over the past few months." He says based on production so far this year, 2009 ethanol production should reach 10.8 bil. gal. More: http://www.econ.iastate.edu/outreach/agriculture/periodicals/ifo/IFO_2009/ifo110109.pdf

- **Soybean demand** is export-focused says Chad Hart at IA St. Currently, USDA is expecting soybean exports from the new crop at 1.305 bil. bu., which would surpass the 2008 record, and Hart says the sales pace has been strong. China has already booked over 500 mil. bu. of US beans, equal to the amount that would be produced in Iowa.
- **Update your marketing plan.** MI St. economist Jim Hilker reports:
 - 1) Mar corn has an 80% probability of being \$3.10 to \$5.19, with midpoint at \$4.01.
 - 2) Jul corn has an 80% probability of being \$2.86 to \$5.92, with midpoint at \$4.11.
 - 3) Dec corn has an 80% probability of being \$2.64 to \$6.57, with midpoint at \$4.16.
 - 4) Mar beans has an 80% probability of being \$7.99 to \$11.75, with midpoint at \$9.68.
 - 5) Jul beans has an 80% probability of being \$7.22 to \$12.91, with midpoint at \$9.65.
 - 6) Nov beans has an 80% probability of being \$6.59 to \$13.63, with midpoint at \$9.47.
- **“My post-harvest strategy for soybeans** this year is straightforward; sell every bushel at harvest,” says MN marketing specialist Ed Usset. He says there is no carry in the market and no incentive to store. He says the harvest basis is good, and a \$1 premium is too expensive for at-the-money July call options. More: <http://edsworld.wordpress.com/>
- **However, there is carry in the corn market,** says MN economist Usset. “The current carrying charge of 32½ cents from December to July will cover interest costs of holding grain in storage nearly four times over. According to my records, the current corn carry of 370% of interest costs at harvest time is the fourth largest since 1990 (2001, 2004, and 2005 were slightly larger). To him a “large” carry is 140%, and that is exceeded now.
- **Grain marketing tip#1.** OSU’s Steve Prochaska says “Grain marketing should be based upon probabilities. This may seem like gambling, but a farmer who plants a crop in the spring is using a probabilistic approach. A farmer believes that there is a good chance a crop will be produced to market in the fall. This type of thinking is based on probability.”
- **Grain marketing tip#2.** OSU economist Steve Prochaska says, “Farmers cannot consistently predict major market moves and therefore should not speculate excessively.” And he adds, “Grain marketing should be based on your risk bearing ability. If you have many debts to service, you should not allow marketing opportunities to pass when the total costs of production can be paid and therefore debt be serviced.”
- **Four weeks remain** before the end of the insurance period for Cornbelt row crops such as corn and beans, and IA St. ag economist William Edwards suggests a call to your crop insurance agent with a harvest update. Additional time for harvesting must be requested before Dec. 10. USDA will not cover damage to the crop after that time, but will allow extra time to complete harvest so insurable damage can be evaluated.
- **Financial pressure is increasing** on farmers and ag economists in MN say there has been a 55% increase in the number of notices filed by lenders that are eligible for farmer-lender mediation services. In the past year there have been nearly 1,200 requests for mediation, which is an 86% increase over 2008. MN Extension reports that \$322 million in farm loans are now in mediation, which is more than double the amount in 2008.
- **Large changes in feed costs** and market values are causing the financial stress, says MN economist Brian Buhr, and he says, “Many well-managed operations are experiencing financial stress.” MN law requires mediation be offered before foreclosure proceedings.

- **Wet corn is a problem** for everyone and KS St. specialist Dirk Maier says don't worry about getting it to 15% moisture right now. He says use a 2-stage method to drop the moisture to 19-20%, transfer it to another bin and let the moisture even out through the grain. After 6-12 hours, turn on the air, remove 2 points of moisture and it can be stored through the winter. Use a warm spring day to drop the moisture to 15% for the summer.
- **Corn kernels can be damaged** with high heat says Maier. Heat over 200°F can be used on corn over 18% without damage. But if that level of heat is used to drop moisture levels to 15%, then kernels are damaged. He also says don't remove more than 5 points of moisture per hour, or the quality of the corn will deteriorate. Frost damaged corn that has test weight at 50# or less should not be stored long and sold by springtime.
- **Harvest wet, or let it dry?** If you are in a quandary over whether to harvest and pay for drying or let it field dry, OSU agronomists retrieved a study they made several years ago:
 - 1) Results showed that nearly 90% of the yield loss associated with delayed corn harvest occurred when delays extended beyond mid-November.
 - 2) Grain moisture decreased nearly 6% between harvest dates in Oct. and Nov. Delaying harvest after early to mid Nov. achieved almost no additional grain drying.
 - 3) Higher plant populations resulted in increased grain yields when harvest occurred in early to mid-October. Only when harvest was delayed until mid-November or later did yields decline at plant populations above 30,000/acre.
 - 4) Hybrids with lower stalk strength ratings exhibited greater stalk rot, lodging and yield loss when harvest was delayed. Early harvest of these hybrids eliminated this effect.
 - 5) The greatest increase in stalk rot incidence came between harvest dates in October and November. In contrast, stalk lodging increased most after early-mid November.
 - 6) Harvest delays had little or no effect on grain quality characteristics such as oil, protein, starch, and kernel breakage.
 - 7) In this study, yields averaged across experiments, populations and hybrids decreased about 13% between the Oct. and Dec. harvest dates. Most of the yield loss, about 11%, occurred after the early-mid Nov. harvest date.
- **If you are greeted by ruts** when harvest is over, consider fall repairs if the ground is dry enough. IL crop specialist Dennis Epplin says ruts will hold water and crop residue will not be spread evenly. He says level, non-HEL ground can be tilled with some difficulty, but HEL ground may require special repair treatments when the soil is dry enough. He says consider seeding a temporary cover crop if conditions permit and consult NRCS.
- **Let weeds in wet fields** go until spring. That's the recommendation of MO weed specialist Kevin Bradley, who says attempts to spray will tear up fields, and the spray used this fall can be used early in the spring. And he says that will address any problems with winter annuals and will have some impact on early summer annual weeds. Bradley says colder temperature inhibits the effectiveness of glyphosate and other herbicides.
- **Spread your fertilizer** this fall or next spring, but OSU agronomists say avoid spreading it on frozen ground, "Applications made to fields with any appreciable slope can result in significant fertilizer losses. Not only do these losses represent an environmental concern, but they also represent an economic loss for your operation." They also recommend that P & K be brought up to critical levels, even if you had good yields this year at low levels.

- **Soybean aphids** were counted in high densities in August and September, but when they arrived on their winter homes on buckthorn, they unexpectedly died, apparently from a fungal infection. OSU entomologists admit they do not know what that means for 2010, since there was a large mortality and lack of egg deposition, and they say remain alert.
- **2010 budget #1.** NE economists say, “The price of diesel fuel used in the 2009 budgets was \$4.00 per gallon, compared to \$2.00 per gallon for the 2010 budgets. While this price for fuel may be a little low for 2010, using a round number such as \$2.00 allows for easy adjustments should prices change.” They say adjust to your own situation.
- **2010 budget #2.** NE economists say from 2009 to 2010, fertilizer prices have changed even more than fuel. “The largest negative price change has been for 10-34-0, which went from an estimated price of \$6.84 per gallon in 2009, to \$1.90 per gallon in 2010. While changes in other fertilizer prices have not been as dramatic, the average of fertilizer prices used for the 2010 budgets is about 37% of the 2009 budget prices.”
- **2010 budget #3.** NE economists looked at herbicide prices and report, “The change in herbicide prices are a mixed bag. The price of glyphosate dropped from \$0.35 per ounce in 2009 to \$0.16 (46 percent of 2009) in 2010, while AAtrex 4L® increased from \$4.75 per pint in 2009 to \$6.00 (126 percent of 2009) in 2010.”
- **2010 budget #4.** “The price of seed utilizing new GMO technology appears to be higher than for those numbers available in past years. However, since fewer refuge acres are required and projected yields are greater using these new hybrids, the extra price for seed may be wholly or partially offset. The 2010 estimated crop budgets show similar cost per unit of production, using the new GMO technology verses the technology of prior years.”
- **Stability in land prices** is being forecast by IL ag economist Gary Schnitkey based on a survey of farm managers and farmland appraisers. He says half expect land prices to decline slightly and 32% expect stable prices. Based on that, Schnitkey says cash rents that rose nearly 30% in the last four years should stabilize between 2009 and 2010 levels. He says cash rent rarely falls, and it would take 2 years of low returns to drop rents down.
- **Livestock producers** concerned about corn quality, molds, and values of damaged grain will want to connect with a webinar being presented Nov. 18 and Dec. 1. Both will be held from 12 noon to 1 p.m. over the Internet. Topics to be covered include molds and mycotoxins, storage alternatives and use of propionic acid, value of wet corn, feed value of immature corn. Details: <http://www.aces.uiuc.edu/news/stories/news4945.html>
- **With problems of moldy corn,** “Farms that feed their own corn absolutely need to test this year to avoid these problems,” says MO swine specialist Marcia Shannon. She says if corn has more than 5ppm of vomitoxin pigs will start vomiting, and will refuse to eat if the corn has more than 10 ppm. Breeding disruptions will occur in the breeding herd.

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.