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Cornbelt Update

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- **Baby steps.** The USDA made some minor adjustments in its crop estimates Thursday with the December Supply and Demand report. Corn exports were lowered by 50 mil. bu., and shifted to the carry out, which was raised to 1.675 bil. bu. and that duplicates the ending stocks from the 2008 crop. The price range remains at \$3.25 to \$3.85 for the year.
- **Globally, USDA raised new crop corn supplies** because of increased production in the Ukraine, which will compete with US corn exports. World stocks of feed grains will drop by .8 mil. tons, but world stocks of corn are expected to remain steady. Read the latest USDA crop report. <http://www.usda.gov/oce/commodity/wasde/latest.pdf> .
- **9.5 mil. acres of corn** remain in the field, says KS St. marketing specialist Mike Woolverton who equates that to 1.5 bil. bu. of corn. At the outset of the week, USDA reported ND only 54% harvested, and more than 1 mil. acres of corn remained in the field in IL, MN, NE, and SD when the snow and wind blew through the Cornbelt this week.
- **USDA raised US soybean exports** slightly by 15 mil. bu. to 1.34 bil. because of the record pace of soybeans being shipped out of the US and more Chinese imports that are expected. Currently, those are 60% higher than last year. US soybean stocks will be 15 mil. bu. lower, due to the added exports, and will be 255 mil. bu. in August of 2010. The price range for soybeans was raised to \$8.75 to \$10.25, along with meal and oil prices.
- **South American** soybean production estimates were raised 66% for Argentina and 11% for Brazil. The increases were attributed to a recovery from the droughty crop in Argentina last year and higher prices that caused Brazilian acreage expansion.
- **US wheat supplies** were raised by USDA in the Supply Demand Report because of lower expected food use, by some 15 mil. bu. One of the reasons for that is higher than normal flour extraction rates, which cuts the quantity of wheat needed for milling. USDA left the farmgate price for wheat unchanged, at \$4.65 to \$5.05 for the marketing year. Global wheat estimates rose 1 mil. tons from higher EU and Canadian production.
- **Speaking of wheat,** US exports are the second smallest since 1971-72 says IL marketing specialist Darrel Good. He says that is despite a weak dollar, which should raise exports. His newsletter <http://www.farmdoc.illinois.edu/marketing/weekly/html/120709.html> attributes the reason to large global supplies and a sharp decline in wheat trade. Sales are down 45% for HRW, 52% for SRW, 10% for HRSW, but up 136% for durum wheat.

- **Wheat prices** are quite diverse around the Midwest says Good, and vary considerably by location and class of wheat, along with a wide disparity in wheat basis levels:
 - 1) HRW in Western KS is \$4.41 to \$4.59, with cash bids \$.77 to \$.95 under Dec.
 - 2) SRW in Southern IL is \$3.34 to \$4.28, with cash bids \$1.08 to \$2.02 under Dec.
 - 3) SRW in OH is \$4.47 to \$4.73, with cash bids \$.63 to \$.89 under Dec.
 - 4) Spring wheat in MN is \$5.33 to \$7.03 with bids depending on protein content.
- **USDA's wheat projections** are down globally because lower prices are discouraging production. Woolverton at KS St. says acreage will be down in every major wheat growing country. US wheat acreage was already down because wet fields and a late soybean harvest resulted in a drop in soft red winter wheat acreage in the Cornbelt. He also says the slow emergence, such as only 64% in MO, will negatively impact yields.
- **With crude oil prices around \$78**, ethanol profitability is sustainable, says IA St. marketing specialist Chad Hart. He says corn demand is at 4.2 bil. bu. which is 100 mil bu. above the target of the Renewable Fuels Standard. Hart says that will grow to 4.4 bil. bu. for the 2010 crop and 4.6 bil. bu. for the 2011 crop. Read his latest newsletter at: http://www.econ.iastate.edu/outreach/agriculture/periodicals/ifo/IFO_2009/ifo120109.pdf
- **The markets are buying 2010 acres** believes Chad Hart at IA St., who says the ratio has leaned toward corn, and based on current projected market prices and production costs, 2010 corn will likely gain acreage from soybeans and other crops. He doubts that the shifts will be dramatic, and expects 88-89 mil. acres of corn, and 76 mil. acres of beans.
- **“Don't retreat from or deny financial challenges,”** says Kansas State economists who say many problems are industry problems, but producers should identify any “holes” in their operation and take steps to improve those problems. They also suggest:
 - 1) Keep close tabs on equity positions quarterly, if not monthly, despite the added work.
 - 2) Carefully budget for personal living needs, similar to families with only 1 wage earner.
 - 3) Don't work hard and continue losing money. Learn when “enough is enough.”
- **Farm workers were surveyed** by OH St. economists about compensation who found:
 - 1) Total compensation for full time workers was \$13.58/hr, and \$10.60 for part time.
 - 2) 48% of full time employees earned between \$20,001 and \$30,000 per year.
 - 3) Field crop workers averaged \$13.12/hr and 50% earned between \$20,001 and \$30,000.
 - 4) 36% of employees received some form of insurance, 20% received housing.
 - 5) 43% of employees were provided meals, 48% earned vacation time.
- **With no time for nitrogen applications** after a late harvest, you may be concerned about how much N will be needed on 2010 corn. One test that can be made uses soil taken from 1, 2, and 3 feet below the ground to show N that is carried over, and could help on continuous corn. Researchers have mixed views about the validity of the test, since one problem is the potential for N leaching by the time the crop could use it.
- **Another test for available N** is a pre-sidedress nitrate test and is taken at a one foot depth in the soil when the corn is 6 to 12 inches tall. IL crop specialist Jim Morrison says it will show how much N has been mineralized in the soil from a prior alfalfa crop or a manure application. The test is only useful in fields that will receive sidedress N, so the application period is relatively short. He says your N target should be 25 ppm.

- **Chances were excellent** for nitrogen loss in fields this last spring and MO agronomist John Lory has the nitrate tests to prove it. He says 53% of the corn stalks tests indicated nitrate levels were below optimum. Interestingly, 45% of farmers who submitted samples reported no use of N loss inhibitors and they were nitrogen deficient. But 60% of the samples from fields with N loss inhibitors used had marginal or optimum levels.
- **Grain drying #1.** To keep wet grain from losing quality, run the fan continuously whenever the wettest corn in the bin is above 18% and the grain temperature exceeds 50°.
 - 1) The shelf life is cut in half for every 2% point rise in moisture above 16%.
 - 2) The shelf life is cut in half for every 10° increase in temperature.
- **Grain drying #2.** If the moisture content of the corn in the bin is below 18% and the temperature is at or below 40°, consider intermittent fan operation during winter. NE ag engineer Tom Dorn says that recommendation is contingent on your ability and willingness to closely monitor the corn to detect the first sign of the grain heating. Read more: <http://cropwatch.unl.edu/web/cropwatch/archive?articleID=2578356>
- **Check your bins weekly** for corn that might be going out of condition, says IL crop specialist Robert Bellm. With higher than normal moisture at harvest, some kernels may be more wet than the average, and they will not only spoil, but spoil those kernels around them and the dominoes start falling. Bellm says BCFM and fines are more susceptible to mold, so watch for problems, and consider removing the central grain core of the bin.
- **With mold in your corn field,** mycotoxin levels may be increasing in your bin. IL IPM specialist Doug Jones says the mycotoxin-producing fungi may be controlled by keeping grain temperature under 50°F. He says moisture below 15% will suppress virtually all fungi, but if the moisture drops below 12%, corn will more easily break, producing fines.
- **Be on the lookout** for red banded stinkbugs next year in your soybeans. That is a new specie which became a significant pest in MO soybeans in a southeastern county, and is expected to spread. It looks like a typical stinkbug, but has a red abdominal stripe. LA entomologists have been fighting it, and report yields are reduced 43% where the specie is left untreated. Four insecticide applications were required to suppress the population. Read more: <http://ppp.missouri.edu/newsletters/ipcm/archives/v19n22/a4.pdf>
- **Soybean aphids #1.** OSU entomologists report Syngenta will offer two group 2 soybean varieties in 2010 with resistance to aphids. They will have an aphid resistant gene, the seeds will be coated with CruiserMaxx, and growers will be eligible for a \$5 per acre cost share payment for Warrior, if aphids reach threshold levels for treatment.
- **Soybean aphids #2.** OSU entomologists describe a new Pioneer soybean variety series that will have varying degrees of attractiveness to aphids, from exceptional to below average. That strategy will allow growers to make decisions on when and how often to scout for aphids. The entomologists recommend scouting all beans in aphid outbreaks.
- **If your yields were low in 2008,** start collecting your documentation and make an appointment with your local FSA office. FSA will soon have, possibly not yet, but will soon have the rules for obtaining a payment from the SURE program, which is the permanent disaster aid program. You may be eligible if you had crop insurance.

- **Times have changed.** That is the contention of livestock economist Shane Ellis at IA St. who says from 2004 to the third quarter of 2007, there was continuous profitability in the hog market. Since then continuous losses have eroded over 61% of the cumulative profitability of the prior 45 months. Read his newsletter and review his charts at: http://www.econ.iastate.edu/outreach/agriculture/periodicals/ifo/IFO_2009/ifo120109.pdf
- **A tough year for cattle feeders.** The largest cattle feeding losses on record occurred in 2009, says Shane Ellis at IA St., and he adds that the declining number of cattle feeding operations nationally heralds the likely irreversible effects it is having on the industry. He says even cow-calf operators are finding it difficult to cover variable production costs.
- **Despite the lack of profitability,** Ellis says current futures prices suggest a considerable gross margin is available for cattle to be marketed in March through June. He bases that projection on the Iowa State Margin Maker tracker. That web-based decision aid can be found at: <http://www.iowabeefcenter.org/margins> .
- **The economy is dampening** the demand for high quality meats such as beef and pork according to Shane Ellis. He says per capita consumption of beef declined this year to 61.5 lbs from 65 lbs, and he expects the decline to continue faster than the historic rate due to consumer spending. He says beef and pork exports were also weaker in 2009 than in 2008, but were still well above the five year average for meat exports.
- **488 days.** That is how long a non-pregnant cow will take to earn her first paycheck, says MO beef specialist Justin Sexten, who adds that you need to calculate her feed bill for that time before deciding to keep her for the winter. He says this may be a good time to cull cows, but not the best time to sell open cows. Sexten says if forage is available, keep cull cows through the winter, flesh them up on spring grass, and sell in May to June.
- **Pork producers may not be cutting much.** That is the thinking of MO livestock economists Glenn Grimes and Ron Plain, who quote slaughter data. But they say, “The futures market for April through August in the \$70s is sending a message that at least the summer months next year are likely to be profitable for the average-cost producer. We still believe the odds are high for 2010 to show lower averages for the year.”
- **Cover your manure pit** and make money from the global warming legislation. That is the simple suggestion of OSU ag engineer Lingying Zhao who says manure storage covers capture methane, which can be traded for carbon credits. She says that will cover the cost of the equipment when farmers are paid back for the value of the carbon saved.
- **If your manure pits are full** and you are scrambling to empty them before the ground freezes, Purdue dairy specialist Tamilee Nennich says your biggest concern should be wet soils, and your priority should be keeping the manure nutrients in the soil. She says apply manure to the driest fields and not to fields with an abundance of wet spots, and she suggests capping drains and field tiles so nutrients do not leach through soils into ditches.
- **Coffee shop statistics:** In 2009 Asian soybean rust appeared in 568 counties across 16 states and several locations in Mexico. That compares to 392 US counties during 2008.

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 .