

Fairland Management Company

YOUR FARM REAL ESTATE PROFESSIONALS

CROP & WEATHER REPORT **October 15, 2017**

GENERAL WEATHER FOR THIS AREA: Harvest in the area has been delayed by heavy rains and the lack of drying weather conditions. Weather delays have put harvest behind approximately two weeks as compared to historical averages. The upside is that there appears to be dry weather that has finally arrived and the potential for very good yields.

High temperatures over the past month have ranged from 49 to 93 degrees, with lows ranging from 27 to 59 degrees over the same time period, as recorded at the Southwestern Research and Outreach Center (SWROC) – Lamberton, MN. We had our first frosts across the area on the mornings of October 10th and 11th.

The area has received excessive precipitation during the past month. Depending on location within the region, parts received 4 to 8+ inches of total precipitation, mostly in the first half of October. The eastern (Martin County/northeastern Jackson County) and western (Rock County) were on the lower end of the scale while the central portion of the region (i.e. between Windom/Heron Lake/Worthington/Rushmore/Slayton/Jeffers) were on the high end of the range. As of October 15th, available soil moisture is at 6.99 inches, which is well above the historical average of 4.61 inches (SWROC-Lamberton). Topsoil moisture on October 16th was rated at 98% adequate to surplus while subsoil moisture was rated at 93% adequate to surplus.

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Figure 1 – This is a picture of standing water at the edge of a soybean field in Rock County on October 7th. The beans are ripe but there was no way to get them out until things dried up this week.

SOYBEANS: Soybean harvest began in late September but has been pushed back approximately two weeks due to heavy rainfall across the area. Lack of sunlight and favorable drying conditions has left many producers unable to harvest much of the crop as of this report. Soybean moisture has been mostly between 13.5-16.5%. Standard soybean moisture is 13%. We do have a favorable weather forecast for the week of October 15th, so there is some optimism starting to creep back in and hopefully we will complete soybean harvest by about the 25th of October. As a comparison, in 2016, the soybean harvest was complete by this time. The soybeans that have been harvested to-date have shown good yields in the 50-60 bushel per acre range.

According to the Minnesota Ag Statistics Service (MASS), 45% of the soybeans in Minnesota have been harvested as compared to 84% last year. The five-year average for this date is 82%, so we are significantly behind. Our main focus at this time is simply getting the soybean crop out. Once complete, soil sampling, applying fertilizer, and fall tillage will be completed in preparation of next year's corn crop.

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Figure 2 – This is a John Deere combine harvesting soybeans near Jeffers in late September.

CORN: Delays in the soybean harvest also pushes back corn harvest. Some producers have switched to corn harvest from soybean harvest as corn can be harvested in wetter field conditions than beans. With the cooler growing season, we anticipate having to dry corn this fall. This could change if we get a run of warm, sunny weather as we move into the second half of October. Overall, corn yields will be strong and we could see some record farm yields. We do have some farms, with lighter soils, that will be impacted by a lack of rainfall in July. We still believe that even these yields will be above average across these acres.

As of October 16th, only 7% of Minnesota's corn crop has been harvested. This compares to 31% last year and well behind the five-year average of 38%. We can make the assumption that producers will move into corn harvest immediately after finishing the soybeans. The average corn moisture on the acres of corn that have been harvested is about 25% across the state. The Minnesota Ag Statistics Service (MASS) has indicated that 81% of the Minnesota crop is in the good to excellent category, which is five points below the level at this time last year.

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Figure 3 – Harvesting corn with a John Deere chopping head.

REMARKS: The USDA Monthly Supply and Demand Report on October 12th was basically neutral to the corn and soybean markets. USDA increased projected national corn yields by 1.9 bushels/acre to an average of 171.8 bushels per acre from the September report. Expected soybean yields were decreased by four tenths of a bushel to 49.5 bushels per acre. The report indicated an increase in total production of corn with soybean production unchanged from the September report. Actual harvested acres was reduced for corn to 83.1 million acres, a reduction of 400,000 acres from last month's prediction. Soybean acres increased to 89.5 million acres from September's prediction of 88.7 million acres. Corn production in the United States is pegged at 14.28 billion bushels.

The USDA estimate of global ending stocks for corn is estimated at 201.0 million metric tons. This is less than last year's estimate of 216.8 million metric tons. Worldwide soybean ending stocks are projected at 96.1 million metric tons, down for September's prediction of 97.5 million metric tons. Grain market prices have been on a gradual decline over the summer months and into early fall. After the USDA October 12th report, we did see some positive upward movement primarily in soybeans that brought fall delivery prices back to over \$9.00 per bushel. We did reward the market with a 10% soybean sale to reach 30% sold. The corn market has followed the soybeans up as well and has given the opportunity to market 2017 fall delivery above \$3.00 per bushel.

Farm program payments for the 2016 crop year are being paid to producers in October. As you may recall, most producers have enrolled in the Ag Risk Coverage-County (ARC-CO) program. The Market Year Average Prices were established at the end of the 2016 marketing year, August 31, 2017, at \$3.36 and \$9.47 for corn and soybeans, respectively. These prices are then compared to the five-year average (2011-2015) benchmark prices.

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For the 2016 crop, the benchmark prices are \$4.79 and \$11.87 for corn and soybeans, respectively. Farm program payments for 2016 were made only on corn base acres, which are generally about half of the total cultivated acres. The payments will be subject to the federal government's mandatory sequestration (reduction) of approximately 7%. While farm program payments can vary from county to county, payments to our clients that have an interest in the crop should range from \$0 to \$30 dollars per corn base acre, or about \$0-\$15 per cultivated acre.

We will be very busy monitoring harvest and verifying crop production, grain marketing, making fertilizer recs/applying fertilizer/organizing fall tillage, processing farm program and Conservation Reserve Program (CRP) payments, making cash rent recommendations and negotiating rental rates, and making preparations for several capital improvement projects (i.e. tile and conservation) yet this fall.

The 2017 crop production has been challenging at times. A cooler summer has led to corn and soybeans being wetter than ideal at harvest. As we previously noted, the precipitation in early October has delayed our ability to get the crop out. The timeline for the remaining field operations this fall has been compressed and we still have a long way to go to get everything done. Fortunately, with today's equipment and the tile that has been installed, we assume we will be able harvest the crop and wrap up fall tillage this fall, but it will probably be closer to Thanksgiving before we are done this year, as long as the weather holds up. We appreciate everyone's interest and involvement in our crop production here in Southwestern Minnesota.



Figure 4 – This is a relic combine from the 1950s. We struggle with the weather some years, but advances in machine technology today pretty much assures us that we can get the crop out quickly when conditions warrant.

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GROWING-DEGREE DAYS

<u>LOCATION</u>	<u>MAY 1, 2017 TO DATE INDICATED</u>	<u>TOTAL GROWING DEGREE DAYS</u>	<u>DEPARTURE FROM NORMAL</u>
Lamberton	September 30, 2017	2469	-68

GRAIN MARKETS (October 16, 2017):

	<u>NEW VISION WINDOM</u>	<u>MAGNOLIA</u>	<u>POET ETHANOL BINGHAM LAKE</u>	<u>MINNESOTA SOYBEAN PROCESSORS BREWSTER</u>
Cash				
Corn	3.02	2.90	2.98	N/A
Soybeans	9.11	9.06	N/A	9.16
January				
Corn	3.11	2.98	3.20	N/A
Soybeans	9.25	9.16	N/A	9.41

RAINFALL (INCHES):

<u>COUNTY</u>	<u>CITY</u>	<u>SEPTEMBER 15- OCTOBER 15, 2017</u>	<u>MARCH 15 TO DATE- 2017</u>	<u>MARCH 15 TO DATE- 2016</u>
Cottonwood	Jeffers	9.10	29.72	32.54
Cottonwood	Windom	7.64	27.58	29.14
Jackson	Heron Lake	7.58	28.86	25.51
Jackson	Jackson	5.57	29.66	33.73
Martin	Trimont	5.49	25.27	35.67
Murray	Fulda	9.54	33.09	28.59
Murray	Slayton	6.63	27.63	27.03
Nobles	Round Lake	6.76	29.75	34.03
Nobles	Rushmore	7.77	32.31	33.51
Redwood	Redwood Falls	6.99	32.92	33.75
Rock	Magnolia	5.87	26.26	35.32

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