

Fairland Management Company

YOUR FARM REAL ESTATE PROFESSIONALS

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

GENERAL WEATHER FOR THIS AREA: The weather in Southwestern Minnesota (SWMN) over the last 30 days was very erratic and variable. It included well below normal temperatures and a few days with high temperatures much above average. Moisture was somewhat limited and came in the form of both rain and snowfall. Some corn planting was initiated before a cold snap that included a blanket of snow, but the vast majority of the balance of the corn planting and all of the soybean planting to date was completed with daily high temperatures above average. As of May 14th, 84% of the Minnesota corn crop had been planted and 20% was reported to be emerged. The 5-year averages are 70% and 32%, respectively. As for the soybeans, 47% in Minnesota were reported planted. The five-year average is 40% (Minnesota Ag Statistics Service-MASS).

Air temperatures have been extremely variable during the past month. Daytime high temperatures since April 15th have ranged from 37 to 90+ degrees and nighttime lows have varied from 28 to 60+ degrees, according to the Southwest Research and Outreach Center (SWROC) in Lamberton, MN. The morning of April 27th even had a wind-chill temperature of 16 degrees! With the variability in air temperatures, it has been no surprise that the soil temperatures have fluctuated just as much. Soil temperatures at the 2-inch level over the last 30 days have ranged from around 43 to 70 degrees. Fortunately, the trend has been on the increase since May 3rd. The optimal temperature for corn seed germination is 50 degrees.

Precipitation has been below average this spring. Most of the rain arrived on April 20th and 26th. Most of our area received between 2.73 and 6.01 inches during this time. Topsoil moisture levels are rated at 91% adequate to surplus. Available subsurface soil water, which is defined as water that is held to soil particles and is available for use by the crop, is at 8.10 inches as of May 1st. The historic average for this date is 6.44 inches.

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Figure 1 – Not many farm operations have this many activities (ie. Spraying and rolling soybeans) being completed on the same farm at the same time, but this demonstrates that with adequate equipment and labor, work can be completed extremely fast. This is important when there are usually only a handful of days offering ideal field conditions each spring.

SOYBEANS: The majority of the soybeans in our area have been planted at this time, as most were planted between May 6 – May 15th. Tillage left a near perfect seedbed for planting the crop. Some of the soybeans were planted into dry topsoil levels, contrary to the moisture levels mentioned above, but with above average temperatures the second half of the 30-day reporting period, rain would be welcomed soon. Fortunately, we are receiving some welcomed rains this week. USDA has indicated that 32% of the soybeans in the U.S. were planted as of May 14th, compared to the 5-year average of 32% according to the United States Department of Agriculture (USDA).

Immediately following soybean planting, pre-emergent herbicide applications have been conducted on the majority of the farms. These herbicides eliminate early season weed growth before they emerge from the soil surface. We have also been rolling the soils on some farms after planting as well as experimenting with rolling a few farms prior to planting. The ideal soil temperature for soybean emergence is 77 degrees. Lower temperature levels would result in a delay in emergence, but would not significantly impact yield potential.

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Figure 2 – The speed of planting continues to increase and amaze. With a 36-row planter as shown in this photo, or a 24-row high-speed planter, one can plant 45+ acres per hour.

CORN: Corn planting for our clients was 100% planted as of Mother's Day (May 14th). Very limited planting took place on April 13-14th, April 17-18th and continued on April 22-25th, and was completed on May 5-10th. We were somewhat concerned that we would see some farms seeded in April needing to be replanted due to the extremely low temperatures and the cold rain/snow we received between the dates of April 25 – May 2nd. Fortunately, it appears that very few, if any replanting will need to take place. We can attribute this to a quick turnaround in temperature and vigor in the seed varieties. Soil conditions at planting were also very good. Initial plant health has been encouraging as we are seeing most seeds sprout and uniformity in plant emergence. USDA has indicated that 71% of the U.S. corn was planted as of May 14th. This compares to a 5-year average of 70%.

The vast majority of the corn fields were sprayed with pre-emergent herbicides immediately after planting. Approximately a half inch of rainfall is required to activate the herbicide. We will continue to scout fields in the upcoming weeks to verify even emergence and adequate weed control. Initially, the seedlings grow slow in the early days of the season, but in a short time will appear to grow exponentially as we approach the summer.

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Figure 3 – A view of corn planting from the cab of the tractor. Monitors with indicators and alarms are extremely important for the planting process, but so is the human eye and getting out of the tractor and digging up some seeds from time to time.

REMARKS: As of May 3rd, the USDA ceased enrollment of any new acres under the continuous Conservation Reserve Program (CRP) through the remainder of Fiscal Year-2017 due to the federal Farm Bill national cap of 24 million acres. Although new applications are being collected, those offers will not be accepted and enrolled until at least Fiscal Year-2018. Prior to May 3rd, several hundred thousand new acres were accepted into CRP this year. In comparison, 872,000 acres were enrolled in 2015 and 1.3 million acres were enrolled in 2016. At the end of Fiscal Year-2017 (September 30th), 2.5 million acres of existing CRP lands will expire, which may open the door for some new contracts to be enrolled. We have been working with several clients through the past year to enroll/re-enroll various tracts of land while the continuous signup was available.

The Conservation Reserve Enhancement Program (CREP) enrollment process began on May 15th. CREP is a combination of a CRP contract as well as a permanent conservation easement through the State of Minnesota called RIM (Reinvest in Minnesota). There are a lot of details still being sorted out as to (1) land that is eligible (i.e. not in CRP unless in the last year of the contract, no non-cultivated acres, needs to be considered either riparian, wetland, or well head) (2) RIM/CRP payment rates/schedules, (3) state funding for RIM, and (4) application deadlines, procedures for review and acceptance.

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We will continue to monitor this process to see if some tracts might be considered for the future.

The USDA Monthly Supply & Demand Report was released on Wednesday, May 10th. The report forecasted that U.S. farmers would produce 14.07 billion bushels of corn in 2017. This is based upon 90 million acres of corn at 170.7 bushels per acre. If true, this would be down from the 15.15 billion bushel record set in 2016, based upon 94 million acres at 174.6 bushels per acre. The U.S. soybean production forecast is at 4.26 billion bushels (48.0 bushels per acre on a record 89.5 million acres of soybeans). If realized, this would be down slightly from the 4.31 billion bushels reached in 2016 (52.1 bushels per acre on 83.4 million acres of soybeans planted).

USDA initial ending stocks for corn for 2017-18 at 2.11 billion bushels, down from the estimate for the previous year (2016-2017) of 2.30 billion bushels. The initial soybean ending stocks for 2017-18 are estimated to be 480 million bushels, up from the estimate for the previous year (2016-2017) of 435 million bushels. The report showed larger-than-expected crop supplies, but also larger-than-expected global demand. As a result of the estimates released in the USDA report, trading has been somewhat flat. A weather scare will be needed in order to drive prices to higher levels. For the majority of our clients, we sold about 10-15% of the 2016 soybeans this past week to reach 85-90% sold and are 40% sold for 2016 corn. We anticipate we will be making more corn and soybean sales in the coming weeks.

In addition to monitoring planting, we have also been busy attending to drainage tile projects and repairs, implementing a major conservation project, researching future upkeep and improvement projects and working on financial projections, just to name a few tasks.

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Figure 4 – Technology continues to drive the planting process. A screen overload? Electronic and electrical devices monitor and regulate planting population, down pressure (compaction), ground speed, application rates of liquid fertilizer and herbicide, seed spacing, statistical data, varietal placement and etc. all on a row by row and GPS site specific basis. The technology can even be used to input prescriptions based on soil type and varieties.

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	N/A	N/A	N/A
Worthington	N/A	N/A	N/A

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GRAIN MARKETS (May 15, 2017):

	<u>NEW VISION WINDOM</u>	<u>MAGNOLIA</u>	<u>POET ETHANOL BINGHAM LAKE</u>	<u>MINNESOTA SOYBEAN PROCESSORS BREWSTER</u>
Cash				
Corn	\$3.23	\$3.17	\$3.23	N/A
Soybeans	\$8.94	\$8.85	N/A	\$9.12
October				
Corn	\$3.35	\$3.32	\$3.37	N/A
Soybeans	\$8.78	\$8.75	N/A	\$8.91

RAINFALL (INCHES):

<u>COUNTY</u>	<u>CITY</u>	<u>APRIL15- MAY 14th, 2017</u>	<u>MARCH 15 TO DATE- 2017</u>	<u>MARCH 15 TO DATE- 2016</u>
Cottonwood	Jeffers	3.77	4.99	6.20
Cottonwood	Windom	3.06	4.62	6.30
Jackson	Heron Lake	4.12	5.71	7.47
Jackson	Jackson	3.07	4.26	8.08
Martin	Trimont	2.73	4.13	8.44
Murray	Fulda	5.13	7.95	7.78
Murray	Slayton	6.01	8.44	7.03
Nobles	Round Lake	4.09	5.54	7.95
Nobles	Rushmore	3.50	5.29	7.49
Redwood	Redwood Falls	4.38	7.23	6.14
Rock	Magnolia	2.81	4.01	7.91

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