

Fairland Management Company

YOUR FARM REAL ESTATE PROFESSIONALS

CROP & WEATHER REPORT **September 20, 2018**

GENERAL WEATHER FOR THIS AREA: It has been another interesting month here in Southwest Minnesota. We observed the driest stretch of the growing season (12 days between September 4-16th), but are in the middle of receiving some more significant rainfall as harvest is ready to begin.

For the most part, the moisture on August 28th and September 4th was beneficial for crop advancement. However, the 2 to 4+ inches that we are receiving this week is not really helpful at this point and will likely make it a challenging start to harvest. The National Agricultural Statistics Service (NASS) recently reported that the average topsoil moisture level is 82% adequate to surplus and the subsoil level is listed at 78% adequate to surplus. As of September 15th, there is 5.13 inches of available water in the top 5-foot soil profile. This compares to a historic average of 4.22 inches (*Southwest Research and Outreach Center, Lamberton, MN*). Overall, the soil profile is full and any additional moisture in the next 45-60 days will likely slow down fieldwork.

Temperatures since August 15th have assisted the crop in continuing to advance ahead of schedule. Daily highs fluctuated from the low 70s to 93 degrees. Daily lows have ranged from 51 to 70 degrees. Temperatures, for the most part, have been conducive for the grain fill period as we move closer to crop maturity. Growing Degree Days are at 2,689 units, which is 291 units ahead of the historic average for this time of year and 380 ahead of last year. (*Southwest Research and Outreach Center, Lamberton, MN*).

FAIRLAND MANAGEMENT COMPANY
CROP & WEATHER REPORT
September 20, 2018



Figure 1 – The rate of soybean maturity is rarely even across fields at this time of the year. This field contains both mature soybeans (foreground) and plants that have yet to lose their leaves (background).

SOYBEANS: Soybean development in Minnesota is ahead of average (8 days), according to the Minnesota Ag Statistics Service (*MASS*). *MASS* also reported that 91% of the crop is turning color and 59% of the crop is dropping leaves. As previously mentioned, the rains in the end of August/early September have been beneficial in filling the top pods of the plants, thus increasing yield potential. *MASS* reported that 7% of the crop has been harvested in Minnesota (6 days ahead of average). The soybean crop in Minnesota is currently rated 71% in the good to excellent category. Harvest began on a few farms in the area on September 16th, but it appears the majority of the soybeans will be harvested at the end of September through early to the middle of October.

FAIRLAND MANAGEMENT COMPANY
CROP & WEATHER REPORT
September 20, 2018



Figure 2 – Yield estimates are taken toward the end of the growing season prior to harvest. The process was more challenging this year as weather resulted in variability within all fields and drown out areas in some fields.

CORN: As far as plant health, 77% of the Minnesota crop is in the good to excellent category. The recent rains are assisting in completing grain fill. Some of the early maturity hybrids have reached full maturity (black layer) and the balance should be mature by the end of the September. As of September 17th, 42% of Minnesota's corn crop has reached full maturity compared to the 5-year average of 19%. The rate of crop advancement has been unprecedented as of late. One indication of this is the fact that we have experienced an increase of 36% in the amount of the crop that has reached maturity over only the last two weeks (*MASS*). As a reminder, the moisture level of the grain at maturity is roughly 30-34%. In general, the crop will lose 0.5 to 1.0% per day, at least through the first week of October. Corn harvest could begin when the crop dries to 26% moisture, although most likely will not occur until corn is under 20%.

FAIRLAND MANAGEMENT COMPANY
CROP & WEATHER REPORT
September 20, 2018



Figure 3 – Tissue on the bottom and tops of the corn plant are typically the first to die leaving green material only in the middle of the plants. Even though we have not experienced a killing frost, leaves are turning brown due to natural maturity, disease pressure, and above average temperatures.

REMARKS: According to the September USDA Monthly Supply and Demand Report, national corn production is projected at 14.8 billion bushels, up 200 million bushels from the August report. This would set a record national yield of 181.3 bushels per acre (up 2.9 bushels per acre from last month and up 2% from last year) if realized. Harvested acres are estimated at 81.77 million acres. This compares to 82.7 million acres harvested in 2017. With a drop in total harvested acres, it is noteworthy that a significant increase in yield per acre is what could create a record crop.

Soybean production forecast is at 4.69 billion bushels, up 2% from last month and 7% from last year. This would also be a new record if realized. Based on conditions as of September 1st, USDA expects the national yield average at a record 52.8 bushels per acre. Harvested acres in the U.S. are estimated to be at 88.9 million acres, unchanged from August, but down 1% from 2017. As with corn, it is the yield per acre that is estimated to make up for a loss of total acres, pushing production to a new high. (*National Agricultural Statistics Service (NASS)*).

Based on conditions as of September 1st, Minnesota corn yields are expected to average 191 bushels per acre, no change from the August estimate and down 3 bushels per acre from last year. The Minnesota soybean yield is estimated at 50 bushels per acre, up 1 bushels per acre from the August forecast and 3 bushels per acre in 2017 (*NASS*).

FAIRLAND MANAGEMENT COMPANY
CROP & WEATHER REPORT
September 20, 2018

More information became available in regards to the Market Facilitation Program (MFP) in September. The United States Department of Agriculture (USDA) has authorized \$12 billion in “Trade Retaliation Mitigation” to help offset financial impacts for producers created by the ongoing trade disputes with China, Mexico, Canada, and other countries. Direct payments will be issued to producers of soybeans, corn, sorghum, wheat, cotton, hogs, and dairy. Payment rates for soybeans and corn are \$1.65 and \$0.01 per bushel respectively, and producers will be paid on 50% of the bushels. For example, 50 bushels an acre soybeans x \$1.65/bushel x 50% = \$41.25/acre. For corn, 175 bushels/acre x \$0.01/bushel x 50% = \$0.88/acre. There has been quite a bit of publicity about the disparity in payments between soybeans and corn as well as some of the other crops. The sign-up period began on September 4, 2018 and continues through January 15, 2019. Application cannot be completed until the 2018 crop has been harvested and production evidence has been verified. The payments will be distributed sometime thereafter.

USDA wants to make it clear that the MFP program “will not make farmers financially whole again.” It is only meant to compensate for the unintended consequences of trade disputes. Any additional payments will be dependent on the outcome of trade talks later in the year. It is unknown how long the trade disputes will continue as little progress has been made with China. In fact, it was announced by the President Trump administration recently that new 10% tariffs on roughly \$200 billion in goods from China will be effective starting September 24th and are scheduled to increase to 25% on January 1st. Unfortunately, it appears this issue could drag on for quite some time. Interestingly enough, even with the significant drop in grain prices, there will NOT be any Agricultural Risk Coverage (ARC)-County payments for the 2017 crop this fall in Southwestern Minnesota. This is the first year since the farm program began in 2014 crop that there are no payments.

Our clients that participated in the litigation with Syngenta over the release of seed prior to worldwide distribution back in 2013 have filed the claim settlement information before the deadline on October 12, 2018. The total settlement is \$1.5 billion dollars, which will be split between corn producers across the United States, grain handling companies, and the attorneys involved in the litigation. If you are a client that had a significant interest in the corn crop between 2013-2017 and want to possibly consider filing a claim by the deadline, please contact our office ASAP to discuss.

Grain storage and delivery plans have been sent out to our clients’ tenants and we will continue to work with them to coordinate harvest. Overall, we are anticipating variable to good yields. We are researching fertilizer prices and will be putting together rate recommendations for those fields that will have fertilizer applied yet this fall after harvest. We have also been working on year-end projections for clients, as well as finalizing conservation plans for those enrolling/re-enrolling into the Conservation Reserve Program (CRP) and Conservation Reserve Enhancement Program (CREP) before the current Farm Bill expires on 9/30/18. At this point, it appears that there will not be a new Farm Bill until the end of 2018 or more likely sometime in 2019.

FAIRLAND MANAGEMENT COMPANY
CROP & WEATHER REPORT
September 20, 2018



Figure 4 – Ample rains through the entire growing season have resulted a continuation of haying through the middle of September.

FAIRLAND MANAGEMENT COMPANY
 CROP & WEATHER REPORT
 September 20, 2018

GROWING-DEGREE DAYS

| <u>LOCATION</u> | <u>MAY 1, 2018 TO DATE INDICATED</u> | <u>TOTAL GROWING DEGREE DAYS</u> | <u>DEPARTURE FROM NORMAL</u> |
|-----------------|--|--------------------------------------|----------------------------------|
| Lamberton | September 17, 2018 | 2,689 | +291 |

GRAIN MARKETS (September 19, 2018):

| | <u>NEW VISION WINDOM</u> | <u>MAGNOLIA</u> | <u>POET ETHANOL BINGHAM LAKE</u> | <u>MINNESOTA SOYBEAN PROCESSORS BREWSTER</u> |
|----------------|----------------------------------|-----------------|--|--|
| Cash | | | | |
| Corn | 2.95 | 2.92 | 3.00 | N/A |
| Soybeans | 7.42 | 7.30 | N/A | 7.65 |
| October | | | | |
| Corn | 2.94 | 2.92 | 3.04 | N/A |
| Soybeans | 7.42 | 7.30 | N/A | 7.65 |

RAINFALL (INCHES):

| <u>COUNTY</u> | <u>CITY</u> | <u>August 16- September 15, 2018</u> | <u>MARCH 15 TO DATE- 2018</u> | <u>MARCH 15 TO DATE- 2017</u> |
|---------------|---------------|--|---------------------------------------|---------------------------------------|
| Cottonwood | Jeffers | 3.78 | 26.19 | 20.62 |
| Cottonwood | Windom | 4.67 | 28.45 | 19.93 |
| Jackson | Heron Lake | 4.96 | 27.41 | 21.26 |
| Jackson | Jackson | 6.00 | 31.52 | 23.99 |
| Martin | Trimont | 5.75 | 29.74 | 19.66 |
| Murray | Fulda | 3.40 | 30.27 | 24.17 |
| Murray | Slayton | 2.43 | 29.23 | 21.51 |
| Nobles | Round Lake | 6.04 | 33.62 | 23.01 |
| Nobles | Rushmore | 4.50 | 30.81 | 24.51 |
| Redwood | Redwood Falls | 2.66 | 28.78 | 25.76 |
| Rock | Magnolia | 3.52 | 30.64 | 20.38 |

Steven J. Hiniker
 Farm Management Advisor
 Real Estate Salesperson