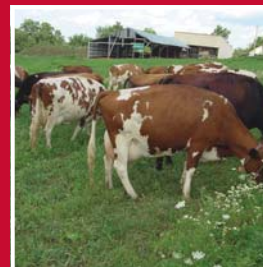


FIELD & FEEDLOT



ISU EXTENSION—NORTHWEST REGIONS

MAY 2010 ISSUE

Extension Web Sites

Ag Decision Maker

<http://www.extension.iastate.edu/agdm/>

Beef Center

<http://www.iowabeefcenter.org/>

Manure Management

<http://www.agronext.iastate.edu/immag/>

Pork Center

<http://www.ipic.iastate.edu/>

ISU Extension Dairy Team

<http://www.extension.iastate.edu/DairyTeam/>

Weathering the Storm: An Update on How Dairy Producers Are Coping with a Tough Economic Cycle

By Chris Mondak, ISU Extension Dairy Program Specialist

At this time last year, we were beginning a series of meetings to address the impact of the dairy financial crisis on dairy producers. At that time, the main messages delivered by the dairy financial experts to dairy producers included this advice: Know your cost of production, Communicate with your lender, Control costs. So after 12+ months of low milk prices, how are dairy producers doing? What things have we learned during these tough times? The following is a summary of comments from a cross-section of dairy professionals who serve the dairy industry. This concise list is a compilation of decisions that had positive results, as well as decisions that had negative results.

Decisions or situations that are bringing positive results:

- Established a milk marketing plan to forward contract milk BEFORE the financial crisis hit.
- Had a history of paying down debt during the previous cycle of high milk prices.
- Determined cost of production.
- Looked for ways to lessen the debt load.
- Delayed capital expenditures.
- Looked for ways to control costs without compromising cow comfort, cow health, dairy rations, good genetics.
- Talked directly with lender if things were getting tight, or payments getting behind.

- Controlled feed costs by locking in good prices, or by having good fortune to own land to produce most of feed needed for dairy rations.

Decisions or situations that are bringing negative results:

- In an effort to reduce feed costs, cut protein and energy levels in the dairy rations, resulting in lower milk production.
- Failure to determine cost of production and cows' break-even production levels, leading to situation of selling cows that were still producing at profitable levels.
- Absence of a milk marketing strategy.
- In an arrangement that requires purchase of most feed-stuffs, plus lack of forward contracting for best prices on feeds.

While individual dairy producers can take some actions, the crux of the problem is seated in the national and global realm. Tough challenges remain ahead for the dairy industry. It seems that the US dairy farmers' production ability to produce ample supply of milk is strong. However, the market demand remains lower than the supply, and the current size of the US dairy herd is larger than needed to meet demand. Furthermore, the supply of replacement heifers is strong, indicating that even if current size of US dairy herd is reduced today, the US milk supply would increase again soon as the replacement heifers came on line.

Exploding Pits

By Kris Kohl, ISU Extension Ag Engineer Program Specialist

This last fall, Iowa and Minnesota had several reports of explosions and fires associated with foaming pits. While the number reported is less than ten with over forty thousand buildings, we want to prevent having any more. While we don't know everything about the explosions, we have put together enough information to help farmers recognize the risk factors.

To get a fire, we need the source of fuel and a source of flame. The source of fuel is methane gas from the bacteria in the pit. Under normal circumstances, the methane, which is lighter than air, is coming off the pit slowly and is ventilated out of the buildings. Tests of the foam from buildings that have exploded have shown that there is enough methane to burn and

explode. In all of these cases of exploding buildings that have been investigated by Iowa State University researchers, the ventilation was off or at minimum rates.



All of the pits had significant foam and the pigs were fed dried distillers grains (DDGs). The heater's pilot light is believed to be the source of the flame that starts the fire or explosion in most cases. However, in one case, a welder was the cause.

The final requirement needed to cause the explosion is a rapid release of the methane trapped in the foam. This can be done by turning on the sprinklers to wash the building down, agitating the pit or feed spillage that breaks the bubbles.

I recommend the following actions to be taken to reduce the risk of fires and explosions for deep pits:

- Check pits for foam - if present be careful
- Turn off pilot lights on heater during the summer - they use ½ gallon of propane a day and make the building hotter
- If you need to pump a foaming pit, do not agitate it. The foaming action has already agitated the pit and it will pump very clean
- Turn up the ventilation during wash down or pumping when foam is present

By following these recommendations, farmers can have a safer summer and fall. If you experience significant foaming of your pit, contact me at 712-732-5056 so we can learn more.

Crop Planning

By Paul Kassel, ISU Extension Field Agronomist

Crop planning is a good activity for this time of year. The idea is to make a plan for each field and write down everything you *plan* to do in that field.

Think through each input and activity for each field. Some things-like tillage-are pretty much second nature and you know what you are planning to do. However, this kind of written plan will force you to double check things like herbicide selection, seed and herbicide quantities, refuge acres and placement of hybrids and varieties.

The thought behind this is to get all the info written down on one page of paper or less. This plan can be electronic or written on paper. It is important to get a copy of this in each family member/employees' hands and/or each tractor or pickup.

These are some basic things for each field.

- Field name and legal description.
- FSA field acres and FSA number.
- Previous crop and yields.
- Fertilizer/manure – amount and analysis.
- Fall tillage and intended spring tillage.

- Hybrids/varieties – include maturity, traits, SCN, etc.
- Planting rate.
- Pre-plant and post-emergence herbicides.
- Insecticides and/or fungicides.
- A field map (like an FSA map) for each field.
- Planned restricted-use pesticide applications.

Some other items for your field plan that are optional.

- Crop insurance and/or hail insurance details.
- Bushels of grain that can be sold before harvest - based on crop insurance.
- Corn Suitability Ratings.
- Weed, insect or disease problems unique to that field.

Field planning like this will force you to double check the kind and quantity of your seed, fertilizer and crop protection products. It will also make you double check the inputs you pre-paid last fall against your actual field acres. It is very likely that you will find something you missed. Therefore, some last minute changes can be made if necessary.

This is also a good way to double check your refuge requirements for your rootworm resistant corn hybrids, corn borer resistant hybrids or multi stack hybrids. See <http://www.ncga.com/insect-resistance-management-fact-sheet-bt-corn> for more info.

The Biotech Yield Endorsement for the federal crop insurance premium discount - when you use the YieldGard, Herculex or Agrisure technology - is similar to the refuge requirements. See <http://www.extension.iastate.edu/agdm/articles/edwards/EdwMar09a.html> (select crop insurance) for more info.

Making Timely Grain Sales

By Tom Olsen, ISU Extension Farm Management Specialist

The Jan. 12 stocks and yields report was a shock to the market, taking corn down over 50¢. We read there were at least 500 million bushels in the field all winter, enough to affect national yields 3-4 bushels to the acre. The March report only reflected a small crop size decrease, but exports were slightly lower and stocks higher, leaving the market unchanged.

Pork exports are up, but chicken exports are down. We are exporting record bushels of soybeans to China (more than the entire production of Iowa in bushels), and we are pressuring the Chinese to revalue their dollar. Let's see: higher Renminbi, lower dollar, therefore higher soybeans, right?

The Greeks have announced they have fixed their country's debt problem. The Euro is higher compared to the US Greenback. This is bullish for corn and beans. But the Argentine and Brazilian crops look to be big. Bad for corn and bean prices. And we haven't even planted a seed yet.

There is no way a farmer can keep up with market information. For that matter, there is always plenty of fundamental information on both sides of the market. That is not to say the markets

do not trade on fundamentals or that there are no technical tendencies to the market trading. The point is: We are not smart enough nor devoted enough, nor lucky enough to market based on the daily information we receive.

Marketing Discipline Trumps Market Information

Ron Hook wrote an excellent article for "Field and Feedlot" last month (google: field and feedlot, Carroll Co) that explained the rationale for a pre-harvest marketing strategy. I am writing to re-emphasize these points:

- The markets trend lower from early in the year until harvest a high percentage of the time.
- Pre-harvest marketing plans are proven successful.
- Revenue insurance with the fall price protection covers much of the risk of a short crop and high fall prices.
- These plans require specific price and date goals, in writing.
- A good plan states the number of bushels that will be sold, with a pre-harvest date the plan will be complete.

Just to provoke some thought, below are listed the final pre-harvest prices for the last five years of WTG plans. These are SW Minnesota cash prices and would represent 75% of the crop sold to be delivered at harvest:

	Corn	Soybeans
2009	4.55	10.50
2008	4.30	9.00
2007	3.00	6.60
2006	2.20	5.85
2005	2.10	5.70

Putting the Pencil/Computer to Cattle Feeding

By Beth Doran, ISU Extension Beef Program Specialist

2009 was a long, hard year in a lot of ways - the weather, economy and returns to cattle feeding. Latest monthly cattle feeding returns published by ISU indicate estimated returns have been negative the past 5 years. The greatest losses in finishing steer calves were estimated to be \$110 for 2008 and \$108 for 2009. The largest losses in finishing yearling steers were \$108 and \$92 in 2008 and 2009 respectively.

While returns to cattle feeding have improved, watching the bottomline is still important. Iowa State University Extension has some new and updated tools to help cattle feeders keep track of their financial position.

One tool that has been around a long time is the ISU Feedlot Monitoring Program, software that tracks cattle performance and projections. However, sometimes questions arise in using the program. The Iowa Beef Center has a website, <http://www.iowabeefcenter.org/feedlotmonitor>, containing a list of questions and directions on how to fix common problems. The list of questions and answers will be updated as new problems show up.

Wondering if cattle feeding pays? ISU Extension just released the Livestock Enterprise Budgets for Iowa (2010). These budgets are available either as a paper copy or they can be downloaded as spreadsheets from the Ag Decision Maker website. There are budgets for finishing yearling steers and heifers, finishing steer calves, backgrounding steer calves in the winter or summer, and cow-calf with calves fed or sold. The user can use suggested prices for inputs or enter their own prices.

Of course, no budget is better than the numbers that are used for inputs and prices. A common method to estimate fed steer price is using the futures price adjusted for basis the month sold. ISU Extension has a new Live Cattle Basis sheet broken out by two-week marketing periods. The sheet has yearly basis values for 2006-2009 and a 3-year average basis.

Futures price adjusted for basis can also be used to estimate the purchase price for yearling steers. ISU Extension recently updated the Feeder Cattle Basis sheet. However, there is a newer tool you may want to use to predict the purchase price for feeder calves. It is BeefBasis.Com located on the web at <http://www.beefbasis.com>. You can select from a list of states, feeder cattle markets, and specifications for the calves you plan to purchase. It will then project a purchase price for the feeder steer calf.

But, some producers plan to feed heifers. ISU has a sheet, Feeder Steer-Heifer Price Spread, that lists the spreads for 500-600 and 700-800 pound animals for the past five years and also a 3-year average. So, once you have the price for your steer calf or yearling steer, you can adjust this number to arrive at a heifer price for these weight ranges.

Cattle Crush Margin is ISU's newest tool for cattle producers and is available on-line at www.iowabeefcenter.org. Crush Margin is the price of the fed steer less the cost of the feeder steer and corn. The margin remaining is the revenue used to pay all other costs, and hopefully, return a profit. Crush Margin can serve as a quick indicator of risk management opportunities or pitfalls and help feedlot operators monitor the cattle and corn market for current and future marketings 16 months out.

The following publications (mentioned above) can be found at the Ag Decision Maker website – <http://www.extension.iastate.edu/agdm>.

- Monthly Cattle Feeding Returns (March 2010)
- Livestock Enterprise Budgets for Iowa (2010)
- Feeder Cattle Basis (January 2010)
- Live Cattle Basis (January 2010)
- Feeder Steer-Heifer Price Spread (January 2010)