



CLIPPINGS a weekly column from Iowa State University Extension and Outreach

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For Immediate Release

Summer Precision Farming

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2019/20 and 2020/21 Crop Marketing

Though the 2020 crop year is nearing the critical pollination stage, let's speak to some final thoughts regarding the 2019 crop year. The July WASDE offered a little something for the bulls and the bears:

- **Crop Size/Supply** - Corn was estimated at approximately 7 percent below (approximately 1.0 billion bushels) the record 2016-17-18 harvests; and in terms of soybeans, with lower production of approximately 871 million bushels (~ 20 percent), soybean ending stocks are approximately half of the 2018 crop year.
- **Lower Prices/Demand** – Trade/tariff challenges (largely China/soybeans) and COVID-19 adverse impacts to use, including softer ethanol use, were the larger adjustments.

Overall, USDA projected (a) a corn marketing year average price increase of 15 cents (to \$3.35/bushel) on corn; and (b) soybean marketing year average price of \$8.50 (up 30 cents per bushel).

Presently, following a July 23 downgrading to both in-the-field corn and soybeans, we are looking at a weather market. While watching closely on-farm grain quality, producers are encouraged to use operating breakeven analysis, to carefully watch for any old crop price boosts and/or a 3-5 cent narrowing of the basis. Subject to weather, crop year 2020-21 grain marketing strategies are recommended similar to last year, looking for even modest price appreciation or basis gains. Even when on-farm storage becomes available, strongly consider further legging-into 2020-21 pre-harvest sales! Research shows that long-range farm operations success is more likely when developing and following a marketing plan. When borrowed capital is required, the 2018 Farm Bill / USDA commodity loan rate seem to offer the best option: (a) \$2.20 corn; and (b) \$6.20 on soybeans.

Decision-Making 101

The above remarks are shared in light of commodity markets outlooks. In every respect the themes below begin with two key elements: (a) accurate recordkeeping; and (b) a focus upon the controllable factors.

If you read my regular blogs, you may recall seeing links to [Ag Decision Maker](https://www.extension.iastate.edu/agdm/) (<https://www.extension.iastate.edu/agdm/>). If you need help applying any one of the over 300 decision-making templates, please call or contact me at 712-223-1574 or gdwright@iastate.edu. In light of tighter overall

margins, it is very important for the producer to proactively understand their own by-enterprise operating break-evens, and then TAKE ACTION.

Complementing your individual analysis, be looking for the upcoming ISU Extension and Outreach Farm Management Specialist meetings. Eleven Land Leasing & Value sessions are scheduled in Northwest Iowa from Aug. 4 to Aug. 19. Topics will include:

- Farmland Leasing Arrangements – Share-crop, flex and cash lease rate trends and analysis; tenant and landowner communications;
- Farmland Valuation Trends – ISU Extension and Outreach/CARD, USDA, Chicago Federal Reserve Bank and Iowa Realtors;
- Costs of Farming – Operator or Custom.

At these meetings, we'll also review most-recent net farm income results and projections, including the impacts from USDA programs tied to trade/export and COVID-19 economies. I hope you will consider attending a Land Leasing & Value meeting. Visit <https://www.extension.iastate.edu/obrien/lly> for full details and contact me or your local county ISU Extension and Outreach office to pre-register.

- 30 -

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