



Waupaca County Agriculture Update

Summer '08

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Mid-Summer Relief

For most areas in Waupaca County, crops are in pretty good shape, maybe not as good as last year, but certainly better than southern WI where 15-20 inches fell since June 1. Biggest challenge for many seems to be getting caught up with haying.

It's was a long and challenging spring with weather and market reports weighing heavy on many minds. Hopefully, the mid-summer months will offer some relief to catch your breath and catch-up with family and friends. One place to do just that is our very own Waupaca County Fair, August 20-24. Hope to see you there.

CORN AND SOYBEAN PRICES: NOW WHAT?

(the following grain market analysis was provided by Darrel Good, Extension Grain Marketing Specialist, University of Illinois on July 21).

December 2008 corn futures increased about \$2.00 per bushel during the month of June, topping out just under \$8.00. During the same period, November 2008 soybean futures rallied more than \$3.00, topping out just under \$16.37.

Much of the June rally was related to weather conditions in the U.S. as excessive rainfall threatened acreage and yield in a wide area over the Midwest. That weather pattern followed a generally wet, cool May that resulted in late planting and slow emergence in some areas. Soybean prices were also supported by a generally strong export pace. USDA export estimates indicate that soybean exports during June totaled about 57 million bushels, compared to about 45 million in June 2007. Continued strong demand by China and interruptions in exports from Argentina contributed to the large June exports.

Prices of both crops turned lower in July. Corn prices have been pressured by a combination of larger than expected acreage estimates released by the USDA on June 30, improving crop conditions, and lower crude oil prices. As of July 13, the USDA estimated that 64 percent of the corn crop was in good or excellent condition, equal to the rating of a year ago. Lower crude oil prices have resulted in lower prices for ethanol. The average price of ethanol at Iowa plants declined from \$2.82 per gallon on July 3, 2008 to \$2.57 per gallon on July 18. At the close of overnight trade on July 21, December 2008 corn futures settled \$1.74 below the contract high.

Soybean prices have not declined as sharply as corn prices. While December 2008 futures are down by more than 20 percent from the contract high, November 2008 soybean futures at \$14.40 are down

12 percent from the contract high. Soybean prices have been a little more resilient because of the uncertainty about Argentine exports and because of more concern about U.S. crop conditions. As of July 13, the USDA estimated that 59 percent of the U.S. crop was in good or excellent condition, compared to 62 percent in those categories a year earlier. While crop condition ratings are not much different than is typical for this time of year, the lateness of the crop and continuing dry weather in the Delta has created uncertainty about production prospects.

The same factors that have been contributing to the extreme price moves of the past four months will continue to be important for corn and soybean prices for the next two months.

On the demand side, there are indications that Argentine export activity could return to a more normal state and U.S. soybean exports have slowed in July. After adjusting for larger Census Bureau estimates compared to USDA estimates, shipments during the last 6.5 weeks of the marketing year will need to average 10 million bushels per week to reach the USDA forecast of 1.145 billion for the year. The average over the three weeks ended July 17 was 7.7 million, although the estimate for the week ended July 17 is subject to revision. For corn, the drop in ethanol prices over the past two weeks has been more than offset by the decline in corn prices. Spot cash prices for corn, ethanol, and distillers grain suggest that the current gross crush margin is at the high end of the margins experienced over the past 11 months. Corn consumption for ethanol should continue to increase as forecast as corn prices follow crude oil prices.

At the top of the list of price factors is the production potential of the 2008 U.S. crops. While crop condition ratings generally support yield prospects at or above trend values, the lateness of the crop will be a lingering concern. As of July 13, only 13 percent of the corn crop was in the silk stage, compared to 50 percent on the same date last year and the 5-year average of 36 percent. Recent weather conditions, however, suggest that maturity will progress rapidly. In addition, the Climate

Prediction Center (CPC) outlook for August weather contained a generally favorable outlook for the midwest. As of July 13, 26 percent of the soybean crop was reported to be in the bloom stage, compared to 54 percent on the same date last year and the 5-year average of 45 percent. Another concern going forward is the generally dry pattern in the Delta and southeast and the CPC forecast of above average temperatures for that region in August. Rain chances for that area in the near term are improving, depending to some extent on hurricane activity.

While yield uncertainty will persist there is more than the typical amount of uncertainty about corn and soybean acreage. The USDA will provide updated forecasts of planted and harvested acreage, along with the first yield forecast of the season, on August 12.

Corn and soybean prices continue to weaken, but could settle into more of a sideways pattern as production prospects unfold. Still, large daily price movements can be expected.

Will Milk Prices Hold?

(the following dairy market analysis is provided by Bob Cropp ,UW-Madison Extension Dairy Marketing Specialist Emeritus, July 21).

Milk production continues to run above year ago levels due to additional milk cows and more milk per cow. June milk production for the 23 reporting states was 3.4% above a year ago and the second consecutive monthly increase of more than 3%.

While cow numbers continue to increase month-to-month and were 1.9% higher in June than a year ago, increases in milk per cow of only 1.5% lessens the increase in total milk production and has helped to maintain higher milk prices. Dairy cow slaughter has increased over a year ago as dairy producers react to high feed prices. In recent weeks cow slaughter has been running 6 to 9 percent above a year ago. However, there are ample numbers of dairy replacements to maintain the size of the dairy herd. Cow numbers starting to decline by year's

end and that will slow the increase in milk production. For the year, milk production may be up around 2 percent. Butter sales have been good, but there is a concern with cheese sales.

The June Class III price was \$20.25. With weaker cheese prices, the July Class III price will be around \$18.20. Cheese prices could show some weakness in August, especially if milk production continues to increase 3% or more, but recover some September through early December. Nonfat dry milk prices and butter prices could improve some as well. Class III prices August to year's end could range \$18.00 to \$19.50

Adjusting Custom Rates for Higher Fuel Prices

According to Bill Edwards, Extension Iowa State University Agriculture Economist, with diesel fuel at \$4.00 per gallon custom rate tillage operations will increase by 10 to 15 percent, depending on the depth at which soil is tilled. Costs for less power intensive operations such as planting, spraying, and harvesting will increase by 7 to 10 percent.

Another way to adjust custom rates for higher fuel price is to use fuel consumption values available at: <http://www.extension.iastate.edu/agdm/crops/html/a3-27.html>. Multiplying the fuel used per acre by the change in the price of fuel from last year in 2007 when the WI custom survey data was collected will provide the most accurate estimate of the adjustment in custom rates charges.

PEPS Entries Due August 25

The most expensive corn crop ever is being grown this year. For years, growers have sought ways to cut inputs to reduce costs. This year, due to strong prices, some growers are adding inputs to produce extra bushels. Many of these inputs, such as fertilizer and seed, have nearly doubled in cost over the last few years.

PEPS, or Profit through Efficient Production Systems, was established 1987 by UW-Extension on the vision that Profitability, not bushels, is the ultimate goal in crop production. Now in its 22nd year, PEPS goes beyond typical yield contests by encouraging profitability, efficiency and conservation rather than productivity alone.

Two options are available for growers to participate in the PEPS program: contest and verification only. In the **contest option**, the top-three contestants of each district and division are recognized at the state level and in various publications. In the contest option, a plaque and cash award is given to the top contestant. The **verification only option** allows farmers to compare the economics of their cropping system without entering the public contest. It is a way to confidentially compare your system to others and learn ways to improve profitability.

A **corn silage division** is also available. Many corn grain growers now produce corn silage for large dairies. Understanding the economics of silage yield and quality and its influence on milk production is critical for developing fair contracts.

A plaque and cash award will be given to the highest yielding corn grower (there will also be separate "Yield" and "Quality" awards for corn silage), the highest yielding soybean grower, the corn grower producing the most ethanol per acre, and the soybean grower producing the most protein and oil per acre.

Economic data of individual fields is **strictly confidential**. Each participant in the PEPS program receives an: • economic summary of their fields entered; • historical economic summary of their previously entered fields providing a perspective on how management affected their operation over time; • overall summary report ranking contestants on profitability, efficiency and grain yield.

Yield and records verified in the PEPS program may also qualify for other contests such as the

National Corn Yield Contest. The PEPS entry form, due August 25, is included below and is also on the web (along with previous PEPS reports) at: <http://corn.agronomy.wisc.edu/PEPS.htm>.

**WISCONSIN CROP
PEPS PROGRAM**

ENTRY FORM
Deadline – August 25, 2008

Name: _____

Address: _____

County: _____

Telephone: _____

E-mail (optional): _____

PEPS website <http://corn.agronomy.wisc.edu/PEPS.htm>

Division	Number of fields entered	
	Contest	Verification Only
Corn, Cash Crop		
Corn, Livestock		
Soybean		
Corn Silage		
Total fields x \$25 = \$ _____		
Enclose \$25 per field with this application to receive soil, crop record, and harvest forms. Make checks payable to: Wisconsin Crop PEPS Program.		

Mail to:
Wisconsin Crop PEPS Program
UW-Agronomy Department
1575 Linden Drive
Madison, WI 53706

National Mastitis Council August 12-13 in Green Bay

The National Mastitis Council (NMC) Regional meeting will be held in Green Bay August 12-13. The target audience for this meeting is both dairy farmers and the professionals that are serving them. The focus of this meeting is managing milk quality during summer heat and humidity. If you would like more information, check out their website: <http://nmconline.org/regionalmeet/2008/>

In addition, there is a unique aspect to this meeting never offered before. The NMC is offering a half day Spanish only seminar for milkers. The link to that portion of the meeting is: <http://nmconline.org/regionalmeet/2008/SpanishRM08.htm>

Minimum Wage Goes Up

Effective July 24, 2008, the federal minimum wage for non-exempt employees will rise from \$5.85 to \$6.55 per hour. This is the second of three increases provided for by the enactment of the Fair Minimum Wage Act of 2007. A third minimum wage increase to \$7.25/hr will take effect July 24, 2009.

The federal minimum wage rate applies only if you hire 500 worker days in any calendar quarter of the previous calendar year. One worker day is an 8-hour period or any part thereof.

For further information, go to the U.S. Department of Labor's Wage and Hour Division at <http://www.dol.gov/esa/whd/>.

**...see you at the
Waupaca County Fair
August 20-24 !!!**



AGRONOMY/SOILS FIELD DAY

Tours and Exhibits of Current Crops and Soils Research
Wednesday, August 27, 2008
Arlington Agricultural Research Station

Tours depart from the Public Events Facility at
8:30am, 10:30am, and 1:00pm
Lunch and refreshments available

Tour A: Forage Tours

- Alfalfa yield & quality responses to early harvest (Dan Undersander)
- Switchgrass improvements for biomass production (Mike Casler)
- Farming for nitrogen: Intercropping clover & corn (Ken Albrecht)

Tour C: Corn & Soybean Tours

- Trouble with doubles, gaps, & peepers in corn (Joe Lauer)
- Do emergence patterns matter in soybean? (Shawn Conley)
- Technological advances in weed management (Chris Boerboom)

Tour B: Soils Tours

- Fertilizer management considerations for fall 2008 (Carrie Laboski & John Peters)
- Managing soil quality (Dick Wolkowski)
- Fifty years of continuous corn research: What have we learned? (Larry Bundy)



LUNCHEON SPEAKER @ 12:15pm
"Improving Cellulosic Biomass Production"

Natalia de Leon Gatti
Great Lakes Bioenergy Research Center, UW-Madison

The Arlington Research Station is located on Hwy. 51, about 5 miles south of Arlington and 15 miles north of Madison. Watch for Field Day signs

For more information contact the Dept. of Agronomy 608/262-1390
or the Dept. of Soil Science 608/262-0485

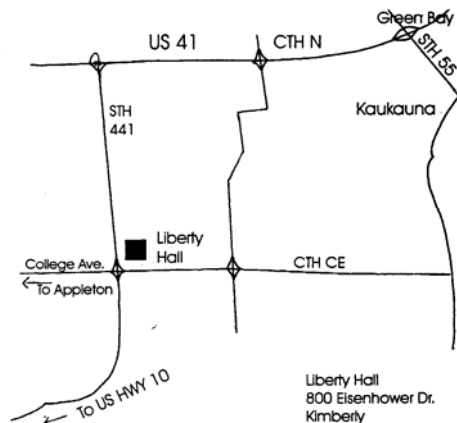
In the event of rain, presentations will be held inside.
Sponsored by the UW-Madison College of Agricultural and Life Sciences
and the UW Cooperative Extension

{Certified Crop Advisors: 3.5 CEU credits requested}

For more information, contact Matt Glewen,
Agriculture Agent, Calumet County, University of
Wisconsin-Extension at 920-849-1450 #2.

**Sponsored by UW-Extension Offices
in the following counties:**

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Door County – Fond du Lac County
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Marinette County – Oconto County
Outagamie County – Ozaukee County
Shawano County – Sheboygan County
Washington County – Waupaca County
Winnebago County



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United States Department of
Agriculture**

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persons without regard to race, color, ethnic
background or economic circumstances. Please make
requests for reasonable accommodations to ensure
access to educational programs as early as possible
preceding the event. Requests will be kept confidential.

**UW
Extension**

*Eastern Wisconsin
UW-Extension Presents:*

Farm Management Update Seminar



Friday, September 12, 2008

9:30 am

Liberty Hall

800 Eisenhower Drive

Kimberly, Wisconsin

(920) 731-0164

**Farm Management Update Seminar
Friday, September 12, 2008
Liberty Hall, Kimberly**

- 9:30 am Registration, milk, coffee, and rolls
- 10:00 am **"What's Happening to Commodity and Input Prices?"**
Someone has played fruit basket upset with prices! What's happened?
Where's it going?
– *Jim Cronin, Advanced Trading*
- 10:45 am **"Energy Costs—What Lies Ahead"**
An analysis of current and future price trends in the ag sector.
– *Scott Fenendael, Energy Specialist, Mid-County Coop*
- 11:15 am **"LGM for Dairy"**
The nuts and bolts of a new insurance program to insure gross margins
for dairy producers
– *Brian Gould, UW-Ag Economics*
– *Victor Cabrera, UW-Dairy Science*
- 12:00 noon Lunch
- 12:45 pm **"Feed Costs are Killing Me!"**
An update on the feed situation along with questions your clients should
be asking about feedstuff evaluation, least costing rations, and
protecting feed prices.
– *Randy Shaver, UW-Dairy Science*
- 1:30 pm **"Grazing vs. Conventional Dairying"**
A comparison of costs, profit margins, keys to look at with loan
applications, etc.
– *Nick Schneider, UW-Extension, Winnebago County*
- 2:00 pm **"How are We Dealing with the Challenges of Maintaining Lines
of Credit in the Current 'High \$' Environment?"**
Lender Panel: *Dave Kappelman, Premier Community Bank, Marion*
Jack Ourada, Citizens State Bank of Loyal
Gayle Olson, Greenstone Farm Credit Services
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**Farm Management Update
Seminar
Registration Form**

Name: _____

Business: _____

Address: _____

City: _____

Zip code: _____

Phone: _____

Registration fee: \$25 per person

Make check payable to:
UW-Extension

**Please mail this registration form &
check to:**

**UW-Extension
Attention: Connie
206 Court Street
Chilton, WI 53014-1127**

Registration deadline:
September 3, 2008