

Fairland Management Company

YOUR FARM REAL ESTATE PROFESSIONALS

CROP & WEATHER REPORT

June 12, 2019

GENERAL WEATHER FOR THIS AREA: We have continued to experience another wet spring in Southwestern Minnesota (SWMN). Persistent rainfall through May made it very difficult to complete corn planting and other field operations this spring. Many corn acres were not planted by May 31st, so many producers in SWMN, including several clients and tenants, took the Prevented Planting provision through the federal crop insurance program.

We received 3 to 5+ inches of rain from May 16th to June 11th. Fortunately, we have not experienced an extreme rainfall event (i.e. 5-10 inches) like we received last year (at least so far). Topsoil moisture levels are rated at 98% adequate to surplus in Minnesota. 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 7.98 inches as of June 1st. The historic average for this date is 6.77 inches (University of Minnesota Southwest Research and Outreach Center-SWROC-Lamberton).



Figure 1 - This is an example of the wet conditions in late-May as we were still trying to plant corn. The ponding water and dark areas are extremely wet and the lighter areas were not able to be planted amongst all of the wet areas throughout some fields.

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From May 16th- June 11th, daytime high temperatures have ranged from 76 to 93 degrees with overnight low temperatures from 43 to 68 degrees. We are currently at 407 Growing Degree Day (GDD) units, which is 102 units below the historical average at this point in the growing season (SWROC-Lamberton).

SOYBEANS: We have had much more success getting the soybean crop planted than the corn, as the first part of June was relatively dry. From June 1st to June 10th we received only a few tenths of precipitation, allowing for a nice window to plant the soybeans. As of June 10th, most of our clients' soybeans have been planted. Herbicide was applied right after planting on most fields to suppress weed development. There are only a few soybeans that have emerged in the region at this time.

USDA indicated that 60% of soybeans have been planted nationally as of June 9th. This compared to 92% a year ago. In Minnesota, 79% of the crop has been planted, as compared to 97% last year. Soybean planting was approximately two weeks behind last year, which was also behind average.



Figure 2 – This is a picture of a common occurrence this spring. The planter went down in a wet spot and had to be pulled out with the 4WD tractor on the left. You can see the producers working on cleaning the mud-filled seed drop tubes.

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CORN: There are thousands and thousands of acre in Minnesota and several million acres in the U.S. that were intended to be planted to corn that will not be in 2019 based upon the extreme wet conditions. As of June 9th, USDA estimates that nationally, 83% of corn acres have been planted. The five-year historical average is 99%. Almost 16% of the nation's corn was planted during the past week. In Minnesota, 92% of the corn has been planted. Corn yields will be reduced both statewide and nationally due to the wet conditions and late planting this spring. Nationally, the corn crop is rated as 59% good to excellent, which is significantly less than the rating of 78% last year. The corn rating in Minnesota is rated at 60% good to excellent.

The earliest planted corn in SWMN has emerged and the stands look okay, but there are certainly areas within fields that are drowned out or had reduced stand. On some farms, our tenants had to utilize rotary hoes to bust up crusted top soil to help with emergence. The wet conditions have also put a damper on herbicide, and in some cases fertilizer application. Fortunately, we have very good options for weed control in corn with many operators moving into a single post-emergent application.



Figure 3 - This is a large rotary hoe that can be used to aid in corn emergence by breaking up soil that has become “crusty” on top, or used to help dry out soil ahead of soybean planting, especially in a ridge-till system.

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REMARKS: The USDA Monthly Supply & Demand Report was released on Tuesday, June 11th. The report forecasted that U.S. farmers will plant 89.8 million acres versus 92.8 million acres of corn. The USDA also lowered the estimated nation yield from 176 bushels per acre to 166 bushels per acre. Based upon 82.4 million harvested acres of corn at 166.0 bushels per acre, national production would be 13.68 billion bushels of corn in 2019, down 1.35 billion bushels from 15 billion bushels estimated just this last month. USDA ending stocks for corn for 2019-2020 are estimated to be at 1.675 billion bushels, down 33% from the estimate last month.

The U.S. soybean production forecast is at 4.15 billion bushels (49.5 bushels per acre on 83.8 million harvested acres of soybeans). The USDA did not change estimated acres and yield from the May report. The soybean ending stocks for 2019-2020 are currently projected to be 1.045 billion bushels, similar to last year's carryout of 1.070 billion bushels, but much more than the 438 million bushels two years ago.

There are a lot of dynamics happening in the markets. On May 10th, the USDA had just released estimates of a large crop and grain prices were dropping, as corn prices were nearly \$3.25/bu and soybean prices \$7.00 per bushel. On May 28th, USDA estimated there were about 40 million acres of corn and 60 million acres of soybeans that still were not planted in the U.S., which is by far a record for that date that late in the season. By May 30th, corn prices were over \$4.00 per bushel for the first time since June 2014 and soybean prices back to nearly \$8.00 per bushel. We have continued to monitor the grain markets and reward the rallies with grain sales for our clients.

The USDA announced on May 23rd that there will be another Market Facilitation Program (MFP) in response to the continued trade war with China. The \$14.5 billion package to producers will be split into three rounds, with the first set of payments scheduled to arrive shortly after the acreage reporting deadline of July 15th. USDA indicated that the first funding should be the largest of the three potential payments. The second and third rounds are possible in November 2019 and January 2020, although these could be cancelled if there is a trade deal with China or if market prices increase enough to justify no more additional aid. We will continue to monitor and keep you posted. Thank you to those of you who returned your signed Adjusted Gross Income (AGI) forms to be eligible for these payments. For those of you who have not turned in your AGI forms, please do so as soon as possible.

It is hard to believe we are already in mid-June. Your tenants will be busy spraying, rock picking and side-dressing nitrogen over the next several weeks. We are busy working on acreage certifications with the Farm Service Agency (FSA) and crop insurance, processing Prevented Planting claims, settling crop expenses, making grain sales, updating projections, crop scouting, monitoring tile projects, and various other projects for our clients. With the late start to the growing season, we will all be playing "catch-up" for the balance of the year.

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Figure 4 - This is a picture of a tile plow installing plastic tile through a wet area. Given the weather patterns that we have experienced the past couple of years, having adequate drainage tile is becoming more and more critical. Farms with good drainage produce the best crops. Tile is the most important investment landowners can make in their farmland.

GROWING-DEGREE DAYS

<u>LOCATION</u>	<u>MAY 1, 2019 TO DATE INDICATED</u>	<u>TOTAL GROWING DEGREE DAYS</u>	<u>DEPARTURE FROM NORMAL</u>
Lamberton	6-10-2019	407	-102

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GRAIN MARKETS (June 11, 2019):

	<u>NEW VISION WINDOM</u>	<u>MAGNOLIA</u>	<u>POET ETHANOL BINGHAM LAKE</u>	<u>MINNESOTA SOYBEAN PROCESSORS BREWSTER</u>
Cash				
Corn	\$4.08	\$4.04	\$4.10	N/A
Soybeans	\$7.82	\$7.74	N/A	\$8.04
October				
Corn	\$4.11	\$4.09	\$4.13	N/A
Soybeans	\$7.97	\$8.02	N/A	\$8.12

RAINFALL (INCHES):

<u>COUNTY</u>	<u>CITY</u>	<u>MAY 15 - JUNE 11, 2019</u>	<u>MARCH 15 TO DATE- 2019</u>	<u>MARCH 15 - JUNE 15, 2018</u>
Cottonwood	Jeffers	4.37	10.66	9.41
Cottonwood	Windom	3.92	10.88	12.82
Jackson	Heron Lake	4.58	11.13	10.07
Jackson	Jackson	4.73	10.72	13.27
Martin	Trimont	4.95	10.83	12.38
Murray	Fulda	3.44	11.54	10.55
Murray	Slayton	2.97	11.68	8.04
Nobles	Round Lake	5.19	13.65	11.90
Nobles	Rushmore	4.99	12.86	11.78
Redwood	Redwood Falls	4.11	9.83	9.65
Rock	Magnolia	5.13	11.76	10.92

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