

Fairland Management Company

YOUR FARM REAL ESTATE PROFESSIONALS

CROP & WEATHER REPORT

August 15, 2019

GENERAL WEATHER FOR THIS AREA: Challenging and Frustrating. These might be the best two words that we can find to describe the weather and ag production during the past month, especially here in Southwestern Minnesota (SWMN). Just when the corn was starting to come around and begin to catch up, we experienced 50 to 75+ mile per hour winds on the morning of July 20th. This caused some significant green snap (stalk breakage) in the corn and it damaged/uprooted many trees throughout SWMN. On the evening of Saturday, August 10th, there was also a small tornado that went through part of the City of Windom, about 6 blocks north of the Fairland office. Fortunately, it was the very lowest rated category for a tornado and very little damage occurred in Windom and there was no damage at the Fairland office. Probably the most frustrating thing, however, was the USDA Monthly Supply and Demand Report released on August 12th that caused the corn market to decrease about 50 cents per bushel this week. This all being said, we are continuing to move forward and there are still many things to be thankful for despite the challenging environment this year.



Figure 1 - This is a field of corn northwest of Windom that was significantly impacted by green snap (also referred to as brittle snap) from the excessive winds on July 20th. The brown is corn stalks that have snapped and died. The patches are areas that were planted at a later date and not impacted as much from the winds based upon the stage of the crop. This is one of the worst cases we have observed and most fields look much better.

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We have received some beneficial rainfall in parts of SWMN in the past 30 days, but it has been scattered and some areas are drier than others. Fortunately, the Windom area and north/east has received about 3 to 4+ inches of rainfall. There are certainly some signs of dryness to the west/southwest of Windom, which has only received 2 to 3 inches of rain. That being said, we are not short of subsoil moisture at this time.

Daily high temperatures during the past 30 days have ranged from 92 degrees (on July 19th) to 70 degrees (on August 14th). Daily lows have ranged from 50 to 70 degrees. For the most part, temperatures have been comfortable, but not excessively warm. Interestingly enough, the change in temperature from about 110 degree heat index to 60 degrees on the morning of July 20th was one of the variables with the significant winds that swept through the area. Growing Degree Days (GDD) are about 80 units behind the historical average, which is just over a week, but we have gained some ground.

SOYBEANS: Development continues to lag behind in the soybeans. Nationally, 82% of the soybean crop was blooming, which is 11% behind the 5-year average. Pod set was at 54%, which is 22% behind the average. In Minnesota, 74% of the soybeans are setting pods, which is about 5 days behind the average according to the Minnesota Ag Statistics Service (MASS – 8/12/19). In Minnesota, 59% of the soybeans are rated good to excellent, which is 14% less than this point last year. Nationally, 54% of the soybean crop is good to excellent, down from 66% at this time last year. With the development being so far behind, we are more susceptible this year than usual to an early frost before reaching full maturity.

Soybean aphid levels have not quite reached economic threshold (250 per plant) yet, although levels are starting to build in certain areas and some producers are starting to spray. We anticipate we will either need to start treating for them in the next 10 days, or if levels do not reach economic threshold by August 26th, we might be able to avoid spraying some fields this year. We are going to experiment with at least one new product on a few fields that is supposed to control the aphids and be less harmful to the beneficial insects and bees. We will evaluate and see how it works and hopefully we can use it more in the future. Weed control in the soybeans is excellent in most fields, but we are seeing weed escapes (i.e. resistant waterhemp) in others. Unfortunately, there is not much more we can do at this point for weed control.

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Figure 2 - To close or not close, that is the question. The soybeans are noticeably shorter than normal this year and the rows are not fully closing in most cases. The jury is still out on whether fields with 30-inch rows will develop a full canopy this year. If not, it could allow for some late season weed development.

CORN: Nationally, 57% of the U.S. corn crop is rated good to excellent, which is much less than the 70% rating at this time last year. Minnesota's rating is at 56%, which is 21% below last year for this time period. In Minnesota, 30% of the corn is in the dough stage, which is 10 days behind last year and 8 days behind normal (MASS-8/12/19). Nationally, 39% of the corn crop is in the dough stage, which is 22% behind the 5-year average. The corn is more susceptible to an early frost than normal as well.

As we indicated, the big news in the corn crop was the green snap that occurred throughout much of the region on July 20th. Green snap is when the corn stalk breaks and essentially dies from that point up. For much of the corn, it snapped just above the ear, while some stalks broke right above the ground. Some corn withstood the 50-75 mph winds well, especially the corn planted in early May that had tasseled and established brace roots. The corn that was planted in mid-May that had significant growth in mid-July was probably hurt the worst, as it was in a "brittle" stage with the accelerated growth. The late planted corn (late May/early June) had mixed results, with some varieties/areas having more green snap than others. Maybe the worst part of the whole event is that we were just reaching the pollination stage. Corn can cross pollinate between plants (which is necessary for those plants that the stalks broke just above the ear and the tassel thus fell to the ground). That being said, those ears generally do not pollinate well and photosynthesis is not nearly as effective when so many of the leaves are removed from the plant.

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At this point, yield reduction could be anywhere from 0 to 50%. We are continuing to evaluate and will be reporting this to our clients with custom/crop-share leases in their next Crop and Weather Report.



Figure 3 - The two stalks on the left had green snap and the two on the right did not. The stalks broke off just above where the ear attaches to it (just below the words in photo). The two ears on the right are fully pollinated and about 6-7 inches in length. The two ears on the left are about 4 inches in length and only about 2 inches were pollinated.

REMARKS: The grain markets continue to be volatile. The USDA Monthly Supply and Demand Report released on August 12th was full of surprises. First of all, after 2 to 3 months of anticipation of a significant reduction in acres planted to corn in 2019, USDA did lower the estimated planted acres from 91.7 million acres, but only to 90 million acres nationwide. The market was anticipating it would be less than 88 million acres that were planted. Secondly, the market was anticipating after a 10 bushel per acre decrease in projected yield for 2019 in the July Report, that corn yield would decrease again. Instead, the USDA increased the projected national yield from 166 bu/acre to 169.5 bu/acre. The combination of increased planted acreage and higher projected yield equated to an increase in U.S. carryout (ending inventory) for 2019-2020 at 2.181 billion bushel, which is much larger than the estimated 1.62 billion bushels prior to the release of the report. Needless to say, the corn market was down the limit (25 cents) on Monday (8/12) and is down about 50 cents for the week and nearly \$1 per bushel from the high in late July.

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The USDA reduced estimated planted soybean acreage to 76.7 million acres, which is much less than the 81 million acres that were projected prior to the release of the report and nearly 12 million acres less than were planted last year. Estimated soybean production and carryout (ending inventory) decreased, but there was not enough of a decrease in supply/carryout to be able to push soybean prices higher, especially with the negative reaction to the corn price.

There has been quite a bit of controversy surrounding the planted corn acreage with respect to the fact that there were about 11 million acres of Prevented Planting reported. This implies that producers were planning on planting over 100 million acres of corn in March, when USDA reported that farmers were estimated to plant about 92.8 acres of corn in 2019. We believe that harvested acres and national yield will continue to decrease and that the corn and soybean prices will bounce back, although they might not get back to the levels we observed in mid-July at about \$4.50 per bushel of corn and \$8.40 per bushel of soybeans. We still have about 10% of the 2018 corn and soybeans on inventory and have sold about 10% of the 2019 corn.

As most of you have heard, President Trump announced on August 1st that the U.S. is going to apply a 10% tariff on another \$300 billion of Chinese goods because China has not moved to buy large amounts of ag products from the U.S. Based upon the aftermath, it appears that the trade war between the U.S. and China has escalated and there likely will not be a trade agreement anytime soon. As part of this process, the Trump Administration through the USDA announced another round of Market Facilitation Program (MFP) payments. If you may recall, the first MFP payments were made based upon \$1.63 per bushel of soybeans produced in 2018 and corn was paid \$0.01 per bushel. Based upon our clients' yields last fall, many of the payments equated to \$80 per soybean acre or \$40 per total acre (assuming an even corn (50%)/soybean (50%) rotation). This second round of MFP will be paid on cultivated acres. The payment rates will be about \$70-75 per acre in SWMN, with 50% (about \$35/acre) to be paid in the next 4-6 weeks as producers sign enrollment paperwork. We are working with the Farm Service Agency (FSA) to complete the paperwork on behalf of our clients. About 25% of the total payment will be paid out in November and the other 25% to be paid out in January. These last two payments will be made subject to the trade war still going on with China, but they seem likely at this point.

We finally finished seeding cover crops on the Prevented Planting acres on August 1st, certified those acres, and have received the last Prevented Planting crop insurance claims for our clients. We are processing those bills and paperwork, along with our other crop expenses/seed refunds that have been delayed with the delayed field operations. One positive aspect of the Prevented Planting is that we are able to install drainage tile in some of these fields in the "off-season", so hopefully we can avoid having to file Prevented Planting in the future.

We have continued to work on filing paperwork for cost-sharing or extensions to seed land in the Conservation Reserve Program (CRP) and the Conservation Reserve Enhancement Program (CREP). We have also filed some 1-year extensions for CRP contracts that are eligible and are conducting some required mowing/tree removal.

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Figure 4 - One of the benefits of the Prevented Planting claims and cover crops is the ability to install drainage tile this summer.

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	Aug 12, 2019	1,717	-78

GRAIN MARKETS (August 15, 2019):

	<u>NEW VISION WINDOM</u>	<u>MAGNOLIA</u>	<u>POET ETHANOL BINGHAM LAKE</u>	<u>MINNESOTA SOYBEAN PROCESSORS BREWSTER</u>
Cash				
Corn	3.60	3.65	3.51	N/A
Soybeans	7.81	7.75	N/A	8.01
October				
Corn	3.51	3.51	3.57	N/A
Soybeans	7.81	7.75	N/A	8.06

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RAINFALL (INCHES):

<u>COUNTY</u>	<u>CITY</u>	<u>JULY 16- AUGUST 15, 2019</u>	<u>MARCH 15 TO DATE- 2019</u>	<u>MARCH 15 TO DATE- 2018</u>
Cottonwood	Jeffers	3.44	19.93	22.16
Cottonwood	Windom	2.55	19.40	23.49
Jackson	Heron Lake	2.27	19.72	20.61
Jackson	Jackson	3.11	18.39	25.43
Martin	Trimont	3.51	18.83	23.71
Murray	Fulda	2.24	20.35	27.25
Murray	Slayton	3.40	19.80	26.00
Nobles	Round Lake	2.72	20.04	26.79
Nobles	Rushmore	2.40	20.41	25.44
Redwood	Redwood Falls	1.60	20.63	25.32
Rock	Magnolia	2.36	19.92	26.42

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