

Fairland Management Company

YOUR FARM REAL ESTATE PROFESSIONALS

CROP & WEATHER REPORT

May 15, 2020

GENERAL COMMENTS & WEATHER: *Best soil conditions at planting in the last 3-5 years! Record planting speed! Planted both crops the last two weeks of April! I had both crops planted before I even started last year! I was able to farm fence line to fence line without leaving ruts or going around wet spots this spring!* These are comments we heard as we traveled in our vehicles while monitoring field operations and planting this spring on our clients' farms. Thankfully, the weather this spring has offered the complete opposite of what we experienced during the last two years, and specifically the hardships that still linger in our minds from last spring when we witnessed many farms not planted and producers electing Prevented Planting provisions for these acres. With all of the negative news surrounding agriculture and COVID-19, farmers were in their "happy place" enjoying nearly perfect conditions with seeding the 2020 crop!



Figure 1 – The corn was planted at a record pace in April/early May and began to emerge in early May.

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Daytime high temperatures have been mixed over the last 30 days, but have primarily hovered in a range conducive for warming and drying the soils (50-85 degrees). This has provided an ideal seedbed for planting and initiating germination of corn and soybean seeds. The optimum soil temperature for corn germination is 50 degrees and for soybeans is 77 degrees. Daytime low temperatures have also fluctuated (33 to 48), including a few nights, the first two weeks of May where the temperature was threatening to drop below the freezing mark. Fortunately, we have avoided any extended low temperatures that could have had a negative impact on yield potential. The soil temperature at the 2-inch level has fluctuated between 50 and 70 degrees.

Fortunately, the snow that we received on April 12th disappeared very quickly, although we have received very little rain here in Southwestern Minnesota (SWMN) over the last 30 days. Most of our geographic area has received between 0.65 to 1.39 inch of rainfall during the last few days of April and first 7 to 10 days of May. The rainfall arrived after the conclusion of planting the corn crop and the majority of the soybeans. Both topsoil and subsoil moisture levels are in very good shape at this time.

SOYBEANS: We initiated soybean planting around April 25th and almost all of the planting was completed on our clients' farms by the end of the first week of May. More soybeans were planted in April this year than any previous year. In Minnesota, USDA indicated 57% of the crop had been planted as of May 11th. In comparison, only 2% of the crop had been planted by this date last year. Planting was at a pace of 25 days ahead of last year and 9 days ahead of average in the State. USDA has indicated that 38% of the U.S. crop had been planted as of May 10th, compared to 8% at this time last year and the 5-year average of 23%. Dry conditions allowed timely applications of herbicides immediately following planting. Rainfall was beneficial for herbicide movement into the soil profile and soybean seed germination.



Figure 2 - We are starting to see soybeans poke their cotyledons above the soil surface as of the writing of this report.

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CORN: Wow, that was a fast planting with ideal soil conditions. After the snowfall on April 12th, the snow disappeared quickly and planting began on April 20th, and was completed by the end of April for the most part. As of May 11th, USDA indicated that Minnesota's statewide corn planting progress was 89% completed, remaining nearly a month ahead of last year and 2 weeks ahead of the 5-year average. From a U.S. perspective, 67% of the crop had been completed by May 11th. This is compared to 28% last year and a 5-year average of 56%. Corn emergence reached 32%, which is 19 days ahead of last year and 6 days ahead of average!

Ideal conditions following corn planting also allowed applications of herbicides to be conducted in a timely manner. The herbicides should do a great job again of controlling early season weeds. Emergence during some cooler than normal temperatures this past week has slowed growth, but should increase as warmer temperatures are predicted through this coming week.



Figure 3 – Corn planting is about to commence in the corner of this field. Like a race car at the start line of the Indy 500, corn planting started fast and ended strong this year!

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REMARKS: Here are some updates tied to agriculture with respect to COVID-19:

- Meat Processing/Livestock Production:
 - With employees working in close proximity of each other, the virus spread quickly within many meat processing facilities forcing partial or complete shutdowns at many plants throughout the nation. Locally, the JBS pork processing plant in Worthington was shut down completely on April 20th and partially reopened on May 6th. The JBS employs about 2,000 workers and processes nearly 20,000 pigs per day. Prime Pork in Windom was shut down in Windom from April 22-23rd. Closures were essential for employee safety and to allow for testing for the virus.
 - Unfortunately, the closures have had a ripple negative effect. Stopping the processing of market ready animals does not mean that livestock automatically stop eating and take a time out until plants reopen. It is comparable to shutting off the flow of water in a hose. One can shut off the water, but the flow will continue for some time. Many producers were faced with the decision to take steps to slow the rate of gain on their animals and depopulate animals and incur the financial loss in an effort to deal with the situation. We are aware of a site southeast of Worthington where a temporary site was established to compost hogs that were euthanized that should have instead been processed for food.
 - These meat plant closures/reduced processing has created a gap in supply at the retail level that has resulted in higher prices, reduced supplies/empty shelves, and rationing, which will have a long-term impact that could last 6-12 months.
- Ethanol:
 - U.S. ethanol production recently increased for the first time in eight weeks. Ethanol stocks declined for a second straight week, while gasoline demand improved for a fourth consecutive week. There are still many plants throughout the nation that have shut-down or dramatically scaled back production. The ethanol sector has a long road to recovery, but data signals the worst is in the past.

The USDA Monthly Supply and Demand was released on Tuesday, May 12th. The updated U.S. ending stocks estimates were bearish for corn and wheat, bullish for soybeans. Meanwhile, the world ending stocks estimates were bearish for corn and wheat, neutral for soybeans. Here are a few highlights from the report:

- **Corn:** The U.S. outlook for 2020/21 is for record high production and domestic use, greater exports, and larger ending stocks. The corn crop is projected at a record 16.0 billion bushels, with a yield projection of 178.5 bushels per acre. With total U.S. corn supply rising more than use, 2020/21 U.S. ending stocks are up 1.2 billion bushels from last year (2.098 to 3.318) and if realized would be the highest since 1987/88. Stocks relative to use at 22.4 percent would be the highest since 1992/93. With larger stocks relative to use, the season average farm price is projected at \$3.20 per bushel, down 40 cents from 2019/20 and the lowest since 2006/07.

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- Soybeans: The 2020/21 outlook for U.S. soybeans is for higher production, crush, exports, and lower ending stocks compared to 2019/20. The soybean crop is projected at 4.125 billion bushels, up 568 million from last year on increased acres and yields. U.S. ending stocks for 2020/21 are projected at 405 million bushels, down 175 million from the 2019/20 estimate. The 2020/21 U.S. season-average soybean price is projected at \$8.20 per bushel, down 30 cents from \$8.50 in 2019/20.

The current factors influencing daily commodity prices include news related to impacts of COVID-19 on the U.S. & world economies, implementation of Phase One of the trade deal with China, and weather amongst others. It appears there is more upside to soybean prices relative to corn for the near future. We will look for any opportunities to market your grain.



Figure 4 – All smiles was the theme while planting corn on a soon to sunny bluebird day during the third week of April. As you can see, soil conditions were extraordinary at planting on this farm.

GROWING-DEGREE DAYS

<u>LOCATION</u>	<u>MAY 1, 2020 TO DATE INDICATED</u>	<u>TOTAL GROWING DEGREE DAYS</u>	<u>DEPARTURE FROM NORMAL</u>
Lamberton	May 11, 2020	83	+14

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GRAIN MARKETS (May 13 , 2020):

	<u>NEW VISION WINDOM</u>	<u>MAGNOLIA</u>	<u>POET ETHANOL BINGHAM LAKE</u>	<u>MINNESOTA SOYBEAN PROCESSORS BREWSTER</u>
Cash				
Corn	\$2.76	\$2.77	\$2.75	N/A
Soybeans	\$7.87	\$7.94	N/A	\$8.09
October				
Corn	\$2.83	\$2.82	N/A	N/A
Soybeans	\$7.58	\$7.58	N/A	\$7.85

RAINFALL (INCHES):

<u>COUNTY</u>	<u>CITY</u>	<u>APRIL 16- May 12, 2020</u>	<u>MARCH 15 TO DATE- 2020</u>	<u>MARCH 15 TO DATE- 2019</u>
Cottonwood	Jeffers	0.89	2.79	6.39
Cottonwood	Windom	0.67	2.34	6.97
Jackson	Heron Lake	0.65	2.44	6.56
Jackson	Jackson	0.69	3.07	5.99
Martin	Trimont	0.86	3.54	5.90
Murray	Fulda	1.39	4.32	8.10
Murray	Slayton	1.16	3.67	8.71
Nobles	Round Lake	0.91	3.35	8.46
Nobles	Rushmore	1.10	3.48	7.87
Redwood	Redwood Falls	1.29	3.57	5.74
Rock	Magnolia	0.99	3.37	6.63

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