

Fairland Management Company

YOUR FARM REAL ESTATE PROFESSIONALS

CROP & WEATHER REPORT

July 15, 2020

GENERAL COMMENTS & WEATHER: The crop progression has been remarkable in Southwestern Minnesota (SWMN). The transformation that occurs across the countryside during this time of year is always amazing to watch. The corn has gone from waist high to over our heads and is tasseling. The soybeans have canopies closing and are in the middle of flowering. This is thanks to above average temperatures, abundant sunshine, and very timely, but somewhat sporadic rain showers.

From June 15th – July 14th, daytime high temperatures have ranged from 75 to 92 degrees with overnight low temperatures from 52 to 70 degrees. Total cumulative Growing Degree Days (GDD) are at 1,232 units, which is above the historical average of 1,169 GDD (Southwest Research and Outreach Center-SWROC).



Figure 1 – This is a great looking soybean field that is going to canopy soon.

Scattered rain has been the pattern so far this year. Every rain event has totals differing by as much as an inch from one town to the next. Some areas have received timely adequate rainfall and others are left wishing for more. Although sporadic, the whole region has received about 4-6 inches of rain during the past month, which has been enough rainfall to keep any drought potential at bay.

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The most significant rain event happened the last week of June just northeast of Luverne, with a few totals measuring 6+ inches. Some severe weather came through the area on the afternoon of July 11th with reports of damaging hail occurring in the area between Okabena (western Jackson County) and Brewster (eastern Nobles County). The hail was large enough to take a flourishing soybean crop and reduce it to almost nothing on several fields, as well as some damage to a few corn fields. Thankfully, it appears that the most severe portion of the storm remained in a narrow band.

In Minnesota, top soil moisture levels are currently rated at 91% adequate to surplus while subsoil moisture is rated at 93% adequate to surplus, per the United States Department of Agriculture (USDA).



Figure 2 – Not many soybeans are left after hail devastated this field southwest of Okabena, proving crop insurance is as important as ever with no other guarantees against extreme weather events.

SOYBEANS: The soybean crop in SWMN looks excellent! The USDA has reported that the Minnesota soybean crop is currently rated at 83% good to excellent, which is one of the highest ratings in the nation this year. The soybeans are nearly a foot taller than they were last year at this time and are developing on a closer to normal schedule than they have in the past couple of years.

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Herbicide applications in soybeans has been completed. Some fields did require an additional application of herbicide by mid-July. Several factors attributed to this including: herbicide resistance developing, early planting dates that created longer periods of time for weed development within the growing season, and the environmental conditions during and immediately following application. Weed pressure continues to be an issue and farmers are resorting to spot spraying or even cultivating to stay ahead of the problem. Overall, they are doing a good job of keeping weeds under control so far. Time will tell if there will be weed escapes yet this summer and if so, how significant. The only field operations that remain until harvest would be aphid and fungicide spraying. There are very few aphids at this time, but they generally develop and need treatment in early to mid-August. There is fungicide being applied to a few acres to try to protect yield potential.

CORN: The corn crop in Minnesota looks fantastic, as the USDA has the corn crop rated at 85% good to excellent, which is the highest rating in the nation. The majority of fields look even end-to-end and are starting to tassel. Officially, 21% of Minnesota corn is silking, which is 20% ahead of last year at this time and 6% ahead of average (USDA). We believe crop ratings should remain steady throughout the season barring any extreme changes in weather. Overall, the 2020 corn crop certainly has the potential to achieve an above average yield.



Figure 3 – Corn tasseling by the middle of July is a welcome sight in comparison to recent years. As you can see, the corn is even and has a nice, deep green color.

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REMARKS: It has been a very interesting month in the grain markets. Prices were relatively flat going into the 2020 Acreage and 2019 Quarterly Stocks Report on June 30th. Fortunately, USDA lowered its estimated 2020 corn acres from 97 million to 92 million acres, which was one of the largest decreases from the estimates in March to June and much less than the market was expecting. Although 2019 corn stocks were at 5.22 billion bushels, which was slightly higher than the pre-report market estimates, corn prices increased about 25 cents in 2 days to over \$3 per bushel. The USDA Monthly Supply and Demand was released on July 10th. The report implemented the 5 million acre decrease, which reduced the estimated 2020 U.S. corn production down almost 1 billion bushels to 15 billion bushels from the previous report. The updated ending stocks for the 2020 crop were therefore decreased to 2.6 billion down from the 3.3 billion a month ago. Although the USDA Report was pretty much as expected, the weather forecast for hot/dry conditions changed to less heat with more rain across the Corn Belt, and corn prices dropped about 25 cents by mid-July, almost back to where they were a month ago. Fortunately, we made a few 2019 corn sales during this relatively short-lived rally in the market.

The soybean market has not been quite as volatile. The 2020 USDA soybean acreage is estimated to be 83.8 million acres, which was a slight increase, but less than the market expected. The soybean market increased about 30 cents per bushel to over \$8.30 per bushel into early July. In the USDA Report on July 10th, estimated ending stock increased to 620 million bushels, up from 585 million bushels in June. The result of this, coupled with cooler/wetter weather in the forecast, was a reduction in price of about 25 cents per bushel back to around \$8 per bushel. We also made a couple of 2019 soybean sales within the strength in price. Soybean prices have increased some in the past few days and we still see more potential increase in soybean prices than corn prices at this point.

Our office continues to remain busy this summer. We have been marketing quite a bit of grain during the past month, and processing grain sales proceeds for our clients. Field scouting this season involved more cases of weed resistance and evaluations of different herbicide performances. Certifying acres at the Farm Service Agency (FSA) proved to be more cumbersome than normal with the added restrictions due to the Covid-19 pandemic. We appreciate the FSA's efforts to finalize certification before the July 15th deadline, so this information could be reported to our crop insurance agents in order to finalize coverage and premiums. Almost all of our clients that have an interest in the crop have now received the Coronavirus Food Assistance Program (CFAP) payments. We continue to work on enrollment and maintenance requirements (inter-seeding and weed/tree control) for the Conservation Reserve Program (CRP) and Conservation Reserve Enhancement Program (CREP). There are a few ongoing potential renewable energy projects in our area that we are still monitoring. We also have been working with several clients on estate settlements, property divisions, estate planning, and entity restructuring. It is hard to believe that half of 2020 is already over, but it has been a productive year despite all of the challenges so far!

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Figure 4 – Although these may look like colorful plants in the prairie, this is actually Wild Parsnip, which is a noxious weed. It continues to be difficult to control in road ditches, land in CRP, native prairies, and pastures. This weed has really flourished this year and has taken some time and effort to control.

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	July 13, 2020	1232	+63

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GRAIN MARKETS (July 15, 2020):

	<u>NEW VISION WINDOM</u>	<u>MAGNOLIA</u>	<u>POET ETHANOL BINGHAM LAKE</u>	<u>MINNESOTA SOYBEAN PROCESSORS BREWSTER</u>
Cash				
Corn	\$2.80	\$2.72	\$2.87	N/A
Soybeans	\$8.13	\$8.14	N/A	\$8.28
October				
Corn	\$2.87	\$2.82	\$2.92	N/A
Soybeans	\$8.05	\$8.03	N/A	\$8.23

RAINFALL (INCHES):

<u>COUNTY</u>	<u>CITY</u>	<u>JUNE 16- JULY 15, 2020</u>	<u>MARCH 15 TO DATE- 2020</u>	<u>MARCH 15 TO DATE- 2019</u>
Cottonwood	Jeffers	5.66	12.26	16.42
Cottonwood	Windom	4.74	11.15	16.79
Jackson	Heron Lake	6.00	13.11	17.44
Jackson	Jackson	4.82	12.31	15.21
Martin	Trimont	4.17	12.65	15.12
Murray	Fulda	4.58	15.61	18.08
Murray	Slayton	6.78	14.45	16.25
Nobles	Round Lake	4.61	12.81	17.30
Nobles	Rushmore	6.36	13.87	17.97
Redwood	Redwood Falls	4.61	11.30	19.00
Rock	Magnolia	6.59	13.36	17.51

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