

Fairland Management Company

YOUR FARM REAL ESTATE PROFESSIONALS

CROP & WEATHER REPORT

October 22, 2020

GENERAL COMMENTS & WEATHER: The landscape has changed a lot since our last Crop & Weather Report! Soybean harvest began in full force during the 3rd week of September and is wrapped up for the most part. Corn harvest began in early October and most of our clients' corn is harvested. Yields for both soybeans and corn are mostly above average with many individual field records. The high yields are pretty amazing considering how little moisture we have received in the area since the end of July.

The weather pattern over the past month has continued to be mostly dry. Soil conditions were so dry that producers had commented on the need to change tillage points on their chisel plows more frequently than normal. We did receive some welcomed precipitation during the past 10 days in Southwest Minnesota (SWMN). Unfortunately, some of the moisture was in the form of 3-5 inches of snow on October 20th, we are receiving freezing rain on the 22nd, and the forecast is for below freezing temperatures through the rest of October. It looks like we are going to have a cold/wet end to harvest. Hopefully, this is not the start of winter and weather conditions will moderate as we move into November so we can wrap up harvest, fertilizer application, and fall tillage.



Figure 1: Here is a combine harvesting soybeans in late September. This field, like many, had a record yield for the field. With the dry conditions, farmers had to monitor their equipment closely to prevent fires.

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We have received about 1 to 2 inches of moisture during the past 30 days. Daily high temperatures have ranged from 39 to 86 degrees with lows ranging from 22 to 29 degrees, as recorded at the Southwestern Research and Outreach Center (SWROC). Weather forecasts for the balance of October look to be for below average temperatures with above average precipitation for rain and/or snow. Again, conditions at this time are not perfect and there still are field operation to complete, but we are far ahead of last year's harvest that producers seem to be taking it in stride.

SOYBEANS: Soybean harvest began in earnest in the last half of September with excellent yields reported. The earlier maturing hybrids appear to have a yield advantage over the later maturing hybrids. We feel this was caused by the dryness in August and September combined with the growth stage of the plant. The majority of soybean yields have averaged from 50 to 70+ bushels per acre. We did have a significant band of hail that impacted several hundred acres of bean this summer. Yields off of these acres were in the 10-30 bushel per acre range.

According to the United States Department of Agriculture (USDA), 96% of the soybeans have been harvested in Minnesota as of October 19th. This compares to 42% in 2019 and 67% for the five year average. Overall, 75% of the United States soybeans have been harvested. The five year average nationwide is 58% harvested.



Figure 2: Here is some tillage being completed in some corn stalks in preparation for next year's soybean crop.

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CORN: The area had produced a fine corn crop for 2020. While not all of the corn has been harvested, yields appear to be above average with many fields averaging 200+ bushels per acre. An additional bonus is that the corn is very dry and we have not incurred much drying expense this year, which adds to the bottom line. Test weights have also been excellent with corn in the 58-60 pound range. There is still a significant amount tillage operations to complete on the corn acres, but we are confident that we will still get the weather conditions to complete this.

As of October 19th, Minnesota corn harvest is 63% complete (USDA). At the same time in 2019, we had 9% of the corn crop out. The five-year average is 29%, so you can get an understanding of how fast corn harvest has gone this year. The USDA indicates that across the United States 60% of the corn harvest is complete compared to 28 percent last year. Nationally, the five-year average is 43%.



Figure 3 – There is a reason that harvest progresses quickly when weather conditions allow. This combine is using a sixteen row corn head on this field of corn.

REMARKS: There were two major USDA Reports released during the past few weeks. The first was the Quarterly Ending Stocks report released on September 30th. There was some surprises in this report, as USDA lowered carryover from the 2019 crop. Corn stocks were reduced to below 2 billion bushels and soybeans to 523 million bushels. These reductions provided some more price support.

The USDA Monthly Supply and Demand Report was then released on October 9th. 2020 corn production estimates are 14.722 billion bushels which is 178 million bushels lower than the September report, as corn yield estimates were reduced by a tenth of a bushel to 178.4 bushels per acre. U.S. carryout was reduced to about 2.167 billion bushels, a reduction from 2.503 billion bushels as estimated in September. The USDA estimate of global ending stocks is 300.5 million metric tons, a reduction from September's report of 306.3 million metric tons.

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Soybean yield estimates were unchanged at 51.9 bushels per acre. Soybean production is estimated at 4.268 million bushels domestically, a reduction of 45 million bushels from September's estimate. The result was a reduction in U.S. carryover to 290 million bushels, which is about 5% of the estimated 2020 U.S. crop production. Worldwide soybean ending stocks are projected at 88.7 million metric tons as compared to September's estimate of 93.6 million metric tons.

Commodity prices remain bullish and corn and soybean prices have increased approximately \$0.50 and \$0.70 per bushel, respectively, from this time a month ago. Local soybean prices reached \$10 per bushel for the first time since 2016 and corn prices are back to levels in January 2020. Export volume remains strong with China being an aggressive buyer of US soybeans and corn. It was a bit surprising that the October USDA export estimates did not reflect this demand, leaving exports unchanged from September.



Figure 4 – With the good yields this year, corn piles are starting to show up at the local elevators. This is a picture of an excavator that was brought in to pile the corn higher than normal because of the amount of corn produced in SWMN this year!

Overall, there is a sense of optimism in production agriculture at this time. Good yields and higher prices have helped, as we have been selling grain into the price rallies. Government assistance programs have also infused much needed cash into the equation. We are in the midst of processing the second phase of the Coronavirus Food & Assistance Program (CFAP-2), which is projected to pay about \$40 per acre of corn and \$15 per acre of soybeans for the 2020 crop. Producers are also receiving approximately \$40-\$65 per acre for the Agricultural Risk Coverage (ARC-County) payments for the 2019 crop. Landowners are also receiving their annual Conservation Reserve Program (CRP) payments for the contracts for this past year. We have recently collected the 2nd half of the 2020 cash rent, are paying the 2nd half of the real estate taxes, and will be making distributions as well. We are coordinating fertilizer recommendations/applications/tillage and are also still planning to install some tile yet this year. It appears that it will be busy through the balance of 2020 for year-end closing. Overall, 2020 has had its challenges, but it has turned out to be a very successful year in ag production in SWMN. This is the last Crop & Weather Report for 2020. Take care and stay safe!

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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	September 28, 2020	2,597	+78

GRAIN MARKETS (October 21, 2020):

	<u>NEW VISION WINDOM</u>	<u>MAGNOLIA</u>	<u>POET ETHANOL BINGHAM LAKE</u>	<u>MINNESOTA SOYBEAN PROCESSORS BREWSTER</u>
Cash				
Corn	\$3.82	\$3.78	\$3.74	N/A
Soybeans	\$10.10	\$9.98	N/A	\$10.31
January				
Corn	\$3.87	\$3.82	\$3.87	N/A
Soybeans	\$10.10	\$10.09	N/A	\$10.31

RAINFALL (INCHES):

<u>COUNTY</u>	<u>CITY</u>	<u>SEPTEMBER 15- OCTOBER 20, 2020</u>	<u>MARCH 15 TO DATE- 2020</u>	<u>MARCH 15 TO DATE- 2019</u>
Cottonwood	Jeffers	1.60	19.70	30.47
Cottonwood	Windom	1.60	17.40	29.56
Jackson	Heron Lake	1.40	20.10	28.01
Jackson	Jackson	2.10	20.20	27.52
Martin	Trimont	2.00	21.20	28.44
Murray	Fulda	1.00	20.30	29.68
Murray	Slayton	1.00	21.70	29.72
Nobles	Round Lake	1.90	18.10	28.86
Nobles	Rushmore	1.30	18.50	31.07
Redwood	Redwood Falls	0.70	21.40	29.97
Rock	Magnolia	0.70	17.30	29.66

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