

Fairland Management Company

YOUR FARM REAL ESTATE PROFESSIONALS

CROP & WEATHER REPORT

May 13, 2021

GENERAL COMMENTS & WEATHER: Greetings! Welcome to another cropping season and we hope this correspondence finds you well. It has been a relatively decent spring, but it has been cold and dry so far. The daily low temperature has been just at or below freezing nearly half of the past month. Daily highs have been 10 or more degrees colder than the historical average on about 10 out of the past 30 days. We are already 19 Growing Degree Days behind the historical average at the early stages of the growing season (Southwestern Minnesota Research & Outreach Center- SWROC).

As far as moisture, it is as dry as we have observed at this time of the year for many years. Much of Southwestern Minnesota is currently rated abnormally dry to moderate drought. Although we had about 0.5 to 2 inches of rain in the past 30 days, we have not received hardly any rain in the month of May. One farmer put it best by saying, “we might be lucky it has been so cool, else the soil would be even drier if it was warmer.” There is some rain and warmer temperatures in the forecast into next week and we are keeping our fingers crossed.

We are pleased to report that the corn and soybean crops on our clients’ properties are planted and commodity prices continue to increase for the most part. Cash corn prices have risen from around \$2.60 per bushel in August 2020 to as high as \$7.45 per bushel recently. Soybean prices have strengthened from about \$7.90 per bushel to nearly \$16.75 per bushel during the same time frame. (No, these price ranges are not typos!)



Figure 1 – This is a 32 row planter in a corn field near Rushmore in Nobles County in early May. Soil conditions were excellent for planting this spring.

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CORN: The United States Department of Agriculture (USDA) Prospective Planting Report released on March 31st indicated that producers intend to plant 91.1 million acres of corn in the U.S. in 2021, which is up only slightly from 90.8 million acres planted to corn in 2020. We anticipate the acres planted to corn will increase more than this in 2021, especially based upon the rise in corn prices in the past month. This acreage estimate will be updated again in the USDA Acreage Report on June 30th.

The corn was planted on our clients' property from about mid-April into early May. About 67% of the U.S. corn and 85% of the corn in Minnesota was planted as of May 9th, which are both well ahead of the 5-year average. Unfortunately, emergence at 8% in Minnesota is behind nearly 20% compared to last year at this time.

The USDA monthly Supply & Demand Report just released on May 12th estimated that there are 1.26 billion bushels of U.S. corn ending stocks for the 2020 crop. This has decreased from 2.7 billion bushels as estimated by USDA back in August 2020. The initial USDA carryout estimate for the 2021 crop is 1.51 billion bushel. This was a little more than the market was anticipating, so the corn price decreased after the report. The safrinha corn crop in Brazil (which is double-cropped after the soybean harvest and used in the export market) was planted late and it is dry there, which will help provide support to the U.S. corn market, along with the dry conditions so far here in the U.S.

We still have a little 2020 crop to sell yet this spring. The 2021 corn recently hit \$6 per bushel and we made another grain sale for our clients. The 2022 corn price is now around \$4.50 per bushel and we may start making some initial sales for that year if/when corn prices reach \$5 per bushel.



Figure 2 – This is a field cultivator in Delafield Township in Jackson County. With the Global Positioning System (GPS), the tractor is set to sub-inch accuracy so that there is very little overlap for each pass through the field, which saves time and money.

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SOYBEANS: The soybeans were planted on our clients' properties from April 21st to May 10th. About 42% of the U.S. soybeans and 65% of the soybeans in Minnesota was planted as of May 9th. In Minnesota, that is 11% higher than last year and 40% ahead of the 5-year average. Probably one of the most interesting aspect of the planting season in SWMN this year was how many soybeans were planted by producers ahead of the corn. Many producers felt there was a yield potential advantage, although it has been pretty cool for soybean seed development during the past 3 weeks.

The USDA Prospective Planting Report estimated that producers in the U.S. intend to plant approximately 87.6 million acres of soybeans in 2021, which would be more than the 83.1 million acres that were planted last year. That being said, the market was and still is anticipating there will be more acres planted to soybeans yet in 2021. The USDA monthly Supply & Demand Report released on May 12th estimated a carryout in the U.S. of 120 million bushels for the 2020 crop and 140 million bushels for the 2021 crop (compared to 525 million bushels for the 2019 crop). The 2021 soybeans are currently around \$13.75 per bushel and 2022 soybeans about \$11.75 per bushel after the report. We will continue to make sales as we hit our price targets, hopefully above \$14 & \$12 per bushel, respectively.



Figure 3 – This is a coil roller that is being used in a field which is planted to soybeans this year. Because of the dry conditions, many producers rolled the corn stalks prior to planting to help pin the stalks down and allow the planter to work better.

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REMARKS: It continues to be interesting times, but things are going well in ag production in SWMN. We did not imagine that the ag economy would turn around so quickly in the past 9 months. Keep in mind a year ago because of the Covid-19 pandemic, demand from China was down, domestic food demand decreased, gas and thus ethanol demand was down significantly (crude oil was actually a negative price for a day), packing plants were being shut down and livestock being euthanized. Currently, more grain is being used domestically for feed and fuel. We are also exporting more grain, meat, and ethanol, especially to China, which has really helped push grain and meat prices higher. It is too early to start speculating how much impact all of this will have on land prices and 2022 cash rental rates. On the surface, it appears there will be increases for both going into this fall.

It has been a busy spring. We processed income tax forms and payments, collected cash rent and made distributions, finalized crop insurance policies, and paid the first half of the 2021 real estate taxes. We are finalizing projections/tax estimates, processing crop input bills, and working on capital improvement projects. Our clients that have an interest in the crop received their share of the \$20 per planted acre Coronavirus Food Assistance Program (CFAP-2.1). The Adjusted Gross Income (AGI) forms will soon be sent out to those of you that receive farm program payments, although there will be much less payments for the 2021 crop than the past few years because of the high grain prices.

We are looking forward to another successful cropping season in 2021! We will continue to provide this monthly report to keep you informed about crop production, grain marketing, government programs, land valuation, tax information, and the weather, all with respect to farmland in Southwestern Minnesota.



Figure 4 – This is a picture of two corn seedlings planted in late April (left) and mid-April (center) and a soybean seedling (right) planted on April 21st. Interestingly enough, the soybean is actually the closest to emerging, although neither the corn nor the soybeans have really emerged to date. We anticipate most of the corn and soybean crop will emerge in the next 7-10 days.

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GROWING-DEGREE DAYS

<u>LOCATION</u>	<u>MAY 1, 2021 TO DATE INDICATED</u>	<u>TOTAL GROWING DEGREE DAYS</u>	<u>DEPARTURE FROM NORMAL</u>
Lamberton	May 10, 2021	68	-19

GRAIN MARKETS (May 12, 2021):

	<u>NEW VISION WINDOM</u>	<u>MAGNOLIA</u>	<u>POET ETHANOL BINGHAM LAKE</u>	<u>MINNESOTA SOYBEAN PROCESSORS BREWSTER</u>
Cash				
Corn	\$7.32	\$7.28	\$7.30	N/A
Soybeans	\$16.69	\$16.65	N/A	\$16.87
October				
Corn	\$5.59	\$5.52	\$5.63	N/A
Soybeans	\$13.90	\$13.85	N/A	\$14.14

RAINFALL (INCHES):

<u>COUNTY</u>	<u>CITY</u>	<u>APRIL 16- May 12, 2021</u>	<u>MARCH 15 TO DATE- 2021</u>	<u>MARCH 15 TO DATE- 2020</u>
Cottonwood	Jeffers	0.5	2.0	2.79
Cottonwood	Windom	0.6	2.1	2.34
Jackson	Heron Lake	0.8	2.5	2.44
Jackson	Jackson	0.6	2.1	3.07
Martin	Trimont	1.9	3.5	3.54
Murray	Fulda	0.8	3.4	4.32
Murray	Slayton	0.5	2.8	3.67
Nobles	Round Lake	1.5	5.0	3.35
Nobles	Rushmore	1.3	4.8	3.48
Redwood	Redwood Falls	0.5	2.5	3.57
Rock	Magnolia	1.1	4.7	3.37

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