

Fairland Management Company

YOUR FARM REAL ESTATE PROFESSIONALS

CROP & WEATHER REPORT

October 20, 2021

GENERAL COMMENTS & WEATHER: Fall is here! It is that time of year again when we need to turn the heat on in the morning and switch to the air conditioner in the afternoon. Harvest is well under way, the dry conditions the last couple of weeks has allowed almost all of the soybeans in Southwestern Minnesota (SWMN) to be harvested and roughly half of the corn is taken out as well. The harvest progress has also brought a sigh of relief to the area farmers and yields have been much better than anticipated. But rising input costs have slightly dampened some of the optimism that high yields and high corn and soybean prices have cultivated.



Figure 1: With such good yields, sometimes unloading on the go into the grain cart just is not enough to keep the equipment moving. On longer rounds, the farmer has to be completely empty to be able to make it to the other end of the field before unloading on the way back.

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Now that the growing season is behind us and over half of the harvest is completed, we are able to take a better look at the weather pattern in 2021. The saying “rain makes grain” certainly holds true, but after this year, we are able to say that the *timeliness* of rain is almost more important than the total inches. Dry conditions early forced plants to develop a deep root system, allowing for greater nutrient uptake. Just enough moisture helped with pollination and late season moisture to add test weight. All of these factors contributed to a great growing season. With a majority of SWMN having a drought designation for much of the year, most people expected to have below average yields, so it is unbelievable what kind of crops were able to be grown. We may have lacked rain, but at least we had sunshine and heat, the Southwestern Research and Outreach Center (SWROC) recorded 2,742 Growing Degree Units (GDUs) that is 202 units above average.

In the past month, daily high temperatures have ranged from 55 to 91 degrees with lows ranging from 32 to 65 degrees, as recorded at SWROC. The remainder of the month has highs in the low 60s with lows around 40 with low chances of rain most days. Harvest should be able to wrap up in the coming weeks without many issues and tillage is following closely behind.



Figure 2; Soybean harvest went well this year when considering all the variables involved.

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SOYBEANS: Soybean harvest began in the middle of September and wrapped up the second week of October. The late season moisture really helped plant health, but when it came time to harvest, the soybeans were dry but the stems were still green. This is hard on equipment and slows the pace. The green stems are a sign of a healthy plant and along with that came healthy yields. The majority of soybean yields have averaged from about 50 to 70 bushels per acre, with a few fields in the 40s if in drier areas. The extra GDUs this summer seemed to reward those who planted later maturity seed, but the deciding factor came down to soil type and rainfall. The sandier soils did dry out and there was a yield reduction, but the heavy black soils saw some of the highest recorded per acre yields this year. According to the United States Department of Agriculture (USDA), 91% of the soybeans have been harvested in Minnesota as of October 18th. This is only three days behind last year, but a full two weeks ahead of average. Overall, 60% of the soybeans in the US have been harvested, just above the five-year average of 55% at this time of the year.

CORN: While we are currently in the middle of corn harvest, we are starting to see initial yields, and to say that we are pleasantly surprised would be an understatement. For those fields that were not hit by the wind event at the end of August that we reported on in our last Crop and Weather report, most are likely very happy with the results. Many fields are averaging 190-230 bushels per acre. Those with wind damage were still able to yield 150-175 bpa. The dry weather all year and windy conditions this fall has allowed the corn to be dry, most coming in at 16-18% moisture. Therefore, much of the budgeted drying expense will not be incurred this year. As of October 18th, Minnesota corn harvested is at 53%, two days behind last year but 11 days ahead of the average. Across the US, 52% of the corn harvest is complete compared to 57% last year. Nationally, the five-year average is 41%. (USDA)



Figure 3 – Combining down corn. Some producers could only combine one direction, some could only use a portion of the head, and some had to add mechanical help like the paddles shown above, all to pick up as many ears as possible.

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REMARKS: The USDA Monthly Supply and Demand Report was released on October 12th. The 2021 corn production estimate is 15.018 billion bushels, which is only 22 million bushels higher than the September report. Corn yield estimates were increased by two tenths of a bushel to 176.5 bushels per acre. U.S. carryout was increased to about 1.5 billion bushels, an increase from 1.408 billion bushels as estimated in September. The USDA estimate of global ending stocks is 301.7 million metric tons, an increase from September's report of 297.6 million metric tons.

Soybean yield estimates increased to 51.5 bushels per acre from 50.6 in September. Soybean production is estimated at 4.448 billion bushels domestically, an increase of 74 million bushels from September's estimate. The result to U.S. carryover was a large increase to 320 million bushels from 185 million in September. Worldwide soybean ending stocks are projected at 104.6 million metric tons as compared to September's estimate of 98.9 million metric tons.



Figure 4 – Fertilizer being spread on corn stalks. Those that were able to lock in lower prices over the summer did not have to alter plans such as going corn on corn.

Fertilizer prices continue their meteoric rise. Between fertilizer plants shutting down last month for hurricanes, to production issues due to rising energy costs in both Asia and Europe, it appears fertilizer supply will be tight well into 2022. The price hikes seem to be following the concern that there will be a lack of product come spring.

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Last month, this report alluded to 2022 prices crossing the \$200 threshold. Fertilizer prices are over \$50 to \$100 higher per acre than they were for the 2021 crop (up to \$200-\$250 per acre). Fortunately, we were able to book a lot of fertilizer and make some adjustments to the product rates to control cost increases as much as possible. We will continue to work through the situation as it develops into next spring to make sure all fertilizer needs are met.

As the 2021 crop year is coming to an end, everyone is breathing a deep sigh of relief. There are above average yields for the most part, corn and soybean prices are holding firm at over \$5 and \$12 respectively, and there is optimism looking forward. Here at Fairland, preparation for year-end has started. Because of the volatility in the fertilizer market, more prepaying is occurring to lock in prices and continued coordination for the application is happening as well. We recently sold some more 2021 soybeans and will continue to make more grain sales as the market dictates. Annual Conservation Reserve Program (CRP) payments on the contracts for this past year are being processed. The 2nd half of the cash rent has been collected, the 2nd half of the real estate taxes are being paid, and distributions will be made in the coming weeks. Installation of some drainage tile will happen yet this year. Overall it has been a unique year, but then again every year is unique in their own way when it comes to farming. This is the last Crop & Weather Report for 2021, thanks for following along with another successful cropping season!

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	September 30, 2021	2,742	+202

GRAIN MARKETS (October 20, 2020):

	<u>NEW VISION WINDOM</u>	<u>MAGNOLIA</u>	<u>POET ETHANOL BINGHAM LAKE</u>	<u>MINNESOTA SOYBEAN PROCESSORS BREWSTER</u>
Cash				
Corn	\$5.22	\$5.24	\$5.37	N/A
Soybeans	\$12.12	\$12.20	N/A	\$12.45
January				
Corn	\$5.32	\$5.22	\$5.45	N/A
Soybeans	\$12.28	\$12.43	N/A	\$12.55

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RAINFALL (INCHES):

<u>COUNTY</u>	<u>CITY</u>	SEPTEMBER 16- OCTOBER 20, <u>2021</u>	MARCH 15 TO DATE- <u>2021</u>	MARCH 15 TO DATE- <u>2020</u>
Cottonwood	Jeffers	2.10	16.80	19.70
Cottonwood	Windom	2.40	18.60	17.50
Jackson	Heron Lake	3.70	25.50	20.10
Jackson	Jackson	2.90	18.70	20.20
Martin	Trimont	2.10	18.60	21.50
Murray	Fulda	3.00	25.70	20.20
Murray	Slayton	3.80	22.80	21.50
Nobles	Round Lake	3.80	26.40	18.40
Nobles	Rushmore	2.30	27.70	18.60
Redwood	Redwood Falls	2.40	18.10	22.70
Rock	Magnolia	4.40	29.20	17.20

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