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**Harvest Price  
2020 Wheat**

**\$5.24**

**Inside this issue:**

- Fungicides and Insecticides - Does it pay to spray? **3**
- Burger King & GRSB backtrack **5**
- Challenges in Agriculture **6**

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**Volume 20 Issue 3**

**August 2020**

**Market Outlook**

The rest of this year could remain challenging for all agricultural commodities. The press has been loaded with reports of increased buying from China at historic levels, but prices have not responded. This is in part due to the burdensome supplies of nearly all commodities including the meat markets.

The economy, pandemic, unrest and increased competition from other countries have all played a role in this situation. Apart from a short dry spell in June, the weather has been very favorable across the nation this year. The percentage of crops that are rated as good to excellent are some of the highest in history.

**Corn**

This week the USDA listed US corn conditions as 72% good to excellent. This is up 3% from a week ago and 14% over last year. It is also 5% above the 5-year average at this point in maturity. The corn crop is nearing maturity, and little can happen to it at this point that would reduce yield substantially. Analysts suggest that this years rating would equate to around 3.6% above the 20-year trend line and a yield nationally of 182.5 bushels per acre.

Brazil is also expecting another big corn crop this year of over 100mmt. This is a historic volume of corn produced by Brazil as they have again added additional acres to their production. This country is second in corn production worldwide and the largest producer of soybeans in the world. China is their main buyer and has given preferential treatment to them over the past years.

The USDA projects this year's total supply

of corn in the US to be 17.273 billion bushels. After all uses and exports are calculated we expect a stock to use ratio of 18.1%. This would lead to an average on farm price of \$3.35 per bushel. Many analysts think that this number might be optimistic expecting a stocks to use of 19.5% and on farm prices for this marketing year of \$2.90 - \$3.30. It is nearly impossible to show a profit at these prices.

**Soybeans**

Late July and August rains have greatly improved the soybean prospects in 2020. Forecasters are predicting moderate temperatures for this fall with greater than normal moisture. These are all positive signs for the soybean crop. A good number of acres were switched from corn to soybeans this year due to economic factors thus giving us an increased supply of beans. This crop is well ahead of a year ago and is also ahead of the 5-year average. It is too early to come up with an expected yield at this time, but the prospects look very good.

The USDA is projecting our stocks to use ratio this year to fall to 9.8% which shows an increasing use of soybeans. However, the USDA also expects the on-farm price of beans to fall this marketing year to an average price of \$8.50 per bushel.

Brazil's estimated production of soybeans this spring was around 126 million metric tons, with yields in some areas averaging over 53 bushels per acre. We must remember that this country's seasons are just the opposite from ours. In September they will be planting soybeans for the 2021 growing season. All eyes will be on the weather conditions in South America as our crops are being

### Market Outlook (continued)

harvested and stored. A major disruption in their growing conditions could add value to our harvested crops.

#### Cattle

There are several factors that affect the cattle market. When you think you have a handle on the data a surprise can easily show up. From the low in April, feeder cattle and fat cattle prices have trended higher due to the increased demand for beef. Even though our slaughter numbers have not increased, the pounds of beef have due to increased slaughter weights. December live cattle contracts are currently over \$111 which is a remarkable recovery from \$89.25 on April 6.

My fear is: what will happen if the virus again requires the closing of the economy or the closing of slaughter facilities? If this happens the downside to this market could be as significant as it was this spring. These are things that we cannot control but we should be ready if they do happen.

Many producers are protecting themselves against this by utilizing LRP on their cattle to protect against falling prices. There are many different strategies that a producer can employ based on market conditions. Each operation's needs are different so blanket recommendations do not work. I strongly suggest that this tool needs to be used in these uncertain times.

The same process needs to be considered in all classes of cattle because fats, feeders, and cow-calf operations are all affected by these same factors in which we have no

control.

We are working with producers each day to develop plans that can protect these operations in the event of these losses. I would encourage all producers to visit with us and educate themselves on how these tools work and how they can be used in their operations.

I have been very impressed with cattle producers in general this spring as we went through the market crash. Many individuals looked at the opportunity to market a portion of their cattle differently and made arrangements to add value to their animals by processing or marketing livestock differently.

This outside the box thinking added significant returns to producers who were willing to go the extra step. Some producers went as far as to establish their own brands and market locally raised products to stores as well as to individuals when we had disruptions in our normal supply chains. I have yet to hear of a failure of persons marketing products this way. If all producers did this the market would instantly saturate but for those entrepreneurs who got in early this may become their new profit centers of the operation.

In general, the cattle industry is currently the brightest spot in the farm economy. It is important to protect ourselves against falling prices in case these conditions arise again. It will be tragic if we let modest profit potential turn into significant losses because we did not act.



#### Pasture, Rangeland, and Forage

**YOU CAN'T CONTROL THE WEATHER BUT .... YOU CAN BE PREPARED FOR IT!**



#### **PRF** NOVEMBER 15

Sales Closing  
Acreage Reporting Due



## Fungicides and Insecticides — Does it pay to spray?

With profit margins looking thin for both corn and soybeans, there is a temptation for many producers to avoid applying fungicides and insecticides. Is this a good decision or does it pay to spray?

Corn and soybeans both suffer from fungal diseases. Some years are worse than others so the producer must spend ample time scouting fields to see if pressure exists to the point of needing to apply a fungicide. We know research has shown that yields can be increased by 10-15 bushels by applying fungicides where there is limited disease and 15-30 bushels on corn that has a higher infection. The timing of application is critical. Most corn applications should be completed by early tassel for the best results. After this point of maturity, the effectiveness of applications can decrease substantially.

This year, as we scouted corn fields, we found only limited amounts of fungal diseases in our corn. We were prepared to spray corn at the start of tassel but we were in a severe dry spell at the time. These fields had been 30 days without rain and we were concerned more about pollination than with the low fungal pressure at that time. I made the call not to spray the corn due to the dry weather. A week after this decision we were blessed with some crop saving rains of 2-6 inches depend-

ing on the location. The decision had already been made and the optimal window to spray corn had come and gone. However, several of my neighbors did apply prior to the rains. Harvest time will tell who made the right decision.

Soybeans, on the other hand, are another story. Scouting fields this week we found some disease and insect pressure that was of concern.



This plant disease was identified as Septoria Brown Spot. This is a fairly common leaf disease that usually appears first on the lower leaves and moves upward as it progresses. Seldom does this disease cause yield loss-



### IMPORTANT

**If your farming entity has changed from last year either by death, divorce, or business type you must notify the office for a policy change immediately. Failure to do so could have serious implications for your crop coverage.**

**If you are unsure that your policy(s) correctly identify your entity type please contact the office as soon as possible.**

***(This also includes any SBI's listed on your policy)***

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 Livestock & Farm Protection

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## Fungicides and Insecticides (continued)

es but in this case, we saw considerable pressure in certain parts of the field where the disease had moved all the way to the upper parts of the plant.

What we didn't find was any Frogeye Leaf Spot or Brown Stem Rot. Both of these have been present in the past and have contributed to yield loss. A few years ago, we decided to spray fungicides on a portion of the bean acres and saw a positive response. We now budget for this application each year. On our farm we can usually expect to see a 5 to 7 bushel increase in soybean yield when fungicide is applied. In addition to the yield increase we also expect to see a better quality of bean.

When fungicide is applied, the plant stays healthier longer and spends its energy in producing seed, not fighting diseases. The plants will stay greener longer which may delay harvest a day or two but when you look in the tank, the beans will be of better quality.

Insecticides are usually included when fungicides are applied. With the generic products today, good control can be expected at a very reasonable cost. For the last several years producers have been very concerned about Japanese Leaf Beetles in both corn and soybeans. These insects can damage corn if the pressure is high at silk-

ing but yield damage is usually minimal. Soybean producers don't see a great problem until there is 50% defoliation.

Stink bugs, on the other hand, are a very damaging insect that can contribute to substantial yield losses in soybeans. These sucking insects feed on both the leaves and pods which can cause significant yield loss. The stink bug does the most damage when it feeds on the pod by piercing it and sucking the fluid from the developing bean. This feeding can cause the pod to harden and drop from the plant. Seeds that do survive will be shriveled, smaller, and discolored. This type of damage will lower the quality and the grade of soybeans. Even moderate pressure from this insect will make applying insecticide pay.

Applying fungicides and insecticides will have a positive return when looked at over a number of years but scouting and timing is everything. A fungicide applied too late or an insecticide that is applied after damage has occurred is a waste of money. However, if scouting identifies a problem then applications of these products are very beneficial. It is important to remember, if we can reduce stress on a plant, we can allow it to maximize grain fill by putting energy toward producing yield instead of recovering from injury and disease.



Japanese Leaf Beetle



Stink Bug



## **BEEF Daily** By Amanda Radke

### **Burger King & GRSB backtrack on flopped Cows Menu project**

*Reprinted with permission of the author*

Remember the uproar from a few weeks ago when Burger King came out with its new Cows Menu campaign, encouraging ranchers to plant lemongrass to reduce greenhouse gas emissions from beef cattle?

While the research on the benefits of lemongrass may be valid or worth exploring, the coinciding music video that depicted a young child wearing a gas mask surrounded by cattle and gassy fumes created quite the stir in the agricultural community.

And one had to wonder, what the heck was Burger King, along with the company's collaborate partners including the Global Roundtable for Sustainable Beef (GRSB) and Cargill, thinking?

After some major pushback, it looks like the company is backtracking on its initial campaign.

In a letter from Burger King and GRSB, we learn more about the study and the inconclusive results on lemongrass itself.

Fernando Machado, Restaurant Brands International global chief marketing officer, writes, "In launching this initiative, one of the most important things has always been that the findings be and remain open source. Why? Because it makes no sense to not share important findings that we believe can benefit both our industry and the planet.

"One such learning that we've come across is that not all lemongrass is created equal. When we replicated the Mexico study at UC Davis, the emission reduction was not statistically significant, so we decided to continue our partnership with a second research study and increased sample size.

"However, that test was extremely valuable in helping us measure the impact of various lemongrass varieties and narrow down the specifications to be used as a proposed additive in cow diets. The Burger King brand will continue to partner with UC Davis to learn and expand on the results."

I'm not against innovative research, but it's curious why the company would push forward with a marketing narrative that described lemongrass as the silver bullet to reduce greenhouse gas emissions.

Machado adds, "The Burger King brand has a playful, fun, self-deprecating tone of voice that some might say is a bit out there. That's one of the things our fans love about us. The brand doesn't take life too seriously and is always very playful. Our intention is never to offend anyone.

"However, we have received feedback from the producer community on their portrayal in certain elements and the fact that we made light of a serious topic by highlighting farts as a key message."

Burger King says they've made adjustments to the video, and that their true intention was to celebrate the sustainability efforts of farmers and ranchers.

Machado adds, "Regarding the farts, we understand that cows have complex digestive systems and as they digest their feed, they release significant quantities of methane mainly through burps and not farts. We took creative liberties in

## Burger King & GRSB backtrack on flopped Cows Menu project *(continued)*

the creation of our film. We now understand how this can mislead some guests and have adjusted some of our marketing materials accordingly to downplay facts and have a more serious tone.”

The letter ended with, “Most importantly though, our Cows Menu project is so much more than just this music video. The Burger King brand is committed to the simple principle of doing what’s right. As one of the largest quick service restaurant companies in the world, we have both the responsibility and opportunity to advance the issue of beef sustainability in the food service industry. Your partnership is deeply important to us. We appreciate and value farmers. We wouldn’t have a business without them.”

Burger King does get that last part right — as major beef customers, their brand was created around the iconic flame-grilled beef Whopper, which is supplied, of course, by the beef producers they beat up in this campaign.

In recent weeks, we’ve seen calls for producers to boycott this company. Now, I must say I really despise “cancel culture.” We also must remember that without these retailers, we lose an opportunity to market our product. So it’s essential to maintain relationships and ensure beef remains on the menu at all restaurant locations.

Yet, it’s really frustrating to see these companies align themselves with products like Impossible Foods, whose CEO says the ranching community will be obsolete in 15 years. I wonder how that Impossible Whopper is selling these days anyway? So what’s the best course of action? Boycott? Write letters? Call Burger King, Cargill and GRSB on their bull? That’s really up to you.

I don’t think there’s a one-sized-fits-all approach to advocacy, and you’ve got to check your gut and do what you think is the best way to build consumer relationships, grow trust with our customers and create long-lasting, mutually beneficial relationships with companies that value our products and services.

This is your livelihood and your product being disparaged, and at the very least, we need to stop this madness about cow farts when it arises in popular culture. It’s unfair, uncalled for, inaccurate and slander. It’s wrong and it’s a cheap shot against ranchers that leads to greater consumer confusion and guilt surrounding meat.

Now that I’ve got that off my chest, I may hit up Culver’s or maybe Domino’s. They really seem to love farmers and ranchers, and last I checked, they weren’t trying to tell agriculturalists how to do their jobs. Instead of a boycott, I think I’ll vote with my dollar and treat my family to supper at a retailer that loves beef and dairy producers and regularly shares its appreciation of what we do with their customers.

*The opinions of Amanda Radke are not necessarily those of beefmagazine.com or Farm Progress.*

## Challenges in Agriculture



Today we are faced with more changes in agriculture than ever before. The Corona virus has brought attention to the vulnerability of our entire economic, political and social systems. I have never seen a time in our country’s history when it was harder to get factual information. The air waves are filled with opinions, hate speech and dooms day profits all pushing a political agenda. Congress is giving away money it does not have to subsidize and encouraging unemployment. I just do not

get it.

What we must remember is that the virus is real. If it is as dangerous as we are led to believe is up for question, but the impact that it has on our economy is definitely felt throughout all of agriculture. Let’s look at one commodity and see what has happened.

In late January many producers, including myself, were looking at establishing a minimum price floor on our fall born calves for the August sales period. We were able to establish good profits, so we used the LRP

## Challenges in Agriculture (continued)

program to establish a minimum price of \$154.63 per cwt for our 750-800 pound calves. This market was based off the August 2020 feeder cattle futures contract.

The news in the weeks that followed was filled with virus stories that originated in China. The market reacted \$6 to the downside for next couple of weeks as the World Health Organization stumbled over the facts and politics of whether this was a serious issue or not.

The following weeks found that the virus was spreading over the world. Even though this news was negative, the markets rebounded about 50% of the previous losses. Then came the news of packing plant closures which caused the markets to free fall.

On April 10, the Aug 2020 feeder cattle futures had fallen to \$110. This was a \$44 drop in less than 90 days. This market move took unprotected producers from a profitable position to a very negative position in a matter of weeks. Since April 10, we have worked our way back to the \$140s. At this level producers are in a better position, but the threat is not gone.

This week we are hearing rumblings of how the virus is again spreading and the threat of businesses being forced to close yet again. If this happens should we expect different economic results? I don't think so. It is my fear that we will see disruptions in the supply chain yet again this fall. These disruptions will affect all livestock and other commodity prices. Today we are not at high prices, but we have


*By establishing a price floor of \$154.63/cwt I was able to protect myself from falling prices resulting from market disruptions. This kept the cattle in a profitable position for my operation.*

reached acceptable levels in most commodities with the exclusion of hogs.

Since the crisis, several producers have seen the opportunity and have opened smaller packing companies throughout the United States. Even here in Missouri there is news of new plants being built and reopening of existing plants to process beef. It needs to be understood that these plants cannot start to replace the supply of the big packers, but it does provide an emergency outlet in some cases. It is my hope that these plants can find a niche market and be successful.

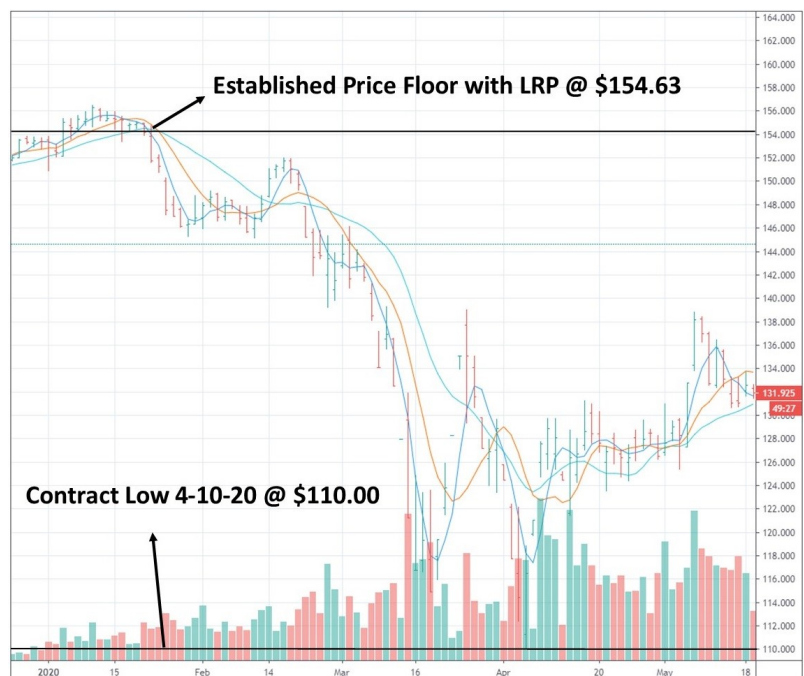
All livestock producers should be looking at LRP or other risk management tools in these uncertain times. Today it is my goal to establish price floors by using LRP on all my livestock when it can be done in a profitable position. If you have never used price protection products, I would encourage you to call our office and let us answer any questions that you might have. We have the expertise because we use them in our operations as well as in our customers operations daily.

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**Crop Insurance 2020**

**UPCOMING IMPORTANT DATES**

**September 1** - Premium due for Pasture, Rangeland, and Forage (PRF)

**September 14** - Harvest price set for Wheat (CBOT SEPT Contract)

**September 30** - SALES CLOSING DATE for Fall seeded crops (Wheat/Barley)  
(last date to get coverage, change coverage, add coverage, or cancel)

**October 31** - Harvest Price set for Corn/Grain Sorghum (CBOT DEC contract)

**October 31** - Harvest Price set for Soybeans (CBOT NOV contract)

**October 31** - FINAL PLANT date for Wheat (counties above the Missouri River)

**November 15** - Production Reporting Deadline for Fall Crops (Wheat/Barley)

**November 15** - FINAL PLANT date for Wheat (counties below the Missouri River)

**November 15** - SALES CLOSING / ACREAGE REPORTING deadline PRF  
(last date to get coverage, change coverage, add coverage, or cancel)

**November 30** - Acreage Reporting Deadline for Fall Crops (Wheat/Barley)



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