Gibson Insurance Group

"The Risk Management Specialists"

Come see us at the Ozark Fall FarmFest October 7-9 Ozark Empire Fairgrounds Springfield MO

Inside this issue:

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Crop Insurance 2022

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Corn Options

In most areas of Missouri the hot and dry conditions have taken their toll on crops. This leaves grain producers with decisions to make on how to salvage their crops and livestock producers on how to get enough feed for their animals.

Now, rainfall would be too late to do any good for the corn crop. That leaves us with the question as what options are available for this crop? In years like this we are all trying to figure out the best way to turn this crop into a salvagable product. The methods will vary from farm to farm based on your ability to handle the product and depending on how the drought effected your corn acres.

OPTIONS

Baling Dry Corn

We feel baling the corn to feed it is the least attractive option for livestock producers. Baling dry corn forage will be of a lesser feed value and may have greater nitrate problems than other forms of harvest. The nitrate level of the corn may fall as much as 50% during the ensiling process, but when corn is baled dry it does not have the moisture to make the nitrates change chemically. When feeding the dry product in an open pasture as much as 50% waste can be incurred because the cattle will not consume the dry stalks. They will pick through the leaves and leave the stalks as waste.

Livestock Grazing

Even if the corn is high in nitrate, this crop may be able to be grazed. The majority of the nitrate is in the lower 1 foot of the stalk, as a general rule. If feeding, test corn stalks for nitrate and manage accordingly. Cattle turned into a corn field will eat the leaves and shucks first and will not consume the stalk into the ground until they are forced to. This is the cheapest means of handling drought corn, but fencing and water supply can be an obstacle.

There are a couple of ways to graze the corn. One option is to strip graze the standing corn. This will help minimize trampling waste. You would want to give the cattle no more than a 2-day supply of fresh corn at a time. Each acre of standing corn that is 6 foot tall and tasseled should provide enough grazing for 100 cows for one day, or 435 square foot per cow.

Another way to graze the corn is to mow it into windrows. This will make it easier to fence into proper grazing areas. Trampling waste can also be reduced, but there could be some issues later on. If there is any remaining residue it could cause planting problems next spring. Also, since any remaining

Corn Options (continued)

residue will be concentrated in windrows it may not meet residue requirements for conservation purposes.

It is important to check with professionals prior to turning cattle into drought stressed crops. Your local extension office or livestock specialist are good resources for asking these questions.

Baling Wet Corn

Baling corn wet and then tubing the bales in plastic wrap is a good way to handle this feed. It captures enough moisture that the bales will ensile in the tube, nitrate levels will drop, and the stalks become more palatable for livestock. Baling this product between 50 - 60% moisture will help capture the best feed value and ensure the ensiling process.

Cutting for Silage

This is by far the best choice IF you are set up to handle a bulk product like this. Corn silage should be cut in the 60 - 70% moisture range if using a bag or pit silo and slightly drier if using an upright silo. Packing the silage tightly into an oxygen free environment is the key to a successful ensiling process. Research has shown that drought stricken corn can still have very similar feed value to well eared corn when put up in this manner. Like the ensiled bales, the nitrate level of the corn put in a silo properly could drop by half during the ensiling process.

Taking to Harvest

The last option is taking the corn to harvest. This in itself brings up additional problems with quality. Poor quality grain is hard to sell and never gets better in the bin. As you well know the test weight of this corn will be very low and will carry some significant discounts when marketed. On the bright side this is the easiest option to adjust, but we may miss some other marketing opportunities.

How does Crop Insurance work for this?

<u>You must notify our office of your intention to cut silage or destroy the crop BEFORE doing anything.</u> We will then contact an adjuster to make a field appraisal. At that time, the adjuster will guide you through the appraisal process. The adjuster will calculate an estimated yield and a farm appraisal will be signed. That yield will then be deducted from your guarantee and the claim will be processed. It is important that if you do not agree with the appraisal, do not sign it and call our office.

Once a final appraisal has been signed, the growing crop can be destroyed, grazed or cut for silage at the option of the producer. There is no charge or value held against the

Corn Options (continued)

forage standing in field, it is the producers crop to put to whatever alternate use they see fit other than to harvest for grain.

Silage or harvesting salvage corn is not for everyone, but it is important to look at the math.

Joe Farmer has a 125 bu APH and insures at 80% level.

His bushel guarantee is 100 bushels per acre times the minimum price of $5.90 per bushel or $590 per acre.

If his corn appraises at 10 bushel per acre he will be paid a minimum of $531 per acre from insurance.

If his corn made 6 ton of silage per acre at $60 per ton, he can add another $360 per acre for the crop harvested.

With this scenario Joe Farmer will net $531 from his crop insurance and an additional $360 from silage for a total return of $891 per acre.

2022 Initial Price Guarantees

Wheat
$7.16

Corn
$5.90

Milo
$5.88

Soybeans
$14.33

Value and Volume of Silage

According to an article written by Lester Vough, an extension forage crop specialist from Maryland, the value of drought stressed corn silage is nearly the same as well eared silage due to its higher protein and slightly lower TDN.

Iowa State and South Dakota University have both done research that shows the value of silage per ton should be 10 times the bushel price of corn. In other words if corn is selling for $6 per bushel then silage should be selling for $60 per ton. In our area, Central Missouri, $40 - 60 per ton seems to be the going rate depending on quality and amount of ears on the stalk. Ultimately prices will determined by geographic location and the demand from the dairy and beef industry.

If you are trying to guess the tonnage of silage for your fields, try this unscientific method. For every foot of plant height of barren (no ears) stalks figure 1 ton per acre. If your corn has little or no ears and is on average 6 foot tall then it should make 6 ton of silage per acre. The more ears and the more grain will increase tonnage considerably.

"If you do what you've always done, You'll always get what you've always got."

Ryan Olson "Brock Report"

Nutrient Loss from Silage Harvesting

One of the concerns producers have when harvesting silage is the amount of nutrients that are being taken from the land. According to a recent meeting regarding drought silage the following figures were presented.

For each ton of silage removed the following nutrients will be removed:

- *Nitrogen - 9.4 lbs*
- *Potash - 3.6 lbs*
- *Potassium - 9 lbs*

With the assumption that potash is $954 per ton, phosphate is $828 per ton, and nitrogen is $728 per ton, and the corn produces 6 ton of silage per acre, $54.72 of fertilizer will be removed from the field. In other words, at these prices $9.12 of fertilizer must be replaced for every ton of silage taken off of your field.

Many producers worry about the amount of nitrogen that is being taken off. To me this is not an issue because nitrogen does not attach to soil particles

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.

September 30 is the deadline for fall crops

Nutrient Loss from Silage Harvesting (continued)

and is very leachable. Even if we did not take the material off as silage we would still lose most of our nitrogen under normal winter conditions.

The best way to save this carry-over nitrogen is to plant a cover crop and tie it up in the plant over the winter. This can be done with various crops, including winter rye. If you are interested in cover crops there is a lot of material available and a lot of good research being done on this topic. I believe that, in the near future, cover crops will be an integral part of most farms nutrient management plans.

Know Your Costs

Over the last year, costs have risen substantially in the agriculture industry. Most of us now realize how much this year's crop cost to put into the ground. Producers had their planting budgets blown apart by the almost daily price increases of fuel, fertilizer, chemical, and equipment parts.

Now we need to sharpen our pencils once again and re-budget our expenses at harvest and not continue to use the figures we have used in the past. MinnStar Banks, out of Minnesota, recently wrote an interesting article that highlighted how fast costs are increasing. They sent out a survey in which 599 different professional farm operators responded with information to determine how costs have risen. They found that the cost increases from spring 2021 to 2022 were coming in at a 7% increase year based on $3.33 diesel fuel. As you are aware the cost of diesel has surged to nearly $5 per gallon, thus increasing our costs even more. Their survey found that for every $0.50 per gallon increase in fuel costs increased operation costs by 5%.

Let's look at what this alone does to the cost of harvest. In 2021, producers were reporting an average combine harvest rate at $37.00 per acre. If we just add fuel alone that would raise the 2022 rate to $42.55 per acre. Support vehicles and drying costs will also have increased by this margin, making the expense of harvest much greater this year. The increase in fuel costs has also affected the commercial trucking business where rates have increased from $0.59 per running mile to as high as $1.026 per running mile, thus increasing the costs of moving harvested grain to market.

Know Your Costs (continued)

Below are a list of custom farming rates based on the 2022 Iowa custom farming rate survey.

	$3.33 Diesel *per acre cost*	$5.00 Diesel *per acre cost*
Corn custom machine rate	130	151.71
Soybean custom machine rate	120	140
Chisel plow	18	21.06
Disk	16	18.67
Plant	24	28.01
Soybean Drill	20	23.34
Crop Spay	8	9.34
Combine	37	43.18
Hauling grain (5 miles or less)	.10/bu	0.117/bu
Hauling grain (5 -25 miles)	.16/bu	0.187/bu

Notice the effect of the increase in diesel fuel price on the costs of production. It's almost a 17% increase in costs. For a producer who had budgeted a specific return over cost based on $3.33 diesel and selling corn at $5.90 would now need to raise his corn price to $6.88 to achieve that same rate of return. Inflation will be with us for the foreseeable future in agriculture. After many years of very low inflation, we will need to check our costs closely to see that we are not operating at a loss. As landlords, don't be surprised if your tenants need to raise costs to reflect their costs of production. Failure to do so could adversely effect landlord tenant financial relationships.

TEXT ALERTS

Receive time sensitive and important information and updates regarding

LRP
Crop
PRF

Sign up today on the "Contact Us" page on our website

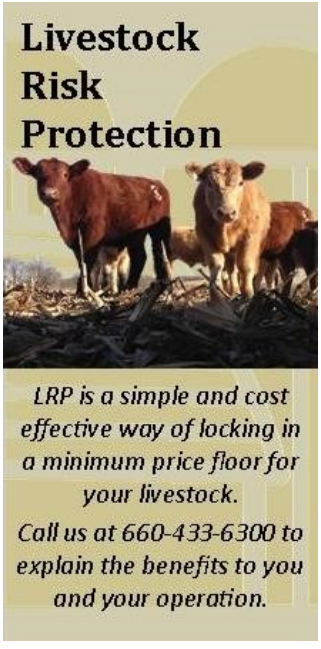
Contact our office if you have any questions.

Wheat After Corn

History shows that in years following a summer drought, we as farmers have a tendency to abandon our typical farm crop rotations and plant more wheat than we normally would. This was especially true before the crop insurance programs that we have today. One pitfall we need to watch is not to plant wheat behind corn if at all possible.

I remember well in 1980 following the drought most producers, including myself, planted a lot more wheat than normal. Many of us planted the majority of these acres following failed corn, or corn silage. First, we needed cash flow and wheat was the next crop that we could harvest after the drought. Secondly, we were in desperate need of livestock feed. *Sounds pretty similar to this year.*

In 1981 we had a very wet spring. Most producers in the area had a terrible time trying to harvest the wheat crop and many resorted to putting tracks on combines or just abandoning the crop. The wheat that was harvested contained



PRF Deadline December 1

Wheat After Corn

vomitoxins and had scab. In those days we did not have the knowledge nor the chemistry to handle the challenges that faced us so that crop turned into a failure as well.

Today we are better equipped and educated to handle these problems. Wheat has become an even more important crop in recent years with many producers choosing the importance of this crop over corn. When intensively managed and marketed ,wheat net returns could easily exceed the net returns of corn for many producers in the state .

One important thing to remember when planting wheat is not to abandon a good crop rotation. Corn and wheat are both members of the grass family. This is important because both of these crops share some common diseases. One such disease is head scab in wheat. This disease is always more prevalent when wheat is planted behind a corn crop.

Head scab is caused by a fungus called "fusarium graminearum" this is the same fungus that causes stalk and ear rot in corn. By planting wheat behind corn the odds of having disease problems with scab and vomitoxins increase considerably.

If you have to plant wheat behind corn here are a few tips that could pay big dividends next spring:

- Till the ground well and bury as much of the corn stubble as possible. This will reduce, but not eliminate the presence of this fungus .
- Choose a variety of wheat that is scab resistant. Choosing a scab resistant variety is always important but even more so when following corn. Talk to your seed supplier early and reserve seed that meets this criteria.
- Plan now to apply a fungicide on wheat during flowering to reduce the impact of the increased fungus pressure. Remember when we can see the damage to the wheat plant it is generally too late to spray so be proactive and prepared at flowering. This pressure will increase significantly if we have warm wet conditions during flowering.

On my operation I generally plan on 2 applications of fungicide. The first application is to protect the flag leaf and the second to protect the head from head scab. Multiple applications of fungicide does get expensive but for my operation the rewards seem to justify the cost.

Wheat diseases over the past 10 years have caused some producers to reduce the planting of this crop in their normal rotation, but by following these tips and good management practices most wheat diseases can be managed fairly well.

Double Crop Expansion

Earlier this summer the Biden administration, through USDA, expanded double crop coverage for soybeans and grain sorghum in response to shortages of wheat and other commodities caused by the war in Ukraine. Their hope is that farmers will plant wheat this fall and then follow that with soybeans next spring. This expansion includes all counties in Missouri that currently do not have double crop soybean coverage. It also expanded double crop coverage for grain sorghum in selected counties in central and western Missouri.

A producer wishing to obtain double crop coverage will have to a written agreement done before July 15. USDA/RMA has streamlined the process to make qualifying for coverage a lot easier and they are not requiring any past history of double crop. The rollout of this new coverage has happened so fast, we are still waiting on clarifications of the rules from RMA. If you are thinking of growing and insuring double crop soybeans or grain sorghum next year we urge you to contact our office so we can develop a plan to meet your operation's needs.

Corn Bushel Calculation

With the summer weather that most of the corn crop experienced there has been a lot of phone calls from producers asking for an appraisal from our adjusters to help them determine whether to harvest the crop for grain or to chop/bale it for forage. Here is an easy way for producers who want to get a good idea of what their corn yield could be. This formula is not a valid calculation for crop insurance purposes and is only intended for your use in yield estimation. However, you always have the right to have an adjuster come look at your crop.

Estimating Bushels per Acre / Corn

Pick and husk all the **harvestable** ears in a row sample that is 17 1/2 feet long. Weigh the good ears and multiply by **14.3** to get the estimated bushels per acre. (*This formula is based on 30" row spacing with 30% moisture or less)*

These are samples that were taken from one of our producer's fields. Using the method described above we picked all the ears from 2 separate 17.5 foot strips from that field. Pictured at top are the ears collected from each strip and below is the shucked ears from each sample. The circled ears are the harvestable ears for each sample. After weighing the harvestable ears and doing the calculation, Sample 1 gave us an estimate of 15.3 bushel per acre and Sample 2 gave us an estimate of 10.7 bushel per acre. Keep in mind that this is just an estimate of what this particular field could produce. Quality issues were not factored in and there could most certainly be some.

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Important Upcoming Dates and Reminders

1. **Harvest Price Discovery for Crop Insurance Coverage:** This period runs from October 1 to October 31 to determine the fall harvest price. Prices are based on the average of the CME's November soybean and December corn contracts. Policy guarantees will only change if the harvest price is higher than the spring price.
2. **Deadline for making changes to your 2023 Wheat insurance policy is September 30**. This includes adding eligible crops, coverage levels, entity changes, or any other policy changes.
3. **2022 Wheat production is due now!**
4. You are eligible to sign up for ACH payments to receive your indemnity payments. This can speed up the rate which you receive your payments. Contact our office to sign up.
5. Deadline to sign up or renew for PRF coverage is December 1.

Thank you for your business!

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