



ROCK COUNTY AG-NEWS

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507-283-1302

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Farm Service Agency
311 W. Gabrielson, Luverne
507-283-2369 ext. 2

Rock County LMO
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507-283-8862 ext. 3

Rock County NRCS
Natural Resource Conservation Service
311 W. Gabrielson, Luverne
507-283-9146 ext. 3

EXTENSION NEWS

2011 State Fair Livestock Results

The 2011 Minnesota State Fair has come and gone. We want to congratulate the 22 Rock County livestock exhibitors who participated at this year's Fair. Congratulations to purple ribbon winners **Dylan Gyberg** - black face market lamb and **Casey Klosterbuer** - crossbred winter dairy calf. And special congratulations to **Tommy Norman** for his champion prospect heifer calf. All state fair results are posted on the Rock County Website at www.extension.umn.edu/county/rock.

As autumn seems to have arrived, we hope all of you have bountiful and safe harvest!

Marketing For Success 2011 and 2012

David Bau, U of M Extension-Farm Business Management

I have completed a few talks on 2012 crop production costs. Fertilizer and other input costs will increase. I have operators complete an Acceptable Price Worksheet each crop year. This document examines corn and soybean production costs and compares them to yield and prices.



Preliminary numbers for 2012 indicate costs of \$4.70 per bushel for corn and \$12.35 for soybeans. These numbers account for all input costs, overhead expenses and a family living or labor charge. Current 2012 cash prices around \$6.00 for corn and \$13.00 for soybeans prices are above the breakeven numbers for 2012. Now is a good opportunity to look at pricing some of your 2012 production.

Why should I consider locking in 2012 prices?

- Historically in 7 out of 10 years in corn and 6 out of 10 years in soybeans, forward contracting locks in a better price than is available at harvest.
- Prices offered will ensure a profitable year in farming based on current expected costs and yields.

Why would I not lock in these profitable 2012 prices?

- I have been burned the last few years by forward contracting good prices that went much higher.
- I have already sold some 2012 production and do not feel comfortable marketing more than 25 percent of 2012 at this time.
- I do not have all of my 2012 production costs locked in. Many of my lease agreements are now on a yearly basis.

There are arguments on both sides of the decision to forward contract some of my 2012 production.

What can I do to help make the marketing decision more comfortable?

I can start by locking in as many of my input costs for 2012 as possible, negotiating my 2012 land rental agreements and locking in fuel and fertilizer costs. Once I have my input costs determined complete an acceptable price worksheet available in Excel at the following website: <http://swroc.cfans.umn.edu>, click under research and SW Minnesota Farm Business Management.

Another document that examines 2012 is an Operator's Cash Rent Worksheet when looking at 2012 numbers. My marketing group has done some marketing of 2012 crops at prices of \$4.00 cash for corn and \$11.50 for soybeans. Using these prices a farmer could pay rents of \$110 per acre for rent after paying projected input costs and receiving government payments. The worksheet assumed yields of 165 bushels of corn per acre at a \$4.00 price and 47 bushels of soybeans per acre priced at \$11.50. But using current prices of \$6.00 for corn and \$13.00 for soybeans and holding all other numbers constant the rental figure increases to \$310 per acre. So how can farmers afford a higher rental payment? They need to lower input costs, receive a higher yield or a higher price. Prices could be much lower at harvest, or they could be higher, if they are lower this will bring down the average price of grain sold, which would lower what would be available to go towards rent.

A farmer should not forward contract more than their insured bushels protected by crop insurance usually at the 65% to 75% level although some purchase up to 85% coverage. So a 75% of APH (Actual Production History) for the farms should be a good sales objective. If you are unable to produce these bushels, crop insurance will help paying off the contracted grain. But when do you actually set the price and how much do you forward contract? To price the grain before you have dealt with current crop and before the 2012 crop is planted is a tough decision.

This is where a marketing plan can have a major impact on farm profitability. Forward contracting grain at profitable levels is never a bad decision. Unfortunately for grain marketers who have forward contracted consistently from year to year, they received a lower price for crops as the market has rallied many times in the last few years. After record high prices like we saw in 2008, it is again hard to forward contract at prices lower than the previous year, but this is when forward contracting often pays off. We are currently close to record prices and this might be a great opportunity to lock in profitable prices above 2012 breakevens.

Management and Awareness of Feed Shrink as Important as Ever When Feeding Beef Cattle

Grant Crawford, U of M Extension-Feedlot Educator

Shrink can be described as the silent thief of feed, and if not managed properly can be the silent killer of cattle feeding profits. With feed prices at extreme highs, this topic is more important than ever. If we consider corn at \$7.00 per bushel or more, the cost for a typical feedlot ration is around \$250 per ton on a dry matter basis. At this price, a 1,000 head feedlot is feeding around \$2,600 worth of feed every day, or nearly one million dollars in feed per year. At these feed costs, a 5% reduction in feed shrink results in a nearly \$50,000 savings, or a nearly \$50 increase in annual return per head space. Even a moderate reduction of 2% will net \$15-20 per head space annually, which may be the difference between a net loss and a slight profit.



Shrink may occur in a variety of ways. It may occur before the feed even reaches your operation due to blowing away in the wind or moisture loss in transport to your operation. Most likely, however, shrink occurs at your operation due to evaporation, spoilage, spilling, pests, birds, rodents, and blowing or washing away. Shrink will vary based on the type of feedstuff, moisture level, storage facility, and season. Some typical ranges are 2-8% for dry grains, 4-9% for high moisture corn, 7-20% for dried distillers grains, 5-20% for modified and wet distillers grains, 5-20% for alfalfa hay, and 6-30% for corn silage. The wide range in these estimates illustrates the variability that may occur due to some of the factors listed above. In general, nearly all feed, even dry grains, will shrink at least 2% from what is purchased or harvested to what is loaded into the feeder wagon for feeding. The key beyond that is management to limit the amount of feed that is lost.

For fermented feeds such as corn silage, high moisture corn, alfalfa haylage, and earlage, one of the primary ways to limit feed shrink is through increased packing density. For example, researchers from New York estimated corn silage dry matter loss from a bunker silo at 180 days to be 20% when the silage was packed to a density of 10 pounds per cubic foot compared with a 10% loss when silage was packed at 22 pounds per cubic foot. Storage of these feeds should be at the proper moisture of 60-70% for corn silage, 60-65% for alfalfa haylage, 30-40% for corn earlage, and 26-32% for high moisture corn. Further suggestions for bunker silo management include feedout of at least 6-12 inches per day, with a feedout of 18 inches per day in warm weather.

Wind losses are particularly important in the windy conditions of southwest Minnesota, and are especially evident when grinding and storing dry hay. The best advice for this is to grind into a covered facility on calm days whenever possible. These are certainly not earth-shattering suggestions. However, research from Purina Mills estimates storage losses of chopped alfalfa hay from open, uncovered piles to be twice that of hay stored in a commodity shed. The actual figures used in this analysis were 5-10% shrink in a commodity shed and 10-20% shrink from an open pile. Using these figures, if alfalfa hay is valued at \$110/ton and you lose 20%, you now have hay that is \$138/ton, whereas with 10% loss, you have hay that is \$124/ton. Using these figures for a 1,000 head feedlot grinding 500 ton of hay per year, a shed would result in a savings of \$5,500 per year due to reduced shrink. Measuring shrink, or using reliable estimates, can be useful when determining the value of building a commodity shed to limit feed shrink.

Though we often measure shrink as feed weighed into storage minus feed weighed into feeder wagon prior to feeding, further shrink may occur upon delivery to the feed bunk. Cracked bunks or imprecise feed delivery can leave a visible sign of shrink--mounds of feed lying outside the bunk. This can add up over time, and with feed costs of \$250 per ton of dry matter can result in a significant source of lost profits. Practicing proper bunk management to limit feed wasted in the bunk is important as well. Most feeders practice some sort of bunk management system. A common system is the 0-4 scale developed by South Dakota researchers where 0 indicates no feed left in the bunk; ½ indicates scattered feed present, most of bunk surface is exposed; 1 indicates a uniform layer of feed, approximately one kernel deep, is present across the bottom of the bunk; 2 indicates 25-50% of feed remaining; 3 indicates greater than 50% of feed remaining but the feed crown is disturbed; and 4 indicates the feed is virtually untouched and the crown of feed is still noticeable. In a slick-bunk management system, feed deliveries are managed to allow for a daily call of around ½.

Equipment used for feed delivery and mixing should be assessed as well. Loader buckets should be solid with no cracks or holes. Feeder wagons should mix the feed properly to allow for the desired ration delivered to cattle.

Finally, a discussion on methods to reduce feed shrink would not be complete without mention of human error. Feed shrink is often a

result of hurrying to fill the feed wagon while spilling feed along the way, or hurrying to deliver feed while occasionally missing the bunk. This may save time, but at \$250 per ton of feed, the lost feed can easily negate any gains due to faster feed mixing and delivery.

Reducing shrink is not an easy fix, but can be managed through numerous practices during feed storage, loading, and feeding. Small reductions in shrink can result in relatively large returns, particularly with feed at extreme high prices.

Visit the U of M Beef Team's website at www.extension.umn.edu/beef or visit our Facebook page by searching for the University of Minnesota Beef Team for more information on this or other beef-related issues.

U of M Report: Net Worth of Minnesota Farms Grows

Check out this article at:

<http://blog.lib.umn.edu/umnnext/news/2011/08/u-of-m-report-net-worth-of-minnesota-farms-grows.php>

Hay Prices

Hay prices are now posted on the Rock County Extension website: <http://www.extension.umn.edu/county/Rock/news/September2011.pdf>. If you are unable to access the prices this way, please call the Extension Office (507-283-1302) for a paper copy.

FSA NEWS

Fraser Norton

Greetings

As soon as you become aware of a disaster or loss situation on your farm, or for that matter, anywhere else in the county, please notify the FSA Office. This is because it is very important that we get out there as soon as possible to document the situation and to take digital photographs. This data is essential if we later decide to apply for some sort of disaster assistance. Believe me, I learnt all about "disaster" during my time in Roseau County.



Please read the following message from the Secretary of Agriculture, which we have been asked to include in this month's newsletter.

Message from Secretary Vilsack

Some recent news stories have focused on suspicions and rumors about the Obama administration's work on agriculture. The truth is that the President, EPA Administrator Jackson and I are listening to farmers, ranchers and producers so we can be the best possible partner for successful operations. These efforts are helping farmers enjoy some of the best incomes they have seen in decades.

Sadly, rumors and misconceptions have become the norm, not the exception, especially when it comes to regulations and how they might affect our nation's producers.

First, it was that the Environmental Protection Agency (EPA) was considering treating spilled milk like an oil spill. Not true. And in terms of water regulations, EPA has made it clear that recent rules do not seek to regulate land that occasionally ponds during heavy rains.

Regulation of farm dust is another frequently repeated myth, based on a congressionally-mandated review that the EPA has conducted every 5 years for decades. We all know you can't farm without dust. And EPA has no plans to propose stricter standards.

And the Department of Transportation announced just last week that it has no intention of proposing any new regulations or rules on the

transport of agricultural products, farm machinery, or farm supplies to or from a farm.

Perhaps more importantly, the Obama Administration has worked to be the most accessible and collaborative in history. The President and I are listening to farmers, ranchers and other producers and actively collaborating across the federal government to help everyone understand the facts of American agriculture.

I maintain a regular dialogue with Lisa Jackson at EPA and we even visited farms in Iowa together. The collaborative partnership we enjoy is reflected in our policies: pursuing common-sense standards that will give farmers a seat at the table and let them make the decisions they feel are best for their own operations.

One result of this sort of collaboration is that in 2009 and 2010, the federal government issued fewer new rules than it did in 2007 and 2008.

As you hear from producers about their concerns, I know you will continue to be helpful in providing them with the information they need to help their operations succeed, and not to get caught up in rumor or exaggeration. And you should urge folks with additional questions to contact the EPA directly, where they should be able to get further help in separating fact from fiction.

EPA and USDA understand that if we are going to solve the major environmental challenges of our time – combating climate change, reducing soil erosion, and ensuring an ample supply of clean water and healthy food for our families – farmers must help lead the way.

Special Accommodations

Special accommodations will be made upon request for individuals with a disability, or impairment to their vision or hearing. Please make such requests to the FSA Office at 283-2369.

DCP/ACRE and CRP Payments

2011 final direct payments for the Direct and Counter-cyclical Payment (DCP) and Average Crop Revenue Election (ACRE) programs will be issued on or about October 7, 2011.

In addition, 2011 Conservation Reserve Program (CRP) annual rental payments will also be made during the month of October.

Important Forage Coverage Deadlines

To be eligible for most FSA disaster assistance programs, producers are required to obtain Federal Crop Insurance coverage, at least at the CAT level, on all insurable crops that are expected to contribute 5 percent or more of the total expected value of all crops grown by the producer; and also Noninsured Crop Disaster Assistance Program (NAP) coverage on all non-insurable crops, for which the producer expects to receive more than \$9,090 in revenue income.

Although there are two types of CAT level crop insurance coverage in Minnesota, only Multi Peril Crop Insurance (MPCI) is available to cover forage in Rock County. While September 30 is the MPCI sales closing date on forage production, March 15 is the forage seeding sales deadline.

NAP coverage is only extended to forage and pasture for which MPCI is not available. As such, September 30 is the sales closing date for NAP coverage on perennial forage crops, and March 15 the deadline for perennial forage pasture.

While there is no MPCI coverage on a small grain cover crop used to protect an insured forage seeding crop, there is also no NAP coverage available if the small grain cover crop is intended to be harvested as grain. Although these producers will still be eligible for the Supplemental Revenue Assistance Payments (SURE) crop disaster

program, their cover crop will not be counted as either revenue or in the SURE guarantee.

On the other hand, if the producer intends to harvest the small grain cover crop as forage, he must buy NAP coverage to be eligible for SURE. Producers, who buy NAP coverage on small grain forage, will still be covered even if they later harvest the crop as grain.

Finally, don't forget that Crop Insurance's small grains sales closing date for barley, oats and wheat is the same as that for corn and soybeans, namely March 15. Rye, the fourth small grain crop, is covered by NAP, with a sales deadline of September 1.

NAP #2

This is the second of two articles on the Noninsured Crop Disaster Assistance, or NAP Program. Last month I explained the program itself, as well as the application process. This month I will deal with NAP acreage, production and loss reporting.

To remain eligible for NAP, crop acreage information must be reported annually to the FSA Office by the earlier of July 15th, or 15 calendar days before the onset of harvest or grazing of the specific crop acreage being reported. It benefits producers to report crop acreage shortly after planting to ensure reporting deadlines are not missed and coverage is not lost.

In addition, production records for individual crops need to be filed with FSA to establish an approved NAP yield. If this is the first year that a producer is participating in NAP, they should provide production and acreage information from prior years to establish their yield. If they participated in NAP in previous years, they must report their production and acreage on a yearly basis to keep their yield up-to-date. Production information for each crop is due in the FSA Office prior to the following year's normal harvest time for that crop. However, it is strongly recommended that producers submit production records as soon as harvest is complete.

To report losses in a timely manner, producers must complete a Notice of Loss form for each crop within 15 days of the natural disaster, or the final planting date in the case of prevented planting, or the date loss becomes apparent, or the normal harvest date for the crop. An adjuster must document each loss condition.

Producers of hand harvested crops must notify the FSA Office within 15 days after harvest is completed and before destruction of the crop, so that an appraisal of the remaining production can be completed.

LMO NEWS

Doug Bos

Save Money on Fertilizer Costs

Solid manure can be a great source of nitrogen, phosphorus and potassium for your crops. Do you know how much of each are getting applied to your crop with each application? Knowing can save you money by purchasing less commercial fertilizer.



Rock County SWCD/Land Management has scale pads to weigh your solid manure spreader and can assist you with knowing how much you are applying per acre. If you operate a feedlot in the Rock River Watershed you may even be eligible for an incentive payment. If you would like to make an appointment to help calibrate your solid manure spreader please call our office at 507-283-8862 ext. 3

ROCK COUNTY AG-NEWS

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Address Service Requested

Upcoming Events

September

- 20..... Hispanic and Women Farmers Claims Process info meeting at FSA Office at 2:00 p.m.
- 27..... Hispanic and Women Farmers Claims Process info meeting at FSA Office at 2:00 p.m.
- 30..... 2011 ACRE crop prioritization deadline
- 30..... 2012 NAP Perennial Forage Crops sales deadline
- 30..... 2012 NAP Select Fruits and Vegetables (Asparagus, Strawberries, etc.) sales deadline
- 30..... 2012 NAP Wild Rice sales deadline
- 30..... 2012 FSA Disaster Assistance Program FCIC APH Forage Production sales deadline

October

- 10..... FSA Office closed for Columbus Day
- 31..... 2011 LIP notice of loss deadline
- 31..... 2011 ELAP notice of loss deadline

November

- 4..... County Committee Election Ballots mailed to voters in LAA #1
- 11..... Offices closed for Veteran's Day
- 20..... 2012 NAP Perennial Fruits and Vegetables sales deadline
- 24..... Offices closed for Thanksgiving Day

Ongoing

Continuous CRP signup

Latest Crop Updates and News

Corn production
<http://www.extension.umn.edu/Corn/>
Soybean production & pest management
<http://www.soybeans.umn.edu/home.htm>
Minnesota Crop News
<http://blog.lib.umn.edu/efans/cropnews/>
AgBuzz
<http://minnesotafarmguide.com/blog/>

Select Interest Rates for September 2011

	%
Farm Operating Loans - Direct	2.125
Farm Ownership Loans - Direct	4.625
Limited Resource Loans	5.000
Farm Ownership Loans - Direct Down Payment, Beginning Farmer/Rancher	1.500
Emergency Loans	3.750
Farm Storage Facility Loans - 7-year	1.875
Farm Storage Facility Loans - 10-year	2.500
Farm Storage Facility Loans - 12-year	2.875
Commodity Loans	1.125