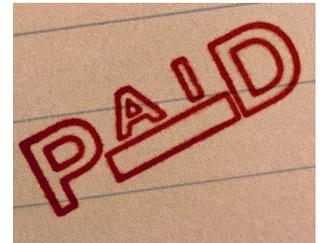


## Market Year Average Prices and the Farm Bill

Both the Price Loss Coverage Option (PLC) and the Agricultural Risk Coverage Option (ARC) rely on a USDA average price known as the Season Average, or Market Year Average (MYA), Price. This price has a lot of influence in the determination of a payment. USDA has created and reported this price for many years, so it is well established. It is important for farm bill commodity program participants to understand that their farm bill payments will not be based upon their actual prices received, or on the prices reported in the futures markets.

This MYA price is an annual administrative price that relies on many data points from key states and historical prices. The MYA price is intended to represent the average price received by farmers at the point of first sale. The MYA price will play a role in determining whether or not a payment is made in both the PLC and ARC-county programs.

In the case of the PLC payment determination, when the annual average (MYA) price falls below the statutory reference prices, a payment will be made. The per-bushel reference prices set in law for PLC are as follows: Corn \$3.70; Soybeans \$8.40; Grain sorghum \$3.95; and Wheat \$5.50. Payments are based on the difference between the reference price and the MYA price (if MYA is below the reference price and triggers a payment). That per-acre revenue difference is then multiplied by either the existing counter-cyclical yield, or the updated historical yield, on 85% of the crop's base acres to determine the payment. The PLC relies on the farm's yield history that FSA has on record. The ARC County payments do not rely on the farm's historic FSA yield.



“In the case of the ARC county option, the MYA price will be multiplied by the USDA-FSA county level yields across the last five years to begin that payment determination. This yield is not the existing or historical yield for the farm. In this program, the high and low county-level prices and yields within the five year period will be dropped out. The remaining 3 years of yields and MYA prices are averaged to create 5-year, Olympic averages. Revenue is calculated from the price and yield Olympic averages. Once this new revenue is reduced to 86 percent, the ARC County revenue guarantee is established. An ARC County payment will be made when the current program year revenue falls below the benchmark revenue. The program payments are limited to a maximum of 10 percent of this benchmark revenue. This is then applied to 85% of the base acres.”

Because this price concept is very important, USDA, FSA has posted recent MYA prices for all program crops on their website at [http://www.fsa.usda.gov/Internet/FSA\\_File/2014\\_mya.pdf](http://www.fsa.usda.gov/Internet/FSA_File/2014_mya.pdf).

In addition, Iowa State University Economist, Chad Hart has written a very easy to understand article on how these administrative prices are calculated. The article, from July 2014, is entitled USDA's Season-Average Commodity Prices and can be found on the internet at <http://www.extension.iastate.edu/agdm/crops/html/a2-15.html>.

If you have any questions, feel free to contact me, Mark Jenner, at (660) 679-4167 or [jennermw@missouri.edu](mailto:jennermw@missouri.edu), or your local MU Extension ag business specialist.

**Source:** *Mark Jenner, Ag Business Specialist*

## New Year's Resolutions for a successful Cow/Calf Enterprise in 2015 & beyond

For most in the cattle business, 2014 has been one of the best years you have ever had. We started the year off with strong prices and they just kept going, for the most part the weather was pretty decent; although a few spots were dry through the summer months, fall rains brought the grass back to life and put some hope in the heart, and we have all had an excellent fall/early winter as far as the weather goes.

Often times when things are going as they are right now, it is easy to fall into a rut and get a little lax in our management style when in reality that is when we should be stepping out on a limb and working towards improvement for the future when margins might be a little leaner. Look at the cropping situation for example, things have been quite well for grain crop producers for the last few years and they have used that to leverage themselves for the future with updated technology in areas such as machinery and plant genetics to improve efficiency as well as improving marketing strategies for leaner times that always seem to come sooner rather than later. Cattle men and women can do the same thing; herd genetics, land utilization and marketing strategies are a few good examples. Here a few things that cow calf producers should consider in the coming months to make the most of this year as well as better position themselves for tomorrow. Let's take this opportunity to briefly discuss a few things to consider throughout 2015 to better position our cow/ calf operations for the future.

**Look at your winter feeding expenses:** For many cow/calf operations, costs surrounding winter feeding of the cow herd are a big chunk of overall costs for the entire year. Winter feeding costs are also the category of expenses that has the most variance between operations from top to bottom in profitability, meaning that for most of us there is some room for improvement. Everyone realizes that it costs a lot of money to produce or buy and feed hay, however, many just chalk it up as a necessary evil and keep on going business as usual.

Improving pasture utilization could very well be a key to improved profitability in the future. As land prices continue to rise along with the costs

of growing, harvesting and feeding hay, working toward getting more out of what you already have is going to remain important. Taking steps such as subdividing pastures to increase pasture utilization and stockpiling of pasture for winter grazing could very well hold the key to increased profitability. Take a look at how many months out of the year you are feeding hay on a regular basis and ask yourself "What can I do to make my grass get me further into the winter?" In general, grazing standing forage is the cheapest way to feed the herd.

Standing cool season grass usually has adequate levels of protein and energy to meet the requirements of any animal with minimal trace mineral supplementation. Costs associated with supplementing poor quality hay are another sore spot in the profitability of cow/calf operations. Work toward matching the quality of hay you

feed to the needs of the animal you are feeding. This requires knowing the quality of your forage and the nutritional

requirements of the herd. I would encourage you to sort the hay you are feeding into groups by type and cutting date and then test each hay pile so you know just what you have. Justin Sexten, State Beef Nutrition Specialist once said "If you aren't testing your hay then you aren't serious about cutting your feed costs." He went on to suggest that it takes as little as 200 cow days to pay for the cost of testing your hay. This means that if you feed 1 cow it will take 200 days of feeding to pay for it, however, if you feed 200 head it will only take 1 day of feeding to justify the cost.

**Weed out problem cows:** The national cow herd is currently the smallest it has been in over 60 years. That along with demand for beef products has driven cull cow prices for slaughter to record high levels. Use this to your advantage and get rid of cows that don't fit your program. Open cows, those that don't wean a good calf and those with attitude problems should all be considered for culling. Granted, it is difficult to consider replacing those cows with young replacements priced the way they are right now but it costs about the same to carry a productive cow as it does a poor one and replacing those nonproductive females with cows that will produce is a strategic move towards a better herd in the future. **(continued on pg. 3)**

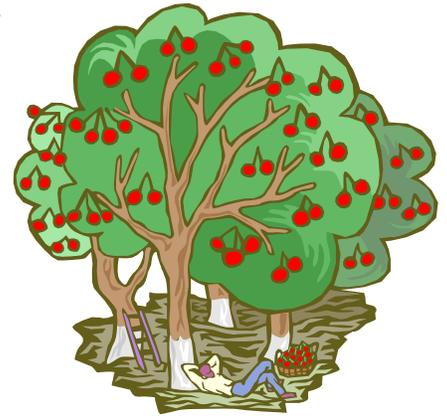


## Why Your Fruit & Nut Trees Don't Produce

Fruits and nuts (which are also a fruit) are the reproductive structures of a tree. Trees produce fruits and nuts to propagate their species. Successful fruit and nut production requires flowering, pollination, and fertilization. These are processes that trees must go through every year to reproduce. If any of these processes are disrupted, fruit and nut production will not happen. Sometimes these processes are disrupted by factors we cannot control. Most disruptions, however, can be avoided with careful planning and some minor manipulations. Here are the most common reasons why trees won't produce and what you can do about it:

1. **Immaturity** – Trees spend the first few years of their lives trying to establish a strong root system and aren't too worried about fruit production during that time. Fruit trees typically won't produce for the first 2 to 7 years, depending on species. Grafted pecan trees don't produce during the first 5-10 years and many native pecan trees don't produce until they are 15 years of age.
2. **Pollination** – This is the big one. Flowers must be pollinated to produce fruit. Pollination is usually accomplished by birds, bees, and wind and these elements must be present at the right time for trees to pollinate. Some trees are self-pollinating meaning that they have both male and female flowers or flowers with both male and female reproductive structures on the same tree that are capable of pollination. Some of these self-pollinating trees, such as many pecan varieties, have both male and female flowers but they bloom at different times, making self-pollination difficult. Some trees are gender-specific, meaning that an individual tree may have only male or female flowers and multiple trees are necessary to ensure that pollination takes place. Many trees, such as most apples, plums, and pears are not self-fruitful meaning they need pollen from a different variety (cross-pollination) to produce fruit. There are charts available showing the different pollination needs of various fruit and nut trees.
3. **Weather** – Trees need a certain amount of chill hours (consecutive hours where the temperature is below 45 degrees Fahrenheit) to produce fruit. However, too much cold can damage or kill buds that would have turned into flowers. Fruit production is also hurt when a late spring frost kills blooms or fruit that have already developed. Another issue is the weather conditions during bloom. If it's cold and rainy, the activity of pollinators will be limited.
4. **Pruning** – Regular pruned trees are more apt to produce quality fruit. See MU Extension guides on fruit and nut tree pruning.
5. **Spacing** – Trees must be placed close enough that they can cross-pollinate (50-100 feet) but not so close that they compete with each other for light, water, and nutrients.
6. **Soil Conditions** – In general, a well-draining soil with adequate levels of fertility is desired for maximum fruit production. Some fruit and nut trees are able to handle soils that stay a little wetter or a little drier but fertilization is an absolute necessity.
7. **Alternate Bearing** – Many fruit and nut trees have developed a cycle of alternate bearing, meaning that fruit or nut production is heavy in “on” years and nearly absent in “off”

years. During the “on” years the numbers of fruit can be so high that fruit size will remain small. Trees do this as sort of an internal conservation practice so they don't use up all of their resources. The best way to end this cycle is to utilize practices that promote plant health and moderate vigor such as pruning, spraying, irrigation, and adequate (but not too much) fertilization.



8. **Insects and Diseases** – Fruit and nut trees are susceptible to a great number of insects and diseases. Spraying is a requirement for producing quality fruit. Selection of varieties that are resistant to certain insects and diseases can reduce, but not eliminate, the need for spraying. MU Extension has a very handy guide called “Fruit Tree Spray Schedule for Homeowners”. Ask for it in your county extension office.

**Source:** *Travis Harper, Agronomy Specialist*

### (pg. 2 continued) News Year's Resolutions...

Some may not have a clue of which cows have had a calf when and just how well her calf performed. Developing a better identification and record keeping system is a good place to start. It doesn't need to be elaborate or expensive to be effective but it does have to have meaning to you the producer. The “Red Book” is a good place to start with record keeping. It is inexpensive and available through most extension offices and some feed dealers. As for guidelines, we want a cow to calve every 365 days and produce an acceptable calf at weaning.

**Invest in Genetics:** Let's switch gears and talk about bulls. Today, we have a world of information available on registered seedstock. DNA and Artificial Insemination technology have brought us leaps and bounds with producing predictable, high performing bulls in the last 10 years. Looking at and using EPD's are a big part of that improvement as well. When looking at bulls, look at the EPD profile and select bulls that will compliment your herd and goals. Look at conformation as well; a poorly structured bull will not hold up and could very well pass those issues along to his calves. It is a good idea to write down your philosophy and plan and stick with it.

Bull prices have been at all-time highs along with every other class of cattle. Semen prices on the other hand have remained relatively stable. Now might be a good time to consider using Artificial Insemination as a way to improve your herd. Synchronization protocols have taken a lot of the work out of AI and simplified the process and maintained a success rate of 60-70%. A big side benefit of embracing AI and synchronization is consistency of the calf crop. Having 60-70% of your cows conceive on the same day tightens up the calving window making for a more even set of calves at weaning time and consistency sells.

**Work towards a healthy herd:** Over the last several months, calves have easily been bringing over \$1000 per head. Losing a single calf or even having one get sick and lag behind the rest can get expensive at prices like that. Work with your veterinary to develop a herd health plan that will reduce losses associated with sick calves. A comprehensive herd health plan will involve a vaccination plan, maintaining proper nutrition within the herd, and good management in general.

**Develop a marketing plan:** Traditionally, cow/calf producers have been “price takers” meaning they take their calf crop to a sale facility and get whatever the buyers are willing to pay. This will always hold true for many producers. Today there are options available to help with pricing and if you are going the extra mile to produce a quality product, you owe it to yourself to try and get a better price for your calves. Information and a good reputation sell. Take advantage of programs available to sell your calf crop based upon vaccination protocol, feeding practices, or herd genetics. Although it is not a guarantee, it improves your odds of getting a better price.

Retaining ownership of those calves through the feedlot and onto the rail can open more avenues if you are willing to try it. Although traditionally reserved for producers who could put together large lots of cattle, programs such as the MO Steer Feedout and Quality Beef by the Numbers have allowed smaller producers to pool cattle together and get information back as well as add a marketing alternative. With lower feed costs and higher cattle like we are seeing now, it might be an option to consider for at least part of your calves in 2015.

All indicators suggest that the cattle market will remain strong throughout 2015. Unfortunately, there is no guarantee that it will shake out that way. Regardless of what happens, working towards better management and investing in the areas of feed costs, herd quality, animal health now will help out in the good times and make you shine in the not so good times. It is a never ending task and we are aiming at a moving target so it is difficult. There are people and resources available to help with decision making and give advice. MU Extension is here to help you with making improvements in your operation. Work with them, your vet, and others to develop a team approach for advice and guidance.

**Source:** *Andy McCorkill, Livestock Specialist*

