

Audrain County News

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<http://extension.missouri.edu/audrain>

September 2009

Upcoming Events

Oct. 17 – Chestnut Roast

MU Horticulture & Agroforestry Farm

New Franklin, MO. 10 a.m. to 4 p.m.

Lots of educational and family activities.

Details of the event can be found on the website

<http://www.centerforagroforestry.org/events/chestnut>

If you want a printed copy of the information call the office 581-3231.

Oct. 29 – Farm/Business Tax School - Wentzville, MO

Oct. 30 – Farm/Business Tax School – Columbia, MO

These schools are targeted towards tax preparers – self preparers, professional preparers and those working with tax issues.

(8 a.m. – registration, ends 4:50 p.m.)

The topics covered will include: New Tax Legislation and Court cases, Business Entities, Passenger Vehicle Maze, MO Dept. of Revenue, Agricultural Issues, Individual Tax Payer Issues, IRS issues.

The topics are the same, no matter which location you attend. It will be a long full day. Fee \$125 before Oct. 17th and an additional \$10 after Oct. 17th.

Wheat Variety Testing Books

are online at:

<http://agebb.missouri.edu/cropperf>

You may also get a copy by stopping by the Audrain Extension Center.

Corn Stalk Rots

By Laura Sweets, MU Plant Pathologist

Factors which stress corn during the growing season may contribute to an increase in stalk rots that season. This has certainly been a season of stresses for corn in Missouri with late planting due to wet soil conditions, flooding, cool temperatures, moisture

stress, heavy rains, some foliage diseases, etc.

Therefore, it would be wise to scout fields for corn stalk rots and to harvest fields with stalk rot problems as quickly as possible.

A number of different fungi and bacteria cause stalk rots of corn. Although many of these pathogens cause distinctive symptoms, there are also general symptoms which are common to all stalk rot diseases. Early symptoms, which occur a few weeks after pollination, usually start with premature dying of bottom leaves. Eventually, the entire plant may die and appear light green to gray. Diseased stalks usually begin losing firmness during August. The cells in the interior of the stalk are dissolved, resulting in a loss of stalk firmness and strength. Stalks may then lodge, particularly if harvest is delayed or wind storms occur.

Fusarium stalk rot and *Gibberella stalk rot* can be difficult to distinguish in the field. Both can cause a pink to reddish discoloration of diseased stalk tissue. Tufts of white mycelium may be evident at the nodes of diseased stalks. When stalks are split open the pith is usually shredded and discolored.

Anthracnose stalk rot, caused by the fungus *Colletotrichum graminicola*, may be most evident at the nodes. Initially lesions are tan to reddish-brown but they become shiny black later in the season. These shiny black lesions may begin at a node and extend out from that node. The lesions may merge to discolor much of the lower stalk tissue. Internal pith tissues may also be discolored and may disintegrate as disease progresses.

Diplodia stalk rot may begin as a brown to tan discoloration of the lower internodes. Stalks become spongy. The pith disintegrates leaving only the vascular bundles. Mats of white fungal growth of *Diplodia maydis* may be evident on affected tissues. *Diplodia* also produces fruiting bodies which may be seen as small black specks embedded in the white fungal mat. *Diplodia* also causes an ear rot of corn. *Diplodia ear rot* has already been found in fields across the state and *Diplodia stalk rot* could also be more widespread than normal this season.

Charcoal rot may begin as a root rot and move into the lower internodes of the stalks. Pith tissues will be shredded and plants may break at the crown. Charcoal

rot is usually more severe under hot, dry conditions, so it is not likely to be widespread this season.

Stalk rots are caused by several different fungi and bacteria which are part of the complex of microorganisms that decompose dead plant material in the soil. They survive from one growing season to the next in soil, in infested corn residues or on seed. Stalk rot pathogens enter the corn plant in a variety of ways.

The spores may be blown into the base of the leaf sheath where they may germinate and grow into the stalk. Spores may enter directly into a plant through wounds made by corn borers, hail or mechanical injury. When fungi are present in soil or infested residue as either spores or mycelium, they may infect the root system causing root rot early in the growing season and later grow up into the stalk causing stalk rot.

Stalk rot becomes a problem when plants are stressed during the grain filling stage of development. Water shortage, extended periods of cloudy weather, hail damage, corn borer infestation, low potassium in relation to nitrogen, leaf diseases and other stresses that occur in August and September may increase in stalk rot. Losses from stalk rots vary from season to season and from region to region. Yield losses of 10 to 20% may occur on susceptible hybrids. Losses greater than 50% have been reported in localized areas. Losses may be direct losses due to poor filling of the ears or lightweight and poorly finished ears or indirect through harvest losses because of stalk breakage or lodging. Harvest losses may be reduced if fields are scouted 40-60 days after pollination to check for symptoms of stalk rot. Stalk rot can be detected by either pinching stalks or pushing on stalks. If more than 10-15 percent of the stalks are rotted, the field should be harvested as soon as possible.

To manage stalk rots:

- Select hybrids with good stalk strength and lodging characteristics.
- Plant at recommended plant populations for that hybrid.
- Follow proper fertility practices.
- Avoid or minimize stress to corn (especially during pollination and grain fill).
- Harvest in a timely manner.



IRS Provides Guidance on 2009 Required Minimum Distribution Waiver Rule

By Roger McEowen, Iowa State University Center for Ag Law and Taxation

In late 2008, President Bush signed into law the Worker, Retiree, and Employer Recovery Act of 2008. The Act makes technical corrections to the Pension Protection Act of 2006 (PPA), and includes (among other things) a relief measure waiving the requirement that taxpayers age 70 and ½ and older must take a required minimum distribution in 2009.

The provision applies to IRAs and many (but not all) pension plans. Individuals withdrawing under the five-year method may also take advantage of the provision (i.e., the distribution can be waived for 2009 which effectively allows the distributions to be taken over six years rather than five). Also, for withdrawals made in 2009 (that are not an RMD for 2008), the withdrawn amounts can be rolled over into other eligible retirement plans with any untaxed portion of the withdrawal that is not rolled-over reported into gross income.

Now, IRS has provided relief for people who have already received a 2009 required minimum distribution. IRS says that individuals generally have until the later of Nov. 30, 2009, or 60 days after the date the distribution was received, to rollover the distribution. That means that taxpayers that have already received their 2009 distribution can roll it back into the plan tax-free.

IRS also provided guidance for retirement plan sponsors. In the Notice that IRS issued, they provided two sample plan amendments that plan sponsors may adopt or use to amend their plans to either stop or continue 2009 required minimum distributions. Both sample amendments provide that participants and beneficiaries can choose to receive or not to receive 2009 required minimum distributions. Also, both sample amendments allow the employer to offer direct rollover options of certain 2009 required minimum distributions. *Notice 2009-82 (Sept. 24, 2009).*

Decisive Marketing

By Melvin Brees, MU FAPRI Ag Economist

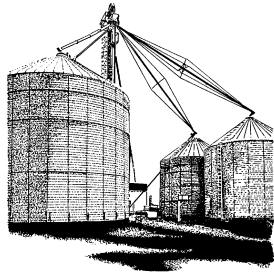
Harvest Time Market Signals

What are the markets going to do? That is a frequently asked question. While it is a serious question, it is always tempting to jokingly answer that the markets may go higher or they could go lower, but if they don't, they will probably stay about the same.

Markets are difficult to predict. Market analysts spend a lot of time and effort trying to predict prices. But changing events or expectations often produce prices much different than those that were predicted. The better questions to ask are: *What are the markets telling us? And how do I use that along with market outlook information?*

The USDA's September 11, 2009 supply/demand estimates included record new crop corn yields leading to record large total corn supplies and record soybean production. These projections were up from previous estimates and seem to follow the market adage that "big crops get bigger." Next month's estimates might be larger as well. But the crops are late and still subject to frost/freeze damage along with losses caused by delayed harvesting.

The large crop size is tempered by record expected 2009-10 use for both corn and soybeans. New crop corn projected ending stocks of 1.635 billion bushels are slightly lower than the current year's estimated ending stocks of 1.695 billion bushels. Soybean new crop ending stocks are only expected to increase to 220 million bushels from very tight current ending stocks of 110 million bushels. However, some market analysts have raised questions about the size of the demand estimates. The USDA expects increased domestic corn feed and ethanol use, but will feed use increase with a depressed livestock industry and increased DDGs available from increased ethanol production? Lower world coarse grain supplies support projections for increased corn exports, but world wheat supplies remain large and provide world feed use competition. Large soybean exports are expected to



continue with new crop export sales running at a record pace, but increased South American production will likely provide more competition by spring 2010 and could result in lower than expected exports.

The USDA's projected price ranges are from \$3.05 to \$3.65 for corn and from \$8.10 to \$10.10 for soybeans. The supply, use and price projections suggest that it would be reasonable for prices to follow a normal seasonal price pattern. This could mean lower price trends into harvest followed by a post-harvest price recovery. However, as pointed out, there are risks in these fundamental market factors. Following the USDA September reports, December 2009 corn futures prices have had a range of 38 cents per bushel and November soybeans a range of 84 cents. This price movement occurred in less than a week! A sharp price rally to limit or near limit price gains was triggered by weather forecasts of frost or freezing temperatures and fed by short futures position liquidations. The rally faded and prices slipped lower as the weather forecasts began to moderate.

The supply, demand and price uncertainty creates difficult circumstances for making harvest time sell or store marketing decisions. There are no guarantees, but looking at other market signals may provide some additional clues to guide these decisions.

The corn futures market is offering a storage premium or market carry. March 2010 corn futures prices have been more than thirteen cents higher than the nearby December 2009 contract prices.

The May 2010 corn futures prices have offered nine or more cents of additional carry. New crop cash bids in Central Missouri suggest that seasonal basis gains could add a possible ten to twenty cents to storage returns as well. The market appears to be signaling to store corn. However, understand that there is risk in storing corn without price protection. When the futures market offers carry it is also a weaker demand signal. Corn supplies appear to be more than adequate to meet demand. Buyers are content to not acquire corn for future needs by bidding up nearby contracts to acquire inventories. They are willing to let someone else own and store

the corn. Slower than expected demand or higher production could result in increasing carryover and disappointing prices, which would limit or eliminate storage returns.

The soybean market is providing much different market signals than the corn market. The November 2009 to January 2010 futures market carry (9-18-09) was only about three cents. The March 2010 futures prices offered a negative carry or storage penalty with prices about one cent lower than the January contract. Negative carry also occurred with the May futures contract prices. Central Missouri new crop cash soybean bids indicate harvest time basis is stronger (narrower) than in recent years. This suggests less potential for basis gains. The combination of small carry and limited basis potential are market signals that discourage storing of soybeans. However, the weak carry is also a strong demand signal. Soybean supplies are tight and demand is strong, so buyers want soybeans now and are bidding up prices to get them. They are less willing to pay someone to store soybeans, especially if there may be large South American supplies available next spring. Although the soybean market is sending sell signals for soybeans, understand that strong demand or less than expected production (US or South American) could lead to higher prices.

If a decision must be made between which crop to sell and which crop to store, the markets continue to say: store corn and sell soybeans. New crop cash corn bids are below USDA's price ranges at most Missouri locations. Current cash prices are also near or below breakeven level for many producers. But market carry and the potential for basis gains are offering storage returns for corn. Missouri new crop soybean cash bids are well within USDA's projected price range. Soybean prices are at profitable levels for most producers and any potential gains from storage appear limited at this time. Storing corn may avoid unattractive prices and selling soybeans captures profitable prices.

The decisions are never easy. Any additional weather scares, similar to what occurred during the past week, might offer opportunities to contract for harvest delivery or lock-in market carry on stored grain for late winter or spring delivery. Outside market factors (energy prices, dollar value, the

economy, etc.) also continue to influence market participants and could override current market signals.

If one or both crops are stored, understand the speculative risks associated with storing grain. Storing corn unprotected (without forward cash contract sales, hedges or option protection) is speculating on the carry remaining in the market at current or higher price levels along with an expected seasonal gain in basis. Storing soybeans with limited carry or basis gain potential is speculating on higher price levels. Remember that speculating on higher price can be accomplished by using futures or options and avoids the risk associated with storing cash grain.

Asking where the markets are going is not the question to ask because the answer is frequently wrong. It is usually better to ask: What are the markets telling us? Combining market outlook with market signals generally provides information needed for more successful marketing decisions. This, along with being prepared for changing market conditions, usually results in better outcomes than trying to outguess the markets.



CAUTION
Farm Safety Involves Everyone