

# Ag-Info

April - May 2008

**Northeast Missouri Agriculture Newsletter  
serving Clark, Knox, Lewis, Marion, Monroe,  
Pike, Ralls, and Shelby Counties**

## *Calendar of Events*

August 22 - 23

**Management Intensive Grazing School, Novelty**

**Alix Carpenter**

Agronomy Specialist  
University of Missouri Extension,  
Marion County  
Palmyra, MO 63461  
(573) 769-2177  
carpenterac@missouri.edu

**Karisha Devlin**

Agribusiness Specialist  
University of Missouri Extension,  
Knox County  
Edina, MO 63537  
(660) 397-2179  
devlink@missouri.edu

**Zac Erwin**

Livestock Specialist  
University of Missouri Extension,  
Lewis County  
Monticello, MO 63457  
(573) 767-5273  
erwinz@missouri.edu

**Al Kennett**

Livestock Specialist  
University of Missouri Extension,  
Ralls County  
New London, MO 63459  
(573) 985-3911  
kennetta@missouri.edu

University of Missouri,  
Lincoln University,  
U.S. Department of Agriculture  
& Local Extension  
Councils Cooperating

equal opportunity/ADA institutions

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# AGRONOMY NOTES

## Soybean Planting

According to the U.S. Department of Agriculture's National Agricultural Statistics Service, Missouri producers intend to plant 13% more soybeans in 2008 than 2007. This, combined with current weather conditions, will have serious implications for 2008 production. Current seed supplies also indicate that if replanting is necessary, seed may not be available; and most likely won't be available in the desired variety.

*Planting density* Soybean plant populations can cover a wide range without significant yield loss. At low populations, individual plants can compensate by producing increased yield per plant, resulting in a yield per acre similar to that achieved with a higher plant population. Uniformity of seed spacing does play an important role, however; plants can only fill in gaps, and optimize light interception, from a limited area. Early, uniform stand establishment is critical for early season weed control.

*Row spacing* Decreasing row spacing from 30 inches to 15 inches, or drilling soybeans, can lead to yield increases upwards of four bushels per acre. Narrowing row spacing also results in earlier canopy closure, which aids in the suppression of later season weeds.

*Weed control* Early, uniform stand establishment is critical for early season weed control. Early season weed control allows for early canopy development and closure; soybeans are particularly sensitive to early season weed competition, which can be minimized with the use of a preemergent herbicide.

*Planting date* Research generated in Columbia, Missouri shows a 3% decrease in yield at a May 15 planting date when compared to planting dates of mid-April through early May. Planting too early, on the other hand, may result in a less-than-optimal

Alix Carpenter

seedbed. Soils which are waterlogged, or with a temperature below 50°F, will result in poor germination and stand establishment. This year, the appropriate soybean planting date will most likely be dictated by environmental conditions, rather than the date on the calendar.

Of course, there are numerous other factors involved in maximizing soybean yield (variety selection, soil fertility and pH, SCN management), I am not discussing them at this time as these are factors which cannot be altered this close to planting season.

## Sudden Death Syndrome in Soybean

A problem in northeast Missouri, SDS (Sudden Death Syndrome) has the potential to be more severe this year than in the past several years.

Sudden Death Syndrome is caused by *Fusarium solani* f. sp. *glycines*, a fungus which lives in the soil and can infect soybean roots soon after emergence. The fungus grows into the roots, and occasionally into the lower stem. Under proper environmental conditions, SDS symptoms develop on leaves. Leaf symptoms are not expressed uniformly, and may appear only in one field, or certain areas within a field. Yield losses are typically most severe when foliar symptoms develop early, during early bloom stages.

SDS is most commonly seen in early beans, compacted soils, soils with a history of soybean cyst nematode, and fields planted during cool temperature, high moisture conditions.

There is no known control for SDS, other than planting varieties resistant to leaf symptoms. All currently available varieties are susceptible to root infection.

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# AG BUSINESS NOTES

## Managing Price Risk

It was the best of times; it was the worst of times. Many of you probably recognize that line from a novel by Charles Dickens. The line popped in my head when I began thinking about the current grain market. Although the prices have been great,

Karisha Devlin

producers need to rethink their grain marketing plan and risk management strategies. Many elevators have suspended the offering of most cash contracts (harvest delivery contracts, hedge-to-arrive contracts, etc.). Although some still continue to offer only basis contracts, this suspension of cash contracting has

not allowed producers to capture favorable prices as the futures markets have turned sharply lower. The recent record high grain prices have offered “never seen before” selling opportunities. But, the negative side is that grain buyers have been overwhelmed with margin calls on futures contracts. Among the tools elevators use to manage price risk in handling grain is hedging cash purchases with futures contracts. Grain purchased during last year’s harvest and early 2008 new crop forward contracted sales by producers was hedged by futures sales. As prices continued to rally toward record levels, this resulted in large margin requirements to cover the elevator’s futures positions. Although hedges are sound risk management practices, they resulted in cash flow deficiencies and large credit needs. The elevator borrowings have approached or exceeded lender limits, resulting in a very worrisome credit/cash flow squeeze. While lower prices may relieve the situation somewhat, large margin risk continues to exist in volatile futures markets with expanding daily limits. The elevators have been forced to stop the “cash bleeding” by suspending contracting of new crop sales by producers.

With cash contracts no longer available, producers’ alternatives for managing price risk are severely limited. In this situation, capturing favorable prices will likely require the use of futures or options. The problem with using futures is that producers will be faced with some of the same margin risks, along with large cash flow and credit needs, that elevators have been dealing with. Using options may avoid some of the margin and cash requirements, but option premiums are costly in volatile markets and some option strategies may still include futures margin obligations.

*Buying a put option effectively insures a futures price floor and is a relatively simple market strategy to use.* Purchasing a put option provides the right to sell a futures contract at a stated price (strike price) with no obligation to accept that as a final price or deliver the grain. A major advantage of purchasing the put option is that, since there is no performance obligation, there is no margin requirement. The only cash outlay is for the option premium (cost) and the broker fees. The net protected or “insured” futures price would be the put option’s strike price minus the option premium. The final net cash price would be determined by this insured futures price and the local basis. Since many elevators continue to offer basis contracts, the basis could also be locked-in with a basis contract if desired. However, due to expensive

option premiums and weak basis bids, the net protected cash price may be disappointing, especially after some of the recent lofty price bids near the record futures price highs.

*Strategies that combine buying and selling options may offer price risk management at lower net premium cost.* The objective of these strategies is to purchase a put option that provides a better level of price protection and then offset the premium cost by selling (writing) an OTM (out-of-the-money) option. There are a variety of combinations that involve purchasing puts and selling either OTM calls or OTM puts, depending upon market outlook and pricing objectives. These various option strategies along with the wide range of strike prices results in an almost endless number of possible combinations and strategies that might be used.

It is important to understand that the objective of most strategies that buy and sell options is to manage risk—they do not eliminate risk! Selling an option incurs an obligation that may require entering into a futures transaction, if the buyer exercises that option, and margin funds may be required. While the net premium cost can be reduced and margin requirements may be less, potential cash flow and credit needs can be significant.

The risk management squeeze on elevators has resulted in a shift of the risk management burden to producers. When cash contracts are not available, price risk management is still possible. However, it becomes much more complicated and costly for producers to accomplish. Net prices may also be less desirable and it will likely require additional cash flow planning along with the potential for increased credit needs. The more complex option strategies may include margin requirements and a thorough understanding of the various components of the strategy, or confidence in the skills of the person recommending them, is absolutely necessary.

### **By-The-Way**

This summer, the University of Missouri Extension will be updating the Cash Rental Rates Guidesheet. This guidesheet is updated by using a survey that is sent out to producers all over the state. In the next couple of months, some of you may receive this survey. Please take the time to fill it out and return it. Your input is extremely valuable in the process of updating our guidesheets!

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# LIVESTOCK NOTES

Zac Erwin

## Tips for a successful breeding season

Success is generally found in the details, and if you want to plan for a successful artificial insemination program paying careful attention to the details pays off. This article will outline several pre-breeding and breeding tips to increase your A.I. success. Most of this information is taken from Dr. David Patterson's requirements to participate in his timed A.I. research. Dr. Patterson is our State Extension Beef Reproduction Specialist. If you remember in previous articles Al Kennett discussed the results of Dr. Patterson's research which took place in this part of the state last year. And just as a reminder, Dr. Patterson and his crew achieved a 69% conception rate in the spring of '07. This information is geared toward a CIDR synchronization program with a Fixed Time Artificial Insemination date; however the guidelines can and should be followed regardless of the method of artificial insemination used.

1. Females should receive pre-breeding booster vaccinations and de-worming must be completed at least 30 days prior to CIDR insertion or planned breeding period.
2. The cow herd should be on average at least 65 days postpartum at the time of A.I.
3. Average body condition score should be at least 5.0 on a 1 to 9 point scale.
4. Cows should be on a steady to increasing plane of balanced nutrition and not consuming a diet or have free-choice access to feedstuffs containing 16% or greater protein.
5. If using Timed A.I.....Only sires proven to perform effectively in a fixed-time A.I. program should be used. (Recent research points to this having significant impacts on

conception rate. Your semen dealer should be able to help you identify these sires.)

6. Use 18 gauge 1.5" needles for any hormone shots (prostaglandin, GnRH) given in the muscle.
7. If using CIDRS, insert ONLY ONCE.
8. Cleanliness should not be overlooked. Technicians' hands and any applicators or materials used should be thoroughly washed clean of manure and dirt using a commercial sanitizer, i.e. Nolvasan or Chlorhexidine solution diluted in fresh clean water.
9. Cattle should not be transported at or immediately after A.I. Stress should always be minimized.

The last point is one that has been known to cause the biggest disappointments with conception rates. I have also recently been asked questions related to turning cows out to spring grass after insemination. Research supports that conception rate decreases if cows have been in a "dry lot" prior to synchronization/insemination then are turned out to spring grass immediately after insemination. I am referring to "dry lot" as a situation where the cow's diet consists mainly of stored forages (hay, silage, etc.). However the research says if the cow's diet consists mainly of spring grass prior to insemination then there were no effects. After talking with Dr. Patterson, he recommends that cows maintain a consistent diet for at least two to three weeks following insemination to lessen the chances of early embryonic mortality.

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# LIVESTOCK NOTES

Al Kennett

## Update on AI Fixed Time field Trials

You will remember that last spring and summer I kept you updated on the Fixed Timed AI trials that Dr. David Patterson conducted in Northeast Missouri. Those cows have now calved and I have a final report.

One of the major concerns about fixed timed AI that many of you have is that since you breed them all at the same time, they will all calve on the same day. Well, Mother Nature doesn't work that way!!

John Schaffer had 90 head calved. They were due Jan. 30 and calved from Jan. 16 to Feb. 14. However 71 head calved in the period of Jan. 22 to Jan. 31, a 9 day period with 10 being the most he had any one day. Seventy-four percent had calved by their due date of Jan. 30.

Steve Reuter had 51 head calved to their timed AI date. They were due Feb. 26 and calved from Feb. 14 to March 5, a 21 day period. Again, he had 37 head or 72% born in an 8 day period. Also 74% of his were born by their due date.

Kenny & Imogene Latimer had 110 head confirmed as AI bred. Their due date was March 6 and they calved from Feb. 22 to March 9, a 17 day period. They had 96 calves born in an 11 day period and were very busy March 1 with 15 head born that day. They actually had 89% born by their March 6 due date.

David Deters has finished calving and reports similar results but I don't have them yet.

So you can see that they don't all calve the same day. But you are pretty busy for a week to 10 days.

### **Bull Sale Results**

The 36<sup>th</sup> Northeast Missouri Performance Bull Sale was held March 29 at F & T Livestock Market, Palmyra, Mo. Fifty-two bulls representing 4 different breeds sold in the sale.

The overall sale average on 52 bulls was \$2329 per head which was down slightly from 2007. Last year's average was \$2403. However a couple breeds showed improvement from past years.

The Polled Hereford breed had the highest breed average selling 7 head at an average of \$2529. Highest selling Hereford was consigned by Nation Polled Herefords, Vandalia and purchased by David & Judy Kittle, Novinger, Mo.

In the Simmental breed a record was set by the top selling Simmental. A half blood Simmental/Angus

bull consigned by Greg Drebes, Monroe City sold for \$5550 which was a record for a Simmental bull at the Northeast sale. He was purchased by Dan Schullian, Quincy, IL. Seven head of Simmentals averaged \$2379.

Thirty-four head of Angus bulls averaged \$2285. The top selling Angus at \$3700 was consigned by Shannon Farms, Bowling Green and purchased by McClanahan Farms, Atlanta, Mo.

The Charolais breed also had the highest average they have had for several years with 4 head averaging \$2262. The top Charolais at \$3000 was consigned by Rickett's Charolais, Hallsville and purchased by Terrill Kearby, LaPrairie, IL.

The Northeast Performance Bull Sale was started in 1973 and has been held every year since. During that time 1551 head of bulls have sold through the sale for total dollars of \$2,808,000. That is an average of \$1810 on all the bulls sold in the sale. The first sale in 1973 the average was \$959. The lowest average was \$708 in 1975 and the highest was \$2563 in 2005.

April 2 the NEMO BCIA held their annual meeting and awards from the bull sale were handed out. Outstanding Seedstock producer for 2008 was Prairie View Farms, Greg Drebes, Monroe City; Outstanding Commercial Producer went to Wilkerson Farms, Novelty, and the Outstanding Service Award went to Todd Parker, Palmyra, Mo.

The high indexing bull awards were given for each breed. They were Simmental, C & L Simmental, Bowling Green; Angus, Shannon Farms, Bowling Green; Charolais, Ricketts Charolais, Hallsville; and Polled Hereford, Falling Timber Farm, Marthasville, Mo.

*Finally:* Frustration is trying to find your glasses without your glasses!!