Quick recap

This meeting focused on agricultural market updates and harvest planning discussions. Josh provided detailed analysis of current crop conditions, noting that beets are starting to drop and some fields are showing signs of drought stress, with corn cobs appearing shorter than normal in some areas. The discussion covered recent market rallies in corn and soybeans following ProFarmer tour results showing yields below last year's record levels, particularly in drought-stressed western areas. Josh reviewed current basis levels at various elevators, noting strong soybean bases around 62-65 cents and discussed the impact of Russia-Ukraine conflicts on wheat exports, creating potential opportunities for U.S. wheat sales to Asia. The meeting also covered ARC PLC payment projections for different counties, with most areas showing PLC payments exceeding county payments except for Wilkin County soybeans, and included updates on diesel fuel prices reaching record highs and discussions about E85 fuel options as an alternative.

Next steps

Summary

Beet Harvesting Considerations

Josh discussed the benefits and considerations of harvesting beets, including insurance premiums, sugar content, and moisture levels. He explained that while harvesting whole fields can yield higher premiums and better sugar content, the current insurance structure may not provide significant benefits, and managing fields for optimal harvest can be labor-intensive. Josh also considered factors like moisture and tile drainage, suggesting that some fields might be better harvested early due to potential quality decline over time.

Agricultural Market and Drought Conditions

Josh discussed the current agricultural market conditions, noting rallies in wheat, beans, and corn prices following harvest completion. He addressed weather patterns, highlighting ongoing drought conditions and recent scattered rainfall that has created variability in crop yields across different farms. Josh reviewed the drought monitor data, showing that much of the northwest region is experiencing D1 or higher drought levels, with some areas moving into D3 extreme drought categories.

Current Rainfall Patterns Discussion

Josh discussed rainfall patterns from 1989 to the present, noting that the current year has experienced the lowest rainfall in that period with only 5.5 inches recorded since the first of the year, compared to an average of about 12 inches. He recalled that 2012 was a particularly good year with good crop yields and prices, while other parts of the country suffered drought conditions. Josh mentioned that the National Weather Service is forecasting slightly warmer than normal temperatures with average precipitation expected through November.

Winter Weather and Corn Harvest

Josh discussed the weather outlook for the upcoming winter, noting conflicting forecasts about the potential impact of a Super El Niño on temperatures and precipitation. He observed that corn harvests were progressing, with some fields already being chopped due to poor yields, and mentioned a case in South Dakota where 3,000 acres of corn were offered for sale as silage. Josh also explained the typical arrangement between farmers and dairies for corn harvesting and processing into silage.

ProFarmer Tour Yield Results

Josh discussed the ProFarmer tour results showing that yields across most states were below last year's record numbers, with drought stress affecting western corn areas and excess moisture causing flooding in some eastern states. He noted that Minnesota's corn yield was down 1.9% while soybean pod count was up 0.8%, and Iowa corn estimates showed 5 bushels less than previous projections. The results indicate that chances of meeting USDA projections are not looking likely, though final yield numbers are still pending and weather conditions could still impact some areas.

Global Soybean and Corn Markets

Josh discussed market trends in soybeans and corn, noting increased Chinese purchases and lower production expectations driving market activity. He mentioned that Ukraine's exports have decreased to 20% of normal levels due to attacks on vessels and port facilities, potentially creating opportunities for U.S. markets. Josh also highlighted that China has made a comeback in new crop soybean bookings, accounting for 48% of total bookings, though this pace needs to continue or increase to meet demand expectations.

Global Crop Market Updates

Josh reported that new crop commitments for soybeans are at a four-year high due to strong export demand, and noted that U.S. soybeans are currently cheaper than Brazilian soybeans, which may increase demand. He discussed how the Russia-Ukraine conflict is affecting wheat exports, with Russia experiencing a 20-year low in wheat exports, potentially creating opportunities for increased U.S. wheat exports to Asia. Josh updated the group on current market prices and sales percentages across different crops, recommending caution in selling beyond current levels until harvest results are known.

ARC PLC Payment Projections

Josh presented calculations for ARC PLC payments, explaining that corn PLC is projected to pay 27 cents, soybeans about 31 cents, and wheat $1.29 per bushel, all multiplied by 85% and 96% factors. He noted that farmers can increase their base acres until the end of the month if they have proof of historical crop growth on those acres, but cannot change to different crops. Josh shared that wheat base has historically provided good payouts compared to other options like corn base, and mentioned that some farmers with old base acres, particularly oats, have received significant PLC payments of $80-$100.

Grain and Fuel Pricing Discussion

Josh discussed current grain pricing and basis levels, noting that North Dakota soybean prices dropped to $15 under and $35 under for front-month delivery, with prices remaining low through May. He also discussed high diesel prices, mentioning that road diesel was around $5.50 and that gas prices varied significantly across different locations, with some stations charging up to $4.15 for regular fuel compared to $3.89 in nearby areas. The conversation concluded with a discussion about E85 fuel prices and vehicle compatibility, noting that flex-fuel vehicles can be modified for around $1,000 on certain engines, though warranty concerns may affect newer vehicles.