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In this issue

Corn and Soybean Forecasts, What's Next?	1-2
Research study to understand the factors influencing stink bug abundances in soybean fields may be coming to your farm	2
Crop Reports	3
Agriculture Weather Report	3
Announcements	4
Upcoming Events	5
Did You Know	5

Corn and Soybean Forecasts, What's Next?

Dr. Darrel L. Good, Professor, University of Illinois

The USDA's *August Crop Production* report confirmed prospects for small U.S. corn and soybean crops and the need for consumption of both crops to decline sharply in the year ahead. Prices will now begin to reflect expectations for any changes in the production forecasts and confirmation that the necessary rationing is occurring. Indications of the pace of consumption will be provided by weekly reports of exports, ethanol production, and broiler placements and monthly reports of the domestic soybean crush, cattle feedlot inventories, and dairy cow numbers. New production forecasts will be released in September, October, and November and the final estimate will be released in January.

Expectations for changes in yield forecasts this year are partially influenced by changes in those forecasts in previous dry growing seasons and by weather conditions the rest of this month, particularly for soybeans. The history of changes in yield forecasts in dry years provides a mixed picture, particularly for corn. The U.S. average corn yield estimate in January following harvest was below the August forecast by 2.2 bushels in 1980, 18.3 bushels in 1983, 12.1 bushels in 1995, 12.2 bushels in 2010, and 5.8 bushels in 2011. The January yield estimate was above the August forecast by 0.8 bushel in 1991, 6.1 bushels in 1988, and 4.8 bushels in 2002. For soybeans, the January estimate was below the August forecast by 0.6 bushel in 1980, 4 bushels in 1983, 2.3 bushels in 1984, 1.5 bushels in 1995, 6 bushels in 2003, and 0.5 bushel in 2010. The large decline in 2003 reflected, at least in part, widespread damage from soybean aphids. The January estimate was above the August forecast by 0.8 bushel in 1988. The pattern of yield forecast changes was different in each year for both corn and soybeans. Current expectations for corn appear to be in a range of 5 bushels above to 5 bushels below the August forecast of 123.4 bushels, while expectations for soybeans are one or two bushels above to one or two bushels below the August forecast of 36.1 bushels.

Changes in production forecasts will also be influenced by any changes in the estimates of harvested acreage. In the years identified above, the difference between planted acreage of corn and harvested acreage for grain ranged from an unusually low 6.269 million in 1991 to 11.082 million in 1980. The USDA's August survey found an expected difference of 9.044 million this year, less than the 9.467 million of 1988 and the 9.564 million of 2002. The difference between planted and harvested acreage of soybeans ranged from only 788,000 in 2003 to 2.117 million in 1980. The August survey this year found an expected difference of 1.445 million, very similar to the difference in 1988.



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Based on the August production forecasts, the USDA's August WASDE report projected minimum 2012-13 marketing year ending stocks for both corn and soybeans. Even with larger imports and a draw down in stocks, consumption of U.S. corn needs to decline by 1.265 billion bushels (10.1 percent) and consumption of U.S. soybeans needs to decline by 399 million bushels (12.7 percent) during the year ahead. For corn, the biggest question for demand centers on the ethanol market. The USDA projects a 500 million bushel year-over-year decline in the use of corn for producing ethanol and by-products. Ethanol demand will depend on a number of factors, including export demand, expected domestic fuel consumption, and the use of credits from previous discretionary blending

to meet part of the 2013 mandate. However, the transition to a heavy dependence on ethanol as an octane enhancer and the low price of ethanol relative to gasoline suggests that the decline in corn used for ethanol will be less than 500 million bushels. That conclusion would not change even with a partial waiver of the mandate. The 250 million bushel expected decline in exports depends to some extent on the expectation of very large crops in South America in 2013 and a slowdown in Chinese imports. If ethanol and export demand is stronger than projected, as we suspect, the reduction in feed and residual use of corn will have to be larger than the current projection of 475 million bushels (10.4 percent).

For soybeans, the small crop is expected to result in a 175 million bushel (10.4 percent) cut in the domestic crush and a 240 million bushel (17.8 percent) cut in exports. The large cut in exports reflects the forecast of a record large harvest in South America in 2013. U.S. export sales for the 2012-13 marketing that begins on September 1 already account for 51 percent of the projected exports for the year.

Price behavior since the release of the USDA reports on August 10th suggests that both the corn and soybean markets believe that production forecasts will increase and/or prices are already high enough to motivate the necessary rationing. Such conclusions may be premature.

Research study to understand the factors influencing stink bug abundances in soybean fields may be coming to your farm

Field surveys, as part of a collaborative regional project with the University of Maryland, Virginia Tech, and the University of Delaware, are currently underway. The project, funded by the states' Soybean Boards and the United Soybean Board, will monitor the distribution and spread of the brown marmorated stink bug in soybean fields. The project aims to determine the factors that influence stink bug population levels on soybean, including the influence of surrounding habitats, land use, and environmental factors at multiple scales on stink bug abundances in soybean fields. Results from this study will identify the landscape characteristics associated with increased abundances and the spatial scale of association of stink bugs. Thereby, this research may lead to better management strategies to prevent or reduce the severity of outbreaks of stink bugs and may help predict areas vulnerable to stink bug outbreaks.

One objective of the study is to conduct general surveys of soybean fields on the Eastern Shore and in Southern MD; regions

of the state where populations have not been economically damaging in the past but are increasing. This will involve road trips to scout ten random fields in each county in those regions. In each field, we will take 25 sweeps with an insect net at two sites adjacent to the border rows next to woods or buildings; locations where bugs are most likely to be found. Due to time constraints, we cannot make prior arrangements with individual soybean producers but will report to county extension educators the location and coordinates of fields with infestations that may need control action.

A second objective focuses on how the surrounding landscape at different spatial scales influence stink bug abundances in soybean. This study will be conducted by Dilip Venugopal, a PhD student at the University of Maryland, and his field crew, using two University vehicles. For this study, we have gridded the entire area in Washington, Fredrick, Montgomery, and Carroll Counties in Maryland; Clark and Loudoun Counties in Virginia; and Jefferson

County in West Virginia. Each grid is 15 square miles, and we plan to visit and assess the stink bug density in one soybean field in each grid, as well as characterize the surrounding habitat. This will involve visiting about 160 soybean fields across the entire study area. Stink bugs will be sampled by sweep net sampling at three different sides of the field edge. Again, we will report the location and coordinates of fields with infestations that may need control action.

We take this opportunity to inform soybean producers that this study is taking place in the counties mentioned and that our research team might be visiting your fields and request your kind cooperation for completion of the field surveys. If you have further questions about the project, require other information, or have comments or suggestions, please feel free to contact Dr. Galen Dively (galen@umd.edu) or Dilip Venugopal (dilip@umd.edu).





Crop Reports

Central

Localized storms continue to keep crops from suffering heavy drought damage. Corn is reaching the stage at which drought damage is no longer an issue, but, full season soybeans are nearing the growth stages of most concern. Well managed pastures continue to produce good forage. Hay is short but harvest has continued. Fruit crops are doing well with the weather. Sweet corn has had some pollination issues with the excessive temperatures, but currently yields are acceptable. Corn silage harvest will begin shortly. Some really nice rains over the past several weeks have helped have helped crops in this region look good. Double crop beans and late planted corn are responding nicely to the moisture. The late planted corn pollination appears to have been okay for the most part across the area.

Southern

Scattered showers have helped crop conditions. Rains have been sporadic, with some areas receiving several inches and other areas getting less than half an inch. Beans have responded well, with most double crop beans attaining growth to the

top of the small grain stubble. The amount of rainfall throughout the rest of the growing season will determine soybean yield potential. Annual forage crops have also responded well although cool season grass fields remain dormant. Corn harvest should begin this week. Yields are expected to be down by 50-75%. Mites continue to be an issue in soybeans.

Upper Eastern Shore

Rainfall has continued sporadic, with the region receiving between 0.5 and 3.0 inches in the last 2 weeks. Corn harvest has started in the southern part of the region with yields reported between 0 - 50 bu/a and averages around 15 - 20 bu/a. Most of the corn in the region is at or very near black layer formation. Soybeans have improved, but still need more rain the remainder of the season. Many fields still have spider mites and now pod worms are appearing. Hay fields and pastures are starting to green up with the recent moisture.

Lower Eastern Shore

Recent scattered showers and thunder storms in the southern portion of the region and along the immediate coastal areas

have improved conditions for double crop soybeans which are now at bean fill stage. Scouting for pod worms is advised. Spider mites continue to be active in soybeans throughout the region. Most of the northern part of the region is still very dry. Pasture conditions are improving somewhat with some hay being cut. The status of the corn crop is extremely variable with some fields rated good and others a total loss. The small amount of acreage planted to sorghum this year looks very good.

Timeline: This crop report is for the field observations from July 27 through August 21, 2012. Crop Report Regions: Western (Garrett, Allegany and Washington), Central (Carroll, Frederick, Howard, Montgomery), Northeast (Cecil, Harford, Baltimore), Southern (Anne Arundel, Prince George's, Calvert, Charles, St. Mary's), Upper Eastern Shore (Kent, Queen Anne's, Talbot, Caroline), Lower Eastern Shore (Dorchester, Wicomico, Worcester, Somerset)

Agriculture Weather Report

Adam Caskey, Meteorologist

This is the time of year when the tropics usually get more active as the peak of the hurricane season is just around the corner, and this year seems to be no exception. Maryland's biggest summertime drought-busting storms are typically hurricanes and tropical storms, or more commonly, their remnants after making landfall elsewhere in the U.S. The National Oceanic and

Atmospheric Administration recently raised their hurricane season prediction to include five to eleven additional named storms including three to five more hurricanes. As of now, it looks as though about one to four more named storms will form through early September, but it is too early to predict their impacts – if any at all to Maryland. Our weather pattern should continue with

temperatures slightly above average through the first week of September, and widespread precipitation chances will hinge largely on the paths of tropical systems, and just as importantly, their remnants. As usual, pop-up afternoon storms will play a role in providing needed rainfall, however, they'll mostly be isolated and brief.



Announcements

MDA is Offering Free Grain and Forage Testing to Maryland Farmers



Farmers Urged to Check Crop Insurance before Chopping Corn

With reports of drought like conditions coming in from farmers, the Maryland Department of Agriculture (MDA) is encouraging all farmers that use fertilizers containing nitrate on their corn and sudan-sorghum grasses, or who are concerned that the corn grain may have mold to work closely with their county extension agents before feeding it to their animals. MDA is offering testing for aflatoxins, nitrates and prussic acid, which may be present in grain and forage. These compounds, which can sicken or be deadly to livestock, or even affect pregnancies, are often present in dry weather conditions.

Free Grain/Forage Testing for Drought-Affected Crops

The Maryland Department of Agriculture's State Chemist Section is offering free testing through the University of Maryland Extension Offices. A sample information sheet that describes how to obtain a representative sample along with how much and how to store the sample can be found on the MDA web site. To find a local extension office, visit www.extension.umd.edu. For grain or forage sampling instructions and a submission form, log onto www.mda.maryland.gov/pdf/silage_sampling.pdf.

Commercial Feeds

In addition to the above, the State Chemist Section Inspections staff will be increasing its surveillance of susceptible commercial feeds for aflatoxin.

For more information about testing or questions about sampling contact your county agent or Ken McManus, Laboratory Manager, at MDA at 410-841-2721.

Accepting Applications for LEAD Fellowships

The LEAD Maryland Foundation is seeking applications for its next class of LEAD Fellows. Applications are due October 1, 2012. Program information and the application form are available on the organization's web site www.leadmaryland.org.

The LEAD Maryland Foundation (LEAD) is a partnership 501(c)(3) nonprofit organization dedicated to identifying and developing leadership for Maryland's agriculture, natural resources, and rural communities.

This new class will be "Class VIII (2013-2014)" and will join 157 others who have completed the LEAD program training, first offered in 1999. The new class will be selected in late 2012 and will begin meeting in February 2013. During 2013 and 2014, Fellows will complete a series of nine multi-day seminars held at various locations throughout Maryland and Washington DC. Additionally, Fellows will complete a travel study tour. LEAD invites farmers to apply for the Fellowships. At minimum, half of each class must be farmers, growers, producers, foresters, and watermen. As Fellows learn a tremendous amount from each other, it is important that grain producers and other grain industry

emerging leaders are included within each class. For more information, please contact Susan R. Harrison at 410-827-8056 or leadmd@umd.edu

2012 Pesticide Container Recycling Program from MDA



Maryland Department of Agriculture's Pesticide

Container Recycling Program will be accepting clean, empty containers from June 1 through September 30, during normal business hours. Containers will be collected from their current owners, for safe disposal and recycling.

Containers must be cleaned (triple-rinsed or pressure-rinsed) according to label directions.

Please remember to remove lids and label booklets from the containers prior to drop-off.

Call 410-841-5710 for hours of operation and drop-off location instructions. Collection dates and venues can be found at this link, <http://www.mda.state.md.us/pdf/recycle.pdf>

Upcoming Event



2012 Horse Pasture Management Seminar

Venue: Central Maryland Research and Education

Center, 4241 Folly Quarter Road Ellicott City, Maryland 21042

Date: Saturday, September 8, 2012

Time: 9:00 am—3:00 pm

Cost: \$30 per person includes all materials and lunch

Attend this full-day event to learn about a variety of pasture-related topics including:

- Grass and weed identification
 - Weed control methods
 - Runoff management
 - Benefits of pasture to horses and the environment
 - Basic elements of a pasture renovation plan
- Where and how to apply for money for pasture improvements

SIGN-UP TO RECEIVE “AGRONOMY NEWS”

If you would like to receive this newsletter via email please contact Rhonda Barnhart at rbarnhar@umd.edu. The subject line should be: Subscribe Agronomy News 2012.

If you would like a hard copy please contact your local county extension office to sign-up for the mailing list. The list of local county offices can be found at www.extension.umd.edu.



Did You Know

America's corn farmers have cut soil erosion 44 percent in two decades by using innovative conservation methods.

A Big Thank You!!



Maryland Grain Producers' Utilization Board and Maryland Soybean Board are both recognized for their financial contributions that support the publication and distribution of this newsletter. This is another example of the work that is accomplished with the checkoff dollars these two organizations manage.

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