

U.S. Grain Farmers Talk About Their 2015 Decision-Making

The warmer days of spring will be here soon, and that means U.S. grain farmers have to make decisions on acreage and crops to plant. The winter months in the United States are when farmers prepare equipment and obtain seed of the varieties they plan to grow for the upcoming year.

Some of the factors influencing planting decisions — such as price, rotation plans, weather conditions and market demand — are common for crops. Through the use of innovative technology and advanced research, U.S. farmers are proud to grow and provide a quality grain product for the world marketplace.

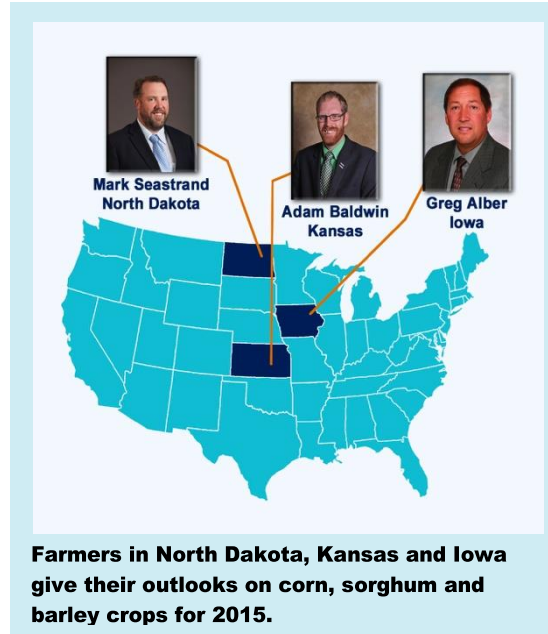
The U.S. Grains Council (USGC) caught up with three farmers to find out what they anticipate for the upcoming corn, sorghum and barley seasons. These farmers are knowledgeable agricultural leaders who are making a positive impact on their local agricultural economies.

Meet The Corn Farmer: Greg Alber

Growing up in northeast Iowa, Greg Alber knew he wanted to be a farmer at a young age. Despite his father's urging to find another career, Alber chose agriculture and got his start in the early 1980s. Today, Alber farms with his wife and two sons. They grow corn and soybeans and raise cattle.

Farming has come a long way since Alber first took the wheel of a tractor. One of the biggest changes has been the evolution of technology to help farmers become more efficient and productive. Today's machinery is larger than earlier models and designed to help farmers get more work done in a day. Further efficiency gains have been driven by the development of yield monitors, global positioning systems (GPS) and other devices.


Technology has also played a critical role in the advancement of seed varieties and precision application of fertilizers to maximize yield gains while reducing runoff and waste. While the new technologies come with a price tag, farmers use them because their cost is more than offset by a better end product and an improved bottom line.




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On-Farm Outlook

Thanks to this year's relatively mild winter, Alber is hoping he can get into the field earlier this year than in 2014. Ideally, planting in his area would begin towards the later part of April, as soon as soil conditions are favorable. In a typical year, Alber's harvest will take place in the middle of October. Other parts of the U.S. Corn Belt are earlier or later, depending on weather.

On Alber's farm, planter monitors, yield monitors, auto steer and GPS will all do their part in the planting, growing and harvesting seasons. But there is a new piece of equipment this year that will give a bird's-eye view of the fields. Recently, Alber and his family purchased an aerial drone with a camera and specialized sensors mounted to it. This will allow Alber to efficiently monitor his fields, identify problems at the earliest stages, and take quick and precise corrective action.

"We'll use the drone to determine if our soils are ready prior to planting," Alber said. "It is going to be a helpful tool at plant emergence and throughout the growing season."

Challenges In Corn Production

One of the greatest challenges that corn farmers face is input costs. From machinery and fuel, to seed and transportation, it is an expensive process from planting to harvest. Alber is able to save money when it comes to transporting his corn. The farm is located within 30 miles (48 kilometers) of two ethanol plants, and he owns his own trucks to haul the corn.

Another challenge is maintaining corn quality while also moving it multiple times through an auger — from field to bin; bin to truck; truck to elevator. However, high quality doesn't always ensure a premium.

"Often times we deliver No. 1 grade corn, but we are paid for No. 2," Alber explained.

Marketing The Crop

At harvest, Alber enjoys marketing flexibility. His corn is stored initially right on his farm, where has 200,000-bushel (5,081 metric ton) storage capacity. The corn is kept dry and cool, awaiting delivery. Alber relies on daily bid information that he receives via text message and email. When the price is right and it is time to deliver, the corn is moved by an auger out of the bins into the family's trucks and transported to one of the nearby ethanol plants.

Factors Driving Production

According to Alber, the three factors driving corn production this year are revenue protection, weather conditions and ethanol production. The level of revenue protection, or insurance coverage, that farmers can secure will have a direct result on how much corn is planted this year. If insurance coverage is better for another crop, such as soybeans, farmers may reconsider planting corn.



Corn farmer Greg Alber with his sons on their farm in northeast Iowa.

Ethanol Outlook for 2015

There is good news for international buyers of U.S. ethanol. The U.S. Energy Information Administration expects ethanol production to average 938,000 billion barrels per day (bbl/d) in 2015 (up from 933,000 bbl/d in 2014).

Likewise, the United States Department of Agriculture (USDA) projects a 75 million bushel (1.9 million ton) increase in corn for ethanol production compared to previous estimates for 2015. With this level of production, the availability of distiller's dried grains with solubles (DDGS) and other co-products is favorable for those importing it for use in livestock feeding.

The price of crude oil in the United States has dropped in recent months due to a combination of supply growth and weaker global demand, though the full impact of lower crude oil prices on the ethanol market is yet to be seen. Although refiners usually pay less for ethanol when crude oil prices drop, the relatively low price and strong supply of corn should allow U.S. ethanol makers to operate with positive margins in 2015. Profit from previous years will carry over to sustain their production.

Furthermore, storage from previous year's ethanol production is at a two year high and will allow the United States to meet the demand of ethanol in the world marketplace. ■

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Ideal spring planting conditions are important in allowing farmers to get in their fields on time to begin planting this year's crop, and giving the crop sufficient time to grow. Ethanol usage directly affects corn production because it is a determining factor in the price of corn.

Alber emphasized the importance of corn exports. "The United States must maintain working relationships with faithful buyers abroad and consider expanding into new markets," he said.

For more information on U.S. corn, go to <http://www.grains.org/buyingselling/corn>.

Meet The Sorghum Farmer: Adam Baldwin

Adam Baldwin has been farming in central Kansas for 15 years with his father, although they each have separate farm operations. They grew primarily wheat until a few years ago when market prices for corn started to rise. At that time, they made the decision to grow corn to take advantage of the market. Since then they have rotated sorghum and soybeans with corn and continue to devote roughly half of their farming acreage to wheat.

The quantity of acres for each crop varies from year to year depending on market conditions, weather and input costs. Overall, Baldwin says he prefers growing sorghum because of the yields he has achieved and the strong international demand for the crop.



Sorghum farmer Adam Baldwin with wife and son on their farm in central Kansas.

On-Farm Outlook

This year, Baldwin will plant the same amount of corn as last year, but for the remaining farm acreage he will increase the sorghum acreage by about 10 percent and decrease the amount of soybeans. These decisions are based largely on price but will also help maximize yield through weed control.

In Baldwin's area, farmers are experiencing herbicide resistant weeds in their soybeans, reducing yield. He doesn't see those problems in sorghum, thus improving earnings on this crop.

The Baldwins employ a no-till planting method, which helps them manage water resources and control weeds. This produces a higher-yielding, clean product at harvest and one "we are proud to sell to international buyers."

Challenges In Sorghum Production

Water availability continues to be a major concern for farmers in states such as Kansas.

"Although most of my sorghum is farmed without irrigation, some areas do irrigate, and those wells do not have as much water pumping from them than in previous years," Baldwin said.

Encouraging farmers to consider the importance and value of sorghum in dryer climates is a major message of sorghum organizations. These efforts are having an impact as these organizations expect to see a shift in acreage towards sorghum this year in Kansas and nearby states.

"Weed control is an ever-changing problem, and I'm hoping for new technology that is non-GMO," Baldwin said. "The regulatory process for approval of the technology is long and tedious so farmers and industry representatives are doing all they can to encourage and speed up that process."

Marketing The Crop

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Ultimately, Baldwin sells and delivers his crop to his local grain elevator. However, he uses the financial trading system to lock in a price and contract for his sorghum crop early in the growing season when prices are slightly higher in order to minimize the risk of waiting until harvest to sell at the current market price. As harvest nears and prices tend to drop, he sells that original contract.

“When it comes time to sell to the local grain elevator, I can offset a lower cash market price through the profit earned on my original forward contracts,” Baldwin explained.

He relies on *Farm Futures magazine*, *DTN*, agriculture news apps on his smartphone and radio programs to keep informed of policy and trade issues related to farming and the international marketplace.

Factors Driving Production

Baldwin believes the strong demand for U.S. sorghum, water availability and declining market conditions for other crops such as cotton will influence U.S. sorghum production in the next few years.

Increased exports are the cornerstone to the existing healthy sorghum market. A few countries have dominated the purchases in recent years, but Baldwin and other farmers believe serving many markets can help increase price stability, which would in turn help reduce volatility and bring more buyers to the table.

“We are confident the market will be there for our product and appreciate the opportunity to facilitate transactions and help where needed with education and information.”

“If we could get our international buyers to enter the market early, closer to planting time, we could better match the acreage to meet those demands and thus stabilize the prices,” Baldwin explained.

Regardless of the destination of U.S. sorghum exports, Baldwin and other sorghum farmers navigate through the challenges to grow and sell the best product they can.

“We are confident the market will be there for our product and appreciate the opportunity to facilitate transactions and help where needed with education and information,” he said.

For more information on U.S. sorghum, go to <http://www.grains.org/buyingselling/sorghum>.

Meet The Barley Farmer: Mark Seastrand

For more than 30 years, fourth-generation farmer Mark Seastrand has raised barley, a perfect fit for the location of his farm in northeastern North Dakota. The cool-season crop grows well in cold, wet soils there. Because of these conditions, North Dakota has consistently ranked among the top barley producing states in the United States.

Things have changed since Mark’s early days of farming. In the 1980s, the demand for livestock feed barley, particularly from large dairies, was attractive to many farmers who would secure contracts and deliver their harvest to elevators. Today, barley producers focus on opportunities presented by food and beverage makers. In North Dakota alone, 90 percent of the barley produced is grown for the malting and brewing industry.

On-Farm Outlook

Seastrand is hopeful for an early spring in his area so he can plant sooner, giving his barley crop adequate growing time and resulting in a successful harvest.

“Early planting means a better quality crop,” he said.

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As far as varieties are concerned, Seastrand is encouraged by a new two-row variety released by North Dakota State University called *Genesis*. It is in short supply but he hopes to obtain some of the seed to grow this year. When it comes to technology, Seastrand will rely on GPS, yield monitors and auto steer to apply both seed and fertilizer using variable rate equipment. Together, these tools will play important roles in increasing the efficiency and productivity on his farm.

Challenges In Barley Production

Seastrand says he thinks of his barley crop in a different sense than other crops. “Barley is an ingredient rather than a commodity,” he explained.

That is especially true now that he raises malt barley under contract, which can be more profitable than feed barley sold into the marketplace. For malt barley, farmers must employ strict management practices to meet the quality standards required to fulfill their contracts. Color, moisture, protein, mold, blight and odor are just some of the specifications producers must consider and monitor closely at harvest. Meeting the specifications results in a premium for the crop.

Storage is often times a challenge. In most cases, the crop has to be stored between nine to 12 months before it is scheduled for delivery. Seastrand says barley farmers ensure quality during long storage times by maintaining low temperatures and low moisture content.

“Barley is a sensitive crop,” he said. “It is important that farmers meet and maintain the quality of the harvest.”

Marketing The Crop

Barley harvested on the Seastrand farm is sold on a malt contract. Malting companies share information with farmers such as contract terms, prices and other details to help them make informed decisions.

“These companies are getting a lot better at working with farmers,” he said.

Seastrand relies on daily emails and other industry communications to stay on top of current events and factors affecting his farm.

Factors Driving Production

Currently, Seastrand feels the most important factors driving production for 2015 are the availability of contracts and the price offered to producers. Once contracts are secured and weather and soil conditions are ideal, planting will be a priority.

According to the United States Department of Agriculture’s World Agriculture Supply and Demand Estimates (WASDE) report, the U.S. produced 217 million bushels (4.7 million tons) of barley during the 2013-2014 marketing year. Fourteen million bushels (0.3 million tons), or nearly 6.5 percent was exported. Although a small percentage of American barley is exported, the United States is a consistent top 10 global exporter and farmers expect trend to continue this year.

For more information on U.S. barley, go to <http://www.grains.org/buyingselling/barley>. ■



Seastrand Farms barley field in North Dakota.



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