

MO-AG

Missouri Agribusiness Association Wrap-Up

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August 25, 2010

MEMBER NEWS

2010 MO-AG Regional Meeting to Be Held October 5th

Don't miss this opportunity to golf on one of the best golf courses in Mid-Missouri and meet with some fellow MO-AG members on Tuesday, October 5th. The registrations for the 2010 MO-AG Regional Meeting at the Country Club of Missouri in Columbia, MO are due by October 1st. The registration brochure has been mailed and is now available online by [clicking here](#).

NEWS YOU CAN USE

Brighter Farm Economy Unfolding

The Food and Agricultural Policy Research Institute (FAPRI) projects a soybean price average of \$9.35 per bushel for the 2010 crop. For both corn and soybeans, prices over the next five years remain below the 2008 peak, but well above price levels prior to 2007. A drought in Russia and reduced global wheat production, along with shifts in U.S. crop production, affect the entire U.S. agricultural outlook. Changes in one sector ripple through all farm segments. A mid-year update of the 2010 U.S. agricultural baseline shows increased wheat exports, moderate rises in grain prices and modest recovery in meat and dairy prices paid to farmers. The baseline revision comes following release of new USDA data, said Scott Gerlt, crop analyst with the University of Missouri Food and Agricultural Policy Research Institute (MU FAPRI). Russia and neighboring countries have lowered production estimates and banned exports," Gerlt said. "That comes at a time of large U.S. domestic wheat stocks. The U.S. exports should increase to fill part of the gap in world markets."

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MU FAPRI projects an average wheat price of \$5.10 per bushel for the current market year. Total wheat use, including exports, could top 2.4 billion bushels by the 2011-2012 crop year. "Corn exports also increase in response to strong demand in global grain markets. Higher grain prices could result in increased U.S. acreage for both corn and wheat in 2011," Gerlt said. However, more commodity acreage dampens price increases. Corn prices are projected to average \$3.68 per bushel for the crop harvested this fall. USDA estimates record yields this year, which moderates price increases for corn, Gerlt said. Lower feed prices have had a positive impact for livestock producers. "Some sectors are now profitable," said Scott Brown, MU FAPRI livestock economist. Feed prices have declined from the peaks of 2008, reducing costs for livestock feeders. "However, feed and non-feed expenses have not dropped to 2006 levels," Brown said. "As a result, 2010 returns per head remain below long-term averages."

For pork, demand recovery and supply reduction help make swine profits possible for the next three years. "Both supply and demand are moving in the right direction," Brown said. The new baseline shows a hog price average in 2011 at \$56.39, up from \$54.59 per hundredweight projected for 2010. "While demand is helping, we must look at supply side," Brown said. "We've seen cutbacks in pork production of 2.5 percent this year. Reduced supply helps the improved price outlook." In the cattle sector, cow numbers continue to drop, bringing better beef prices as supply decreases. Fed cattle prices are projected for \$98.50 per hundred in 2011, reaching \$105.65 in 2015. Along with dropping supply, beef producers are helped by growing domestic and international demand. "Korea reopened trade as the overall Asian market grows." Net returns per cow peak at \$75.40 in 2013. For dairy, milk prices have not increased as much as FAPRI projected earlier this year. "A reason for slower price recovery is that cow numbers continue to build. We have not seen a cutback in milk supply," Brown said. The all-milk-price average was projected at \$16.56 for 2010 and for \$17 per hundredweight in 2011.

MU FAPRI uses macroeconomic reports from IHS Global Insight, a private forecasting group. These included oil price increases far below the mid-2008 levels. U.S. economic growth is projected at

3 percent per year; however, unemployment remains over 9 percent through 2011. The 11-page updated baseline is available on the Internet at the MU FAPRI website by [clicking here](#).

FAPRI economists use their baseline for analysis of farm policy proposals. Their computer models include both domestic and international agriculture; however, the mid-year update reports domestic supply and demand only. As in the past, the baseline assumes normal weather conditions and continuation of current federal farm policies. "In contrast to the 2010 long-term baseline, this FAPRI baseline update assumes that biofuel tax credits and tariffs all expire on schedule," said Pat Westhoff, co-director of MU FAPRI. "This is not meant as a judgment about what is or is not likely to occur, but simply an interpretation of what constitutes 'current policy.'" FAPRI follows the lead of the Congressional Budget Office in assuming those credits and tariffs will expire. Westhoff said the update should not be confused with a full-review baseline, which is much more exhaustive. The next full baseline process for 2011 begins in November. [Source: *Southeast Farm Press*]

ARS: Better Insect Control When Air is Pulled Down Through Grain Bins

Aeration has been used for decades to maintain the quality of grain by keeping it cool, as well as to manage stored insect pests. But few recent studies have examined whether it's better to direct air from above or below as a means of using temperatures of 60 degrees Fahrenheit or below to control insects. To find out, USDA entomologist Frank Arthur and agricultural engineer Mark Casada experimented with storage bins whose grain masses were cooled with either pressure aeration or suction aeration. Pressure aeration uses fans to push ambient air from the bottom of the bin upwards, while suction aeration involves reversing the fans to pull air from the top downward. Arthur and Casada work at the Agricultural Research Service Center for Grain and Animal Health Research in Manhattan, Kan.

The researchers conducted two eight-month trials using six metal storage bins with perforated floors and grain storage capacities of 1,250 bushels of wheat. Stored insects examined in the study were

rusty grain beetles, foreign grain beetles, hairy fungus beetles, red flour beetles, saw-toothed grain beetles, rice weevils and lesser grain borers. The data showed that, during the summer, suction aeration cooled the stored wheat's upper portion, or "surface zone," more quickly than pressure aeration, and that the difference correlated to fewer insect pests. For example, in pressure-aeration-cooled bins, 3,290 rusty grain beetles and 8,210 red flour beetles were found in surface-zone traps, versus 662 and 722 respectively in suction aeration-treated bins. Suction aeration's rapid cooling of the grain's surface zone is advantageous, because that's where insects initially infest the grain after flying in from outside, according to Arthur.

Larger-scale studies are needed. But one expected benefit to using suction aeration could be reduced reliance on the fumigant phosphine to control insects. The research, published in the journal *Applied Engineering and Agriculture*, supports the USDA priority of promoting international food security. [Source: *AgProfessional*]

Farm Bureau Criticizes U.S. Inaction on Mexican Trucks Issue

The American Farm Bureau Federation is criticizing the administration and Congress for its inaction on the Mexican truck issue, which has resulted in Mexico imposing new tariffs on U.S. pork, certain types of U.S. cheese and other farm goods. Farm Bureau President Bob Stallman says the U.S. government is not meeting its obligations under NAFTA. He says Mexico is one of the United States' best trading partners and allowing the dispute to continue is unacceptable. Mexico has imposed the tariffs because, under NAFTA, Mexican motor carriers are allowed to transport international cargo within the U.S. However, in early 2009, Congress failed to renew a pilot program allowing a limited number of trucks from Mexico to haul loads into the U.S. beyond a 25-mile zone.

Asked why the issue still hasn't been resolved, the Vice-President of International Affairs for the National Pork Producers Council, Nick Giordano, says it's politics as usual. "Everything is about politics. We've got mid-term elections coming up

here and, you know, the unions - this is the teamsters - and the claim is Mexican trucks aren't safe," says Giordano. That's a bogus argument, says Giordano. "All the U.S. government data - all the studies that have been done - the pilot truck project that the United States administered - everything - the Mexicans came back with a stellar safety rating," he says. Farm Bureau says that, under NAFTA, U.S. food and agriculture exports to Mexico have more than tripled, from less than four billion dollars per year prior to NAFTA to more than 12 billion dollars in 2007. Mexico is the second largest export market for U.S. ag products. [Source: *Brownfield*]

Sell-Out Crowd at Governor's Ham Breakfast

An estimated crowd of more than 1,000 people attended the 2010 Governor's Ham Breakfast Aug. 19, at the Director's Tent on the fairgrounds in Sedalia. Governor Jay Nixon, Director of Agriculture Jon Hagler and many other elected officials were in attendance, as well as Fair Director Mark Wolfe, plus many agriculture and fair supporters. The Missouri State Fair Foundation hosted the 58th annual event to raise funds for Missouri youth. Sen. Jim Mathewson (retired) began the program at 8 a.m. with opening remarks, followed by the Pledge of Allegiance led by State 4-H Council President Andrew Chandler. An invocation was offered by State FFA President Jon Black.

After the meal of Missouri agriculture products, including ham, eggs, apples and grape juice, Governor Nixon gave a short address followed by an auction of the Missouri State Fair's champion hams and bacon, along with a commemorative belt buckle. These items were auctioned with the assistance of Fair Director Mark Wolfe and auctioneer Bill Gratz, raising a total of \$11,100. The proceeds, combined with the revenue from the breakfast, will help fund the Missouri State Fair Foundation's scholarship program for college-bound youth in Missouri. "The people who participated in this auction and who attended the breakfast are helping Missouri youth continue their educations which will strengthen our state's agriculture industry," Wolfe said.

The auction began with the grand champion ham

exhibited by Alainya Schuster of Versailles. Murphy Brothers Exposition and Ditzfeld Transfer were the winning bidders of the ham at \$3,500. They presented the ham to Sen. Jim Mathewson and Lowell Mohler who donated it to Missouri 4-H. The reserve grand champion ham exhibited by Logan Cary of Houston, went to Missouri Electric Cooperatives for \$4,750. The ham was given to Governor Nixon. Starline Brass Inc. purchased the grand champion bacon exhibited by Davis Meat Processing of Jonesburg, for \$2,250 and donated it to the Missouri 4-H shooting sports program. Starline was also the buyer of the commemorative belt buckle that went for \$600. Kitchen Kraft International, a long-time vendor at the Fair, partnered with the Foundation and awarded two \$1,000 scholarships. Since 2005, the Foundation has been able to provide more than \$23,000 in college scholarships for Missouri youth, due to the revenue from the annual breakfast and auction. [Source: *Missouri Ruralist*]

UPCOMING EVENTS

AUGUST, 2010

25 Field Day - Hundley/Whaley Farm;
Albany, MO

SEPTEMBER, 2010

2 Annual Delta Center Field Day;
Portageville, MO

10 Field Day - Southwest Center; Mount
Vernon, MO

14 FFA Field Day; Bradford Farm;
Columbia, MO

14-16 The Grazing School; Forage Systems
Research Center;
Linneus, MO

17 Fall Pre-Harvest Meeting; Southwest
Center;

Mount Vernon, MO

21 Field Day - Thompson Farm; Spickard,
MO

30-10/1 Grazing School - Wurdack Farm; Cook
Station, MO

OCTOBER, 2010

- 2 South Farm Showcase; Columbia, MO
5 MU CAFNR Career Fair; Columbia, MO
5 MO-AG Regional Meeting; Country Club of Missouri; Columbia, MO
6-8 Missouri Seedmen's Association Annual Meeting; Resort at Port Arrowhead, Lake Ozark, MO
7 Ag Education Day; Wurdack Farm; Cook Station, MO
8 Field Day - Wurdack Farm; Cook Station, MO

NOVEMBER, 2010

- 18 ALOT Annual Meeting Seminar, Dinner and Auction; Columbia, MO

JANUARY, 2011

- 5-7 MO-AG Convention; Lodge of Four Seasons; Lake Ozark, MO**
7-8 Missouri Land Improvement Contractors Winter Convention; Ramada Inn; St. Joseph, MO

FEBRUARY, 2011

- 9-10 2011 Missouri Pork Expo; Columbia, MO

Note: Items in **red** are new postings since the last Wrap-Up issue.

Letters to the Editor

Do you have a response to the Missouri Agribusiness Wrap Up? Let us know! The Missouri Agribusiness Wrap Up is a bi-weekly publication of the Missouri Agribusiness

Association (MO-AG). MO-AG is a member-owned association based in Jefferson City, Mo. which protects members' interests in state legislation and provides educational opportunities.

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