

SMALL GRAIN grower



KENTUCKY
Small Grain
GROWERS' ASSOCIATION

Summer 2011

Kentucky Farmers Expect Larger Wheat Crop

Kentucky farmers expect to produce 27.9 million bushels of winter wheat according to the Kentucky Field Office of USDA's National Agricultural Statistics Service. The forecast was based on crop conditions as of June 1 and represented a 3 percent increase in production from the May estimate. The expected 2011 crop will be up 69 percent from 2010. Yield was forecast at 68 bushels per acre, up 2 bushels from the May estimate and 2 bushels above the 2010 crop. Farmers intend to harvest 410,000 acres for grain, unchanged from May but 160,000 acres above the 2010 harvested acreage. Of the 540,000 acres of wheat seeded in the fall of 2010, the 130,000 acres not harvested for grain were used as plow down prior to setting tobacco or harvested as hay or silage.



Temperatures and rainfall were mostly above normal during May. Major concerns include the flood damage and its affect on yield and test weight. As of June 26, 64 percent of the wheat had been harvested. The week prior, the field office reported 82% of the crop in either good to excellent condition.

Winter wheat production for the Nation was forecast at 1.45 billion bushels, up 2 percent from the May 1 forecast but 2 percent below 2010. Based on June 1 conditions, the U.S. yield was forecast at 45.3 bushels per acre, up 0.8 bushel from last month but 1.5 bushels less than last year. Expected grain area totals 32.0 million acres, unchanged from May 1.

Grain Foods Hit the Spot in USDA's 'My Plate' Food Guide

Grains, fruits and vegetables continue to be the foundation of each meal, and the U.S. Department of Agriculture has developed a new program to remind consumers the building blocks of a healthy diet.

In early June, the USDA and First Lady Michelle Obama unveiled the new "Choose My Plate" food guide, an easy-to-understand graphic designed to help Americans center their diets on healthy foods. The graphic includes all of the key food groups Americans have become accustomed to in the old "My Pyramid" food guide: fruits, vegetables, grains, protein (including meat and poultry) and dairy.



Registered dietician Erin Laurie of Ottawa University says nutrition-packed grain foods play an important part in a healthy diet. The USDA says one-quarter of each meal should be grain foods; and half of those should be whole grains. "Whole grain foods help prevent diabetes and heart disease, and contain fiber, carbohydrates, protein and B vitamins," she says.

Wheat Disease Situation: What Went Right?

By Don Hershman

If you have been following some of my wheat disease concerns this spring, you would be pleased to know that wheat yields and test weights for fields harvested (so far) throughout west Kentucky have generally exceeded all expectations. Yields in excess of 90 bu/A and test weights above 60 lb/bu are fairly common. In addition, I have heard of many fields topping the 100 bu/A mark. Everybody is happy, all the way from the farmer to the miller to the end-use food manufacturer.

Since FHB and/or leaf and glume blotch appeared to be at significant levels in many fields, one could reasonably ask, "what's up with that?" I must confess I do not have all the answers. But I think the good end result probably has something to do with the unseasonably hot early June, which resulted in a very rapid dry-down in fields. For about a week, temperatures existed in early June that are normally experienced in late July. I believe this rapid dry-down, in turn, reduced the negative effects of disease. In essence, the crop "outraced" diseases to the finish line, the result being that the impact of the infections was far less than it otherwise would have been. I also believe many fields started out with a better-than-average yield potential. Thus, small yield reductions related to disease development would not be noticed as much.

A large number of acres remain to be harvested, so the overall state-wide result may not end up being as favorable as I have indicated here. Still, I think 2011 will go down as being one of our better years in terms of wheat yield and quality.



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Call for Research

KySGGA is now accepting research proposals for the 2011-2012 growing season through July 15. Projects should be geared to research of small grain crops (wheat, barley, oats, rice, rye, triticale) or of production/marketing issues and methods that may benefit all Kentucky crop growers.

All interested investigators should visit our web site at www.kysmallgrains.org/research/infoforresearchers.htm for instructions and application forms. Any questions should be directed to Jennifer Elwell at 502.921.2625 or jennifer@kysmallgrains.org.



Pesticide Permit Bill Approved by Senate Ag Committee

The Senate Agriculture Committee voted June 21 to advance a bill that would overturn duplicative and onerous new permitting requirements for pesticide applications.

The bill, H.R. 872, will amend the Federal Insecticide, Fungicide and Rodenticide Act (FIFRA) and the Clean Water Act to clarify Congressional intent and eliminate the requirement for National Pollutant Discharge Elimination System (NPDES) permits for applications of pesticides approved for use under FIFRA. The bill was approved by the House of Representatives in late March.

A January 2009 Sixth Circuit Court decision said pesticide discharge is a point source of pollution subject to additional regulation under the Clean Water Act, necessitating the new permits.

The decision has been stayed twice to allow time for government agencies to implement it. It is now set to go into effect in October, though most departments at the federal and local levels remain unprepared for the massive paperwork boondoggle it will cause.

The Environmental Protection Agency has estimated the ruling will affect approximately 365,000 pesticide applicators that perform 5.6 million pesticide applications annually.

If a legislative solution is not achieved when the new requirement goes into effect, farmers running afoul of it could be subject to fines of up to \$37,500 per day.

"We are happy to see the Senate taking action on this important legislation," said Wayne Hurst, NAWG president and a wheat producer from the Burley, Idaho, area, in a NAWG press release following Senate Ag's vote.

"Wheat farmers work hard to comply with the extensive processes in place to ensure the products we use on our farms are safe. New requirements added by the Sixth Circuit Court would only create paperwork for us and government officials without adding any additional measure of safety for the public. We urge quick completion of this bill."

H.R. 872 has achieved widespread bipartisan and bicameral support from Congressional leaders concerned about increasing regulation without environmental benefit and burdening government officials and farmers with new and complicated requirements in a time of tighter budgets.

NAWG staff and grower leaders have worked extensively over the last year to educate Members and their staffs about the problems presented by the Sixth Circuit decision and to help formulate a lasting solution.

The bill is now awaiting a full vote from the Senate.



To Store or Not to Store this Year's Soft Red Wheat Crop

By Cory Walters, Sam McNeill and Doug Johnson, University of Kentucky

Each year producers decide whether to store or sell their Soft Red Wheat (SRW) crop. Producers typically choose the latter and sell their crop off of the combine. This year the Chicago wheat (SRW) futures contract is offering a large storage incentive. The relationship between July 2011 Chicago wheat futures and March 2012 Chicago wheat futures is a plus \$1.04/bu (March = \$8.63, July = \$7.59). Putting grain in storage AND selling a March 2012 futures contract will gain you an additional \$1.04/bu. However, there are other costs and risk associated with doing this. Storage decisions should be made based upon the carry offered in the futures market, storage constraints (coming from other crops), harvest constraints, storage costs, opportunity costs of money, and other costs.

The largest cost of storage is the opportunity cost of obtaining cash (money). Foregoing money and holding grain in storage will cost you the interest gained from paying back outstanding loans or putting money in an interest bearing account. As an example, say you have an interest bearing account which pays 5% annually. Putting grain in storage in late June and delivering in February on a March futures contract adds up to 8 months. The interest foregone in storing grain adds up to \$0.25 (\$7.59/bu* .05*(8 months /12 months)).

Basis is the other source of price risk. Improvements in basis between now and delivery return more money to the producer. A weakening of basis costs the producer money. Producers should monitor basis regularly and take advantage of strong basis offers by signing a basis contract (which would be for February delivery if selling on the March futures contract).

Storing wheat in Kentucky during the summer presents several physical challenges that can impact profit margins. Freshly harvested wheat should be dried as soon as possible to prevent sprouting and suppress insect activity. Keeping the storage environment dry (relative humidity of air space between wheat kernels below 65%) is the most cost effective way of controlling mold growth and the mycotoxins they can produce. With average day-night temperatures in July and August approaching 80 degrees or higher, the recommended wheat moisture that meets this condition is 12.5% or lower (Table 1). Figure the cost to dry wheat below the base/market level of 13.5% moisture at about 0.5, 2.3 and 3.3 cents per bushel for each point of moisture removed with unheated air drying, bin drying, and high temperature drying, respectively. Drying costs will vary with the price of energy, labor and equipment, but consider this a cost effective way to control insect and mold activity. Moreover, drying costs are generally much less than other methods that may need to be taken if these problems occur during storage, as shown in Table 2. More information on drying and storing wheat is provided in Chapter 10 of ID-125 (<http://www.bae.uky.edu/Publications/IDs/ID-125.pdf>).

Though storing wheat can result in some economic advantages to the producer, it requires good insect pest management. The presence of insects or insect damage can defeat the entire advantage of holding the wheat past harvest time. We have developed a "16-Point Checklist for Controlling Insects in Stored Wheat", which is available online at <http://graincrops.blogspot.com>. The producer should understand that insect pest

management in stored wheat is by-in-large a preventative effort. Additionally, many of the most important techniques occur before and during harvest, and are non-chemical. Though pesticides may be added to wheat that is being binned, due to the heat of the grain and temperatures in the bin, they will not last long. Of even greater concern is the lack of a control option as the grain is being removed for delivery. This usually occurs late in the winter when it is too cold to fumigate. So, preplan and proactively reduce the initial insect population, slow insect growth when possible, and monitor the grain to detect developing problems early.

In summary, wheat storage can be profitable when the futures market is offering a large carry and the producer follows wheat storage guidelines. The market can incentivize storage through offering a price in the future that is greater than the cost of storing grain to that time. Storing grain requires following guidelines; see 16 point checklist, to minimize the chance of insect and moisture issues. Benefits from storage continuously change and should be watched closely when deciding to take advantage of returns to storage through a storage hedge.

Find links to these additional storage resources on the KySGGA website at www.kysmallgrains.org:

- UK IPM - 16 Point Checklist for Controlling Insects in Stored Wheat
- UK ENT-19 and ENT-47 - Fumigation
- UK AEN-45 - Aeration and Inspection of Stored Grain

Table 1. Equilibrium moisture content of soft red winter wheat at different temperature and relative humidity levels. (Source: ASABE Standard D245.4.) Sam McNeill

Temp ° F	Relative Humidity %							
	30	40	50	60	65	70	80	90
	Equilibrium Grain Moisture Content %							
50	9.6	10.7	11.8	12.9	13.4	14.1	15.5	17.6
60	9.3	10.4	11.4	12.5	13.1	13.7	15.1	17.2
70	9.0	10.1	11.1	12.2	12.8	13.4	14.8	16.9
80	8.7	9.8	10.8	11.9	12.5	13.1	14.5	16.6
90	8.5	9.6	10.6	11.6	12.2	12.8	14.2	16.3

Table 2. Comparison of wheat marketing opportunities.

	\$/bu.		\$/bu.	Carry
July-11	\$7.59	Mar-12	\$8.63	\$1.04
		Prep	\$0.05	
		Drying 4 pts.	\$0.10	
		Insecticides	\$0.05	
		Fumigation	\$0.10	
		Insurance	\$0.02	
		Interest (5.0%)	\$0.25	
		Sub-Total	\$0.57	
Total	\$7.59	Total	\$8.06	\$0.47

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UK All Commodity Field Day

Thursday, July 21, 2011
8 a.m. - 3 p.m. CDT

Location:

UKREC Farm on HWY 91S
1134 Hopkinsville St, Princeton, KY

The field day will feature nine production tours on the following topics: tobacco, beef, forage, grain crops management, pest management in grain crops, fertility management in grain crops, vegetables, ornamentals and orchard, vineyard and small fruits. An overview tour of the UK Research and Education Center also is planned.

In addition, more than 50 exhibits from the college, agricultural associations and organizations will be on display.

Continuing education credits for Certified Crop Advisors will be available.

Inside this Issue:

Larger Wheat Crop in Kentucky
Wheat Disease: What Went Right?
Grains Hit the Spot in USDA Food Guide
Call for Research
NPDES Bill Passes Senate Ag Committee
To Store or Not to Store Soft Red Wheat

2011 Wheat Production Contest Entry Deadline: July 24

Any person who produces ten (10) acres or more of wheat in Kentucky is eligible for the Kentucky Extension Wheat Production Contest. A producer may make more than one entry if the entries are from different fields or farms. However, a producer or farming unit will only be eligible for one award.



The contest is divided into two divisions:

- Division I: Conventional or Minimum tillage
- Division II: No-tillage, defined as "wheat seeded into undisturbed soil (no preplant tillage of any form allowed) following harvest of corn or soybeans in the fall. The corn stalks may be chopped in some manner."

To enter, the producer must submit a record of all production practices with the yield certification form. A minimum of three (3) acres, all in Kentucky, must be harvested from a continuously planted area with four straight sides if possible. Reasonable variations will be acceptable. Official yields shall consist of the weight of the harvested wheat on certified public scales, corrected to 13.5% moisture and converted to bushels per acre. The County Extension Agent for Agriculture or designated representative is responsible for verifying the yield and agronomic data of each entry from that county.

The Certified Agronomic Data and Yield Form should be completed and sent to the state office as soon as possible after harvest but no later than July 24, 2011 by the county extension agent or designated person.

State awards are given to the highest yield in each division, and area awards are given to the top entry (which was not a state winner) in each of the four wheat production areas. Cash awards from the Kentucky Small Grain Growers Association will be made only to those who attend the Annual Awards Banquet at the Kentucky Commodity Conference, January 20, 2012. The producer with the highest yield may also be recognized at the 2012 Commodity Classic, which will be held in Nashville, Tenn., March 1-3.

A link to the official entry form and a list of all rules can be found on the KySGGA website at www.kysmallgrains.org.

Questions should be to contest administrator, UK grain crops extension agronomist Chad Lee, at 859.257.3203 or cdlee2@uky.edu.