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High Moisture Grain And Slow Harvest Causing Many Problems

The corn remaining in the field during this unprecedented slow harvest season is drying down very slowly and much of the un-harvested corn will need to be artificially dried before it goes in the bin. Scientist at Purdue estimate that corn will only loose one quarter to one half a point of moisture per day from late October forward if the temperatures are normal. That is why many states are reporting that the corn moisture has dropped very little for the last three weeks.

The problem is that we don't have enough drying capacity nationwide to dry all the corn in a timely manor. As soon as the fields dry out enough to allow the combines back in, the farmers will be out there harvesting even though the moisture may be higher than desired. If a producer does not have a dryer on his farm, then the only other alternative is to dry the corn at the local grain elevator, which could make the bottleneck at the dryers even worse. The farmers are in a no-win position this year. They can't risk leaving the corn in the filed to dry naturally because it may not loose much additional moisture by itself and they can't store wet corn, so it must go through a dryer.

Drying most of the remaining corn is going to be a slow process and I think the lack of dryer capacity is going to slow down the corn harvest even more than it already is. The best-case scenario would be an extended period of rain free days, which would allow the farmers to start harvesting while allowing further dry down of the corn in the field. You can't store wet corn, (it will be moldy within a few days) there is no alternative, it must be dried. Below is a series of concerns connected with drying corn, local prices may vary and this is just a broad outline.

Cost of drying – At the grain elevator, it is going to cost about 4.5 cents for each point of moisture that needs to be removed from the corn. In other words, if the farmer has 30% moisture corn and he wants to dry it to 18%, it will cost 54 cents a bushel (4.5 cents x twelve points). So you can see why the producers want to let the corn dry in the field, drying is expensive.

Shrinkage – As the corn dries it shrinks about 1.4% for each point of moisture removed by the dryer. If a farmer delivers 1000 bushels of corn to the elevator at 30% moisture and they dry it to 18% moisture, those 1000 bushels now becomes 832 bushels (twelve points of moisture x 1.4% = 16.8% shrinkage, 1000 bushels x 83.2% = 832 bushels). There are a lot of very big corn yields out there this year, but remember, the yield should be based on a dry weight basis and not on the harvest moisture.

Dryer damage – Every time grain is handled such as going through a dryer, there is the possibility of damage being done to the grain especially if the corn is very high moisture. If a lot of moisture needs to be removed, there is the temptation to increase the drying temperature to speed up the process. The higher temperatures can damage the grain by causing excessive cracks in the seed coat resulting in splits and fines. If the temperature is too high, it's more like cooking the corn instead of drying it.

Foreign matter – The principal foreign matter in corn this fall is going to be molds, either diplodia, fusarium, penicillium, or gibberella. Some of these molds produce mycotoxins and some do not. The grain elevator must be extremely careful not to allow mycotoxins to contaminate his grain supply because there is zero tolerance for things like gibberella. Even ethanol producers must be careful because mycotoxins end up being concentrated in the DDGs. Many states are reporting that the elevators are rejecting both corn and soybeans due to the poor quality of the grain.

The high moisture grain and a delayed harvest causing problems everywhere.

- Soybean processors must slow the crushing pace because high moisture soybeans clog up the system.
- Grain elevators must limit grain deliveries because of not enough dryer capacity.
- Farmers must slow down the harvest pace because of limited dryer capacity.
- Grain companies need to blend the poorer quality grain with better quality grain if they can find enough good quality grain.
- Increased amounts of molds result in poorer grain quality.
- Livestock feeders must be very careful when sourcing feed supplies.
- Light test weights means more corn will be needed to produce the final product.
- Farmers can cause severe ruts and compaction in the field if they try to harvest in the mud.
- Farmers are not able to do the normal amount of fall tillage work, meaning that more of this will need to be done in the spring.
- Less soft red winter wheat gets planted due delayed harvest and wet conditions.

I am sure my list is not complete, so you can see there are a lot of concerns out in the countryside as the farmers wait for a few days of sunny weather.

U.S. Corn And Soybean Estimates Unchanged

The U.S. corn estimate was left unchanged this week at 162.0 bu/ac and the U.S. soybean estimate was also left unchanged at 42.0 bu/ac. U.S. farmers have only managed to harvest 25% of the corn and 51% of the soybeans. We are in unprecedented territory with the U.S. crops. After a very slow start, a cool summer, and now a historically slow harvest, it's very difficult to determine what exactly we have in the field. The USDA is in the process of compiling the data for the November Crop Report (see next story), but I do not think the November report will be the final word on the 2009 growing season.

Once the combines start rolling again, the farmers will harvest their soybeans first, so the soybeans will not be subjected to potential adverse harvest weather as long as the corn crop. Unfortunately, there have already been significant harvest losses in the un-harvested Delta soybeans. Losses in the Delta are running between 20-80% depending on how long the mature soybeans remained in the field. The double crop soybeans continue to look good, but soybean rust could be a concern for the late maturing double crop soybeans.

The corn crop is going to be harvested very late and the longer it stands in the field, the greater the potential problems. A best-case scenario would be for 2-3 weeks of sunny and dry weather. Warmer temperatures though would be a mixed blessing. The warmer temperatures would help to dry the corn faster, but warm temperatures would also accelerate the growth of the various molds in the ears. Many of the soils are wet and saturated and they are going to dry slowly, so the wet soils are going to keep the moisture levels high in the field. If it warms up too much, then it's going to be warm and moist in the field encouraging the molds to grow even faster.

The worst-case scenario would be high winds, wet conditions or even heavy wet snow. Those types of conditions would certainly cause increased harvest losses over and above what is already expected.

November Crop Report Will Leave A Lot Unanswered Questions

The USDA is currently conducting their survey for the November Crop Report, which will be completed by the end of this week. Usually by the time that the November report is released, we have a good idea about the final yield estimates, but I do not think that will be the case this year.

First of all, with 75% of the corn crop still un-harvested, the farmers who participant in the USDA survey do not know exactly what is in their cornfields. Test weights are a big unknown this year and the farmers don't know the test weight of the corn until the crop is harvested. Some of the ears harvested by USDA personnel for the survey will be very high moisture making it more difficult to accurately determine final dry weight yield. Harvest losses will be higher this year, but the USDA won't have a good handle on that until later when the harvest is more complete. I would also assume the abandonment will be higher than normal this year as well, but we won't know how high until after the harvest is complete. The grain quality this year is going to be lower than normal, but that can't be fully accounted for yet either.

There are a lot of questions about the corn and soybean crops that won't be answered by the November Crop Report and since there is no report in December, we will need to wait for the January year-end report to more fully know what was produced this year.

2009 U.S. Crop Estimates

	Current Estimate	Maximum	Minimum	2008-Production
	billion bushels			
Corn Production (79.3 million harvested)	**12.84** (162.0 bu/ac)	**13.00** (164 bu/ac)	**12.68** (160 bu/ac)	**12.101** (153.9 bu/ac)
Soybean Production (76.6 million harvested)	**3.21** (42.0 bu/ac)	**3.29** (43.0 bu/ac)	**3.02** (39.5 bu/ac)	**2.959** (39.6 bu/ac)

Delayed Harvest Will Reduce U.S. Wheat Soft Red Wheat Acreage

Not only is the wet weather delaying the harvest of corn and soybeans, it is also delaying the planting of the soft red wheat. The soft red wheat is planted in the eastern Corn Belt, the mid-South and the Delta and it is usually planted after the soybeans are harvested. If the soybeans are not harvested, the wheat can't be planted and even if the soybeans are already harvested, wet weather can still keep the farmers from planting their wheat. The result is that the soft red wheat acreage is certainly going to be greatly reduced this year compared to last year; maybe two million acres lower this year.

Planting the wheat later than normal poises its own set of problems. If the weather stays cold and wet, there will be a negative impact on germination and stand establishment. Late planted wheat plants will be less hardy going into the winter and can be more susceptible to diseases, frost heaving, or winter kill. The weather during next spring and early summer will be the final determining factor for wheat yields, but if the crop starts poorly, there is a greater chance that the crop will be disappointing next summer.

South American Estimates Unchanged

Heat wave hits northern Argentina – Areas of northern and western Argentina were hit by extremely high temperatures late last week and over the weekend. In the northwestern provinces of Santiago Del Estero, Tucuman, and Catamarca, temperatures hit 110-115 degrees. The temperatures have since cooled, but farmers in the region are worried about the heat's affect on early crop development. Spring rainfall has been sparse in this region and the soil moisture has not been recharged after last year's severe drought.

This region accounts for approximately 15% (3 million hectares) of Argentina's soybean acreage and 7% (140,000 hectares) of Argentina's corn acreage. Corn planting in the region is less than 10% complete and less than 1% of the soybeans have been planted. Further planting progress in the region will be slow until additional rainfall is received. Germination and stand establishment would also be adversely affected by continued dry weather.

Brazil soybeans – The Brazilian soybean crop is approximately 35% planted which is ahead of the normal planting pace of 25%. In Mato Grosso for example, the soybean planting has gone so smoothly that some farmers in the central part of the state will finish planting in 7-10 days, which is about two weeks ahead of normal. Mato Grosso soybeans are approaching 60% planted compared to an average of about 45%. In eastern Brazil, the rains started early as well and planting is off to a good start in states like Bahia and Maranhao.

The one slow spot for soybean planting in Brazil has been the state of Parana where about 35% of the soybeans have been planted compared to an average of 45%. Early soybean planting was slow in the state due to weeks of heavy rain, but the weather cleared last week and the forecast is calling for more normal rainfall going forward. I expect the soybean planting in the state to catch up to the average pace this week and then to progress normally.

The soybean crop in Brazil has gotten off to a very good start and the rainfall continues to be greater than normal for this point in the rainy season. Meteorologist in Brazil attribute the good rains to El Nino and if the El Nino conditions persist into early 2010, soybean yields in Brazil should exceed the historic norm. Therefore, the Brazilian soybean estimate was left unchanged this week at 63.0 million tons, but I do feel there is more upside potential for the soybean production than there is down side risk.

Argentina soybeans – The Argentine soybean crop is approximately 5-10% planted, which is just a little slower than normal. The most advanced planting is in Entre Rios, northern Buenos Aires, and southern Santa Fe. Rainfall has been good in the central production region and the early germination appears to be normal. Rainfall in central Argentina over the weekend will keep the early growing conditions favorable. The slowest soybean planting is in the northern provinces where rainfall has been sparse and temperatures were extremely high last week and over the weekend.

The Argentine soybean estimate was left unchanged this week at 53.0 million tons. The developing dryness in northwestern Argentina needs to be monitored closely. Its not a large soybean producing region, but it has been gaining in importance in recent years.

Brazil corn – Parana is the number one full-season corn producing state in Brazil and the corn crop in that state has gotten off to a slower than normal start. Heavy rains in the state caused delays in the planting as well as germination and stand concerns. The weather has cleared in the state and corn planting has resumed, but the corn crop is off to a slower than normal start.

Corn planting in Rio Grande do Sul is approximately 60% complete and the crop has gotten off to a good start. Recent dry and sunny weather should encourage a rapid wrap up of corn planting in the state. The full season corn acreage in Rio Grande do Sul will be lower than last year, just like it is in the rest of southern Brazil. Low corn prices are the cause of the

reduced acreage. Last week in Rio Grande do Sul corn prices were 18% lower than the average corn price for the last five years.

On the positive side, the *safrinha* corn crop in Mato Grosso should be planted very early this growing season because the soybeans will be harvested early. An early start for the *safrinha* corn crop in Mato Grosso usually indicates improved yield prospects. Corn prices are very low in Mato Grosso and if they do not improve by mid-January, some of the farmers that would normally plant a second crop of corn might opt for cotton instead.

Argentine corn – The Argentine corn crop is approaching 70% planted, which is also just slightly slower than normal. In the heart of the main corn production region (northern Buenos Aires, southern Cordoba, and southern Santa Fe), the corn crop is 90-100% planted and the most advanced corn is in the 4-6-leaf stage. The early condition of the corn crop is rated as average to above average depending on the location. The Argentine corn estimates was left unchanged this week at 14.0 million tons, but dry weather in northwestern Argentina could slow the corn development in that region.

New Rating For South America Growing Conditions

For the 2009-10 South American growing season, I am going to initiate something similar to what I do for the U.S. crops. Each week I am going to give a numeric rating for the growing conditions in Brazil and Argentina for both soybeans and corn. The rating system will go from +3 to –3. A +3 rating means that the growing conditions are very favorable and a –3 means that the growing conditions are very detrimental. A zero rating would equate to average growing conditions. I like to use a rating system like this because it gives my readers an indication if I think the crop prospects are improving (a plus rating) or declining (a negative rating). Only the conditions in Brazil and Argentina will be rated because they constitute more than 90% of the soybean production.

South American Growing Conditions

Brazil

Soybeans	**+2 to +3**
Corn	**+1 to +2**

Argentina

Soybeans	**0 to +1**
Corn	**0 to +1**

2009-10 South American Soybean Production

Country	Current Estimate	Maximum	Minimum	2008-09 Production	Five Year Average
		million metric tons			
Brazil	63.0	65.0	60.0	57.0	57.5
Argentina	53.0	55.0	50.0	32.0	41.3
Paraguay	7.0	7.5	6.0	3.8	4.8
Bolivia	1.5	2.0	1.2	1.5	1.6

Uruguay	1.0	1.2	0.8	1.0	0.7
Total	125.5	130.7	118.0	95.3	105.9

2009-10 South American Corn Production

Country	Current Estimate	Maximum	Minimum	2008-09 Production	Five Year Average
		million metric tons			
Brazil	52.0	54.0	49.0	51.0	47.3
Argentina	14.0	15.0	13.0	13.0	18.7
Paraguay	1.5	1.8	1.2	1.0	1.4
Total	67.5	70.8	63.2	64.0	67.4

2009-10 South American Soybean and Corn Acreage

	Soybeans			Corn		
Country	2009-10	2008-09	5-Year Ave	2009-10	2008-09	5-Year Ave
	millions of hectares			millions of hectares		
Brazil	22.5	21.6	21.7	13.3	14.1	13.4
Argentina	19.0	17.5	16.0	1.9	2.25	2.73
Paraguay	2.6	2.3	2.3	0.55	0.50	0.52
Bolivia	0.75	0.8	0.8	-	-	-
Uruguay	0.58	0.58	0.4	-	-	-
Total	45.43	42.78	41.20	15.75	16.85	16.65

Confirmed Brazilian Rust Cases

Date	2009-10	2008-09	2007-08	2006-07	2005-06
October 26, 2009	16	0	0	0	0
November 2, 2009	16	0	0	5	0
November 9, 2009	-	0	0	11	0
November 16, 2009	-	0	0	15	0
November 23, 2009	-	1	0	21	0

Monthly Rainfall Data For Rondonopolis, Mato Grosso

Month	Total Rainfall In Inches	Number of Days With Measurable Rain
July 2009	0	0
August 2009	0	0
September 2009	1.5	3
October 2009	6.1	12

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