**Grain Management Considerations in Low-Margin Years**

| **Start with recent soil tests** to make decisions on profitable soil fertility management. |
| **Choose a variety or hybrid** that performs well in multi-location performance trials and optimize its management for your farm. |

**CROPPING**

- Optimize seeding rates for your variety/hybrid.
- **Rotate crops.**

**PEST MANAGEMENT**

- Use integrated pest management (IPM) tools and scouting to make educated decisions about cost effective management strategies for insect and diseases.
- Manage known weed resistance issues on your farm.

**ECONOMIC**

- Use the technology that you already have.
- **Negotiate lower cash rent** based on yield history and price expectations, along with your own costs.
- **Know your own cost of production** based on your input prices and rates, your machinery operations, your land rents and custom services.
- Develop a marketing plan based on your costs and willingness to bear risk.

Producing grain in years when profit margins are low can be extremely challenging. When managing complicated agricultural production problems, we are tempted to find a silver bullet, a one-stop shop, a cure-all or just some good old luck!

*But we know better.*

The first thing to remember is to stay focused on the data you have in hand and systematically consider your inputs and goals. Some decisions can be made in the off-season (ex., variety/hybrid choice), while some can only be made in-season (ex., to spray an insecticide or not). Regardless of when decisions need to be made, it is important that those decisions are based on data* and/or experience that has been proven to be profitable on your farm or on farms in a similar environment.

*Resist the temptation to buy an untested solution that promises to improve yield.*

What follows below and is expanded on in the following pages are considerations to help you make informed decisions about your production system in a low-margin production year.

*replicated research data from a trusted source*
For soybean, the optimal seeding rate in ~80% of WI soils is 140,000-165,000 seeds per acre, with the intent to achieve a final stand of 100,000 plants per acre at harvest to maximize yields. In drought-stressed environments farmers should increase soybean seeding rate to achieve a final stand of 140,000 or more in the entire field or problematic areas of a field. The economic optimal seeding rate for soybean seed treated with full seed treatment package (fungicide + insecticide) is often ~20,000 less than non-treated seed.

For corn, the harvest plant density that produces the maximum yield on most soils in WI is between 35,000-38,000 harvested plants per acre. The economic optimum is 4,000-5,000 less per acre. You can be within 95% of the maximum yield and economic optimum by establishing 26,000-30,000 harvested plants per acre. However, these guidelines vary greatly by field and also interact with corn hybrid.
Develop a marketing plan based on your costs and willingness to bear risk.

- **There is no right or wrong plan**, just having a plan (preferably written with dates and goals) is beneficial.
- **Estimate your production**, know your costs (direct and opportunity), and how crop insurance affects your marketing plan. This will help you project cash flow and estimate your farm income.
- **Use on-line grain marketing resources**, use the search phrase “develop a grain marketing plan.”
  
  Also, contact your UW-Extension agent and other ag professionals, they may have suggestions for resources. Two examples are the UW Center for Dairy Profitability and University of Minnesota’s Center for Farm Financial Management, websites listed below.  

  http://cdp.wisc.edu/aqGrains/powerpoints/10-mktgplan.PPT  
  http://www.cffm.umn.edu/grainmarketing/marketingplans.aspx

Know your own cost of production based on your input prices and rates, machinery operations, land rents and custom services.

- **Calculate your costs for purchased inputs**, each input price multiplied by how much you have bought or plan to buy.

  Machinery costs are more difficult and have to be estimated. You can use custom rates as a starting point. Farmer costs tend to be higher than custom rates, especially if you run your machinery over fewer acres, since the fixed costs of owning the equipment are spread over fewer acres. Iowa State University Extension has a detailed process for those interested in an estimate for the specifics of their equipment and operation; search “estimating farm machinery costs.” Many UW-Extension county agents have budget templates in spreadsheet, as do many lenders. Pencil and paper work just fine.

- **Develop marketing plan and cash flow analysis.**

  You may want to split costs into direct costs that have to be paid (such as loan payments and rent payments) and opportunity costs (such as their time, depreciation and returns to owned land). Develop a marketing plan using forward contracts and/or futures contract and crop insurance to be able to make required payments for direct costs. Earning a fair return to your time and land may not always be possible under current markets and farm equity or outside income may be needed for family living expenses.

Negotiate lower cash rent based on yield history and price expectations, along with your own costs.

Convert from cash rent to flex lease. Rent based on yield, price, or revenue, with or without a base payment. If you need help for negotiating a lease, perform an internet search using the phrase “flexible farm lease.”

Use the technology you already have.

- **Avoid steep learning curves**. When profit margins are low, it’s obvious that not spending money makes sense. Your time is also expensive; new technologies usually have a fairly steep learning curve and take time (and lots of mistakes) before you get proficient.

- **Utilize technology that you don’t have to own.** Check with your local cooperative for variable rate application equipment. If so, hiring them to make variable rate applications (VRA) may increase profitability given the right conditions. First, field variability should be mapped by collecting soil samples on a 1- to 2-acre grid basis. Second, at least 25% of a field should have a P, K, or lime recommendation that is different than the field average.

- **Use section control on sprayers.** Implementing section control allows the sprayer to turn off sections when they pass over an area that has already been sprayed. This reduces over-application, which reduces chemical usage and also reduces the risk of damage to plants. An added benefit of using section control is that environmentally sensitive areas within the field, such as grassed waterways and buffer strips, can be excluded from receiving the chemical application, thereby reducing runoff potential.

- **Automatic guidance systems can reduce costs in a number of ways.** Accurate pass-to-pass guidance reduces overlap and skips when spraying, maintains proper row spacing when planting, and minimizes the number of passes required to cover the field translating into fuel savings. Another added benefit is reduced operator fatigue, allowing the operator to stay in the machine longer and perform the operation at the optimal time. Also, the operator can focus attention on the implement to ensure that it is functioning properly. Having the ability to detect a clogged seeding tube or nozzle before misapplication has occurred over several acres saves time and money needed to correct the problem and/or reduction in yield in the fall.
PEST MANAGEMENT

Use integrated pest management (IPM) tools and scouting to make educated decisions about cost effective management strategies for insects and diseases.

- For insects, use growing degree days to predict presence and best timing of controls.

Base insecticide or fungicide applications on timely field scouting. Informed spray decisions save money. Rely on established, research-based economic thresholds to verify if treatment is needed. Do not adjust economic thresholds because insecticides or commodity prices have changed. This can result in more significant problems. Spraying at sub-economic soybean aphid populations will increase the potential for soybean aphid population resurgence and/or an increase in two-spotted spidermite damage.

- For fungicides, base decisions on known diseases previously observed in a field.

For applications in Wisconsin corn, data suggests that the best response occurs when the application is made near or immediately after tasseling. Scout prior to the tasseling (VT growth stage) and base decision to spray fungicide on the past field history, the foliar disease resistance rating of the hybrid, planting date and the amount of disease observed on lower leaves. If northern corn leaf blight severity (area of the lower leaves covered by disease lesions) is greater than 10% on 50% or more of the plants, fungicide could be effective in controlling foliar disease and a positive yield response observed. Spraying when no northern corn leaf blight is observed results in less than a 20% chance of recovering the cost of the fungicide and application. For some diseases like common rust, severity will rarely reach a point to cause yield loss in Wisconsin.

For soybean, white mold is the major disease of concern in Wisconsin. Know the field history and perform any fungicide applications in at-risk fields during the early reproductive (R1-R3) growth stages. The weather (before and during R1-R3) will influence this decision. If weather has been wet (above average) and average temperatures mild (less than 80°F) then conditions will be conducive for white mold development. If weather has been dry and average temperatures above 80°F, spraying for white mold may not be needed. If weather is conducive, and you use the right product at the right time, return on investment will typically be positive in situations where white mold is a problem. For other diseases of soybean in Wisconsin, the odds of positive return when foliar fungicide is used will be less than 50%.

Manage known weed resistance issues on your farm.

- Preventing herbicide-resistant weeds is much less expensive than trying to control them!
- Use multiple modes of action (MoA) to reduce the risk of herbicide resistance and manage weed populations that have developed resistance.
- Knowing the field history and the predominant weed population in a field will help you plan your weed management program.
- Always use pre-emergence herbicide as part of your weed management plan.
- Select post-emergence herbicides based on weed population. Scout the field prior to the post-emergence herbicide application AND two weeks after. Evaluate the size of weeds you want to target and ensure that the product you plan to use can control that weed at that stage. After two weeks, evaluate the control and to determine if any spots were missed. A second residual herbicide application may be justified based on field history.
- Apply herbicides at the full labelled rate. Half rates may save money but may not be as effective at controlling certain weed species!
- Use generic herbicides when available and adjuvants only if the label calls for it. Read the label carefully to adjust the rates according to the formulation.
- Crop rotation helps manage weeds, as it allows for many options for weed control rather than just a few.