

Happy  
Holidays!

## Chapter 6. Dairy – Markets and Policy

Mark W. Stephenson, Director of Dairy Policy Analysis, University of Wisconsin–

### 2014 Dairy Outlook

#### Positive Factors:

- High levels of exports
- Lower feed costs
- Continued recovery of U.S. economy

#### Negative Factors:

- Better weather in Oceania and the European Union
- Falling fluid milk sales
- Somewhat lower milk price in 2014

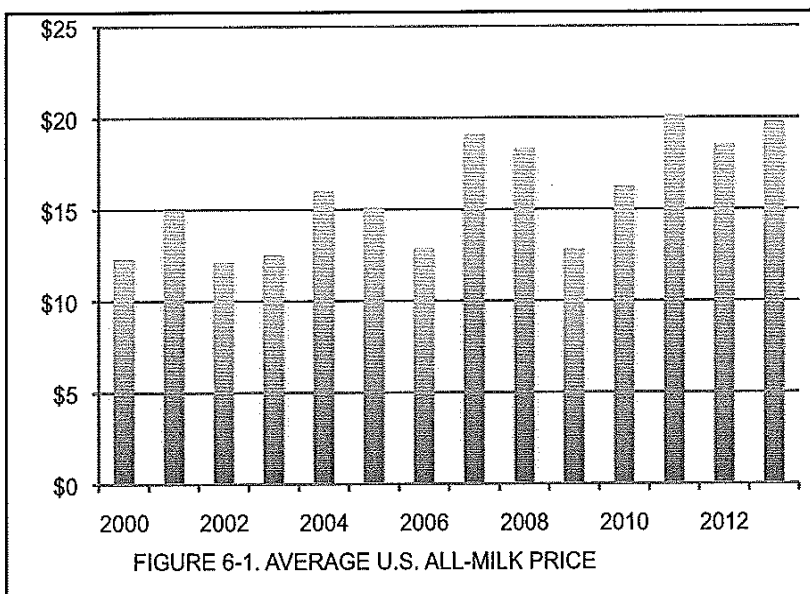
#### Uncertainties:

- Weather, including drought in western states
- Slow recovery of economy

### The Dairy Situation

Dairy producers in many parts of the country have been trying to restore balance sheets that were damaged by credit needs from low milk prices in 2009 and high feed prices in 2012. 2013 was the second highest milk price year on record, and for many producers, it was the third year of milk price recovery in a row. However, high feed prices continued to challenge many dairy farms who purchase the majority of their feed. A cold and wet start to the growing season in the Upper Midwest followed by many summer months of dry weather were particularly challenging for forage needs in much of the U.S. Western producers who experienced unusually high forage prices found 2013 to be another financially stressful year.

Growth in western milk supplies has pulled the geographic center of milk production to the west for many years. However, the intensive production model which explored economies of scale and lowered total costs of production has been recently challenged. With higher and more volatile feed costs, producers relying on a high proportion of purchased feed have found margins strained in a way that hasn't been as true for more traditional dairy regions. And, producers in the more traditional dairy regions have explored the same scale economies with a land base adequate for at least forage needs which has partially insulated them from fluctuating feed costs. In a fairly good milk price year like 2013, the western states have had less growth in milk production, and in fact experienced losses in the first three quarters, when compared with the Upper Midwest and Northeast.



Inside this Issue	Pg. #
Is Corn Shredlage for me?	4
Modified Penn State Particle Separator	5
OSHA Targets NY Dairy Farms with Random, Unannounced Inspections in 2014	6
Cropping Notes	7

Twenty years from now you will be more disappointed by the things you didn't do than by the ones you did. So throw off the bowlines, sail away from the safe harbor, catch the trade winds in your sails. Explore. Dream. Discover.  
-Mark Twain

# DECEMBER 2013

## Feed Prices

The National Agricultural Statistics Service (NASS) calculates the value of the dairy ration. With a much better growing season and a large crop acreage grown, the corn and soybean harvest was larger than in the past two years when widespread drought impacted yields. Coarse grain prices declined through the harvest months. As an example this past year, NASS corn prices peaked in March-2013 at \$6.49 but had declined 37% to \$4.09 per bushel by October of the same year.

## Dairy Product Demand

The U.S. economy has remained stubbornly slow to crawl out of the 2009 recession. Unemployment has declined but not to the target level desired by the Federal Reserve. Income elasticity and changing tastes and preferences have put a damper on fluid milk sales in the U.S.

Current consumption has fallen to about 19.5 gallons per capita. As fluid milk and ice cream sales have declined, cheese, butter and notably yogurt sales, have increased. The aggregate per capita consumption of dairy products in the U.S. has increased steadily over the last 40 years at a rate of about 0.334% annually. With U.S. population growing at an annual rate of just over 1.006% during the same time period, the total increase in domestic demand for dairy products would not have sustained the annual 1.462% growth in milk production that was averaged over the same time period.

## Dairy Exports

U.S. trade in dairy products has been favorable for both imports and exports. Imports have declined as a percent of milk production, in part because we are producing excellent cheeses domestically and in part because the U.S. dollar has remained historically weak compared to the Euro.

Export opportunities have been truly extraordinary. Figure 6-5 shows the increase in export sales of milk solids as a

percent of U.S. milk production. Last year, New Zealand finished their production season in extreme drought. What looked like a very promising beginning to their season ended very poorly with total milk production down 1.3 percent (production season June 2012 through May 2013). In contrast, the European Union experienced excessive rain in latter half of their season (April 2012 through March 2013) which also resulted in diminished milk production and exports from Europe. The U.S. was well positioned to take advantage of those market opportunities.

The U.S. is still a relatively new player in the world market but we are already the third largest exporter behind New Zealand and the European Union. It takes a while to cultivate new markets and learn your customers' preferences. For example, we consider yellow cheddar cheese, sold by the pound, as a standard product, while the currency of world trade is Gouda cheese sold by the kilogram. We make 80 percent butterfat butter and the world wants an 82 percent product. We produce nonfat dry milk when the world expects skim milk powder. These are small, but important, differences in greater market opportunities.

We are beginning to make significant inroads into more consistent sales. Milk drying plants are adding capacity to make whole milk powder—a product of great demand in world markets.

Companies are exploring new opportunities to sell unrefrigerated UHT milk into Asian markets. Export sales growth will help to sustain our increased milk production in the long-run.

## Dairy Stocks

It has been usual for U.S. dairy product prices to sell at a discount to European and Oceania prices into world markets. In the fall of 2012, relatively tight stocks of dairy products caused the U.S. prices for cheese and butter to climb above

(Continued on page 3)

We are pleased to provide you with this information as part of the Cooperative Extension Dairy and Field Crops Program serving Cortland, Chemung, Tioga and Tompkins Counties. **Anytime we may be of assistance to you, please do not hesitate to call or visit our office.**

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Janice Degni  
Team Leader & Field Crops Specialist  
CCE Cortland County  
(607) 753-5215  
[jgd3@cornell.edu](mailto:jgd3@cornell.edu)

Fay Benson  
Small Farms Educator  
CCE Cortland County  
(607) 753-5213  
[afb3@cornell.edu](mailto:afb3@cornell.edu)



**Dairy Digest Designed By: Sharon VanDeuson, Administrative Assistant,  
CCE Cortland County, (607) 753-5078, [shv7@cornell.edu](mailto:shv7@cornell.edu).**

(Continued from page 2)

those other world market prices. Ultimately, this caused U.S. export sales to slow and domestic stocks to increase. We were carrying unusually large stocks of butter and cheese through the first half of 2013. However, when U.S. prices returned to a discount relative to other world prices, export sales picked up and our stock levels began to recede.

By the fourth quarter of 2013, stocks of dairy products have been reduced to comfortable levels again.

### **The Dairy Outlook**

It is no longer enough to keep our eyes on domestic milk production and consumption of dairy products. With more than 15 percent of our milk solids being exported, we are impacting world markets and world markets impact us.

Europe is now more than half way through their production season and although they had a slow start through their flush, the second half is showing strong increases. New Zealand also experienced a slow start but pasture growth is favorable and they are forecast to have a 5 percent increase in milk supplies for the production year. Currently, USDA is forecasting U.S. milk production to increase 1.4 percent in 2014 and my own forecast calls for a 1.6 percent increase. Individually and collectively, the three largest world exporters will all have increased milk production and more dairy products will be available for world trade.

China is the largest buyer of dairy products in the world. China is also a fairly large and growing milk producer. However, their milk production is down by about 5 percent from a very warm summer and because licensing restrictions after the melamine crisis have caused many smaller farms to exit the business. Large farm operations are still expanding, but they have not been able to keep pace with the 20 percent growth in demand for dairy products from the population. China, and much of the rest of Southeast Asia will purchase more dairy products as imports in 2014.

U.S. dairy companies have also increased sales into the Middle East and North Africa. These have been a traditional destination for butter and powder sales, but cheese exports to this region have also increased and are expected to remain strong.

The world demand for butter and powder have kept prices for those products fairly high. Because of these strong sales, Class IV prices have been higher than Class III prices for all but one month of 2013 and in recent months, greater by more than \$2.00 per cwt. I am expecting Class IV prices to be above Class III for most of 2014, but narrowing the gap by the spring flush. Milk powder for standardizing cheese vats is not profitable at these prices and cheese plants are sourcing their extra milk solids from raw milk. This reduces yields in cheese vats but it will help to keep Class III prices firm even with more milk available.

Class III prices began to tumble at the end of 2012 even in the light of tight domestic stocks of cheese. This happened in large part because the U.S. cheese price was well above Oceania prices. Our heavy participation in world markets won't allow that kind of divergent prices for very long. It is more normal for U.S. product prices to sell at a discount to these world benchmark prices. The good news is that our current values are below the world prices and we are in a good price relationship for continued strong export sales. I also expect domestic sales to remain resilient. Our economy has shown slow but steady improvement and the third quarter 2013 GDP indicated a 2.8 percent growth from year earlier levels.

Unemployment has been slowly decreasing but there is some concern that consumers may not be willing to go on a spending spree just yet. In fact, there is some worry that deflation may occur reflecting the conservative consumer. Although restaurant sales have not been extraordinary, they have remained above the contraction boundary in the Restaurant Performance Index and, there has been almost no increase in retail prices of all dairy products in the Consumer Price Index.

My forecast for the Northeast Federal Order blend price is to decline by \$0.48 in 2014 when compared to 2013. I also expect that the New York All Milk Price may decline by about \$0.80 reflecting some loss in over order premiums. The premium loss reflects the strong growth in milk supplies in the region. While this may sound like a mildly pessimistic milk price forecast, I am projecting purchased feed prices to decline by much more. Dairy producers should find favorable margins which would help restore balance sheet losses sustained in 2009 and 2012. 🍌

## *Winter Crop Meeting*

Trip Inn, formally the Clarion Inn, Ithaca. 9am - 3pm.

This year's program features Dave Brandt, no-till farmer from Carroll, Ohio. He has farmed 900 acres of continuous no-till since 1971 and cover cropping since 1978. He will share his experience; techniques, costs, path to success with no-till and cover crops. Also, managing BT resistant corn rootworm populations. Dr. Elson Shields, Entomologist, CU. Nitrogen Rates, Application & Timing in Corn. Dr. Quirine Ketterings, CU.

DEC and CCA re-certification credits are in application.  
\$25 fee includes lunch.

Contact Sharon at 607-753-5078 to pre-register.

Please call with questions, 607-753-5215 or  
[jgd3@cornell.edu](mailto:jgd3@cornell.edu).

## IS CORN SHREDLAGE FOR ME?

Rick Grant, Miner Institute Farm Report

Over the past few months I've received numerous questions about corn shredlage and whether or not it is better than conventional kernel-processed corn silage. To-date there has only been one reported study although others are underway. Randy Shaver from the University of Wisconsin conducted a trial this past year that compared shredlage with processed corn silage, and his research results have stimulated considerable interest in shredlage. For those of you who are interested, complete data from his experiment can be found at this web site. We have not worked with shredlage at the Institute yet, although we hope to have access to a shredlage unit sometime in the coming year. As with any new technology, initial interest and expectations run high, but we need to consider the published information – what we know and what we still need to learn. For now, here are my thoughts on the potential value of corn shredlage. Only one study has been conducted so we need more research data over a wider range of harvesting and feeding conditions to really know how consistently cows will respond to shredlage. This point is obvious, but we always need to remind ourselves that it almost always takes more than one study to really understand a production practice. In the Wisconsin study the corn silage processing score (CSPS, % of starch in silage particles <4.75 mm) was 60% for the kernel processed corn silage but 75% for the shredlage. However, I have seen other data sets where the CSPS is much more similar between the two methods. So, I think it is safe to say that you ought to be able to achieve similar CSPS (or in other words, kernel size reduction) using either method. Feed intake tended to be higher for shredlage by about 1.5 lb/d and 3.5% FCM was 3 to 4.5 lb/d greater for shredlage after several weeks on trial. Efficiency of FCM production averaged 1.78 and was not different between kernel processing and shredlage. There was a slight increase (+4%-units) in total tract NDF digestibility with shredlage versus kernel processing and a small boost in total tract starch digestibility (+1.9%-units). But similar to the CSPS, I have to believe that starch digestibility will vary depending on how the kernel processing unit is set. Silage particle size: When you examine the Penn State Particle Separator data from the Wisconsin study, you see that the main difference between the two silage-processing systems occurs for the largest particle size. Shredlage has ~12%-units more silage particles retained on the top screen and correspondingly less on the middle screen. The smaller particles (% retained on the pan) are about the same for each method. So, shredlage does provide more physically effective NDF (peNDF), at least in this first study. Importantly, there was no sorting against long particles in the Wisconsin study, but if sorting did occur on any farm it could dramatically change the herd's relative response to shredlage or kernel processed silage. The advantage in NDF digestibility goes to shredlage because the longer particles are split longitudinally which opens up more surface area

for microbial attachment compared with slicing the stalk. We have observed a similar effect with wheat straw that has been run through a hammer mill type machine (i.e. a Hay Buster) versus a typical tub grinder. Longitudinal splitting of a forage particle enhances its NDF digestibility. Bottom Line? Based on the limited research to-date, I believe there could be an advantage for shredlage when you have a need for more peNDF, and perhaps as a means to slightly boost the NDF digestibility of the silage stover. If a farm is feeding lower forage or high corn silage diets (especially with brown midrib or other high-NDF digestibility hybrids), and they don't want to boost peNDF with chopped straw or hay, shredlage could play a role in supplying the needed long forage particles. Clearly more research is needed to assess how the shredlage packs into silos and when it may be most profitable to harvest corn with kernel processing versus shredlage. Stay tuned because this will undoubtedly remain a hot topic in the coming year.


Source: [http://www.whminer.com/fr\\_13\\_12\\_01.html](http://www.whminer.com/fr_13_12_01.html)

*(Continued from page 6) OSHA Inspections...*

- PTO drive units and shafts are properly shielded and protected (same for belts, chains, and rotating shafts on other equipment and machinery around the operation).
- Slow moving vehicle emblems are clean, bright, and not faded and equipment safety lighting is in good working order.
- Farm tractors manufactured after October 25, 1976, are equipped with a Roll Over Protection Structure (ROPS) and a seat belt in good working order (there are two exceptions: low profile tractors and tractors when used with mounted equipment that is not compatible with ROPS).
- Develop an inventory list of all chemicals, create a file with MSDSs (in Spanish where appropriate) for each chemical, and make sure all chemical containers are labeled.

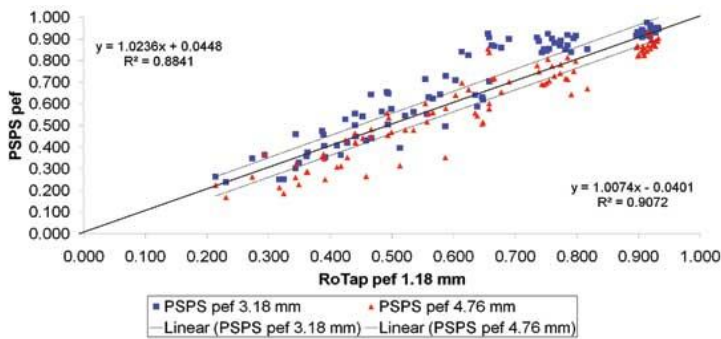
MSDSs can be obtained directly from the manufacturer.

In the coming weeks, the OSHA Work Group will provide a farm safety checklist and PRO-DAIRY will hold OSHA informational meetings and farm safety walks around NYS; further information on these items will be released as soon as details are finalized.

PRO-DAIRY's mission is to facilitate New York State economic development by increasing the profitability and competitiveness of its dairy industry. PRO-DAIRY specialists have made a positive impact on the technical knowledge, management skills, and economic strength of New York State's dairy industry since 1988. Visit PRODAIRY online at <http://www.ansci.cornell.edu/prodairy/index.html>. 

# MODIFIED PENN STATE PARTICLE SEPARATOR W/ 4.0 MM PEF SCREEN

–Kurt Cotanch, Miner Institute Farm Report



Nasco is now offering the Penn State Particle Separator (PPSPS) modified with a 4.0 mm physical effective factor (pef) screen. No more convoluted calculating of the top two sieves plus some fraction of the pan being equivalent to a guesstimate of the pef of a ration. Recall that we use pef as the proportion of “as fed” forage or TMR larger than 3.18 mm, or now 4.0 mm with the PPS, to estimate the amount of physically effective fiber in a ration to ensure proper rumen mat development, rumination time and overall rumen health. This is a great addition to an already good tool of on-farm forage and TMR assessment. I cannot help but think our work with the Z Box had a little something to do with it. Back in 2010 we presented research at the national ADSA (American Dairy Science Association) meeting looking at the PPS modified with our Z Box 3.18 mm and 4.76 mm sieves. We processed a number of forages and TMRs through the PPS with the Z Box pef screens and compared the results with those obtained with the “Gold Standard” dry sample vertically sieved RoTap method. What we found was a very strong relationship between the modified PPS with the RoTap. The figure above displays the pef values obtained with the modified PPS using the 3.18 mm and the 4.76 mm sieves of as fed samples compared to the Gold Standard pef value of dried samples obtained with the RoTap at 1.18 mm. Note the middle black line marking where the perfect 1:1 relationship between PPS and RoTap pef values should be. As seen in the figure, the 3.18 mm sieve (seen in blue) slightly over-predicted pef compared to the Gold Standard RoTap method, held too much material while the 4.76 mm sieve slightly under-predicted pef; too much passed through. We concluded that 4.0 mm probably would be just about right, though we have not gone back to verify this. Frankly, I am quite happy to see that this is commercially available and hopefully it will help monitor physically effective fiber in rations to ensure better rumen health and healthier cows. Here at Miner Institute we continue our efforts of understanding how fiber digestibility (NDFD) and particle size interact to affect gut fill and optimal rumen function.



Source: [http://www.whminer.com/fr\\_13\\_12\\_06.html](http://www.whminer.com/fr_13_12_06.html)



## NY Certified Organic (NYCO) 2014

NYCO Celebrates its 20th Years

as a Farmer to Farmer Discussion Group

Save the dates:

January 14<sup>th</sup>, February 11<sup>th</sup>, and March 11<sup>th</sup>

Meetings start at 10AM SHARP

Held at Jordan Hall, Geneva Experimental Station,  
614 W. North St, Geneva, NY 14456.

### January 14<sup>th</sup> Topic: “Barley and Buckwheat – Old Crops Receive New Interest”

**Bill Verbeten**, Field Crops Specialist with the NWNYS Dairy, Livestock, and Field Crops Team, will talk about growing Malting Barley and the difficulty of growing food grade barley organically.

**Thor Oechsner**, Oechsner Farms, Newfield NY; Thor is the NOFA-NY farmer advisor on the NY City Farm to Bakery project team. He will discuss how he uses Buckwheat in a double cropping system to control weeds and increase total yields on his farm.

**Marty and Natalie Matrizzo**, Farmhouse Malt in Newark Valley NY, will tell what the brewers are looking for and their plans for 2014 to get more local barley grown in New York.

### Producer Panel will include:

**Rick Pederson**, of Seneca Castle NY, grows over 600 acres of certified organic grain and vegetables and is a member of Finger Lakes Organics (FLO) which supplies restaurants and grocery stores in New York City and Upstate New York.

### Topics for February will include:

- Report on how GPS guided cultivators perform in the field
- Young Farmers and how they have gotten started
- Adjusting your seed cleaner

**Topic for March:** Getting more forage into your cows takes a whole farm solution with **Tom Kilcer**

Tom’s latest research on wide swath haylage harvest, a harvest method to improve the capture of plant nutrients for milk production and reduce weather related losses. This work is being expanded to encompass the rapid dry down methods for harvesting red clover. Working with both university and private industry, winter forage research has brought double cropping to the Northeast US and southern Canada producing profitable cover crops of the highest quality forage.

No need to RSVP, just bring a dish to pass for the lunch.

For more information, contact

Fay Benson at 607-753-5213 or [afb3@cornell.edu](mailto:afb3@cornell.edu).

# OSHA PI AnS tO tArget nY DAirY Farms with random, Unannounced Inspections In 2014

Submitted by: Peggy Murray,  
Cornell Cooperative Extension of Lewis County

All dairy farmers should know if they fall under OSHA enforcement authority. For those that do not, if OSHA officials visit, information can be provided that should terminate the inspection. For farms that are subject to OSHA enforcement authority, preparations should begin as soon as possible.

## Background

In August 2013, PRO-DAIRY learned from an OSHA official that the Syracuse office of the US Department of Labor, OSHA Division, is developing a “Local Emphasis Program” that will focus on random, unannounced compliance inspections at New York State dairy farms starting sometime in 2014. At the time of this writing, it is unclear if the LEP will be conducted statewide or regionally.

OSHA can inspect certain businesses based on four priorities:

- 1) Imminent danger
- 2) Catastrophes and fatal accidents
- 3) Complaints and referrals
- 4) Programmed inspections

While regulated farms can be inspected under any one of these OSHA priorities, the upcoming focus on NYS dairy farms is related to item 4, programmed inspections. Farms that are subject to a programmed inspection have:

- had more than 10 employees, not including immediate family members, at any time in the past 12 months preceding the day an inspector shows up (a part-time employee counts as “1”); and/or
- provide housing to temporary labor (employees hired for a specific period of time and are not full-time, permanent staff) at any time in the past 12 months preceding the day an inspector shows up, even if the housing was only for just one person. There are several tests for this provision and producers should evaluate further.

Though safety should be a priority at any farm operation, farms that do not fall into the above categories are not subject to OSHA activities.

We understand that the first task of an OSHA inspector during a visit is to determine if the farm is eligible for inspection activity. If the farm is exempt, inspectors depart the farm immediately. Therefore, it is important for a dairy producer and staff to know if the farm meets the OSHA exemption. This is likely to generate some questions, and there will be regional meetings this fall to help sort out these issues. OSHA has also been very clear that inspectors will NOT ask about employee immigration status.

South Central NY Dairy & Field Crops Digest

## What’s being done?

Since the OSHA notification, PRO-DAIRY and the following organizations have formed the “OSHA Work Group”: NY Farm Bureau (NYFB), Northeast Dairy Producers Association (NEDPA), NY Center for Agricultural Medicine and Health (NYCAMH), and Cornell Cooperative Extension (CCE). Our goal is to help the NYS dairy farm community prepare for OSHA inspections. The OSHA Work Group cooperated with Farm Credit East to develop and record two informational webinars on what to expect in an OSHA inspection (link provided below).

The OSHA Work Group has determined that due to OSHA inspection issues covering a broad range of topics, currently there does not appear to be a comprehensive, up-to-date program for compliance education/training in NYS.

However, over time, NYCAMH has developed numerous materials and trainings that cover health and safety programs relating to OSHA compliance topics. The Work Group is cooperating closely with NYCAMH to identify gaps as well as add to and update their materials and build on the excellent foundation already established.

Many aspects of health and safety requirements are FARM SPECIFIC; each farm has different chemicals, machinery, and facilities and this means managers must develop a customized health and safety program for their conditions. There appears to be few cookie cutter approaches to OSHA compliance and a successful inspection will require thoughtful preparation and ongoing commitment by farm managers and employees. Compliance will require farm specific analysis and planning, safety equipment purchases, training and periodic updates for staff (this is not a once and- done process), routine self-inspections to find hazards, recordkeeping, and efforts to maintain equipment and systems once compliant.

The OSHA Work Group is cooperating with OSHA regional compliance assistance staff to confirm the areas of emphasis for inspections, to identify and correct gaps in training materials, to identify conflicts with other rules, and to make sure that existing training materials are consistent with what OSHA inspectors will be evaluating on dairy farms. Our goal is that farm managers get the right information the first time.

The Work Group is also developing a compliance checklist. These and other materials will be widely circulated as soon as they are available.

## What can I do now?

If you have not already done so, watch the two OSHA related webinars on the Farm Credit East website: <https://www.farmcrediteast.com/en/Webinars/2013/SeptOSHA.aspx>. There are a few areas that non-exempt farms can work on right away as part of preparing for an OSHA inspection by implementing the following items:

*(Continued on page 4)*

# Cropping notes

Janice Degni, Extension Field Crops Specialist

Another crop season is behind us. The season certainly offered some challenges. It got off to a deceptively great start with early dry soils and smooth manure spreading and planting weather until mid to late May. Then the rain started. The wet weather caused delayed planting, hay crop harvest, made making dry hay miserable, waterlogged crop fields, caused erosion channels and in extreme cases severe field wash. Generally speaking corn fields looked ugly with all kinds of poor color. Wet soil conditions and heavy and excessive rain also contributed to rooting issues, stressed plants, nitrogen loss and supported the heavy development of Northern corn leaf blight (NCLB) and other diseases later in the summer.

In other news, the development of resistance to Bt hybrids was found in NYS. Mike Hunter, CCE Jefferson reports, "In October, Dr. Elson Shields from Cornell University reported a corn field in Cayuga County, NY, that showed symptoms of a failed corn rootworm Bt hybrid. The field was planted with a hybrid containing a single (Cry3Bb1) Bt event for corn rootworm protection, but the plants had extensive goose necking, lodging, and severely pruned roots characteristic of corn rootworm damage. Failure of the Cry3Bb1 gene has previously been observed in Minnesota and Iowa in 2009 and in Nebraska since 2007. More recently, similar failures have been reported in Colorado, Illinois, Kansas, Missouri, Nebraska, South Dakota, and Wisconsin. This recent sighting in Cayuga County is one of the first such failures in the Northeast. To avoid risk of developing Bt resistance, rotate corn, adhere to refuge restrictions when using Bt hybrids, and rotate choice of Bt events. Cry 3Bb1 gene is the toxin utilized in plants marketed under Yieldgard VT3 or VT3 pro. (Elson will tell this story at the Winter Crop Meeting in January)

## Things to Think about for the Coming Growing Season

- Soil test and fertilize accordingly
  - Protect N fertilizers
  - Select varieties, were practical, for some level of disease resistance to NCLB
  - Follow the recommended corn rootworm management guidelines below. Use triple stacked hybrids only where needed.
1. First year corn: Plant non-Bt varieties; insecticidal seed treatments and soil insecticides are not recommended.
  2. Second year corn, low rootworm pressure: Plant non-Bt varieties; use high rate of seed insecticide treatment OR a  $\frac{3}{4}$  rate of soil insecticide.
  3. Second or 3+ year corn, high rootworm pressure: Use Bt corn varieties (make sure to select a Bt variety that provides corn rootworm protection) OR use high rates of seed or full label rate of soil insecticide.

Bt corn varieties with the CRW traits are only recommended for fields with high insect pressures. Be aware that Bt traits are specific for control of certain insects. Be sure to consult your seed label and/or the Handy Bt Trait Table at <http://bit.ly/1dKeaxE> to be sure your chosen variety has the correct Bt gene for your intended purpose.

The interesting thing, from my point of view, after all sorts of season long stress, yields weren't too bad and in many cases on the high side. Silage inventories have been replenished although reports from the field are that quality is generally down. The bright side of the poorer quality haycrop and corn silage is that it is nationwide which will help to hold back a big jump in milk production, which could prevent a price crash. As Mark Stephenson predicts in the Dairy Outlook, it should turn out to be a decent year for milk margins, since grain prices have dropped from the stratosphere.

## What's a Grain Producer to do?

Grain growers have to work on their strategy to survive low margins. Bob Utterback in the Dec 18 Farm Journal outlines the following for grain price movement, "Demand growth will not overcome growing supply. The only option we have for higher prices is a combination of less than 92 million planted acres and yield below 158. If carryover is between 1.8 and 2.1 the Dec contract should bottom out around \$4.10; if carryover goes above 2.5 billion, futures prices next fall could easily drop below \$3.50. Subsequently waiting for higher prices will only pan out this summer if there is a significant yield reduction event. If not, by the time you realize the crop is OK, it will be far too late to sell in our estimation." Continuing, "As for soybeans, once South America's soybeans move into the marketplace, a long-term downtrend should develop. If producers follow through with their intent to increase planted acres, the downside risk in soybeans becomes significant."

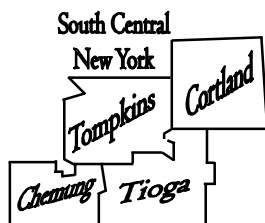
My advice is to formulate and execute a marketing plan. Plans can change but commit to selling an amount of grain, at a price you select, by a target date. It's that easy. If you sell incrementally you can average your price risk. You can only contract at profitable prices which means take the time to calculate your cost of production for your typical yield. There are many spreadsheets on-line to help with that. I like the Ohio State University Farm Enterprise budgets: <http://aede.osu.edu/research/osu-farm-management/enterprise-budgets>. High prices at harvest are highly unusual. Because that was the pattern the last 2 years many felt it was risky to lock in a price with a contract. Cash based tools, like forward contracts are the easiest to start with. 'You can't go broke if you sell your grain at a profit'.

Please contact me if you are interested in grain marketing education or crop planning. ☛



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 Cooperative Extension  
 South Central New York Dairy & Field Crops Team

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**Area Dairy & Field Crops Team**

The Cornell Cooperative Extension educational system enables people to improve their lives and communities through partnerships that put experience and research-based knowledge to work.

**CALENDAR OF EVENTS**

- JAN 9 NYS AG SOCIETY ANNUAL MEETING – The Next Generation of Agriculturists, “Millennials’ Perspectives of Their Future in Agriculture”:** Holiday Inn, Electronic Parkway Liverpool.  
 For more information and pre-registration go to: [www.nysagsociety.org](http://www.nysagsociety.org).
- JAN 9 - MARCH 13 (Thursday evenings for 10 weeks) GROUNDSWELL FARM BUSINESS PLANNING COURSE 2014: 6 – 9PM.** Ithaca. Sliding scale tuition for Groundswell Members: \$150 - \$450. Non-members \$600.  
 For more information go to [www.groundswellcenter.org](http://www.groundswellcenter.org) or call 607-319-5095.
- JAN 14 OSHA TRAINING – What to Expect from an Inspection:** NYS Grange, Cortland **9am – 12pm**  
 Register by calling 315-252-1367 or [jwilliamson@nyfb.org](mailto:jwilliamson@nyfb.org). Sponsored by Farm Bureau.
- JAN 14 NY Certified Organic (NYCO) 2014 - Barley & Buckwheat – Old Crops, Receive New Interests:**  
 Jordan Hall, Geneva Experimental Station. **10am sharp.**  
*See page 7 for more information. (Save the dates Feb 11 and March 11).*
- JAN 17 WINTER CROP MEETING: Trip Inn formerly the Clarion Inn, Ithaca.** **\$25** **9am – 3pm.**  
*Details page 3. DEC and CCA re-certification credits are in application.*  
 Contact Sharon at 607-753-5078 to pre-register.
- FEB 5 OSHA TRAININGS – A Safety Walkthrough** **1 pm**  
 Open to farms with 11 or more employees. Registration required, call 315-252-1367 or [jwilliamson@nyfb.org](mailto:jwilliamson@nyfb.org).  
 Sponsored by Farm Bureau.
- FEB 6 - MARCH 13 (Thursdays) ANNIE’S PROJECT: Farm Business Management for Women in Agriculture, A Risk Management Perspective.** Annie’s Project is designed for experienced farm women wanting a more active role in the business aspects of their farm operations. This is a 6 session series on Thursdays. 2 Locations:  
**1st Presbyterian Church, 97 East Genesee Street, Skaneateles and CCE Tompkins County, 615 Willow Ave, Ithaca. Please see inserted brochure for more information.**
- FEB 7 CROP PROTECTION:** Orchard Vali Golf Course, Lafayette. **10am - 3 pm**  
 Cost: \$25 includes lunch. Topics: Corn leaf blight epidemics; The new normal? New developments in soybean and small grain diseases. Weed, Insect and Disease Management in Corn.  
 Please pre-register with Sharon @ 607-753-5215. Questions? Call Janice 607-753-5215.