ILLINOIS FIELD & BEAN
A PUBLICATION OF THE ILLINOIS SOYBEAN ASSOCIATION | NOVEMBER 2015

MAKE THE MOST OF
RISK MANAGEMENT

REVIEW 2015 MANAGEMENT LESSONS

EVALUATE 2016 PROFIT OPPORTUNITIES
Can Farmers Find Profits in 2016?
Farmers will need to keep a close eye on the bottom line in 2016—considering cuts that don’t sacrifice yield potential and watching for prices to rise above break even levels to lock in profits. Farm management specialists offer their recommendations for the new calendar year.

Tenuous Trade Outlook Ups Market Risk
As the world’s largest soybean producer and a major soybean exporter, any shifts in the world supply and demand situation can upset the U.S. soybean cart. Sales for the current marketing year have started slowly, but market advisors look for some rebound later. Read what they have to say, and learn whether you need to adjust your management plans for 2016.

ISA Helps Counties Evaluate Roads and Bridges
A soybean checkoff-funded initiative is helping Illinois counties prioritize road and bridge projects based on their returns on investment. Find out how ISA efforts have helped some counties already, and the work underway that will assist others in the future.

Tough Growing Season Doesn’t Discourage Illinois Soybean Farmers
Heavy rains, coupled with declining commodity prices, turned 2015 into a challenge for farmers. But that challenge turned into optimism as many farmers approached harvest, with the realization yields might not be too bad. Farmers and advisors weigh in on what worked this season.

Cover Crops a Good Bet for Diversified Farmers
Cover crops have a learning curve and require planning. But the benefits pay, especially for farmers growing crops and raising livestock. Check out how Illinois farmers are making it work, and what you need to do to see if it will work on your farm as well.

DID YOU KNOW?
ISA’s long-term investment in pork promotion in Mexico through the U.S. Meat Export Federation (USMEF) has had a positive impact. The country’s per capita pork consumption has been increasing 3.3% annually the last three years, while Mexican pork supplies were tight. U.S. pork exports filled the gap, and hogs consume 85 percent of the soybean meal fed in Illinois.

MANAGEMENT MATTERS
MYTHBUSTER
Sell or Store?
Did you sell or are you storing your 2015 soybeans? In this mythbuster, crop specialists weigh in on the best strategies for soybeans, including the costs and benefits.
Optimize® and TagTeam® LCO are teeming with hard-working microbes for your soybean crop. Optimize is a dual-action inoculant utilizing LCO technology and specially selected rhizobia to help boost root growth and nitrogen fixation. TagTeam LCO goes one step further by adding the phosphate-enhancing qualities of *Penicillium bilaii* to give you a true MultiAction® inoculant. It’s time to use nature’s farmhands to help protect and maximize your yield potential.

Discover more at MonsantoBioAg.com

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NATURE. IT’S POWERFUL TECHNOLOGY.
Farmers Fund Projects Beneficial to Farmers

As we approach the end of the calendar year, many of us are fine-tuning our financials for our lenders and tax preparers. The Illinois Soybean Association (ISA) is no different. The farmers on our board manage the financials for the state soybean checkoff and for association membership, all with the same objective — funding those projects that are beneficial to farmers.

ISA’s goal is to achieve maximum profitability and global competitive positioning for Illinois soybean producers. Our targeted result is utilization of 600 million bushels of Illinois soybeans by 2020. ISAs production and marketing committees review proposed projects. Then, as committees, fund those that appear to have the greatest return for farmers in the long run.

The checkoff supports national, regional, state and local projects. For example, we pool some of our production research dollars with other states that face similar issues. We fund some research as part of the North Central Soybean Research Program, and some with researchers in our own state. We also invest in projects with organizations like the National Biodiesel Board. A survey by that group estimates 62 cents of every bushel we receive for soybeans is because of biodiesel.

Determining which projects to fund is based on specific priorities set by the board:

- Animal agriculture. ISA works to protect its top soybean customer so livestock producers might expand and be profitable in Illinois.
- Transportation. Good infrastructure is critical to soybean profitability. Access to multiple transportation modes in Illinois provides significant advantages for farmers, so ISA works to find ways to optimize opportunities.
- Yield, composition and profitability. ISA invests in projects that help farmers boost production through better management strategies.
- Freedom to operate. ISA promotes sustainable practices and helps educators and consumers learn how soybeans affect their lives, local economies and communities.

- Organizational excellence. ISA builds support and recognition of ISA efforts, as well as works to increase the organization’s leadership, influence and reach.
- Soybean checkoff dollars cannot be used to fund legislative efforts. Illinois Soybean Growers (ISG) relies on dues-paying members and grassroots support.

Illinois Field & Bean often contains articles that provide updates and results from work funded by soybean checkoff dollars, as well as membership efforts. I encourage you to read more in this issue, and please direct any questions or feedback to me at ilsoy@ilsoy.org.

DARYL CATES
ISA Chairman

Checkoff FACT:
Funding decisions are made annually by the ISA board of directors, which consists of 18 district representatives and six at-large representatives. Directors serve three-year terms, and are eligible for reelection for a second term. Directors work with an annual budget based on soybean production. The checkoff collects one half of one percent of the sales price of soybeans.

ILLINOIS FIELD & BEAN | NOVEMBER 2015
Harvest is over. It’s time to finalize 2016 cashflows and set up a meeting with your lender. With lower grain prices and no significant improvement in the 2016 outlook, you might not be too excited about this meeting. Here’s how to plan ahead for the best result:

1. **GET ORGANIZED.** Gather your 2015 records. Estimate final costs and provide an up-to-date actual comparison to your original budget. Be prepared to explain any positive and negative changes. Update actual bushels harvested and average price per bushel sold. Note how much of your harvested grain is priced for future delivery. Your lender will want a Dec. 31 balance sheet and 2015 tax return eventually, but identify the good and the bad to start the conversation.

2. **LOOK TO THE FUTURE.** Prepare your 2016 budget. Have you priced grain or inputs? Have you had tough conversations about rent per acre with landlords? Is your operation changing: growing, shrinking, adding family members? How will these changes affect your 2016 cash flow? Put your best estimates on paper and figure a cash flow at market prices. Calculate an estimated year-end working capital position and be prepared to discuss. Your lender will look for your ability to withstand a difficult year or years.

3. **SHARE YOUR MARKETING PLAN.** Operators disciplined about marketing tend to be the lender’s darling. A percentage of crop sold ahead profitably gives increased confidence in your approach to profitable farming. Calculate breakeven and best-case scenario prices. Are they available today and are you willing to make some sales? If not, are you using a marketing advisor that is providing solutions to obtain the best possible price? Share that information with your lender.

4. **DEFINE A MARKETING PLAN.** Now is the time to find a system that will work for you. If you don’t know how to do it yourself, consult your lender. They likely know multiple market advisors, so get phone numbers and set up interviews. Find a person and system that fit your personality, cash flow and risk tolerance and will provide references.

5. **CONTROL COSTS.** A noted swine economist once told me you can cut 10 percent out of any budget. Have you examined your cash flow line items and worked to control costs? If not, it’s worth your time before the meeting. If you’ve already been through this exercise, consider other income-generating opportunities such as custom farming, trucking or off-farm income to boost anemic cash flow.

6. **CLEAN UP THE SHED AND THE BALANCE SHEET.** High grain prices created both prolific cash flow and tax liability. Did you take advantage of the IRS depreciation benefits to upgrade equipment and pay cash? If you have equipment equity, your lender might be willing to provide medium-term financing to inject cash into your operating cash flow. Have you sold unused equipment? Today’s used equipment prices might not be optimal, but the right buyer can help you replenish your cash.

7. **SUCCESS!** You’ve trimmed costs, found a neighbor who needed custom work, sold your old tractor, created and followed a marketing plan, and presented a well-substantiated cash flow to your lender. The 2016 cash flow is showing a small projected profit, or maybe just a breakeven, but your lender isn’t sweating. With a little planning and some tough decisions, you can be on your way to another successful year of farming.

Rebecca King is senior vice president, ag and commercial banking for First Midwest Bank in Galesburg, Ill. A University of Illinois graduate, she has more than 25 years of lending experience, creating and reviewing cash flows for bank clients and her family’s farm in west central Illinois.
Illinois soybean farmers likely face another tight margin scenario for 2016. The soybean market remains low while costs continue to rise, making it difficult to avoid red ink. Farmers will need to keep a close eye on the bottom line; considering cuts that don’t sacrifice yield potential and watching for prices to rise above per acre break even levels to try and lock in profits.

"Many farms are financially strong and can withstand financial adversity. However, dealing with cash shortfalls now seems prudent. If costs are not cut for 2016 and low prices continue, the financial problems associated with the grain farm sector will become more difficult to deal with in the future," says Gary Schnitkey, University of Illinois ag economist.

**CONSIDER CUTS**

Soybean farmers will need to comb through expenses to see where cuts are possible. Schnitkey says a $100 reduction in per acre costs in one year’s time is historically unprecedented, but times have changed. Today’s farms are more “cash sensitive” because more farmland is cash rented and a high proportion of that production cost is cash cost.

"Many operations focus on cash grain on rented farmland. Often, significant amounts of revenue do not come from other activities, such as livestock enterprises," says Schnitkey.

While farmers with a high proportion of rental ground may face more unprofitable costs, non-land costs also are a concern. Schnitkey reports non-land costs increased proportionately more than cash rent from 2006-2013, including machinery depreciation, seed and crop insurance.

"Cuts of $100 per acre would result in $19 per acre net income. That does not provide much margin. A $100 cost cut implies total cost reductions of 17 percent for soybeans," he says. “Non-land cost cuts made to fertilizers, seed and machinery depreciation plus pesticide costs accounted for 61 percent of soybean cost increases between 2006 through 2013. Cost cuts in all four of those areas must occur if sizable reductions in non-land costs are to occur.”

**MONITOR PRICES**

Increases in soybean prices would reduce the need to rely solely on lower costs in 2016 to be profitable, which market watchers say will require a sharp pencil. At this point, 2016 prices are not expected to move into the black to allow many profit-grabbing opportunities.

"Higher prices can have the same impact on net farm income as cost reductions," says Schnitkey. “Soybeans at $10.75 per bushel result in the same income as $100 per acre in cuts. However, costs may still need to be reduced even if prices approach projected long-run averages.”

Schnitkey calculates for example that a cash price of $8.70 per bushel places net farmer income at a negative $124 per acre without the $100 of cost cuts in a corn and soybean rotation. With the $100 cost cut, net incomes would still be a negative $24 per acre.

“Even after $100 of cost cuts, incomes would be negative given fall delivery bids, pointing to the risks that exist if costs are not cut,” he says. Farmers should be prepared to take advantage of any rallies in 2016 to price soybeans, although other market analysts agree those opportunities will be few and far between.

“Fundamental market factors are very bearish,” says Eric Fransen, commodity consultant team lead with Stewart-Peterson, an advisory firm based in West Bend, Wis. “World supplies are record large and we have the third largest stocks-to-use ratio in the last 20 years. Domestically, we have the second largest carryout in the last 20 years. The pace of new-crop exports is the slowest since 2011 due to Brazilian supplies and currency weakness.”

Fransen says cash soybean prices based on the stocks-to-use ratio imply a price range of $7-10 for the 2015 crop, but that may be too bearish. He estimates a futures price range of $8-10.50 between now and
next spring, which he says is still below the average cost of production of just under $11 on rented farmground. Additionally, he points out during the last 22 years, prices on average rose more than 30 percent from the previous year’s contract low to the March high, which would put soybean futures in the $11 per bushel range.

“Farmers who do not cash rent should have more opportunities to lock in a profit,” he says. “Those who have to sell now near $8 should buy May or July call options in case there is a weather issue with the South American crop.”

Brian Basting, economist with Advance Trading, says using options as part of a comprehensive risk management program is a good strategy to consider. “Price is unpredictable. The market may get lower yet. Defend your balance sheet and consider purchasing put options to put a floor under the market. If cash sales are made, consider buying call options to leave the upside open. This may be the best peace of mind,” he says.

Basting stresses discipline in marketing is important. “Individual costs of production will be important to know. Concentrate on managing price volatility, as opposed to trying to predict price” he says.

MARKET FACTORS TO WATCH IN 2016
While any number of factors could come into play in 2016, Brian Basting with Advance Trading is watching the factors below as the current marketing year gets underway:

**Final 2015 U.S. soybean yields**
Production was highly variable across the country, and any surprises could affect soybean prices.

**South American soybean supplies**
As the new marketing year began in September, the combined carryover in Brazil and Argentina was up 21 percent versus a year ago.

**New-crop U.S. export sales**
A slower export pace for September-November is built into the market. U.S. soybean exports are still expected, potentially later in the quarter.

**China’s economic growth**
While there is uncertainty, USDA projects China will import a record 79 million metric tons from all origins, compared to 77 million last year.

**Brazil’s planted acreage**
Look for about a three percent increase in soybean acres this fall. Brazil’s Real currency is weak, so that translates into higher prices for farmers there.

**Return of bird flu**
Any domestic issues with bird flu could translate into weaker soybean meal demand. Crush margins have been strong, given a solid soybean meal export pace and healthy domestic hog numbers.

RETURNS SLIP BELOW CASH RENTS IN ILLINOIS
Operator & Land Returns & Average Cash Rents on High-productivity Farmland in Central Illinois

![Graph showing returns and cash rents over years](source: Department of Agricultural and Consumer Economics University of Illinois)
Tenuous Trade Outlook Ups Market Risk

> BY BARB BAYLOR ANDERSON

The U.S. is the world’s largest soybean producer and a major exporter and contributor to the U.S. agricultural trade balance. As such, any dramatic shifts in the global marketplace increase U.S. soybean farmer risk. The 2015-16 marketing year that began Sept. 1, 2015, is no exception.

“Soybean exports finished the 2014-15 marketing year on a very strong note,” says Darrel Good, University of Illinois ag economist emeritus. “Exports during the final quarter of the 2014-15 marketing year (July-September) were projected to be near 111 million bushels, which is about 53 million more than exported during the final quarter of the previous year.”

At the beginning of the marketing year which began Sept. 1, however, 38 percent fewer soybeans had been sold for export than the same time for new-crop sales a year ago. USDA says lower soybean and soybean meal prices, combined with reduced volume, will drop oilseed sales $4.4 billion below 2014-15. Lower values may create a $2 billion decline in Chinese purchases.

“There is still some concern that export forecasts may be too optimistic,” says Good.

SOUTH AMERICAN COMPETITION

The primary fear for U.S. soybean exports is competition from South America. USDA already has reduced U.S. 2015-16 soybean export estimates by 1.4 million metric tons to 46.9 million (1.723 billion bushels) on the slow pace of new-crop sales and stiff competition from Brazil and Argentina. At the same time, Argentine soybean exports are up nearly 1.1 million metric tons to 9.8 million (360 million bushels), and Brazilian soybean exports are 3.8 million metric tons higher to 54.5 million (2 billion bushels) reflecting larger global demand.

“Brazil is selling more soybeans into the same markets we generally service during the fall. Usually October to March, the U.S. leads world soybean exports. But Brazil had a 94 million metric ton crop (3.45 billion bushels) in 2015 they are selling later into the year, and the U.S. new-crop just isn’t competitive right now,” says John Baize, an international trade consultant. “We will have to sell later in the marketing year to reach 2014-15 export levels.”

Baize notes the lack of summer price rallies means U.S. soybean farmers are still holding onto old-crop soybeans, and are hesitant to sell new-crop soybeans.

“Cash prices are below $8.00 per bushel in some areas. If our 2015 crop is big and South America plants more soybeans, we will see $7.00 cash soybeans during this marketing year,” says Baize. “Brazil is expected to plant 3-5 percent more soybeans this fall, and it is an El Nino year, which is generally good news for South American production weather.”

MAJOR BUYER CONCERNS

Currently, more than half of U.S. soybean production is exported. China alone imports approximately 25 percent of all U.S. soybeans. USDA estimates China’s total soybean imports from all sources will climb to 79 million metric tons in the current marketing year to provide supplies for its growing domestic crush and protein feed demand.

However, devaluation of the Chinese currency, the Yuan, could impact soybean imports. “The devaluation is a problem,” says Baize. “Big buyers in Asia tell me there will be fewer soybeans imported into China with a 10 percent devaluation because their domestic soybean prices go up.”

2015-2016 SOYBEAN EXPORT ESTIMATES

Trade Tidbits

• According to USDA, the value of U.S. oilseed and product exports averaged more than $9 billion in the early 2000s, nearly half the farm-level value of production. By the late 2000s, the value of oilseed and product exports doubled to more than $20 billion.

• Main export destinations include China, the EU, Japan, Mexico and Taiwan. Other important markets include Indonesia, South Korea and Thailand; Canada, Mexico, the Philippines, and several Latin American countries that import U.S. meal.

• China is the world’s fourth-largest soybean producer. Rapid growth of China’s economy has helped turn the country into the world’s leading soybean importer.

• The EU is self-sufficient in vegetable oil production, but its protein deficit still makes it the world’s largest soybean meal importer and second-largest soybean importer.

• Trade policy and domestic crop support reforms in Mexico have allowed imports to displace domestic soybean production. Nearly all imports come from the United States, and U.S. soybean exports to Mexico have more than doubled since 1993.

Source: USDA
In addition, the Brazilian Real is weaker, which is an incentive for China to buy those cheaper beans. Market watchers say that could boost short-term imports to get ahead of any further devaluation. Other Asian soybean buyers have been slow to commit to U.S. sales so far this fall. Japan is the only country registering higher export commitments versus a year ago.

Taiwan sales also show promise. In September, ISA joined Illinois Gov. Bruce Rauner and a delegation of 21 Taiwanese soy industry representatives to sign a Letter of Intent to purchase Illinois soybeans and their products. In the letter, the Taiwan Vegetable Oil Manufacturers Association (TVOA) agreed to purchase between 2.6 million and 2.9 million metric tons (96-107 million bushels) of soybeans in 2016 and 2017 from the U.S. ISA invests checkoff dollars to host an average 30 trade teams per year to showcase Illinois soybeans and answer questions about the state’s production and quality.

“We may have a good sales year to Europe, although currently there are no commitments on the books,” says Baize. “USDA is forecasting European Union (EU) soybean imports up 400,000 metric tons to 13.5 million metric tons, which reflects increasing crush and growing demand for protein feed given their lower rapeseed and sunflower production forecast.”

One wild card, notes Brian Basting, economist with Advance Trading, is that the Federal Reserve did not raise interest rates in September. That may keep the U.S. dollar from any additional near-term strengthening, which would make U.S. soybeans more attractive overseas.

LONG-TERM OPTIMISM

While U.S. soybean trade faces some challenges in the short-term, USDA Secretary Tom Vilsack recently noted that 2009-2015 was the strongest seven years in history for U.S. agricultural trade. Global demand for soybeans reached 284 million metric tons in the 2013-14 marketing year and is estimated to grow to more than 350 million metric tons by 2023-24.

According to the United Soybean Board, the world’s population in 30 years will reach an estimated nine billion people who will be demanding more protein.

“It’s important for the United States to remain the preferred supplier of soybeans as global competition continues to increase. Thanks to consistent quality and a reliable transportation system, the U.S. soybean industry is positioned to be a top supplier. We must continue to reach new markets to increase the potential for profitability for U.S. soybean farmers,” says Sharon Covert, soybean farmer from Tiskilwa, Ill., and ISA director. ■
“Accelerating Illinois” Towards Transportation Solutions

Whether it is a load restriction on a rural bridge, dangerous potholes, or a delayed commuter train, Illinois infrastructure issues affect residents across the state. In fact, a recent survey found half of Illinois residents are frustrated by infrastructure issues on a daily basis and 80 percent deal with issues weekly. The findings come from a new initiative called Accelerate Illinois.

“Accelerate Illinois was started to raise awareness of our state’s diminishing infrastructure spending. We’re collecting less per person from the state’s gas tax and simultaneously investing less of the state’s budget in infrastructure,” says Ryan Griffin-Stegink, assistant communications director at the Metropolitan Planning Council. “Our failure to invest enough is costing us more.”

Metropolitan Planning Council, a Chicago-based nonprofit focused on developing and supporting regional growth, initiated Accelerate Illinois in early 2015. The collaborative project unites Illinois citizens, organizations and businesses in an effort to urge Illinois lawmakers to make investments in transportation infrastructure more of a priority. Members include Amtrak, Illinois American Water, Metra and Union Pacific, among others. ISA joined the coalition in the spring as the first and only commodity partner.

“Working with others to improve infrastructure gives our farmer-members more clout. Together, we unite voices from different backgrounds and geographies to help influence legislators to make improvements,” says Paul Rasmussen, soybean farmer from Genoa, Ill. and ISA director. “ISA’s role is to provide a wider perspective on infrastructure issues outside of suburbia.”

ISA had the opportunity earlier this year to help the initiative’s urban base understand rural infrastructure issues with a guest post on the Accelerate Illinois blog. The state’s annual soybean and corn harvest represents 60 percent of the total land mass of Illinois, so the movement of both commodities to market is critical to the state’s economy.

“It is imperative for Illinois to have sound infrastructure,” says Rasmussen. “Agriculture is a large contributor to the economy, and relies heavily on a functioning transportation system.”

ISA co-signed a recent letter to Illinois Governor Bruce Rauner and legislative leaders, urging them to make infrastructure investments a priority, despite the focus on the state’s budget issues.

“This was our year to build the coalition, garner attention on the state’s infrastructure issues, and keep them present on people’s minds. We believe that in 2016 the legislature will be in a better position to act on transportation funding,” Griffin-Stegink says.

To learn more about Accelerate Illinois, visit www.accelerateillinois.com.

SOY TALK

Harvest Completes Successful Year 1 Launch of Enlist Duo™ Herbicide

Production growers combine weed-free fields of Enlist™ soybeans

Growers report seeing strong stands, full pods and clean fields where Enlist™ soybeans grew this year. As the first year of commercial use of Enlist Duo™ herbicide with Colex-D™ technology draws to a close, growers continue to see the benefits of the Enlist Weed Control System.

Steve Wertish, a Mycogen Seeds grower from Minnesota, participated in seed production for Enlist soybeans under the Dow AgroSciences’ Field Forward™ program. Field Forward gives select growers an opportunity to experience new technology before it is commercially available. He experienced exceptional weed control with no escapes. His clean fields have caught the attention of his neighbors.

“Neighbors have stopped because they have seen that our fields are weed-free,” Wertish says. “We’ve told them about our experience this summer with the Enlist system and how pleased we are. Now they are ready to plant Enlist on their farm.”

Wertish agrees Enlist Duo was easy to handle and delivered on the on-target application benefits. For him, the on-target application offers peace of mind and means greater weed control because the herbicide reached the intended target.

“Colex-D technology has been a real eye-opener for me,” Wertish says. “Anybody who’s going to be worried about drift or volatility with Enlist Duo is going to be very surprised. There just seems to be none whatsoever in my case.”

In future seasons, Enlist soybeans will be available in elite varieties from Mycogen Seeds. For more information about the Enlist system, contact your local Mycogen Seeds representative.
YOU WERE MEANT FOR THIS.

When all the planting, feeding and protecting grow into more than just your yield. More than a job well done — it’s a realization. That this is what you were meant to do. We’re with you. It’s what Mycogen Seeds is all about. A shared passion for the life of your land. For the life that you love.

Visit Acres of Possibility.com to maximize the potential of your corn and soybeans.
ISA HELPS COUNTIES EVALUATE ROADS AND BRIDGES

A soybean checkoff-funded initiative is helping Illinois counties prioritize road and bridge projects based on their returns on investment. The project is part of a larger Illinois Soybean Association (ISA) project to help improve the state’s transportation infrastructure.

“The prioritization study delivers an analysis of critical infrastructure points to help county engineers prioritize road and bridge improvements,” says Kurt Bialobreski, professional engineer (PE) and professional traffic operations engineer (PTOE) with Hanson Professional Services, the firm who conducted the research. “In rural areas there aren’t a lot of alternative routes. Going through this process can help identify projects that have a high benefit at a relatively low cost.”

The checkoff-funded prioritization project was launched two years ago in Peoria County, where Bialobreski worked closely with County Engineer Amy McLaren to calculate benefit-cost ratios for 12 infrastructure projects. Trivoli Road Bridge scored high on the benefit ratio. Nearby farmers echoed the concern, as they were inconvenienced by the single-lane, load-posted bridge.

Following the study, McLaren revised upward the priority for the rural infrastructure and secured state funds to replace the bridge with construction slated to begin in 2017. “This study brought to our attention just how important this bridge is to the community it serves,” says McLaren.

Eric Schmitt, McLean County engineer, learned of the Peoria project and approached ISA earlier this year about doing a similar study.

“McLean County already does an annual road evaluation that includes a five-year program and budget,” Schmitt says, adding McLean County turned the project into a true public-private partnership. “We saw results of this study as another tool to help us identify which projects to tackle first. The county board provided funds to expand from an original 10 projects to 20.”

Bialobreski and the Hanson team used benefit-cost ratios to prioritize McLean County infrastructure projects and also conducted stakeholder meetings to supplement data collected through road and bridge analysis. Conversations focused on specific projects and shed light on areas that weren’t uncovered in the initial analysis.

“Stakeholder meetings provided great insight because they brought us the bigger picture,” says Schmitt. “We understand agriculture only to a certain extent. The meetings gave us a greater perspective, especially as to how to schedule projects to better accommodate the ag calendar.”

Bialobreski says the study project gives counties another tool to look objectively at the road and bridge projects that are most vital to their systems, and to do so in a way that provides the greatest returns on investment — a process he says has a special benefit to farmers.

“We realize all Illinois counties struggle with finding resources to support transportation improvements,” says Jenny Mennenga, soybean farmer from Le Roy, Ill., in McLean County and ISA director. “ISA encourages other counties to work with us to help prioritize infrastructure needs so those limited funds can be used wisely.”

ILLINOIS IS INVESTING LESS IN TRANSPORTATION THAN BEFORE

we’re collecting less...

...and spending less

ANY COUNTY MAY BENEFIT FROM PRIORITIZATION STUDY

ISA sees the overall project as something that can benefit all counties across the state. With checkoff funding, ISA is pursuing an online toolbox to assist other counties in their own prioritization analysis. McLean and Peoria county studies are found at www.ilsoy.org/transportation/research. Similar projects currently are underway in Tazewell and Jackson counties. For more information on how to get involved, contact Mike Levin, ISA director of issues management and analysis, at 309-663-7692.
Tough Growing Season Doesn’t Discourage Illinois Soybean Farmers

> BY MEGAN KELBEL

Few Illinois farmers would have been optimistic about soybean yield potential had you quizzed them early in the growing season. Heavy rains, coupled with declining commodity prices, turned 2015 into a challenge for farmers throughout the Midwest. But that challenge turned into optimism as many farmers approached harvest, with the realization yields might not be too bad.

“My beans look great. I am hopeful that they’ll get to 100 bushels, if not higher,” noted Dan Arkels just prior to harvest. Arkels, farmer from Peru, Ill., won ISA’s 2014 100 Bushel Yield Challenge. “Every time we count pods, we recount because we can’t believe they’re that high.”

EARLY SEASON SURPRISES
The season started on the right note for Arkels, who planted his soybeans May 3. “Our planting date was ideal, but it started raining the afternoon we planted,” he says. “That rain didn’t let up until the third week of May.”

With a short window of clear weather, Arkels said he was able to make herbicide applications before rain came again the last week of May. “I wasn’t able to get back into my fields to control weeds for nearly the whole month of June,” he says.

Jason Watson, soybean farmer from Villa Grove, Ill., had a similar start to the season. “We started planting May 1, and were excited about planting conditions,” he says. “But then came the rain. We had some stunting early, and our chemical applications were hindered by the weather.”

Rain slowed down farmers throughout the state. “We couldn’t get in to control weeds like we should have,” says Mike Wilson, Soy CCA (Certified Crop Adviser) Envoy based in Wabash County. “Our timing was off, so a lot of farmers ended up with serious weed issues.”

Excess moisture also inhibited nitrogen fixation. “We looked at nitrogen management more closely this year than we have in years past,” he says. “Whether farmers used foliar applications or biologicals, they benefited this year if they took a nitrogen focus.”

MID-SEASON TURNAROUND
By mid-season, Illinois farmers had to make adjustments in their soybean management plans to deal with the ongoing wet weather.

“I wish I could have gotten into my fields two or three weeks after I planted, but that wasn’t an option,” says Arkels. “Instead, I relied on foliar applications. We kept a close eye on plant health from the minute we got into the fields until harvest. That was key to bouncing back.”

Watson agrees farmers who tweaked their strategies came out ahead. “We had more than 10 inches of rain in May and June, but only 2.2 inches in July and August combined,” he says. “We changed our applications accordingly and came out with some fields hitting 80 bushels per acre.”

In southern Illinois, Wilson notes the Wabash River was flooded for 45 consecutive days at the beginning of the season. In August, there was no significant rain for six weeks.

“I always tell farmers that soybeans are a long-haul crop. All the way through Labor Day, there are steps you can take to improve yield, and we proved that this year,” he says.

DOES HIGH-YIELD APPROACH PAY OFF?
Illinois farmers had to tighten their belts in 2015; keeping a watchful eye on input costs and fluctuating commodity prices and deciding which expenses were worth the investment.

“My goal always is to produce as many bushels as I can, regardless of the conditions we have,” says Arkels. “With $8 to $9 beans, it’s still profitable to push for higher yields. You still have to try to do the things that will get you higher bushels at the end.”

Wilson sees similar thoughts from farmers in southeast Illinois. “On ground managed well, we are seeing great yields. In fact, I have a grower who harvested more than 94 bushels per acre,” he says. “That farmer came away with $112 from a $35 investment — a $77 per acre return.”

Unfortunately, high yields and returns aren’t universal. “We’re seeing some beans exceeding 90 bushels per acre while there are other farmers who are struggling to make 40 bushels,” Wilson says. “You can really see how intensive management positively affected yields this year.”

For farmers who want to step up intensive management, Watson says on-farm trials are crucial to finding the balance between producing higher bushels at a lower cost.

“We always allocate some acres for research. All farmers should do that,” he says. “You can perfect practices to cut costs and increase yields before bringing them to all of your acres.”

DAN ARKELS
PERU, IL

JASON WATSON
VILLA GROVE, IL

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ALLENDALE, IL

“Soybean yields are all about plant health, and even more so in wet years when you’re trying to prevent disease.”
COVER CROPS A GOOD BET FOR DIVERSIFIED FARMERS

> BY LAURA TEMPLE

What if your fields produced value for another month or two each year?
What if your livestock feed costs went down?
What if your soil health improved and your nutrients stayed put?
What if cover crops accomplished all of this — would you give them a try?

Cover crops have a learning curve and require planning, but the benefits pay. Cover crops optimize land use for both feed production and soil health, according to Scott Jones, manager of Midwest Grass and Forage in Macomb, Ill. “Cover crops are gaining momentum in Illinois and make sense for diversified (crop and livestock) farmers,” he says. “Cattle and other ruminants convert energy stored in plants to nutrients for soil and complex sugars that feed us.”

COMPARE COSTS AND BENEFITS

Before you jump in, Bryon Kirwan, Natural Resources Conservation Service (NRCS) state economist in Illinois, says check costs. He helped create a cover crops calculator, so farmers may consider a range of “what if” scenarios to see how cover crops may work. The calculator incorporates science-based factors with flexibility for different regions and farm systems.

“To evaluate benefits accurately, farmers need to know what they want

Forage turnips provide nutrients and winter well.

Cover crop of oats and turnips are ready to graze in November.
from cover crops,” says Kirwan. “They have both short- and long-term benefits. For farmers with livestock to graze, using cover crops for feed pays quickly, while soil benefits for crops take longer to realize.”

**COMBINE CROPS AND CATTLE**

Ken Nimrick, Stronghurst, Ill., farmer and former Western Illinois University animal sciences professor, raises soybeans, corn and cattle and reaps the benefits of cover crops. Depending on the year and crop rotation, he relies on them to minimize harvested feed for his 150-cow herd.

“Fields with grazing cover crops become profit centers from November into January or February,” he says. “Cover crops provide high-quality forage for my cattle for as little as 25 cents per head per day. And some years I’ve used as little as 30 days of harvested crops.”

Jones recommends keeping cover crops for grazing simple. For example, plant a small grain such as cereal rye or triticale in the fall. “They make good feed and are easy to terminate,” he says. “Adding a brassica, like kale or turnips, increases feed value. Or, adding a legume like clover supports soil nitrogen content and forage value.”

Nimrick agrees. He often combines oats or rye with forage turnips. Weather impacts cover crop success, but he plants between 10 and 30 percent of his fields to cover crops each year. Grazing those fields requires management to reduce waste, and he uses electric fencing to ration cover crop forage by allocating two acres for the cows for a couple of days at a time.

“Cover crops also improve my soil, preventing compaction and adding organic matter,” Nimrick says. He prefers planting them on low fertility fields. “Grazing cows do a pretty good job of manure distribution, and I save hauling costs. If you keep soil healthy, everything works better.”

**WILL COVER CROPS WORK FOR YOU?**

The cover crops calculator Kirwan helped develop can be downloaded from the Illinois NRCS website, www.nrcs.usda.gov/wps/portal/nrcs/site/il/home. Contact Kirwan for help at Bryon.Kirwan@il.usda.gov or 217-353-6638.

**Profitability Tip:**

**PUT MANURE IN THE MIX**

Stronghurst, Ill., farmer Ken Nimrick incorporates cover crops into his crop rotation. His son-in-law raises pigs, and cover crops are ideal for early or emergency manure application.

“Cover crops can do several things for livestock farmers,” says consultant Ted Funk, Ph.D., whose nutrient management research efforts have been partly funded through the soybean checkoff. “They can reduce nutrient movement off fields where manure is applied, increase options for rescue acres, and store fall-applied nitrogen for release next season.”

Funk offers several pointers when planning for cover crops with the potential to serve for emergency and winter manure applications:

- Select fields or areas with minimal slope.
- Let cover crops serve as vegetative buffers for sensitive areas.
- Know that cover crops are considered equal to double-cropping or forages in nitrogen management guidelines.
- Apply manure into cover crops to reduce the risk classification of surface-applied, unincorporated manure applications in late summer or early fall.
- Consider using fewer nutrients to cover more acres if applying close to cover crop seeding. Liquid manure also may provide moisture to start the cover crop.
STORING SOYBEANS IS JUST LIKE STORING CORN.

FALSE: According to Dan Davidson, ISA research and technical coordinator, farmers store corn more often than soybeans. “Corn has carry, or market rewards, when you store it, whereas soybeans typically have much less,” he says. “Another key difference between the two crops is that corn can face more problems related to moisture, heat, mold and mycotoxins. Soybeans rarely face those problems because they aren’t a starch crop. They come off the field often very dry and also air dry more easily than corn.”

SOYBEAN STORAGE IN 2015 WON’T CHANGE MUCH FROM 2014.

DEPENDS: According to Gary Schnitkey, agricultural and consumer economics professor with the University of Illinois, it depends on the situation. “Regardless of the year and the market situation, farmers should think about the carry in the market and whether there are storage gains to be made that year,” he says. “This year, farmers will probably store less grain than in previous years because they don’t want to take too many chances with prices.”

Stan Born, soybean farmer from Dunlap, Ill., and ISA director, agrees. He opted for forward contracting. “I watch the markets and use enough forward contracts to ensure all my inputs are covered. The rest goes to my local elevator,” he says. “Forwarding for fall delivery is the best option for me.”

IT IS BEST TO STORE SOYBEANS IN DOWN MARKETS IN ANTICIPATION OF HIGHER PRICES TO COME.

FALSE: While farmers typically see prices increase after harvest, Schnitkey warns that this doesn’t happen every year. Such prices may not warrant storing grain. “Grain prices typically go up, but not always,” he says. “Farmers also need to remember that costs go up as well. The longer you hold grain, the more the price has to rise to justify holding it in inventory,” he says. Commercial storage often charges two to three cents per month for grain held beyond January, Schnitkey adds. “That means soybean prices need to rise two to three cents each month simply to cover storage costs, let alone to make a greater profit,” he says.

GRAIN STORAGE IS A SIMPLE PROCESS AND DOESN’T POSE MANY RISKS FOR FARMERS.

FALSE: Grain storage offers farmers the advantage of flexibility in selling their crop, but they need to keep safety top of mind to make the most of the opportunity, says Kris Richardson, associate director of safety, health and environmental services with the Grain & Feed Association of Illinois (GFAI). Her safety tips to farmers include:

1. Maintain a set-up checklist for bin sheet condition, stiffeners, seams, roof, floor, etc.
2. Set combine concave, sieves and fan speeds to allow for maximum retention of grain and minimal retention of foreign matter.
3. Dry the grain slowly and thoroughly to allow for sufficient storage time to market your grain. Any moisture still present inside the grain can cause quality issues.
4. Watch for poor grain condition from the point of discharge while unloading the bin and from the top to make sure it unloads evenly. Last grain in is the first grain out.
5. If there is a problem in the unloading process, try to manage it from outside the bin. If you must enter, always turn off any equipment that is operating and secure the switches so no one else can turn it on while you are inside. Never rush in.
6. Never enter a bin when an engulfment/entrapment hazard exists without taking appropriate precautions.
Sharon Covert Re-elected to USSEC Board

Sharon Covert, ISA district director from Tiskilwa, Ill., was recently re-elected as secretary of the U.S. Soybean Export Council (USSEC) executive committee. The USSEC board is made up of four representatives from the American Soybean Association, four from the United Soybean Board, and seven representing industry and state soy organizations. Covert was appointed by USDA earlier this year to serve on the Agriculture Trade Advisory Committee (ATAC).

RFS Marks Tenth Anniversary

The Renewable Fuel Standard (RFS) marked this summer its tenth anniversary. The rule was established in 2005 under the Energy and Policy Act (EPAct) and expanded in 2007 under the Energy Independence and Security Act. During that time, the U.S. biodiesel market has grown from more than 100 million gallons to about 1.8 billion gallons in 2014. Biodiesel also continues to exceed RFS volume standards set by the Environmental Protection Agency. Since 2004, 8.2 billion gallons of biodiesel have replaced petroleum to cut 75.5 million metric tons of carbon pollution; which is equal to removing 15.9 million cars from American roadways.

ISA Inducted into ISU Hall of Fame

ISA recently was honored as a corporate inductee into the Illinois State University College of Applied Science and Technology (CAST) Alumni Hall of Fame. Nominations are based on performance in the profession; demonstrated leadership in the profession or the community; outstanding service to the institution; and statewide, national or internal recognition. ISA and its farmer leaders are proud to partner with Illinois State University’s Department of Agriculture and College of Applied Science and Technology in enriching higher education and enhancing the future of Illinois agriculture. ISA staff and board members attended the event to accept the award.

Soy Video Nominated for Emmy

U.S. Soy.org’s video, “This is Harvest,” has been nominated for an Emmy by the National Academy of Television Arts and Sciences - Mid-America Chapter. The video was shot in Teutopolis, Ill., at the farm of United Soybean Board (USB) director David Hartke. For four generations, the Hartke family has been growing soybeans and other crops and raising hogs and cattle to help feed the world. Viewers get an inside look at a typical day during harvest at Hartke Swine Center, Inc. To watch the video, visit http://ussoy.org/this-is-harvest/.

Calendar of EVENTS

- **Illinois Soy 2020 Roundtable**
  > Dec. 1 • Bloomington, IL
- **Peoria Farm Show**
  > Dec. 1-3 • Peoria, IL
- **Illinois Farm Bureau Annual Meeting**
  > Dec. 5-8 • Chicago, IL
- **ASA board meeting**
  > Dec. 8 • St. Louis, MO
- **USB board meeting**
  > Dec. 9 • St. Louis, MO
- **ISA board meeting**
  > Dec. 14 • Chicago, IL
- **Soy Summit**
  > Jan. 29 • Effingham, IL
- **Soy Summit**
  > Feb. 25 • Peoria, IL
- **Soy Summit**
  > Mar. 11 • Rockford, IL
Illinois Soybean Growers (ISG) members returned last month from a high-level, bi-partisan trade mission to Cuba, which included U.S. Representatives Cheri Bustos and Rodney Davis, along with other ag and industry leaders. Leading the ISG delegation were ISG Chairman Daryl Cates of Columbia, Ill., Vice Chairman Lynn Rohrscheib of Fairmount, Ill., CEO Craig Ratajczyk and Director of Issues Management and Analysis Mike Levin.

During the visit, which was sponsored by the Illinois Cuba Working Group Oct. 11-14, delegates met with representatives from the Cuban Ministry of Foreign Investment and Economic Cooperation, Cuban Ministry of Foreign Affairs, Cuban Ministry of Agriculture, U.S. Embassy, Alimport and business leaders. They also toured farms, cooperatives and local private markets.

This is ISG’s sixth visit to Cuba since 2012. During that time, ISG has worked to increase soybean and ag exports to Cuba both through visits and by educating Illinois legislative and business leaders about the economic value of trade with Cuba.

To learn more information about ISA’s Corporate Partner’s Program visit ilsoygrowers.com
I’M A LEADER

Biotechnology Advocate

Nick Kalaitzandonakes

Kalaitzandonakes’ research, teaching and outreach focus on the economics and policy of agrifood biotechnology and other agribusiness innovations. He has authored many articles on the economic and environmental impacts of biotechnology, and was a featured speaker at the International Biotechnology Symposium hosted by the Illinois Soybean Association in August.

WHAT IS THE ECONOMIC IMPACT OF NOT HAVING SYNCHRONOUS APPROVALS FOR BIOTECH TRAITS?

Regulatory approvals have become a key step in introducing new biotechnologies to the marketplace. Nations and their governments have a right to ensure the safety and sustainability of their food supply. But we live in a highly linked and integrated world where global trade and supply chains are everyday realities. National regulations must achieve safety goals without muddling international trade, but that currently is not the case. Asynchronicity in the regulatory approvals of new biotech traits across different countries slows down innovation and creates inefficiencies in agricultural trade. Ag innovation and trade are the most important elements of food security and agricultural sustainability. Governments have an obligation to nurture both.

WHAT DO YOU BELIEVE IS THE BEST WAY TO DEVELOP SYNCHRONOUS APPROVALS FOR BIOTECH TRAITS?

There are many ways. The regulatory review and approval process in many countries can be faster and more predictable without any loss in risk assessment accuracy. Mutual recognition of regulatory approvals across countries can also be used as a temporary measure. Marketing thresholds for new biotech traits that have been approved in some countries can also facilitate trade while regulatory approvals are secured in countries where approvals are lagging. It is a matter of political will to solve the problem in order to safeguard innovation and trade.

WHAT DO YOU SEE AS THE LARGEST CHALLENGE FACING THE AGRICULTURE INDUSTRY?

Despite the fact they have become almost cliché because we keep talking about them, they are increasing food demand because of population and income growth; climate change and all that it implies for ag production, and water shortages. They will put tremendous pressure on global agriculture for years to come. We will need a full pipeline of agricultural innovations to deal with such pressures. How we secure and sustain the investment and enabling policies that can make such a pipeline possible is probably the largest challenge.

WHAT IS THE ONE PIECE OF ADVICE YOU WOULD GIVE A GROUP OF FARM LEADERS?

Farmers matter and have impact. Advocacy is more complicated as ag stakeholders increase and become more diverse. Farmers must get involved and stay involved. It makes a difference.
Make soybean cyst nematodes useful. Turn them into fertilizer.

While other seed treatments claim to be effective against soybean cyst nematodes (SCN), Clariva® Complete Beans seed treatment, a combination of separate products, is the only broad-spectrum seed treatment proven to kill them all season long. As it acts to destroy SCN, it also reduces damage from sudden death syndrome (SDS). All this lethal power comes from a tough nematicide paired with the unbeaten insect and disease protection of CruiserMaxx® Beans with Vibrance® seed treatment, a combination of separately registered products. So contact your Syngenta representative or visit ClarivaCompleteBeans.com. And take back your fields.