

**Monthly Newsletter – April 2021**

Grain:

**Good Farm Marketing Habits**

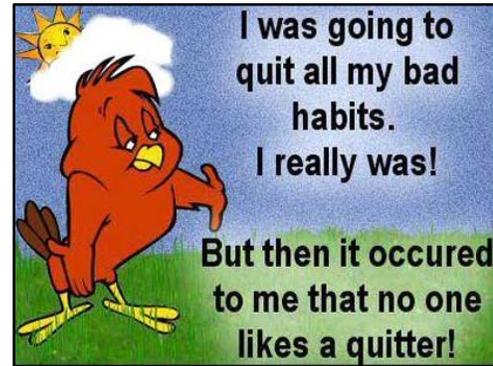
The word “habit” can be thought of in a negative connotation. We could make a long list of negative habits. A key to marketing for your farm involves setting good habits and we will discuss a few of the best grain marketing habits below.

*Create a Strong Marketing Plan.* While planning may not always be fun, it is a healthy part of marketing grain. Planning involves coming up with educated estimates and knowing how much grain you need to market and finding your cost of production. The next step is planning for a realistic profit goal based on the potential each year. It is important to keep in mind that selling at the high is possible, but not likely. Forming a realistic plan with clear goals will help keep habits alive.

*Understand Your Marketing Options.* Often times, farmers get caught up in complicated marketing options. At Pettisville Grain, we are committed to offering simple marketing options so that our customers can understand them and be confident in their options. Our most popular marketing options include Target Orders, Basis Contracts, and Average Pricing Contract. We offer all of these marketing options for FREE. Target Orders and Average Pricing Contracts are great options for farm operations because it takes away the need to watch the markets constantly and can take the emotion out of marketing. Reach out to us if you would like more information on any of our marketing options.

*Be Decisive.* Putting off making decisions is a decision itself, and that can lead to bad habits. So many dollars have been lost because of farmers changing their minds when the market is closing in on their targets. Many of us want to watch the markets, which can take a major toll on our minds and create a state of anxiety and indecision. The market is always going up, down, or sideways and it is hard to sell when the market is going up and it is hard to sell when the market is going down. If you have a plan and understand your marketing options, you will have the confidence to be decisive.

*Think Profit Not Price.* Risk assessment is important for grain marketing. As money is invested in the inputs, risk increases on the revenue side. The equation probably never gets balanced perfectly but focusing on the difference between input costs vs. revenues allows for the marketer to sell at a profit rather than at a price. In years past, there have been circumstances that have made lower priced grain more profitable due to input costs changing. Always think, “Profit not Price.”



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Feed:

### **By-Product Value and Importance to Fat Cattle Prices**

In 2020, the US exported \$7.6 billion in beef and variety meat products (down 6% from 2019); variety meat exports to all partners accounted for 11.8% of that value, down from 12.4% in 2019. When the value for hides and all offal products is added, the total offal value plus hides accounted for 20.7% of the export value in 2020, down from 22% in 2019. Variety meats account for a significant percentage of the export value, so what value do these by-products add to the finished steer?

The Agricultural Marketing Service of the USDA reports the by-product drop value for steer. On February 23, 2021 the hide and offal value from a typical slaughter steer was estimated at \$9.71 per live hundredweight and includes values for cattle hides, variety meats (i.e., cheeks, hearts, tripe, etc.) and tallow. This value equates to \$135.94 for a 1400 lb. steer. This value has been increasing recently and is at a level last seen in May 2018.

Products that add the greatest value to the byproduct value reported by AMS are the hide, tallow, tongue, tripe, oxtail, and cheek meat. International destinations provide markets for products not typically consumed in the US. Japan and Mexico are the leading importers of US variety meats, importing \$369 million and \$228 million worth of variety meats in 2020. Japan is the leading importer of beef tongue, while Mexico leads in beef tripe. As their import levels of variety meats change, so does the value contribution of tongue and tripe change in the overall byproduct value calculation, which ultimately will impact the finished steer price.

Beef and beef by-products are typically produced in nearly fixed proportions; however, when packers experienced line disruption in 2020, many plants changed fabrication methods to keep more whole muscles/primals intact and keep less offal to maximize line speed. The decrease in beef and offal provided less opportunities for exports and by-product values decreased to \$6.79 in May 2020. When these edible offal products are not exported, they will often go into rendering or into pet food and ultimately decrease the overall value of the finished steer.

With the continued recover from COVID disruptions, by-product production has mostly returned to pre-COVID levels; and given the relatively fixed pounds of by-products per 1,400-pound steer, the by-product drop in value contributions have been increasing due primarily to changes in demand. Beef exports are expected to be up almost 6% in 2021. As exports of beef and variety meats rises, additional support to the finished steer price is provided.

– Brenda Boetel, Professor, Department of Agricultural Economics, University of Wisconsin-River Falls

## 7 Ways to Maximize Manure as Fertilizer

Timing of applications and management of manure are important factors. Big livestock operations produce lots of manure and some sell it to neighbors. More people are recognizing the value of manure in high-yield corn production systems. If you want to get the most value from manure, Jim Camberato suggests understanding the basics of manure management and applying common sense. “It can be a good source of nutrients, but you need to handle it correctly and account for application timing and method, among other things,” says Camberato, a Purdue University Extension soil fertility specialist. Camberato shared basic manure management guidelines virtually with Indiana Certified Crop Advisers recently. Here are seven tips based upon his suggestions.

1. *Start with a manure analysis.* This is a must, both to determine the amount of nitrogen and phosphorus in the manure you’re injecting or applying, Camberato says. Manure from various species and growth stages of those species varies widely in nutrient content. Unless you know how many pounds of each nutrient are in the manure, you can’t make accurate calculations.
2. *Don’t rely on book values.* Especially for phosphorus, send a sample of each type of manure to a lab, and base application rates on actual analyses, he emphasizes. There are publications that may indicate typical analyses for specific types of manure, but your feeding and management practices will determine the nutrient content of your manure.
3. *Account for time of application when figuring N potential.* Even if you apply 250 units of nitrogen per acre based upon analysis of the manure and the rate you apply, the crop may not see it, Camberato says. The farther away the application is from the time plants will use nitrogen, the greater the chance for loss.
4. *Note injection tends to reduce N losses.* If you apply manure on the surface, ammonia can be lost to the air, Camberato says. Placing manure below the surface or incorporating it tends to reduce the amount of N loss.
5. *Know weather conditions.* When you apply manure and it’s warm and wet for long periods after application, you can figure that a good portion of the nitrogen component within the manure will be lost. Take this into account when figuring how much you can reduce commercial nitrogen rates based on manure applied, Camberato suggests.
6. *Watch acidity level.* Applying large amounts of manure per acre can increase acidity of the soil, lowering pH, if there is significant nitrogen content. Account for possible impact upon pH when applying manure, Camberato says.
7. *Apply manure elsewhere if nutrient levels are too high.* There are stopping points for applying nutrients, particularly phosphorus, either through manure or commercial fertilizer, Camberato says. Utilize soil tests to monitor P and K levels.

- Tom Bechman, Editor, Indiana Prairie Farmer  
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