

# *Delayed Corn & Soybean Planting Decisions Webinar*

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# USDA Announces Support for Farmers

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- Producers of alfalfa hay, barley, canola, corn, crambe, dry peas, extra-long staple cotton, flaxseed, lentils, long grain and medium grain rice, mustard seed, dried beans, oats, peanuts, rapeseed, safflower, sesame seed, small and large chickpeas, sorghum, soybeans, sunflower seed, temperate japonica rice, upland cotton, and wheat will receive a payment based on a single county rate multiplied by a farm's total plantings to those crops in aggregate in 2019
- Those per acre payments are not dependent on which of those crops are planted in 2019, and therefore will not distort planting decisions. Moreover, total payment-eligible plantings cannot exceed total 2018 plantings
- Payments will be made in up to three tranches, with the second and third tranches evaluated as market conditions and trade opportunities dictate
- The first payment tranche will begin in late July/early August as soon as practical after Farm Service Agency crop reporting is completed by July 15<sup>th</sup>
- If conditions warrant, the second and third tranches will be made in November and early January

# Late Planting Crop Insurance Coverage

- **Corn in Indiana**
  - Final Planting Date for full coverage = June 5
  - Late Planting Period with reduced coverage = June 6 through June 25
- **Soybeans in Indiana**
  - Final Planting Date for full coverage = June 20
  - Late Planting Period with reduced coverage = June 21 through July 15
- **Coverage declines 1%/day during the late planting period**
  - **Example: Coverage for corn planted June 10<sup>th</sup> would be reduced by 5%**
    - 85% coverage becomes 80.75% coverage ( $95\% \times 85\% = 80.75\%$ ), but you still pay the 85% premium

# Late Corn Planting Options

1. **Go ahead and plant corn, even though yields may be reduced**
  - a) **If planted after June 5, insurance coverage will also be reduced**
2. **Switch from planting corn to soybeans**
  - a) **Date on which soybeans are planted will impact crop insurance**
    - 1) **Soybeans planted on or before the end of the late planting period (June 25 for corn in Indiana)**

If soybeans planted on/before June 25, crop insurance coverage simply switches from corn to soybeans
    - 2) **Soybeans planted after late planting period (June 26 or later for corn in Indiana)**

If soybeans planted after June 25, you can still insure the soybeans & receive a partial prevented corn planting payment equal to 35% of full corn prevented planting payment
3. **Take the corn prevented planting payment, which is equal to 55% of original corn revenue guarantee**

## Corn Prevented Planting Example & No Other Crop Planted on These Acres

1. Assume Trend Adjusted-APH corn yield of 200 bushel per acre
2. Crop insurance projected price of \$4.00 per bushel
3. Revenue Protection (RP) coverage level of 85%
4. Computation of revenue guarantee and prevented planting payment:
  - Revenue guarantee =  $(200 \text{ bu.} \times \$4.00 \times 0.85) = \$680$  per acre
  - Full Prevented Planting Payment =  $\$680 \times 0.55 = \$374$  per acre

## Planting Soybeans on Acres Originally Intended for Corn After the Late Planting Date for Corn

- 1) Assume that you qualify for prevented planting on a portion of your corn acres, and you are able to plant soybeans on July 1 (after the late planting period for corn in Indiana, which is June 25)
  - 2) If you had 85% coverage on soybeans, your crop insurance coverage on these soybean acres would now be 76.65% (85% x 89%)
  - 3) In addition, you would receive 35% of the prevented planting payment for these acres or \$130.90 (Original Projected Revenue X 85% X 55% X 35%)
    - $(200 \text{ bu.} \times \$4.00) \times 85\% \times 55\% \times 35\% = \$130.90$
- **Key Question: Will the returns from planting soybeans, plus the partial prevented planting payment, be larger than the 55% prevented planting payment for corn?**

## **The 55% Prevented Corn Planting Payment vs. Return from Planting Late Soybeans & Partial Prevented Planting Payment**

- **Full Prevented Planting Payment for Corn Equaled**
  - $(200 \text{ bu.} \times \$4.00) \times 85\% \times 55\% = \$374 \text{ per acre}$
- **Partial Prevented Planting Payment**
  - $(200 \text{ bu.} \times \$4.00) \times 85\% \times 55\% \times 35\% = \$130.90 \text{ per acre}$
- **The difference =  $\$374 - \$130.90 = \$243.10$  per acre**
- **In this example, the expected net return from planting soybeans on July 1 would have to be greater than \$243 (minus any costs incurred to manage prevented planting acres this summer) to make planting late soybeans more profitable than taking the full corn prevented planting payment**
- **Decision on whether it's best to take prevented planting on corn or plant soybeans late will vary by planting date and farm location**

# Corn versus Soybean Profitability

- **Scenario One**
  - Crops planted in time to mitigate declines in corn and soybean yields.
- **Scenario Two**
  - Crops planted on May 31, 10% decline in corn yields and 5% decline in soybean yields.
- **Scenario Three**
  - Crops planted on June 10, 20% decline in corn yields and 10% decline in soybean yields.



## Possible Planting & Yield Scenarios High Productivity Soils in Indiana

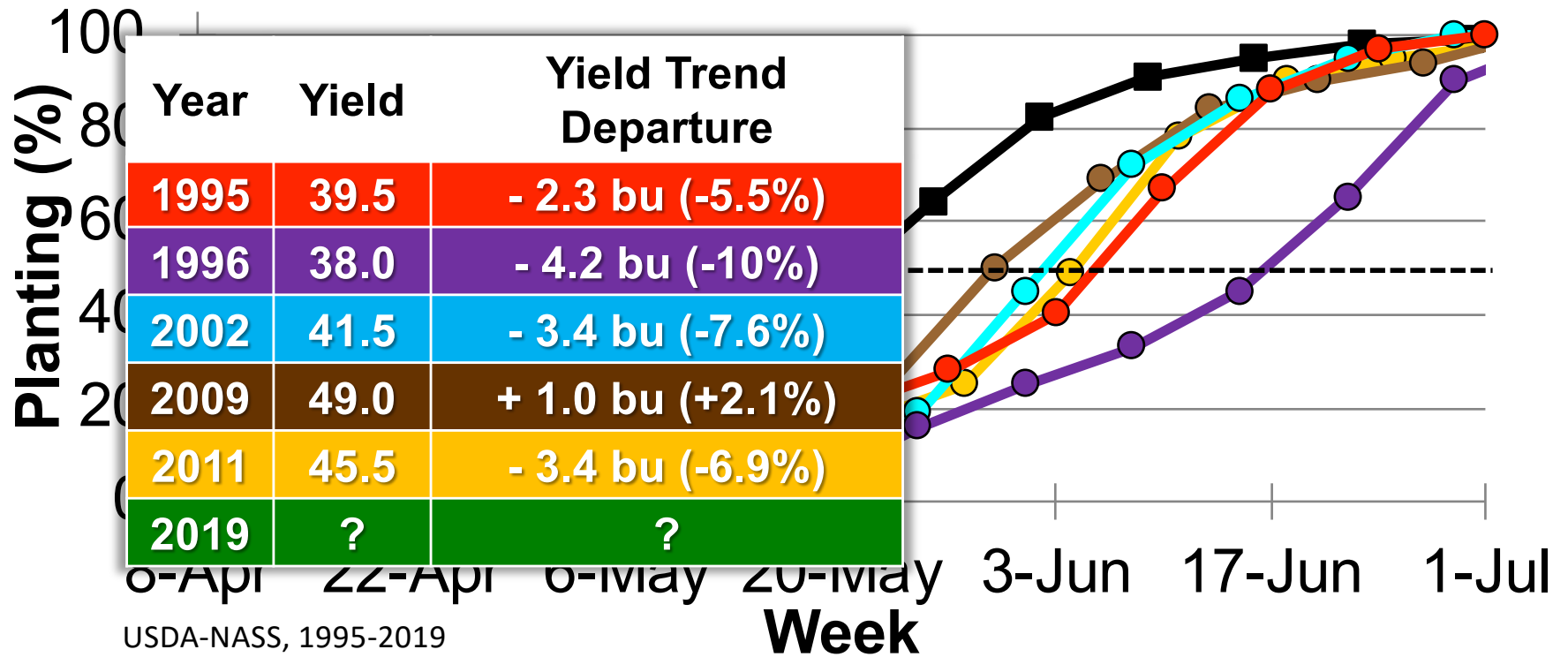
	Scenario One <u>Mid-May</u>	Scenario Two <u>31-May</u>	Scenario Three <u>10-Jun</u>
Total Cost for Corn	857	857	857
Total Cost for Soybeans	645	645	645
Reduction in Corn Yields	0.0%	10.0%	20.0%
Reduction in Soybean Yields	0.0%	5.0%	10.0%
Corn Yield	209.0	188.1	167.2
Soybean Yield	65.0	61.8	58.5

## Possible Planting & Yield Scenarios High Productivity Soils in Indiana

	Scenario One Mid-May	Scenario Two May 31	Scenario Three June 10
December 2019 Corn Futures	\$4.10	\$4.10	\$4.10
Mid-Oct. WC IN Corn Basis	<b>\$0.34</b>	<b>\$0.34</b>	<b>\$0.34</b>
Expected Fall Delivery Cash Corn Price	\$3.76	\$3.76	\$3.76
Expected Gross Corn Revenue	\$786.54	\$707.88	\$629.23
Expected Net Corn Revenue	<b>\$70.46</b>	<b>\$149.12</b>	<b>\$227.77</b>
Nov. 2019 Soybean Futures	\$8.50	\$8.50	\$8.50
Mid-Oct WC IN Soybean Basis	<b>\$0.64</b>	<b>\$0.64</b>	<b>\$0.64</b>
Expected Fall Delivery Cash Soybean Price	\$7.87	\$7.87	\$7.87
Expected Gross Soybean Revenue	\$511.23	\$485.66	\$460.10
Expected Net Soybean Revenue	<b>\$133.78</b>	<b>\$159.34</b>	<b>\$184.90</b>
Soybeans Advantage Over Corn	<b>\$63.31</b>	<b>\$10.22</b>	<b>\$42.87</b>

# Indiana Soybean: Late Plantings

◆ 2019 ■ 5-yr avg ● 2011 ● 2009 ● 2002 ● 1996 ● 1995



# Late Soybean Planting: Seed Rate

- **Maintain Seed Rates through end of May**
  - Planters (15 to 30"): 120 to 140,000 seeds/ac
  - Air-Seeders or Drills (<10"): 150 to 170,000 seeds/ac
- **Increase ~10% or ~15,000 seeds/ac each week**
  - Month of May → 140,000
  - 1<sup>st</sup> Week of June → 155,000
  - 2<sup>nd</sup> Week of June → 170,000
  - 3<sup>rd</sup> Week of June → 185,000
  - 4<sup>th</sup> Week of June → 200,000

# Late Soybean Planting: Maturity

Action	Northern IN	Central IN	Southern IN
Stay the course until:	15-Jun	20-Jun	25-Jun
Then, drop 0.5 MG and plant until:	30-Jun	05-Jul	10-Jul

**Short-Season Varieties Planted Late will need higher seed rates to compensate for limited vegetative and reproductive development.**

# Late Soybean Planting Management

- **Narrow Rows** to aid in canopy closure and sunlight interception.
- **Seed treatment**, especially if
  - Field conditions are conducive for disease development (cool + wet or warm + wet)
  - Soybean following soybean (i.e., switch from corn intentions)
- **Weed control** – still critical to start clean.

Check out our new Crop Basis Tool at  
[Purdue.edu/commercialag](http://Purdue.edu/commercialag)

*Thank You*

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