

PBT Farm and Ranch Management

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Quarterly Newsletter a New Service

This is the second "Farm and Ranch Management" newsletter specifically created for our farm management clients. The quarterly newsletter will feature articles and announcements that will hopefully be of interest and value to you.

As always, the Peoples Bank & Trust farm management group wants to be doing the best job we can for our clients. Keeping

you informed and up to date is a big part of that objective. We sincerely hope you find the newsletter valuable.



John Knipp

Dale Ladd

Field Bindweed - A Yield Robber

Field bindweed is a creeping, perennial deep rooted weed, which was native to Europe and western Asia. It was first found in North America in Virginia in 1739 and probably was brought to Kansas in infested wheat seed from the Ukrainian region of Russia between 1870 and 1875. Field bindweed was reported in Kansas near Topeka in 1877 and in Nebraska in 1888. It spread rapidly, and had infested nearly 200,000 acres in Kansas by 1937 and approximately 1.2 million acres statewide in 1988.

Field bindweed competes aggressively for water, nutrients, and light. It reduces both crop yield and quality, reduces land value, interferes with

harvesting by entwining crop plants, limits farmers to certain crops and rotations, and increases production costs needed to control it.

Due to its serious impact on crops and its ability to spread rapidly, bindweed was declared a noxious weed in Kansas in 1937. Even though farmers are required by law to control bindweed, about all farmers can do nowadays is to limit its destructive nature year to year. It can be managed short term with effective herbicides, but long term, once it establishes a foothold, it is likely a permanent concern.

Why is bindweed such a problem? Mainly because of its massive competitive root system and vining nature above ground. Roots can go down

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Field Bindweed - A Yield Robber

Continued from page 1 20 feet to mine vital moisture and nutrients. With such a massive root system, killing the upper portion of the plant does not stop the surviving lower portion from sending new shoots to the surface to become new plants. In addition, seed can live in the soil for more than 30 years.

Wheat probably has the best chance of being marginally unaffected by bindweed infestations if the farmer manages the weed during fallow periods. With the advent of Roundup ready technology in corn and soybeans, farmers can minimize the yield impact by using properly timed herbicide applications. In some cases, crops that shade the ground, such as thick planted sudangrass or forage sorghum, can restrict bindweed growth temporarily. The main goal is to not allow bindweed to flourish and go to seed.



Within our leases with tenants, we partner with them to encourage control of bindweed. Investing in control is good business. Even though current tenants and landowners are probably not responsible for bindweed being present, we are responsible to do everything we can to limit its spread to neighbors and its impact on crop yields.

Does Crop Insurance Affect Land Prices

Most people who watch what is happening with land prices understand the logic behind why land prices are where they are. Record high 'per acre' sales of cropland and pastures are occurring everywhere across the country for two main reasons: (1) low interest rates, and (2) recent profitability of agricultural enterprises.

But, another subtle factor that slips into the mindset of potential buyers is the income protection provided by crop insurance. Today's RA (revenue assurance) programs assure producers and landowners alike of a

guaranteed revenue stream, although typically not enough to truly guarantee a profit. This guarantee of a revenue stream, which normally at least covers most expenses, is exactly why Peoples Bank & Trust farms with share crop leases all carry RA crop insurance.

Is it a good 'buy'? Yes. Does it affect land prices being paid? Yes. Should it affect land prices? From a purely economic aspect, probably not. Unfortunately, some people underestimate the risk in producing crops because of this crop insurance. Crop insurance has protected

revenue, and therefore people think there is less risk than there really is. RA does not protect long term revenue if prices should drop significantly- which is always a possibility, and a big source of risk.

Poor crop performance in bad years obviously lowers a farm's APH (actual production history), which in turn reduces revenue protection. Buyers of crop insurance must understand that, on average, indemnities paid

out for revenue losses may be nearly offset by premiums paid. Government subsidies of crop insurance premiums are a big factor in keeping these premiums low enough to where it is a 'long term' good investment.


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Soil Testing Bumps Up Bottom Line



Farmers have known for years that a fertility analysis of the soil greatly improves the odds of getting the maximum “economical

response” to a modern day expensive input. Applying fertilizer without a soil analysis is risky business and not a part of what we would call ‘best management practices’.

Crop production relative to fertility has obviously changed dramatically over the last 50 years. Some of the factors include:

- Higher and higher yield potential through improved genetics
- Greater extraction of soil nutrients with higher yields over time

- Environmental policies protecting water and air quality
- Greater understanding of soil dynamics through years of research
- Improvement in application equipment technology/variable rates
- Less reliance upon legumes, manure, or compost
- More and more farmers adopting no-till farming systems

On many, if not most, of the farms we manage, tenants utilize professional independent crop consultants who collect the samples from every field, submit them to a lab for analysis, and interpret the results to match yield goals. Other farmers collect the samples themselves and utilize a county Extension agent

or agronomist to help make a ‘smart’ decision.

Nitrogen and phosphorous are still the big ticket nutrients with potash, sulfur, and zinc also playing significant roles in escalating fertilizer expenses. On higher yielding irrigated farms, it is not uncommon to be looking at a \$200 per acre fertility program. Non-irrigated farms often have fertility inputs in the \$80-\$100 range.

This is why we as farm managers keep up to date on current crop fertility needs and programs, and work closely with our tenants to help them be as ‘profitable’ as possible. We will be discussing the role of ag-lime as a valuable fertility input in low pH soils in future newsletters.

No-Till Farming Gaining in Popularity

No-till farming has gained widespread acceptance with the development of improved equipment and broad-spectrum herbicides. The benefits of no-till include:

- Reduced soil erosion
- Improved soil quality
- Greater yields where inadequate soil moisture is a limiting factor
- Time savings
- Less labor requirement
- Possibility for increased cropping intensity
- Possibility for reduced equipment costs

A crop rotation system with optimal intensity and diversity is important for success with no-till. Without a sufficiently intense cropping system, no-till may not be profitable. Likewise, cropping systems that are too intensive can fail without no-till or some other high-residue production system in

regions such as central and western Kansas that are prone to moisture stress.

What is cropping intensity? It is the amount of production per acre farmed over an extended period.

No-till often increases the amount of available soil moisture throughout the growing season. If crops do not use the extra water, it can cause problems, such as increased weed growth, delayed planting, poor germination conditions, sidewall compaction, an increase in disease potential, or saline seep formation.

With an appropriately intense and diverse crop rotation system on soils with adequate surface or internal drainage, most producers should see improved weed control, soil health, and nutrition; fewer soilborne insect

and soilborne disease problems; and more production per acre per year.

Some advantages of no-till are apparent immediately, but changes in soil structure and organic matter take time. The full advantage of no-till may not be realized for several years.

Long-term comparisons of conventional and no-tillage systems in a wheat/sorghum fallow rotation at Tribune, Kansas showed greater yields in no-till after several years of consecutive no-till production than during the first few years after transitioning from a conventional to a no-tillage system.

From our perspective as farm managers who emphasize both profitability and conservation, we encourage tenants who are willing to implement no-till practices, especially on more erodible soils.



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Many times, owners of farm and ranchland property have objectives that are difficult for them to formulate and manage, especially if they live a distance from their land or have limited agricultural backgrounds. That is where professional farm and ranch management services provided by the Peoples Bank and Trust's Farm Management Group can make land ownership both a more profitable investment and satisfying experience.

Our Farm Management Team works closely with clients to help them determine their personalized goals of land ownership. We discuss objectives such as return on investment, income timing, retained ownership into the future, conservation and improvement of the resources, communication preferences, and much more.

One of the more unique features of our Farm Management Service is that, based upon our client's goals, the farm manager works toward a *personal relationship* with the land owner.

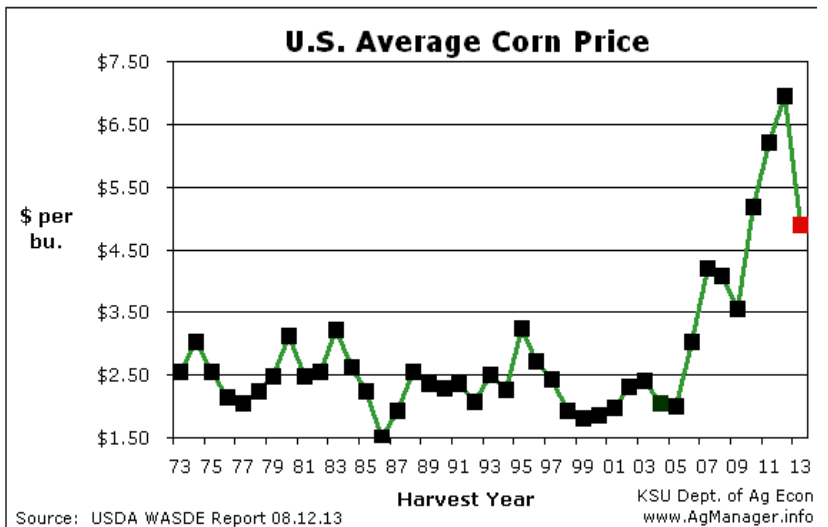
Should you know someone who might be interested in learning more about our **Farm and Ranch Management Services**, please encourage them to give us a call, or let us know so we can send them information about PBT **Farm and Ranch Management Services**.



WITH THE MARKETS

We continue to be in a weather market with corn and soybeans, and prices are exhibiting higher than normal volatility. Wheat continues to trade in a fairly narrow post harvest pattern between \$6.50 and \$7.00, and likely has little reason for moving much higher until new reports about worsening conditions worldwide are in the news. As soybean prices probably have the greatest probability of an upward swing, forward contracting is not part of our current marketing plan. With corn, we are starting to forward price a percentage in the \$5.00 area if

U.S. Annual Average Corn Price



expected production gives us enough bushels to create a contract. Today, there is nearly a \$2.00/bushel difference between 'old crop' and 'new crop' corn.

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