

Burrus BUZZ

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Farming is not a gamble, so think about a defense

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A common expression in agriculture is, “farming is a gamble.” When will it rain? Will heat trim yield? Will insects bother us? Will it be a great or tough year? We simply don’t know what to expect going into a growing season. Flirting with unknowns sounds an awful lot like playing roulette. However, there is a key difference.

Our industry cannot predict trouble with certainty, but we can look at data, assess risk, and manage for it. This makes our industry something other than “a game of chance.” If anything, farming is a “game of risk management.” Good farmers look around, estimate what might trouble them, and use tools to manage those issues accordingly. With that in mind, let’s conduct a little regional risk assessment when it comes to yield.

Northern Illinois and Southern Wisconsin

Northern Illinois and southern Wisconsin can squeeze in 1 to 3 great seasons before they see a yield downturn. Failing to exceed expectations means that northern Illinois often hits trend line yields (about 185 bushels if one extends the trend line into 2017). They hit average 40% of the time, 25% of the time they fall short, and 35% of the time they soar above. In southern Wisconsin, growers run about a 50/50 shot of either hitting average or missing average by 20 plus bushels during an off season.

Central and East Central Illinois

The most common stretch of good times is two years in central and eastern Illinois. When that region fails to surpass trend line yields, it stumbles toward average. They hit average or expected yield (180 bushels would be the trend line for 2017) 40% of the time, 25% of the time they fall short by about 10 bushels, and 35% of the time they soar. High organic matter soils help buffer corn from stress which explains the yield stability experienced in that portion of our footprint.

Southern Illinois

Shallow, low organic matter soils present more challenge to corn in southern Illinois. At best, southern Illinois growers can hope for about four good years in a row. Most of the time, southern Illinois just hits trend line yields, about 140 bushels. Overall, average occurs about 40% of the time, falling below average occurs about 20% of the time, and eking above trend occurs another 40% of the time.

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Western Illinois and Eastern Missouri

The Mississippi river brings a dramatic increase in corn yield risk. At best, that portion of the footprint may squeeze out 2 or 3 years of above normal corn. Two is most typical. Forty percent of the time, that region misses the trend line by about 20 bushels. The trend line for 2017 would call for about 155 bushels, which occurs about 15% of the time. Above trend occurs about 45% of the time.

Central Missouri and North Central Missouri

Growers can expect 2 to 3 good years in a row at best in central Missouri. When central Missouri falls from grace, it bleeds away lots of yield. Off-seasons usually mean a loss of about 25 bushels per acre on average, 45% of the time. That trend line would project about 150 bushels in 2017, trend occurs about 10% of the time. Above trend occurs another 45% of the time.

Western Missouri

One can expect about 2 to 3 good years in a row in western Missouri as well. The most common scenario for an off-season is below trend corn. Below trend tends to hit western Missouri about 40% of the time while average tends to hit about 25% of the time. Failing to push above the trend line, typically costs about 25 bushels per acre.

What's the point?

A lot of growers in our footprint have logged in great corn yields, and many of those growers have been doing so for a couple to few seasons. That little nugget should give us pause because it almost sounds as if our fortune has been too good to be true. That assessment is correct in such areas. The data says that our luck is running out, and we are due for some tough corn yields at a point in the not too distant future. That is the data. The solution is risk management. In other words, growers should carefully add hybrids to their mix that perform well in tough conditions. To stick only with racehorse hybrids, because we have encountered some back to back racehorse seasons, is a gamble. That move ignores the data and leaves everything to chance. To mix in a fourth to fifth defense is risk management and that is what this industry is all about.

Questions or comments for our agronomic research team?

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