



Baylor County Extension Office
Josh Kouns – County Extension Agent Ag./Nat. Resources, 4-H

January / February Newsletter

As we enter 2021 there are more than enough headlines across all news platforms. Thinking on the part of agriculture, the same holds true, however I cannot help but be drawn to the commodity markets and what the future may have in store for wheat and beef cattle. While there is no crystal ball to gaze into, I have reached out to our District Extension Economist, Francisco “Poncho” J. Abello. The following is his take on what he sees and expects going forward.

Wheat Market Outlook (January 2021)

Expected wheat prices have sharply increased during the last semester of 2020, especially due to an increase in exports, weather events specially affecting North Hemisphere wheat production, export quotas in Ukraine, and non-commercial investments in the CBOT Wheat market as we can see on the charts below (Source: Wheat Market Outlook – Dr. Mark Welch. <https://agecoext.tamu.edu/resources/market-outlook/wheat-outlook/>).

The risk of lower wheat production in the northern hemisphere, and corn production in the southern hemisphere due to drought is dragging prices to levels higher than last 5 years. Even though the drought conditions in the Southern High Plains have improved, this drought due La Niña weather condition is still affecting a big portion of the US wheat area, Russia, and Ukraine. La Niña condition is still predicted until March-April-May, adding more uncertainty in the market. This weather event does not only affect wheat, corn production in the southern hemisphere is also affected by La Niña, leading to higher prices of corn affecting most commodities.

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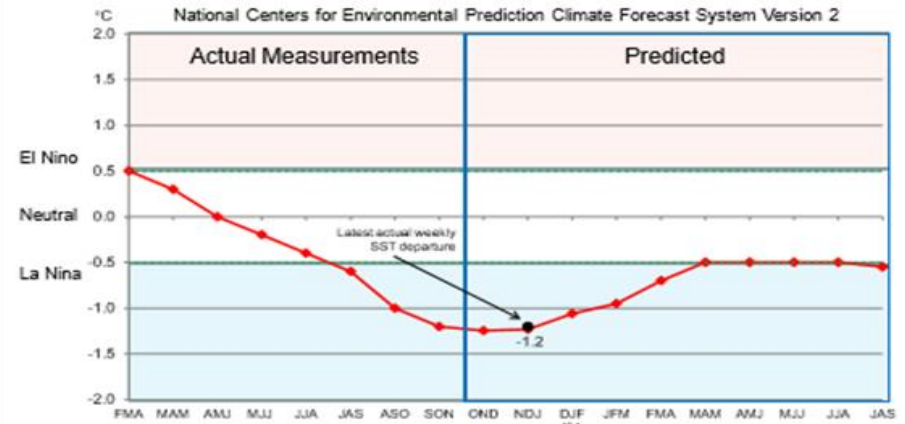
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2020/21 U.S. All Wheat Export Sales Commitments



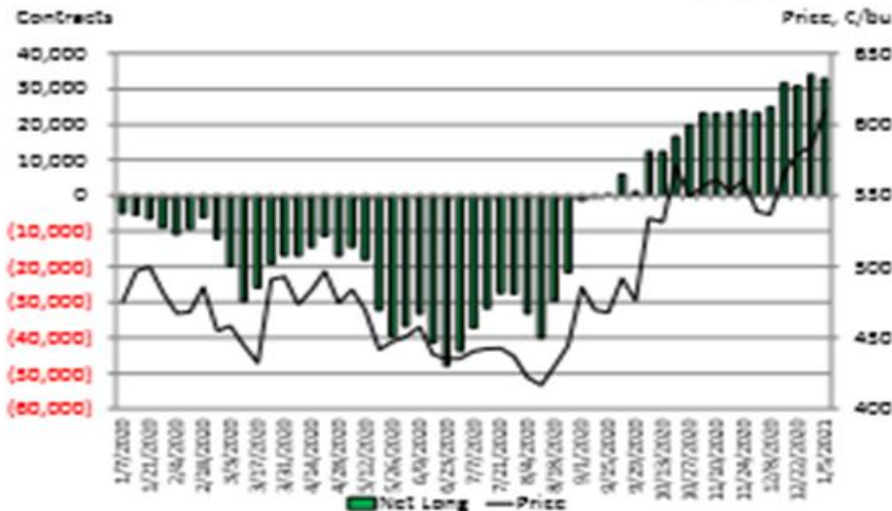
Oceanic Niño Index (ONI)

The CFS.v2 ensemble mean (red line) predicts La Niña will continue at least through spring 2021.

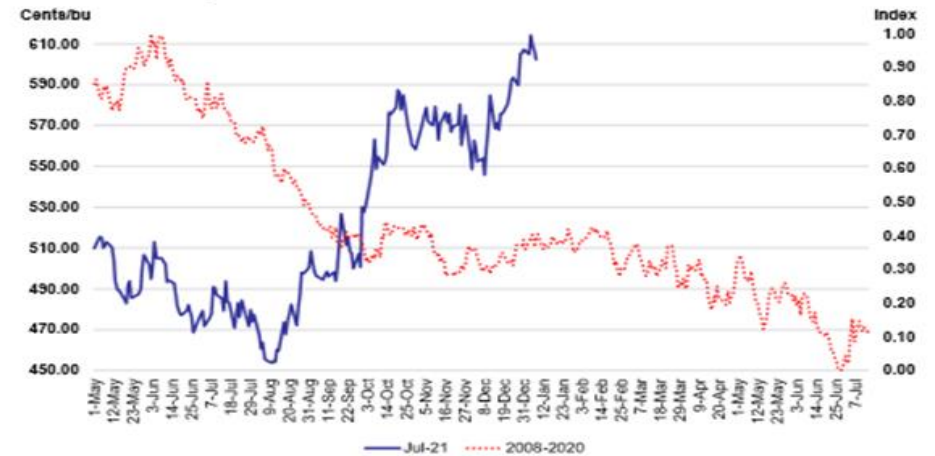


El Niño/Southern Oscillation (ENSO) Diagnostic Discussion, January 4, 2021
http://www.cpc.ncep.noaa.gov/products/analysis_monitoring/enso_advisory/

Non-commercial Investment in KC Wheat, 1/5/2021



July 2021 KC Wheat Futures and July KC Wheat Seasonal Index 2008-2020



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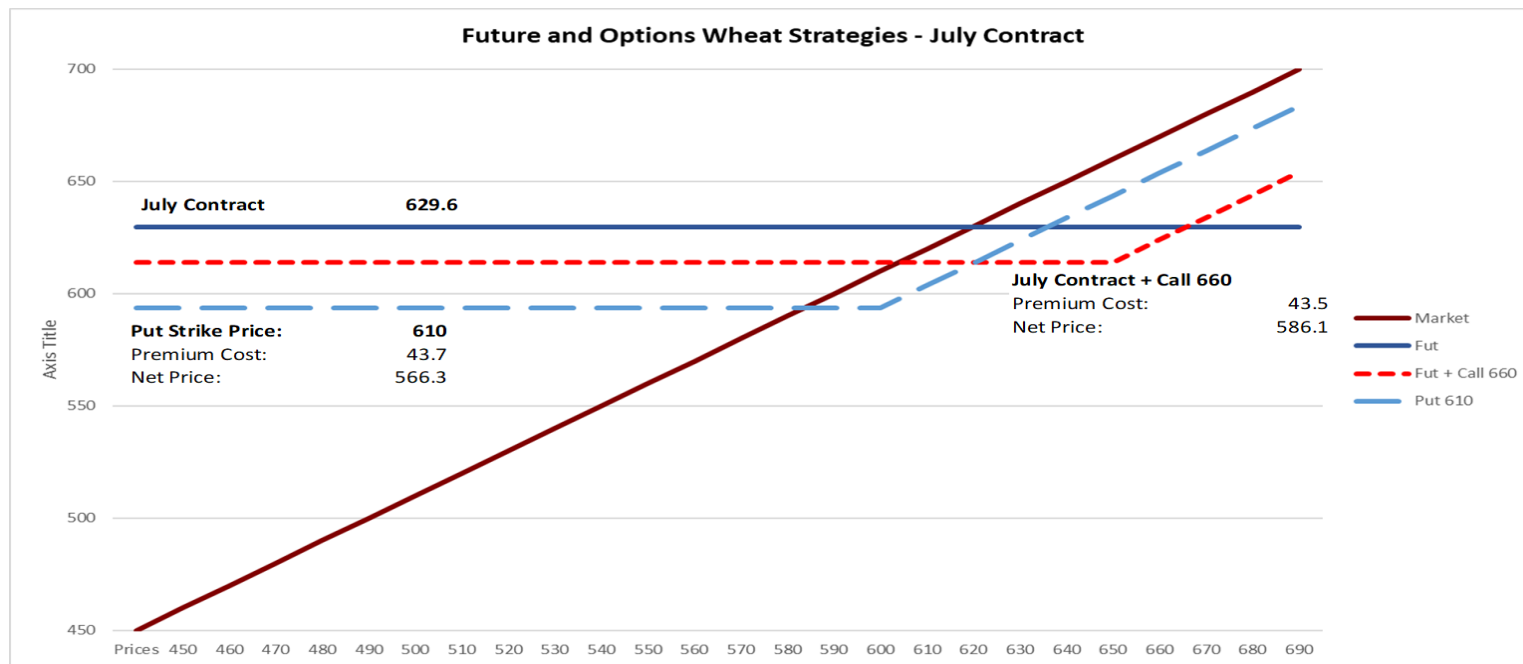
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Wheat prices have increased during these last 6 months mostly due to production concerns in the Northern Hemisphere shifting the July 2021 KC Wheat Future price tendency in an opposite direction from the Seasonal Index from 2008-2020.

Marketing Strategies:

Considering the estimated effect on yield of the drought on each wheat farm future production, or the level protected by crop insurance, this are prices that should be considered for hedging a portion of our production using forward contracts or using the futures market.

Below there are a few strategies to think about if you want to use future markets. These examples are using the market information from January 13th, which will be different after it. Please check for current prices with your broker before. If you are bullish, think that the market can go higher, the best strategy is to sell a future and buy a call (maybe out of the money). If bearish, think that the market can go lower, the best strategies using the futures markets will be to sell a future, or buy puts. Remember that buying and selling future will require margins when the price fluctuates. Buying an Option on the contrary, will require to purchase the premium only. Check with your brokers about fees and margins before operating in the futures markets.



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Beef Cattle Market Outlook (January 2021)

Expected Beef cattle prices have been lower this year, amid COVID-19 pandemic. Three major causes for lower beef cattle prices overlap this season: Higher supply, lower demand, and weather events.

Weather: La Niña weather event had played to major roles in this game affecting specially the Southern High Plains and increasing corn prices. A significant percentage of Texas is still with some degree of drought right now. Despite the latest rainfall during the beginning of 2021, the percentage of Texas under some degree of drought was of 82.63% by January 7th.

| Week | Date | None | D0-D4 | D1-D4 | D2-D4 | D3-D4 | D4 | DSCI |
|------------------------|------------|-------|-------|-------|-------|-------|-------|------|
| Current | 2021-01-05 | 17.37 | 82.63 | 58.33 | 37.80 | 19.24 | 8.20 | 206 |
| Last Week | 2020-12-29 | 8.80 | 91.20 | 81.10 | 50.33 | 30.09 | 13.03 | 266 |
| 3 Months Ago | 2020-10-06 | 55.10 | 44.90 | 33.42 | 22.49 | 13.18 | 3.29 | 117 |
| Start of Calendar Year | 2020-12-29 | 8.80 | 91.20 | 81.10 | 50.33 | 30.09 | 13.03 | 266 |
| Start of Water Year | 2020-09-29 | 57.35 | 42.65 | 31.96 | 20.91 | 12.02 | 3.29 | 111 |
| One Year Ago | 2020-01-07 | 42.97 | 57.03 | 37.79 | 11.87 | 1.34 | 0.00 | 108 |








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Map released: Thurs. January 7, 2021

Data valid: January 5, 2021 at 7 a.m. EST

Intensity:

-  None
-  D0 (Abnormally Dry)
-  D1 (Moderate Drought)
-  D2 (Severe Drought)
-  D3 (Extreme Drought)
-  D4 (Exceptional Drought)
-  No Data

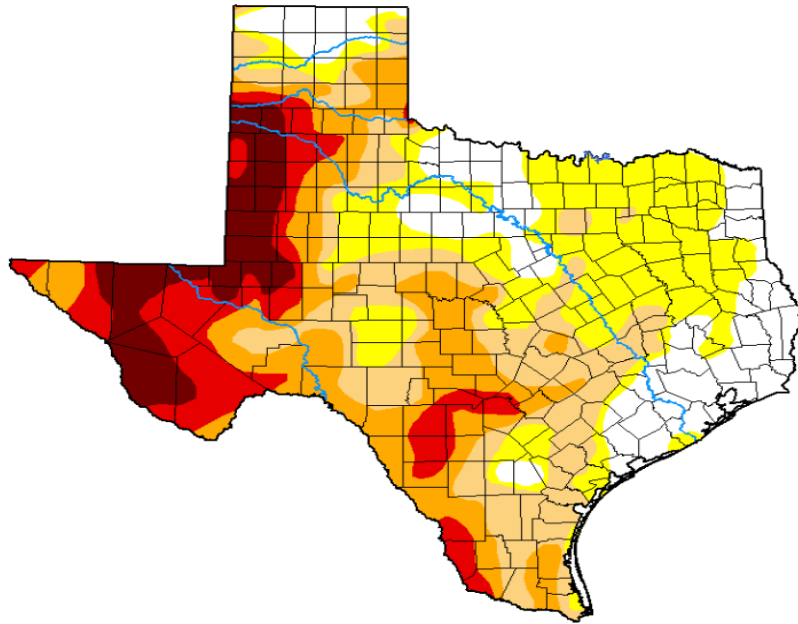
Author(s):

Deborah Bathke, National Drought Mitigation Center

The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying [text summary](#) for forecast statements.

Map Download

No text:



Pastures and wheat fields for grazing conditions deteriorated this year due to this drought across Texas and the Southern Plains. Producers are required to increase supplemental feeding with higher costs. This led to an increment in the volume of weaned steers and heifers in livestock auction markets during 2020.

At the same time, concerns of corn production in the southern hemisphere due to La Niña dry weather tied with lower corn stocks and yields in the US led to a rally in corn prices during the last three months. Corn prices, which is one of the best indicators of feeding costs, have helped push down feed cattle prices.

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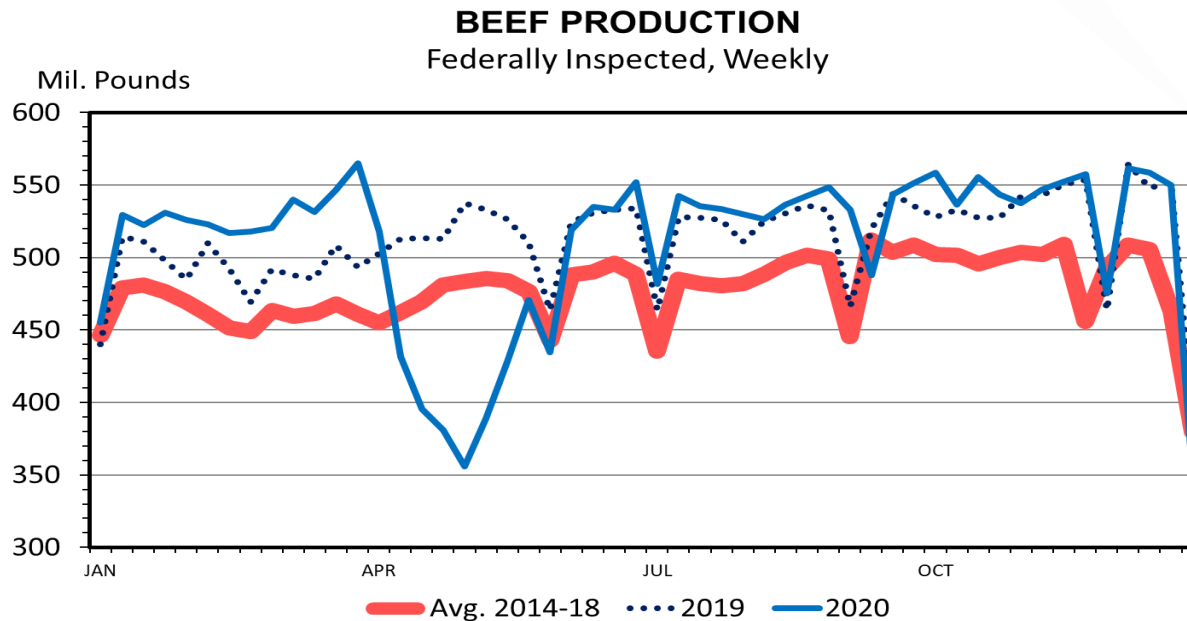


Higher Supply: Beef Cattle production in 2020 was higher than 2019, and above average beef cattle from the last 5 years. Slaughter weight was higher during 2020 specially during the spring and summer months given the disruption of cattle slaughter in processing plants.

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Lower Demand: The ongoing health crisis created by COVID 19 is still affecting markets. Amid the unprecedented disruptions in the beef cattle supply chain during the start of the pandemic, COVID-19 is still responsible for a lower beef demand today. Beef consumed outside, mostly in restaurants, have not recover after the pandemic started. Some of this consumption has shifted and changed to home consumption, although at different prices. 2021 is still facing similar challenges due to the pandemic, although economic recovery is closer.

What to Expect:

A modest recovery of the market is expected for 2021 and 2022 due a lower beef production and a stronger demand after the economic recovery. Expected Prices for the rest of 2021 and 2022 were forecast by Dr. David Anderson for Texas combined auctions. Forecasted 2021 and 2022 prices would be higher than 2020, given a lower production and a stronger demand. Although, prices are still low relative to today's production costs. A solid management information system in place, a permanent cost control system and a risk management program are key during this period. Future prices will also be conditioned to La Nina development and it effects in both the Southern Plains as well in the Southern Hemisphere.

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Prices for 2019-2022

| | 11-1300 | 7-800 | 5-600 |
|---------------|---------|---------|---------|
| 2019 | 116.78 | 140.33 | 155.49 |
| 2020 I | 118.46 | 135.21 | 163.23 |
| II | 106.47 | 122.13 | 149.11 |
| III | 101.74 | 140.09 | 149.95 |
| IV | 108-109 | 133.50 | 145.36 |
| 2021 I | 110-114 | 132-135 | 147-150 |
| II | 113-121 | 133-139 | 153-157 |
| III | 110-114 | 141-148 | 152-162 |
| IV | 114-124 | 144-153 | 154-164 |
| 2022 I | 114-123 | 140-150 | 157-167 |
| II | 119-128 | 144-154 | 159-169 |
| III | 113-120 | 150-160 | 161-171 |
| IV | 121-129 | 151-161 | 164-174 |

Texas Combined Auction for 5-600 and 7-800

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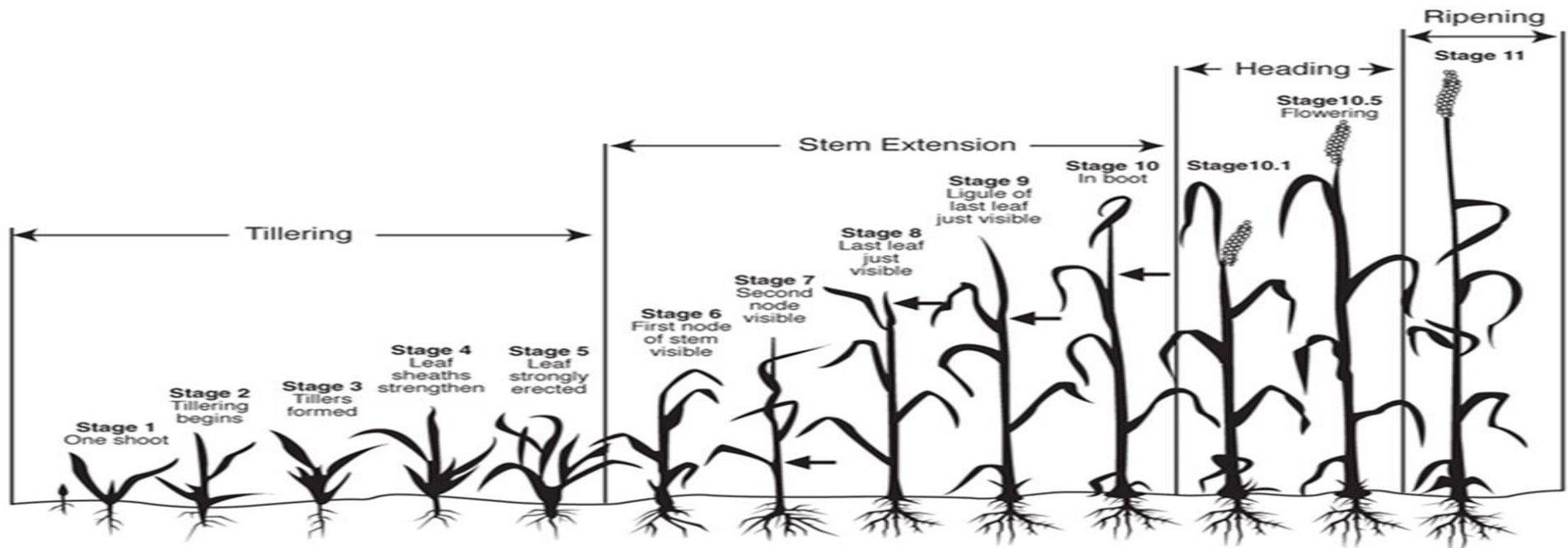
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Timing of Topdressing Wheat is Critical

By: Josh Kouns

According to Dr. Calvin Trostle, Professor and Extension Agronomist, the timing of top-dress nitrogen applications to wheat is critical towards optimizing grain production. The most important concept is the need for top-dress nitrogen applications by Feekes 5.0 growth stage to ensure the maximum yield potential. (see below) Watch for the earliest nodes in the field. By the time the first few appear, if you have not applied your top-dress N already, then do so immediately as the rest of the stems across the field likely have growing points that are now differentiating on most tillers. Many producers miss the jointing stage of growth with their N top-dress applications. Or though the N may have been applied there has been no rain or irrigation to move the N into the root zone. Therefore, growers are encouraged to apply top-dress N prior to jointing to ensure the initial top-dress N is on the field, in the root zone and available to plants as the growing differentiates. In our area, late February is the estimated time of the top-dress application.



Wheat Feekes growth stages. Arrow indicates seed head.

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Auxin Training Scheduled February 11

An Auxin Training will be held at the Baylor County Extension Office on February the 11th at 8am and will last 1 hour. A breakfast will be provided and there is no cost for the training. One CEU in Laws and Regulations will be awarded to those with an applicator license once the training is completed. Direct any questions to the Baylor County Extension Office at 889-5581.

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Bermudagrass Home Lawn Management Calendar

Warm-season growth calendar

| <div><div><div>Shoot growth</div><div>Root growth</div></div><div><div>Winter</div><div>Spring</div><div>Summer</div><div>Fall</div></div></div> | | | | | | | | | | | | | |
|--|--|---|---|--|---|--|------|--|--|---|---|---|--|
| | January | February | March | April | May | June | July | August | September | October | November | December | |
| Mowing | Mow if necessary to prevent winter annual weeds from flowering (p. 6) | | Mow at 1-2" height weekly, or as frequently as required to prevent scalping. Observe the 1/3 rd rule by never removing any more than 1/3 rd of the leaf tissue at any one time (p. 3) | | | | | | | | | Mow if necessary to prevent winter annual weeds from flowering (p. 6) | |
| Irrigation | Turn off irrigation during winter months when temperatures are <u>cool</u> and the lawn is not actively growing (dormant) (p. 4) | | Conduct an irrigation audit before turning on irrigation during the spring and summer (p. 4) | | Irrigate only when necessary to prevent the onset of drought stress or to replace at least 60% of ET. Turn off the system during rainy periods or during early spring and late fall where ET rates are lower and natural rainfall is more likely to meet the lawn's needs. (p. 4) | | | | | Turn off irrigation during winter when temperatures are <u>cool</u> and the lawn is not actively growing (dormant) (p. 4) | | | |
| Fertilization | | | | Do not make 1st fertilizer application until the lawn is actively growing and has been mowed 2 to 3 times (p. 6) | | Apply 0.5 to 1 <u>lb</u> of N/1,000 ft ² for a total of 1 to 4 applications during the growing season. Space fertilizer applications 4 to 8 weeks apart using a combination of quick and slow-release nitrogen (N). Apply other nutrients based on soil test results. Do not apply fertilizer during drought stressed grass. (p. 5) | | | | | | | |
| Weed Control | | Apply pre-emergence herbicides for crabgrass, goosegrass , and other summer annual weeds. Apply post-emergence herbicides for cool-season perennial weeds or winter annual weeds. Use caution during spring green-up as turfgrass injury may occur. (p. 6) | | | Apply post-emergence herbicides for summer annual weeds such as crabgrass, purslane, spurge, etc. or warm-season perennial weeds such as Virginia <u>buttonweed</u> before the onset of summer drought stress (p. 8) | | | | Apply pre-emergence herbicides for annual bluegrass, chickweed, henbit, and other winter annual weeds. (p. 9) | | Apply post-emergence herbicides for winter annuals such as annual bluegrass, chickweed, henbit, etc. or for cool-season perennial weeds. (p. 9) | | |
| Insect Control | | | | Scout for fire ants and apply insecticides if necessary using a combination of broadcasts, baits, and individual mound treatments. (p. 10) | | | | | | | | | |
| | | | | | | Apply preventative grub products if necessary (p. 10) | | Apply curative control for white grubs if necessary. Scout for fall armyworms. (p. 10) | | | | | |
| Disease Control | | | | Scout for bermudagrass decline (aka, take-all root rot) | | | | | | | | | |
| | | | | Scout for spring dead spot. It is not appropriate to apply fungicides for this disease <u>at this time</u> (fall applications are ideal) (p. 10) | | | | | Scout for large patch and apply fungicides before patches develop. Apply fungicides in areas with a history of spring dead spot. (p. 10) | | | | |
| Aeration | | | | Aerate if possible to relieve soil compaction, especially in newer lawns with limited organic matter accumulation or in lawns that receive moderate to heavy use. Aeration is best performed when there is adequate soil moisture so that the aeration tines remove a soil core effectively. | | | | | | | | | |

This calendar is intended only as a guide and practices herein may vary based on site and region.
Visit <http://AggieTurf.tamu.edu> for more information on turfgrass management practices, weed identification, and pest control.

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