



Prevent Plant / Late Planting Decisions

Todd Hubbs
Clinical Assistant Professor,
Agricultural Commodity Markets

Jonathan Coppess
Director, Gardner Agriculture Policy Program
Director, Bock Ag Law/Policy Program

Gary Schnitkey
Soybean Industry Chair
in Agricultural Strategy

I ILLINOIS
College of Agricultural, Consumer
& Environmental Sciences

 **IL Corn**
www.ILCorn.org

 **farmdoc**
WEBINARS

Topics

1. Market outlook
2. Soybean: 35% PP and Plant soybeans
3. Cover crop update
4. SCO
5. Farm Income
6. Policy update: MFP
7. Policy update: Ad hoc disaster assistance

Poll: What is your expectation for the cash price in October?

- ☐ Below \$4.00
- ☐ Between \$4.00 and \$4.75
- ☐ Between \$4.75 and \$5.50
- ☐ Over \$5.00

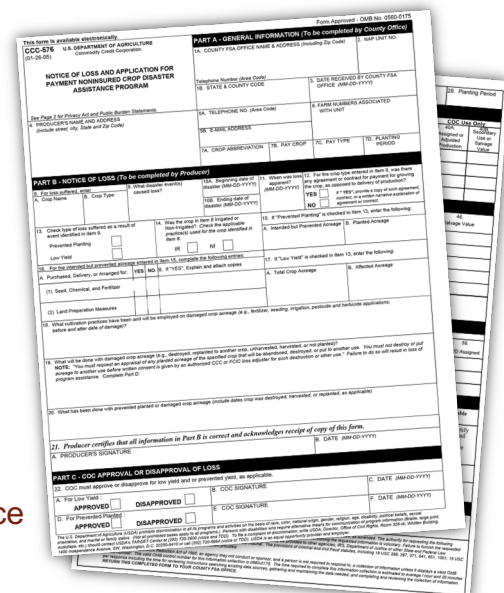
Contact your:

Crop insurance agent

- File a prevent plant claim
- Determine eligible acres for prevent plant (values for corn and soybeans)

Farm Service Agency

- Complete CCC-576 for prevent plant acres
- Deadline is 15 days after final plant date
 - Corn in Illinois: May 31, June 5
 - Soybeans in Illinois: June 15, June 20
- FSA accepts records from crop insurance
- Illinois FSA extended deadline for no insurance and NAP to acreage reporting date



Prevent Plant / Late Planting Decisions

June 26, 2019

Soybean Balance Sheet

	2018-19 USDA Forecast	2018-19 Forecast	2019-20 USDA Forecast	2019-20 Forecast No acreage change	2019-20 Forecast 3.0 mill. acre loss
Supply:					
Planted Acreage (mil.)	89.2	89.2	84.6	84.6	81.6
Harvested Acreage (mil.)	88.2	88.2	83.8	83.8	80.8
Yield (bu./ac.)	51.6	51.6	49.4	46.4	46.4
Production (mil. bu.)	4,544	4,544	4,150	3,888	3,749
Beginning stocks (mil. bu.)	438	438	1,070	1,070	1,070
Imports (mil. bu.)	17	17	20	20	20
Total Supply (mil. bu.)	4,999	4,999	5,165	4,978	4,839
Consumption:					
Crush (mil. bu.)	2,100	2,100	2,115	2,115	2,115
Export (mil. bu.)	1,700	1,700	1,950	1,800	1,800
Seed and feed (mil. bu.)	129	129	130	130	130
Total Consumption (mil. bu.)	3,929	3,929	4,195	4,045	4,045
Ending stocks (mil. bu.)	1,070	1,070	1,045	933	794
Stocks-to-use	27.2%	27.2%	24.9%	23.0%	19.6%
Average farm price (\$/bu.)	\$8.50	\$8.50	\$8.25	\$8.15	\$8.50

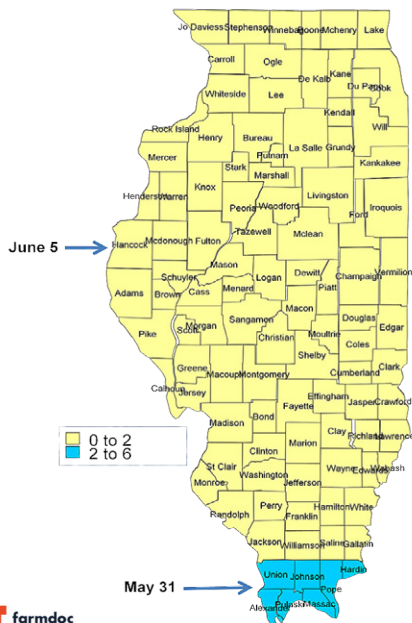
Corn Balance Sheet

	2018-19 USDA Forecast	2018-19 Forecast	2019-20 USDA Forecast	2019-20 Forecast 7 mill. acre loss	2019-20 Forecast 10 mill. acre loss
Supply:					
Planted Acreage (mill. Ac.)	89.1	89.1	89.8	82.8	79.8
Harvested Acreage (mill. Ac.)	81.7	81.7	82.4	75.4	72.4
Yield (Bu. / Ac.)	176.4	176.4	166	166	166
Total Production (mill. Bu.)	14,420	14,420	13,680	12,516	12,018
Beginning Stocks (mill. Bu.)	2,140	2,140	2,195	2,235	2,235
Imports (mill. Bu.)	35	35	50	155	225
Total Supply (mill. Bu.)	16,595	16,595	15,925	14,906	14,478
Consumption:					
Feed and Residual (mill. Bu.)	5,300	5,260	5,150	5,250	5,175
Food, Seed, and Industrial (mill. Bu.)	6,900	6,900	6,950	6,830	6,770
Ethanol (mill. Bu.)	5,450	5,450	5,500	5,380	5,340
Exports (mill. Bu.)	2,200	2,200	2,150	1,550	1,420
Total Consumption (mill. Bu.)	14,400	14,360	14,250	13,630	13,365
Ending Stocks (mill. Bu.)	2,195	2,235	1,675	1,276	1,113
Stocks-to-Use	15.2%	15.6%	11.7%	9.4%	8.3%
Average Price (\$/bu.)	\$3.50	\$3.50	\$3.80	\$5.00	\$5.50

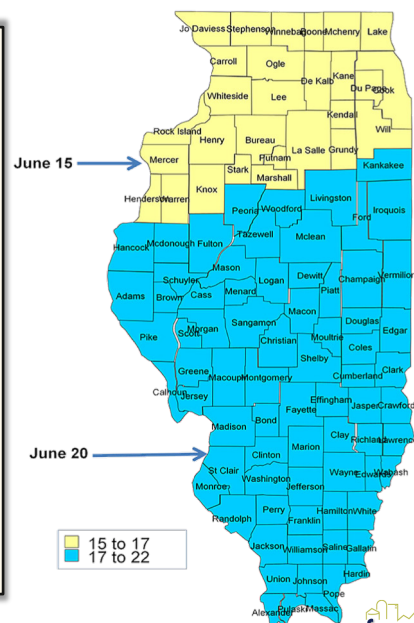
Soybeans on Prevent Plant Corn



Final Planting Date Corn



Final Planting Date Soybean



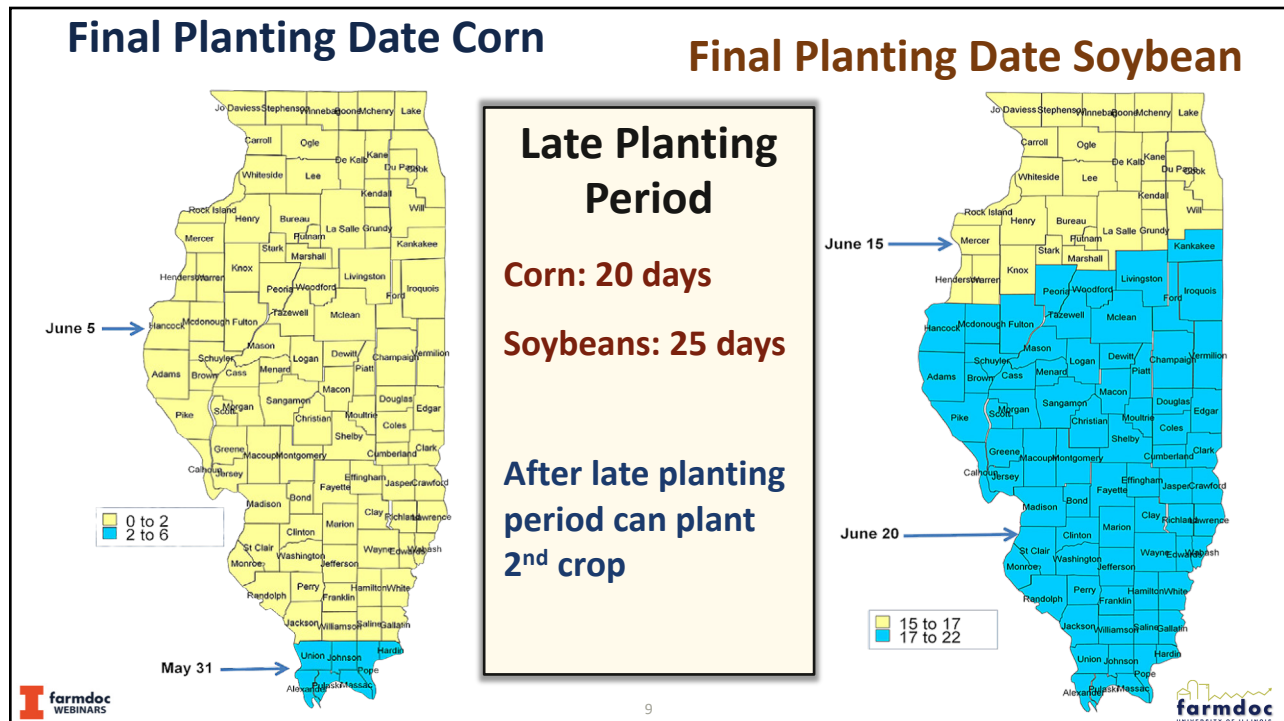
Final Planting Dates

- Date you can take a prevented planting payment for crop
- Can plant after it, but guarantee is reduced
 - 1% per day during late planting period
 - 60% of initial guarantee after late planting period

8

Prevent Plant / Late Planting Decisions

June 26, 2019



Acres intended for corn	Acres intended for soybeans
<p>Late Planting period</p> <ul style="list-style-type: none"> June 5: June 6 to June 25 or May 31: June 1 to June 20 <p>Following decisions in late planting period:</p> <ol style="list-style-type: none"> 1. Prevent payment on corn 2. Plant corn 3. Plant soybeans (first plant all intended soybean acres to soybeans) 	<p>Late Planting period</p> <ul style="list-style-type: none"> June 15: June 16 to July 10 (north) or June 20 June 21 to July 15 (central/south) <p>Following decisions in late planting period:</p> <ol style="list-style-type: none"> 1. Prevent planting payment on soybeans 2. Plant soybeans 3. Plant corn (if all intended corn acres are planted)
<div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <p>After late planting period</p> <ol style="list-style-type: none"> 1. Take 35% corn prevent planting payment/plant soybeans after late planting period </div>	

10

Poll: Do you know any one considering planting soybeans on corn prevent plant farmland?

- ☐ No
- ☐ Some are talking about plantings soybeans on prevent plant farmland
- ☐ Some may plant soybeans on prevent plant farmland
- ☐ Many may plant soybeans on prevent plant farmland

Take 35% of PP and plant soybeans

- Take 35% of corn prevent planting payment
- Pay 35% of corn insurance premium
- Plant soybeans after late planting period
- Soybeans will be insured if have crop insurance (pay premium)
- 60% of APH will be yield used for corn prevent planting in 2019
- Actual yield used for APH on soybeans in 2019

Situation - Corn

200 TA-APH, 80% RP policy

Prevent planting payment

$.55 \times .80 \times 200 \text{ TA-APH} \times 4.00 \text{ projected price} = \352

Net return of prevent plant corn payment (no soybeans)

$\$312 = \$352 \text{ PP} - \$25 \text{ weed control} - \$15 \text{ crop ins premium}$

Soybeans

50 bu TA-APH and 80% RP

Guarantee if planted on June 26 in central and southern Illinois

$\$358 = 50 \text{ TA-APH} \times \$9.54 \text{ projected price} \times .80 \text{ coverage level} \times (1 - .06)$

Get crop insurance payment if yield is less than

37 bushels per acre = $50 \text{ TA-APH} \times .80 \times (1 - .06)$

Goes down
1% per day

Lowest cash revenue (at 37 bushel, \$9.54 harvest price, .40 basis)

$\$338 = 37 \text{ bushels per acre} \times (\$9.54 - .40)$

Net return from 35% PP / Plant Soybeans

Corn PP payment ($\$352 \times .35$)	\$125
- Corn Insurance premium ($\$15 \times .35$)	- \$5
+ Revenue from soybeans	\$338
- Costs of soybeans (\$200 bare bones)	- \$200 (really low)
+ MFP payment	\$50 (we don't know this no)
Net return	\$308

\$312 net return from taking prevent planting payment



RMA Relaxed Rules on Cover Crops

Moved grazing/haying date up to
September 1 from **November 1**,
can hay or graze cover crops on or after 2019

Can make haylage, baleage, and silage
after September 1 (usually can not),
this **includes silage from cover crop corn**

Summary of crop insurance

100% of prevent planting payment will be received if
cover crop is **not harvested, hayed, or grazed**

Can use soybeans and corn as a cover crop

Note: *There can be adjusting requirements, NRCS may be used as a guide, likely lower populations and may be other planting requirements, talk to crop insurance / adjustor*

RMA Guidelines to Receive PP Payment

Cover Crop Planted	Disposition	Pay 100%	Pay 35%	Pay 0%
<i>Before Final Planting Date (FPD) of the Prevented Crop**</i>	Hayed/Grazed/Cut for silage during or before the end of the LPP	X		
	Hayed/Grazed/Cut for silage after the LPP, but before Sept 1		X*	
	Hayed/Grazed/Cut for silage on or after Sept 1	X		
	Harvested for grain or seed at any time			X
<i>During Late Planting Period (LPP) of the Prevented Crop</i>	Hayed/Grazed/Cut for Silage before Sept 1			X
	Hayed/Grazed/Cut for silage on or after Sept 1	X		
	Harvested for grain or seed at any time			X
<i>After Late Planting Period of the Prevented Crop</i>	Hayed/Grazed/Cut for silage before Sept 1		X	
	Hayed/Grazed/Cut for silage on or after Sept 1	X		
	Harvested for grain or seed at any time		X*	

**Provided the crop claimed as a cover crop is not the prevented crop and all other policy provisions are met.*

***Example: Fall-Planted Cover Crop; Spring PP Crop*

Market facilitation program

- Can get a minimal Market Facilitation Program payment if the cover crop has the “potential to be harvested” (USDA press release, June 10, 2019)
 - No definition of minimal
 - No definition of “potential to be harvested”
- Does not change the crop insurance rules
- EQUIP will be opened up in select states (NRCS program)

Poll: What percent of Illinois corn acres were insured with SCO in 2019

- ☐ Very little
- ☐ Less than 10%
- ☐ Between 10% and 50%
- ☐ Over 50%

Supplemental Cover Option

May have signed up by March 15,
county insurance on top or COMBO product

SCO is eligible if you take PLC

This year, have not signed up for PLC

Supplemental Coverage Option (SCO)

Indicate intent to take PLC
on 2019 Acreage Report for crop insurance (July 15)

This intent determines whether SCO
will be received in 2019.

This intent does not impact
later ARC/PLC decision with RMA

All too early, farm income projection



Poll: Compared to 2018 income, do you expect 2019 income to be

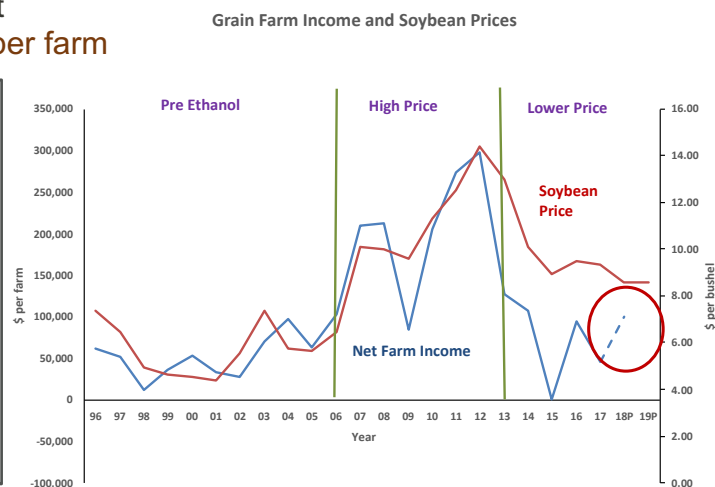
- ☐ Much lower than 2018 income
- ☐ Somewhat lower than 2018 income
- ☐ about the same as 2018 income
- ☐ Higher than 2018 income

Situation

In Illinois
Farm Business Farm Management
2019 income averaged \$124,000 per farm

Simulate 1,800 grain farm in 2019

- With no prevent plant corn
- With all prevent plant corn
- 200 acre owned
- 80% RP
- 200 TA-APH corn
- 60 TA-APH soybeans



Projections

Base case (before year)

Corn: 220 bu, \$3.70 cash price
Soybeans: 65 bu \$9.14 cash price
Net income: \$33,000

Corn: 200 bu, \$3.70 cash price
Soybeans: 60 bu \$9.14 cash price
Net income: - \$50,000

Projections

Base case (before year)

Corn: 220 bu, \$3.70 cash price
Soybeans: 65 bu \$9.14 cash price
Net income: \$33,000

Corn: 200 bu, \$3.70 cash price
Soybeans: 60 bu \$9.14 cash price
Net income: - \$50,000

After Wet Spring (no Prevent Plant)				Net Income	
	Bushels	Cash Price	MFP	With MFP	Without MFP
Corn	190	\$4.50	\$50	\$68,000	-\$1,000
Soybeans	50	\$9.14	\$50		
Corn	170	\$4.50	\$50	-\$38,000	-\$106,000
Soybeans	45	\$9.14	\$50		
Corn	170	\$5.00	\$50	\$20,000	-\$49,000
Soybeans	45	\$9.14	\$50		

Projections

After Spring
(corn all PP)

No corn

Soybeans: 50 bu \$9.14 cash price

MFP: \$50 per acre on soybean acres

Net income: -\$53,000 (with MFP)

Net income: -\$87,000 (without MFP)

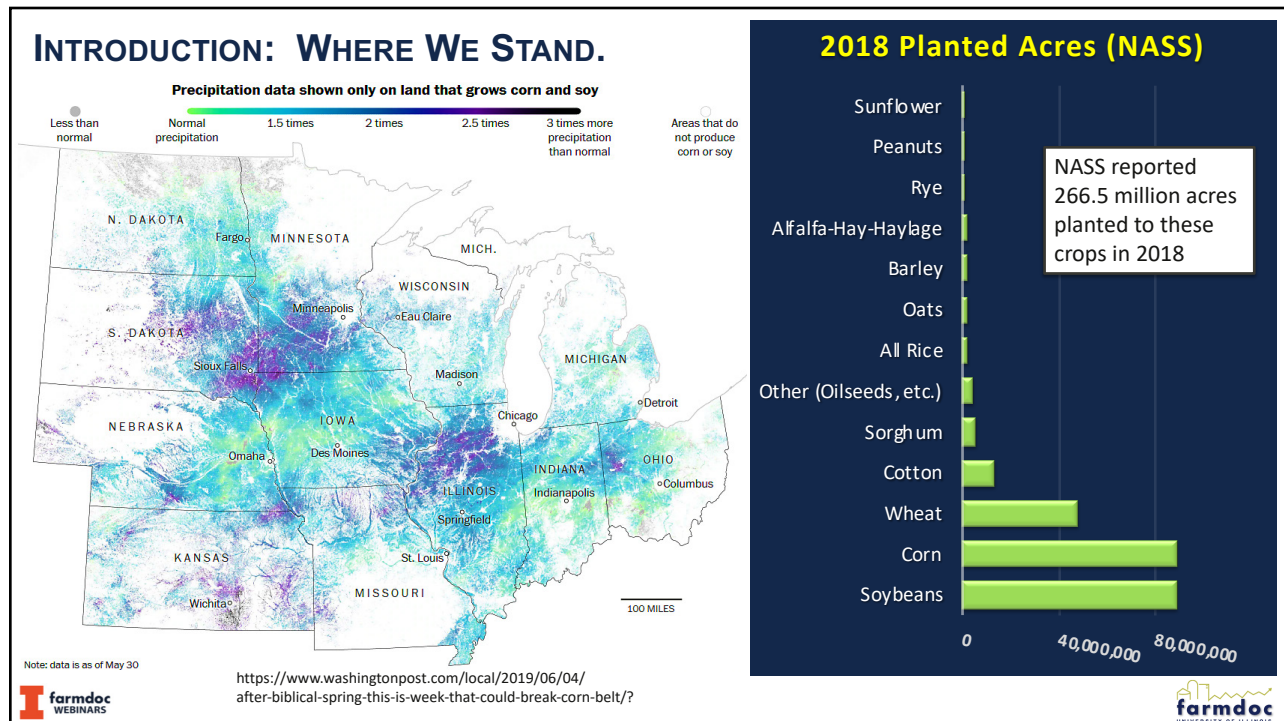
Net income: -\$17,000 (with MFP on PP)

After Wet Spring (no Prevent Plant)

				Net Income	
	Bushels	Cash Price	MFP	With MFP	Without MFP
Corn	190	\$4.50	\$50	\$68,000	-\$1,000
Soybeans	50	\$9.14	\$50		
Corn	170	\$4.50	\$50	-\$38,000	-\$106,000
Soybeans	45	\$9.14	\$50		
Corn	170	\$5.00	\$50	\$20,000	-\$49,000
Soybeans	45	\$9.14	\$50		

Policy Discussion

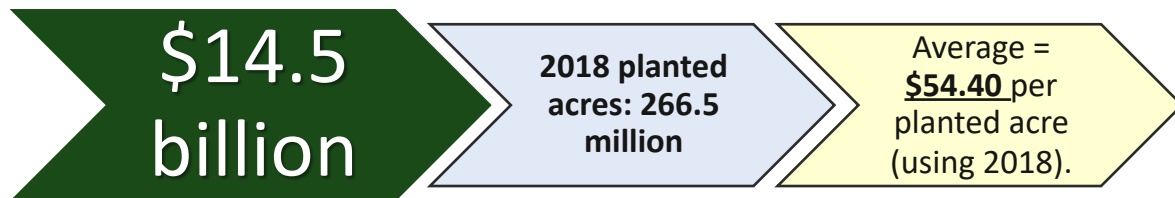




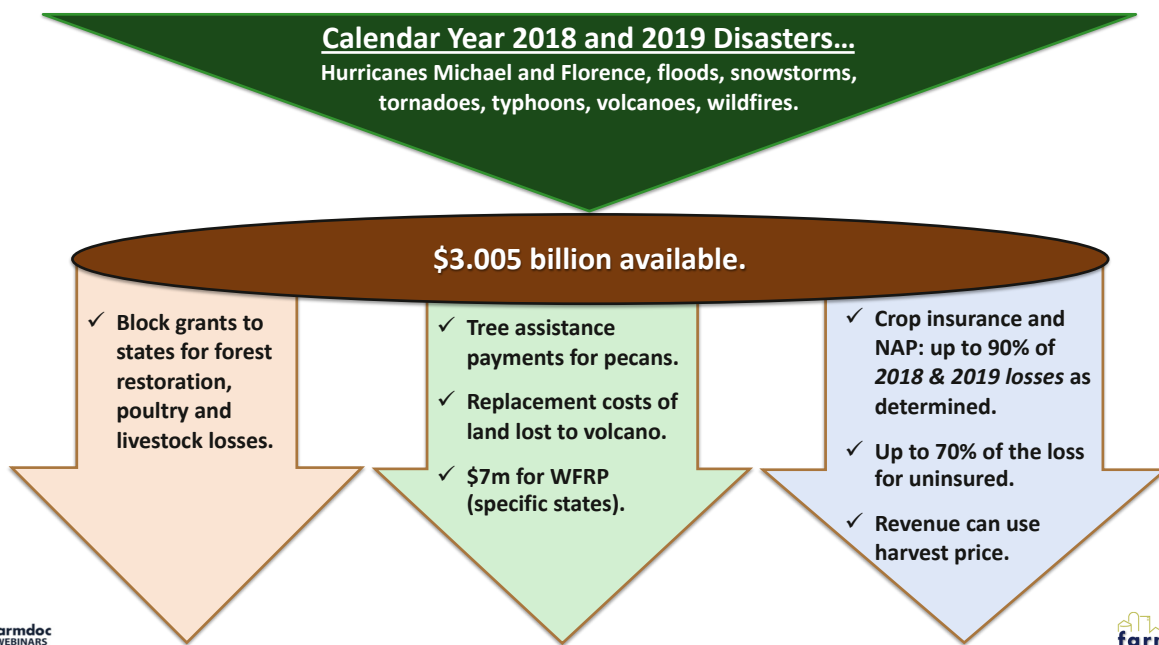
MFP: Where the “M” Stands for Mystery.

- Announced May 23rd; latest update June 10th: **Must** plant a crop for harvest (e.g., to be marketed) to be eligible.
- One county rate (TBD) for all acres planted in the county, regardless of crop; \$14.5b for all Title I commodities and alfalfa.
- **Potential** for “minimal” MFP for those that plant a cover crop (for harvest or forage?); **must** comply with crop insurance requirements.
- Payments will be made in three tranches: summer 2019; Nov. 2019; early 2020.

Breaking Down MFP.



Prevent Plant & Ad Hoc Disaster.



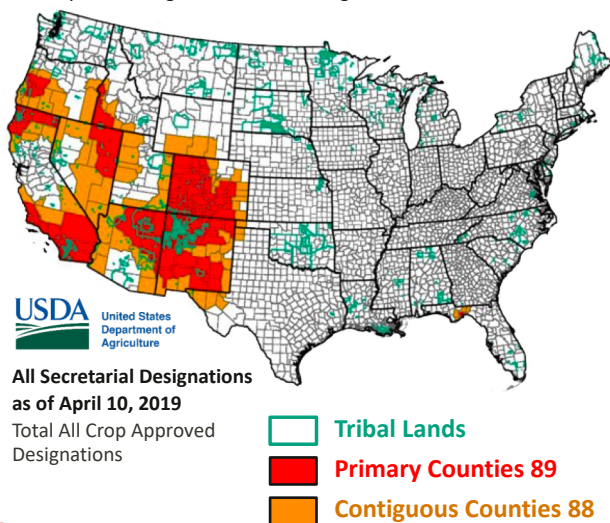
Poll: Do you expect prevent planting acres to get an additional payment from the ad hoc disaster assistance legislation

- ☐ NO
- ☐ Less than the MFP payment
- ☐ About the same as the MFP payment
- ☐ Above the MFP payment

Breaking Down Secretarial Disaster

Secretarial Disaster Designations – CY 2019

Primary and Contiguous Counties Designated for 2019 Disaster Losses

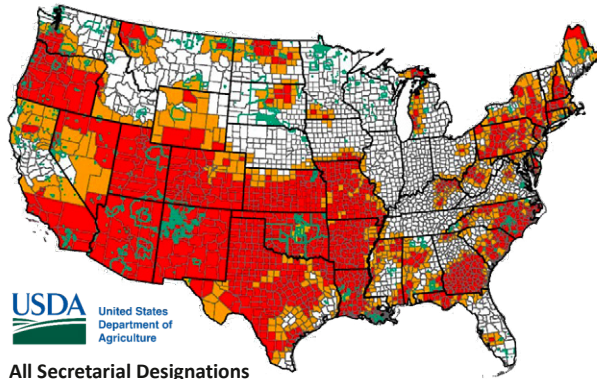


- Requested by Governor (or representative), Tribal leader or FSA State Exec. Dir.
- Expedited for drought (D2 for eight consecutive weeks, or higher for any time, during growing season).
- For all other disasters: must have 30% production loss of at least one crop, or determination based on survey of producers that other lending institutions will not be able to provide emergency financing.

Breaking Down Secretarial Disaster

Secretarial Disaster Designations – CY 2018

Primary and Contiguous Counties Designated for 2018 Disaster Losses



All Secretarial Designations
as of April 3, 2019

Total All Crop Approved
Designations

- Tribal Lands
- Primary Counties 1098
- Contiguous Counties 662

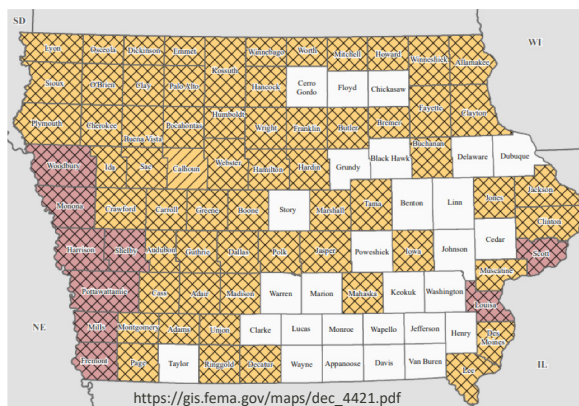


- 5-step process beginning with request to Secretary.
- FSA assembles loss information, reviewed by county and state emergency boards;
- Submitted to FSA national, reviewed and submitted to Secretary.
- Eligible disasters: damaging weather or other natural events causing severe production losses (e.g., storms, blizzards, extreme cold or heat, wind, fire, drought, flooding, excessive rain, etc.).



Breaking Down Disaster; Presidential

FEMA-4421-DR, Iowa Disaster Declaration as of 06/11/2019



Designated Counties

- No Designation
- Public Assistance (Categories A and B)
- Individual Assistance and Public Assistance (Categories A - G)
- Public Assistance (Categories A - G)



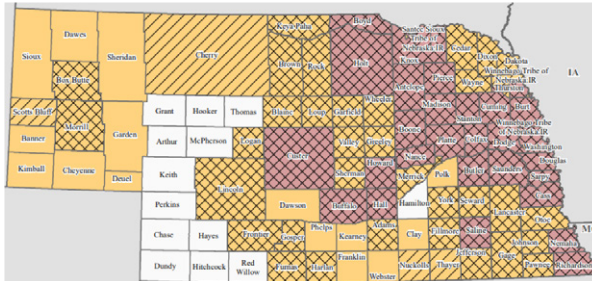
<https://www.fema.gov/disasters>

- FEMA (Stafford Act); Governor requests declaration by President.
- Emergency: within 30 days; situation is beyond capability of the State; assistance includes emergency work (e.g. debris removal) and other.
- Major Disaster: for any natural event (e.g., hurricane, drought, flood, etc.); severe damage beyond State's capability; assistance includes emergency work (e.g., debris removal), repair and replacement.



Breaking Down Disaster; Presidential

FEMA-4420-DR, Nebraska Disaster Declaration as of 06/04/2019



Designated Counties

No Designation

Public Assistance

Public Assistance (Categories A and B)

Individual Assistance and Public Assistance (Categories A and B)

Individual Assistance and Public Assistance (Categories A - G)

Public Assistance (Categories A - G)

https://gis.fema.gov/maps/dec_4420.pdf



<https://www.fema.gov/disasters>

- FEMA (Stafford Act); Governor requests declaration by President.
- Emergency: within 30 days; situation is beyond capability of the State; assistance includes emergency work (e.g. debris removal) and other.
- Major Disaster: for any natural event (e.g., hurricane, drought, flood, etc.); severe damage beyond State's capability; assistance includes emergency work (e.g., debris removal), repair and replacement.



Prevent Plant/Late Planting Decisions

Thank you and Questions

Sponsored by



IL Corn
ilcorn.org

Friday's Webinar June 28, 2019

Updated Supply/Demand/Price Prospects for Corn and Soybeans

<https://go.illinois.edu/FD-JuneUpdate>

ILLINOIS

College of Agricultural, Consumer & Environmental Sciences

farmdoc.illinois.edu

farmdocdaily.illinois.edu

