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CROP PRODUCTION OUTLOOK FOR 2009

For the past several years, we have used the front page of the March newsletter to review the price and production outlook for the coming year. As we look ahead this year, we find that there is about as much uncertainty in Midwest farming as there has been in a long time. The good news is that the coming year should not be a “bad” year with low prices and slim profit margins, but 2009 may not be as good as the past few years. Among the people we have talked to in the past few months, most of the concern focuses on crop prices, which could move sharply up or down over the coming year. By March 1 in most years, we have a fairly decent idea about the direction for prices, and the crop analysts have a pretty good fix on planted acreage. This year, the price outlook and planting intentions for corn and soybeans are still a guessing game.

Some market analysts have pointed out that there is still potential for corn and bean prices to rise back toward their peaks from last year. This may happen if there is a short crop due to bad weather or if grain and oilseed demand picks up in the US or overseas markets. Grain exports may get back on track if some foreign buyers have stronger economic growth than expected and the US dollar loses some of its recent gains against other major currencies. On the other hand, some folks have said that corn prices could slide back to \$2 and bean prices could drop to \$5 if US and foreign economic growth remains negative or weak, the dollar stays relatively strong, and world crop production is high in 2009.

The corn price situation is also uncertain due to the current trouble facing the ethanol industry. Due to the low price of gasoline and the relatively high price of corn, many planned ethanol plants have been scrapped and some existing plants have scaled back or halted production for the time being. For example, we heard that some corn-based ethanol plants in the western Corn Belt have switched to using grain sorghum. Also, we recently read some articles in the national press that highlighted the latest gains in the production of cellulosic ethanol, and some new plants that generate ethanol from grass and other non-corn sources may be operating in the Southeast US by the end of the year. The future of the ethanol business (and perhaps corn prices) in the Midwest depends on these changes as well as the way the new administration handles the current federal mandates for bio-fuels.

The picture for 2009 farm returns is also hazy due to uncertainty about input costs. Soybeans tend to have the profit edge if nitrogen prices are high, but corn may have the advantage this year if all fertilizer prices continue to decline. Wholesale fertilizer prices peaked early last fall and have since dropped by about 20-25%. However, some farmers report that their local fertilizer prices have not fallen, and perhaps some fertilizer dealers decided not to cut their prices if they still have some high-priced inventory left from last year.

The best we can do now is to control crop production costs until the price situation is resolved. In this newsletter, we show how Chandler Crop Products can help you to keep costs down while boosting crop yields.

2008 CORN YIELD RESULTS

Over the winter, we have talked to many farmers about their experiences during the 2008 growing season. One of the most common comments we heard from people who do not use Chandler Crop Products is that they were surprised by the unusually large range of corn yields across their fields (and even within the same field), especially at the low end. On the other hand, we did not hear this complaint from our users, and many of them noted the uniformity in their corn yields.

For example, Rick Bauer of La Moille, IL, provided the following yield results from his corn plot and agreed to let us share these numbers in the newsletter. Rick planted 27 different varieties from five seed companies at 30,000 seeds per acre, and each plot was treated with Chandler Dry Seed Treat and Chandler Soil plus 90 units of nitrogen per acre. The corn plots were planted on May 6 and harvested on October 30, 2008. The overall yield was 230.6 BPA, and the individual plot yields ranged from a low of 214.6 BPA to a high of 246.1 BPA, which is just 31.5 bushels from top to bottom. Also, the moisture readings ran from 16.7 percent to 22.9 percent, and the overall average was 20.0 percent moisture.

Rick has used Chandler Dry Seed Treat and Soil on his farm for over ten years, and he consistently produces corn crops with uniformly high yields and grain quality. To see more of Rick's field results with Chandler Crop Products, you can read the technical paper on plant sugar at our website (www.midwestbioman.com). We have also heard similar reports about 2008 corn yields from other long-term users of the Chandler Crop Products, but we cannot share the details of these yield trials under our privacy policy. Due to the increasingly competitive nature of farming, we recognize that many farmers want to keep their production information private. Accordingly, we do not release the names, locations, or other identifying details for particular users without their expressed agreement.

CHANDLER FOLIAR

Chandler Foliar is a liquid plant food that contains nitrogen and other organic compounds, micronutrients, and proprietary biostimulants that enhance plant growth and yield. The micronutrients in Chandler Foliar are chelated to make them more readily available to the plant, and the biostimulants are organic compounds that increase nutrient availability and uptake and help accelerate plant growth.

For soybeans, Chandler Foliar helps to generate higher bean pod count and fill, test weight, and yields. Many of our users add Foliar to the tank when they make their first or second post-emergence chemical application. However, some of our long-time users prefer a separate application of Chandler Foliar about three days after the chemicals are applied. They find that the later application of the product helps the plants to quickly recover from the stress brought on by the chemical treatment.

Chandler Foliar may also be applied to alfalfa and other hay crops to enhance the photosynthesis process, which leads to quicker plant growth after each cutting and increases hay nutrient content. For alfalfa, the product is usually applied as soon as there is enough new plant growth to receive the spray after the first and third cuttings.

Chandler Foliar is non-phytotoxic when used as directed. The product may be applied by itself or in a tank mix, and it is compatible with most liquid fertilizers and pesticides. However, you should test all new tank mixes for compatibility. Chandler Foliar should be applied with enough water (10-20 gallons per acre) to provide good plant coverage, and the product may be applied with newer spray equipment that uses lower water flow rates. Chandler Foliar costs \$5.33-8.75 per acre (depending on the application rate), and you can reduce the per-acre cost if you buy the product in larger container sizes (2.5 gallon jugs or 30 gallon drums) or during our Pre-Season Discount Program (which lasts through the end of March, 2009).

SPRING APPLICATIONS OF CHANDLER BIOCAT 1000

Chandler Biocat 1000 is a liquid enzyme product that contains micronutrients, amino acids, and proteins designed to stimulate the soil organisms that convert residue to soil nutrients. Biocat 1000 is non-toxic when used as directed and may be applied to crop residue with conventional spraying equipment. The recommended application rates are 10-16 ounces per acre for corn and 8-10 ounces per acre for soybeans and small grains, and the optimal rate depends on the amount of residue in the field. For example, corn residue from fields that yield over 200 BPA should be treated with 14-16 ounces of Biocat 1000 per acre.

Although we typically recommend that you apply Biocat 1000 as soon as possible after harvest, many of our users have found early spring applications of the product to be effective. Biocat 1000 may be applied in a tank mix with Chandler Soil and other products, and it is compatible with most liquid fertilizers and pesticides. We always recommend that you test all new tank mixes for compatibility. You should also apply Biocat 1000 with enough water (10-20 gallons per acre) to get good coverage.

Biocat 1000 requires some moisture in the residue to work effectively, so it should not be applied under severe drought conditions. Also, Biocat 1000 does not add any new microbes to the soil and only stimulates the existing microbes, so the soil must have some biological life in order for the product to work.

The per-acre cost of Biocat 1000 depends on the application rate. At the full retail price (\$90 per gallon), the per-acre cost is:

- 8 ounces per acre --- \$5.63 per acre
- 10 ounces per acre --- \$7.03 per acre
- 12 ounces per acre --- \$8.44 per acre
- 14 ounces per acre --- \$9.84 per acre
- 16 ounces per acre --- \$11.26 per acre

The per-acre cost is lower if you buy in larger sizes (2.5 gallon jugs or 30 gallon drums) or during our Pre-Season Discount Program (through the end of March, 2009).

Spring applications of Biocat 1000 may be especially helpful in reducing the negative impact of heavy corn residue left from the previous crop year, and an example is presented in one of the technical papers at our website (www.midwestbioman.com). In particular, agronomy research shows that soybean crops following corn can have 5-8 BPA higher yields if the corn residue is completely removed from the field, and these differences are in fields not treated with Chandler Crop Products. By helping to break down heavy corn residue, Biocat 1000 can still provide this yield gain to your 2009 soybean crop in addition to the other benefits of the product.

APPRECIATION DINNERS

We will host our traditional Appreciation Dinners during March at several locations in Illinois and Iowa. We do not have a formal presentation or meeting, and the schedule is open so you can feel free to arrive at your convenience. We furnish a meal to show our appreciation for your business, and we will be happy to answer your questions about Chandler Crop Products. Also, you should let us know in advance if you want to pick up your product at the dinner in order to save UPS shipping charges.

Invitations will be sent to all current users in areas where we do not have an active dealer, and the dates are listed below. If you would like to attend, please call us at (309) 659-7773, fax us at (309) 659-7827, or send email to info@midwestbioman.com to find out the specific time and location for a dinner near you:

- Rantoul, Illinois --- Tues., March 17
- Preston, Iowa --- Thurs., March 19
- Calmar, Iowa --- Tues., March 24
- Oelwein, Iowa --- Tues., March 24
- Davenport, Iowa --- Thurs., March 26

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PRE-SEASON DISCOUNT PRICE PROGRAM

We have enclosed a copy of the full price list and shipping cost schedule under our "Special Pre-Season Discount Program." Although the prices of most other crop production inputs have remained high or even increased over the past year, we have maintained the same retail and pre-season discount prices for all Chandler Crop Products as in 2007 and 2008. Please note that the 4% March discount runs through the last day in March, 2009, and the regular retail prices for all Chandler Crop Products go back into effect on April 1, 2009. Also, we pay the shipping charges on all orders over \$800, or you can avoid the shipping charges if let us know in advance that you want to pick up your order at one of the Appreciation Dinners.

CHANDLER ORGANIC

Chandler Organic is a new product that combines Foliar and Soil, and the product is approved by the USDA National Organic Program. We are still working on approval by all of the state and local organic organizations, but some farmers are using Chandler Organic now because it combines the benefits of Soil and Foliar in one pass. For example, if you do not have band spraying equipment, you can apply Organic with a broadcast sprayer and get the full benefit of the product because any spray that does not reach the plant leaves will benefit the soil. Although Chandler Organic does not replace the regular application of Chandler Soil, the product provides a way to build a foliar feeding program without special spray equipment, to reduce fertilizer and pesticide application rates, and to boost crop yields and quality.

