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LATEST FARM NEWS IS JUST LIKE THE WEATHER

You have probably heard people in the Midwest repeat the old saying, "If you don't like the weather, wait a while because it is sure to change." Those of us involved with farming and agribusiness also know that the saying applies to the latest farm news. During the past year, we have focused a lot of our attention on the potential impact of the 2005 drought, the spread of soybean rust, and high fertilizer prices. Although we haven't heard about these topics as much in the past few months, they are still on the radar screen. The drought conditions have eased in most of the eastern Cornbelt, but there are still isolated areas that are short on rainfall. For example, we recently talked with a user who farms in the middle of the drought area from last year. They are still very dry because many of the major spring storm systems passed either north or south of their area. We understand this problem because it is exactly what happened in our area last year.

The latest information about soybean rust indicates that it may not move north as fast as originally thought. Although this is good news, we will eventually have to learn how to deal with this soybean plant health problem, especially if the rate of northward movement picks up again. Also, fertilizer prices remain high, but the cost problem receives less attention now that most of the spring crops are planted. However, until it is time to buy fuel for combines and grain dryers in the fall, some other news items are likely to get more attention in the farm magazines and newspapers.

CHANGES IN U.S. CORN AND SOYBEAN ACREAGE

One new topic that received a lot of press this spring was the expected change in planted crop acreage. First, US planted wheat acreage is down 8% from last year. Second, the USDA March crop planting intentions report indicated that planted corn acreage in the US was expected to drop by 5% from last year, and US planted soybean acreage was projected to increase by 7% from 2005. In the northern Cornbelt, most of the expected changes in planted acreage are direct shifts from corn to soybean acres. For example, planted corn acreage in Illinois is projected to decrease by nearly 700,000 acres, and planted bean acreage is expected to increase by 600,000 acres from last year. The projected changes in planted corn and bean acreage for Indiana and Iowa are a bit smaller but show roughly the same pattern.

As noted by some of the ag marketing experts, these large acreage changes seem a bit odd at this time due to the recent developments in the domestic and foreign grain markets. First, everyone expects the South Americans to continue increasing their soybean acreage, and their bean yields are back to normal levels this year. An increase in foreign bean production typically reduces the soybean price and encourages more corn acreage. Second, the weaker dollar should help to boost export demand for US corn, which also encourages more corn acres. Finally, there is an incentive to increase corn production due to higher domestic demand, especially from the booming ethanol business.

Despite these factors that typically lead to more corn acreage, farmers seem to be moving toward more soybean acreage due to the high cost of nitrogen and other types of fertilizer. As the marketing experts point out, the fertility requirements and per-acre cost of production for beans are lower than for corn. So, beans may be an attractive option for farmers who are managing tight financial situations, higher interest rates and fuel costs, and uncertain crop prices. Farmers may shift back to corn in future years, but the current set of market signals seem to be pointing to more beans in 2006.

LATEST CROP REPORTS

Based on the most recent USDA crop progress report, the current US corn and bean crops are comparable to the progress observed at this time in 2005. The latest USDA report provides the following details about the 2006 crops:

- Corn planting progress in late May, 2006, was slightly ahead of planting progress at the same time in 2005, and a larger share of the corn crop is rated as good to excellent condition.
- During most of the spring, soybean planting progress was behind the pace set in 2005, but the planting progress caught up quickly in mid to late May as the weather warmed across the upper Midwest. The condition of the US bean crop is also slightly behind last year, but the share of good to excellent bean acres should rise if the weather improves.
- The drought is mostly over in our part of the country, but the latest maps of short-term soil moisture available for crop growth continue to indicate very dry conditions from the Dakotas to Texas. Although a larger share of the winter wheat crop had reached the late stages of maturity by the end of May, the overall growing conditions are worse than last year. Given the 8% decline in wheat acreage plus an expected drop of two bushels per acre in the US wheat yield, USDA is currently projecting a 12% decline in US wheat production for 2006.

LOOKING AHEAD

Although it is impossible for any of us to predict what will happen during the rest of this production year and beyond, we can look ahead to see some of the important issues that may impact US farmers during the coming year or so:

- The initial debate on the next farm bill has already started, and a number of groups have offered preliminary proposals for the new legislation. One possible outcome is an extension of the current farm bill, but there seems to be some strong opposition to this right now. However, a number of the alternative programs may provide less price support for corn, beans, and wheat, and net income from these crops may be more variable in the future.
- Soybean rust and cyst nematode, corn rootworm, localized drought, and other plant disease and health problems will continue to challenge crop farmers in the Midwest and across the entire US.
- The shift to more bean acres and less corn may be temporary, especially if fuel prices remain high and the strong interest in corn-based ethanol continues. Some of the farm magazines and newspapers have already printed articles related to the challenges of raising continuous corn in areas where this is not common practice. Three of the major concerns about raising corn after corn cited in these articles are controlling weeds, reducing fertility costs and managing larger amounts of residue.
- Almost everyone expects that interest rates, fertilizer prices, and fuel costs will remain relatively high over the next few years. Farmers may be able to cover these higher costs of production if grain prices continue to rise with increased world demand for food products, but we all know from past experience that this is a really big "if". As the marketing experts have noted, the future level of grain prices also depends on how fast farmers can push up their crop yields in response to higher prices as well as the number of South American acres brought into crop production.

MANAGING THE FUTURE WITH CHANDLER PRODUCTS

The potential challenges for crop farmers listed on the previous page may be more easily managed if you use the full range of Chandler Crop Products. Our users report:

- Crop production costs may be controlled through reduced fertilizer and herbicide application rates, and some users reduce or eliminate pesticide treatments.
- Problems due to heavy corn residue built up from raising continuous corn or from planting Bt corn varieties are reduced.
- The impact of insect infestations and crop diseases are avoided or lessened by increased plant sugar content that leads to more robust plant health and growth.
- Chandler Crop Products help to overcome seedling emergence problems in extreme soil conditions after planting and to reduce the impact of extreme weather conditions like drought, excessive rain, and wind later in the season.

In this issue of the newsletter, we focus on the benefits of using Chandler Foliar, which is a liquid plant food that contains key micronutrients and biostimulants designed to help promote efficient plant growth. We provide some basic information in the right column on this page, and we have also included an insert that explains why well-timed Chandler Foliar applications can help to boost mid-season plant health and increase crop yields and quality. We also provide more detailed information about application rates and timing, per-acre costs, and benefits in our Chandler Foliar product brochure. Please call or send email if you would like a copy of the Chandler Foliar product brochure sent by mail, or you can find an electronic copy of the product brochure at the Midwest Bio-Tech webpage (www.midwestbioman.com). The product brochures, cost and application information, and related technical papers for the other Chandler Crop Products (Dry Seed Treat, Soil, and Biocat 1000) are also posted at the Midwest Bio-Tech website.

CHANDLER FOLIAR

Chandler Foliar contains nitrogen and other organic compounds, micronutrients, and proprietary biostimulants that enhance plant vitality, vigor, and yield. The included micronutrients are chelated to make them more readily available to the plant. The biostimulants in Chandler Foliar are organic compounds that increase the uptake or availability of nutrients, cause or accelerate plant growth activity, and increase the efficiency of nutrients used for plant growth.

Chandler Foliar may be applied to plant foliage using conventional spray equipment and is non-phytotoxic when used as directed. Chandler Foliar may be applied by itself or in a tank mix, and the product is compatible with most liquid fertilizers and pesticides. You should apply Chandler Foliar with enough water (10-20 gallons per acre) to provide good coverage of the plant, and the product may be applied with newer equipment that uses lower water flow rates.

As we move toward the summer months, we encourage you to consider the benefits of a foliar plant feeding program based on Chandler Foliar. The product cost ranges from \$5.33 to \$8.75 per acre (depending on application rate). We have experienced growing interest in Chandler Foliar over the past few years, and our users report the following outcomes for particular crops:

Soybeans --- Chandler Foliar increases bean pod count and fill, test weight, and soybean yields. Several university and field test results show yield increases that range from 2% to 50% over untreated soybeans.

Alfalfa and other hay --- Chandler Foliar helps promote the photosynthesis process, which generates quicker growth after each cutting and increases nutrient content. The plants are healthier and less susceptible to disease, insects, and other pest problems.

Wheat and small grains --- Chandler Foliar helps to grow larger grain heads with more kernels, higher test weight and yields, and improved grain quality.

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PRIVACY POLICY

Many of our users report that the added net income generated with Chandler Crop Products gives them a competitive edge when bidding for rented or purchased land. Accordingly, many of our users ask that we protect their identity when they share crop yield results or other observed benefits of the Chandler Crop Products. Although this reduces the amount of detailed product information we can share with other users and prospective customers, we understand the privacy needs of our customers and fully honor all requests to protect their privacy. Further, we will not provide any identifying information about our users in our print materials (literature or newsletter), at the Midwest Bio-Tech website, or during personal communication without securing their permission in advance.

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