

# THE MIDWEST

# BIO-TECH NEWS

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**September, 2008**

## **MORE QUESTIONS THAN ANSWERS ABOUT PRICES**

The commodity markets in the US and around the world are still providing lots of interesting news to follow. Corn, bean, and wheat prices remain very strong relative to their historic levels but are off the record peaks that they set in the past year. As we usually do in the September newsletter, we take a look at the current crop condition and the best guesses about what might happen this fall based on the most recent USDA crop production and crop progress reports.

The projected US corn acreage harvested for grain is 79.3 million acres, which is down about 8% from 2007. The US corn yield is expected to be 155 BPA, which would be 3.9 BPA higher than last year and second only to the record yield set in 2004. Although early summer flooding damaged many fields in Iowa, Illinois, and Missouri, these losses have been offset by better rainfall and higher yields in the northern and eastern parts of the Corn Belt. Overall US corn production is expected to be 12.3 billion bushels, which is 6% less than 2007. USDA now expects the average farm price to be in the \$4.90 to \$5.90 per bushel range. However, much of the crop is well behind the 5-year average progress levels for the dough and dent stages, and only the crops in the eastern and southern parts of the Corn Belt are close to normal progress.

The harvested bean crop is estimated at 73.3 million acres, which is up 17% from the very small bean crop harvested last year. The expected US yield is 40.5 BPA, which is about 0.7 BPA lower than last year. The

lower bean yields in the Midwest are offset by higher production in eastern states like Tennessee and Kentucky that were very dry in 2007. Although the US bean crop has made a lot of progress in the past two weeks due to favorable weather, the beans in some states (especially Illinois, Indiana, and Missouri) are still well behind schedule. USDA projects the US bean crop in 2008 to be just below 3 billion bushels, which is up 15% from 2007. USDA also expects the US farm price to be in the \$11.50 to \$13 per bushel range for the coming year.

There has been little change in the latest wheat crop projections, and the expected US production for the current year is about 2.5 billion bushels, which is up 19% from last year. Much of the production increase is due to higher harvested wheat acreage, but yields are also up about 7.5% from last year. The 2008 winter wheat harvest was 92% complete by mid August. Due to the higher US wheat output, USDA projects the US farm wheat price will fall to the \$6.50 to \$8 per bushel range for the coming year.

In general, it appears that the stormy weather we saw early in the summer did not heavily damage the US corn and bean crops, and we are expecting somewhat lower crop prices due to strong production this fall. The corn and bean crops have gained a lot in the past month but are still running behind schedule, and this adds a bit of uncertainty to the situation. Also, the grain market analysts have not said much about the impact of a potentially stronger dollar on export demand and crop prices. So, there are still several important factors to consider when looking ahead.

## **CROP PRODUCTION COSTS CONTINUE TO MOVE HIGHER**

Although grain prices may have peaked, crop input costs are still running as strong as ever. For example, I recently heard that someone offered to pay \$450 per acre for cash rent in Central Illinois. Most of you know that it wasn't all that long ago when you could actually buy land for that kind of money. Also, many of the people we talk with are now planning for fertilizer prices in the \$1000 per ton range. From our experience, a more cost effective way to manage production costs and provide soil nutrients for the next crop is to enhance residue decay with Chandler Biocat 1000.

### **WHAT IS 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.

### **WHEN DO I APPLY CHANDLER BIOCAT 1000?**

You should apply Biocat 1000 to the residue as soon as possible after harvest. The product may also be applied in a tank mix with Chandler Soil and other products, and it is compatible with most commonly used liquid fertilizers and pesticides. For example, many users add 2-3 pounds of ammonium sulfate per acre to enhance the performance of Biocat 1000. 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. A few years ago, one of our users treated a field that had very little biological activity, and Biocat 1000 was unable to enhance decay of the residue.

### **WHAT IS THE COST?**

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 Fall Discount Program (September 1 to October 31, 2008).

### **HOW MUCH NUTRIENT CAN BE RELEASED?**

The residue in a typical field contains the following levels of nitrogen (N), phosphorus (P), and potassium (K) in pounds per acre:

<b>Crop</b>	<b>N</b>	<b>P</b>	<b>K</b>
Corn	200	74	290
Soybeans	90	20	50
Oats	25	15	80
Wheat	40	10	70

The actual nutrient content of the residue in a particular field will vary with crop genetics, population density, stalk size, and other factors. For example, the nutrient values for corn are based on average hybrids that produce 10 tons of residue and over 200 BPA. Many farmers now plant hybrids that have higher plant populations and heavier stalks (especially Bt corn), and the nutrient content of the residue may be higher. Depending on your situation, the nutrients in your residue may be worth well over \$100 per acre at current fertilizer prices.

## **FALL DISCOUNT PROGRAM BEGINS ON SEPTEMBER 1**

Our Fall Discount Program for most of the Chandler Crop Products starts September 1 and runs through the end of October, 2008. The complete discount and retail price list is enclosed with the newsletter. Please note that the discounts are higher during the initial weeks of the program and decline during the later weeks. The regular retail prices for all products are back in effect after October 31, 2008. You must pay for the product within the stated discount period to qualify for that discount, and you can take delivery of the product when you place the order or request that we store it for later delivery. All product prices remain the same as last year, but we have had to increase our shipping rates, as we explain in the next article.

## **PRICES REMAIN THE SAME BUT SHIPPING COSTS RISE**

Like most other shipping companies, UPS has increased their freight rates several times over the past two years due to the high cost of motor fuel. Although we have absorbed most of these previous rate increases, our freight costs have grown to become one of our largest cost categories, and we finally had to raise our standard shipping charges by \$5 per unit in order to cover our actual shipping costs. As of August 1, 2008, the new shipping rates we will charge on all orders under \$800 are \$13 per gallon jug, \$14 per 15 pound Dry Seed bucket, and \$15 per 2.5 gallon jug. As always, you can save shipping changes by placing an order over \$800 or by picking up your product at one of the winter shows or at one of our customer appreciation dinners in March of next year.

The good news is that we have not followed the trend in agriculture and have not raised our product prices. Our fall discount prices and regular retail prices for all of the Chandler Crop Products are still at the same levels they have been for the past year and a half.

## **SHIPPING RATES FOR LAWN & GARDEN PRODUCTS**

For the past several years, we have sold the full line of Chandler Crop Products plus Septic Tank Activator in convenient 8 ounce and 16 ounce bottles. Many of our users prefer these small package sizes if they use the products on their lawn or garden or if they operate a smaller acreage.

Unfortunately, the cost of shipping the small bottles by UPS has risen to be nearly as much as the cost of the product and the packaging. So, due to the higher UPS freight rates mentioned in the last article, we will also have to increase the standard shipping rates on all lawn & garden orders to a \$10 minimum charge in order to cover our actual shipping costs.

We have tried to find more economical ways to ship the small bottles with other freight companies, but have not found rates any better than those charged by UPS. We have also tried to work with the US Postal Service, which does have lower shipping rates for smaller packages. However, the post office regulations do not recognize the non-toxic nature of the Chandler products, and the shipments would be classified as toxic chemicals under post office rules. We have had our share of trouble with the post office in the past, but the oddity of this ruling really surprised us. The bottom line is that we would have to fill out a lot of paperwork and use special containers to ship products through the post office, so there is no real cost savings.

Although we do not list the lawn & garden package sizes on our retail or discount price lists, we will continue to provide the full line of Chandler products in the 8 and 16 ounce bottles upon request. We will also feature the lawn & garden products in our display at the winter farm shows.

**IF YOU HAVE AN UPDATED ADDRESS THAT IS DIFFERENT FROM THE ONE ON YOUR ADDRESS LABEL, PLEASE SEND IT TO US OR GIVE US A CALL SO IT CAN BE CHANGED FOR FUTURE NEWSLETTERS.**

**Midwest Bio Tech, Inc.**  
**Box 156**  
**Erie, IL 61250**  
**(309) 659-7773**

Address Service Requested

## **EARLY 2008 FIELD RESULTS REPORTED BY USERS**

We have talked with several people over the past month, and one of the most common things reported from all over the Midwest is the lack of insect problems in crops treated with Chandler products. Pest infestations have been pretty common this year due to the wet weather, especially in those areas that have had significant flooding. In particular, we have heard a lot about nematode problems in soybeans, but our users have reported no trouble so far. The agronomists tell us that there are many types of nematodes that are always present in the soil, and they typically feed on soil nutrients. However, nematodes will attack the plants if there is an imbalance and they cannot get enough nutrients from the soil. Chandler Crop Products help to prevent nematode problems by making more soil nutrients available.

## **WINTER FARM SHOWS ARE JUST AROUND THE CORNER**

Although we still have a good month of summer time left, we are already looking ahead to the December issue of the newsletter. It may seem odd to be thinking about December at this time of the year, but we typically work about three months ahead on the newsletters. As usual, we will mail the December newsletter during the week after Thanksgiving, which is also the time we attend our first major winter farm show in Peoria, Illinois. We always look forward to seeing old and new friends at the shows, so we certainly hope you can attend one of these events during the winter months. Also, please don't forget that you can save shipping charges on your order if you pick up your product at the Peoria show or one of the other farm shows in early 2009. Just let us know 4-5 days in advance so we can have your product with us at the show.

**2008  
SPECIAL FALL APPLICATION PROGRAM  
for CHANDLER CROP PRODUCTS**

<b>Chandler Products</b>	<b>Retail</b>	<b>Oct. 16-31</b>	<b>Oct. 1-15</b>	<b>Sept. 16-30</b>	<b>Sept. 1-15</b>
15# Bkt Dry Seed Treat	150.00	144.00	140.00	135.00	132.00
2 to 5 Bkts - Per Bkt	145.00	139.00	135.00	131.00	128.00
6 or more Bkts - Per Bkt	140.00	134.00	130.00	126.00	123.00
(Each Bkt will treat about 60 Bu. or units of seed)					
Gal Liquid Seed Treat	125.00	120.00	116.00	113.00	110.00
2½ Gal Liquid Seed Treat - Per Gal	120.00	116.00	112.00	108.00	106.00
- Per 2½ Gal	300.00	290.00	280.00	270.00	265.00
30 Gal Liquid Seed Treat	110.00	106.00	102.00	99.00	97.00
(Each gallon will treat about 64 Bu. or units of seed)					
Gal Soil	92.00	88.00	86.00	83.00	81.00
2½ Gal Soil - Per Gal	90.00	86.00	84.00	80.00	78.00
- Per 2½ Gal	225.00	215.00	210.00	200.00	195.00
30 Gal Soil	82.00	79.00	76.00	74.00	72.00
Gal Biocat 1000	90.00	86.00	84.00	80.00	78.00
2½ Gal Biocat 1000 - Per Gal	88.00	84.00	82.00	78.00	76.00
- Per 2½ Gal	220.00	210.00	205.00	195.00	190.00
30 Gal Biocat 1000	80.00	77.00	74.00	72.00	70.00
Note - Biocat 1000 is a cellulose digester					
Gal Foliar	112.00	108.00	104.00	101.00	98.00
2½ Gal Foliar - Per Gal	109.00	105.00	101.00	98.00	95.00
- Per 2½ Gal	272.00	262.00	252.00	245.00	237.00
30 Gal Foliar	100.00	96.00	93.00	90.00	88.00
<b>Chandler Organic</b>					
Gal Organic	105.00	101.00	98.00	95.00	92.00
2½ Gal Organic - Per Gal	100.00	96.00	93.00	90.00	88.00
- Per 2½ Gal	250.00	240.00	233.00	225.00	220.00
30 Gal Organic	90.00	86.00	84.00	80.00	78.00

Chandler Organic can be sprayed on the soil or as a foliar on plants.  
Dry Seed Treat is priced per bucket --- **the rest of the products are priced per gallon**

- A – The early September and October discount periods end at midnight on September 15 and October 15, 2008
- B – The late September and October discount periods end on the last calendar day of the month at midnight
- C – Customer must pay for product within the specified discount period to get that discount
- D – You may take delivery of the product at time of payment or we can store it for you
- E – Prices are subject to change, and product cannot be returned for credit or exchange due to insurance regulations
- F – All prices are F.O.B. Erie, IL

**ORDER FORM  
MIDWEST BIO-TECH, INC.**

P.O. Box 156 – ERIE, IL 61250  
Phone 309-659-7773

Name \_\_\_\_\_  
(please print)

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_ ZIP \_\_\_\_\_

Phone \_\_\_\_\_ - \_\_\_\_\_

<b>Qty.</b>	<b>Products</b>	<b>Unit</b>	<b>Price</b>
	15# Bkt Dry Seed Treat		
	Gal Liquid Seed Treat		
	2½ Gal Liquid Seed Treat		
	30 Gal Liquid Seed Treat		
	Gal Soil		
	2½ Gal Soil		
	30 Gal Soil		
	Gal Biocat 1000		
	2½ Gal Biocat 1000		
	30 Gal Biocat 1000		
	Gal Foliar		
	2½ Gal Foliar		
	30 Gal Foliar		
	Gal Chandler Organic		
	2½ Gal Chandler Organic		
	30 Gal Chandler Organic		

**PRICES SUBJECT TO CHANGE WITHOUT NOTICE**      **Product Total** \_\_\_\_\_  
UPS Shipping \_\_\_\_\_

TOTAL AMOUNT ENCLOSED \_\_\_\_\_  
WHEN YOU WOULD LIKE DELIVERY OF THIS PRODUCT \_\_\_\_\_

All orders over \$800.00 will be shipped Freight Free  
All orders under \$800.00 add the following UPS fee  
Each 15# Dry Seed - \$14.00  
Each Gal of Product - \$13.00  
Each 2½ Gal of Product - \$15.00

Enclose Check or Money Order  
Payable to Midwest Bio-Tech, Inc.

**THANK YOU FOR THIS BUSINESS!**