



**Gibson Insurance  
Group**

*"The Risk Management  
Specialists"*

## Upcoming Important Dates

### September 1

*Premium Billing for Spring  
Crops and PRF*

### September 30

*Sales Closing for fall crops and  
Margin Protection*

### November 15

*Sales Closing for Pasture,  
Rangeland and Forage*

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# Crop Insurance 2018

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## Fall Wheat Plantings

This summer has been challenging the whole way through. Dry weather has been the rule over much of Missouri with some areas being considerably worse than others. North Missouri above I-70 has been the driest followed by Southwest Mo. Central Missouri got some much needed rain in late June to save the corn crop from being a disaster but the soybeans are really hurting at this time. I have scouted some fields that are beyond help while others could see some benefit if a rain were to come soon. We have to remember that beans can wait for rain but there is a time where it will get too late to help.

In 2012, we had widespread drought conditions that pushed yields well below the trend line. This caused prices to go over \$7 per bushel. In 2018, the drought area is more centered on Missouri. We have been told to expect the second or third largest corn crop in history. With December Corn now trading around \$3.70 per bushel, we can expect limited upside price movement this fall with this potential large crop hanging over the markets. This will hurt producers within the drought area as yields will be less than the rest of the nation. For the last month or so we have been working with producers who are cutting corn for silage. Adjusters are required to appraise the standing crop and estimate a yield for crop insurance purposes. These yields have been all over the board with lows coming in at 10.5 bushels per acre to highs of 173 bushel per acre. Yields within the Central Missouri area have ranged from 80-123 bushels per acre.

Farm Futures magazine estimates that this

year's soybean crop will average 48.9 bushels per acre nationwide creating the largest crop in history by 30 million bushels. This crop could easily get larger as any significant August and September rains could add to this already large yield.

Political actions have played a big role on prices this year with China putting tariffs on agricultural products and the renegotiation of NAFTA. It is the hope of all agricultural producers that these actions taken by our government will pay dividends in the future, in the meantime, the pain to producers is real. In the United States, the Ag sector has taken the brunt of these actions but in China it has affected the entire economy. The Shanghai Composite Index (*similar to the Dow Jones Industrials*) has fallen by about 1/3 since this trade war began.

Soybeans were the biggest target but other commodities were hit hard as well. The high tariffs that China has placed on soybeans have effectively cut off purchases of US production. By paying a premium in excess of \$1 per bushel over US prices, the Chinese have nearly depleted South American supplies of soybeans. With over 1.3 billion Chinese to feed, it creates a huge demand for agricultural products. In the near future the only choice for them is to return to the US market for their agricultural needs including soybeans. Meanwhile, they will hold off as long as possible before they will have to come back.

Wheat markets have rallied since July for several different reasons. The tariffs that China has placed on soybeans may have had the unintended consequences of helping to boost the value of wheat. China has a mas-

**2019  
Wheat Price  
\$5.96 \***

*(Price as of August 22)*

**Price will be officially set  
on September 15**

*Wheat price is set averaging  
the daily close of the  
September Futures on the CME  
from 8/15— 9/14*



## Fall Wheat Plantings *(continued)*

sive demand for protein to feed their livestock industry. With the price of wheat, it made economic sense to substitute wheat at 12% protein for corn at 7% protein.

For the last several years we have had a burdensome supply of wheat worldwide. In 2018, many countries had issues growing wheat. European Union wheat production is down 14.2 mmt or 9% from last year. Northern Europe has been battling drought and higher than normal temperatures this year which has taken a toll on the wheat crop. Russia's wheat production will be close to normal this year but will be 14% off their record levels of last year. Russia is a very aggressive exporter of wheat. This could come to hurt them this year. They have exported so much that there were reports last week that they may have to stop in order to have the domestic production they need in their own country.

The tariffs and the worldwide decrease of wheat production are the main reasons we have seen the wheat market rally over a \$1 from the lows this spring. With \$6 wheat many producers in this country will consider planting wheat this fall and next spring.

Did you know that Missouri is the #1 producer of soft red winter wheat in the United

States? Yes, this is a little known fact that for the last several years Missouri has held this top position.

Personally, I like to raise wheat. This is a crop that responds well to management and fits well into most operations. Though most of producers prefer to raise corn and soybeans, wheat has been my most profitable crop for many years especially when you add the potential of double cropping soybeans.

There is a lot of wheat planted in Missouri for grazing and for hay prior to planting spring crops. It is important to report the intention of this crop correctly at FSA to avoid issues in the future. Over half of the wheat I plant this fall will be for haying and grazing but the remainder will be for grain and will be managed differently.

If you do not normally raise wheat it will be important to check and see if you have wheat on your crop insurance policy. Though we seldom have production problems with wheat, it is very sensitive to quality issues. With wheat, we rarely have an average yield. It is usually really good or it will be a train wreck. The latter is when we need our coverage in place.

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## Opportunity in the Face of Adversity

Hay supplies in this area are very low and the price of young 3rd period cows have fallen by two-thirds since last fall. This might be the year that crop farmers choose to buy bred cows and graze them through the fall and winter on stalk fields.

This is a practice done every year in the northern part of the corn belt. For those who have fields fenced with access to water there is a significant opportunity to pencil some hefty profits by grazing your stalks after harvest.

At a recent sale I watched 4-5 year old cows in the second period being sold for \$700. These cows will calve in the next 3-6 months and will increase in value as cattleman's pastures recover from this drought. It is important to remember that these dry periods don't last forever and we need to take advantage of opportunities as they arise.

Some crop farmers that don't have fences or water are considering selling the corn stalks for haying after harvest. This is not something that we should do on every acre every year, but additional revenue can be obtained from selling the stalks this year.

Any time we sell corn stalks we have to consider the amount of nutrients that we remove from the soil. This will vary greatly depending on the yield that the corn crop made. For the producers that decide to graze corn stalks this is not an issue. Cows will eat the stalks, digest the material, then deposit it back on the same ground in a more usable form as fertilizer (manure).

In the face of these low commodity prices, I think it is vitally important that producers maximize the earning potential of each and every acre in their operation.

## Aflatoxin

Corn, in most areas of Missouri, has been under considerable stress this year making test weights and quality issues a concern as it pertains to your crop insurance. Poor quality grain is hard to sell and never gets better in the bin.

Drought conditions, hot weather, and stressed plants are also prime conditions for the growth of aflatoxin. So far we have not heard of any confirmed reports. This week harvest is just starting in the early areas and we will be watching closely to see if these problems arise.

What is aflatoxin and why is it so important to determine if you have it? **Aflatoxin** is a naturally occurring toxin produced by the fungus *Aspergillus Flavus*. The fungus can be recognized by a gray-green or yellow-green mold growing on corn kernels in the field or in storage. Plant stress due to drought, heat or insect damage during fungus growth usually increases aflatoxin levels. Aflatoxin is very toxic and is the strongest naturally occurring carcinogen known. It can cause severe liver damage in humans as well as farm animals that consume feed containing this toxin. Aflatoxin is passed freely through the milk of lactating dairy cattle to their offspring or to humans. If you harvest corn containing aflatoxin at over 100 parts per billion it may not be marketable except to salvage buyers. In some cases, where levels are too high, it is

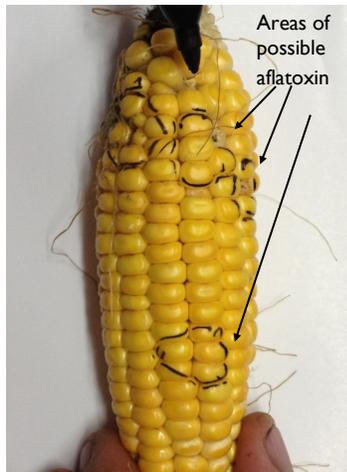
prohibited by law from transporting it across state lines. To give you an idea of how small this level is: 1 part per billion is similar to 1 bean in a railcar load of soybeans. Please use caution when handling infected grain. **It is important to note that aflatoxin must be identified prior to harvest as it is not covered under crop insurance once it goes into a bin.**

If I were to start harvest this week, I would check a sample to see if aflatoxin is present or not. This can be simply done by taking a sample of your corn and looking at it under a black light for the presence of the fungus. (See below for an example done with the same ear of corn in 2012) If you don't have a black light you can take a sample to your local elevator for testing.

If your sample tests positive for the presence of aflatoxin contact us to have an adjuster come and take an official sample. This will then be sent off for testing. These results will be the official reading for crop insurance purposes. There is a minimal cost associated with these tests but well worth it for the peace of mind knowing if a problem exists or not.

To recap, as of now, we have not heard of any confirmed cases of aflatoxin, but we feel it is important to test for aflatoxin **BEFORE** harvest, whether your grain is to be sold or fed on farm.

Same ear of corn under the blacklight and in natural light



### Harvest FYI

Any leftover 2017 production in on-farm storage? - Call the office before adding new production



Any potential revenue losses must be reported within 45 days after harvest of the crop or the release of Fall prices



If you will not finish harvest before December 10 please call the office



Failure to do any of the preceding could jeopardize any potential loss claims

### September 30

Is the last day to either obtain a policy or make changes to your present insurance policy for fall seeded crops

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