

# The Milkweed

Dairy's best information and insights

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“Float like a butterfly,  
sting like a bee.”

— Muhammad Ali

## 6/3/19 Crop Progress Report: Corn & Soybeans Severely Delayed

by Pete Hardin

In early June, a critical report on 2019's crop conditions was issued by USDA. Also in early June, farmers whose fields are too wet to plant forced to make their "Prevent Plant" decisions. "Prevent Plant" refers to the federal crop insurance program by which farmers give up any intentions to try to plant commercial crops on specified acres, and sign up to receive modest compensatory payments. Farmers who don't take out crop insurance on their fields do not have the option to obtain Prevent Plant coverage.

It will likely be at least several weeks before USDA can summarize acreage that's being enrolled under "Prevent Plant" decisions by farmers. Until that total is formally reported, it's a good guess that the total acreage enrolled in "Prevent Plant" will be massive – particularly in key grain states such as Indiana, Illinois, South Dakota and Ohio.

USDA's June 3, 2019 Crop Progress report offered hard data that squares with many reports of horrid crop conditions from farmers and news media from numerous agricultural regions of the country. A record number of corn acres were still unplanted as of the June 3 report – a whopping 31 million acres. Only 67% of the nation's corn planned 92.8 million acres had been planted by June 2. Add to that 52 million acres of soybeans that are still unplanted.

The June 3 Crop Progress report confirmed that both plantings and emergence of corn and soybeans are far, far behind recent five-year averages. Impossibly wet conditions – due to too much rainfall and/or

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Andy and Pat Leonard milk 48 high-producing Holsteins in Lafayette County, Wisconsin. The son-and-father team harvests forage six different ways (including rotational grazing), and carry over a reserve of stored forages. Early in his milking career, droughts in 1976 and 1988 nearly put Pat out of business when he was forced to buy hay. See page 5.

### To our subscribers ...

This issue of *The Milkweed* is top-heavy with coverage of the current agricultural disaster unfolding across many parts of the United States. We explore the current data and impacts of the intense

precipitation/flooding, as well as put these events into perspective and offer some strategic solutions.

In my nearly 50 years as an agricultural journalist, nothing can compare to 2019's severe challenges to sustaining this nation's agricultural productivity, the financial security of our food producers, and the uncertainty about our nation's future food supplies.

Weather and crop events in 2019 – following years of poor prices for most major agricultural commodities — will make events of the early 1970s look like a Sunday School picnic. Perhaps it's time to remove the word "surplus" from our food lexicon and view residual supplies of agricultural commodities as a strategic reserve.

— Pete Hardin, Editor/Publisher

## Trump's Tweets: New Tariffs Levied Against Imports from Mexico

by Pete Hardin

Here he goes again – throwing more confusion into a recent, multi-national agreement designed to end countervailing duties against U.S. dairy products shipped to Mexico and Canada.

At the very end of May, President Donald Trump announced he'd impose new tariffs against all goods imported from Mexico. Why? Trump is penalizing Mexico's inability to stem the flow of migrants from Central American countries who are hoping to enter the United States.

Starting on June 10, the White House plans to unilaterally impose a 5% tariff on all imports from Mexico entering the United States. The White House threatens to further ratchet up those tariffs against Mexican imports by an additional 5% per month, through October 2019, unless the flow of immigrants seeking to enter the United States from Mexico is stemmed. If the flow of refugees does not slow down significantly, those monthly increases will result in a 25% tariff against all imports from Mexico as of October 10, 2019.

This latest tariff was announced in late May – barely a week after the White House had announced it was abandoning its wrong-headed steel and aluminum tariffs against Mexico and Canada. If anything, this latest tariff levied against Mexico could very likely backfire – trashing recent progress for the U.S. Mexico Canada Agreement (USMCA) into prolonged disarray.

The U.S. dairy industry had breathed a collective sign of relief when, in late May, the White House announced that it would rescind tariffs against steel and aluminum imported from Mexico and Canada. Leaders of the U.S. dairy industry have been generally meek in their criticisms of

Trump's steel and aluminum tariffs. In response to news in May that those tariffs would be lifted, to help ease passage of the USMCA, Michael Dyke, CEO of the International Dairy Foods Assn., chimed: "We applaud the Trump administration, as well as the governments of Mexico and Canada, for prevailing with a market-principled approach ..." Dyke further commented: "With this deal in place, it is now essential that Congress turn its attention to swift ratification of the U.S.-Mexico-Canada Agreement to ensure that we are maintaining and growing markets with our most important trading partners, especially in this time of uncertainty for our agricultural economy."

If anything, Dyke's comments were tepid. The nation's dairy and agriculture leaders have responded gutlessly to the tremendous harm to U.S. farm exports caused by the trade wars initiated by the Trump administration. Dairy leaders, beholden to USDA in so many ways, are afraid to criticize the Trump administration, for fear of getting the "Harley Davidson treatment." (In late summer 2018, when Harley Davidson announced it would shift some production of motorcycles abroad to avoid an extra \$2,000 or so in higher steel costs, Trump lambasted Harley Davidson, which saw both sales and stock values tumble.)

The 25% tariff against steel imports and 10% tariff on aluminum imports from our respective neighbors to the South and North had resulted in countervailing duties levied against our dairy exports to those nations. By far, Mexico's 25% tariffs on U.S. cheese were most significant. Mexico slapped U.S. cheese imports with a 25% countervailing duty early last summer. Mexico, historically, has been

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Summary of June 3, 2019 Crop Progress Report Data  
Percent of Corn Plantings & Emergence vs. 5-Yr. State Avg.

State	Percent Planted	Versus 5-yr.	Percent Emergence	Versus 5-yr.
Colorado	78	-13	49	-24
Illinois	45	-53	32	-59
Indiana	31	-63	18	-62
Iowa	80	-19	58	-33
Kansas	79	-14	60	-7
Kentucky	87	-6	74	-7
Michigan	42	-45	17	-49
Minnesota	76	-22	48	-39
Missouri	60	-28	59	-34
Nebraska	88	-10	67	-21
N. Carolina	97	-1	59	-1
N. Dakota	81	-12	27	-41
Ohio	33	-57	18	-54
Pennsylvania	74	-9	59	-4
S. Dakota	44	-52	13	-67
Tennessee	95	-3	88	-6
Texas	96	+1	85	-4
Wisconsin	58	-33	28	-64

These 18 states produced 92% of the nation's corn in 2019.

Summary of June 3, 2019 Crop Progress Report Data  
Percent of Corn Plantings & Emergence vs. 5-Yr. State Avg.

State	Percent Planted	Versus 5-yr.	Percent Emergence	Versus 5-yr.
Arkansas	54	-28	40	-30
Illinois	21	-63	13	-52
Indiana	17	-63	9	-47
Iowa	41	-48	17	-44
Kansas	26	-27	16	-20
Kentucky	49	-4	29	-5
Louisiana	91	-2	77	-11
Michigan	31	-42	13	-32
Minnesota	51	-39	16	-47
Mississippi	80	-9	64	-18
Missouri	18	-45	12	-35
Nebraska	64	-23	39	-21
N. Carolina	58	+3	47	-7
N. Dakota	70	-13	13	-32
Ohio	18	-58	9	-41
S. Dakota	14	-68	2	-49
Tennessee	64	+4	43	+3
Wisconsin	34	-43	9	-36

These 18 states produced 95% of all U.S. soybeans in 2018.

6/3/19 Crop Progress Report: Corn & Soybeans Severely Delayed, con’t

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flooding – point to a pending, epic crop failure in the United States in 2019.

Corn plantings & emergence way down

The June 3 Crop Progress report summarized plantings and emergence data for the leading 18 states producing corn and soybeans. The leading 18 states produced 92% of the nation’s corn used for grain in 2018. In quick summary, as of data collected through June 2, 2019, the 18 top corn-producing states reported only 67% of their intended acres planted to corn. The prior, five-year average (2014-2018) registered 96% of corn acreage in the ground.

But getting the corn seed *into* the ground has been only the start of the battle so far this year. Many millions of corn acres were no doubt planted when partially impaired by both excess moisture and cold soil temperatures. Beyond planting, successful germination is the next critical step for seeds.

Germination lags far behind plantings – greatly due to belated plantings. But germination is also impacted by soils forming crusts above the planted seeds. Saturated soils lead to crusting problems, which sometimes may delay or completely block emergence of germinated seeds. As of June 2, only 46% of U.S. corn acreage had seen the corn emerge. The four-year average (2014-2018) average for emergence at the start of June was 84%.

Soybeans: Latest data worse than corn!

In the United States, soybeans tend to be planted after corn. That’s because soybeans generally need fewer degree days (heat units) than corn to reach maturity. Regardless, the percentages of intended soybean acreage actually planted and emerged here in early June are statistically far worse than the above-cited data for corn.

As of June 2, 2019, the top 18 soybean producing states reported planting an average of 39% of intended acreage. That’s a hair under half of the

prior, five-year average figure for soybean plantings. Emergence of soybeans is also lagging far behind normal. At 19% emergence for intended soybean acreage in the top 18 states, the June 2 data lags far behind the 56% of soy acreage that had emerged during the 2014-2018 period.

Our analysis: massive 2019 crop failure

Like a train wreck in slow motion ... we can spectate and speculate on the progressive nature of a massive failure of 2019’s crops at this early, but critical stage. Late plantings. Failure to plant. Delayed emergence. No emergence. These are the foundational steps leading to crop failure.

Belatedly, the “markets” had been modestly responding to weather and crop signals – driving up corn and wheat prices in recent weeks. However, events of early June 2019 – both the delayed planting/emergence data and the likelihood (but as yet unknown in their aggregate) of massive “Prevent Plant” decisions by producers.



The heck with “Butter is Better.” Let’s all admit “Butter is BEST.” The roadside, “hay bale-board” phenomenon has spread from Pennsylvania to Wisconsin ... thanks to transplants from the Keystone State.

Here’s a picture of the “hay bale-board” created by Elizabeth and Tom Kearns – operators of TomBeth Farms, located near the small dairy community of Seneca in southwestern Wisconsin. The Kearns moved from southeast Pennsylvania to their present farm in southwest Wisconsin nearly 30 years ago. Beth is an avid local dairy promoter. Tom serves as a director for Scenic Central Milk Producers.

This “Butter is BEST” bail-board is located on Taylor Ridge Road – east of Seneca, Wisconsin.

The Kearns wrapped a hay bale with plastic and then Beth sprayed the plastic with bright yellow, butter-colored paint before affixing her “Butter is BEST” message. With hay prices currently sky-high in Wisconsin, that bale could have been worth \$100 (or so) simply for its feed value. The Kearns’ \$100 “hay bale-board” represents 1/1,000th of what Dairy Farmers of Wisconsin will spend promoting butter during its 2019-2020 fiscal year.

Nationally, Dairy Management, Inc. (DMI) is spending only about \$1,000,000 annually to promote butter. Butter promotion equals less than one-third of one percent of total national dairy promotion check-off revenue in a single year. But the milkfat portion of dairy producers’ milk checks equals around two-thirds of total milk income. Thus, Beth and Tom Kearns’ “hay bale-board” promoting butter equals about 1/10,000th of what DMI is spending to promote butter this year.

The “hay bale-board” project started in eastern Pennsylvania in February 2019 and has inspired many dozens of these creative, roadside promotions by dairy farmers and agribusinesses serving the dairy community. Most of the “hay bale-boards” in Pennsylvania and Maryland promote Whole Milk. That’s part of a local effort – championed by the weekly dairy newspaper FARMSHINE — to promote Whole Milk consumption in homes and schools. (Note: DMI, the primary beneficiary of some \$330 million deducted from dairy producers’ milk checks to promote dairy products – engages in ZERO Whole Milk promotions. Whole Milk is basically the only category of fluid milk that’s showing sales gains in recent years.)