Tennessee Grazing Coalition

Forage News You Can Use 3.5.2011

Grazing in the Spring and Seeding Clover

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This time of year I prefer to stop the grazing rotation, hold livestock back and let forage develop some leaf area before starting to rotate again. Yes, "when forage grows fast the standard recommendation is rotate fast" well I haven't seen any growing fast yet.

If you haven't seeded legumes now is the time to seed white clover, Will is a great ladino clover and Durana, is the most aggressive dutch white clover and Patriot, an intermediate clover is less aggressive than Durana, not quite as big as ladino types. Resolute, is another good intermediate white clover. No matter which variety all you need to seed of white clover is 1.5 to 2 lbs. /ac. Cinnamon plus red clover is a great red clover that grows into the summer more than white clover. Recommended seeding rate of red clover is 4 to 7 lbs. per acre. Annual lespedeza is another option for thinner stands of grass on less productive land. Eight to 10 lbs. per acre is the normal seeding rate. Kobe is the preferred type but Korean can perform fine. Improved varieties include Legend and Marion. In March it is recommended that you drill the seed or harrow, seed and cultipack. High density short duration grazing (10,000+ lbs. livestock/ac) after seeding can be substituted for the cultipacker. Look at the following University variety trials for other adapted varieties.

Tennessee variety test results: http://forages.tennessee.edu/Page11-%20Variety%20Trials%20and%20Research.html

For those near the Kentucky state line: http://www.ca.uky.edu/agc/pubs/pr/pr610/pr610.pdf

Check out the Tennessee USDA/NRCS website for grazing calendars and other grazing information, recent postings are presentations from the Roane County "Grazing for Profit Conference" by Jim Gerrish, Dr. Gary Bates and Greg Brann
http://www.tn.nrcs.usda.gov/technical/grazing/index.asp

Grazing for Profit by Webb Flowers

As we are finalizing tax preparation for April 15 due date, this may be an opportune or difficult time to review and update farm enterprise budgets due to escalating feed, fuel and fertilizer prices. We are in uncertain economic times and should analyse our individual farm planned budgets to allow for proactive modifications.

Most in East Tennessee expericnced a dry Fall and an early cold Winter. If you are in an overgrazed situation on your farm, you may want to consider reducing your stocking rate, fertilize more with wize utilization of dollars invested, investigate potential pasture rental options and/or fine tune your rotational grazing system. The following cash rents chart from Tennessee NASS/USDA for 2010 demonstraights average prices paid.

Tennessee Cash Rents, 2010

District & County [1]	Non-Irrigated Cropland Rent	Pastureland Rent
	Dollars/Acre	
Dyer	(D)	26.50
Lake	101.00	(D)
Lauderdale	99.00	28.50
Obion	97.00	28.00
Tipton	91.00	25.00
Other	90.50	24.00
Delta	94.50	26.50
Benton	59.00	(D)
Carroll	85.00	22.00
Chester	61.50	22.00
Crockett	104.00	(D)
Decatur	(D)	18.00
Fayette	72.00	22.00
Gibson	(D)	24.00
Hardeman	72.00	19.00
Hardin	61.50	18.00
Haywood	106.00	(D)
Henderson	68.00	22.50
Henry	96.00	21.50
Madison	94.50	26.00
McNairy	(D)	19.00
Weakley	95.00	26.50
Other	85.00	26.50
West Tennessee	88.00	21.50
Cheatham	53.00	23.00
Dickson	48.00	17.00
Hickman	39.00	17.50
Houston	(D)	17.50
Humphreys	46.50	17.00
Lawrence	64.00	19.50
Lewis	(D)	17.50
Montgomery	110.00	18.50
Perry	(D)	17.50
Robertson	127.00	26.00
Stewart	55.00	19.00
Wayne	40.00	18.00
Other	40.00	(D)
Western Rim	81.00	19.00
Bedford	41.00	19.00
Cannon	59.50	18.00
Clay	(D)	19.50
Davidson	(D)	19.00
De Kalb	52.00	19.00
Giles	67.00	16.50
Jackson	(D)	17.00
Lincoln	66.00	18.50
Macon	66.00	21.00
Marshall	43.50	18.00
Maury	45.00	18.00
Moore	43.00	22.50
Rutherford	52.00	20.00
Smith	62.00	17.00
Sumner	72.50	18.00
Trousdale	(D)	19.00
Williamson	48.00	18.50
Wilson	(D)	16.50
Other	38.00	(D)
Central Basin	55.00	18.00
Bledsoe	38.00	18.00
Coffee	60.00	20.50
Cumberland	71.00	20.50
Fentress	40.00	18.00
Franklin	81.00	25.50
Grundy	60.00	18.50
Marion	67.50	19.00
Morgan	40.50	21.00
Overton	35.50	18.00
Pickett	34.50	20.00
Putnam	(D)	19.50
Sequatchie	(D)	16.00
Warren	63.50	19.50
White	41.00	21.00
Other	46.00	19.00
Cumberland Plateau	59.50	19.50
Anderson	30.00	18.00
Blount	35.00	19.00
Bradley	37.00	17.00
Campbell	38.00	19.00
Carter	32.00	17.50
Claiborne	39.50	16.00
Cocke	46.00	18.00
Grainger	34.00	17.00
Greene	48.00	19.00
Hamblen	41.00	17.00
Hamilton	(D)	18.00
Hancock	(D)	16.00
Hawkins	(D)	17.00
Jefferson	35.50	18.00
Johnson	(D)	18.00
Knox	34.00	19.50
Loudon	37.00	17.00
McMinn	38.00	17.00
Meigs	35.50	14.50
Monroe	57.50	18.50
Polk	37.00	17.50
Rhea	41.00	17.00
Roane	(D)	16.00
Sevier	36.00	18.50
Sullivan	33.00	18.00
Union	31.00	16.00
Washington	50.00	20.00
Other	34.00	(D)
East Tennessee	39.00	17.50
State	76.00	19.00

(D) Data not published for failure to meet statistical standards for publication. Data combined with Other for these counties. [1] If county not listed, data is combined with Other counties in district.

I suspect that the data utilized is probably lower than what landowners are actually charging/recieving. NASS data is only as accurate what farmers report. NASS/USDA doesn't share collected data with IRS. So, participate with NASS in Ag surveys and census to be able obtain reliable data.

The table shows average cash rent prices paid in 2010. Low and high prices are not reveiled. So, out of personal inquiry, I contacted NRCS District Conservationist Greg Quillen to get his perspective on what is actually being paid for cash rent in Northeast Tennesse. Quillen suggested that cash rent for pastures runs from $25-$50/Acre and that cash rent for cropland runs $50-$100/Acre with an occassional high exception of $150/Acre.

Many factors affect the price paid for pasture rental, with supply and demand being the most important. Pasture quality, water availability, condition of fences and facilities are also important.

The livestock owner needs to know his or her cost of production to calculate what he/she can profitably pay for the rental of pasture.

In turn, the landowner needs to know his/her ownership costs. An agreement that is fair to both parties can be negotiated when risk and responsibilities are understood.

In 1988 U.S. farmland, valued at $492 billion, comprised about 60% of the total value of farm assets. Today U.S. farm real estate and nonreal estate asset values are expected to rise from $2.12 trillion in 2010 to $2.25 trillion in 2011 (up 6.1 percent). Farm business debt is expected to rise from $240.3 billion in 2010 to $241.6 billion in 2011 and farm equity from $1.88 trillion in 2010 to $2.01 trillion in 2011. The debt-to-asset and debt-to-equity ratios are expected to decline, indicating that the farm sector overall should be more solvent than it was in 2010. More than one-third of the nation's farmland is rented, a proportion that has remained relatively stable over time. However, the role of land rental has changed. Fifty years ago farmland rental was a stepping stone to ownership. But, in recent years, renting has become a more effective way to gain control of land resources. Farmland rental opens doors that otherwise would be closed to younger and older farmers alike.

Some of the reasons farm operators rent land is: Opportunity for young farmers, with limited capital, often find that renting is their only chance to farm. Economics to cut their costs, farmers can spread expenses over more acres and thus raise their annual income. Efficiency by renting instead of purchasing land allows farmers to redirect capital to production investments such as fertilizer, machinery, equipment and livestock.

Some of the reasons landowners rent land to others are: Financial, allowing landowners get a return on their capital investment in land (a major component of the lifetime accumulation of farm wealth). Production, renting can lead to improvement in productivity and land value, if the tenant is a good one. Legal**,** protecting land-use taxation status and right to farm provisions is important, if you value maintaining open-space and farmland.

Cash Lease

A cash lease is the simplest lease form. The tenant pays a flat fee for use of the land for a specific period, often one year or one harvest season but possibly multiple years. Use of cash leases has increased during the past few years for several reasons. Cash leases are more flexible for the tenant, who can make management decisions. Cash leases eliminate the need to divide crops and keep track of each landowner's production expenses as required under share leases. The tenant takes all risks, which is the major disadvantage of a cash lease, but the tenant also has the potential to receive all profit. The cash payment could become a burden in times of low yields or abnormally low crop prices.

With cash rent, the landowner receives a fee for the use of his land and takes no price or yield risk. There are certain costs the landowner usually pays himself, including land taxes and maintenance on ditches and wells. Landowners often favor cash rent because it provides a predetermined amount of income. A cash lease requires minimal landowner involvement in farm property management. Retired farmers may prefer the cash lease over other types for its simple periodic payments and because of self-employment tax regulations.

Pasture Lease

Landowners and tenants use several customary methods in writing a pasture lease.
Common methods are: 1) rate per acre (*easily understood and most commonly used*), 2) a fixed rate per animal per month, 3) a fixed rate per animal unit month (AUM) per year or per season, 4) a fixed rate per-hundredweight on pasture, 5) a flat rate per pound of gain or 6) a share of gain or profit. Factors that may affect rental rates are quality of pasture, fences, and location and availability of water. Size of the pasture could also affect the rate. Landowners furnish the land and established pasture while tenants typically provide supplemental feed, labor and general care of the animals.

Demand for pasture is the key influencing factor driving land rent prices. An underlying factor that some inexperienced land-owners don't recognize, is the responsiveness and reliabilty of the renter to maintain and improve the land, fences and facilities. Land-ownwer/leasor relationship is an important aspect of obtaining and or maintaining a good lease agreement. Another factor for some landowners is the value of the land:

Pasture Average Value per Acre by Region and State: January 1, 2006-2010

Region and state [1]	2006	2007	2008	2009	2010	Change 2009-2010
	(dollars)	(dollars)	(dollars)	(dollars)	(dollars)	(percent)
Appalachian	3,210	3,500	3,620	3,400	3,300	-2.9
Kentucky	2,230	2,500	2,570	2,420	2,440	0.8
North Carolina	4,400	4,800	4,870	4,600	4,340	-5.7
Tennessee	3,400	3,680	3,880	3,650	3,600	-1.4
Virginia	4,440	4,800	4,830	4,800	4,500	-6.3
West Virginia	1,800	1,900	1,950	1,900	1,900	-

Land Values and Cash Rents 2010 Summary (August 2010)
USDA, National Agricultural Statistics Service

Land prices have declined slightly recently, however not a tremendous volume of farms are being sold. Now might be a good time to begin fostering potential lease agreements, if you need additional acreage.

We hope for ideal growing conditions this spring, to help our pastures recover from being overgrazed. Having adequate pasture-grass is fundemental key to success for beef, sheep and goat producers. Assess your pasture conditions on a weekly basis. If on a regular basis your pastures are not recovering and readily growing (spring, summer and fall), you may want to consider these options:

- Reducing herd and/or stocking rate
- Apply lime and fertilzer as recommended by soil test
- Improve your rotational grazing system to optimize forage health, forage production and water quality
- Rent additional pasture as available

For more resources and information, see below:

University of Tennessee Farm Lease Agreement form 669
http://economics.ag.utk.edu/publications/landuse/lease.pdf

Oklahoma State University
Developing Cash Lease Agreements for Farmland (Pages 4-5)
http://pods.dasnr.okstate.edu/docushare/dsweb/Get/Document-1793/AGEC-214web.pdf

Purdue University Department of Agricultural Economics
Farmland Leasing Resources
http://www.agecon.purdue.edu/extension/pubs/farmland_values_resources.asp

University of Tennessee Forage Budgets
http://www.utextension.utk.edu/publications/pbfiles/PB1658.pdf

University of Tennessee Extension Farm Management Area Agent David Bliderback Releases: Farm Supply Costs for Northeast Tennessee

INPUT SUPPLY SURVEY 3/1/2011

Seven input supply stores in Northeast Tennessee were surveyed

MANAGE
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Fertilizer - 19-19-19 is up ten percent from the December survey, at $ 619.95 per ton. Muriate of potash had the highest increase, up $35.86 per ton. Urea and ammonium nitrate also increase from December, seven and two percent respectively. DAP is at $711.26, up eight percent.

Fuel - Projected regular-grade gasoline retail prices rise from an average of $2.78 per gallon in 2010 to $3.15 per gallon in 2011 and $3.30 per gallon in 2012. There is regional variation in the forecast, with average expected prices on the West Coast about 25 cents per gallon above the national average. *(From the EIA)*

On-highway diesel fuel retail prices, which averaged $2.99 per gallon in 2010, will average $3.43 per gallon and $3.51 per gallon, respectively, in 2011 and 2012. Rising crude oil prices are the primary reason for higher retail prices, but higher gasoline and distillate refining margins are also expected to contribute to higher retail prices. *(From the EIA)*

Crude Oil - EIA expects the price of WTI crude oil to average about $93 per barrel in 2011, $14 higher than the average price last year. For 2012, EIA projects that WTI prices will continue to rise, averaging $98 per barrel. There are many significant uncertainties that could push oil prices higher or lower than current expectations. Among the uncertainties are decisions by key OPEC member countries regarding their production response to the global recovery in oil demand; the rate of economic recovery, both domestically and globally; fiscal issues facing national and sub-national governments; and China's efforts to address concerns regarding its growth and inflation rates. In addition, even though Egypt is not a major supplier of crude oil or natural gas to world markets, the recent unrest in that country raises the concern that unrest could spread to other countries in the region with a larger role in supplying world energy markets or that key transit routes for energy and other goods could be disrupted. *(From the EIA)*

	3/1/2011	3/17/2010	12/8/2010	Price Range	Difference between December & March	% Change between December & March
19-19-19 per Ton	$619.95		$562.63	$24.00	$57.32	10%
Urea Per Ton	519.86	$451.33	484.00	21.00	35.86	7%
Ammonium Nitrate	497.00	393.00	486.00	39.00	11.00	2%
DAP Per Ton	711.26	494.11	659.00	23.00	52.26	8%
Muriate Potash Per Ton	612.66	529.00	526.00	19.00	86.66	16%
Sulfate of potash	726.17	703.43	710.00	40.00	16.17	2%
N / lb. (From 34-0-0)	0.73	0.58	0.71	-	-	-
N / lb. (From Urea)	0.53	0.49	0.53	-	-	-
P2O5 / lb.	0.57	0.35	0.51	-	-	-
K2O / lb. (From MOP)	0.51	0.44	0.44	-	-	-
K2O / lb. (From SOP)	0.73	0.70	0.71	-	-	-
Off Road Diesel / gal	3.27	2.49	2.75	0.05	$0.52	21%

THE UNIVERSITY of TENNESSEE

SOUTHEAST FERTILIZER AND FARM DIESEL FUEL

WEEKLY REPORT

Cash prices bulk, FOB distributor, per ton unless otherwise stated.

Fertilizer in granular form unless otherwise stated.

Period: Weekly **Ending** **02/28/11**

	Low	High	MIDPOINT This week	Last week	Last Year	% Change
Liquid Nitrogen 28% spread	$ 370.0	$ 429.0	$ 399.5	$ 394.5	$300.00	33.2 %
Anhydrous Ammonia						
Ammonium Nitrate	$ 409.0	$ 463.00	$ 436.0	$ 406.0	$332.50	31.1 %
Urea 46-0-0						
13-13-13 (lbs N-P-K / 100 lbs fert)	$ 415.0	$ 463.0	$ 439.0	$ 437.5	$346.00	26.9 %
17-17-17 (lbs N-P-K / 100 lbs fert)	$ 520.0	$ 585.0	$ 552.5	$ 533.0	$436.50	26.6 %
DAP (18%N 46%P)	$ 650.0	$ 764.0	$ 707.0	$ 692.00	$393	79.9 %
Lime (spread)	$ 30.0	$ 45.0	$ 37.5	$ 32.5	$35.00	7.1%
Potash (Potassium)	$ 550.0	$ 600.0	$ 575.0	$ 575.0	$527.50	9.0%
Monoammounium Phosphate (11%N 52%P)						
Farm Diesel Fuel per gal	$ 3.20	$ 3.39	$ 3.30	$ 3.05	$2.28	44.5 %
< 1000 gallons	**Source:**	USDA-Alabama Dept. of Ag Market News				

March 4, 2011 USDA economic Research Service Fertilizer reports released today. See Links below.

United States USDA ERS Fertilizer Trade Overview Imports/Exports

http://www.ers.usda.gov/Data/FertilizerTrade/

United States USDA ERS Fertilizer Imports/Exports Summary

July-December Imports of Plant Nutrients Increased in 2010 and Exports Decreased

http://www.ers.usda.gov/Data/FertilizerTrade/Summary.htm

You Decide!

Till next week, Grazing for Profit,

Webb Flowers