

# Ag Decision Maker

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## UPDATES

The following [Information Files](#) have been updated on [extension.iastate.edu/agdm](http://extension.iastate.edu/agdm):

B1-73 Raising Versus Buying Heifers for Beef Cow Replacement

C2-09 Iowa Farmland Rental Rates USDA (1994-2024)

C2-24 Estimating a Grain Storage Rental Rate

The following [Video and Decision Tools](#) have been updated on [extension.iastate.edu/agdm](http://extension.iastate.edu/agdm):

A1-10 Chad Hart's Latest Ag Outlook

B1-73 Buying Heifers for Beef Cow Replacement

B1-73 Raising Heifers For Beef Cow Replacement

C2-24 Estimating a Grain Storage Rental Rate

The following [Profitability Tools](#) have been updated on [extension.iastate.edu/agdm/outlook.html](http://extension.iastate.edu/agdm/outlook.html):

A1-85 Corn Profitability

A1-86 Soybean Profitability

A2-11 Iowa Cash Corn and Soybean Prices

A2-15 Season Average Price Calculator

D1-10 Ethanol Profitability

D1-15 Biodiesel Profitability



## Pencil out profits on calf marketing alternatives

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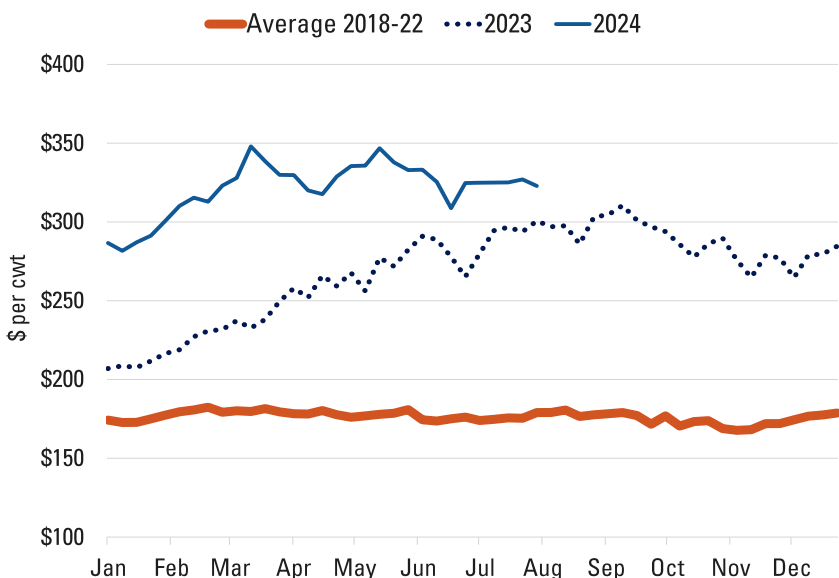
Weaned calves will bring record revenues this fall (Figure 1). If cow-calf producers retain ownership, they forgo the income they could get by selling calves. That value becomes a "cost" in projecting costs and returns from retaining ownership. Higher calf prices up costs for retaining ownership. Higher prices mean mistakes are more costly than when prices are low. This heightened risk usually means the reward needs to be higher.

Several years ago, we asked Iowa cow-calf producers: "Suppose you typically market your spring-born calves in November. How much higher would the expected net return need to be to convince you to retain and feed your calves and then sell them in March?" No consensus existed then. Likely none exists today. Answers included:

- Less than 5% higher (8 respondents)
- 5–14% higher (47 respondents)

**Figure 1. Iowa medium & large #1 steer calf prices. 500-600 pounds, weekly.**

Data Source: USDA's Agricultural Marketing Service.



- 15–24% higher (63 respondents)
- 25–34% higher (35 respondents)
- 35% higher or more (19 respondents)
- Would not consider carrying calves over (33 respondents)

The total number of respondents was 205. Of those, 172 would consider carrying calves over. The weighted average extra net return needed to entice those 172 producers to retain calves until March was about 20%.

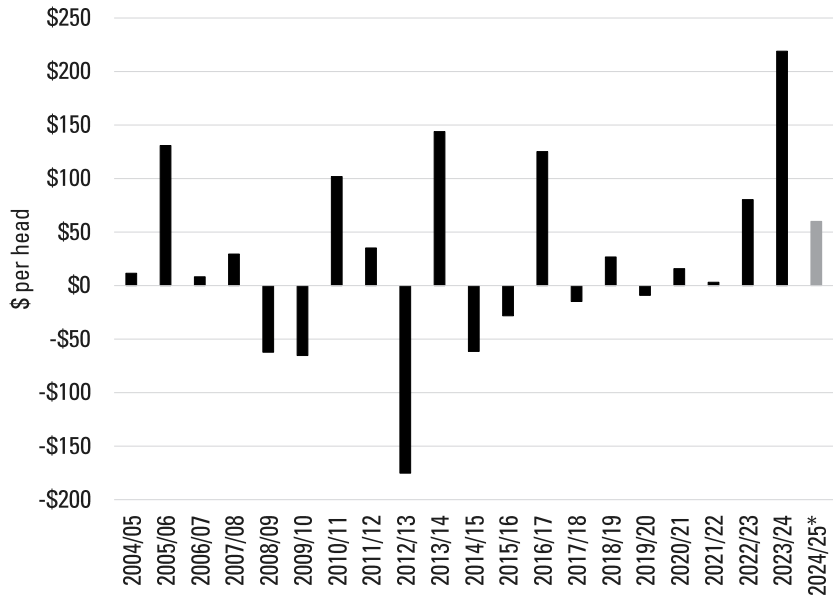
The actual increase in net return to retaining ownership from November to March over the last 20 years has averaged about 17%. However, in seven of the 20 years retaining ownership did not capture a positive return.

### In 2023 retaining ownership paid

Last year retaining ownership earned much higher returns than the long-run average. The price of a 550-pound steer in November 2023 was \$277.240 per cwt. (\$1,525 per head) according to the [Iowa Weekly Cattle Auction Summary reports](https://www.ams.usda.gov/viewReport/2167), [mymarketnews.ams.usda.gov/viewReport/2167](https://www.mymarketnews.ams.usda.gov/viewReport/2167). The price of an 850-pound steer in March 2024 was \$248.310 per cwt. (\$2,111 per head). The value of gain was  $(\$2,111 - \$1,525) / 3$  or \$195 per cwt. of gain. If the cost of gain was \$122 per cwt of gain, that's a return of \$73 per cwt of gain or \$219 per head (Figure 2). If the return for marketing in November 2023 was \$253 per head, the percentage increase in net return to retaining ownership until March 2024 was  $(\$253 + \$219) - \$253 / \$253$  or 87%.

**Figure 2. Estimated returns to retaining ownership of calves. November (550-pounds) to March (850-pounds)**

Data Source: USDA's Agricultural Marketing Service; BeefBasis.com; Kansas State University Focus on Feedlots. Iowa State University Estimated Livestock Returns. Calculations by Lee Schulz. \* Forecasted.



**Figure 3. Regardless of your experience with feeding weaned calves, what is your opinion on the following?**

Data Source: Iowa Beef Center 2014 Cow-Calf Producer Survey.

The problem with feeding calves on my farm is that:



Several assumptions go into calculating these historical returns to retaining ownership. Actual realized returns for individual producers would have varied. These calculations purposely assume no risk management, forward pricing or other strategies were used, which fails to capture notable variability in specific situations and managerial approaches. The availability and cost of feed, labor and management resources also vary greatly across individual situations and impact returns.

## Prospects for 2024 calf crop

If they haven't already done so, now is the time for cow-calf producers to focus on marketing their 2024 calf crop. Having an idea about the expected value of calves can help evaluate price offerings and decide among marketing at weaning or retaining ownership.

On August 7, November 2024 CME feeder cattle futures settled at \$237.175 per cwt. This implies an Iowa price for 550-pound steers in November of \$290.295 per cwt given an expected basis of \$53.12 per cwt. The [Price Forecasting Tool on BeefBasis.com](https://beefbasis.com), [beefbasis.com/basis-forecasting/](https://beefbasis.com/basis-forecasting/), can be used to make the forecast. The March 2025 CME feeder cattle futures contract price was \$235.075 per cwt. This implies an Iowa price for 850-pound steers in March of \$234.595 per cwt given an

expected basis of -\$0.48 per cwt. The projected value of gain would be \$132 per cwt of gain. This would also be the break-even cost of gain. If cost of gain is closer to \$112 per cwt of gain, which is what is projected, then the return would be \$20 per cwt of gain or \$60 per head. Assuming returns to marketing in November 2023 would be \$470 per head, the \$60 per head increase in net return would be a 13% higher net return.

## Other factors to consider

Producers may retain ownership of calves, or not, for many reasons (Figure 3). Tradition can be one of them. Available resources can be another. Cash flow can dictate decisions.

No single strategy for retaining ownership will be right for all producers. Each producer's optimal strategy can vary year

by year. Selling cattle in the current year, or the following year, has tax ramifications. Depending on previous strategies, producers could end up marketing two calf crops in one year or none in another.

Nothing says producers must market all calves in the same manner. Selling the heavy weights and retaining ownership and feeding lighter weight calves may make sense. Retaining just the steers, or just the heifers, may make sense. Retaining heifers offers flexibility to sell them later as open heifers, to breed and sell them as bred heifers or to calve and sell them as pairs. Or, maybe just keep them if the operation has room for more cows. Conditions permitting, herd rebuilding should start this fall and ramp up considerably in 2025.



## Four Women Managing Farmland Forums offered in September

By Madeline Schultz, Women in Agriculture Program Manager,  
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### Refresh your conservation, leasing, and estate management skills

Four Women Managing Farmland Forums and Annie's Project 20th Anniversary Celebrations will be offered across the state the first week of September. The free events take place on Sept. 3 in Atlantic, Sept. 4 in Iowa City, Sept. 5 in West Union and Sept. 6 in Storm Lake, from 10:00 a.m. to 3:30 p.m.

The one-day regional forums are a valuable opportunity to refresh your conservation, leasing and estate management skills while networking with other women in agriculture. Topics will include soil erosion and water management, landowner responsibilities and the economics of farmland, as well as trusts, taxes and succession planning.

Women of all ages make important decisions about land leasing, conservation practices and transition and estate plans. The forums are designed to help attendees meet their long-term farmland management goals. By combining strategies, women can create equitable farmland leasing, adoption of conservation practices and efficiencies in transitions to next generation farmers.

Well over 3,000 Iowa women completed Annie's Project or Annie's Inspired multi-session farm management courses since 2004. Nearly 1,000 women participated in Women in Ag Leadership conferences since 2017. The changes these women made not only benefited their families, farms, and agribusinesses, but also contributed to a stronger Iowa agricultural system through financially stable businesses, improved conservation practices and closer community networks.

The forums are a thank-you to all those who made Annie's Project a successful program in Iowa and a welcome to all those who haven't yet participated. Over the noon hour, there will be a pictorial slide show celebrating and honoring the contributions and milestones of Iowa women in agriculture over the past twenty years.

### Did you know ...

The number of Iowa women farmers counted in the USDA Census of Agriculture increased from 27,258 in 2002, to 50,263 in 2022?

The percentage of women enrolled in Iowa State's College of Agriculture and Life Sciences increased from 43% in Fall 2003, to 59% in Fall 2023?

Each regional forum will be slightly different. The northeast Iowa forum will feature a tour of Susan Kuennen's conservation practices and fen beginning at 8:30 am; and local farmer, Natalie Eick Paino, will share her story of opening the gates at Hightail Delivery over the noon hour.

The southeast Iowa forum will feature Rabail Chandio, assistant professor, ISU Department of Economics and leading researcher for the annual Iowa Land Values Survey; as well as Ilsa DeWald, Johnson County Local Food and Farm Manager at Johnson County Historic Poor Farm, who'll share about the power of women and diversity in agriculture.

Registration is free and required so that everyone has a chair and a lunch. Local agendas and online registration can be found at [www.extension.iastate.edu/womeninag](http://www.extension.iastate.edu/womeninag).

This program is financially supported by a USDA NIFA Critical Agriculture Research and Education grant (2021-68008-34180) and a Farm Credit Services of America gift through the Iowa State University Extension and Outreach Women in Ag program.



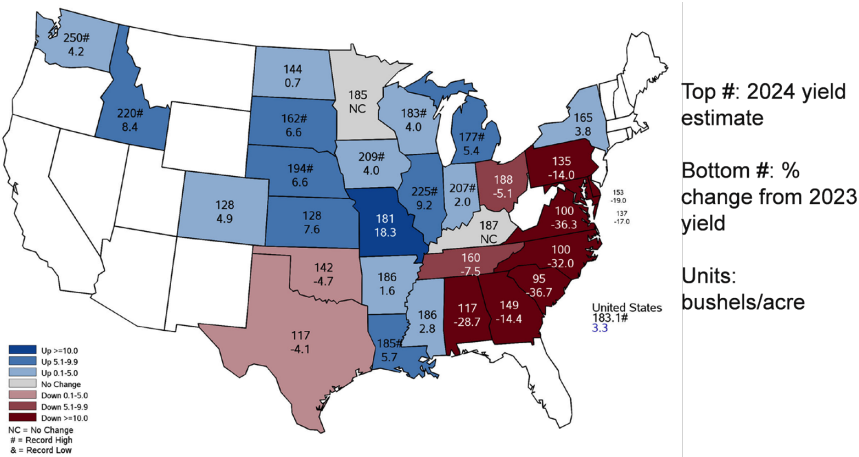
## The curse of record yields

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The [August Crop Production](https://usda.library.cornell.edu/concern/publications/tm70mv177), [usda.library.cornell.edu/concern/publications/tm70mv177](https://www.usda.gov/oce/commodity/wasde), and [World Agricultural Supply and Demand Estimates \(WASDE\)](https://www.usda.gov/oce/commodity/wasde), [www.usda.gov/oce/commodity/wasde](https://www.usda.gov/oce/commodity/wasde), reports set the stage for the crop markets before harvest. The August numbers provide an update on acreage based on Farm Service Agency (FSA) data and the first monthly update where farmers weigh in on potential yields and production, via a national survey. Data from the objective yield survey, where actual field samples are taken, will begin with the September reports. A quick summary of the reports shows expected corn and soybean supplies and usage are growing, but the overall trend is for much larger ending stocks next August.

For corn, USDA's update wasn't as bad as feared. While the usage signs were mixed with exports pushed higher, but corn for sweeteners pulled lower, USDA reduced ending stocks for both the 2023 and 2024 crops. For the old crop (2022), the adjustments were a 15 million bushel decline for sweeteners and 25 million bushel increase for exports. That lowered the estimate for 2023-24 ending stocks by 10 million bushels, to 1.867 billion bushels. Despite that reduction, 2023-24 ending stocks are still more than 500

**Figure 1. United States corn yields (bushels per acre).**  
Source: USDA-NASS.



million bushels higher than 2022-23 ending stocks, and the new crop will continue to add to those bushels. While the FSA data revealed that fewer corn acres were planted than first estimated, the data from the farmer yield survey found a record yielding crop, with USDA's yield estimate increasing to 183.1 bushels per acre. The combination of the acreage cut and yield boost translated to a 47 million bushel increase in expected production, now estimated at 15.147 billion bushels, which would be the second largest corn crop on record, following last year's bumper crop. Projected corn usage is also getting bigger, but the growth has not been large enough to catch up to supplies. New crop exports are projected at 2.3 billion bushels, up 75 million from last month. But the

reduction in corn sweeteners looks to be a more permanent shift, as the 2024 projection saw a 15 million bushel decrease. Looking at 2024-25 ending stocks, the projection declined by 23 million bushels, but at 2.073 billion bushels, it's still roughly 200 million bushels above 2023-24 and 700 million bushels above 2022-23.

Figure 1 displays the state corn yield estimates. The drought impacts from the last few years are gone, and in their place are more ample rains and record corn yields. Beyond the national record yield, 10 states are projected to set record corn yields this year, including all three of the I-states. Despite the flooding in northwest Iowa, Iowa's corn yield is estimated at a record 209 bushels per acre. The Corn Belt showed why it earned its name.

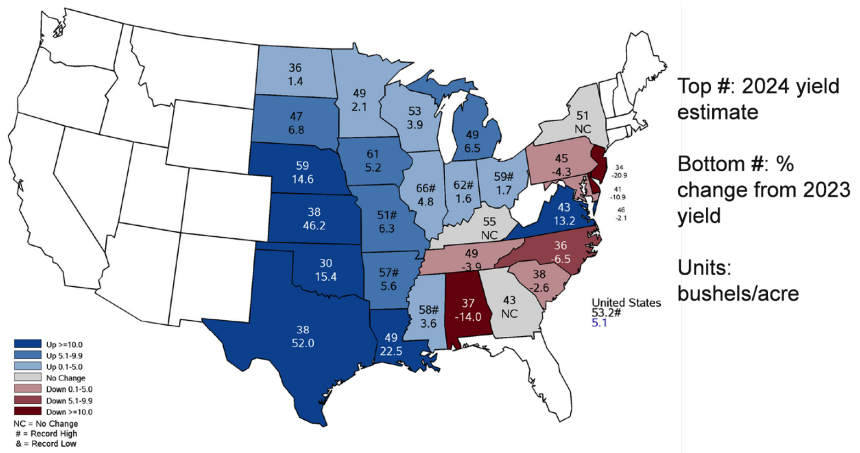
Soybeans fared worse after the release of the August reports, as the reports provided a lot of fodder for lower prices. There were no adjustments for the 2023 crop. That left 2023-24 ending stocks at 345 million bushels, up roughly 80 million bushels from 2022-23. The adjustments for the 2024 crop were mostly negative. Planted and harvest acreage estimates were increased by 1 million acres. The farmer survey boosted the national soybean yield estimate to a record 53.2 bushels per acre. The combination added 154 million bushels to expected production, raising total production to 4.589 billion bushels. On usage, exports were increased by 25 million bushels and seed use grew by 4 million, partially offsetting the production growth. However, the higher ending stocks march goes on, with the estimate for 2024-25 soybean ending stocks now set at 560 million bushels.

August rains will still have a lot of sway on soybean yields, but the early estimates revealed the potential for a record national crop, along with six state yield records, including Illinois and Indiana. Iowa's projected yield of 61 bushels per acre is not quite a record, but still a very good crop. USDA will continue to update their weekly crop conditions report and in September, they will begin their objective yield surveys, where they actually go out into fields, counting plants, ears, and pods. These pieces

of information will provide a much richer picture of potential production. On the corn crop ratings, this year's crop has been consistently rated above average and last year's crop. Those ratings support the increase in projected yields. The big question now is: will a record crop continue to get bigger. The soybean ratings have paralleled the corn ratings, where this year's ratings have exceeded the average and last year's ratings. The soybean crop has greater potential for yield movements later in the year, based on precipitation. But if the rains continue to stream through the Midwest, we could continue to add to the soybean record crop. USDA maintained their 2023 season-average prices where they were, \$4.65 for corn and \$12.50 for soybeans, leaving us hovering around breakeven. For the 2024 crops, the larger projected ending stocks led USDA to decrease their season-average price projections.

**Figure 2. United States soybean yields (bushels per acre).**

Source: USDA-NASS.



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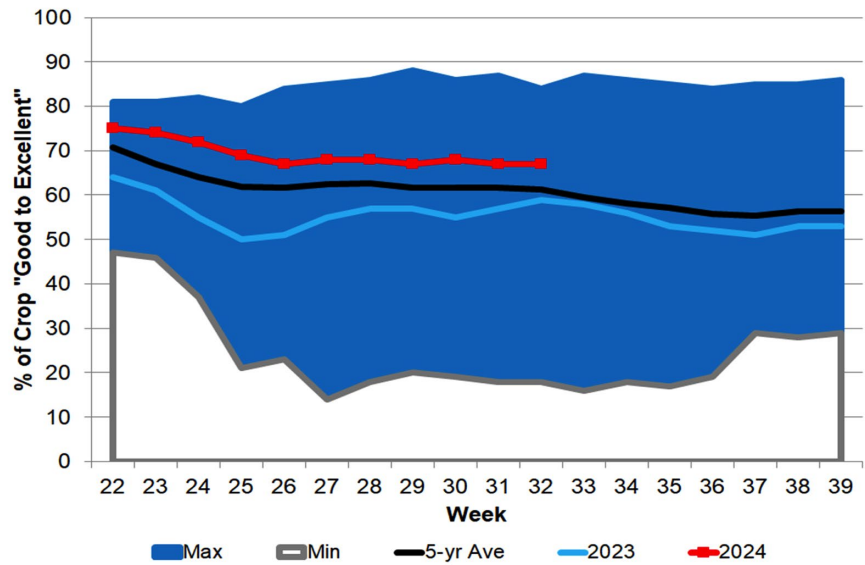
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Corn shifted down 10 cents to \$4.20 per bushel. Soybeans lost 30 cents to \$10.80 per bushel. Futures market-based projections of those same prices reveal that the markets are more pessimistic, with estimated prices in the \$3.95 range for corn and \$9.35 range for soybeans. While crop usage is increasing, supplies are outracing them. While the 2023 crops are finishing out around breakeven, the 2024 crops have now sunk well below breakeven. Both crops' prices plowed below production costs in mid-June and the downward slide has continued since then. The potential size of the 2024 crops and the remaining bushels from the 2023 crops will limit any upside potential. Based on USDA's price forecast and the futures board, prices will somewhat improve once we get past harvest. But neither forecast shows profitability anytime in the near future. For those who sold some bushels this spring, congratulations on some profitable sales. For those

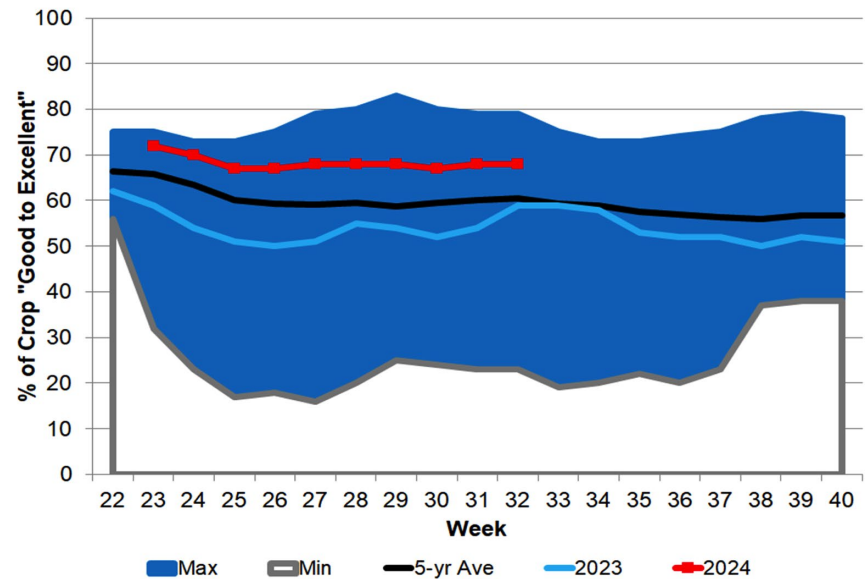
who haven't sold anything yet, the approaching marketing year will be more about limiting losses than capturing profits. For the crops sector, we are now fully in the downward swing of the ag cycle. Current usage patterns suggest this downturn will not be as long as the previous one, but the march of increasing productivity has made it hard for usage to keep up.

Watch the latest [Ag Market Outlook video](https://youtu.be/lZz8hMkiavg), <https://youtu.be/lZz8hMkiavg>, for further insight on outlook for this month.

**Figure 3. United States corn crop ratings.** Source: USDA NASS.



**Figure 4. United States soybean crop ratings.** Source: USDA NASS.



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