

# Fields of Green



Volume 8, Issue 1



## Update from the Farm

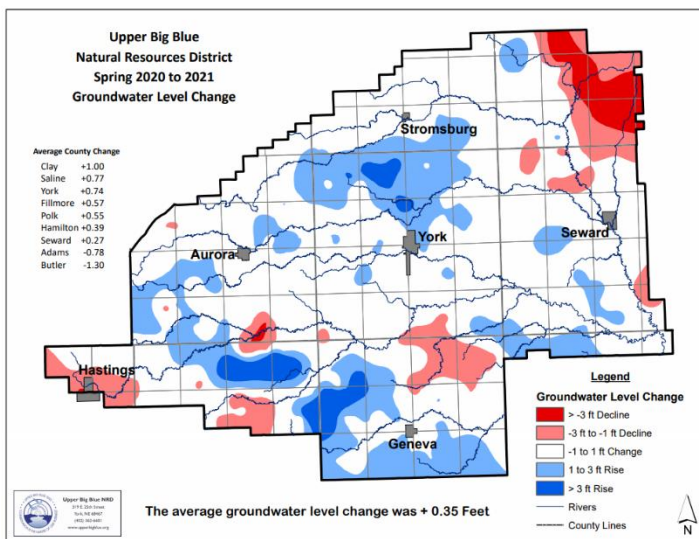
Since the last newsletter, a lot has progressed on the farm. We made it through the brutally cold spell and snow this winter and so did the livestock. There were a lot of days where equipment did not cooperate, and a lot of extra feed was fed to keep cows alive, but we made it through without any loss. Once spring arrived it was mostly dry and allowed us to have a quick planting season to get the crops in the ground. The crop is progressing ahead of schedule as we have had a lot of heat the month of June. So far, we have missed any storms that have passed by and just recently we have caught some good rains that allowed us a break in irrigation. Recently we have been working on getting last years grain hauled to the rail terminal/ethanol plants and emptying the last of the bins, spraying weeds, and monitoring crop health. Weeds have been a difficult opponent to tackle lately as it seems more and more get resistant to in crop herbicides every year. On the bright side, crop prices had a nice rally through the late winter and spring that allowed us to make some sales at the best prices in the last 7 or 8 years. We hope that the recent downturn in the grain markets is short lived and that we can get another chance to make some sales at elevated levels once the crop is made. With recent changes in the commodity futures markets expanding daily trading limits the market volatility has been strong lately and large price moves have been the norm. On one day

recently soybeans moved \$1.2650 per bushel in just one day making the value of soybeans fall 10% in just one day. Also, fertilizer and chemical prices have risen along with crop prices so expenses will also be up due to demand, supply disruptions and government actions. We always have to be observant in watching the weather reports, government reports and news reports to see what might trigger a quick price movement. All in all, if we get through the summer without any weather scares, we still have the potential for a good crop come fall.

## Carbon Markets

Carbon markets are the new hot item in agriculture right now. It seems every company is trying to get on board buying/selling carbon credits and the industry is still in an unknown state. Carbon credits are sold by farmers/landowners who implement conservation practices that sequester carbon, thereby creating carbon credits that are sold in a carbon market. Buyers, who are private companies, looking to reduce their carbon footprint are willing to pay for these carbon credits so that they can pay someone else to store carbon and reduce their carbon footprint on paper. Right now, there isn't a mature market for these credits and prices offered for them vary widely from a couple of dollars per acre to upwards of \$20/acre. When someone sells a credit, they also make you commit to certain practices for a set period of time often 10-20 years. The data requirements for selling credits can also be strenuous for some companies with them requesting 5-10 years of historical farm data. Currently each company measures carbon stored in a different way as there is no industry standard for measuring carbon sequestered, so that is another thing that needs sorted out in this market. If you are approached by an entity trying to get you to sell carbon credits from your farm right now my advice is to wait a year or so to let the market develop to ensure that if we do sell that a fair value is offered and you don't get locked into a long-term deal that may hinder future opportunities.

## Water Levels Up this Spring



This spring's measurement of groundwater levels by the Upper Big Blue Natural Resources District showed a district wide increase of +.35 feet in the groundwater level. In Fillmore County the average increase was +.57 feet. Thanks to plentiful rainfall and conservation of water resources by farmers last year's irrigation use was lower than normal and this allowed to aquifer to continue to recharge itself.