

Organic AG NEWSLETTER

WAR IN UKRAINE SHIFTING THE ORGANIC MARKET OUTLOOK



At the beginning of 2022, U.S. organic oilseed and corn markets faced unique challenges. Organic oilseeds faced a tightening supply outlook—stemming from a loss of organic soybean meal imports from India— pushing organic soybean prices high. With this loss of supply, the U.S. was expected to increase organic soybeans production, import more from elsewhere, such as the Black Sea region, and turn to alternatives such as organic canola and sunflower. On the other hand, organic corn markets were developing a long-supply outlook as expanding U.S. production pushed U.S. supplies towards self-sufficiency. In 2020/21, the U.S. only imported 11.5 million bushels out of 57.1 million bushels of the total supply.

With Russia's February 24, 2022, invasion of Ukraine, the landscape of U.S. organic markets has shifted. The most significant impact is on the two countries' direct exports of organic oil, meal, and oilseeds. Russia and Ukraine accounted for 44% of the organic soybeans and 14% of the organic soybean meal imported into the U.S. over 2021. Additionally, Ukraine accounted for 27% and 16% of the total organic sunflower and canola imported into the U.S., respectively. Going into 2022, the U.S. expected to increase organic imports from these two countries. However, with Russia's invasion of Ukraine, imports are in jeopardy of being entirely lost.

(cont. pg. 2)

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IN THIS ISSUE

Ukraine Shifting Market.....	1
Benefits of Cover Crops.....	3
Worms and Soil Benefits.....	4
Diverse Corn Belt Project.....	5
Habitat Aces.....	7
New Newsletter!.....	8
Ag Lending Team.....	8

FSB LOCATIONS

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Source: Mercaris, 2022

Indirectly, imports from Turkey have also been put at risk. Turkey is also a significant exporter of organic oils and meals, accounting for 14% of organic soybean meal, 24% of organic sunflower, and 37% of organic canola U.S. imports over 2021. Additionally, Turkey was the only exporter of organic cracked corn to the U.S. in 2021 shipping nearly 184,000 MT over the year. Turkey’s exports mainly rely on importing oilseeds and corn from elsewhere in the Black Sea for processing. As a result, it is likely Turkey will have difficulty sourcing as much of these to process and export to the U.S. as usual, limiting the countries supply of organic oilseeds and organic corn to the U.S.

Overall, the war in Ukraine has two main implications for U.S. organic markets. Firstly, despite increasing U.S. production, finding new sources for U.S. organic soybeans, canola, sunflower imports is likely to become more challenging, further restricting and already tight U.S. organic oilseed supply outlook. These factors are likely result in additional support to organic soybean prices for the foreseeable future, with prices already exceeding \$40 per bushel as of May 2021. Secondly, while the U.S. organic corn market isn’t affected as much as oilseeds, they are still at risk of seeing some lasting impacts. With organic corn imports being at risk the corn market could end up turning either short or long at harvest time of 2022.



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BENEFITS OF COVER CROPS WHEN CASH CROPS ARE NOT GROWING

Cover crops planted to grow when cash crops are not growing can provide many benefits. If you can integrate cover crops into both a cash-crop system and a livestock system, the advantages of cover crops increase greatly. My farm is primarily a grass-based dairy farm. We rotate among about 60 paddocks, giving the milking cows fresh grass twice a day, after each milking. We also grow our own forage on hayfields on the farm for winter hay and baleage. We often strip graze some of those hay fields in midsummer and fall to hold us over during drought times and to extend the grazing season as long as possible.

We also try to use cover crops strategically to fill out the grazing season. If cover crops can be planted early enough in the fall, they can produce enough fall growth to provide a lot of fall, winter, and spring grazing, and save a lot on feed costs. Last year, here in Southeast Iowa, we were able to graze our cows until January, thanks to a warm fall and enough forage from hay fields and cover crops.

Getting cover crops planted early in the fall can be a challenge with full-season crops like corn and soybeans. Planting cover crop seed into corn and soybean fields just before those crops reach maturity will help get good cover-crop forage production for fall grazing. Flying the seed on, or applying seed with a high clearance rig, can be ways to do that. Using shorter-season crop varieties and hybrids can also help, by allowing you to harvest corn and soybeans earlier, and plant cover crops earlier. If you include a small-grain crop in your rotation, it is much easier to plant a cover crop in early fall or late

summer because the small grain is harvested in midsummer. I will often frost seed red clover (in late winter) into a fall-seeded wheat crop, so that after the wheat is harvested the clover comes on strong for grazing in fall, and again the following spring.

I usually strip graze cover crops, rather than turn cows out into the whole field at one time. To strip graze, I run a polywire across the field in a zig-zag fashion, using step-in posts. That allows me to turn off the fence energizer and move a section of polywire at a time, without having to roll up wire.

Corn and soybeans actively grow for only about five months out of the year. That means that during much of the year—unless cover crops are growing—the solar energy hitting your fields is not being utilized. Cover crops can help you harvest that solar energy, and if you have animals to harvest those cover crops, you will use that solar energy efficiently and reduce your feed bills. There are, of course, many other benefits of cover crops: reduced soil erosion, protection of water quality, improved soil health, sequestration of carbon in the soil, and increased soil water-holding capacity—to name a few. The benefits of cover crops will accrue over time, as will your skills in growing and utilizing them.

Francis Thicke is a soil scientist and an organic dairy and crop farmer from Southeast Iowa. If you have questions please email him at fthicke@iowatelecom.net.

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WORMS AND THEIR MANY BENEFITS TO SOIL

Over the past several decades I have talked to literally thousands of kids and adults about the importance of worms and their beneficial effects on our soil. The majority of those students were attending the annual Ag Days our Purdue Extension department holds here for local schools, but I have also given this presentation in many settings outside of this event too. So, what's the big deal about worms? Well, for one thing, they CAN be an indication of good soil quality. In addition to that, the actions they perform in their everyday living benefit the soil environment in several ways. There are many different species of earthworms in North America, and even more so worldwide, but the one I like to focus on in my presentations is the Nightcrawler. Probably the biggest reason is because of their size and the ability of people to see them in my demonstrations, but also partly because many students and adults are most familiar with this species. My presentation talks about the nightcrawler body and its unique features, and all the beneficial things they do for our soil. I also use an aquarium with live nightcrawlers in which I can show their burrows and demonstrate the types of organic matter they can consume and break down, and the resulting beneficial waste product (castings) they leave behind.

We are all aware that worms make tunnels throughout the soil, and in the case of nightcrawlers, these tunnels can be somewhat permanent and quite deep. They can burrow down to 5 feet or more! These tunnels produce many benefits within the soil environment. They allow for air exchange, they increase water infiltration, they provide space for plant roots to grow which in turn reduces soil compaction, they are lined with nutrients (worm castings), etc. Let's look a little closer at some of these benefits.

Soil compaction is a real issue in many places and does have a negative effect on crop production. Worm tunnels can help reduce that by encouraging plant root penetration through compacted zones. In addition to that, water runoff is increased on compacted soils due to lower infiltration rates. That in turn can increase the chances for nutrient loss carried in runoff water, which could increase the chances of nutrients polluting streams and other bodies of water. This is not to mention the potential loss of irreplaceable soil, which is also a pollutant in our streams and water bodies. Removal of sediment in open ditches regulated by the county can in turn cost landowners more taxes in drainage assessments. So, the little worm can provide some real benefits towards all this.

What about plant growth? Whether you're raising commercial grain, forages, truck crops, pasture/hay, flowers, etc., worm activity will benefit all. In soil excavations in farm fields with good worm populations, it is often noticed that plants (e.g. corn) will run its roots directly down a worm tunnel. Not

only is the tunnel lined with nutrients that the plant can take up, but soil moisture can be reached by the plant easily in these deep worm tunnels, and that can really be important during summer drought times.

Nutrient "recycling" is also an important result of worm activity. They will drag organic matter from the surface down into their tunnels. As it breaks down, they will eat the resulting material, and then leave behind worm castings that are high in nutrient value for growing plant roots. It's a great relationship between plants and animals that only exists in a healthy soil environment.

So how do we encourage increased worm populations? Well, believe it or not, one farmer I heard of in Illinois actually "seeded" nightcrawlers into his study fields, and it worked! He literally purchased commercially raised nightcrawlers and then spread them around his field on a suitable night, and they made their way into the ground. Over time they multiplied and began to populate more of his acreage. Since nightcrawlers are hermaphrodites (meaning they possess both male and female organs on each worm) they do not have to look for a male or female to reproduce with, just another nightcrawler. So the first fellow nightcrawler they meet can be their "friend", and they both go away and have babies!

Now I'm not recommending that you go out and "seed" nightcrawlers everywhere, but there are other practical things you can do to encourage them to live and reproduce in your soil. Of course, living plants on the soil also encourage increased worm populations, so things like cover crops can go a long way in growing worm populations. In addition, reduced tillage and no-till also encourage worm population growth as their tunnels are not continually sheared off within the tillage zone. That tends to hinder their movement and ability to find mates and reproduce, as well as consume food sources from the surface.

So, the lowly worm can indeed be a mighty force in its benefits to overall soil healthand a pretty good bass bait too I might say.

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The Diverse Corn Belt Project (#DCB) is a five-year, multi-disciplinary research project exploring opportunities beyond corn and soybeans and investigating the real-world impacts of diversified farming systems. With more than 30 research partners, we are seeking concrete options for diversification and understanding the agronomic, economic, social, infrastructure, and policy changes that could make them viable.

Resilience- For decades, farmers in America's Corn Belt have become world-class specialists in producing millions of tons of corn and soybeans. In 2020, they harvested 448 million tons of corn and soybeans on 138 million acres. But in biological systems—and economic and social ones—resilience is rooted in diversity. #DCB, funded by USDA's National Institute of Food and Agriculture, will spend five years exploring options for diversity in the Corn Belt states of Indiana, Illinois, and Iowa. The #DCB research team will explore diversity on several levels:

Farm-level diversity- Farm-level diversity, including more options for crop rotations, perennial crops for forage or bioenergy, grazing livestock, agroforestry, and more.

Market-level diversity- Market-level diversity, creating channels for processing and marketing a wider variety of agricultural products and meeting the needs of diverse people all along the value chain.

Landscape-level diversity- Landscape-level diversity is a wide-scale proliferation of profitable, resilient, climate-smart farming systems that achieve yield, ecosystem, and equity goals. (cont. pg. 6)



Interconnected- A more diverse Corn Belt starts with wider options for crop rotations. More choices for crop rotation can help build soil microbial communities, improve carbon sequestration, interrupt the buildup of pests and pathogens in the soil, and broaden possible income streams. However, diversity in crop rotations requires diversity in markets, processing and handling infrastructure, and demand, as well as changes in the policies and support systems that have focused the Midwest's production capacity on corn and soybeans for generations.

We know that the current corn/soybean rotation is baked into national policy, economic incentives, infrastructure, and culture and that while it is working well for some, it creates challenges for others. Our goal is to expand opportunities for diversification that will benefit farmers, communities, the regional economy, and the environment.

We seek to understand the challenges and constraints that currently make diversification difficult and the leverage points that could reduce those challenges. That's why the #DCB team includes researchers in the social sciences, agronomy, entomology, chemistry, economics, Extension, education, and more.

Gathering Data- Over the next five years, the #DCB team will be operating in the field—a wide range of fields, in fact.

On-farm- Agronomists, entomologists, and soil scientists will be gathering evidence of changes in crops, soils, pest, and beneficial insect populations, and more on a wide range of farms—from conventional corn/soybean operations to highly diversified farming systems—throughout the study states.

In the lab- Samples from farms and nearby water bodies will be analyzed to explore the environmental impacts of different farming systems.

At the kitchen table- Focus groups, detailed surveys, and interviews with farmers, agronomists and crop consultants, policymakers, and other stakeholders will explore the attitudes, barriers, and pathways that surround diversification.

In cyberspace- Sophisticated models will combine field data, survey insights, and computing power to predict economic and ecological outcomes from a wide range of diversification scenarios. With those results, we will build road maps to a more resilient, sustainable, prosperous future for the Corn Belt.

Sharing the Results- As we gather data and draw conclusions, our network of Extension and education professionals will share insights widely. We want to keep farmers, planners, processors, investors, policymakers, and others in the

conversation, and share what we're learning with stakeholders throughout the Corn Belt—a diverse audience exploring the many interconnected factors that will lead to greater opportunities in the region.

We Need You- In order to understand the current system and explore future possibilities—in order to even imagine what diversity means in the Corn Belt of the future—we need to hear from farmers, non-farm rural residents, city and town officials, bankers, grocers, processors, investors, policymakers and more. We need to hear from you.

Please contact Michael O'Donnell (modonnel@purdue.edu) or Emily Usher (eusher@purdue.edu) if you would be willing to join a focus group, host research on your farm, or contribute your insights to the Diverse Corn Belt Project. You may also complete a brief survey online to indicate your interest in participating – follow the URL or scan the QR code below to complete the survey. Your vision can help us shape the future.



https://purdue.ca1.qualtrics.com/jfe/form/SV_5oQAnA8720XqBzU

To learn more, visit www.DiverseCornBelt.com and follow us on Twitter @DiverseCornBelt.

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INSTALLING OR ENHANCING HABITAT ACRES

Across the Midwest, we are seeing some interesting farming times. The markets and cost of inputs change and fluctuate wildly. The weather is arriving in extreme conditions. Illinois gets 42 inches of rain a year and it seems like we get it in 6 inch showers from April- May then shuts off come July. Being a 5th generation farmer and organic farmer, I am having to farm differently than the generations before me. We have to find a way to ride out these waves and try to make consistency out of an inconsistent environment. One way that is helping is data collection.

Like many farmers under 40 that I know, I have an off-farm job. I work as a biologist with Pheasants Forever where I aid landowners in installing or enhancing habitat acres. This job has complimented very well with my farm work and allowed me to help other farmers in my area of East Central IL. Here I have begun to mesh farm profitability and conservation together. I started looking at Yield Maps to better pinpoint hard-to-farm locations. With the digital data that is being collected on the farm, it is quite simple to compute a profit-loss map by comparing expenses to yield. What struck me as odd was that these acres that were costing the farmer money were still being farmed with the "More Yield = More Money" mindset. However, it is actually "More Profit makes More Money." Farmers in 1910 profited more per acre than farmers in 2018. Even though the yields have soared through the roof since then, not every acre is a good acre.

I had a farmer in Ford Co, IL reach out to me about a hard-to-farm farm. It had point rows, gullies, flooded locations, and tight clay soils. His initial thought was to install waterways and tile, but we decided to look at the data. By taking 4 years of yield data and expenses we were able to create an average Profit/Loss map. From here a new plan started to arise. We noticed that out of the 160ac, 27ac were really dragging the average profit down. So much so, that if he were to simply pick the planter up as we went through the area, he would save \$5,940.00/yr. We decided to place those acres into the Conservation Reserve Program to install a wetland complex and prairie. This added an additional \$5,119.00/yr in income. Overall, by putting those "Red" acres into habitat we were able to turn them "Green" and increase the farm's profit by \$11,059.00/yr. In comparison, it takes anywhere from 3-5 years in my area to cover the cost of tile and waterway construction. By putting in these wetlands, the farm will be \$33,000-\$55,000 in profit ahead before tile broke even, all while making the farm easier to farm. That type of profit increase has the potential to allow the farm to pass on to the next generation.

We decided to dive further into the benefits of the habitat area on the farm. Due to the use of GPS and tractor guidance systems, we were able to line up the new field

lines perfectly with his equipment in order to remove point rows. This led to a 10% reduction in field inputs. Combine that with the CRP, and the farm had a 35.22% reduction in total inputs on the farm. Also, since the CRP was placed in flooded areas and gullies, it was able to aid in erosion. The farm is now saving 81 tons of soil each year from eroding into the nearby stream. The last benefit I will mention is recreation. The landowner had been an avid pheasant hunter but had not hunted the farm in over 30 years due to the decline of pheasant populations in the area. This site is now in its second year, and we decided to hunt it in January 2022. It was a cold and windy winter day but the site did not disappoint. The pheasants had started to come back! We flushed 5 Roosters and 3 Hens. Only 2 roosters were harvested in the hope of strengthening the population for the future but fun was had for sure!

It is amazing what a little look at data can flush out. In this case, it was pheasants. On your farm, it could be the next generation of farmers. Either way, let's Farm the Best and Conserve the Rest!



If you are interested in learning more, feel free to reach out at dglazik@pheasantsforever.org or find your local biologist at <https://pheasantsforever.org/Habitat/findBiologist.aspx>

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YOU TALKED, WE LISTENED! NEW NEWSLETTER FROM FLANAGAN STATE BANK!

“Support your local farmer!” is something we see a lot of these days. When I hear that statement, I think about the neighbor up the road who I buy tomatoes from every summer, it’s that greenhouse in town where my mom gets her flowers every spring, it’s the farmer at the local farmers market who we buy brats from for the Sunday cookout. Their products don’t go through big processors, and they often do not operate on hundreds or thousands of acres, but rather a few acres. Their operations are not what we think of as “traditional” operations when it comes to farms in Illinois and the Midwest. Through our experiences at organic meetings and conferences we heard from many of these farmers and their stories were the same, they often could not go through traditional lenders to get financing for their operations.

At Flanagan State Bank we like to say, “you talk, we listen.” Well, you talked, and we listened. We have started a newsletter that is for Specialty Growers. It is geared to those farmers that grow the products that are considered non-traditional crops in Illinois and the Midwest. We heard from not only small farmers, but big row crop farmers who use an orchard to help increase

their farm’s margins or who maybe have spouse who sells vegetables at the local farmers markets. We know farmers want to diversify and to utilize every acre they own. Just like our other newsletters we will continue to listen and strive to provide articles that help farmers grow their crops, market their crops, and run a farm business. And just like our other newsletters it’s FREE and open to anyone who is interested. So, whether you just have a small garden and want some tips or if you are selling your produce on a larger scale to grocery stores, our goal is to provide you information to help you. If you are interested in signing up for the newsletter or want links to organizations that can help you with further diversifying your operation through specialty crops, please visit our website or send us an email. And as always, we want to hear from you! These newsletters are for you the farmer. You talk, we listen.

<https://www.flanaganstatebank.com/specialty-newsletter/>

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