

Field Crop and Hay Opportunities in Michigan's Upper Peninsula

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This presentation is meant to provide local, Upper Peninsula insight into the economic opportunities for field crops and hay for beginning farmers. It was developed for the MSU Extension U.P. Beginning Farmer Webinar Series and presented on February 6, 2013 via webinar.

Local production considerations:

▶ Growing season

- Frost-free dates
- Average temperatures, especially early and late season

▶ Soil types and condition

- Drainage
- Fertility – pH and nutrient levels

▶ Agricultural Infrastructure

- Lime, fertilizer and other input availability
- Custom field work/spraying
- Proximity to neighboring farms

▶ Marketing options



Mixed hay, Trenary, 2012



Winter wheat, Chatham, 2012

The growing season in the U.P. is limiting. A typical growing season in much of the region is 100 days from frost to frost. In the southern tier of counties, the growing season is a little longer and often a little warmer (not much). Crops requiring a longer growing season will not give good, consistent results from year to year. Some people think the current trend of climate warming may allow new farming opportunities in the future.

The U.P. and northern lower Michigan includes large areas of low fertility soils. The farming regions in the eastern U.P. (Chippewa County) and the western U.P. (Ontonagon and Houghton counties) contain large tracts of clay soils with relatively poor drainage. The central U.P. and much of the northern lower peninsula include sandy, well-drained soils. Soil acidity can be a problem. Soil testing is essential for determining lime and nutrient needs, at least occasionally.

Sources of ag equipment, seed, crop protection materials, lime fertilizer and custom field work are few and far between across the U.P. In many areas, there are few farms, so sharing equipment and labor with neighbors is less convenient. Farming 'pockets' exist in areas like Pelkie, Engadine and Chatham, where groups of farmers can band together to improve access to these types of inputs.

Distance to markets is a challenge for many U.P. farm products and potential 'new' products. Improved commodity prices make crops like wheat more attractive to U.P. producers, but along with learning a 'new' crop, they have to become acquainted with trucking arrangements to distant receiving points.....a new thing for many U.P. farmers. Others have been trucking products like potatoes, hay, spring wheat and dry beans several hundred miles each year for decades.

Field Crops in the U.P. – current

- ▶ Hay – grass, grass/legume, alfalfa
- ▶ Small grains
 - Oats
 - Barley
 - Winter and Spring Wheat
 - Rye
- ▶ Corn – silage, high-moisture grain, ‘dry’ grain
- ▶ Potatoes – table stock, processing, seed
- ▶ Dry edible beans
- ▶ Miscellaneous crops, smaller acreages
 - Canola
 - Field Peas
 - Flax
 - Soybeans
 - Seed – birdsfoot trefoil, small grain



Field corn, Chatham, 2012



Dark red kidney beans, Fayette, 2012

This is a listing of crops I have seen growing on U.P. farms over the years. Forage and small grains dominate. Corn is becoming more common as improved short-day hybrids are released by seed companies, and as we move to warmer, longer summers. Barley is not as popular a crop as in earlier years, however, there is a growing interest in malting barley, which has much higher quality standards than feed grade barley.

The potato and dry bean producers are generally experienced producers and marketers. These crops require specialized equipment and a high degree of skill. The markets are fairly specialized. Storage facilities and processing equipment is also needed.

Miscellaneous crops like canola and field peas grow well in the U.P., but have limited markets and uses. Both have potential as markets develop. Soybeans have not been a good crop in the U.P., although a limited acreage is produced in Menominee County.

Selling cash crops

- ▶ Study your marketing options before you plant a crop
 - Possible sales at local elevators are limited – corn, oats, other?
 - Trucking needed to sell wheat, soybeans, other commodities – check with your local elevator
 - Markets for potatoes, dry beans need thorough research
 - Specialty markets exist for rye (cover crop seed), mulch hay, straw, organic grains and other crops
 - Making arrangements to grow and sell crops to neighbors is also an option. Example – field peas, standing forages
 - Storage facilities expand a producer's marketing options

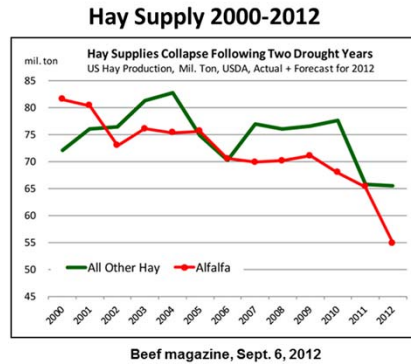
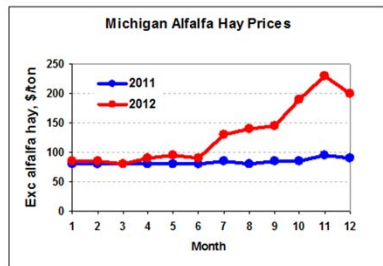
It is critical to be fairly confident that you know how you will sell your product once it is harvested. If on-farm storage is not available, then a farmer is vulnerable to the lower price offered at harvest time that that offered later in cycle.

Your local U.P. elevator may buy corn or oats, but probably not many, if any, other crops. However, they may be interested in working with you on trucking arrangements. For example, if they're sending a truck into Wisconsin for soybean meal, they may want to haul your winter wheat to a Wisconsin market.

There may be opportunities in cover crop seed, certified seed, straw, organic crops, or a variety of other enterprises. An entrepreneurial spirit is good in an agricultural business. You may also find it profitable to raise specific crops needed by neighbors, such as field peas as a high protein grain supplement for cattle, swine or poultry.

Hay (as a cash crop)

- ▶ Record high hay prices in 2012/2013



The hay market is in an unusual state right now. Drought in 2012 combined with reduced acreages of forage due to high corn, soybean and wheat prices (causing farmers to replace forage acreage with grain), have resulted in a forage shortage nationwide, including Michigan.

It is a pretty good time to have hay to sell.

Selling hay...



- ▶ **Quality matters!** (↑ *quality* = ↑ \$)
 - Good production practices
 - Equipment in good repair
 - Good storage options
 - Proper 'package' – bale size, shape, weight
 - Lab testing – AgSource Cooperative Services, Dairyland Labs, Dairy One -- <http://fis.msue.msu.edu/links.htm>
- ▶ **Learn all you can about available markets**
 - Horse owner community
 - Local livestock/dairy producers
 - Regional hay brokers
 - Areas with hay shortages
 - Advertising in local ag media can be effective
 - Michigan Hay Sellers List, U.P. Ag Connections newsletter

Hay quality is important. It can be determined visually and with a sniff, but better with a lab analysis. Many U.P. farmers use the AgSource lab in Wisconsin. Quality is a factor of good production practices including species and variety selection, good stand establishment, timing of field operations (especially harvest), adequate soil fertility, and good storage to protect hay from moisture. If haying equipment breaks down and prohibits timely raking, baling, etc, then quality will suffer.

It's important to know how your potential customers want their hay baled....small square? Large round? Large square? Wrapped?

Hay markets vary from region to region. Most areas have horse owners interested in buying hay from a local farmer. You may develop relationships with local livestock producers. You may even decide to get into livestock to utilize your own hay!

Use all the tools you can to explore and understand a variety of markets. Enter those that match your operation.

The hay market is....

- ▶ Relationship-based
 - Even though prices fluctuate:
 - Buyers stick with good sellers in good hay years
 - Sellers stick with good buyers in bad hay years
- ▶ Local or Regional
 - Because hay is expensive to ship:
 - Sales need to be as close to home as possible to maximize net profit
- ▶ Volatile
 - Yields and quality fluctuate from year to year:
 - Storage capability improves marketing options
 - Build a reputation as a dependable, high quality producer
- ▶ Not highly organized
 - Unlike commodity crops (corn, soybeans, wheat, etc), the hay market does not have a state-wide marketing support organization
 - Take advantage of connections with dairy and livestock organizations, local farming connections

For most small hay producers, the market is relationship-based. That is, you deal directly with your end customer and get to know them. People who treat each other fairly and have reasonable loyalty can do business together year after year, negotiating the hay market's ups and downs. If you always seek the highest price possible in years when hay supply is short and price is high, then your customers may very well seek the lowest price possible during years of overabundant supply and low prices, which may very well be someone other than you.

If you can store hay instead of selling all you produce directly from the field, then you are set up to take advantage of more marketing opportunities. Having a good reputation for quality hay and fair, honest dealings is the best sales tool in a local, personal hay market.

Cover crops

- ▶ Cover crops are field or forage crops grown primarily to prevent soil erosion, suppress weeds, provide or recycle plant nutrients, control diseases and pests, and encourage soil health
- ▶ Cover crops add the benefit of an additional crop in rotation
- ▶ Cover crops/green manure crops are especially valuable in low fertility/low organic matter soils and in organic systems
- ▶ Economic impact of cover crop use is long-range, not single year



Crimson clover following winter wheat

In addition to selling grain, forage and other field crops, some crops are useful as soil builders. Cover crops generally fit in better where the window of opportunity for a late season crop is longer than in the U.P. Nevertheless, cover crops can be useful in building up low fertility, low organic matter soils, suppressing weeds, and improving soil tilth and fertility.

Thank you.

▶ Questions?

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