

KENTUCKY FARM BUREAU



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Commodity Update

KFB Commodity Department

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Kentucky Farm Bureau Federation
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This Week's Commodity News

KY AG DEVELOPMENT BOARD ADOPTS POLICY AND PROGRAM REVISIONS

The Kentucky Agricultural Development Board (KADB), chaired by Gov. Steve Beshear, adopted policy and program revisions intended to broaden access to diversification funds and enhance accountability, during their monthly board meeting.

“I commend my fellow board members for taking the past several months to thoroughly consider these policy changes,” said Gov. Beshear. “At this juncture in the agricultural development process, it is critical to evaluate and, if necessary, revise policies and programs to maintain the viability of the Agricultural Development Fund for the future of Kentucky agriculture.”

The most notable changes are related to what are currently called the county model cost-share programs, which are designed to provide farmers with cost-share funding to allow them to improve and diversify their current production practices. The county model cost-share programs will now be offered as investment areas under the umbrella of the County Agricultural Investment Program (CAIP). This will offer a more streamlined approach to applying for funds for both the program administrators and the local farmers. Since all programs will be offered in counties that adopt this program, there will be broader access for all farmers, regardless of their focus enterprise.

In addition to the current investment areas, CAIP will include a new investment area called “On-farm Energy Efficiency & Production”. This investment area will be a tool to help farmers increase energy efficiency in their current production practices, while ultimately increasing net farm income through realized cost savings.

The board also modified its policy on regional projects where the applicants may be required to garner significant county fund contributions to their projects. With state dollars dwindling, this will help spread state funds further across the Commonwealth, and encourage applicants to get buy-in from those counties they expect to impact.

KADB: ON-FARM ENERGY EFFICIENCY & PRODUCTION INVESTMENT AREA

The Kentucky Agricultural Development Board (KADB) approved the On-farm Energy Efficiency & Production investment area during their March board meeting.

The On-farm Energy Efficiency & Production investment area is designed to provide farmers with a tool to help increase energy efficiency in their current production practices, while ultimately increasing net farm income through cost savings. This will be one of the eligible investment areas in the KADB's new County Agricultural Investment Program (C.A.I.P.), which is made possible through county Agricultural Development Funds.

"Over the last several years, energy, reducing usage, and developing alternative sources have become critical issues for Kentucky agriculture," stated Roger Thomas, CEO for the KADB. "The on-farm energy investment area will provide Kentucky's farmers with the opportunity to make changes to their operations that will improve their profit and reduce agriculture's impact on energy consumption."

This investment area includes five categories of eligible items. The first is for upgrades for certain existing operations. Items in this category include conversion to energy efficient grain dryers, NEMA labeled premium efficiency motors, conversion from sprinkler to drip irrigation, and energy-free or low energy waterers, as well as other items.

The second category includes items for energy efficient building components, such as *Energy Star* lighting, insulation, and EPA approved biomass heaters. The third relates to professional fees (e.g. energy audit/assessment) and training (e.g. farm energy efficiency workshops). The final two categories relate to production of biomass crops for energy production and the utilization of renewable fuel sources, including animal waste and biomass, for on-farm energy needs.

For the guidelines and list of eligible items for the On-farm Energy Efficiency & Production investment area, contact your Area Project Analyst at (502) 564-4627 or by e-mailing govkyagpolicy@ky.gov. These guidelines will be posted no later than April 1, 2009, at agpolicy.ky.gov.

KADB: COUNTY AGRICULTURAL INVESTMENT PROGRAM

The Kentucky Agricultural Development Board (KADB) approved the County Agricultural Investment Program during their monthly board meeting. The County Agriculture Investment Program (C.A.I.P.) is designed to provide farmers with incentives to allow them to improve and diversify their current production practices. C.A.I.P. combines what were previously known as County Model Cost-share Programs into one, where each model program becomes an investment area.

"As agriculture continues to change and evolve, we must make adjustments, which are consistent with our mission of diversification and increasing net farm income," stated Roger Thomas, CEO for the KADB. "This was the right time for the Board to make these adjustments to keep these incentive programs a healthy and viable option for Kentucky's farm families."

Combining all eligible investment areas into one program will allow for a greater variety of offerings and broader access to all producers in the county. This in turn provides additional decision-making opportunities for producers in their farm operations.

Through this program, a producer may apply for up to \$7,500 per year. Producers may apply for multiple investment areas, but may not exceed \$7,500 in 2009. However, County Agricultural Development Councils may elect to reduce the maximum incentive level to impact more producers.

Another feature of this program is the establishment of a universal application and scoring system, which will ensure equity among producers across all investment areas. The following investment areas will be available through C.A.I.P.: agricultural diversification, cattle genetics improvement, cattle handling, commercial poultry/dairy/swine, goat & sheep diversification, farm structure & commodity handling, on-farm energy efficiency & production, on-farm water enhancement, technology.

For a complete listing of changes to individual investment areas, as well as changes to standard program guidelines, contact your Area Project Analyst at (502) 564-4627 or by e-mailing govkyagpolicy@ky.gov. Guidelines and applications for this program will be posted on-line no later than April 1, 2009, at agpolicy.ky.gov.

AG GROUPS STRONGLY OPPOSE FARM SAFETY NET CUTS

The American Farm Bureau Federation joined 38 other agricultural and commodity groups in expressing strong opposition to the more than \$16 billion in cuts to the farm safety net proposed in President Barack Obama's 2010 budget.

In a letter sent to the chairmen and ranking members of the Agriculture and Budget Committees in both the House and the Senate, the broad coalition of farm groups warned that the cuts "threaten, once again, to change the rules midstream on American farm and ranch families."

The letter noted that the round of cuts is being proposed just eight months after the 2008 farm bill was passed, which at the time contained more than \$7.6 billion in cuts to the safety net despite the fact that the cost of the provisions over the preceding six years was already \$21.8 billion under budget. The proposed cuts in the farm safety net constitute less than one quarter of one percent of the total federal budget and make up just 16 percent of the total farm bill's cost.

"You don't change the rules in the middle of a basketball game and you don't change the provisions of a farm bill that was implemented less than a year ago with the support of more than 500 nutrition, conservation and farm organizations," said AFBF President Bob Stallman. "The ink is barely dry on the new farm bill, and all of the provisions have not yet been fully implemented. The bill must be fully implemented and allowed to work before changes are considered."

The coalition letter emphasized that the producers are already struggling to understand and comply with confusing, costly and unduly burdensome payment and eligibility rule changes that were unanticipated and far exceed what the farm bill required and Congress intended.

"The proposed budget cuts overlook the fact that producers and lenders alike have made long-term business decisions based upon the commitment made by Congress in the five-year farm bill and thus will exacerbate the current credit crisis," the letter emphasized.

THREE CATTLE BREEDS TOP \$100,000 SALES AT KENTUCKY FARM BUREAU BEEF EXPO

Three cattle breeds surpassed the \$100,000 sales milestone for the second consecutive year at the 22nd Kentucky Farm Bureau Beef Expo held March 6-8 at the Kentucky Exposition Center in Louisville.

"With last summer's drought and high feed prices this winter, it's been a tough year for Kentucky beef producers," Kentucky Agriculture Commissioner Richie Farmer said. "But the good news for them is that strong sale prices held up for the most part."

Total gross sales were \$799,270 on 543 lots from 16 states, an average of \$1,471.95 per head. The Kentucky Angus Sweepstakes sale had the highest gross, \$133,525, followed by the Simmental breed, \$131,950, and the 10th annual pen heifer sale, \$101,175.

The top money-earner was a Limousin female, consigned by Englewood Farms of Lancaster, which sold for \$14,000 to Kyle Delaplaine of Heartfelt Farms in Gettysburg, Pa. Other Kentucky-consigned sale-toppers included:

- The Grand Champion Angus female, consigned by Anne Patton Schubert of Taylorsville, sold for \$4,100 to Trevor Craig of Bedford, Ind.
- The Grand Champion Chiangus female, consigned by B&L Farm of Hardyville, sold for \$4,000 to William Caldwell of Illinois.
- The Grand Champion Angus bull, consigned by Kacie Martin of Hardyville, sold for \$3,500 to Cynthia & Terry Schuh of Lebanon, Ohio.
- The Grand Champion Hereford bull, consigned by Howell's Polled Hereford of Hodgenville, sold for \$2,500 to David Perkins of Buffalo, Ky.

Youth exhibitors showed 182 steers and 291 heifers Sunday at the Junior Show. The top five Kentucky steers were shown by Haylee Hammond and Kendall Corbin of Flemingsburg, Zach Hart of Waddy, Sarah Ayer of Calhoun and Cody Emmons of Flemingsburg. Top four Kentucky heifers were shown by Taylor Stevenson Tolle of Taylorsville (who took home both the first- and second-place ribbons), Ally Jo Schneider of Georgetown and Ashley Quiggins of Horse Cave.

KENTUCKY FARMERS RACK UP \$4.82 BILLION FROM SALES IN 2007

Kentucky farmers took in \$4.82 billion from the sale of farm products in 2007, according to the 2007 Census of Agriculture. That's an average of \$56,586 per farm and a 57 percent increase over the last census in 2002.

"Kentucky farmers really outdid themselves in 2007," Agriculture Commissioner Richie Farmer said. "They achieved \$4.82 billion in sales while tobacco income was 22 percent lower than in the previous census. That shows Kentucky's investments in agricultural diversification are working."

Leland Brown, director of the Kentucky office of the National Agricultural Statistics Service, pointed out that the sales number includes multiple sales of livestock, such as sales of cattle between farmers and then from the farmer to the stockyard.

The number of tobacco farms in Kentucky declined 72 percent since 2002 to 8,113, according to the census. Tobacco acres harvested fell 21 percent from 2002. The federal tobacco quota and price support system was eliminated after the 2004 growing season.

The census showed that slightly fewer people farmed slightly more acres in Kentucky in 2007 than in 2002. Eighty-nine percent of Kentucky's 85,260 agricultural operations are still run by individuals or families, and most are still small farms. The number of farms declined 1 percent from 2002, but the size of farms increased 1 percent from an average of 160 to 164 acres.

The number of full-time farmers in Kentucky dropped from 54 percent in 2002 to 40 percent in 2007. The average age of farm operators was 56.5 years old, up from 55.2 in 2002.

Twenty-seven percent of agricultural producers were women in 2007, and the number of women who were principal operators increased 10 percent from 2002. African American principal operators dropped from 687 to 505 in the five years after 2002.

For more information, visit the Web site for the National Agricultural Statistics Service's Kentucky office, www.nass.usda.gov/ky, and click on "Census of Agriculture for Kentucky."

U.S. BROILER MEAT EXPORTS BREAK RECORD

Exports of U.S. broiler meat rose 18 percent in 2008 to a record 3.2 million metric tons. The dollar value also soared to a record \$3.5 billion, an increase of 28 percent, according to the USA Poultry & Egg Export Council.

The top three markets for U.S. broilers—Russia, China, and Mexico—imported 46 percent of the total volume, down from 52 percent in 2007. Export volume rose 12 percent to China and rose 27 percent to Mexico but fell 4 percent to Russia.

Broiler meat export prices in the second half of 2008 increased about six percent from the first half of 2008, even as the world economy entered a severe economic downturn.

U.S. turkey meat exports also reached record highs, with volume up 24 percent in 2008 to 306,787 metric tons on increased demand from Mexico and China. Export value rose 21 percent to \$481.9 million.

UK's "ECONOMIC AND POLICY UPDATE" NEWSLETTER IS AVAILABLE

The Department of Agricultural Economics at the University of Kentucky has published its latest issue of the "Economic and Policy Update." The newsletter is available at www.ca.uky.edu/agecon/index.php?p=209. The articles and the authors are:

- + ACRE Program Publication Now Available – Cory Walters
- + Tax Planning Tips for 2009-2010: Zero Percent Capital Gains – Jonathan Shepherd and Rick Costin
- + Kentucky's Nursery and Greenhouse Industry – Tim Woods and Sara Williamson
- + Spring Nitrogen Fertilization of Hayfields in 2009: Will it Pay – Greg Halich

IRS TO PROVIDE FARM INCOME DATA TO USDA

The Internal Revenue Service will provide data on farmers' income to help the Agriculture Department eliminate fraudulent federal crop subsidies, both agencies announced Thursday. USDA will use the tax figures to improve its subsidy eligibility efforts to ensure that high-income individuals and entities who request USDA payments meet income limits set forth in the 2008 farm bill. The agencies made the change in response to the discovery of nearly \$50 million in payments to ineligible farmers. The new rules are part of an Obama administration effort to improve coordination between agencies and trim waste from departmental budgets.

AFBF LAUNCHES CONSUMER WEB SITE

The American Farm Bureau Federation launched a web site targeted at consumers. The site, *Your Agriculture*, at www.fb.org/yourag, is aimed at educating the non-farming public about agriculture issues, farmers and ranchers and the food, fiber and fuel they grow.

"The average American is three generations removed from the farm and does not have a clear understanding of where their food comes from," said AFBF Director of

Public Relations Don Lipton. “We hope this new website will help us engage in conversation with consumers about modern agricultural production while shedding light on issues faced by America’s farmers and ranchers.”

The *Your Agriculture* site includes:

- A “Meet a Farmer” section, which profiles a farmer or rancher each month with an audio slideshow and Q&A. Heather Hill, a pork producer from Indiana and AFBF Young Farmer & Rancher Committee member, is the first farmer to be profiled for the site.
- A series of quizzes to test the public’s farm IQ and determine if they are “smarter than a 5th grade farm kid.”
- A consumers’ guide to farm policy and agriculture issues.
- Farm fact sheets, a foodie blog and video stories from the public television series “America’s Heartland.”

The *Your Agriculture* website is the most recent effort taken by AFBF to reach out to consumers about farming and ranching. Other AFBF outreach includes the Foodie blog and AFBF’s Facebook page.

BIOTECH CROPS ON SECOND WAVE OF ADOPTION

The International Service for the Acquisition of Agri-Biotech Applications (ISAAA) reports that biotech crops enjoyed a robust 2008 and are on a second wave of strong adoption thanks to increased political will to meet food demands. This will drive sustained global growth through 2015, according to ISAAA’s annual study on biotech crops

The ISAAA study found that 13.3 million farmers in a record 25 countries planted 125 million hectares of biotech crops last year, the sixth largest growth spurt in 13 years of reporting. The 2 billionth cumulative acre of biotech crops also was planted in 2008, just three years after the first billionth acre, a milestone which required a decade to reach.

In the United States more than 154 million acres of biotech crops were planted in 2008, up from 143 million acres in 2007. The primary biotech crops grown in the United States are corn, cotton, canola and soybeans, but also squash, papaya, alfalfa and sugarbeets.

AFBF supports biotechnology and urges state and national political leaders to develop a positive national strategy for biotechnology research, development and consumer education. In addition, AFBF recommends that Congress take the appropriate action to ensure that USDA’s Agricultural Research Service plant-breeding programs be permitted to utilize biotechnology and other developing technology in their breeding programs.

AVMA ADDRESSES FOOD SUPPLY VETERINARIAN SHORTAGE

To address a shortage of food supply veterinarians, the American Veterinary Medical Association (AVMA) announced it has revamped its Web site focused on this career field. The site features information about careers in food supply veterinary medicine, the importance of this field, and the states being hit hardest by the shortage.

A recent AVMA study indicates that the demand for veterinarians in food supply veterinary medicine will increase about 13 percent over the next several years, while the supply will fall short of what is needed by about four percent or five percent annually.

The number of veterinary school graduates entering food supply medicine remains stagnant.

"Few jobs are more important when it comes to food safety than that of the veterinarian," said AVMA CEO W. Ron DeHaven. "They are not only checking the well-being of food animals and maintaining healthy herds and flocks, veterinarians are also first responders on the front lines of disease prevention and outbreak. Their involvement in food safety plays a vital role in public health and national security. Our responsibility as veterinarians is to make sure we cultivate and mentor more veterinarians to fill these roles."

KAFC BOARD APPROVES FIRST APPLICANT FOR LARGE/FOOD ANIMAL VETERINARY LOAN PROGRAM

The Kentucky Agricultural Finance Corporation (KAFC), chaired by Agriculture Commissioner Richie Farmer, approved its first applicant for the new Large/Food Animal Veterinary Loan Program.

Dr. Melissa Lipps and her husband, Joe, of Shelbyville received the first low-interest loan in the new Large/Food Animal Veterinary Program. Dr. Lipps is a partner in the Shelby Veterinary Clinic, which is one of the last remaining food animal practices in the area. With the low interest loan, they plan to buy-out the remaining interest in the clinic in hopes of continuing the emphasis on large animal medicine.

The Kentucky Agricultural Development Board allocated \$1 million dollars this past November to the KAFC to be used for low interest financing for veterinarians to establish or expand large/food animal veterinary services in Kentucky. Specifically the KAFC Large/Food Animal Veterinary Loan Program will provide low interest loans to assist individuals licensed to practice veterinary medicine in Kentucky who desire to construct, expand, equip or buy into a practice serving large/food animal producers.

"We realize that this is only one piece of the complicated puzzle in attracting more large/food animal veterinarians," said Roger Thomas, Executive Director of the Governor's Office of Agricultural Policy. "But we believe that by devoting a few resources to this area we can have a meaningful impact."

For more information on the Kentucky Agricultural Finance Corporation Programs contact Bill McCloskey, Director of Financial Services, at (502) 564-4627 or visit the KAFC webpage at <http://kafc.ky.gov/>.

NEW SYNGENTA ETHANOL CORN CONCERNS FOOD COMPANIES

A new gene-altered corn developed by Syngenta AG requires less energy and water to turn into ethanol, which theoretically could produce more ethanol per bushel, but food companies are concerned because the variety converts its own starch into sugar. The grain is engineered to contain a special enzyme that turns cornstarch into the sugar that's used to make ethanol. Syngenta says it will take less heat and water to make a gallon of ethanol using the biotech corn. Government officials say the corn is safe for human consumption. But companies that turn cornstarch into food ingredients aren't so keen on corn that converts its own starch into sugar.

STUDY: ETHANOL PLANTS DO NOT CHANGE FARMLAND USE

A study conducted by the University of Illinois at Chicago's Energy Resources Center revealed that today's ethanol plants do not change farmland use in either total acreage farmed or crops raised.

The results of the study challenge an often stated, but unproven theory that the production of ethanol involves conversion of unused farmland to produce corn as well as an increased percentage of corn acres planted. The study was commissioned by the Illinois Corn Growers Association (ICGA).

"This is the most thorough and far-reaching study on land use impact done to date," said Rod Weinzierl, executive director of ICGA. "It demonstrates that the often cited link between new ethanol plants and the conversion of non-agricultural land to corn is highly questionable. Corn ethanol is not a central driver in the conversion of non-corn farmland to corn production."

On another front, the Renewable Fuels Association released a report on the outlook for the ethanol industry for 2009. That report states, "The perfect storm of events in 2008, while temporarily disruptive, is going to lead to a new and more robust American ethanol industry in 2009 and beyond. The challenges faced and currently being addressed by this industry will make it stronger and more successful far into the future.

U OF IL: DOUBLING A GENE IN CORN RESULTS IN GIANT BIOMASS

University of Illinois plant geneticist Stephen Moose has developed a corn plant with enormous potential for biomass, literally. It yields corn that would make good silage, Moose said, due to a greater number of leaves and larger stalk, which could also make it a good energy crop.

The gene known as Glossy 15 was originally described for its role in giving corn seedlings a waxy coating that acts like a sun screen for the young plant. Without Glossy 15, seedling leaves instead appear shiny and glossy in sunlight. Further studies have shown that the main function of Glossy 15 is to slow down shoot maturation. Moose wondered what would happen if they turned up the action of this gene.

"What happens is that you get bigger plants, possibly because they're more sensitive to the longer days of summer. We put a corn gene back in the corn and increased its activity. So, it makes the plant slow down and gets much bigger at the end of the season." The ears of corn have fewer seeds compared to the normal corn plant and could be a good feed for livestock.

"Although there is less grain, there is more sugar in the stalks, so we know the animal can eat it and they'll probably like it." This type of corn plant may fit the grass-fed beef standard, Moose said.

He explained that the energy to make the seed goes instead into the stalk and leaves. "We had been working with this gene for awhile. We thought there would be more wax on the leaves and there was. But we also got this other benefit, that it's a lot bigger."

One advantage to growing sugar corn for biomass rather than switchgrass or miscanthus is that sugar corn is an annual. Moose said that if it would attract a pest or develop a disease, farmers could rotate a different crop the next year.

Moose said that sugar corn might make a good transition crop.

For this sugar corn plant to become commercialized, it would have to get government approval, but Moose said that this is about as safe a gene as you can get. "It's a gene that's already in the corn -- all we did was to put an extra copy in that amps it up."

SCIENTISTS IDENTIFY RUST RESISTANCE GENES IN SOYBEANS

Using state-of-the-art genomics techniques, a team of scientists from the Agricultural Research Service (ARS), Iowa State University (ISU) and Brazil have identified a cluster of soybean genes that provide resistance to the fungus *Phakopsora pachyrhizi*, which causes Asian soybean rust (ASR). The discovery will help defend the \$27 billion U.S. soybean crop against ASR, through conventional breeding or biotechnological means. ASR was first detected in the continental United States in 2004. Although fungicide use is effective against ASR, providing farmers with resistant cultivars is more sustainable, according to geneticist Michelle Graham with the ARS Corn Insects and Crop Genetics Research Unit in Ames, Iowa.

AFBF DEMANDS BIOFUELS FAIRNESS IN CARBON SCORING

When rating fuels on the basis of carbon content, biofuels should not be singled out and artificially degraded for so-called “indirect effects,” according to the American Farm Bureau Federation.

In a letter sent to California Gov. Arnold Schwarzenegger, AFBF President Bob Stallman called for a “level playing field” in the development of that state’s Low Carbon Fuel Standard (LCFS). The LCFS requires oil companies to reduce the carbon sold in fuels in the state by 10 percent by 2020. Under the proposal, all fuels are assigned a “carbon score” to reward the least carbon-intensive fuels. But only biofuels are being singled out for so-called “indirect effects” that raise the carbon score. As a result, fossil fuels would receive a better carbon score and a competitive advantage over renewable biofuels.

UNIVERSITY OF KENTUCKY AG COMMUNICATIONS SERVICES – NEWS RELEASES

The following are portions of news releases issued by the UK Ag Communications Services department. To see the entire article, go to <http://www.ca.uky.edu/news>

POTENTIAL MARKET SCENARIO MAY REQUIRE CONSERVATIVE USE OF INPUTS

By Katie Pratt – University of Kentucky

Ever since fertilizer prices peaked last summer, the price of nitrogen and phosphorus has dropped. However, potassium prices have remained high, and it’s causing some concern among grain crops producers.

“Last year, input costs rose as commodity prices climbed, but this year, commodity prices are not expected to go as high,” said Lloyd Murdock, extension soils specialist for the University of Kentucky College of Agriculture. “If commodity prices remain low, producers are going to have to do a good job managing their fields to make money this year.”

There’s no clear reason why potassium costs have remained steady while other nutrient prices have dropped, but Murdock believes it may in part be due to the small number of potassium producers in North America.

He recently discussed possible strategies for approaching fertilizer applications this year with participants of the Integrated Pest Management Scout Training School held at UK’s Research and Education Center in Princeton.

Murdock encouraged all producers to have a soil test done before applying fertilizers this spring. He recommended collecting at least one soil test for every 20 acres, but said producers with larger fields may want to consider grid sampling. Grid

sampling divides a large field into several smaller plots and suggests collecting samples from each plot.

Once producers have their soil tested, they can use the UK extension publication AGR-1 to determine the most cost-effective amount of fertilizer to apply to their fields. Considering the high price of fertilizers, Murdock said producers that have areas or fields with high phosphorus and/or potassium levels may want to skip any additional fertilizer applications this year to those fields in order to keep costs down.

If a soil test is low in phosphorus and/or potassium, producers need to apply the recommended fertilizer, regardless of the costs. Row fertilizing can help increase phosphorus and potassium efficiency while reducing the amount of fertilizer needed by at least a third and as much as a half.

AGR-1 is available online at www.ca.uky.edu/agc/pubs/agr/agr1/AGR1.PDF or at county offices of the UK Cooperative Extension Service. Producers can bring soil samples to their local county extension office for testing. UK College of Agriculture soil specialists conduct the tests and then return the results to the county offices. Agriculture and natural resource agents can help producers understand the results of soil tests and address questions about soil testing.

EASTERN TENT CATERPILLAR EGG HATCH UNDERWAY, NUMBERS TRENDING UP

(March 25) - Experts report that eastern tent caterpillars have begun hatching in central Kentucky and that their population numbers are trending up.

“Populations of the eastern tent caterpillar have increased noticeably over the past three years,” said Lee Townsend, University of Kentucky College of Agriculture entomologist. “While infestations of the magnitude seen during the 2001-2002 Mare Reproductive Loss Syndrome outbreak are not anticipated, it is clear that eastern tent caterpillar populations are on the upswing and could be heavier than normal in some areas. Assessments and management decisions can be made in a few weeks as the silvery, baseball-sized tents start to show up on branches.”

According to Townsend, egg hatch is following a historically normal pattern so far this year in central Kentucky. While daily temperatures will determine the development rate of the caterpillars, there is no way to predict areas where caterpillar numbers will be higher or lower. Entomologists will be closely monitoring caterpillar development over the next two to three weeks.

Entomologists anticipate full-grown larvae by the third week of April. From the end of April to the beginning of May, caterpillars will likely leave the trees where they’ve eaten the available foliage and search for additional food to complete their development. Once the caterpillars have reached these dispersing stages, controlling them becomes much more difficult, Townsend said. If needed, control should target caterpillars while they are gathered together in the trees. However, Townsend cautions against spraying too early.

Controlling eastern tent caterpillars is vital to area horse farms, as UK research has strongly linked the caterpillars with outbreaks of Mare Reproductive Loss Syndrome, which can cause late-term foal losses, early-term fetal losses and weak foals.

UK entomologists recommend that unless horse farm managers have been aggressive in managing eastern tent caterpillars, or removing host trees, they should keep pregnant mares out of pastures bordered by cherry trees or other hosts for the next several weeks.

For a fact sheet about eastern tent caterpillars, as well as periodic updates, please visit <http://www.ca.uky.edu/equine>.

UK SPECIALISTS QUESTION FUNGICIDE USE FOR STRESS TOLERANCE

By Katie Pratt – University of Kentucky

Certain fungicides are highly effective at controlling several diseases in grain crops. But recently, these fungicides have also been marketed for stress tolerance and growth efficiency purposes.

University of Kentucky specialists are hesitant to recommend fungicides for anything other than disease prevention, because they have not seen research-based field data to prove these products provide added benefits to Kentucky's grain crops.

Paul Vincelli, extension professor of plant pathology in the UK College of Agriculture, Don Hershman, also a UK extension professor of plant pathology, and UK Grains Crop Specialist Chad Lee have conducted fungicide studies since 2003 on soybeans and, since 2007, on corn to determine their effectiveness in Kentucky's fields.

"We are not saying these claims are not true; it's just that we have not seen convincing proof that they are," Vincelli said. "Most university research conducted to date does not support these claims."

The specialists said this is an issue producers need to be aware of going into the growing season. One company has received U.S. Environmental Protection Agency approval for a supplemental label allowing fungicide use for purposes in addition to disease control, and other companies may follow suit.

While fungicides are ideal for controlling foliar fungal diseases, historically, Kentucky corn and soybeans are not grown under conditions that favor much disease development. "If conditions favor disease development, then fungicides are beneficial, but the current evidence does not warrant blanket applications of fungicides," Lee said.

Farmers could incur additional economic risk if they decide to apply fungicides for improved growth efficiency or stress tolerance. Lee said if there's not a yield increase, farmers will not recoup the application cost. He added that even with modest yield increases, farmers may not recoup the application cost. In 2007 and 2008 university studies, the cost was recouped in corn only about 38 percent of the time. One industry study showed that soybean farmers were able to recoup their costs about 51 percent of the time.

Unnecessary fungicide applications could have some adverse effects, the specialists said. If fungicides are tank-mixed with other products and applied at the wrong development stage, it can hurt yields. Other effects may include increased environmental risks, increased development of fungicide-resistant diseases, occasional surges in insect and mite populations, and a loss of time and money.

The specialists caution growers against applying fungicides to crops that have a low risk of disease until more convincing data is available. If producers decide to treat crops with a fungicide application this year, they recommend growers leave untreated strips to determine the fungicide's biological and economical effects. Producers should treat the crops during the proper development stages. Producers should follow label instructions exactly and make sure they have excellent spray coverage on treated crops. Those who have questions or would like more information on fungicides and their uses should contact the local county office of the UK Cooperative Extension Service.

'WOODLANDS FINANCIAL ADVISORS' CAN HELP WEATHER ECONOMIC STORM

Kentucky woodland owners are feeling the pinch from this tough economy just like many others, but owners who are actively involved in a sound woodland management plan are seeing continued growth rates in their investments in trees during these turbulent times.

Nature doesn't pay much attention to Wall Street, so trees continue to grow in diameter and height, no matter what the Dow Jones Industrial Average is. However, optimum growth rate often is the result of woodland owners working closely with their "woodlands financial advisor," a professional forester who helps to identify ways to increase woodland values.

According to Doug McLaren, forestry specialist in the University of Kentucky College of Agriculture, many of the more than 400,000 Kentucky woodland owners invest little or no time in developing a forest plan to increase each timber stand's maximum growth. A professional forester can develop a forest stewardship plan that will incorporate both the landowner's objectives and the unique potentials that are characteristic to that particular stand.

"A managed timber stand not only supplies trees for the manufacture of a variety of products, but it can also provide clean water resources, abundant wildlife habitat opportunities or simply an enjoyable place to relax," he said. "The goal of the forester is to develop a management plan that will meet the goals of the landowner and provide an area for multiple use opportunities."

Developed by a forester and carried out by the landowner, a realistic, achievable and measurable woodland management plan ultimately is a sound financial portfolio for the future, no matter the state of the economy. Not only will woodland owners increase the value of their stands, said McLaren, but they will experience a sense of stewardship of the land for future generations.

BARLEY MIGHT HAVE ENVIRONMENTAL, ECONOMIC POTENTIAL

By Carol Spence

In the 1950s, more than 120,000 acres of Kentucky farmland stood in barley. Today, that number is down to approximately 10,000 acres. Blame most of the precipitous drop in acreage on the decrease in demand for barley over the last 50 years. But now there's a renewed interest in the grain, and some producers are beginning to take another look at the crop.

Demand is beginning to slowly increase, and ethanol might be the reason. Once producers started diverting corn toward fuel production, its cost rose for animal feed. As a result, livestock producers, particularly those raising swine, started to look at other feed options. Barley is one of those options. But aside from being used for feed, barley itself is being sought by some companies as biomass for ethanol production.

Bill Bruening, coordinator of the Small Grain Variety Testing Program in the UK College of Agriculture, agrees that barley could have its advantages in a double-crop system because of the increased soybean yield that often results. "Barley can be harvested two weeks prior to wheat," he said. "Typically when we get into wheat harvest, it puts us in a late-planted soybean situation. When you plant soybeans late, the yields decline." Data averaged over many years shows that for every day soybeans are planted after June 10, farmers can expect yields to drop by 1 to 1.5 percent per day, which translates to about one-half to three-fourths of a bushel per acre per day.

"With high input costs, the margin of barley production profitability is questionable," he said. "In order for barley's potential benefit in a double-crop system to be realized, input costs must decrease and/or barley price increase.

"If we can keep our soybean yield potential maximized by timely planting, there's a lot of potential profit for growers there," he continued. "If we look at the whole system, barley is ideal in this respect, and I think growers need to consider that, even though the price of barley is still low."

EQUINE CAREER FAIR TO HELP STUDENTS PREPARE FOR INTERNSHIPS, WORKFORCE

By Savannah Faye Craddock – University of Kentucky

The University of Kentucky Equine Initiative will hold a career fair from 5 to 7:30 p.m. Tuesday, March 31 in Seay Auditorium in the Agricultural Science North building on the UK campus. The Equine Initiative student working group and new internship coordinator, Elizabeth LaBonty, will co-host the event, which is designed to help equine students prepare for a career in the horse industry. The event is not limited to UK students; all students with an equine interest are invited to participate.

“The career fair will be an excellent opportunity for students to connect with local employers in the equine industry,” LaBonty said. “They will be able to walk away with a clear picture of how to prepare for, apply to and ultimately obtain the career of their choice.”

USDA NEWS RELEASES

2009 CROP ACREAGE REPORTING DEADLINES

Lexington KY, March 9, 2009 - Farm Service Agency (FSA) reminds agricultural producers of the acreage reporting requirements that must be met prior to receiving program benefits. Filing an accurate acreage report for all crops and land uses, including failed acreage and prevented planting acreage, can prevent the loss of benefits for a variety of programs.

Producers must report acreages to maintain eligibility for Price Support Programs, Noninsured Crop Assistance Program (NAP), and Conservation Reserve Program (CRP). All cropland on all farms must be certified to remain eligible for these programs. Producers are encouraged to report all crop acreages for eligibility to participate in future farm programs.

Producers are reminded that final crop acreage reporting dates are:

- 15 calendar days before the onset of harvest or grazing for crops covered by NAP
- May 31 for small grains
- July 15 for certification of all other crops

Additional information is available at your local USDA Service Center.

EQUINE OPERATORS ELIGIBLE FOR FSA EMERGENCY LOANS

March 12, 2009 – Robert Finch, Acting State Executive Director, of the Kentucky Farm Service Agency (FSA) today announced that regulations have changed to allow equine farmers, whose primary enterprise is to breed, raise and sell horses, to apply for an Emergency Loan with FSA. This change is a result of the 2008 Farm Bill.

Farmers must have experienced a physical loss due to weather related damage to their property to apply. These losses may include damage to buildings, fence, hay, and pasture. Horse owners who are solely involved in racing, showing, training, boarding, pleasure or other non-production pursuits will not be eligible for these emergency loans.

FSA Emergency Loans may be approved at 3.75 percent up to a maximum loan amount of \$500,000. Loan terms may be for a period of one to 40 years, depending on the intended use of the loan funds, type of security, and the available cash flow. All applicants must show a need for the loan in order to obtain adequate credit at rates and terms which they can reasonably be expected to meet. All applicants must have an acceptable credit history.

To be eligible for an Emergency Loan, the operation must be located in a county declared a disaster by the President for individual assistance or a designation by either the Secretary of Agriculture or the FSA Administrator. The following declarations are currently active for Kentucky:

2008 Drought: All counties are eligible for damage in 2008 due to drought and high winds. The application deadline is July 1, 2009.

2009 Ice Storm: 112 Counties are eligible for losses from the January ice storm and may apply through Oct. 26, 2009. Counties not included were Boone, Bracken, Campbell, Kenton, Knox, McCreary, Pendleton and Whitley.

For additional information about Emergency Loans or other FSA programs, contact your local FSA Service Center or visit the FSA website at www.fsa.usda.gov.

USDA EXTENDING BUY-IN WAIVER FOR THOSE IMPACTED BY NATURAL DISASTERS

March 17, 2009 - The recently approved American Recovery and Reinvestment Act of 2009 (ARRA) allows producers to become eligible for 2008 disaster assistance authorized by the 2008 Farm Bill even if they did not previously obtain otherwise statutorily required crop insurance from the Federal Crop Insurance Corporation (FCIC) or Non-insured Crop Disaster Assistance Program (NAP) coverage for 2008 by now paying a buy-in fee through May 18, 2009.

"President Obama is providing an additional opportunity to producers who suffered losses as a result of natural disaster because he understands they are going through tough times and he acknowledges their importance in helping stimulate the economy and create jobs," said Agriculture Secretary Tom Vilsack.

Paying such a buy-in fee does not provide the producer with crop insurance or NAP for the 2008 crop year; it merely permits the producer to become eligible for the 2008-crop disaster assistance programs.

Producers who have not already taken the necessary steps to become eligible for the Supplemental Revenue Assistance Program (SURE), Emergency Assistance for Livestock, Honeybees, and Farm-Raised Fish (ELAP), and the Tree Assistance Program (TAP) may now become eligible for such programs by completing the following steps by May 18, 2009:

- Paying a \$100 buy-in fee per crop. The maximum fee for insurable or non-insurable crops is \$300 per county, per producer, not to exceed \$900 for multi-county producers.
- In the case of each insurable crop (those for which insurance is available from FCIC), excluding grazing land, agreeing to obtain a policy or plan of insurance for the next insurance year for which crop insurance is available; coverage level should equal 70 percent or more of the yield at 100 percent of the price.
- In the case of each non-insurable crop, agreeing to file the required paperwork and pay the applicable administrative NAP coverage fee by the applicable state application closing date for the next available year.

Producers who choose to buy in under this provision will be considered, for insured crops for the 2008 Farm Bill disaster assistance programs only, to have obtained a policy or plan of insurance for the 2008 crop year at a level of coverage not to exceed 70 percent of the yield at 100 percent of the price. For non-insurable crops for the 2008 Farm Bill disaster programs only, producers will be considered to have a level of coverage equal to 70 percent of the yield. These levels of coverage will be used to calculate the 2008 SURE guarantee. Producers who buy in will not be eligible for actual crop insurance or NAP benefits for the 2008 crop.

Producers who meet the definition of "Socially Disadvantaged, Limited Resource," or "Beginning Farmer or Rancher," are not required to pay the buy-in fee.

AGRICULTURE SECRETARY TOM VILSACK ANNOUNCES FINAL RULE FOR HANDLING OF NON-AMBULATORY CATTLE

March 14, 2009 - Agriculture Secretary Tom Vilsack today announced a final rule to amend the federal meat inspection regulations to require a complete ban on the slaughter of cattle that become non-ambulatory disabled after passing initial inspection by Food Safety and Inspection Service (FSIS) inspection program personnel.

The final rule amends the federal meat inspection regulations to require that all cattle that are non-ambulatory disabled ("downer") cattle at any time prior to slaughter at an official establishment, including those that become non-ambulatory disabled after passing ante-mortem inspection, be condemned and properly disposed of according to FSIS regulations. Additionally, the final rule requires that establishments notify inspection program personnel when cattle become non-ambulatory disabled after passing the ante-mortem, or pre-slaughter, inspection. The rule will enhance consumer confidence in the food supply and improve the humane handling of cattle.

AGRICULTURE SECRETARY VILSACK ANNOUNCES PLAN TO BENEFIT NUTRITION PROGRAMS AND DAIRY FARMERS

March 26, 2009 - Secretary of Agriculture Tom Vilsack today announced that approximately 200 million pounds of nonfat dry milk will be transferred from the Commodity Credit Corporation (CCC) to USDA's Food and Nutrition Service for use in domestic feeding programs. The goal is to help support both low-income families struggling to put nutritious food on their tables and dairy farmers who have been challenged by high feed costs and low dairy prices.

USDA will make available about 200 million pounds of NDM for further processing or barter. The acquired products are expected to include items such as instantized NDM, ultra high temperature milk, cheese, and soups for domestic feeding programs.

Products should be moving through the supply chain starting in this spring and continuing through 2009.

For more information about the Dairy Product Price Support Program please visit <http://www.fsa.usda.gov>.

USDA PROGRAM DATES

May 18	Deadline to "buy in" for eligibility for 2008 crop disaster assistance
May 31	Small grains acreage reporting deadline
June 1	Deadline to sign up for 2009 Direct and Counter-cyclical Payment Program
July 1	Application deadline for assistance due to damage from the 2008 drought. (all 120 counties)
July 15	Acreage reporting deadline for all crops except small grains and those covered under NAP (15 calendar days before harvest or grazing)
October 26	Application deadline for assistance due to damage from the 2009 ice storm. (all counties but Boone, Bracken, Campbell, Kenton, Knox, McCreary, Pendleton and Whitley)

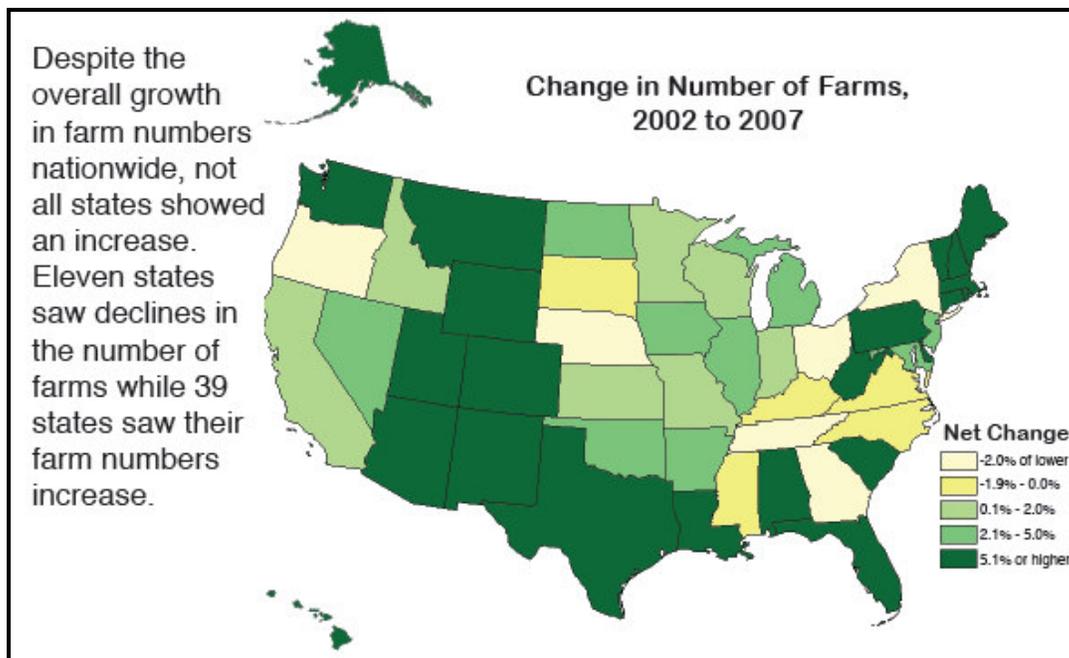
NOTE: Always check with your local USDA office to confirm these dates.

**Farm Bureau's Market Information Site: FB Country www.fbcountry.com
Commodity futures and links to KY Cash Grain Bids and KY Livestock Markets**

**AFBF web site targeted at consumers – *Your Agriculture* www.fb.org/yourag
Educates the non-farming public about agriculture issues, farmers and ranchers
and the food, fiber and fuel they grow.**

CENSUS SHOWS FARM COUNT INCREASED FROM 2002 TO 2007

The recently released 2007 Census of Agriculture counted 2,204,792 farms in the United States, a four percent increase from 2002. The number of farms nationwide has been on a declining trend since World War II. The latest figure indicates a leveling of this trend, with a net increase of 75,810 farms. A farm is defined as “any place from which \$1000 worth of agricultural product were, or normally would be, produced and sold during the Census year.”



Farms with cattle and calves still account for the largest number of farms in the U.S. at 656,476, or 29.6% of total farms. Of those 656,476 farms, 543,517 farms reported owning 24.325 million beef cows that had calved. Farms claiming to primarily be beef cattle ranches or farms that owned beef cows had an average of just over 44 cows.

The Ag Census home page is www.agcensus.usda.gov/

Snapshot of Futures Prices

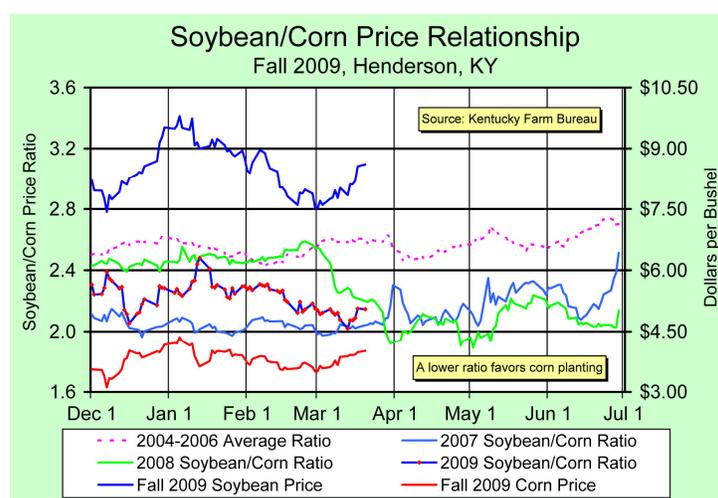
The following table shows current futures prices that are available at the CBOT and the CME – the same markets that help determine local prices. Members can access this type of price information for free using FB Country (www.fbcountry.com). A new “Life of Contract” High or Low price is indicated by a box.

		Futures Prices		Weekly Change		Life of Contract	
Commodity	Delivery	3/19/2009	3/26/2009	\$ Change	% Change	High	Low
Corn	May-09	\$3.9650	\$3.9075	(\$0.0575)	-1.5%	\$8.1700	\$3.1600
	Jul-09	\$4.0700	\$4.0125	(\$0.0575)	-1.4%	\$8.2150	\$3.0950
	Dec-09	\$4.2825	\$4.2275	(\$0.0550)	-1.3%	\$7.0200	\$3.0200
Wheat (SRW)	May-09	\$5.5525	\$5.1450	(\$0.4075)	-7.3%	\$12.0000	\$4.8700
	Jul-09	\$5.6775	\$5.2700	(\$0.4075)	-7.2%	\$11.4075	\$4.4700
	Dec-09	\$6.1325	\$5.7625	(\$0.3700)	-6.0%	\$11.4000	\$5.2700
Soybeans	May-09	\$9.4050	\$9.4400	\$0.0350	0.4%	\$16.4200	\$7.8750
	Jul-09	\$9.4000	\$9.4050	\$0.0050	0.1%	\$16.4900	\$7.7750
	Nov-09	\$8.9250	\$8.8050	(\$0.1200)	-1.3%	\$15.5450	\$6.7800
Soybean Meal (\$/ton)	May-09	\$296.30	\$290.80	(\$5.50)	-1.9%	\$434.00	\$237.50
	Dec-09	\$269.00	\$257.50	(\$11.50)	-4.3%	\$400.00	\$230.50
Soybean Oil (\$/cwt)	May-09	\$31.89	\$33.60	\$1.71	5.4%	\$72.10	\$28.95
	Dec-09	\$32.89	\$34.64	\$1.75	5.3%	\$70.00	\$30.12
Feeder Cattle	Mar-09	\$94.25	\$93.40	(\$0.85)	-0.9%	\$118.05	\$84.20
	Apr-09	\$94.30	\$93.42	(\$0.88)	-0.9%	\$118.25	\$85.37
	May-09	\$95.72	\$94.95	(\$0.77)	-0.8%	\$118.25	\$86.50
Live(Fed) Cattle	Apr-09	\$84.75	\$84.27	(\$0.48)	-0.6%	\$119.20	\$82.00
	Jun-09	\$83.12	\$81.85	(\$1.27)	-1.5%	\$116.10	\$78.60
	Oct-09	\$87.97	\$86.30	(\$1.67)	-1.9%	\$118.50	\$81.25
Lean Hogs	Apr-09	\$62.05	\$60.52	(\$1.53)	-2.5%	\$91.90	\$56.90
	May-09	\$73.47	\$71.57	(\$1.90)	-2.6%	\$98.50	\$67.80
	Jun-09	\$74.95	\$71.77	(\$3.18)	-4.2%	\$100.25	\$69.65
Class III Milk	Mar-09	\$10.55	\$10.45	(\$0.10)	-0.9%	\$20.49	\$9.60
	Apr-09	\$11.63	\$11.24	(\$0.39)	-3.4%	\$20.47	\$10.17
Ethanol	May-09	\$1.603	\$1.606	\$0.003	0.2%	\$2.860	\$1.440
Crude Oil	May-09	\$52.04	\$54.34	\$2.30	4.4%	\$146.69	\$39.42
Heating Oil	May-09	\$1.3713	\$1.4894	\$0.1181	8.6%	\$4.2125	\$1.1399
Natural Gas	May-09	\$4.241	\$4.034	(\$0.207)	-4.9%	\$11.817	\$3.743
Gasoline RBOB	May-09	\$1.4563	\$1.5470	\$0.0907	6.2%	\$3.7572	\$1.0442

Marketing Notes

Grains and Oilseeds

The grain and oilseed markets have seen prices rally strongly during March. Prices sold off some this week on profit-taking and position evening ahead of the much-anticipated Prospective Plantings report next Tuesday morning. Pre-report estimates vary widely but the average estimate is reportedly near 84.5 million acres of corn and 79.5 million acres of soybeans. This compares to the actual planting in 2008 of 86.0 million acres of corn and 75.7 million acres of soybeans. Actual USDA figures will direct the market in the short run, but planting weather will soon change analysts' opinions. The Corn Belt appears to have a wet start to the season. The corn/soybean ratio has been running somewhat in favor of corn in order to reduce the acreage switch to soybeans that is anticipated due to higher input costs. Here's a chart for one location in Kentucky.



Despite the much-anticipated rise in U.S. soybean acres for 2009 and plentiful world soybean stocks, soybean prices have been able to rally due to continued strong exports to China. Total U.S. soybean export sales are 1.047 billion bushels compared to 989 million bushels at this time in 2008. A farmer strike in Argentina has restricted their exports and moved more business to the U.S. However, that strike was lifted today, although the dispute over a 35% export tax is not settled. Brazil has harvested about half of their crop which is estimated to be down about four percent from last year. Also making soybean bulls nervous is news the China will release up to 1 million tons of domestic soybean stocks; some Chinese crushers have been asking for an import tariff on soybeans to equalize the domestic market.

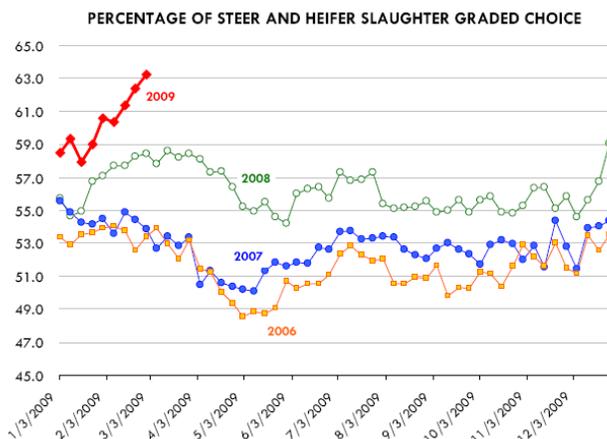
The world has plentiful wheat stocks thanks to huge 2008 production resulting from the historically high prices. The Chicago wheat futures market has been holding above support thanks to strong corn and soybean futures and the extremely dry soil conditions in the southern Plains states that threatened production. Fortunately, that area is now receiving the moisture it needs. Chicago SRW wheat futures are very close to chart support (\$5.12 & \$4.98 for July 2009). If the weather remains favorable for HRW wheat country or the corn-soybean market breaks hard, wheat futures could break support.

Technically, all three CBOT commodities have definitive support and resistance levels on the charts. Any confirmed close beyond those levels should be respected.

LIVESTOCK

CATTLE

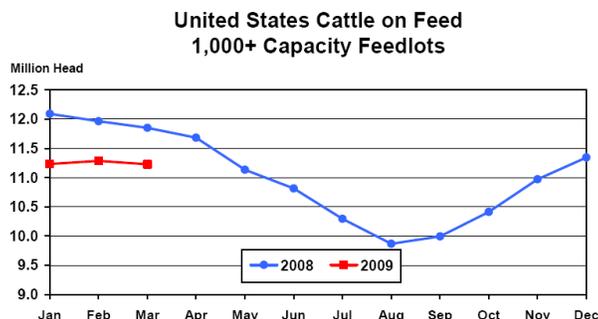
Concern about consumer beef demand amid the sharp economic recession keeps the “bulls” pinned down. Cattle futures were able to climb some during March while the stock markets put in a 20+ percent rally. However, the charts still show a longer-term downtrend that is getting squeezed tighter and tighter against good support in the \$80 area. Beef cutout values have traded in a narrow range the past month with Choice reported today at \$133.58, down 0.74 and Select at \$134.17, down 0.46 per cwt. Notice that Choice carcasses are priced lower than Select carcasses. The consumer is getting a good deal now. Here’s a chart from the Chicago Mercantile Group that shows the increase in the number of cattle grading Choice.



Source: CME Daily Livestock Report, March 17, 2009

U.S. CATTLE ON FEED DOWN 5 PERCENT

Cattle and calves on feed for slaughter market in the United States for feedlots with capacity of 1,000 or more head totaled 11.2 million head on March 1, 2009. The inventory was 5 percent below March 1, 2008. Placements in feedlots during February totaled 1.68 million, 3 percent below 2008. Net placements were 1.62 million head. During February, placements of cattle and calves weighing less than 600 pounds were 320,000, 600-699 pounds were 385,000, 700-799 pounds were 538,000 and 800 pounds and greater were 435,000. Marketings of fed cattle during February totaled 1.68 million, 5 percent below 2008. Other disappearance totaled 56,000 during February, 7 percent below 2008. This is the lowest other disappearance for the month of February since the series began in 1996.



HOGS

The big deal in the hog market is today's Quarterly Hogs and Pigs report from USDA. The results are close to pre-report estimates and should have minimal impact on the market next week. The report's results are shown below.

The pork cutout peaked this week at \$60.31 on Tuesday, but ended today at \$57.54/cwt. This is \$1.19/cwt lower than a week ago. In contrast, the average national lean hog carcass price has increased from \$54.16 on March 20 to \$56.03 today. With April Lean Hog futures still showing a four dollar premium to cash, it's no surprise that lean hog futures have been trending lower over the past two weeks.

U.S. HOG INVENTORY DOWN 3 PERCENT

U.S. inventory of all hogs and pigs on March 1, 2009 was 65.4 million head. This was down 3 percent from March 1, 2008 and down 2 percent from December 1, 2008. Breeding inventory, at 6.01 million head, was down 3 percent from last year and down 1 percent from the previous quarter. Market hog inventory, at 59.4 million head, was down 3 percent from last year and down 2 percent from last quarter. The December 2008-February 2009 pig crop, at 28.2 million head, was down 1 percent from 2008 but up 7 percent from 2007. Sows farrowing during this period totaled 2.98 million head, down 3 percent from 2008. The average pigs saved per litter was 9.48 for the December 2008-February 2009 period, compared to 9.24 last year. U.S. hog producers intend to have 2.96 million sows farrow during the March-May 2009 quarter, down 3 percent from the actual farrowings during the same period in 2008 and down 2 percent from 2007. The total number of hogs under contract owned by operations with over 5,000 head, but raised by contractees, accounted for 45 percent of the total U.S. hog inventory, up from 40 percent last year.

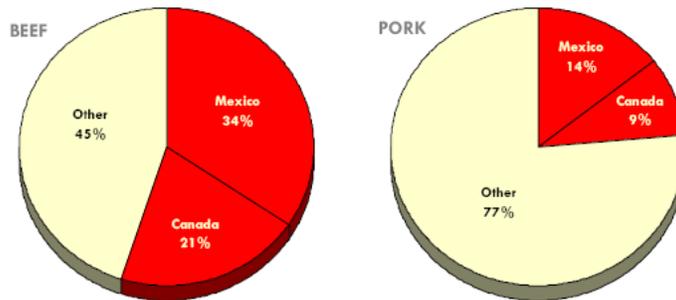
CHINA BECAME LARGEST PORK IMPORTER IN HISTORY IN 2008

China's overseas purchases and imports of pork and pork products in calendar year 2008 were unprecedented for any single country in history, according to U.S. Meat Export Federation (USMEF) calculations from Chinese trade data. Based on import totals from China and Hong Kong, the country imported 1.925 million metric tons (4.2 billion pounds) of pork and pork products last year, including 1.161 million tons (nearly 2.6 billion pounds) of pork variety meats and 764,000 tons (1.7 billion pounds) of pork cuts. Available trade data suggests that China's imports eclipsed the previous single-year record of 1.022 million tons (2.2 billion pounds) of pork imported by Japan in 2005. "The volume demonstrates the huge influence China can have on global markets when supply and demand become imbalanced," said Joel Haggard, senior vice president of USMEF's Asia Pacific region. "The import volume, though huge, represents less than 5 percent of China's consumption." Haggard believes it is unlikely that China's pork imports this year will match last year's record. Increased industry profitability last spring, coupled with a range of hog raising subsidies, has resulted in a substantial expansion of China's herd, and lower hog and pork prices.

TRADE TENSIONS RISE BETWEEN NAFTA COUNTRIES

Trade tensions are rising between the United States, Canada and Mexico as the Country of Origin Labeling (COOL) law has gone into effect. Smithfield Foods, the largest U.S.

pork processor, will only purchase U.S.-origin hogs beginning next month. Mexico has imposed tariffs on U.S. products due to our country prohibiting their trucks from operating in the U.S. The authors of the CME Daily Livestock Report wrote: “It would be hard to overstate the importance of the Canadian and Mexican markets to U.S. meat trade. As the charts show, trade with Mexico and Canada accounted for more than half of all U.S. beef and turkey shipments in 2008. It also accounted for about 23% of the 4.7 billion pounds of pork and 14% of the 7 billion pounds of chicken the U.S. exported last year. Overall, U.S. red meat and poultry exports to Mexico and Canada accounted for about a quarter of the 14.2 billion pounds exported in 2008. Growth in exports to Mexico and Canada has accounted for about 30% of the overall increase in U.S. red meat and poultry exports since 2000. The U.S. has in the past decade become the biggest meat exporter in the world. It has accomplished this, in part, thanks to the openness and tariff-free trade in the Canadian and Mexican markets. Let’s hope it continues to stay that way.”



Source: CME Daily Livestock Report, CME, March 26, 2009

FEBRUARY MILK PRODUCTION DOWN 2.5 PERCENT

Milk production in the 23 major States during February totaled 13.7 billion pounds, down 2.5 percent from February 2008. January revised production at 14.9 billion pounds, was up 1.1 percent from January 2008. The January revision represented an increase of 52 million pounds or 0.4 percent from last month's preliminary production estimate. Please see the special note below. Production per cow in the 23 major States averaged 1,608 pounds for February, 48 pounds below February 2008. The number of milk cows on farms in the 23 major States was 8.49 million head, 31,000 head more than February 2008, but 16,000 head less than January 2009.

Note: Kentucky has been replaced by Utah in the 23-major states reported.

MILK FUTURES SOAR DURING MARCH

According to the CME Daily Dairy Report, Class III Milk futures contracts covering the last half of 2009 average \$16.00, up \$2.31 from a month ago. The source credits the rising cheese market. USDA’s Dairy Market News reports that “fat and protein levels in some areas also are running below last year’s levels.” The report says milk handlers blame this partly on lower-cost feed rations.

BROILER-TYPE CHICKS HATCHED DOWN 9 PERCENT

Broiler-type chicks hatched during February 2009 totaled 701 million, down 9 percent from February 2008. Eggs in incubators totaled 634 million on March 1, 2009, down 7 percent from a year earlier. Leading breeders placed 7.22 million broiler-type pullet chicks for future domestic hatchery supply flocks during February 2009, down 4 percent from February 2008.

Cash Livestock Price

Livestock Markets - (Source: Kentucky Livestock and Grain Market Report, 3-20-09)

Compared to last week: Steer & heifer calves 2.00-5.00 higher. Yearling steers & heifers 1.00-3.00 higher. Slaughter cows & bulls steady to firm.

Total cattle sold for week ending 3/27/09: 28,000 (estimated);

Week of 3/20/09: 23,893 (actual); Week of 3/28/08: 27,865

	Bluegrass	Lincoln Trail	Mammoth Cave	West KY	Southeast KY	Central KY	Northeast KY	Mid KY	
Kentucky Cattle Prices	Lexington	Irvington Owensboro Upton	*Bowling Green* *(2 Markets)* Edmonton	Marion Ledbetter Hopkinsville Guthrie	Somerset London Russell Springs Monticello	Richmond Stanford	Flemingsburg Paris Maysville Mt. Sterling	Springfield Campbellsville Owenton	Avg
Date:	3/23,24&25	3/23,24&26	3/23&24	3/23,24,25&26	3/21,23,25&26	3/20,23&26	3/23,24&25	3/21,23&25	
Receipts:	4973	2451	4844	2825	3548	3561	2925	2559	
Feeder Steers:									
Med & Lrg 1									
300-400 lbs.	108.00 - 119.00	107.00 - 122.50	103.00 - 116.00	105.50 - 127.00	100.00 - 120.00	104.00 - 122.50	95.00 - 123.00	104.00 - 125.50	113.29
400-500 lbs.	104.00 - 116.75	98.50 - 115.50	95.50 - 112.00	98.00 - 115.50	97.00 - 117.00	103.00 - 117.50	92.00 - 112.00	98.00 - 114.00	106.64
500-600 lbs.	102.00 - 114.50	92.50 - 110.00	86.75 - 112.75	85.00 - 109.00	92.00 - 111.75	98.00 - 116.75	85.00 - 109.50	94.00 - 112.50	102.00
600-700 lbs.	93.00 - 112.00	88.00 - 100.75	80.00 - 97.00	86.00 - 100.00	87.00 - 101.95	91.50 - 107.00	82.00 - 103.50	87.50 - 104.00	95.08
700-800 lbs.	85.00 - 96.95	81.00 - 92.50	83.00 - 91.50	81.00 - 91.00	82.00 - 88.50	83.00 - 96.80	75.00 - 95.00	80.50 - 89.00	86.98
800-900 lbs.	83.00 - 87.80	82.00 - 89.00	76.00 - 89.50	78.00 - 84.00	80.00 - 90.40	82.00 - 89.60	65.00 - 87.85	80.50 - 86.00	83.17
900-1000 lbs.	81.75 -	nq -	74.00 - 80.00	76.00 -	77.50 - 80.50	78.00 - 84.95	65.00 - 84.95	nq -	78.27
Med & Lrg 2									
300-400 lbs.	101.00 - 115.00	100.00 - 107.50	88.00 - 101.00	90.00 - 111.00	96.00 - 112.00	99.00 - 117.00	92.00 - 114.00	102.50 - 109.00	103.44
400-500 lbs.	100.00 - 111.00	81.00 - 99.00	84.00 - 104.00	90.00 - 103.00	89.00 - 109.00	96.00 - 117.00	82.00 - 107.00	84.00 - 101.00	97.31
500-600 lbs.	95.00 - 112.00	86.00 - 101.00	84.00 - 95.75	79.00 - 97.00	87.00 - 101.00	82.00 - 107.50	74.00 - 100.00	85.00 - 100.00	92.89
600-700 lbs.	88.50 - 102.00	nq -	nq -	75.00 - 87.00	83.00 - 89.00	83.00 - 97.00	70.00 - 95.00	79.00 - 87.50	86.33
700-800 lbs.	80.00 - 92.00	nq -	nq -	70.00 - 78.00	nq -	78.00 - 87.00	77.00 - 85.00	82.00 -	81.00
Holstein Steers									
Large 3									
300-400 lbs.	nq -	nq -	52.00 - 56.00	46.00 - 64.50	66.00 -	69.50 - 72.00	nq -	56.00 - 63.00	60.56
400-500 lbs.	66.00 - 67.00	nq -	57.00 - 62.00	45.00 - 50.00	nq -	67.50 - 74.00	nq -	52.00 - 56.00	59.65
500-600 lbs.	70.50 -	49.00 -	57.00 - 62.00	45.00 - 56.50	nq -	55.00 - 73.75	61.00 - 66.50	56.00 - 66.00	59.85
600-700 lbs.	63.50 - 66.00	nq -	53.00 - 55.00	nq -	48.00 -	61.00 -	56.00 - 62.00	52.00 - 66.25	58.28
700-800 lbs.	nq -	nq -	nq -	nq -	44.00 -	61.25 -	nq -	61.90 -	55.72
800-900 lbs.	63.50 -	nq -	nq -	48.00 - 50.00	nq -	nq -	nq -	57.00 -	54.63
Feeder Heifers									
Med & Lrg 1									
300-400 lbs.	88.00 - 104.00	86.00 - 103.00	85.00 - 102.00	95.00 - 118.00	89.00 - 112.00	95.00 - 108.00	81.00 - 105.00	90.00 - 104.00	97.81
400-500 lbs.	88.00 - 100.00	85.00 - 100.00	86.00 - 98.00	85.00 - 105.00	81.00 - 101.25	88.00 - 105.00	79.00 - 100.50	85.50 - 97.00	92.77
500-600 lbs.	84.00 - 94.50	79.00 - 94.00	79.00 - 92.50	73.00 - 91.00	80.00 - 99.00	83.00 - 98.75	74.00 - 94.00	78.50 - 94.50	86.80
600-700 lbs.	79.50 - 89.80	72.00 - 84.00	71.00 - 88.50	74.00 - 90.00	75.00 - 88.00	78.00 - 93.50	70.00 - 92.00	76.00 - 86.00	81.71
700-800 lbs.	82.00 - 86.00	72.00 - 79.50	65.00 - 79.00	70.00 - 80.00	76.00 - 87.50	77.50 - 86.80	70.00 - 85.10	72.00 - 83.50	78.24
Med & Lrg 2									
300-400 lbs.	82.00 - 92.00	80.00 - 96.00	82.00 - 85.00	83.00 - 98.00	85.00 - 106.00	84.00 - 107.00	70.00 - 100.00	81.00 - 91.00	88.88
400-500 lbs.	80.00 - 93.00	75.00 - 90.25	77.00 - 84.50	72.00 - 93.00	80.00 - 95.00	85.00 - 104.50	64.00 - 95.00	74.00 - 89.00	84.45
500-600 lbs.	81.00 - 90.00	69.00 - 82.00	71.00 - 80.00	70.00 - 81.00	74.00 - 85.00	78.00 - 93.00	60.00 - 88.50	70.00 - 86.00	78.66
600-700 lbs.	79.00 - 84.00	75.00 -	71.00 -	64.00 - 75.50	70.00 - 78.00	75.00 - 86.50	60.00 - 85.00	75.00 -	75.23
Slaughter Bulls									
YG 1	59.00 - 66.00	56.50 - 67.50	52.00 - 62.00	54.50 - 61.50	57.50 - 65.00	57.00 - 65.50	54.00 - 66.50	57.00 - 62.50	60.25
YG 1-2	52.50 - 60.00	51.50 - 60.00	44.50 - 55.00	47.00 - 57.50	50.00 - 57.00	50.50 - 60.00	54.50 - 61.50	53.00 - 59.50	54.63
Slaughter Cows									
Breaker 70-80%	48.00 - 52.00	41.00 - 49.00	41.50 - 51.50	38.00 - 47.50	39.00 - 46.00	42.00 - 47.50	42.00 - 51.50	41.50 - 48.50	45.41
Break Hi Dress	52.00 - 53.50	48.00 - 51.25	51.00 - 53.00	47.50 - 50.50	44.00 - 52.50	47.00 - 54.00	51.00 - 54.50	48.50 - 54.50	50.80
Boning 80-85%	47.00 - 51.50	34.00 - 45.25	37.00 - 46.50	32.00 - 44.50	35.00 - 47.00	37.00 - 49.50	38.50 - 51.00	37.00 - 43.50	42.27
Bone Hi Dress	52.00 - 57.50	nq -	nq -	46.00 - 46.50	45.00 - 53.50	47.50 - 53.50	48.00 - 55.00	43.00 - 45.50	49.42
Lean 85-90%	45.00 - 48.00	24.00 - 38.00	32.50 - 44.00	25.00 - 42.50	28.00 - 41.50	32.00 - 45.50	30.00 - 46.50	34.50 - 41.00	37.38
Cow/Calf Pairs									
Med & Lrg. 1-2	nq -	630.00 - 1075.00	330.00 - 930.00	620.00 - 975.00	600.00 - 880.00	700.00 - 970.00	560.00 - 835.00	830.00 - 960.00	778.21
Bred Cows									
Med & Lrg 1-2	nq -	445.00 - 780.00	200.00 - 850.00	460.00 - 900.00	500.00 - 780.00	500.00 - 800.00	560.00 - 810.00	425.00 - 670.00	620.00

DAIRY AUCTION AT MAMMOTH CAVE, KY - MARCH 24, 2009				RECEIPTS: 1212		
Springers: 2-3 years old/ 5-8 months bred	Supreme: 1150-1475 lb	1300.00-1470.00	Approved: 1100-1450 lb	1060.00-1250.00, Couple 1280.00	Medium: 1000-1500 lb	860.00-1060.00, few 720.00-840.00
Springers: 4-6 years old/ 5-8 months bred	Approved: 1200-1575 lb	1000.00-1200.00	Medium: 1000-1550 lb	740.00-960.00	Common: 1000-1400 lb	490.00-700.00

USDA ESTIMATED PORK CARCASS CUTOUT

Des Moines, IA Fri, Mar 27, 2009 USDA Market News
Compared to Thursday's Close: Fresh loins generally steady;
butts 2.00-3.00 higher; sknd hams 1.00-2.00 lower; scls bellies and lean
trimmings not established. Trading very slow, with light to moderate demand
and offerings.

Loads PORK CUTS : 19.63
Loads TRIM/PROCESS PORK : 4.0

Based on FOB Omaha carlot pork prices and industry yields.
Calculations for a 200 lb Pork Carcass
53-54% lean, 0.65"-0.80" backfat at last rib

Date Total Loads Carcass Today's Primal Cutout Values
Loin Butt Pic Rib Ham Belly

03/27 23.6 57.54 68.41 61.08 40.57 96.99 43.18 77.41
Change : 0.26 0.06 2.22 -0.43 unc -0.08 unc

03/26 135.0 57.28 68.35 58.86 41.00 96.99 43.26 77.41
03/25 124.5 57.86 68.01 56.84 38.84 95.01 45.41 81.80
03/24 113.8 60.31 71.68 59.02 39.18 96.90 50.21 81.80
03/23 41.6 60.14 71.09 62.02 38.88 97.19 48.86 81.80
Current Five Day Simple Average -
58.63 69.51 59.56 39.69 96.62 46.18 80.05

NOTE: Value may change without adequate test. A detailed
description of the cutout is available upon request.

NATIONAL DIRECT HOG PRICE COMPARISON

Des Moines, IA Fri, Mar 27, 2009 USDA-IA Dept of Ag Market News

: National : Iowa : Western : Eastern
: : Minnesota : Cornbelt : Cornbelt

Base Price is the price from which no discounts are subtracted and
no premiums are added.

BARROWS & GILTS : .55 hgr : .65 hgr : .76 hgr : 1.01 hgr
Negotiated : : : :
CARCASS BASIS : 45.50-59.26 : 47.00-59.26 : 46.00-59.26 : 45.50-55.41
185 lb Base Hog : wtd avg : wtd avg : wtd avg : wtd avg
Plant Delivered : 56.03 : 57.06 : 57.24 : 54.37

Head Count : 33,545 : 12,578 : 19,404 : 14,082
=====

National Weekly Trend: 1.87 higher
=====

BARROWS & GILTS : .18 lwr : .14 lwr : .32 lwr : .02 lwr
Negotiated : : : :
LIVE BASIS : 33.57-44.33 : 40.66-43.50 : 37.26-43.50 : 33.57-44.33
240-300 lbs : wtd avg : wtd avg : wtd avg : wtd avg
Plant Delivered : 42.09 : 42.28 : 42.06 : 42.11

Head Count : 2,988 : 815 : 856 : 2,132
=====

NATIONAL BOXED BEEF CUTOUT

Des Moines, IA Fri Mar 27, 2009 USDA Market News
USDA Carlot Meat 4:00 Summary, Compared to Previous Day Prices in dollars per
hundredweight, Equated to FOB Omaha Basis

Boxed beef cutout values weak on light demand and light to moderate
offerings. Select and Choice rib, chuck, round and loins steady to weak.
Beef trimmings weak on light demand and light to moderate offerings.

Estimated composite cutout value of Choice 1-3 600-900 lbs carcasses DN
0.74 at 133.58; Select 1-3 600-900 lbs carcasses DN 0.46 at 134.17; based on
118.48 loads of Choice cuts, 75.36 loads of Select cuts, 10.30 loads of
Trimmings, and 39.74 loads of coarse ground trimmings.

Estimated carcass price equivalent value of Choice 1-3 600-900 lbs
carcasses DN 0.41 at 125.63; Select 1-3 600-900 lbs carcasses DN 0.27 at
124.58.

Current index reflects the equivalent of 230,154 head of cattle.

The Cutter cow carcass gross cutout value was estimated at 110.16 UP 0.60.
BY-PRODUCT DROP VALUE NW_LS441

Hide and offal from a typical slaughter steer was estimated at 5.81 UP
0.04.

Kentucky Confirmed Direct Feeder Sales

Louisville, KY Fri Mar 27, 2009 KY Dept of AG-USDA Market News
Kentucky Direct Feeder Cattle Summary - Week Ending 03/27/2009
Confirmed Sales: 2,900 Last Week: 3,200 Last Year: 2,920

All cattle for immediate delivery FOB, unless noted, with 2-3 percent or
equivalent shrink. Receipts do not represent total movement in the area.

Compared to last week, feeder steers and heifers 1.00-3.00 higher.

Feeder Steers: Medium and Large 1-2 FOB Price- 575-625 lbs few 107.00-
112.00; 600-650 lbs 100.00-108.00; 650-700 lbs 95.00-101.00; 700-800 lbs
90.00-97.00; 800-900 lbs 83.00-90.00; 900-950 lbs 80.00-83.00.

Holstein Steers: Large 3 FOB Price- 500-600 lbs 73.00-77.00; 600-700 lbs
70.00-73.00; 700-800 lbs 68.00-71.00; 800-900 lbs 64.00-68.00; 900-950 lbs
62.00-65.00.

Feeder Heifers: Medium and Large 1-2 FOB Price- 600-700 lbs 88.00-
94.00; 700-800 lbs 83.00-87.00; 800-850 lbs 76.00-82.00.

Blue Grass Stockyards Weekly Summary

Lexington, KY Thur Mar 26, 2009 USDA-KY Dept Ag Market News
Cattle Weekly Summary Report for the week ending 3/25/2009
Receipts This Week: 4,973 Last Week: 2,958 Year ago: 4,013

Compared to last week, steer calves traded steady. Heifers traded steady
to 2.00 higher. Yearling steers traded steady to 2.00 higher and heifers
were steady. Slaughter cows traded mostly steady, while bulls were steady.
Demand was very good for a heavy supply of thin, weaned, calves ready for
grass. Demand for yearlings was also good to very good. Nearly perfect
spring weather mid-week and very good demand for cattle ready for grass
yielded a barn-swelling run. From the beginning to the end of this sale the
trade was active, as there were many orders in the market for thin calves and
thin tight six weight yearlings.

The supply included 7% slaughter cows, 1% slaughter bulls, 1% replacements
and near 91% feeder cattle. The feeder supply included 52% steers, 10% bulls,
38% heifers. Steers and heifers over 600 lbs totaled 43% of feeder cattle.

Commodity Calendar

(LTD = Last Trading Day)

Crop Progress – usually every Monday afternoon

March 30	Agricultural Prices
March 31	Prospective Plantings Grain Stocks
April 3	Vegetables
April 3	LTD: April Live Cattle Options
April 9	Crop Production World Ag Supply-Demand Estimates (WASDE)
April 15	LTD: April Lean Hog Futures and Options
April 17	Cattle on Feed Milk Production



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FARM BUREAU TOBACCO EQUITY NOW OPTION (FB TEN) PROGRAM

As of January 15, 2009, FB TEN is once again accepting 962 contracts for Quota Holders and Producers who are still eligible to receive their remaining 5 payments.

Farm Bureau Bank has established the Farm Bureau Tobacco Equity Now option (FB TEN) program to allow eligible Quota Holder & Producers to receive one lump sum payment, at a discounted rate, instead of your remaining 5 annual payments.

To sign up for a Successor-in-Interest (SII) contract:

- Visit your local Farm Bureau Agent or Office
- Call 1-800-373-2353
- Fax paperwork to 1-800-373-4068
- Send an Email to us at fbten@farmbureaubank.com

After you have signed up for FB TEN, we'll file the Successor-in-Interest contract with the Commodity Credit Corporation (CCC) for you. You or your agent will be able to track your contract status online.

This newsletter is distributed by e-mail only. You can join the e-mail list by contacting Ed McQueen. Phone: 502/495-5000, ext 7243. E-mail address: emcqueen@kyfb.com