



Drought Pains In the Midwest

Drought has slashed massive yield and profit potential from both the crop and livestock sectors.

This year is one many farmers will be happy to forget.

"We've had .7 inch of rain since May 1," said Park County, Indiana,

corn and soybean farmer Stuart Mager in late July. "We figure our bottom ground will make 30 bushels an acre, and our top ground may make 80."

Mager says his silt loam soils have suffered from a major sulfur deficiency this year. His soils don't have the most organic material in the region, and without enough moisture this year, the nutrients just didn't get where they needed to be. Mager's drought-weakened crops have also fallen victim to worse-than-normal pest pressures.

"We've sprayed for spider mites and other bugs a few more times. But at this point, it's too late to do anything," Mager says. "So do we quit and let the bugs have it?"

Looking ahead, Mager says he has

fields that won't see the combine this fall, and he's now questioning previous market positions. He's not alone.

"We're at the point of buying back contracts. I know producers who have got food-grade corn, and the talk at the mills they're hauling to is they won't be able to keep them open," he says.

For his area, the 26-year-old Mager says the drought of 2012 will likely go down as the most severe on record. "My grandpa said when he was farming in 1988 he had more than I'll have this year," he says.

THE LIVESTOCK SIDE

The nation's livestock farmers aren't faring much better. Margins and herd numbers are shrinking.

Feeder cattle prices fell 16% in July, and feedyard operators are necessarily balking at larger purchases simply because of skyrocketing feed costs.

Ryan Goodman says his family's supple-



mented their pasture most of the summer on their ranch near Searcy in northeast Arkansas.

"The first cut of hay really wasn't there,

and pastures have dried up since," says Goodman, whose family also operates the local cattle auction. Usually, he says, each week's sale features around 400

Corn yield prospects range from 0 to 180 bushels per acre this year because of the massive drought. The livestock sector isn't faring much better.

head. But with many area producers looking to liquidate entire herds, that's changed a lot.

"During the summer months, our auction would normally market 400 head per week," he said in late July. "The last two weeks, it's been 1,400 and 1,100 head per week, mostly small calves and cows going to slaughter."

When the drought ends, the livestock sector may face greater losses than the crop side.

"The immediate view is that crop producers will bear the brunt of the financial losses. But losses in animal industries will be enormous over the next year, perhaps becoming considerably greater than for the crop sector," says Purdue University Extension ag economist Chris Hurt. •