

The

# LOOP



## Looking for Earth Day angles? Consider agriculture!

If your news organization plans to report on Earth Day 2008, which is fast approaching on April 22, consider the many angles associated with agriculture, Michigan's second largest industry.

One idea you might want to consider is profiling a local farm verified in the voluntary Michigan Agriculture Environmental Assurance Program (MAEAP).

Your readers, viewers or listeners have likely seen a MAEAP verification sign proudly displayed on a local farm, but do they know the sign's meaning and significance? Why are farmers in your area investing considerable time and money to meet MAEAP's high standards for minimizing and preventing agricultural pollution?

*The Wirth family of Evert poses with a MAEAP verification sign to post on their dairy farm.*



## Membership Standings

	2008	4/30/08	
<b>Goal</b>	199,120	138,056	69.33%
<b>Target</b>	47,860	37,919	79.23%

The Spring 2008 edition of FB Update is included in this month's packet. Issues and stories will deal with water legislation, bovine tuberculosis, and the recent Washington Legislative Seminar. And thanks very much for participating in the recent survey concerning the video. Your thoughts and recommendations will be looked at and taken into consideration



7373 West Saginaw Hwy.  
Lansing, MI 48917  
(517) 323-7000

[www.michfb.com](http://www.michfb.com)

For questions, comments and suggestions, please contact Mike Wenkel at Ext. 3232

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## Time will tell if farmers ultimately plant more soybeans, less corn. National, state forecasts suggest crop shifts, but weather could change that

Contact: Bob Boehm, (800) 292-2680, ext. 2023

LANSING, April 3, 2008 - Eagerly anticipated data was released this week revealing the crops Michigan and U.S. farmers intend to plant this spring, and the statistics forecast fewer fields planted to corn and more to soybeans and wheat. But industry experts warn not to bet the farm on the projections, emphasizing that these are early predictions and what ultimately happens rests in the hands of uncontrollable forces such as Mother Nature.

According to the National Agricultural Statistics Service (NASS) Michigan Field Office, Michigan farmers on March 1 said they intend to plant 2.35 million acres of corn, down 300,000 acres or 11 percent from last year. Meanwhile, Michigan farmers intend to plant 2 million acres of soybeans, up 250,000 acres or 14

- **Reminder: VHS are no longer available, "FB Update" (DVD) are mailed quarterly.**
- **Please send your completed committee set-up sheets into the home office.**

### A LOOK AHEAD ...

#### May

- 6-7 AFBF Policy Development Conf Washington D.C.
- 14-16 County Staff Conf, Crystal Mtn
- 26 Memorial Day Holiday
- 27-30 AFBF Environmental Issues Conf Traverse City

#### June

- 3-4 AFBF Midwest Commodity Conf Sioux City, Iowa
- 23-27 Young People's Citizenship Seminar, Northwood Univ
- 27-29 Membership Chairman's Trip Canandaigua, New York

#### July

- 3-4 Fourth of July Holiday.
- 14-16 AFBF Council of Presidents Meeting - Washington, D.C.
- 15-17 Ag Expo - MSU
- 20-23 AFBF Midwest Legislative Conf Rapid City, South Dakota

percent from 2007. Michigan wheat fields planted last fall grew 30 percent from 560,000 acres the previous year to 730,000 acres this year.

The state statistics follow national trends that suggest U.S. farmers this year will plant 86 million acres of corn, down 8 percent from a year ago when corn acreage was the highest since 1944. U.S. soybean acreage is forecast at 74.8 million acres, up 18 percent from 2007 but 1 percent below the record high set in 2006. Meanwhile, U.S. farmers intend to plant 63.8 million acres of wheat, a 6 percent increase from last year. The early findings don't surprise Bob Boehm, manager of the Michigan Farm Bureau Commodity and Marketing Department.

"Farmers were surveyed a month ago and, at that time, market prices for soybeans and wheat were very bullish. Prior, corn had been the real standout. So you had producers seeing new profit potential in soybeans and wheat, and they were weighing the costs of what it takes to grow corn against what it takes to grow soybeans or wheat. Traditionally, soybeans and wheat are less expensive crops to grow relative to corn, so you naturally had farmers leaning toward these other markets," said Boehm. "Also, farmers were looking to return to more typical crop rotations, as corn following corn is more expensive in terms of inputs." While well and good in theory, only time will tell whether farmers ultimately choose to - or are able to - carry out their plans. Already, the planting intentions report is making an imprint on markets and could influence farmers to re-think their planting decisions. For instance, corn futures on the Chicago Board of Trade soared Wednesday to around \$6 a bushel, while soybean and wheat prices slid earlier in the week.

"History has shown that farmers adjust their planting intentions as these reports come out and the market reacts," said Terry Francl, senior economist for the American Farm Bureau Federation. Boehm and Francl agree that the bigger variable, however, is weather. Michigan farmers ideally like to start planting corn around April 15, followed very soon by soybeans. "With current weather patterns and cooler and wetter than normal conditions forecast for the Midwest for the next 10 days, it could be a challenge to get soil conditions conducive to planting activity by April 15, and markets will respond accordingly," said Boehm.

The availability of seed and fertilizer could also influence farmers' ultimate planting decisions, as countries like Asia and India contribute to increased global demand for crop inputs. "Seed, fertilizer and

crop protection manufacturers are already pushing capacity. So if weather conditions delay planting in areas that are normally ahead of Michigan and farmers across the Corn Belt hit fields simultaneously, there could be a tight squeeze for supplies," said Boehm. And despite the projected decrease in corn fields this year, Boehm and Francl expect corn acreage to remain at historically high levels as the corn price outlook stays strong, due in part to the continued expansion of ethanol production.

#### Other crops

Tracking other Michigan-grown crops, the NASS-Michigan Field Office March 1 survey found that Michigan sugar beet producers expect to plant 141,000 acres, down 6 percent from last year. Sugar beet acreage is tied to contract production, so the reduction balances supply and demand for the crop. In the state's dry edible bean sector, growers intend to plant 190,000 acres, down 5 percent from 2007. "Dry bean prices, as well as prices for other specialty crops, have risen in an attempt to compete against major crops for acres. However, with significant per-acre returns available from crops such as corn, soybeans and wheat which, in many cases, have less production risk, require less labor and offer broader marketing options, specialty crop annual plantings are under pressure," explained Boehm.

The next survey of farmers' state and national planting intentions will take place June 1, with subsequent reports due later in the summer.

Editor's Note: For assistance arranging interviews with local farmers, contact county communications manager Jeremy C. Nagel, at (800) 292-2680, ext. 6584, or media support services manager Jill Corrin, ext. 6585.

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#### **'Runaway energy prices' contribute to survey's higher food costs**

*Farmer's share of average food dollar is modest 22 percent*

**Contact: Bob Boehm, (800) 292-2680, ext. 2023, or Ernie Birchmeier, ext. 2024**

LANSING, April 3, 2008 - Retail food prices at the supermarket increased in the first quarter of 2008, according to the latest American Farm Bureau Federation (AFBF) Marketbasket Survey. The informal survey shows the total cost of 16 basic grocery items in the first quarter of 2008 was \$45.03, up about 8

percent or \$3.42 from the fourth quarter of 2007. Of the 16 items surveyed, 11 increased, four decreased and one stayed the same in average price compared to the 2007 fourth-quarter survey. Compared to one year ago, the overall cost for the marketbasket items showed an increase of about 9 percent.

A 5-pound bag of flour showed the largest retail price increase, up 69 cents to \$2.39. Other items that increased in price were: cheddar cheese, up 61 cents to \$4.71 per pound; corn oil, up 58 cents to \$3.01 per 32-ounce bottle; a dozen large eggs, up 55 cents to \$2.16; vegetable oil, up 38 cents to \$2.63 per 32-ounce bottle; mayonnaise, up 22 cents to \$3.14 for a 32-ounce jar; Russet potatoes, up 18 cents to \$2.47 for a 5-pound bag; a 20-ounce loaf of white bread, up 16 cents to \$1.78; apples, up 13 cents to \$1.40 per pound; whole fryer chickens, up 9 cents to \$1.37 per pound; and ground chuck, up 4 cents to \$2.73 per pound.

“More than a third of the increased cost reported this quarter is attributed to the two oil products and mayonnaise, which is oil-based. As expected, the drop in price for vegetable and corn oil observed in the last quarter of 2007 appears to have been temporary,” said Jim Sartwelle, an AFBF economist. “Continued strength in the wheat and cheese markets also contributed to the overall price increase for the basket of items.” Added Sartwelle: “It is important to note the contribution of runaway energy prices to the retail cost of food. Transportation, processing and packaging all cost significantly more now than in prior years.”

Bacon was the only item in the survey that stayed the same in price, at \$3.35 per pound. Items that decreased in price were: whole milk, down 10 cents to \$3.81 per gallon; pork chops, down 8 cents to \$3.31 per pound; a 9-ounce box of toasted oat cereal, down 8 cents to

\$2.97; and sirloin tip roast, down 5 cents to \$3.80 per pound. As retail grocery prices have increased gradually, the share of the average food dollar that America’s farm families receive has dropped over time.

“In the mid-1970s, farmers received about one-third of consumer retail food expenditures on average. That figure has decreased steadily over time and is now just 22 percent, according to Agriculture Department statistics,” Sartwelle said. Using that percentage across-the-board, the farmer’s share of this quarter’s \$45.03 marketbasket total would be \$9.90. According to USDA statistics, Americans spend just under 10 percent of their disposable income on food annually, the lowest average of any country in the world.

Sidebar: Tracking milk and egg trends

Farm Bureau volunteer shoppers from across the nation also reported retail prices for different types of milk and eggs. For the first quarter of 2008, shoppers reported the average price for a half-gallon of regular whole milk was \$2.40, up 2 cents from the prior quarter. The average price for one gallon of regular whole milk was \$3.81, down 10 cents. Comparing per-quart prices, the retail price for whole milk sold in gallon containers was about 20 percent lower compared to half-gallon containers, a typical volume discount long employed by retailers.

The average price for a half-gallon of rBST-free milk was \$3.30, up 24 cents from the last quarter or nearly 40 percent higher than the reported retail price for a half-gallon of regular milk (\$2.40). The average price for a half-gallon of organic milk was \$3.63, up 16 cents compared to the third quarter, or approximately 50 percent higher than the reported retail price for a half-gallon of regular milk (\$2.40).

### Farm Bureau Quick Facts *Agriculture in the news*

Last year’s closure of three U.S. slaughterhouses that accepted horses, “done at the urging of animal rights activists, has caused a herd of unwanted horses in animal shelters nationwide, according to breeders, ranchers and horse rescuers,” USA Today reports. The horse surplus “threatens to worsen if Congress passes a bill to ban the selling of unwanted horses to slaughterhouses in Canada and Mexico.” Neglected horses “are showing up across the country. While some shelters say they have room for more horses, shelters in Virginia, Tennessee and Illinois say they are full.”

Francisco Blanch, a commodity specialist for Merrill Lynch, told The Wall Street Journal that as a result of increased biofuels output, oil and gasoline prices are about 15 percent lower than they would be otherwise. According

to the story, without biofuels, oil prices would likely be around \$115 a barrel instead of around \$102. Instead of an average U.S. gasoline price of \$3.25 a gallon, without biofuels, the average would likely be more than \$3.70 a gallon. According to the story, global production of biofuels is rising annually by the equivalent of about 300,000 barrels of oil a day. Fatih Birol, the chief economist of the International Energy Agency, told the Journal that biofuels are playing “a critical role” in helping meet the world’s demand for energy. He said that without biofuels, “it would be much more difficult to balance global oil markets.”

Source: American Farm Bureau Federation

Compared to the first quarter of 2007, retail prices for regular milk in gallon and half-gallon containers rose 10 percent and 8 percent respectively during the first quarter of 2008. The average retail price for rBST-free milk rose about 10 percent as well. The average retail price for organic milk in half-gallon containers went up and down slightly over the year and was 2 cents higher in the first quarter of 2008 compared to a year ago. For the first quarter of 2008, the average price for one dozen regular eggs was \$2.16, up 55 cents compared to the last quarter. The average price for “cage-free” eggs increased 23 cents to \$3 per dozen, around 40 percent more per dozen than regular eggs.

Regular eggs increased in retail price by 38 percent between the first quarter of 2007 and the first quarter of 2008; “cage-free” eggs increased about 35 percent. AFBF, the nation’s largest general farm organization, conducts its informal quarterly marketbasket survey as a tool to reflect retail food price trends. A total of 76 volunteer shoppers in 32 states, including Michigan, participated in the latest survey, conducted during February.

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#### USDA grants \$3.5 million for Michigan TB eradication efforts

Contact: Ernie Birchmeier, (800) 292-2680, ext. 2024

LANSING, April 3, 2008 - Michigan will receive nearly \$3.5 million of \$16.8 million in new federal emergency funding to continue efforts to eradicate bovine tuberculosis (TB). Minnesota and California will divide the remainder of the funds available from the U.S. Department of Agriculture (USDA). The emergency funding will be used to pay for depopulating TB-infected cattle herds, which is a crucial step in preventing the spread of the disease, and to indemnify farmers, USDA said in a press release. The funding also will be used for enhanced surveillance to identify affected herds as well as to determine the source of infection. This enhanced surveillance will include free-ranging white-tailed deer in Minnesota and Michigan, a possible source of the disease.

The money earmarked for Michigan is a fraction of the Michigan Department of Agriculture’s (MDA) funding request, said John Tilden, MDA’s project manager for response to the USDA’s TB program review. “We submitted our request to USDA’s Veterinary Services office in Lansing, asking for money for indemnification for herds that must be depopulated, and for surveillance so the Department of Natural Resources could better define where TB is and where it is not; and for wildlife risk mitigation,” he said.

USDA’s Animal and Plant Health Inspection Service (APHIS) will administer the money, and payments

for indemnity will go directly to herd owners from APHIS, said USDA’s spokesperson Rachel Iadicicco. Other funds will go to other APHIS TB activities within Michigan, she said.

“Working cooperatively with state animal health agencies and U.S. livestock producers, we have made great strides toward eradicating tuberculosis from the nation’s livestock population,” said Bruce Knight, USDA under secretary for marketing and regulatory programs. “We are another step closer towards eradicating bovine tuberculosis from our nation, and this should serve as a reminder why the National Animal Identification System (NAIS) is so critical. By participating in NAIS, we protect our livestock and the future of American agriculture.” TB is a contagious and infectious disease that affects cattle, bison, deer, elk, goats and other warm-blooded species, and can be fatal. The disease can be transmitted to humans through direct contact with infected animals or consumption of raw milk, but it is not transmitted through consumption of pasteurized milk.