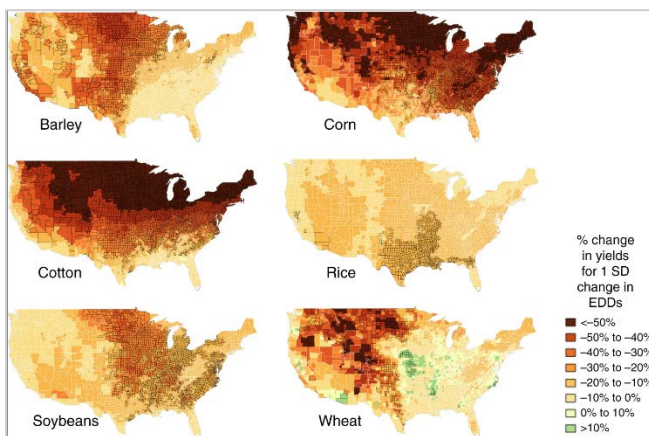




## Louisiana Conservation and Commodity Updates November 2020; Issue-11

### Climate and Crop Yields

Researchers study the effect of extreme temperatures on crop yield in corn, cotton, soybeans, wheat, rice, and barley, using U.S. county-level data from 1949 to 2009. The study results indicate that corn and cotton showed less sensitivity to extreme temperatures in the Southern US. Also, the effect of extreme temperatures on yield is explained as much as 63% in cotton to only 8% in soybeans. The below picture shows the variation in crop yields included in the study.



Source: <https://doi.org/10.1038/s41467-020-18725-w>

### Changes to EQIP

NRCS released the final rule for EQIP. Some highlights are

- National priorities will include soil health, weather, and drought resilience. Added *increased weather volatility* as a resource concern
- Increased payment rates for certain high priority practices in each state, and in targeted watersheds EQIP contracts can extend for five to ten years
- Historically underserved farmers now automatically receive an advance payment for EQIP practices unless they opt-out
- Amended the definition of *Comprehensive Nutrient Management Plan*, which is explicitly for an Animal Feeding Operation. The new rule also updated definitions for *Priority resource concern*, *Incentive practices*, and *Eligible land*. A full list can be found here (<https://bit.ly/398kKRk>)

### Farm Labor Survey Continues

A recent ruling orders USDA to continue collecting farmworker wage data used to set minimum wage requirements (also called *Adverse Effect Wage Rate*) for agricultural labor, including H2A workers. In 2019, the H2A program approved 250,000 jobs. Farm groups raised concerns that relying on USDA survey results in inflated H2A wages. In contrast, the farm labor groups insisted that not having wage data might result in underpaying U.S. farmworkers and H2A workers. The labor department finalized to keep the H2A wage rates for 2021 and 2022 at the 2020 level.

### Coastal Carbon-Capture

The Louisiana Coastal Protection and Restoration Authority (CPRA) will evaluate existing carbon capture methodologies to inform the development of a framework for estimating carbon captured within conserved and restored wetlands as it contributes to the Governor's carbon emissions goals and for its potential value as a tradeable carbon credit.

### Wildlife Conservation Bill Becomes Law

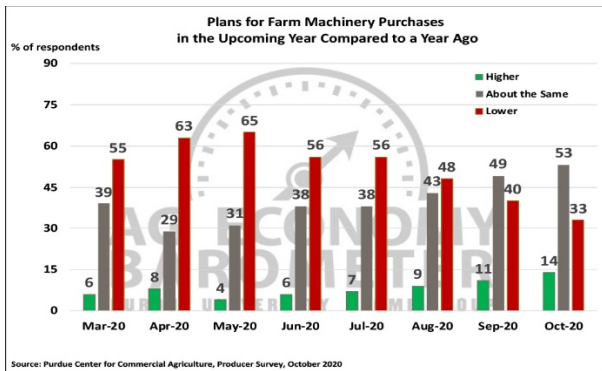
The president recently signed the Wildlife Conservation Bill into law. [Some of the highlights include](#)

- Reauthorizing the North American Wetlands Conservation Act (NACWA) until 2025. The Act helps increase bird populations and wetland habitat, which supports recreation activities. NAWCA projects totaled \$1.8 billion over the last two decades
- Authorizing U.S. Fish and Wildlife Service to issue permits allowing livestock producers depredation of black vultures or common ravens during calving or lambing season
- Providing grants to states and Indian tribes to compensate livestock producers for losses due to predation by protected species such as wolves or grizzly bears

### Time for an Upgrade!

A survey conducted by Purdue and CME group of 400 agricultural farmers across the nation finds that 14% of producers have plans for new machinery purchases in the upcoming year, whereas 33% reported lower farm

machinery purchases, and 53% reported no change from the previous year.



### EPA Ruling on Herbicides

The U.S. Environmental Protection Agency (EPA) has granted five-year registrations to two canceled Dicamba herbicides — XtendiMax and Engenia — as well as a re-registered Dicamba herbicide, Tavium, for the 2021 crop season and beyond. A fourth dicamba over-the-top herbicide, FeXapan, was not included in this registration decision. The cutoff date for these three herbicides for use in soybeans is June 30, and for cotton, it is July 30, regardless of the growth stage. The agency also announced it is limiting states' ability to add further restrictions to the federal labels. Ag industry and commodity groups felt a sigh of relief by the registration decision, which otherwise would have left Xtend crop growers uncertain if there would be legal dicamba options in 2021. EPA also reapproved atrazine, along with propazine and simazine, in September. The EPA is also planning on releasing ecological and health risk assessment of 21 pesticides, which includes isoxaflutole, an herbicide cleared for use on soybeans, but only in some counties in 25 states. In Louisiana, isoxaflutole-resistant soybean is allowed in 13 parishes, Avoyelles, Claiborne, Concordia, East Baton Rouge, East Feliciana, Iberville, Lincoln, Pointe Coupee, St. Landry, Webster, West Baton Rouge, West Carroll, and West Feliciana.

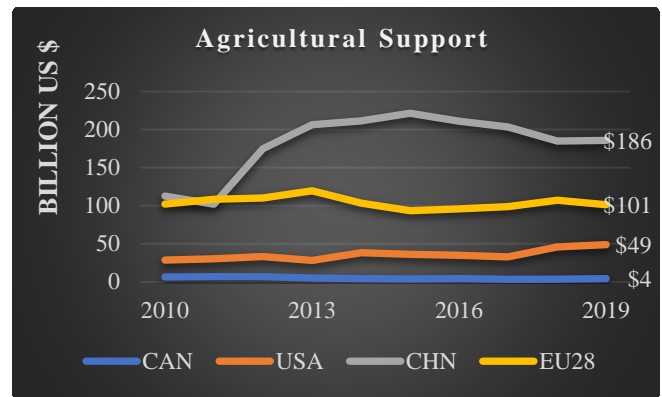
### Harvest Price Option Triggers

RMA harvest discovery prices for all Louisiana crops are now known, with soybeans being the final price released at the end of October. This release comes after data suggests that the combination of challenging weather conditions before and during the harvest of soybeans and an increase in exports have led to an uptick in harvest discovery price compared to the spring

price for the associated crop insurance policies. However, discovery prices for other major commodities covered under revenue protection in Louisiana were released earlier (in August for most other commodities) and are not affected by the late rise in prices. Harvest price option policies have an indemnity function that utilizes the maximum of the spring or harvest price to determine if a farm has suffered a loss and may help producers by indemnifying at the crop's replacement value (if the harvest price is more than the spring price).

RMA Discovery Prices in Louisiana		
Crop	Projected Price	Harvest Price
Corn	\$3.92	\$3.25
Cotton	\$0.70	\$0.69
Rice	\$0.122	\$0.120
Soybeans	\$9.31	\$10.55

### Agricultural Support



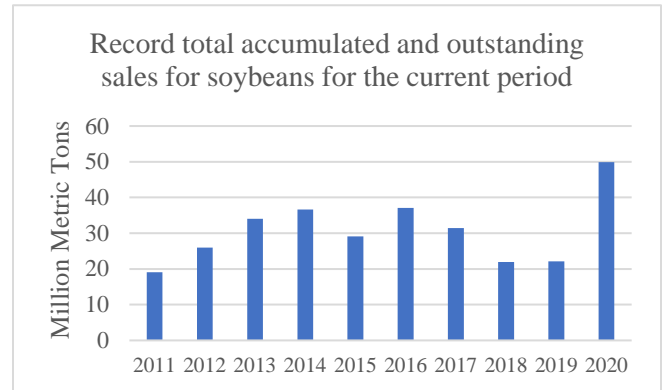
A recent study published by the Organisation for Economic Co-operation and Development (OECD) on agricultural support payments, which are gross transfers to agriculture from consumers and taxpayers arising from government policies, showed China providing \$186 billion in 2019. In contrast, the U.S. provided \$49 billion during the same period.

### Strong Commodity Prices to end the Year

The beginning of November saw conditions that supported a rally in prices for major commodities in Louisiana. Nearby futures have increased by 30%, 18%, 9%, and 2% above price peaks reached in the middle of the summer for soybeans, corn, cotton, and rice, respectively. The strong price positions have been the result of complementary factors. The USDA has reported decreased production for soybeans, corn, and rice. Additionally, the forecast is for increased use for

soybeans and corn, resulting in the USDA projecting lower ending stocks for both crops. Export demand primarily drove increased use of corn and soybeans. The November USDA WASDE reports corn exports have increased by 325 million bushels to 2.650 billion, and exports remain strong for soybeans as well. The current export levels can largely be attributed to increased feed grain import demand from China, mainly driven by the rebuilding of its hog herd. This wane in ending stocks explains the expected season average price rise for corn from \$3.60 to \$4.00 per bushel and for soybeans from \$9.80 per bushel in October to \$10.40 per bushel in November. Rice and cotton season average prices are projected to decrease, although the

nearly futures for both crops are trading higher than their respective peaks last reached in the summer.



# HAPPY THANKSGIVING!!!

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