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### **Lower MYA Prices Mean Higher ACRE Payments<sup>1</sup>**

The KSU estimated wheat Marketing Year Average (MYA) price of \$5.16 on August 14, declined to \$4.92. The lower price puts Kansas wheat right at the trigger point for ACRE payments on Kansas wheat. If prices weaken more then there may be a payment in the \$5 to \$10 per acre range for Kansas wheat. A lower MYA wheat price will have no effect on Oklahoma and Texas wheat because it is expected the ACRE payment will hit the maximum limit, 25% of the guarantee, and a lower price will not increase the payment.

The KSU estimated corn price of \$3.24 on August 14, declined to \$3.17. Grain sorghum price estimate has declined from \$2.91 to \$2.81 and soybeans from \$9.67 to \$9.00. The lower price will increase the ACRE payment if ACRE is in the money. Some states have expected yields high enough that will reduce or eliminate any ACRE payment.

Using the mid-point of the USDA price estimates released today, USDA has lower its last price forecast published before ACRE signup from \$5.20 to \$4.85 for wheat; \$3.50 to \$3.35 for corn; \$3.00 to \$2.90 for sorghum; and \$9.40 to \$9.00 for soybeans. The KSU estimates are higher for wheat, but lower for corn. We have the same estimate for sorghum and soybeans as USDA.

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For a given yield level, the lower the MYA price the higher the ACRE payment. The lower USDA wheat price estimate would generate about an \$8.50 per acre payment on the ACRE payment acres (85% of base). However, the FSA failed acre number is also an estimate, and a smaller number of failed acres will increase the state yield and reduce the ACRE payment.

The KSU and USDA MYA price estimates have been updated on AgManager.info.

The links are:

HTML: [www.agmanager.info/crops/insurance/risk\\_mgt/rm\\_html09/AB\\_MYAprice\\_100909.asp](http://www.agmanager.info/crops/insurance/risk_mgt/rm_html09/AB_MYAprice_100909.asp)

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