



www.agmanager.info
abarnaby@agecon.ksu.edu
(785) 532.1515 (phone)
(785) 532.6925 (fax)

G.A. "Art" Barnaby Jr.

Copyright 2009. All rights reserved. Contact Art to be added to e-mail list

Disclaimer: This web page is designed to aid farmers with their marketing and risk management decisions. The risk of loss in trading futures, options, forward contracts, and hedge-to-arrive can be substantial and no warranty is given or implied by the author or any other party. Each farmer must consider whether such marketing strategies are appropriate for his or her situation. This web page does not represent the views of Kansas State University.

MYA Prices Increase Causing Lower Estimated ACRE Payments¹

The KSU estimated wheat Marketing Year Average (MYA) price of \$5.16 on August 14, declined to \$5.05, but is higher than last month's estimate of \$4.92. The current price estimates puts Kansas wheat right at the trigger point for ACRE payments on Kansas wheat. The ACRE payment estimates are also based on weights and estimated FSA failed acres in addition to the price estimate. With so many estimates and resulting sources of errors, the current best estimate is Kansas wheat ACRE payments are likely zero or a very "small" ACRE payment. However, there is plenty of time for the market to change before June 1. 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 higher price will not decrease the payment.

The KSU estimated corn price of \$3.24 on August 14, increased to \$3.55. Grain sorghum price estimate has increased from \$2.91 to \$3.14 and soybeans declined from \$9.67 to \$9.39. A higher price will decrease the ACRE payment if ACRE is in the money. Some states have expected yields high enough that will reduce or eliminate any ACRE payment.

The USDA price estimates will be released on November 10.

¹Prepared by G. A. (Art) Barnaby, Jr., Professor, Department of Agricultural Economics, K-State Research and Extension, Kansas State University, Manhattan, KS 66506, November 1, 2009, Phone 785-532-1515, e-mail – barnaby@ksu.edu.

For a given yield level, the lower the MYA price the higher the ACRE payment.

The KSU and current NASS MYA price estimates have been updated on AgManager.info. The links are:

HTML: www.agmanager.info/crops/insurance/risk_mgt/rm_html09/AB_MYAprice_11022009.asp

PDF: www.agmanager.info/crops/insurance/risk_mgt/rm_pdf09/AB_MYApriceCalc_11012009.pdf