



# U.P. Ag Connections Newsletter

August 2022

Agricultural News from MSU Extension and AgBioResearch

Volume 26 Issue 8

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## New Michigan Law Incentivizes Distilleries to Use Local Ingredients

Since the early 2000s, interest in craft beer and spirits has exploded across the US. So too have the number of processors and retailers seeking to satisfy this new demand with unique and innovative beverage products. In Michigan, like many other states, the trend started with craft beer. Folks in Michigan agriculture quickly took notice, and by 2010 staff at MSU were beginning to investigate how demand for craft beer could be translated into demand for Michigan Ag products, specifically malting barley and hops.

At UPREC, our applied research on malting barley has created a foundation for the craft beer industry by identifying barley varieties adapted to Michigan’s environment, sharing agronomic best management practices, testing grain quality against industry standards, and supporting the launch of new craft malt houses in our state. Despite all of our efforts and success in demonstrating that high quality malting barley can be produced in MI, demand for Michigan malt remains tepid. The reasons for this are complex and range from production challenges (pre-harvest sprout) to limited processing capacity (few malt houses) and price. However, the biggest hurdle may be beer consumers’ conception of what it means for a product to be “local”.

In general, beer consumers are not well educated on the ingredients in their favorite brews. Since craft beer is often processed at, or near, where it is served, it is commonly assumed to be a local product. This is despite the fact that the main ingredients, barley and hops, may be produced as far afield as another state, or even another country. Unfortunately, the water used in craft beer is sometimes the only local ingredient it contains. Secure in their assumptions about “local”, consumers do not tend to ask about the ingredients going into craft beer, and rarely demand that the ingredients be locally produced. The result is a craft brewer community focused solely on quality, consistency and price in their ingredients, regardless of where they come from. All to the detriment of Michigan agriculture.

Craft distillers in Michigan are working to address this challenge head-on with new innovative legislation. On July 5<sup>th</sup>, 2022, Governor Gretchen Whitmer signed House Bill 4842 into law with a ceremony at Grand Traverse Distillery. The new law incentivizes craft distilleries to use Michigan produced Ag products by reducing the tax mark-up applied to spirits from 65% to 32.5%. In order to take advantage of the new lower tax rate, distilleries must use at least 40% Michigan grown ingredients to make their base spirit. The list of qualified agriculture products is broad including grain, fruit, potatoes, sugar beets and honey.

Rather than relying on consumers’ values and feelings about local food and agriculture, the new law cuts straight to distillers’ bottom line. When using local ingredients presents challenges in terms of supply, price, etc., distillers will (hopefully) be more willing to navigate those headaches in exchange for favorable taxation. This fact alone should jumpstart a natural relationship between Michigan farmers and craft distilleries. However, I believe the net effect will be much deeper. If a distillery purchases local grain only for the tax benefit, they will quickly learn what makes that ingredient unique and special, good, bad or neutral. Already, we are seeing craft distilleries in the state market spirits, or even develop entire brands, based on the uniquely desirable characteristics of locally produced grain and rare varieties. Over the next few years, I expect the result to be a significant increase in the education level of craft spirits consumers related to the ingredients in their favorite cocktail and burgeoning demand for local ingredients. If that prediction comes true, I hope brewers and the craft beer sector will take note and follow suit.

**The MSU Upper Peninsula Research and Extension Center is seeking a temporary Production Assistant to help with research across our operation.**

<https://careers.msu.edu/en-us/job/511419/labor-aideoffcampus>

Labor Aide/Off-Campus

**UPREC Production Assistant Position Summary:**

The UPREC Production Assistant, under direct supervision of the UPREC Director, will be responsible for day-to-day crop production, research, and general farm maintenance activities. Work will be done in tandem with the South Farm Research Technician and North Farm Coordinator, and may vary from week to week. This is a temporary position available Aug-Dec, 2022 with an extension possible based on employer need and employee performance.

**General Responsibilities:**

Assist with crop production, harvest and storage at UPREC.

Tasks included (but are not limited to) transplant seeding, watering of transplants, planting, cultivating (by hand, and with tractors), irrigation management, weed management, cover crop management, harvest, washing and packing of harvested crops, storage and processing of harvested crops, data collection and data entry.

Assist with sampling and record-keeping related to production and research.

Assist with farm facility development and maintenance, including fence building, small construction tasks, etc.

Includes items such as irrigation equipment, lab equipment, and research equipment.

**Minimum Requirements:**

Strong work ethic

Farming or agriculture experience

Crop production experience

Experience using various farm equipment

Livestock experience

Experience in record keeping and strong attention to detail

Self-starter; able to work both with groups and individually

Strong organizational skills

Flexibility with weekly work requirements, this is a diverse work setting, no two days are alike

Passion for sustainable agriculture

Ability to lift 50 lbs. and work in all weather conditions

**Hours:**

40 hours per week Aug-Oct

20 hours per week Nov-Dec

**Compensation:**

\$15 per hour

**How to apply:**

Please provide a resume, three references, and a cover letter explaining how your education, skills and experience make you a strong candidate for this position.





## MENDING THE STRESS FENCE

### Purpose

Farmers, farm workers and agricultural professionals endure numerous uncontrollable stressors. Many farmers face financial problems, market uncertainties, farm transfer issues, production challenges and communication barriers. You may know farmers who struggle with stress, anxiety, depression, burnout, indecision or suicidal thoughts. This short program will help participants create self-awareness and provide you with tools and resources to help those in need.

### Objectives

Understand signs and symptoms of stress in agriculture.

Learn about wellness.

Learn how to ask open-ended questions.

Improve understanding and awareness of the warning signs of suicide and resources to help support someone in need.

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### Event details

When: Friday, September 9, 2022

3:00 PM - 5:00 PM Psychological  
Science Colloquium

Where: Marquette, MI; NMU  
campus Northern Center  
Peninsula II

Cost: Free

Duration: 30-minute presentation  
followed by open discussion

### Learn more

Scan QR code for more information  
about the MSU managing farm  
stress program



<https://extension.msu.edu/farmstress>

<https://www.canr.msu.edu/people/remington-rice>

Send questions to Remington Rice,  
PhD at [riceremi@msu.edu](mailto:riceremi@msu.edu)

**MPIC and MSU**  
**U.P. Potato**  
**Field Day**

**Tuesday, August 30th**  
4:00p.m.—7:00 p.m.

Vandamme Farms  
2371 St Nicholas Rd.  
Rock, MI 49880

**MICHIGAN POTATOES**  
MICHIGAN POTATO INDUSTRY COMMISSION

- 4:00 pm **Welcome**  
James DeDecker, MSU U.P.R.E.C.
- 4:15 pm **Michigan Potato Industry Update**  
Kelly Turner, Executive Director,  
Michigan Potato Industry Commission
- 4:30 pm **Seed Industry Update**  
Damen Kurzer, Executive Director,  
Michigan Seed Potato Association
- 4:45 pm **Variety Trial Update**  
Chris Long, Potato Specialist, MSU
- 5:15 pm **Crane Repellant Research Update**  
James DeDecker, MSU U.P.R.E.C.
- 5:30 pm **Nematode Management**  
**Research Report**  
Marisol Quintanilla, Nematologist  
MSU Dept. of Entomology
- 6:00 pm **Dinner**  
Sponsored by: **Nutrien**
- 7:00 pm **Adjourn** **Ag Solutions**

To register, or for more information,  
contact MSU UPREC at (906) 439-5114

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Michigan Farmers Union will be hosting an open meeting at Bay College in Escanaba to hear from UP farmers and share the work of their organization. **The meeting will take place Thursday, August 25<sup>th</sup> at Bay College in the Heirman University Center, Room 901. Dinner will be served at 6:00pm, followed by presentations and discussion concluding at 8:00pm. This event is free of charge and open to all.** Michigan Farmers Union works to protect and enhance the economic well-being and quality of life of family farmers. Michigan Farmers Union is a home for producers who are committed to conserving our state’s natural bounty, whether they are long-established or beginning their agricultural journey. They are committed to representing the interests of Michigan farmers on issues such as Sustainability, country of origin labeling, energy and food security, rural communities, competitive markets, monopolies and consolidation, conservation and the environment.

# Cattle Price Outlook is Strong

## Opportunities for Profit, Risk is Always There

By Frank Wardynski, MSUE

Previously published in the Michigan Cattlemen's Magazine, April, 2022

The CattleFax Outlook Seminar presented at the 2022 Cattle Industry Convention indicated that cattle prices are expected to be strong this coming year. They reported that national cow herd numbers are getting smaller and domestic beef production to be 2% lower than last year. They expect weather to be an important factor regarding feed prices. They also predict China to be a strong buyer of US grain. Harlan Hughes, North Dakota State University professor emeritus predicted in Beef Magazine February 2022 that prices will continue to be strong and increase into 2025.

Beef cow-calf producers are likely to see the greatest gains in profitability within the industry in the upcoming year. Both yearlings and calves are expected to sell for higher prices over the next few years. Higher input costs will have some impact as hay, fertilizer, and fuel prices are also expected to be higher. Cow-calf producers have typically not been heavy users of price protection and with expected higher selling prices, that trend will likely continue.

Purchasing put options is one method of obtaining price protection. Purchasing a put offers the buyer the opportunity to sell that option if the market were to drop while being able to take advantage of markets continuing to go higher. Most cow-calf producers do not utilize put options because they are sold in 50,000 lb contracts. Most cow-calf producers do not sell enough cattle to fill that contract. The USDA Risk Management Agency has a program called the Livestock Risk Protection (LRP) program. Like crop insurance, it is government subsidized insurance. The LRP insurance can be purchased on as few as one head and protects against prices dropping. Insurance can be purchased from just about any agent selling crop insurance and is available for both fed and feeder cattle.

Feedlots will have profit opportunities through these next few years of elevated prices but will be challenged by expensive inputs. Using price protection is more common with feedlot owners. Feedlots usually sell cattle lots large enough to purchase puts for price protection. Because LRP is subsidized, some feedlot owners opt to use that program for price protection. The large feedlots out west usually use price protection to purchase feed inputs. This is one advantage Michigan feeders have over the larger lots. Most Michigan feedlots grow their own feed. Feedlots needing to purchase feed should look for price protection to guard against rising feed prices. The real challenge will come through the purchase of inputs to grow crops like fertilizer, fuel, and herbicides.

Cow-calf producers should be profitable for the next few years to come and will be looking for opportunities to maximize profits. A common plan to take advantage of higher cattle prices is to increase numbers of cows to produce more calves. Keeping more replacement heifers will probably create more cows producing calves after calf prices peak. Heifers kept in the spring of 2022 and 2023 will not produce salable calves until fall of 2024 and 2025. Most of the calves those cows produce will be on the downward price trend. A more profitable plan will probably be to keep fewer heifers, not more, selling more calves on higher prices over the next few years.

Producers looking to increase cow numbers should look to purchase pregnant females. Opportunities to purchase pregnant heifers and cows at affordable prices still exist. Keeping an eye on drought areas will offer some of those opportunities. The US drought monitor shows extreme drought through much of Oklahoma, Texas, and Montana. Most of the western states are in severe drought. Many of the calves on wheat pasture have moved into feedlots due to drought. If these conditions continue, breeding cows will likely be liquidated at affordable prices near cull values. Producers that take advantage of the opportunity will have higher cow values to market their culls. Also, producers looking to purchase cows will need to secure feed. The benefits of selling high value feeder calves will be offset by the increasing cost of feed if purchased at the wrong time.

Some producers will try to keep cows longer than they usually do. Keeping cows that lost their calf or do not get pregnant will not pay off. They likely will not be able to produce enough calves to recover the expenses of a lost year. Keeping cows rather than culling for minor defects may be acceptable but understand that one cow death due to keeping her too long will offset any increased profits. One profitable strategy along these lines can be to allow calving seasons to be extended. With high calf prices, lighter, late born calves can be more profitable than culling the cow. Late calving cows can then be culled towards the end of the price cycle for good cull values.

Another opportunity to cash in on the high cattle prices can be to sell bred cows and heifers at the peak of the price cycle. If 2024 and 2025 end up being the top of the price cycle, look for bred cows and heifers to be of high value. These females will be sold for high dollars and their resulting offspring will be sold on a decreasing market. Look to sell lesser quality cows on a higher cull market and market higher quality cows as breeding females.

With a higher bull market comes thought of opportunities to maximize profits. Producers need to take care not to outsmart oneself and find opportunities to protect themselves from the chance of bear markets.



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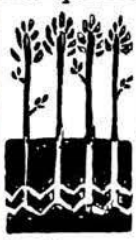
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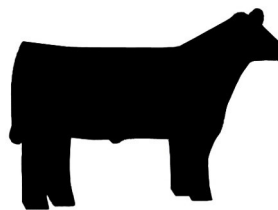
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Haley Filhart, Owner (989)430-2055

## Classifieds

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4'x5'. Call Robert Potocza (906) 293-8525, Newberry.

**FOR SALE: Mixed Hay round bales**, 700#. Call Alan or Karen  
(906) 647-6697, Pickford.

**FOR SALE: Black Wagyu Bulls**, forage fed. For more  
information contact Paul Naasz, MSU UPREC, Chatham  
(906)439-5114 Ext. 2.

**FOR SALE: Hay**, 5x6 round bales legume grass hay, stored  
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#### **Market Report**

Choice Steers	\$120-\$148 per 100 lbs.
Holstein Steers	\$110-\$140 per 100 lbs.
Hogs	\$80-\$95 per 100 lbs.
Lambs	\$100-\$140 per 100 lbs.
Cull cows	\$80-\$95 per 100 lbs.
Calves	\$100-\$140 per 100 lbs.
Goats	\$200-\$300 per 100 lbs.

#### **Breeding and Feeder Animals**

Grade Holstein cows top	\$2150/head
Grade Holstein bred heifers top	\$2250/head

#### **Feed Prices across the U.P.**

	Avg. \$/cwt	Avg. \$/ton	Price Range
Corn	\$17.17	\$343.40	\$265-480
Soymeal	\$30.86	\$617.25	\$540-690
Oats	\$18.44	\$368.75	\$320-416
Barley	\$13.56	\$271.25	\$200-386
Average price/100 wt. for 1 ton lots			