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Pask Farms Ltd.

Spring Newsletter 2017

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SUPPLY AND DEMAND

MANAGING CHANGE AND UNCERTAINTY:

This is a current topic in the agricultural press. We search for crop choices that will make us money with some certainty and minimal risk, but we come up empty. What does alfalfa seed—leafcutter bees look like for 2017?

Supply:

How much alfalfa seed did we grow in 2016?

Saskatchewan	50,000 acres	100 lbs/acre	-	5,000,000 pounds
Manitoba	20,000 acres	150 lbs/acre	-	3,000,000 pounds
Alberta	50,000 acres	300 lbs/acre	-	15,000,000 pounds
U.S.A.	55,000 acres	750 lbs/acre	-	42,000,000 pounds

This gives us a new crop of about 65,000,000 pounds. Alberta has tripled their acres in the last few years, and most of the production is irrigated certified seed, much of it for the USA. To triple those acres, they had to buy leafcutter bees from someone.

Demand:

How much alfalfa seed do we plant, or eat as sprouts, each year?

Canada consumes about 10,000,000 pounds a year

The USA consumes about 48,000,000 pounds a year,

The Total looks like about 58,000,000 pounds consumed

Milk prices, beef prices, hay prices are all lower. Most alfalfa seed is coated prior to packaging and sale. This means that 2 bags @ 50 pounds each of seed, become 3 bags @ 50 pounds of coated seed. The hay grower doesn't change his pounds/acre seeding rate, so the actual alfalfa seed is now stretched over more acres. This cuts back alfalfa seed usage some more.

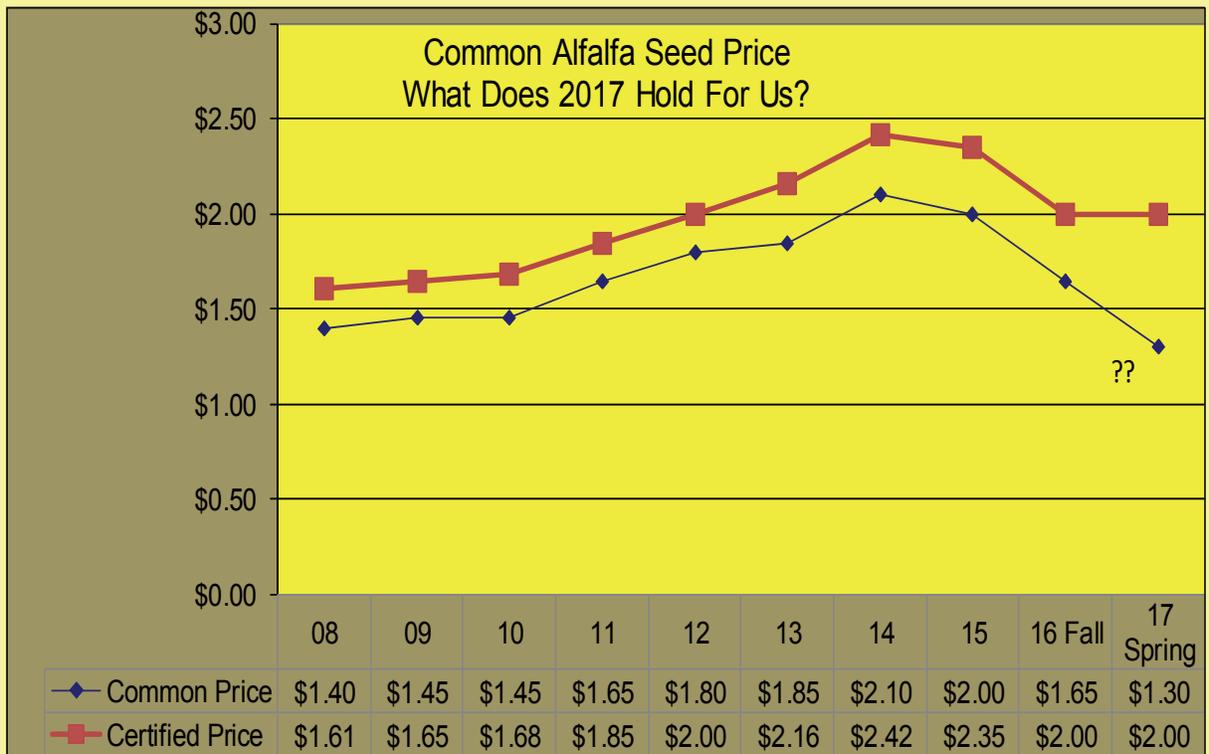
When combined with the balance of the 2015 Dakota catch crop, this means we have too much alfalfa seed. The high value of USA and Cdn currency as compared to the Euro, meant we didn't move much seed to Europe this year. Without off shore markets, we just have too much seed. There are rumours of seed carryover, and these rumours are likely true.

Grower prices really didn't change very much UNTIL NOW. We thought \$1.50 would be the price for good quality common, but competition to buy the limited common crop, got us more money which turned into \$1.65 to the grower. Any purchasing of 2016 crop from growers will be pretty low ball, until the 2017 crop is harvested. It is hard to see much upside to this market. Where would prices be if we had a good crop?

Seed Prices—Contracts—Common—VNS

The spread here is starting to widen. Certified seed competes with seed grown in Alberta and the USA. That seed is priced higher and it goes to a market that pays more. Remember that common seed is the bottom of the price structure. When a hay grower buys alfalfa seed, there is a big spread between Common seed, Certified Seed, and Private Brand Certified Varieties. We paid about \$1.65/lb, net to the grower, for most of the Common seed this year.

Our contract seed will pay the grower \$1.95 - \$2.00 per pound net in his pocket this spring.



Unfortunately, with the surplus of seed, most companies are cutting production acres and not putting out any new fields in 2017. So new production contracts with price protection are hard to find.

SOME GLIMMER OF HOPE:

Non-GMO – who can grow it? Not the USA – they’ve contaminated most of their production areas with RR alfalfa. How long can Southern Alberta do it, given all the US seed stock planted in Southern Alberta?

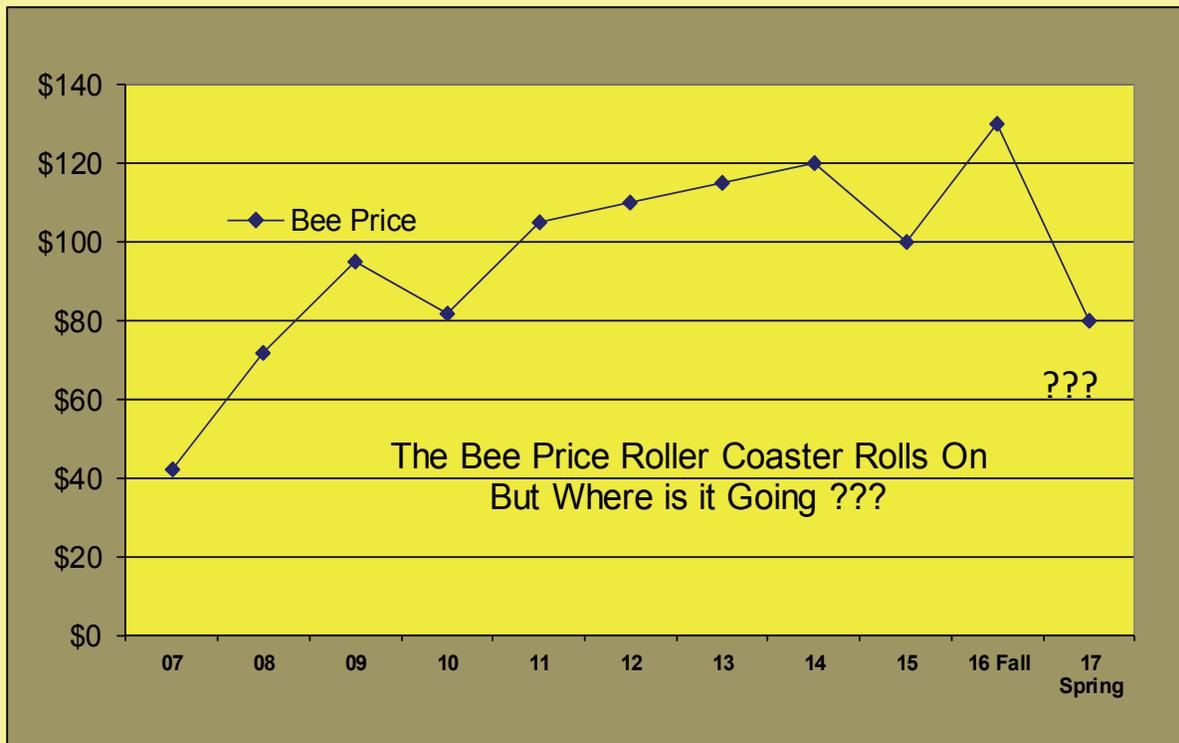
Non-GMO alfalfa with traits like low lignin: This is even more exciting. Here in Saskatchewan we see manure as a natural fertilizer with value. In many areas of Eastern Canada and the USA, too much manure is causing a significant problem with no place for it. Low lignin alfalfa reduces the amount of manure which is a real help to these farmers. Can we get in on producing low lignin varieties?

Certify Existing Algonquin Alfalfa Fields: Algonquin is on the European list. There isn’t a big demand, but next year moving Certified Algonquin to Europe might be a better option than selling it as common.

Leafcutter Bees—Markets and Prices

LEAFCUTTER BEES:

One thing about selling leafcutter bees, every year is a new experience. The bulk of the surplus leafcutter bees comes from Saskatchewan and Manitoba. Alberta breaks even, maybe produces enough excess to supply the pollinating needs of the seed canola guys. Montana and Wyoming usually lose bees, or sell, then replace, their bee stock. It means if we have a poor bee crop, there may be a shortage. The first three weeks the bees were out in the field in 2017 were mostly poor bee days. They had a tough time to recover, so most of us had fewer bees to sell.



Initial demand was hot. Offers of \$135/gallon were flying around. Did you get in on that? There was still good demand at the January USA bee meeting.

But then one bee buyer walked away from his promises. Suddenly growers were stuck with too many bees. Rumors flew about US buyers walking away from their purchases. Either you sell them or you fly them. The last bees have been cleaned up at \$85. It's not the first time this has happened.

The above graph shows anything can happen. What it doesn't show is the \$40 in 2007, was the high price for the previous 10 years.

Look close—there is a bee in this picture. Too bad only half the holes are capped—but it was 2016.

First Thing In Spring

BURNING: We hate to keep saying this, but start by burning if you can. It is hard on plant bug eggs, adult alfalfa weevils, and plant disease coming from last year's stubble. A good burn is pretty hard on winter annuals, and eliminating the trash makes light tillage a lot easier.



VERTICAL TILLAGE: Many of you do some form of spring tillage to level ruts and mole hills, break up trash, and kill winter annuals. We had better luck with a Salford 2100 with wide wave blades, than we had using heavy harrows. We did trials of one pass and two passes crossways to each other. It warms the soil, it doesn't thin out or delay the alfalfa. It looks really good if you like black fields with little green plants. The areas of the field that got this treatment have visually less blackstem than the plants growing in last year's stubble. But it seems after 20" of rain, it doesn't help seed yields. The more aggressive machines like the ProTil may thin the stand, which may be a good thing on some fields. We will do more trials this year, but don't have consistent hard data that shows an increase in seed yield. Vertical tillage doesn't come free, so we eventually need to see an increase in yield to justify the expense. Maybe it will work better in a 10" of rain year.

CUTWORMS: Many of you are seeding alfalfa in rows, into canola stubble. Last year you lost some patches to cutworms. They are a big problem in non-cereal crop stubble. The cutworm moth lays its eggs in the fall and they like lighter, loose, ground. In the olden days, farmers didn't work their summer-fallow in August-September for this reason. Heavy cereal stubble isn't a great place for them to lay eggs. If we seed alfalfa into canola stubble, often that means cutworm trouble. If you are seeding alfalfa in rows into flax, canola, peas, or soybean stubble, you need to be super vigilant for cutworms. They are usually on the south slope of the hills, and the rows start disappearing. Within a couple of days the plants are gone and damage is done. Some "less environment sensitive" guys just spray Lorsban when the alfalfa seedlings are emerging.



WEEVILS - PLANT BUGS - LYGUS

Almost all fields will need bug control at some point. Plant bugs and lygus bugs should be on everyone's radar.

Alfalfa weevils are moving into all our alfalfa seed production areas. Control of weevil larva using dimethoate is a very poor choice. All you get is some suppression. Matador works better, but often weevil timing is usually earlier than the pre-bee release traditional bug control. If you use Matador on weevils, you might need to use Matador again on bugs just before you put the bees out. If you need to use Matador again around August 1st, you are flirting with resistance. Lorsban is off label, but provides the best control with some extended kill from the residue. Try and get at least 10 days between Lorsban and bee release. You should think about your neighbor's honey bees before applying Lorsban in the daytime to a crop starting to bloom.



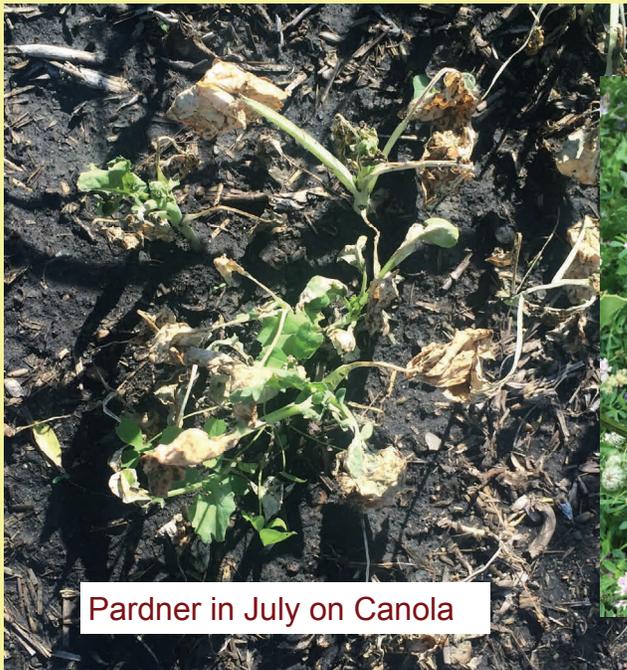
OTHER PESTS —THERE IS NO SILVER BULLET

Sweet Clover:

Having sweet clover in your seed is an issue in almost every market in the world. We can only blend so much of this, and we discount heavily when we buy seed with sweet clover. You can expect to see a 25% discount in 2017 on this kind of seed, if we can find a market for it. If you grow 200 pounds/acre @ \$1.25/pound = \$250/acre. A 25% discount is \$60. Can you take the sweet clover out of an acre for \$60? Early spring applied Velpar, Pardner applied on a hot day in July, or employing the local kids are three options to consider.

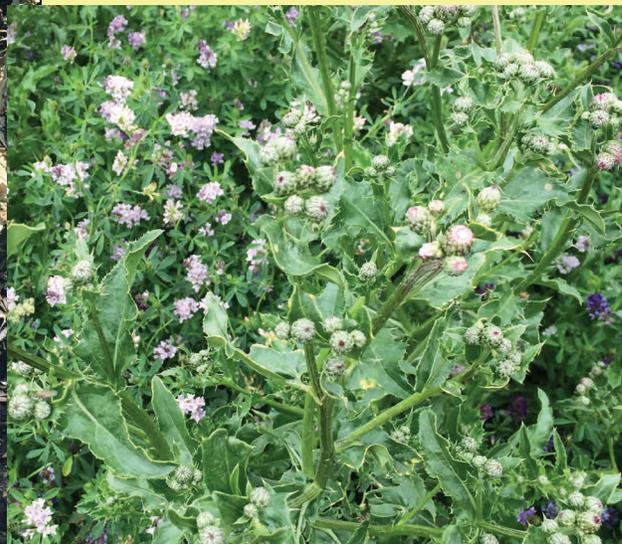
Weeds:

The one shot of Pardner and Assure does something, but misses a lot. Most cleavers are now resistant to Pursuit. Authority is pretty good on cleavers and kochia. Valterra gets those two and canola as well. Viper isn't as good, and can set the crop back as well. Don't forget about using Pardner on a hot July afternoon to keep the Canada thistle from setting seed. That works best when the Canada thistle buds are 3/8" in diameter. It will also tune in volunteer canola and sweet clover when applied at EARLY flowering.



Pardner in July on Canola

Perfect Timing on Canada Thistle



Plant Disease:

Spring blackstem is the first problem. Burning is the first solution. Failing that, Headline or Priaxor work pretty good on containing spring blackstem. You can often tank mix this with Lorsban or Matador to get the bugs at the same time.

The next problem will be sclerotinia and/or botrytis. The timing of this is usually about 3-4 weeks after the initial disease treatment, or about 2 weeks after you get the bees out. The products to use are Lance or Delaro. You can mix either of these products with the July, hot afternoon, Pardner treatment. Keep the water gallons/acre up there. We can't see any effect from this on our bees.

If it stays relatively dry, you'll be OK. If it rains another 10" or freezes in late August, well, that's why they call this next year country.

Mixing it up, using different products, using products with two or more modes of action, all help to keep resistance at bay. We don't want to always use the same products on the same crop, in the same field, year after year.

Processing Your Alfalfa Seed Crop:

It seems like there are always improvements being made to the plant. Alfalfa seed is the only crop we process (we don't even clean our own wheat seed), so it is easy to fine tune everything on alfalfa seed. The guys are really happy with the changes we made this past summer. They make seed blending a lot easier and faster, and have made it easier to separate out canola, cleavers and kochia.

Seed processing is just like farming, in that you always try get more done with the same people. Having the seed plant, the farm shop and the bee operation in the same yard makes it easy for us to move people where they're needed. For example, as I write this, a semi just rolled in to pick up a load of seed for Ontario. Graham and Joel took an hour away from fixing the air seeder to load that truck. This diversification allows us to keep really good staff year around. They get a wide range of inside and outside work which is really satisfying. Plus they appreciate everything that goes into growing leafcutter bees and alfalfa seed. When Lloyd, Willem, or James are running the plant they know what you've put into your crop. There's a better chance they will treat your seed as if it was their seed.



What Will Change Next?

Year after year, it seems things stay the same. We deal with bugs and weeds, plant disease and eventually we harvest. But at the same time, everything changes.

Two years ago, growing common seed or VNS seed seemed like a sure bet over growing contract seed. Now it looks like the opposite is true.

We figure out how to grow alfalfa seed in dry years, and then it won't quit raining.

One year there aren't enough bees, and the next year we can hardly give them away.

Right now it looks like we're headed down, but poor crops or changing markets can change everything. Some things to ponder are:

Have we moved into a new climate, or could 2017 be a drought year?

Will there be an emerging market for GMO free seed, and who can serve that market?

Will the market want clean seed, or will it keep finding a home for weedy seed?

Will Alberta keep expanding acres (and buying bees) or is that expansion over?

Will bee prices be \$85 next fall or where will they be? And why would that happen?

The Alfalfa Seed Grower's Budget

After reading this far, your mind is refreshed with all the little things you need to do to ensure a good crop.

Let's say you are just starting out. You have a good friend who will spray your fields for \$7/acre.

Another neighbor will harvest and bin the crop, but because your fields are rough, he has to go slow and cut low, he needs \$40/acre.

You can handle everything else, and your time and pickup truck are free.

Please check off the items you think you need to make it to the finish line. Fill in the costs. Maybe there are a few things we forgot, that you want to add as well. Let's say prices are down to \$1.25/pound next fall. What yield do you need to cover cash expenses?



	Date	Product or Operation	\$/acre Product	\$/acre Equipment Labor	Total \$/Acre
<input type="checkbox"/>	April 25	Burning		+ \$3	= _____
<input type="checkbox"/>	April 30	Velpar	\$32	+ \$7	= _____
<input type="checkbox"/>	May 2	Vertical Tillage		+ \$22	= _____
<input type="checkbox"/>	May 5	Pick stones again		+ \$5	= _____
<input type="checkbox"/>	May 10	Authority or Valterra	\$19	+ \$7	= _____
<input type="checkbox"/>	May-20	Odyssey or Viper	\$16	+ \$7	= _____
<input type="checkbox"/>	June 15	Lorsban	\$8	+ \$7	= _____
<input type="checkbox"/>	June 15	Pardner with Lorsban	\$8	+ \$0	= _____
<input type="checkbox"/>	June 15	Assure with both above	\$6	+ \$0	= _____
<input type="checkbox"/>	July 1	Put out \$200/acre bees		+ \$5	= _____
<input type="checkbox"/>	July 5	Start pulling clovers		+ \$5	= _____
<input type="checkbox"/>	July 15	Lance or Delaro	\$21	+ \$7	= _____
<input type="checkbox"/>	July 15	Mix Pardner In Above	\$8	+ \$0	= _____
<input type="checkbox"/>	Aug 1	Pull clover again		+ \$4	= _____
<input type="checkbox"/>	Aug 10	Matador on Iygas	\$8	+ \$7	= _____
<input type="checkbox"/>	Sept 10	Reglone or Liberty	\$18	+ \$7	= _____
<input type="checkbox"/>	Sept 23	Harvest a Bin Buster		+ \$40	= _____

TOTAL CASH COST:

It's Time for A Serious Review.

Each year we try and give you timely market information along with some ideas to improve your seed and bee production. This year it's time for a test. Check off the correct answer as you go.

1. You went to the field on June 22, and noticed some of the buds looking raggy and leaves that look like skeletons. Immediately you:
 - a. Think about going to the lake
 - b. Grab a sweep net to look for little varmints
 - c. Call the local Ag Rep to see if he knows anything
 - d. Look at your bank account and decide to ignore this
2. It looks like you have poor alfalfa seedling emergence in some of the rows on the south sides of some hills in your newly planted field of wheat and alfalfa. You:
 - a. Decide to go to the lake for a week then come back for another look
 - b. Start digging in those spots to see if you can find what happened
 - c. Think it is just a little drier there and will come up after the next rain
 - d. See deer in the nearby bush, so likely they are nibbling on those rows
3. You get out of your truck to look at your alfalfa field. (Yes, you really got out). You walk into the field and have a really hard time walking through the crop. You conclude that:
 - a. You have a really good alfalfa seed crop, so you go to the lake for the weekend
 - b. There are more cleavers than alfalfa right here
 - c. Ok, it's cleavers, but they came after you sprayed with Pursuit
 - d. If you phone the Rep, maybe you can get your chemical cost back
4. It is July 1st, the bees are out, everything looks really good. You immediately:
 - a. Realize you sold the camper to buy the inputs, so the lake is no longer an option
 - b. Say "Finally—A Break" and enjoy a well earned day off
 - c. Look everything over again, because there must be something wrong somewhere
 - d. Phone another seed grower to see if he thinks everything is OK
5. You just harvested the best alfalfa seed crop of your life. Do you:
 - a. Give it directly to Justin for his next vacation, since he will get most of it anyway
 - b. Sell it to Craig and Gavin because they are such nice guys
 - c. Sell it to the Manitoba guys, so they can pay for their expansions
 - d. Drop a sample off with the North Saskatchewan guys to keep Pask Farms honest.

If you answered a, c, or d to the questions, consider something different, or call Ritchie Bros.
We like answer b for everything, especially Question #5

Good Luck With Seeding and Keep Your Boots Dry !!

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