

Crop Production

Future of dry beans uncertain

By JENNIFER VINCENT

IN early April the USDA National Agricultural Statistics Service's Michigan Field Office predicted this year's dry edible bean-planting intentions at 210,000 acres, up 5% from 2008.

Industry folks, though, are not too confident about that prediction.

It's really hard to get a grip on how much of this cash crop will get planted and how much won't, according to Joe Cramer, vice president of Star of the West's edible bean division.

"The economics are there, but the contracts [compared to last year] aren't," he says.

Last year, processors contracted heavily while other commodity prices soared. When the near-record dry-bean crop came in, cash prices dropped well below contracted prices, leaving processors very unenthused, Cramer explains. That aftertaste, along with plentiful '08 crop carryover and global sourcing, has resulted in fewer contracts.

Cramer believes USDA data on planting intentions (based on March surveys) is wrong. "Even though the profitability of dry beans can compete with other commodities, the price indications that we see now are not what they were." USDA's Economic Research Service forecasts prices of \$30 to \$36 per cwt. across all bean classes for 2009.

More to consider

Dry-bean processors use both contracts and spot markets for purchasing beans.

"The bean business is risky," says Mike Janowicz, vice president of Cooperative Elevator's bean and grain divisions. "When a grower goes in for an operating loan, banks are becoming more and more reluctant to lend money without forward contracts."

The current economic times have also devalued world currencies against the U.S. dollar. "As our dollar has gotten stronger, it has and will continue to impact exports. As an example, six months ago, say Mexico bought \$50 beans for 500 pesos. Today, that peso is 15 to 1 with the U.S. dollar," Janowicz says.

Weather is a big unknown. "If you don't have dry beans contracted and the market is not doing much, and if the weather is conducive to planting, it will be tough for farmers to stop planting," Cramer says. "Farmers will keep rolling with corn and soybeans."

Past weather, such as the Red River Valley area flooding, has the potential to have a huge impact on dry-bean plantings, as well, Janowicz says. "That area traditionally grew a lot of crops. If it doesn't dry out to plant earlier crops, will dry beans be the alternative?"

On the flip side, if growers in that region have crop insurance with preventative planting days, it may go unplanted. "There's the potential for a lot of bean insurance to go into the Red River Valley. Growers will get payment, and production numbers will go in the bank," Janowicz says.

Navy beans are expected to be the biggest loser in the state. Since 1990, acreage has slipped from 430,000 to an expected 60,000 this year. Despite the

Key Points

- Dry beans' risks make planting intentions uncertain.
- Weather and the declining global economy could affect dry-bean acres.
- Navy beans expected to be down again while black beans are up.

overall drop, Cooperative Elevator says its small red and black acres are up.

"The rise in small reds doesn't surprise me because acres were cut way back last year," Cramer says.

Black beans may be Michigan's bright spot. Michigan-produced black beans bring a premium, were contracted early and are forecast to have additional acres this year.



BAD NEWS FOR WEEDS.



Bayer CropScience, 2 T.W. Alexander Drive, Research Triangle Park, NC 27709. Always read and follow label instructions. Bayer, the Bayer Cross, Ignite, LibertyLink, FiberMax and Invigor are registered trademarks of Bayer. Herculex and the HX logos are registered trademarks of Dow AgroSciences, LLC. Agrisure is a trademark of a Syngenta Group Company. For additional product information call toll-free 1-866-99-BAYER (1-866-992-2937) or visit our Web site at www.BayerCropScienceUS.com BCSRLLSB1338-R