



MARKETING MATTERS

**Kentucky
Department
of Agriculture**

**A Consumer
Protection And
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Growing Better Grain

By Bill Holleran

In western Kentucky grain farming is big business. With the demand for grain at an all-time high, it's certain many grain farmers will be considering how they can maximize not only their yields but also their profits in coming years.

Micah Lester of Lester Farms in Gracey, west of Hopkinsville, is a fourth-generation farmer working to keep his family's grain operation profitable. Lester, 26, is an active leader in his community, serving on his local Farm Bureau board of directors and on the state Farm Bureau's young farmer committee. He is also participating in Farm Bureau's Leadership Enhancement for Agriculture Development program (LEAD).

Lester raises 5,000 acres of grain crops, including corn, wheat and soybeans, on owned and leased ground around Gracey and Princeton. The crop rotation is two years of corn followed by wheat with soybeans double-cropped behind the wheat. The corn is sold to the Commonwealth Agri-Energy plant in Hopkinsville for ethanol production, and his high-management wheat is sold to Siemen milling to be processed into flour. Soybeans fetch a premium at Clarksville, where they are sold and then transported by barge.

"We shoot for 170-bushel-per-acre yields on corn, 80 for wheat, and 30-35 bushels on our double-crop beans. Last year our corn made 190 bushels. This year with the drought we averaged just over 100 after replanting



Micah Lester prepares for soybean harvest.

2,000 acres of corn that was lost during the Easter freeze. We ended up with a 60 percent crop this year," Lester said.

Lester Farms' success comes from its commitment to family, the land, and its crew. "We don't cut corners. We do extensive soil testing and use GPS to monitor planting and harvest records. We also hire management-minded people. You can't turn just anyone loose with a 250-thousand-dollar combine. We have a good crew here," Lester said.

Lester said he is very careful with variety selection and grows as many as 15 varieties of corn, including "Triple-Stack" and BT corn, being careful to also plant refuge areas of non-BT varieties to avoid insect resistance. "We don't cut back on fertilizer, and we have also incorporated chicken manure on 1,000 acres, which has helped the tilth of our soil. We're also careful not to work the ground when it's too wet. We think if you take care of the

ground, it will take care of you."

Lester mentioned that last year he found spraying fungicide on his corn at tassel stage gained an extra 20 bushels per acre. His wheat is also intensively managed to meet the high-quality standards for milling, which brings him a premium. Lester forward contracts some of his grain so he knows the price the elevator will guarantee him before he even plants his crop.

Lester's advice to other grain farmers is to know your cost of production. "With input prices going up each year, farmers need to know their fixed and variable costs and have management-type people working for them. Be patient because years like this will test you," Lester said. He also said crop insurance is high, but you can't afford not to have it because one bad year can put you out of business.

Lester not only is following in his family's tradition, he's working to improve efficiency and profitability of the family farm. Using technology and tracking results is very important to him and other young farmers with full-time careers in agriculture. Lester can be reached at (270) 839-0450.

Market prices at Kentucky grain elevators and grain futures market settlement prices can be accessed daily by calling the Kentucky Department of Agriculture's market news branch automated market reporting system at 1-800-FARMLOT or visiting KDA's Web site, www.kyagr.com, and clicking "Check Market Prices."

KDA Trade Office in Mexico Celebrates 10 Year Anniversary

By Jonathan Van Balen

At the beginning of September, Commissioner Richie Farmer traveled to Guadalajara, Mexico, to participate in the 10th anniversary celebration of the Kentucky Agricultural and Commercial Trade Office. Commissioner Farmer attended meetings with officials and representatives from the government of the State of Jalisco and the municipal government of Guadalajara. He also met with U.S. Consul General Edward Ramotowski and senior members of the U.S. Commercial Service staff in Guadalajara. The meetings covered the successful relationship between Kentucky and Jalisco and what new opportunities are available to continue developing Kentucky's presence in Mexico.

Commissioner Farmer had the opportunity to visit Casa Herradura, the third-largest tequila manufacturer in Mexico, which was recently acquired by Brown-Forman of Louisville. He also had the opportunity to enjoy some of the local culture by attending a performance at the International Mariachi Festival. The visit to Guadalajara culminated in a celebration attended by state and municipal government officials, representatives of Kentucky companies in Mexico, and representatives of Mexican companies doing business in Kentucky.



Opening in 1997 as a joint venture between the Kentucky Department of Agriculture and the Kentucky Cabinet for Economic Development, the Kentucky Agricultural and Commercial Trade Office has worked to promote the goods and services of Kentucky companies and producers throughout Mexico. Several Kentucky companies have a strong presence in Mexico and have worked closely with the office in Guadalajara over the years, relying on the staff to perform market research and analysis, establish contacts, and assist in establishing a presence in the Mexican economy.

The Commissioner's visit underlined the commitment that Kentucky has in doing business with its second-largest agricultural trading partner as exports reached \$32 million in 2006. Kentucky Department of Agri-

culture staff who accompanied Commissioner Farmer included John Roberts, Director of the Division of Regulation and Inspection; Anna Kindrick, Director of Agriculture Marketing and Agribusiness Recruitment, and Jonathan Van Balen, Import/Export Advisor. The Kentucky Cabinet for Economic Development was represented by Mark Peachey, Director of the International Trade Division.

Kentucky Holds 1st CLT Exam

The Kentucky CLT Collaboration reports a successful start for the first-ever PLANET CLT (Certified Landscape Technician) testing event in Kentucky.

On Sept. 27-28, CLT candidates, 52 judges and volunteers converged on the EKU campus for testing on various aspects of lawn and landscape maintenance. Candidates were required to pass a common-core exam that included written and hands-on tests from fertilizer application and irrigation repair to skid-steer operation.

For more information on Kentucky's CLT exam, visit the Kentucky Nursery and Landscape Association Web site, www.knla.org.

Kentucky Farmers' Markets Reach 115

By Janet Eaton

The phenomenal success of Kentucky's farmers' markets continues in 2007. Farmers' markets are growing in both number and size every year, and this year is no exception. The number of markets registered with KDA reached 115 this year with more than 2,000 vendors.

Twelve new markets opened this year, including five in the Louisville area. There are now 14 markets in Louisville. Some producers are making these markets part of their marketing plan to get higher prices from urban customers. At the same time, smaller rural markets struggle to be a strong enough marketplace to attract enough farmers where the traveling distance is shorter but the prices are lower.

Having more than one market in the county worries some markets, but 13 counties have more than one market, and in each case all markets are doing well. Communities seem to want their "own" market and support the one closest to their home where they may not travel to one farther from their home, even if it is in their own county.

Successful markets offer products beyond the traditional fruits and vegetables. For example, more than 60 percent of the markets are offering baked goods and jams and jellies. This trend began with the passage of legislation known as House Bill 391 that allows producers to process their own produce into value-added products. This year the Department for Public Health issued 383 permits for this program.

Greenhouse and nursery items, offered at more than 50 percent of the markets, are also popular. Markets are opening earlier so these growers can take advantage of the spring rush in bedding plant sales. Mums are a big hit in the fall.

The number of markets where local meats are available has doubled in the past two years. These meats usually carry a higher price at the farmers' markets than the local grocery stores, suggesting that customers are willing to pay more to get a local product. Less than half the markets are able to accept the Farmers' Market Nutrition Program vouchers. This under-funded USDA program administered by the Kentucky Department of Agriculture provides a benefit to participants

in the Women, Infants and Children (WIC) program and to income-eligible senior citizens that they may spend only at their local farmers' market. This program is the backbone of some markets in economically depressed areas of the state, providing economic benefit to the recipient, to the rural farmer with limited marketing options, and to the community as a whole. Requests each year by KDA to increase funding to these programs have met with limited success.

Verifying the source of all produce at the market continues to challenge markets. Markets that require all vendors to grow, raise or process any items offered for sale at the market struggle with policing the rule. Even markets that require that the vendor be a farmer who can buy and resell a limited amount of what is on their table have conflicts between vendors about the source of the products.

To answer this problem, some markets conduct farm inspections and are asking for guidance in the protocols for these inspections. In response, a session on this topic will be conducted on January 7 in Lexington during the Kentucky Fruit and Vegetable Conference along with other topics of interest to farmers' market participants.

Grocers Conference holds Kentucky Proud Expo

By Roger Snell

Rodger Bingham and his teammates were the “survivors” of the Reality Iron Chef Showdown during the first Kentucky Proud Expo Oct. 20 at the Northern Kentucky Convention Center in Covington.

Bingham, who appeared on “Survivor: The Australian Outback” in 2001, was joined by another “Survivor” contestant, Lillian Morris of Loveland, Ohio, along with Chef Jim Gerhardt of Limestone Restaurant in Louisville and Mike and Jimmy’s Chophouse in northern Kentucky; Denise Nelson of Chrisman Mill Winery in Nicholasville, and Robert Coltrane, a student at Midwest Culinary Institute. They defeated the team of David and Mary Conley of Pike County, contestants in “The Amazing Race;” Chef Jared Whelan from Pho Paris restaurant in Covington; Don Talbert, a tomato farmer and president of the Boone County Farmers’ Market, and Steve Simms, another Midwest Culinary Institute student. Gil Logan, executive chef at Churchill Downs in Louisville, hosted the event.

Each team had one hour to create three dishes with Kentucky Proud products, including two mystery ingredients. Judges were Sarah Fritschner, former food editor at The

(Louisville) Courier-Journal; Sharon Thompson, food editor at the Lexington Herald-Leader; Pat Huller of the Midwest Culinary Institute, and Rita Heikenfeld, a Macy’s Culinary Professional.

The Kentucky Proud Expo included a public component in which visitors could taste and purchase more than 100 Kentucky Proud products such as cheese, salsa, popcorn, beverages, meats, sweets, and many others. Kentucky Proud is the Kentucky Department of Agriculture’s farm marketing program. The familiar blue, green and red Kentucky Proud logo means that product was raised or produced in Kentucky by Kentuckians. Nearly 1,000 producers, retailers, processors, restaurants and farmers’ markets are members of the Kentucky Proud program.

Partners in the expo were the Kentucky Grocers Association/Kentucky Association of Convenience Stores (KGA/KACS), the Kentucky Department of Agriculture, the Governor’s Office of Agricultural Policy, Allied Food Marketers, Remke Markets, Countertops and Cabinetry by Design, and Hagedorn Appliances. The expo was held in conjunction with the KGA/KACS annual conference Oct. 17-20.

Agritourism Web site will launch in 2008

By Stephen Yates

As the new Director of Agritourism at KDA, I am addressing many challenges and opportunities to help producers in this emerging segment of the Kentucky agricultural community.

First and foremost is the launch of the long-awaited Agritourism Web page, www.kentuckyfarmsarefun.org. In September, agritourism venue information forms were mailed to all known agritourism venues in Kentucky. The Office of Agritourism will collect this data and input it into the “Farms are Fun” Web page. We anticipate launching the site in early January 2008. This site will give all vital information pertaining to individual agritourism venues and link visitors to each venue’s home page. The Web page is a work in progress, and we certainly want to make this site a viable resource for agritourism venue visitors as well as a resource for potential and current agritourism owners.

The other main point of emphasis through the fall is the planning of my first Agritourism Summit scheduled to be held Thursday, February 21, 2008, at the Center for Rural Development in Somerset. At this event I plan to

put on display the newly launched “Farms are Fun” Web page, a MarketMaker training session, and sessions dealing with Kentucky Proud opportunities for agritourism venues, insurance issues, signage issues, funding opportunities, marketing, promotion, getting your products into retail, and selling retail at your agritourism venue.

As the Ryder Cup and the World Equestrian Games prepare to come to Kentucky in 2008 and 2010, respectively, the agritourism industry is preparing for their arrival. Agritourism trails are being developed by regional agritourism associations to help promote the various agritourism venues in their areas. These “Trails” make for a very affordable and enjoyable way to see diversified agricultural venues and the beautiful Kentucky scenery that serve as their backdrop. I encourage those involved with agriculture as well as the general public to take a visit to an agritourism venue and see for yourself the efforts of these tremendous agricultural entrepreneurs. For more information on how the agritourism office can assist you, e-mail me at stephen.yates@ky.gov or call me at (502) 564-4983.

Tools for Teachers

Kentucky teachers can share with their students the importance of agriculture using lesson plans from the Kentucky Department of Agriculture that meet Kentucky Education Reform Act standards.

The Kentucky Proud Lessons use agriculture to teach math, history, geography, economics, science, social studies and practical living to students in the third, fourth and fifth grades. They are aligned to the Kentucky Program of Studies and the Core Content for Assessment.

While students use agriculture to learn about various subjects, they discover how agriculture works in today’s complex, interdependent world. One lesson teaches how global positioning system technology is used to help farmers save money. Other lessons address agricultural careers, risk management on the farm, the importance of farmland preservation, the risks of farming, and environmental issues relating to agriculture. A block of five lessons teaches the relationship between geography and agriculture.

Each lesson plan includes academic expectations, the lesson’s alignment with Core Content, and teacher resources. The lessons were written and pilot-tested by Kentucky teachers throughout the state.

To read and download the lessons, go to www.kyagr.com, click on Education Resources, click on Agriculture Education, and click on Kentucky Proud Lessons.

Show Season Still Going

By Katherine Wheatley

Over 1,000 Kentucky youth traveled across the Commonwealth exhibiting their livestock projects in over 47 district shows and three Kentucky Junior Livestock Expos this summer. In addition to the 4-H and FFA Youth District Shows and Kentucky Junior Livestock Expos, the Kentucky State Fair was also a place for many exhibitors to “wrap up” the 2007 show season.

For those exhibitors wanting to extend their show season through the fall, the Kentucky Exposition Center provides them the opportunity to compete at the North American International Livestock Exposition November 3-16. This event is the world’s largest all-breed, purebred livestock show.

The annual Kentucky Proud Points Banquet will be held at the Frankfort Convention Center on Saturday December 1, 2007. Youth will be rewarded for their accomplishments in showmanship, judging, skill-a-thons, and other state-sponsored events they competed in throughout the year. If you are interested in any of the Kentucky Department of Agriculture’s Division of Show and Fair Promotion programs, call (502) 564-4983.

Mid Kentucky Livestock groups cull cows for sale

By Warren Beeler

Producers many times will take a lot of time studying the when, where and how to market their calf crop, but when it comes to selling the culls, little attention is given. A recent presenter estimated that approximately 20 percent of total sales were derived from culls, which could make all the difference for a producer trying to turn a profit.

Mid Kentucky Livestock LLC market in Upton has taken the commingled method of grading and selling feeder cattle to the cull cows. Yes, cull cows sold in groups. The Market News Branch of the Kentucky Department of Agriculture reports three grades of slaughter cows: breakers, boners and lean. Breakers are the fatter conditioned cows, boners are average in their condition, and lean cull cows are very thin with almost no fat cover. Producers trained in the art of body-conditioned scoring would place 7-plus cows in the breaker pen, 5-6 in the boner pen, and 4s and lower in the lean pen. Charlie and Robert Morrison, the owners of Mid Kentucky Livestock, are dividing the cows into five or six divisions within the three grades based on size, condition and fill. Pens include breakers 1,400 pounds and heavier; breakers 1,200-1,400 pounds; boners 1,200-plus pounds; boners 1,000-1,200 pounds, and a problem-free pen of leans.

The Morrisons commingled about 50-60 percent of the slaughter cows; others that do not match for one reason or another must be sold individually. All cows are individually identified with a back tag for traceability, whether in the commingled pens or to be sold



Cows are grouped according to size and grade prior to being sold at the Mid Kentucky Livestock market in Upton.

separately. Once the cows are in the pens, buyers go look them over. Pens of cattle are not driven through the sale ring but are sold when the pen is acknowledged by the auctioneer. Leaving cattle in the pens limits stress on the cows, saves time and labor, and does not require resorting after the sale. Cows sold individually are paraded through the sale ring.

Cattle sold in groups appear to have less price spread within the grade, and the spread is very close to the high side of the range. For example, a recent sale at Mid Kentucky had breakers selling for \$45-\$46.75, a spread of \$1.75, while a comparable market selling cows individually ranged from \$43-\$48, a spread of \$5. Boners were \$41.25-\$43.50, a spread of \$1.25, at Upton while \$37-\$42 at the other market, again a spread of \$5 per hundredweight. The disadvantage is that if you have an exceptional cow that is heavy

muscled, big and empty, she will top the market and exceed the price received for the group.

Cattle Fax reports that, of all the markets analyzed, the slaughter cow market is the most predictable. Since 1989 the fourth quarter of the year has prices 8 percent lower than first-quarter prices on average. Cattle Fax data also illustrates that slaughter cow prices are the highest in spring and summer. The price difference between a thin cow falling in the lean grade and a cow of average condition graded as a boner can be as much as \$8-\$10 per hundredweight, which is \$80-\$100 on a 1,000-pound cow. Time spent preparing culls for market and planning when to sell would be time well-spent, especially considering they could account for as much as 20 percent of total sales.

Selling slaughter cows in groups is a new marketing method that appears to work well when good livestock people like the Morrisons do a quality job of grading. Slaughter cow buyers are able to fill orders quicker with less stress on the cows while saving the stockyard time and labor. Beef producers take advantage of the added value of selling in groups and the resulting narrow price window located near the high side of the market range.

Whatever the method of selling cull animals, it is very important for producer profitability that they are market-ready and sold when the market is highest.

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