



Will ARC-CO Provide Support in 2016?

We're all concerned going into 2016 about production margins in agriculture. With big planted acres projected by USDA in its March 31 Prospective Plantings Report (top right), it only increases the focus on market prices. The new farm programs – PLC & ARC – have provided some support in their first two years. Will they continue to provide support in 2016?

The big advantage ARC had over PLC for crops like corn & soybeans the first two years of the farm bill was price. The 5-year Olympic average prices those years were well above the PLC reference prices, and well above the market prices, which triggered ARC payments in many counties for both crops.

	PLC Ref Price	5-Year Oly Avg	Change vs '15	times 86%
Corn	\$3.70	\$4.79	-50 cents	\$4.11
Soybeans	\$8.40	\$11.87	-40 cents	\$10.20
Wheat	\$5.50	\$6.70	+10 cents	\$5.76
Sorghum	\$3.95	\$4.77	-31 cents	\$4.10
Barley	\$4.95	\$5.64	+21 cents	\$4.85
LG Rice	\$14.00	\$14.20	-0.47 cents	\$12.20
Cotton	N/A	N/A		N/A

The red numbers in the table above show what the current 2016 5-year Olympic average prices would be, the changes vs 2015, and 86% of the price, which is the effective trigger for ARC. Though the corn, soybean, & sorghum prices are down significantly, these prices are still well above current market prices, and could give us some support this year.

The matrixes at right show payment possibilities for corn & soybeans for 2016 crops. *IF* the final county yield were to match the county's 5-year Olympic average, then MYA prices below \$4.11 and \$10.20 respectively would start to trigger ARC payments. Under the same scenario, corn MYA price could fall to \$3.64 before maximum payments would be met, and soybeans to \$9.02. Now if county yields are *higher* than the 5-year Olympic average, then the trigger MYA prices for ARC payments would drop.

The 2016 MYA price is set from September 1, 2016 thru August 31, 2017, so there's a *long* time and a lot that can happen until MYA prices are final. But it's good to know that both ARC and PLC can still provide producers some price support in the year ahead.

Nine Major Crops

	2016	2015	2014	2013	2012	2011	2010	2009
Corn	93.6	88	90.6	95.5	97.2	91.9	88.2	86.5
Soybeans	82.2	82.7	83.7	76.5	77.2	75	77.4	77.5
Wheat	49.6	54.6	56.8	56.1	55.7	54.4	53.6	59.1
Milo	7.2	8.5	7.1	8.1	6.2	5.5	5.4	6.6
Oats	2.75	3.1	2.7	3	2.8	2.5	2.9	3.4
Barley	3.14	3.6	3	3.5	3.6	2.6	3.1	3.6
Hay	54.3	54.44	57	58.2	56.2	55.6	59.6	59.7
Sun	1.7	1.86	1.7	1.6	1.9	1.5	2.1	2.1
Cotton	9.6	8.6	11	10.4	12.3	14.7	10.9	9
Major Crops	304.09	305.4	313.6	312.9	313.1	303.7	303.2	307.5



2016 ARC-County Matrix for Corn

MYA Price	County Average Yield from FSA (planted & considered planted acres)									
	130	140	150	160	170	180	190	200	210	220
\$ 4.60	\$ 86.22	\$ 86.22	\$ 51.49	\$ 5.49						
\$ 4.50	\$ 86.22	\$ 86.22	\$ 66.49	\$ 21.49						
\$ 4.40	\$ 86.22	\$ 86.22	\$ 81.49	\$ 37.49						
\$ 4.30	\$ 86.22	\$ 86.22	\$ 86.22	\$ 53.49	\$ 10.49					
\$ 4.20	\$ 86.22	\$ 86.22	\$ 86.22	\$ 69.49	\$ 27.49					
\$ 4.11	\$ 86.22	\$ 86.22	\$ 86.22	\$ 83.89	\$ 42.79	\$ 1.69				
\$ 4.00	\$ 86.22	\$ 86.22	\$ 86.22	\$ 86.22	\$ 61.49	\$ 21.49				
\$ 3.90	\$ 86.22	\$ 86.22	\$ 86.22	\$ 86.22	\$ 78.49	\$ 39.49	\$ 0.49			
\$ 3.80	\$ 86.22	\$ 86.22	\$ 86.22	\$ 86.22	\$ 86.22	\$ 57.49	\$ 19.49			
\$ 3.70	\$ 86.22	\$ 86.22	\$ 86.22	\$ 86.22	\$ 86.22	\$ 75.49	\$ 38.49	\$ 1.49		
\$ 3.64	\$ 86.22	\$ 86.22	\$ 86.22	\$ 86.22	\$ 86.22	\$ 86.22	\$ 49.89	\$ 13.49		
\$ 3.50	\$ 86.22	\$ 86.22	\$ 86.22	\$ 86.22	\$ 86.22	\$ 86.22	\$ 76.49	\$ 41.49	\$ 6.49	
\$ 3.40	\$ 86.22	\$ 86.22	\$ 86.22	\$ 86.22	\$ 86.22	\$ 86.22	\$ 86.22	\$ 61.49	\$ 27.49	
\$ 3.30	\$ 86.22	\$ 86.22	\$ 86.22	\$ 86.22	\$ 86.22	\$ 86.22	\$ 86.22	\$ 81.49	\$ 48.49	\$ 15.49
\$ 3.20	\$ 86.22	\$ 86.22	\$ 86.22	\$ 86.22	\$ 86.22	\$ 86.22	\$ 86.22	\$ 86.22	\$ 69.49	\$ 37.49
\$ 3.10	\$ 86.22	\$ 86.22	\$ 86.22	\$ 86.22	\$ 86.22	\$ 86.22	\$ 86.22	\$ 86.22	\$ 86.22	\$ 59.49
\$ 3.00	\$ 86.22	\$ 86.22	\$ 86.22	\$ 86.22	\$ 86.22	\$ 86.22	\$ 86.22	\$ 86.22	\$ 86.22	\$ 61.49

5-year Olympic Average County Corn Yield	180
5-Year Olympic Average Farm Price (\$6.22, \$6.89, \$4.46, \$3.70, \$3.60)	\$ 4.79
County Benchmark	\$ 862.20
ARC Trigger Percentage	86%
ARC Revenue Trigger	\$ 741.49
Maximum ARC Payment per Acre (10% of benchmark)	\$ 86.22



2016 ARC-County Matrix for Soybeans

MYA Price	County Average Yield from FSA (planted & considered planted acres)									
	35	38	42	45	48	52	55	58	62	65
\$ 11.00	\$ 61.72	\$ 61.72	\$ 61.72	\$ 35.83	\$ 2.83					
\$ 10.75	\$ 61.72	\$ 61.72	\$ 61.72	\$ 47.08	\$ 14.83					
\$ 10.50	\$ 61.72	\$ 61.72	\$ 61.72	\$ 58.33	\$ 26.83					
\$ 10.20	\$ 61.72	\$ 61.72	\$ 61.72	\$ 61.72	\$ 41.23	\$ 0.43				
\$ 10.00	\$ 61.72	\$ 61.72	\$ 61.72	\$ 61.72	\$ 50.83	\$ 10.83				
\$ 9.75	\$ 61.72	\$ 61.72	\$ 61.72	\$ 61.72	\$ 61.72	\$ 23.83				
\$ 9.50	\$ 61.72	\$ 61.72	\$ 61.72	\$ 61.72	\$ 61.72	\$ 36.83	\$ 8.33			
\$ 9.25	\$ 61.72	\$ 61.72	\$ 61.72	\$ 61.72	\$ 61.72	\$ 49.83	\$ 22.08			
\$ 9.02	\$ 61.72	\$ 61.72	\$ 61.72	\$ 61.72	\$ 61.72	\$ 61.72	\$ 34.73	\$ 7.67		
\$ 8.75	\$ 61.72	\$ 61.72	\$ 61.72	\$ 61.72	\$ 61.72	\$ 61.72	\$ 49.58	\$ 23.33		
\$ 8.50	\$ 61.72	\$ 61.72	\$ 61.72	\$ 61.72	\$ 61.72	\$ 61.72	\$ 61.72	\$ 37.83	\$ 3.83	
\$ 8.25	\$ 61.72	\$ 61.72	\$ 61.72	\$ 61.72	\$ 61.72	\$ 61.72	\$ 61.72	\$ 52.33	\$ 19.33	
\$ 8.00	\$ 61.72	\$ 61.72	\$ 61.72	\$ 61.72	\$ 61.72	\$ 61.72	\$ 61.72	\$ 61.72	\$ 34.83	\$ 10.83
\$ 7.75	\$ 61.72	\$ 61.72	\$ 61.72	\$ 61.72	\$ 61.72	\$ 61.72	\$ 61.72	\$ 61.72	\$ 50.33	\$ 27.08
\$ 7.50	\$ 61.72	\$ 61.72	\$ 61.72	\$ 61.72	\$ 61.72	\$ 61.72	\$ 61.72	\$ 61.72	\$ 61.72	\$ 43.33
\$ 7.25	\$ 61.72	\$ 61.72	\$ 61.72	\$ 61.72	\$ 61.72	\$ 61.72	\$ 61.72	\$ 61.72	\$ 61.72	\$ 59.58
\$ 7.00	\$ 61.72	\$ 61.72	\$ 61.72	\$ 61.72	\$ 61.72	\$ 61.72	\$ 61.72	\$ 61.72	\$ 61.72	\$ 61.72

5-year Olympic Average County Soybean Yield	52
5-Year Olympic Average Farm Price (\$12.50, \$14.40, \$13.00, \$10.10, \$8.76)	\$ 11.87
County Benchmark	\$ 617.24
ARC Trigger Percentage	86%
ARC Revenue Trigger	\$ 530.83
Maximum ARC Payment per Acre (10% of benchmark)	\$ 61.72