



April 2022

VULGAMORE
Family Farms

Greetings Friends & Landowners:

This newsletter has been a long time coming. We have been waiting for some good news to report, but the dry conditions that began last fall have only intensified. The U.S. Drought Monitor categorizes our farm in a moderate to extreme drought. Our wheat is still alive, but soil moisture is depleted with no rain in the forecast. Harvest prospects are grim.

The last few weeks have been exceptionally tough with frequent winds over 50 mph. Farmers that weren't able to get their wheat to emerge last fall are struggling to keep their ground from blowing. Even in the best no-till conditions, the wind is displacing the crop residue and leaving soil bare. Without rain, we will be hard-pressed to get a stand of corn or milo this spring.

Despite the weather challenges, record crop prices and new technologies provide optimism for 2022 and beyond. High commodity prices provide a strong safety net via crop insurance and push land values higher. They also attract investment in agriculture technology that makes farmers more productive and efficient. It's a feeling of déjà vu, like we are back in 2012 and 2013, when we last had high prices amidst a drought. That story had a happy ending, and there is no reason to think this one won't either.

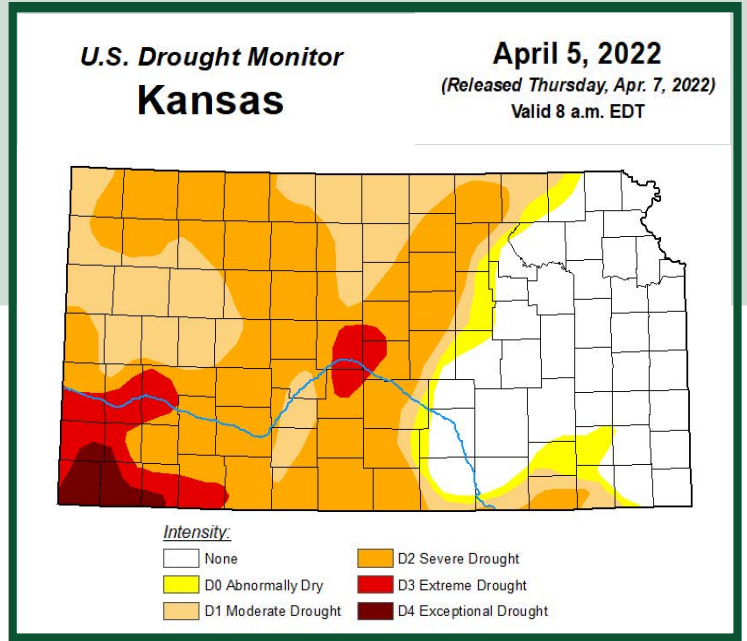


A barren field of traditional summer fallow wheat in Northern Finney County where the wheat did not emerge last fall. The ground has been filled in strips in an attempt to slow wind erosion.



A no-till field of wheat stubble where fierce winds displaced stubble and left bare spots.

The soil is too dry for germination in the bare spots, but the soil under the residue has great moisture for planting.



Amazingly, our wheat planted into corn stalks is still alive and doing a great job of covering the ground. It will need rain before temps warm to produce grain.

The Value of Crop Residue:

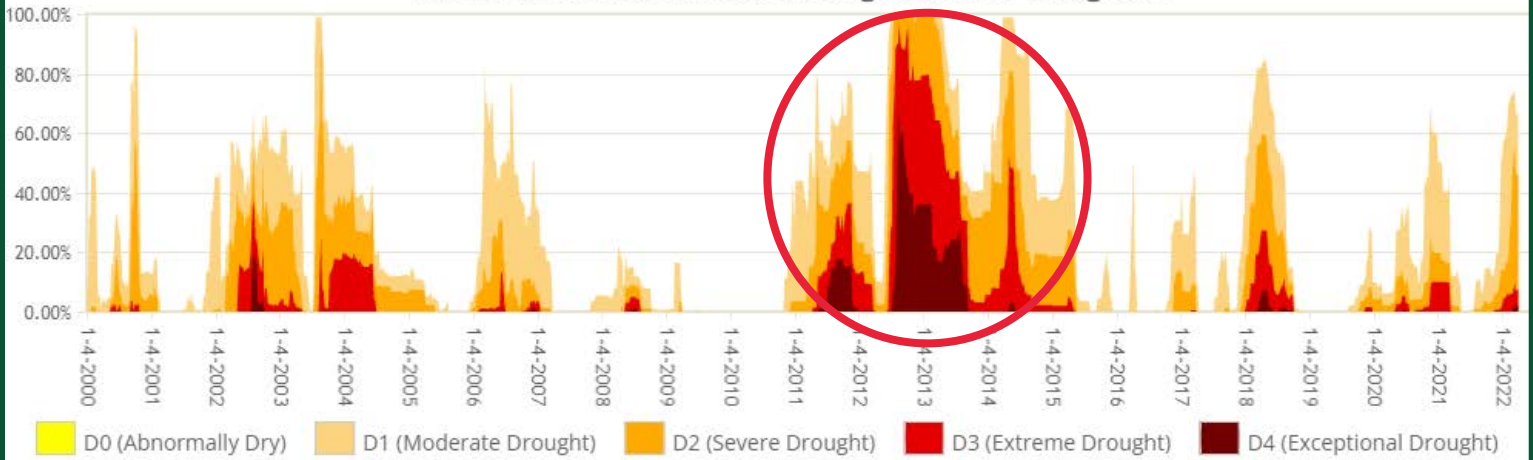
We intentionally manage our farm to maximize crop residue in the fields. Without it, we would have wind erosion problems reminiscent of the dirty 1930s (as witnessed this spring on neighboring fields where conventional tillage is still practiced). Crop residues also protect soil moisture from evaporation, increasing productivity.



We are excited for JD's new "see and spray" system that utilizes the latest camera vision technology and machine learning to detect weeds from plants, and activate sprayer nozzles all within 200 milliseconds. The increase in efficacy and efficiency is game-changing!



Kansas Percent Area in U.S. Drought Monitor Categories



How bad could this drought become? The above chart shows the percent of Kansas in different levels of drought from 2000 to present. From November 9th, 2010 through June 23rd, 2015, Southwest Kansas was classified in some level of a drought (56 straight months!). The good news is that when we finally emerged from the drought in 2015, we had 6 of the most productive years our farm has ever seen!



On December 15th, exceptionally strong winds snapped electric poles and sparked large fires across Kansas that took homesteads, livestock, and lives. An estimated 163,000 acres burned. The VFF team responded with their modified sprayer trailer turned fire-fighting truck, loaders, tractor, disk, and a lot of man power!



Input prices, inflation, & land values: We have been writing about the detrimental economic impacts caused by Covid-19 for the past 2 years. Unfortunately, the war between Russia and Ukraine has exasperated the circumstances by disrupting supply chains with trade embargoes and economic sanctions, not to mention that Ukraine was the world's 5th largest exporter of wheat. We estimate our total cost per acre in 2023 will be approximately 166% higher than in 2021. The good news is that land values have performed well in these uncertain times. Farmers can still make money as long as commodity prices stay high (and we get some rain!). The old adage that farmland is the best hedge against inflation is holding true. We are witnessing this in real time as the increase in land values are easily outpacing inflation!