

Bean Commission News

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Special points of interest:

- Mexico Crop reported to be down 45% from last year
- Zacatecas down 44%
- Mexico is thought to need nearly 300,000 Metric Tons of additional beans from outside sources
- U.S. normally exports 90,000 to 110,000 tons of beans to Mexico.

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Published by the:
Michigan Bean Commission
1031 S. US 27
St Johns, Michigan 48879
989 224 1361
Email: green@4wbi.net
Web site: www.michiganbean.org

Vegetables and Melons Outlook

By Gary Lucier, Lewrene Glaser, Suzanne Thornsburry

Smallest Harvested Area Since 1921

U.S. dry bean markets find themselves moving up into relatively unfamiliar territory as prices continue to reach for the sky in reaction to a small 2011 crop, strong prices for other field crops, and moderate demand. The October U.S. dry bean production estimate was trimmed to 19.6 million hundred-weight (cwt)—down 38 percent from a year earlier and the smallest crop since 2004's weather-shortened crop. Although yield is projected to be up 1 percent to 17.44 bags, harvested area for the 2011 dry bean crop is currently expected to be 1.12 million acres—the lowest since 1921. Harvested area is expected to be lower than a year earlier for each of the 18 States included in the estimate, with industry leader, North Da-

kota, down 52 percent. The first production estimate of dry beans by class will be released by USDA on December 9.

The 2011/12 dry bean season opened in September with a preliminary estimate of \$40.90 per cwt for the industry aggregate grower price—54 percent above a year earlier but less than the record high nominal (unadjusted for inflation) price of \$47.20 per cwt received in March 1974. This September's price was easily supported by grower bids exceeding \$40 for most bean classes. Grower prices continued to move higher into October (with some classes giving indications of stabilizing along with field-crop markets) with very limited open-market sales movement. These limited supplies and strong prices

will likely attract imported product throughout the season. As a result, dry bean import volume is expected to see double digit increases in 2011, while export volume likely falls below 8 million cwt for the first time since 2006/07.

Prices Up But Stiff Competition For Area Likely in 2012

Although dry bean stocks entering the 2011/12 season were the highest in a decade, total available supplies will likely be among the lowest of the past 2 decades. In combination with moderate world demand, the weak U.S. dollar, and smaller crops in some competing and consuming nations (including Canada and Mexico), it is not surprising that nominal dollar prices are reaching record highs this fall. After

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Drought Impact in Mexico

The U.S. Dry Bean Council (USDBC), under the direction Raul Caballero, Mexico representative, initiated a "2011 Mexico Harvest Tour Report". Normally the USDBC will have U.S. representatives from both

grower and dealer organizations perform the harvest tour. Of course the current troubles in Mexico has made that impossible. So an independent firm was hired to accomplish this report for the fall of 2011.

The National Weather Service reports that more than 70% of the total national territory (of Mexico) has been affected by the drought. This is a record long drought that had not been experienced

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adjusting for the impact of inflation, this year's season average dry bean grower price is expected to be the highest since 1989. Given these observed and expected high dry bean prices, the knee jerk reaction would call for 2 million acres in 2012. However, the reality is that next spring, even if all dry bean prices average a record-high \$44 per cwt, the industry could still be facing extreme pressure from corn prices averaging \$6.70 per bushel, soybeans over \$13 per bushel, and wheat around \$7.50 per bushel. Thus, at the present time although the outlook for 2012/13 indicates a strong acreage response for dry beans, the current playing field as

2010/11

Despite greatly improved availability from the sizeable 2010 crop, the weaker U.S. dollar, and continued strong food aid demand, U.S. dry bean export volume only managed to rise 1 percent from a year earlier to 8.93 million cwt in the 2010/11 marketing year (September-August). Volume was down 6 percent from the high of 2 years ago but was 9 percent greater than the average of the past 5 years. The United States shipped dry beans to 102 nations in 2010/11, with nearly two-thirds of those importing nations receiving a greater volume than the previous year. Mexico, Canada, and the United Kingdom remained the top three export destinations, accounting for 50 percent

closer to the 5-year average.

Black beans were the export volume leader with 2.36 million cwt, down 5 percent from a year earlier but up 52 percent from the average of the previous 5 years. Navy beans remained the second-leading dry bean export at 1.93 million cwt, up 26 percent from a year earlier and the highest since 2000/01. Pinto beans were the third-leading export class with 1.76 million cwt—down 17 percent from a year earlier and the lowest since 2004/05. The greatest percentage export gains from a year earlier occurred in baby limas, garbanzos, and small red beans, with the most notable declines occurring in exports of pink, cranberry, and Great Northern beans.

U.S. dry bean crop year export volume by selected destination 1/

Crop year, September-August Change

Destination	2007/08	2008/09	2009/10	2010/11	2009-10
	-1,000 cwt-- Percent				
Mexico	1,932	3,665	3,173	2,438	-23
Canada	989	1,066	770	1,065	38
United Kingdom	895	964	1,035	934	-10
Dom. Republic	389	334	568	707	24
Italy	163	76	152	495	225
Spain	268	212	240	365	52
Cuba	1	115	0	362	--
Japan	328	293	358	340	-5
Angola	397	44	189	207	9
India	171	105	201	169	-16
France	115	199	155	135	-13
Haiti	167	236	362	133	-63
Guatemala	90	139	195	120	-39
Other	2,375	2,240	1,681	1,583	-6
Total	8,191	9,548	8,885	8,932	1

-- not applicable.

1/ Includes commercial sales and movement under food aid programs such as PL-480.

Source: Prepared by ERS using data from U.S. Dept. of Commerce, U.S. Census Bureau.

outlined above still remains tilted in favor of field crops. Given these expected price relationships, dry bean area would likely rise 20-30 percent, a sizeable increase in most years. However, it appears a more appropriate increase in dry bean area would be at least 50-60 percent, given average demand and the likelihood of very low stocks going into 2012/13.

Export Volume Up 1 Percent in

of dry bean volume in 2010/11—down from 56 percent a year earlier. Among the top five destinations, volume shipped to Mexico (down 23 percent) and the United Kingdom (down 10 percent) declined while shipments to Canada (up 38 percent), the Dominican Republic (up 24 percent), and Italy (up 225 percent) were higher. Following 2 strong years caused partly by smaller crops in Mexico, export volume to that country returned

Dry bean imports into the United States fell 11 percent to 2.72 million cwt during the 2010/11 marketing year. China (28 percent of the total with black and mung beans the primary products), Canada (27 percent of the total with garbanzo, black, and pintos dominating), and Mexico (20 percent of the total with garbanzo and miscellaneous beans) remained the top three foreign suppliers of dry beans over the past marketing year. These three nations together accounted for 74 percent of U.S. dry bean imports in 2010/11. Given much higher domestic supplies and weaker demand, imports of black beans declined 7 percent to 43.6 million pounds. Black beans were again the leading import class in 2010/11, accounting for 16 percent of volume. Garbanzo bean imports fell 5 percent from the previous year but remained the second leading import class with 15 percent of the volume. In the year ahead, import volume is expected to turn higher given very attractive dry bean prices and sharply reduced domestic supplies.

Bean Bites

U.S. AGRICULTURAL EXPORTS SET A RECORD IN FY 2011, AT \$137.4 BILLION. This exceeded the previous record by \$22.5 billion. For the first time ever, China was the lead export market for farm products last year, buying almost \$20 billion of goods such as corn, soybeans, cotton, nuts and hides.

Governor Snyder has announced that John Krick, of Frankenmuth, has been appointed to the Michigan Bean Commission succeeding Michael Sahr of Saginaw. Michael's term ends December 31, 2011 and

John's term commences January 1, 2012 and ends December 31, 2014. John will represent District 8, which is all of Saginaw County. Mike Sahr served on the Commission for 14 years, two of them as Chairman.

2011 Mexico Harvest Tour Report: The entire report is available on line at michiganbean.org. Click on News & Events, Click on Newsletters, scroll down 2011 Mexico Harvest Tour Report.

Brazil: From a recent US Dry Bean Council report: Brazil will have a new crop in February 2012 which is expected to be down 10 to 20%, with the biggest drop in the southern production areas where black bean production is normally the strongest.

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good yields over many years of testing. Jaguar, Domino, Midnight and Eclipse are right behind the four blacks and will have less acreage in the future. Eclipse is the earliest of all these blacks and makes a great replanted or late planted black bean.

A nitrogen trial was conducted with Brian Karg at D and B Farms of Harbor Beach. This eastern Huron County trial location was dry from late June to the middle of August. This trial will be reported in the Narrow Row Dry Bean Report. Although not significant, we did achieve maximum yields at the 50 pound banded and broadcast rate and the 70 pound banded rate. We did not see any height or maturity differences in this trial. **(See Insert)**

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in 70 years. According to the forecasts, this drought will be prolonged and the Mexican Government is working in conjunction with the United States who is also being affected by this event in its territory, in order to find out if this is a short term drought or it will last for several years; if it is part of a normal cyclical process or an abnormal variation both in Mexico and in the South East Territory of the U.S., which is in the same climate region.

In its "Food Perspectives" report, the FAO (Food and Agricultural Organization of the United Nations) said that Mexico ranked amongst the three top countries with the highest basic grain planting reduction this year.

The following table shows the production statistics for individual

Mexican states. The first column is the official (SAGARPA) estimates for the 2010 dry bean production. Column two is the estimates as of September 30 by SAGARPA. The last column represents the estimate by Ag Consultant with input from

year 90 to 110 thousand metric tons of beans are imported by Mexico from the United States. (That is 2 to 2.5 million bags.)

Ag Consultant estimated that 270 to 300 thousand metric tons were

Production statistics for 2010 & 2011 Spring-Summer Cycle by State			
State	2010 Prod.	Sept 30 Est.	Nov. 10 Est.
Zacatecas	265,029	254,281	117,550
Durango	96,416	104,116	39,750
Chihuahua	126,471	43,692	31,220
Guanajuato	48,065	48,667	24,158
S.L Potosi	33,754	20,482	18,390
Chiapas	38,711	38,119	23,969
Others	156,890	146,099	88,431
Total M/T	765,336	655,456	343,468

needed to be imported in the 2011-12 year leaving an additional 170 to 200 thousand Metric tons needed from United States, Canada, Argentina and China. Importers suggest only 30 thousand tons will be available from China, and Argentina will

SAGARPA.

The report also indicated that additional bean imports would be needed this year. Normally every

need to wait until its new crop comes off in May adding a possible 80,000 MT of black beans to the market.

Varner's Voice

Included in this newsletter is the 2011 Michigan Dry Bean Variety Trials. This is a shorter version of the most common dry bean varieties. Full trial listings are available at the Saginaw Valley dry bean and sugar beet website. The dry bean variety trials were planted in six county locations. These plots were planted between June 3 and June 14. Dry bean growers are urged to check the planting dates when comparing dry bean variety differences. Above average temperatures this season provided a wide range in maturity days. High temperatures during July delayed maturity a few days longer than average in 2011. Drought stress in Huron and Sanilac Counties and water stress in Bay County reduced yields.

Testing Procedures- Seed used in the trials was obtained from western sources, when possible, to minimize the incidence of common and halo blight and other seed-borne

diseases. A four row, 20 inch planter was used by placing the test variety in the two center rows. Standard commercial dry beans were used in the two outside rows. All varieties were planted in plots 20 feet long. The planting rate for Navy and Black bean varieties was 120,000 seeds per acre while other colored varieties were planted at the rate of 98,000. Each plot was randomized within the same class, and replicated four times. Fifteen feet of two rows were harvested for yield. Huron, Sanilac and Tuscola Counties were direct-harvested using a Hege plot combine. In Bay, Gratiot and Montcalm Counties, the navy and black beans were direct harvested and the colored beans were hand-pulled and threshed.

Evaluation of Characteristics- Yield- Yield is expressed in pounds per acre, at 18 percent moisture.

Maturity Date- Entries were considered mature when 98 percent of the pods were dry. **LSD-** The LSD (least significant difference) value is

useful when comparing two varieties in the same table. If the difference between two varieties is less than the LSD value, the difference between the varieties may be due to chance or minor environmental differences. If however, the difference between the two varieties is greater than the LSD, there is a 95 percent probability that their performance is actually different.

Trial Summary- Full season and some mid-season navy varieties yielded well. Good navies for 2012 are Medalist, Merlin (03019), T9905, Vista, Reliant, Indi and GTS 544 for drought situations. In past years, the high yielding navy varieties yielded more than any of the standard black bean varieties. Black bean varieties have lagged two cwt behind the high yielding navies. In the past two years, Shania and Zorro blacks yielded with the standard navies. In 2012, the four top black beans will be Zorro, Shania, Loreto and Black Velvet. These four blacks have all shown

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