

ProfitTalk

Simple perspective on disciplined grain marketing for producers



White Commercial™
CORPORATION
Explore. Grow. Thrive. Together.

July/August 2019

A Time to Review

History has given us no shortage of expressions on the seasonality of life. The 60s gave us “Turn! Turn! Turn!” by the Byrds. It is believed to be the Hebrew King Solomon who wrote, “To every thing there is a season, and time to every purpose under the heaven: A time to be born, and a time to die; a time to plant, and a time to pluck up that which is planted.” (Ecc. 3:1-2, KJV). At this time, you’re probably thankful the planting is done and looking forward to the time to “pluck up.” What about the time in between? What should we do with that?

Here is a suggestion. Make this season a time to review. While each year has its seasons, they do have their differences. Most everyone in agriculture has probably made some claim to the uniqueness of each crop year. And, although they may have similarities, many variables create a unique identity for each crop year. World stocks, US stocks, export and use data, weather patterns, commodity plantings, market prices, carries, inversions and what else? Oh yeah, political tweets! We could go on and on.

This year is no exception. Since last summer, we have realized another large crop, increased US and world stocks, lower exports, a lot of moisture, late planting for most, low market prices and historic carries. Oh yes, and a tariff war. If there was ever a year for a review of your marketing plan, this is it.

The worksheet on the right is a practical tool to help review where you are in your marketing plan.

Now that you have run the numbers, take action:

- Put in target orders for remaining corn and soybeans bushels to meet your goals.
- Look at wheat opportunities. Obviously, wheat moves on a different seasonal pattern. Historically this is typically the best time to contract the next years crop. Look at forward contract opportunities for the 2020 wheat crop.
- Put a date on your calendar to return to this exercise and review again prior to harvest.

Crop Marketing Review		Crop: <u>Corn</u>
(EXAMPLE)		
Yield Per Acre	<u>175</u>	
Total Acres	x <u>500</u>	
		Total Bushels to Market <u>87500</u>
Cost Per Acre	<u>625</u>	
Desired Profit/Acre	+ <u>50</u>	
	<u>675</u>	
Total Acres	+ <u>500</u>	
		Crop Income Needed <u>337500</u>
Bushels Fwd Contracted	<u>30000</u>	
Avg Fwd Cnt Price	x <u>3.75</u>	
		Fwd Contract Income <u>112500</u>
Crop Income Needed - Fwd Cnt Income		<u>225000</u>
Bushels not sold		÷ <u>57500</u>
		Target Price <u>3.91</u>

Crop Marketing Review		Crop: _____
(EXAMPLE)		
Yield Per Acre	_____	
Total Acres	x _____	
		Total Bushels to Market _____
Cost Per Acre	_____	
Desired Profit/Acre	+ _____	

Total Acres	+ _____	
		Crop Income Needed _____
Bushels Fwd Contracted	_____	
Avg Fwd Cnt Price	x _____	
		Fwd Contract Income _____
Crop Income Needed - Fwd Cnt Income		_____
Bushels not sold		÷ _____
		Target Price _____