

# ProfitTalk

Simple perspective on disciplined grain marketing for producers

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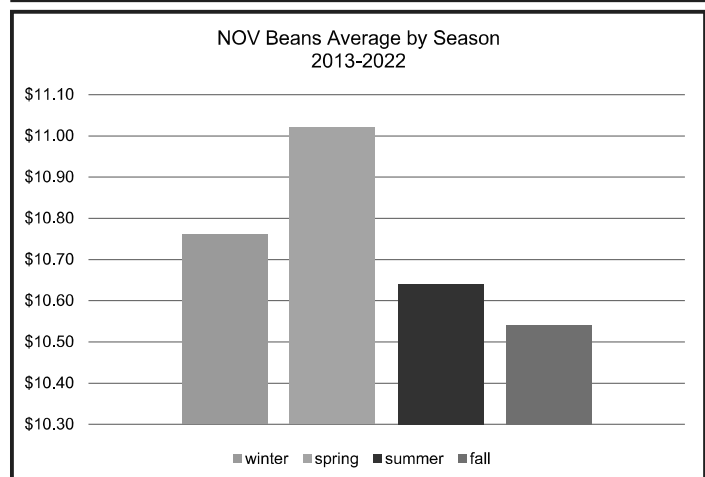
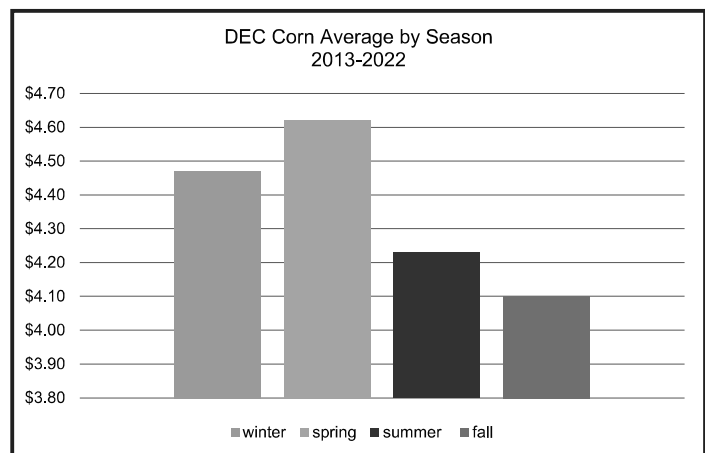
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## ARE YOU READY?

The 2023 fall crop planting season in North America is fast approaching. Fortunately, this time, along with the growing season, often coincides with another season, the historic season for price volatility. From planting time through at least the mid-point of the growing season, the market is very sensitive to weather events, crop conditions or practically any adverse circumstances, real or perceived, that would influence the outcome of the growing crop. The season of volatility is soon upon us, and it is your ally.

Historically, your chances of seeing the best seasonal pricing opportunities during the next few months are high. The accompanying seasonal price charts for corn and soybeans during the last 10 years demonstrate this. This ten-year span of time includes a broad spectrum of growing seasons and Supply/Demand environments, including ideal growing seasons, droughts, big crops, small crops, demand driven markets, supply driven markets, record high prices, low prices, very low stocks/use ratios and very high stocks/use ratios. Despite such a variety of circumstances the highest percentage of best pricing opportunities, in general, occurred during the spring season, well before fall harvest.



### What could prevent producers from accepting profitable prices if and when they occur during this season?

- **Emotional barriers** - It helps to come to grips with the nature of the grain marketing decision and the potential emotions that may thwart the decision to sell. It could be said that there is a strong case for having FOMO (Fear Of Missing Out) going into every sale. Either you regret selling because market prices went up afterwards or you wish you had sold more because the market fell afterwards. Identifying and removing emotions from the selling decision makes the job easier.

- **Failure to adjust to the present reality** - Three years of decreasing supplies and higher production margins suggest that the market is working as intended to accomplish its job, and taking a wait and see approach by the farmer has not been overly detrimental to returns. Could that situation change this year if we grow a large crop? Can you afford to take that chance considering rising interest rates?
- **Fear of losing opportunity** - Farmers in general have been reluctant forward sellers of grain as cash flow has been abundant and prices have stayed higher for longer periods of time. During these past few years of lower interest rates and consistently higher margins, being decisive and locking in profits didn't seem to be so necessary. In the current environment, with costs from land/rent to freight to equipment continuing to rise, being decisive is everything. Profitable pricing opportunities are not promised to stick around forever.

## What is the formula for staying focused on getting grain sold profitably?

Due to the vast amount of information and advice thrown your way by the ag media, sorting out information and strategies that make a meaningful difference in your outcome can be daunting. Why not borrow techniques used by successful businesspeople in other industries around the country? Studies have shown a direct correlation between serious time management and achieving the desired results. Everyone, including farmers, has only a given amount of time to allocate to any endeavor. We have observed that the most successful grain marketers have mastered the art of tuning out extraneous information and focusing on things that make a difference. What are the criteria for making this happen?

The accompanying graphic illustrates two types of information within the whole of grain marketing resources, things that matter and things that you can control. The best grain marketers have learned to focus their efforts in the overlap of these two circles. The list of these things is short and readily available to all producers:

- How many bushels do I expect to produce, given my production history?
- How many dollars per acre do I expect to invest in each crop?
- How many dollars per acre do I need to generate above my investment?
- What price do I need from the market to generate these dollars?
- Use simple, straight-forward contracts (such as target and forward contracts) that remove price risk from the process.



The business of farming is closing in on the most critical season of the year for both production and marketing. Decisions made today could have a lasting effect on the outcome of the 2023 season. Let us know how we can help you with these critical decisions.