

# Farmer's Corner



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## You Know What They Say . . .

Who doesn't love a good old adage? They're simple and often offer either good advice or a good laugh. Let's examine a couple of them and see how they hold up in the world of grain marketing.

### **"You can't believe everything you hear"**

There is no arguing this one. With so much conflicting news in the market, it is *impossible* to market grain based on what other people are saying.

### **"Good things come to those who wait"**

It seems that many grain producers are counting on this old adage coming to fruition this year. So far it has been a disappointing plan as the gains from an early summer rally were lost to a strong growing season. In response to these price levels, many producers chose to continue delaying pricing beyond harvest. Unfortunately, pricing grain after the combines are in the shed is always accompanied by costs, or risks, or both. Costs can include contract or monthly fees, option premiums, and/or interest cost. Despite these added costs, most attempts to delay pricing beyond harvest do not protect you from the risk of lower prices. Indeed, most post-harvest marketing plans come with only one guarantee, more cost.

### **"Out of sight out of mind"**

Bad idea. If you do have grain that remains unpriced, make a plan. Know where you stand in terms of input costs, additional marketing costs, and risk. Have firm offers in place to price your grain and set deadlines to reevaluate your plan as time goes along.

### **"A bird in the hand is worth two in the bush"**

Another good one. In grain terms, profit locked in today is more valuable than the *possibility* of prices going higher. Once you have sold grain at a profit, that profit does not go away based on future market movement. Don't let the fear of what *might* happen next hinder you from making good business decisions.

### **“You can’t go broke making a profit”**

This one is grain marketing gold! Since it is impossible to pick out the high point of the market, we need a realistic way of setting our marketing goals. Knowing what it costs you to produce your crop along with your expected yield gives you the ability to calculate profitable prices and the confidence to lock in profits as soon as they are available and often long before harvest! Using a proactive marketing plan to sell at a profit early on can help you avoid dealing with the stress and added costs of post-harvest marketing.

### **“Keep it Simple”**

Absolutely. Don’t overthink grain marketing. Sell at a profit and avoid paying extra fees or taking on unnecessary risk. Enough said.