

Grain Marketing

After harping on folks for almost seven years, I decided it was time to put down some of my ramblings on paper. Before I arrived in Teton County, I spent an awful lot of time teaching marketing to producers – grain marketing in particular. When I finally got here three years ago, I continued to talk about how markets work, how elevators operate, and how to write marketing plans and implement them so they were useful.

Grain marketing seems to be a topic that everyone wants to know about, but few avail themselves of the opportunity to learn about. Many of our marketing decisions are made while we are in line at the elevator, at the end of a long day, or worse, at the coffee shop. The last thing any producer wants to do is go to the coffee shop and learn that they received less than someone else.

Successful marketing engineers are not the ones who have the highest price at the coffee shop. They are the producers that routinely write and implement a marketing plan, often getting an extra quarter, dime, or even nickel that they otherwise would not have received. They have a stepped program that allows them some flexibility in marketing, while giving them an overall plan to follow. In 2008, we saw quite a rise in grain prices. We watched prices on winter wheat go to nearly \$20 a bushel, yet most of the crop that year sold for less than \$12. If we constantly seek to “top” the market, we usually wait until we are sure it is not going to go up again, thus resulting in a much lower price.

Back to the ramblings I spoke about. Now available from MSU Extension publication, your local Extension office, or online, are two new publications dealing with marketing options to producers. The first describes in detail some opportunities that producers have in working with their local elevators. How does a futures fixed contract work? What is basis? How is it determined? This publication is a back to the basics summary of grain marketing 101. The second publication gives some details on how futures markets work and perhaps some opportunities that grain producers can utilize.

Grain producers who are interested in learning more about the publications can contact our office or go online to http://www.msuextension.org/teton/images/Local%20Elevators_2010.pdf and <http://www.msuextension.org/teton/images/Short%20Hedge.pdf> for online access to these publications. Feel free to contact me anytime if you would like to discuss your marketing plans.