

# Marketing Resources for Grain and Forage Producers

Information = Better Decisions = Profit = Family Farms

1

**Penn State Cooperative Extension** has these:

**County extension agents** know the many crop production aspects that affect the marketability of grains and forages. Call your county office (next page) and ask about newsletters, grower meetings, satellite broadcasts that cover marketing issues.

Some county extension agents have developed free marketing materials useful to crop producers. From Lehigh County, order:

- *Price and Basis Trends* graphs and tables on the weekly averages for corn, soybeans and wheat in southeast Pennsylvania.
- *Contract Tracker* to follow a futures or option.
- *Grain Calendar, Contract Specifications and Official Grades* handout.
- *Southeast Pennsylvania Forage Directory*.

From Schuylkill County, obtain these:

- *Understanding Grain Shrink*, an article on moisture losses in drying and handling grain, which affect the true net price of grain sold. A shrink calculator computer spreadsheet program is available.
- *Grain Storage Costs*, a discussion of actual costs in drying and storing grain. A cost calculator computer program can figure break-even prices.

County agents are backed by **state extension specialists** in agronomy, ag economics and ag engineering who distribute publications and give presentations that touch on marketing. Here are bulletins available at county extension offices:

- *Forage Quality in Perspective* (Agronomy Facts 30).
- *Forage Quality Testing* (Agronomy Facts 44).
- *Forage Moisture Determination* (NRAES 59, \$6).
- *Pennsylvania Forage Handbook* (with a section entitled *Buying and Selling Alfalfa Hay*, \$28).
- *The Agronomy Guide* (with production budgets to help estimate break-even prices of crops, \$7).
- *Farm Management Reports* newsletter.
- *Enterprise Budgets* for grain and hay crops to help estimate costs and returns.
- *Calculations Used in Storing and Drying Corn*.
- **PENpages** is a free information network for anyone with a computer and modem. Producers will find the weekly national grain market review, Pennsylvania grain and hay market prices, and articles from extension specialists. Start with the *PENpages User Guide* from your county office.

2

**Cooperative extension** in other states offer notable marketing publications and resources:

- **Maryland Grain Marketing Notebook** is a set of 15 fact sheets on grain marketing plans, futures and options, basis, storage decisions, and a glossary. Cost is \$8. Make a check payable to The University of Maryland and send the order to the Department of Agricultural Economics, 2200 Symons Hall, University of Maryland, College Park, MD 20742.  
Maryland extension also has a marketing fact sheet series, free from Lehigh County Extension Office:
  - *Maryland Grain Basis Tables 1989-94: Southern Pennsylvania* (series 94-01).
  - *A Guide to the Mechanics of Futures Trading: Brokers, Margins and Trading* (series 94-02).
- **Marketing Guide for Delaware Grain Producers** is a free, 30-page booklet covering the marketing plan, futures and options, basis, storage decisions, and historic Delaware basis. Obtain a copy from Delaware Cooperative Extension Farm Economics Department, 230 Townsend Hall, University of Delaware, Newark, DE 19717, phone 301-831-2511.
- **Meeting the Competition** is a fact sheet series from the University of Illinois Cooperative Extension Service. It's available free from the Lehigh County Extension Office. Titles include:

- *Managing Corn for Grain Quality.*
- *Questions and Answers on Grain Quality.*
- *Reducing Breakage and Fines in Shelled Corn.*
- *Reducing Breakage and Fines in Soybeans.*
- *Understanding and Managing Stored Grain Losses Caused by Fungi and Insects.*
- *Determinants of Exports.*

- ❑ **Grades, Standards and Types of Damage** is a fact sheet series from the Texas Agricultural Extension Service. Using photos and descriptions, these guides help grain producers and buyers identify and solve quality problems. Cost is \$3 each. Order with a check payable to the Texas Agricultural Extension Service, and send to Extension Distribution and Supply, Attention Mollie Byrd, P.O. Box 1209 Bryan, TX 77806. The titles are:

- *Corn: Grades, Standards and Damage (B-5091).*
- *Wheat: Grades, Standards and Damage (B-5092).*
- *Sorghum: Grades, Standards and Damage (B-5090).*

- ❑ **Agricultural Marketing and Entrepreneurship** is an extension course geared for grain farmers seeking depth on futures, pricing and protection, economics of storage, and government and world trade effects. The \$350 course fee covers video tapes (3 hours) and a textbook. Contact the University of Nebraska, Institute of Ag and Natural Resources, Ag Communications Building, P.O. Box 830918, Lincoln, NE 68583, phone (800) 755-7765.

### 3

**Pennsylvania Department of Agriculture** has several marketing resources for grain and forage producers.

The **Bureau of Market Development** (main phone is (717) 787-4210) offers producers:

- ❑ • Assistance in developing and serving **export markets** through the International Trade Division, phone (717) 783-3181.
- ❑ • **Price reporting** by the Pa. Market News Service, every Monday on cash and futures quotes for grain and auction prices for hay and straw by region. The reports are available three ways:
  1. *PENpages* computer network (see page 1), with the complete grain and hay prices and volumes.
  2. Recorded market news phone line, with brief grain and hay prices and volumes, after the livestock prices, phone (717) 787-6006.
  3. *Lancaster Farming*, Section A.

#### **Bureau of Ride & Measurement Standards**

(phone (717) 787-9089), has charge of approval of

- ❑ **commercial grain moisture meters** and testing procedures by buyers. The bureau offers a list of approved commercial meters. They do not test or approve private moisture meters.

#### **Pennsylvania Agricultural Statistics Service**

- ❑ develops **periodic summaries** of hay and grain crop conditions, stocks and prices, available on *PENpages* or by free subscription, phone (717) 787-9089.

### 4

**US Department of Agriculture** resources are:

**Federal Grain Inspection Service (FGIS)**, which offers:

- ❑ • **FGIS Table of Contents of Directives and Hand books (publications list)** or *Official United States Standards for Grain*, (see Lehigh County handout, page 1). They're free from APHIS, MSD-HSB, PDMS, Room 1A28, 4700 River Road, Riverdale, MD 20737, phone (301) 734-5523.
- ❑ • **Practical Procedures for Grain Handlers**, free from FGIS, USDA, P.O. Box 96454, Washington, DC 20090-6454, phone (202) 720-0252.
- ❑ Find **regulations** on FGIS, grain grades, and exportation at any county law library, in the *Code of Federal Regulations Title 7, Parts 700-899*.

**Economic Research Service**, with:

- ❑ • **Agricultural Outlook**, a monthly look at trade and general commodity trends. Subscribe for \$42 a year by calling (703) 834-0125.
- ❑ • **Situation and outlook reports** on grain and hay markets, from the *AutoFAX System*. From a fax machine, call (202) 219-1107 and start by ordering, by voice mail, the ERS document ID code page.

### Ag Marketing Service's Federal Market News

- ☐ Service, with **market reports** from US grain and hay trading centers, available on *PENpages*, on satellite services, or in *Lancaster Farming*.

## 5

**The Chicago Board of Trade (CBOT)** is an exchange for futures and options for corn, soy-beans, wheat, and oats. They benefit from rallies in hedging and speculative strategies. The CBOT address is 141 West Jackson Boulevard, Chicago, IL 60604.

- ☐ Call CBOT's **Midas Touch System**, a 24-hour voice access line to current futures and options and summaries for corn, soy and wheat markets. Start by getting the free instructions from the CBOT Market Information Department, phone (312) 435-3633. Then call the Midas Touch System with the code numbers, phone (312) 939-2268.
- ☐ Obtain the **free publications** by getting the *Publications Catalog*, available from the Publications Department, phone (800) THE-CBOT. Or simply mail a list of the titles and numbers to the department at the address above, or fax it to (312) 341-3168.
  - *Corn Futures and Options* (13 p., EM 11-5).
  - *Soybean Futures and Options* (13 p., EM 11-6).
  - *Wheat Futures and Options* (13 p., EM 11-4).
  - *Oat Futures* (9 p., EM 12-1).
  - *Handbook Series on Agricultural Markets* (10 booklets on futures spreads and weather factors).
  - *Options on Ag Futures Course* (44 p., EM 11-3).
  - *Do's & Don'ts of Futures Trading* (broch., EM 41-2).
  - *Introduction to Agricultural Hedging and Introduction Workbook* (32 p., EM 13-1, 13-2).
  - *Understanding Basis* (43 p., EM 12-4).
  - *Marketing Clubs, A Hands-On Approach to Marketing* (13 p., EM 11-10).
  - *Offering Farmers Cash Contracts* (23 p., EM 11-8).
- ☐ **Cost items** include a software tutorial (IBM based) on ag options, historical data, books and study kits. Order through the *Publications Catalog* above.
- ☐ Borrow these VHS **video tapes** at no cost:
  - *Fundamentals of Futures* (50 min., EM 46-2).
  - *Taking Control of Your Future* (20 min., EM 12-1).
  - *Alternative Uses for Ag Options* (18 min., EM 11-9).
- ☐ Attend a free, two day seminar entitled **From the Field to the Floor**, offered at the Board of Trade for farmers, traders and agents. It covers risk management and ag options and includes presentations by traders and views of the trading floor. Get a program brochure by calling the Market and Product Development Department, phone (312) 341-3194.
- ☐ Free seminars are being offered in the Midwest on a new trading instrument entitled **Iowa Corn Yield Insurance Futures and Options**. These are quantity-based contracts, to start trading on June 2, 1995. Learn more from the seminar office above.
- ☐ The **MidAmerica Commodity Exchange** is an affiliated center for smaller-scale traders. Call the above phone number for brochures such as *MidAm Ag Futures & Options* or *Contract Specifications*.

## 6

**Commodity organizations** and other grain exchanges have a role in improving the market opportunities for producers. Here are several:

- ☐ **American Forage and Grassland Council**, P.O. Box 94, Georgetown, TX 78267, phone (800) 944-2342. *Notable: Hay & Forage Grower magazine, conference (see Pa. F&GC below).*
- ☐ **American Soybean Association**, 540 Maryville Centre Drive, P.O. Box H19200, St. Louis, MO 63141, phone (314) 576-1770. *Notable: Soybean Digest magazine, Soybean Update, conference.*
- ☐ **Certified Alfalfa Seed Council**, P.O. Box 1017, Davis, CA 95617, phone (916) 752-0572. *Notable: Fact sheets such as Buying and Selling Alfalfa Hay or Alfalfa Hay Quality, conference.*

- ❑ **Kansas City Board of Trade (KCBOT)**, 4800 Main Street, Suite 303, Kansas City, MO 64112, phone (816) 753-7500. *Notable: Exchange for hard red wheat, daily market report recording, phone (800) 821-4444; educational brochures.*
- ❑ **Minneapolis Grain Exchange (MGE)**, 130 Grain Exchange Building, 400 South Fourth Street, Minneapolis, MN 55415, phone (612) 338-4212. *Notable: Exchange for winter wheat; daily market report recording, phone (612) 338-4212.*
- ❑ **National Association of Wheat Growers**, 415 Second Street NE, Suite 300, Washington, DC 20002, phone (202) 547-7800. *Notable: Member newsletter, Wheat Facts, Wheat Grower magazine.*
- ❑ **National Corn Growers Association (NCGA)**, 1000 Executive Parkway, Suite 105, St. Louis, MO 63141-6397, phone (314) 275-9915. *Notable: Member newsletter, convention, corn utilization conference, World of Corn flyer, brochures.*
- ❑ **National Futures Association**, 200 West Madison Street, Suite 1600, Chicago, IL 60606-3447, phone (800) 621-3570. *Notable: Reference checks for commodity broker or firm; free publications such as Glossary of Futures Terms and Buying Options on Futures Contracts.*
- ❑ **National Hay Association**, 102 Treasure Island Causeway, Suite 201, St. Petersburg, FL 33706, phone (813) 367-9702. *Notable: Member newsletter, yearbook, conference.*
- ❑ **Pennsylvania Forage and Grassland Council**, c/o Richard Hahn, Milton Hershey School Land Management, P.O. Box 830, Hershey, PA 17033-0830, phone (717) 534-3507. *Notable: AFGC affiliate, conference, newsletter, directory.*
- ❑ **Pennsylvania Master Corn Growers Association**, c/o Curt Rakestraw, P.O. Box 28, Montoursville, PA 17754, phone (717) 433-3253. *Notable: NCGA affiliate, conference, newsletter.*
- ❑ **United Soybean Board**, 16305 Swingley Ridge Drive, Suite 110, Chesterfield, MO 63017. *Notable: Checkoff coordinator, newsletter.*

## 7

**Daily price quotes and advice** are available in many forms and at costs, from private sources, in person, print or electronic media. Here are several choices:

- ❑ **Newspapers** such as *Lancaster Farming* and *The Wall Street Journal* are well known, as are their limitations for current information. *LF* is weekly; *WSJ* and other general circulation newspapers run a condensed daily report of commodity quotes.
 

**Satellite units** for home reception provide near-time quotes on futures and options of all ag and other commodities. Trend charts, weather maps, market news, and outlooks are shown, as are local Pennsylvania prices for many ag commodities. These services have an initial charge and a monthly fee:
- ❑ •Data Transmission Network (*DTN*), Embassy Plaza Building, 9110 West Dodge Road, Suite 200, Omaha, NE 68114, phone (800) 485-4000.
- ❑ •*FarmDayta*, from Broadcast Partners, 11275 Aurora Avenue, Des Moines, IA 50322, phone (515) 221-2000.
- ❑ **Advice** on how to respond to the grain market ranges from the columnist in a farm magazine to the licensed, full service broker. Besides the ag economists in the farm media, other free market outlooks come from speakers at grower meetings or on satellite screens. Full service futures commission merchants guide a client in a carrying out a custom marketing plan, provide in-house data and interpretation, and execute the client's trades. Discount futures commission merchants simply execute trades as instructed. Consultants offer the advice and planning, but don't execute market orders. To understand the choices, consider obtaining:
  - ❑ •*A Guide to the Mechanics of Futures Trading* (see page 3 under Maryland extension).
  - ❑ •*Investor's Bill of Rights* (see page 6, from the National Futures Association).
- ❑ **Internet**, the international computer bulletin board network, is increasingly used for market reporting and education by extension specialists at land grant universities, USDA's Economic Research Service, and farmers, ag associations and trade analysts. Learn how to use Internet from a personal computer in publications and local seminars.

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