

# Farmer's Corner



August 2004

Number 8

## What A Ride!

Remember your first time on a roller coaster - the nervous waiting as the cars crept up the first slope, the rush of air and adrenaline as it started down the other side, the stomach-wrenching feeling of going over smaller hills, the heart-pounding thrill of turning upside down, the feeling of not knowing which way was up and wondering just what was coming next?

Anything about that feeling remind you of recent markets? The last several months have certainly been a roller coaster type experience for those of us who are involved in the grain markets.

Of course, just like at the amusement park, this ride ends differently for different people. Are you thrilled, sick to your stomach, maybe a little of both? A lot of money was on the table. Some captured it and some let it disappear.

Either way, every producer still faces some important marketing questions.



### 1. Do I have any 2004 crop left to market?

If you find yourself with 2004 (or even 2003) bushels left to contract and no plan in place, take some time to see where you stand and put a plan together.

If you have already sold a large portion of new or old crop bushels, selling the remainder now will probably result in a very good average price.

If you are hoping for a price rebound before selling any remaining bushels, give serious thought to entering Target Contracts at your desired prices. These markets have proven that they can

move quickly in both directions, and a Target Contract will ensure that you don't miss out on your goals just because you don't happen to be near a quote machine when things start moving. Whether you are planning to be sold up by harvest or wait and sell later, Target Contracts are an invaluable tool to help you reach your goals.

### 2. Do I have a plan for 2005?

It may seem a little premature, but 2005 prices are not bad right now. Again, Target Contracts are a great tool if your goals are a little above the current market.

Getting some of next year's bushels sold at good prices relieves you of some marketing decisions later, and early selling has proven itself to be successful over the years.

Target Contracts don't cost anything, but they have great value. Don't let the next rally, big or small, leave you feeling sick. Enter targets today to get your pricing goals met.

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## **Good Reasons To Enter Target Contracts**

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**It turns mental goals into written goals.**

**It removes the need for you to watch the market.**

**It gives you maximum exposure to favorable price movement.**

**Many times, it's the last marketing decision you have to make on those bushels.**

**Selling ahead substantially increases the value of your crops over the long term compared to selling after harvest.**

## **Good Reasons To Cancel Target Contracts**

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## **It's Not Too Early For 2005 Targets**

It may seem advanced to start a conversation about 2005 crops so soon, but history has shown the best opportunities to forward contract the last several years' worth of crops came early.

Entering targets for 2005 should not be a difficult task; if you entered 2004 targets, why not enter the same ones for next year? If you'd like to cushion the price a little, or offer fewer bushels, we can easily make those adjustments. The most important thing at this point is that you get something started; making adjustments later is an easy task if you give yourself something to start with.

Give us a call to get 2005 Target Contracts entered at profitable prices, and let the market work for you!

## **A Word of Encouragement**

If you are one of those who stuck to your goals and got grain sold earlier this year, congratulations! Your planning and discipline paid off.

Remember that consistency is the key. One year of success with any marketing method isn't enough to guarantee success, but you are following a marketing plan that is proven to offer consistent results that you can live with and build a profitable business on.

It's hard to maintain discipline and stick to a plan, but those who do are the ones who stay around to tell about it.

# Higher Yields Make a Big Difference to the Profit Picture

Many areas are expecting above average yields for the 2004 crop. Even though prices are lower now than they have been, a few bushels per acre more in yield can quickly make up for a lower price. High yields and lower prices often present a greater profit opportunity than low yields and higher prices. Use the worksheet below to figure your profit potential.

## Higher Yields Make a Big Difference!

Example:

$$\frac{165}{\text{AvgYield Per Acre}} \times \frac{\$2.65}{\text{Price Per Bushel}} - \frac{\$330.00}{\text{Cost Per Acre}} = \frac{\$107.25}{\text{Profit per Acre}}$$

$$\frac{200}{\text{2004 Yield Per Acre}} \times \frac{\$2.20}{\text{Price Per Bushel}} - \frac{\$330.00}{\text{Cost Per Acre}} = \frac{\$110.00}{\text{Profit per Acre}}$$

$$\frac{\quad}{\text{AvgYield Per Acre}} \times \frac{\quad}{\text{Price Per Bushel}} - \frac{\quad}{\text{Cost Per Acre}} = \frac{\quad}{\text{Profit per Acre}}$$

$$\frac{\quad}{\text{2004 Yield Per Acre}} \times \frac{\quad}{\text{Price Per Bushel}} - \frac{\quad}{\text{Cost Per Acre}} = \frac{\quad}{\text{Profit per Acre}}$$

$$\frac{\quad}{\text{AvgYield Per Acre}} \times \frac{\quad}{\text{Price Per Bushel}} - \frac{\quad}{\text{Cost Per Acre}} = \frac{\quad}{\text{Profit per Acre}}$$

$$\frac{\quad}{\text{2004 Yield Per Acre}} \times \frac{\quad}{\text{Price Per Bushel}} - \frac{\quad}{\text{Cost Per Acre}} = \frac{\quad}{\text{Profit per Acre}}$$

# Daily Decisions Have Long-Term Consequences



It's easy to forget in the hustle and bustle of everyday life that many of the daily decisions we make have long-term consequences. Saving money vs. spending, exercising vs. lounging, unselfishness vs. selfishness, and selling at a profit vs. selling because you need the money are all decisions that have long-term implications. Are you a long-term thinker when it comes to grain marketing? This comparison might help you find out.

The short-term thinker says, *"What are prices going to do?"*

The long-term thinker says, *"What price do I need to reach my profit goal?"*

The short-term thinker says, *"What's the point of entering a target if good prices are so far away?"*

The long-term thinker says, *"The right way is always right."*

The short-term thinker says, *"I know this is what I should do, but. . ."*

The long-term thinker says, *"I know this is what I should do, so I'm doing it."*

The short-term thinker says, *"Prices are good now, but have we seen the high?"*

The long-term thinker says, *"SOLD!"*

**Sow an act and you reap a habit; sow a habit and you reap a character; sow a character and you reap a destiny**