

Compare channels for grain marketing



Sharp Farming

By GARRETT STOERGER

GRAIN delivery options for many farmers have become more abundant in 2008. The rapid growth of the ethanol industry is creating additional use for corn and providing farmers alternative locations to sell their grain.

To be competitive, each location may offer different delivery incentives ranging from a stronger basis to less expensive drying and storage. A question you may ask is: How do I know which delivery point generates the highest net price per bushel?

Running the numbers for this delivery comparison requires taking several different factors into consideration. Luckily, members of University of Illinois farmdoc have a quick and easy solution in the form of an Excel spreadsheet.

The Grain Delivery Model is one of the Farm Analysis Solution Tools developed to answer the question of highest net price per bushel.

This tool is capable of analyzing

three different delivery points simultaneously using the data you provide for each location and some basic assumptions about how long you will store the crop. You can also calculate the cost/benefit of storing grain vs. selling at harvest.

And best of all, the Grain Delivery Model, like all FAST programs, is available for download free of charge at www.farmdoc.uiuc.edu.

Additionally, an online demo and program description are available to further demonstrate the FAST tool's usefulness.

Delivery example

Suppose you are thinking of delivering grain to one of three locations: an elevator, an ethanol plant, or a processor. The elevator is your closest delivery point, but has a weaker basis than the other two locations. You plan on selling to the ethanol plant and processor at harvest, but will defer until January at the elevator. Cash prices today are \$5.90, \$5.80 and \$5.78, respectively.

The table on this page displays three delivery locations and how they compare to one another. In this example, assume each location will receive 1,000

Report on revenue from delivery alternatives

	Elevator 1	Ethanol plant	Processor
Wet bushels delivered	1,000.00	1,000.00	1,000.00
Dry bushels sold	1,000.00	1,000.00	1,000.00
Revenue from sales	\$5,900.00	\$5,800.00	\$5,780.00
Projected costs			
Transportation	\$60.00	\$250.00	\$200.00
Drying	0.00	0.00	0.00
Storage	180.00	0.00	0.00
Interest	154.67	0.00	0.00
Total costs	\$394.67	\$250.00	\$200.00
Net revenue	\$5,505.33	\$5,550.00	\$5,580.00
Net revenue per wet bu.	\$5.51	\$5.55	\$5.58
Net revenue per dry bu.	\$5.51	\$5.55	\$5.58
Price to break even with a \$5.80 sale at delivery	\$6.13 - Jan.	N/A	N/A

bushels of dry corn (15% moisture) for simplicity.

In case you are wondering, the tool is capable of computing both drying costs and shrink factors as applicable.

The table displays both the revenue from the sale of bushels and the costs associated with transportation, drying, storage and interest.

Elevator 1 initially has the highest level of revenue from sales in this example. However, because the grain is stored until January, storage and interest costs take a toll on the net revenue earned.

Moreover, the processor ends up with the highest net revenue per bushel

at \$5.58 even though it had the lowest initial price of \$5.78 upon delivery. This example demonstrates how the highest initial price offered does not necessarily result in the highest net revenue received.

If you have multiple grain delivery options available, be sure to determine which one yields the highest net price per bushel by utilizing the capabilities of the Grain Delivery Model.

Stoerger is FAST Coordinator with University of Illinois Extension.

■ To download the free tools, go to www.farmdoc.uiuc.edu/fasttools. Call 217-333-1817 with questions.

Operate at the height of efficiency



Raise your game with Batco's 2000 and 1500 series belt conveyors. Move up to 9,000 bu/hr at heights up to 52' 2".

BATCO
MANUFACTURING

THE GENTLE GIANTS

A division of Ag Growth Industries L.P.

www.batcomfg.com

Batco Manufacturing 2165 North Service Road West
Swift Current, SK S9H 5K9

Phone: 306-773-7779 Toll Free Phone: 877-667-7421

Fax: 306-778-2524 Email: info@batcomfg.com

Crop Insights

Plan on special problems because of late planting

Editor's note: Welcome back to *Crop Insights*, where certified crop experts help you catch growing-season problems. Thanks to Doug Gellerman, a farmer and new board member for the Certified Crop Adviser program from Petersburg.

By DOUG GELLERMAN

WITH this year's late planting season, what should farmers be most concerned about once the crop is in the ground?

One thing we need to be looking for right off the bat is cutworms.

In central Illinois, our corn has usually been up before they would cause too much damage; but this year, we really need to scout. I have seen a lot of grubs out here, so we could be having some seedling problems if the seed lies in the dirt for a while before emerging.

We will need to be extra cautious this season when spraying certain corn and soybean herbicides. Some herbicides are more susceptible to volatility in high temperatures and humidity. The neighboring crops will likely be up and growing when we are spraying. Drift into susceptible crops could cause problems.

Also, some of the herbicides we will use carry rotation restrictions for

next season's crops. We will need to be aware of these when making our herbicide choices.

Another big concern is that later pollination could put us into hotter, dryer conditions than we have faced in recent years during pollination.

Growers are going to have to watch closely for pests, especially rootworms and Japanese beetles. We are used to these coming at the end of pollination. This year, they could make a larger impact earlier in the growing season. Farmers should also watch silk emergence closely as the possibility for more silk clippings is potentially higher than we've had in the past couple of years.

I know there are some areas even wetter than central Illinois. Growers need to resist the temptation to plant corn in soils that are too wet. This can be dangerous, especially in no-till soil because there is more likelihood for abnormal root development. If conditions become dry, we could see even more lodging than usual this year during windstorms on those crops.

My final advice is get out and walk your fields this spring and summer. Be prepared for any other surprises that may come your way.

Do you have a question you'd like to ask a crop adviser? E-mail it to jflint@farmprogress.com.