

# On-farm grain storage still offers high rate of return

**G**IVEN the opportunities for higher return on investment and more flexibility at harvest, experts say on-farm grain storage continues to grow and should be a key component of any farmer's grain marketing plan.

"Today's farming operations face risk not only from fluctuating commodity prices, but also input prices, yield variance and other factors which have forced producers to become more marketing-savvy," says ag consultant Adam Dryer of Blue Reef Agri-Marketing Inc. based in Morton. "We've seen a trend toward more on-farm storage in recent years because producers understand they can put more money in their own pockets."

Dryer explains that the economics of on-farm storage can work to farmers' benefit in two ways:

First, it offers the ability to bypass historically wide basis levels in the fall and market carry. For example, Dryer says the combination of basis appreciation and market carry on a summer 2015 corn delivery contract could add 40 to 50 cents per bushel to a farmer's gross revenue, assuming an av-

erage or better crop this season.

The increasing need for a consistent grain supply to processors, rail facilities and ethanol plants in the Midwest is another factor supporting more on-farm storage. Grain marketing experts say on-farm storage is one of the keys to ensuring farmers can capitalize on this opportunity, which in part is being fueled by strong global demand for food and feed.

## Harvest efficiency

Michael Gunderson, an associate professor of agricultural economics at Purdue University, notes that higher farm income over the past five years has also been driving on-farm storage.

"With land prices going to record levels, farmers have been making investments to improve their land, and many see the addition of grain storage as a strong opportunity," observes Gunderson, who also serves as associate director at Purdue's Center for Food and Agricultural Business.

Having 24/7 access to their own storage system also enables producers to get their crop out of the field quickly, when condi-



tions are optimal, reducing the potential for lost revenue and profits, notes Scott Becker, sales operation manager for GSI.

"Avoiding any potential delays due to waiting in lines or limited receiving hours at their grain facility reduces the chance of grain loss due to wind, stalk quality and overdrying in the field," Becker says. "Grain that is allowed to dry down too far in the field increases the potential for damage and head loss, as well as reduced

test weight."

Reducing harvest bottlenecks may also help reduce costs. "Maximizing the speed of harvest can reduce the need for excess grain carts, grain trucks and operators," Becker says. "In several instances, customers have been able to sell a semi after investing in a new state-of-the-art on-farm grain system complete with drying and grain handling."

Source: GSI

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