

ProfitTalk

Simple perspective on disciplined grain marketing for producers

presented by



White Commercial
CORPORATION

Explore. Grow. Thrive. Together.

January/February 2022

PUTTING THINGS IN PERSPECTIVE!

It's a very human thing to center perception on recent events. It can be quite helpful to take a broader perspective to see if what seems to be true at present is in fact the most accurate view of things. This is applicable to just about everything, but especially to grain markets.

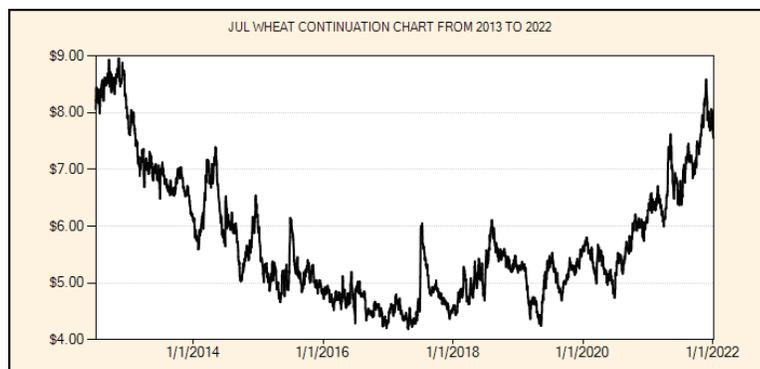
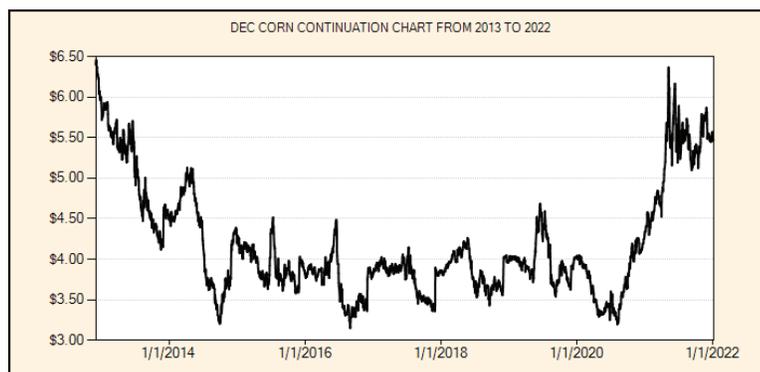
Looking at current 2022 new crop futures prices in a 10-year window paints a very interesting picture. For just about any crop you grow, it is hard not to conclude that these prices are in the high end of the 10-year range. That's a good starting point – what else do we need to know?

There are other things to consider, of course: lack of moisture, tight supplies relative to projected usage, and many other items of interest too numerous to name. All of these things contribute to current price levels.

Cost of production has increased along with prices, and that's significant. In some cases, N, P, and K have more than doubled. Many other inputs are more expensive too. What does it look like when all of this is taken into account?

Do the Work:

Simple arithmetic can provide a lot of clarity. Get input, labor, and other costs down on paper and arrive at a realistic cost per acre. Then take a reasonable estimate of yield. Multiply that yield by the current new crop cost to arrive at a projection of revenue per acre. Compare that to your cost projections.



The results do two things: 1) they present an objective view of the current cost/price relationship, and 2) they point to a course of action – either sell some to cover costs/lock in profit, or enter some offers to sell at prices above the current market that will do that.

If you'd like someone to bounce ideas off of, we're glad to help with that.

Conclusion:

The market is offering prices in the high end of the historical range. No can say for sure where they go from here, but anyone can do some math and take some kind of action to lock in profit and/or offset high input costs.

Please stop in and visit with us, we are more than willing to help you through this important process.

Your success is important to us!

