



Making a Difference

2015 – 2016

Farm Management Program Focus Team Grain Marketing in a Challenging Price Environment

Grand Challenges

K-State Research and Extension: providing education you can trust to help people, businesses, and communities solve problems, develop skills, and build a better future.

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Situation

The recent decline in grain prices due to large crops in 2015 and 2016 has caused widespread effects across the agricultural industry in Kansas. International effects include a strong dollar affecting exports, as well as good crops in South America and elsewhere. As a result, producers need information on grain marketing, basis, market outlook and farm policy in order to understand factors driving the market and tools available for dealing with the market risk, as well as managing the financial risk from low grain prices.

What We Did

In January, interactive maps were produced showing estimated payments for farmers who signed up participating crops in the Agriculture Risk Coverage program. These maps were updated monthly to allow producers and lenders to estimate how much they could receive from this program. Daily estimates of Loan Deficiency Payments were provided for wheat starting in July, when the wheat price fell below the loan rate. Monthly analysis of grain markets was posted on the *AgManager.info* website by Dan O'Brien, with weekly grain basis information through the basis tool and maps provided by Mykel Taylor. Art Barnaby posted 31 crop insurance and marketing updates through the year. Barnaby and O'Brien conducted six RAM (Risk-Assessed Marketing) workshops in the state with more than 160 participants using a case-farm simulation. O'Brien made more than 30 presentations on the grain market outlook throughout the state, including highly leveraged groups such as agricultural lenders and insurance agents. Taylor researched grain basis and transportation issues and made the results of this research available to the public.

Outcomes

An estimated 1,800 producers, lenders, insurance agents and agribusiness managers were educated through direct, in-person training about issues related to grain markets. Many more were helped through the information and materials available on the website. There were more than 11,000 visits to the grain-market outlook pages, more than 21,000 visits to the risk management and crop insurance page and more than 500 users of the crop basis tool each month. Users include lenders and insurance agents who take this information back to their clients, providing greater influence.

Success Stories

Following the release of the interactive Agriculture Risk Coverage – County Program payment maps on January 19, 2016, the following email was received from a farmer: "I have talked with Art Barnaby previously. I like the information that you publish and wanted to say thanks. The interactive ARC estimate map is a great tool and really helps us with planning. We are getting our break-evens down, which will help. Thanks for the great work your group puts out."

Comments from participants in RAM marketing workshops: "I learned to not shoot for the top of the market, but have a marketing plan that will, in most years, do better than just hoping to hit the high price. This changes everything in how I market my crops. Thank you."

"These strategies may be the difference between going broke and surviving for our operation. We'll diversify our marketing strategy, using a mix of options, forward contracting and crop insurance."