

Farmer's *Corner*



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May/June 2012

Number 3

Do You Do Windows?

What is the origin of the phrase “I don’t do windows?” As early as the sixties, people who worked as cleaning ladies would say this when they were being interviewed by prospective clients about which tasks they were, and were not, willing to do as part of their employment. “I don’t do windows” really means “I may have to take an unpleasant job to make a living, and I may have to do what you tell me to do, but I still have limits beyond which I will not go.”

What relevance does the saying “I don’t do windows” have with marketing grain? The farmer’s job description includes many pleasant tasks which yield much satisfaction. Enjoying the aroma of freshly disturbed soil in the spring is pleasant. Observing the first tender shoots of a young corn plant peeking through the surface is satisfying to the person who has the responsibility for placing it there and nurturing it until harvest. Ears of corn filled to the tip with the silks turned brown bring a sigh of relief and a smile to the farmer’s face. The combine auger running full of golden grain, overflowing trucks with 15% moisture corn and the yield calculation resulting in a number beginning with a “2” make any farmer ecstatic. Farming is a good, fulfilling life; at least the production side is, according to many growers.

Judging by the comments we hear from many producers, the “doing windows” part of farming is the marketing job, the task that many consider to be unpleasant, yet one that must be done and the one part that has great potential to make a positive or negative impact on the bottom line. During the last few years, profit margins from cash grain farming have been excellent. Anyone managing costs well, utilizing good production practices and being favored with a good growing season has had an opportunity to make good profits, perhaps without even giving marketing much thought. The laws of economics and economic history would indicate that profit margins will not always be so easy to attain. This leads us to conclude that successful farm marketing over time will require some serious efforts on the farmer’s part.

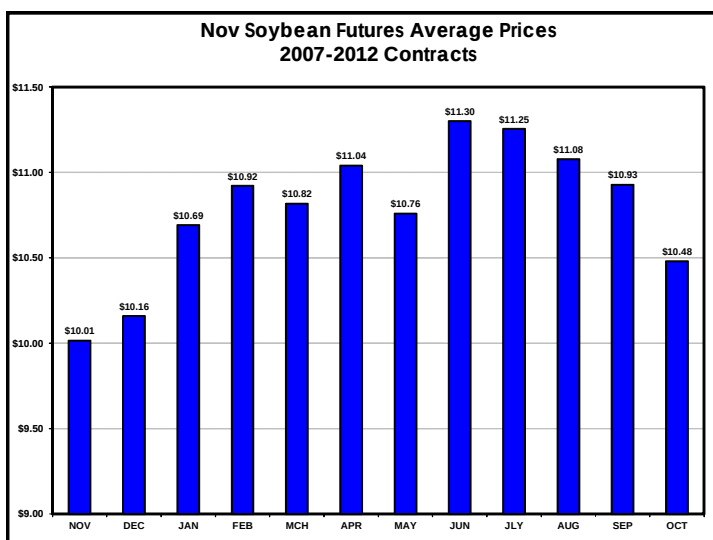
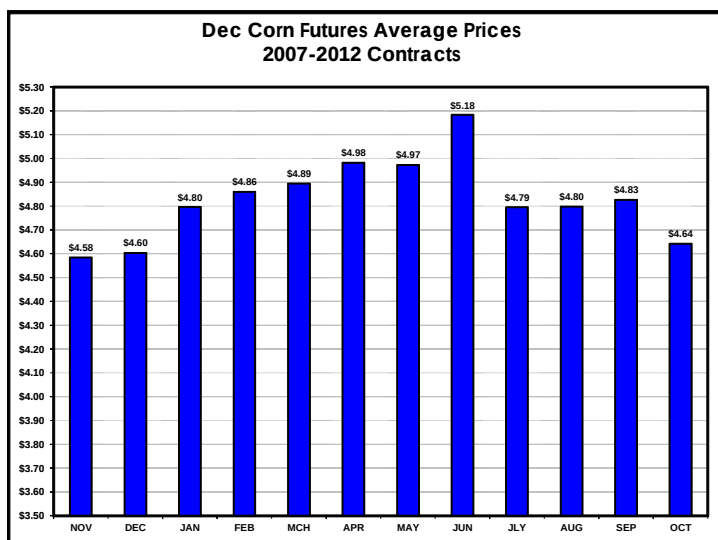
Don’t despair. This is where “doing windows” comes into play and becomes a pleasant task, one not to be dreaded. Every marketing season has a window of opportunity that lasts a period of years, ranging from years before any given harvest to months afterwards. During each window, by virtue of time, changing market conditions, changes in supply and demand and the flow of money into our markets, you usually have sufficient opportunity, often multiple times, to lock in profits on crop production. The strategy that we and many others promote is to keep your eye on profit margins as you evaluate market prices and execute accordingly.

The window for 2011 crops is fast drawing to a close. It has been a window filled with profitable opportunities. Corn futures prices ranged from less than \$4.00 to almost \$8.00. Soybeans ranged from near the \$8.00 mark to over \$15.00.

The largest part of the 2012 crop marketing window is already history, as the window opened on June 8, 2009, with the new crop corn futures contract trading as high as \$6.73. For the last one and one half years, new crop 2012 soybean futures have spent 80% of their time over \$12.00, reaching \$14.00 last fall, a year prior to the 2012 harvest. What great profits this window of opportunity has given you!

How long will the 2012 window offer such good pricing opportunities? No one knows, but one thing is for sure. The price volatility of the last few years is still with us. Prices rise and prices fall, and sometimes dramatically and without warning. Don't let opportunity get away. By the way, the 2013 window is open for business; you might want to take a look.

It's interesting to note the seasonal tendencies that markets have, as far as which period of the year historically offers the best pricing opportunities. The charts below show that during the last six years, a period characterized by rising prices and increased volatility, the season we are in now, through June or July has been the best time to price some bushels. Get your targets entered!



No doubt when you sit at your desk in your farm office and boot your computer a window opens on your screen. Today's technology makes it easy to open multiple windows on your desktop, which allows you to multi-task. Multitasking is not strange to today's farmer. Multitasking on the farm predated computer technology. You multitask every day, managing people, equipment, money, caring for the crop and, of course, marketing the crop. You have many windows open at the same time. Make sure you give equal time to the marketing window, especially the 2012 window.