

Moving grain early may ease storage crunch

Summary

A Kansas State University economist says this year's large crop is creating storage challenges in parts of the Eastern Corn Belt, making grain movement and marketing decisions increasingly important. Producers with limited on-farm space have options including deferred pricing programs and futures or options strategies to maintain pricing opportunities after delivery.

An ag economist says this year's large crop is forcing farmers to rethink how they market and move grain.

Guy Allen with Kansas State University says available grain storage is becoming tight in some areas of the Eastern Corn Belt but, "There's water in the river; barges are appropriately located. While there's a seasonal higher barge freight cost, they're not over the top, load them to full draft. Eastern Iowa, Missouri, Illinois, Indiana, Ohio have very much access to that. That'll solve a storage problem."

He tells Brownfield producers have options if on-farm space is limited. "You can put it on a deferred pricing program, move the grain on through, but still retain the opportunity to price that later, either cover that by buying in an opposite futures position or look at the cost of options to give you additional upside."

Allen says storage will likely become a bigger issue as the industry tries to keep pace with increasing the size of the U.S. corn and soybean crop.

