

FARM MANAGEMENT

BY ROLAND P. FREUND
Regional Farm Management Agent

Each year at this time we have many farmers with dairy or beef cattle to feed who are short of forage. At the same time their neighboring crop farmers have corn fields which they are willing to sell for silage. If both parties can agree upon a price that is fair, then trading corn silage can be a good deal for both of them. This is especially true in a year when drought results in shortage of forage and poor grain yield in corn fields. To analyze such a situation it is necessary to look at the transaction from the view points of both the corn grower and the cattleman.

Corn grower's Perspective
Before corn growers can decide what they must get if they sell corn as silage, they need to work out what the field would give them if they sell it as grain. They must know GRAIN YIELD potential and the PRICE they can expect at harvest time. Grain yield can be determined by sampling and yield checking the field. Price can be established by what the mill is offering for contract deliveries at normal harvest time. These two facts enable corn growers to determine the gross income potential for corn as grain.

But this is NOT what the grain is

worth when it's standing in the field. HARVEST cost, DRYING, and HAULING must all be deducted first to give the net income from grain. This then is the MINIMUM which grain growers should accept. If they can get more than this by selling it elsewhere, that alternative may be a better deal for them.

Cattlemen's Perspective
Buyers of a cornfield need to know how much feed, and the value of the feed that they are getting. CORN SILAGE YIELD in an even stand can be measured by sampling techniques. With uneven fields in droughty conditions this is a guessing game. Because there is about twice as much water as there is dry matter in silage, it's more important to know the DRY MATTER% (D.M.%) and pay for dry matter tons than to try to estimate moisture levels and count wagon loads. The simplest and most accurate system to determine yield is to start with an empty silo, measure the level of silage in the structure and use silo tables to arrive at the DRY MATTER TONS in the silo. Take care to check if the tables are for once only filling, for settled height, or for settled and refilled capacity.

When cattlemen are feeding normal well-eared 35% D.M. corn silage (65% moisture), in each ton the cattle are eating about 4 hundredweight of ear corn and 4 hundredweight of fibre equivalent to a fair quality grass hay. This

means that in one D.M. Ton of corn silage there is approximately .57 tons of ear corn and .57 tons of hay. So, the PRICE OF EAR CORN and the PRICE OF GRASS HAY can be used to calculate corn silage value.

The cattleman is going to have expenses handling this silage which must be deducted: HARVESTING, HAULING, and ENSILING. In addition there are ENSILING LOSSES and QUALITY adjustments which need to be considered. The resulting value is the MAXIMUM price that the cattleman should pay.

Example
Area of field- 45 acres
Shelled corn yield- 37 bu.
Silage fills 20x50 silo, 118 D.M.T.

Shelled corn price- \$3.20/bu.
Ear corn price- \$100/T.
Fair grass hay- \$70/T.
Corn grower's calculations
Grain gross income- 37x3.20 = \$118

Harvesting cost- \$23
Grain haul- 2
Drying charge- 9
Total deductions 34
Potential income from grain \$84
Stover value- 13
Corn grower's minimum value/ ac. \$97

Cattleman's calculations
Yield = 118/45 = 2.62 D.M.T./Ac.
0.57 Tons Earcorn @ \$100 = \$57
0.57 Tons Grasshay @ \$70 = \$40

Feedvalue/D.M.T. Cornsilage = \$97
Feedvalue/Acre = 2.62x97 = \$254

Harvest cost- \$45
Hauling cost- 15
Ensiling cost- 9
Storage loss (10%) 25
Total costs, losses \$94
Cattleman's maximum value \$160 per acre

At various moisture levels this is equivalent to a price per wet ton: 60%- \$25, 65%- \$22, 70%- \$19, and 75%- \$16.

Buyer beware!

Recognize that there is usually a big difference between minimum and maximum price in such a deal. Careful calculations should ensure that a price is struck which is

advantageous to both parties.

To assist in these computations Penn State Extension has a computer template in each extension office. Do not hesitate to contact your office and request that your

Drought Relief Bill

(Continued from Page A1)

bied for a support price increase of \$1 during congressional hearings on the relief bill. But federation officials say they aren't disappointed at the eventual result.

"We're pleased that in a very budget-minded Congress, we got what we got," said Mike Brown, a NMPF economist.

Earlier in the year, before drought relief became a major issue, the federation launched a campaign to eliminate the possibility of a 50-cent support price cut in which it enlisted the support of member cooperatives and farmers throughout the country. The new legislation effectively ends that campaign as well as lobbying efforts for another whole herd buy-out or milk diversion program to reduce production below the 5-billion-pound trigger.

Currently, farm milk prices are on the rise as seasonal factors and the drought tighten the supply-demand equation. The Minnesota-Wisconsin price -- the benchmark for setting minimum prices in the nationwide federal order system -- climbed 18 cents in July, to \$10.52 a hundredweight. Some analysts predict it will reach \$11.20 before the end of the year.

The M-W will fall, however, during the next spring flush. The temporary increase should keep milk prices 25-35 cents higher than they would otherwise be during this period, Brown said.

The bottom line? Maintaining current profit margins, if any, would appear to be the best most producers can manage over the next year as higher than anticipated milk prices are more than offset by higher feed costs. In July, soybean meal prices as high as \$360 a ton helped push the milk-feed price ration down to a national average of 1.15, well below the

figures be run through the "Pricing Corn Silage" program. Providing the information provided is reasonably accurate, the printout will give both parties the information which they need to negotiate a deal.

level thought to be profitable for milk production. The government's August crop report, which estimated a corn crop 35 percent below last year's 7.3 billion bushels and a soybean crop 23 percent less, promises prices will remain high through at least the first half of 1989, Brown said.

Obviously, the impact of the drought will vary among producers according to the amount of feed they buy and the extent of crop losses they experience. According to the federation, the "average" 60-cow herd owner may pay as much as \$15,000 more for feed next year while receiving only about \$5,000 in government disaster benefits.

Those benefits will be available only to livestock producers who grow their own feed. A provision that would have extended assistance to purchased feed as well did not make it into the final version of the drought bill.

The bill does contain a broad program of assistance to crop farmers. Producers whose losses exceed 35 percent of their average yields are eligible for payments -- in cash -- that will make up 65 percent of the value of these losses. Losses in excess of 75 percent will receive 90 percent compensation.

Other provisions include: -- a revamped assistance program for livestock producers who suffer crop losses. This will supercede the Emergency Feed Program and Emergency Feed Assistance Program already on the books.

-- a package of credit measures for farmers, banks and rural businesses. This includes extending eligibility for low-interest emergency loans from the Farmers Home Administration to farmers without crop insurance coverage.

-- assistance for tree growers and landowners who preserve wildlife habitat.

SOLUTIONS FOR TODAY'S GROWING NEEDS for fruits, vegetables & all crops



Contact
PARS, INC.
Elizabethtown, PA
(717) 367-2667

Distributor Of:
• NACHURS • NUTRI-CAL • BIVERT •

The world's most technologically advanced night light.



Vermont Castings improve the old luxury of evening in front of the fire. Our new Delight Fireplaces are efficient, low maintenance, and according to independent laboratory tests, which means no more smoke, creosote, or carbon monoxide. Stop in your local Vermont Castings dealer in select areas or write to the Vermont Castings, Inc., Dept. 100, P.O. Box 100, Waterbury, VT 05671.

The Fireplaces by Vermont Castings.

BOWMAN'S STOVE SHOP

906 E. Main St., Ephrata, PA 17522
(717) 733-4973
Tues & Wed. 10-6; Thurs. & Fri 10-8; Sat 10-4
1 Mile East of Ephrata on Rt 322



EVERYDAY SAVINGS AT EM HERR

EARLY ORDER SALE SPEEDY CORN CRIBS

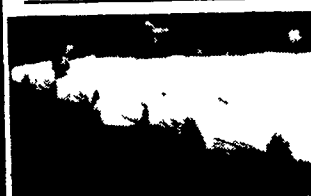


- Easy To Erect
- Rods Instead Of Bolts On Wire Mesh

Place Your Order NOW And SAVE!

FARMMASTER

GATES	6'	\$27.99
Hot Dip Galvanized	8'	\$34.99
	10'	\$37.99
	12'	\$42.99
	14'	\$49.99
	16'	\$54.99



ROUND BALE BAGS

Now In Stock!
58"x56"x164"



D-CON
4 Lb.
Reg. \$9.39

NOW \$8.88



PERMECTRIN II
1 Qt.
Reg. \$38.99

NOW \$33.88



• AMINE 400- 2,4-D

WEED KILLER Reg. \$11.59/Gal NOW \$9.88/Gal.

Good For Pastures, Lawns & Postemergence Planting

GORDON'S CHEMICALS

• VAPONA INSECTICIDE
• Reg. \$5.59/Gal.

NOW \$4.88/Gal.

• NEW BACK-RUBBER OILER

Reg. \$6.79/Gal.

NOW \$5.88/Gal.

WEED KILLER Reg. \$11.59/Gal NOW \$9.88/Gal.

KENDALL

2"x24" MILK SOCKS

Give yourself a break.

Reg. \$10.99

NOW \$9.88

Get the sock that won't.

HOMELITE JACOBSEN CHAIN SAWS

XL12
Reg. \$369.99
NOW \$239.99
SXL12
Reg. \$379.99
NOW \$279.99



Your One Stop Hardware - Farm Supply Store

EMHERR

11 Herrville Rd. Willow St., Pa 17884
Ph 717-161-3321

FARM & HOME We Accept

