

# FARM MANAGEMENT

## PRICING CORN SILAGE IN THE FIELD

Roland Freund  
Multicounty 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 as silage. If they can agree upon a price that is fair, then trading corn silage can be a good deal for both parties.

This is especially true in a year when early frost could threaten grain yields in corn fields. To analyze such a situation it is necessary to look at the transaction from the viewpoints 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 is the *minimum* which corn growers could accept. If corn growers can get more than grain income by selling it in another form, that alternative may be a better deal for them.

### Cattleman's Perspective

Buyers of a corn field need to know how much feed and the value of the feed they are getting. *Corn silage yield* in an even stand can be measured by sampling techniques. With uneven fields or 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 filled 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 0.57 tons of ear corn and 0.57 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.

### Buyer Beware!

Recognize that there is usually a big difference between minimum and maximum price in such a deal. Careful calculations and honest negotiations 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 county extension office and request that your figures be run through the "Pricing Corn Silage" program.

## NAJ Asks For Hearing

REYNOLDSBURG, Ohio — National All-Jersey Inc. (NAJ), a national dairy farmer organization, has requested USDA to hold a public hearing to consider a multiple component pricing proposal for the Chicago Regional, Iowa, and Upper Midwest federal order.

The request for the hearing is supported by Alto Dairy Cooperative, First District Association, Lakeshore Federation, Land O'Lakes, Swiss Valley Farms, Tri-State Cooperative, and Wisconsin Dairies. These organizations represent a substantial proportion of producers in the three federal orders.

The proposal for multiple component pricing (MCP) in these orders prices producer milk on the basis of butterfat, protein, and other solids content. Under the plan, handlers purchasing milk for Class I use will continue to pay for milk on a fat and skim basis. Milk used for Class II and Class III purposes is priced on a component basis.

There are five key features to

the MCP plan being proposed.

First, the basic formula price (currently the M-W) will not change.

Second, as noted above, three components are priced: butterfat, protein, and solids-not-fat other than protein (other solids).

Third, the butterfat and protein prices are determined from product prices for butter and cheese, respectively.

The other solids price is residual.

Fourth, component prices are announced on a per pound basis, rather than as differentials. And, fifth, milk used in Class I will continue to be priced on a fat and skim basis.

In comparison to multiple component pricing plans currently in use, this plan incorporates several innovations in pricing. It prices not just two, but three milk components of value.

The protein price is derived from the cheese market and it is not a residual. The protein price is not a function of the average protein content of milk in the market.

Providing that the information supplied is reasonably accurate, the printout will give both parties the information which they need to negotiate a corn silage deal.

### Example

Area of field- 45 acres  
Shelled Corn yield- 117 bu.  
Silage fills 24x80 silo,  
294 D.M.T.  
Shelled corn harvest price-  
\$2.20/bu.  
Ear corn harvest price- \$70/T.  
Fair grass hay- \$60/T.

Corn grower's Calculations  
Grain gross sales-

117x2.20=\$257

Harvesting cost-	\$23
Grain haul-	\$10
Drying charge-	\$29
Total deductions-	\$62
Potential income from grain	\$195
Stover value-	\$33
Corn grower's value per acre-	\$228

### Cattleman's Calculations

Yield = 294  
45 = 6.5 D.M.T./Ac.  
0.57 Tons Earcorn @ \$75  
= \$42.75  
0.57 Tons Grasshay @ \$60  
= \$34.20

Feedvalue/Acre = \$6.5x77  
= \$500

Harvest cost-	\$50
Hauling cost-	\$25
Ensiling cost-	\$10
Storage loss (10%)	\$50
Total costs, losses	\$135

Cattleman's maximum value  
\$365 per acre

At various moisture levels this is equivalent to a price per wet ton:  
60%- \$22.50  
65%- \$20.00  
70%- \$16.85  
and  
75%- \$14.00

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