

Corn Growers Should Sell Large Part Of Crop By July 6

EVERETT NEWSWANGER
Managing Editor

WEST MIDDLESEX (Mercer Co.)—From charts that show the average price fluctuations of corn for the last 22 years, Jim Bower, Bower Trading, Inc., West Lafayette, IN, told Pennsylvania corn growers they should consider selling a significant part of their corn crop by July 6.

Speaking at the Pennsylvania Corn Conference in February, Bower said historically, the price breaks in February, gets some volatility into spring, drops back when the crop gets in the ground and gets a seasonal rally going into July. Over the spring rally and the May to July period, producers should consider marketing strategies to sell 50 to 60 percent of the coming crop.

He suggested growers use a broker for part of the crop, and

the other part can be sold by forward contracts. The broker is useful so that if you have a weather scare, you can get out of the contract.

Of course, individual years vary from normal, but one of Bower's points was that you "always assume the normal until you see the abnormal."

"If you are a producer and want to market your grain at the highest price of the average year and wait until after the second week in July, you will probably not be selling in the top third of the corn price," Bower said.

Bower showed a chart that proved farmers sell most of their corn at the lowest time of the year. "There's a certain truth to the fact that you need to know what production you have before you can sell it," Bower said. "But you can't wait until October to December to get rid

of the crop and go on to the next year. Just by following the seasonal tendencies, you can do a much better job of marketing. Grains usually make their high price in the spring and not the fall.

Bower called the observation of seasonal trends his "refrigerator trade." "Keep track on the refrigerator door how much of your corn crop you have sold in the first seven months of the year," Bower said. "It's discouraging, but farmers market most of their grain at the lowest pricing time of the year."

To describe the markets, Bower used wrestling as an example. "The function of the market place is to take as much money from as many people in the shortest period of time possible," Bower said. "That's why after 17 years of trading, I'm a little scared, always looking for that wrestler to come up and

grab me from behind. But if you are astute and quick, you can make it.

"The broker's job is not always to be right; there is no broker that is always right. But the broker should have integrity and act as a coach, call time out, check them down, hold them when the situation gets panicky.

"Speculating and hedging operate in a different world. I have the most trouble with clients who are making money. They suddenly know it all. If they are losing money, they are willing to listen.

"When my clients overtrade, I get on them. If you should be trading two contracts instead of 20, then don't go out of bounds. I guarantee you, from my experience, every client who has over-traded, 100 percent of the time was a loser in the long run."

Bower said that over time,

the southern hemisphere will become a strong competitor of U.S. grain. Right now they have production costs significantly lower than ours. But their transportation system takes them out of the market. But in the next five to 10 years, global investment opportunities from other countries like Japan, who want a second source of grain purchases, will modernize the transportation system in countries like Brazil. Once they get transportation, they will be very competitive.

As for this year's corn markets, Bower said he believes that from one to two billion bushels of last year's corn will have spoilage problems going into this summer. The corn was harvested wet last fall and into winter. And when the warm weather hits the corn belt, that corn will need to be marketed

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Two Nitrogens Better Than One

STATE COLLEGE (Centre Co.) — When the Pilgrims arrived 300 years ago, Native Americans taught them to plant corn and to fertilize it by burying a fish near each hill of corn seeds. As the fish decayed during the season, it nourished the growing corn.

Scientists have conducted much research since then but admit they must still learn more about making nitrogen fertilization a more efficient practice. Concern heightened in recent years as fertilizer prices increased and, more recently, as people realized that excessive or poorly timed applications can result in the fertilizer ending up in water supplies.

Sterling R. Olsen, a USDA soil scientist, has fine-tuned fertilizer applications and increased corn yields up to 40 bushels per acre. His secret? He used two forms of nitrogen — ammonium and nitrate. Growers today typically use one form or the other.

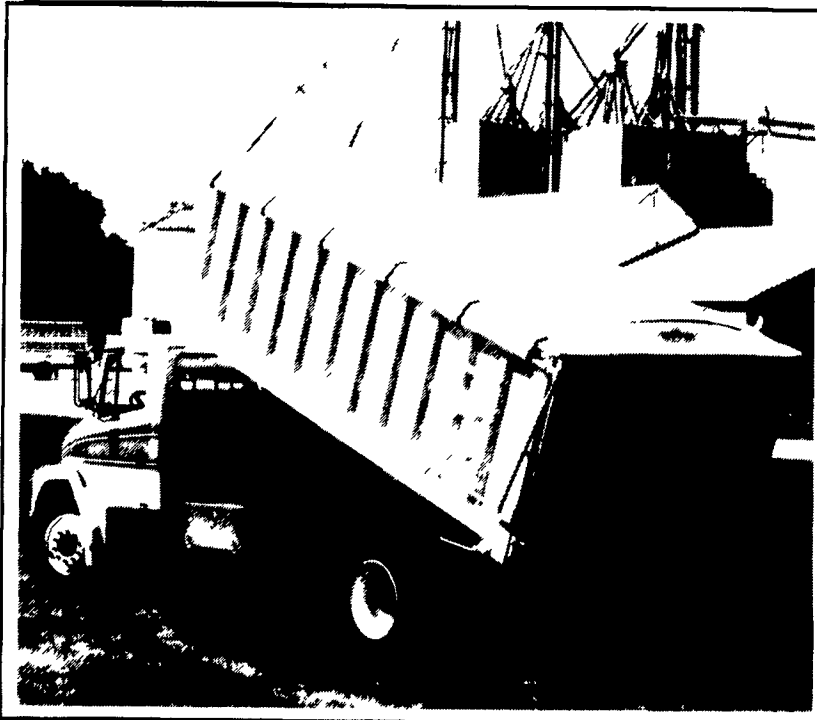
"Applying the two forms at a rate that provides the same amount of available nitrogen as is usually applied in a single form increases the crop's fertilizer use efficiency; the plants assimilate more. Such application also reduces the danger that some nitrogen will end up in water supplies," said Olsen.

Nitrogen fertilizers are either organic (manure and plant residues), or inorganic (commercial fertilizers). The organic forms must decompose before plants can use them. Inorganic forms are applied as nitrates and ammonium salts, or a combination of the two.

Olsen found the most efficient nitrogen fertilizer combination to be the two forms of nitrogen — nitrate and ammonium — applied in equal amounts. A commercially available nitrification inhibitor, called N-Serve, helped keep the ammonium form of nitrogen from being converted to nitrate before corn roots could absorb it. Top corn yields were 221 bushels per acre.

Olsen, now retired, conducted these tests in cooperation with Colorado State University on irrigated corn growing on calcareous soils low in organic matter.

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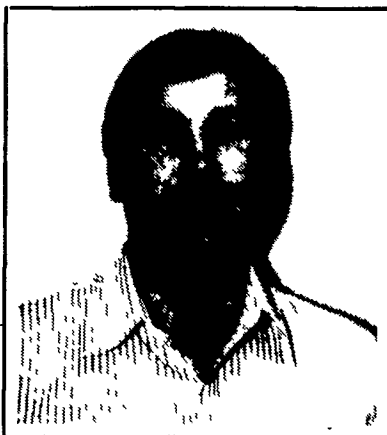
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