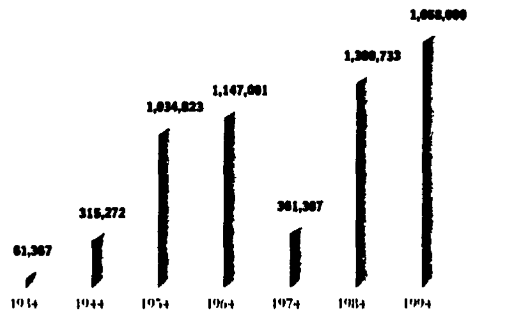
Corn Ending Stocks 1925-1994

1,000 Bushels



1,000 BUSHELS

1925*	262,148	1939	541,444	1953	919,681	1967	1,168,688	1981	2,174,006
1926	192,451	1940	473,540	1954	1,034,823	1968	1,118,395	1982	3,119,937
1927	87,232	1941	422,026	1955	1,164,726	1969	1,005,223	1983	723,223
1928	142,371	1942	384,101	1956	1,418,904	1970	666,739	1984	1,380,733
1929	134,403	1943**	230,995	1957	1,469,344	1971	1,126,929	1985	4,039,522
1930	162,577	1944	315,272	1958	1,524,131	1972	707,878	1986***	4,881,693
1931	251,697	1945	171,820	1959	1,786,966	1973	483,862	1987	4,259,086
1932	326,770	1946	283,218	1960	2,016,463	1974	361,387	1988	1,930,428
1933	273,931	1947	123,473	1961	1,652,552	1975	399,652	1989	1,344,457
1934	61,367	1948	813,012	1962	1,365,135	1976	885,865	1990	1,521,245
1935	171,561	1949	844,466	1963	1,536,522	1977	1,111,435	1991	1,100,311
1936	60,004	1950	739,518	1964	1,147,091	1978	1,303,925	1992	2,112,981
1937	351,539	1951	487,121	1965	841,695	1979	1,617,050	1993	850,000
1938	553,793	1952	769,137	1966	826,308	1980	1,034,269	1994****	1,658,000

*On Farm Storage Only
** Includes on and off farm stocks
*** Marketing year changed to September 1
**** Projected
Source USDA/World Agricultural Outlook Board

CORN TALK NEWS
PENNSYLVANIA MASTER CORN GROWERS ASSOC., INC.

Risk Management A Valuable Tool

NASHVILLE, Tenn.—Corn farmers attending the National Corn Growers Association's (NCGA) 1995 Corn Classic got an earful of valuable risk management information during two early-riser marketing sessions.

Dr. Gerry Schwab, an extension economist from Michigan State University, provided attendees with a risk management checklist. Schwab, whose appearance was made possible by Rain and Hail Insurance, pointed out to farmers they face risk from several factors, including weather, policy, and the markets.

With a plan and some discipline, however, Schwab says corn growers can manage these and other elements by utilizing the process of risk management. Specifically, Schwab says farmers should:

•Know thyself—farmers must understand their own risk-bearing capacity, ability and attitude.

•Identify potential sources of risk.

•Estimate the chance of loss and the extent of loss.

•Develop a list of the instruments or tools that can be used to reduce each of the risk sources.

•Do a situation analysis. Compare the costs and returns of alternatives.

Attendees at the early-riser session, sponsored by the Chicago Board of Trade, were given some smart marketing tips with futures and options. The Board's Jeffrey Campbell reveiwed both profit futures and options strategies and compared them with cash sales. Campbell illustrated how cash forward contracts can provide corn growers with complete price protection, but no additional opportunity when prices rise. Similarly, hedging with corn futures can yield a comparable result, he says, but using futures positions can place changes in basis at risk.

Various options strategies offer farmers advantages in different market settings. Campbell points out buying options allows growers to protect prices with unlimited upside potential, although basis risk remains. Selling calls, on the other hand, stifles price protection and profit gains, but offers maximum opportunity in a stable market. A fence or window strategy, where farmers buy a put and sell a call at the same time, provides the best potential and price protection in a rising market. But again profit opportunity is limited, Campbell said, and a change in basis can impact the value of the strategy.