

Farm Management

PRICING 1999 DROUGHT-STRICKEN FORAGES

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This year south central Pennsylvania is hard hit with early and unrelenting drought conditions. Scattered thunderstorms have provided temporary relief for some fields, but in late July it now appears that few grain crops will survive to give even a fraction of normal yields.

Since world stocks and projected supplies of grain are still fairly high, prices for these locally scarce commodities are only at modest levels. Meanwhile corn silage yield and quality are in doubt, so dairymen will be searching far and wide to round up enough crop to fill their normal needs. That's the bad news.

If there is any good news in this situation, it is that these relatively moderate feed prices should en-

able the prudent dairy and livestock folks to lock in their feed needs for the coming year at a reasonable price. Since some corn fields will not even set grain, the growers of those crops can make a deal with their silage-seeking neighbors to sell the stalks for silage. The next question is: "What is a fair price for this forage?" As usual, there is more than one perspective on this question.

Grower's Perspective

A standing field of corn is normally worth what the grower can get for the grain at harvest time, minus the harvesting cost, minus drying, hauling, and marketing charges. To calculate this value requires some yield checking and some price forecasting. Based on local mills' present harvest time contract, at this writing this price is quoted at \$2.30 a bushel.

If we are looking at a field with a grain yield of 40 bushels and an 8-ton silage harvest at 35 percent dry matter, the grower could ex-

pect to net \$56 from shelled corn. But if stover is removed, he should get an estimated \$14 to compensate for the fertility and conservation value removed with silage. This makes his field worth \$70 per acre or \$8.80 per standing ton. Unless the grower can get more for silage he is theoretically just as well-off if he lets it dry down for shelling and sale on harvest contract.

Dairyman's Perspective

In theory, if the dairyman can't get corn silage, he can substitute 4 hundredweight of ear corn plus 4 hundredweight of grass hay for each ton of silage. This makes that acre of corn silage worth \$245 to the dairy if it is in the feed-bunk. But it will cost \$50 to harvest and haul, \$10 to ensile, 10 percent loss for ensiling and storage, and a 6 percent discount for lower grain to stem ratio. This reduces his silage value to \$156 for the acre. That's the *maximum* he should consider offering.

If the silage is 40 percent dry matter, a ton is worth \$22.25; at 35 percent, \$19.50; at 30 percent, \$16.70; and 25 percent, \$14.00. It is very critical to know the dry matter content of what you buy. Many people have paid for very expensive water!

A forage test will reveal the analysis of the forage. This can be used as a guide, but buyers should be cautious, as droughted forage does not always give the animal

performance which would be expected from the laboratory results.

Room To Negotiate

We see from this example that both parties can be more profitable if they strike a deal somewhere between \$100 and \$140 per acre for this droughted crop.

Supply and demand will play a big role in the price, but dairy farmers should not allow themselves to be gouged into paying the astronomical prices that were reported several years ago, especially for forage of dubious quality.

Soybean Silage

Selling standing beans for silage could be approached with about the same procedure. As with corn, a critical factor with droughted beans will be to know the nutritive value of the crop. Normally a test could expect to show: 18 percent crude protein, 0.55 NEL; 55 NDF. The dry mat-

ter here is closely comparable with alfalfa; and should be worth approximately 80 percent to 90 percent of the dry matter price of equivalent alfalfa at the farm gate.

However, as with silage, the harvesting, hauling, and ensiling costs and losses can be considerable. These must be adjusted for before a price is struck.

Need Help?

These calculations are time-consuming. There is a simple template available to assist with corn silage pricing. It can be supplied to you but you will need to specify the format and the version of the spreadsheet in use on your computer.

Related drought information is available at <http://www.cas.edu/docs/cashome/drought/> or from your local county extension office.



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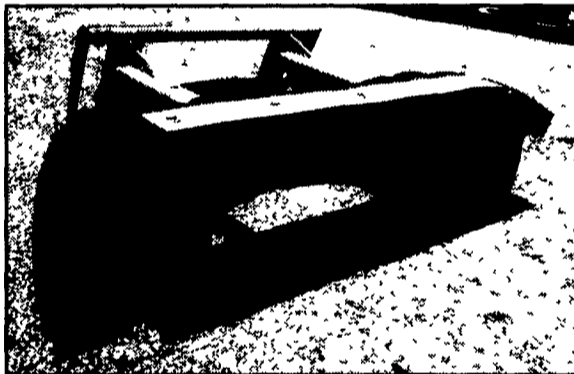
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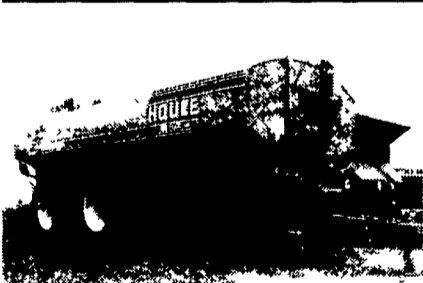
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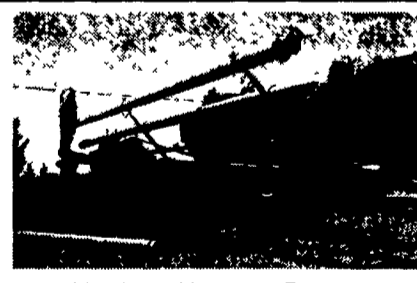
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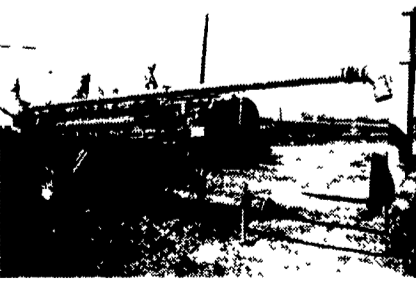
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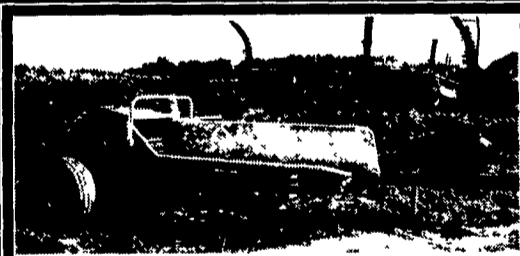
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