

LOOKING FORWARD WITH A BACKWARD GLANCE

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The Question: After all the pushing to sell all you could, as far ahead as you could, for over two years, we still get questions as to “What should I do now?” The farther prices fall, the more difficult it is to respond to that question. The farther prices fall, the closer grains are to their longer term lows. The charts we sent out on July 18, 2014, pointed to where prices were targeting for corn, beans and wheat. Wheat happened to fall to meet their long term uptrend lines at \$4.50 first. Next will likely be soybeans. Then we’ll see how close corn can come to their long term support.

Our older producers know that one should never say never as to how low prices can go. They have lived reality, where prices fell further than anyone thought possible. Few believe it can get as bad as it did from 1985 to 1987. Our young farmers may have only heard stories of “Pik and Roll”. Many younger farmers are only familiar with good times and crazy high prices. What is here today, and what is yet to unfold, will be quite an awakening for these youngsters. Some will fall on this round of falling prices. Does anyone remember how long it took before prices rebounded? How many remember what the government had to do to help grains turn around?

The Answer: One producer who got it said that he should not own anything right now. That is as simple and as correct as it gets. We have Subscribers who have sold 100% of their 2015 and 2016 production by following their understanding of constant drum beat of falling prices. The recommendations have been to be up to 100% sold, if you can manage being that aggressive. That means you need to know and understand how to use futures, and how to become “market neutral” when this longer term, deflationary trend changes. Some of those who do understand have even priced some production for 2017 and 2018! All this works great, as long as you can offset these cash sales by re-owning them via futures. For those of you who can’t be this aggressive with their sales for whatever reasons, you still must do the best you can. Hopefully, those less aggressive are still 100% sold on 2015 and up to 50% sold on 2016. There is no reason you shouldn’t be at least 25% sold on 2017. If you’re not, you have your reasons why you’re not. One Subscriber told us he was 100% sold on his 2015 crop, which he sold late in 2014 and early in 2015. He still had crop left to sell now, but only because his production far exceeded his seasonal norm. When we asked about sales for 2016, he said he had none sold. Explaining, he said we needed to understand that selling as much of 2015 as he did was really stepping out of the box, outside his comfort zone, as it was. So he was very pleased at how aggressive he was. Selling so far ahead and locking in some 2016 was just too much for him to do at one time. Always remember that no matter what you do, something of a good thing is always better than nothing of a good thing. Making changes in how you do your grain marketing in the second half of your life is not easy. We know that. Little steps, followed by bigger steps, are how you can grow a good marketing program into a better one. It is our hope that our efforts at educating you as to the reasons behind our thoughts, can build your comfort level and trust in us so that your marketing’s just gets better and better; adding more profits every year. And in year’s like these years where profits are thin to none, your efforts will still put you dollars ahead of your neighbors who are living on hope, ignoring the facts that drive our grain prices lower.