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2009

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Burgener, Paul, "USDA Reports Put Pressure on Markets, Remind Growers to Have a Marketing Plan" (2009). *Press Releases from Panhandle Research and Extension Center*. 16.
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USDA reports put pressure on markets, remind growers to have a marketing plan

Corn and wheat producers received a bit of “bearish” news from a pair of reports released recently by the U.S. Department of Agriculture, University of Nebraska-Lincoln Ag Economist **Paul Burgener** says.

The reports, and the resulting fluctuations in crop prices, are a reminder to growers that they should continuously look for opportunities to sell what they produce, to avoid the down cycles and take advantage of favorable prices, he said.

USDA released annual reports on crop acreage and grain stocks on June 30. Nationwide, corn acreage was up by 1 percent over 2008. Nebraska corn acreage increased by 7 percent. Stocks of corn in storage were up 6 percent nationwide from a year ago.

Wheat acreage was down 3 percent, and the amount of wheat in storage increased 118 percent from a year ago.

“When you put that together ... that really puts some pressure on our local crops as we head into wheat harvest, especially,” Burgener said.

He said the result will be some softening of wheat price. Added to that, with harvest already under way in some areas, Kansas has reported fair yields and Nebraska is expecting a decent crop when harvest begins.

“So that will mean challenges in marketing wheat,” Burgener said. “We’re going to have to look at some other alternatives right now.”

The acreage report had mixed news for two crops grown regionally, sugarbeets and dry edible beans. Sugarbeet plantings, at 53,000 acres, are up 17 percent from 2008. Burgener said that was expected since Western Sugar’s available contracted acreage was all spoken for.

At 115,000 acres, dry edible bean planting was down about 15 percent from 2008. That is no surprise either, Burgener said, because great northern beans were off the market for much of the winter.

Another crop grown in western Nebraska, proso millet, saw an acreage decrease of 39 percent from a year ago, 20 percent nationally. Burgener said the lower acreage could translate into stronger prices this fall if the area experiences a poor growing year or something else comes along to tighten supplies.

The recent USDA reports – and the effects that they could have on some commodity prices – are a reminder to growers that they should be thinking year ‘round about how to market what they

produce. A marketing plan could include forward selling some of a crop and then considering storage options, if available, for the remainder.

Burgener notes that the best opportunity to sell the 2009 winter wheat crop (or what was left of the 2008 crop) was right before planting in fall of 2008 or through the winter. As of the beginning of July, local wheat cash prices were under \$5.00 a bushel, “and there’s nothing in these reports to suggest that will get any better.”

“We would hope our producers had some wheat sold prior to harvest, and now will have to look some opportunity later in the year depending on storage options,” Burgener said.

For corn, he said, the market will depend partly on the weather.

“We’ll see what happens through summer, how much moisture we get, and see if there’s a chance to catch a rally between now and harvest. If we don’t see any rallies, we’ll have to use some of those storage options and look for some opportunities to market corn.”