



WPC GRAIN CHAT

JUNE 2022

THE MORE THINGS CHANGE...

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The More Things Change...

It's hard to remember sometimes, but it's only been a short while since we in the ag community were living in a very different world. We have witnessed and taken part in dramatic, unprecedented economic changes in our industry. One thing we can know for sure is that, as Heraclitus said in the 1st century BC, "There is nothing permanent except change".

Like all change, the recent economic events in our industry have had both positive and negative impacts. Many mundane parts of our lives have become challenging, but at the same time many things that needed to change have found a catalyst to do so. We have all identified areas of weakness or sloppiness in our businesses and been motivated to change them. The industry as a whole, from farmers to end users, will be stronger for having faced these times.

What's Different?

Can you remember the significant marketing challenges of a few years ago? To a great extent, they revolved around loan rates, LDPs, and posted local prices. Prices were well below the long-term average and government paperwork was a big part of farm marketing.

What are today's challenges? Incredibly high grain prices have tested the industry's ability to buy grain, and skyrocketing input costs are ensuring that windfall profits will not be likely at prices that have been historically profitable or even prices that have never been attainable before.

What's the Same?

Even as we learn how to do business in this environment, the basic principles of sound business have not changed. For the farm marketer, this boils down to two areas that encompass almost every challenge you face.

1. Daily Market Focus is a Bad Use of Your Time

The very nature of how your grain is priced means that its value fluctuates daily. This is nothing new. However, those fluctuations occur more often and more dramatically now. This has led to an explosion of even more "noise" and information about price movement. We have all spent more time than ever thinking about and talking about futures price movements. When all the talk is over, though, there is still not anything useful to DO about it. Focusing on price movements, especially from one day or one hour to the next, has never been a useful exercise and it still isn't. It creates a lot of distraction and has little if any practical value.

2. The Math is Still Simple

The numbers have changed a lot and are more volatile, but the equation stands firm. Revenue - Cost = Profit. It is sometimes a difficult task to be sure, but it's easier to act when your goals are simple and few, and marketing goals can be simple and few. The key is to clear away as many distractions as possible and focus your precious resources of time and energy where they can make the greatest impact.

What Can We Do?

As a country grain elevator serving this community our goals are simple and few. We want to provide you the best service possible, be a valuable partner in helping you reach your goals and create a situation where both of our businesses can grow stronger over time. Like you, we are facing some challenges as well, and it is becoming clear that now more than ever we must work together to overcome them. A strong relationship as friends, business partners, and members of the same community is essential - working together, we will find solutions to our challenges.

(Adapted from White Commercial Farmer's Corner Sept/Oct 2008)

W.I.N.! - What's Important Now?

W.I.N. is an acronym for the question, “What’s important now?” What’s important right now as far as becoming a winning grain marketer? Since the past is gone, the future is unknown and the present is all we have, how can we effectively use the present to become winners in this game of marketing? Somehow, we need to be able to see the big picture and the smallest details at the same time and adapt to reality. Nothing else really matters. Coaches and trainers realize the importance of being fully present in the game. Distractions reduce effectiveness. Have you as grain marketers had any distractions lately?

Changes That Distract

Change is something that we all recognize to be the norm. Saying that you have experienced some changes that could be distracting and prevent you from being a winning grain marketer is a huge understatement. You are likely either done planting or currently planting the 2022 milo and soybean crops. So far, as of this writing, the November 2022 soybean contract has traded from a low of \$8.40 to a high of \$15.41. The December 2022 milo (corn) contract has traded from a low of \$3.69 to a high of \$7.57. New users of our commodities, global uncertainty, and inflation have caused prices to rise to record levels. These happenings become extremely distracting, especially if you already booked some or most of your 2022 production near the lower end of these ranges. We cannot turn back the clock and reverse a good decision that we made using the facts available at the time. As distracting as these facts may be, we cannot allow them to render us ineffective in dealing with what’s important now.

Changes in your cost to produce a crop are also phenomenal. As commodity prices have climbed to lofty levels, your

input costs have joined in the ascent too. Fertilizer, seed, fuel, land rent, equipment costs and many other miscellaneous costs have gone through the roof. This is very distracting to see such huge changes in cost of production in such a short period of time. But, again, we cannot allow the huge run-up in costs to deter us from dealing with what’s important now.

Some Things Never Change

Despite the constancy of change, some concepts never change and one of those concepts deserves your immediate attention. We have long advocated that commodity market prices need to be evaluated in terms of profit to the producer. In other words, think profit, not price. The process is amazingly simple. You have a good handle on your cost of production for 2022 now because you have probably bought many of your inputs already. You have records of past years’ yields and can arrive at a reasonable projected average yield. Armed with those two bits of information, you can use the Profit Grid on the next page to estimate your profit potential at a market price of \$6.30 on milo and \$14.50 on soybeans (Cash prices as of this writing). We have already plugged-in cost of production numbers that have been tossed around recently.

These Charts would seem to confirm the long-standing belief of many that there is no consistent relationship between your cost of production and what the market is willing to pay you. For many years, the market paid only a nominal return above costs and now it is rewarding you an unbelievable level of profit. This is actionable information and is important now!

What’s Your W.I.N.?

Let’s personalize the W.I.N. concept. What’s really im-

LOOKING AHEAD TO FALL CROPS

Over the past several years we have seen a pattern where fall grain prices tend to be at their high at some point during the growing months of May, June or July. With the recent rallies, **this may be a good time to think about forward contracting some of your fall crops.**

We are currently writing Forward Pricing Contracts for 2022 milo, soybeans and corn
Call or stop in if you wish to participate.



WHEAT OPEN STORAGE POLICY FOR 2022

ALL WHEAT RECEIVED DURING 2022 WILL BE PLACED IN OPEN STORAGE.

Title of grain will remain in the customers’ name until sold.

For those who keep grain in storage for a number of months, we may request that it be placed on Delayed Price (DP) later in the year so that we will be able to ship it out. But for the upcoming harvest all wheat will be placed in open storage.

portant now? Depending on what marketing steps you have already taken, your answers will vary, however your list should be a short one, and may include such things as the following.

1. Separate yourself from the market “noise.” When Tiger Woods was asked how he handled the pressure of making the chip shot that clinched his winning the last of the four major championships, he replied, “I just tried to stay in the moment and focus on the shot I had to make.” You are at the same juncture today.
2. Use the Profit Grid demonstrated below to see where you stand. In these volatile times, circumstances can change so fast. Rising market prices have gained on rising costs on the wild ride up. What happens if the marker decides to fall? Will costs fall as fast as markets sometimes fall?
3. Get a handle on your coverage provided by the 2022 Crop Insurance.
4. Make sales accordingly.

Success Equals Action

An idea is only as good as its execution. You can have all

the right goals, priorities, and focus in the world, but until you act on those principles, it is all for naught. Once you decide what profit you need and what price is necessary to attain it, you must take action. Growing a crop with no plan for selling is not action, it is delaying the action of making a decision. Entering target contracts and selling grain when profit is available is the way to take decisive action in your grain marketing.

The majority of grain gets sold because there is a need for money or because of logistic reasons to move grain out to get ready for the next crop. Wouldn't a better reason for selling be that the price available would return a good profit to your business? This should be the only reason grain gets sold, because someone is taking decisive action on a profitable price.

As always, we are here to help! We can review all the options we offer for marketing and help you make a plan that will best fit your profit goals, give us a call anytime.

(Adapted from White Commercial Profit Talk May/June 2022)

PROFIT GRIDS

		1 Acres		\$6.30 per bushel													MILO
		COST PER ACRE															
		\$300	\$325	\$350	\$375	\$400	\$425	\$450	\$475	\$500	\$525	\$550	\$575	\$600	\$625	\$650	\$675
	45	(\$17)	(\$42)	(\$67)	(\$92)	(\$117)	(\$142)	(\$167)	(\$192)	(\$217)	(\$242)	(\$267)	(\$292)	(\$317)	(\$342)	(\$367)	(\$392)
	50	\$15	(\$10)	(\$35)	(\$60)	(\$85)	(\$110)	(\$135)	(\$160)	(\$185)	(\$210)	(\$235)	(\$260)	(\$285)	(\$310)	(\$335)	(\$360)
Y	55	\$47	\$22	(\$4)	(\$29)	(\$54)	(\$79)	(\$104)	(\$129)	(\$154)	(\$179)	(\$204)	(\$229)	(\$254)	(\$279)	(\$304)	(\$329)
I	60	\$78	\$53	\$28	\$3	(\$22)	(\$47)	(\$72)	(\$97)	(\$122)	(\$147)	(\$172)	(\$197)	(\$222)	(\$247)	(\$272)	(\$297)
E	65	\$110	\$85	\$60	\$35	\$10	(\$16)	(\$41)	(\$66)	(\$91)	(\$116)	(\$141)	(\$166)	(\$191)	(\$216)	(\$241)	(\$266)
L	70	\$141	\$116	\$91	\$66	\$41	\$16	(\$9)	(\$34)	(\$59)	(\$84)	(\$109)	(\$134)	(\$159)	(\$184)	(\$209)	(\$234)
D	75	\$173	\$148	\$123	\$98	\$73	\$48	\$23	(\$3)	(\$28)	(\$53)	(\$78)	(\$103)	(\$128)	(\$153)	(\$178)	(\$203)
P	80	\$204	\$179	\$154	\$129	\$104	\$79	\$54	\$29	\$4	(\$21)	(\$46)	(\$71)	(\$96)	(\$121)	(\$146)	(\$171)
E	85	\$236	\$211	\$186	\$161	\$136	\$111	\$86	\$61	\$36	\$11	(\$15)	(\$40)	(\$65)	(\$90)	(\$115)	(\$140)
R	90	\$267	\$242	\$217	\$192	\$167	\$142	\$117	\$92	\$67	\$42	\$17	(\$8)	(\$33)	(\$58)	(\$83)	(\$108)
A	95	\$299	\$274	\$249	\$224	\$199	\$174	\$149	\$124	\$99	\$74	\$49	\$24	(\$2)	(\$27)	(\$52)	(\$77)
C	100	\$330	\$305	\$280	\$255	\$230	\$205	\$180	\$155	\$130	\$105	\$80	\$55	\$30	\$5	(\$20)	(\$45)
R	105	\$362	\$337	\$312	\$287	\$262	\$237	\$212	\$187	\$162	\$137	\$112	\$87	\$62	\$37	\$12	(\$14)
E	110	\$393	\$368	\$343	\$318	\$293	\$268	\$243	\$218	\$193	\$168	\$143	\$118	\$93	\$68	\$43	\$18
	115	\$425	\$400	\$375	\$350	\$325	\$300	\$275	\$250	\$225	\$200	\$175	\$150	\$125	\$100	\$75	\$50
	120	\$456	\$431	\$406	\$381	\$356	\$331	\$306	\$281	\$256	\$231	\$206	\$181	\$156	\$131	\$106	\$81
	125	\$488	\$463	\$438	\$413	\$388	\$363	\$338	\$313	\$288	\$263	\$238	\$213	\$188	\$163	\$138	\$113

		1 Acres		\$14.50 per bushel													SOYBEANS
		COST PER ACRE															
		\$300	\$325	\$350	\$375	\$400	\$425	\$450	\$475	\$500	\$525	\$550	\$575	\$600	\$625	\$650	\$675
Y	20	(\$10)	(\$35)	(\$60)	(\$85)	(\$110)	(\$135)	(\$160)	(\$185)	(\$210)	(\$235)	(\$260)	(\$285)	(\$310)	(\$335)	(\$360)	(\$385)
E	25	\$63	\$38	\$13	(\$13)	(\$38)	(\$63)	(\$88)	(\$113)	(\$138)	(\$163)	(\$188)	(\$213)	(\$238)	(\$263)	(\$288)	(\$313)
L	30	\$135	\$110	\$85	\$60	\$35	\$10	(\$15)	(\$40)	(\$65)	(\$90)	(\$115)	(\$140)	(\$165)	(\$190)	(\$215)	(\$240)
D	35	\$208	\$183	\$158	\$133	\$108	\$83	\$58	\$33	\$8	(\$18)	(\$43)	(\$68)	(\$93)	(\$118)	(\$143)	(\$168)
P	40	\$280	\$255	\$230	\$205	\$180	\$155	\$130	\$105	\$80	\$55	\$30	\$5	(\$20)	(\$45)	(\$70)	(\$95)
E	45	\$353	\$328	\$303	\$278	\$253	\$228	\$203	\$178	\$153	\$128	\$103	\$78	\$53	\$28	\$3	(\$23)
R	50	\$425	\$400	\$375	\$350	\$325	\$300	\$275	\$250	\$225	\$200	\$175	\$150	\$125	\$100	\$75	\$50
A	55	\$498	\$473	\$448	\$423	\$398	\$373	\$348	\$323	\$298	\$273	\$248	\$223	\$198	\$173	\$148	\$123
C	60	\$570	\$545	\$520	\$495	\$470	\$445	\$420	\$395	\$370	\$345	\$320	\$295	\$270	\$245	\$220	\$195
R	65	\$643	\$618	\$593	\$568	\$543	\$518	\$493	\$468	\$443	\$418	\$393	\$368	\$343	\$318	\$293	\$268
E	70	\$715	\$690	\$665	\$640	\$615	\$590	\$565	\$540	\$515	\$490	\$465	\$440	\$415	\$390	\$365	\$340
	75	\$788	\$763	\$738	\$713	\$688	\$663	\$638	\$613	\$588	\$563	\$538	\$513	\$488	\$463	\$438	\$413
	80	\$860	\$835	\$810	\$785	\$760	\$735	\$710	\$685	\$660	\$635	\$610	\$585	\$560	\$535	\$510	\$485

Walker Products Co., Inc.

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785-524-3309 (fax)

HARVEST DO'S

DO call us ahead of time to make changes to field splits or names.

DO remember to tell your driver what field you are on.

DO check your tickets daily to make sure the names and splits are correct. Changing tickets right away is easy for us to do. But after landlords or farmers sell, we are not able to make any changes.

DO sign up for MyGrower! (call the office)

DO be safe and have a bountiful harvest!!

Walker Products Company is an independently owned country grain elevator in Lincoln, Kansas, dedicated to bringing profitability to area farmers by using clear-cut marketing concepts proven to add value to the farming operation. We are dedicated to educating ourselves and our customers in farm and business management and ready to assist you with your grain handling and marketing needs. Friendly, customer service is the foundation of our business with integrity at its core. With over 60 years of experience, our focus remains the same...

We are committed to your success!!

Storage & DP Rates:

Storage and DP rates will remain the same for all commodities.

-Wheat, Milo and Corn are .0015 cents/bu/day. (4.5 cents/month).
-Soybeans are .0017 cents/bu/day (5 cents/month).

15 day grace period before storage starts.
(Storage/DP will then revert back to delivery date).

FIND US ON THE WEB

www.walkerproducts.net

Grain Quotes (updated every 15 minutes)
Producer Resources, Storage & DP rates, Discount Schedules
Available on Mobile Devices



Available to Customers on MyGrower



Find us at [Facebook.com/walkerproductscompany](https://www.facebook.com/walkerproductscompany)

Committed to Your Success!!

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