

Consider Grain Storage In Volatile Market

LEXINGTON, KY.

Faced with low grain prices and market volatility, producers who have not sold this year's crop may want to consider storage options, said specialists with the University of Kentucky College of Agriculture.

The price of corn has plummeted since it peaked this summer at around \$7 a bushel. The price decline is due to an increase in supply and lower energy prices, said Cory Walters, UK agricultural economist.

The October U.S. Department of Agriculture World Agricultural Supply and Demand Estimates report projected a 128 million bushel increase to this year's corn crop from September.. This increase is due to improved yields. The report estimated yields increased by 1.7 bushels per acre from last month.

With harvest coming to a close, producers are trying to determine whether it would be beneficial to them to store their crop until prices rebound, but no one is sure when and if that will happen. On Oct. 27, December corn futures were selling at around \$3.80, and March futures were near \$4.

"There is a chance prices could rebound," Wal-

ters said. "I would not bet the entire crop on it, but at least some of it."

Fortunately, many of the state's grain producers have been planning for such a scenario and over the last couple of years have added storage facilities to their farming operations. UK extension agricultural engineer Sam McNeill said producers have added 10 million bushels of storage capacity since 2005.

"Some producers have been positioning themselves for this," McNeill said. "On-farm storage capacity is more than double that of commercial storage in this state."

By storing at least a portion of this year's crop, producers who recently added storage facilities could see their investments pay off or at least have an opportunity to recuperate some of the costs of the bins if prices increase.

For those who do not have enough on-farm storage, commercial storage is ranging from five to seven cents per bushel per month through the remainder of the year. Storage prices typically drop a little after January, but this year it may depend on whether grain prices increase, McNeill said. △