

Developing a Marketing Plan

Frayne Olson, PhD

Crop Economist/Marketing Specialist

frayne.olson@ndsu.edu 701-231-7377

NDSU Extension Service
ND Agricultural Experiment Station
Dept. of Agribusiness & Applied Economics

Key Considerations in Marketing Plan

- What is my main objective?
 - Achieve the highest price possible.
 - Sell for more than my neighbor.
 - Achieve a targeted profit margin.
 - Manage price risk.
- What are my cash flow needs?
- Are there grain storage limitations?
- Are there tax planning considerations?



Mechanics of a Marketing Plan

- Set price objectives.
- Set timing objectives.
- Choose the correct marketing tool.
- Monitor market conditions.
- Update or modify when needed.
- **Implement!! (Pull the trigger)**



Setting Price Objectives

- Know your cost of production!
- Fundamental Analysis
 - Evaluate Supply and Demand Conditions
 - USDA-WASDE Reports (World Agricultural Supply and Demand Estimates)
 - Use reports from private analytical firms
 - Hire a marketing consultant
- Technical Analysis
 - Charting techniques
 - Basic analysis free on webpages
 - Hire a marketing consultant

Fundamental Analysis



Corn Supply & Demand Table

U.S. Corn	2012/2013	2013/2014 (est.)	2014/2015 (Jan)
Planted A.	97.3 Mill. A.	95.4 Mill. A.	90.9 Mill. A.
Harvested A.	87.4 Mill. A.	87.7 Mill. A.	83.1 Mill. A.
Yield/Harvest A.	123.1 bu.	158.1 bu.	171.0 bu.
Begin Stocks	989 Mill. Bu.	821 Mill. Bu.	1,232 Mill. Bu.
Production	10,755 Mill. Bu.	13,829 Mill. Bu.	14,216 Mill. Bu.
Imports	160 Mill. Bu.	36 Mill. Bu.	25 Mill. Bu.
Total Supply	11,904 Mill. Bu.	14,686 Mill. Bu.	15,472 Mill. Bu.
Feed & Residual	4,315 Mill. Bu.	5,036 Mill. Bu.	5,275 Mill. Bu.
Food, Seed, Ind.	6,038 Mill. Bu.	6,501 Mill. Bu.	6,570 Mill. Bu.
Ethanol	4,641 Mill. Bu.	5,134 Mill. Bu.	5,175 Mill. Bu.
Exports	730 Mill. Bu.	1,917 Mill. Bu.	1,750 Mill. Bu.
Total Use	11,083 Mill. Bu.	13,454 Mill. Bu.	13,595 Mill. Bu.
Ending Stocks	821 Mill. Bu.	1,232 Mill. Bu.	1,877 Mill. Bu.

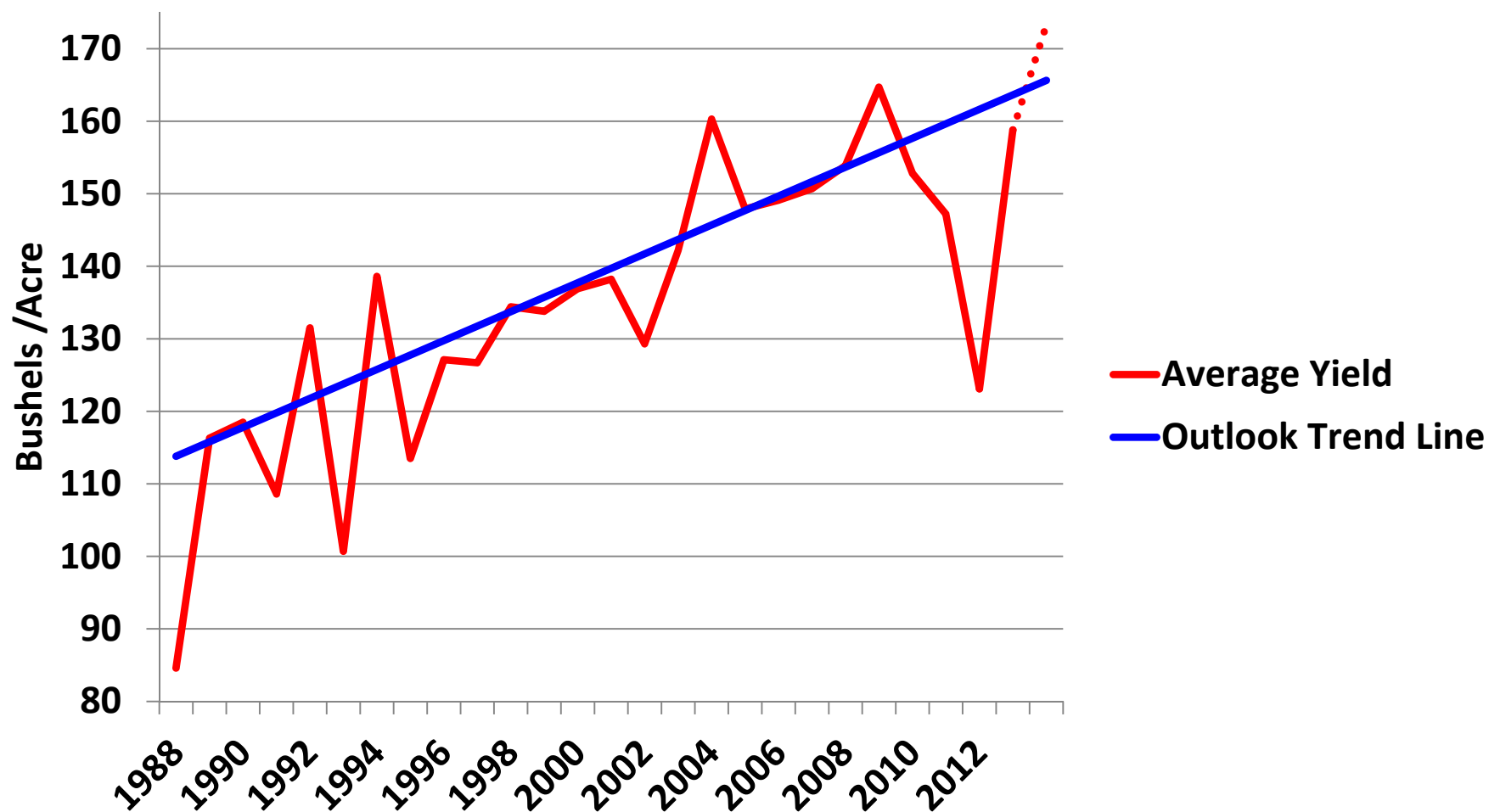
USDA – WASDE – January 12, 2015

Corn Supply & Demand Table

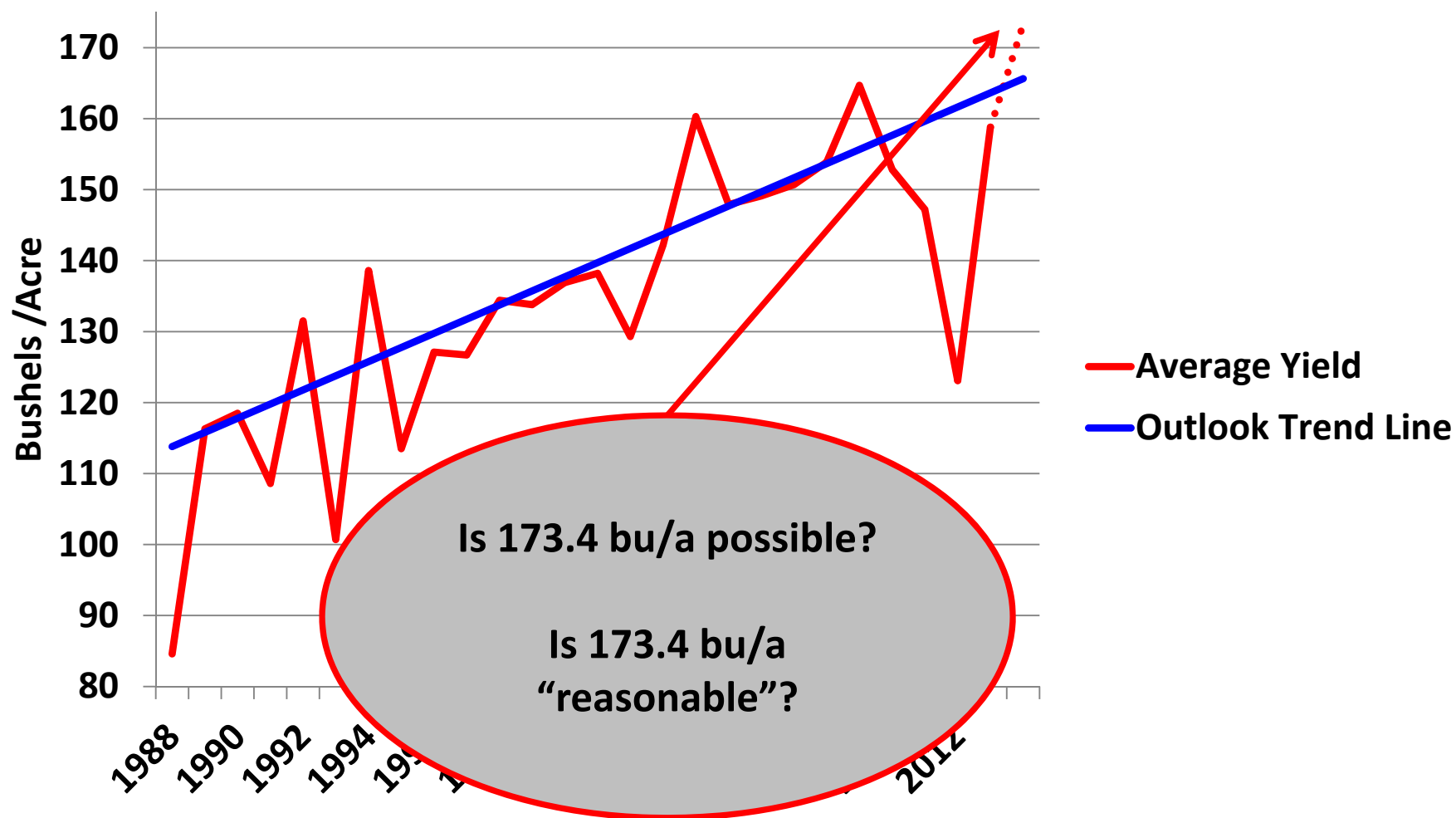
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Total Demand	13,454 Mill. Bu.	13,454 Mill. Bu.	13,595 Mill. Bu.
Ending Stocks	1,232 Mill. Bu.	1,232 Mill. Bu.	1,877 Mill. Bu.

**14,216 Mill. Bu. is
the second record
corn crop in a row!
(2.8% increase)**

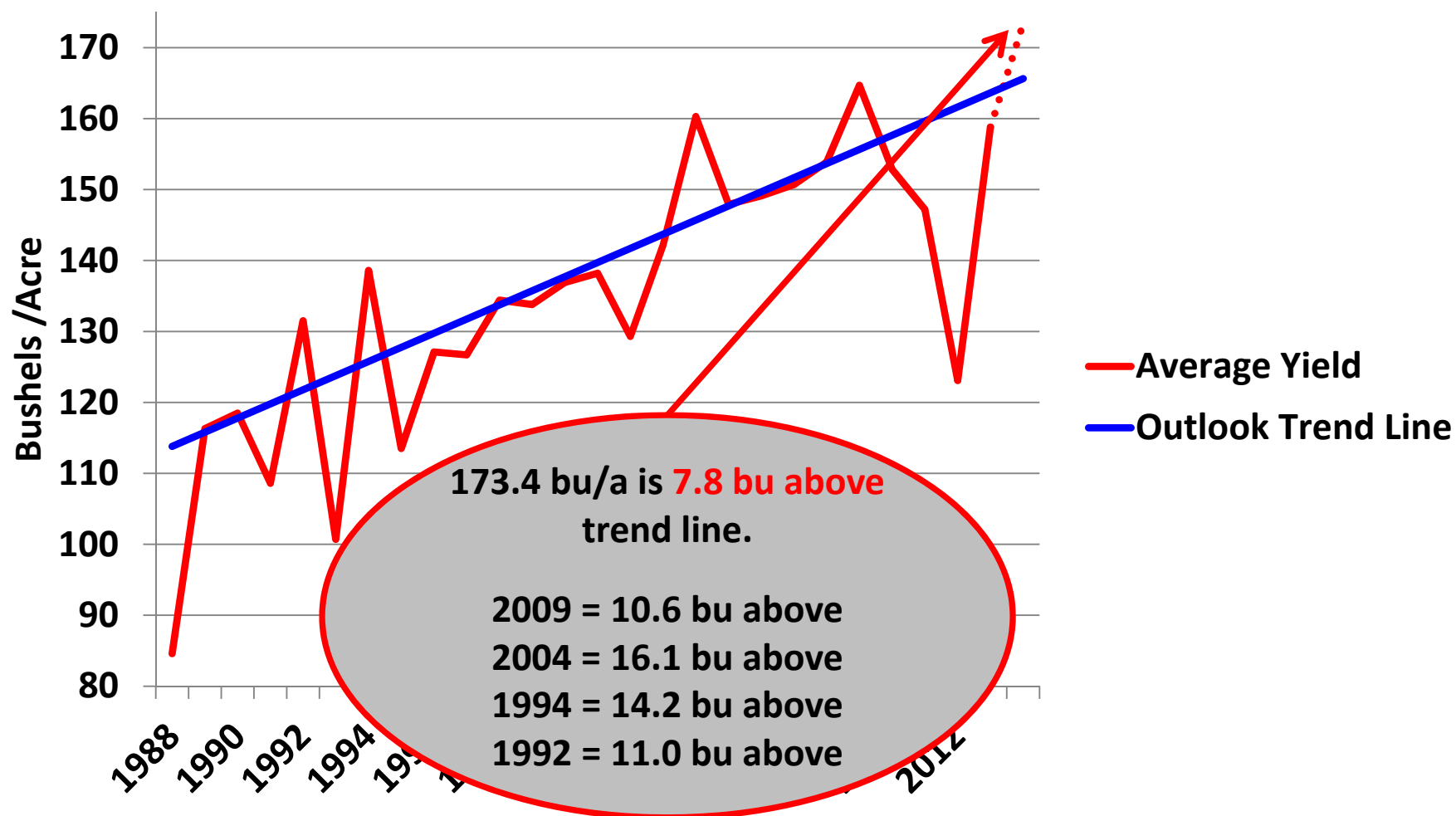
What is the “new” U.S. trend line yield?



What is the “new” U.S. trend line yield?

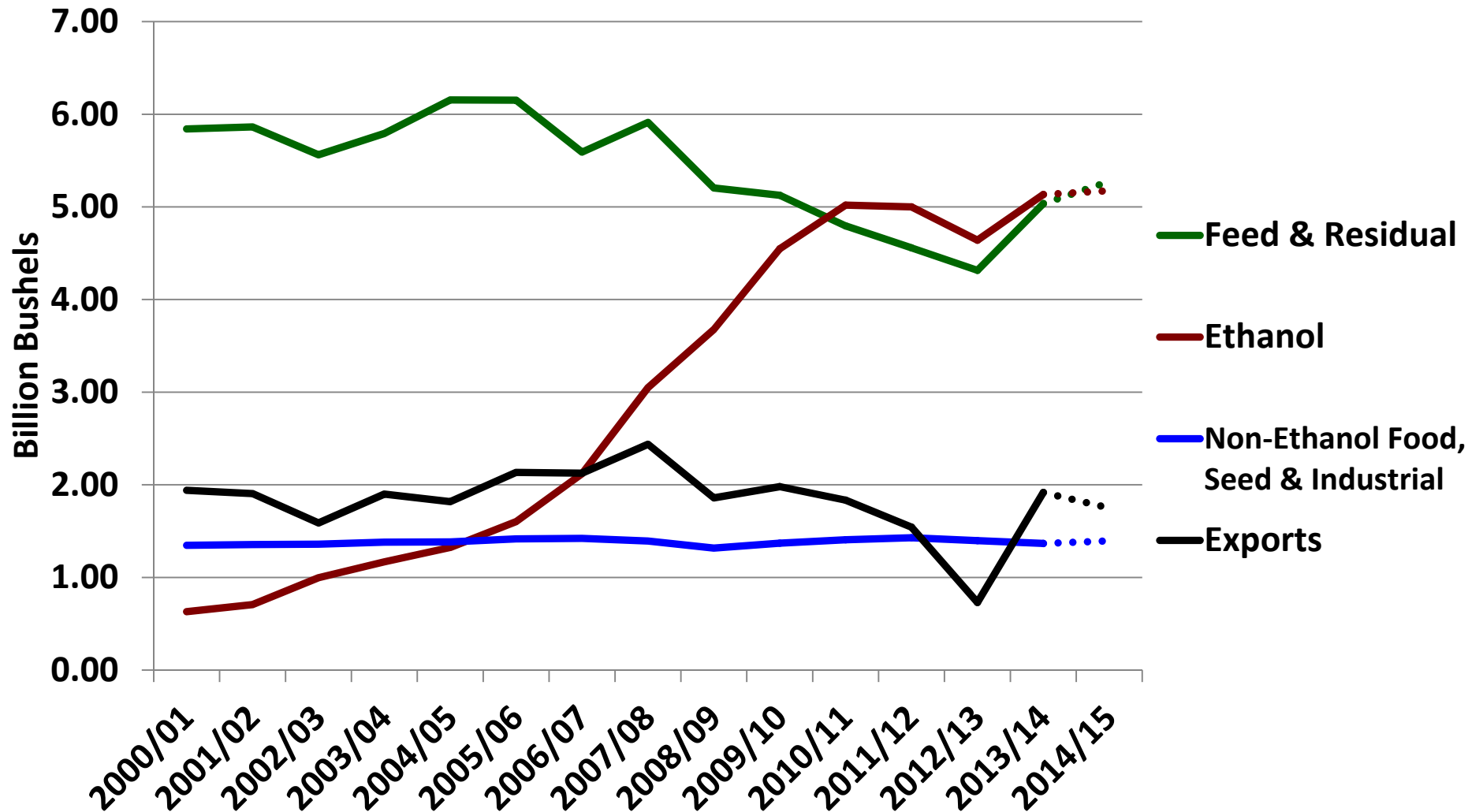


What is the “new” U.S. trend line yield?



Corn - Total Use

(Billion Bushels)



Corn Supply & Demand Table

U.S. Corn	<i>Feed & Residual is forecast to increase 4.7%.</i>		2013/2014 (est.)	2014/2015 (Jan)
Plant			5.4 Mill. A.	90.9 Mill. A.
Harvest			7 Mill. A.	83.1 Mill. A.
Yield			8.1 bu.	171.0 bu.
Beg			821 Mill. Bu.	1,232 Mill. Bu.
Production			13,829 Mill. Bu.	14,216 Mill. Bu.
Imports			36 Mill. Bu.	25 Mill. Bu.
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Feed & Residual is forecast to increase 4.7%.

How fast will livestock numbers increase and what impact will slaughter weights have?

Corn Supply & Demand Table

U.S. Corn	Both <i>Ethanol</i> and other <i>Industrial</i> use are forecast to increase slightly.		2014 (est.)	2014/2015 (Jan)
Plant	Expansion is possible if exports expand.		A.	90.9 Mill. A.
Harvest			.	83.1 Mill. A.
Yield			.	171.0 bu.
Beginning Stocks			1 Mill. Bu.	1,232 Mill. Bu.
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USDA – WASDE – January 12, 2015

WTI Crude Oil



DTN Prophet X – 02-02-15 pm

WTI Crude Oil



Corn Supply & Demand Table

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Exports are forecast to decrease 8.7% due to strong world competition and large feed wheat supplies.

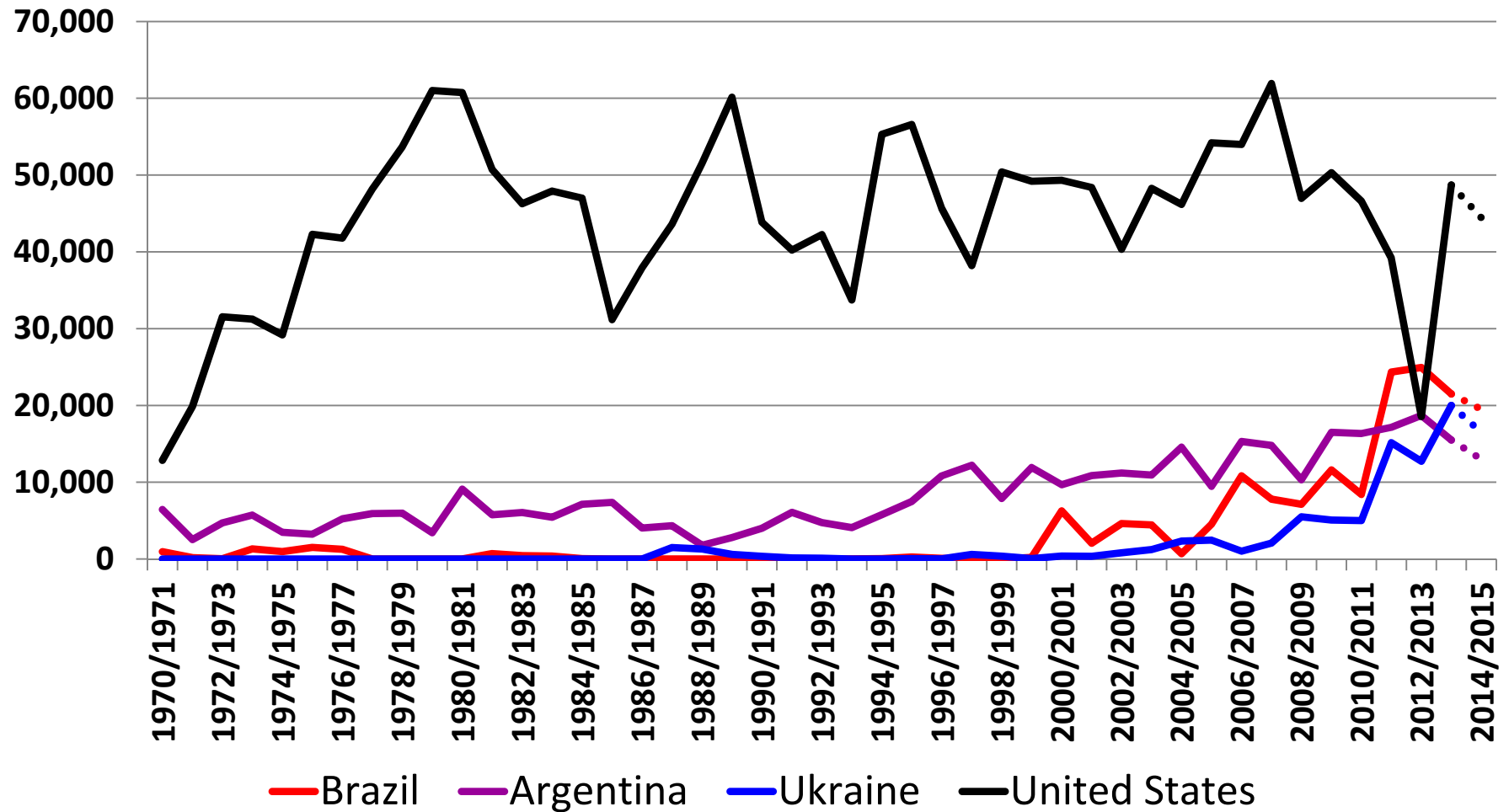
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**Export pace should be
watched closely for
price direction!**

World Corn Exports

(1,000 Metric Ton)







Brazil Corn

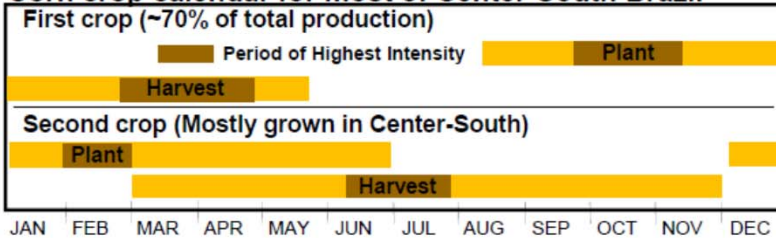
* State-Level Production (as % of total)

Parana	25 (39)
Mato Grosso	14 (84)
Minas Gerais	12 (2)
Rio Grande do Sul	10
Goias	9 (30)
Sao Paulo	8 (20)
Santa Catarina	7
Mato Grosso do Sul	5 (81)
Bahia	4 (26)
Para	1
Ceara	1
Other States	~5

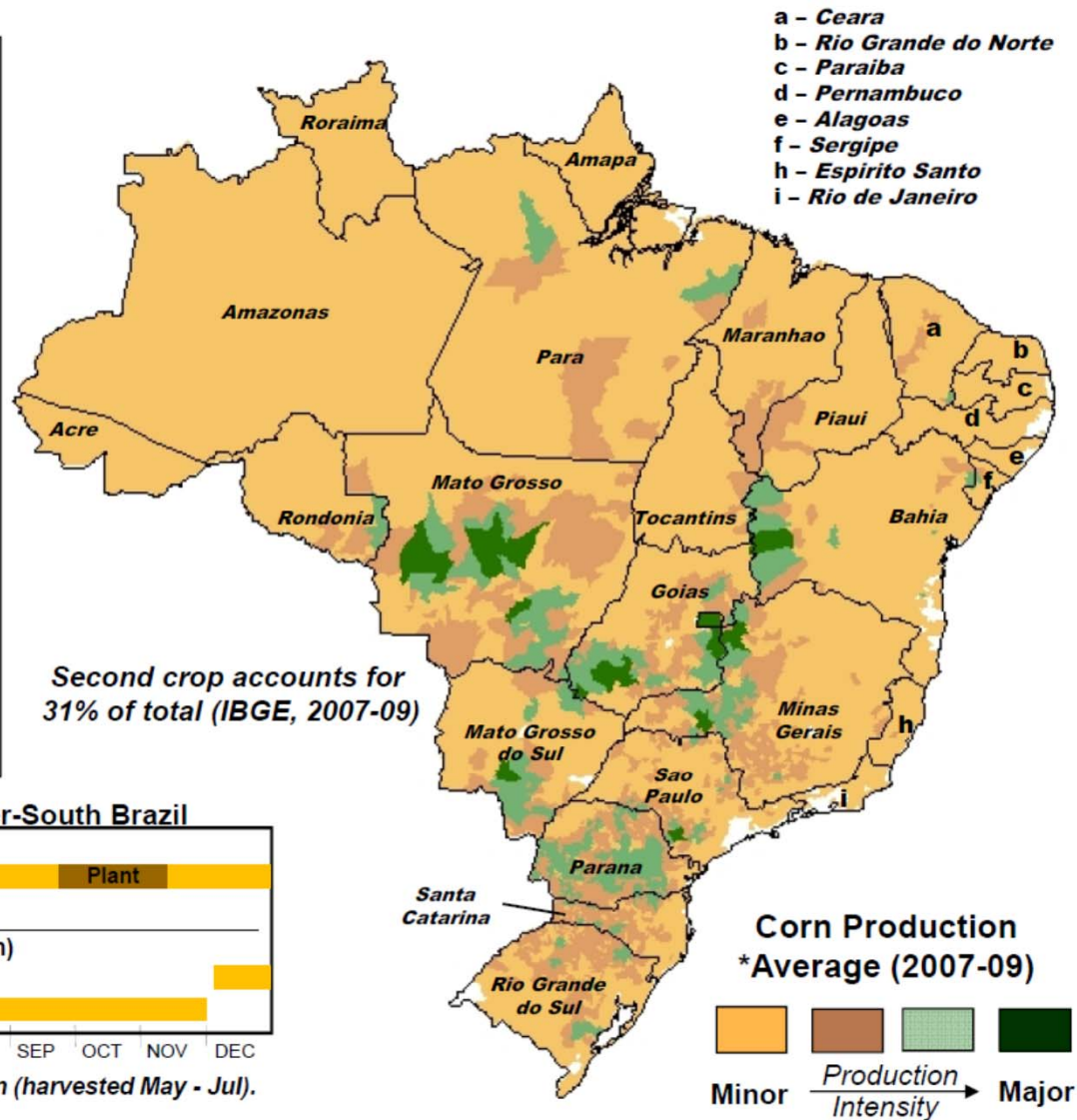
(#) denotes % of state total from 2nd crop

* 2007 to 2009 Average
Source: IBGE Brazil

Corn crop calendar for most of Center-South Brazil

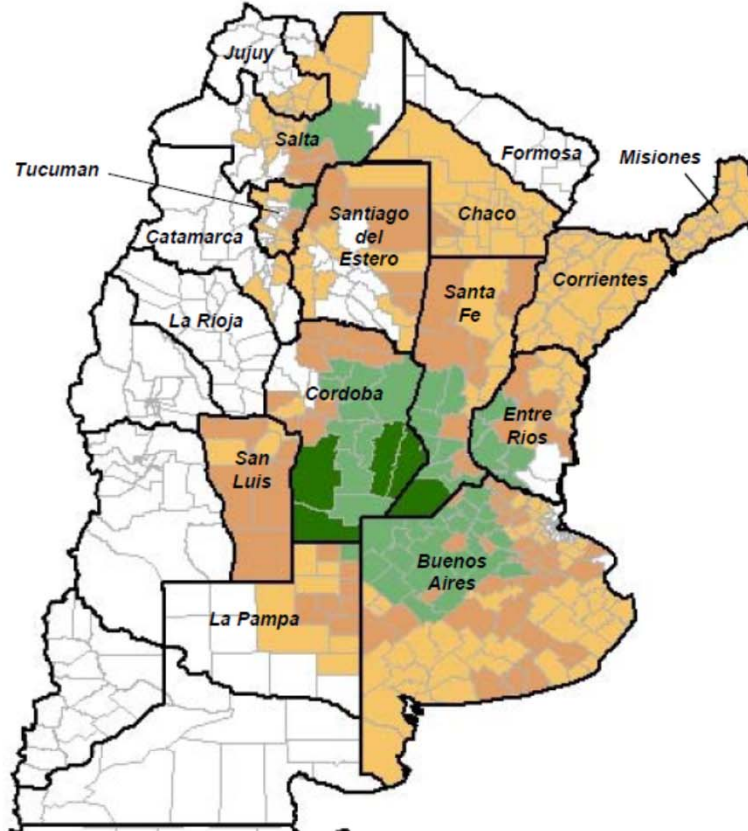


In Northeast Brazil, 1st crop planted Dec - Jan (harvested May - Jul).

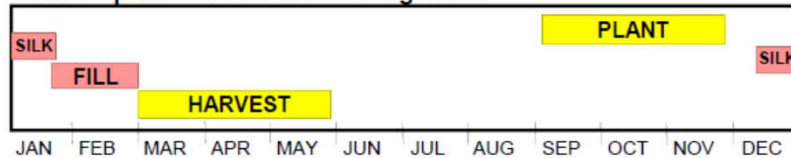


- a - Ceara
- b - Rio Grande do Norte
- c - Paraiba
- d - Pernambuco
- e - Alagoas
- f - Sergipe
- h - Espirito Santo
- i - Rio de Janeiro

Argentina Corn



Corn crop calendar for most of Argentina



* State-Level Production (as % of total)

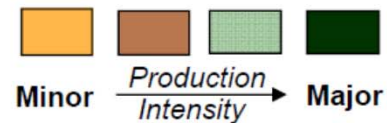
Cordoba	38
Buenos Aires	31
Santa Fe	14
Entre Rios	5
La Pampa	3
Santiago del Estero	2
Chaco	2
San Luis	1
Salta	1
Tucuman	1
Other States	~1

* 2005/06 to 2009/10 Average

Source: SAGPyA

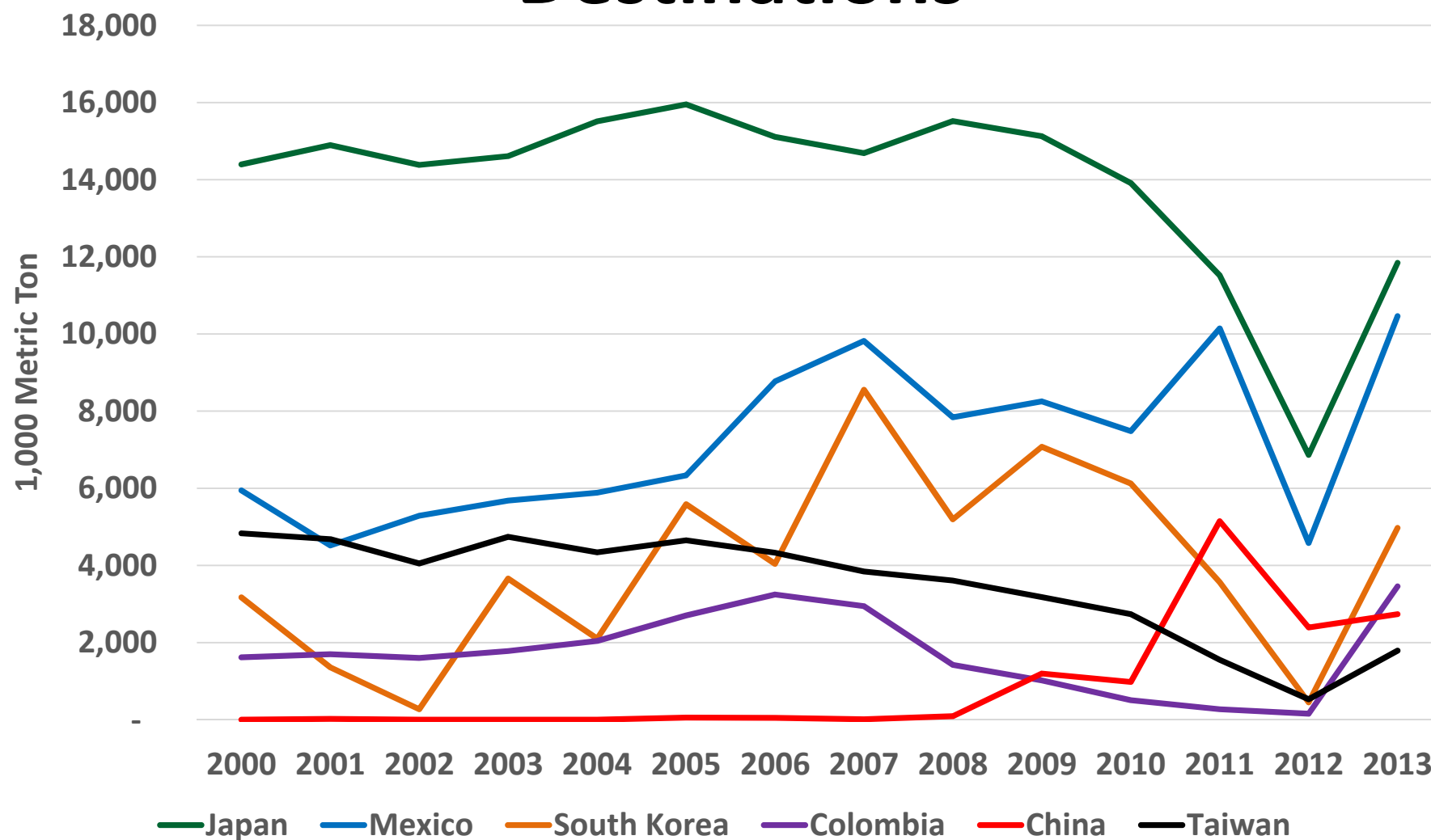
Corn Production

*Average (2005/06-09/10)

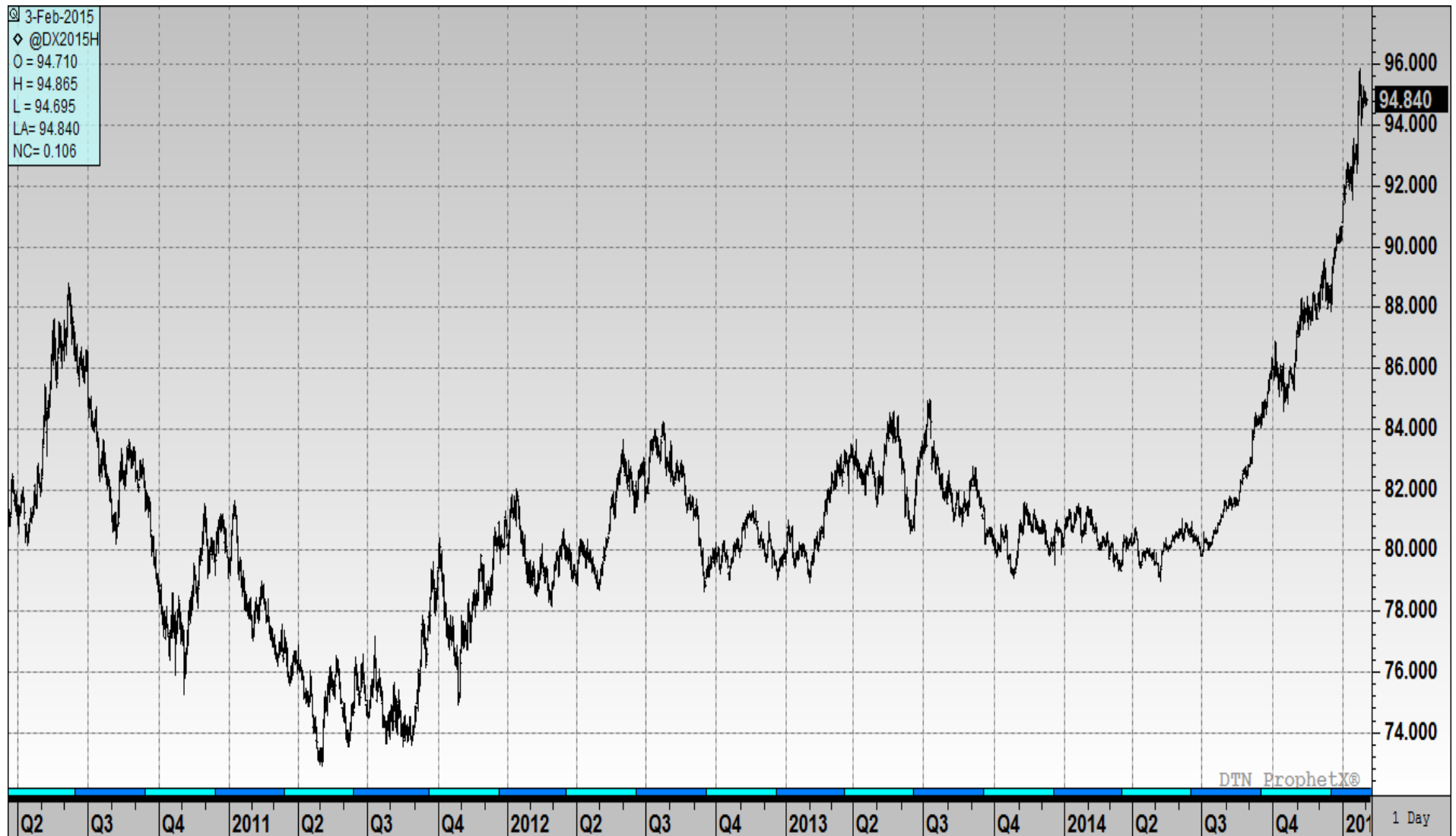


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Top Six U.S. Corn Export Destinations



U.S. Dollar Index



U.S. Dollar Index



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Corn Ending Stocks
are forecast to be
almost as large as
the **TOTAL U.S.**
WHEAT PRODUCTION
(2,026 Mill. Bu.)

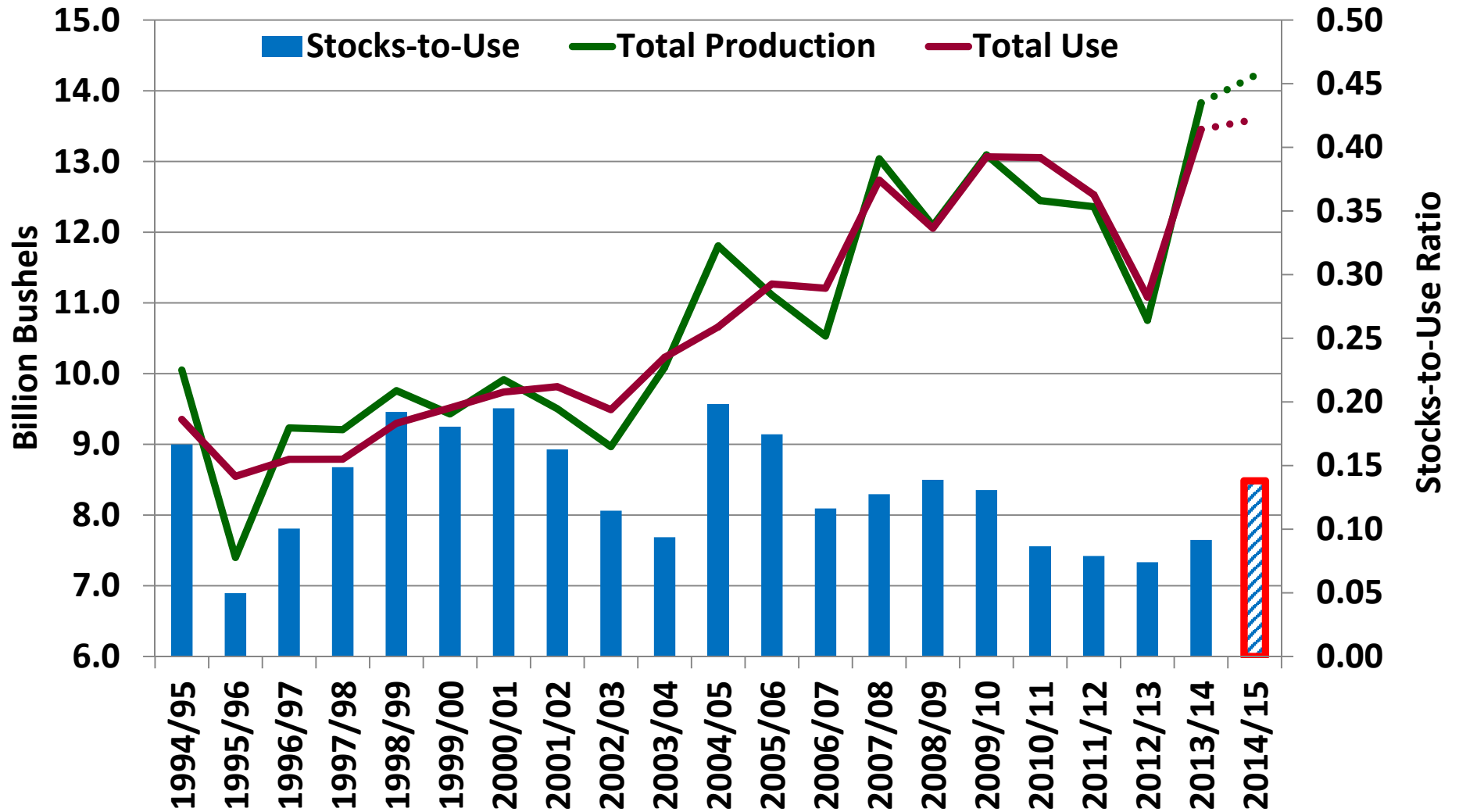
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Stocks to Use Ratio is forecast to increase from 9.1% to 13.8%, almost double 2012/13.

Corn – Total U.S. Production & Use

(Billion Bushels)

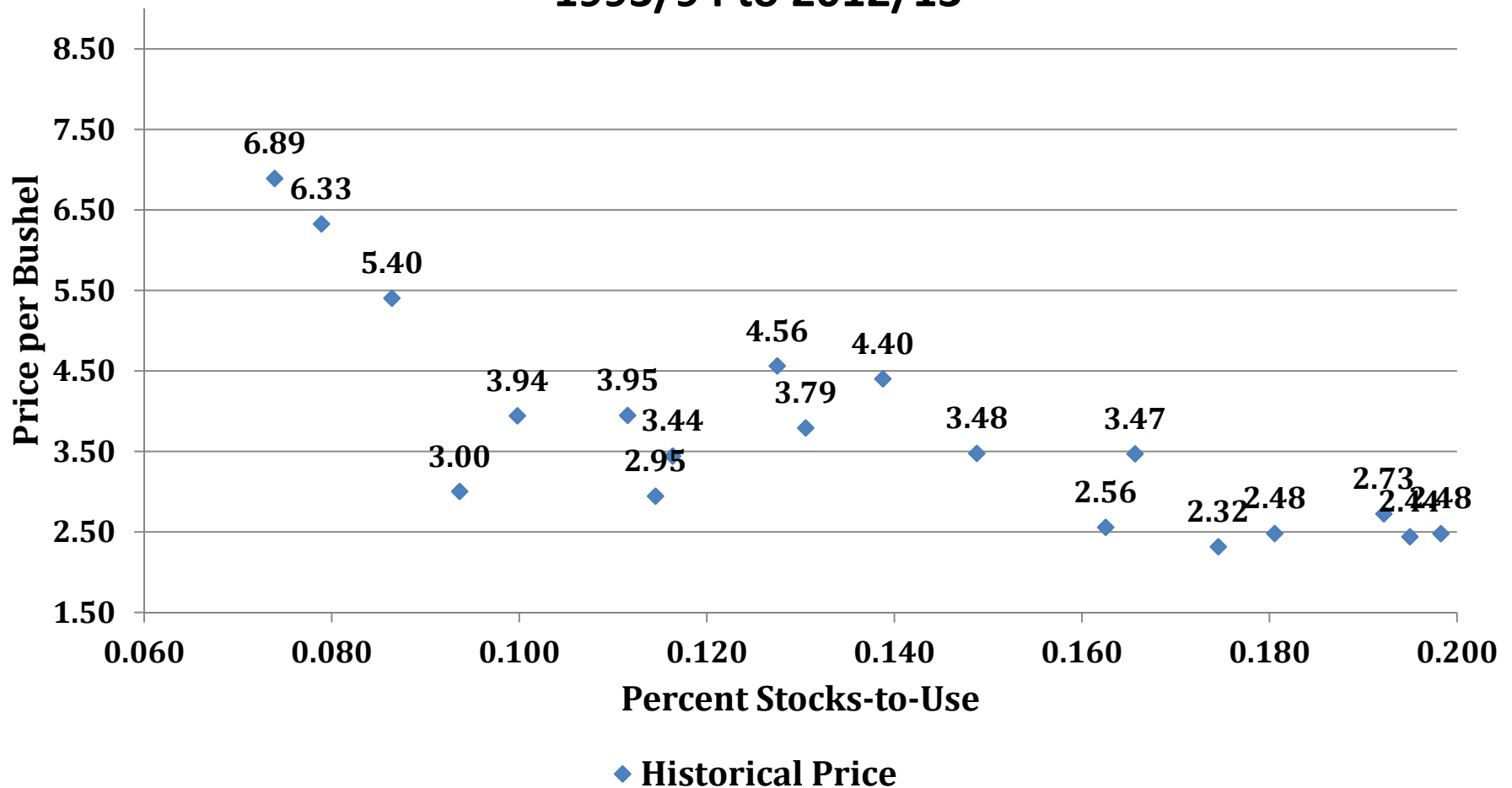


January 12, 2015 WASDE Report & USDA – Feed Grains Data Base Table 4

Corn Price vs. Stocks/Use Ratio

with Inflation Adjustment

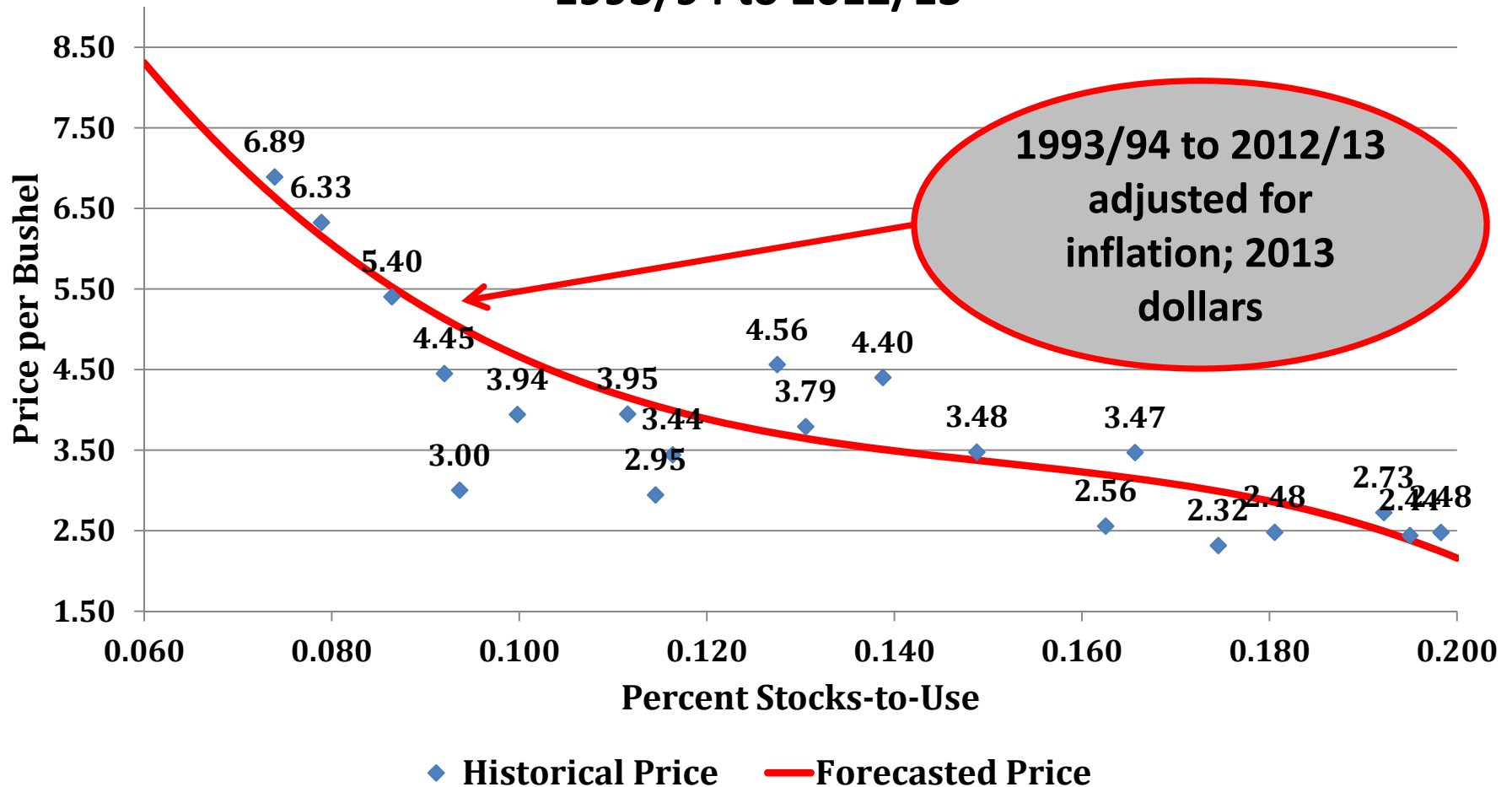
1993/94 to 2012/13



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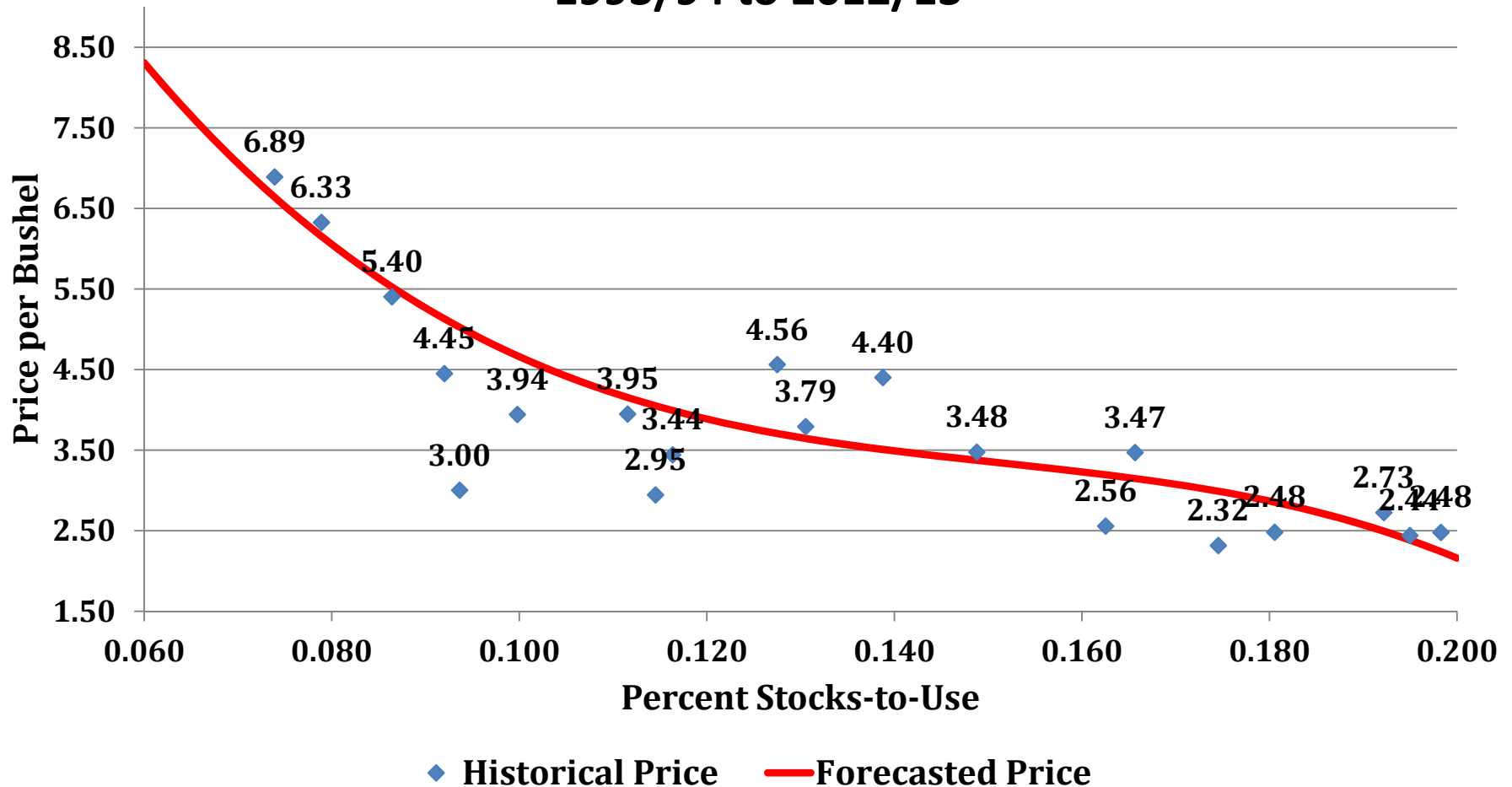
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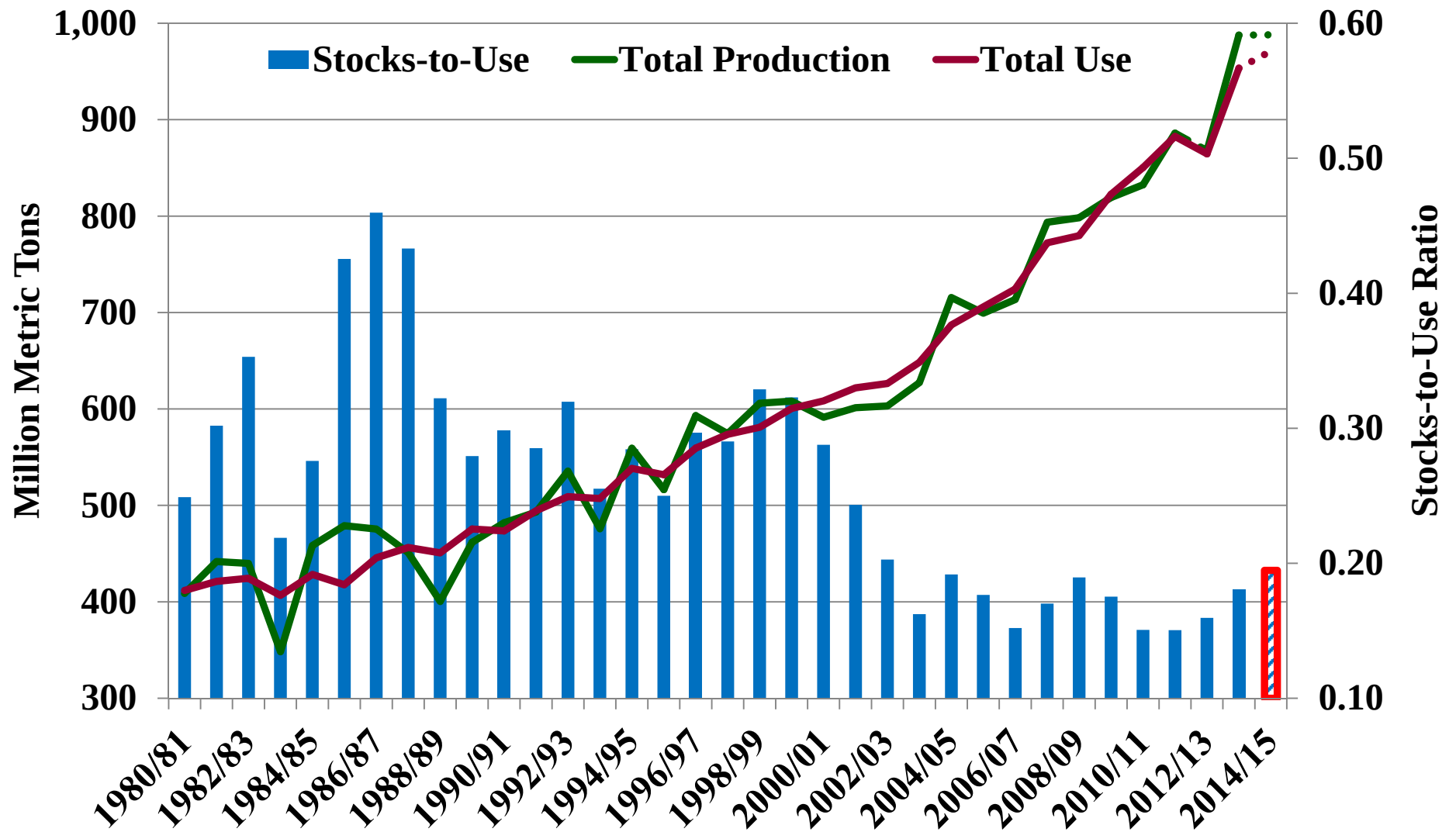
with Inflation Adjustment

1993/94 to 2012/13



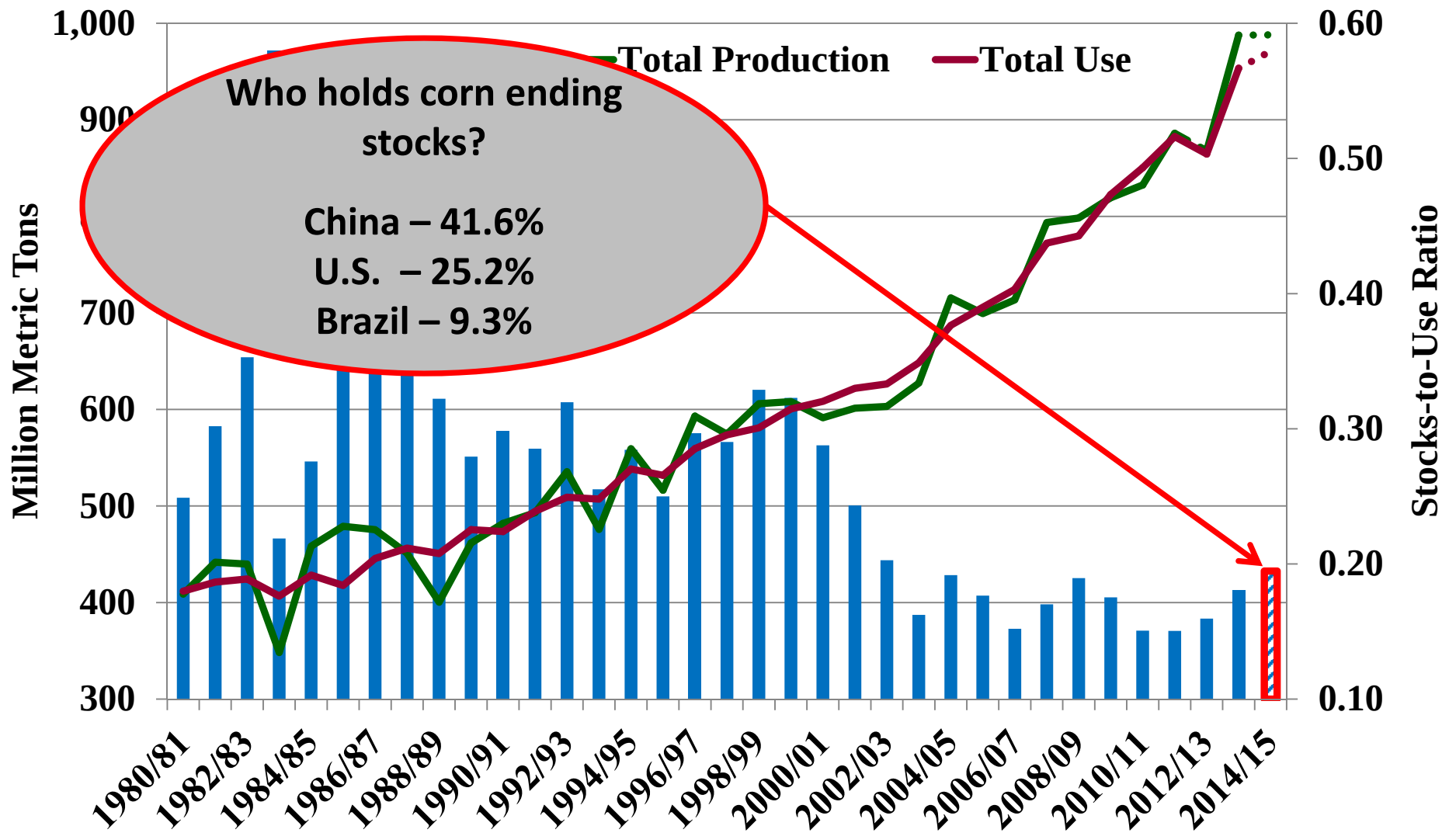
World Corn Prod, Use & Stocks/Use

(Million Metric Ton)



World Corn Prod, Use & Stocks/Use

(Million Metric Ton)



Technical Analysis



Questions?

