

Total Grain Marketing

Grain Scoop

Comparing Aprils

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By Kim Holsapple, TGM Lead Merchandiser

Predicting market direction is one of the hardest parts of my job. There are so many influences affecting this market at any given time that changes the market by the minute, it is almost overwhelming. The thing that I have available to me that many do not, is the constant day to day interaction between producers on the purchase side and end users on the sales side. We handle approximately 80 million bushels of grain a year and have over 40 million bushels of storage to handle it through, which makes TGM one of the largest independent grain companies in Illinois. Every day I talk to people locally, regionally, nationally, and internationally to try to get a feel of market direction. Since we are a fairly large company we have many companies more interested in talking to us than we are talking to them. The information I have at my finger tips every day is very valuable both for my company but the industry as well. This information is not necessarily shared with other companies but our reaction in the industry is watched closely.

The one thing I like to do is compare what producers are doing this year with other years with similar crop sizes. As I mentioned earlier we have a considerable amount of storage and we can either buy the grain and fill it up (company owned grain), or we can

rent our storage out to producers and let them take the market risk while we keep their grain stored and in good condition. Occasionally I see dramatic differences in producers marketing patterns and I like to share them. There is no individual information ever shared with anyone, it is just the trend in the whole company as it pertains to marketing patterns. The one glaring pattern this year compared to many similar years is the amount of beans producers are still hanging on to. I will tell you as of this writing there are 289% more beans being stored this year at our facilities than last year. This is almost 3 times as many. We all know this past fall was one of the biggest soybean crops most of you have ever produced, but to have this many still in storage is amazing. One of my most valuable lesson learned in trading, is do what everyone else is not doing and it will have good results. We call this contrary opinion in the grain trade and you have all heard me talk about it. Run when everyone else is walking, go up when everyone else is going down, go north when others are going south, you get the point.

I know the prices have been just short of pathetic in the bean market this year because of the Chinese tariff, but don't forget about the market facilitation payment of \$1.65 per

bushel. When this is added to your price and production, it will exceed last year's gross income per acre in almost every case. I know everyone wants \$10.00 beans again and no doubt some day we will see it, but short of a severe drought this summer it's not going to happen. With the \$1.65/bu payment there have been very few days this year that beans have been under \$10.00, so please keep this in mind when marketing your beans. Producers are hanging on to way too many beans this late in the marketing year and our projected carryout is more than double last year when we saw a \$1.50 collapse during the growing season. Don't think that can't happen again!

Mushrooms are popping, crappie are biting, fruit trees are blooming and bees are starting to bring in a new supply of honey, so how can it get any better. Be safe out there this spring, as I know you have a lot to get done and a short time to do it!

