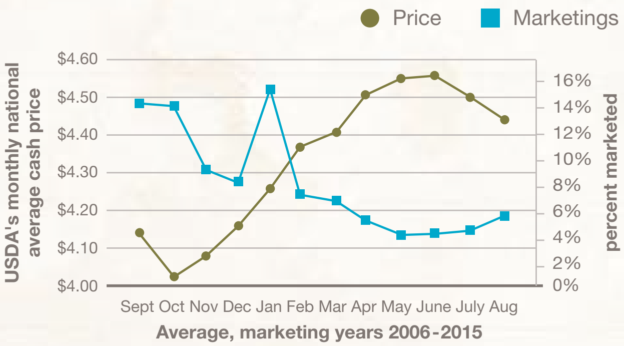
INTRODUCTION

As commodity prices for grains and oilseeds declined from the historic highs seen between 2008 and 2013, producers' initial responses were to reduce variable costs. As markets failed to recover, producers next directed attention to fixed costs and balance sheet structure to create additional cash flow and boost working capital.

Today, producers are focusing more intently than ever on improving the revenue side of their ledgers through smarter marketing of their crops. Yet little is known about how they view risk, what pricing strategies they use or what influences their attitudes and practices.

If one looks at USDA's monthly national average corn price and the percent sold, it is easy to believe that there is room for improvement. As the graph below shows, corn deliveries are heaviest in September, October and January, then plunge through the rest of the marketing year. Price, on the other hand, is depressed at harvest when supplies flow into the market and then increases to a peak in May and June. Soybeans and wheat demonstrate similar patterns.

Corn[1]



However, USDA's data don't tell the whole story. They are based on surveys of grain elevators and reflect deliveries. No one knows when farmers actually *price* their grain – they could be delivering on forward contracts or against hedges at a higher price.

> "Our customers have been challenged with post-harvest prices at or below the cost of production, which puts more pressure on them to take advantage of all marketing opportunities."
>
> – **Tony Jesina**
> FCSAmerica senior vice president – related services

Hence, in the interest of helping farmers identify possible beneficial changes in pricing habits, FCSAmerica recently conducted a survey of Corn Belt grain producers to understand their attitudes and practices related to grain marketing.

This report documents the findings of the survey, including farmers' attitudes toward risks and crop insurance, marketing tools used and timing practices. It also highlights differences between producers of different ages and acreages.

Perhaps most importantly, it identifies differences in marketing between producers who are satisfied with their marketing efforts and those who are not.

FCSAmerica enlisted the assistance of Ted Schroeder, Kansas State University (KSU) agricultural economist and director of the Center for Risk Management Education and Research, throughout the process, from survey design to interpretation of the results.

Tony Jesina, FCSAmerica senior vice president for related services, who oversees the financial cooperative's crop insurance and business services offerings, and Tim Koch, FCSAmerica senior vice president – chief credit officer, also contributed to the report.

> "While cost reductions have been slow to materialize, the markets have provided opportunities to lock in better-than-breakeven prices for many producers if they take advantage of marketing alternatives."
>
> – **Tim Koch**
> FCSAmerica senior vice president – chief credit officer

[1]Based on data from USDA.