

# A word from the dugout...

## May market summary

While Oscar's renowned quote is blunt it also serves as a constant reminder that farm management is as important as seeding, harvesting and yes, even moisture. All too often farmers expend all their energies in growing the crop and once it is in the bin, sit back and wait for the market to come to them for their product.

Becoming a successful marketer does not have to be arduous. The first step is to analyze what the upside potential or downside risks are and then determine how much risk you can 1) afford and 2) stomach. All this should be done in concert with your cash flow requirements over the next twelve months. No one can predict prices accurately and consistently and knowing this is an important step in making your farm profitable.

Trying to achieve the highest price in any grain during a marketing year is a recipe for frustration. Only 5 percent of farmers manage to hit the peak of the market. Remember that by sitting back and doing nothing is also taking a position in the market. While your position may not be in the futures market, it is still a position as farmers are natural longs in the market as soon as their grain is in the bin. An all or nothing approach such as selling the entire crop or leaving it all unpriced is not as efficient as incremental selling. Selling in increments will not ensure the highest price but it does reduce the risk of losing an entire year's profits on one poor marketing option.

A grain-marketing plan is essential to your farm's profitability. The most effective plans are written before seeding and updated on a monthly basis. A plan will also take some of the emotions associated with marketing your grain out of the equation and enable you to make business decisions based on economic data and serve as a guideline for future reference to improve your marketing performance. Your bank will be much more supportive for any operating loans or capital loans if you have a well laid out plan to enhance a well run operation.

Understanding the markets and how they func-

tion is another step in the successful marketing strategy. Domestic and world supply and demand will set the price at the farm gate.

Knowing what effects that price will put you in the driver's seat to make better decisions.

For old crop flax, farmers are in the 7th inning stretch and the past marketing year witnessed a market on steroids with a few farmers lucky enough to hit home runs, some even the first grand slams of their careers. When you go back through the previous pages, the conclusion that you should come to is that the market and the weatherman are throwing you knuckle balls. The

flax market looks like it should be easy to hit, but there are two innings left in this game and the pitcher is hoping you grow tired of fouling off his errant pitches.

For new crop flax, the game is just starting and given the estimated acres, probability of lost flax acres, inclement weather forecasts, a near runaway vegeta-

ble oil market and promising outside influences on market direction the right plan is to wait for the market to come to you at least until the next seeded acreage report is released at the end of June. Right now, it looks like you will be starting this game with your ace pitcher on the mound, and the opposition has a troublesome look in their eye.

We all hope for the consistent home run when it comes to marketing. Unfortunately, we all don't have New York Yankee's owner, George Steinbrenner's cheque book and the penchant for risk that he does. By establishing a profitable marketing plan, you have a much higher probability of putting more dollars in your pocket than storing grain and waiting for the proverbial home run.

Insanity is doing the same thing over and over and expecting different results and maybe that's why Steinbrenner kept hiring Billy Martin. Don't let marketing your flax fall into this category. 🍀

*The cynic knows the price of everything and the value of nothing.*

- Oscar Wilde

