Marketing Organic Grain

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Value Added Agriculture Program
Iowa State University Extension and Outreach
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Marketing Organic Grain

1. Requirements for marketing organic grains compared to conventional
2. Available options/outlets for organic grains in the upper Midwest
3. Methods for price discovery for organic grains
4. Strategies for organic grain marketing
1. Requirements for marketing organic grains

- Organic certification
- On-farm storage
- Identity preservation / separation
  - Field equipment
  - Grain handling equipment
  - Grain storage
  - Hired trucks
- Possible market requirement for GMO testing
  ex. www.genetic-id.com
2. Options/outlets for organic grains

- No CBT, no basis, no hedging, no margin calls!
- Wholesale buyers
- Feed mills
- Food mills
- Organic livestock farmers

Want assistance? ---- Marketing service/cooperative
2. Options/outlets for organic grains

Wholesale buyers/processors

• Usually deal in both organic and non-organic
• Grain dealer’s license
• Contracts
  • On the spot
  • Forward contracts up to six to eight months
• Some may be developing markets for transitional grains
2. Options/outlets for organic grains

Feed mills

- Only few deal in both organic and non-organic
- Grain dealer’s license
- Contracts
  - On the spot
  - Forward contracts up to six to eight months
- Some may be developing markets for transitional grains
2. Options/outlets for organic grains

*Food companies and mills*

- Only a few
- Most buy from wholesaler grain dealers
- Contracts
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Food companies and mills

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**Organic farmers**

- Start small
- No grain dealers license
- Contracts--- verbal or written?
Organic Farmer Resources & Services

This page lists services and resources that are helpful for organic farmers. To send a resource to be added to the page, please email us or submit a comment.

HAND WEEDING & POLLINATION SERVICES

- Angelina Ocampo Lara 1608 S 6th St., Marshalltown, IA 50158, Tel: 641-753-3007, Email: angie_1075@q.com
- Iowa Workforce Development offices: https://www.iowaworkforcedevelopment.gov/iowaworks-centers

ORGANIC GRAIN BUYERS

<table>
<thead>
<tr>
<th>Bluestem Enterprises</th>
<th>Bushman Organic Farms, Inc.</th>
<th>Cashton Farm Supply CFS Specialties, Inc</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cynthia McCollough</td>
<td>Stacy Bushman</td>
<td></td>
</tr>
<tr>
<td>Corn, some small grains</td>
<td>Soybeans</td>
<td></td>
</tr>
<tr>
<td>1565 280th Street</td>
<td>1047 2nd Ave.</td>
<td>300 State Highway 27</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Cashton, WI 54619</td>
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</tbody>
</table>
3. Price discovery----organic grains

• USDA AMS Organic Reports
3. Price discovery—organic grains

USDA AMS Organic Reports

www.ams.usda.gov/market-news/organic

- Bi-Weekly National Comprehensive Organic Report
- National Weekly Organic Summary
- Organic Poultry and Eggs
- National Fruit and Vegetable Organic Summary
- National Retail Report---

Conventional vs. Organic
Value Added Agriculture Program

FOB Farm Gate Feed Grade Corn

$ /bu

Source: USDA AMS
FOB Farm Gate Feed Grade Soybeans

Source: USDA AMS
Value Added Agriculture Program

18.00  20.00  22.00  24.00  26.00  28.00  30.00  32.00

Jan  Feb  Mar  Apr  May  Jun  Jul  Aug  Sep  Oct  Nov  Dec

FOB Farm Gate Feed & Food Grade Soybeans

$/bu

Source: USDA AMS
FOB Farm Gate Feed & Food Grade Corn

Source: USDA AMS
3. Price discovery----organic grains

USDA AMS Organic Reports

www.ams.usda.gov/market-news/organic

To subscribe to a biweekly, electronic market and price news report, contact:
Heath Dewey at:
heath.dewey@ams.usda.gov
3. Price discovery—organic grains

- USDA AMS Organic Reports
- Rodale Organic Price Reports

rodaleinstitute.org/farm/organic-price-report/
3. Price discovery—organic grains

- USDA AMS Organic Reports
- Rodale Organic Price Reports
  rodaleinstitute.org/farm/organic-price-report/
- Mercaris—private price and marketing ‘clearinghouse’
1. **Price reporting**
   - Average crop market prices and price trends over time
   - Farmer vs. brokered prices
   - Spot vs. forward contracted prices
   - Regional prices—4 U.S. regions

2. **Auctions**

3. **Downloadable reports**
   - Organic and non-GMO Report: Navigating Organic and non-GM markets
   - 2016 Organic and non-GMO Acreage Report

### Organic Soybean Yearly Ave. Prices

<table>
<thead>
<tr>
<th>Year</th>
<th>Price ($)</th>
<th>Volume</th>
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<tbody>
<tr>
<td>2012</td>
<td>$27.31</td>
<td>4.2%</td>
</tr>
<tr>
<td>2013</td>
<td>$26.26</td>
<td>24.6%</td>
</tr>
<tr>
<td>2014</td>
<td>$27.05</td>
<td>16.8%</td>
</tr>
<tr>
<td>2015</td>
<td>$22.35</td>
<td>21.5%</td>
</tr>
<tr>
<td>2016</td>
<td>$20.18</td>
<td>32.6%</td>
</tr>
</tbody>
</table>

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**Mercaris**

[http://mercaris.com/d/users/sign_up](http://mercaris.com/d/users/sign_up)
3. Price discovery—organic grains

• USDA AMS Organic Reports

• Rodale Organic Price Reports
  rodaleinstitute.org/farm/organic-price-report/

• Mercaris—private marketing ‘clearinghouse’

• O-Farm cooperative www.ofarm.coop/
Value Added Agriculture Program

OFARM
Organic Farmers’ Agency for Relationship Marketing

Mission Statement
To coordinate the efforts of producer marketing groups to benefit and sustain organic producers.

GROWING YOUR ORGANIC PROFITS

Producer Benefits
Latest Pricing Data
Latest Inventory Data
Producer Friendly Contract
Buyer Creditworthiness Monitored
Strengthens Your Market Position

Visit OrganicTheRealNatural.com

OFARM is committed to the promotion of fair, equitable, and profitable farm gate prices for all segments of organic production. Producers with a marketing plan approach the market with a fair price in mind.

www.ofarm.coop/
3. Price discovery----organic grains

- USDA AMS Organic Reports
- Rodale Organic Price Reports
  rodaleinstitute.org/farm/organic-price-report/
- Mercaris—private marketing ‘clearinghouse’
- O-Farm cooperative www.ofarm.coop/
- direct communication with buyers
4. Strategies for organic grain marketing

- Track grain prices throughout the year
- Make enterprise production costs estimates—winter
- Finalize production costs after harvest
- Run partial budgets for delivery of grain to various buyers
- Other marketing costs
- Spread throughout the year—harvest to April (?)
Resources

- Marketing Organic Grains (book)---------John Bobbe
- Organic Grain Buyers for Iowa Growers

http://www.iowaorganic.org/organic_farmer_resources_services