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Online marketing resources for producers

By James Sedman and John Hewlett

Risk management strategies have become a necessary part of successful commercial agriculture operations.

The use of federal crop insurance polices for crop and livestock operations can help reduce marketing and production risks. When sound marketing strategies are used in conjunction with these policies, higher levels of profitability and revenue stability can be achieved.

Producers have many online marketing options available. These Web sites offer services ranging from direct marketing – offering commodity price information – to interactive sites offering predictive and other scenario options to test marketing strategies and resources connecting buyers and sellers. In modern agriculture, information is the key; online resources can be used to increase the flow of market information at little or no cost.

Market information

Many Web sites such as DTN (Data Transmission Network [www.dtn.com]) offer free or low-cost market information. Such sites offer quick and easily understood information – particularly helpful in making day-to-day marketing decisions. Futures markets and local cash markets for most commodities are listed.

Many online versions of producer magazines offer price information in daily e-newsletters. For commodities such as hay and livestock, the U.S. Department of Agriculture's local market news wire can be found linked to many of these sites (www.topix.com/wire/us/usda).

Predictive and informative marketing Web sites

A growing number of Web sites provide opportunities to predict markets, test marketing strategies, and learn about new marketing

techniques and approaches. Sites such as CommodityChallenge (www.commoditychallenge.com/) and Farmetrics (www.farmetrics.com/) allow users to evaluate marketing strategies to predict local market prices and yields. While these sites offer no direct financial gain from their use, they can be helpful in judging the effectiveness of marketing plans.

RightRisk (http://RightRisk.org), an online collaboration of eight Western universities, including the University of Wyoming's College of Agriculture and Cooperative Extension Service, offers producers interactive courses and simulations. The "ag survivor" simulations allow producers to test their management and marketing abilities across different production systems. Click on Ag Survivor under the Products link at the top of the page.

A growing number of online auction and for-sale-by-owner sites are connecting buyers and sellers, even over long distances. These sites are geared specifically toward production agriculture. Even if not used directly, these sites can provide valuable information for producers seeking to sell commodities, livestock, feed, and equipment. They may even be helpful to establish markets that do not otherwise exist in local areas. These sites can also be especially valuable for the growing number of niche and specialized markets and commodities. Try eBay Agriculture & Forestry (http://business.ebay.com), IronPlanet (www.ironplanet.com), and Fastline (www.fastline.com/).

Online libraries

Online risk management libraries such as the Western Risk Management Library (http://agecon.uwyo.edu/riskmgt) provide a wealth of marketing information and strategies for producers. The library has a specific marketing section divided into 15 subsections listing articles discussing various marketing strategies, market mechanisms, and other information. Users can discover how to integrate previously unknown or little understood strategies into their risk management plans.

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Some basic facts about grid marketing cattle

By Bridger Feuz

Marketing cattle on a grid can significantly increase income for producers with the right kind of cattle; however, it can also lead to significant losses.

Marketing grids are designed to reward premium cattle and penalize sub-par cattle. Grid marketing is a pricing system that utilizes a matrix of yield grade and quality grade to determine the value of an animal. Animals having favorable carcass traits receive premiums, and animals having poor carcass traits receive discounts. Discounts are also applied to lightweight carcasses as well as extremely heavy carcasses. Each animal receives a unique price, whereas conventional pricing is based on averages.

There are a few important questions to answer before choosing this marketing strategy.

Which grid is right for my cattle?

There is not just one grid available for marketing cattle. Grids can be divided into two basic categories – quality-focused and yield-focused. Quality-focused grids place the most value on the U.S. Department of Agriculture quality grade and secondary emphasis on yield grade, while yield-focused grids reverse this emphasis.

Do I have any 'out' cattle?

One factor that significantly contributes to failure is marketing "out" cattle on a grid. Grids specifically identify limits for minimum and maximum carcass weights and discount significantly for cattle above or below these limits. Significant discounts are also given to dark cutters and overly fat cattle (Yield Grade 4). To be successful, a producer must be willing to make a hard sort. Sorting off as many out cattle as possible and marketing them on a live weight basis can significantly increase the overall returns. Keep in mind that stress such as sickness can increase the chances for a dark cutter, so sorting off cattle needing doctoring in the feedlot is a good strategy.

Are my cattle significantly better than the average?

The basis for all grids is the live cattle price. If an average pen of cattle with no "outs" is marketed through a grid, the producer will receive the average live cattle price. It is imperative to a producer's success to be honest with him or herself when answering if the pen is above average. Compounding the problem is that judging the final carcass quality traits in live animals is difficult, and it is an extremely risky strategy to go with a gut instinct or guess.

Before marketing cattle on a grid, knowing they are significantly better than average is important. The best way to know the answer is to have previous years' performance data on your cattle. A good way to get this data is participating in a feedlot test or an alliance that provides a data service.

Targeting the right grid and marketing significantly above-average cattle is a strategy that can add significant revenue for producers, especially those producers who have invested heavily in quality genetics; however, knowing your cattle and being willing to make hard sorts is important. Otherwise, losses can be significant.

Producers can contact me for additional information on grid marketing, and they can go to the Western Extension Marketing Committee's Managing for Today's Cattle Market and Beyond Web site at http://agecon.uwyo.edu/Marketing/MngTCMkt/Default.htm.

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Livestock require good-quality water supplies

By Lindsay Taylor

Water is a very important and too-often overlooked part of livestock diets. Water too high in particular minerals, salinity, or pollutants can have a big impact on the productivity of livestock, which can have a big impact on a producer's profits.

Most are aware there are certain drinking water quality requirements for livestock; however, the numbers from a laboratory in test results of a groundwater source or water well can be difficult to make heads or tails of.

Safe levels of salinity, bacteria, and minerals in livestock drinking water will depend upon the species, age, weight, and diet of livestock. For instance, sheep are more sensitive to copper than other species, and juvenile animals are more susceptible to bacterial contamination. A good place to start is to have water tested, and compare the results to general guidelines.

Nitrates can be of particular concern in ruminants if animals are on a feed with elevated nitrate levels, such as cereal grains produced under stressed conditions including drought. Nitrates can be converted to a toxic form (nitrites) in ruminant animals and, to some extent, in horses. In these cases, the nitrate levels in both the feed and water source must be considered. Elevated nitrate levels are often seen in water from runoff, particularly from fields that have been fertilized or poorly cased, shallow wells. Water from deep wells is much less likely to have significant nitrate concentrations.

Having water tested is a relatively economical way to buy peace of mind if concerned about the quality of a livestock drinking supply. There are laboratories in the state that test water. These can be found in the phone book under "Water Testing & Analysis" or by contacting a local University of Wyoming Cooperative Extension Service (UW CES) office or conservation district office. If water falls beyond the guideline levels, take the next step in determining whether the level is a concern based upon livestock species, age, weight, and diet. Levels above those listed may be acceptable for mature animals but not juveniles, or for cattle, but not sheep. Therefore, further investigation may be warranted.

More information about water quality concerns can be found in several extension publications including *Water Quality for Livestock Drinking,* EQ 381, from University of Missouri Extension available at http://extension.missouri.edu/explorepdf/envqual/eq0381.pdf and *Livestock Drinking Water Quality, 4.908,* from Colorado State University available at www.ext.colostate.edu/PUBS/livestk/04908.html.

For specific questions regarding livestock water quality, contact a UW CES area agriculture/natural resource educator. A list can be found at http://ces.uwyo.edu/County_Areas.asp.

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