

Field Crops Newsletter

Granville and Person County
Mikayla Graham

SEPTEMBER 2023

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Corn harvest. *Photo by Mikayla Berryhill.*

Grain Marketing: Forward Price Contracts

By Jenny Carleo – NC State Grains Area Specialized Agent

Concerned about falling grain prices?

There are a few ways to lock-in a future price for your crop before it has been harvested. A forward price contract with a nearby elevator is one of the more straightforward ways to do this.

What is a Forward Price Contract?

These are contracts between a buyer and a seller where the product will be delivered at a later time. Both the buyer and the seller agree on: a product a price a quantity delivery Contract details may also include specifics about the quality, premiums or penalties, and who is in charge of transportation.

Pros and Cons to the Farmer

The advantage of a forward price contract to a grower is that they have a sale price locked-in for part of their crop. Another thing to remember is that once the price is locked in it also cannot increase, even if the market price increases later. The farmer has transferred the risk of falling grain prices to the buyer. For this reason, there is often a small fee associated with forward contracts.

Pros and Cons to the Grain Buyer

Locking in a price to buy grain means that now the buyer is the one vulnerable to price drops. The advantage of a forward price contract for the buyer is that they have locked-in a price to purchase grain that they know they will need in the future to meet the demands of their customers. What Kind of Risk does a Forward Price Contract Reduce? Forward price contracts reduce price risk. Production risk is still a concern to the farmer because the yield is not known until harvest. It is recommended that growers forward contract a maximum of 60% of their anticipated crop, because if yield is lower

This newsletter is designed to give you up to date information on crops from NC State University and other sources. For more information:

Contact

PERSON COUNTY
304 S Morgan Street
Room 123
Roxboro, NC 27573

PH: 336.599.1195
person.ces.ncsu.edu

GRANVILLE COUNTY
125 Oxford Outer Loop
Oxford, NC 27565

PH: 919.603.1350
granville.ces.ncsu.edu

MIKAYLA BERRYHILL
mikayla_berryhill@ncsu.edu

Grain Marketing: Forward Price Contracts CONTINUED

than expected they should still have enough grain to meet the contract requirements. In some cases where a farmer did not have enough grain to sell to the buyer as promised, they can buy the contract back from the buyer. What about Futures Contracts? Futures contracts are a type of standardized forward contract that are publicly traded on an exchange. They are typically accessed through the Chicago Mercantile Exchange, or “CME”. These contracts require a minimum of 5000 bushels and are usually handled through a broker. Forward price contracts are the simplest way to hedge potential losses from the risk of falling grain prices. You can contact your local elevator to learn more about which types of contracts they offer. This project is funded by the NC Small Grain Growers Association. For more information on NC wheat visit the North Carolina Small Grain Growers Association.

Major U.S. Agriculture Organizations Call on Presidential Candidates to Focus on New Trade Deals

Major U.S. Agriculture Organizations worked together to send a letter to all presidential campaigns. This urged them to prioritize new market access to trade agreements, specifically by diversifying export markets for U.S. agriculture and ensuring that U.S.-China relations are handled in a manner that holds China accountable while not endangering U.S. access to agriculture’s largest export market or threaten American farmers with new retaliatory tariffs.

You can read the full letter here:

August 21, 2023

Dear Presidential Candidates,

International trade is critical to the continued success of U.S. agriculture. Over 95% of the world’s consumers live outside the United States, and 20% of U.S. farm revenue comes from exports. Without access to foreign markets for U.S. agriculture, the jobs of over a million American workers would be directly affected, with indirect effects threatening millions more throughout the export supply chain.

For decades, America sold more food and agricultural products to other countries than it imported. This year, however, the U.S. Department of Agriculture is forecasting we will run a food and agriculture trade *deficit* of \$17 billion: This is a wake-up call.

We recognize U.S. trade policy has shifted drastically over the past 10 years. However, a continued emphasis on free and fair trade is vital to ensuring U.S. farmers and ranchers can grow and export enough food, feed, fiber, and fuel to supply the global marketplace. As we consider America’s relationship with China and other countries in the context of food and agriculture, it is critical that we move strategically with a firm understanding of our national interests.

As part of your policy platform, we ask you to consider the following requests on behalf of U.S. agriculture:

1. Ensure U.S.-China relations are handled in a manner that holds China accountable yet maintains market access for U.S. agricultural goods.

In 2000, Congress voted to admit China into the World Trade Organization by granting China Permanent Normal Trade Relation (PNTR) status. At the time, the U.S. sold just \$1.73 billion in food and agricultural products to China. This constituted around 3% of our total food and agricultural exports, ranking China behind Canada, Mexico, the EU, Japan, and South Korea as buyers of U.S. farm products.

Admitting China into the WTO has paid dividends for America’s farm economy: In the past two decades, U.S. export sales to China have skyrocketed, supporting an agricultural trade surplus. In 2022, the U.S. exported \$38.11 billion in food and agricultural products to China—an astounding 22-fold increase. China is now the largest buyer of U.S. food and agricultural products, purchasing 19% of our exports. These exports are critical to America’s farmers and rural communities.

Selling nearly 20% of U.S. food and ag exports to one country, however, leaves U.S. farmers vulnerable to global supply chain shocks. When relations between our two countries turn sour, those exports can be disrupted. The tariffs and retaliatory tariffs put in place in 2018 and 2019 are still impacting U.S. farmers and food processors and impeding efforts to regain access to this critically important market.



Photo by USDA, Public domain.

Call to New Trade Deals CONTINUED...

2. Work to diversify export markets for U.S. agriculture.

Market diversification helps with risk mitigation for U.S. farm goods. Opening new markets and growing existing markets for agriculture decreases a reliance upon the Chinese market. Further, international trade is an important diplomatic tool that builds our relationship and good standing with other countries, in turn lessening China's global influence.

It has been over a decade since the U.S. entered into a new comprehensive free trade agreement (FTA). During this same time, our friends and adversaries alike have been busy entering into FTAs, including the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, to the Regional Comprehensive Economic Partnership and to bilateral deals like the ones created just this year between Australia and the UK and between China and Ecuador.

The U.S. needs to again take the lead in negotiating new FTAs with other countries and work to strengthen and reform the rules-based multilateral trading system. In many respects, future FTAs could be modeled on the U.S.-Canada-Mexico Agreement (USMCA) passed by Congress with broad bipartisan support. Such agreements could protect American workers and the environment, help contain China's growing geopolitical influence, and open new export markets for our farmers by meaningfully reducing and eliminating tariffs and non-tariff trade barriers.

As we move toward the 2024 presidential election, stakeholders in the food and agriculture sector are here to serve as a resource. We ask you to commit to fighting for free and fair trade on behalf of America's farmers and ranchers, and we stand ready to answer any questions or provide additional information that may be needed by your campaign.

We look forward to working with you on these important issues.

Signed:

Almond Alliance
American Feed Industry Association
American Soybean Association
Animal Health Institute
Corn Refiners Association
Farmers for Free Trade
International Fresh Produce Association
National Association of State Departments of Agriculture
National Association of Wheat Growers
National Corn Growers Association

National Council of Farmer Cooperatives
National Milk Producers Federation
National Pork Producers Association
National Pork Producers Council
National Sorghum Producers
North American Meat Institute
North American Renderers Association
U.S. Apple Association
U.S. Dairy Export Council
USA Rice

Field Day Highlights: Alternative Crops Field Day

The Alternative Crops Field Day was held at the Oxford Research Station on Thursday, August 17th. This highlighted the current market situation and recent research around 3 crops: fiber hemp, sesame, and organic sunflowers. Here are some major points made about each of these crops:

- **Fiber Hemp:** This method of growing hemp is aimed at harvesting the stem, unlike growing hemp for the CBD oil where the flower is harvested. Hemp for fiber goes towards making many products, like rope, clothing, and many other textiles. There are many companies and industry for this crop being established across North Carolina, the closest being Bast Fibre Tech in Lumberton, NC, making it a promising future crop for NC growers. NC State Alternative Crops Specialist, Dr. David Suchoff, recommended for growers to wait before jumping into this crop as more markets emerge to ensure that growers are fairly compensated but keep it on your radar!
- **Sesame:** Yes, like the sesame seeds on your hamburger bun! This crop is versatile, as it can fit into a crop rotation like soybeans. It can be planted in a full season or double cropped timeline, is drought tolerant, has a current market in NC, and *is resistant to deer!* One of the drawbacks to this crop is that weed management options are limited. The company Sesaco Corporation is currently purchasing sesame from NC farmers, usually directly from the farm. Contact Carl Coleman at Choice Seeds (483-481-7373) or Jared Johnson at Sesaco (405-531-7840) for more information.
- **Organic Sunflowers:** Having an alternative organic crop other than tobacco or soybeans in any operation would be beneficial, which is a big draw for organic sunflowers. Most grain growers will not need any additional equipment for this crop. A high oil content will bring in a price premium for growers who contract with Purdue AgriBusiness! Some of the challenges of growing this crop are weed control, so cultivation is recommended, and insect control, specifically of the sunflower moth. If interested in bringing in this additional organic crop to your operation, contact Aaron Riddle (336-522-9378) for additional information.

UPCOMING EVENTS

“Last Chance” Pesticide Training

V-Credits

- Wednesday, September 6 @ 6-8 p.m.
- Thursday, September 14 @ 9-11 a.m.

The above classes will be offered at the following locations:

- N.C. Cooperative Extension, Person County Center, 304 S. Morgan St., Roxboro
- N.C. Cooperative Extension, Granville County Center, 125 Oxford Outer Loop, Oxford
- Vance County Regional Farmers Market, 210 Southpark Dr., Henderson
- N.C. Cooperative Extension, Warren County Center, 158 Rafters Lane, Warrenton

Fumigant Z(SF) Credits

- Wednesday, September 6 @ 5 p.m. (preceding the V credit class)
- Thursday, September 14 @ 11 a.m. (after the V credit class)

Fumigant training will only be offered at the Person County location.

Registration at go.ncsu.edu/pesticideeducationpage



2023 Granville Volunteer Appreciation Banquet

Wednesday, September 27th @ 5:30 PM

- Carlee Farm (1003 Carlee Farm Rd, Oxford)
- Volunteers and friends of extension – please join us for a celebration of you!
- Register at go.ncsu.edu/2023granvillevolunteer

Farm Labor Forum SAVE THE DATE!

Wednesday, November 15th

- Granville County Expo and Convention Center (4185 US-15, Oxford)
- Important updates for the H2A Farm Worker Program!
- More information to come.



North Carolina State Fair

October 12th-October 22 2023

Special Event Days and Discounts:

- AccessABILITY – Sunday, October 15th
 - Reduced lights and music, “Bandwidth Chill Out Zone”, and more amenities off.
- Senior Citizens Day – Tuesday, October 17th
 - 65+ free admission.
- Military Appreciation Day – Wednesday, October 18th
 - Tribute Parade at 10 a.m. and more.
- Smithfield Hunger Relief Day – Thursday, October 19th
 - Bring 6 cans of food for free admission.



- Tools For Schools – Online Advance Sale until October 12th
 - For every online advance ticket purchased using a school code, \$2 will be donated to the school for adult tickets and \$1 for child tickets. (Granville, Wake, and Central Charter Schools)
- Daily Military Discount – 38% discount

For more information, visit www.ncstatefair.org/2023/index.htm

ABOUT N.C. COOPERATIVE EXTENSION

North Carolina Cooperative Extension is a strategic partnership of NC State Extension, The Cooperative Extension Program at N.C. A&T State University, USDA-NIFA, and 101 local governments statewide. Extension professionals in all 100 counties and the Eastern Band of Cherokee translate research-based education from our state's land-grant universities, NC State and N.C. A&T, into everyday solutions. Extension specializes in agriculture, youth, communities, food, health and the environment by responding to local needs.

NC State University and N.C. A&T State University are collectively committed to positive action to secure equal opportunity and prohibit discrimination and harassment regardless of age, color, disability, family and marital status, gender identity, genetic information, national origin, political beliefs, race, religion, sex (including pregnancy), sexual orientation and veteran status. NC State, N.C. A&T, U.S. Department of Agriculture, and local governments cooperating.

In compliance with the Americans with Disabilities act, N.C. Cooperative Extension or NC State University will honor requests for reasonable accommodations made by individuals with disabilities. Please direct accommodation requests to Mikayla Graham, Mikayla.graham@ncsu.edu, 9195031350 or 336-599-1195. Requests can be served mor effectively if notice is provided at least 10 days before the event.