Progressive tillage
farmers have always
looked to technology and
the future whether in
production or marketing

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While Irish grain growers
achieve some of the highest
yields in the world, we still
find ourselves struggling to make
ends meet at the end of the season.
Many will blame high input costs
such as fertilisers, seeds and sprays,
while others will blame poor grain
prices. In truth, it is probably a com-
bination of both.
Growers’ ability to negotiate reduc-
tions in input costs are limited given
that most input prices are relatively
static, with the exception of fertiliser
and land prices. However, more and
more growers are taking a proactive
role in selling grain in an effort to
improve overall grain pieces.
Forward selling of grain has had a
chequered history in Ireland, with
some growers still nervous of the
concept. Many people are still reeling
from the decision to forward sell
grain in 2012 when the perfect storm
of poor yields, poor quality and har-
esting difficulties resulted in grow-
ers failing to meet agreed contracts.
They were penalised by having to
supply grain, which they didn’t have,
by buying it from a booming market.
However, some have stuck with the
idea of forward selling or agreeing
contract sales and they have reaped
the benefits in the last four harvests.

Figure 1 shows the average Euro-
pean dried feed wheat prices avail-
able on a monthly basis since 2010. It
highlights the volatility of prices over
the last number of years.
What is interesting is that, with the
exception of one or two years, the
price of grain, on average, is at its
lowest just after harvest in August
and September, just when most Irish
growers want to sell.
With the exception of 2010 and 2012,
selling some grain before harvest had
the potential to increase the overall
grain price achieved on farm.
While the market has been declining
since 2012, in each subsequent year
there were opportunities to sell at
a higher price than what was avail-
able at, or after, harvest. While some
might call it risky to sell something
that you don’t already have, it seems
to be far more risky to sell everything
at harvest time. Selling a proportion
of the grain on a regular basis is
probably the safest bet.
Teagasc has estimated that there
was the potential of acquiring an ex-
tra €10/t to €20/t by selling a propor-
tion of your grain each month from
January to August each year from
2012 to 2016 rather than selling all in
August. It has been noticeable in the
premium markets, for example malt-
ing, gluten free, etc., that forward sell-
ing has become more popular, as this
allows growers to plan and budget
their crop inputs.
One of the key aspects of forward
selling is knowing your own growing
costs. Teagasc has many tools such
as the e-Profit Monitor and e-Crops
that can help growers to calculate
their own costs. The crop margins
Today’s Farm

booklet that is printed every year is also a good guide as to what the likely growing costs will be for cereal crops in that particular year. Table 1 shows the average cost per tonne for the different cereal grains at different yields, excluding straw sales, on your own land.

Having this information, along with the average recorded yields in each field, makes decisions around selling grain much more straightforward, as the farmer can see clearly if the grain is being sold at a profit or loss. The table clearly shows that land or fields that don’t have high yield potential are unlikely to grow crops at a profit at current grain prices.

**Practical experience**

The McGuinness family of Pat and Tony and their nephew John, who farm near Ardee, Co Louth, have been forward selling grain for the last number of years. They grow mainly feed wheat, feed barley, oats, oilseed rape and potatoes.

“We first started forward selling/drying grain in the early 1990s because of falling harvest prices,” says Tony. “Over 60% of our area farmed is on conacre or long-term lease. This can cause a lot of uncertainty on farm, as conacre prices can change on a yearly basis. Having some certainty in relation to grain price allows us to budget and cost what land is viable in advance.”

Tony says they will forward sell at most 50% of their project yield. “We find we can achieve a better average price overall,” says Pat. The McGuinnesses dry their own grain and store it for sale throughout the year. This allows them to sell when the time suits them and provides cashflow during quieter times of the year.

Their local merchant plays an important role in selling this grain and they rely on the information coming from the trade and also grain market websites such as Nogger’s blog, AHDB markets, etc.

Tony also feels that the key to forward selling is to know your production costs of all crops grown, as this will enable you to make key decisions regarding the forward selling of your grain.

He also feels by forward selling grain, it allows him to forward purchase inputs and obtain these at keener rates. The brothers store the grain at 18% to 19% and then dry it down to the required moisture content when the grain is being sold.

The home farm, where Pat lives, was bought by their father in 1942. The farm was always a progressive one and has a number of innovations including a reservoir, which was used as a source of hydro-electric power. The electricity generated (in the mid-19th century) ran an engine which powered a threshing system in the loft of one of the farm sheds.

This thresher, built of wood and still in magnificent condition, looks for all the world like a combine which has lost its wheels and header. The drum and straw walkers are essentially the same as any modern combine, which is based on straw walkers rather than a rotary system.

“The family, who embraced these new technologies, were always looking for a better way to grow and sell grain, just like us,” concludes Pat McGuinness.

**Table 1:** Average cost per tonne for cereal grains

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<th>Yield t/ha</th>
<th>Feed wheat Winter</th>
<th>Feed wheat Spring</th>
<th>Feed barley Winter</th>
<th>Feed barley Spring</th>
<th>Malting barley Winter</th>
<th>Malting barley Spring</th>
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Costs/tonne excluding straw based on 2017 Crops costs and returns booklet

ABOVE: Pat and Tony McGuinness with the old threshing system, powered by a reservoir on the farm.

LEFT: Pat and Tony McGuinness, Conor Dobson and John McGuinness.