

Master Marketer Newsletter

<http://mastermarketer.tamu.edu>

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Master Marketer Highlights

Lubbock Master Marketer Graduates

On February 15, 2007 we had another 41 graduates complete the classroom portion of the Master Marketer program. This year's program was held in Lubbock Texas, with the four sessions running between January 2 and February 15. Numerous bouts of inclement weather provided extra risk-management challenges for the students and instructors. We had snow and slippery conditions for at least three of the four sessions. Hopefully our new graduates will continue their risk-management education and capitalize on some rewarding opportunities as the year unfolds.



Tomorrow's Top Agricultural Producer (TTAP) program

The second TTAP class completed the classroom portion of their training. The 13 operations involved began their first session in Amarillo during November 2005, and continued with sessions and College Station during January 2006, Dallas during November 2006, and the final session in Kerrville during January 2007. They will now embark on a year of working with their mentors, and putting some of their plans into action.

Advanced Topics Series (ATS) workshops

This winter's advanced topics series workshops started off with two advanced futures and options workshops in December 2006 in Robstown and Amarillo. Several of the ATS workshops that were scheduled during January were rescheduled or canceled due to weather or other issues. The feedgrain marketing plan workshop rescheduled for February 12-13 and the crop insurance workshop held in Vernon on February 26 were both well attended. (continued on page 3)

Marketing Club Corner



Mark L. Waller
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Why Participate In a Marketing Club?

While we no longer require/push as hard to get new Master Marketer graduates to start/run or participate in marketing clubs, some of us still think that it is one of the best continuing education tools that you have at your disposal. There is a lot of material covered during the 6 hour leveling workshop, and the 64 hours of classroom training that you get during the four sessions of Master Marketer. And while we hope that this intensive training provides participants with the necessary tools to improve their risk management/marketing practices, we also believe that most participants need continued exposure to these tools, and some practice with them before they will be comfortable enough to actually use them to market their crops and livestock.

Over time we have developed or found a number of resources that marketing clubs can use to help them get up and running. Some of these resources help clubs identify topics that they may want to cover, provide resources that they can use such as curriculum and lesson plans, and help identify potential speakers, and resources like the ag market network teleconference. Most of this information can be accessed at the Master Marketer website <http://mastermarketer.tamu.edu/>. Clicking on the hyperlink title Marketing Clubs will take you directly to much of the information that we have developed over time. One of the tools still used by marketing clubs with an interest in cotton, is to participate in the monthly conference calls sponsored by the Ag Market Network. To get information on dates and the various ways to access the program, go to the Master Marketer web site and click on the link for Ag Market Network or Ag Market Teleconference, or go directly to the Ag Market Network page at: <http://www.agmarketnetwork.net>. Future conference calls are scheduled for April 12, May 15, and June 13. The July meeting will be held in New York at the New York Board of Trade.

Guest Column



David P. Anderson
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Renewable Fuels, Distiller's Grains, and Livestock

The ethanol industry is booming with, seemingly, new plants announced every day. This boom, however, has not come without costs to the livestock industry. Corn prices are double what they were a year ago in some areas. However, livestock producers will have increasing access to distiller's grains (DGs), the by-product of ethanol production.

Distiller's grains are what is left of the bushel of corn after the starch has been removed for ethanol. It is often called DDGS, or dry distiller's grains with solubles, if it is dried down after the distilling process.

Feeding DGs is nothing new. Any operation near a distillery or brewery has probably seen or fed a similar by-product. What is new, however, is the large amount of DGs available to many more producers who have no experience feeding them.

When the starch is removed from a bushel of corn to make ethanol the remaining parts of the corn kernel are concentrated into the 17 pounds of DGs. Research has shown that crude protein ranges from 30-36 percent of dry matter. Energy tends to be 10-20 percent higher than that of corn due to the presence of the fat from the corn. These values tend to be higher than the "old book values" reported in reference books.

Phosphorus and sulfur are also concentrated in the DGs. Mycotoxins, for example aflatoxin, are concentrated 3 times, as well. Testing for aflatoxin will be very important in some years and will be an important issue for DGs in some areas of the country.

A number of issues are raised with feeding DGs. Wet DGs are costly to haul due to their water content. It also spoils quickly, 2-3 days during summer, and so, must be fed quickly. Dry DGs are costly to dry due to the high cost of natural gas which powers most driers. Distiller's grains may be more difficult to incorporate on some operations due to their current infrastructure. If it's fed wet it may require more equipment and another trip down the feed lane. Incorporating DGs in the feed is also an issue where the investment in steam flaking has been made.

The increased nutrients, particularly phosphorus, may lead to issues with waste management routines and the nutrient management plan may need to be altered.

DGs tend to be highly variable in nutrient content from plant to plant and shipment to shipment. Increased feed nutrient testing may be necessary.

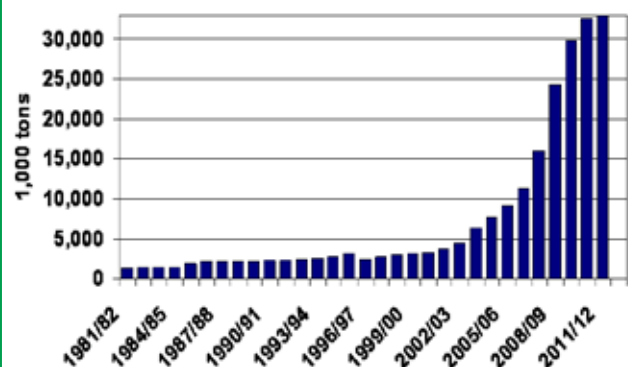
Production of DGs is expected to approach 33 million tons by 2010. If all U.S. livestock (dairy and beef cows, feedlot cattle, hogs, chickens and turkeys) were fed their maximum amount of DGs per day it would amount to about 37 million tons. Of course, not all animals will be fed DGs nor will all those be fed DGs at that level. Realistically, use will be something less than 37 million tons. That suggests that a large DG supply relative to demand will occur resulting in lower DG prices relative to corn.

There is some evidence for that in the market now. While DG prices have increased along with corn over the last few months, corn is now trading at about a 15 percentage point premium relative to DGs instead of the par value that prevailed prior to mid-2006.

Location is very important in feeding DGs. The bulk of new ethanol plant construction is in the Corn Belt and Midwest. Livestock operations in those areas are in much better position to utilize DGs. Much of the cattle feeding and broiler industries will face even higher feed costs due to DG transportation costs and higher corn prices.

It would appear that we are in a transition period to higher feed costs. While one response to higher prices will be increased feed production, high feed prices may force some producers out of business. The growth of corn based ethanol production will result in lost livestock industry world market competitiveness and higher consumer food costs.

U.S. Distillers Grains Production



Choice Website

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RFA Renewable Fuels Association <http://www.ethanolrfa.org>

This month's choice website is <http://www.ethanolrfa.org>. The Renewable Fuels Association is the national trade association for the US ethanol industry. As such, you might imagine that you will find a lot of material on this site about ethanol industry policies, regulations, and research and development initiatives. As an economist I'm always interested in finding historical data and industry statistics that I can use to learn more about a subject. The website has a section on industry statistics that will help you with some useful information about the ethanol industry. There is also an Annual Industry Outlook report that you can download as a PDF with useful information. While several sites keep track of existing ethanol plant locations, and new construction, this is one of the sites that is often quoted as the source for such information. There are useful links throughout the site to help visitors find additional information. If you need a little additional information on the ethanol industry, you may want to give this a try.

Master Marketer Highlights, continued from page 1:

Personnel Management Workshop

A Personnel Management Workshop will be held April 3-4 in Lubbock at the Holiday Inn Plaza Hotel on the South Loop. Please note this is a change in the location. This workshop is for anyone who has problems or questions about personnel management issues such as hiring employees, retaining employees, multicultural workforce issues, conflict resolution or legal issues. There will be six nationally known speakers who are specialists in the areas to be addressed in the workshop. The curriculum has been designed with agricultural managers in mind. Do not miss this opportunity to learn how to better manage your most important resource--your employees. For more information, visit <http://mastermarketer.tamu.edu> or call Margaret Freeman at 806-677-5600.

Farm Assistance Update

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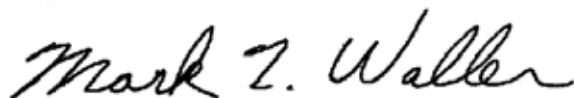
2007 has started out to be a very exciting and busy year for the FARM Assistance team. In the Amarillo and Lubbock areas, DeDe Jones and Jay Yates gave crop profitability, energy, and other farm management presentations throughout January and February. In addition to working with agricultural producers through one-on-one client analyses and through Texas Cooperative Extension seminars, the FARM Assistance team serves the broader agricultural industry through analysis of current issues with our one-of-a-kind producer database. This work is often presented as papers and posters at national, regional and state industry conferences. Jay Yates and Wade Polk both attended The Beltwide Cotton Conference in January where they each presented a paper. Jay's topic compared the costs and returns for alternative cotton harvest methods in the Texas High Plains while Wade's focused on an economic assessment of managing drought by tillage system. Steven Klose, Greg Kaase, DeDe Jones, and Melissa Jupe attended the Southern Agricultural Economics Association meeting where they presented posters and papers related to the drought in South Texas, volumetric water pricing in the Lower Rio Grande Valley, and QuickBooks Pro Financial Software applications in agriculture. These and other recent studies are available by visiting our website farmassistance.tamu.edu/publications.

The FARM Assistance group welcomes a new member to the team. Patrick Warminski comes to us from the Panhandle Water Conservation District. He earned his Bachelor of Science in Agricultural Economics from Texas Tech University and his Master of Science in Agricultural Business and Economics from West Texas A&M University. He will be working in the Amarillo office with DeDe Jones.

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If you would like to receive this newsletter by email, or have any other questions about the Master Marketer system, please write Emmy Williams at elwilliams@ag.tamu.edu.

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