



## CASH PRICE SEASONALS, OHIO CORN, SOYBEANS, AND WHEAT

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**Background:** It is not possible to do an effective job of pricing without being effective at cash pricing since eventually a commodity has to be sold on the cash market. Effective cash pricing starts with understanding the average seasonal pattern of cash price. This article examines the historical pattern of average monthly cash prices over the crop marketing year for Ohio corn, soybeans, and wheat. The period of analysis is the 1974 through 2009 crop marketing years.

Graphs on pages 2, 3, and 4 contain the findings for corn, soybeans, and wheat, respectively. In contrast, the discussion is organized by characteristic of the price seasonal. We hope the different perspectives enhance your understanding of the Ohio cash price seasonals.

### **Average Monthly Cash Price Seasonal** (note, individual crop years vary from the average)

- ▶ On average, the low cash price occurred in the 2<sup>nd</sup> month of the crop year for Ohio corn, soybeans, and wheat. This month is October for corn and soybeans, although November is quite close for corn. For wheat, the month is July, although June is quite close.
- ▶ On average, the high cash price occurred in the 10<sup>th</sup> month of the crop year for Ohio corn and soybeans (June) and in the 9<sup>th</sup> month for Ohio wheat (February).
- ▶ The average price increase from the low-price month to the high-price month is 16% for corn, 12% for soybeans, and 9% for wheat, implying that on average, corn earned the highest cash storage returns over the 1974-2009 crop years.
  - Price increases over the crop marketing year to compensate for the cost of storage.
- ▶ The pattern of average monthly price increases from the low price month varies by crop:
  - Corn: a jump in December, followed by fairly consistent, linear increases through June peak
  - Soybeans: fairly consistent, linear price increases through the June peak
  - Wheat: fairly consistent price increases through October, with a price jump in December
  - Little change occurred in these patterns between 1974-1991 and 1992-2009.

### **Month in which Low Monthly Price Occurs**

- ▶ For all 3 Ohio crops, the low price occurred either in the last month of the crop year or the first 3 months of the crop year for at least 74% of the 1974-2009 crop years.
  - Corn had the greatest concentration (91%) of minimum prices during this 4 month period, which for corn are the months of August through November (see Panel B, page 2).

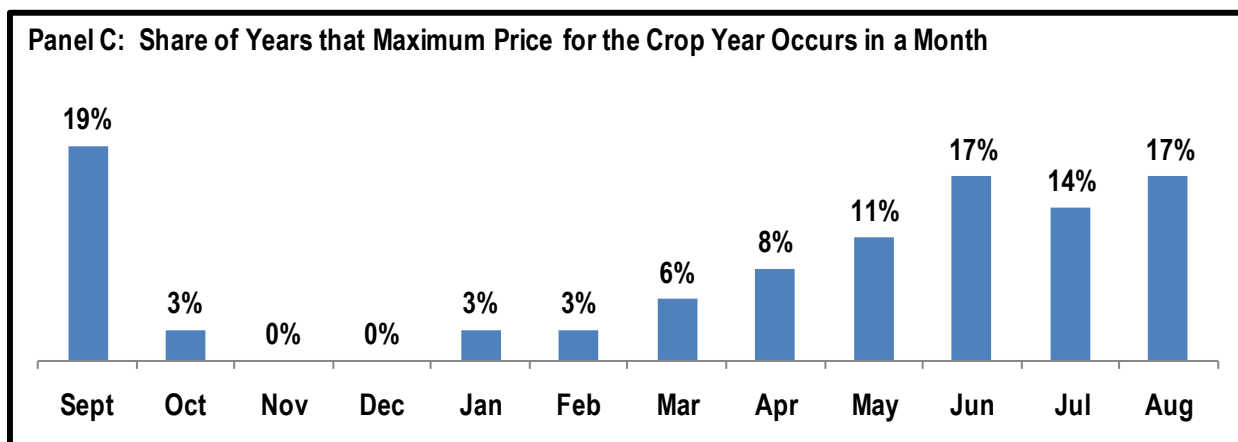
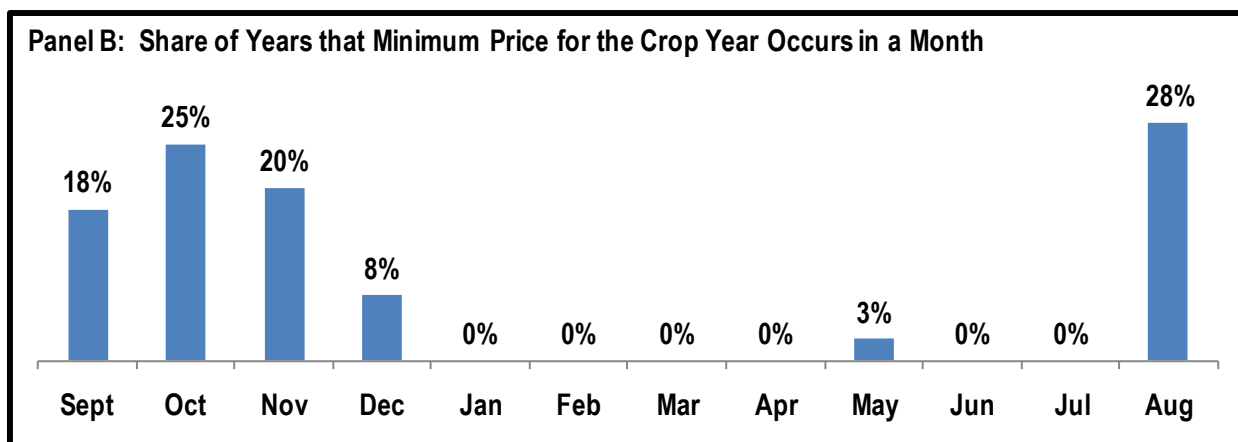
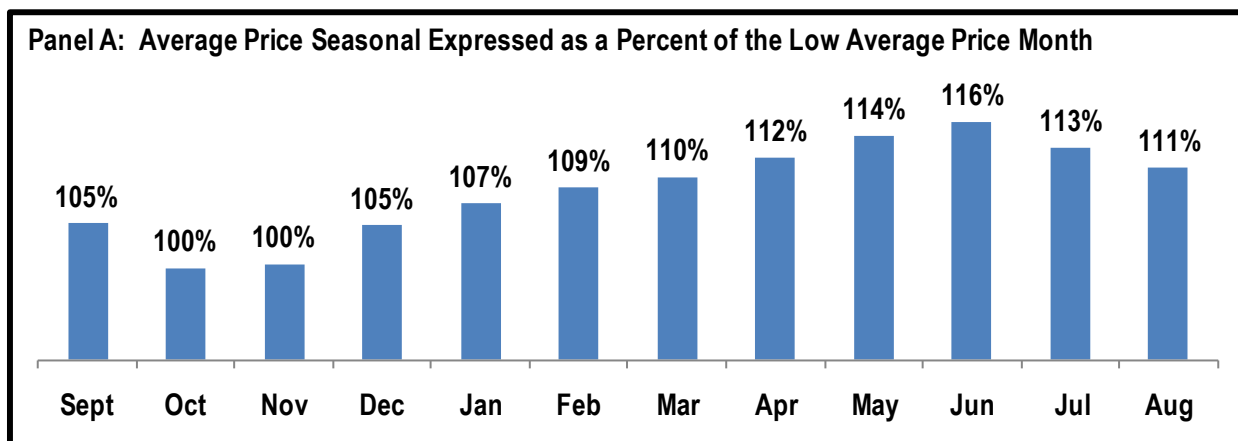
### **Month in which High Monthly Price Occurs**

- ▶ Especially for wheat but also for corn, the distribution of maximum prices was more scattered across the crop marketing year than was the distribution of minimum prices.
- ▶ Especially for soybeans but also for corn, the peak price tended to occur later in the crop year.
- ▶ For corn and wheat, the last and first months of the crop year were likely months for either a minimum or maximum price.

### **Concluding Observation**

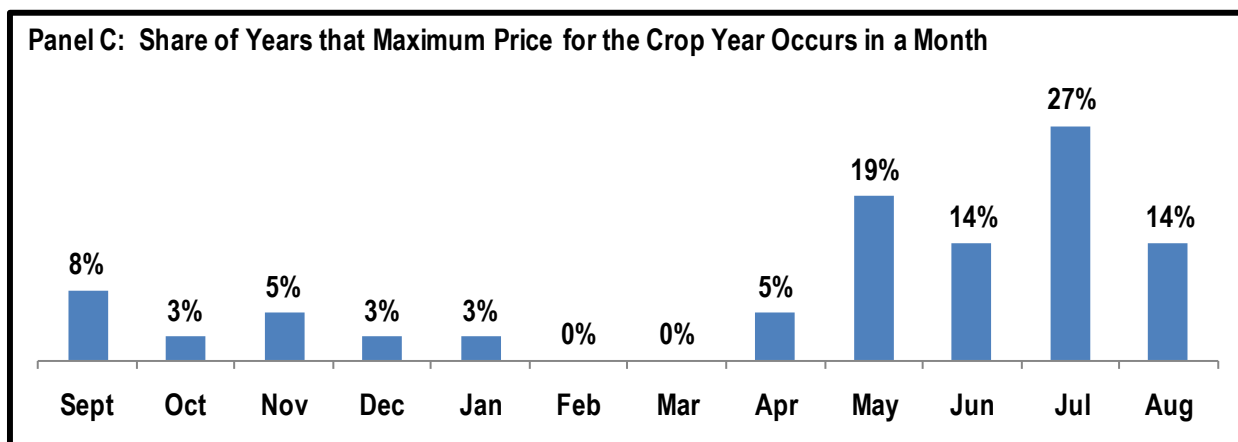
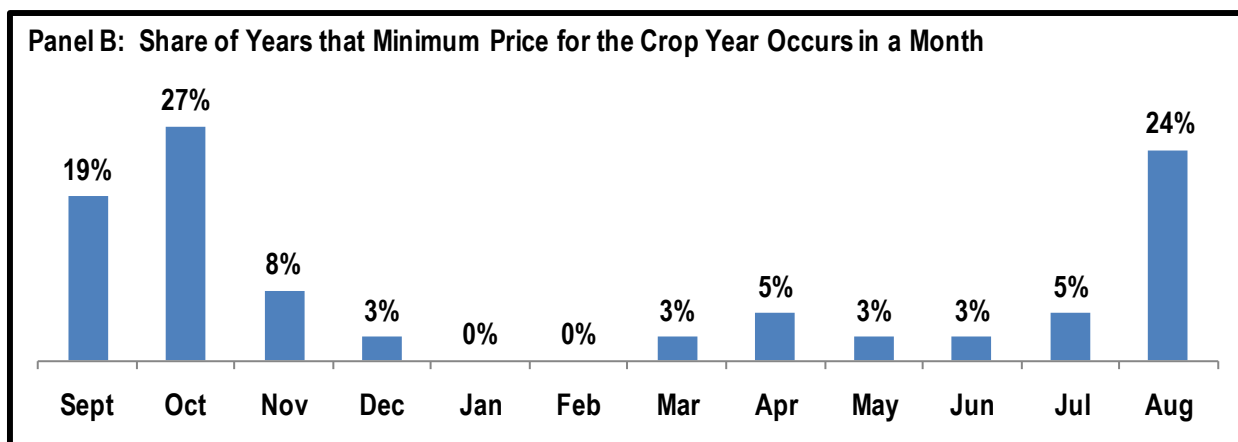
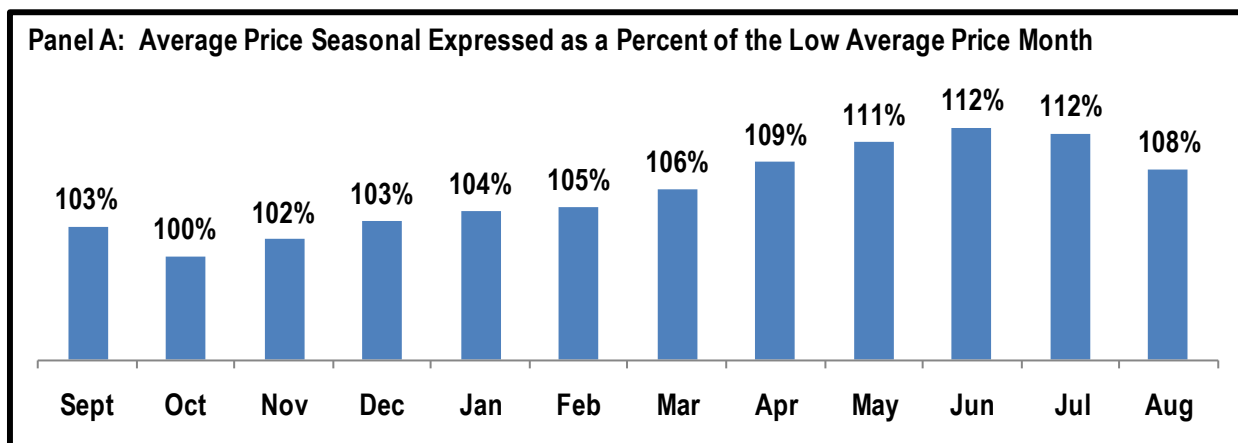
- ▶ While the monthly price pattern differs for each crop year, long term average tendencies exist in regard to average price change and month in which the low and high prices occur.
- ▶ Given these central tendencies, a cash marketer should then ask what factors that currently exist in the market may cause the cash market to deviate from its average tendencies.
  - ▶ Jointly considering central tendencies while asking what is unique for a crop year provides a foundation for improving the odds for better cash marketing performance.

Figure 1. Ohio Corn Cash Price Seasonal Analysis, 1974-2009 Crop Marketing Years



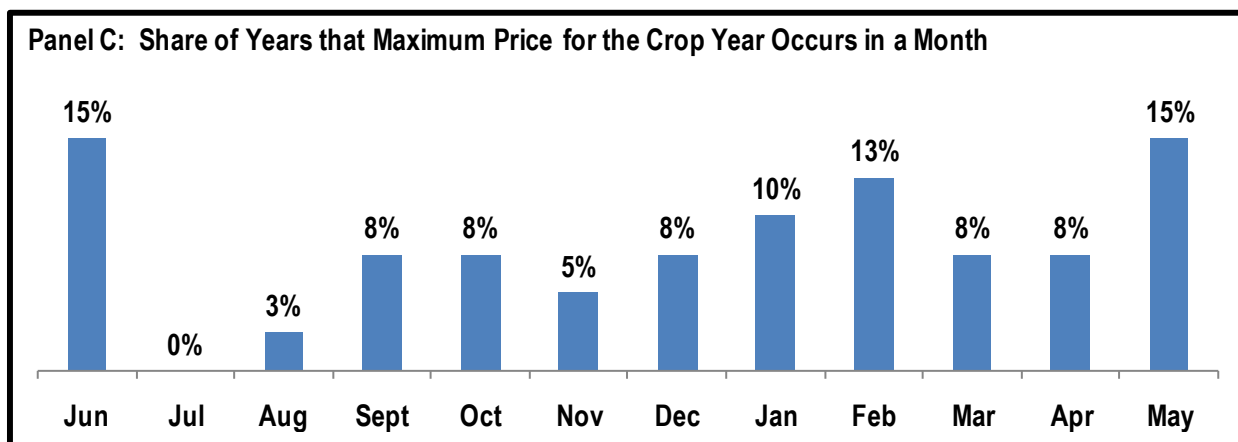
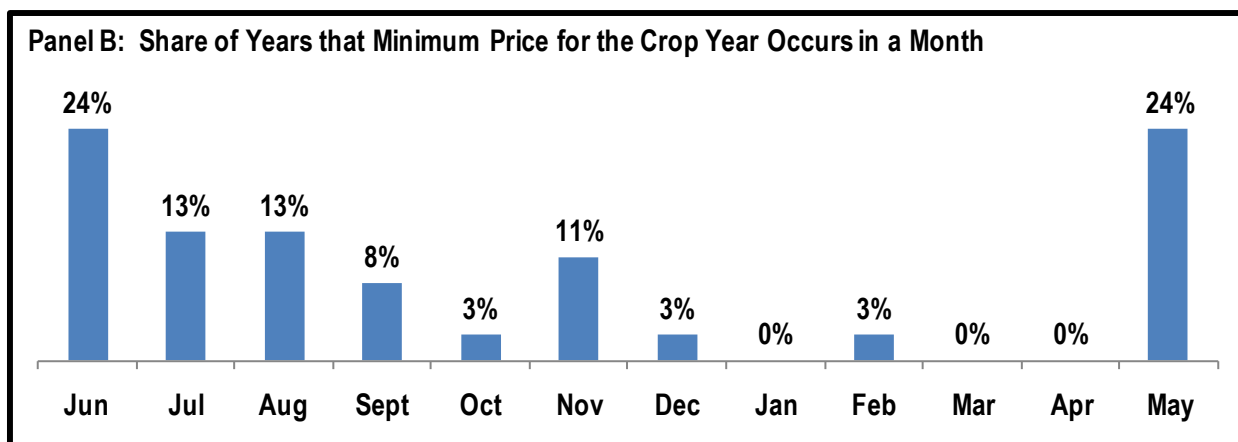
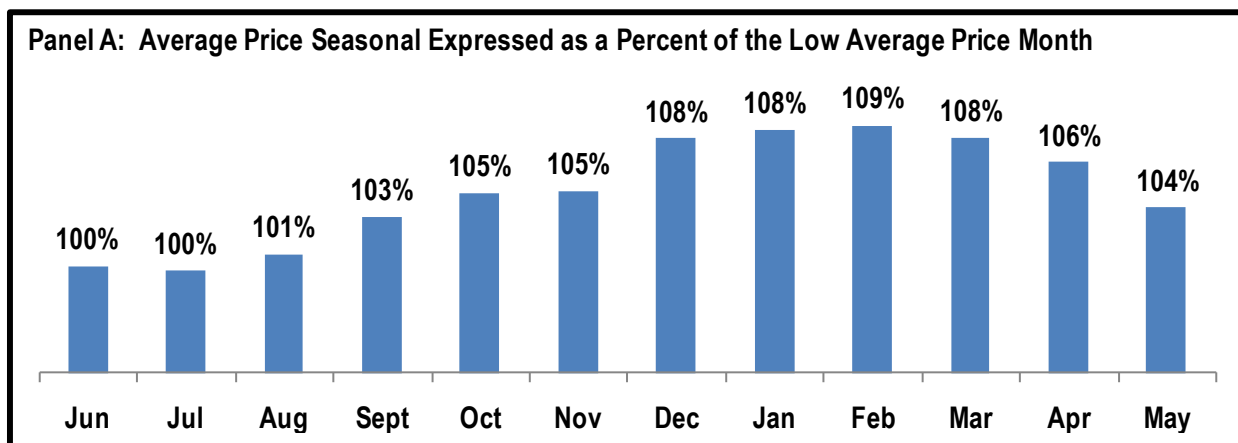
SOURCE: Original calculations using data from U.S. Department of Agriculture, National Agricultural Statistics Service, *Quick Stats*, [http://www.nass.usda.gov/Data\\_and\\_Statistics/index.asp](http://www.nass.usda.gov/Data_and_Statistics/index.asp), accessed October 2010.

**Figure 2. Ohio Soybean Cash Price Seasonal Analysis, 1974-2009 Crop Marketing Years**



SOURCE: Original calculations using data from U.S. Department of Agriculture, National Agricultural Statistics Service, *Quick Stats*, [http://www.nass.usda.gov/Data\\_and\\_Statistics/index.asp](http://www.nass.usda.gov/Data_and_Statistics/index.asp), accessed October 2010.

**Figure 3. Ohio Wheat Cash Price Seasonal Analysis, 1974-2009 Crop Marketing Years**



SOURCE: Original calculations using data from U.S. Department of Agriculture, National Agricultural Statistics Service, *Quick Stats*, [http://www.nass.usda.gov/Data\\_and\\_Statistics/index.asp](http://www.nass.usda.gov/Data_and_Statistics/index.asp), accessed October 2010.