

# HAVE ENOUGH STORAGE

## TO BE A SMART BUYER OF COTTONSEED

BY THOMAS QUAIFE

**M**OST YEARS, WHAT RYAN KELLER IS doing makes perfect sense. He usually books cottonseed during the fall harvest months when prices are at their lowest point for the year. He has enough storage to book several months' worth, thus insulating himself from the price hikes that often occur later on.

(Normally, it works this way, but the current year is a bit of an anomaly. Due to a record cotton crop last year and large carry-over stocks, cottonseed prices have remained fairly flat during the early part of 2006 compared to what they were last fall.)

Keller, of Richland Center, Wis., uses an upright silo to store cottonseed. While many would argue the benefits of bags or commodity sheds when it comes to storing cottonseed, Keller has found that an upright silo works just fine.

The point is to secure enough storage that one can take advantage of seasonal price fluctuations.

### Silos get the job done

The Kellers built their 55-foot-high concrete silo in the late 1980s with the idea of storing high-moisture corn. But that changed over the years. A commodities broker told the Kellers about a couple of his customers who were storing cottonseed in upright silos, and the Kellers thought they would give it a try.

They have been doing it for eight years now.

The silo holds 168 tons of cottonseed, or about seven truck loads. That is enough to last the Kellers about seven months on their 330-cow dairy. With seven loads delivered last November, they will be in good shape through spring and beyond.

If it weren't for the upright silo, Ryan Keller says he and his family would have to buy smaller loads throughout the year or else build more commodity sheds. (They currently store forages in bunker silos.) Either way, they probably would not have the same flexibility in pricing the commodity that they do now.

As far as managing the silo, Keller says it's pretty trouble-free as long as the cottonseed goes in at the right moisture level — about 8 percent to 12 percent.





Ryan Keller, of Kelland Registered Holsteins in Richland Center, Wis., says an upright silo works fine for storing cottonseed.

Dan Natzke, dairyman and commodity broker in east-central Wisconsin, agrees that the moisture of the cottonseed (prior to storing it in the silo) is the critical factor. He suggests working with a broker or supplier who has a good idea of where the cottonseed is coming from and its quality.

### Pricing opportunities

Almost every year, the price of cottonseed is at its lowest point during the fall.

For instance, the spot price for cottonseed in Kinston, N.C., was about \$148 per ton in April 1999. By that November, it

had fallen to about \$95. Then, in April 2000, it was back up again to around \$118. That was pretty typical of the ebb-and-flow seen with cottonseed prices throughout the year. (Much of the cottonseed sold out of Kinston, N.C., goes up north to farms in Ohio, Pennsylvania and Wisconsin.)

Often, the price will rise \$20 to \$40 per ton from harvest to the following spring or summer, says Tom Wedegaertner, director of cottonseed research and marketing for Cotton, Inc. in Cary, N.C.

And, it could still happen this year, he says. The weather conditions in Texas — a top cotton-producing state — have been quite dry, Wedegaertner points out. If those same conditions persist, then prices could rise. “We could still see a \$20 upswing in June or July,” he adds. “It’s totally dependent on the weather and planting conditions.”

Whether it involves building more commodity sheds, using more silage bags — or even pressing an old silo into service — the idea remains a valid one. Have enough storage available to take advantage of seasonal price fluctuations. 🐄

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