

HARVEST ALERT

MICHIGAN STATE UNIVERSITY EXTENSION

FACT SHEET # 6

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Guidelines on Buying High Moisture Shelled Corn

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Every fall some dairy and livestock farms are looking to purchase extra shelled corn. In certain falls some cash crop farmers may have immature corn that is very wet and will not make good dry corn. Cash crop farms will be looking to those farms in need of corn as a way to market some of their crop. The question then becomes how to set a fair price for high moisture shelled corn (HMSC). Here are some guidelines to follow:

When negotiating a price with a cash crop farm determine the following: 1) The amount of corn you wish to purchase - normally quoted in wet bushels (call the Extension office if you need to know silo capacities); 2) The maximum corn moisture % you will accept (for example nothing above 34% moisture); 3) How you will base the price - for example, routinely based on the market price of dry corn at 15% moisture with the HMSC price adjusted to an elevator's shrink table (see Table A), according to moisture; 4) Offer some guarantee of payment as you should understand sellers get nervous when they deliver \$20,000 worth of corn to a person they don't know, and may never meet - routinely some farms are getting a guaranteed note from their lender up to a set dollar amount; others are setting up an escrow account with a third party such as a lender to draw out of as the corn is delivered; 5) Ask the cash cropper if there is a mortgage on the crop, and if there is, how the payment should be handled (this will avoid legal hassles for yourself); and 6) Determine trucking price - routinely \$2.00 per loaded mile, but may be even higher this year with the increase in fuel prices.

How to Determine Pay Price for Delivered HMSC

1. Before delivery, agree to a fair market price for 15% moisture corn, you can use an area elevator to give you a local price. If you have a method to determine corn test weight you may agree to discount the market price if the test weight is below 54 (see Table B). Other possible discounts are for foreign material and kernel damage, mold, or sour smell.
2. Determine actual corn moisture.
3. Determine delivered wet weight of truck load from the trucker's certified scale receipts.
4. Then use the following equation:
(multiplication factor from Table A) X delivered wet weight X market price* of dry corn per bushel / 56 (which is the weight of dry corn per bushel) = value of truckload of corn.

Here is an example: 47,458 pounds of wet corn delivered, your agreed market price is \$1.90 per bushel for 15% moisture corn, the corn is 30% moisture and the trucking is to be \$2.00 per loaded mile delivered from 90 miles away.

$$\frac{(.781 \times 47,458) \times \$1.90}{56} = \$1,257.55 \text{ value of truckload of corn}$$

56



$\$1,257.55 + (\$2.00 \text{ per mile} \times 90 \text{ miles}) = \$1,437.55 \text{ delivered price}$

$\$1,437.55 / (47458 / 2000) \text{ tons} = \$60.66 \text{ delivered price per ton of 30\% HMSC}$

* An adjustment to the market price may be made if the test weight of the corn is low.

Shrink factors in the following condensed table have a range of 1.4% shrink per point of moisture up to 2.0% shrink per point of moisture. This increases as corn moisture goes up. It also incorporates a % dry matter handling loss.

Table A: Shrink Table

Corn Moisture	Shrink Factor	Multiplication Factor*
26.0	.154	.846
27.0	.168	.832
28.0	.182	.818
29.0	.199	.801
30.0	.219	.781
31.0	.239	.761
32.0	.259	.741
33.0	.279	.721
34.0	.299	.701
35.0	.319	.681

* Multiplication Factor = 1 ... Shrink Factor

Table B: Test Weight Discounts

Test Weight	Discount \$/ Bu.
53	.01
52	.02
51	.03
50	.04
49	.06
48	.08
47	.10
46	.12