

4-25-1974

## Inadequate Grain Market News Information System for Producers

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### Recommended Citation

Sogn, Arthur B., "Inadequate Grain Market News Information System for Producers" (1974). *Economics Commentator*. Paper 42.  
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# Economics Newsletter

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No. 43

April 25, 1974

## INADEQUATE GRAIN MARKET NEWS INFORMATION SYSTEM FOR PRODUCERS

The importance of unbiased, accurate, and up-to-date market news information for producers has been most pointedly demonstrated in the past 18 months. At a time when the market prices have risen and fallen so much in just a few seconds, market information a day late, or an hour late is not sufficient. Market news for the producer has never been adequate, but during a time of comparatively steady prices, and a great CCC influence, the lack of timely information was not so apparent.

This year, after more than 30 meetings with producers to discuss the marketing alternatives available to them, the hunger for market news became very evident. Many producers indicated to us that not only was their market news too slow in coming, in most cases they could not tell the price of their grade of grain from the market news given them. Common complaints were:

Newspapers too slow, and often not localized.

Radio or TV are not always accessible to farmers at the time market news is given.

Also, the radio and TV did not localize markets nor did they distinguish between new crop and old crop futures. Of 310 producers who responded to a question on their present market news, 229 indicated it was inadequate for their needs and 277 producers responded by saying some

new system of market news information must be devised.

On the basis of all the replies given by producers in response to a questionnaire on marketing news, it appears that two goals should be accomplished as soon as possible:

1. Producers should be made aware of the several marketing alternatives available to them. They should be informed as to what terminal cash and futures prices mean to them locally, and they should be informed on how to evaluate present news available to them such as supply, demand, carry-over, export and domestic consumption.
2. A different system of market news information should be developed to give producers up-to-the-minute market prices and information 24 hours a day. Also more complete market news should be given by present market news systems.

### WHAT ARE THE ALTERNATIVES?

Some of the more successful systems now in use, which would also be possible for use in South Dakota, are described below.

1. A Grain Information News system can be installed somewhere in the state. This gives up-to-the-minute market news available to producers

by telephone. Ordinarily two tapes are made from this news, one during the daily trading session, and one after the close. This way a farmer could come in from the field at 10 p.m. and still dial and get the most recent market news. This system needs someone capable of understanding grain market news, of making some analysis, and then making the tapes for public use.

The major cost for this market news service is the cost of the telephone calls. This cost is sometimes arranged for by agencies and organizations of the state paying for Watts line service so people can dial toll-free for information. Another alternative would be for the producer to pay for his own call for information. The latter system is now in use in Texas; the Watts line system is in use in Montana. The GIN (Grain Information News) system gives mostly grain news and some livestock market news. The livestock information system gives mostly livestock news and some grain market news.

2. There is also an FM radio system that gives market news constantly each trading day. The cost is about

\$40 a month, compared to \$185 for the ticker tape service.

3. The Minneapolis Grain Exchange has a market news information system available 24 hours a day 7 days a week, by dialing, at your expense, the following number, 1-612-333-6375. New tapes are made at 9:45 a.m., 11:30 a.m., and 2 p.m. giving complete cash and futures price information, receipts, trends and then closing prices.
4. Many grain elevators have grain information news systems installed, and many brokers offer toll-free news service. However, producers indicated in the questionnaire they preferred getting their information independent of these sources.

We welcome your thoughts on a market news system and any suggestions you have.

A publication, Marketing Alternatives for Producers of Wheat (applicable to all grains) is available free for South Dakotans, by writing SDSU Bulletin Office or SDS U Economics Department.

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