**Pricing corn silage**

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“What’s a fair price for corn silage?” Most extension agents, farm management advisers and nutritionists have been asked this question. It’s a good question — but not a simple one to answer.

Arriving at a “fair” price for corn silage can be a challenge. If there were an auction where buyers could meet sellers of corn silage, that market could establish a “going price” at that location. However, it is not practical to run these commodities through an auction; they are unstable and subject to rapid spoilage. As a result, silage tends to be marketed on a fairly local basis, and there may be no market price reported.

Whenever you make a deal, you have two perspectives — the buyer and the seller. The seller wants to cover production costs and maximize their return per acre. The buyer can choose from a variety of feedstuffs and wants to maximize the return on a per-animal basis.

Because of the lack of weekly market reports for silages, and of the availability of market reports for grain and hay, buyers and sellers often rely on formulas to price silage based on hay or grain prices.

Frequently, these formulas are reduced down to some simple “rules of thumb.” These thumb rules may be helpful as a starting point for negotiations when establishing the value of silage.

Three examples of these thumb rules are listed here.

- **Seven to nine times the price of shredded corn — example ($5 x eight bushels = $40 per ton)
- **One-third the price of baled hay — example ($150 per ton divided by 3 = $50 per ton)
- **Cost per acre + return to grower — example ($600 per acre + 20 tons per acre plus 10 percent = $33 per ton)**

Let’s look at each thumb rule carefully. Corn silage provides net energy, effective fiber and crude protein to a cow’s diet. These three nutrients comprise the bulk of the economic value of corn silage. In comparing the value of corn silage to the price of corn and the price of alfalfa hay, assumptions must be made about the feed value of the corn grain and alfalfa hay.

Research in Wisconsin indicates that grain content per ton of silage is about 7.5 bushels of corn grain per wet ton of silage, when grain yields are 125 to 150 bushels per acre. If the local cash price for corn is $5 per bushel, and if we assume there are eight bushels of corn grain in a ton of corn silage, then the economic value of corn silage is $40 per ton. But what happens if the local cash price for corn jumps to $7 per bushel ($56 per ton of corn silage) or falls to $3.50 per bushel ($28 per ton of corn silage)? If price swings occur over the course of the growing season, is this rule of thumb still fair to the buyer and seller? Does this thumb rule, using only two variables (price of corn and yield of silage) accurately reflect the economic value of corn silage?

The second thumb rule for pricing corn silage is based upon the price of baled alfalfa hay (one-third the local price of a ton of hay). It assumes good-quality corn silage has a similar relative feed quality (RFQ) to alfalfa but being only about one-third the price of alfalfa hay, assumptions must be made about the feed value of the corn grain and alfalfa hay.

Yet, how do you account for other silage nutrients? These three thumb rules discussed here, that may be simple, may not always be true when grain corn or alfalfa hay prices are exceptionally high or low.

Corn silage contains other variables when trying to arrive at a fair economic value for corn silage. Corn silage pricing decision tools can help determine the value of standing corn sold for silage. Several computer-aided tools for decision-making aids are available for pricing corn silage that use multiple factors to arrive at an equitable price for the buyer and seller. Each of these spreadsheets differs slightly in their approach, and most can be downloaded at no cost. "Valuing Corn Silage" and "KSU – Silage Value" from Kansas State University, "Spreadsheet to Price Standing Corn Silage" from Penn State Extension and "Corn Silage Value Calculator" from Purdue are just a few examples.

Another computer-aided tool for
pricing corn silage is “FeedVal” from Wisconsin. This program enables a buyer to determine if corn silage is a good value from a nutritional standpoint at a quoted price. FeedVal evaluates corn silage based on the amount of energy, protein, calcium and phosphorus it contains while using the price of dry shelled corn and 44 percent soybean meal as “referee” feeds. A similar resource for evaluating the price for corn silage is “Forage Value Spreadsheet” from Penn State Extension. These are just two examples of spreadsheets that can be used to evaluate what is a fair price for corn silage from a nutritional and economic perspective. Other such evaluation tools are available at no cost from many land-grant universities.

No one pricing method fits all situations. There are many ways and options to price corn silage. The best that can be expected from any pricing formula is to provide a starting point for discussion between a buyer and seller. From that starting point, the buyer and seller must find a negotiation range. The best price will be what the buyer and seller mutually agree to.