

Forward buying feed

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Forward buying feed gives producers the opportunity to buy set amounts of feed on the basis of forward prices rather than current prices and there is usually the potential to save between five and eight per cent.

Feed is one of the major costs on a livestock farm and so rather than panic buying when prices are high farmers can retain control over feed costs.

Historically feed prices were more seasonal; today trends are more volatile but there is still the opportunity to save costs. Markets are affected by global prices, trade and other activities such as strikes, so being alert to what is going on is a good place to start. If the market is understood, producers can judge when might be a good time to buy.

There may not be a huge difference between the price agreed and the spot price but it is important for producers to be in control and buy at an acceptable price. Farmers need to be clear about what they want to buy. There are huge variations of the same type of product, some of which require further processing. And there will always be geographical differences therefore producers should ensure the quote is relevant to them.

Although straights are predominantly available, blends are increasingly favoured on farms due to the time saving benefits they offer.

Making decisions does not have to be a solitary process, there are many companies that will offer advice and producers should make the most of it. They should also not feel pressured to purchase all feed in one go, spreading it out will reduce the risk. Things can go wrong so spreading out the decision making process will minimise the potential problems.

A feed group can also offer the opportunity to learn more about feed pricing with other producers.

Top tips when forward buying feed

- Keep track of the market
- Don't buy all feed in one go
- Be clear about the product required
- Agree an acceptable price

Look at the [Mini Feeds Directory](#) for more information on different types of feed available