

**THE ROLE OF INFORMATION IN AGRICULTURAL MARKETING DECISIONS;
USING VIRGINIA'S SOFT RED WINTER WHEAT,
GRAIN SORGHUM AND BARLEY, AND COTTON MARKETS
TO ILLUSTRATE THREE DIFFERENT ASPECTS**

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(ABSTRACT)

Participants in the agricultural marketing system include commodity producers, grain elevators, feed processors, flour millers, bakers, exporters, and retail outlets. Every firm in the marketing system is concerned with creating expectations regarding supply, demand, quality, and price in the physical market. The role of market information plays in the agricultural marketing system is considered in the three chapters of this thesis. Chapters 1 and 2 were completed with financial support from the Virginia Small Grains Board and the Virginia Agricultural Council.

The futures market is used by a number of firms, private and public, to create price expectations. Firms rely on the futures market to provide market signals and manage risk. Chapter 1 examines what might happen in the soft red winter wheat marketing system if the price signals from the futures market become less accurate because Federal grades fail to account for all of the grain characteristics desired by millers and bakers.

Expected returns from competing crops are a factor in a producer's decision-making process. Chapter 2 examines the role first-level handlers play in expanding the market share of grain sorghum and barley in Virginia. The objective of the first-level handler survey was to determine if factors, such as limited market information, prevented the expansion of the grain sorghum and barley markets. Contrary to *a priori* expectations that price risk would be the limiting factor, results showed that inconsistent local supply was the main barrier to the expansion of grain sorghum and barley.

Chapter 3 is an example of a pricing guide written for Virginia cotton producers. It uses a balance sheet approach, which illustrates how information regarding the cotton crop can be translated into price expectations.

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