

Master Marketer Newsletter

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Master Marketer for Ag Lenders in Amarillo this June

In June, a workshop will be held in Amarillo to help lenders in understanding and analyzing the risk management strategies of their borrowers. This is an in-depth risk management program designed specifically for lenders who work with agricultural producers and agribusinesses. It will focus on understanding price risk and the tools that can be used to manage it.

The four-day course will be presented at the Ambassador Hotel in Amarillo in two sessions of two days each (June 13-14 and June 27-28, 2001). The current plans are to offer one lender program at a different location around the state each year. On June 12, 2001, the day prior to the first session, an optional introduction to futures and options workshop will be offered for any interested lenders who wants to increase or refresh their understanding of futures and options before the start of the course.

This program will be conducted under the leadership of the Master Marketer Executive Committee and will include several proven successful components of the nationally recognized Master Marketer program. Agricultural lenders from around the state assisted in the early development of the program by identifying topics, potential speakers from universities and industry, and reviewing the proposed agenda.

To obtain additional information or a registration form, please call Jackie Smith at 806-746-6101 or e-mail at j-smith34@tamu.edu. The deadline for registration is April 15, 2001.

Master Marketer Coordinator Hired

Rob Borchardt, formerly the risk management specialist at Vernon, has been hired in a newly created position to work with the Master Marketer program. Rob will work with the Master Marketer Executive Committee to coordinate marketing club activities. Rob, who has extensive experience working with marketing clubs, will now be working with marketing clubs all around the state to assist the marketing club leaders and county agents in educational activities for the clubs. In the next few weeks, Rob will be making an effort to contact all the existing clubs and work with any agent or master marketer interested in starting a new club. He will be encouraging and assisting clubs to develop an effective curriculum and will visit club meetings when necessary and feasible. Among Rob's many duties in this job will be taking over the oversight of the Master Marketer Web page. Any suggestions for the web site should now be sent to r-borchardt@tamu.edu. {Insert picture of Rob Borchardt, included on disk}

New Abilene and Vernon Master Marketer Graduates

Master Marketer graduations were held in Vernon on February 28 and in Abilene on March 1. The Vernon and Abilene programs were taught in consecutive days with the speakers in Vernon on Tuesday or Wednesday and in Abilene on Wednesday or Thursday during each session. Both locations were characterized by excellent presentations by the speakers and an abundance of valuable interaction among the participants. It is expected that the graduates of these two programs will launch many effective marketing clubs. These were the 10th and 11th classes bringing the total number of Master Marketer graduates to over 500.

{Insert the Pictures of the Abilene and Vernon Master Marketer Graduates, included on disk }

Master Marketer Update Meeting Held in Amarillo

A one-day session on agricultural outlook and marketing strategies for 2001 was held on Wednesday, February 7, 2001, at the Texas Agricultural Research and Extension Center in Amarillo. The conference featured presentations by leading authorities on critical topics affecting area crop and livestock producers in 2001. Topics addressed included outlook and marketing strategies, the "new" farm program, technical analysis, and weather patterns for 2001. Master Marketer graduates from at least five different classes were in attendance.

Inside the TAEX System

With the ending of another year and the beginning of the next at hand, ranchers need to take a look back and determine how they preformed during 2000. The Standardized Performance Analysis (SPA) program can help ranchers do just that. To assist ranchers in completing this analysis, the Texas Agricultural Extension Service will be offering several Cow-calf SPA Workshops across Texas during the spring of 2001. The course will begin at 9:00 a.m. and end on the second day once the analyses are complete. *These will be working workshops where the ranchers will be assisted in completing their own analysis.* SPA provides ranchers an opportunity to analyze their ranch operation from both a production and financial side. SPA facilitates the comparison of an operation's performance between years, producers, production regions, and production systems. SPA is to be used as an annual tool by the cow-calf producer. Dates and locations include:

Las Vegas, New Mexico - April 10-11, 2001

San Angelo - April 18-19, 2001

Laredo - May 3-4, 2001

Vernon - May 8-9, 2001

Victoria - May 24-25, 2001

Athens - June 6-7, 2001

These are intensive workshops with the intent being that ranchers complete the analysis for the 2000-calf crop. Registered operators will be sent forms to organize data before the

conference. Confidentiality of producers' data will be maintained and individual conferences will be held with producers. Each ranch will be provided an assistant and a computer. It is important to register early so you can be advised on how to organize your data for the SPA analysis. Contact your local county Extension agent or your local district Extension economist for additional details.

Guest Column

Uncertainty and Spring Pricing Opportunities: Wheat and Feedgrains

Mark L. Waller

Professor and Extension Economist – Grain Marketing and Policy

Texas Agricultural Extension Service

Since the 1996 highs for wheat and feedgrain markets, each successive year has brought with it an anticipation of larger production, growing carryover stocks, and low prices. Since that anticipation was more or less what happened, the best marketing/pricing strategy that a producer could follow was to price as early as possible. In fact, some of the best pricing opportunities involving corn futures and forward contracts would have required you to sell approximately two years before harvest. Given the yield variability that we face in Texas, and the planting flexibility that the existing Farm Bill gives us, we have to weigh the costs and benefits of pricing so far into the future. While we may reduce price risk, we definitely take on more production and contractual risk and may reduce our flexibility. While it is possible that the highest pricing opportunities may also be behind us for 2001 production, the added uncertainty associated with the potential of the 2001 wheat and feedgrain crops could still provide a spring rally, and another chance to get some pricing done.

As we move into spring, there are several factors providing uncertainty and concern for both wheat and feedgrain market participants. The drought concerns that helped fuel the rally last spring are not there this year, but weather could still be a concern if rainfall continues to come at its current pace and starts to lead to planting delays. Fieldwork is already behind in several parts of Texas. While that is a problem for us in Texas, it won't have much of any impact on market prices unless it becomes an issue in the Midwest as we move into April and May. The more current concerns that are impacting the markets are the size and condition of the U.S. winter wheat crop, and concerns over what might happen to corn acreage this spring as a result of higher fertilizer and natural gas prices.

Much of the U.S. hard red winter wheat crop got off to a very slow start last fall as lack of moisture delayed plantings and emergence of some of the crop clear into winter. While crop conditions in many states look as good or slightly better than last year, do not forget that at this time last year we were suffering through a serious drought. Wheat is a resilient crop and the improved moisture conditions of the last couple months could help substantially, but market participants will likely remain concerned until they see much of the crop out of dormancy and conditions improving. The current rally could give us another chance to do some pre-harvest pricing.

Concerns about what will be planted this spring seem to be the major unknown right now. DTN

recently released the results of a survey suggesting that corn acres could be down more than 10 percent. That number is well beyond what most industry analyst had anticipated, and could have a significant impact on market prices if it ends up being true. While irrigated corn acres in the Texas Panhandle were expected to be down substantially, many analysts had expected little or no change in states like Illinois and Iowa. The prospective plantings report released on March 30th should give us a better idea of what will actually happen, but until then, there could be enough speculation to generate some price improvement.

From a marketing prospective, you need to remember that there is a seasonal tendency for prices to improve during the March/April time frame. Keep in mind, however, that planting conditions and progress will determine how long any price rally lasts. If corn acres are reduced by 10 percent or more, we could easily see new highs, so you may want to consider strategies that leave you some upside potential. From a technical standpoint keep an eye on December 2001 corn and July 2001 Kansas City wheat as they approach their 50 percent retracement levels. These may provide points at which you could start thinking about using puts or other option strategies. The level of uncertainty in the market has options premiums looking rather expensive, but there is enough upside price potential that I would rather use options than setting flat prices at this point in time.

Choice Web Site

Rob Borchardt

This quarter's featured website is <http://www.tfc-charts.w2d.com/>, hosted by TradingCharts.com, Inc. The site is a FREE online information service that provides online futures prices and charts. Of particular interest to agricultural marketers is the *Commodity Charts* link that contains daily, weekly, and monthly charts. Be sure to check out the *Graphic Chart* link which includes market analysis based on many different indicators and the *Java Chart* link which gives the user the ability to customize the chart based on many of the same indicators. Also, on the main page, is a link to the learning center, which provides an explanation and examples of fundamental and technical analysis.