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# Master Marketer Newsletter

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Texas Cooperative Extension, The Texas A&M University System



## Master Marketer Highlights

### Ag Lenders Workshop

The Master Marketer for Ag Lenders is being taught this month in Lubbock. This is the third time this program has been offered (Amarillo in 2001 and San Antonio in 2002). Tentative plans are to offer it in Dallas in June of 2004.

### Master Marketer for Producers in Vernon (Winter of 2004)

The next scheduled Master Marketer workshop is set for Vernon next winter. The four two-day sessions will be held in January and February of 2004. Please contact Stan Bevers at 940-552-9941 for more information or to reserve a spot.

### First Round of Advanced Topics Series (ATS) Workshops Completed

In April the final Advanced Topic Series (ATS) workshop was completed. After a review of the evaluations and other input, the ATS schedule has been set up for next year. The first time around much was learned about topics to cover, the amount of time necessary to cover the material, and the timing of course offerings.

### Tomorrow's Top Agricultural Producers (TTAP) Program

The first class of TTAP participants completed the first two of four week-long sessions. The group will start the third session in November in Dallas and finish the program at the fourth session in January in Kerrville. Currently, participants are having the FARM Assistance program completed on their operation as a part of the overall program. Futures and options leveling workshops will be held in late October, leading into the third session which will focus on marketing.

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## Marketing Club Corner

By Rob Borchardt

Thanks to all of you who took the time to fill out and return the marketing club survey. We are still in the process of summarizing all the data, but I'll give you some highlights. We surveyed about 1,050 people across the state who were or are members of a marketing club. Of those, 407 people responded to the survey. That gave a response rate of almost 40%, which we were quite pleased with. The survey was designed to identify changes in producer's knowledge, adoption of marketing practices, and financial impact as a result of being a member of a marketing club. The tables below highlight the results.



Knowledge and Adoption	Before Marketing Club	After Marketing Club	Percent Increase
Do you have a marketing plan?	Yes = 44%	Yes = 77%	66%
Do you have a written marketing plan?	Yes = 7%	Yes = 19%	171%
Do you share your marketing plan?	Yes = 25%	Yes = 39%	56%
How would you rate your knowledge of fundamental analysis? (scale: 1=poor - 7=excellent)	3.2	4.7	47%
Do you use fundamental analysis in developing your personal market outlook?	Yes = 53%	Yes = 79%	49%
How would you rate your knowledge of seasonal price analysis? (scale: 1-7)	3.4	4.8	41%
Do you use seasonal price information in developing your personal market outlook?	Yes = 60%	Yes = 84%	40%
How would you rate your knowledge of technical price analysis? (scale=1-7)	2.7	4.1	52%
Do you use technical analysis in developing your personal market outlook?	Yes = 25%	Yes = 54%	116%

Total Impacts	Number of Producers	Mean Impact Per Farm
All Crops	277	\$9,774
All Livestock	169	\$8,337
All Operations	332	\$12,399

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### Industry Review Committee

The Industry Review Committee (IRC) of the Master Marketer Educational System (MMES) will meet in Amarillo on July 21 & 22. The IRC consists of representatives from each of the Master Marketer classes, and industry sponsors of MMES. The purpose of the meeting will be to review each of the components of MMES. The IRC will be charged with advising any changes that need to be made in the short-term and the direction MMES should take in the future. Results of the meeting will be reported in the fall newsletter.

Jackie Smith and George Knapek also contributed to this newsletter.



Prepared By:

*Dean McCorkle*

Dean McCorkle  
 Extension Economist - Risk Management  
 Department of Agricultural Economics  
 Texas A&M University  
 College Station, Texas 77843-2124

### U.S. Producers Explore Brazilian Agriculture

Mark L. Waller



If you remember, in the late part of 2002, the Master Marketer newsletter advertised an upcoming trip to Brazil. This month's guest column is a brief report about that trip which took place from February 17 to March 4, 2003. While part of the group had been to Brazil before, it was a real eye opening experience for those of us who had never been there before. I am sure you have read popular press articles about Brazil being a beautiful country with a tremendous amount of under-utilized agricultural production potential. The stories you have read are true.

One of the things that seemed most stunning to me was the mix of lifestyle, technology, infrastructure, etc.-all existing together at one time in Brazil that we experienced in the U.S. over a 100-150 year time span. In regions where land is being cleared from forest and put into crop production, producers share many traits with our pioneering forefathers. They move into forest areas and begin clearing with bulldozer's. They build their own homes, barns, roads, and use gas or diesel powered generators to provide electricity. They are very self reliant and multi-talented modern day pioneers. While the government has put in some main roads, most of the development is up to the individuals and developers. These producers and their families seem to spend much of their time on the farm. Most of them have gardens, raise their own chickens, pigs, sheep, beef and dairy cattle. They appear to get by with far fewer convenience items than we have. However, cell phones, satellite TV dishes, nice vehicles, and top-of-the-line farm equipment such as new combines seemed to be almost everywhere. You might see a house that looks like it cost \$2,000 to build, and next to it might be a \$180,000 combine.

While there are mega-farms where the owners are full-time managers, we did not visit any of those type of farms on this trip. The owners that we met were all involved in both the management and labor aspects of their farms, driving bulldozer, tractors, etc. Most of the farms we visited were in the 600 to 7,500 acre size category. Almost every farmer we talked to owns the land they farm, and says they want/need to get larger to remain competitive

in the future. The only farmer that we talked to who rented most of the land that he farmed, was a young man who was renting from his father and his uncle. He said that he would like to farm more land, but that he could not find any more land to rent.

Some of these aggressive pioneering producers are originally from southern Brazil, and have built two or three homesteads over the last 20-30 years. They have been able to sell all or part of their developed land in the southern part of Brazil at higher prices (\$1,000 - \$1,500), and purchase new undeveloped land at a 5:1 or 10:1 ratio compared to the developed land that they sold. For people willing to face the risks and challenges of homesteading, there is potential for a farmer to increase his farm size from 500 acres to 20,000 acres or more and own it all when he is done.

We visited a farm show one day and learned that we are not way ahead in technology like we often like to think. The same companies that dominate U.S. agriculture (John Deere, Case IH, Monsanto, Pioneer, etc.) are also in Brazil selling almost all of the same products that are used here in the United States. When we started asking questions, we found that most of what these companies sell in Brazil, is made in Brazil with cheaper labor and other costs. As result, most of the combines, tractors, sprayers, irrigation equipment, implements, seed, etc. that we checked sold for about 1/2 of what the same items would cost in the U.S. We also learned that the Brazilian government provides subsidized agricultural loans at around 9% interest. While 9% may sound high to U.S. producers, it is very cheap by Brazilian standards. Cargill provides production loans to its customers at about 16%, and we were told that a consumer loan at a local bank would run in the 36% - 48% range.

There is a lot of hand labor since it is so cheap (unskilled hand labor gets paid about \$3.00/day). Many of the farms that we visited had 3 - 5 or more hired laborers. Since unskilled workers are plentiful in much of the country, most of the farmers told us that they would hire additional workers during busy seasons like harvest.

Given the exchange rate advantage we had when we were in Brazil, most things like food and lodging seemed very inexpensive unless you traveled to the

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tourist areas. The food was good, and the farmers and other business people we met were very kind and generous. They truly seemed to want U.S. producers to move to Brazil and farm. However, most of these people were not excited/interested in seeing U.S. producers come to Brazil and buy land as absentee landlords/investors. They want to see the profits made in Brazil stay in Brazil.

Many of the producers in Brazil are currently experiencing an economic boom, and are buying machinery and land to expand their profitable operations. However, some of the factors that are currently contributing to their economic good fortunes could be very temporary, much as they were here in the U.S. during the late 1970s. Land prices are climbing, the devalued Brazilian currency helps with export competitiveness, labor is cheap, and the government subsidized interest rate may be below the rate of inflation leading to a negative real interest rate. As we saw in the U.S. during

the early 1980s, if they get over extended on borrowing during these good times, they could be in trouble later.

The country has serious problems with severe poverty, lack of economic development, poor roads and other infrastructure, etc. However, you need to understand that they are working to solve these issues and intend to grow to be a larger and larger player in the world agricultural economy in the future. While it has risks, it does look like a land of growing opportunity, and we need to remember that, both from the fact that they will continue to be serious competition in the future, and that there may be some good diversification opportunities for U.S. producers in Brazil if you can understand and manage the risks.

### FARM Assistance Program Update

#### TTAP

Many of you have probably heard of or are enrolled in the Tomorrow's Top Agricultural Producer (TTAP) program currently being offered by Texas Cooperative Extension, and coordinated by Stan Beavers. This program is designed to provide a producer with the training necessary to build a business plan, sharpen their management skills, and better position their business for the future. Part of the TTAP process is completing the FARM Assistance program. At the last TTAP session in January, participants were informed that a risk management specialist would be contacting them in May or June. It is that time of year so we will be contacting them soon to schedule their initial meeting. We look forward to working with all TTAP participants by the next TTAP session in November. If you have any questions about the TTAP program, please contact Stan Beavers at (940) 552-9941, or if you would like to participate in the FARM Assistance program, please call 1-877-TAM-Risk (toll free).

#### FARM Assistance now a certified vendor for FSA

We are pleased to announce that FARM Assistance has recently been approved as a certified vendor for the Farm Service Agency (FSA) borrower training. Completing

the FARM Assistance program will satisfy FSA's financial training requirement. Upon completion of the program, producers will receive a letter of completion to take to their FSA loan officer.

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We also have price impacts by commodity that are not included here. As you can see, the results are very encouraging. Currently, I am in the process of breaking down the data by Extension district and by county. Those results will be going out this summer to the county agents.

As always, if you have any questions or would like help with your club, please don't hesitate to call me.

Rob Borchardt  
Statewide Marketing Club Coordinator  
P.O. Box 2159  
Vernon, TX 76385-2159  
(940) 552-9941