

In this Issue	
Master Marketer Highlights	1
Marketing Club Corner	1
Guest Column	2
Choice Website	3

Master Marketer Highlights

Tomorrow's Top Agricultural Producer's Program (TTAP)

TTAP is a management development program for farmers and ranchers designed to develop the business management skills necessary to survive and prosper in current and future agricultural economic environments. The targeted audience for TTAP includes producers who plan on taking over existing operations and those who are developing new ones. The participants in the first TTAP program gave it high ratings. This is a very in-depth, intensive program that is designed for those who are profit motivated, willing to share ideas, full-time career oriented, innovative and willing and able to manage change. **The second TTAP class begins in November** and is comprised of 4 sessions over a 15 month period. The four sessions will be held in Amarillo (November 2005), College Station (January 2006), Dallas (November 2006) and Kerrville (January 2007). Brochures will be available soon but anyone interested can contact Dr. Blake Bennett in Dallas at 972-231-5362 or visit <http://ttap.tamu.edu> for more information.

Future Master Marketer Classes

Currently, the Master Marketer Program is scheduled to be held in **Amarillo** beginning the second week in **January 2006**. Registration brochures will not be available until late summer of 2005, but anyone interested should contact Dr. Steve Amosson in Amarillo at 806-677-5600. We expect the Amarillo program to fill up quickly call Steve and get on the waiting list.

There will also be a Master Marketer Program coming up in El Campo this fall, but the specifics have not been set. Check the Master Marketer website for dates soon!

Don't Forget the Risk Management Curriculum Guide

As the summer is upon us, keep in mind that the Master Marketer website continues to offer tremendous resources for both marketing club education and personal knowledge gain. The Curriculum Guide contains numerous short articles that describe in detail many marketing aspects that may be of interest to you, your club and your business. Read up on developing your marketing plan, hedging, options, personnel management and more. Don't forget this resource is out there!

Master Marketer Email List

Anyone interested in being added to the Master Marketer Email List can email Elizabeth Spillmann at ershaw@ag.tamu.edu to get their name on the list. Please specify if you would like to receive your newsletter by email only or if you would like to remain on the mailing list. You will also receive periodic announcements of upcoming programs from the Master Marketer Educational System.

Marketing Club Corner



Mark L. Waller
Professor and Extension Economist-Grain
Marketing and Policy
Texas A&M University

Ideas for Marketing Club Educational Opportunities

In this quarter's newsletter, instead of discussing something that a particular club is doing, we are going to touch on a few of the educational opportunities that your club may want to take advantage of in order to broaden their understanding of various marketing tools, or potentially get a different perspective on various marketing tools.

The Cotton Forum will be held on July 7-8, 2005 in New York City, at the New York Board of Trade. A number of marketing club members have participated in this program in the past, and have come away saying that it gave them a better feeling for how the futures and options marketing process works. Attendees will hear a discussion of Market Outlook presented at a Roundtable panel of industry experts. In addition, attendees will also get to participate in a mock trading exercise on the trading floor of the New York Board of Trade. The form is sponsored by the New York Board of Trade, Certified FiberMax, Cotton Inc., the Agricultural Marketing Network, and Farm Press Publications.

There are more and more opportunities on the Internet to sign in and listen to seminars, or watch slide presentations either live or on a delayed basis. While most of these relate more to speculative trading than to hedging/cash marketing, they may be of some interest/educational benefit to marketing club participants. We are not advocating any company or suggesting that you follow any particular set of trading rules, but we want you to realize that this is another way for your club to broaden your educational opportunities. The following Web-sites provide free web seminars or similar types of information.

Chicago Board of Trade (CBOT)
<http://www.cbot.com/cbot/pub/page/0,3181,1058,00.html>
Lind/Waldock
http://www.lind-waldock.com/CommodityTradingSeminar_ev_archive.shtml
RJO Futures
http://www.rjofutures.com/learning_center/seminar_archive.php

Some of these sites will capture information that may allow salespeople to e-mail, call you, or sell your contact information to someone else. Be sure to carefully read the privacy policies (linked to on each site) before signing up.



Prepared by:

Mark L. Waller

Mark Waller
Professor and Extension
Economist-Grain Marketing and Policy
Department of Agricultural Economics
Texas Cooperative Extension
Texas A&M University
College Station, Texas 77843-2124



Dr. John R.C. Robinson
Associate Professor and Extension Specialist
Cotton Marketing
Texas A&M University

Near Term Choppy for Cotton; Longer Term Better

I'm happy for the opportunity to contribute to the Master Marketer Newsletter. For the last six weeks I've been settling into the job of Cotton Marketing Specialist at Texas A&M University. Prior to this, I spent eight years in the Rio Grande Valley and four years at Mississippi State University, so I've had the good fortune to work with Carl Anderson and O.A. Cleveland for some time. Since the winding down of the pre-plant meeting season, I've been concentrating my cotton marketing work in the form of a weekly newsletter called the Cotton Marketing Planner. The emphasis of this newsletter is on implementing a marketing plan. Please e-mail me at jrcr@tamu.edu to get on our e-mail distribution list, or visit the website <http://agecon2.tamu.edu/people/faculty/robinson-john/index.html>.

Outlook

Cotton prices in the last 30 days have been rising and falling largely due to the changing positions of speculative funds, strongly influenced by technical analysis issues. The longer term fundamental picture for cotton was shaped by the release of USDA's projected supply/demand numbers for 2005/06 which reflect strong demand, reduced world production, average U.S. production, and reductions in both U.S. ending stocks and ending stocks/use ratio for 2005/06 compared to the previous year. Lower U.S. stocks/use implies stronger U.S. new crop futures prices, at least into the lower 60s. The December 2005 contract will particularly be influenced by how the U.S. acreage, yield, and production plays out this season, so attention will be paid to current USDA weekly planting progress reports and weather conditions. The March and May 2006 contracts will be more influenced by the progress of exports next Spring. In general, if U.S. exports are as strong as projected by USDA, this will lessen the sensitivity of U.S. stocks/use to the magnitude of U.S. production.

However, herein lies the biggest risk to this outlook picture. Foreign demand for U.S. cotton exports will depend largely on their production. And with world prices in the mid 50s we would not expect major reductions in foreign acreage, so the determinants of U.S. exports will come down to yields in foreign countries – a variable and uncertain thing.

Example Strategies

A marketing plan is a price contingency plan about what actions a grower/hedger will take in various possible, but ultimately uncertain, future market situations. Therefore it makes sense to have a price contingency plan that accommodates the possibility of prices in the current mid-to-low 50s as well as higher price possibilities. In my web-based weekly newsletter I've been tracking five strategies with updated futures price and options premium values as of Friday's close. The example strategies include 1) hedging against lower prices by purchasing a put option, 2) financing the put option hedge by selling a lower value put ("put spread"), 3) financing the put option hedge by selling a call option ("put-call window"), 4) selling futures and purchasing a call option ("synthetic put "option" hedge), and 5) financing the synthetic put by selling a call option ("short futures/bull call spread"). These strategies are posted over a wide range of possible futures price outcomes as examples for educational purposes only, to give growers a feel for how these strategies work. The linked tables show the range of outcomes for a given hedging strategy assuming a grower/hedger entered these positions at that time. The updated tables are also linked to older versions using the previous week's prices, so you can compare how an individual strategy changed over time. Each of these strategies has the chief advantage of locking in a floor while retaining the potential for upside price movements.

Choice Website

Elizabeth Spillmann
Extension Associate, Risk Management
Texas A&M University
Choice Website
By Elizabeth Spillmann
www.farmfutures.com
June 2005

This month's choice website is www.farmfutures.com. This is the site of FarmFutures magazine, and it not only contains information from the current issue, it also provides additional market analysis, contributors' favorite links, and daily market commentary. The site is undergoing changes which will eventually require a subscription, but the site is currently open for public use and should be for some time.

FarmFutures online features a categorical breakdown of the current issue, including such commentary as the "Spreadsheet of the Month" and UpFront, a four-part section that provides fresh insight on crops, technology, trade and trends. "Departments" features the regular commentary of Labor Management, Management Coach, You and Uncle Sam and My Take. These features are in addition to the magazine's featured articles, which are all available to read online.

In addition to the contents of the current issue (and back issues), up-to-date marketing information is available on the FarmFutures site. "Morning Calls" and "Afternoon Recap" provide timely commentary on that day's market activity and insight on how to utilize this information. FarmFutures.com also has a Market Data section, which provides general market information updated throughout the day, cash and basis charts, statistical tables and charts, and charting tools. Contributors provide their favorite links for readers to browse, and they monitor a forum where readers can ask questions or start a discussion.

The time that this website may be open to the public may be limited, as the website is fairly new. Take advantage of the scope of information available, particularly all of the timely marketing advice and the opinion sections.

