

Master Marketer Newsletter

<http://mastermarketer.tamu.edu>

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Master Marketer Highlights

Master Marketer scheduled for January 2009 - San Angelo

The next Master Marketer program is scheduled to run January through March of 2009 in San Angelo, Texas. The specific dates for the program sessions are: Leveling Workshop, January 20; Session I, January 21-22; Session II, February 4-5; Session III, February 18-19; and Session IV, March 4-5. The brochure for the program can be found on the Master Marketer website at http://agecoext.tamu.edu/fileadmin/Master_Marketer/sanangelo2009brochure.pdf Participants will be allowed to use a credit card and register over the internet by going to <http://agrillifevents.tamu.edu/events/details.cfm?RegistrationID=190>

Bill Thompson (wjthompson@ag.tamu.edu), the District Economist at the San Angelo Research and Extension Center, is coordinating the planning for the program, which will be held at the Tom Green County 4-H Center in San Angelo. The physical location of the facility is 3168 North U.S. Highway 67, San Angelo, Texas. Bill is distributing brochures and other advertising materials to County Extension Agriculture Agents, and we are working on getting information to the press and former Master Marketer graduates.

Personnel Management Conference Update

Thirty-six representatives of High Plains Agribusinesses attended a two day conference on Effective Employee Management held in Amarillo September 9 & 10. Participants learned about labor law issues, conflict management, performance evaluation techniques, managing a multi-cultural workforce, and tips on hiring and retaining employees. Several other topics were also covered to help participants be more effective in employee management.

Speakers for the conference came from all over the country and were selected based on their expertise and communication skills. Their skills were definitely appreciated by the participants who rated the conference overall a 4.72 on a six point scale. A six month post survey of similar conferences held in Texas indicates that 85% of the attending agribusinesses will change one or more of their employee management practices based on what they learned in the conference. Another employee management conference for agribusinesses is being planned for the Dallas/Fort Worth area during the Spring of 2009.

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Marketing Club Corner



Mark L. Waller,
Professor,
Associate Department Head-Extension,
Department of Agricultural Economics,
Texas A&M University

This is a volatile year with a tremendous amount of both input and output price uncertainty as we look forward. Even though output prices are high by historic standards, the tremendous increase in input prices will make it difficult for some producers to manage all of the additional risk and generate a reasonable profit. It is important to keep your eye on risk management rather than trying to outguess the markets. As a reminder of how tough it can be outguessing markets, I have copied a summary of the latest report from this years FACTSim competition. Remember that this competition runs each year, and that marketing clubs are invited to participate.

SEMC FACTSim Competition Report, John J VanSickle Week 14 Report - September 15, 2008

Are we learning anything about these markets? I look at the results from the trading competition and would have to conclude that we are learning nothing. All traders participating in the competition now have accumulated trading losses in excess of \$1 million. Last week was the worst in this competition. The cause of this large loss comes from 2 separate events. First, our traders are taking more risk as the end of the competition nears. With one week remaining in the competition, several traders have 'rolled the dice'. Another issue plays into this poor performance however. This market threw in another factor that contributed to this poor performance, that being several fundamental shocks that were not anticipated by many in the market.

Current Standings: The Capital Traders team from Alabama still holds first place. The Elephant Traders team from Alabama holds second. Garrett Henry of the Capital Traders team still holds first place in the individual competition. Tim Ingram of the Elephant Traders holds on to second. Dmitry Vedenov of the Limit Up 08 team (Texas A&M) has claimed third place. We have 5 qualified teams showing a profit in the competition and 8 showing a loss. We have 23 traders showing a profit at the end of the 13th week and 47 showing a loss.

Guest Column

Colombia

This past June, I was invited to Bogota, Colombia to speak to the 21st meeting of the National Federation of Growers of Cereals and Legumes (Federacion Nacional de Cultivadores de Cereales y Leguminosas, FENALCE). Like their American counterparts, Colombian farmers are enjoying higher prices for their grain crops, but are concerned over rapidly increasing input costs. I was asked to speak on the influence high fertilizer prices will have on corn production. Colombia is experiencing strong economic growth and has an expanding meat industry. These conditions combine to support increased corn use and a strong currency relative to the dollar encourages corn imports, particularly from the U.S. Colombian farmers have the potential to expand domestic production, but want a better idea of how long high prices may last and the effect high fertilizer prices may play in corn profitability.



J. Mark Welch,
Assistant Professor,
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The most striking impression I had of the country of Colombia was one of a nation struggling to break free of shackles that would allow it to unleash a tremendous store of untapped potential. For Colombia to take its place as a respected member in the community of nations, to be recognized as a country of prosperity and opportunity, to be a valued partner in world trade and a vital participant in the world economy, it must resolve its long standing battle with anti-government rebel forces and gain control over a well armed and heavily financed illegal drug industry.

Colombian President Alvaro Uribe has taken a hard line in dealing with the primary rebel group seeking to destabilize the Colombian government, the Revolutionary Armed Forces of Colombia (FARC). By refusing to negotiate with the rebels and increasing efforts to confront them militarily, President Uribe has made the defeat of the FARC guerrillas a cornerstone of his presidency. FARC members killed President Uribe's father in 1983 and he has survived several assassination attempts. It is estimated that FARC controls about one third of the land area of Colombia, much of it a savannah type region suitable for agricultural production. President Uribe had called for negotiations with FARC rebels but only if they first lay down their arms.

While the natural resources of Colombia allow for a diverse agricultural sector, the inability of the government to administer law and establish order in outlying regions enables a thriving illegal drug industry. Colombia is the world's leading producer of cocaine, much of it destined for the United States. Drug lords compete with legal agricultural producers for land and other resources; and because of the lucrative and violent nature of the drug industry, can outbid and impose their will on the rural population.

The leadership of FENALCE recognizes that the growth of Colombian agriculture is dependent on gaining access to the millions of acres now under the control of FARC and drug lords. Of its 114 million hectares (about the size of Texas and California combined), approximately 12% of Colombia is suitable for annual or permanent crop production (see Figure 2 on Page 3). Currently about one third of that area is under cultivation. That leaves an estimated 9.6 million hectares undeveloped and available for crop use. That equates to an area roughly the size of Indiana.

Corn yields in Colombia are on the increase but still low by U.S. standards. Yields have increased over the last ten years from 25 bushels per acre to 45 bushels, but land area planted to corn has held steady at about 1.4 million acres (see Figure 3 on Page 3). High prices for fertilizer, chemicals, and farm land all contribute to limit corn production.

Yield growth has allowed total corn production in Colombia to increase, but not enough to keep pace with increasing corn demand (see Figure 4 on Page 3). Colombian corn users have made up this supply shortfall with corn imports. Currently, the U.S. accounts for about 3.1 million metric tons (122 million bushels) of Colombia's 3.4 million metric tons (134 million bushels) of corn imports. At current yield levels, Colombia could satisfy all its domestic corn needs with the cultivation of an additional 3 million acres of corn out of its 23 million acres available.

Colombia has a storehouse of agricultural resources. Producer and industry groups are anxious to tap into these resources to create economic opportunity for themselves and all Colombians. The current high prices for grain are providing incentives for increased agricultural production, but difficult problems must be overcome. Political stability in the frontier regions is necessary for safety and protection of people and property to reclaim and develop these potentially productive areas. Laws must be enforced so that farmers are not intimidated by and competing unfairly with illegal activities. When these conditions are met, Colombian agriculture appears poised to emerge as a major contributor to the economic growth of the country and a much larger participant in international trade.

(Continued on Page 3)

Guest Column, continued from page 2:

Figure 1.



Figure 2.

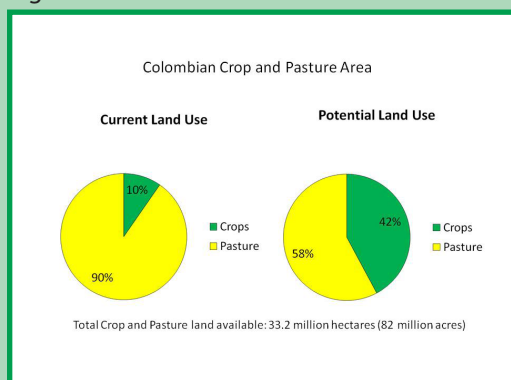


Figure 3.

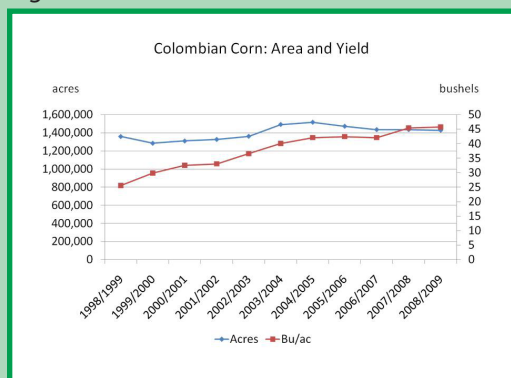
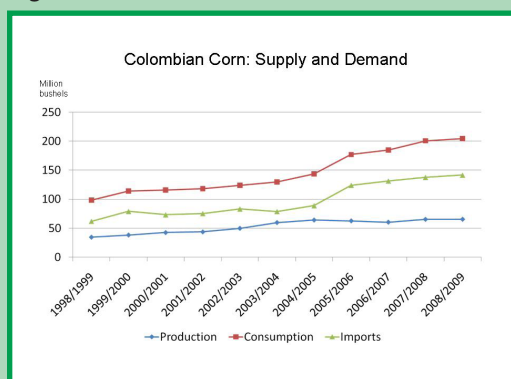


Figure 4.



Choice Website

Daniel Hanselka,
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<http://www.rma.usda.gov/>

The USDA Risk Management Agency (RMA) is responsible for helping producers manage their business risks through effective, market-based risk management strategies and solutions. RMA's goal is to promote, support, and regulate sound risk management solutions to preserve and strengthen the economic stability of agricultural producers. In addition, RMA operates and manages the Federal Crop Insurance Corporation (FCIC).

Publications, handbooks, decision tools, and data related to a variety of risk management issues can be found throughout the site. Of particular interest are the Crop Policies, Data, and Tools and Calculators sections. These sections contain crop and livestock policy reports and plans, insurance and price data, and insurance premium and price discovery tools.

Farm Assistance Update

Steven Klose,
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Texas A&M University

We used to call this time of year the Fall season. Here lately, it comes to mind that we could call this the "Poll Season." We have any number of high school, college, and professional football polls; there will be voting for baseball MVP's; there are political approval ratings; and we have endless political polls predicting how the presidential nominees are doing on a particular afternoon on a particular issue with a particular constituency group.

Well since it is the season, here is another poll:

A little over a year ago the FARM Assistance group began using a new evaluation tool to assess the impact of our service to clientele, and we are excited to share a little of those results. While we focus on helping producers make difficult decisions, those decisions are obviously quite varied. Almost half of the responses indicated that our analysis helped them make a decision that would produce a financial benefit. An equal number reported that the analysis helped them avoid making a decision that would have produced a negative impact. Participants reported an average expected benefit of just under \$25,000 per year from what they learned in the program. Most importantly, 100% of participants said they would recommend the program to other producers (a very impressive approval rating)! So if you have not yet experienced the management services provided by the FARM Assistance group, give us a call at 1-877-TAMRISK. If we have worked with you in the past, thank you for your business and we will see you again soon.



2124 TAMU, College Station TX 77843

Master Marketer Highlights continued from page 1:

Same Address, Now with a New Look

Check out the new look of the Master Marketer webpage at <http://mastermarketer.tamu.edu/> where you can also write to elwilliams@ag.tamu.edu and join our mailing list. You may use the listed email address to obtain more information on our programs or to send suggestions regarding the website. We hope you are able to take full advantage of the programs we offer. Don't forget to check out our statewide basis database that is updated weekly at <http://agecoext.tamu.edu/resources/basis-data.html>

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If you would like to receive this newsletter by email, or have any other questions about the Master Marketer system, please write Emmy Williams at elwilliams@ag.tamu.edu.

Educational Programs of Texas AgriLife Extension Service are open to all citizens without regard to race, color, sex, disability, religion, age, or national origin.

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