

Master Marketer Newsletter

<http://mastermarketer.tamu.edu>

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In this Issue:

| | |
|----------------------------|---|
| Master Marketer Highlights | 1 |
| Featured Article | 2 |
| Farm Assistance Update | 3 |
| Choice Website | 3 |

Master Marketer Highlights:

Congratulations to the 2014 Master Marketer Class



Stan Bevers hosted the 26th Master Marketer Program held in Vernon earlier this year. The program began January 21 and 45 participants graduated on March 6. Graduates primarily held interests in wheat, sorghum, corn, and cotton crops and also in stocker cattle and cow/calf pairs. The total number of Master Marketer graduates reaches 1121 and, reported from participant surveys, have a yearly impact averaging \$35,000 using the knowledge and tools gained from the Master Marketer Program.

The following statements were written by this year's graduates regarding their learning experience with the program: "Excellent training with great people. I will recommend the course to others." "Learned more in depth knowledge about marketing tools and ways to protect a profit. Made several connections with producers that will be valuable in the future." "Master Marketer is a crash course in learning how to use the marketing tools you will need to give your business a competitive advantage in today's volatile commodity markets." "My spouse took this program 3 years ago. I just realized that a specific weather concept she learned, tripled our production that following year. I now have the tools to make good business decisions. I highly recommend this program to everyone." and "Gained an understanding of the nuts and bolts of marketing, learned about the tools available, actually worked on a marketing plan, and met other farmers/ranchers (networking)."

A special thanks is extended to Stan Bevers and Allison Ha for all their hospitality, coordination efforts, and work put into this program. Thank you Texas A&M AgriLife Extension Service, Texas Corn Producers Board, Texas Grain Sorghum Producers Board, Texas Farm Bureau, Texas Wheat Producers, Cotton State Support Committee, and USDA-Risk Management Agency for your support to this program. We look forward to our next program in Amarillo in 2015 and appreciate the

many great participants, presenters, and supporters who have allowed this program to continue with great success. Again, congratulations to the 2014 Vernon Master Marketer Graduates.

Grant from USDA for Risk Management Education

Thanks to a generous grant from USDA and the Risk Management Agency, we are able to continue the Master Marketer program and have several programs planned for the coming months throughout Texas. Topics will cover risk management tools intended to increase the likelihood of survival/profitability for commodity producers and assist in implementing effective production and economic risk management plans.

Cattle Trails Cow-Calf Conference. The Texas A&M AgriLife Extension Service and the Oklahoma Cooperative Extension Service have joined efforts in offering the Cattle Trials Cow-Calf Conference on Tuesday, January 14 in Wichita Falls, TX at the MPEC/Multi-Purpose Events Center (1000 5th St.). This year, the event will focus on recovering from drought and getting back to sound production and will be held from 8 a.m. to 3 p.m. Registration is \$25 per person and includes educational materials, a copy of the Cattle Trails Cow-Calf Conference materials, a noon meal and refreshments. Additional information can be obtained at <http://agrisk.tamu.edu>

Ranch Management University. The Texas A&M AgriLife Extension Service and Texas A&M's Department of Soil and Crop Sciences have teamed up to bring The Ranch Management University on April 7-11, 2014 to College Station. This 4-day event combines lectures, discussions, and field demonstrations and focuses on the fundamentals of soils and soil fertility, forage establishment, pasture management, and utilization by livestock for new landowners. This program is limited to 50 and registration is available at <http://agriliferegister.tamu.edu> (using the key words "ranch management"). More information can be found by visiting <http://forages.tamu.edu/workshop.html> or by contacting Ms. Linda Francis at (979) 845-2425 or LPerkins@ag.tamu.edu

Continued on Page 3



Land Values and Federal Reserve Policy in 2014

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On March 19, 2014 Federal Reserve Chairwoman Janet Yellen gave a press conference on the Federal Open Market Committee meeting. In her address¹, she gave some indications as to what the Fed will try to accomplish over the next several months. In this article I'll discuss my perspective on what I believe the Fed will do in the next few months and what it means for land values.

As discussed in the January issue², Fed monetary policy has an indirect impact on land prices through its influences on interest rates. These impacts on interest rates come about through the purchase of securities such as bonds. In addition to using its typical tools, the Fed has been purchasing Treasury bonds and mortgage-backed securities with an eye toward keeping asset prices high and interest rates low. The Fed's economists believe this will help boost the economic recovery, leading to maximum employment and inflation at its target rate of 2%. Recognizing that this extraordinary policy cannot continue indefinitely, purchases of these Treasury bonds and mortgage-backed securities has wound down. In fact, the Fed's Open Market Committee decided today to continue to decrease its purchases of Treasuries and mortgage backed securities to \$55 billion in April. The question is, will these purchases continue to decline?

In her address, Chairwoman Yellen noted that there is some indication that the economy has improved but that the recovery is far from complete and that the Fed will continue to monitor the situation. She indicated that much work is yet to be done to meet the Fed's targets for unemployment and inflation. If inflation were to rise or unemployment to fall, this would increase the probability that the Fed will continue to taper bond buying, as it would indicate further strength in the economy. However, more recently-released information suggests that price inflation is still low³ and that unemployment is still above the Fed's target (though it has improved since December)⁴. Since the Chairwoman has indicated that changes in extraordinary bond purchases are contingent on inflation and unemployment (among other things), I believe the recently-released information is an indication that bond buying will either be maintained at or near the April level or increase slightly over the next several months.

What does this mean for land values? If bond buying continues to decline, there will be upward pressure on interest rates which may have a negative impact on land values. On the other hand, if broad indicators of the health of economy continue to decline and the Fed sees fit to maintain or increase extraordinary bond purchases, there will be downward pressure on interest rates which will likely keep land prices stable, absent significant changes in farm earnings.

It is sometimes said that we should "hope for the best but expect the worst." In January's article, I discussed the potential for a continuation of the Fed's reduction in extraordinary bond purchases and the necessity for proper planning if land values decline. While certainly not the "worst" scenario, a continued reduction in bond purchases could negatively impact land values, all else equal. This article discussed the other side of the coin, a potential for general economic indicators to decline, putting pressure on the Fed to continue to push up asset prices and keep interest rates low with accommodative policies. To the degree that recent increases in land values are dependent on the Fed's policies, I believe agricultural land values will remain stable over the next several months.

1) <http://www.federalreserve.gov/mediacenter/files/FOMCpresconf20140319.pdf>

2) <http://agecoext.tamu.edu/files/2014/01/MMDec2013-for-sending.pdf>

3) <http://www.cnbc.com/id/101494640>

4) <http://data.bls.gov/timeseries/LNS14000000>

Farm Assistance Update

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For a number of years, the FARM Assistance team has been involved in two significant projects sponsored by the Texas Water Development Board. The purpose of both projects is to study and produce full scale demonstrations of water conservation practices in commercial irrigated agriculture. In each case, a group of local producers serve as demonstrators as well as project advisors. Recognized for their efforts to enhance water conservation while improving on-farm profitability, both projects have recently been awarded the Blue Legacy Award in Agriculture by the Texas Water Conservation Council.

Led by the Harlingen Irrigation District, the Texas Project for Ag Water Efficiency (AWE) in the Rio Grande Valley conducted ongoing demonstrations of surge irrigation in the production of many different row crops. Various flood, drip, and spray irrigation demonstrations have been conducted in citrus production. Check out some of the project work at: www.texasawe.org

On the High Plains centered in Floyd County, Texas Tech University leads the Texas Alliance for Water Conservation (TAWC). Demonstrations include new technology to monitor irrigation and soil moisture, evaluate crop water needs, and assist in irrigation scheduling. Water efficient rotations and crop systems are also a focus of the demonstrations. Learn more about TAWC at: www.depts.ttu.edu/tawc

Our role in both projects is to analyze and illustrate the potential profitability of the demonstrations as well as the economic incentives that may exist for water savings. Our FARM Assistance Focus Series contains much of the analyses of these conservation demonstrations. From our home page (farmassistance.tamu.edu) follow the Publications tab to Focus Series.

Choice Website

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Basis.tamu.edu

It's back - The basis project data set of cash grain prices is available once again! Commodities included are corn, cotton, sorghum, soybeans, and wheat. Prices are gathered weekly through participating Texas elevators and are averaged by region. Information from as far back as 2000 can be viewed in graphs and downloaded into spreadsheets. This program is made possible through grant funding provided by Texas A&M AgriLife Extension Service, Texas Corn Producers Board, Texas Grain Sorghum Producers Board, Texas Farm Bureau, Texas Wheat Producers, Cotton State Support Committee, and USDA-Risk Management Agency.

Master Marketer Highlights: Continued from Page 1

Making Master Marketer Count

A 2.5 year post evaluation of the graduates in the Waco Master Marketer Class, held January and February of 2011 and hosted by the Texas Farm Bureau Conference Center, was conducted this fall. 19 surveys were completed out of the 39 mailed, having a 49% response rate. Master Marketer had an average economic impact of \$40,283 or 3.0% of gross farm income for the Waco 2011 Class. Overall, participants rated the educational quality of the Master Marketer Program 6.47 on a scale from 1 to 7.

From the completed and returned surveys, the average age was 50 with more than half of the participants farming as a sole proprietorship as compared to a partnership, corporation, estate, or trust. Prior to attending the Master Marketer Program, 42% of the producers had a marketing plan and since completing the course, 89% of the class was using a marketing plan. The percentage of the participants that said they were currently using market fundamentals in developing their personal market outlook changed from 22% to 89% after taking the Master Marketer Course. Lastly, 89% of the program graduates claimed knowing when to use forward cash contracting, and before the class began, just 33% knew when to use this tool.

TEXAS A&M AGRI LIFE EXTENSION

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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 contact Emmy Williams at emmywilliams@tamu.edu or (979) 847-6143.

An archive of newsletters can be found online by visiting
<http://agecoext.tamu.edu/programs/marketing-programs/master-marketer-program/newsletters/>

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without regard to race, color, sex, disability, religion, age, or national origin.

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