

Master Marketer Newsletter

<http://mastermarketer.tamu.edu>

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Master Marketer Highlights

Season's Greetings

In keeping spirit with the holiday season and being thankful for the many opportunities we have been provided, Master Marketer would like to give a Texas-Sized Thank You to the 2016 Master Marketer sponsors. With their support, we have taught workshops year-round to bring you the latest in market news and provide up-to-date trends while using current data and connecting professionals throughout the field. We could not have had this successful run without the continued support from our sponsors. Along with Texas A&M AgriLife Extension Service, state funded grants have been provided by USDA-RMA, Texas Corn Producers, Texas Farm Bureau, Cotton State Support Committee-Texas, Texas Wheat Producers Board, and Texas Grain Sorghum Board with an additional funder for 2017, Capital Farm Credit.

Celebrating One of Our Own



One of our very own retired earlier this year. Stan Bevers, one of the original developers of the Master Marketer program, retired on August 31 after spending more than 27 years

as an Economist with the Texas A&M AgriLife Extension Service in Vernon. Bevers devoted his career offering educational programs to producers in the Rolling Plains, throughout Texas, and the surrounding states helping them to survive and capitalize on the ups and downs of markets and weather conditions. On behalf of the Master Marketer Program, we tip our hats to you and thank you for your dedication to this industry and the agricultural producers throughout this great state and beyond. Focusing on risk management and marketing education, Bevers played a huge part in the 25+ Master Marketer programs, conducting five strongly attended there in Vernon.

Master Marketer, 1200+ in Review

Since its inception in 1996, over 1,200 graduates have completed the Master Marketer Program in 15 locations around the state. Results from the most recent 2½ year post-survey of graduates (Vernon, 2014) show those who have completed the program continue to achieve an increase in farm revenue from 3-5% through the use of marketing plans, budget development, and breakeven analyses in management practices and report increased confidence in implementing production and price risk management tools.

With the last evaluation being conducted during the summer of 2016 with an approximate 33% response rate, participants ranked the educational quality of the Master Marketer program a 6.6 on a 1 – 7 scale with 7 being excellent. Results from survey questions indicated: an increase in the use of a marketing plan from 25% pre-Master Marketer to 88% post-Master Marketer, an increase in determining production costs and incorporating those into the marketing plan from 27% pre-Master Marketer to 75% post-Master Marketer, and an increase in building profit and growth needs into price targets from 13% pre-Master Marketer to 63% post-Master Marketer.

The evaluation also showcased an increase in participants using market fundamentals in developing their personal market outlook from 27% pre-Master Marketer to 93% post-Master Marketer, an increase in their ability to manage price and production risk from a 3.3 pre-Master Marketer to a 5.4 (on a 7 point scale with 7 being excellent) post-Master Marketer, and knowing when to use forward cash contracting from 46% pre-Master Marketer to 92% post-Master Marketer. The 2014 Master Marketer education had an average individual economic impact of 4.6% of gross farm income for the Vernon class where the effect on prices received from the training is shown in the following commodities: wheat +5 ¢/bu, corn +25 ¢/bu, grain sorghum +31 ¢/cwt, cotton +.02 ¢/lb, and cattle +3 \$/cwt.

Featured Article

Mark L. Waller, Dean McCorkle, Mark Welch, and John Robinson

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Selecting and Working with a Broker: Do you need professional help?

During the early stages of developing a marketing plan, it is important to think about the types of pricing tools you want to use to market your crops. How much time and money will you spend doing it yourself versus outsourcing to a professional? Here are some general considerations about getting professional marketing help.

If you plan to use futures or options contracts, you will need a broker who can execute those trades for you. Brokerage companies are generally classified as full-service or discount operations. A full-service brokerage company may charge a commission of \$60 to \$100 or more per trade, but will also provide services such as newsletters, fundamental and technical analysis, advice from market specialists, chart services, trading recommendations, weather information, access to Internet or computer bulletin board sites, etc. Discount brokerage companies may charge only \$12 to \$35 per trade, but offer customers few other services.

When selecting a broker, consider your knowledge of the markets and the amount of trading experience you have. If you need information about the commodity you are hedging, ask brokers about their backgrounds, educational training, years of experience, the types of analysis they specialize in, whether they provide trading recommendations, whether they trade for their own accounts, whether they specialize in a particular market(s), the types of accounts they handle (hedging vs. speculative), whether they have local basis information, whether they will work with you to develop a marketing plan, whether they will work with your lender, and other special services offered.

It is extremely important that you be able to talk to your broker, that you understand what he or she is telling you, and that your broker has a clear understanding of your investment objectives. A good broker can help you work through the maze of terminology and special jargon associated with futures and options markets. A good broker will be someone you can trust to get your orders executed quickly, efficiently and accurately. You might also expect a full service broker to provide you with accurate and timely market information. However, if you have unrealistic expectations about what your broker could or should do, you may be disappointed. Your broker is a sales person who is trained to sign up clients and efficiently execute orders. Most are not trained as analysts, trading experts or business managers. Asking them to perform these functions usually causes problems.

Besides, brokerage services, there are crop focused firms that provide consulting and advisory services. These may have various licensing and business qualifications and it is vital that you have a clear understanding of what services are being provided. The range of services from such firms includes financial planning (requiring licensing), quantitative analysis (market information, forecasting, simulation, hedge performance), developing an individualized marketing/insurance plan, and hands-on implementation of the marketing plan. In addition, crop merchants and marketing cooperatives can provide marketing tools such as forward or spot price contracts, basis contracts, and pool marketing agreements.

Decisions about professional marketing services involve sizing up what you need, what you can do yourself, and cost considerations. Sometimes the same type of service can be obtained in several different ways. For example, downside price risk can be managed through a Revenue Protection policy, or through a cash contract, or through a pool marketing agreement, or through a futures/options strategy, or some combination of the above. All have benefits and costs that must be considered.

Program Calendar

Red River Crops Conference

The Red River Crops Conference is set for January 24-25, 2017 at the Childress Event Center, 1100 N.W. 7th Street in Childress, Texas. The program will run from 8am – 4pm both days and has a \$25 registration fee.

This two-day conference will provide information on important crop issues related to Southwest Oklahoma and Texas Rolling Plains. Topics will focus on cotton, in-season, and summer crops and include market outlooks, weather forecasts, variety and specialty crops, production management, and treatment options. Continuing education units will also be offered for certified crop advisors, Texas Department of Agriculture private pesticide applicators, and Oklahoma Department of Agriculture, Food and Forestry.

More information can be found by calling Emi Kimura at (940) 552-9941 or by visiting <http://agrillife.org/reddrivercropsconference/>. Preregistration is encouraged.

Developing This Year's Marketing Plan for Feedgrains

Developing This Year's Marketing Plan for Feedgrains short course will be held January 25-26, at the Texas A&M AgriLife Research and Extension Center, 6500 Amarillo Blvd. West, in Amarillo. The program will delve deeply into what and how fundamental and technical factors are affecting the feedgrains market for the upcoming year. The objective of this program is to provide producers with the information and marketing strategies that will give them the opportunity to succeed in marketing their 2017 feedgrains crop with the ultimate goal of developing a written marketing plan for the 2017 crop. Specific topics include: cost of production, basis, crop insurance alternatives, seasonal weather forecast, cash and contract seasonality, and marketing tools.

The registration fee for Developing This Year's Marketing Plan for Feedgrains is \$125 per participant and is available online at <http://agriliferegister.tamu.edu/grain> or by calling (979) 845-2604 by close of business, Monday, January 23rd. If materials and space are available, registration and payments will be accepted on-site. The course is limited to 50 participants, so reserve your spot soon. For more information contact Kim Garcia at (806) 677-5626 or kim.garcia@ag.tamu.edu

QuickBooks Pro Short Course

A two-day QuickBooks Pro training will be held February 13-14 from 9:30 a.m. to 4:30 p.m. both days at the J. B. and Hallie Jester Building, 1801 Old Settlers Blvd, in Round Rock. The training will be conducted by DeDe Jones of the Texas A&M AgriLife Extension Service's FARM Assistance Program. No prior computer experience is necessary to participate in the course. Participants will learn to enter transactions and analyze costs and profits in this accounting program often used by agricultural lenders and producers.

Registration is \$150 and includes computer use and teaching materials. For more information or to RSVP, contact Steven Klose or Jerry Cornforth at (877) 826-7475 or farmassistance@tamu.edu or Cooper Terrill at 512-943-3300 or cooper.terrill@ag.tamu.edu

Choice Website

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<http://decisionaid.afpc.tamu.edu>

The 2017 edition of the AFPC Insurance Decision Aid is now available at <http://decisionaid.afpc.tamu.edu>. This is an interactive online tool that allows agricultural producers to conduct comprehensive analysis of all crop insurance options open to them. Users simply enter their historical 'A' yield observations as they appear on the printouts from their insurance company and enter a projected price. The insurance tool will then analyze hundreds or thousands of possible combinations of choices (policy, coverage level, unit structure, trend adjustment option, yield exclusion years, SCO, ...), conducting a stochastic simulation of hundreds of possible market outcomes for each combination of choices. Market outcomes consider how insurance indemnities interact with market receipts and FSA payments (PLC and ARC). Despite all of this complexity, results are presented in a simple, user-friendly manner. Generally, only a handful of possible combinations of insurance options are "good" choices considering tradeoffs between risk and expected overall return. The tool is free, and available now for all spring crops.

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 Kiphen at emmykiphen@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/>

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

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