

Master Marketer Newsletter

<http://mastermarketer.tamu.edu>

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Master Marketer Highlight

Congratulations to the 2018 Master Marketer Class



The 29th Class of the Master Marketer Program graduated earlier this year in Waco. The program began January 16 and 19 participants completed the course on February 28. 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 1246 and, reported from participant surveys, have a yearly impact averaging \$35,000 using the knowledge and tools gained from the Master Marketer Program.

A special thanks is extended to Farm Bureau for their hospitality and Mark Welch and Jason Johnson for their coordination efforts, making this an outstanding program. Thank you Texas A&M AgriLife Extension Service, Texas Farm Bureau, Cotton State Support Committee, Texas Corn Producers Board, Texas Grain Sorghum Producers Board, Texas Wheat Producers, Capital Farm Credit, and USDA's Risk Management Agency for your support to this program. We appreciate the many great participants, presenters, and sponsors who have allowed this program to continue with such great success. Again, congratulations to the 2018 Waco Master Marketer Graduates.

Ag Law Program Calendar

Archer City

Tiffany Dowell Lashmet will be presenting a free Ranchers Leasing Workshop on Thursday, April 19,

2018, in Archer City. The program will be held at the Archer City Activities Building/Extension Office (512 West Cottonwood) from 12:00 noon - 3:30 pm. Topics include negotiating and drafting grazing, hunting, and livestock leases, setting a lease rate, and landowner liability. Program participants will interact with agricultural attorneys and economists, receive a ranchers leasing handbook, and have lunch sponsored by Ag Workers Mutual Insurance! Please RSVP to Tiffany at tdowell@tamu.edu or by calling 806-677-5668.

Corpus Christi

Texas A&M AgriLife Extension will host an Ag Law Program May 16-17, 2018, at the Corpus Christi Research & Extension Center (10345 State Highway 44). Program topics include estate planning, ag leases, water, labor laws and other legal issues. There will be a condensed evening session on the evening of May 16 and a more detailed session on May 17. Tiffany Dowell Lashmet, attorney and Extension specialist will be speaking. According to Mac Young (361-265-9203), workshop coordinator and Extension Program Specialist in Corpus Christi, the workshop should benefit all farmers, ranchers, and land owners. Please contact Mac Young; Jason Ott, CEA-AG/NR in Nueces County (361-767-5223); or, Bobby McCool, CEA-AG/NR in San Patricio County (361-587-3400) for additional questions.

Choice Website

Grain Marketing Plan App

Another tool can be added to your marketing/risk management toolbox. The Grain Marketing Plan App was developed by the University of Nebraska allowing smartphone users to create marketing plans for wheat, corn, and soybeans. The app features daily updates allowing plans to be modified based on current market conditions. For a user guide and frequently asked questions, visit the website at <https://farm.unl.edu/grain-marketing-plan>

Featured Article

Supported by the Southern Extension Risk Management Education and United States Department of Agriculture/National Institute of Food and Agriculture, *“Surviving the Farm Economy Downturn”* is a collection of papers, authored by the Southern Extension Committee and other subject matter experts. Housed on the Texas A&M AgriLife Extension Service Agricultural & Food Policy Center’s website at <https://www.afpc.tamu.edu/extension/resources/downturn-book/>, the publication series was written by Extension economists across the South as farmers and ranchers face the current markets of low crop and livestock prices following high prices. The comparison is daunting similar to that of the 1980s farm crisis with many producers struggling to survive in the South. The collection of twenty papers addresses agriculture issues, crisis management strategies, exiting decisions, financial problems, and farm and family stress. The following is an excerpt from one of the articles written for the publication and the remaining can be found and downloaded in the previously mentioned web address.

Livestock Outlook

David P. Anderson, Andrew P. Griffith, and Kenny H. Burdine

The livestock sector makes an important contribution to the agricultural economies in the Southern states, often generating a larger share of agricultural receipts than the crop sector. Livestock producers in the South are major parts of the cattle, hog, broiler, and turkey industries (and, of course, also other animal agriculture like catfish and fisheries).

Most of these livestock sectors have experienced record high prices in recent years and unprofitable prices too. Over the last decade, a series of events have triggered adjustments across the livestock industry. The first of these cross-cutting events was the ethanol boom that began in late 2006. Increased demand for corn for ethanol production led to sharply higher corn prices. Soybeans were also affected as the two major commodities competed for acreage. Feed supplies began to grow over the next several years, but were largely set-back by a severe drought in 2012. These increases in feed costs led to financial losses that kicked off a contraction in livestock and meat production. More recently, feed supplies have rebuilt and prices have fallen. Falling feed costs as production catches up with demand will spur increased livestock and meat production.

The second issue in common is total meat production, which directly impacts per capita meat supplies. The year 2014 was a phenomenal year across the board for all meats and all species received a clear expansion signal in the markets. Of course, expansion can occur in poultry and pork markets very quickly and both saw significant production increases during 2015. It wasn’t until the following year that beef production saw its first year-over-year increase. Total red meat and poultry production hit a record in 2016 and is projected to continue to grow in coming years. Increased meat production will result in lower prices and stiff competition between sectors. Given the expected increases in meat production, export levels will ultimately determine how large the impact is on per capita meat supplies in the US.

The third cross-cutting issue is trade. United States and Southern livestock agriculture have become increasingly dependent on exports while imports are an important part of the beef industry. Beef exports have grown to over 10% of production. Broiler exports have approached 20% of production, while pork exports have exceeded 20% of domestic production since 2011.

The fourth cross-cutting issue is the impact of animal diseases. Major disease outbreaks have affected pork and poultry production in the last few years. While these have not directly affected Southern producers in terms of production losses they have had major indirect effects. High Pathogenic Avian Influenza (HPAI) and Porcine Epidemic Diarrhea (PED) have hit the U.S. poultry and pork industries. The most important impacts have been death losses in the case of PED and trade impacts in the case of HPAI.

The remainder of this paper briefly examines the outlook for the cattle, pork, and poultry sectors over the next couple of years. Production, prices, producer returns, future path, and problems are discussed for each sector.

Cattle. Increasing costs, record drought in the Southern Plains, and conversion of pasture and hay ground to

row crops led to the smallest cattle inventory and beef cow numbers in decades in 2014. Beef production hit its lowest level since 1992, at 23.8 billion pounds, in 2015. Calf, feeder, and fed cattle prices hit record highs in the Fall of 2014. Drought recovery coupled with record high calf prices and profits led to the fastest herd expansion since the early 1970s.

Increasing beef production and cattle supplies, greater competition from pork and poultry in the meat case, and decreased export levels have led to falling calf and cattle prices. By the second quarter of 2016, Southern Plains 500-600 pound steer prices had declined 37% from the year before and were at their lowest since 2013. Feeder and fed cattle prices were also their lowest since 2013. Beef production grew by 6.4% in 2016 and is projected to increase by close to 4% in 2017 and 2018. While production grows, cattle and calf prices will continue to decline.

Beef demand has fared well over this decade in the face of record high prices. By some demand index measures, beef demand has been the highest in 25 years. Beef imports surged in 2015 largely due to higher prices, drought in Australia decreasing their production or export levels, and a strong dollar. Beef exports struggled under high prices, a strong dollar, and some weaknesses in the economies of importing countries.

Cattle producers are facing the pressure of falling prices. While calf prices remain historically high they are declining and drastically squeezing profits at the cow-calf level. The tight cattle supplies and record high calf prices of 2014 and 2015 also led to record high replacement female prices. Producers paid extremely high prices for cows and heifers and the recent declines in calf prices are pressuring producer's ability to pay off high priced breeding stock. Declining prices also has the effect of reducing asset values across the herd. Cow values may be below what is owed on cows for some producers who financed breeding stock during the extremely high priced times. Periods of falling cattle prices have both cash flow and balance sheet (wealth) impacts on cattle producers.

Increasing cattle numbers will shift negotiating power to the buyer side of the equation and allow them to be more selective. It is likely that discounts for poorer quality cattle will grow. Pre-conditioning, management practices, and quality genetics will become more important to limit price discounts for producers in coming years. During 2014 and 2015, it was very difficult not to make money in the beef cattle sector. Over the next couple years, profits will be much lower and many producers will likely be unable to cover all their costs.

More on hogs and poultry and the remaining article can be found at <https://www.afpc.tamu.edu/extension/resources/downturn-book/chapters/14-Livestock-Outlook.pdf>

FARM Assistance Update

Steven Klose,

Professor and
Extension Risk Management Specialist,
Department of Agricultural Economics,
Texas A&M University

The FARM Assistance group is involved in a number of other projects around the Department of Agricultural Economics. One such project is currently happening for the next few weeks. Our faculty and staff coordinate the Texas Custom Rates survey with significant help from Texas A&M AgriLife Extension Service district and county offices.

Each year Extension receives many requests for current custom rate information and the latest Custom Rates Publication. Our survey/publication is the only source to find the going rates paid for these types of services. Questions in the survey include rates paid/charged for specific tillage, planting, application, harvesting, and other services or operations performed on a custom basis. If you have knowledge of rates in your area, and appreciate the value of publishing this type of market information, please consider participating in the survey. Past publications and a link to the 2018 survey can be found online at: <http://agecoext.tamu.edu/crs>

The survey will ask that you only complete the questions with which you are familiar, therefore most people should be able to complete the survey in 10-15 minutes or less. The survey will be open through June of 2018. Your participation will help make sure the published information is the most accurate and reliable possible. If you have any questions regarding the survey please contact Dr. Steven Klose (sklose@tamu.edu).

And as always, check out our FARM Assistance financial planning services. Under the current market conditions, the financial road ahead will be challenging to say the least. We can help you keep an eye on what lies ahead, and plan your financial strategies. Give us a call at 1-877-TAMRISK or learn more at <https://farmassistance.tamu.edu/>

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/>

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