

Master Marketer Newsletter

<http://mastermarketer.tamu.edu>

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Master Marketer Highlights

2021 Amarillo Master Marketer Review

We had 202 participants register for the 2021 Amarillo Master Marketer Online Seminar Series held January 27-March 3. Because of the coronavirus, the customary 64-hour program was scaled back to an online course with six morning sessions offered once a week. The overall program was rated a 4.48 on a scale of 1 to 5 with 5 being excellent. The post evaluation of risk management knowledge gained concluded with a total average "before" score of 2.83 and "after" score of 3.52, having a change of +0.69; indicating a move from low to moderate knowledge prior to the program to moderate to advanced knowledge after the program. Video recordings from the Amarillo program are available online in the "Master Marketer Seminar Series" section of <http://mastermarketer.tamu.edu/>

Comments from the class participants include:

"The organization of the series was well done. I appreciated hearing from a variety of individuals. The various topics were also adequate in scope."

"The speakers! Everyone was very knowledgeable and made the content accessible to a novice. I also liked the sponsors were included at the beginning of each class."

"Loved all the topics. Such a great idea to add meteorology, ag law, and such a variety to the seminar."

"Leveling course was GREAT. I also loved the budgeting and policy discussions. Thanks for organizing this and making it accessible to so many people from all over the state."

"Fantastic changes from the first zoom series!!! I was able to acquire quality and timely input from this series. Kudos to the team! I'm ready for the next series."

Weslaco Master Marketer Coming Up

Plans are underway for the first in-person Master Marketer Program to be held since the coronavirus pandemic began. We are preparing for the 64-hour intensive marketing education course to be held live and in Weslaco during September-November 2021. As of now, the program will be limited to 50 participants with registration beginning in mid-summer. Sessions will be taught by some of the very best speakers at a highly applied level while combining creative teaching/learning concepts covering weather, crop insurance strategies, financial management, futures markets, technical analysis, marketing plans, legal issues, and grain, cotton, and livestock fundamentals.

FARM Assistance Update

Steven Klose, Professor & Extension Economist

As your 2021 crop and livestock enterprises are getting geared up, it's a good time to highlight another product that comes out of our FARM Assistance group. Extension Agricultural Economics has published budgets for common enterprises around the state dating back almost 50 years. For the last several years, Jerry Cornforth has been coordinating the development and publishing of the state Extension Budgets. Extension District Ag Economists annually prepare district specific budgets using local knowledge, data, and expertise. Jerry and our staff make the budgets available early each spring.

Extension budgets are published to serve several purposes. First, is simply to provide examples of common practices used to raise a crop or livestock enterprise in specific area. The budgets also illustrate a possible set of price and cost expectations for that coming crop year. Most importantly, the budgets serve as a template the farm/ranch manager can use to produce a budget plan specific to their operation. Directly supporting the last purpose, we also have available downloadable spreadsheets you can use to build your own budgets. Using the template provided (Continued on Page 4)

Agricultural Financial Outlook 2021

Mark Welch, Grain Marketing Economist, Texas A&M AgriLife Extension Service
 John Robinson, Cotton Marketing Economist, Texas A&M AgriLife Extension Service
 David Anderson, Livestock Marketing Economist, Texas A&M AgriLife Extension Service
 Steven Klose, Extension Economist, Texas A&M AgriLife Extension Service
 Bart Fischer, Co-Director Agricultural & Food Policy Center, Texas A&M AgriLife Extension Service

U.S. Net Farm Income

The financial outlook for agriculture in 2021 is one in which net farm income compared to 2020 is expected to decline even though commodity prices are up. A greater proportion of farm income will come from the market sector as government farm program payments are expected to decrease, contributing a lower proportion of gross income.

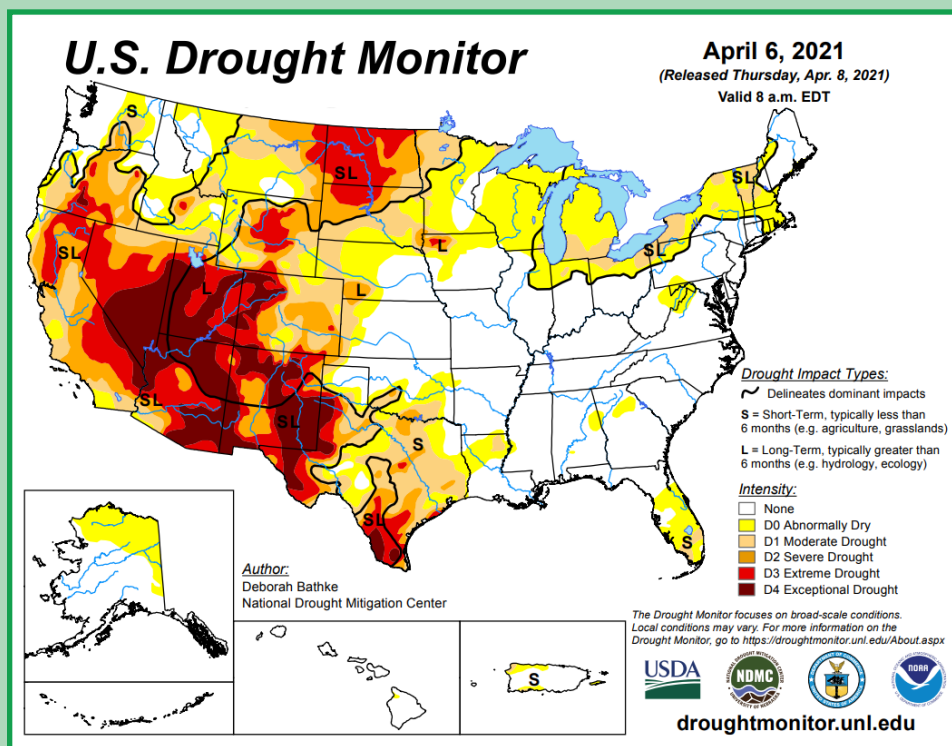
In 2020, cash receipts accounted for \$370.4 billion (79 percent of gross farm income) and government payments \$46.3 billion (10 percent). In 2021, cash receipts are expected to increase to \$390.8 billion (84 percent of gross income) and government payments decline to \$25.3 billion (5 percent). The net change in these contributions to farm income is an increase of \$20.4 billion in cash receipts and a decrease in government farm support payments of \$21.0 billion for a decline of -\$0.6 billion. Total gross income (which includes nonmoney income and the value of inventory adjustments) is expected to decline from \$466.3 billion to \$465.1 billion, a change of -\$1.2 billion.

Total farm expenses are expected to be higher in 2021. Total expenses in 2020 were \$345.2 billion and are expected to increase to \$353.7 billion in 2021, an increase of \$8.6 billion and the highest since 2015. Increased expenses and a decline in gross farm income lowers estimated net farm income in 2021 by \$9.8 billion compared to 2020. However, even though lower year to year, net farm income is still expected to be the second highest of the last seven years and above the average from 2000 to 2019 of \$92.1 billion (Meyer, 2021).

U.S. farm sector financial indicators, 2014-21F									
United States									
	Data as of: 2/5/2021								
	2014	2015	2016	2017	2018	2019	2020F	2021F	Change 2020 to 2021
\$ billion									
Cash income statement									
a. Cash receipts	424.0	377.4	358.5	370.4	371.4	369.3	370.4	390.8	20.4
Crops 1/	211.7	187.9	195.8	194.9	195.1	193.3	203.9	215.7	11.8
Animals and products	212.3	189.5	162.7	175.6	176.3	176.0	166.5	175.0	8.6
b. Federal Government direct farm program payments 2/	9.8	10.8	13.0	11.5	13.7	22.4	46.3	25.3	(21.0)
c. Cash farm-related income 3/	36.6	34.4	27.9	31.2	29.1	34.7	34.2	34.9	0.7
d. Gross cash income (a+b+c)	470.3	422.6	399.4	413.2	414.2	426.5	450.8	451.0	0.2
e. Cash expenses 4/, 5/	339.0	315.8	303.8	311.9	311.4	317.5	314.6	322.6	8.1
f. Net cash income (d-e)	131.3	106.8	95.6	101.3	102.8	109.0	136.2	128.3	(7.9)
Farm income statement									
g. Gross cash income (a+b+c)	470.3	422.6	399.4	413.2	414.2	426.5	450.8	451.0	0.2
h. Nonmoney income 6/	16.9	17.8	17.1	18.3	19.1	18.4	19.7	21.2	1.4
i. Value of inventory adjustment	-3.9	0.4	-4.2	-6.0	-8.2	-13.0	-4.2	-7.0	(2.8)
j. Total gross income (g+h+i)	483.3	440.8	412.3	425.4	425.1	431.9	466.3	465.1	(1.2)
k. Total expenses	391.0	359.1	349.9	350.3	343.8	348.7	345.2	353.7	8.6
l. Net farm income (j-k)	92.2	81.7	62.3	75.1	81.3	83.1	121.1	111.4	(9.8)

Drought

Even as the current La Nina weather phenomenon appears to have peaked and sea surface temperatures are once again trending toward neutral readings (between La Nina and El Nino), drought is forecast to remain a serious issue for many areas of the west/southwest. Production losses, increased costs, and higher break-evens are expected to continue where this impact is most persistent. While the possibility of storms will still exist, their frequency and potency will be greater farther east (Bledsoe, 2021).



Summary

Higher commodity prices and an infusion of government support helped improve the financial situation of agriculture in 2020. However, producers who struggled with drought or sold their 2020 crops prior to the rapid escalation of prices late in the year participated less in that financial recovery. The outlook for 2021 is for higher commodity prices and less in the way of government support. Commodity prices are supported by improving economic conditions related to recovery from the global coronavirus pandemic and positive export news, most of that from one customer, China. Current budget projections based on average yields, current price forecasts, and current projected major input prices suggest some room for positive margins for many agricultural producers. The onus will be on producers to craft their own risk management safety net through their crop insurance choices and commodity marketing. Persistent drought will make production conditions difficult in many areas.

References

Bledsoe, Brian. "Weather", Master Marketer, Amarillo, Texas, February 10, 2021. Available online at <https://agecoext.tamu.edu/wp-content/uploads/2021/02/Bledsoe-Weather.pdf>

Meyer, Seth. "The Outlook for U.S. Agriculture – 2021 Building on Innovation: A Pathway to Resilience", U.S. Department of Agriculture 97th Agricultural Outlook Forum February 18-19, 2021 <https://www.usda.gov/sites/default/files/documents/2021-meyer-speech.pdf>

TEXAS A&M AGRI LIFE EXTENSION

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If you have any questions about the Master Marketer System,
please contact Emmy Kiphen at emmykiphen@tamu.edu
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An archive of newsletters can be found online by visiting
[https://agecoext.tamu.edu/programs/marketing-programs/master-
marketer-program/newsletters](https://agecoext.tamu.edu/programs/marketing-programs/master-marketer-program/newsletters)

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open to all citizens without regard to race, color, sex, disability,
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FARM Assistance Update, Continued from Page 1

you can enter costs, yields, and prices specific to your operation and analyze your own profit potential, break-even prices, and break-even yields. Jerry also has a help video that explains how to use the spreadsheets.

The budgets can be found at <http://agecoext.tamu.edu/>
Follow the "Resources" menu to "Crop and Livestock Budgets." You can search the budgets by district or by commodity. To find the downloadable spreadsheets, look for the "Build Your Own Budgets" menu option on the right side of the page.

Need help with budgets, or need a more comprehensive evaluation of your whole farm/ranch, as always, we look forward to helping you. Contact FARM Assistance toll free at 1-877-TAMRISK or online at: farmassistance.tamu.edu