

Winter = Meetings

December 17, 2015 by Steve in Winter

Partners,

We continually strive to stay abreast of the ever evolving agricultural landscape. Phyllis and I just returned from the annual DTN/Progressive Farmer AG Summit in Chicago. The theme for this year's meeting was "Mastering Your Margins: Strategies for Ag's High-Risk Cycles." This provided us with three intense days of speakers, seminars, breakout sessions, and networking opportunities. I really enjoy the DTN Ag Summit each year because it helps me with the effort to keep a finger on the pulse of the global agricultural industry. It also helps me to stay focused, gain fresh insights, and be a better manager.

I thought I would share with you a brief overview of some of the topics that were discussed:

Risky Business: Ag's Climate Change Challenges (Greg Page, Executive Director, Cargill Inc. Board of Directors)

- More effort should be focused on possible solutions, rather than debating (the highly debatable) cause
- Long term planning of land usage needs to factor in the changing crop growing degree days
- Fish are very poor feed conversion creatures so aquaculture is not as promising as some had hoped
- Ruminant animals (by nature) have lighter environmental footprint

Weather Meets the Technology Frontier (Jim Block, chief meteorologist, Schneider Electric) & After El Nino: 2016 Crop Weather (Bryce Anderson, ag meteorologist, DTN/The Progressive Farmer)

- There is an astonishing amount of weather data being collected around the globe
- Weather data is being recorded and analyzed by increasingly sophisticated computer programs

- **Weather forecasting will continue to improve**
- **The frequency of extreme weather events will increase**

A Lender's View of the Farm Economy (Mary McBride, president, CoBank)

- **US economy is moving into a "not so bad" zone, and arguably the best economy going globally**
- **A strong U.S. dollar is a negative factor on agricultural exports**
- **There are now record world stocks of Soybeans and Wheat**

Mastering Margins Post-Crash (Chris Barron, president, Ag View Solutions)

- **It is absolutely necessary to accurately measure all aspects of our business**
- **Economic survival depends on focus on higher yields and lower cost per unit**

Brazil's Soy Frontier at Middle Age (Renato Rasmussen, Brazil economic analyst, Rabobank Guilherme Scheffer, financial risk management director, Grupo Sheffer)

- **Brazil has doubled SB production the last 15 years and now exports more than the US**
- **They have the potential for 3 crops per acre per year—(e.g.: Soybeans, corn, cattle)**
- **Their average cost of SB production now is 7.10**

Bottom-line on 2016 Market Outlook (Darin Newsom, senior analyst/DTN/The Progressive Farmer)

- **The 4 C's (cattle, corn, crude, cotton) have all entered a new paradigm this past year**
- **The markets we are in now will not change till there is some sort of weather disaster somewhere in the world**

Leadership the West Point Way (John Sterling, Lt. General, U.S. Army (Ret.))

- **Be-Know-Do**
- **3 kinds of leadership--Direct, Organizational, Strategies**

Wrap-up/Take-Home Strategies

- **Cash burn rate on corn acres next 3 years could be over \$400/ACRE**
- **Get financials in order**
- **Be a problem solver**
-

Overall, the experience was a bit sobering compared to last few years. Phyllis and I are old enough to remember the 1980s; we feel like this is the next generation learning experience for “Mastering Your Margins” when the going gets tough.

<http://www.hessfamilyfarm.com/>