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EXTENSION

Building Resilient Farms

Farm and Ranch Stress Assistance Network

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January 28, 2023

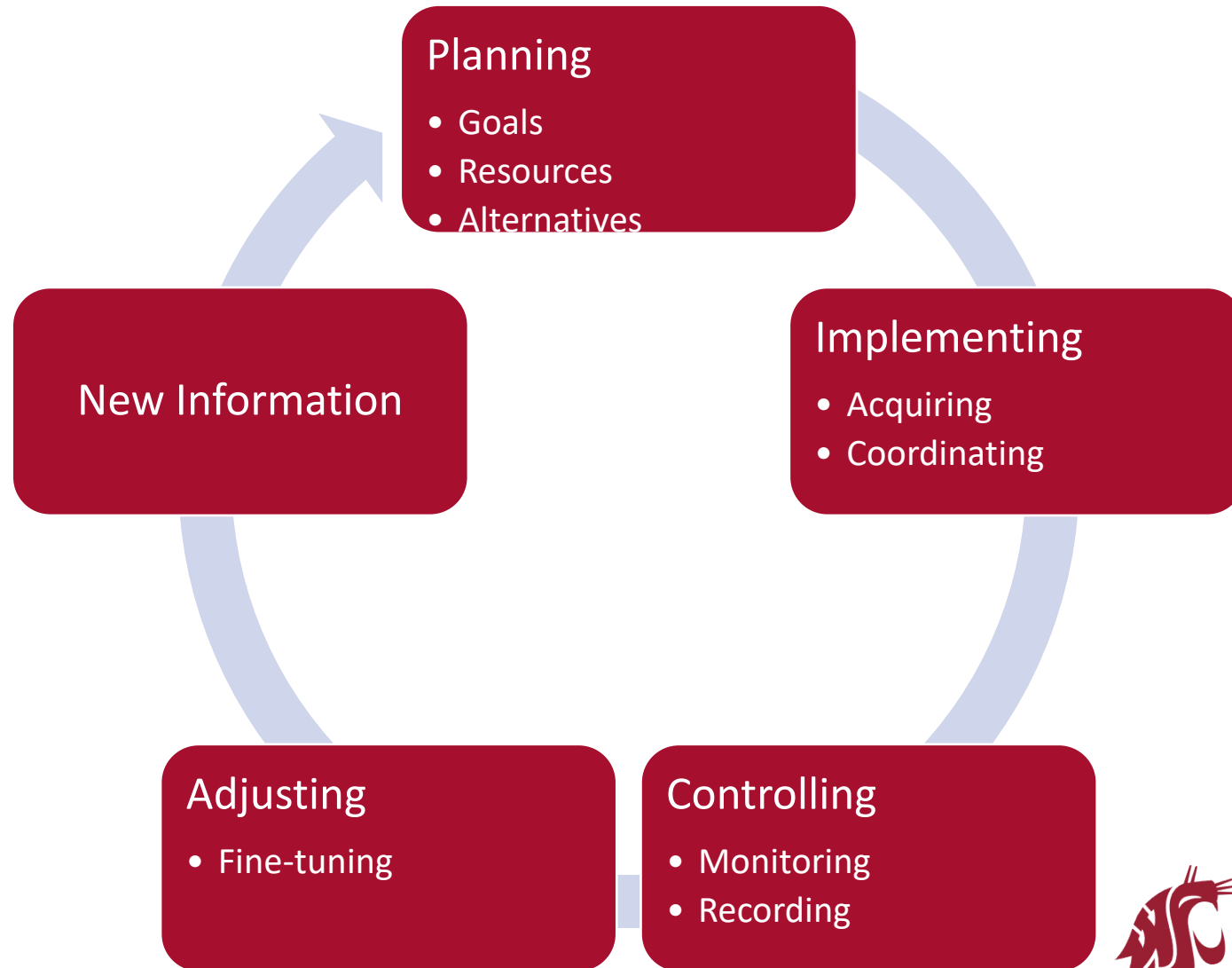


- Today
- Tomorrow
- What You Can Do About It




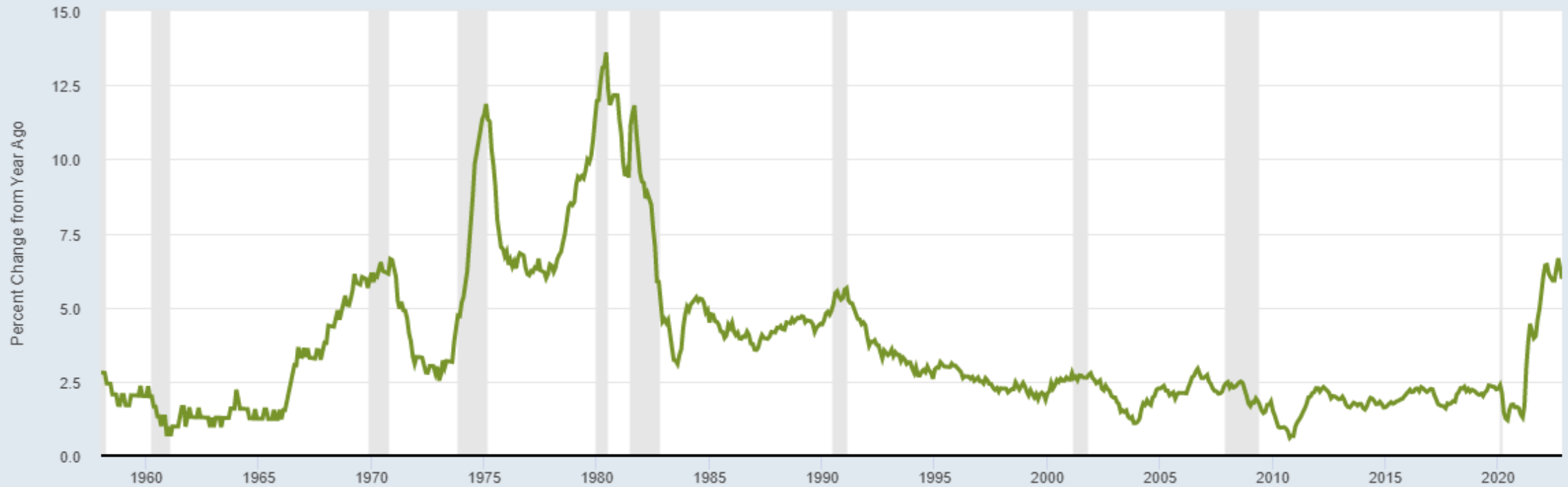
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Management Processes



Inflation - CPI

FRED  — Consumer Price Index for All Urban Consumers: All Items Less Food and Energy in U.S. City Average



Shaded areas indicate U.S. recessions.

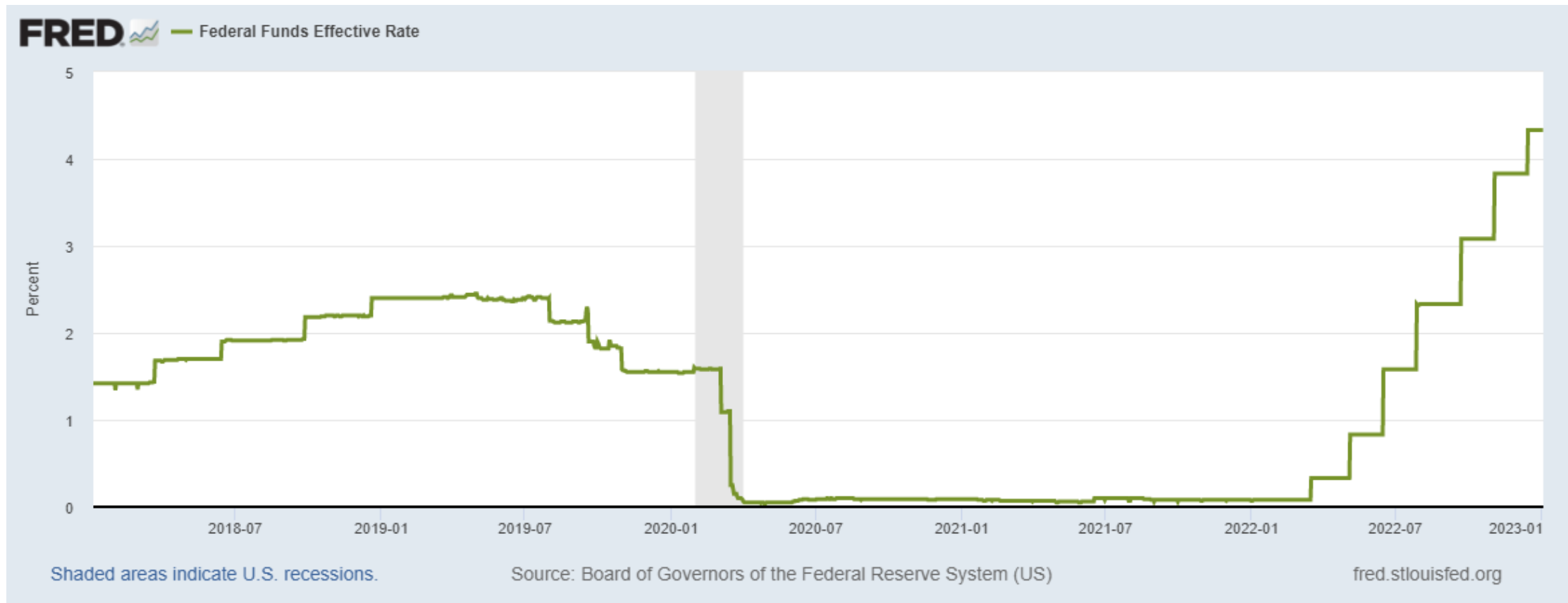
Source: U.S. Bureau of Labor Statistics

fred.stlouisfed.org

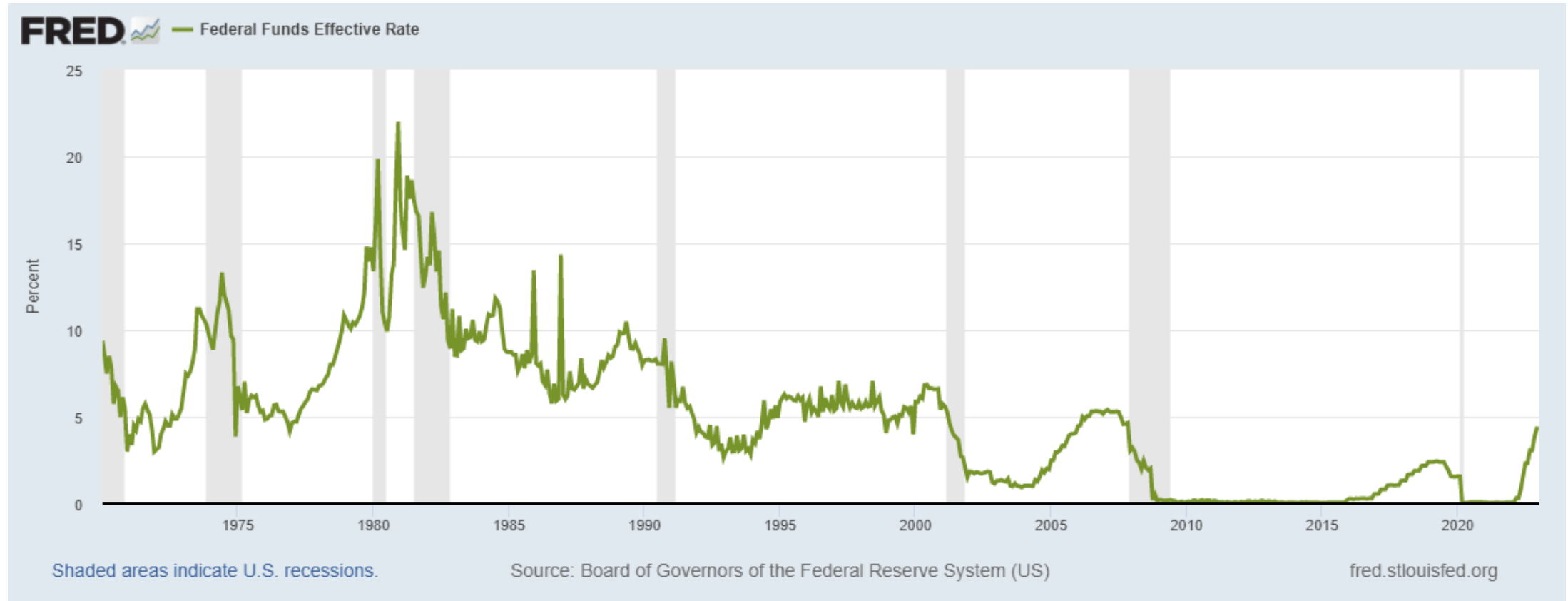


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Interest Rates



Interest Rates – More Context



Just because the economy gets worse doesn't mean the FED will lower interest rates!



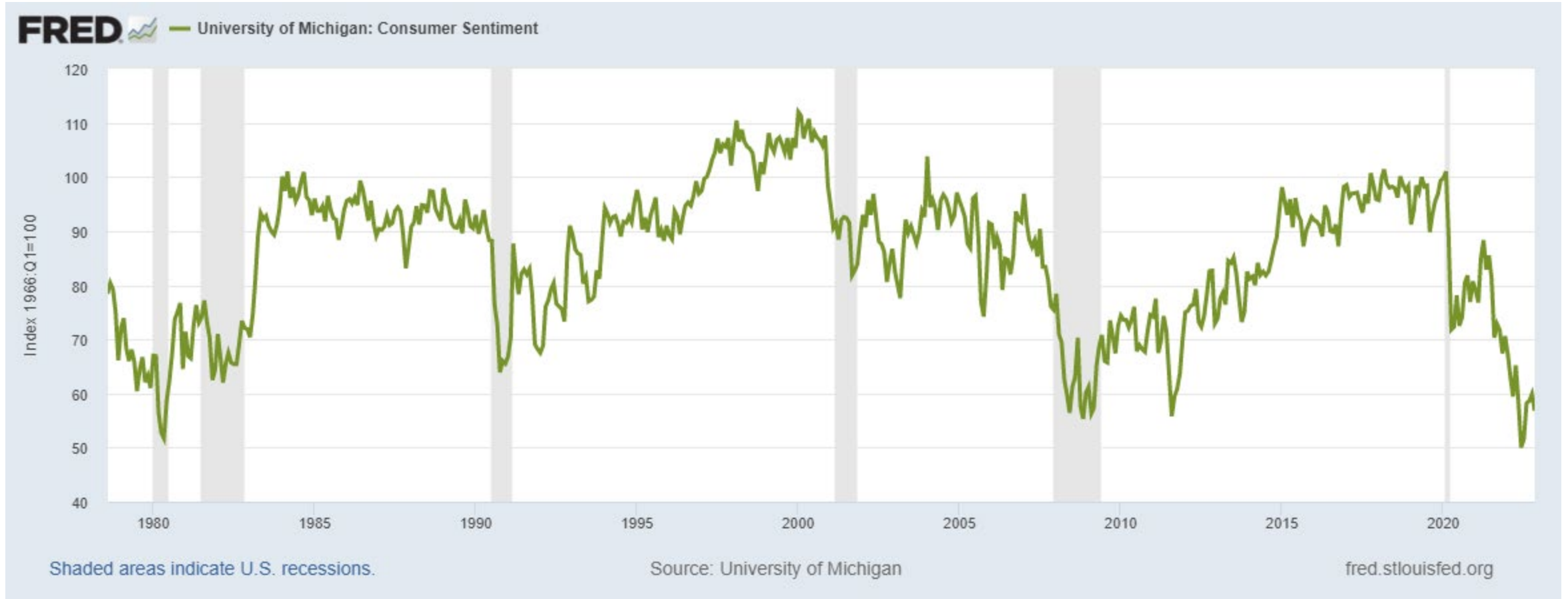
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Interest Rates

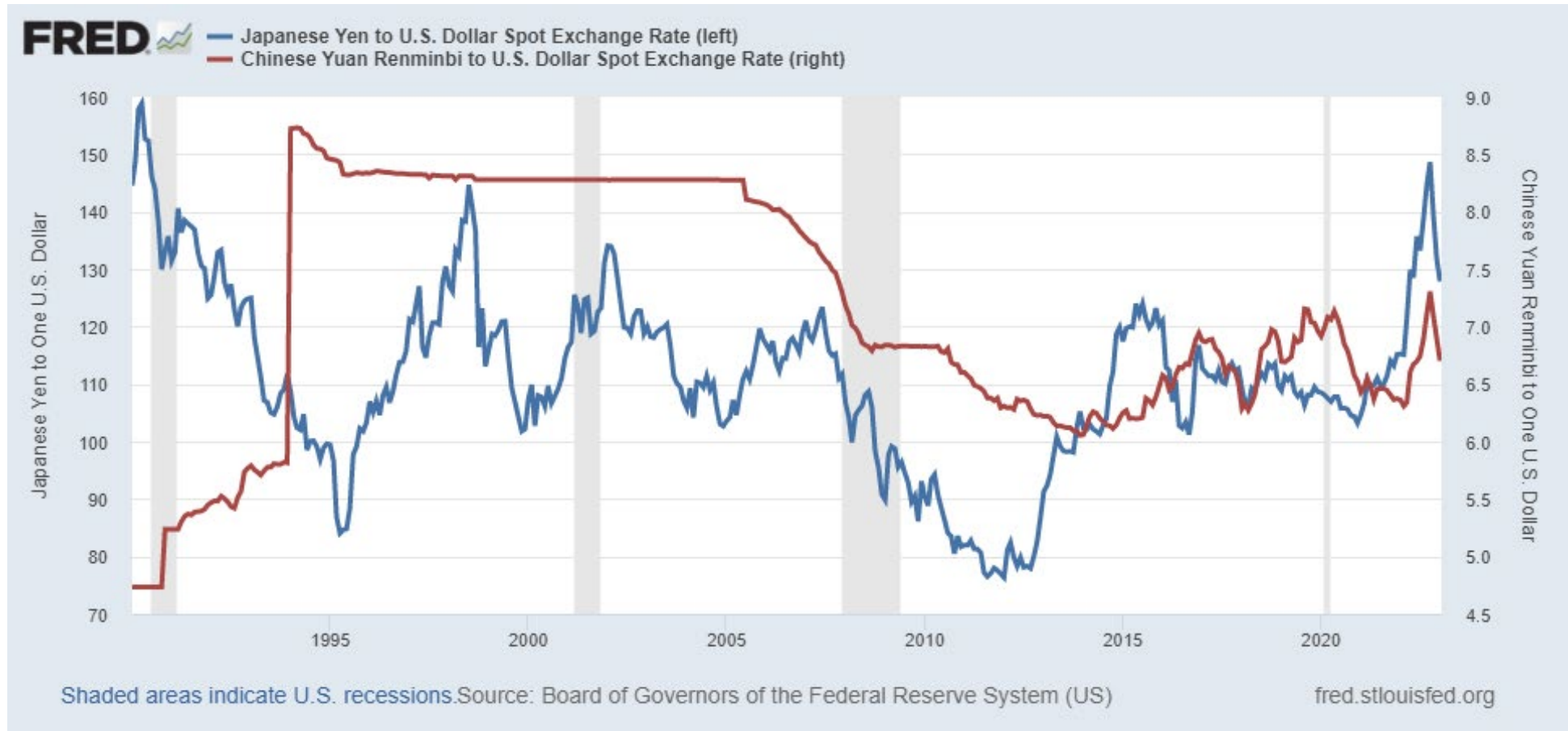


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Consumer Sentiment



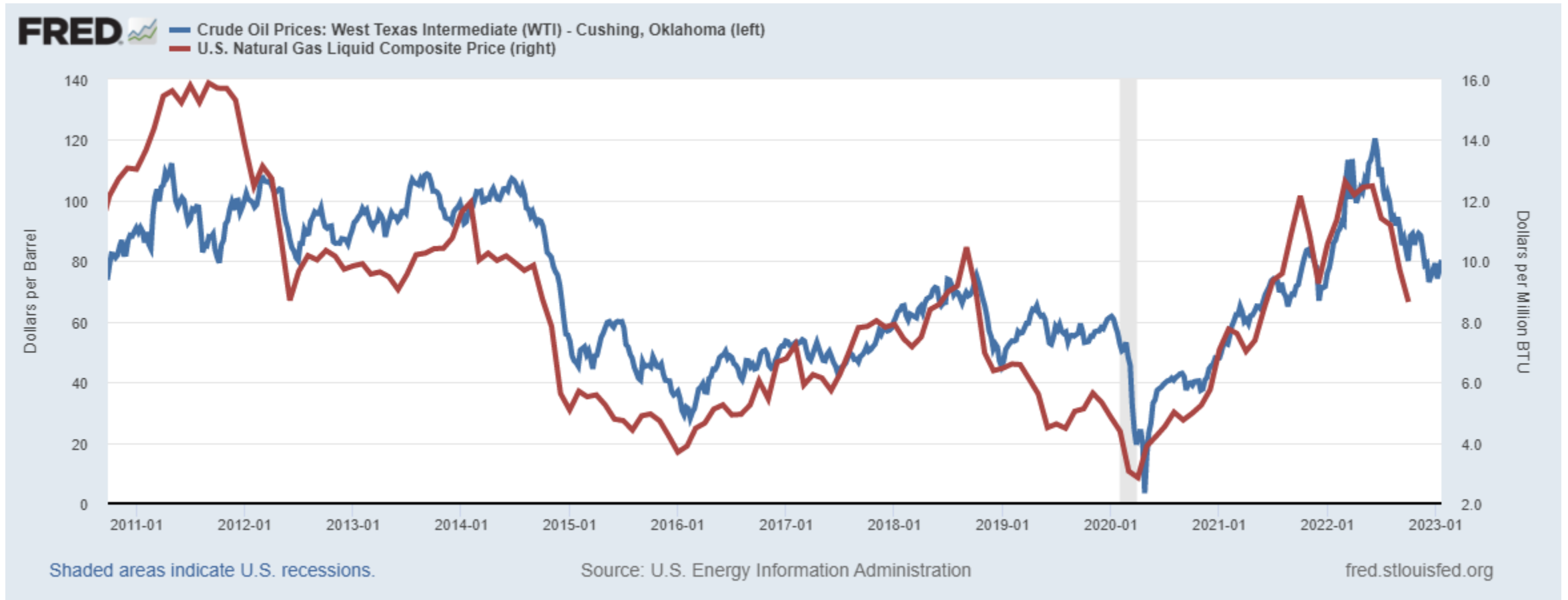
Exchange Rates and Trade



- A stronger dollar provides headwinds to exports
 - Ignoring higher commodity prices, Japanese buyers were paying 33% more



Inputs



Yen Extends Gains to Strongest Since June After BOJ Policy Shift

Swiss central bank posts biggest loss in its 116-year history

PUBLISHED MON, JAN 9 2023•8:13 AM EST | UPDATED MON, JAN 9 2023•10:08 AM EST

China state media warn of two-way volatility for yuan in 2023

 REUTERS | [Forex](#) | 13 minutes ago (Jan 09, 2023 10:25PM ET)



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Income Per Person

Mexico

or

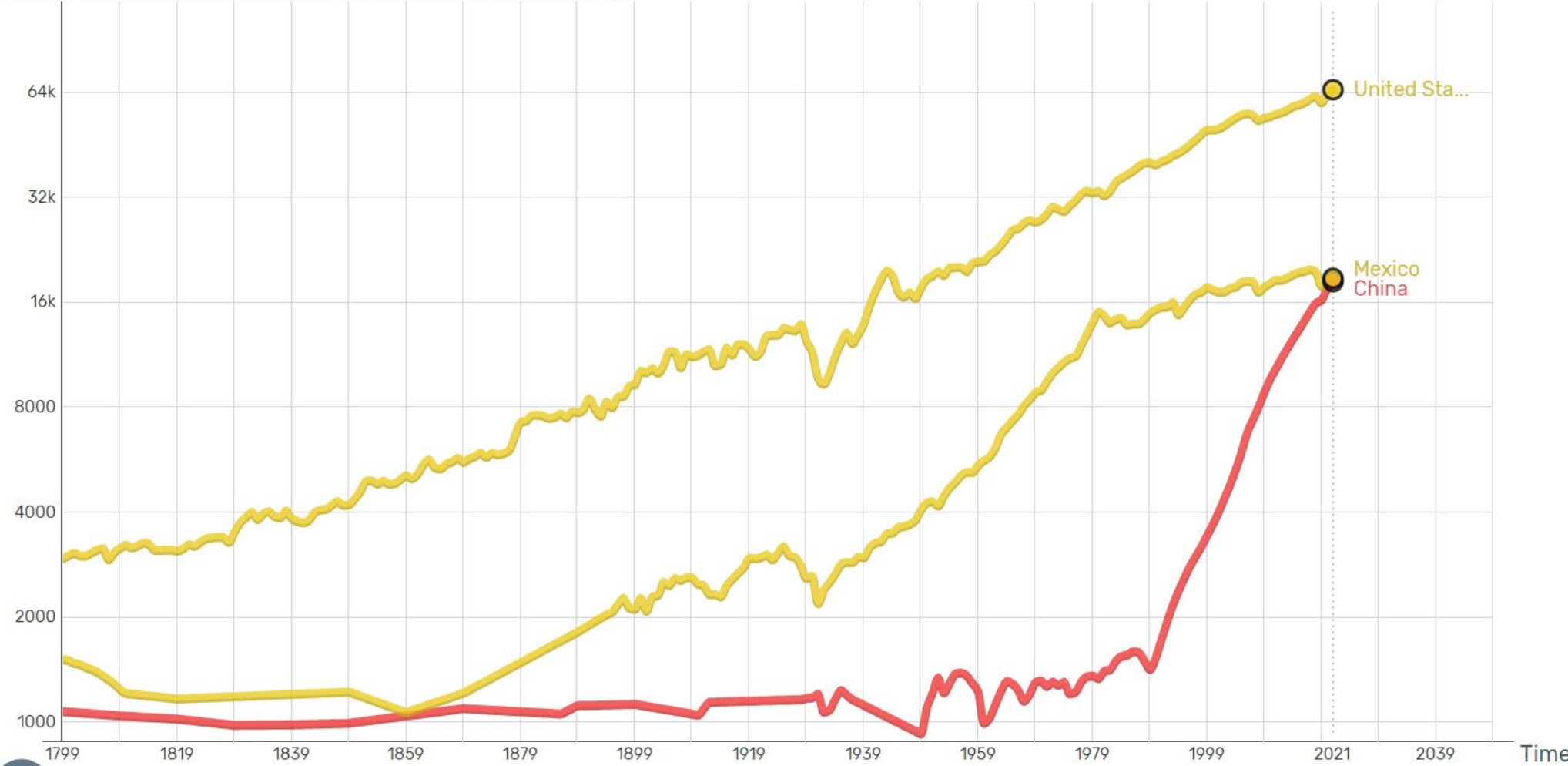
China



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Income Per Person

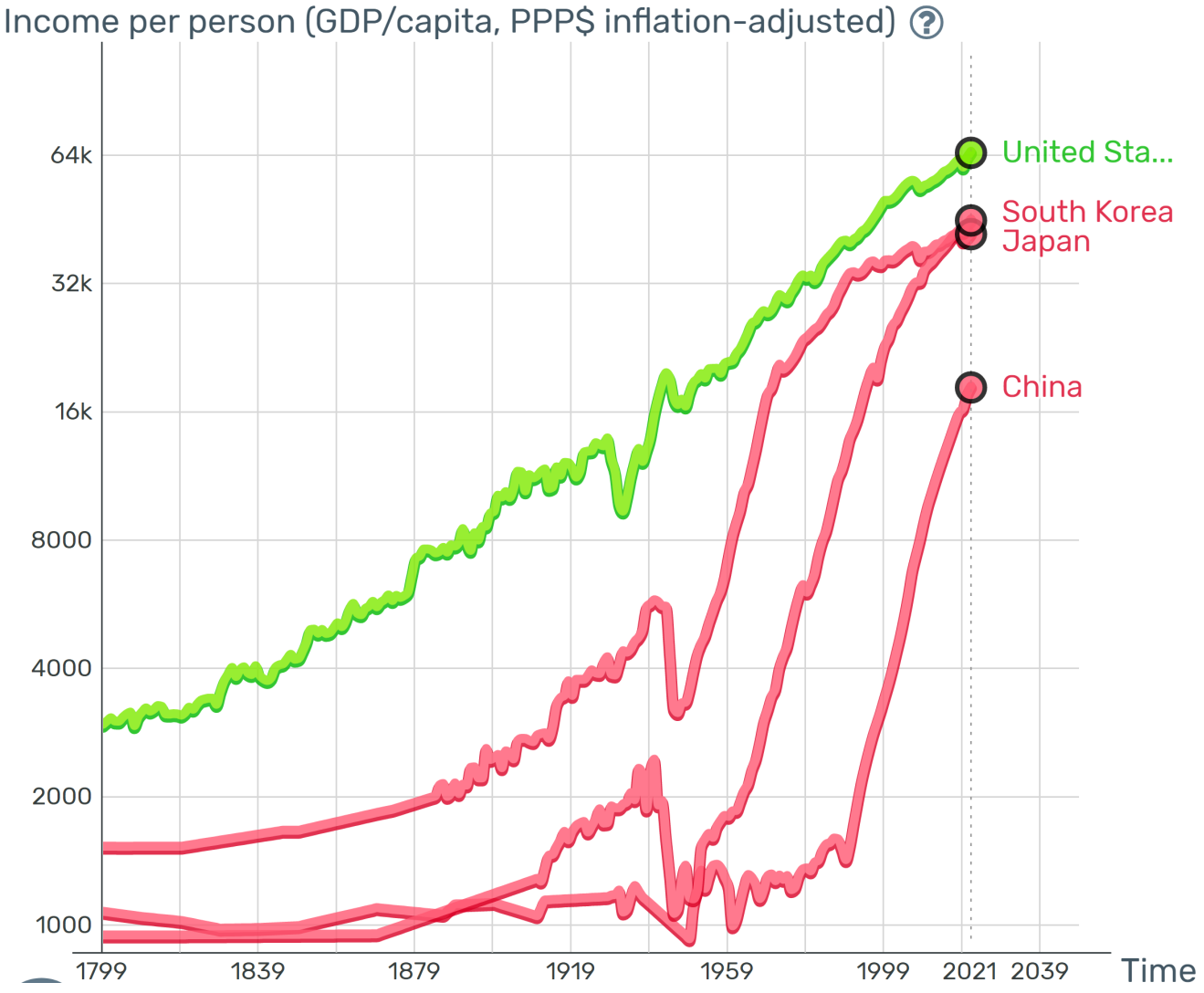
Income per person (GDP/capita, PPP\$ inflation-adjusted) ?



Source: Gap Minder World



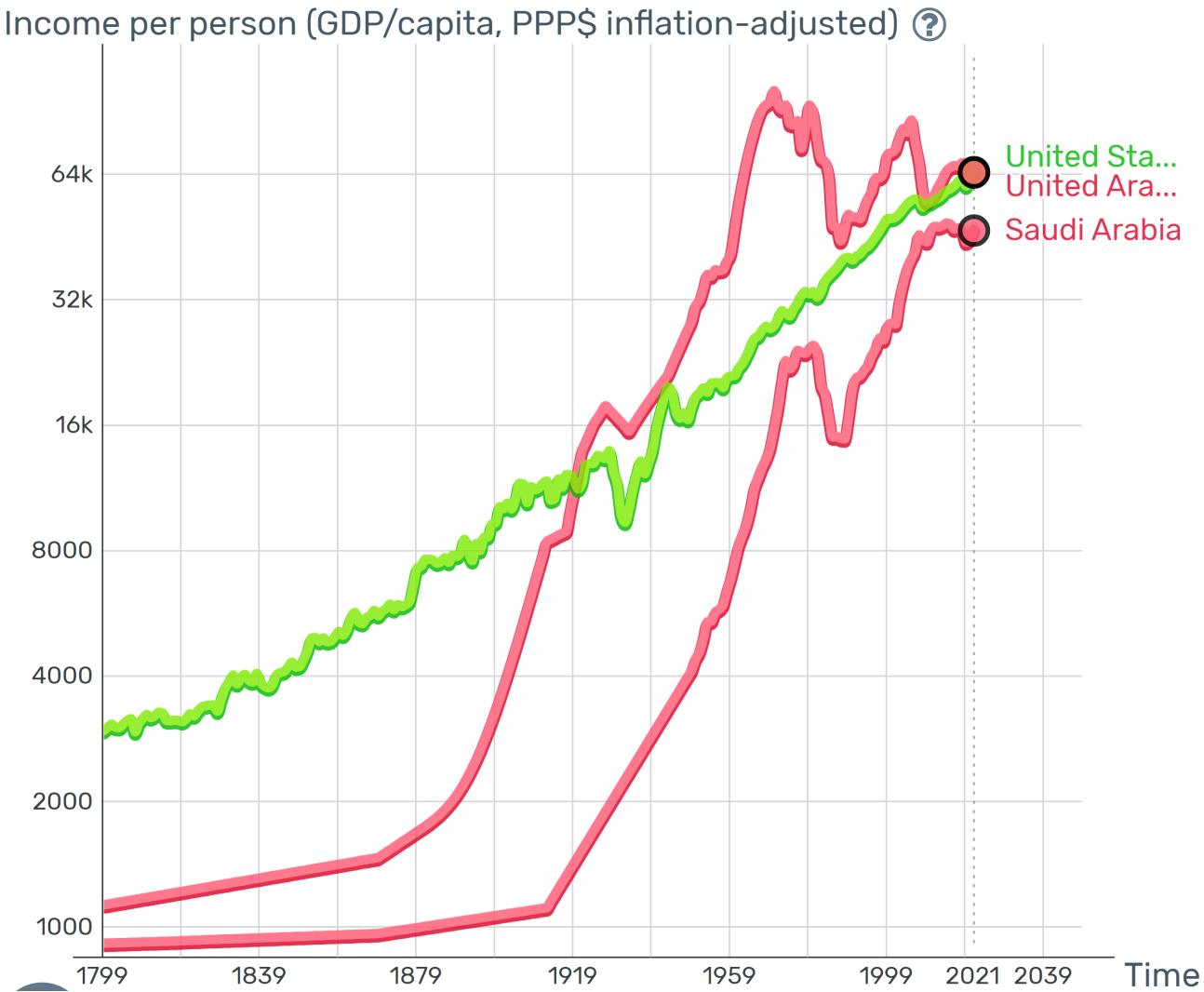
Income Per Person



Source: Gap Minder World



Income Per Person

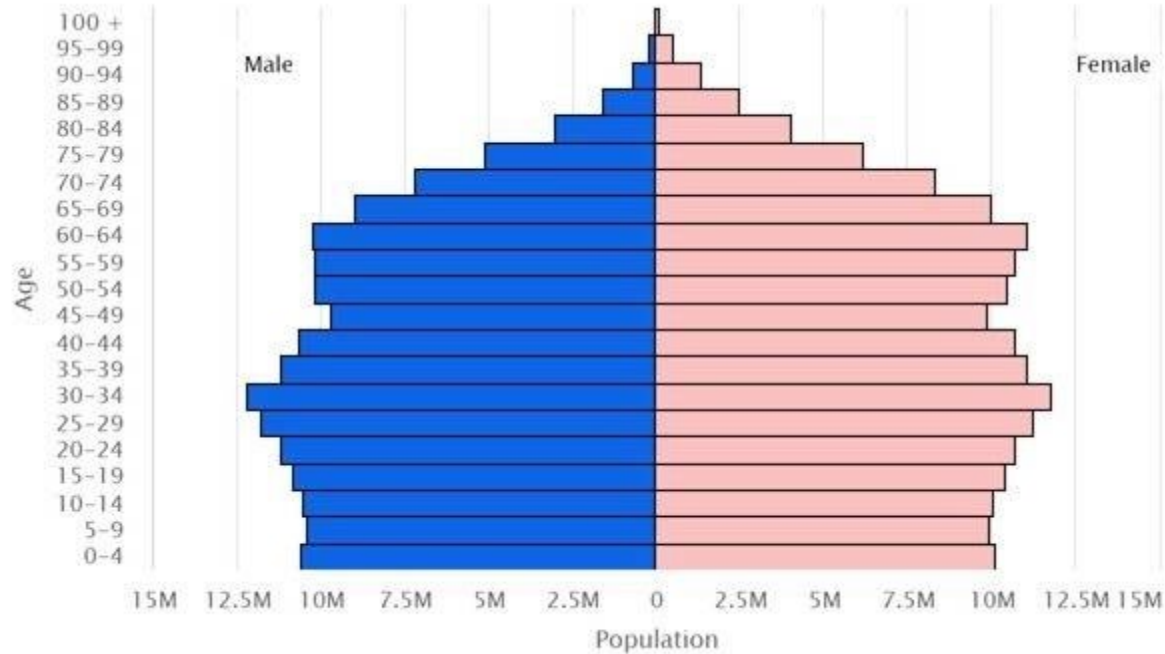


Source: Gap Minder World



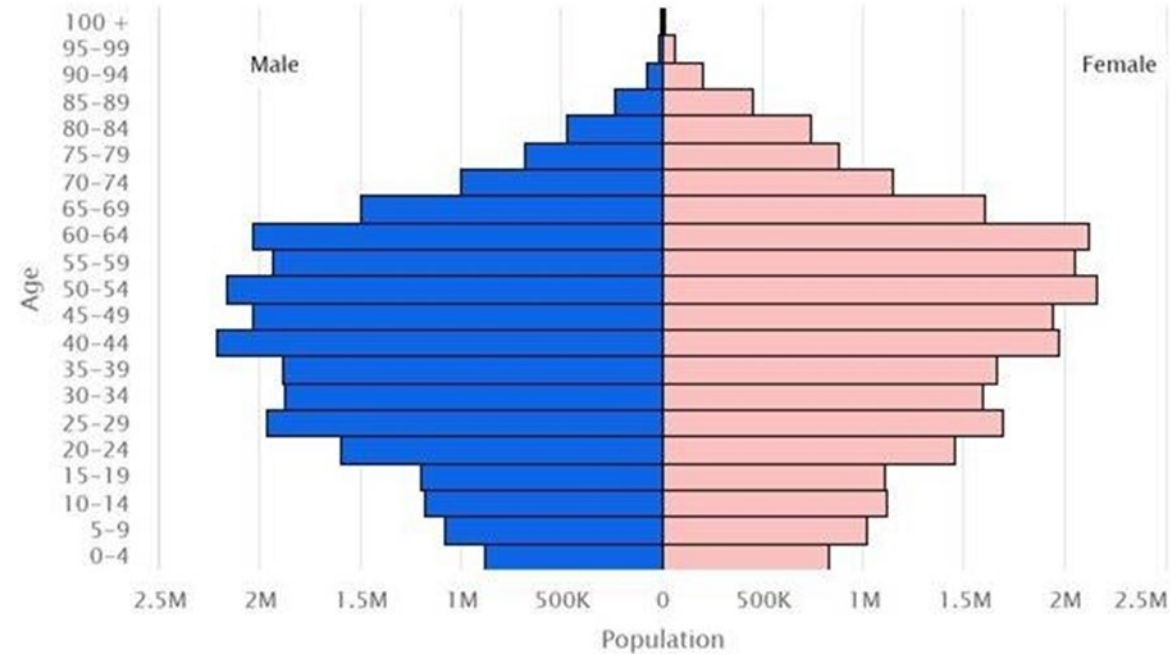
Demographics are Destiny

United States



U.S. Census Bureau, International Database

South Korea



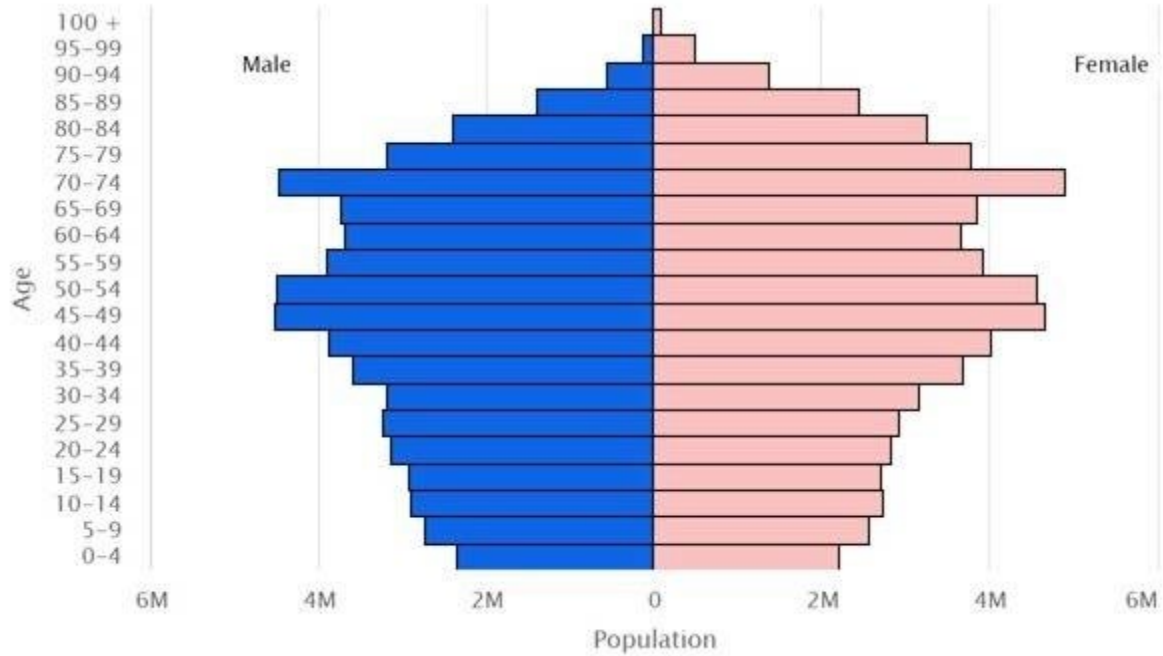
U.S. Census Bureau, International Database



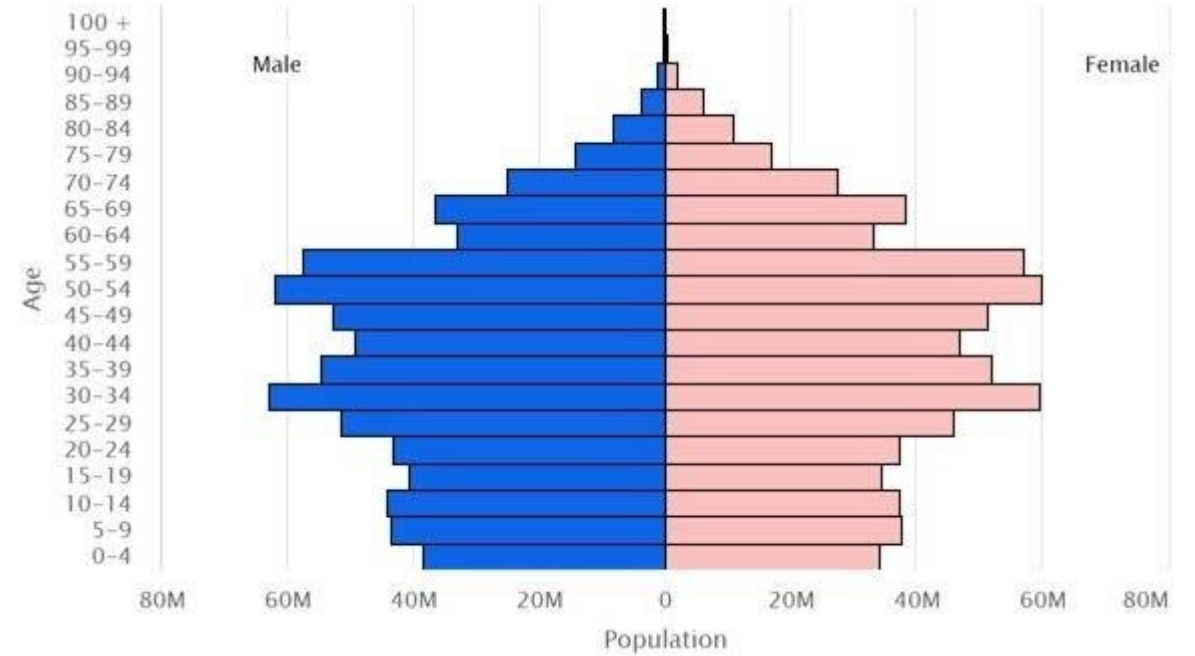
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Demographics are Destiny

Japan

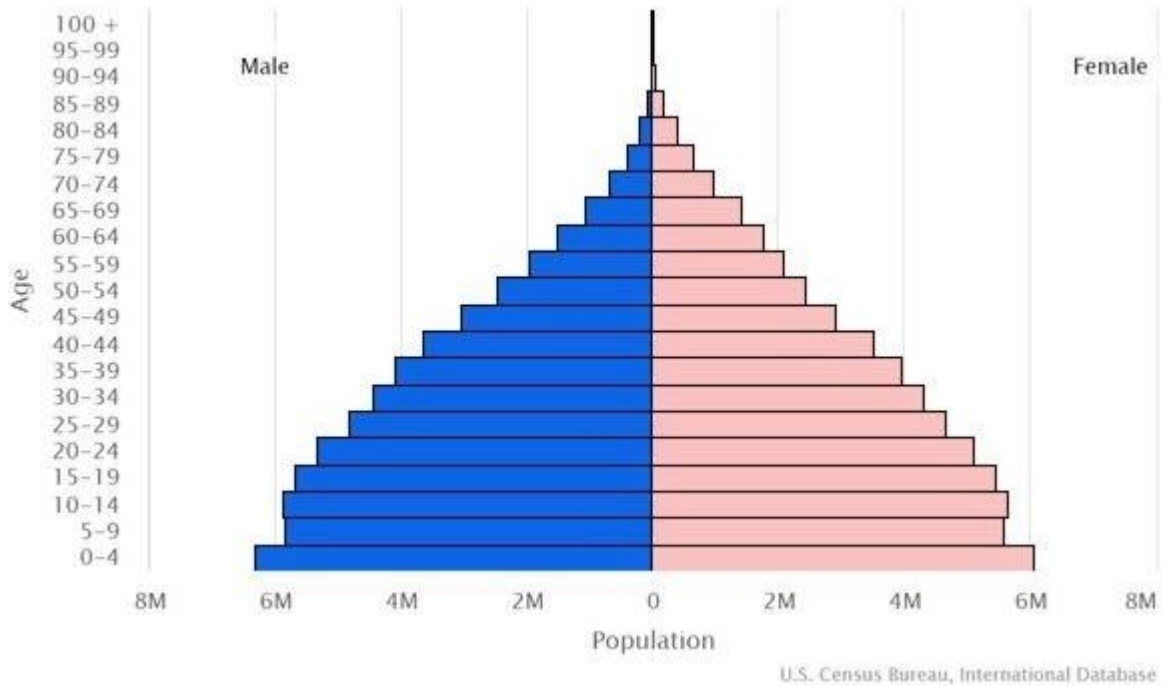


China

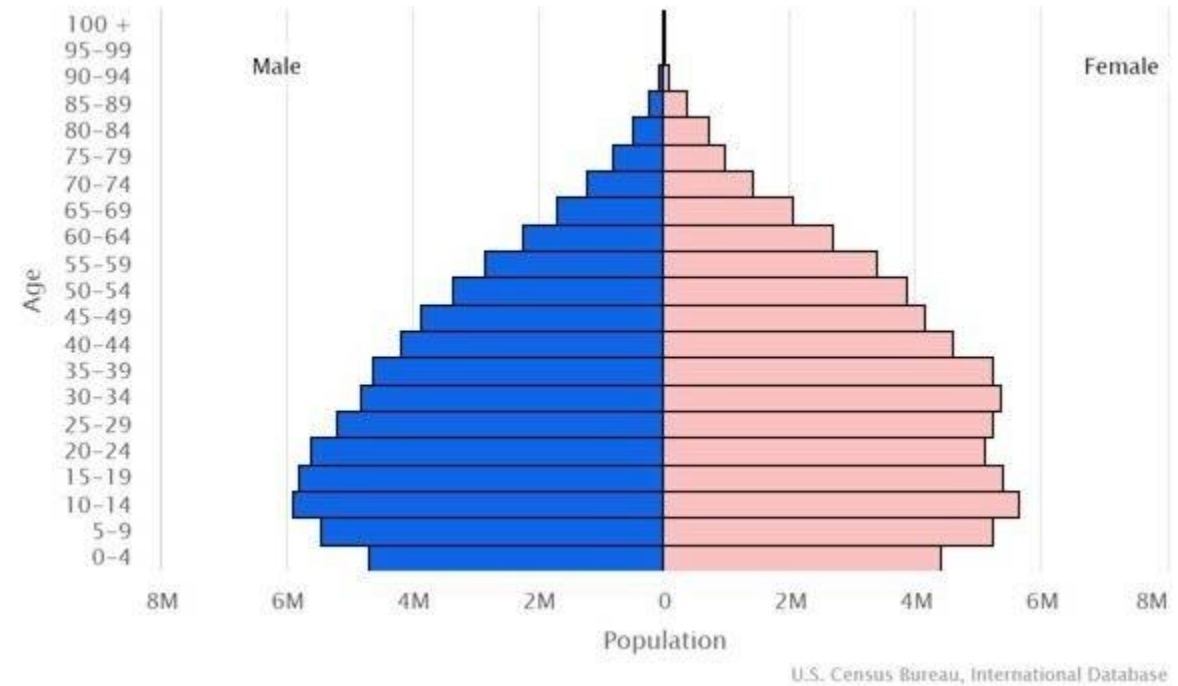


Demographics are Destiny

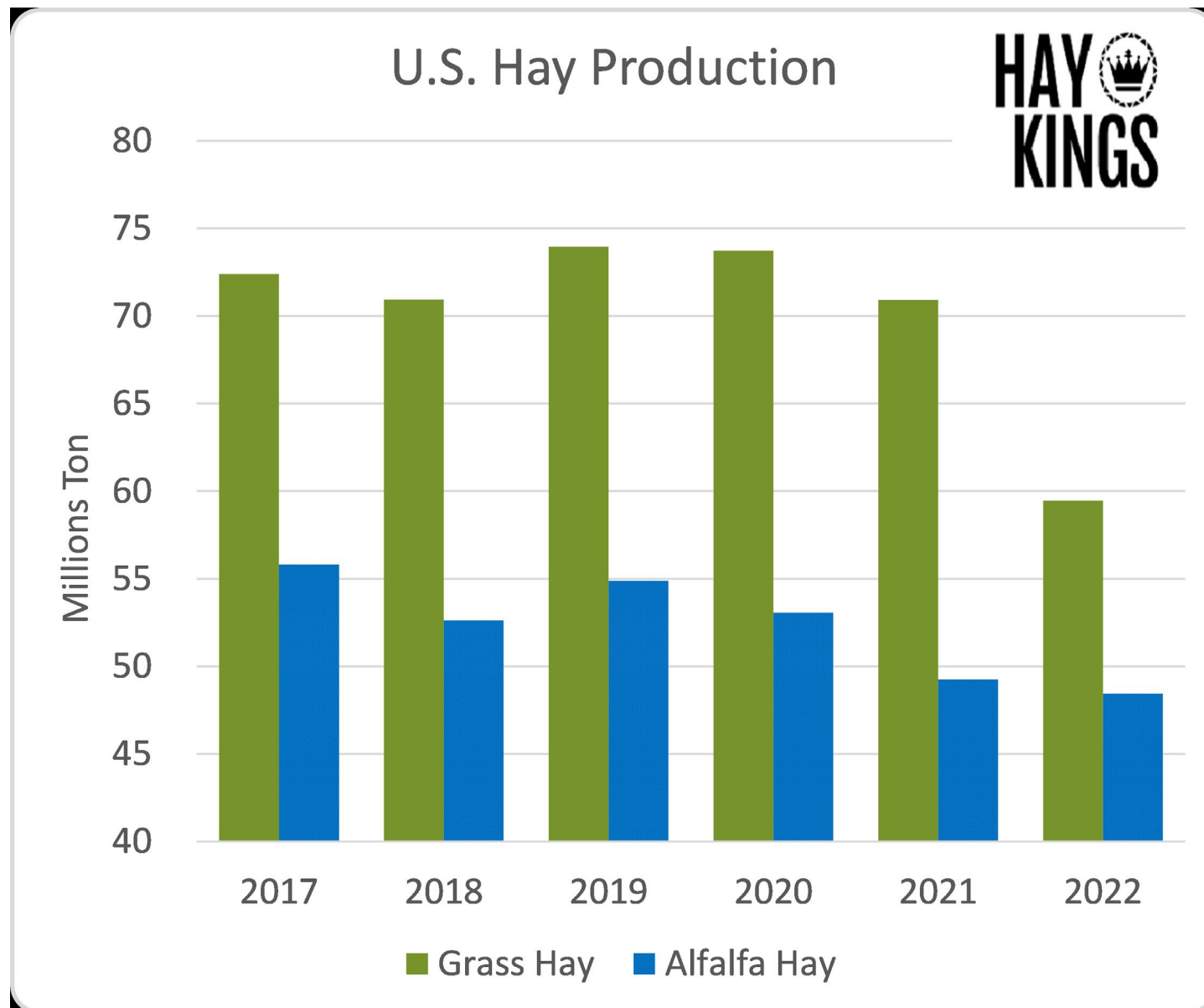
Philippines



Mexico

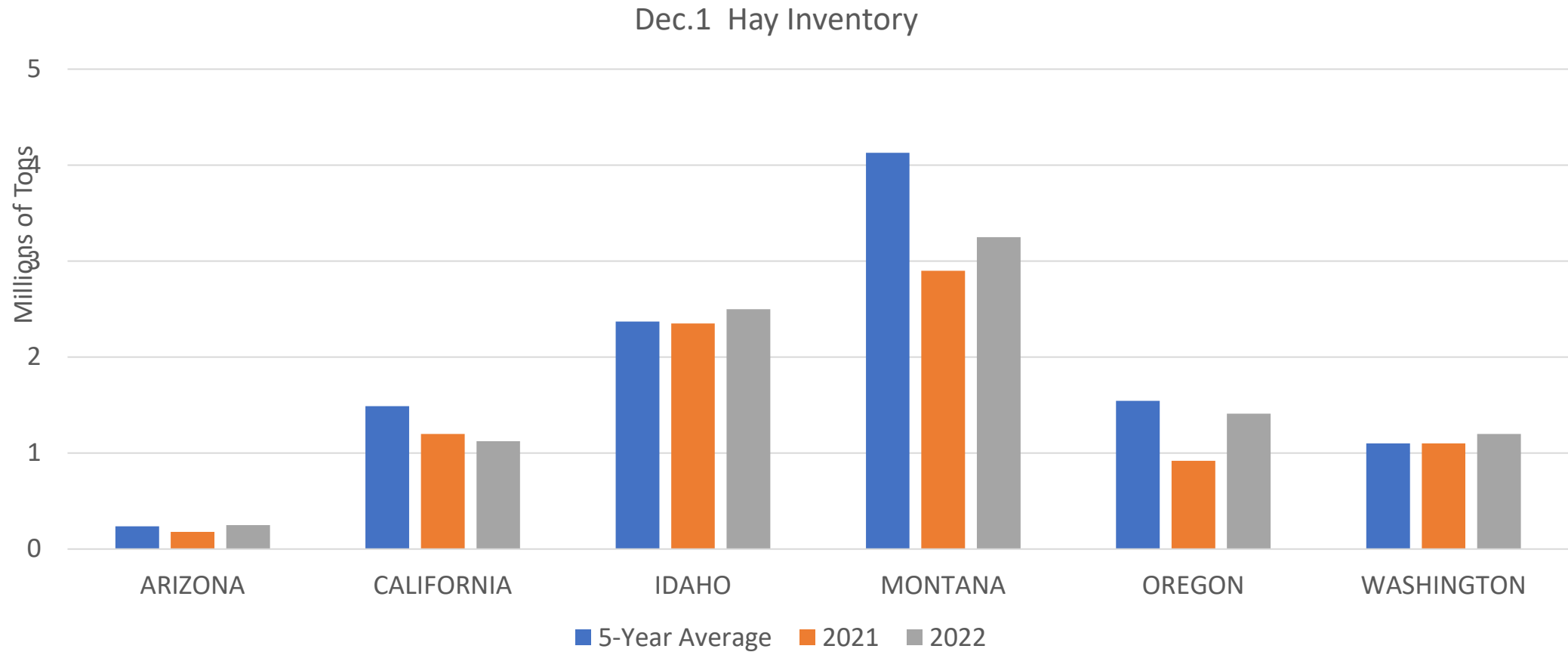


Hay Production



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Hay Inventory - December

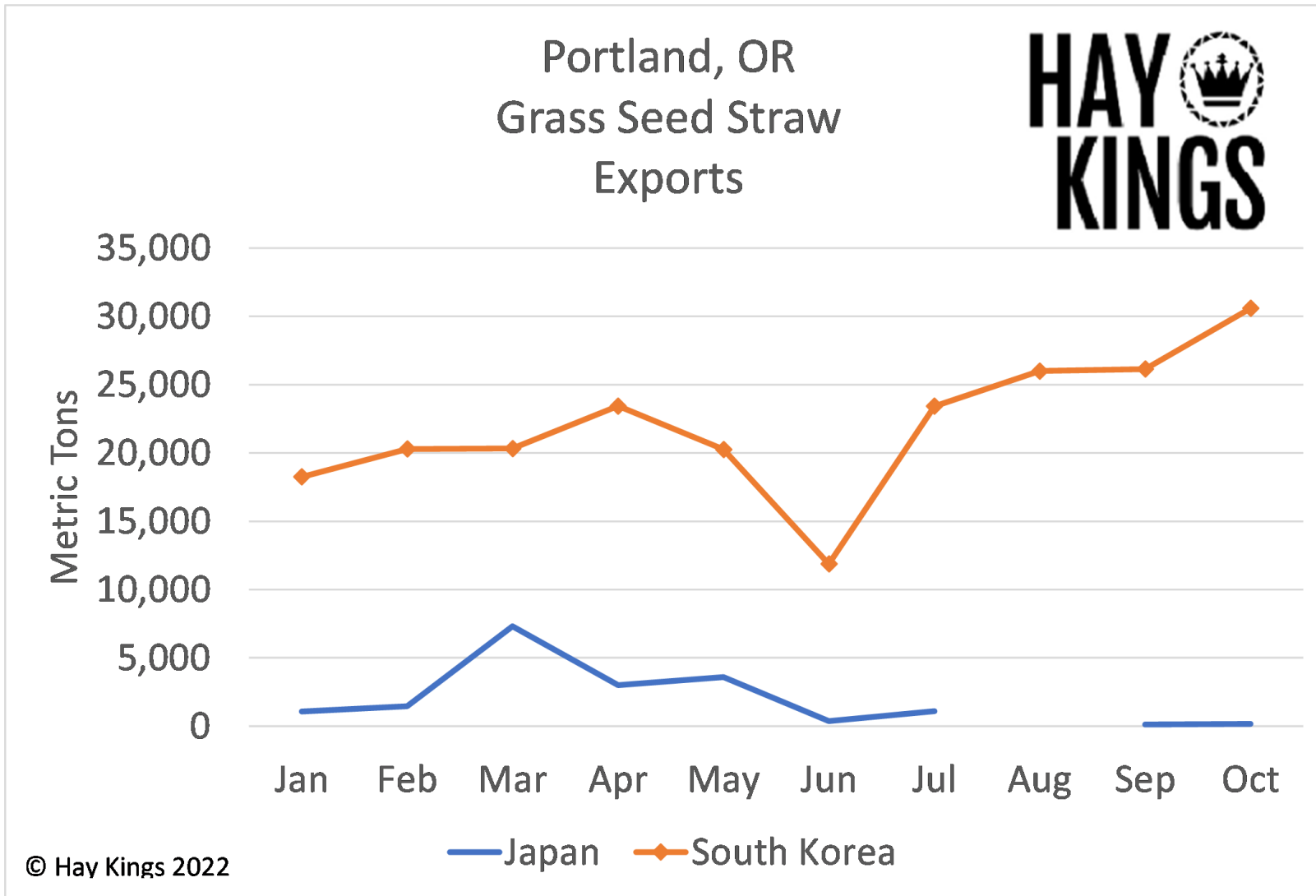


Source: USDA NASS



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Export Demand



Source: US Census Bureau



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Grass Hay Exports

Grass Hay Exports Jan-Nov (Metric Tons)

Country	2019	2020	2021	2022	% Change
Japan	703,575	744,900	757,925	671,165	-11%
South Korea	322,324	299,500	280,061	273,089	-2%
Taiwan	118,866	104,267	114,013	94,319	-17%
United Arab Emirates	49,668	30,172	30,412	20,191	-34%
China	18,143	23,888	41,960	20,268	-52%
Canada	18,161	11,967	14,070	15,503	10%
Other Countries	25,352	19,333	20,189	20,060	-1%
Total	1,256,089	1,234,027	1,258,630	1,114,595	-11%

Source: US Census Bureau



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Alfalfa Hay Exports

Alfalfa Hay Exports Jan-Nov (Metric Tons)

Country	2019	2020	2021	2022	% Change
China	769,722	1,054,731	1,443,740	1,530,183	6%
Japan	611,526	559,032	540,814	480,247	-11%
Saudi Arabia	398,444	275,231	198,495	166,228	-16%
South Korea	217,842	204,624	209,553	181,637	-13%
United Arab Emirates	271,495	143,541	61,857	36,353	-41%
Taiwan	70,566	84,982	92,408	75,876	-18%
Canada	46,276	38,978	27,342	23,211	-15%
Other Countries	36,927	72,231	41,304	54,013	31%
Total	2,422,798	2,433,350	2,615,513	2,547,748	-3%

Source: US Census Bureau



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“In preparing for battle I have always found that plans are useless, but planning is indispensable.”
– Dwight D. Eisenhower



Planning Tools

A horizontal rectangular bar with a green-to-teal gradient background. The word "AgPLAN" is centered in white, bold, sans-serif font.

AgPLAN

Agplan.umn.edu



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Business Planning

- Bank Accounts
 - Lines of Credit
- Advisors
 - Loan Officer
 - Investments
 - Legal
 - Tax Prep and Accounting
- Employees
- Insurance
 - P&C
 - Crop Insurance
- Local Contacts
 - Fuel
 - Hydraulics Repair
 - Construction

“Write it down”

-Jon Paul Driver



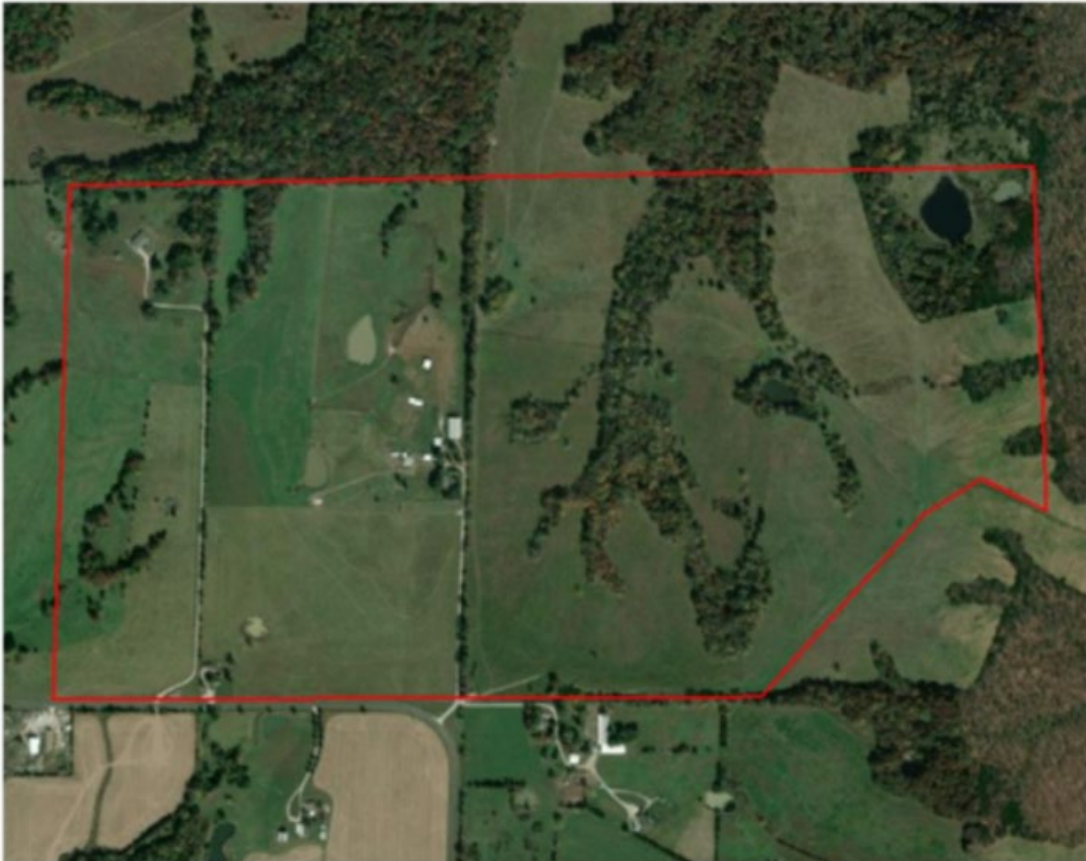
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Business Planning - Land

Home place 260 acres (200 acres pasture/hay and 60 acres wooded)

Home Place – 260 acres

Assessment Area Map



- List out fields
 - Use the names you always use
- Attach written agreements
 - Consider land leased out and land leased for you to use
 - Consider farming and grazing
 - Consider hunting/mineral rights
- Mineral rights
- Water rights!!!!



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Business Planning - Livestock



- Head count
- Grazing management
- Veterinarian
- Vaccination protocols
- Feed
- Feeding and watering
- Breeding
- Marketing



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Business Planning - Crops



- USDA Programs
- Seed Supplier
- Crop Consultant
- Inputs
- Customer Work Contracts
- Crop Insurance
- Location of Stored Grain
- Marketing



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Business Planning - Equipment



- Inventory
- Payment Information
- Warranties
- Mechanic Information
- Repair Services



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What to Plan?

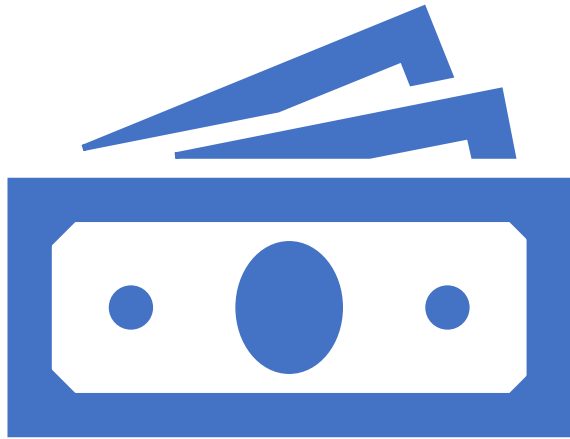
Cashflow



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- **“Never take your eyes off the cash flow because it’s the lifeblood of business.”**
—*Sir Richard Branson*
- **“Cash rules everything around me... dollar dollar bill, yo.”**
—*Wu-Tang Clan*
- **“If I had to run a company on three measures, those measures would be customer satisfaction, employee satisfaction, and cash flow.”**
—*Jack Welch, Former General Electric CEO*





- **“There is really only one way to address cash flow crunches, and it’s planning so you can prevent them in advance.”**
—*Elaine Pofeldt*



What to Plan?

- When will you need to borrow money?
- Will cash be converted to equity?
- Will cash reserves increase/decrease?
- What does cash cost?



More Planning Tools

- Crop Budgets
 - <https://www.uidaho.edu/cals/idaho-agbiz/resources/tools>
 - Crop Budget Worksheet
 - Livestock Budget Worksheet
- Balance Sheet
 - <https://www.canr.msu.edu/resources/farm-balance-sheet-template>



For more information or help.

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