

## A Follow-up to Farm Financial Skills for Kansas Women in Agriculture: Addressing Concerns Among COVID-19



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## Housekeeping

- Keep Microphones muted and cameras off
- Type questions in the “chat”
- Will have approximately 45 minutes of presentation and then open time for questions



Type your questions by clicking here

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## Life has changed...

Jan/Feb. 2020



Now...



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## High Anxiety Times...

- Already challenging economic time in agriculture
- COVID-19 added uncertainty in many areas
- Market volatility – agriculture, stocks, oil, metals

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## Black Swan

A black swan is an unpredictable event that is beyond what is normally expected of a situation and has potentially severe consequences. Black swan events are characterized by their extreme rarity, their severe impact, and the widespread insistence they were obvious in hindsight.

### KEY TAKEAWAYS

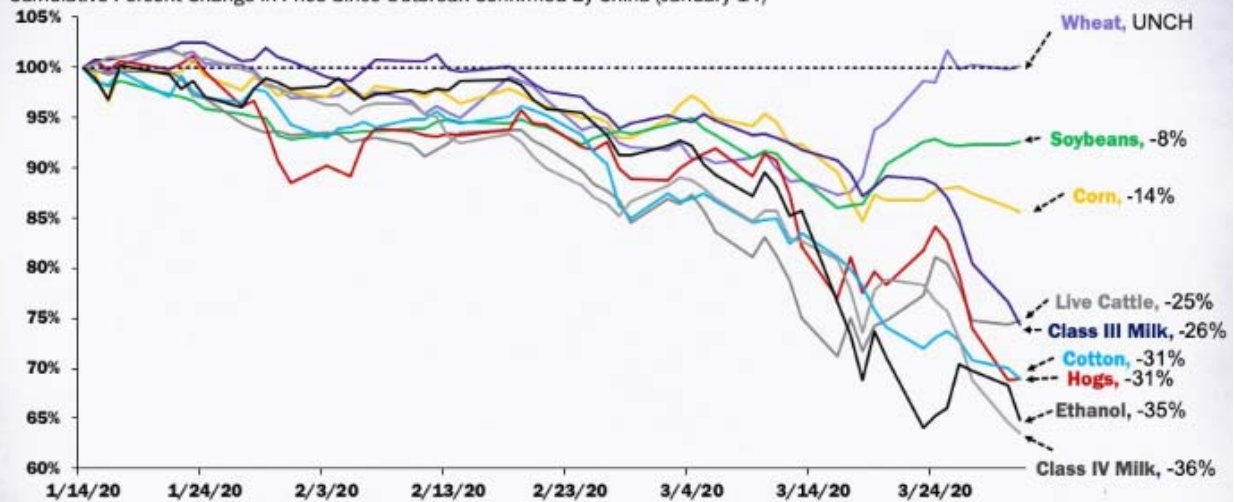
- A black swan is an extremely rare event with severe consequences. It cannot be predicted beforehand, though many claim it should be predictable after the fact.
- Black swan events can cause catastrophic damage to an economy, and because they cannot be predicted, can only be prepared for by building robust systems.
- Reliance on standard forecasting tools can both fail to predict and potentially increase vulnerability to black swans by propagating risk and offering false security.

<https://www.investopedia.com/>

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## Impact of COVID-19 on U.S. Commodity Futures Prices

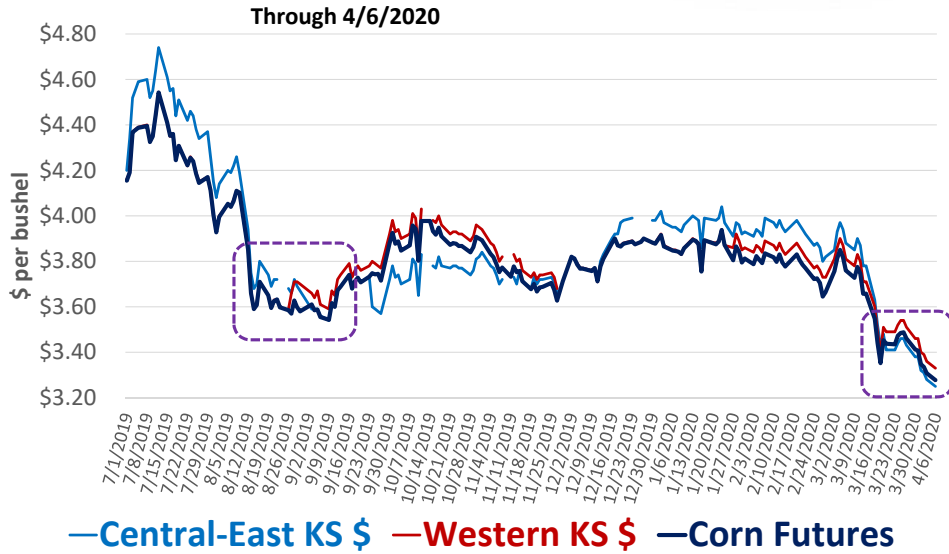
Cumulative Percent Change in Price Since Outbreak Confirmed By China (January 14)



**AFB**  
AMERICAN FARM BUREAU FEDERATION®

Source: Barchart, Farm Bureau Compilations

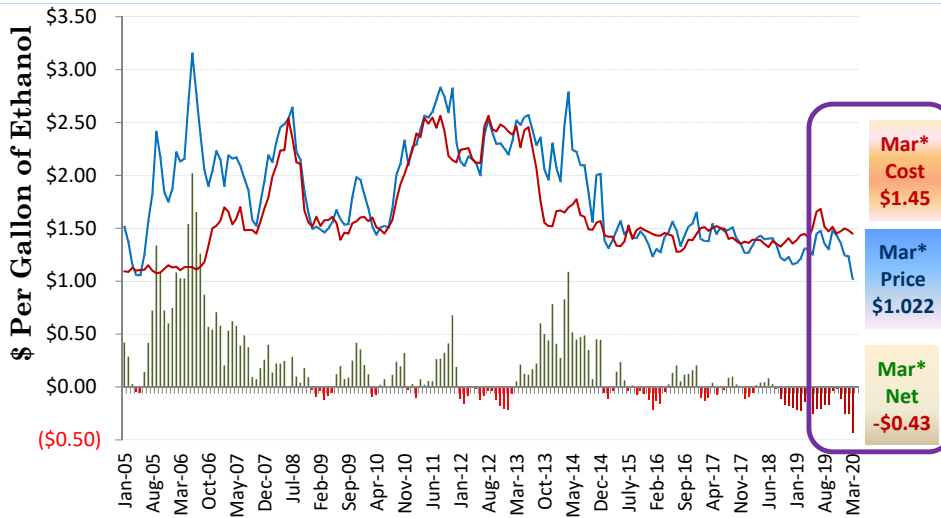
# Corn Futures & Cash \$'s – Top Cash Prices in KS



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# Ethanol Price, Cost & Profits

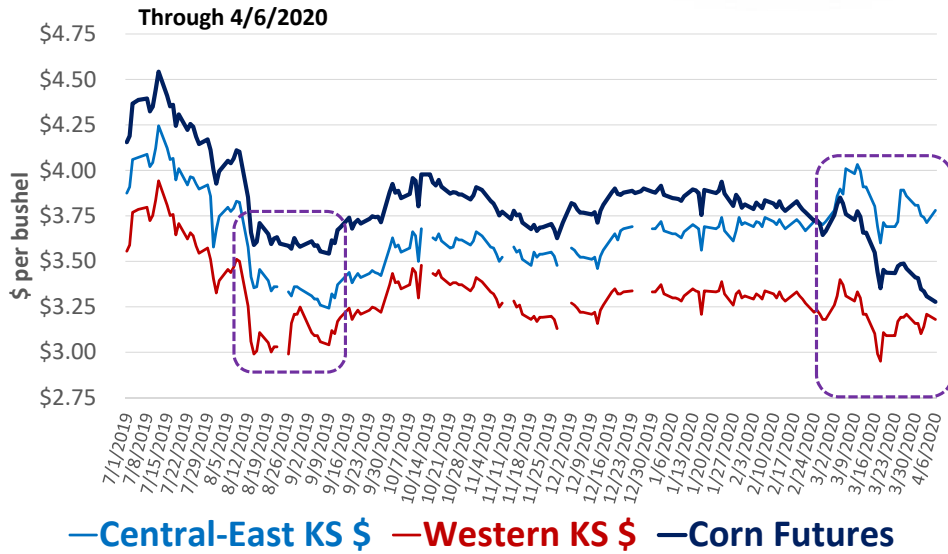
ISU Ethanol Plant Model (January 2005 – March 30, 2020)



■ Profit-Loss \$/gal — Ethanol \$/gal — Ethanol Breakeven \$/gal

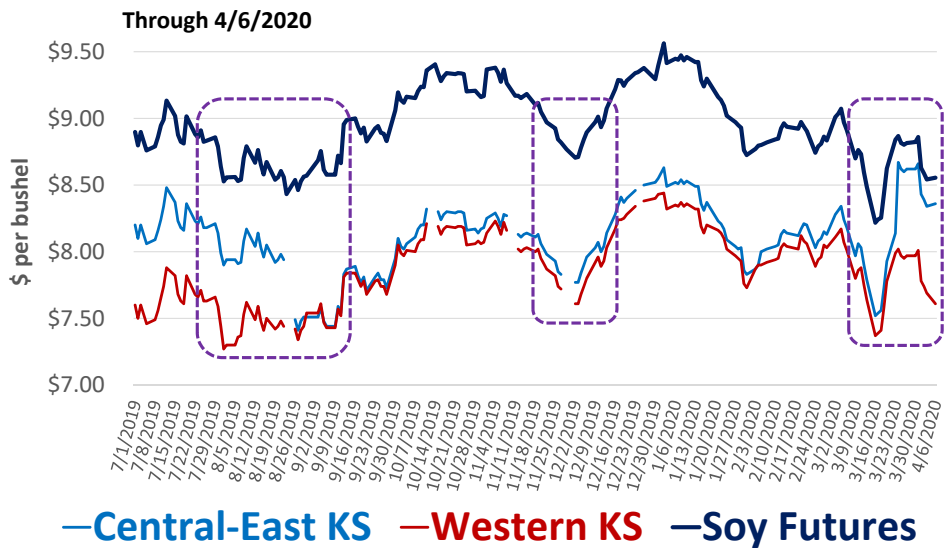
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## Corn Futures & Sorghum Cash \$'s – Top KS \$'s



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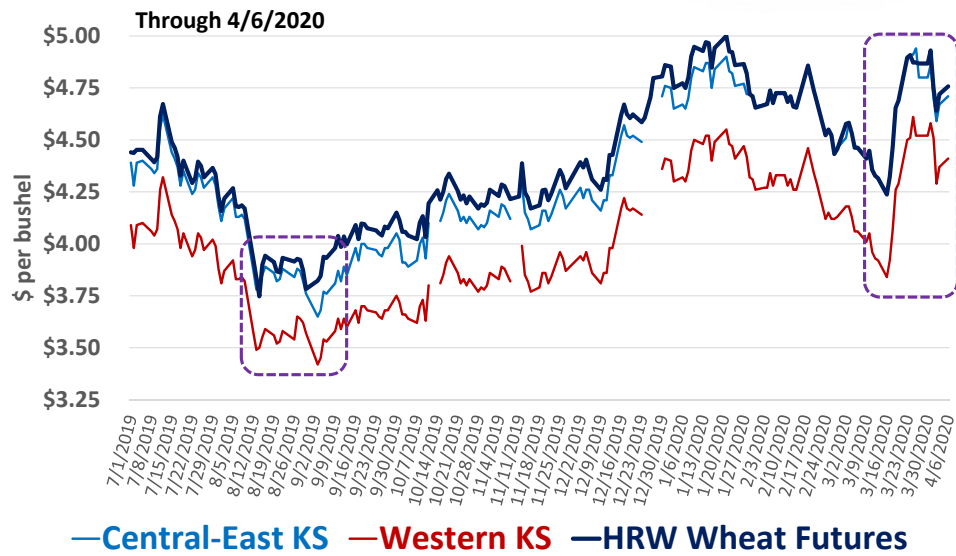
## Soybean Futures & Cash \$'s – Top KS Prices by area



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USDA Central Kansas Terminal and Processor Daily Grain Report  
USDA Western Kansas Grain Markets Report

## KS HRW Wheat Futures & KS Cash \$'s



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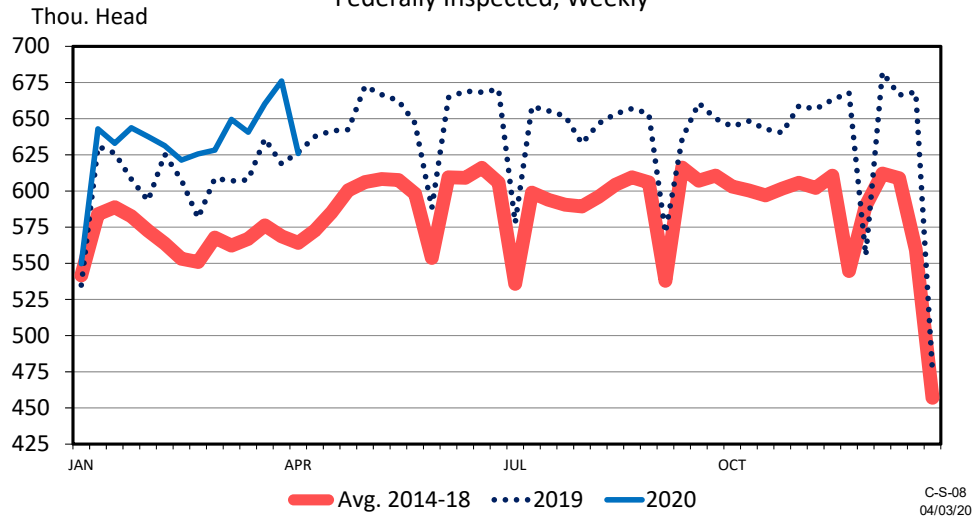
## Other Considerations

- Input costs: Fertilizer, Chemicals, Seed
- Consumer food demand changing (retail beef, milk dumping)

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### CATTLE SLAUGHTER Federally Inspected, Weekly



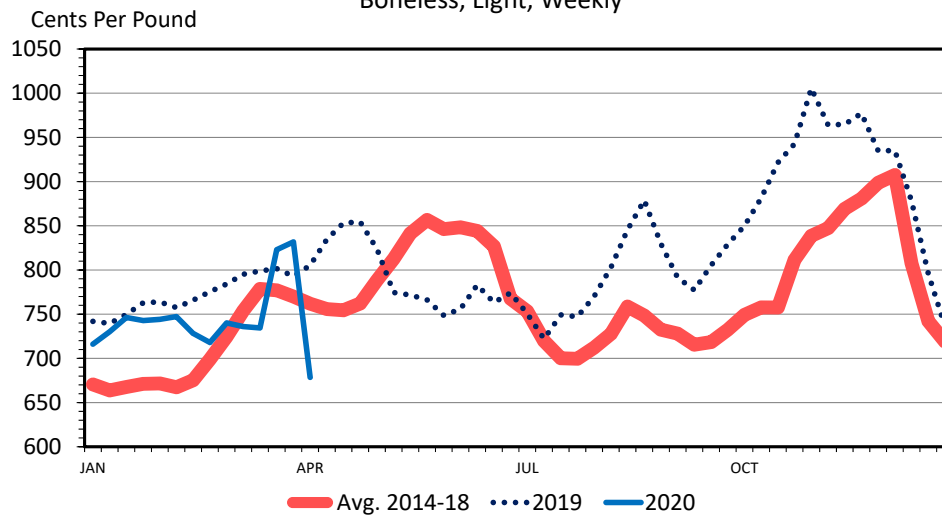
C-S-08  
04/03/20



Data Source: USDA-AMS & USDA-NASS  
Livestock Marketing Information Center



### WHOLESALE BEEF RIBEYE PRICES Boneless, Light, Weekly



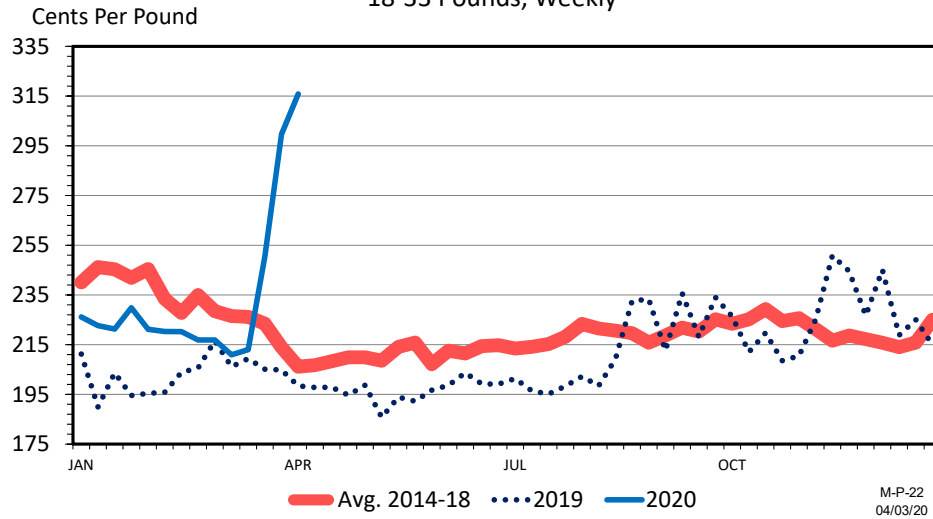
Data Source: USDA-AMS  
Livestock Marketing Information Center

M-P-21  
04/03/20



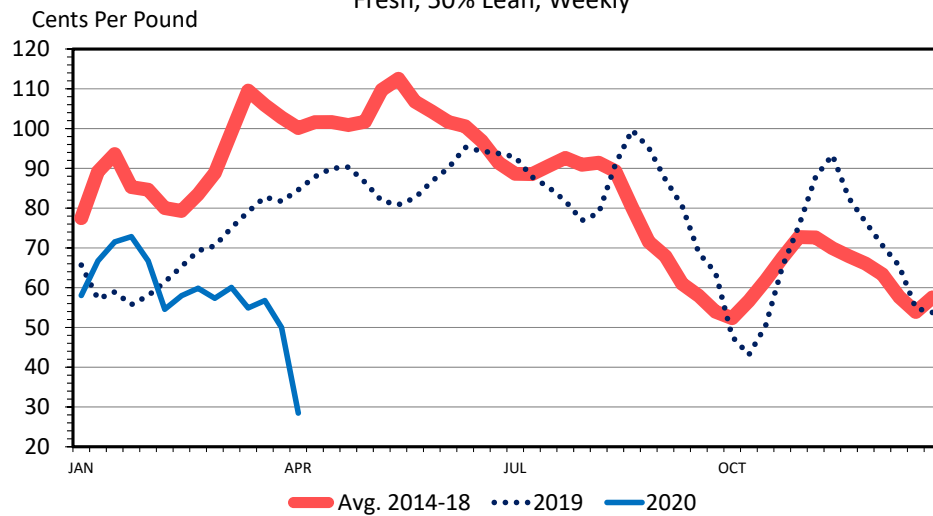
## WHOLESALE BEEF BOTTOM ROUND PRICES

18-33 Pounds, Weekly



## WHOLESALE BONELESS BEEF PRICES

Fresh, 50% Lean, Weekly







## CARES Act

- 2.2 Trillion (largest relief package in U.S. history)
  - 9.5 billion in direct relief to agriculture-livestock, dairy, specialty crops
  - 14 billion to Commodity Credit Corporation for funds spent previously, new support (MFP payment)???
- Farm Bill program payments made in October
- USDA-FSA loans extending deadlines and relaxing some provisions of the loan process



## When plans change...

- Acknowledge this is uncomfortable and grieve the change
- Stay the course and follow your plan
- Continue to look at your farm financials



## Consult with Key Advisors

Don't bear all the weight of these decisions by yourself. Talk to:

- Business Partners
  - In many family farms, this is your family members
- Lenders
- Broker/Marketing Advisor
- Ag Retailers
- Others



## When it feels like your plan has blown up...

- Look for something to control
- Take the next step – then the next step – then the next
- Continue with ordinary tasks



## Discuss a Farm Safety Plan

- Biosecurity
  - Wash hands
  - Stay at home if sick
  - Wear masks
- Practice social distancing on farm
- Prepare for human illness on farm – self or employees
- Plan for others entering farm, such as seed delivery



## Make Amendments, as needed

- Review government stimulus plan for anything that might impact you
- Control costs
- Look at refinancing options on loans
- Review marketing plans
  - Opportunities to lock in prices for wheat
  - Ethanol plants closing may be important to lock in basis levels on corn
  - With ethanol plants closing, DDGs may be replaced by soymeal in rations



## Be Empowered to Make Decisions

Accept that some decisions will be wrong in hindsight

- Make the best decisions with the information available today
- We're being forced to make the best decisions that we can out of bad options
  - If you're feeling very uncomfortable, make some small decision
    - Perhaps you own old crop grain, possible sell a small quantity, can re-own with a call option

Think about if there are any positive steps that can be made now

- Possibilities
  - Buy options on commodities
  - May be an opportunity to buy stocks
  - Other ideas?



## Closing Comments

Highly volatile times, no one is going to stop eating, but we are all learning a lot about how the supply chain works.

## Additional Resources

- [www.AgManager.info](http://www.AgManager.info)
    - "Ongoing Effects on Livestock Markets" – Glynn Tonsor, April 9<sup>th</sup>, 7 pm
    - "Effects on Land Values" – Mykel Taylor, April 16<sup>th</sup>, 7 pm
- Recordings:
- "Further Updates on the Macroeconomy"
  - "Grain Markets and Planting Intentions"
  - "Government Stimulus Programs for Ag Producers and Co-ops"



## Additional Resources

- Kansas State Research & Extension COVID-19 page:
  - <https://www.ksre.k-state.edu/>
- Kansas Farm Analyst Program
  - [www.agmanager.info/programs/ksu-farm-analyst-program](http://www.agmanager.info/programs/ksu-farm-analyst-program)
- Kansas Farm Management Association (KFMA)
  - [www.AgManager.info/KFMA](http://www.AgManager.info/KFMA)
- Kansas Agricultural Mediation Services (KAMS)
  - [www.k-state.edu/KAMS](http://www.k-state.edu/KAMS)

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## Questions?

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