

RIGHT RISK NEWS

2016

Western Ag Industry Survey

DATES TO REMEMBER

RI-PRF Coverage:
November 15th, 2016 for 2017 crop year coverage

Acreage Reporting:
- November 15th

Annual Forage (spring planted):
- December 15th

Spring-planted crops sales deadline:
- March 15, 2017

For more information see:
<http://www.rma.usda.gov>
<http://www.fsa.usda.gov>

How Much Risk is Right for You?

In early 2016 the Western Extension Committee (WEC), a group of extension economists from the 13 western states, conducted a survey of the agricultural industry across the west to better understand conditions in the agricultural sector in each state. The survey reached a broad range of crop and livestock operators, as well as industry representatives from across the region.

Growth in nominal farm income from 2008-2014 across the West, grew to record high levels through 2014. Operators' response was to purchase and take on debt for new machinery as a tax management strategy; during this period it was also reported that family living expenses increased in accordance with income.

National farm income data shows a steep decline in 2015 and 2016 from previous near-record highs (Figure 1).

Crop and livestock operators expect total debt to continue to increase and net worth to decline in 2016. Livestock operators were more pessimistic in expecting these negative trends to continue (15 percent higher than

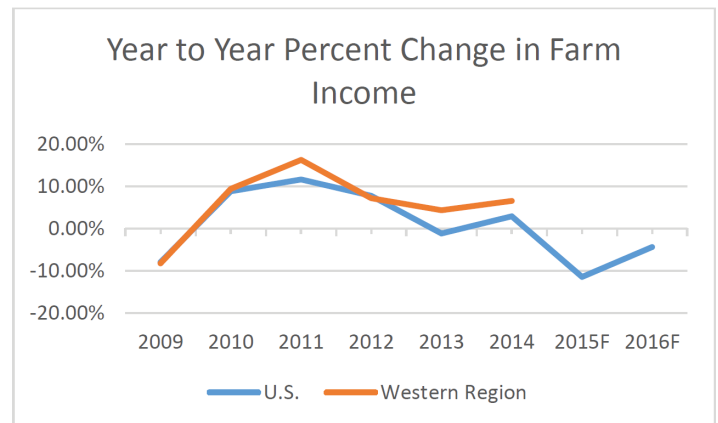
crop producers). This will most likely lead to increased need for agricultural borrowing across most production sectors.

Many respondents reported that cash lease values held steady or slightly increased from the previous year, indicating that a large expense category will likely not decline as fast as income, putting further strain on working capital levels. Producers may want to consider renegotiating rental agreements when possible to relieve some of this strain. While many of the operators surveyed are diversified in their enterprise mix and rely on irrigated production, the results of this survey do show an emerging financial risk for production agriculture across the 13 states.

The top three categories of respondents were producers, 34.25 percent, landowners, 24.28 percent, and 10 percent were agricultural government agency professionals. The typical number of years a farm in a respondent's area had been in operation was 20-49 years, or 42.46 percent of the farms and ranches reported. There was substantial diversification reported for operators indicating they were involved in either crop or livestock enterprises. For single and multi-crop operations, 27.93 percent grew multiple crops, and 20.95 percent reported irrigated production.

The Agricultural Industry Survey (AIS) results indicate there is emerging financial stress in the west but to a slightly lesser degree than reported nationally. This is likely due to commodity diversification and the relatively wide use of irrigation which has helped to buffer climate risk. Western region price trends tend to be slightly higher than U.S. price trends with prices that are generally competitive or above U.S. values. However overall declines in price trends for major commodities in the west in 2015 and continuing into 2016 will persist and contribute to the gradual decline in farm income which is certain to exacerbate financial stress. The economic environment is experiencing substantial shifts with agricultural risks becoming ever more complex.

Figure 1. NASS Farm Income Percentage Change.



To read or download a copy of the (AIS) report, point your browser to <http://WEC.FarmManagement.org>.

FOUNDATIONS FOR BETTER BUSINESS MANAGEMENT

A Module offering business tools and techniques to make better decisions, communicate with lending officers, and implement good business management practices.

RightRisk is teaming up with the Let's Grow Committee of the American Sheep Industry Association to offer a module covering *Foundations for Better Business Management*. The materials have been developed based on the input offered by producers from across the country collected earlier this fall.

General objectives for the module will include:

- (1) Gain an understanding of enterprise accounting within financial management;
- (2) Learn an approach for accurate enterprise financial assessment (net return or breakeven); and
- (3) Learn about industry estimates for sheep enterprise profitability (industry budget).

The module will be offered in two distinct parts:

WEBINAR

Join us for a webinar on December 06, 2016 at
8:00P Eastern/7:00P Central/6:00P Mountain/5:00P Pacific

ONLINE COMPONENT

Following the webinar, an online component will build on the concepts discussed in the webinar, offering the chance for participants to learn and apply the skills needed for better business management.

To Register:

Follow the link to register for the module. After registering, you will receive confirmation emails containing information about joining the webinar and how to access the online component. Each module component is open to anyone and there is no charge for participating.

<https://attendee.gotowebinar.com/register/8744032624654378497>



RIGHTRISK™

- *Education*
- *Coaching*
- *Research*

E-mail: information@RightRisk.org

Web: www.RightRisk.org

RightRisk News is brought to you by the RightRisk Team

Contributing authors:

John Hewlett, Ranch/Farm Management Specialist - University of Wyoming, hewlett@uwyo.edu

Jay Parsons, Risk Management Specialist - University of Nebraska-Lincoln, jparsons4@unl.edu

Jeff Tranel, Ag and Business Management Specialist - Colorado State University, Jeffrey.Tranel@ColoState.edu

Editing and Layout: John Hewlett, hewlett@uwyo.edu

Past issues of RightRisk News are available at: <http://RightRisk.org> > Resources > RightRisk News
To subscribe/unsubscribe, email information@RightRisk.org subject line "Subscribe/Unsubscribe RR News"

*How much risk
is right for you and your operation?*

Colorado
State
University
Extension

UNIVERSITY
OF WYOMING
EXTENSION
N EXTENSION