Iowa Farm Bureau

Branded for Success

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Risk Shifting in Agriculture

• Farmers
  – Price risk
    • Commodities
    • Inputs
  – Supply risk

• Suppliers
  – Price risk
    • Commodities
    • Inputs
  – Supply risk
Risk Shifting in Agriculture

• Protections against risk
  – Contracts
  – Hedging
  – Insurance
  – Government programs
  – Possession or physical control of commodity or input
Risk Shifting in Agriculture

• Increased risks today
  – Volatile markets
  – Bankruptcies
  – Credit crunch
  – Economy
  – Supply
  – Weather
Risk Shifting in Agriculture

• Questions
  – How we do business?
    • Storing grain
      – Where?
      – How long?
    • Inventories
    • Contracting
    • Prepaying