



Lyon County - O'Brien County - Osceola County - Sioux County

CLIPPINGS

A Weekly Column from Iowa State University Extension and Outreach

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For Immediate Release

2017 End of the Year Work and Planning for 2018

Gary Wright, Farm and Agribusiness Management Specialist

Looking outside this evening it appears that first winter might be upon us, at least with modest snowfall and stronger winds. That may be driving many producers, after morning/evening livestock chores, under cover, as the forecasted temperatures are now sub-freezing for the next week.

Financial recordkeeping is not full of much glitter, but so critical for operating success. This, then, is the time of year to bring closure, if not already largely done, by reviewing final expenses. Across the board margins are tight, and this necessitates more than a "50K-foot flyover." Enterprise analysis and breakeven comparisons are important relative to (a) the upcoming final 2017 book/tax closeout entries; and (b) the 2018 crop year production (and marketing) planning. Whether self-financed or not, it is always good to complete the three basic financial statements (operating statements; cash flows; and balance sheets), and then compare year-over-year results. Look for profit/loss results, changes to working capital, and overall long-term debt to net worth relationships (solvency). If you need help sorting thru your financial records, or reading what they are saying, please give ISU Extension and Outreach a call. We would be happy to review them with you.

Right now, and for about the last month, livestock prices have continued to trade in a fairly narrow range, with little significant market news to establish any long-term trends. Depending upon your operation, live hogs, at close to 80 cents, are perhaps outpacing cattle margins slightly, at least as I'm writing this. Similarly, corn and soybeans can't seem to gain any real significant market news traction, other than the most recent reports seem to be showing, maybe some dryer South American weather that might afford a bounce.

The financial recordkeeping spoken to above is the vitally important starting point or benchmark, if you will. Why? Ultimately, we likely won't successfully out-guess the markets.

Effective management decision-making necessitates navigating the external "known" and the "unknown" factors. Research shows that long-range marketing is more successful when developing and following a marketing plan. Right now, the keen marketer is proactively watching and ready to capture cash flow advantages of these late-Fall opportunities by knowing and comparing prices to their by-enterprise operating break-evens. Consistent with on-farm storage capacities, the better marketer is also ready to track basis moves in his or her local market; and scrutinize what the market is giving, as to carrying costs.

In the words of Ed Usset from the University of Minnesota, "Finding a Dime" can go a long way to turn a loss into a small profit. One practical option seems to be having a marketing plan. ISU Extension and Outreach is collaborating with the Iowa Farm Bureau Federation to present a grain marketing workshop called *Winning the Game*. It is hands-on education where user-friendly learning will focus

on grain marketing, and available sessions will include a grain marketing simulation. Depending upon sponsors and final feedback from would-be attendees, these 3-hour sessions will be one of two: (a) Launch and Land Your 2017 Post-Harvest Marketing Plan; or (b) Launch Your 2018 Pre-Harvest Marketing Plan. I urge you to check out and attend one (or more!) of these four remaining offerings in Northwest Iowa. There is no cost to the participant, but registration is requested. Please call me or the respective extension office for more information.

- O'Brien/Osceola/Sioux/Lyon Counties: December 14 - 6:00 to 9:00 p.m. in Sheldon; 712-957-5045; 712-754-3648; 712-737-4230; 712-472-2576
- Dickinson County: December 15 - 9:00 a.m. to noon in Spirit Lake; 712-336-3488
- Pocahontas/Humboldt: December 18 - 9:00 a.m. to noon in Pocahontas; 712-335-3103
- Plymouth County: January 8 - 6:00 to 9:00 p.m. in LeMars; 712-546-7835

Please call if you have any questions about this grain market discussion, enterprise breakeven analysis, or any other important farm management decisions. As you wrap up 2017 and begin 2018, I wish you a Merry Christmas and Happy New Year! Please be safe!

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