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Changes Continue ?Some Observations

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Cornhusker Economics

Cooperative Extension

Institute of Agriculture & Natural Resources
Department of Agricultural Economics
University of Nebraska – Lincoln

Changes Continue — Some Observations

Market Report	Yr Ago	4 Wks Ago	2/11/99
<u>Livestock and Products,</u>			
<u>Average Prices for Week Ending</u>			
Slaughter Steers, Ch. 204, 1100-1300 lb Omaha, cwt.	\$98.83	\$ 69.03	\$ 68.08
Feeder Steers, Med. Frame, 600-650 lb Dodge City, KS, cwt.	77.31	92.63	93.44
Feeder Steers, Med. Frame 600-650 lb, Nebraska Auction Wght. Avg.	81.00	97.88	97.97
Carcass Price, Ch. 1-3, 550-700 lb Cent. US, Equiv. Index Value, cwt.	94.28	105.69	106.44
Hogs, US 1-2, 220-230 lb Sioux Falls, SD, cwt.	26.25	36.75	37.50
Feeder Pigs, US 1-2, 40-45 lb Sioux Falls, SD, hd.	24.96	44.50	53.00
Vacuum Packed Pork Loins, Wholesale, 13-19 lb, 1/4" Trim, Cent. US, cwt.	97.50	99.20	109.65
Slaughter Lambs, Ch. & Pr., 115-125 lb Sioux Falls, SD, cwt.	62.25	*	68.25
Carcass Lambs, Ch. & Pr., 1-4, 55-65 lb FOB Midwest, cwt.	150.00	151.00	153.00
<u>Crops,</u>			
<u>Cash Truck Prices for Date Shown</u>			
Wheat, No. 1, H.W. Omaha, bu.	2.94	2.93	3.04
Corn, No. 2, Yellow Omaha, bu.	1.96	1.90	2.00
Soybeans, No. 1, Yellow Omaha, bu.	4.70	4.55	4.80
Grain Sorghum, No. 2, Yellow Kansas City, cwt.	3.44	3.28	3.37
Oats, No. 2, Heavy Sioux City, IA, bu.	*	1.22	1.24
<u>Hay,</u>			
<u>First Day of Week Pile Prices</u>			
Alfalfa, Sm. Square, RFV 150 or better Platte Valley, ton.	100.00	*	97.50
Alfalfa, Lg. Round, Good Northeast Nebraska, ton.	45.00	33.75	32.50
Prairie, Sm. Square, Good Northeast Nebraska, ton.	65.00	60.00	45.00
* No market.			

As we enter the new century, one wonders what type of changes ag producers will face. What are some of the main factors that will shape the future? Will many things stay the same as they have been in the past? I started making notes of some of these concepts a few weeks ago. From my perspective, some items on this list deserve mention. These are things that I have heard producers talk about when I have worked with them over the past few years. Some are my observations of what is 'down the road' for Nebraska agriculture.

▲ Landowners who have actual physical ties to the land often seem more interested in "who" farms the land and how it is taken care of, not the actual dollar return. These are people who grew up on the land or their parents grew up there - they remember the buildings, the neighborhood and actual features of the area. As time goes on, there are fewer and fewer of these people left as landowners. As title to the land passes to grandchildren and others who have never lived on the real estate, there is a higher chance that they will not care as much about the 'people' side of things. This is happening more frequently, and it makes it very competitive for farmers who rent the land. These producers often end up paying more in cash rent than the land can economically justify on its own. The cash rent may have replaced a long-standing share rental arrangement.

▲ Common changes we all are aware of - technology, farms getting larger, efficiency, no-till operation, etc., - have meant that most farms have done some 'downsizing' of human resources. Just as people



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in the traditional job market deal with lack of job security (several career changes instead of the 'gold watch' after a lifetime at one job) - farm producers are forced to look at a similar lack of security in their role, i.e., changes in purchasing, borrowing, production and marketing. The face of farm and non-farm business has changed for a variety of reasons over the past few years.

▲ People are living longer than they used to. This can put a strain on any operation. Many who have retired from the farm or ranch still depend upon income from it to fund their retirement. Not too many years ago, two generations may have split the profit from the operation - now it is common for the income to be divided by three generations of the family. Margins are already very thin; living costs continue to go up - not good factors to plug into the net farm income equation.

▲ Where will producers transact their business? The world is heading toward more and more 'e-commerce' on the WWW. It wasn't clear if this would carry over into agriculture, but it is happening. Some recent articles about this topic project that within the next three to five years, more than 50% of all ag inputs purchased by larger farmers will be over the Internet! Additionally, with companies merging and other changes taking place, many producers will likely buy inputs, market their products, arrange financing and gather information much differently than in the past.

▲ For many operations, no family member from the next generation is 'in training' to take over the farm or ranch. Even though this could change at retirement or some other event, many operations don't

responsibilities. Some families have told me that they have not encouraged their sons and daughters to entertain the option of farming. Sometimes, parents have openly discouraged the next generation about careers in production agriculture for a variety of reasons. A banker at a meeting a few weeks ago stated his concern that lack of profits from farming kept many younger people away from Nebraska's ag production industry. No wonder the average age of the farm population is getting older.

▲ More and more operations have moved away from any livestock on the farm. With increased farm size and improved efficiency, they are farming more acres. Ag producers in the future will need to continue to become better managers and utilize all their resources to the fullest extent possible.

Of course, this list is not complete. There are many other changes facing ag producers today. Can a summary be drawn from these comments? Perhaps. There is opportunity in agriculture for those who are positioned well and are able to make good decisions. Successful operators will be good managers - of resources, time, markets, information and money. And, they will do a good job of making adjustments to the changing times!

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have anyone in place to assume the management