

Opinion & Mailbox

Volatile outlook demands information

IN this issue, we take a look at the outlook for agriculture in the coming year, and it's not a very clear picture.

After talking with economists, bankers, realtors, suppliers, insurers and farmers, the word that seems to be get used most often is "volatile." Crop prices soared and have now fallen 50% off the highs. Interest rates moved to

Our Say

their lowest levels in years this summer before the fall financial crisis pushed them back up. Land prices reached a point where one Ohio farmer paid more than \$8,000 an acre for coveted pro-

duction property. And now sellers are turning their backs on auction bids.

Fertilizer spiked with crop prices, but has begun to fall back. Fuel costs raced to nearly unworkable levels and now have tumbled with other commodity prices. Crop insurance costs climbed, but now seem to be settling back.

Then there's the weather: It was the

wettest June on record — more than 10 inches in areas. And then one of the driest Septembers with less than 0.5 inches. Hurricane-force winds in Ohio? Yes, Ike paid us a visit; but there were ice storms, as well. Who knows what the weather will bring in 2009?

Amidst it all, the politicians argued their way to a new farm bill, which was finally signed in late May. The new law is wide-sweeping. USDA has spent the months since approval implementing provisions for everything from nutrition to research to disaster to rural development to marketing to energy to biotechnology. Specialty crops, organic crops and beginning farmers all have a place in this bill.

Less nerve-wracking

In addition to the commodity programs of the last bill, there are also provisions touted as ways to stabilize farming by assuring revenues that will keep farmers in business — the kind of provisions that could make farming in these volatile conditions less nerve-wracking: The Supplemental Revenue Assistance program is a whole-farm disaster program. And the Average Crop Revenue Election program is a risk-management program based on farm revenue.

Ohio State economist Carl Zulauf has produced excellent presentations describing and comparing these programs, which can be studied online at the publications Web site of the OSU Department of Agricultural, Environmental and Development Economics. These are topics you will read more about in this publication in the coming months as well.

You will have plenty of time to learn about these programs as sign-up will not begin until the spring. And it will take some time to sort through the options. In the case of ACRE, you will be choosing between conventional programs and the new one — but not both. USDA has also posted worksheets to help you make an informed decision.

The point is that your life is not going to be any easier with all of the volatility surrounding farming. Twenty years ago, the November outlook session involved making sure you signed up for the farm program because you wanted to be sure to get the loan rate. Not much was changing. Now everything is changing.

The key is to stay informed. Information and understanding is your best risk-management tool. Through this publication and www.OhioFarmer.com, we will work to bring you as much of the fast-changing world as we can. Please don't hesitate to contact us and let us know when we missed something.

Ohio Farmer has been around for 160 years. We have weathered some volatile storms. We plan to outlast this one.

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