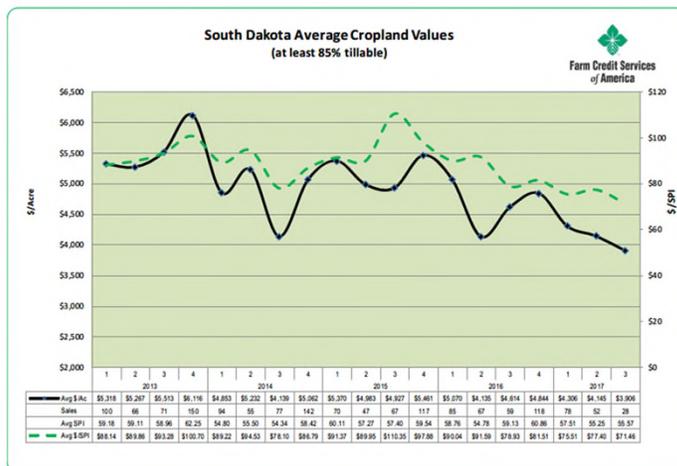




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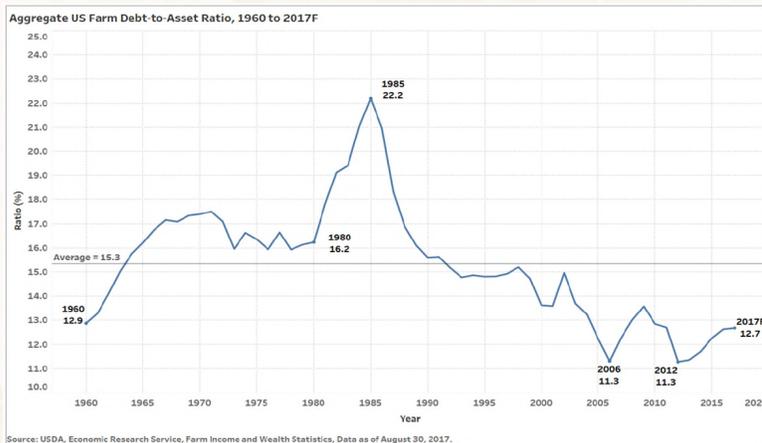
- Still bullish on ag!
- Long-run crop prices more likely stable than bullish
- What we see ahead
- Producer reactions
- Enhanced importance of financial management

South Dakota Land Prices



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Not a Debt Issue

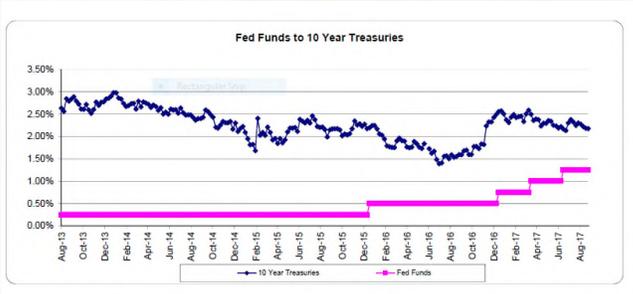


Interest Rates Remain Reasonable



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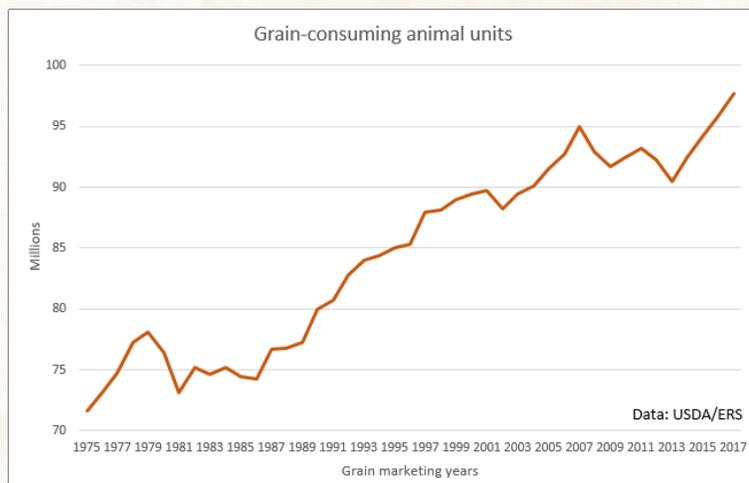
Now Is a Good Time to Lock In Rates



	Average		
	Fed Funds	10 Year Treasuries	Spread
2010	0.25%	3.20%	-2.95%
2011	0.25%	2.79%	-2.54%
2012	0.25%	1.78%	-1.53%
2013	0.25%	2.34%	-2.09%
2014	0.25%	2.52%	-2.27%
2015	0.26%	2.13%	-1.87%
2016	0.51%	1.84%	-1.33%
2017 YTD	1.00%	2.33%	-1.33%
28-Aug-17	1.25%	2.18%	-0.93%

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Growing Feed Demand Underpins Grain Demand



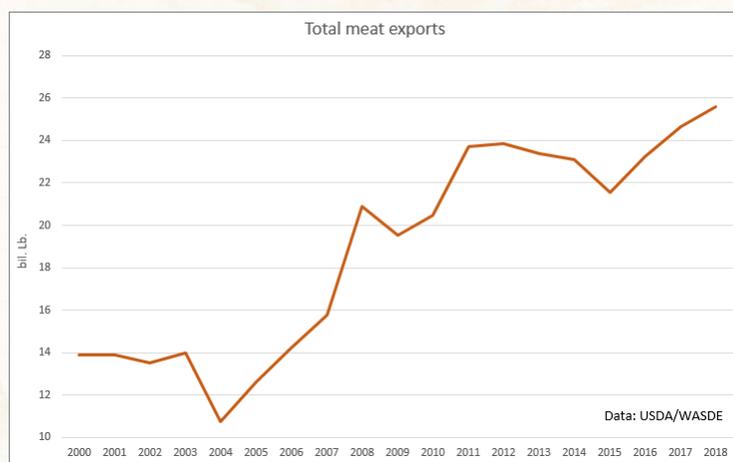
6



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Protein Exports Support Both Livestock and Grain Demand



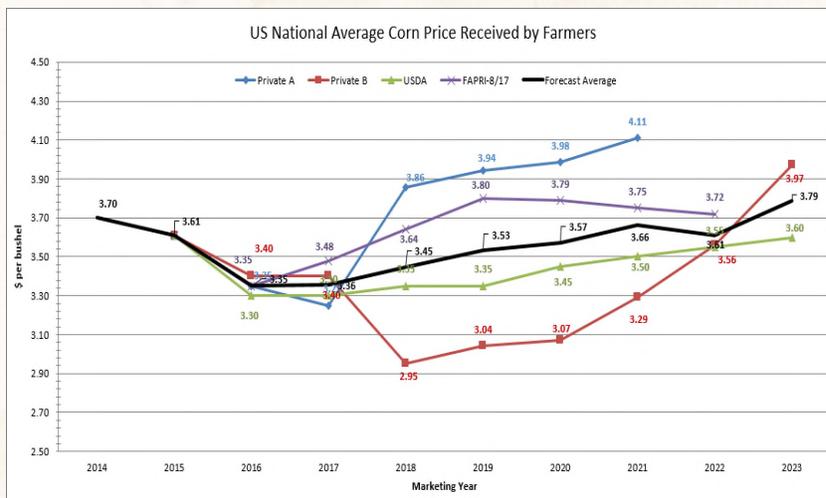
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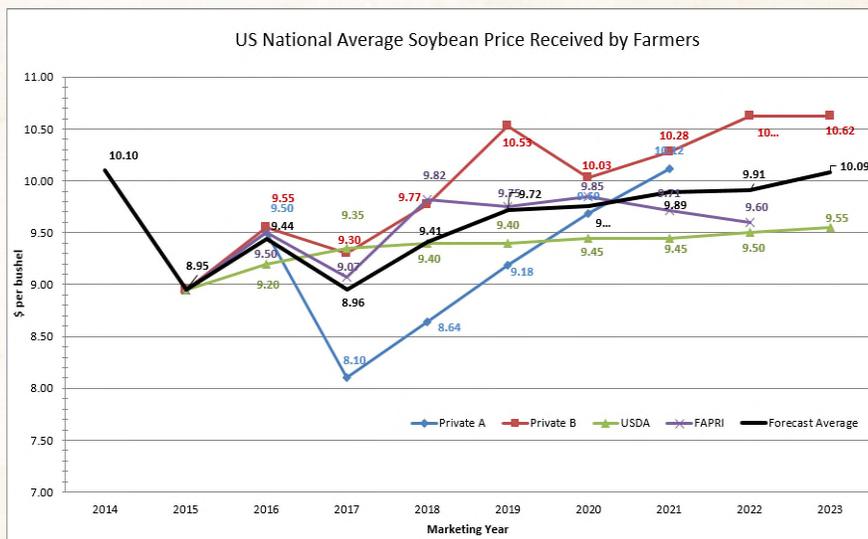
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Long-term Forecasts Don't Include Big Crop Price Increases



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What Do We See Ahead?

- We are bullish on ag; however, average farm income levels are likely to be below the cost of production in the near term.
- Costs will continue to adjust, albeit at a relatively slow pace.
- Weather and foreign trade are likely to be the big wildcards.
- Ag real estate values will continue to soften; however, sharp correction is unlikely.
- Farm Bill??

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Producer Reactions

- Grain producer focus is on cash-flow adjustments
 - Adjustment opportunities still exist due to land values and interest rates
- Business scope adjustment
- Increased focus on becoming a lower-cost producer to improve margin
- Increased attention on financial management and market planning

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Financial Management Considerations

- Become a better risk manager
 - Marketing plan
 - Crop insurance
 - Interest rate management
- Become a better financial manager
 - Knowing and understanding your breakevens
 - Variable and fixed cost management
 - Cash vs. accrual income

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DO YOU KNOW...

- Does my risk management plan leave me exposed?
- What is my family living expense?
- Am I profitable?
- What is my breakeven?

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Components of Breakeven



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Impact of Lowering or Restructuring Debt



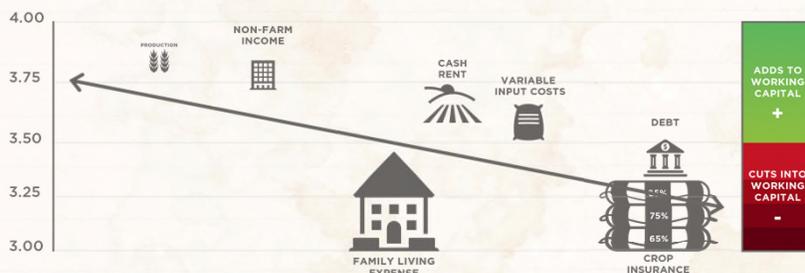
Revenue Impacts



Revenue Falls



Added Insurance Raises the Safety Net



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Family Living Underpins the Balance Beam



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Financial Management

Is your operation profitable?

- No longer optional – you need accrual based income and expenses.
- Tax returns are not an indication of profit/loss
- Have the right people on your farm team
- Spend as much time on managing your finances and risks as you do on managing your production

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MAGNIFY DELIVERS THE INSIGHTS YOU NEED FOR THE PROFIT YOU WANT.

- Built specifically for farmers and ranchers
- Unlocks the power of your financial records
- Simplified accounting for managing your operation
- Production tracking and “what-if” analysis
- Real-time financial reporting

Discover a whole new view of profitability.
Coming soon in 2018



focus on profit.

Magnify was developed for American agriculture using accounting and agricultural technologies from Xero and Figured.



	Acre Range	Working Capital per Acre	M & E per Acre	Total Non RE Payments per Acre	Earned Equity Change per Acre	Working Capital Change per Acre	FAC Analysis	CRE Analysis	Cash Rent
11	900 - 1,100 Acres	\$ (721)	\$ 323	\$ 27	\$ (483)	\$ (360)	\$ 472	\$ 416	\$ 255
16	900 - 1,100 Acres	\$ (335)	\$ 306	\$ 106	\$ 24	\$ (82)	\$ 354	\$ 364	\$ 286
5	900 - 1,100 Acres	\$ (318)	\$ 642	\$ 130	\$ (188)	\$ (175)	\$ 263	\$ 492	\$ 258
24	900 - 1,100 Acres	\$ (152)	\$ 245	\$ 25	\$ (52)	\$ (70)	\$ 297	\$ 290	\$ 274
12	900 - 1,100 Acres	\$ (86)	\$ 275	\$ 93	\$ 42	\$ (41)	\$ 371	\$ 356	\$ 259
19	900 - 1,100 Acres	\$ (63)	\$ 324	\$ 49	\$ (36)	\$ (65)	\$ 313	\$ 294	\$ 286
7	900 - 1,100 Acres	\$ 42	\$ 478	\$ 77	\$ 161	\$ 33	\$ 240	\$ 168	\$ 181
20	900 - 1,100 Acres	\$ 75	\$ 595	\$ 67	\$ (140)	\$ 38	\$ 336	\$ 314	\$ 258
9	900 - 1,100 Acres	\$ 87	\$ 567	\$ 13	\$ 151	\$ 150	\$ 285	\$ 199	\$ 282
10	900 - 1,100 Acres	\$ 126	\$ 407	\$ 55	\$ 80	\$ 59	\$ 345	\$ 359	\$ 298
21	900 - 1,100 Acres	\$ 168	\$ 248	\$ 7	\$ 10	\$ (86)	\$ 309	\$ 349	\$ 285
6	900 - 1,100 Acres	\$ 188	\$ 526	\$ 42	\$ 61	\$ 71	\$ 315	\$ 291	\$ 282
3	900 - 1,100 Acres	\$ 204	\$ 394	\$ 31	\$ 29	\$ 12	\$ 315	\$ 528	\$ 285
23	900 - 1,100 Acres	\$ 232	\$ 299	\$ 40	\$ 109	\$ 79	\$ 252	\$ 110	\$ 242
1	900 - 1,100 Acres	\$ 240	\$ 665	\$ -	\$ 110	\$ (11)	\$ 130	\$ 129	\$ 129
18	900 - 1,100 Acres	\$ 257	\$ 163	\$ 60	\$ (52)	\$ (150)	\$ 354	\$ 173	\$ 260
15	900 - 1,100 Acres	\$ 260	\$ 615	\$ 102	\$ 230	\$ 256	\$ 262	\$ 159	\$ 252
17	900 - 1,100 Acres	\$ 323	\$ 380	\$ 38	\$ 287	\$ 57	\$ 339	\$ 359	\$ 273
22	900 - 1,100 Acres	\$ 346	\$ 375	\$ 70	\$ 70	\$ 58	\$ 292	\$ 138	\$ 281
4	900 - 1,100 Acres	\$ 548	\$ 372	\$ 96	\$ (184)	\$ (283)	\$ 347	\$ 288	\$ 300
8	900 - 1,100 Acres	\$ 559	\$ 469	\$ 28	\$ 303	\$ 284	\$ 204	\$ 128	\$ 255
13	900 - 1,100 Acres	\$ 655	\$ 239	\$ 29	\$ 141	\$ 56	\$ 323	\$ 277	\$ 300
2	900 - 1,100 Acres	\$ 792	\$ 395	\$ 78	\$ 137	\$ 23	\$ 270	\$ 299	\$ 230
14	900 - 1,100 Acres	\$ 794	\$ 309	\$ -	\$ 18	\$ (88)			
AVERAGE		\$ 176	\$ 400	\$ 53	\$ 34	\$ (10)	\$ 303	\$ 281	\$ 263
Max		\$ 794	\$ 665	\$ 130	\$ 303	\$ 284	\$ 472	\$ 528	\$ 300
Min		\$ (721)	\$ 163	\$ -	\$ (483)	\$ (360)	\$ 130	\$ 110	\$ 181
Range		\$ 1,514	\$ 502	\$ 130	\$ 786	\$ 644	\$ 342	\$ 418	\$ 119
FCSA/Standard/Target		\$ 200	\$ 450				\$ 300	\$ 230	\$ 230

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Profitability at Equilibrium

- Economics 101: Commodity market prices seek cost of production
- That's what we are seeing
- *In equilibrium, the top end are profitable and growing, the average are hanging in there, and the bottom end are losing money and exiting the industry.*
— Professor Danny Klinefelter, Texas A & M University
- Bottom line: You want to be in the low-cost, most-efficient, top end of producers
- We are here to help you achieve that



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