

POSITIONING FOR SUCCESS IN THE ECONOMIC RESET

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Macro Clinic Video Blog: <http://agstar.com/edge/>

Road Warrior of Agriculture: www.cornandsoybeandigest.com

Ag Globe Trotter: www.northwestfcs.com

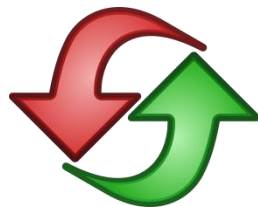
Dave's GPS & Dashboard Indicators: www.farmermac.com

Five Macro Factors Impacting Agriculture: Rural America's Bottom Line

- emerging nations
 - economic slowdown
- biofuels, oil, & technology
- central banking strategy
 - U.S. & abroad
- king dollar & duration
- mother nature
 - weather- U.S. & globally

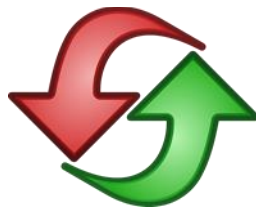
2016 – 2020 Economic Reset 1

- BRICS & KIMT's – 53% world economic growth
- growth moderating 8-5-3 Rule
- China does matter to fly over states
- 2007 to 2012 aberration in commodity prices
- one half of emerging nations in recession



2016 – 2020 Economic Reset 2

- ethanol & biofuels
- oil black gold “recession effect”
- deflation in commodities
 - regulatory issues in developed countries
 - political dysfunction
 - technology, automation
 - demographics



2016 – 2020 Economic Reset 3

- 40% of commodity prices & asset values
- U.S. Central Bank reducing stimulus
- European Central Bank increasing stimulus
 - 60 billion plus 21 months
- Japan's stimulus
- China's Central Bank stimulus
- stock market appreciation
- beneficial to fly over states/Canada/Australia, etc.



2016 – 2020 Economic Reset 4

- weather wild card
- political military sanctions
- quality & standards risk
- consumers & public
- “Black Swans”



Global Economics: Europe

- France economy sluggish
- Germany- export driven
- Europe China connection
- Greece
- central bank stimulus extended
- Ukraine



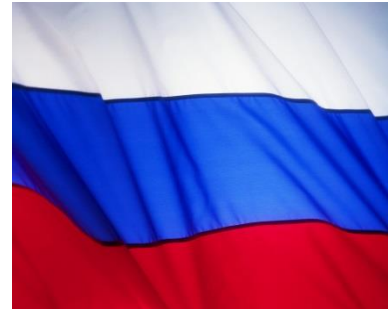
Global Economics: China

- China PMI <50
- exports down >10%
- lowered rates five times
- stock market up 105%, down 30 to 40%
- devalued currency
- natural resource issues
- shadow banking



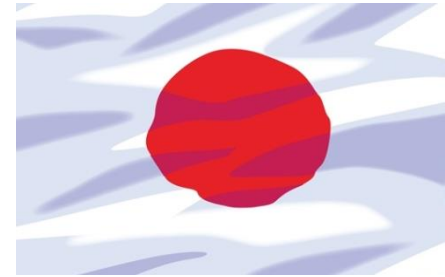
Global Economics: Other

- Russia
 - oil
 - Mr. Putin
- Brazil
 - recession
 - Infrastructure
- Argentina
 - tax
 - political dysfunction
- Brazil & China connection



Global Economics: Japan/Asia

- debt issues
- demographic wedge
- South Korea sluggish
- India quite strong



Five Macro Factors Influencing the Dairy Industry

- global overproduction
- export demand down
- duration of dollar strong
- TPP
- other



Five Mega Trends Influencing the Ag Industry



Global Economy

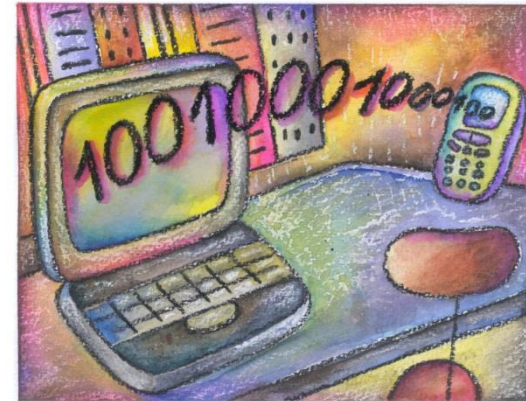
- geopolitical trade risk
- volatility in revenues and cost
- agriculture's movement to emerging nations
- opportunity
- failure
- premium on planning, execution, and monitoring



“Think globally but act locally.”

Technology

- convergence of technology
 - bio tech
 - engineering
 - information/big data
- high levels of talent
- innovation vs. technology
- systems



“High tech, high touch.”

Consumers

- local, natural, & organic
- GMO/non-GMO
- ethnic groups
- global consumers
- consumer trends 2025



“Consumers will drive the business model.”

Potpourri Trends

- 2050 - 70% of the world's population will be urban
- 85% of Americans are 2 generations away from farm/ranch
- animal welfare
- environmental
- black swans



“Expect the unexpected.”

Natural Resource/Environment

- water quality & quantity
- quality land is premium
- extreme in weather around the globe
 - moisture
 - temperature
 - other
- energy
- infrastructure



“Local, regional, national, and international conflicts over water.”

Ten Best Management Practices for Producers

- modesty in family living
- invest in productive assets
 - personal/business
- independent vs. interdependent
- lifelong learners
- strong group of peers
- good set of mentors
- profit plan 60-30-10
- get better before getting bigger
- balance between head/heart (numbers vs. passion)
- strong relationship with lender

Business Planning Resiliency

- professional records system
 - “talk to the business”
- working capital
 - 33% of revenue
- working capital – burn rate
 - 3.5 years
- family living budget
 - high/low difference of \$60,000
- credit score/report
 - 700 rule
 - steps to improve

Business Planning Agility

- goal setting
 - family, business, & personal
- people plan
 - six steps
- profitable
 - interest rate
 - inflation rate
- team of advisors
 - lenders, mentors, & peers
- education
 - 3-5 venues
 - networking