

Global Economic Background to Farm Transition Decisions

**Transitions in Agriculture
Workshop
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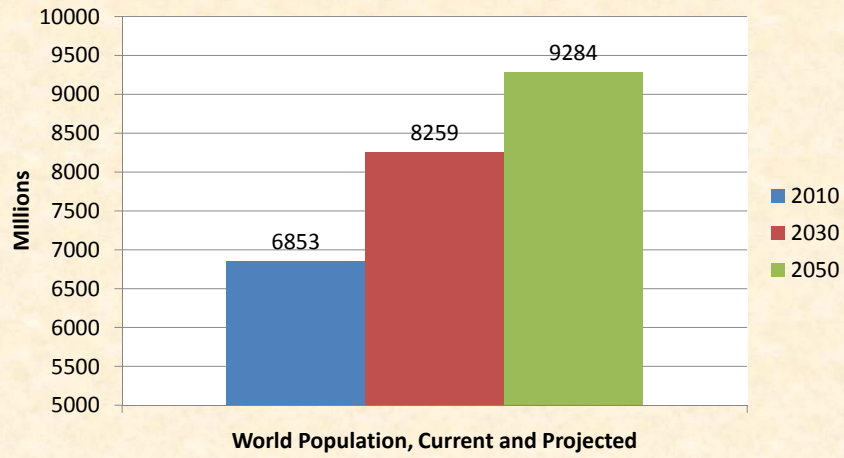
EXTENSION

Many Opportunities...and Challenges in Agriculture

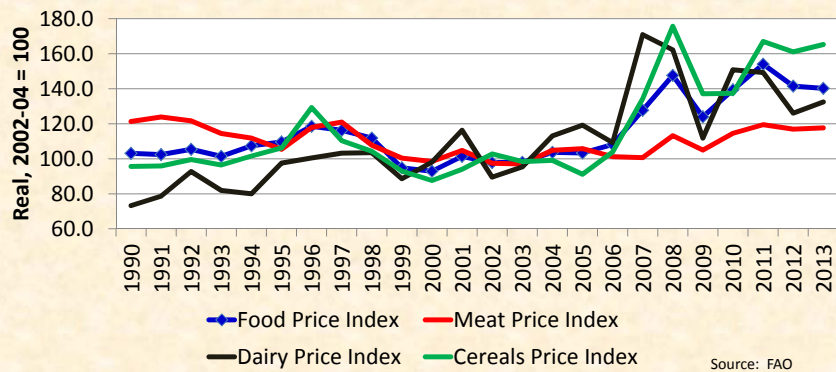
- Agriculture is being asked to do more of everything...
 - Biofuels
 - Global food demand
- Resource pressures in agriculture
 - More competition among crops for acres
 - More competition from crops for forage and hay production
- High and volatile input prices



Global Food Demand is Growing...

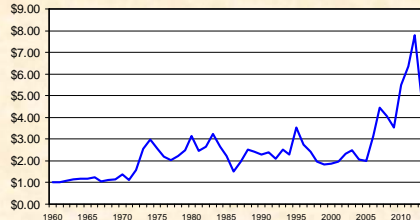


... and Global Food Prices are Rising



Many Ag Markets at Historic Levels

Corn Price
Crop year average, 1960-2013

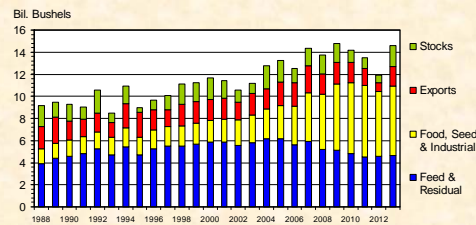


New demand for corn has pushed prices to unprecedented levels!



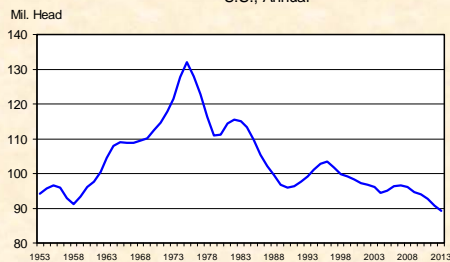
Source: USDA

U.S. CORN DISAPPEARANCE AND STOCKS
Crop Year



Many Ag Markets at Historic Levels

JANUARY 1 TOTAL CATTLE INVENTORY
U.S., Annual

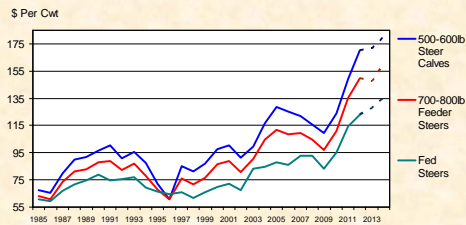


U.S. cattle inventories are the lowest since 1952

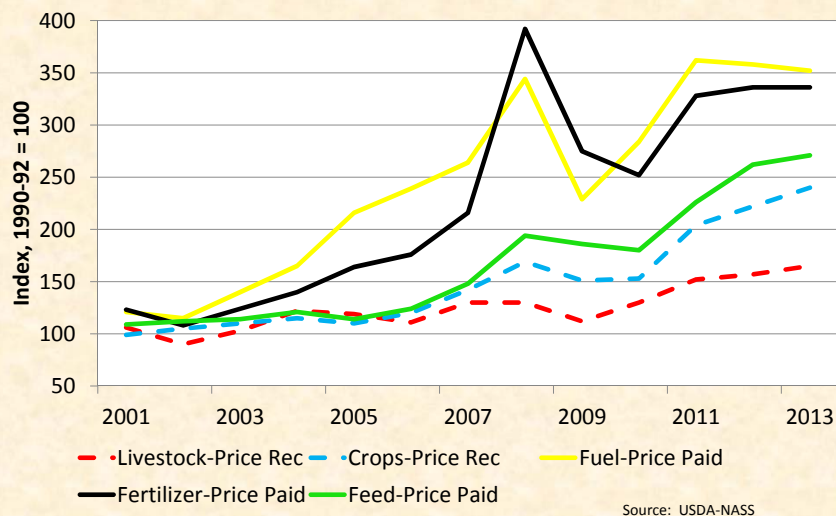


Source: USDA

ANNUAL AVERAGE CATTLE PRICES
Southern Plains



Input Prices have Risen Faster Than Output Prices!



Many Challenges for Farm Transitions

- Exit of Older Producers – Estate Planning
 - Retire in Place
- Rising Asset Values
 - Land, Machinery, Livestock
- New/Young Producer Access to Capital and Financial Feasibility
 - Need for New Business Model?
- Changing Relative Values of Outputs and Inputs Changes Resource Allocation
- Rising and Volatile Input Markets
 - Risk
- Dynamic Domestic and International Product Markets
 - New Opportunities for Whom?
- Structural and Regional Changes in Agriculture
- Drought

***Ensuring Agricultural Productivity Depends
on Transitions to Maintain Agriculture's
Vital Human Resources***



Thank You!

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