Drop in Commodity Markets Causing Anxiety for Kansas Farmers

MANHATTAN, Kan. – A Kansas State University farm analyst says his phone has been ringing frequently as the state’s farmers and ranchers flood him with questions about the recent drop in commodity markets.

“People are seeing the value of the commodities they’re holding drop – livestock, grains, feed. Everything is pounding them right now,” said Duane Hund, director of the Farm Analyst Program in K-State’s Department of Agricultural Economics. “As those values go down, those people are wondering what effect this is going to have on their cash flow analysis as we move forward.”

As one example, Hund said producers who have been feeding cattle this past winter are looking for opportunities to figure out if they should sell or retain ownership.

“There are just a lot of questions and as we see these markets continue to dive, there just doesn’t seem to be a bottom now,” Hund said. “It’s causing a lot of anxiety, to put it mildly, among producers and I’m hearing anxiety coming from the lending community also.”

Some farmers and ranchers are even considering whether to get out of the business.

“As people talk to me, they wonder if they’re going to survive this (drop in the markets),” Hund said.

“My first order of business is to tell them to follow their plan. Let’s not make knee-jerk, drastic decisions. Let’s stick with the plan in place and develop alternative decisions that are made in combination with the facts and what your business advisers will tell you.”

Hund said it’s important for producers to surround themselves with as many people as possible who can help them make the best decisions for their operation.

“When I talk to people about talking with their business partners, that’s usually family,” he said. “They need to share the facts, look at the opportunities, talk about their concerns openly. Now is not the time to be the strong, silent type. We need to be able to open up and say, ‘Gosh, this thing is beyond what I’m comfortable with. Let’s talk this over, let’s share the issues, maybe we can be okay, but maybe we need to look at some alternatives, if there are some that we need to be considering.’”

Hund added that a business plan should be the producer’s road map through the tough times.

“Like going down any road, if we’re going to enter in some muddy areas, areas we’re not comfortable traveling through, we need to stop,” he said. “Maybe we need to think through some things, maybe we need to look for some alternative routes and ask if I did this differently than I originally planned, what would that look like.”

One strategy for recovery, Hund said, is to remember the tasks that producers do every day in normal times.

“In stressful situations, our ordinary tasks fall to the wayside because our mind is so bombarded with all this information,” he said. “We may be losing ground with our ordinary tasks, such as keeping our cows fed and our lists of ordering supplies for spring planting, which is just around the corner.”

Hund adds: “There is a rhythm to what we do every day. We need to keep that rhythm going. We need to make sure we are on the same path; the cadence we normally handle as we get into spring planting. Getting the planter ready, getting the right hybrids ordered, getting the right mineral needs for the livestock that are coming up and will soon be on grass, getting together with our neighbors for scheduled prescribed burning in the Flint Hills.

“By doing those ordinary things that are part of our cadence…we can have some control in a chaotic environment if we just keep things steady and going forward.”

The Kansas Agricultural Mediation Services offers free, confidential support for farmers and ranchers. The program can connect producers with K-State’s Farm Analyst program and other resources to help through the down market. The toll free number is 1-800-321-FARM (3276).

“Sometimes,” Hund said, “the best decision for your farm right now is no decision. Sometimes the best decision is staying the course and keeping your eye on the ball, doing what you had planned on doing, and not jumping off to a direction that is not the best thing to do. “A crisis is a crisis, and the problem eventually will be remedied. We don’t know how soon, but now is not the time to be making drastic decisions. It’s a time to be reflective, to be careful of what we do, and to think things over. Let’s make sure we’re doing the right things at the right time.”