

Farm Program Decision: A Risk Management View

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Agricultural Act of 2014

- How do the alternative 2014 farm bill options fit into an overall farm risk management program?
- Risk management requires that you consider all of the “bad things” that can happen.
- What risks keep you awake at nights?
- What safe guards do you have in place to protect against these risks?



Comparing Alternatives

- Need to run alternative scenarios!
- What are the odds (probability) that this scenario will occur?
- Does this scenario “keep you awake at night?”
- Which program alternative provides the “best” protection?

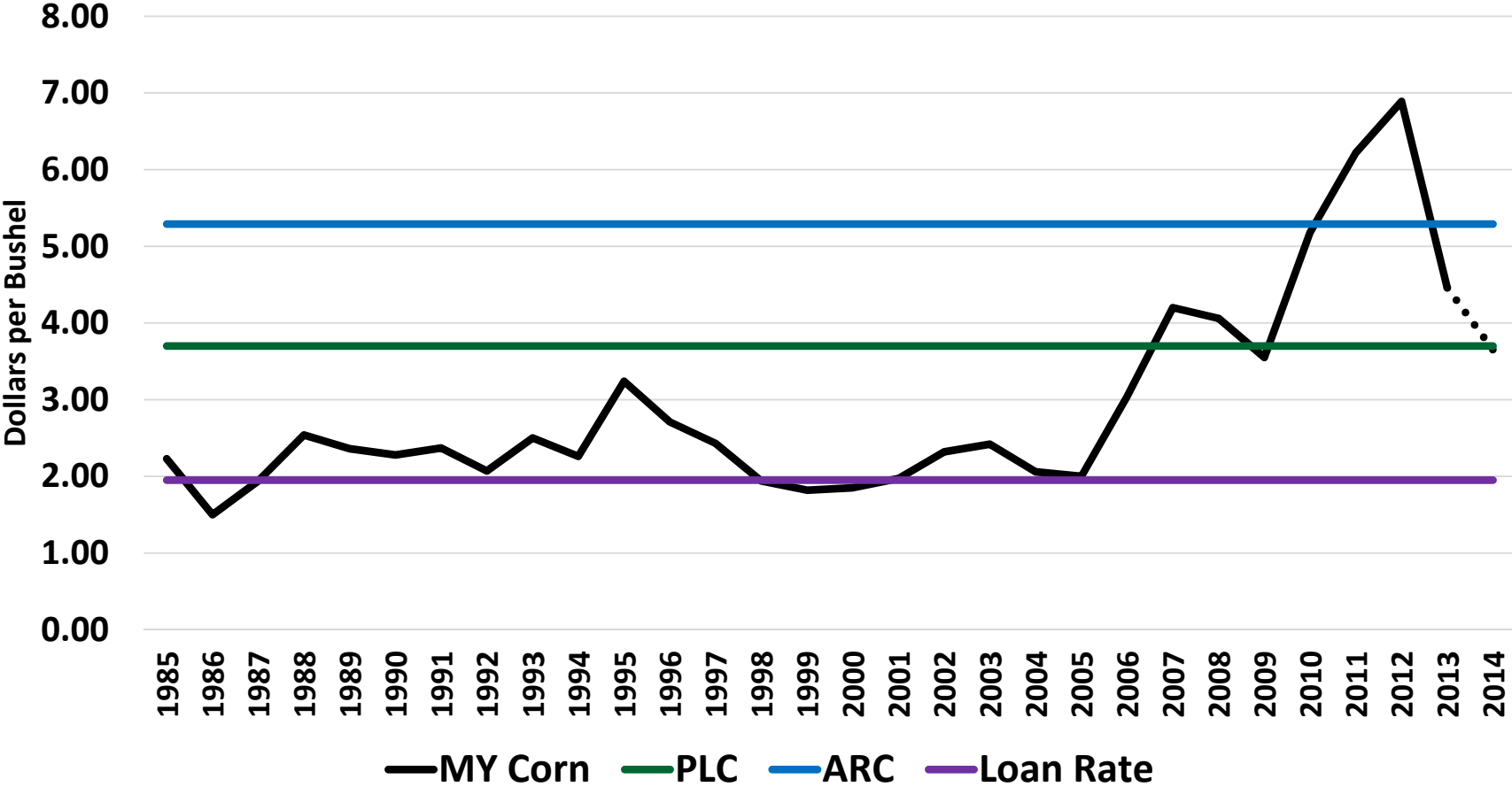


Comparing Alternatives

	"High" Price	"Low" Price
"High" Yield	Who Cares?	PLC ARC
"Low" Yield	ARC (Crop Ins.?)	PLC ARC (Crop Ins.?)

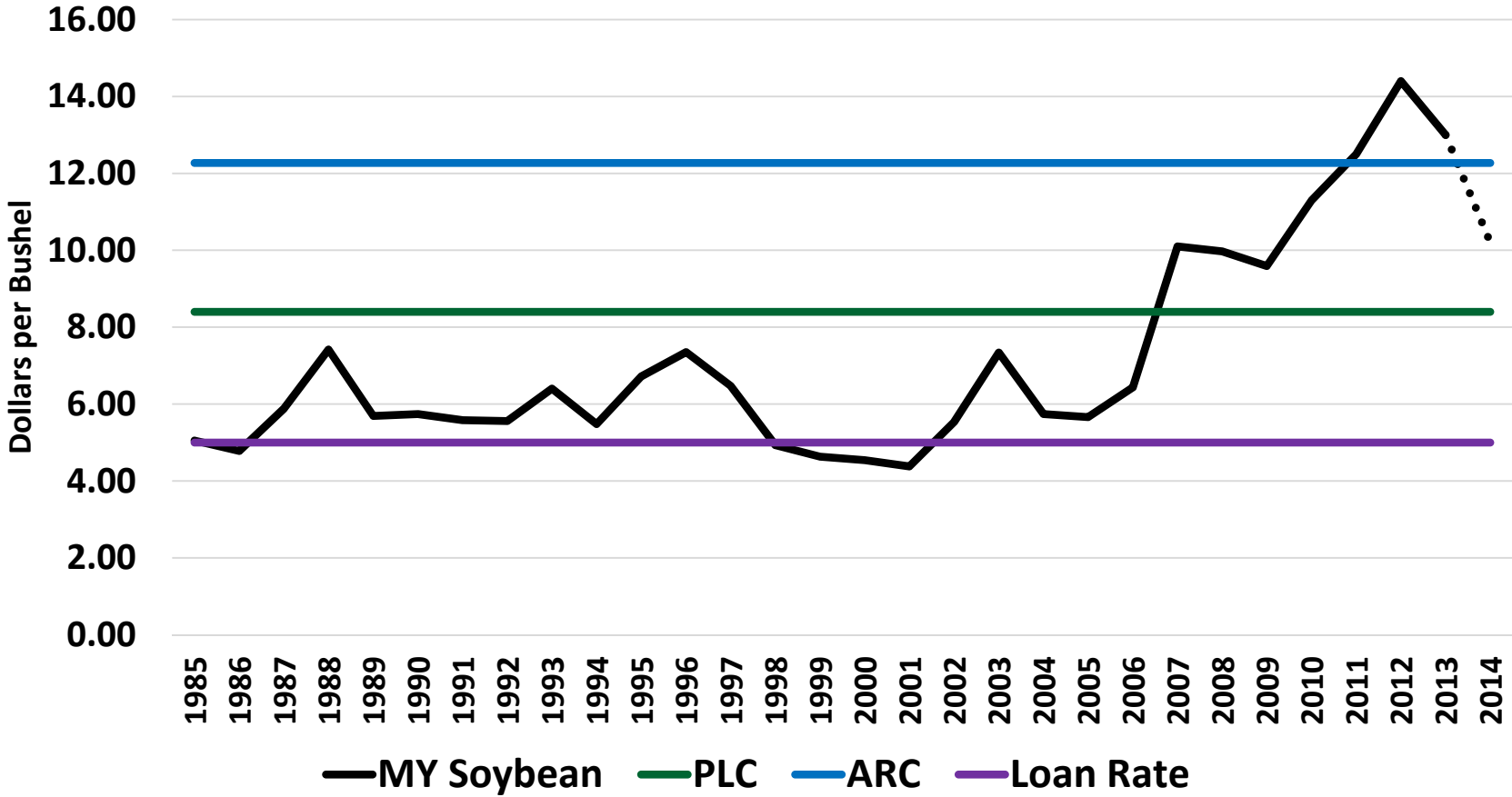
Historical National Average Prices

Corn



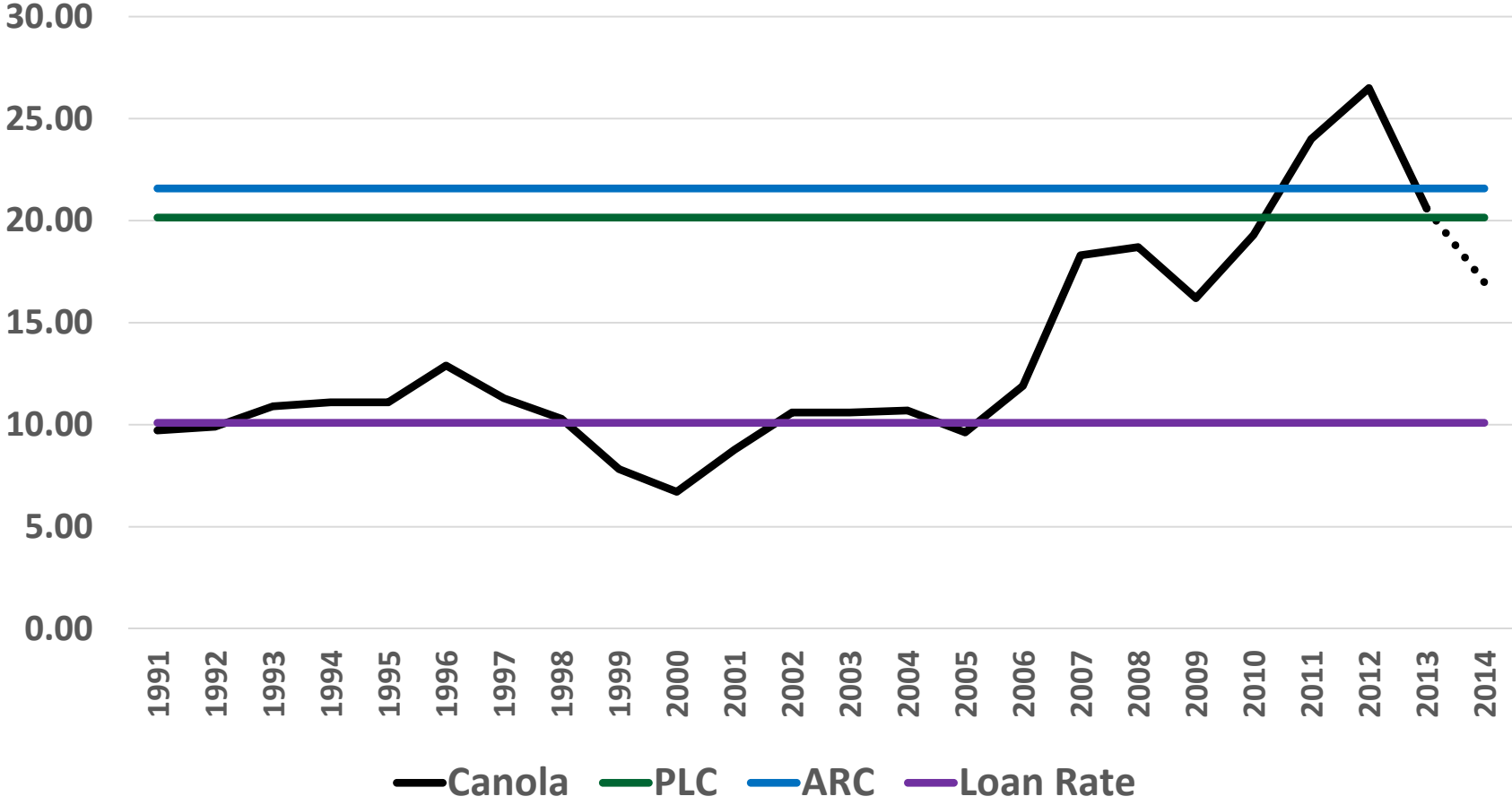
Historical National Average Prices

Soybean



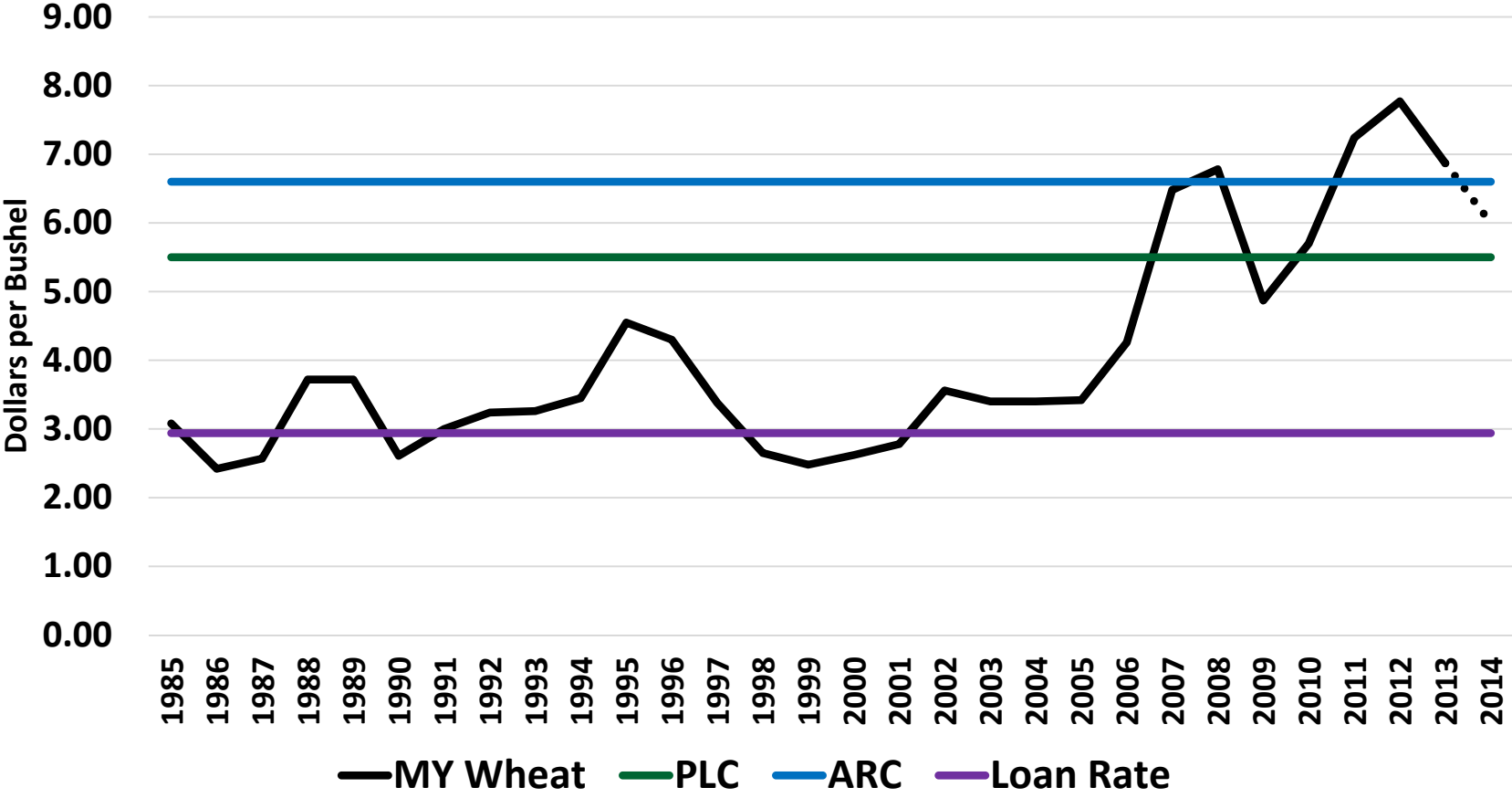
Historical National Average Prices

Canola



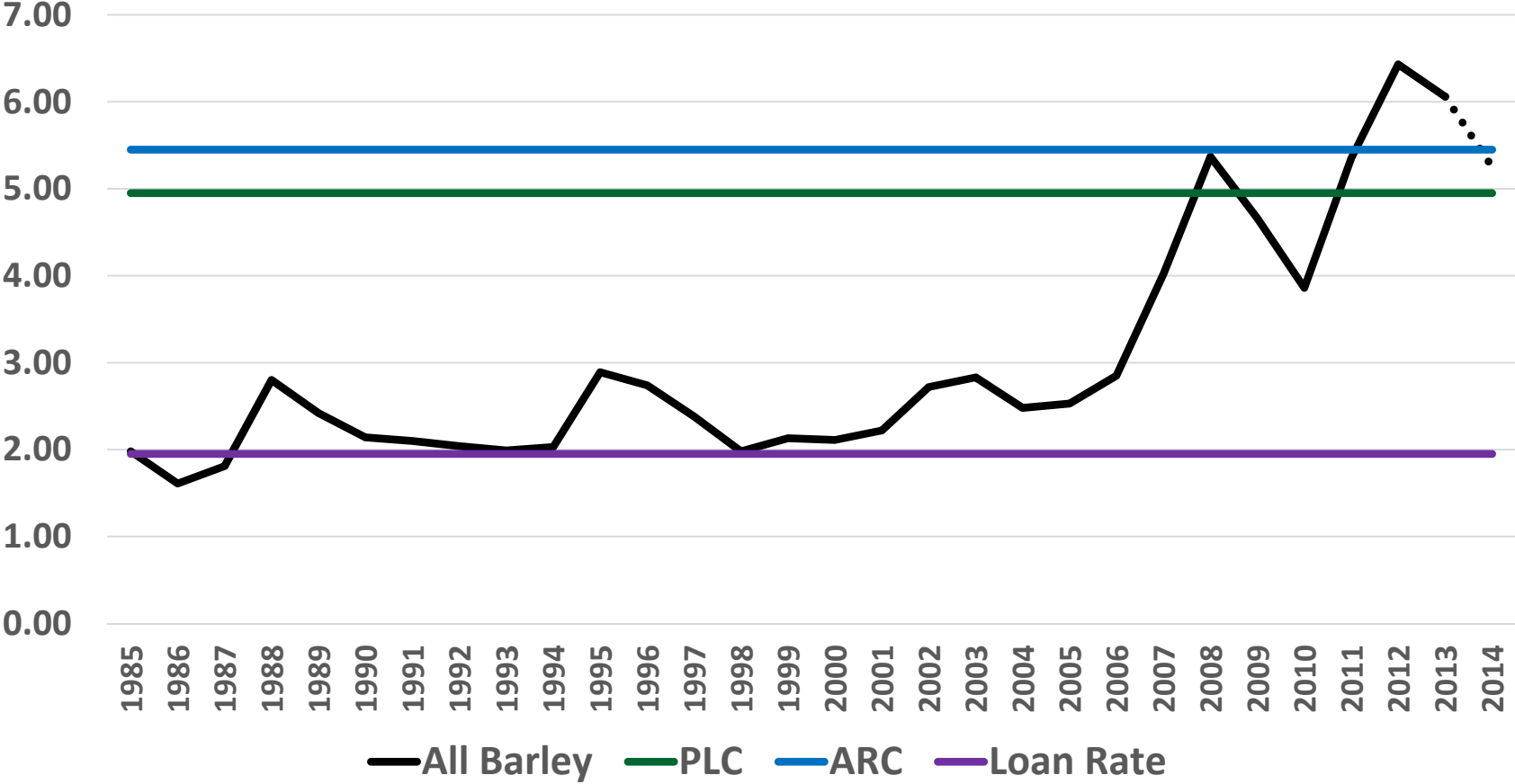
Historical National Average Prices

All Wheat



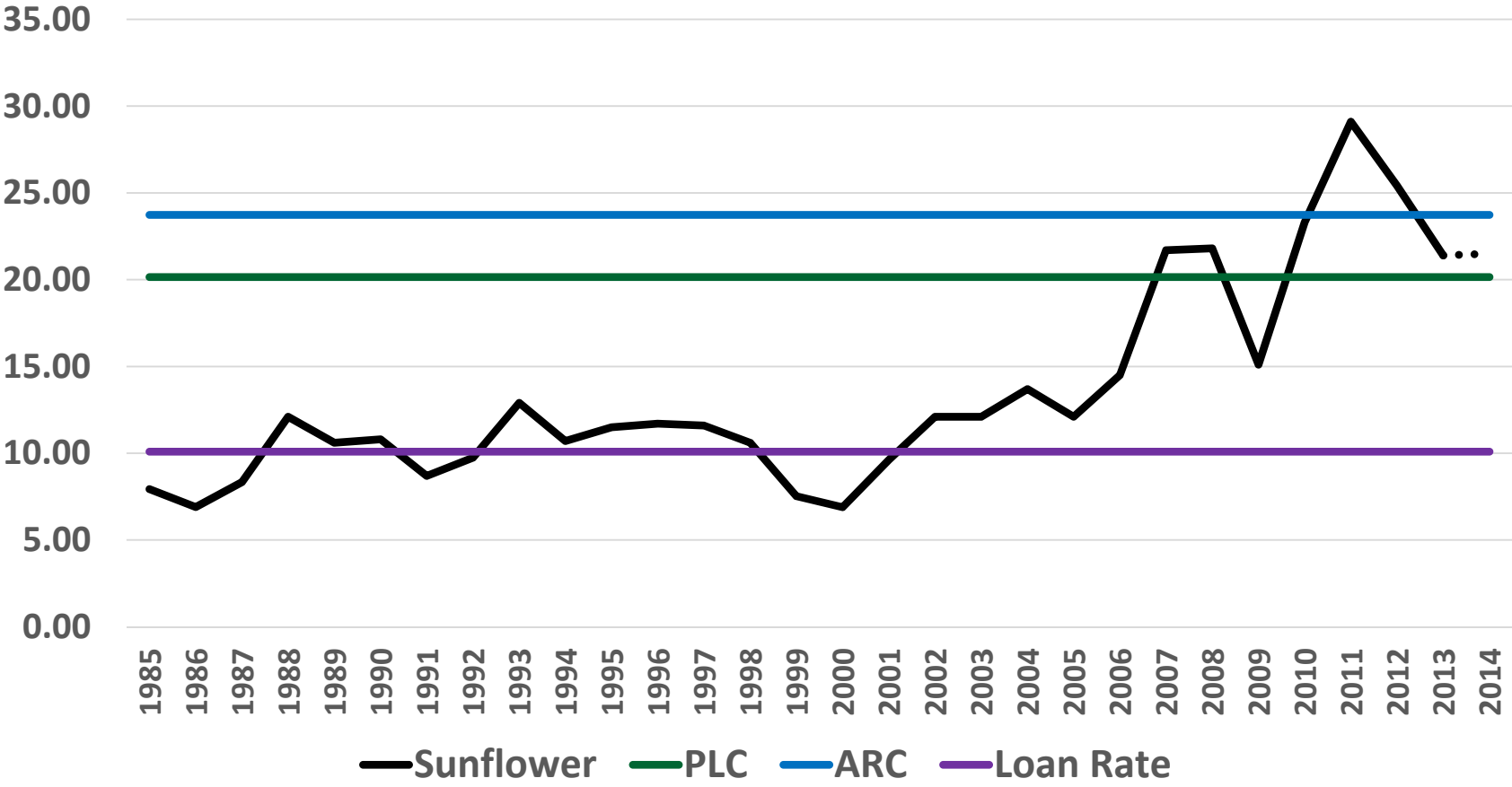
Historical National Average Prices

Barley



Historical National Average Prices

Sunflower



Questions?

