



2019 EXECUTIVE FARM MANAGEMENT

“What got you here won’t necessarily get you there.” —Dr. Marshall Goldsmith

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PRICE PROBABILITY

Corn (CZ) Historical Closes *

2019 Projection

	2014	2015	2016	2017	2018	Thru 1/3/19	FY2019
High	6.06	5.52	4.90	4.32	4.28	4.23	
90%	5.94	5.32	4.64	4.20	4.14	4.16	
67%	5.45	4.81	4.20	4.06	4.04	4.11	
50%	5.13	4.39	4.06	3.95	3.99	4.08	
33%	4.80	4.11	3.95	3.87	3.94	4.04	
10%	3.72	3.77	3.48	3.56	3.70	3.97	
Low	3.21	3.58	3.16	3.36	3.43	3.84	
67-33 Spread	0.65	0.70	0.25	0.19	0.11	0.06	

* Life of contract thru 1/3/19

PRICE PROBABILITY

Soybean (SX) Historical Closes *

2019 Projection

	2014	2015	2016	2017	2018	Thru 1/3/19	FY2019
High	13.33	12.45	11.64	10.43	10.54	10.10	
90%	12.90	11.98	11.15	10.05	10.07	9.96	
67%	12.34	11.53	10.10	9.68	9.61	9.63	
50%	12.12	10.97	9.72	9.55	9.40	9.45	
33%	11.77	9.93	9.50	9.36	9.19	9.27	
10%	10.67	9.10	8.85	8.90	8.77	8.98	
Low	9.10	8.59	8.60	8.68	8.14	8.72	
67-33 Spread	0.57	1.59	0.59	0.32	0.42	0.36	

SEASONALITY

Corn					
Crop Year	Yield	Nov \$ - Apr \$		Oct \$ - Jun \$	
Average		73%	-20	76%	-22
1986	119.4	-29		-20	
1987	119.8	2		-16	
1988	84.6	44	-9	-38	-26
1989	116.3	-25		-5	
1990	118.5	-39		-53	
1991	108.6	-17		2	
1992	131.5	-42		-52	
1993	100.7	30	-1	42	0
1994	138.6	-39		-41	
1995	113.5	65		45	
1996	127.1	-64		-84	
1997	126.7	-8		27	
1998	134.4	-50	-41	-33	-28
1999	133.8	-42		-34	
2000	136.9	-43		-17	
2001	138.2	-27		-6	
2002	129.3	22		14	
2003	142.2	-2	-33	-1	-27
2004	160.3	-118		-92	
2005	147.9	-40		-48	
2006	149.1	86		92	
2007	150.7	2		-10	
2008	153.3	-240	-2	-357	-27
2009	164.4	-28		-44	
2010	152.6	169		185	
2011	146.8	-29		-42	
2012	123.1	199		187	
2013	158.1	-116	-22	-123	-13
2014	171.0	-130		-72	
2015	168.4	-32		-15	
2016	174.6	-39		-74	
2017	176.6	-44	-42	-47	-47
2018	181.3	-45		-20	

Super Cycle 2008-12	14		-14
Post-Super Cycle 2013-18	-67		-58

Soybeans					
Crop Year	Yield	Oct \$ - May \$		Oct \$ - Jun \$	
Average		64%	-30	70%	-41
1986		-39		-21	
1987		-25		-36	
1988		37	-37	-136	-56
1989	32.3	-127		-79	
1990	34.1	-32		-9	
1991	34.2	-33		-19	
1992	37.6	-80		-88	
1993	32.6	12	-28	12	-32
1994	41.4	-95		-112	
1995	35.3	56		48	
1996	37.6	-70		-35	
1997	38.9	-13		15	
1998	38.9	-70	-48	-55	-19
1999	36.6	1		13	
2000	38.1	-90		-32	
2001	39.6	6		-8	
2002	38.0	78		66	
2003	33.9	170	-1	167	-14
2004	42.2	-199		-159	
2005	43.0	-59		-133	
2006	42.7	-26		-23	
2007	41.7	170		118	
2008	39.7	-379	-7	-567	-59
2009	44.0	-34		-72	
2010	43.5	236		249	
2011	41.9	-126		-139	
2012	40.0	222		190	
2013	44.0	54	-31	-10	-53
2014	47.5	-268		-256	
2015	48.0	-40		-48	
2016	52.0	-67		-146	
2017	49.3	20	-73	43	-63
2018	52.1	-172		-87	

Super Cycle 2008-12	-16		-68
Post-Super Cycle 2013-18	-79		-84

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2017 Minnesota Financials Are In!

Minnesota farmers experienced their fifth consecutive year of low profitability in 2017. The median farm earned \$28,551, down slightly from just over \$36,000 in 2016. Declines in [farm income](#) were largely driven by low profits and losses for cash crop farms, while livestock farms, in general, had a better year. With average investment of over \$2 million, farms earned a 2.2% return on investment. Across all farm types, almost one-third of farms lost net worth in 2017.

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Financial Standards Measures 2017

FINBIN

Benchmark Report, 90 Farms

	Group Median	Count	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%
Current ratio - ending	1.41	90	0.74	0.90	1.03	1.17	1.30	1.49	1.84	2.28	4.75	31.63
Working capital - ending	590,446	90	-447,167	-210,202	65,692	255,444	429,474	880,201	1,134,806	1,664,393	2,161,412	3,750,841
Working capital to revenue ratio - er	22.0	90	-16.5	-7.8	2.0	10.0	17.1	26.4	45.2	61.6	82.4	113.8
Farm debt to asset ratio (mkt)	43	90	89	67	60	54	47	41	33	26	22	7
Farm equity to asset ratio (mkt)	57	90	11	33	40	46	53	59	67	74	78	93
Farm debt to equity ratio (mkt)	0.74	90	4.04	1.96	1.51	1.14	0.87	0.68	0.47	0.35	0.28	0.08
Rate of return on farm assets (cost)	2.6	90	-8.6	-4.4	-0.6	0.6	1.8	3.0	4.5	5.3	8.3	12.5
Rate of return on farm equity (cost)	2.1	90	-45.6	-11.0	-6.4	-2.0	0.8	3.1	5.0	6.9	11.4	16.9
Operating profit margin (cost)	6.4	90	-15.2	-9.0	-1.8	2.2	5.6	7.9	11.7	16.0	20.5	27.9
Net farm income (cost)	217,852	90	-544,260	-283,331	-55,724	29,534	177,010	269,076	377,564	534,883	655,285	1,219,986
EBIDTA (cost)	486,928	90	-192,199	57,746	263,460	369,071	442,912	530,062	690,620	900,979	1,013,475	1,498,088
Capital debt repayment capacity	319,151	90	-376,305	-82,445	111,331	194,389	294,103	372,892	500,512	617,651	805,128	1,106,144
Capital debt repayment margin	51,887	90	-775,781	-413,327	-158,476	-76,757	12,762	92,521	199,932	318,843	535,485	1,087,870
Replacement margin	-33,431	90	-895,231	-520,894	-276,392	-167,828	-65,738	37,144	90,954	208,646	396,396	735,783
Term debt coverage ratio	1.13	90	-1.51	0.00	0.37	0.71	1.00	1.27	1.66	2.45	4.25	13.29
Replacement coverage ratio	0.89	90	-1.23	0.00	0.29	0.53	0.79	1.08	1.21	1.58	2.17	3.59
Asset turnover rate (cost)	40.1	90	20.9	24.0	29.3	33.4	38.1	41.3	47.9	55.2	65.8	93.1
Operating expense ratio	80.0	90	105.7	98.3	90.4	85.3	82.3	78.8	74.8	70.4	66.7	58.6
Depreciation expense ratio	7.2	90	13.5	11.1	9.5	8.3	7.5	6.8	5.8	4.7	3.3	2.1
Interest expense ratio	3.5	90	9.5	7.0	5.6	4.5	3.9	3.2	2.9	2.3	0.8	0.2
Net farm income ratio	7.4	90	-18.6	-8.5	-2.2	1.1	6.4	10.5	14.8	17.6	21.5	30.3

Financial Standards Measures 2017

Benchmark Report, 90 Farms

Location:

Report Selections:

Year(s): 2017

Farm Type: Crop

Gross Farm Income: Over \$2,000,000

Corn 2017; Cash Rent

FINBIN

Benchmark Report, 3051 Enterprises

	Group Median	Count	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%
Yield per acre (bu.)	197.02	3051	101.32	140.20	165.22	180.39	192.00	201.10	210.00	218.00	226.62	240.00
Value per unit	3.10	3051	2.86	3.00	3.00	3.00	3.09	3.15	3.20	3.27	3.35	3.50
Total product value	618.80	3051	302.28	433.59	513.57	563.83	603.08	634.52	662.50	694.79	729.00	790.39
Hedging gains/losses	8.07	163	-30.51	-7.94	-7.31	1.22	5.78	8.08	37.26	38.52	74.17	148.63
Crop insurance	30.66	500	1.82	4.81	7.91	14.23	23.54	36.78	59.18	86.17	136.40	238.07
Other crop income	19.53	659	1.33	6.73	11.14	14.80	17.62	23.21	31.19	37.19	46.85	89.50
Gross return	633.08	3051	338.31	456.37	531.82	578.99	615.41	648.08	677.95	707.89	744.46	807.20
Seed	107.73	3051	141.21	129.84	124.35	116.92	110.31	104.31	97.58	89.49	79.81	64.50
Fertilizer	103.85	3013	169.09	142.40	129.12	117.86	109.17	98.97	89.00	78.50	67.44	43.60
Crop chemicals	32.01	3036	70.53	53.00	45.27	38.83	34.38	30.06	26.84	24.02	20.00	15.00
Crop insurance	18.67	2940	37.31	30.36	26.63	22.67	20.01	17.33	14.93	12.41	10.00	6.73
Drying expense	22.40	2151	49.39	37.50	32.00	27.78	23.99	20.87	16.85	13.00	8.28	3.90
Fuel & oil	21.84	2993	44.83	34.05	28.98	25.65	23.28	20.67	18.65	16.08	12.97	7.40
Repairs	39.30	3011	85.88	67.87	54.80	46.94	41.52	36.09	30.50	24.09	18.14	9.57
Custom hire	14.55	1464	96.96	50.16	32.48	22.28	16.83	12.54	10.67	7.95	5.41	1.67
Land rent	179.35	3051	275.12	246.32	224.53	207.17	189.40	170.00	142.59	116.13	80.00	46.51
Operating interest	10.25	2640	38.09	24.18	17.97	14.65	11.41	9.09	6.78	4.10	1.96	0.50
Total direct expenses	564.99	3051	750.06	689.20	649.97	616.98	581.44	544.71	505.33	461.48	408.22	324.62
Return over direct expenses	58.74	3051	-128.91	-52.41	-10.06	21.29	47.64	71.56	97.58	128.40	167.20	227.72
Hired labor	9.90	2003	66.77	33.67	24.39	18.54	12.43	8.29	4.91	2.51	0.63	0.00
Farm insurance	8.87	2914	24.44	17.03	13.88	11.52	9.71	8.10	6.74	5.34	3.91	1.94
Utilities	5.38	2642	16.82	11.74	9.43	7.43	5.95	4.87	3.73	2.66	1.47	0.00
Dues & professional fees	3.07	2379	14.59	7.59	5.92	4.56	3.49	2.73	2.14	1.60	1.13	0.52
Interest on interm. debt	4.76	2454	25.64	14.35	10.17	7.37	5.35	3.99	2.96	1.93	0.95	0.30
Machinery depreciation	40.83	3005	97.33	71.66	60.99	51.33	44.51	38.13	32.30	25.39	17.36	6.45
Building depreciation	6.90	2193	27.99	17.80	13.59	10.00	7.91	6.02	4.40	2.72	1.57	0.55
Miscellaneous	4.20	2868	24.25	12.81	9.21	6.83	4.98	3.44	2.34	1.54	0.73	0.21
Total overhead expenses	96.50	3051	208.08	158.46	130.27	117.32	103.00	90.51	77.51	65.67	49.57	28.57
Total dir & ovhd expenses	664.42	3051	884.42	811.15	764.98	725.08	684.83	645.85	608.36	560.27	487.12	394.95
Net return	-40.99	3051	-258.28	-163.96	-115.97	-84.20	-54.59	-27.86	-0.30	34.07	72.93	139.84
Government payments	10.01	3051	0.00	0.00	0.00	1.76	7.08	12.65	18.04	23.99	32.88	45.42