

First Trust & Savings Bank  
PO Box 160  
120 E Walnut St  
Watseka, IL 60970

815-432-2494  
ftsb@ftsbank.com



Ag Lending  
Farm Management  
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## Our roots are in agriculture

The First Trust and Savings Bank was built on a foundation of agriculture. Since the early 1900s First Trust has been committed to the most important industry in the area. We have remained strong and maintained relationships with agricultural customers through the changing agricultural economic environment. Your goals are our goals. Together, by assembling a team of knowledgeable and dedicated professionals, we formulate a plan that meets your needs and desires.

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# The Difference in Agriculture

NEWS & INFORMATION FROM THE FIRST TRUST & SAVINGS BANK

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## Embrace the Uncertainty

*Mike Wilson, Farm Futures, April 6, 2020*

Helpless.

That’s how Illinois farmer Megan Dwyer felt after forty days of rain left her family farm’s Coal Valley, Ill., fields swamped last spring. Dwyer, who farms 700 acres of corn, soybeans and alfalfa with her father Richard, watched the calendar turn to June with only a handful of acres planted.

That scene played out for thousands of row crop farmers over most of the corn belt, leading to nearly 20 million acres of prevented planting acres. Now, nearly a year later, relentless storms have plagued most of the south and Midwest again, putting further pressure on farmers who desperately hoped to hit the reset button and get ‘back to normal.’

“I don’t know anyone who didn’t finish up in December if not January,” Dwyer says wearily. “It was just a year that would not end. We’re going into spring with river and soil saturation levels higher than last spring, so another wet spring will be problematic.”

### Feeling distracted

Many farmers hoped for a big rally after last year’s crazy weather, but unlike the drought of 2012, these markets saw ‘rain makes grain.’ Then Black Swan events like Coronavirus amid trade wars added to the frustration and tanked markets even further.

Now, despite new trade deals, some farmers may be lulled into hoping for more government help instead of doing what they do best – planting and planning for profit.

“Farmers seem as distracted as I’ve seen in 15 years,” says Steve Johnson, Iowa State University farm management specialist. “There’s a lack of focus in the countryside. Most farmers are still hanging on to 2019 bushels and focused on last year’s wet corn and weather; they’re still focused on things out of their control, and it’s distracting them.”

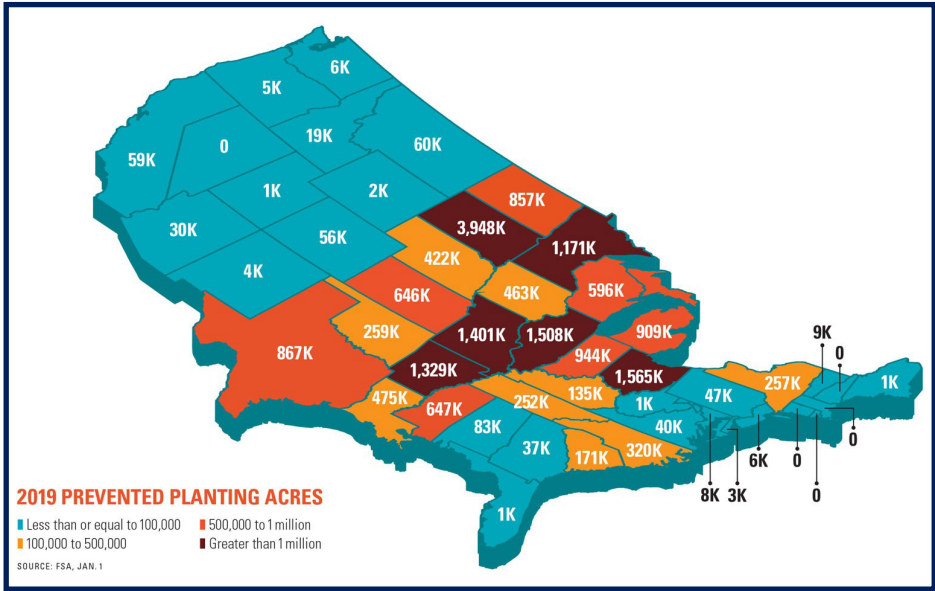


*“People forget all the work that goes into putting in a crop and how much faith you have to put into the weather,” says Illinois farmer Megan Dwyer.*



Johnson believes farmers are pushing risk management decisions later in the winter, based on what he's seen from slower signups for ARC/PLC and crop insurance. "That's not going to bode well if you're holding large amounts of unpriced bushels from the previous year, and it won't bode well for making pre harvest sales either," he says.

"We're going back to a pattern reminiscent of 2004-2006," he observes. "We're not making much money and we're becoming more dependent on the federal government rather than the marketplace. Farmers are talking about how they have to have an MFP payment in 2020 to make a profit."



To be sure, a core group of producers – maybe 20 to 30%, he estimates – have their eye on the ball, concentrating on lower costs, minimizing risk, and selling rallies. But the late 2019 planting season followed by late harvest and continued wet conditions has made a stressful time of year more difficult. Much of the U.S. is primed to suffer multi-billion dollar flood losses, with farmers already steeling themselves for another round of planting delays.

### Be proactive

Rain or shine, how can you stay Zen in all the spring planting chaos?

First, put together a plan; work the plan; and then call an audible when it's time to change the plan. Consider these useful tactics from Johnson:

#### Marketing

- Don't let planting cause you to miss opportunities. Develop a written marketing plan that will be executed between now and mid-November.
- Understand futures price seasonals, which favor making spring sales
- Calculating 2020 breakeven prices using APH yields
- Anticipate more normal basis next fall, winter and spring where you typically deliver your cash bushels
- Utilize revenue protection crop insurance and separate delivery from non-delivery bushels
- Anticipate your farm's cash flow needs next fall and winter
- Avoid putting excessive unpriced bushels in commercial storage
- "There are tools available to make potential sales during the busy spring season," adds Purdue ag economist Mike Boehlje. "You can develop a plan with your broker or local elevator to set trigger prices, target dates, and put some orders in, so sales go through if you get your price even if you're busy planting."

#### Time Management

- Lay out plans for each field and crop and calculate expenses and income. Have a backup plan for the inevitable weather disruption. "No matter how well we've laid out the plans for the coming year, something always changes," says Missouri farmer Tom Waters. "Managing and adapting to unexpected changes is part of every farmer's life. We constantly change our day-to-day activities based on what the weather will allow us to do."

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## MANAGER'S MESSAGE

### Effects of COVID-19

While 2019 brought many crop production issues, the start of 2020 has been just as turbulent. As we all have seen and heard, the whole world has been affected by the COVID-19 pandemic, and its effects are wide reaching. Businesses large and small have had to close their doors to the public, with many not allowed to return to their workplaces. Unemployment is high and our economy, along with many world economies, have slowed to a snail's pace, with significant impacts being felt in the agriculture sector.

The production issues of 2019 are long in the rearview mirror, with this spring providing ideal conditions in most of our area. Planting has progressed rapidly and we were more prepared than last spring. But that is only part of the story. There have been many more unpredictable situations created by the coronavirus pandemic that should be addressed. One, livestock production and its associated businesses have been especially hit hard. Many dairies and processors have been forced to destroy their end products as they are not equipped to change, nor able to sell their products. The grain industry is affected by this, as the largest buyer of grain products are livestock producers, along with the ethanol complex fading. All of the agriculture sectors are connected in some way, and the pandemic has exposed many issues in our supply chains, on both the production and consumer ends. Also, workforce shortages have hindered the ag industry suppliers, processors, refiners, and most local businesses that either use products or supply producers. On top of our own national and local issues, the world economy has decreased demand on our products, causing in some areas a 15-20% decline in April corn prices on average.

Even with all these challenges, our Ag communities will survive. We will plant our crops and raise our livestock with skill and care of none above. We will continue to help our neighbors and families; and we will learn from new lessons given this spring. Thankfully, there are systems in place to help, like Federal



programs, crop insurance, and a relatively affordable access to capital. In the coming months and possibly years, there will be many unknowns, each with their own challenges we must overcome. If we continue to communicate these issues, and work together, we will succeed.

Please stay safe,  
Scott



# Perspective: The power of farmers on social media

How many times have you checked Instagram today? What about Facebook? The last time I checked my Instagram, I saw a cute little Goldendoodle puppy wearing sunglasses. So much for staying focused at work. These days, the average person spends more than two hours a day on social media. That's two hours a day checking in on family, keeping up with businesses, following the whereabouts of celebrities, seeing numerous advertisements, and even watching dairy farmers feed their cows.

The line of communication between farmer and consumer has always been an interesting one. Decades ago, if someone wanted to learn from a farmer, they would have had to locate the nearest farm and travel there in hopes that the farmer would be open to showing them around. Fast forward to today, where you can hop on your favorite social media platform, find a farmers account, and watch their day-to-day activities. Now consumers can see exactly what goes into their food without even having to leave their couch. That's the power of social media, and many farmers now are using it as a tool to talk directly to consumers and to build communities.

I've interviewed countless farmers across the United States, as well as several in Canada and the United Kingdom – most of whom I found thanks to their social media channels. These farmers are showcasing their busy lives and doing their best to better educate consumers on what they do and how they produce food commodities. They discuss the good and the bad, showing that agriculture is hard work and that most farmers never really have a day off.

One such farmer is Katie Dotterer-Pyle of Cow Comfort Inn Dairy in Maryland. Katie has several thousands of followers on Instagram, and she uses that space to showcase the daily tasks at her dairy farm. Some important topics she covers are animal health, the health benefits of milk, and that dairy farmers care for their cows. Katie also talks about some of the harsh realities that she and many in the dairy industry are facing, such as milk prices plummeting, multigeneration dairy farms closing, and even farmer suicide rates being on the rise. The transparency Katie



showcases is important. It shows that Katie and the countless farmers out there are real people with real struggles. It also shows the impact of consumer choice. What consumers decide to spend their money on trickles down to the farmer and can have severe impacts on their livelihood. Sometimes those consumer choices are justified and sometimes they are just completely misguided.

While farmers such as Katie talk candidly and honestly about what farming is like, the power of the internet and social media also means there is a ton of misinformation out there. If you are reading this and

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are a member of the agriculture industry, you already know this and are probably just as frustrated by it as me. Katie has a pretty cool saying that is helping combat some of that misinformation: "Ask farmers, not Google." Such a clever way to spread awareness and teach consumers where they should get their information from.

It's difficult to endure social media's dark side. Many farmers receive mean comments from users and even death threats. And the sad thing is that other than their close communities helping defend them, these farmers are mostly on their own. The industry too often does not act to protect them. I've heard stories of people wishing the worst upon farmer's kids like, "I hope your kids eat tainted meat," or saying things like, "I hope your business goes under."

As harsh as some of the comments might be, farmers, like usual, keep on trucking. They keep on showcasing their job and informing the public as best as they know how. It's a noble cause these farmers are dedicated to, and they handle it oh so well.

As in all things, there is an important lesson here for both farmers and consumers. For farmers, it's to go where your audience is. If the consumers are on social media, bring your message there. Consumers aren't usually going to go out of their way to learn about agriculture. Find what they like, and adapt your message to that format.

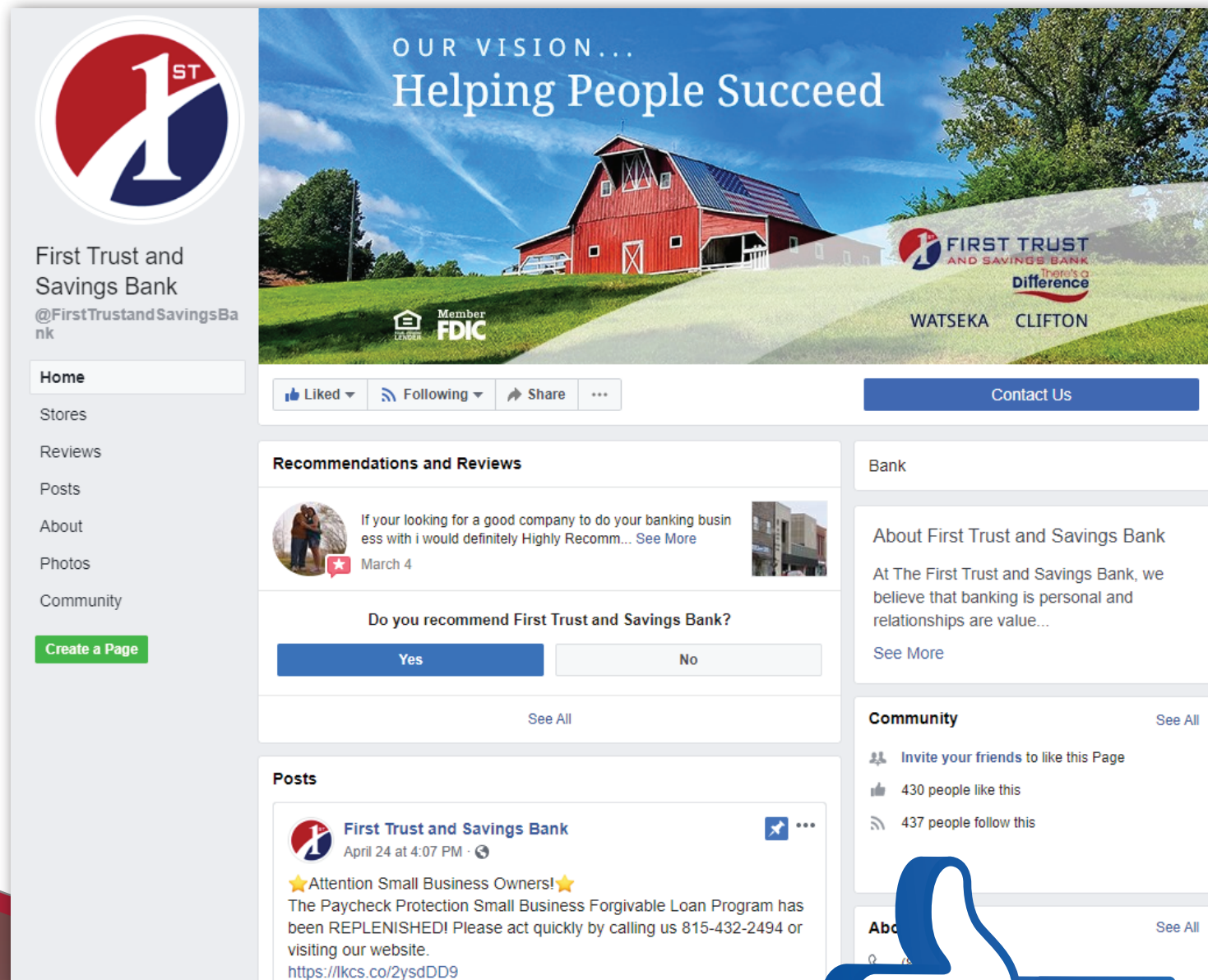
The lesson for consumers is to look for factual information as close to the source as you can get. Wanna learn about beef production? Find a beef farmer on your favorite social media platform and learn from them. And please be skeptical about things you hear on the internet, especially if it's coming from someone outside the agriculture industry.

In this crazy era of constantly evolving media channels, avoid the filth and focus on the good. The good content, the good education material, the good influencers – and perhaps most importantly, the good farmers.

*Trevor Williams, a former high school agriscience teacher, now works software analyst in Florida. He is also the host of the **Farm Traveler Podcast**, which aims to bridge the gap between farmers and consumers.*







- Ensure that your suppliers and support team know the plan down to the smallest detail. Make sure deliveries are in the right place at the right time. Get it as well organized as you can so there's no downtime when weather turns on you. During planting season overcommunicating is expected.
- Make sure the team is ready. "Everyone should be grounded in the expected workflow schedule and sequencing by field, in case someone needs to fill in for another," notes Boehlje. "That not only helps you be more successful getting things accomplished, it's a mental exercise that can help shake off the winter blues."
- Timeliness is everyone's middle name. Think about work schedules and ensure equipment is prepped. With technology like fast-speed planting, autosteer and GPS, consider working the planter 18 to 24 hours a day if you have the crew. If you're a one-man band, consider having some apps applied by the co-op or hiring the neighboring retired farmer to help. "If the conditions are right you can't let darkness keep you from getting the work done," says Boehlje. "Keeping the planter going is essential."
- Take time off. Really? Last summer we heard too many stories about farmers – young and old – going to the Emergency Room with chest pains and anxiety attacks as the wet spring kept them out of fields. Don't let uncontrollable factors ruin your health, family life, or upbeat mindset. Use weather disruptions as an excuse to destress and have fun: take in a ballgame, open up a good book, or take someone to dinner.

Work through the 'what-if' list

How you deal with the unexpected can have dramatic impacts on your bottom line at the end of the year. Ask yourself these questions:

- How do we handle major breakdowns during planting or harvest?
- What do we do when a key employee becomes sick or is unable to work?
- Can we react quickly when an infestation of pests attacks our crop?
- Are we willing to seek extra help when we get behind?

Have a written plan to answer all these questions and share it with the team.

"If our combine catches fire we know where we can quickly get a replacement or can hire custom help to get us through the remainder of harvest," says Waters. "Likewise, with other machinery we work with reliable dealerships that can provide timely service when needed or provide a replacement machine or implement for repairs requiring extended downtime. For minor repairs, we plan for breakdowns by having a supply of commonly used parts on hand to reduce downtime."

Even so, it's tough to keep calm when Mother Nature has other ideas.

"People forget all the work that goes into putting in a crop and how much faith you have to put into the weather," Dwyer says. "It's tough to put together a plan and have very little control of the outcome."