

# Index: Ag Firms Fare Well In Hard Economy

BY DAVID MERCER  
Associated Press

CHAMPAIGN, Ill. — Since 2007, much of the American economy has stumbled through a difficult period, but agriculture-related firms have enjoyed four profitable years thanks to heavy demand for corn and other crops.

A new index of 21 agriculture-related companies, called Agindex, shows their market value increased 8.6 percent a year from the beginning of 2007 through the end of March 2011. During that same period the value of companies in the S&P 500 dropped on average 2.7 percent per year.

The Agindex includes household names such as equipment-maker Deere & Company and seed-and-chemical firm Monsanto along with lesser-known companies such as fertilizer producer Agrium.

Gary Schnitkey, a University of Illinois agricultural economist, created the index with graduate student Clay Kramer to measure the strength of the agricultural sector. What they found was evidence of the strength of the rural economy the past few years, when crop prices

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GARY SCHNITKEY

sheltered farm country from much of the worst of the recession.

"Farmers are buying equipment and everything so it does filter out into the general rural sector," Schnitkey said. "The rural economy did fare pretty well."

Even with uncertainties about whether the government will reduce or eliminate programs that subsidize ethanol producers and growers of corn, soybeans and other commodities, Schnitkey said it's doubtful his index or the farm economy could decline any time soon.

"You're going to see pretty high (farmer) incomes for this year and probably next year," he said. "It's hard to see a situation where that moderates a lot."

Prices for corn, soybeans and other crops have soared for several reasons, including a surge in overseas purchases from developing economies in China and India as well as continued demand from U.S. livestock and ethanol producers.

The demand has caused stockpiles to decline and in part been to blame for increased food prices.

As farmers have earned more in recent years, they have bought new tractors, combines and other equipment from companies like John Deere and Kubota Tractor Corp.

The equipment makers in the index saw their market value increase a total of 51 percent.

Higher prices, coupled with plentiful crops in recent years, have enabled farmers like Leon Corzine of Assumption, Ill., to buy new equipment. Corzine bought two new tractors last year for use on his 3,000 acres of corn and soybeans.

"You're talking about getting upwards of 250,000 or 300,000 dollars apiece," he said.

But the sector that's had the best four-year run, Schnitkey found, is fertilizer makers such as Agrium, based in Calgary, Canada, and Potash Corp. of

Saskatchewan, based in Saskatoon, Canada. Those companies' market values more than doubled.

Most Americans probably have never heard of the fertilizer makers, but the demand for more corn and soybeans has allowed the companies to put a premium on their products.

Not every company on the index did so well. The index's processors, which had to pay high prices for corn, soybeans and other crops, actually lost 4 percent of their value. Those companies include Archer Daniels Midland Company, Bunge Limited and Corn Products International.

Schnitkey noted that most of those companies had very strong first quarters this year.

Despite concerns about reductions in government subsidies for ethanol and some crops, Morningstar analyst Jeffrey Stafford expects the current trend to continue. Farmers can't keep up with the demand for corn, for instance, meaning that stockpiles will remain low.

"It could take multiple growing seasons to return those stocks-to-use levels to kind of a more sustainable average," he said. "You could see elevated crop prices remain for quite some time."

COMMENTARY

## Can Big Ag Woo Women?

BY RITA BRHEL  
P&D Correspondent

I wrote recently about how I've been keeping up with happenings in the agricultural industry through Facebook. I just found another interesting article shared on the Women, Food, and Agriculture Network page called "Will Women Fall for Corporate Ag?"



Rita BRHEL

The article focuses on the latest public relations push by the industrial

agriculture sector to improve its image. Author Michael Pollan and the documentary, "Food, Inc.," have apparently made a big impact on consumer preferences between food products from large-scale agriculture production and those from small, so-called sustainable farms, as advertising agency Osborn and Barr have been called into action. The agency's hope is a woman-to-woman marketing campaign targeting urban and suburban women. Why women? Because we control 85 percent of household spending in the United States.

Sounds good on the surface — women are most likely to influence other women, and if Big Ag can change our minds, then they're back on the dinner menu.

But there's a catch: Women, by far, support organic food production, diversified family farming, and local foods. In fact, they're leading efforts to change farm policy in such states as our neighbor, Iowa.

And women are really smart when it comes to advertising campaigns. They don't fall for emotional tactics, but really dig in to read about the research themselves. They want to see the truth about the food they're eating, the food their children are eating.

Just this year, the President's Cancer Panel released a report



METRO GRAPHICS ILLUSTRATION

showing that agricultural chemicals increase the risk for cancer when already 41 percent of us will likely be diagnosed with cancer sometime in our lifetimes. That's hard to stomach when organic agriculture now has the infrastructure to get its food products into local farmers markets and grocery stores around the country. Why choose something not as healthy when the healthier version is just as much as within reach?

An example of how women dig past the hype to the truth can be summed up in the Corn Refiners Association's recent attempt to spread happy vibes about high fructose corn syrup through the mom-blogging community on the Internet.

High fructose corn syrup — or as the Corn Refiners Association would like it to be referred to, corn syrup — is in almost every packaged processed food sold on this nation's grocery store shelves. It has also been linked to some nasty health concerns, including obesity and diabetes, and now food manufacturers are scrambling to replace corn sugar with old-fashioned table sugar.

The Corn Refiners Association was in a panic, but smartly decided to go straight to the heart of today's marketing campaigns — web-based social media via bloggers. I say smart, because everyone reads blogs, even the mass media, so if a company can influence certain high-profile bloggers in their target audience, they can potentially influence millions of buyers.

So the Corn Refiners Association partnered with MomCentral bloggers, paying them with Walmart gift certificates to regurgitate a presentation made by the association on how corn sugar is just the same nutritionally as table sugar. On paper, it looked like a great idea.

In reality, it backfired badly. Prominent members of the parent blog community called out the marketing ploy for what it was and criticized the MomCentral

bloggers for not doing their research to present a more balanced review of corn sugar. And just to add to the nightmare for Corn Refiners Association, the controversy swept through the blogosphere and beyond it. So while corn sugar did get some great publicity, it just wasn't the positive kind the Corn Refiners Association was betting on.

So, I can't say for sure how it'll go with Big Ag pinning its PR hopes on women, but I'm leaning toward it not working out so well. It'll basically take a really good con artist for women to change their minds about what types of food products to feed their families, and while Osborn and Barr know their stuff — that women are the decision-makers when it comes to food — they seem, to me, to be a little behind the tide.

## SDSU Extension Offers Grasshopper Outlook On Rangelands For 2011

BROOKINGS — A new publication from the South Dakota Cooperative Extension Service gives a detailed forecast on grasshoppers in western South Dakota for 2011.

SDSU Extension Extra 5081, "Grasshopper Outlook on Rangelands: 2011" is available at this link: [http://pubstorage.sdstate.edu/AgBio\\_Publications/articles/ex5081.pdf](http://pubstorage.sdstate.edu/AgBio_Publications/articles/ex5081.pdf). Or ask for a copy of it at your county Extension office.

Extension Ranch Economist Martin Beutler and Extension Rangeland Specialist Roger Gates wrote the five-page publication with Bruce Helbig from the

USDA's APHIS Laboratory in Pierre.

Researchers conducted surveys on adult grasshopper in the fall of 2010, and those reports suggest a high probability for above-normal grasshopper populations during the 2011 growing season. The authors discuss alternative management and control strategies and provide financial guidance related to direct investment in application of insecticide for control.

## EZfeed Area Training Meeting At SDSU

BROOKINGS — An area training meeting about the EZfeed program for producers, veterinarians, consultants and nutritionists is set for Thursday, May 5, on the South Dakota State University campus.

The event runs from 9 a.m. to 1 p.m. in Room 122 of the Dairy-Microbiology building, which is at the intersection of Medary Avenue and 11th Street in Brookings.

Call 1-800-453-9400, Ext. 6711, to reserve a seat, or e-mail [ezfeed@dhiprovo.com](mailto:ezfeed@dhiprovo.com). EZfeed is a feed management software developed by Utah-based company, DHI-Provo, that is currently used to feed more than 1.4 million cattle.

SDSU Extension Dairy Specialist Alvaro Garcia said the program is one tool producers can consider to help them solve feed management problems, manage feed costs and milk production, and analyze and maintain data. For more information on this or other feed management issues, contact Garcia by phone at 605-688-5488, or by e-mail at [alvaro.garcia@sdstate.edu](mailto:alvaro.garcia@sdstate.edu).

## Extension Will Help With HOSTA Programs

BROOKINGS — Youth are more likely to be killed or injured in farm-related accidents, but young people who complete the Hazardous Occupation Safety Training in Agriculture (HOSTA) program will work safer on farms and ranches.

That's according to South Dakota Cooperative Extension Agronomy Educator Bob Fanning, who is organizing training sessions for 2011. Fanning said state law requires HOSTA certification for youth ages 14-15 and that he hopes more young people will get certified.

"In order for young people to take jobs this spring and summer and for farmers to hire them, HOSTA makes a lot of sense," Fanning said. "HOSTA provides good safety training, and spring is the time most youth pursue HOSTA certification in preparation for working on area farms later this year."

This spring, HOSTA programs are planned for May 26 in Onida; June 1 in the Chamberlain area; and June 2 in Presho. A tentative program is set for the Alcester area but the date is not set. Extension staff and other certified instructors may hold additional sessions, but youth can also become certified by studying the task sheets on their own and making arrangements with their local Extension office to take the written test and complete the skills and driving tests.

Fanning said that while youth of any age can perform farm work for their parents without restrictions, young people between the ages of 14-16 without HOSTA certification legally cannot take certain farm and ranch jobs for any other employers. For several years following the 1970s initiation of the original Hazardous Occupation Training, or HOT program, it was standard practice to hold three-day training sessions to meet the "24 hours of instruction" requirement for youth farm workers. Educators would conduct a written test and youth would have the opportunity to demonstrate their ability to drive a tractor safely at these training sessions.

The SDSU HOSTA website is available at this link: <http://www.sdstate.edu/abe/extension/hosta/index.cfm>. The website contains the information youth need to become certified, including access to the HOSTA task sheets, a list of approved instructors, a map of the driving test course, and the skills and driving test evaluation sheets. The website also contains a link to the South Dakota Department of Labor's webpage where many of the youth farm-work laws are explained.

## Memorial Day Deadlines

The Yankton Daily Press & Dakotan will be closed Monday, May 30th, for the Memorial Day holiday.

The following deadlines will apply:

Out On The Town — Wednesday, May 25  
Tuesday, May 31 newspaper — 5 p.m., Wednesday, May 25  
Wednesday, June 1 newspaper — 5 p.m., Thursday, May 26  
Thursday, June 2 newspaper — 5 p.m., Friday, May 27

There will be no newspaper on Monday, May, 30, 2011.

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Nonperishable food items will be accepted AND donated to the local food pantry. We ask that food donations be commensurate with amount of paper shredding.

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WEEKDAYS  
MONDAY-FRIDAY

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7:40 County  
8:15 G-V DI

**Tuesday**  
7:40 Kathy Jacobs  
8:15 Nickie Anderson  
8:45 Crystal Nelson

**Wednesday**  
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8:15 Chef Stacey

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