

“There is no doubt about it—the stakes are much higher now than they were five years ago.”

J.P. Gervais, Vice President and Chief Economist at Farm Credit Canada

FINANCIAL CHALLENGES:

Professional Advice for Managing in an Unprecedented Environment

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Farmers and ranchers are facing the financial challenges of a world that is post-pandemic, in an inflationary period, and where major agriculture-producing countries are at war—all while experiencing extreme weather conditions and patterns. The resulting high interest rates, volatile prices, and high cost of inputs have created a very challenging environment for farmers and ranchers to navigate. Unfortunately, there is no ‘one-size-fits-all’ strategy to combat these conditions, but there are some simple strategies that J.P. Gervais, Vice President and Chief Economist at Farm Credit Canada, recommends producers can use to take advantage of variables that are within our control.

1 Back to the Basics:

Know your Cost of Production

Cash flow inconsistencies have always been difficult to contend with in agriculture—they are now more challenging than ever due to high input/feed costs and struggling yields. Creating an in-depth evaluation of your cost of production in the current conditions can allow you to assess where your main risks are and plan your risk management strategy. Management tasks such as this one, though often tedious, are of utmost importance in our current financial conditions.

2 Run all Possible Scenarios:


Make Contingency Plans

Once you have assessed your cost of production and evaluated your risks, you can assess different courses of action based on varying conditions. In a world with many uncertainties (Will interest rates continue to rise? How long are these weather conditions going to persist?), planning for as many situations as possible can allow you manage what is in your control.

3 CEO Mindset:

Create your ‘Board of Directors’

In large corporations, a CEO sources information from other professionals in the areas where they may have less expertise—they turn to financial officers, communication experts, and so on. On a farm, these advisors do not necessarily have to be paid positions; your ‘board of directors’ may be comprised of family members or other producers you trust. Seeking counsel and help from others can not only help you find solutions to current challenges, doing so may also alleviate some of the mental strain of facing it all on your own. Luckily, a strength of our industry is the tight-knit community, so a helping hand is usually only one phone call away.



These tips may seem straightforward in the beef industry, but a reminder of their importance never hurts, especially in conditions where these strategies matter more than ever. Despite the daunting financial situation, there are silver linings for us to consider. For starters, the high cattle prices in summer and fall 2023 were a relief to many and provided an opportunity to take advantage of. In addition, consumer demand for beef has stayed consistent despite the rising costs. The current conditions leave the door open for some unprecedented opportunities just as much as the unprecedented challenges—and Canadian farmers and ranchers, as arguably some of the most resilient workers in the world, are more than capable of facing whatever is thrown their way.