Van A. Mobley: Stay bullish on the farm economy

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Farmers have a lot in common with gamblers. If you want to be successful at either profession you must first ante up – and then know when to hold 'em, when to fold 'em, when to walk away, and when to run. And above all never count your money while you're sitting at the table. Count it when the dealing is done.

For Wisconsin's Farmers the time to ante up in the latest round of the great game came this spring, when they had to decide whether or not to muster the necessary machinery, financing, labor, and land, and combine it with seed and fertilizer in the ground. Thank God we still have men and women who are steely enough to play the game! They put in what has the potential to be a good crop and if they didn't have the courage to do it we would all be in a pickle.

But once the seed is in the ground the game has just begun. There are still so many cards to fall. What will the weather do here – and other places? Will there be pestilence? How will international markets develop? What about consumer tastes? There is so much beyond the farmer's control!

And now, as if all that were not enough, farmers have to worry about Chinese tariffs on the international scene, and an agriculture bill bouncing around in Congress. The growing uncertainty appears to be driving down the price of all agricultural commodities in general, and soybean futures in particular. Has the time come for Wisconsin's farmers to throw in the towel on this year's crop, and sell some November futures before the wheels come off the market even further? Or is it time to grit your teeth and hold 'em for another round?

Well, President Trump, who rode to the White House with the farm vote, knows farmers are at a critical juncture of the game. He advises that they be a little patient and things will turn out fine.

The key thing for Wisconsin's farmers to remember (at least in regards to this year's soybean crop) is that Argentina suffered a terrible drought during its growing season this year. The Argentine harvest was far below expectations and the Argentine crop failure blew a big hole in the global supply of soybeans.

Even with a bumper crop in the US it is going to be impossible to make up that hole this fall. So global soybean stocks are going to take a hit – and that makes people nervous. Unlike the case with steel there is not a global glut of soybeans – and there will not be a global glut of soybeans for the next few years. Who knows, if the weather is bad in Argentina, Brazil, or the US for another crop cycle there may even be a dearth of soybeans.

Add it all up and the Chinese tariffs are the equivalent of spit in the breeze. The iron law of supply and demand still rules – and for the time being that law works in favor of Wisconsin's farmers – if they know how to play their cards.

Hang in their people. Stay bullish on America!

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