



News and views from your agribusiness partners at First Dakota

June 2022

Feed Your Spirit

BY NATE FRANZEN,
AGRIBUSINESS DIVISION PRESIDENT



Those of you in the livestock business know what I mean when I say high-spirited. When a horse, a bull, or any other animal is high-spirited, it may be a good thing or a bad thing depending on the situation. So what do I mean by feeding your spirit?

At First Dakota, we teach our team members about the snowman. The head of the snowman is the “I think” or the intellectual. This is important. We must grow our knowledge and expertise over time. The middle circle of the snowman is the “I feel” or emotional. You might think of it as the heart. The heart drives our level of passion or despair. Emotion is what makes us human. We must recognize it is normal and healthy to experience emotions. We can manage those to more beneficial levels by good healthy life habits. The snowman’s base is the “I am” or creative/unconscious. This is your spirit or your core. Another way to think of it is that it’s your foundation. I want to focus on this part of us all.

The “I am” is formed over time by your life experiences. Who are your friends? What do you think is possible in your career or other important areas of your life? What neighborhood do you live in? What is the potential of your business? Who are your mentors? What do we think is possible? We all make thousands of assumptions as we contemplate these and other questions that unconsciously plot where we perceive ourselves to be. Your “I am” significantly influences your actions, feelings, beliefs, abilities, and attitude. It ultimately defines your belief boundaries. The good news is we are constantly evolving. We can feed it and grow our beliefs or starve it and shrink our beliefs.

How do we feed it? There are many ways to feed our “I am.” We can have a process of regular goal setting and use SMART goals (Specific, Measurable, Attainable, Relevant, and Time-Bound). Goal setting and goal clarity stretch us to do more or do better. We can surround ourselves with smart, trusted people who will encourage and challenge us rather than discourage and hold us back. These are just a few of the many ways to feed our “I am” and build our spirit.

Why is this important? In agriculture and life, we have many highs and lows. There are many circumstances thrust upon us beyond our control. Our success is not determined by the ups and downs but rather by how we react and approach these opportunities and challenges. The more you feed your “I am,” the better you will be at finding the positives in your circumstances, no matter what they are. My experiences working with farmers and ranchers across our region tell me those who constantly feed their “I am” consistently have a higher-performing business, a stronger family, a stronger community of friends, and an overall happier, more positive state of mind.

I hope as you deal with your circumstances, whatever they may be, you keep these things in mind. The recent Derecho and other events can create difficult circumstances, but I know many of you will make lemonade out of these lemons! Wishing you all the best throughout the rest of this growing season.

What are rates doing?



BY JEFF WOLFGRAM
SVP - DAKOTA MAC MANAGER

You've seen the warning signs. Numerous factors are in place that may push interest rates for Ag real estate loans higher.

I remember when Denny Everson hired me 27 years ago and I was fortunate to join the Dakota MAC team. Denny stated, "You couldn't be starting at a better time. We are coming off all-time high interest rates and clients can actually lock in a rate for 15 years below 10%." At that time, if you could lock in a rate under 10%, you didn't question it — you did it! The strong consensus was interest rates would never be this low again.

So as rates start going up from record lows, how do you react? The first place to start is to talk with your Ag Banker. We can help structure long-term debt and help you achieve a more comfortable debt service margin, depending on your operation's near-term or long-term objectives. We can offer a one-month variable to a 30-year fixed-rate which can help keep any uncertainty to a minimum.

We also have access to a program called FSA Drive, which not only has some of the lowest rates but also allows you to retain working capital by offering a higher loan-to-value or a no-cost closing option, or both. Our Preferred Lender status with FSA enables us to originate loans how we originate non-guaranteed loans.

Our lending options are focused directly on you and your operation's needs. Let's work together to see what works best for you.



We have equipment financing tailored to fit your needs. IronCountry Equipment Financing lets you finance new or used farm machinery and equipment with several fixed and variable terms.

\$75,000 - \$199,999		\$25,000 - \$74,999	
3-year fixed	5.34%	3-year fixed	5.44%
4-year fixed	5.44%	4-year fixed	5.54%
5-year fixed	5.44%	5-year fixed	5.54%
6-year fixed	5.64%	6-year fixed	5.74%
7-year fixed	5.64%	7-year fixed	5.74%

Rates good through June 30, 2022. Subject to change. Contact a First Dakota Banker for rates greater than \$200,000.

Herds and Drought



BY CASEY COWAN
VP - PIERRE

The cattle industry has seen significant challenges in the last few years. Recent events have greatly influenced the cattle and protein industry, from the Holcomb, Kansas processing plant fire, COVID-19, Russia - Ukraine conflict, and drought that has caused the liquidation of herds and high feed prices. If we look at recent events, it is evident that producers can't account for or anticipate every unforeseen event that will occur and affect agriculture production. A producer has to navigate these challenges and make tough decisions.

Let's focus on drought and how it has forced producers to make challenging decisions. Producers spend a great deal of time managing their herds and when faced with the decision to liquidate, it is a real challenge. Numerous strategies have been deployed to deal with the drought conditions. When faced with tough decisions, it is vital to have a plan. This plan needs to be well-thought-out with various scenarios and action plans around those scenarios. Producers can use historical challenges to deal with future unknowns. Having a strategic planning team to help facilitate these conversations is essential, along with keeping accurate records to make number-based decisions and not spontaneous emotional decisions. An honest SWOT analysis (Strengths, Weaknesses, Opportunities, and Threats) of your operation will help the decision-making process. You can also use a "global" team to aid in decision-making and provide the additional necessary information. That team would likely include your lender, accountant, marketing resources, nutritionist, and the list may go on depending on your operation. Ultimately, it is your operation and your decision, but quality insight from a group of resources may help develop a drought management plan that fits each function.

Breakeven Analysis



BY TREVOR HUPP
AG BANKER - PIERRE

Production agriculture is a constant roller coaster, and the 2022 crop year is no exception. Currently, prices are higher for Ag commodities, but so are the expenses. Ag has seen the impact

of higher input costs in almost everything used in Ag production. Updating breakevens is essential when dealing with fluctuation in input costs and the value of the end product. For reference, let's compare the corn production environment in 2018 and 2022. With \$4 corn in 2018 utilizing \$340 Urea (46-0-0), it took 85bu to purchase a ton of Urea. With \$7 corn in 2022 and \$900 Urea (46-0-0), it takes 128bu to purchase a ton of Urea.

This may be a somewhat oversimplified example, but the point is producers have to watch both sides of the breakeven analysis. Margins equal profitability and the current expense environment takes more bushels to break even. At the same time, additional production has significantly more value in today's markets. With the greater opportunity to be profitable, it may require more capital to realize a profit.

As prices increase or decrease, the math stays consistent and the end product has to offset the cost. Updating personal breakevens will provide more accurate numbers and references for the always changing production environments. As you work with your lender, the quality of your breakeven analysis is critical in their decision-making process regarding a potential loan request.

After the Storm!

As Vince Lombardi once said, "It's not whether you get knocked down, it's whether you get up." And that's just what happened in the following days and weeks after the May 12 Derecho and tornadoes tore through eastern South Dakota, eastern Nebraska, and western Minnesota. Our First Dakota team rallied together and spent a week helping others get back up.

Straight-line winds between 50 to 100 mph tore through the region and took trees, buildings, bins, and more. Debris needed to be cleared from unplanted fields so producers could continue planting. We are proud of our team, who gave their time and talents to help others in need.



DakotaFest

AUGUST 16 - 18, 2022
DAKOTAFEST GROUNDS, MITCHELL

Mark your calendars for DakotaFest 2022.





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Kimball	605-778-6218
Mitchell (North)	605-996-3364
Mitchell (Norway)	605-996-3364
Parkston	605-928-3077
Pierre	605-224-5817
Salem	605-425-3111
Sioux Falls (Downtown)	605-333-8200
Sioux Falls (East)	605-333-8282
Sioux Falls (Louise)	605-333-8295
Sioux Falls (South)	605-333-8210
Vermillion	605-624-5555
Wagner	605-384-5456
Yankton (Downtown)	605-665-7432
Yankton (North)	605-665-4999

Loan Production Offices

Columbus, NE	402-563-2326
Hastings, NE	402-463-4637
Ogallala, NE	308-284-3260
Watertown, SD	605-753-5880

Building Your Confidence

The articles from Nate, Casey, and Trevor mention that Ag has its challenges, ups, downs, volatility, and greatness. With each day comes challenges and victories. Outside of loving the career you have chosen, it is imperative that you continue to work on feeding your spirit and self-confidence. Self-confidence is as much a skill as it is a personality trait, and you can take steps to continue to build on it.

- 1. Challenge your inner critic:** Many of us can second guess our choices or tell ourselves that our ideas are dumb. Catch those negative thoughts as they form and take a new, more positive look at things. Just pausing to recognize that you are undervaluing yourself can change your thoughts and image of yourself.
- 2. Track what is going right:** We often keep track of what is going wrong. Let's turn that around and recognize those times and days when everything or something is going right. Why did it go right? Focus on the wins and give yourself a morale boost.
- 3. Reflect on past challenges:** You've solved tough problems and gotten past setbacks before — and you have what it takes to do so again. Reflecting on those challenges can help you remember what you learned from each challenge and how you can apply it to today. It is important to remember and focus on what you learned from past experiences.
- 4. Share your wins with others:** Always take advantage of the opportunities to share your skills and expertise. The more you share with others, the more they will share with you. Remember, you can learn from others and they can learn from you.
- 5. Push yourself:** Taking a risk might seem like the last thing you want to do if you're unsure, but it can be a great way to build confidence. Stretching comes with a chance for failure, but that's all right because you can learn for the next time.

There are tons of articles available on how to build self-confidence. These five pointers will give you a start and the key is not to give up. Continue to work on each point daily and you will see your self-confidence grow.