



Efficiency In Agriculture—Protecting a Grower's Bottom Line

(NAPSA)—Farming and uncertainty go hand-in-hand. Volatile elements in agriculture such as weather, yields, commodity prices, government policies, land management and equipment maintenance place growers in a world of ambiguity each season. Unfortunately for growers, where there's uncertainty, there's risk.

These ambiguous factors not only affect growers, but often impact lenders who work directly with growers to obtain commercial loans. In 2015, BASF conducted a study to examine the role and influence agricultural uncertainties have on the current agricultural-lending landscape and how growers can place themselves in the best position to receive a loan.

Maximizing On-farm Efficiency

With moderate commodity prices and a projected decline in net farm income, it's becoming imperative that growers approach their operation with an efficiency-driven mindset. BASF and Farm Credit both aim to help growers achieve success by offering tips growers can use to maximize their operation's potential while mitigating the effects of adverse market forces.

"Producers don't have to accept today's market cycle as a down cycle," said Jerry Lehnertz, vice president of lending at AgriBank Farm Credit Bank. "Rather, they should view today's environment as an agriculture efficiency cycle. That is, they have a great opportunity to improve their bottom line by using a variety of tools to increase yields, reduce costs per unit, manage risks and lock in favorable interest rates."

1. Increasing yield potential

For growers, success can often be defined as strong profits at the end of the season. One important way growers can increase their profit margin at the end of the year is by increasing yields. New technologies from BASF deliver effective performance against tough broadleaf weeds and troublesome diseases, helping increase a grower's yield potential. Utilizing the BASF Grow Smart approach, which includes Innovations Specialists as partners in the field and advanced technologies like Priaxor® fungicide, growers can potentially increase operation outputs at harvest.

2. Reduce costs

Consistently researching and



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evaluating the efficiency of practices, techniques and technologies can potentially reduce production costs. In addition, adopting cost-control measures, such as Finance Advantage from BASF and John Deere, can have a major impact on cost per unit production. According to the 2015 study, lenders typically cover between 70 and 90 percent of production costs and have a decided impact on many farmers' input decisions both directly and indirectly.

3. Mitigate risk

The BASF Grow Smart approach supplies growers with the necessary tools and partners to create a flexible risk mitigation plan. Developing such a plan helps with preparing for upsides and mitigating downsides throughout the season. According to the 2015 study, surveyed lenders acknowledged implementing risk management programs, such as Investment Advantage from BASF, may give farmers preferential standing when applying for a loan.

"Through risk-sharing initiatives, BASF works to save growers money, enhance ROI and minimize risk throughout the season," said Brady Spangenberg, Market Intelligence & Research Manager, BASF. "With Grow Smart people and protection, growers can help ensure success on their operation."

4. Take advantage of historically low interest rates

When applying for loans, a grower must carefully review his or her exposure to potentially rising interest rates. Locking in fixed-rate loan alternatives, if appropriate, can protect growers should interest rates rise and provide the certainty of consistent monthly payments.

Contact a BASF or Farm Credit representative to learn more about technologies and finance options that help farmers increase efficiency and manage risk on their operations.