



# EXPLORING AGRICULTURE'S PATH to the Long Term

FEDERAL RESERVE BANK OF KANSAS CITY | AGRICULTURAL SYMPOSIUM | JULY 16-17, 2019





## EXPLORING AGRICULTURE'S PATH TO THE LONG TERM

Despite a prolonged slump in the price of many agricultural commodities on a global scale, long-term economic prospects in the agricultural sector often are considered to be positive. Many who express optimism about agriculture's long-term future cite expectations of steady growth in global populations and incomes as the overarching support for growth in the agricultural sector. However, agricultural production in recent years has increased significantly—even as commodity prices have remained suppressed—while costs have remained elevated and profit opportunities have remained limited or fleeting. Across the world, agricultural producers and businesses have sought to adapt to the prolonged downturn in agricultural prices, but at the same time position themselves for longer-term opportunities that might warrant further investment.

The 2019 Agricultural Symposium, “Exploring Agriculture's Path to the Long Term,” will discuss the linkage between current conditions in agricultural markets and longer-term prospects. On the first day of the symposium, speakers will describe the factors that are driving or constraining growth in the current agricultural cycle and how they may differ in the long term. On the second day, speakers will discuss how the agricultural sector might transition toward a more profitable long-term future and the threats and opportunities that might emerge along the way.



1:30 p.m. Agricultural Symposium Welcome and Opening Remarks

**Esther L. George**, president and chief executive officer, Federal Reserve Bank of Kansas City

**Nathan Kauffman**, vice president and Omaha Branch executive, Federal Reserve Bank of Kansas City

2:15 p.m. Session 1: Agricultural Cycles and Implications for the Near Term

This session will explore the current drivers or barriers to near-term growth in the agricultural sector, how these factors relate to typical cycles and which factors may be unique to the current environment.

Speaker: **Ani Katchova**, associate professor and Farm Income Enhancement chair, Department of Agricultural, Environmental and Development Economics, The Ohio State University

Discussant: **Mykel Taylor**, associate professor, Department of Agricultural Economics, Kansas State University

Panelists: **Michael Magdovitz**, senior analyst, Rabobank

**Stephanie Liska**, director, Beck Ag Inc.

Moderator: **Cortney Cowley**, economist, Federal Reserve Bank of Kansas City

3:45 p.m. Break

4:15 p.m. Session 2: Long-Term Agricultural Prospects

This session will explore the factors likely to promote or constrain long-term growth in the agricultural sector and how these factors differ from short-term forces.

Speaker: **Seth Meyer**, former chairman, World Agricultural Outlook Board, U.S. Department of Agriculture

Discussant: **John Baffes**, senior economist, World Bank

Panelists: **Mike Frank**, executive vice president and chief executive officer of retail, Nutrien

**Dhamu Thamodaran**, executive vice president and chief strategy and hedging officer, Smithfield Foods

Moderator: **Nicholas Sly**, assistant vice president and economist, Federal Reserve Bank of Kansas City

5:45 p.m. Reception

6:30 p.m. Dinner and Evening Keynote

Speaker: **Ray G. Young**, executive vice president and chief financial officer, Archer Daniels Midland Co.

*Shuttle transportation to the Kansas City Marriott Downtown will be available immediately following dinner.*

Shuttle transportation to the Bank from the Kansas City Marriott Downtown will begin at 7:15 a.m.

8:00 a.m. Continental Breakfast

8:30 a.m. Session 3: Transitioning to the Long Term

This session will discuss how the agricultural sector might bridge the gap between its current state, where commodity prices and revenue generally have been low, to a longer-term future with greater economic potential.

Speaker: **Michael Gunderson**, professor, Department of Agricultural Economics and director of the Center for Food and Agricultural Business, Purdue University

Discussant: **Sara Boettiger**, senior advisor, McKinsey Center for Agricultural Transformation, McKinsey & Co.

Panelists: **Marcelo Duarte Monteiro**, former infrastructure secretary, Mato Grosso, Brazil

**Gaylon Lawrence Jr.**, The Lawrence Group

Moderator: **Jason Brown**, assistant vice president and economist, Federal Reserve Bank of Kansas City

10:00 a.m. Break

10:30 a.m. Session 4: Challenging Agriculture’s Long-Term Path

This session will explore the threats and opportunities likely to be most significant for agriculture’s long-term outlook.

Speaker: **Rosamond Naylor**, professor and senior fellow, Stanford University

Discussant: **Dan Basse**, president, AgResource Co.

Panelists: **Jane Andrews**, retail nutrition consultant, retired corporate nutrition manager, Wegmans Food Markets

**Rory O’Sullivan**, founder and chief executive officer, Grain Discovery

Moderator: **Jonathan L. Willis**, vice president and senior research and policy advisor, Federal Reserve Bank of Kansas City

12:00 p.m. Lunch

12:30 p.m. Closing Keynote

Speaker: **Esther L. George**, president and chief executive officer, Federal Reserve Bank of Kansas City

1:15 p.m. Adjourn

Shuttle transportation to the Kansas City Marriott Downtown will be available immediately following adjournment.

## SPEAKERS, DISCUSSANTS AND PANELISTS

**Jane Andrews**, *retail nutrition consultant, retired corporate nutrition manager, Wegmans Food Markets*

Ms. Andrews is a retail nutrition consultant who focuses on the health implications and consumer understanding of innovative food production technologies. After a 30-year career, she recently retired as nutrition and labeling manager for Wegmans Food Markets. She regularly speaks to national groups on nutrition issues from the retail perspective.

In 2012, The New York Times wrote, “Jane Andrews at Wegmans is widely regarded as the grande dame of supermarket dietitians.” She is a 2014 inductee to the Purdue University Nutrition Science Hall of Fame and presented the 2014 Lenna Francis Cooper Lecture at the Academy of Nutrition and Dietetics Annual Meeting in Atlanta. In 2018, the Retail Dietitians Business Alliance presented Ms. Andrews with the first Jane Andrews Lifetime Achievement Award.

**John Baffes**, *senior economist, World Bank*

Mr. Baffes is a senior economist with the World Bank’s Prospects Group, part of the Macroeconomics, Trade and Investment Global Practice. He manages the Commodity Markets Outlook, a World Bank semiannual publication focusing on commodity market analysis and price forecasts. Mr. Baffes has worked in several units within the World Bank, including Latin America, South Asia, East Africa, Evaluation and Research.

Mr. Baffes has written extensively in the areas of economic development, agricultural economics, resource economics and applied econometrics. He also teaches an executive MBA course on applied econometrics for commodity markets.

**Daniel Basse**, *president, AgResource Co.*

Mr. Basse is president of AgResource Co., a domestic and international agricultural research firm in Chicago that forecasts domestic and world agricultural price trends. Mr. Basse is an economist and has been in the commodity business since 1979.

Mr. Basse has worked for Professional Farmers of America, Brock Associates and the ag research division of GNP Commodities in Chicago. In 1988, he founded AgResource Co. Mr. Basse conducts global conferences on agriculture in Canada, Switzerland and Brazil and is a member of the board of the U.S. Farm Foundation.

**Sara Boettiger**, *senior advisor, McKinsey Center for Agricultural Transformation, McKinsey & Co.*

Ms. Boettiger is an agricultural economist and senior advisor at McKinsey & Co.’s Center for Agricultural Transformation and Food Security, which focuses on poverty reduction and food security through agricultural sector transformation in developing and emerging economies.

Prior to joining McKinsey, Ms. Boettiger was deputy director at the Bill & Melinda Gates Foundation. Previously, she taught development economics at the University of California-Berkeley and was chair of the board of trustees for CIMMYT, an international ag research institute. She also was a faculty fellow at Harvard University’s Berkman Klein Center for Internet & Society and was a member of the World Economic Forum’s Global Agenda Councils.

**Marcelo Duarte Monteiro**, *former infrastructure secretary, Mato Grosso, Brazil*

Mr. Duarte Monteiro is the former Secretary for Transportation and Logistics for Mato Grosso State in Brazil. He was secretary from 2015 through 2018, during which time he also was president of the National Council of State Secretaries for Transportation.

Mr. Duarte Monteiro previously was executive director of the Mato Grosso State Soybean and Corn Growers Association, of which he remains a member. He also is a board member of the Superior Council of Agribusiness at the Industry Federation of São Paulo State and a member of the External Advisory Board for the ADM Institute at the University of Illinois at Urbana-Champaign.

**Mike Frank**, *executive vice president and chief executive officer of retail, Nutrien*

Mr. Frank joined Nutrien in September 2017 as head of its global retail business. During his career, Mr. Frank has had a variety of roles, including leading global sales, marketing and supply chain organizations.

Mr. Frank previously worked more than 20 years at Monsanto Co., most recently as senior vice president and chief commercial officer. Mr. Frank has been involved in many industry and community boards and associations, including chair of Junior Achievement of Greater St. Louis.

**Michael Gunderson**, professor, Department of Agriculture Economics and director of the Center for Food and Agricultural Business, Purdue University

Mr. Gunderson is a professor of agricultural economics and director of the Center for Food and Agricultural Businesses at Purdue University. His research centers on improving the efficiency of the food and agribusiness value chain, recognizing that the chain is only strong if all links are.

As center director, Mr. Gunderson provides strategic direction for the center's faculty, staff and programs; develops and teaches open-enrollment and custom programs; and teaches both undergraduate and graduate-level courses.

**Ani Katchova**, associate professor and Farm Income Enhancement Chair, Department of Agriculture, Environmental and Development Economics, The Ohio State University

Ms. Katchova is associate professor and Farm Income Enhancement Chair in the Department of Agricultural, Environmental and Development Economics at The Ohio State University. She chairs the Farm Income Enhancement Program and manages a research team of post-doctoral and graduate research assistants. Her research areas include agricultural finance, agribusiness management and marketing and applied econometrics.

Ms. Katchova is a chair of a review panel for the USDA-ERS Farm Income and Wealth Forecast Program, and an editorial board member for *Agribusiness: An International Journal* and the *Journal of Agricultural and Applied Economics*.

**Gaylon Lawrence Jr.**, The Lawrence Group

Mr. Lawrence operates The Lawrence Group, which has more than 75 years' experience running large farming enterprises and community bank holdings. Among one of America's biggest farmers with about 180,000 acres planted, Mr. Lawrence owns and manages farming enterprises in Arkansas, California, Florida, Illinois, Mississippi and Missouri.

Other holdings include air-conditioning distributorships covering five states, citrus groves in Florida, row crops in the Mississippi Delta, vineyards in Napa Valley and commercial real estate development projects in Nashville, Tennessee.

**Stephanie Liska**, director, Beck Ag Inc.

Ms. Liska is member of the board of directors of Beck Ag Inc., which she was instrumental in founding in 1997 and served for 20 years as president and chief executive officer. Beck Ag is a virtual organization that leverages technology to help engage, connect, inform and educate those in agriculture.

Previously, she was a business development manager for Adayana AgriBusiness Group and a district sales manager for American Cyanamid.

**Michael Magdovitz**, senior analyst, Rabobank

Mr. Magdovitz is a senior analyst at Rabobank's Agricultural Commodities Market Research Division in London. A specialist in grains and oilseeds markets, Mr. Magdovitz produces global supply, demand and trade research. He also is a frequent speaker to industry and news audiences.

Before joining Rabobank in early 2018, Mr. Magdovitz worked six years with Glencore in Rotterdam, the Netherlands, leaving as a senior grain analyst advising traders on their market positions. Prior to Glencore, he spent a year with the Clinton Foundation in Colombia, supporting farmer business development.

**Seth Meyer**, former chairman, World Agricultural Outlook Board, U.S. Department of Agriculture

Mr. Meyer was most recently the chairman of the World Agricultural Outlook Board (WAOB) at USDA. The WAOB's primary responsibility is to publish the monthly World Agricultural Supply and Demand Estimates (WASDE), which are closely watched by agricultural markets around the world.

Before joining USDA, Mr. Meyer was a part of the Food and Agriculture Organization (FAO) of the United Nations (UN) in the Global Perspectives Studies Unit and a researcher and faculty member with the University of Missouri's Food and Agricultural Policy Research Institute (FAPRI). He will rejoin the faculty at the University of Missouri next month.



**Rosamond Naylor**, *professor and senior fellow, Stanford University*

Ms. Naylor is the William Wrigley Professor of Earth System Science, professor (by courtesy) in economics, and founding director of the Center on Food Security and the Environment at Stanford University. Her research focuses on policies and practices to improve global food security and protect the environment.

She is currently engaged in a wide range of research initiatives that span oil palm production in Indonesia and West Africa, food-energy-water linkages in India, the impact of climate variability on global food security, and oceans and the future of food. She was elected in 2019 as a fellow of the Ecological Society of America and is also a fellow of the Beijer Institute for Ecological Economics in Stockholm.

**Rory O'Sullivan**, *founder and chief executive officer, Grain Discovery*

Mr. O'Sullivan is founder and chief executive officer of Grain Discovery, a Canadian online commodities marketplace that leverages blockchain technology to create efficient, transparent and secure transactions between farmers and buyers.

For nearly two decades, Mr. O'Sullivan has had a diverse range of roles in the agricultural space, from leaning field bins on his family's farm in Australia to running a commodity trading book at one of the world's largest funds.

**Mykel Taylor**, *associate professor, Department of Agricultural Economics, Kansas State University*

Ms. Taylor is an associate professor in the Department of Agricultural Economics at Kansas State University. Her research and extension programs are focused on farm management.

Ms. Taylor has worked in extension positions at both Kansas State University and Washington State University. Some of her current research areas include measuring basis risk for commodity grains, evaluation of Farm Bill commodity programs, and analyzing trends in Kansas agricultural land values, rental rates and leasing arrangements.

**Dhamu Thamodaran**, *executive vice president and chief strategy and hedging officer, Smithfield Foods*

Mr. Thamodaran is executive vice president and chief strategy and hedging officer at Smithfield Foods. Mr. Thamodaran has more than 30 years' experience in the industry and joined Smithfield in 1995 as director of price risk management. He became chief strategy officer in 2016 and has served in his other current roles since 2011.

Prior to joining Smithfield, Mr. Thamodaran spent 10 years at former independent operating companies John Morrell & Co. and Farmland Industries.

**Ray G. Young**, *executive vice president and chief financial officer, Archer Daniels Midland Co.*

Mr. Young is executive vice president and chief financial officer of Archer Daniels Midland Co., and a member of the company's executive council. He oversees the company's accounting, controlling, treasury, tax, financial planning and investor relations activities as well as the ADM Investor Services organization.

Mr. Young joined ADM in 2010 following a 24-year tenure with General Motors Co., during which he had executive leadership positions in finance, general management, planning and operations on four continents. Mr. Young sits on the boards of directors of International Paper Co., Wilmar International and the U.S.-China Business Council and the CFO Advisory Board of the University of Chicago Booth School of Business.

## FEDERAL RESERVE BANK OF KANSAS CITY PARTICIPANTS

### **Esther L. George**, *president and chief executive officer, Federal Reserve Bank of Kansas City*

Ms. George is president and chief executive officer of the Federal Reserve Bank of Kansas City, where she leads a workforce of close to 2,000 employees in Kansas City, Denver, Oklahoma City and Omaha. In 2019, Ms. George is a voting member of the Federal Reserve's policymaking body, the Federal Open Market Committee. In this role, she represents the Tenth District in policy deliberations and provides a perspective based on her experience as a banking supervisor and regular contacts with the region's businesses, workers, financial institutions and community organizations.

Ms. George also leads the Federal Reserve System's effort to modernize the U.S. payments system to enhance the security and speed of transactions across the banking system. She also is a member of the board of trustees of the Kauffman Foundation, which is dedicated to advancing educational achievement and entrepreneurial success.

### **Nathan Kauffman**, *vice president and Omaha Branch executive, Federal Reserve Bank of Kansas City*

Mr. Kauffman is vice president and Omaha Branch executive with the Federal Reserve Bank of Kansas City. In his role as the Bank's lead economist and representative in Nebraska, Mr. Kauffman provides strategic direction and oversight for the Omaha Branch, regional research, and economic outreach throughout the state. He recruits and works closely with the Branch's board of directors and is responsible for briefing the Bank's president—a member of the Federal Open Market Committee—on economic and business activity in the state.

Mr. Kauffman is the Bank's principal expert in agricultural economics. He oversees several Bank and Federal Reserve efforts to track agricultural economic and financial conditions and hosts the Kansas City Fed's annual Agricultural Symposium. He joined the Bank in 2012.

### **Jonathan L. Willis**, *vice president and senior research and policy advisor, Federal Reserve Bank of Kansas City*

Mr. Willis is vice president and senior research and policy advisor at the Federal Reserve Bank of Kansas City. He joined the Economic Research Department in September 2000.

Mr. Willis conducts research on labor market dynamics over the business cycle and the relationship between the price-setting behavior of firms and inflation dynamics. In addition to working at the Bank, he has been a visiting assistant professor at the University of Texas at Austin.

### **Jason Brown**, *assistant vice president and economist, Federal Reserve Bank of Kansas City*

Mr. Brown is an assistant vice president and economist in the Economic Research Department of the Federal Reserve Bank of Kansas City. He coordinates the Bank's regional and commodities research and is a liaison to regional and commodities researchers in branch offices and Kansas City. His research focuses on regional economic growth, emerging industries, natural resource development and structural change in regional industry and labor markets.

Prior to joining the Bank, Mr. Brown was an economist at the USDA Economic Research Service in Washington, D.C.

### **Nicholas Sly**, *assistant vice president and economist, Federal Reserve Bank of Kansas City*

Mr. Sly is an assistant vice president and economist at the Federal Reserve Bank of Kansas City. His research is focused on the relationship between international trade and labor markets, and the role of multinational enterprises in the global economy.

Prior to joining the Economic Research Department at the Bank in 2015, Mr. Sly was an associate professor of economics at the University of Oregon, and previously was a visiting scholar at the Paris School of Economics.

### **Cortney Cowley**, *economist, Omaha Branch, Federal Reserve Bank of Kansas City*

Ms. Cowley is an economist in the Regional Affairs Department of the Federal Reserve Bank of Kansas City. Her current research focuses on agricultural finance, commodity markets, farm management and natural resource economics and policy. Her responsibilities also include writing for the *Tenth District Survey of Agricultural Credit Conditions* and the Federal Reserve System's *Agricultural Finance Databook*.

Ms. Cowley joined the Bank in 2015.













FEDERAL RESERVE BANK of KANSAS CITY