



Welcome Colorado Potato Growers

Buzz Shahar

January 30, 2007

THE VISION

“Potato growers working together to stabilize the potato industry at the farm level.”

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you will wind up somewhere else.”**

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Yogie Berra

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- ✓ **Implement data-based logic to **MANAGE** the market**

“How can potato growers keep from winding up somewhere else?”

- ✓ Gather and analyze market-related data
- ✓ Share local market-related data
- ✓ Implement data-based logic to **MANAGE** the market
- ✓ Better to make the market than to accept the market

What does today's fresh-potato market look like in general terms?

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Russet table-potato inventories appear to be below year-earlier levels.

Bruce Huffaker, North American Potato Market News

What does today's fresh-potato market look like in general terms?

“The challenge for the table potato industry appears to be that shipments have fallen off faster than production. Processing use may soak up this year's extra table potatoes. However, those potatoes could hang over the fresh market until processors decide to lock them up.”

Bruce Huffaker, North American Potato Market News

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Is today's fresh potato market expanding or shrinking?

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Annually, are potato farmers producing more yield per acre, or less?

What does declining usage and increasing production really mean to today's potato grower?

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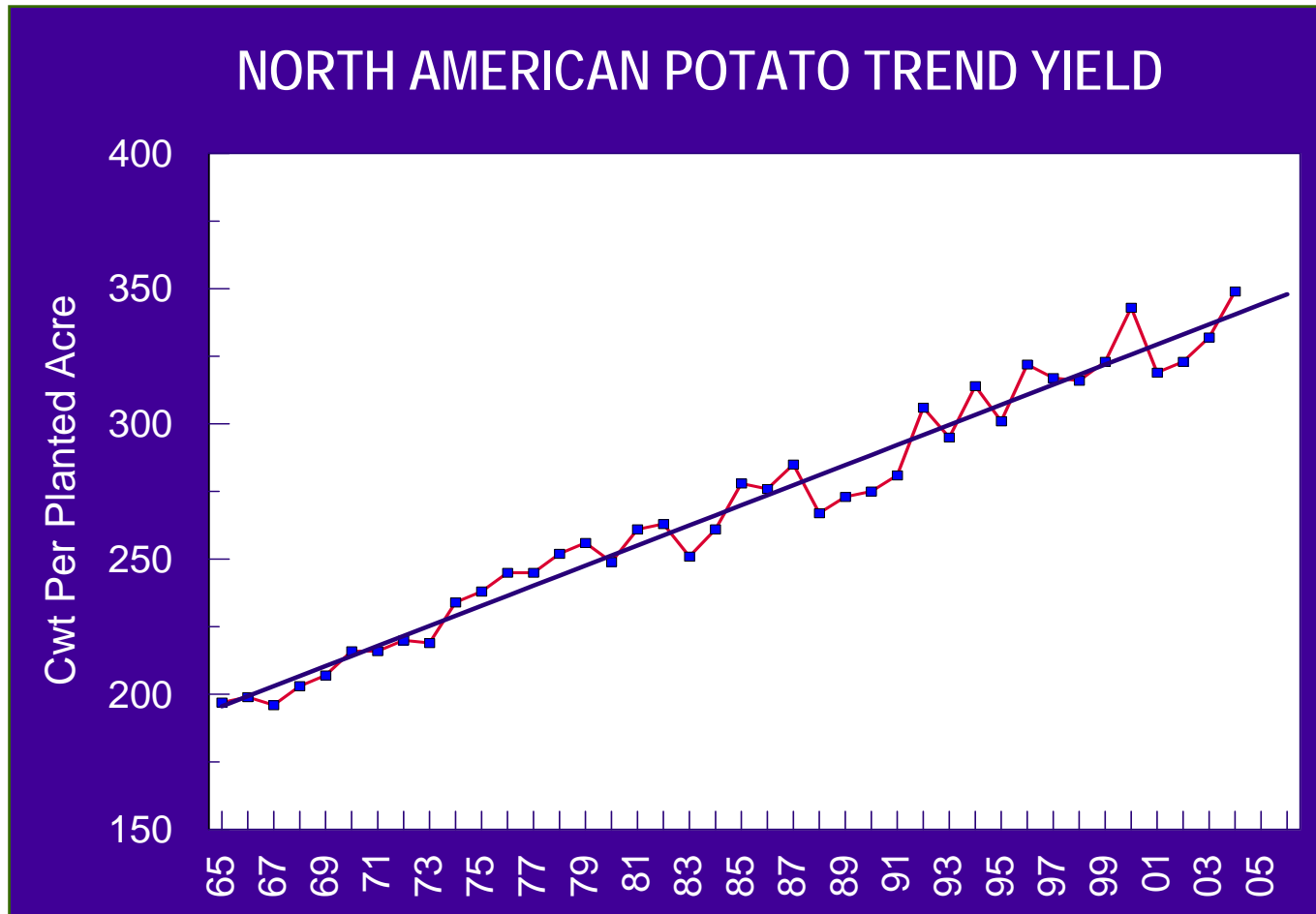
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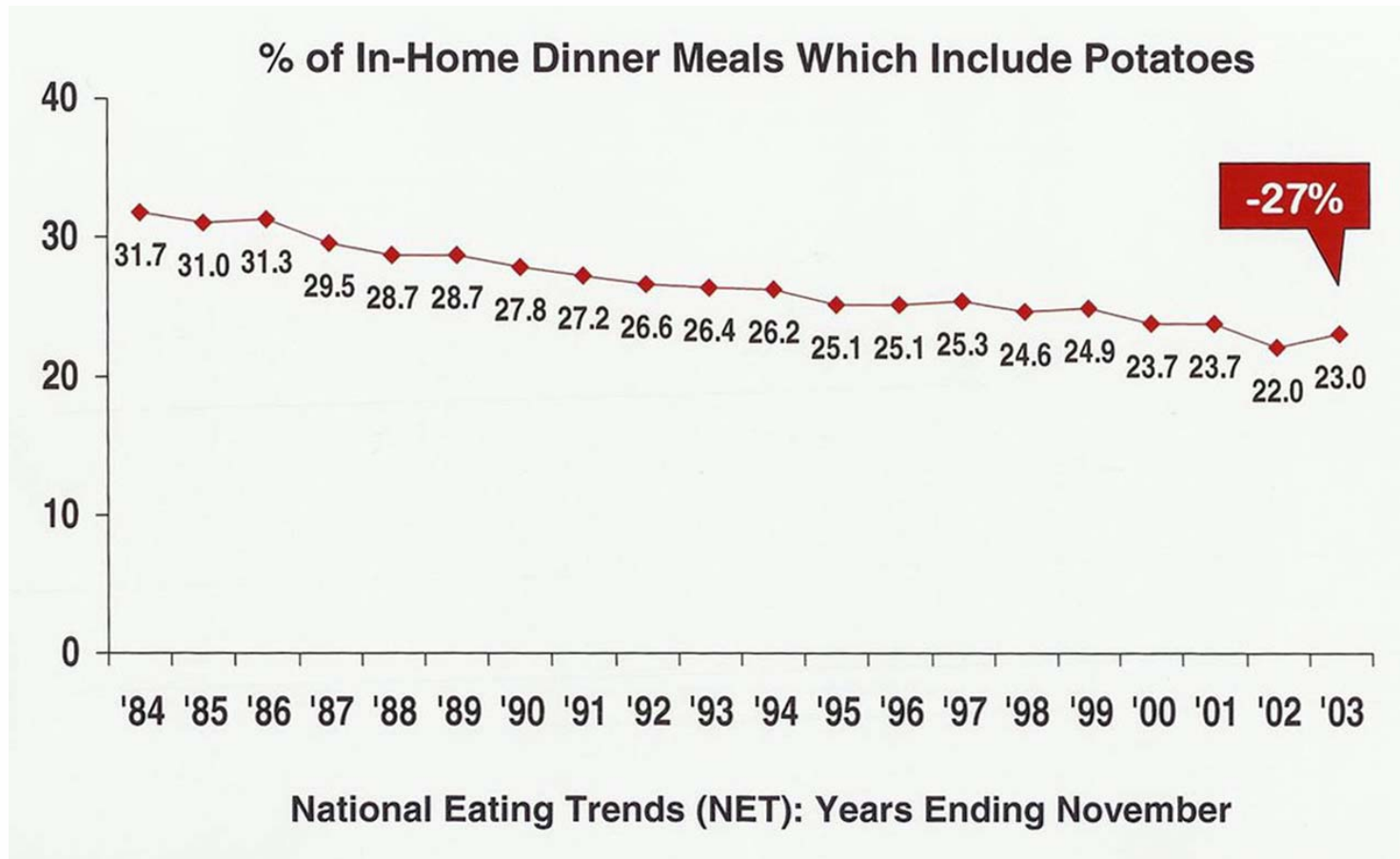
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- **In production efficiency alone, the U.S. produces a 9-day annual excess of potato supply each year without increasing acreage**

Potato-growing efficiency increases each year by 8cwt/acre; USPB graph



United Potato Growers of America

Per capita consumption is declining for in-home usage of fresh potatoes; USPB



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- In-home fresh potato usage is declining 1.5% per year
- 2006 suffered a 5.2% decline
- Total fresh potato shipments (usage) for the 2005 crop equaled 102,000,000 hundredweight of fresh potatoes
- 5% of 102,000,000 = 5,001,000 hundredweight of supply overage
- Combining increasing yields with declining consumption, a 24 day supply overage must be removed from the market before the 2007 crop can begin

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- **What does this mean on a crop calendar?**
- **Assuming that new-crop russets are scheduled to begin on July 22, they now must wait until August 15**
- **If they don't wait until August 15, they over supply the market and prices drop**

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- **In a ten-year history of Big Lake, MN, prices dropped an average of 49% from within 21 days of beginning shipments**
- **In a ten-year history of Kansas, bulk prices dropped an average of 42% from beginning shipping until September 1**

Two Questions:

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Question #2: How much revenue is lost during the price make-up period?

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 2. Increase usage (demand)
2. How do growers match supply to demand?
3. By gathering, sharing, and understanding all market data.

What market data should growers share?

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- **Current and projected pricing**
- **Current and projected shipping volumes**

Once growers gather and share market data, how do they implement the logic of the data?

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Logic: The science of correct reasoning.

How do growers implement data-based logic?

- **Foundation for the science of correct reasoning:**

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 - **Objective use of facts to:**
 - **Encourages intelligent decisions**
 - **Impugn costly decisions**

**How do grower encourage
intelligent decisions and impugn
costly decisions?**

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A grower must: “Allow the light of day to be shed upon his whole enterprise, including and especially data that relates to his market.”

What is a grower's 'market-relevant' data?

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Local Data

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Local Data
National Data

What is a grower's local 'market-relevant' data?

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Cost of Production

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**Cost of Production
Packing Cost**

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Fresh Weighted Average

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FWA-PC= GRI

GRI-COP= P/L

**What is a grower's National
'market-relevant' data?**

**What is the single data point
over which the grower has
the least local and personal
influence?**

**What is a grower's National
'market-relevant' data?**

**What is the single data point
that rewards the grower in
greater quantities than any
other data point?**

**What is a grower's National
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**Fresh Weighted Average
Or
PRICE!**

**How does a grower gain a voice
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A grower must participate in a National potato supply management conversation to gain any voice in the supply/demand/price equation

**What does a National Data-
Conversation about price look
like in a published format?**

United Fresh Market Report

State/Variety	FWA	Pk. Chg.	GRI	C.o.P	Margin	S-O-H (M)	P. Shps.	A. Sh	Net Rev.
Russets									
ID	14.27	3.85	10.42	5.22	5.20	18.583	0.625	0.734	3.8168
CO	13.84	4.66	9.18	6.22	2.96	6.372	0.212	0.185	0.5476
Kern									
KL									
SW									
WA/OR									
WI									
Reds									
Kern									
ND									
Skagit									
WA/OR									
Yellows									
Kern									
FL									
Whites									
Kern									
FL									
ME									

United Process Market Report

State	Proc. #1	Actual	Proc. #2	Actual	C.o.P	Margin
	Contract	Revenue	Contract	Revenue		
USA						
ID	6.54	5.55			6.22	-0.67
WA						
OR						
WI						
ME						
ND						
Canada						
ON						
PEI						
MT						

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- ✓ **Oregon growers are cutting acreage, including Klamath, Tule Lake, and the Umatilla Basin**
- ✓ **Kern growers are cutting acreage**

What is happening Nationally in the Value Added Program ?

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- ✓ Agrilience signed

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- ✓ Agrilience signed
- ✓ Case IH signed

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- ✓ Agriliance signed
- ✓ Case IH signed
- ✓ Others: Syngenta, Bayer, John Deere Agriservices, Home Depot, etc.

Thank You



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