

# THE FARMER'S EDGE



HURLEY & ASSOCIATES

Agri-Marketing Centers

## Should We Be Rethinking Revenue Protection?

By Amanda Hurley, C&H Insurance Services, LLC

With every dollar counting for the foreseeable future, it may be time to rethink your crop insurance choices and how your marketing plan really ties in with your coverage. I have been a crop insurance agent for 22 years now and my clients span the entire spectrum of farm size, entity type, geographic location and crops. Each person has their own needs and, therefore, should be looked at individually to determine the right coverage for them. With that being said, I think many people may benefit from another look. Today I want to talk about \*Revenue Protection and what it is and is not doing for you. For this article when I refer to RP, I am referring to the original RP with the Harvest Protection option. Revenue Protection (RP) is a wonderful product, but what has continuously surprised me is the number of producers who are not examining the other alternatives available. Even more concerning to me, is the number of producers that think it is a substitute for a good marketing plan.

Every year I get asked why I recommend \*Yield Protection (YP) to some people and RP to others and it really boils down to their marketing plan. When trying to help my clients choose between a revenue and a yield product, the first thing I ask is if they have a marketing plan. Some do not really want to tell me because that's their marketing consultant's business, not mine, or they rightly assume I will suggest getting one. Some unfortunately, still answer with

"yeah, I sell at harvest" and of course there are always a few that say, "sort of". If you do not have a marketing plan, I encourage you to look at RP if it is at all financially feasible. For those of you that do have one let me explain why I think automatically renewing your RP might need a closer look.

### How has Revenue changed?

When Revenue Protection first came on the scene it was very different from the product currently available. When RP first appeared, it was known as Crop Revenue Coverage (CRC) and then Revenue Assurance (RA) and the discovery period for the base price was a different set of dates than YP, thereby guaranteeing you a different dollar amount. This different harvest price also applied to prevent plant claims which is no longer the case. This made the two products completely different when it came to what you were guaranteed. This no longer holds true.

Both product's Spring price are figured off the same discovery period and your yield guarantee is the same, so this makes your initial guarantee the same with both Yield and Revenue Protection. The only difference being the volatility factor that comes into play with RP which effects premium paid, not the guarantee. (In a nutshell, the higher the volatility in the market for the last five days of the discovery period, the higher the premium because the chances are higher, that the market will fluctuate enough for RP

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# Should We Be Rethinking Revenue Protection?

By Amanda Hurley, C&H Insurance Services, LLC

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to kick in. Conversely, the lower the volatility, the lower the premium and your chances for an indemnity paid on price alone.)

| Level  | Approved Yield | Guar / Acre | Total Guar | Coverage / Acre | Total Coverage | DU Prem | DU Prod |
|--|----------------|-------------|------------|-----------------|----------------|---------|---------|
| <small>           CODE: 4810000000<br/>           Name: 50030<br/>           Type: Commodity: GRAIN<br/>           Product: Cropping: 1<br/>           Size Defined Price: \$4.18 (100%)<br/>           Volatility: 0.13 (YP N/A)         </small> |                |             |            |                 |                |         |         |
| 60   | 200            | 100.0       | 60,000.0   | 418.00          | 209,000        | 7.57    | 6.30    |
| 65   | 200            | 110.0       | 65,000.0   | 459.80          | 229,900        | 10.13   | 8.24    |
| 69   | 200            | 120.0       | 60,000.0   | 501.60          | 250,800        | 12.00   | 9.46    |
| 66   | 200            | 130.0       | 65,000.0   | 543.40          | 271,700        | 15.30   | 12.46   |
| 70   | 200            | 140.0       | 70,000.0   | 585.20          | 292,600        | 19.47   | 14.47   |
| 75   | 200            | 150.0       | 75,000.0   | 627.00          | 313,500        | 25.53   | 18.43   |
| 80   | 200            | 160.0       | 80,000.0   | 668.80          | 334,400        | 35.54   | 25.32   |

The above is a quote I ran on January 11th for Mississippi County, MO. Like most insurance companies do, last year's volatility rate is automatically put in for this year until the new one is figured at the end of February. The problem with this is that volatility can vary greatly from year to year making this quote for RP most likely inaccurate. Most crop insurance agents, myself included, do not have the luxury of waiting until the price is set to start signing clients up for the new year, two weeks is just not long enough to service all of our policies. Most start in January and even December. The best way around this is for the agent to plug in a new volatility factor manually using January's last five days.

## What is the difference in coverage for YP vs RP?

If we look at the above quote to get our data, this is how the two compare at 80% coverage:

|                                 | Revenue Protection | Yield Protection |
|---------------------------------|--------------------|------------------|
| <b>Yield Guarantee</b>          | 160 bu             | 160 bu           |
| <b>Initial Dollar Guarantee</b> | \$668.80/acre      | \$668.80/acre    |
| <b>Prevent Plant</b>            | 55%                | 55%              |
| <b>Replant</b>                  | 8 bushels          | 8 bushels        |
| <b>Premium</b>                  | \$35.54/acre       | \$25.32/acre     |

If you choose RP over YP you are increasing your premium by \$10.22/acre. At 80% with a 200 bu average production history (aph) you are guaranteeing yourself 160 bushels. This is a cost of 6.4 cents a bu. By buying this you are hoping that the corn price falls dramatically in the month of October. Enough so that you do not have to have a harvest loss in order to collect on RP insurance. Or you want the harvest price to come in so high that you can still have a great crop and still get paid. This is the desired outcome when you buy RP. I have only seen this desired outcome happen once in 22 years (2012) for my clients on corn. That was the only year I have seen the Revenue Protection cap come into play as well. That is a 4.5% chance of getting paid for a cost of \$0.064/bu. Soybeans, as you can see below, historically have a much bigger swing and

seem to be a more popular choice for RP. They have 2008 and 2012 as the only times they really paid with no loss.

| Corn             | 2007   | 2008   | 2009   | 2010   | 2011   | 2012   | 2013   | 2014   | 2015   | 2016   | 2017   | 2018   | 2019   | 2021   |
|------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| <b>Projected</b> | \$4.06 | \$5.40 | \$4.40 | \$3.99 | \$6.01 | \$5.68 | \$5.65 | \$4.62 | \$4.15 | \$3.86 | \$3.96 | \$3.96 | \$4.00 | \$3.88 |
| <b>Harvest</b>   | \$3.82 | \$4.13 | \$3.90 | \$5.52 | \$6.32 | \$7.50 | \$4.39 | \$3.49 | \$3.83 | \$3.49 | \$3.49 | \$3.68 | \$3.90 | \$3.99 |

| Soybeans         | 2007   | 2008    | 2009   | 2010    | 2011    | 2012    | 2013    | 2014    | 2015   | 2016   | 2017    | 2018    | 2019   | 2021    |
|------------------|--------|---------|--------|---------|---------|---------|---------|---------|--------|--------|---------|---------|--------|---------|
| <b>Projected</b> | \$8.09 | \$13.36 | \$8.80 | \$9.23  | \$13.49 | \$12.55 | \$12.87 | \$11.36 | \$9.73 | \$8.85 | \$10.19 | \$10.16 | \$9.54 | \$9.17  |
| <b>Harvest</b>   | \$9.75 | \$10.36 | \$9.66 | \$11.63 | \$12.14 | \$15.39 | \$12.87 | \$9.65  | \$8.91 | \$9.75 | \$9.75  | \$8.60  | \$9.25 | \$10.55 |

## Why not let your Hurley Consultant manage the price?

It has been my experience that most people do not understand you can produce yourself out of a RP claim or not qualify for a yield loss if that harvest price increases past your guarantee. Below are examples of the most common scenarios that I have seen:

### RP with High Yield/Low Price

| HARVEST PRICE         | \$3.75/BU                      |
|-----------------------|--------------------------------|
| <b>ACTUAL YIELD</b>   | 190 bu                         |
| <b>ACTUAL REVENUE</b> | \$712.50/acre                  |
| <b>CLAIM</b>          | \$668.80 - \$712.50 = no claim |

### RP with High Yield/Low Price

| HARVEST PRICE         | \$4.75/BU                      |
|-----------------------|--------------------------------|
| <b>ACTUAL YIELD</b>   | 150 bu                         |
| <b>ACTUAL REVENUE</b> | \$712.50/acre                  |
| <b>CLAIM</b>          | \$668.80 - \$712.50 = no claim |

### RP with Low Yield/Low Price

| HARVEST PRICE         | \$3.75/BU                           |
|-----------------------|-------------------------------------|
| <b>ACTUAL YIELD</b>   | 150 bu                              |
| <b>ACTUAL REVENUE</b> | \$562.50/acre                       |
| <b>CLAIM</b>          | \$668.80 - \$562.50 = \$106.30/acre |

### RP with High Yield/High Price

| HARVEST PRICE         | \$4.75/BU                      |
|-----------------------|--------------------------------|
| <b>ACTUAL YIELD</b>   | 190 bu                         |
| <b>ACTUAL REVENUE</b> | \$902.50/acre                  |
| <b>CLAIM</b>          | \$668.80 - \$902.50 = no claim |

### YP with High Yield

| SPRING PRICE          | \$4.18/BU                      |
|-----------------------|--------------------------------|
| <b>ACTUAL YIELD</b>   | 190 bu                         |
| <b>ACTUAL REVENUE</b> | \$794.20/acre - no claim       |
| <b>CLAIM</b>          | \$668.80 - \$794.20 = no claim |

### YP with Low Yield

| SPRING PRICE          | \$4.18/BU                          |
|-----------------------|------------------------------------|
| <b>ACTUAL YIELD</b>   | 150 bu                             |
| <b>ACTUAL REVENUE</b> | \$627.00/acre - paid \$41.80/acre  |
| <b>CLAIM</b>          | \$668.80 - \$627.00 = \$41.80/acre |

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# Hurley & Associates Mission Continues to Motivate

By Peggy Raisanen, Chief Communications Officer

On February 5, 2021, I will be retiring from Hurley & Associates after nearly 22 years. Those years have certainly gone faster than I had ever imagined they would!

I became affiliated with Hurley when I accepted a position as the first Risk Management Consultant in the Wheaton, MN location. With Hurley's emphasis on marketing with the farm financials as a primary part of the decision-making process, it was certainly stressful when dealing with historic low markets early on in my consulting career. It was rare to find a cash flow that was not negative when budgets were presented. We had to work hard to set floors, sell market carry, look for basis improvements AND work with the farm programs to get to profitability.

As the saying goes, "this too shall pass," and it did. In only a few years, the market hit historic highs! There were important things learned:

- 1) You cannot predict the highs and lows of the market, no matter how much you might wish to.
- 2) You can:
  - a. Understand your farm operation's cash flow requirements and goals for the future.
  - b. Understand what the market represents toward meeting those goals, and
  - c. Take appropriate actions to limit downside price exposure and maintain additional upside potential should the market provide it to lock in good things for the farm operation.
- 3) The Hurley approach to marketing works whether the market goes higher ... or lower ... provided you act when opportunity presents itself.

These are lessons that we teach our clients but they are also lessons that each consultant must take to heart and internalize.

We had a financial consultant speak with a group of Hurley clients in the mid-2000's. He challenged the group with this question, "When is the best time to take a cookie from the plate?" People were puzzled but that was cleared up when he revealed the answer of, "When the plate is being passed around!" It has been good advice.

The ability to take an unknown risk (what the market might do) and lock in positive things for the farm (setting floors and limiting market risk) is a powerful thing. Hurley & Associates does not work on hitting "home runs" every year. We work toward those singles and doubles that drive runs home in order

to win the game!

Helping farmers toward that profitability end game is challenging and oftentimes stressful ... primarily because Hurley consultants get to know their clients so well and care about them and their success. We discuss positions and progress with our clients throughout the year and adjust when needed. We sit down, look each other in the eyes, and discuss results at the end of the year so improvements can be made for the future.

As a consultant, it was rewarding to see cash flows turn positive when they did ... and see the farm operation become healthier. It was also rewarding to reduce the stress load of the farmers I worked with ... one of them even grew more hair (truth!).



*Ida Hurley and Peggy Raisanen in Wheaton, MN 2000.*

The office in Wheaton grew and we added a sister office in Glenwood in 2004. That turned out to be an excellent move as it was easier to attract additional talent to Hurley due to proximity to more opportunities for spouses and families in general.

While I really loved the job of Farm Marketing Consultant, in 2007 I had the opportunity to move into a corporate role with Hurley & Associates, which also allowed me to move back to my hometown. When I entered that new role, the truth is that none of us knew exactly what I would be doing. My initial title was Assistant to the CEO, who was Ida Hurley at the time. I simply knew that Hurley & Associates was an entity that I believed in and that I wanted to help the company continue to grow.

Approaching my work as an entrepreneur has always been part of my professional profile. I'm willing to do what it takes to get the job done. Tough jobs were approached as challenges that I intended to conquer. That approach has brought a wide variety of opportunities my way and, over the years, I have worn many hats within the company.

Whether I audited our location offices for compliance,

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# Should We Be Rethinking Revenue Protection?

By Amanda Hurley, C&H Insurance Services, LLC

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Only one of these pays with RP and it's the one where both price and yield are reasonably low but not catastrophic. Obviously, there are many more scenarios that could occur, and each person's needs will be different. This will also be a completely different scenario for each crop as well. Putting a price floor in is a must if you want to be profitable in farming these days; I am not disputing that. But where is that \$0.064 better spent? Where can you get the most return for your money? That is what brings me to ask if it could be better utilized in the futures market? Ask your consultant how they can set floors for you and the different ways they can manage it. Once you buy the insurance that money is spent. You will have roughly a 4.5% chance of getting it back in my experience with no yield loss. If you took that \$0.064/bu (using last year's volatility factor) and put that towards an option that can be managed in the futures market, where would you be? I encourage you to sit down with your consultant and your crop insurance agent as soon as possible to talk through this year's opportunities. You have nothing to lose and might even have a chance to gain.

Amanda Hurley  
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**\*Yield Protection:** Protects against a production loss for crops for which revenue protection is available but was not selected. YP also provides prevented planting and replant protection. Coverage is expressed as a production guarantee (approved yield times the coverage level). Coverage Level: CAT coverage is available at 50% of the approved yield and 55% of the projected price (50/55). Coverage levels are available from 50% to 75%, in 5% increments (80% and 85% coverage levels are available in limited areas) of the approved yield up to 100% of the projected price, which is determined by the Commodity Exchange Price Provisions.

**\*Revenue Protection:** RP covers weather-related causes of loss, certain other unavoidable perils and price fluctuations. The RP dollar guarantee for the insurance unit is the approved yield times the level of coverage, the insured acreage, the percent of share and the projected price. There is increased protection if the harvest price is higher than the projected price. Revenue Protection with Harvest Price Exclusion does not provide increased protection if the harvest price is higher than the projected price. Coverage Level: From 50%-85%, in 5% increments (80% and 85% coverage levels are not available in all areas).

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Amanda was born and raised in Grand Rapids, MI. She attended Murray State University in Murray, KY on a rifle shooting scholarship. While there she competed in the 1996 Olympic Trials for 3 position smallbore rifle and air rifle. She also met Trent Hurley and they both graduated in 1997 and were married later that year.

She began working for Hurley & Associates in 1998 assisting Ida Hurley and planning corporate meetings. In 1999 she got her commodities broker license and her crop insurance license at the insistence of Dennis Hurley. In 2009, the insurance became a stand-alone business so she could focus on insurance and Hurley could continue to focus on consulting. In 2012 Amanda and Trent purchased the insurance business from Hurley & Associates and it became C&H Insurance. Amanda has been available to consult for Hurley & Associates as needed ever since. She is currently licensed in 13 states and crop insurance is her only focus. She shares many clients with the consultants in the Charleston office where she is based out of. She prides herself on always doing what is best for the client, just like Ida taught her.

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## Making Decisions "Right"

By Jason Frey

My mom has a saying that I have relied on for the better part of my adult life when it comes to making decisions in times of uncertainty – when seeking her advice on topics ranging from buying a home to choosing a career path, she would, and continues to this day to say, "Don't worry about making the right decision, focus on making the decision right."

A subtle change in wording, but a fundamental change in mindset and the ability to act with confidence and certainty.

My younger self thought she meant that once a decision has been made, for better or for worse, that was the decision, and it was up to me to make the most of it. The meaning of her guidance was much deeper than that, however. Her lesson was focused on the

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# Hurley & Associates Mission Continues to Motivate

By Peggy Raisanen, Chief Communications Officer

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*Trent Hurley, Karen Marshall, Peggy Raisanen and David Hurley in 2018 at the 30-year anniversary celebration of Hurley & Associates*

facilitated our Marketing Committee, helped a new consultant come up to speed to serve clients, developed our internship and mentorship programs, helped our software development effort get off the ground, or worked with management on strategic planning, I gave the task the best that I had to give.

The company has grown by leaps and bounds over the past 20+ years and Hurley now employs 85 people serving farmers in the Corn Belt. We are proud of that growth and I am proud of the role that I played in it. We have an excellent group of top-notch employees who also have adopted the Hurley mission and continue to give their all to their farmer clients.

In the past ten years or so, I have had the good fortune to work with all new consultants during their first couple of years with the company. Our standards for hiring are high because we believe that our clients deserve the best. Our clients are in good hands.

These past 22 years (nearly) have gone quickly! I knew in my 30s that any job would have to challenge me in order for me to want to stay at it for any significant length of time. Being challenged has definitely not been a problem!

I want to thank those within the organization who believed in me, worked with me, and allowed me to continue to grow over the years. It has been an exciting journey. I cannot name everyone who has played a part in the journey because there are just too many people.

But I do want to give special thanks to Karen Marshall, Ed Case, Bill Bullard, and Jim Matthews who were the Senior Consultants who answered my many questions when I started as a new consultant. They trained me. They coached me. They counseled me. And, on the hard days, they encouraged me.

Thank you to Dave and Belinda Bauer and Dave Dolan who I hired when I managed the Wheaton office. We developed



*David Bauer, Peggy Raisanen and Belinda Bauer in 2018.*

very high trust relationships over the years and worked harmoniously together. Our strong bonds will last a lifetime.

And, of course, thank you to the Hurley family – Ida and Dennis, Trent and Amanda, David and Vicki – for integrating me into the fabric of the family-run company.

I believe in Hurley & Associates, the high regard we have for farmers and the company's mission of helping farmers and, therefore, the agricultural industry, to be as strong as it can be. It is a worthy mission.

My best wishes to Hurley & Associates – clients, ag associates, and employees. May you see success and good fortune as your futures unfold.

- Peggy Raisanen  
*Hurley & Associates' Chief Communications Officer*

## Hurley & Associates' Mission

To help our clients achieve economic stability while maintaining the dignity and value of the farm family.

Through the collective efforts of our employees, associates, and agri-business partners we continually strive to accomplish this mission by:

- Providing marketing risk management services.
- Helping the client reduce market risk.
- Developing a prudent marketing program tailored to the client's specific needs, to reach practical financial goals, and to become better stewards of their finances.
- Staying informed by evaluating and keeping pace with the increasing flow of information and rapid changes in agri-business in order to keep clients on the leading edge of agriculture.
- The application of sound Christian principles to achieve positive results for the client's farm enterprise.
- Allowing our employees and associates to use their God-given creative abilities, thereby sharing the benefits of a positive relationship with the client.

We firmly believe the future of agriculture belongs to those people with vision, for they will define and shape the future for succeeding generations. Our desire is to join in the process by offering the highest level of professional assistance and personal service to ensure the vitality and integrity of the individual and of agriculture. Each of our offices work together within a specific framework to facilitate the desired results of our mission.

# Making Decisions “Right”

By Jason Frey

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decision-making process, not the actual decision itself or the need to be rigid with a decision once it was made. She knew that external conditions or our knowledge of the situation would likely change, and the decision-making process would start over again. Focusing on “why” we are making this decision and not “what” decision should we choose was the key to being able to continually adapt to an ever-changing environment and make new decisions with a clear mind. It is not always easy to do but having someone you trust that can keep you focused on the “why” is a terrific asset to possess.

The strength of her process sets a focus on planning actions for the proper reasons, not getting hung up on right vs. wrong. It allows for flexibility when conditions change, without the need to dwell on our previous decisions because we know they were made to the best of our abilities with the information that we had at the time, specifically for the unique situation that we were in. This continues to keep us forward-looking and focusing on opportunity rather than playing the “would have, could have, should have” game that hindsight cripples us with.

I have her saying on a note posted right above my computer screen as a reminder to focus on helping my clients make decisions for the proper reasons. Each time I pick up the phone or send an email, that reminder is there, and I am quick to share it whenever the opportunity arises.

We are tasked everyday with helping you, our clients, make decisions that have an influence on your farming operations. Making decisions for the right reasons is a cornerstone of our producer relationships and the Hurley & Associates philosophy. By allowing each individual operation’s key differentiators to help shape recommendations tailored to the situation they are currently in, we can be reassured that we are making decisions for the correct reasons. Along with this, recognizing

and identifying that as knowledge of production, farm financials and market conditions change, so too must the plan.

Using your farm’s unique information within this process gives us the confidence to act decisively in the face of market volatility. With volatility comes opportunity and having a full range of tools at our disposal (options, futures positions, cash contracts, etc.), allows us to face volatility armed with the ability to seize opportunity on your behalf.

As Maya Angelou is famously quoted as saying, “Do the best you can until you know better, and when you know better, do better.” I have this quote on a note by my desk as well, serving as another constant reminder that things will always change bringing us new information, neither good nor bad, just different than what we had before. Once that information has been identified and the impact to your farm quantified, we can incorporate it into an updated plan and do better moving forward.

For me, making decisions for the right reasons continues to be preferred to the stress of always making the right decision.

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*Jason was raised on a diversified small grain and registered cattle operation in north-central North Dakota near the town of Granville. He has been involved in livestock marketing and sales, covering, ND, SD, and MN for a large regional livestock publication. Jason comes to Hurley & Associates looking to use his gifts and the Hurley Approach to commodity marketing to be an advocate for his clients’ operations and financial well-being.*

*Jason and his wife have four children that keep them running in all directions. In his spare time, Jason enjoys being outdoors, hunting, fishing and being a dad.*

# How to Spot Fraudulent Emails

The launch of the new client portal at Hurley & Associates has brought to the forefront an issue we feel is worth addressing, and that is fraudulent emails. Cyber criminals will often send emails with the intent of deceiving the recipients into divulging sensitive information, such as a password or other personal information.

Since the new portal has launched, we have started to see some of these fraudulent emails attempting to impersonate Hurley & Associates employees. These fraudulent emails may have a Hurley & Associates employee’s name in the “From” box, but the actual source email address will not be a Hurley & Associates email address. These emails will typically ask you click on a link to restore access to your account, or ensure delivery of important messages, or something of a similar nature.

**Here is a simple example:**

Please click this link



Notice the message claims to be from “Hurley Employee” but the email address clearly shows it is not. This is a common trait of fraudulent emails that may try to get you to click on links or to provide a password or personal information. We recommend you delete these emails and do not click on the links.

Here are the expectations you should have with emails from Hurley & Associates.

- We will send you emails from people you know at Hurley and/or our no-reply address.
- We will never ask you for your password.

If you are ever unsure of an email that you have received from us (or looks like from us), please contact your consultant’s office to confirm.

# Covid 19 and Partisan Vitriol Dominate Domestic News Cycle

By John A. Johnson

Wherever we turn in the U.S., the news cycle seems to start and end with reports of the latest COVID 19 situations, i.e., deaths, number of cases, and all the attendant hardships of how we are trying to cope as a nation involved in the worst pandemic of our generation. The actual responses vary widely from state to state. We have almost complete lockdowns in New York and California, to pretty much wide-open operation in Texas and Florida and everything in between.

The biggest news concerning the pandemic is that we have two companies who are producing and distributing vaccines that are reported to be 90-95% effective. The vaccine rollout is again, left pretty much to the states and is being staged to give first responders such as firemen, policemen, and emergency room workers, the first chances at immunization. These are followed by other health care workers, then immunocompromised, elderly people. In most cases preference is being given to nursing home residents and other individuals who must live in close quarters such as prisoners.

Most reports of the vaccine rollout concern problems and bottlenecks in distribution and administration. We predict, hope and pray that these will be smoothed out in a short time and we can get millions of our citizens vaccinated and immune.

Economically, on a national level, COVID 19 has disrupted the highest growth rate in our domestic economy since the period immediately following WWII. Unemployment was low, wages were growing, and U.S. stock markets were making new record highs almost every week. Since the advent of the pandemic, employment has plummeted, businesses are closing by the thousands, many will never re-open. The stock

market in the meantime, has overcome its initial setback, and continued to climb. Only a week or so ago we were flirting with all-time highs in all three major markets. Apparently, the proposed policy shifts being floated by the incoming administration are finding a warm reception on Wall Street. No industry has benefitted any more than financial institutions, financial stocks as a group are up some 40% since the November elections.

Our domestic stock markets are also taking solace in the fact that the new vaccines will get us back to some form of normal activities within the coming year. Economists are estimating that during the pandemic shutdown, personal savings for Americans have grown by some 8% on average. This growth in savings is expected to unleash a wave of consumer spending sometime in the second half of this year. One of the major beneficiaries is expected to be the travel industry, i.e., airlines, hotels and all typical tourist attractions. Restaurants, movies, plays and other forms of entertainment will claim their share of the windfall as well.

The U.S. economy is a tale of at least two parts. It is not simply divided into "haves" and "have nots", the division is more along the lines of those able to continue to earn their paychecks, whether they were working from home, or involved in a trade or position that allowed them to maintain their work schedule and be productive. While those fortunate ones, and there are many, have fared very well during the pandemic, many millions were either laid off or found their employer out of business. Most of those have had liberal benefits from unemployment, but there will be many who have no unemployment or other benefits to sustain them. Those people on average will have very limited savings or reserves. So many Americans

live paycheck to paycheck.

In addition to COVID 19 and its effects, the incoming government will also be forced to deal with our deteriorating infrastructure. We have many highways, bridges, waterways and dams that are crumbling. Many have lasted long past their projected life spans and are still in use. Extensive repair and/or replacement will be necessary in the next very few years. This is the third consecutive incoming federal administration to pay lip service to this problem, but, in relation to the size of the problems, very little has been done.

Finally, in our U.S. economy, we are finally beginning to hear rumblings about the insane amounts of money we are printing to sustain all the deficit spending coming out of Washington. Concern over deficit spending is an idea that is floated from time to time around our capital, but for some reason it always gets pushed aside when a popular spending program comes along. When a "must pass" piece of legislation, such as the federal budget, is proposed, it is used as an opportunity to load the bill down with all manner of spending that has nothing to do with the major problems of the time. Our congress is expected to pass a \$1.9 TRILLION spending bill designed to augment the COVID relief bills we have already passed and spent. Much of the money will be earmarked for items that have no connection or relation to COVID 19. The pandemic just presents another opportunity.

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*John A. Johnson has worked for Hurley & Associates since 2007. John is semi-retired now living the life of chasing grandkids. John is based in Sikeston, MO.*



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**Trent Hurley, Chief Executive Officer**  
**David Hurley, President of Hurley & Associates, Inc.**  
**Ida V. Hurley, Founder**  
**Dennis E. Hurley, Chairman of the Board**

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Britton, SD  
605-448-0058

Cologne, MN  
320-634-4001

Brookings, SD  
605-692-1533

Glenwood, MN  
320-634-4001

Wessington, SD  
605-554-0230

Wheaton, MN  
320-563-8490

Canyon, TX  
979-272-2182

Caruthersville, MO  
573-333-1138

Snook, TX  
979-272-0539

Charleston, MO  
573-683-3371

Edna, TX  
361-782-6715

Fayette, MO  
573-683-3371