

# THE FARMER'S EDGE



HURLEY & ASSOCIATES

Agri-Marketing Centers

## Railroad Update

By Tom Williamson

Railroad service continues to be spotty. Trains move reasonably well, but local service (first fifty and last fifty miles) is hit and miss. The number of shut down logs we are filing have dropped dramatically, but we still have local rail service failures. Railroads are trying to hire more operations employees and have added about 1,700 employees over the last six months or about 1% of total employees, but like most industries, good employees are difficult to find. We do not see any improvement in service soon.

Total originated U.S. rail carloads in February 2023 were 905,744, down 1.6%, or 15,101 carloads, from February 2022 (chart 1). Carloads averaged 226,436 per week in February 2023. February 2021 was lower (an

average of just 206,201 per week, due to severe weather that month), but otherwise February 2023 was the lowest-volume February for total carloads in AAR records that go back to 1988.

Total originated carloads on Canadian railroads were up 10.2% (29,402 carloads) in February 2023 over February 2022, their ninth straight year-over-year gain and the third double-digit percentage gain in the past four months. Grain again led the way in February: grain carloads were up 27.4% (7,976 carloads) over February 2022. For the first two months of 2023, grain carloads rose 38.7% over last year and, at 78,800 carloads, were the most for the first two months of a year since 2008. Farm products excluding grain were up 108.3% (6,476 carloads) year-over-year in February, almost as good as January's 113.1% gain. The easy drought-induced comparisons for grain and farm products excluding grain will continue through the summer.

U.S. carloads of grain were down 9.7% in February 2023 from February 2022, their biggest percentage decline in nine months. The weekly average of 21,465 grain carloads in February 2023 was below 2022's average of 22,255 carloads (chart 2). This is several thousand less than peak grain ship-



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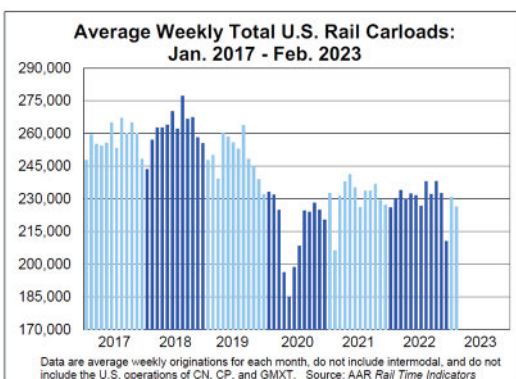


Chart 1

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# Railroad Update

By Tom Williamson  
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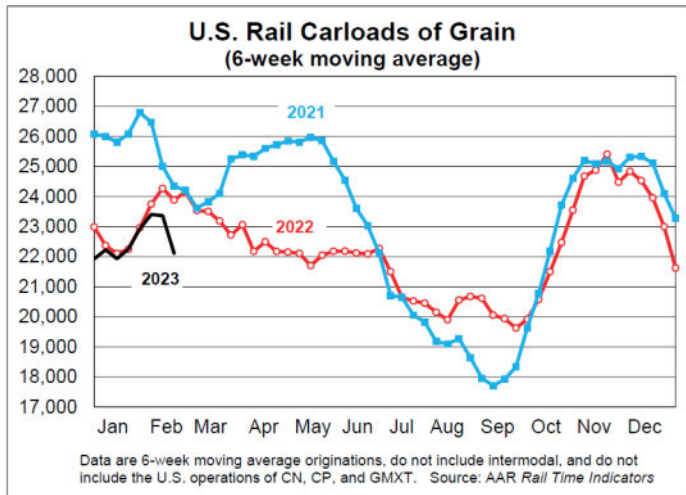


Chart 2

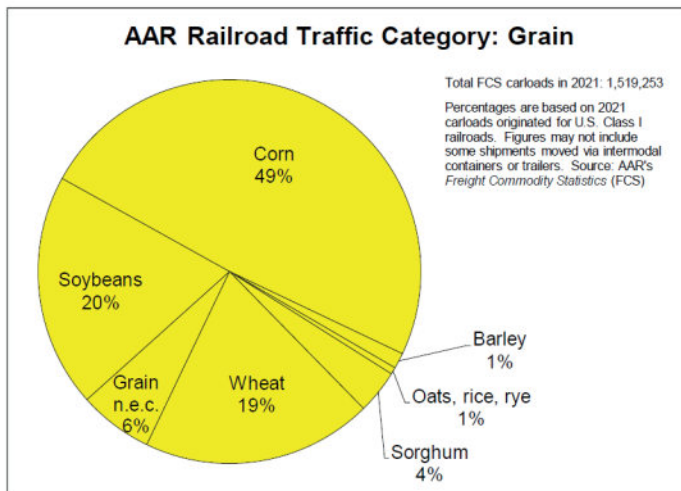
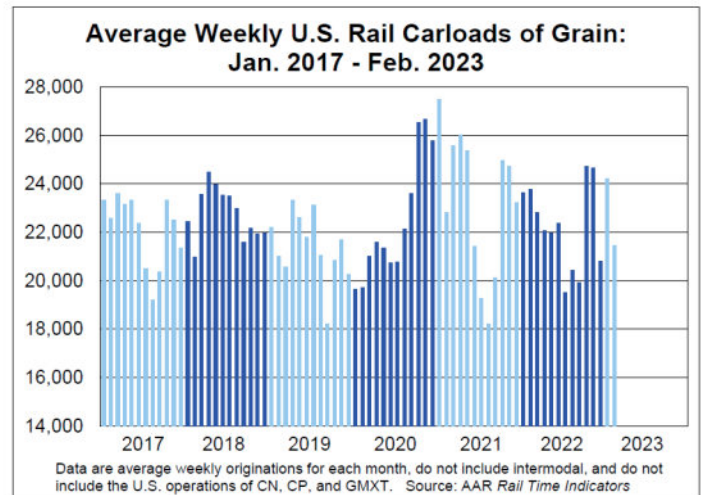
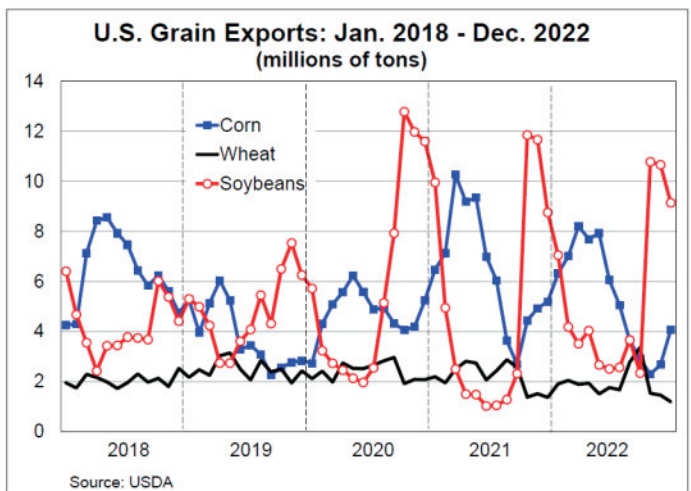


Chart 3



ments which have been over 30,000/week. Corn exports, as shown in (chart 3) continue to be weak and unless China buys more, this will not change.

Intermodal originations, which are not included in carloads, totaled 943,979 in February 2023, down 8.4%, or 86,351 containers and trailers, from February 2022. The weekly average in February 2023 was 235,995.

In summary, rail service will probably get worse as the Federal Railroad Administration focuses on the NS derailment and rail safety in general. New regulations will not improve rail ser-

vice especially for chemicals (fertilizer) and this will impact all other commodities moving by rail. Railroads will continue to increase rates. Some of the largest rate increases we have ever seen were imposed on ag commodities in 2023 averaging over 5% with some as high as 8.5%. Rail shippers will have a trying time over the next several years. Higher rates for worse service is not good for commodities that already have narrow margins.

Tom Williamson owns Transportation Consultants Co. (TCC) which he started in 1984. TCC is used by many major

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# It Takes a Village to Raise a Farmer!

By Scott Dethlefsen

Farm communities are the lifeblood of rural America. The farm economy impact is crucial to the success of all those living in these areas. Farmers' impact to communities has slowly reduced over time. In 1935, the number of farms in the US peaked at 6.8 million; today there is closer to 2 million. The old rule of thumb that a farmer's dollar turned 7 times in the community has reduced to closer to 2.5. This is due in part to the global economy and products being bought directly from vendors beyond the local areas. But the importance of farmer success has probably never been greater.

Farmers spend a fair amount of their career being "cash poor/asset rich". The hidden value is they are building generational wealth. The impact this has for the continued viability of the farm and surrounding community is considerable. That generational wealth must support multiple generations as farms transition. It needs to provide for retirement income as well as a solid base for the current family.

A farmer's Village is the vast array of vendors and businesses that provide them with products or services. The banker, tax accountant, seed dealer, mechanic, insurance agent, etc. are all part of the Village. The challenge for a farmer is to find a trusted group that will help him be successful and not just look to see what they can extract from him. Everyone deserves to make a living, but as stated earlier, the farmer's influence has a dramatic impact on the community. The Village needs to recognize that and respect farmer decisions.

Farmers not only share their treasures with the community, but also their time and talents. Their contribution of time spent on school boards, church councils, township and county boards, as well as commodity organizations is vital to the sustainability of rural communities. Their involvement and experience are important to provide leadership and common sense to those around them.

Ida Hurley's vision and our mission statement as a company ("To help our clients realize economic stability while maintaining the dignity and value of the farm family") fits lockstep into being an integral part of the Village. We have the unique position to partner with our farm clients to offer counsel and advice as they develop their Village. Hurley's impact has the ability to influence farm communities and maintain a successful rural lifestyle.

*Scott grew up on a diversified livestock/grain farm in southeast North Dakota. He attended North Dakota State University, graduating with a bachelor's degree. After graduation, he started his career with USDA, APHIS in Denver, Colorado. A desire to get back to his roots in North Dakota found him accepting a position with Bell Farms of Wahpeton, North Dakota. While working fulltime, he also farmed and raised cattle by expanding his parent's operation near Oakes, North Dakota. An opportunity to exit production ag and enter finance/insurance found Scott accepting a loan officer position with AgCountry Farm Credit Services in Fergus Falls, Minnesota and he eventually became Branch Manager.*

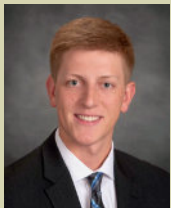
*Today, Scott's career path has brought him to Hurley & Associates, finding solutions for producers' farm marketing needs. A solid background and understanding of finance, insurance, production agriculture and regulations will promote successful partnerships with farmer clients.*

*Scott and his wife currently reside in Starbuck, Minnesota. They have two grown sons and a passion for international travel and sailing.*





## Consultant Spotlight: JOE PROHASKA



### What do you most enjoy about your job?

My favorite part of the job is being able to visit my customers face-to-face and get to know them as people. I enjoy learning about what drives them in life as well as getting to know their families as much as possible.

### How did you get started in your career?

I wasn't fortunate enough to grow up on a farm, but I always appreciated visiting my Grandparent's operation in Northwest Iowa and the values that instilled in me. Like most college kids, I didn't have a clear direction of what career path I would like to pursue. When Hurley & Associates spoke in one of my classes senior year, I thought to myself, "This is something I could really get behind." After completing an internship in the summer of 2019, I knew this was something I would love to do as a long-term career.

### What are you most passionate about when it comes to serving your clients?

Whether it is meeting with existing clients or advocates, I am most passionate about educating them on new ways to manage risk. Many operators know of the tools that exist to market the commodities they produce but putting that knowledge into an actionable plan gets me excited to come to work every day.

### What would be your ideal vacation?

A road trip seeing the Rocky Mountain range from Wyoming to Canada.

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*Joe was raised in Grimes, Iowa near the Des Moines metro area and enjoyed helping out at his grandparent's farm in Northwest Iowa growing up. He attended Des Moines Area Community College after graduating high school before transferring to South Dakota State in the Fall of 2017 to continue his education. He graduated with a bachelor's degree in business economics while minoring in Entrepreneurship. He was fortunate enough to have the opportunity to be an intern with Hurley & Associates during the Summer of 2019 to learn about their approach to risk management. He was hired on as a Farm Marketing Consultant with Hurley & Associates in September 2019. His favorite part about his job is seeing the value that a sound marketing service and plan can provide for an operation. Outside of work, Joe enjoys participating in sports, fishing, and spending time with family and friends.*

## New Alliance Threatens US Dominance in the Middle East

By John A. Johnson

The U.S economic world is awash with news about Silicon Valley Bank going insolvent. This is the 2nd largest bank failure in U.S. history. We can safely predict that we will all be familiar with SVB before this news cycle runs its course.

It seems that the bank's problems stem from the fact that the bank used its customers' deposits to purchase some \$21 billion worth of long-term bonds carrying a yield averaging 1.7% per annum. The recent increases in fed funds rates have caught the bank trapped in the low-interest investments with funds that were seeking higher returns than they could manage. Heavy withdrawals prompted investors to become concerned, and on Thursday, March 9, 2023, the bank faced depositors' demands for withdrawals of some \$42 billion, which exhausted their ready cash availability. The bank attempted to raise at least \$2.25 billion in cash, in order to continue operations. The attempt failed, and the bank threw in the towel. They called in the FDIC, who locked the doors for the weekend in order to assess the problem and look for solutions.

The upshot of all this is that President Biden spoke on Monday, March 13th, and announced that the Federal Government was going to assume responsibility for all the depositors' money in the bank, whether it was within the \$250,000 "normal" limit for FDIC insurance or not. At press time we did not have a clear picture of exactly where the money was coming from, there were assurances that taxpayers were not going to be on the hook for the rescue. Most of the money in deposits were corporate funds, and we have seen estimates that 90%, or more, of the deposits were in accounts that contained over the FDIC limit amount. We are left to wonder where does our government get money other than from taxpayers?

The Mexican border continues to be a major concern for law enforcement as migrants continue to surge across the border. As the illegal immigrant population of our country grows, the malaise spreads to areas farther and farther from the border. Besides the obvious problems

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# New Alliance Threatens US Dominance in the Middle East

By John A. Johnson

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of immediate needs such as food, clothing and housing, other states and municipalities grapple with providing schools, hospitals and gainful employment for the hordes of people streaming into the country.

Specifically, there was a huge rush at the three bridges that cross the Rio Grande near El Paso, Texas. On one bridge, the Border Patrol officers there were forced to resort to concrete barricades, razor wire and armed agents to repel the migrants. Numbers were estimated to be "hundreds if not thousands" by current news reports.

Meanwhile, on the other side of the world, there is a major alliance forming among Russia, China, North Korea, Iran and Saudi Arabia. The Russians are in dire need of weapons but are blessed to have ample energy production capacity. The crude is easily turned into weapons by trading with the Chinese, who desperately need the energy.

The Chinese are also dependent on the world's agricultural export producers to provide food and livestock feed for a huge and growing population. It seems to be a "marriage made in Heaven" for the world's largest consumer of imported food and fuel, (China) to align themselves with some of the world's largest suppliers of exportable crude oil (Saudi Arabia, Iran, and Russia), while the Russians are trying to overthrow and occupy the world's third-largest producer of exportable grain supplies (Ukraine).

China just announced that they have "brokered" a deal between long-feuding countries, Iran and Saudi Arabia. Iran has huge oil deposits, a desperate need for cash, and a ready fighting force filled with hatred for the U.S. Russia can supply wheat to the alliance as needed, since they are also one of the world's major wheat producer/exporters. They make great partners for countries that are energy and grain deficient and cash rich.

Saudi Arabia fills out the alliance by producing and exporting great quantities of crude oil for the Chinese market. They also have a huge cache of sophisticated weaponry, much of which was purchased from the U.S. They also can offer the alliance a large, ready, cash

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## NOW HIRING

### Wayne, NE

Client Services Associate – Full or Part Time

- Excellent people skills
- Detail oriented
- Ability to research and organize

Farm Marketing Consultant

- Passion for serving producers
- Growth mindset
- Excellent interpersonal skills

### Glenwood, MN

Hog Marketing Consultant

- Passion for serving hog producers
- Growth mindset
- Team focused

Farm Marketing Consultant

- Passion for serving producers
- Growth mindset
- Excellent interpersonal skills

### Charleston, MO

Regional Manager

- Proven Leadership
- Passion for serving ag producers
- Team focused

### Brookings, SD

Farm Marketing Consultant

- Passion for serving producers
- Growth mindset
- Excellent interpersonal skills

**If you or someone you know may be interested in one of our open positions, please apply on our website.**

[hurleyandassociates.com/careers/](http://hurleyandassociates.com/careers/)

# New Alliance Threatens US Dominance in the Middle East

By John A. Johnson

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heavy market for grain, especially wheat.

We in the U.S. seem to have left a vacuum in that area, and it is being happily filled as China and Russia seek to fulfill the roles that once belonged to us.

We should mention the fact that the Chinese recently flew an observation balloon below our radar, diagonally across the width of the United States. The balloon, with sophisticated observation equipment, hovered over several of our most sensitive military installations without being challenged for several days. Only after it had cleared land did our military shoot it down over the Atlantic Ocean. Our understanding is that the salvage has been recovered, hopefully we can find out what kind of and how much information was transmitted back to Beijing.

We are also aware that the Chinese are buying large tracts of farmland here in the U.S., as well as South America. At last count they had purchased over 380,000 acres of U.S. farmland. They seem to favor productive tracts as near to our major military installations as they can find.

Kristi Noem, is the present governor of South Dakota, a state with plans to house the next generation bomber, which is touted as a very important development for our military. She has presented a proposal to her legislative body to prevent the purchase of land by the CCP (Chinese Communist Party) before they gain a foothold in her state. Hopefully it becomes law, and a model for the rest of the country.

This is not designed to be the "pick on China" issue, but another of their activities is creating anxiety for some of our elected officials and others in the U.S. The ownership of the popular social media site, "TikTok", by the Chinese is raising concerns all across the country as millions of U.S. subscribers that use the site daily create a fear that the Chinese will be in a position to gather, store and utilize information about our country that makes some of our politicians and citizens nervous. There are many proposals from outright banning, to forcing the sale of the site. Many states are now considering actions on the state level.

We have to face the fact that communication, ease and speed of travel, powers of observation, and scientific advancement makes our present-day world seem to be a very unstable neighborhood. Our country has been a global leader in seeking peaceful advancement for all of mankind, we have assisted wherever and whenever we could. Sadly, the fact is that along with all the advances in science, medicine, electronics, and mechanization to produce food and goods, our ability to produce machines and products that kill, maim and destroy has advanced at an alarming pace too. We just hope and pray that our world leaders have the wisdom, foresight and ability to keep us protected, healthy and prosperous.

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John A. Johnson has worked for Hurley & Associates since 2000. John is semi-retired now living the life of chasing grandkids. John is based in Sikeston, MO.

## Upcoming Events

### GRUNDY CENTER:

- April 26th, 2023:** Agri-Marketing Workshop for Lending and Accounting Professionals-Cedar Falls, IA
- June 7th, 2023:** Hurley Grill Out-Grundy Center, IA
- July 20th, 2023:** Summer Educational Workshop-Grundy Center, IA

**If you have any questions about the upcoming events or you would like to attend, please contact the Grundy Center office at 319-777-7952.**

# Railroad Update

By Tom Williamson  
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agriculture firms for the outsourcing of some or all of their corporate transportation functions. Tom has extensive experience in transportation of bulk and consumer commodities on every Class I railroad and on every navigable river in the U.S. TCC clients include grain, grain processing, ethanol, alcohol and food companies. TCC also charters both barge freight and ocean freight.

Tom was Director of Transportation for Anaconda Company from 1970 to 1975 and Assistant Vice President of Continental Grain from 1975 to 1981.

Tom and his wife Terry own Iron Horse Railcar Management that manages private rail car fleets and tracks the rail car leasing market and negotiates leases for railcars for clients. They also own Locomotive Leasing which buys, rebuilds and leases switch engines.

Williamson was raised on a farm in West Texas, graduated from Texas Tech with a BBA in Transportation and graduated from the New York Academy of Advanced Traffic.

Tom has a married son that splits his time between Boston and Tokyo and has twin (boy and girl) grandchildren.

# HA Portal Highlight

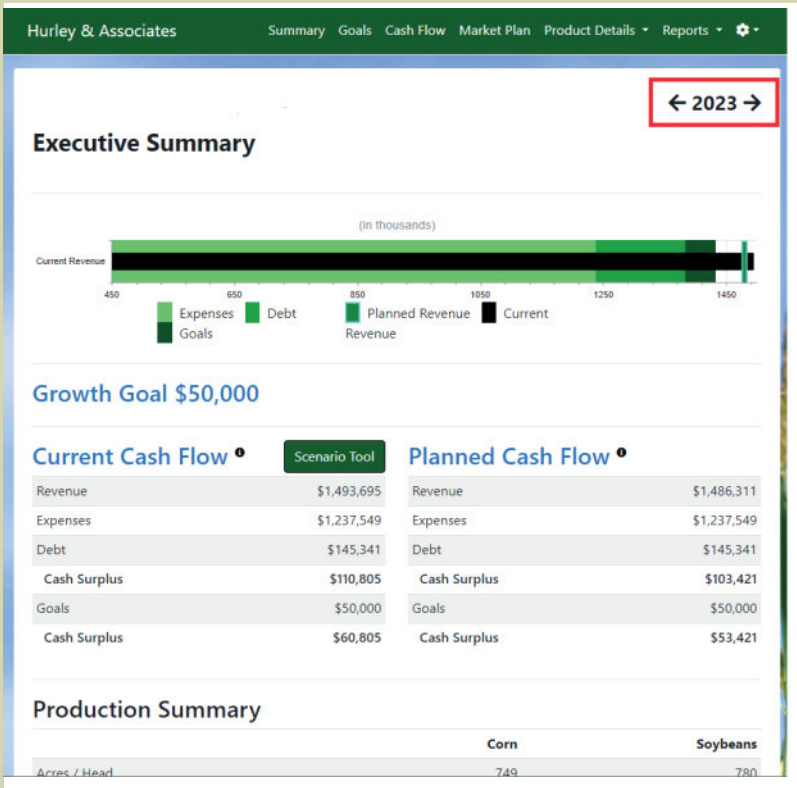
## Toggle

Once you log into the Hurley Advantage system, the Executive Summary automatically shows the current year's synopsis (2023). There are many times you and your team of trusted advisors need to see different production years. Toggling the left or right arrow will get you to where you need to go.

**LEFT ARROW:** Allows you to see previous years' information. i.e., At this time of year, you may still have a crop stored and would want to see the status of the 2022 crop in the Executive Summary or locate current reports.

**RIGHT ARROW:** Displays deferred years. i.e., You can view projected values for future production years. Additionally, using the scenario tool to consider potential changes to the cash flow of the operation is available.

Try it out and see how quickly you can jump between years to see the full picture for your operation!





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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**

## LOCATIONS

Grundy Center, IA  
319-777-7952

Britton, SD  
605-277-1750

Wayne, NE  
605-705-4040s

Brookings, SD  
605-705-4040

Cologne, MN  
320-634-4001

Wessington, SD  
605-554-0230

Glenwood, MN  
320-634-4001

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