



Should We Return to Diversified Crop-Livestock Operations?

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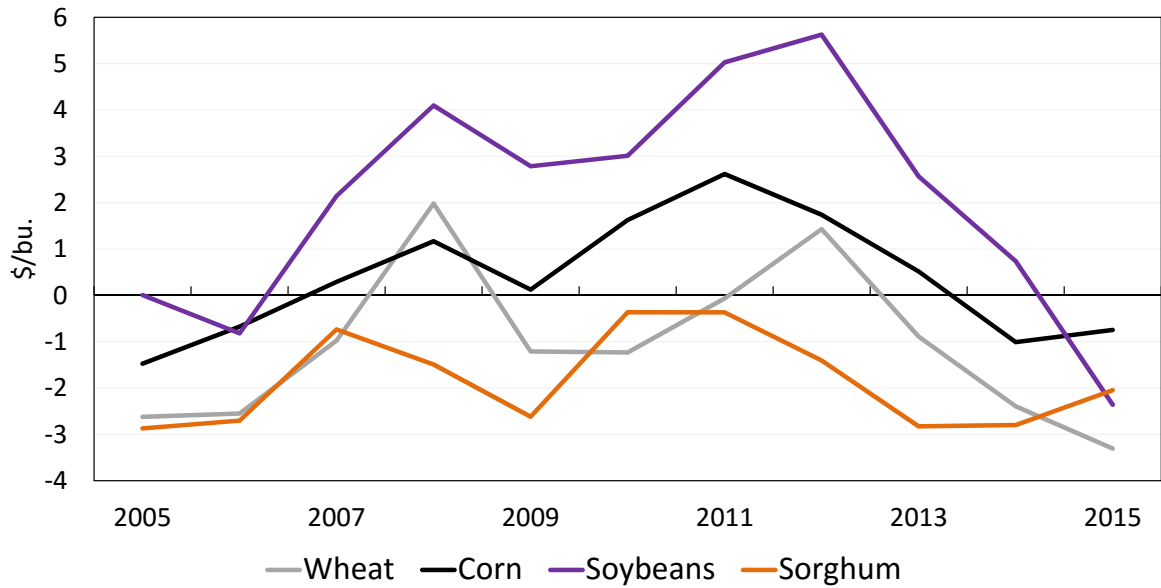
What is Diversification?

- What is diversification?
- Why diversify?
- Ways to manage risk?



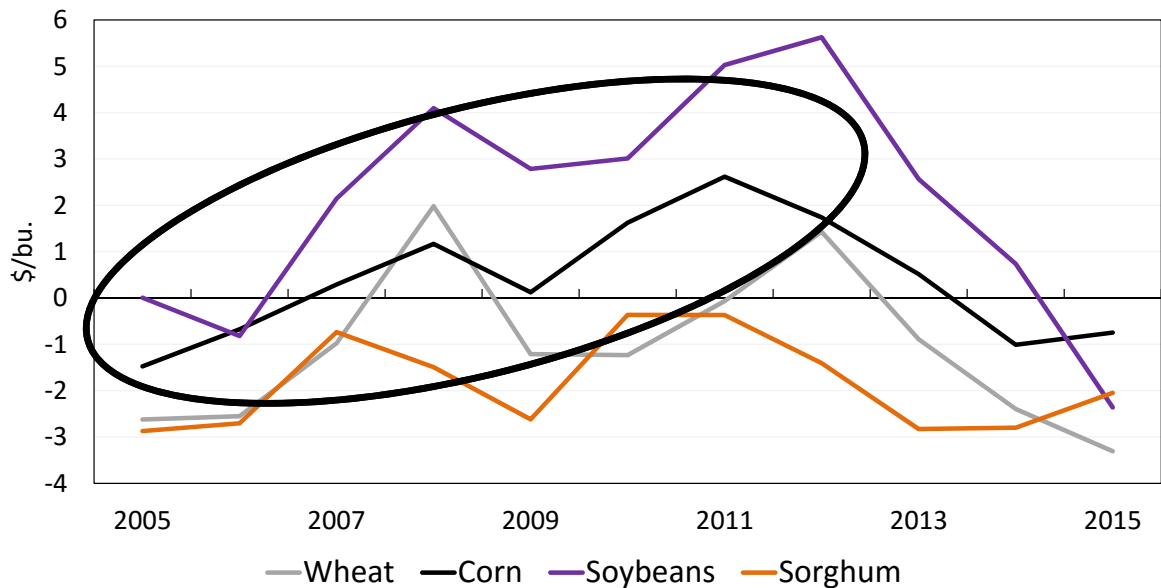
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Crop Returns, \$/bu.



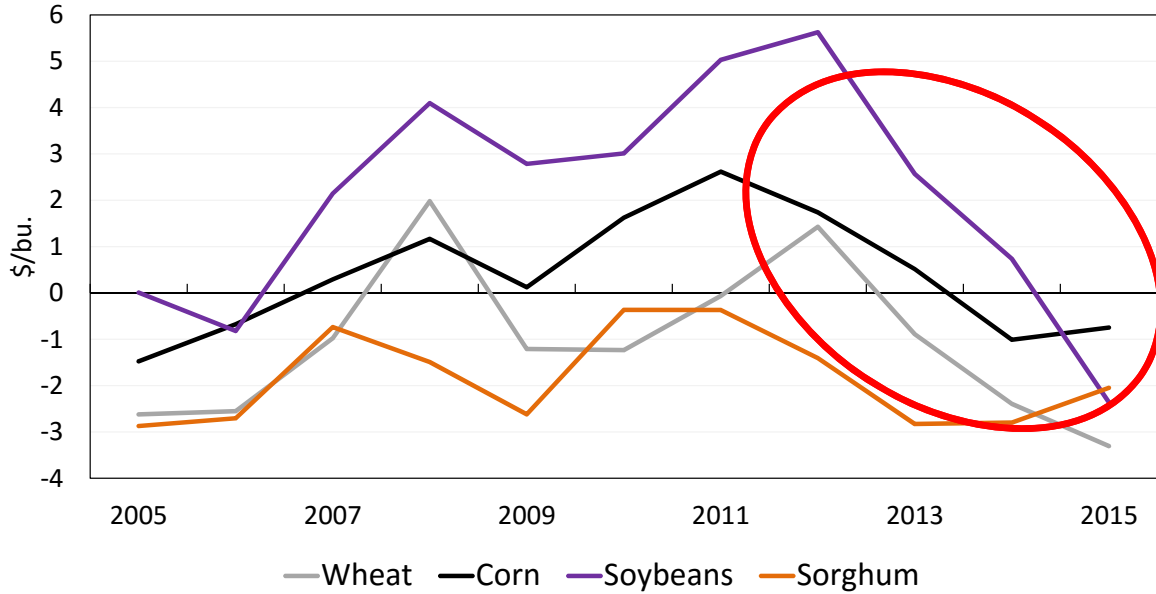
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Crop Returns, \$/bu.



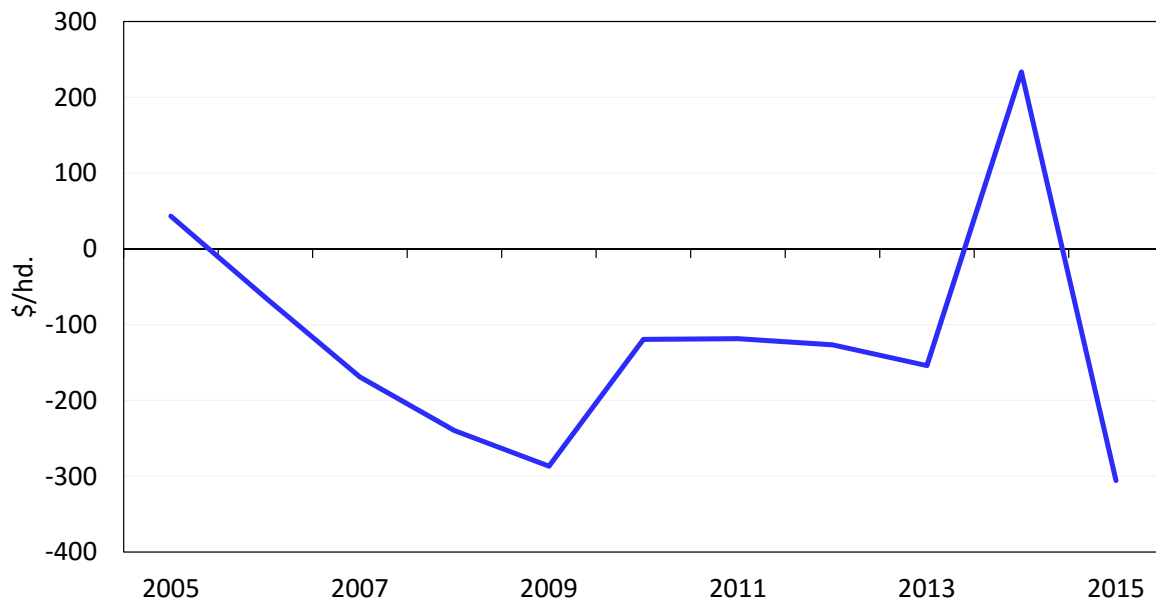
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Crop Returns, \$/bu.



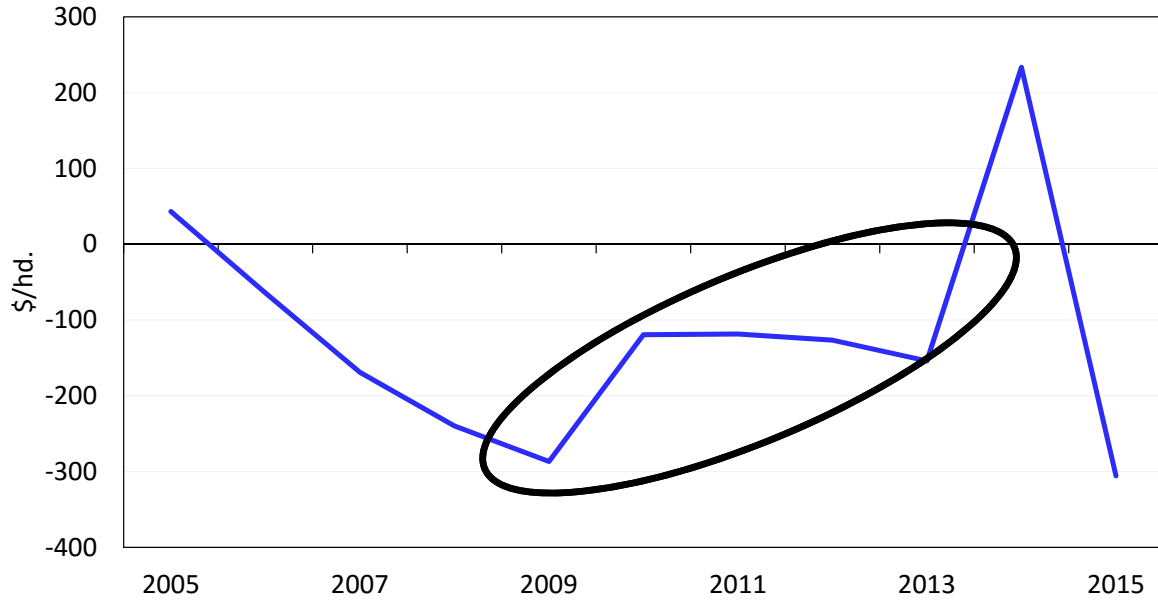
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Cow-Calf Returns, \$/hd



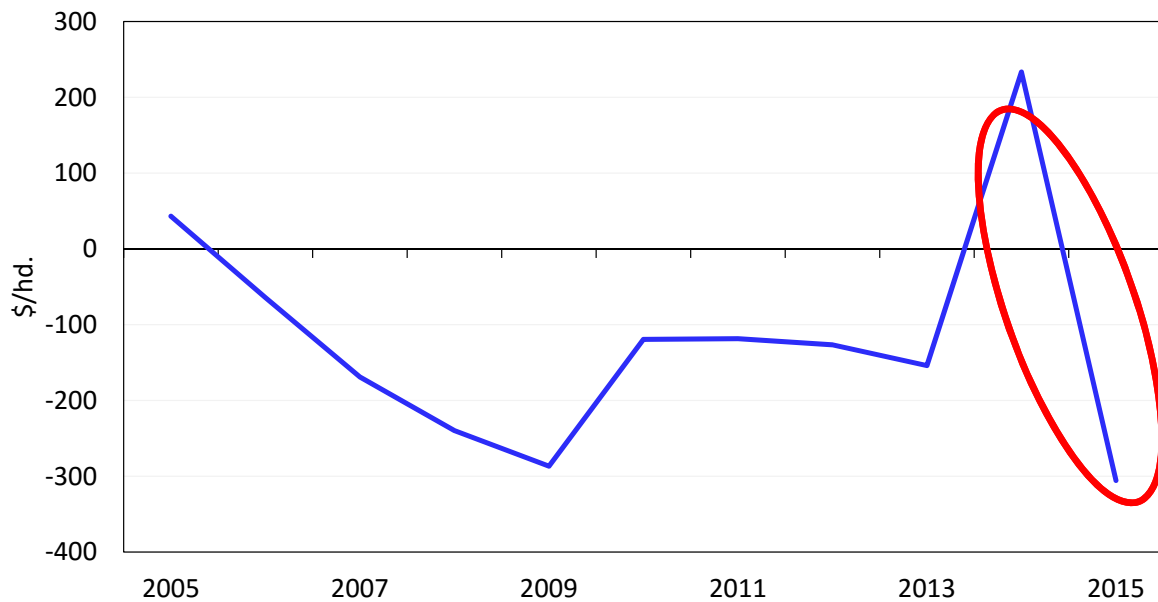
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Cow-Calf Returns, \$/hd



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Cow-Calf Returns, \$/hd

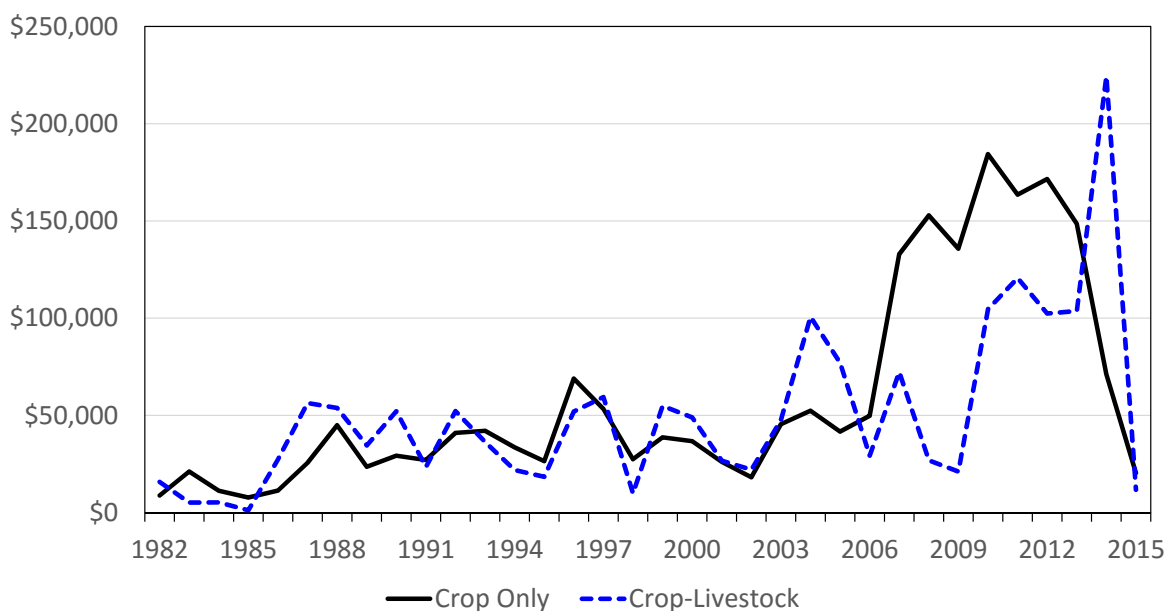


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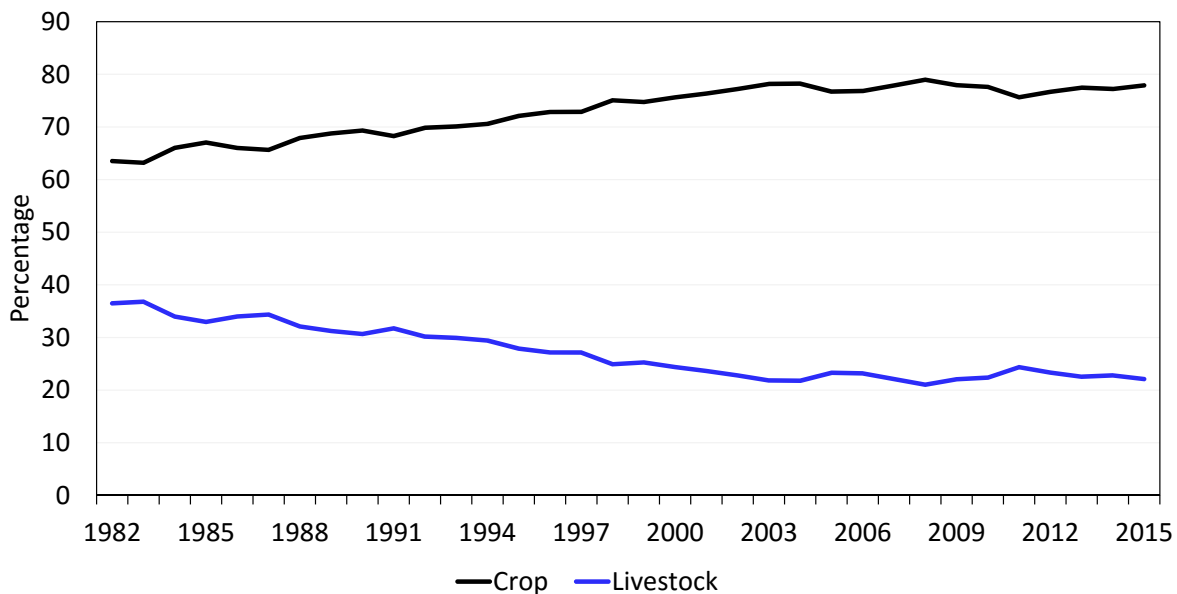
Correlation between Crops and Cow-Calf

- Return over Variable Costs
 - 1975-2015: +0.176
 - 1975-1979: +0.468
 - 1980-1990: +0.141
 - 1991-2004: -0.095
 - 2005-2014: -0.150

Net Farm Income by Farm Type



Crop and Livestock Labor, %



Why Less Diversification/More Specialization?

- More crop insurance
- Less rangeland/pasture
- Economies of scale
- Labor/technology/age
- Vertical coordination



Pros of Diversification

- Risk
- Cash flow
- Labor
- Equipment
- Agronomic
- Land use
 - Crop/pasture and cover crops



Cons of Diversification

- Labor
- Equipment
- Economies of scale
- Agronomic
- Management



Should We Return to Diversified Crop-Livestock Operations?

- Correlations for corn and cow-calf returns
- NFI for crop and crop-livestock operations
- More specialization

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