



Fleur de Lis

Sentinel

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FOR OUR COMMUNITY

China's Tariffs: *Short-Term Impacts and What the Future Might Hold*

by **Ross Key**, *Vice President & Agriculture Relationship Sales Manager*

There has been a great deal of talk in the media about tariffs or trade wars to improve long term trade agreements. The agriculture industry has been pulled front and center in these discussions. The Ag sector has historically been the U.S. industry that does not have a trading deficit worldwide, so it is the industry the government can use to negotiate with the least negative affect on the U.S. general economy. Agriculture has been brought into these talks between nations. Now what does it mean in the short-term and what are the long-term prospects for the Corn Belt?

Negative Ag commodity market trends have been the norm since the tariffs went into effect May of 2018. We have seen the corn market trade mostly in a range 50-75 cents lower than pre-tariff levels. Currently, December corn futures are trading in a range around \$3.60/bushel, even though stock-to-use ratios resemble years with prices closer to \$5/bushel than \$4/bushel. Soybeans have taken an even harder hit due to the significance of China as the chief consumer of exported beans worldwide. Beans are currently trading in a range around \$2 below pre-tariff market levels and thus lowering income per acre on soybeans by \$100-\$150. Short-term we have to live with these realities, but long-term I believe there is hope.

Some believe the pain now will be replaced by more free trade and better times for all in the general economy, especially the Ag community; however, historical evidence should make you question this. President Carter's embargo on the Soviet Union caused a dramatic shift in world trade that most agricultural economists would say took thirty years to recover from. That being said I

believe the effect these tariffs have on the long-term Ag economy in the Corn Belt depend largely on how long these tariffs are in place. If this debate is settled in the next few months the markets will probably return to near pre-tariff levels. With tariffs removed, the industry will go mostly unchanged and this will have been an anomaly in the marketplace. China could, as the Soviet Union did, find other avenues to fill their insatiable desire for farm products if the negotiations drag into multiple production seasons.

The increase in the Chinese GDP over the last two decades has driven demand for agriculture commodities. The chief exporter of these products to China has been the US. Short-term South American production can meet some of China's needs as they have grown into a world class soybean producer. South American countries don't have the means to produce enough soybeans to replace US production. However, there are other areas such as some of the former Soviet Republics that could switch from feed grain (corn and wheat) to oil seed production (soybeans) to fill China's demand. If these changes should happen to fall into place the landscape of American agriculture will be forever changed.

I have great hope in the future of American agriculture...market equilibrium! Belief that market factors when left alone will move production towards the most efficient balance of supply and demand in a given market; then those markets will push American Agriculture back to the forefront. The landscape of American agriculture might change, but we are the most efficient, most advanced, and most progressive agricultural economy in the world. We will adapt, shift production practices, and find ourselves right where we have always been: the world leader in agricultural production.



Meet Our Compliance Department

Left to Right:
Diann Verkamp, Melody Ginder,
Brenda Hoover, Megan Wehr

Core Values:
INITIATIVE.
COMPETENCE.
OWNERSHIP.
RESPECT.
TEAMWORK.
RESPONSIVENESS.



Nikita Brown Graduates

On October 24, Nikita Brown, a Universal Banker at our Paoli Banking Center graduated from the Orange County Community Leadership Program. The Program, which is championed by the Orange County Hometown Collaboration Initiative Team, is a 10 month program designed to create a network of willing, knowledgeable, and committee leaders to step up and make a difference in their community.

“The main objective of the Orange County Hometown Collaboration Initiative Team is to graduate a group of individuals that are going to make a difference in our communities by volunteering, being on a board, or even being an advocate for something they are passionate about,” said Nikita Brown.

\$5K Paoli Donation

On Monday, September 17, 2018 employees of Springs Valley Bank & Trust Company visited Paoli Jr. and Sr. High School and met with the Agricultural business students. Springs Valley staff members heard about the #buildthebarn project firsthand from the FFA students and toured the facility. Springs Valley donated \$5000.00 to Paoli Jr. and Sr. High School to assist with building the Dr. Bill McDonald Animal Science Pavilion. For additional information about the Project contact Cory Scott or Kyle Woolston at Paoli Jr. and Sr. High School, 812.723.3905.



Left to Right: Craig Buse; Springs Valley, Mike Smith; Springs Valley, Chloe Elliott; Paoli Jr. and Sr., High School, Murphy Laws; Paoli Jr. and Sr., High School, Zach Patton, Springs Valley, Elizabeth Workman; Paoli Jr. and Sr., High School, Jalyn Engleking; Paoli Jr. and Sr., High School, Baylee Crane; Paoli Jr. and Sr., High School, Myranda Hickman; Paoli Jr. and Sr., High School, and Dianna Land Springs Valley

Volunteerism: JMS Ice Cream

Springs Valley employees volunteered their time at Jasper Middle School's Ice Cream Social. Springs Valley was this year's sponsor of the 1st Quarter Ice Cream Socials for 6th, 7th, and 8th grades!



Backpacks For Blessings

Springs Valley employees and family members packed backpacks for Backpacks for Blessings in French Lick.



Career Fair

Springs Valley employees Zach Patton and Craig Buse attended the Career Fair at Paoli High School. Students from Paoli, Springs Valley, and Orleans attended the fair.



Parade Fun!

Springs Valley enjoyed a hot day at the Orange County Pumpkin Festival Parade!

Springs Valley Online Consumer Loan Center

It's fast, easy, and available
24 hours a day at svbt.bank!

Here is how it works:

Step 1

Visit www.svbt.bank.

Step 3

Click apply now to complete and submit an application in less than 20 minutes!

Step 2

Click on Online Consumer Loan Center.

Step 4

A Springs Valley Loan Officer will contact the applicant with further details.

Loans for qualified applicants only. View consumer loan rates online for all other current rates, call one of our loan officers. Consult your tax advisor regarding tax deductibility. Certain closing costs may apply.



SPRINGS VALLEY AG EVENT

Reserve Your Seat Today!

We look forward to seeing you at the
Huntingburg Event Center
110 East 14th Street
Huntingburg, IN 47542

Wednesday, December 5, 2018

Registration begins at 8:30 a.m.
Light breakfast and lunch will be served.



Call or email by November 21, 2018:

Ross Key

Vice President & Agricultural
Relationship Manager

P: 812.634.4813

eMail: rkey@svbt.com or Marketing@svbt.com

RSVP BY WEDNESDAY,
NOVEMBER 21, 2018
AND BE ENTERED
INTO A DRAWING
FOR A STIHL®
CHAINSAW!*



VALUED AT
\$600.00



* Entrants for drawing must be 18 years of age or older. Drawing will be held at the end of the Ag Event on Wednesday, December 5, 2018. No cash equivalent, substitution, or transfer of prize permitted. Must be present to win. Springs Valley Bank & Trust is not affiliated with, endorsed by or sponsored by STIHL®. STIHL® has not participated in or sponsored the STIHL® Chainsaw giveaway conducted by Springs Valley Bank & Trust. The prize to be awarded has been purchased by Springs Valley Bank & Trust at retail from an authorized seller. No purchase necessary.



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