

Income Diversity

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The new administration in Washington has brought about some interesting changes that will play out over the next several months, if not years. On April 2nd, the fed cattle futures were nearly at an all-time high of \$210.90/cwt!. One week later, the futures were \$14.00/cwt lower. That is a loss of over \$200/head in one week! If you have any assets in the stock market, it is probably best not to look at them.

Fortunately, cattle prices are still historically high, and all indicators suggest that they should continue into 2026 and 2027. That said, the big shake-up over the last few weeks has been a reminder that things can change very rapidly. Are you using the market's current good fortune to prepare for the future? Is the long-term financial health of your ranching enterprise vulnerable to the whims of the latest headlines or the most recent election? What about wars in far-off lands that you have no control over? Do they impact your financial future? You can be sure that these factors have and will continue to impact your business.

The word "diversity" has taken a beating in political circles lately, but I would like to address that word from a different perspective. Let's talk about the diversity of your revenue stream. Financial advisors will tell you that you need a diverse investment portfolio. Businesses that are successful long-term have their assets deployed in many areas. Henry Ford had the idea that he would make one automobile in one color and do it efficiently enough to make it affordable for the common man. That idea got him off the ground, but that is not who Ford is today. In other words, you can't put all your eggs in one basket!

How diverse is your income stream at the ranch? Certainly, the cattle business is at the core of your business, but do you have other enterprises that contribute to the long-term success of your business? The oil boom of the early 1900s saved many a Texas ranch. In fact, I would suggest that as you think through the iconic ranches in this country, the vast majority of them have significant

income streams beyond cattle production. That is not to say that those ranches don't focus on the cattle business.

Most are very well-run cattle operations. However, they have figured out that creating income diversity will even out ranch returns and help them weather difficult cattle markets with peace of mind.

There is a great opportunity for you to learn more about Expanding the Ranch Portfolio with a seminar coming up at USU on May 7 and 8. This seminar is the first in a series of seminars that are part of the newly formed Western Ranch Management Academy (WRMA). WRMA and IFA will be sponsoring a series of seminars addressing all facets of successful ranch management in great detail over the next two years. There will be three seminars in 2025 and four in 2026. For more information, go to www.wrma.usu.edu.

Please feel free to reach out anytime.

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