

# Investors see good opportunity in the agricultural landscape; Ag is one of the most underleveraged sectors of the economy, investors say

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Chicago -When it comes to outside investors financially analyzing row crop production in the American Midwest, they see a vastly underleveraged sector compared to other sectors of the economy. It shows the sector could and would use a lot more investment in the near future.

David Muth, managing partner of Alternative Equity Advisors, speaking here at the Ag Tech Nexus Conference, put on by Global Ag Investors, used the state of Iowa – which is mainly cash crop – as an example based on its \$225 (U.S.) billion in agriculture assets.

About 82 per cent of those assets are owned with no leverages or debts against them, said Muth. He also noted that 60 per cent of these Iowa agriculture assets are owned by people over 60 years of age.

These future agriculture investments might not follow along traditional lines, cautioned Muth. He used the examples of Uber in the taxi business using private car owners vehicles, plus AirBnB using private homes to be in the hotel business, of how a disruptive, competitive investment is made, without a penny spent on infrastructure.

The successful investments in the future, including agriculture "are betting on connecting the core asset with the consumer," said Muth. "How will this play out?" "Big Ag have been the primary players" investing in farming technology thus far, said Muth. Europe is taking the lead on livestock agriculture and the United States being on the top of row crop investment, he said.

These investments, thus far, have been focused on hours saved, or dollars saved and made per acre, said Muth. On the cash crop side some examples he cited were GPS grid sampling, yield monitoring, variable rate fertility and seed placement.

Biotech "is being integrated for an accelerated advantage, but we're seeing challenges with consumers," said Muth. "There is a non-GMO movement out there that is paying significant premiums," he said.

There are a number of digital workflow products hitting the market, many from various machinery companies, "monitoring well, each on their own, but the challenge is getting them working together," said Muth.

“There are real efficiencies in bringing them together.”

As a result of this technology being scattered, with no one dominating, “in agriculture we are the lowest in digital adoption” compared to other sectors of the economy, said Muth.

There are only 10 global companies that control the consumer driven food supply chains, he said. "The number of customers are starting to get leaner. We're coming to a rationalized, capitalized outcome," predicted Muth.