

# RISK IN AGRICULTURE

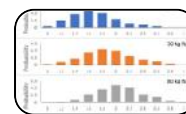
A series of easy-to-read discussions, explanations and examples

## Risk in Australian grain farming

Yield (tonne/ha)	N rate (kg N/ha)	80
1.2	0.02	0.01
1.2	0.1	0.04
1.4	0.19	0.09
1.6	0.25	0.17
1.8	0.2	0.22
2	0.12	0.2

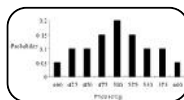
Risk is a pervasive issue in agriculture, arising from many sources and affecting every farm-related decision farmers make.

## Risk means probability distributions



Risk is a situation where there is a probability distribution of outcomes.

## Farmers' risk perceptions



Risk perceptions are about how risky someone thinks a particular strategy is.

## Diversification to reduce risk



Diversification is one of the most effective and widely used ways to reduce risk.

## Strategic decision, tactical decisions & Risk



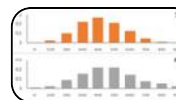
Strategic decisions chart a general direction while tactical decisions are about deviations from that general direction.

## Risk aversion and fertiliser decisions



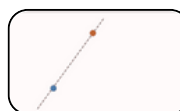
Changing fertiliser rate has little impact on the riskiness of a crop

## Farmers' risk preferences



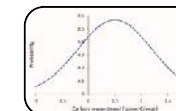
Risk preferences are about how much the person cares about the riskiness of a strategy.

## Intuitive vs analytical thinking about risk



Analytical thinking is slow whereas intuitive thinking is quick. Intuitive thinking can lead into biases or misjudgments.

## Learning about riskiness



It takes time to learn how risky a new practice is, especially if it is novel.

**More articles coming soon**

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