

# FARM INCOME SITUATION AND OUTLOOK

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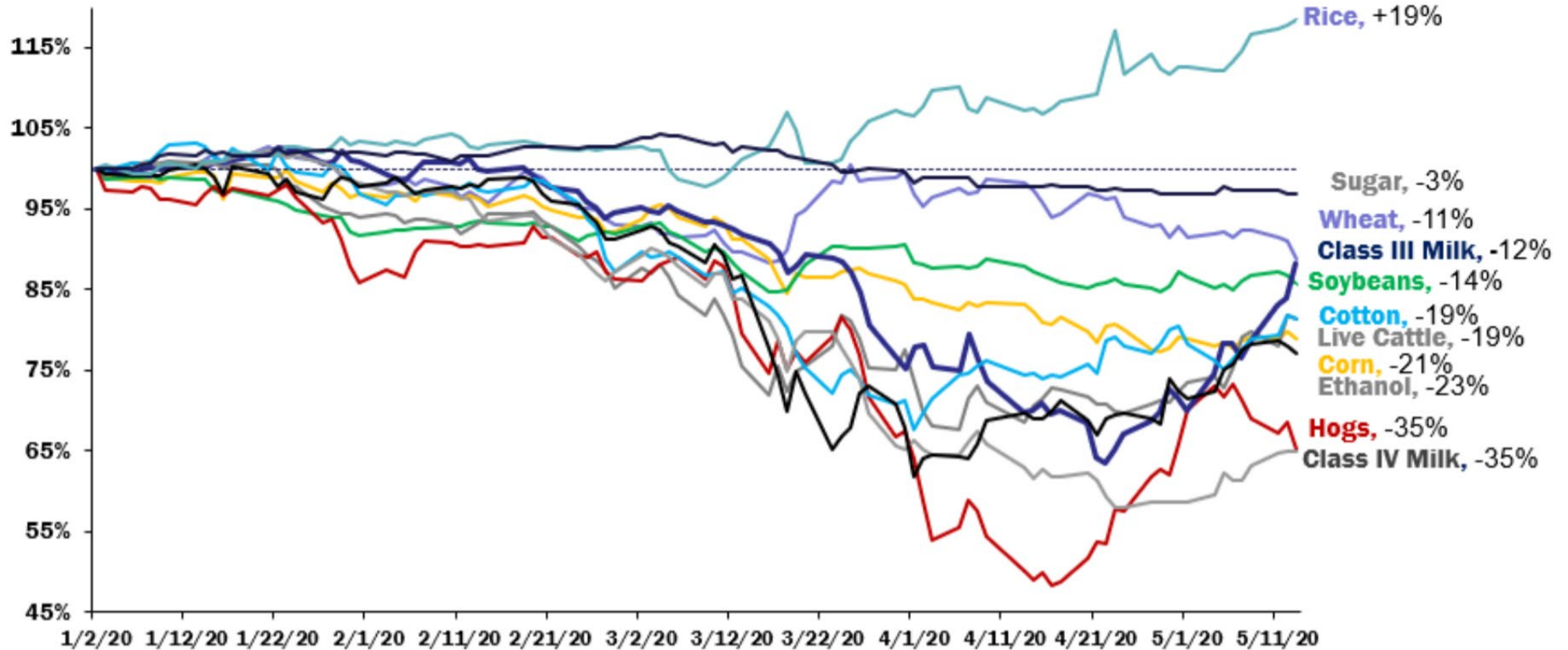
**RENK AGRIBUSINESS INSTITUTE**  
College of Agricultural & Life Sciences



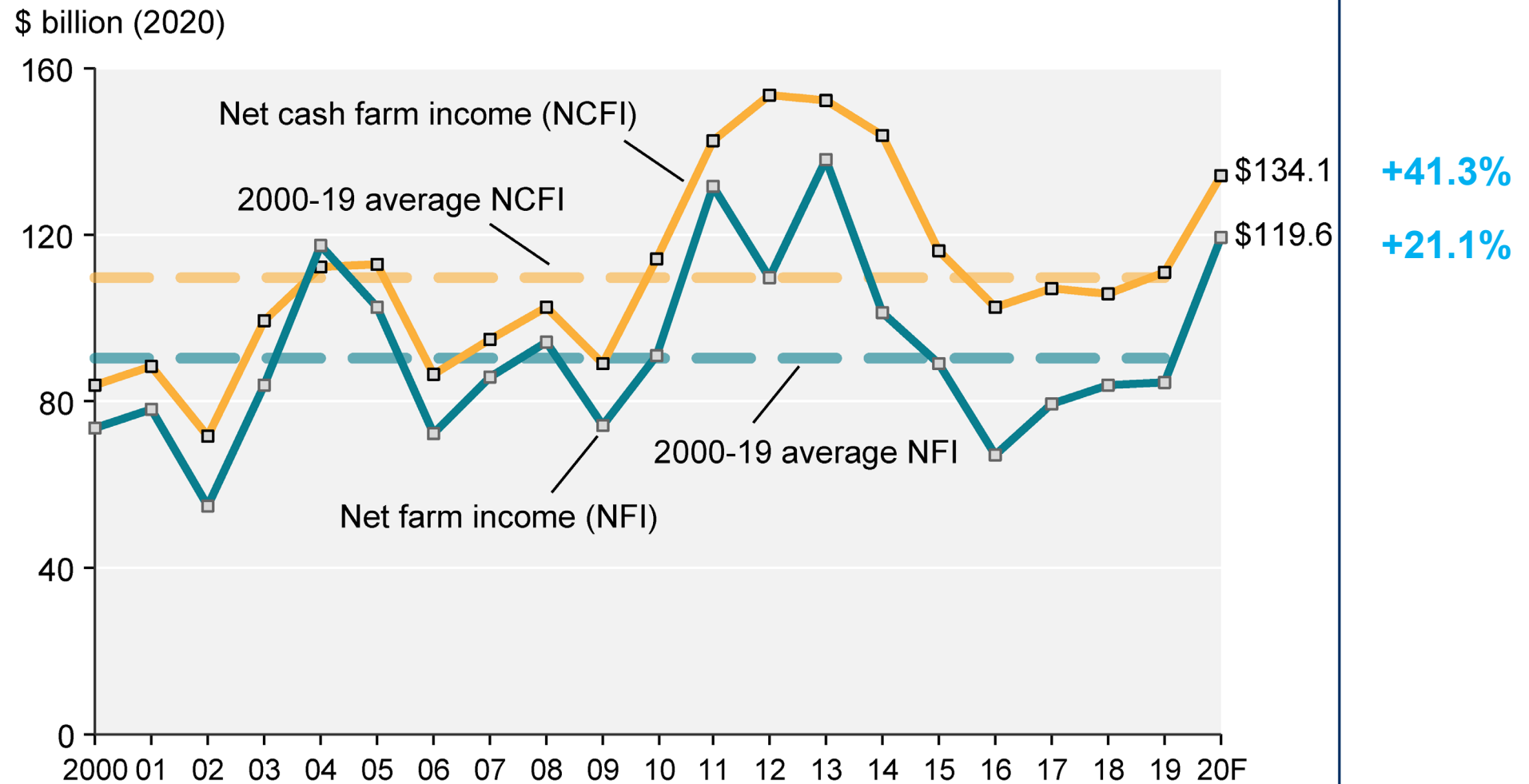
**Division of Extension**  
University of Wisconsin-Madison

## Figure 2. Impact of COVID-19 on U.S. Commodity Futures Prices

Cumulative Percent Change in Price Since January



## Net farm income and net cash farm income, 2000–20F



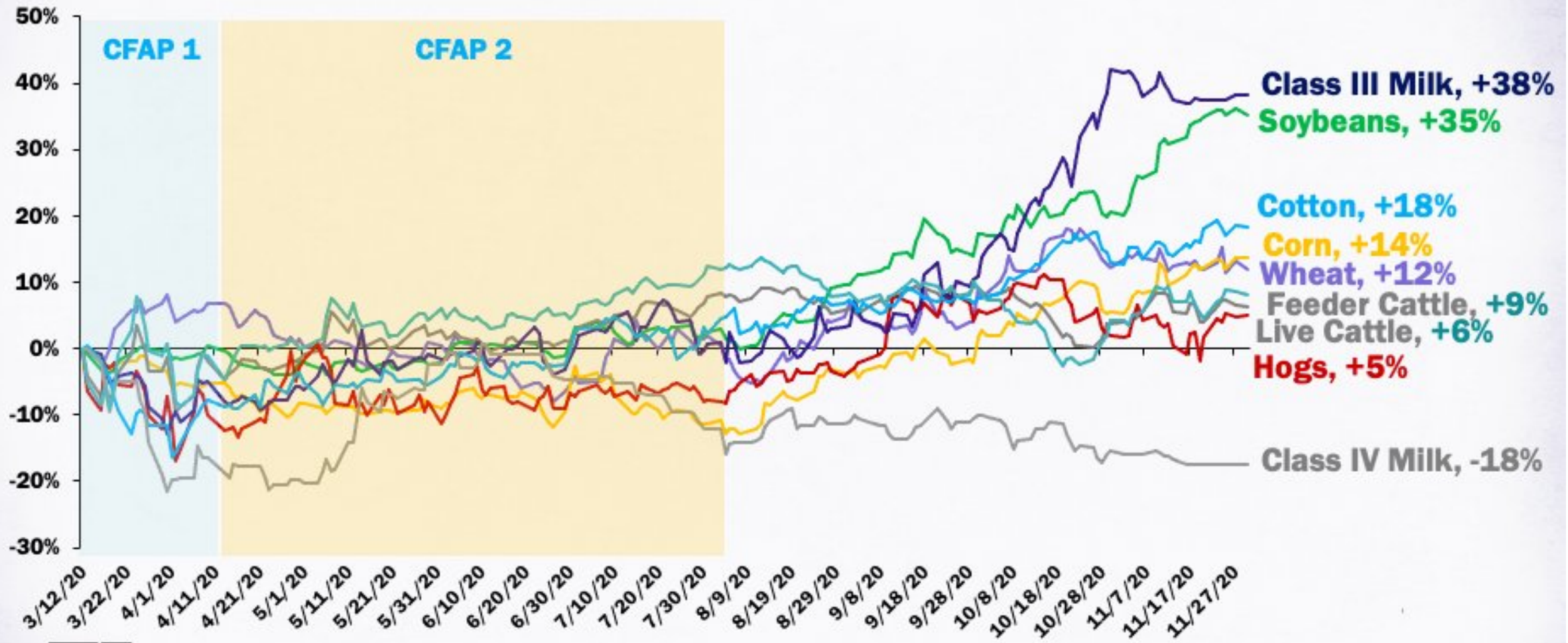
Note: F = forecast. Values are adjusted for inflation using the Gross Domestic Product chain-type price index, 2020=100.

Source: USDA, Economic Research Service, Farm Income and Wealth Statistics.

Data as of December 2, 2020.

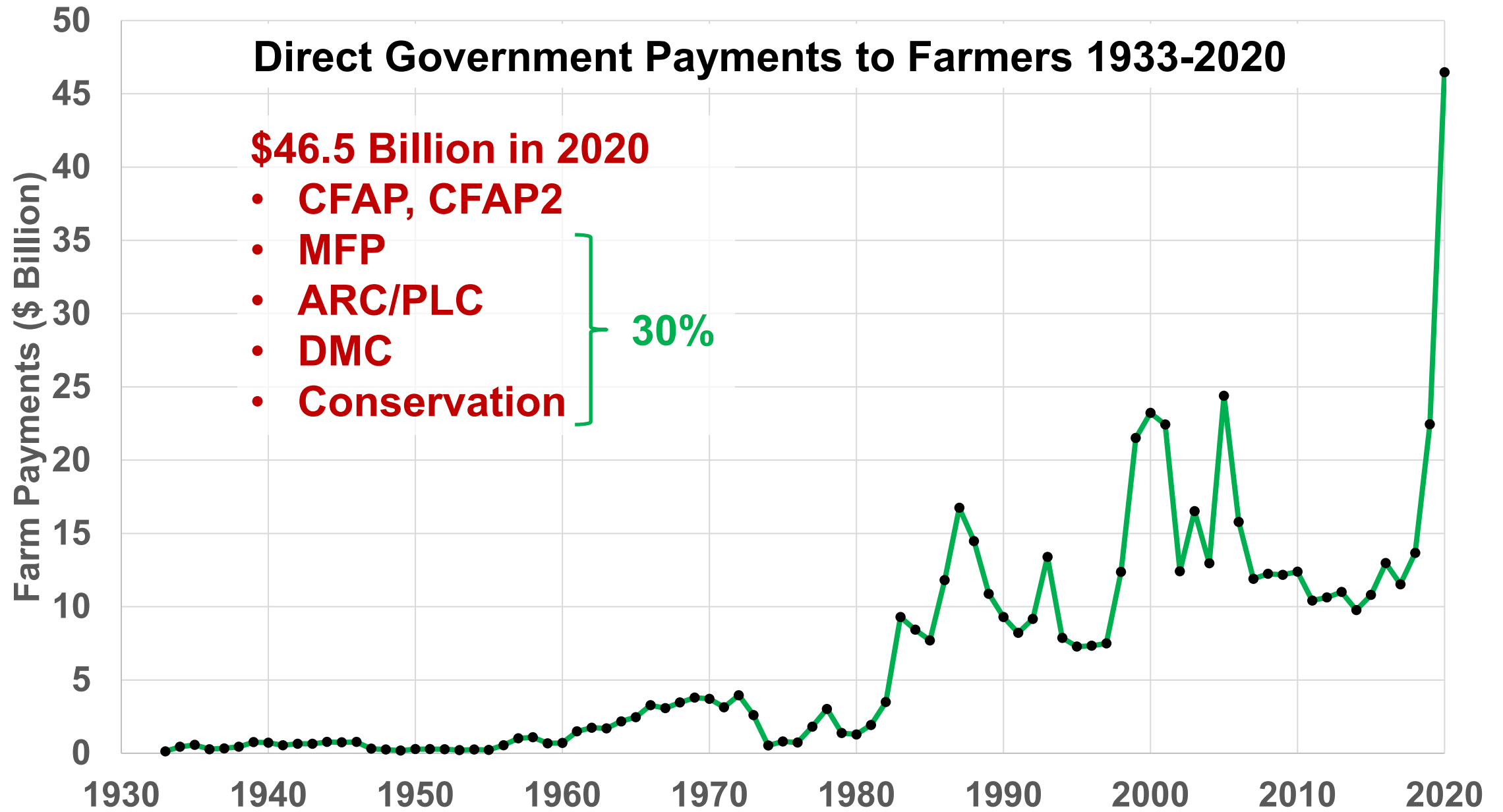
# Nearby or New-Crop Agricultural Futures Prices Since COVID-19

Cumulative Percent Change in Futures Price mid-March to Present



AMERICAN FARM BUREAU FEDERATION\*

Source: Barchart, Farm Bureau Compilations

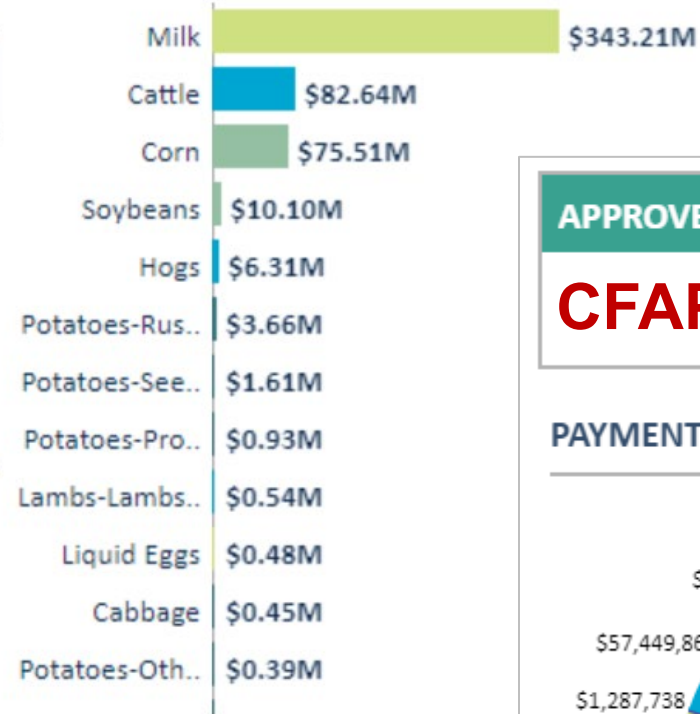




**CFAP1** 18,847

Approved Applications

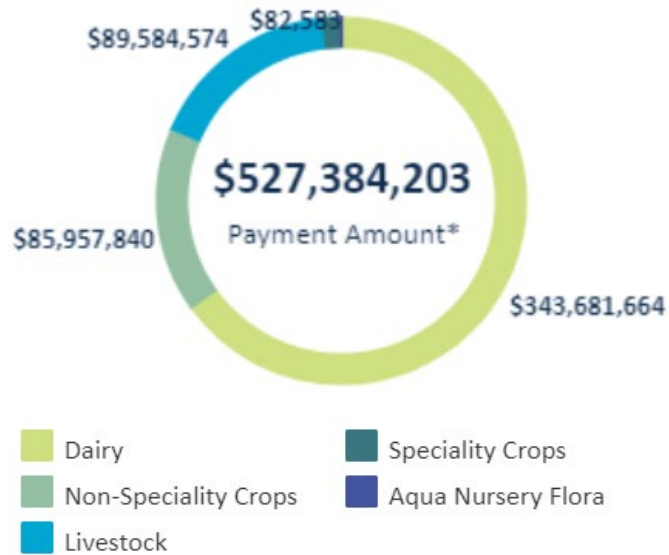
**PAYMENTS BY COMMODITY** | Hover for details.



**CFAP1 and CFAP2 made \$1.045 billion to WI farmers**

- **ARC/PLC & DMC \$111 million**

**PAYMENTS BY CATEGORY** | Hover for details.



<https://www.farmers.gov/cfap1/data>

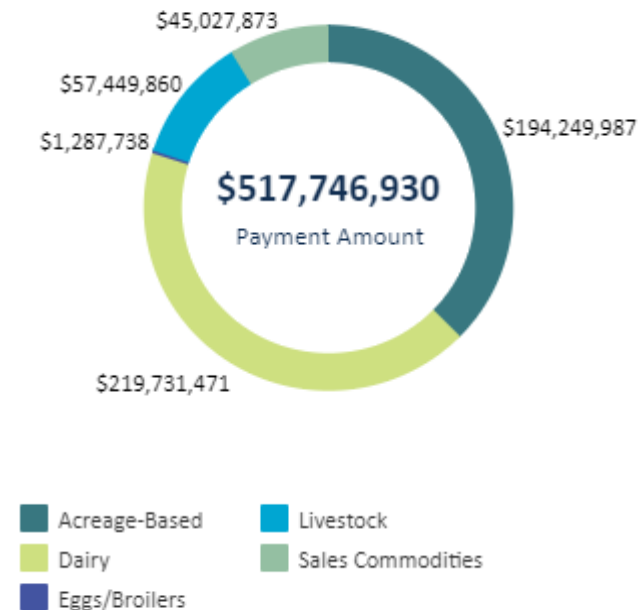
<b>Milk</b>	<b>\$563 million</b>
<b>Corn</b>	<b>\$215 million</b>
<b>Cattle</b>	<b>\$134 million</b>
<b>Soybeans</b>	<b>\$40 million</b>

**91%**

**APPROVED APPLICATIONS**

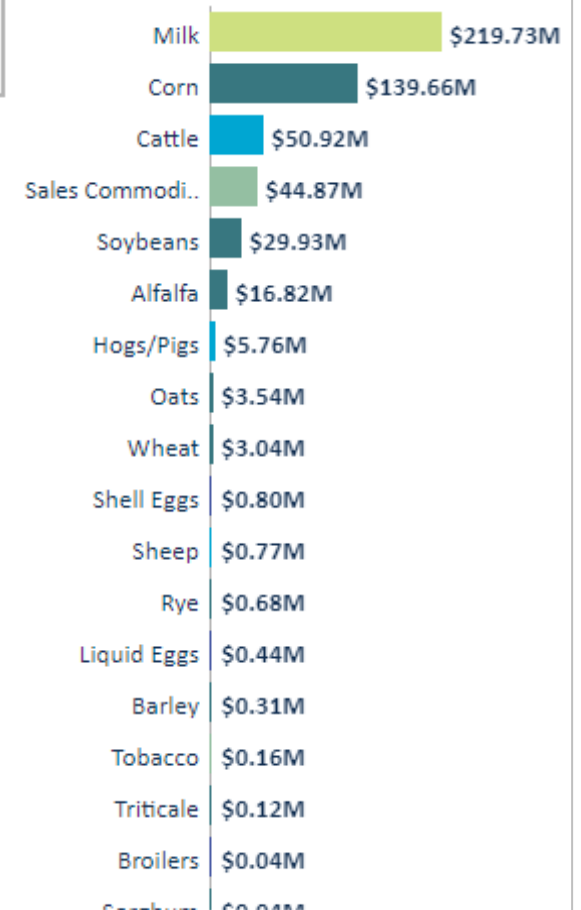
**CFAP2** 24,974

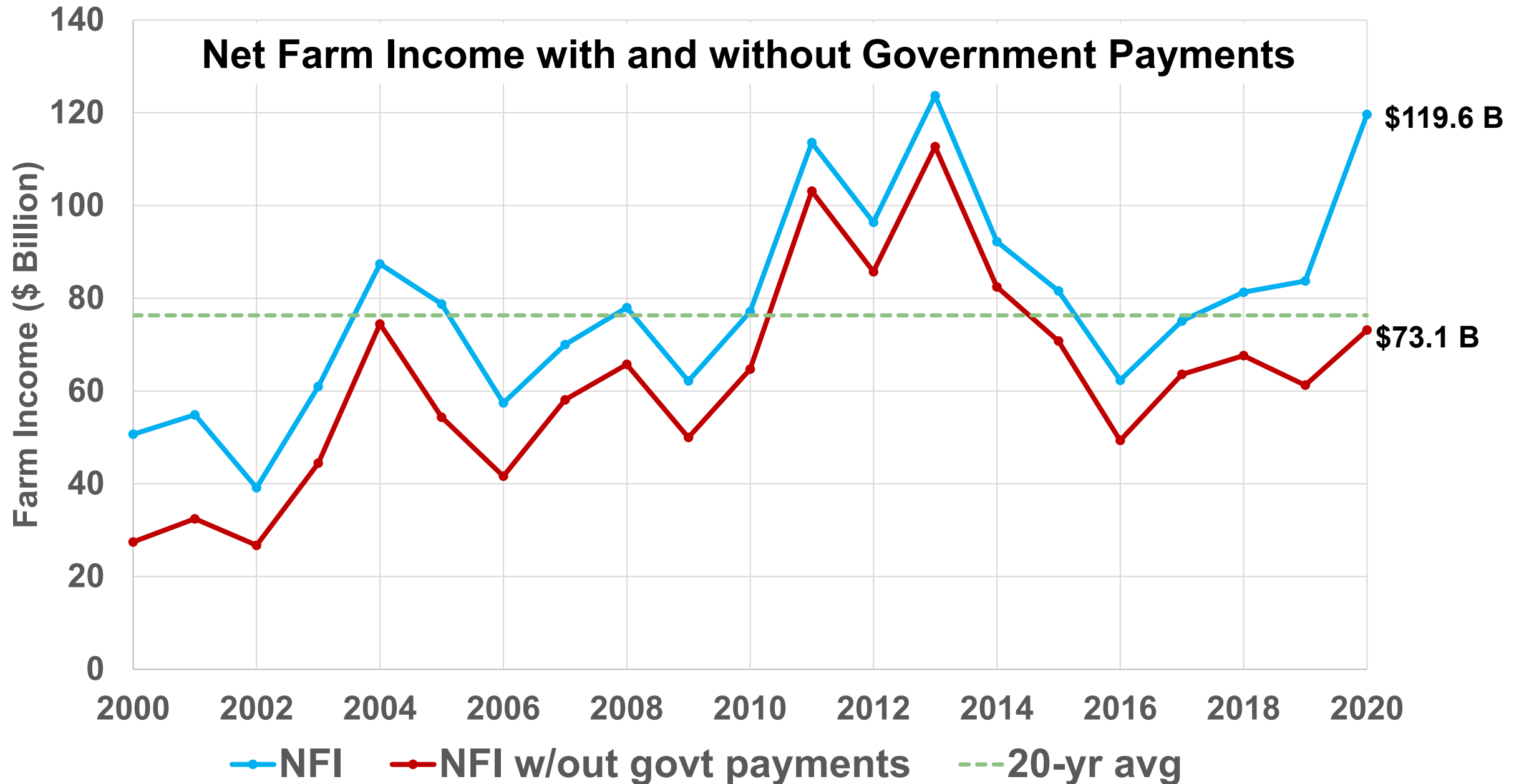
**PAYMENTS BY CATEGORY** | Hover for details.



<https://www.farmers.gov/cfap/data>

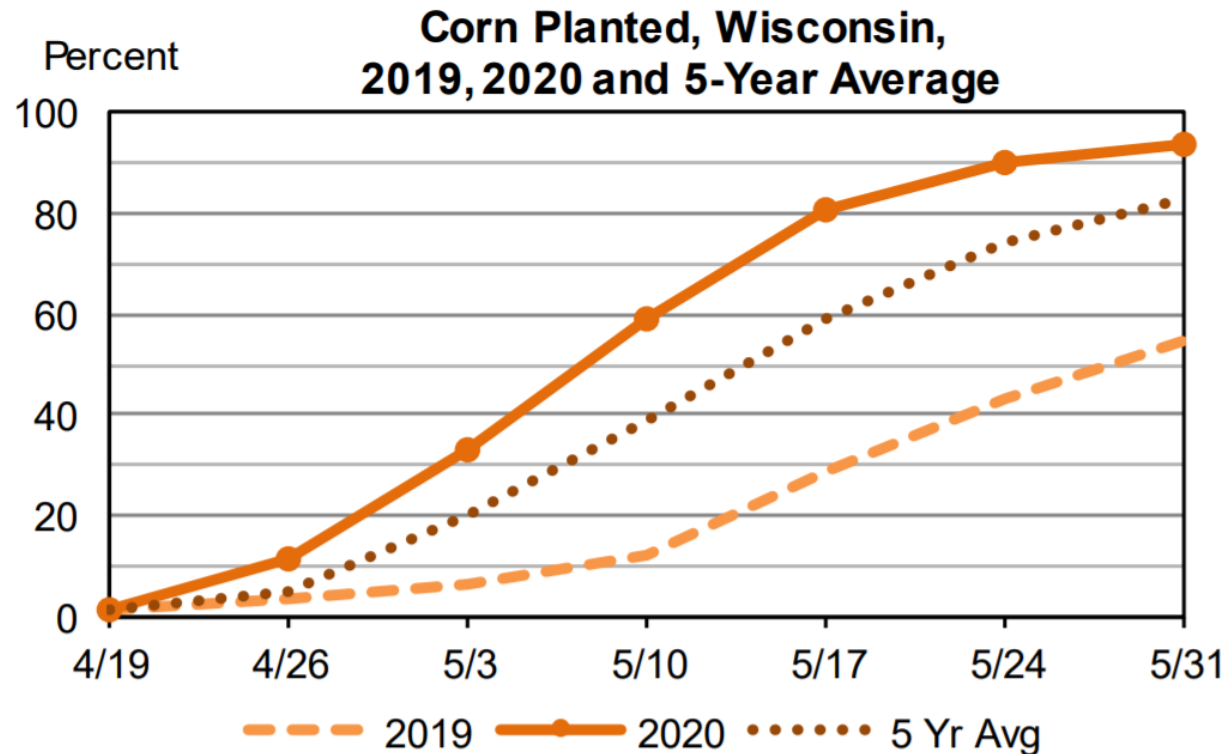
**PAYMENTS BY COMMODITY**



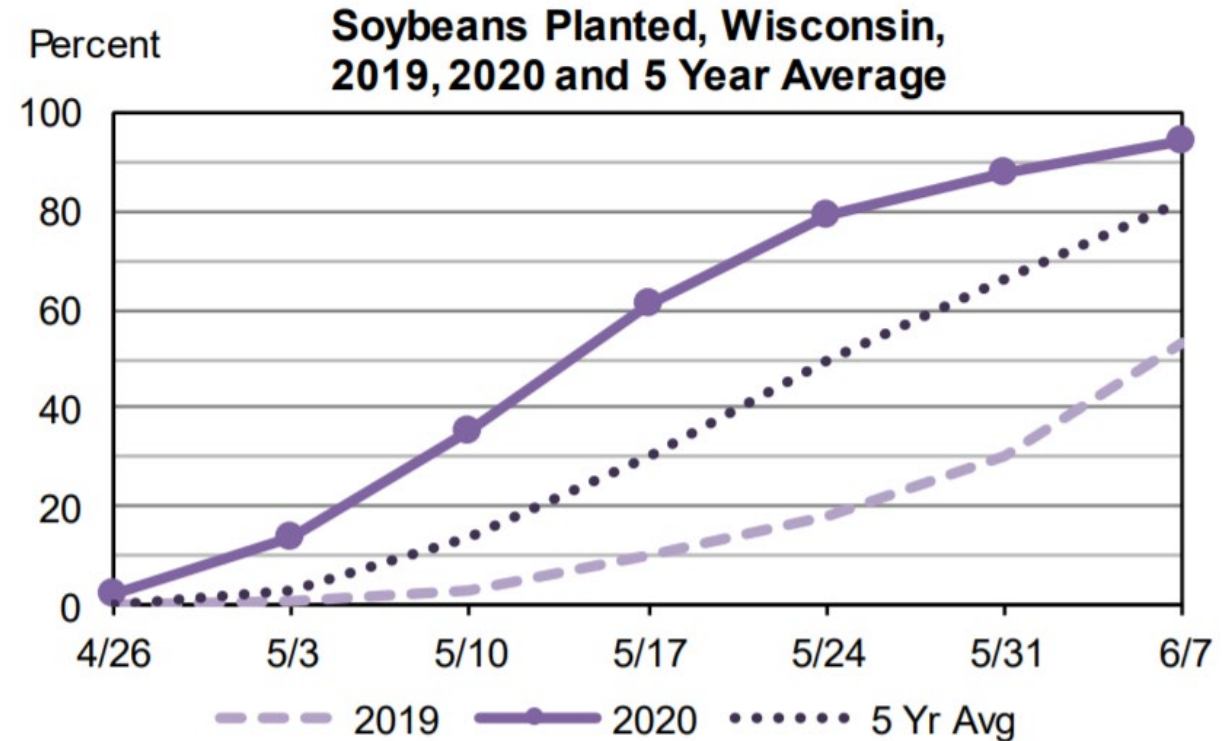


# Wisconsin Planting Progress 2020, 2019 and the 5-Year Average

## Corn



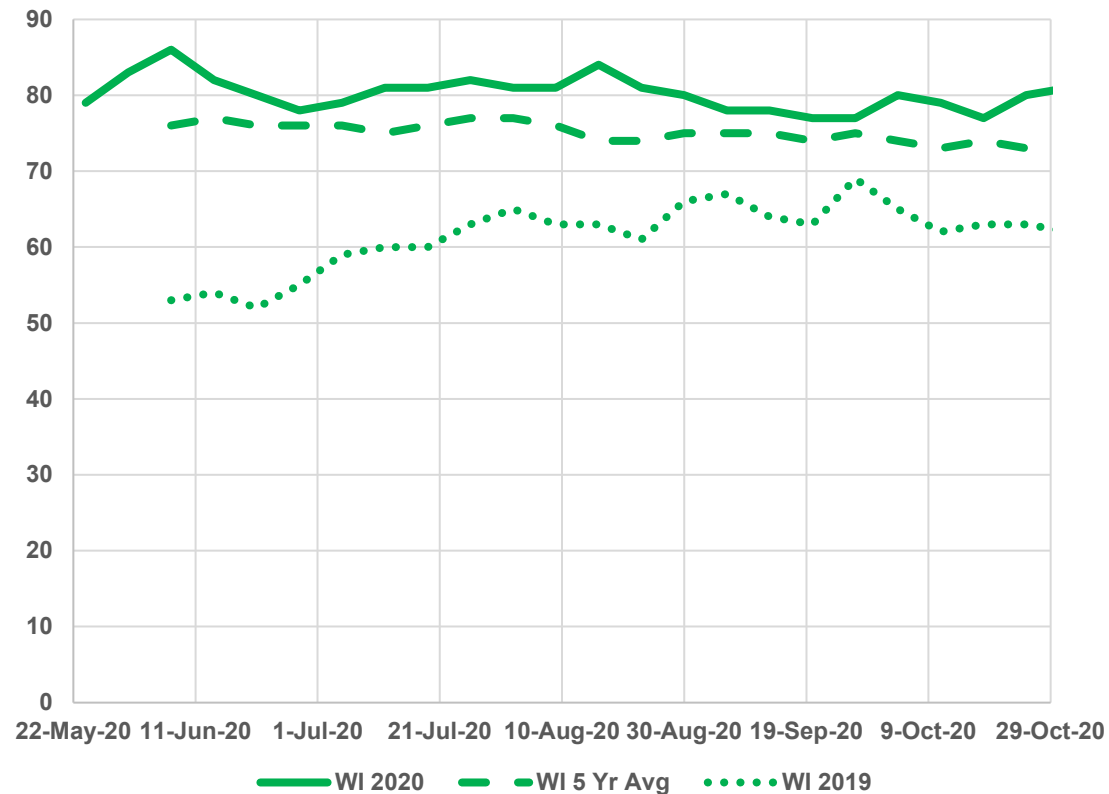
## Soybeans



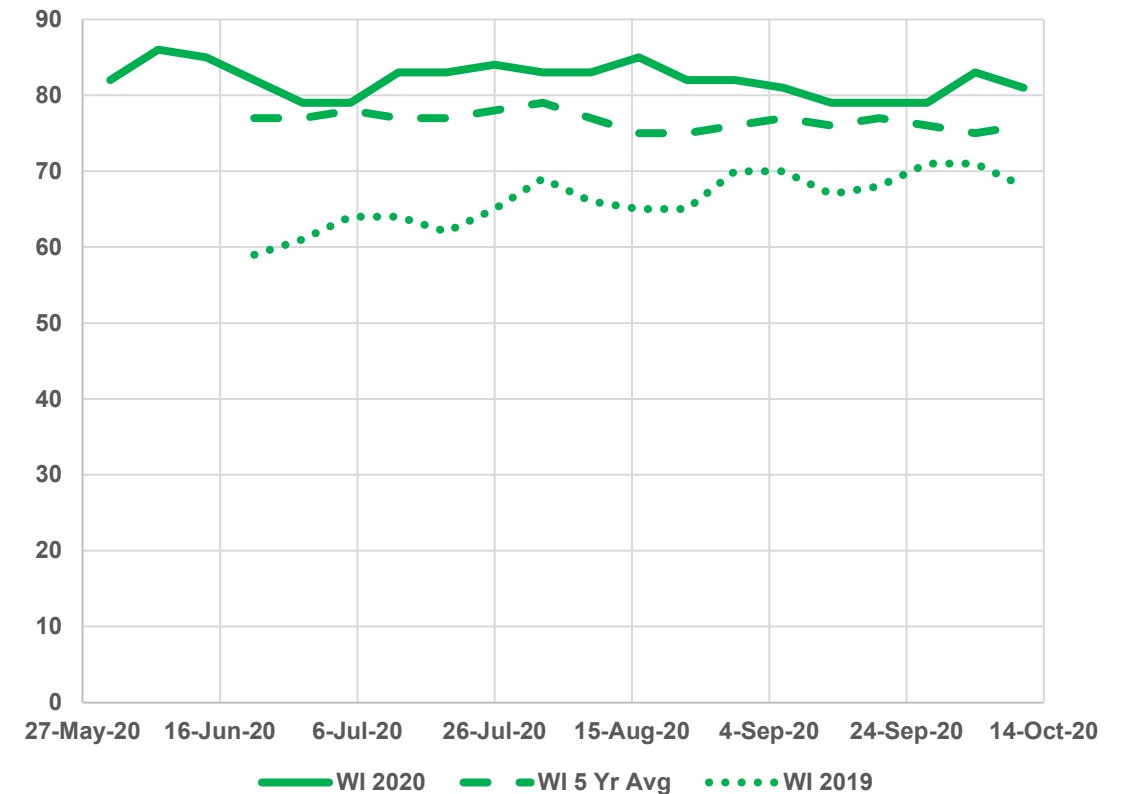


# % Acres in Good to Excellent Condition for Wisconsin 2020, 2019 and the 5-Year Average

## Corn

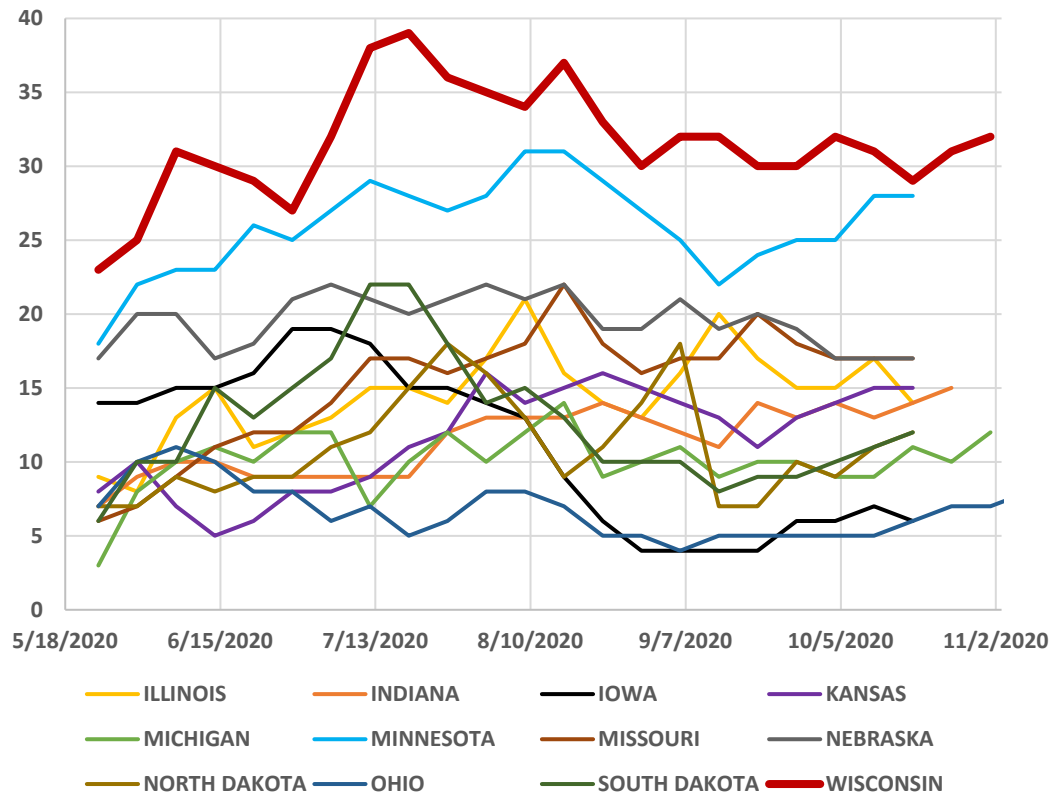


## Soybeans

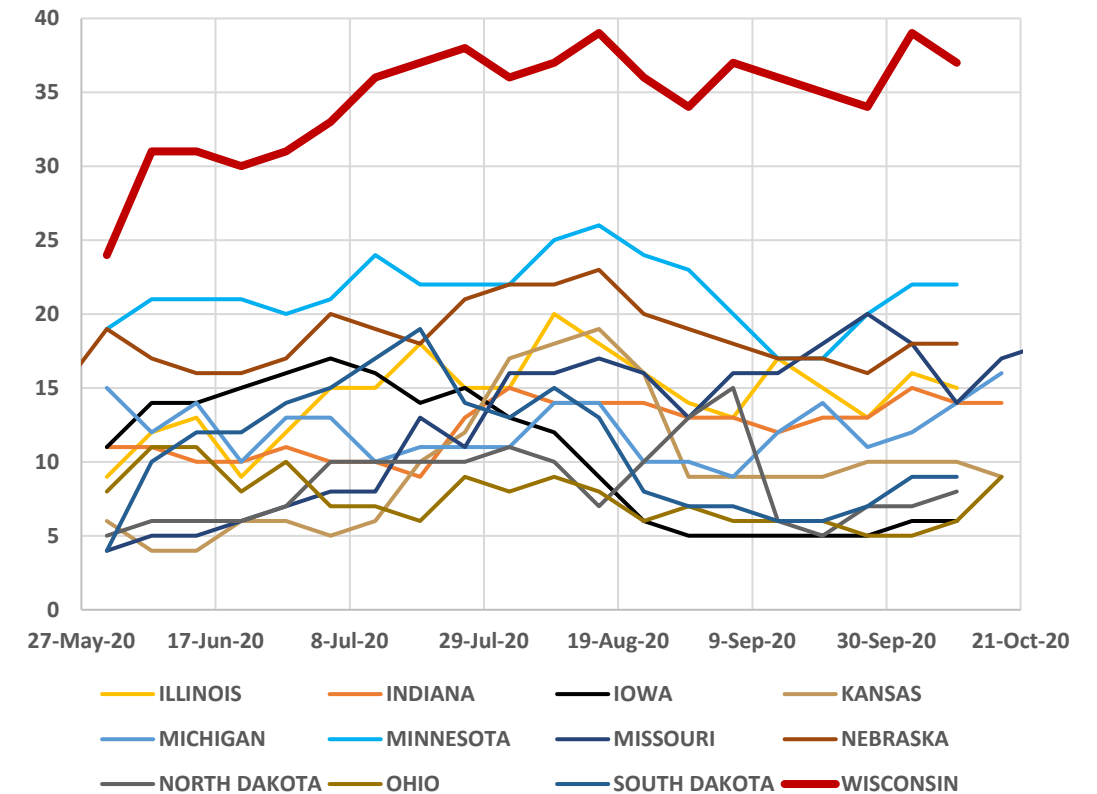


# % Acres in Excellent Condition during 2020

## Corn

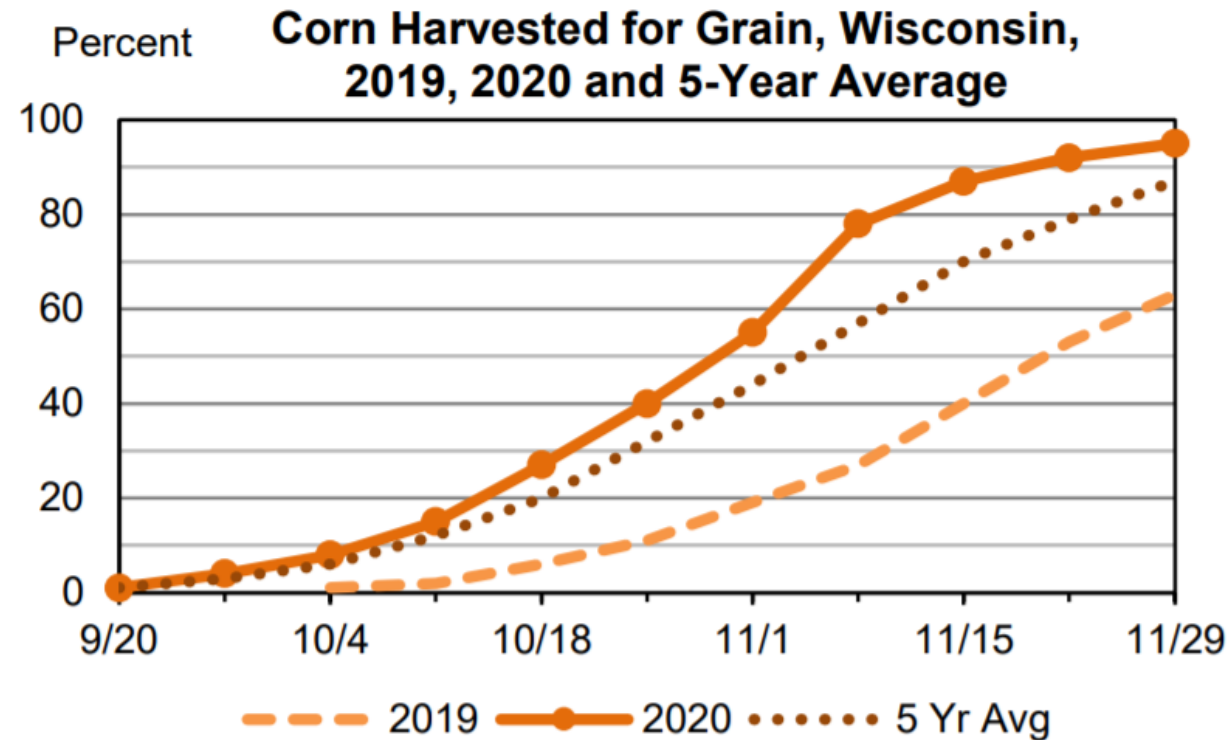


## Soybeans

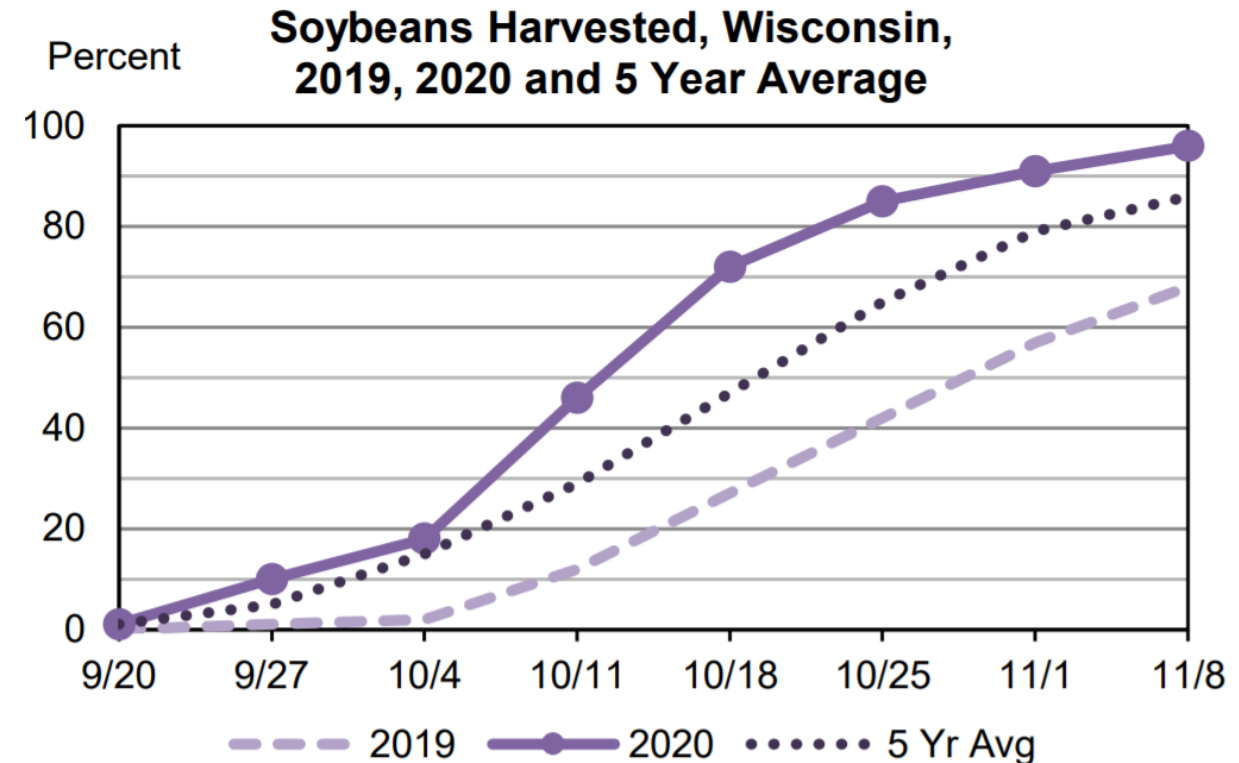


# Wisconsin Harvesting Progress 2020, 2019 and the 5-Year Average

## Corn



## Soybeans



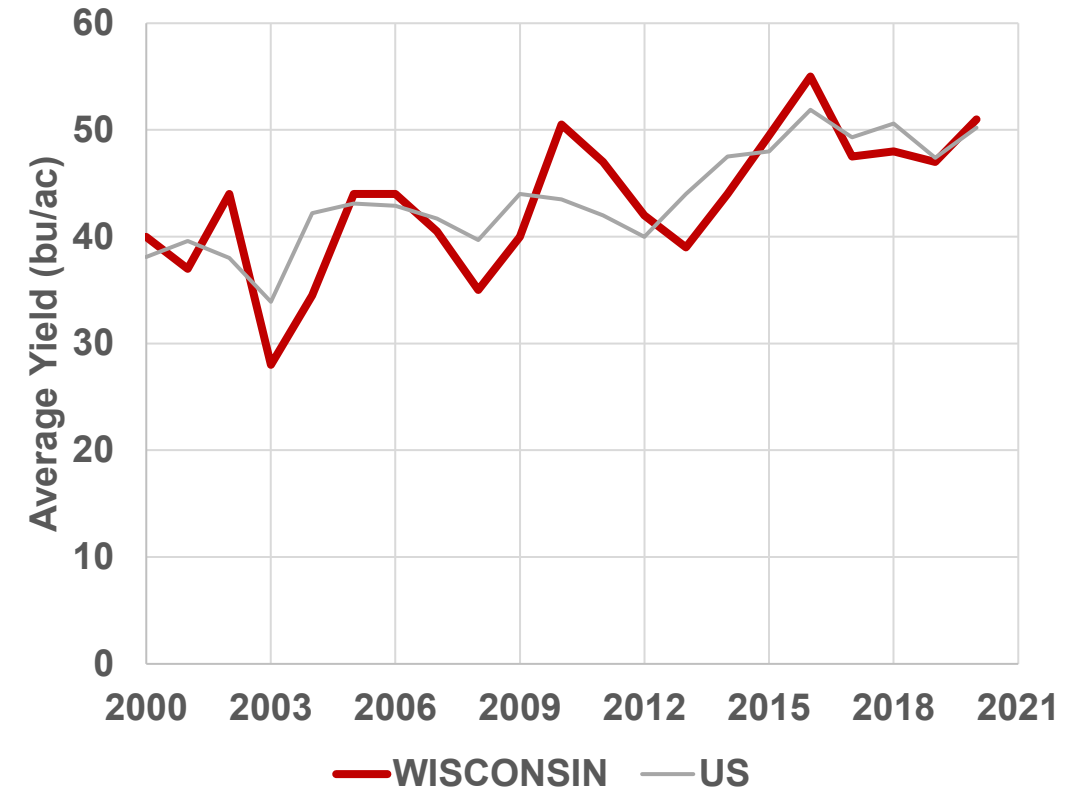
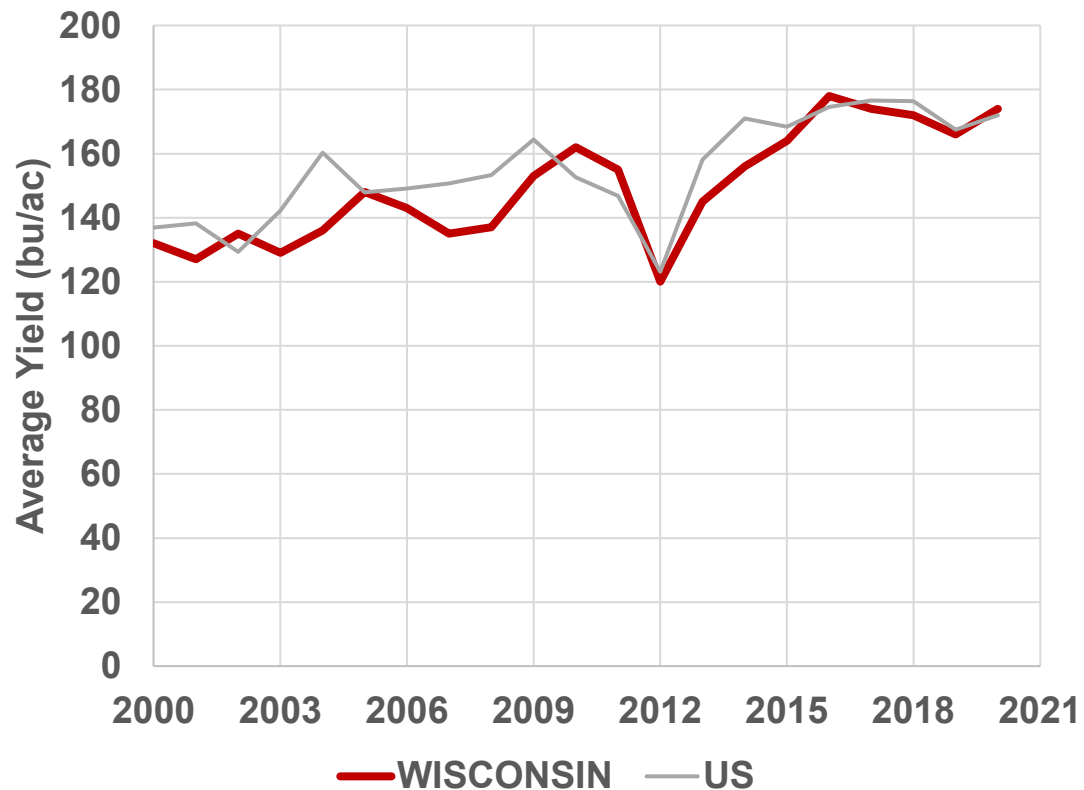
# Wisconsin Average Yield for 2020 (USDA Nov forecast)

**Corn**

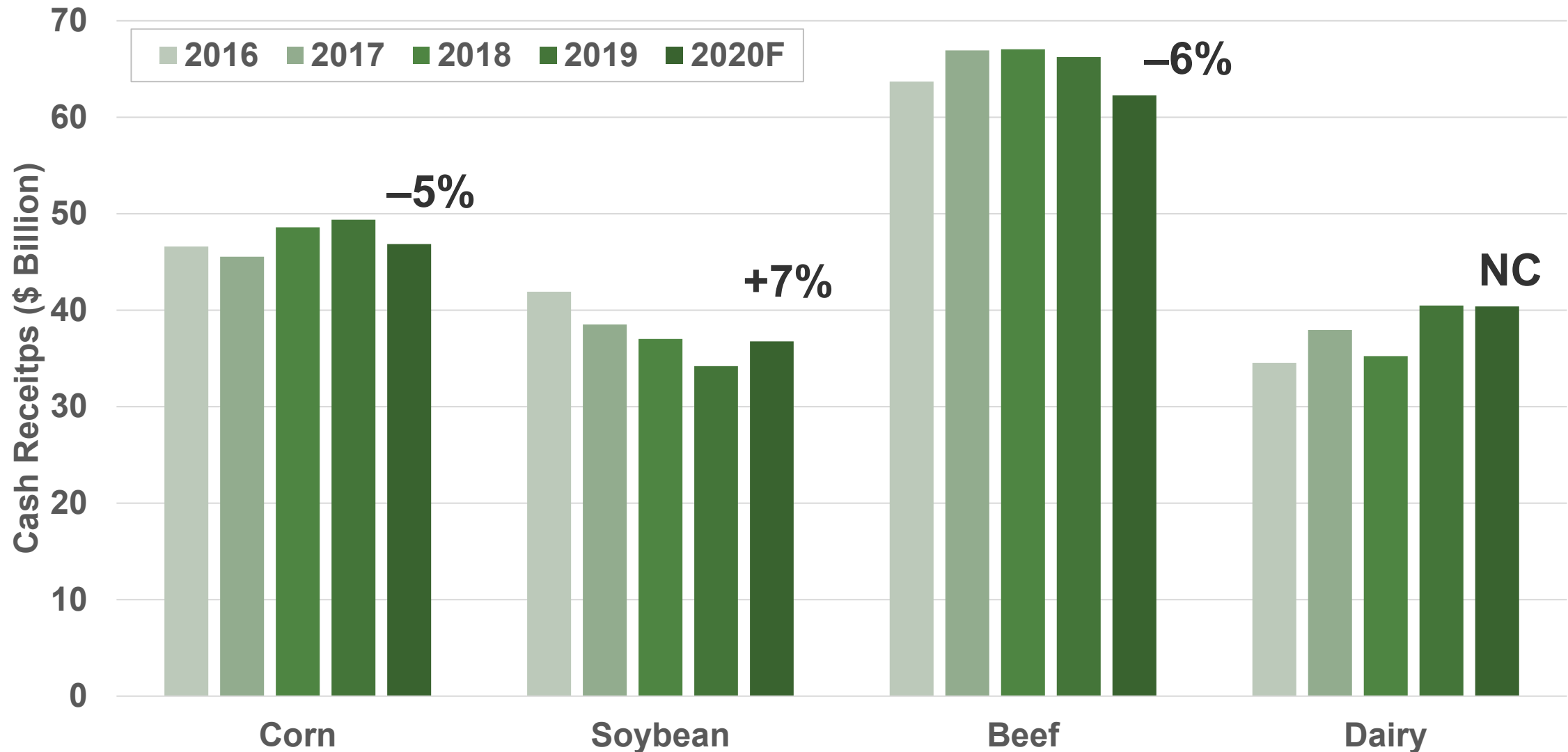
Corn 174 bu/ac (2<sup>nd</sup> highest tie)

Soybean 51 bu/ac (2<sup>nd</sup> highest)

**Soybean**



# US Farm Cash Receipts for Major Commodities

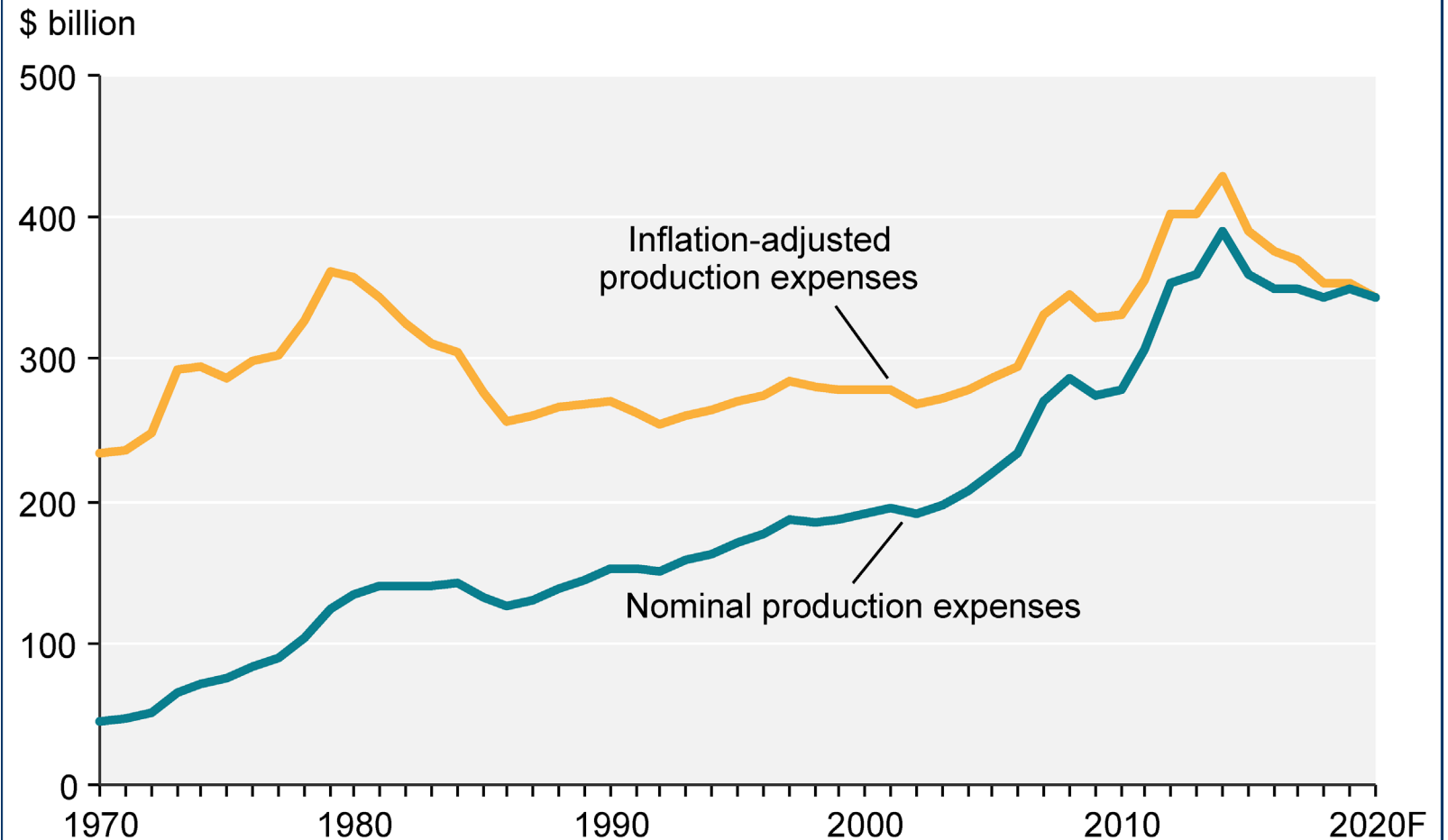




## Farm Costs

- Downward trend in 2020, but upward pressure in 2021
- Fertilizer costs up for P for 2021
- Labor costs up for 2020 and 2021
- Fuel and Interest costs down in 2020, but fuel up in 2021
- WI average land rent up \$1/ac, with local variance

### Nominal and inflation-adjusted farm production expenses, 1970–2020F

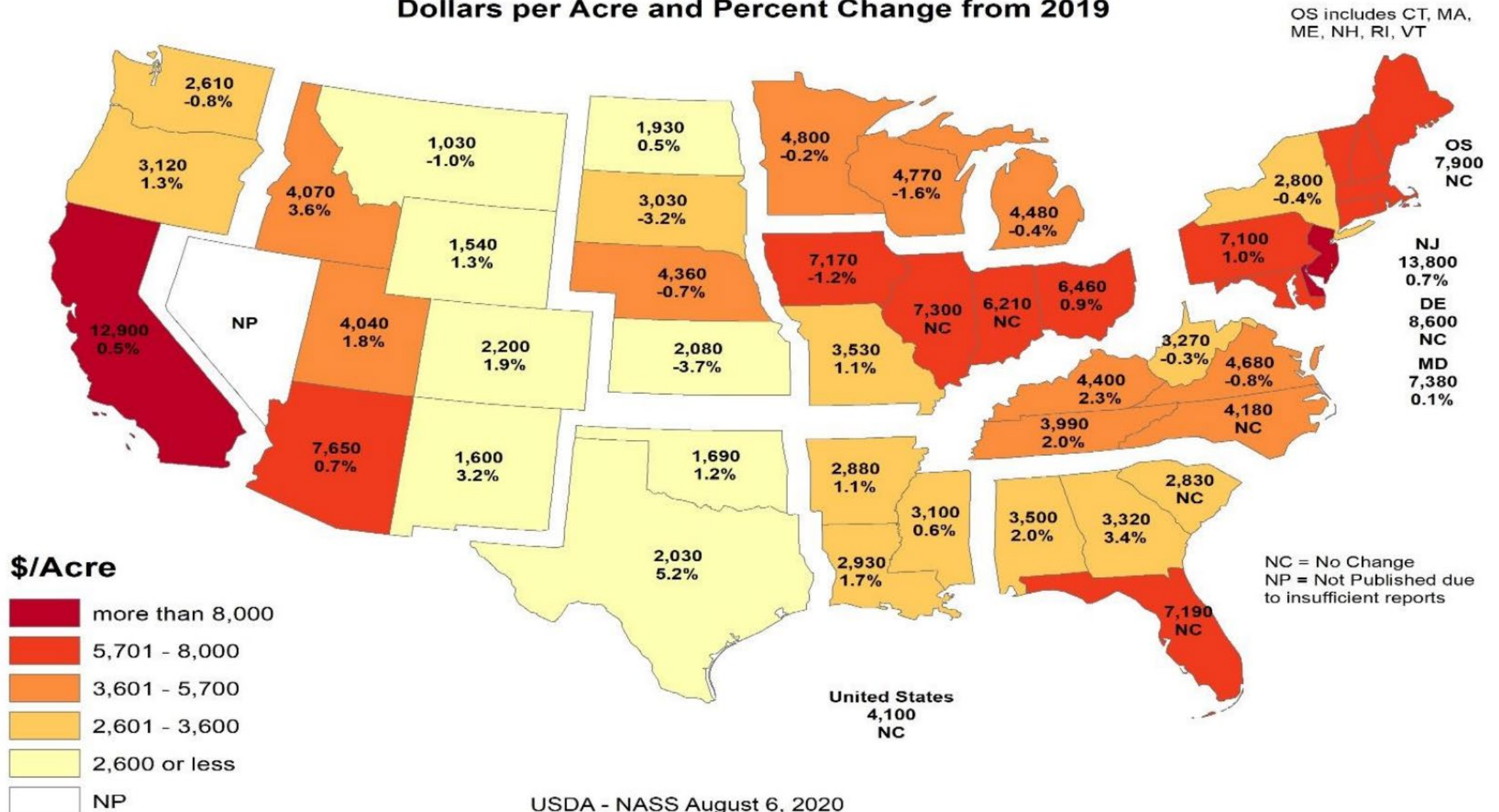


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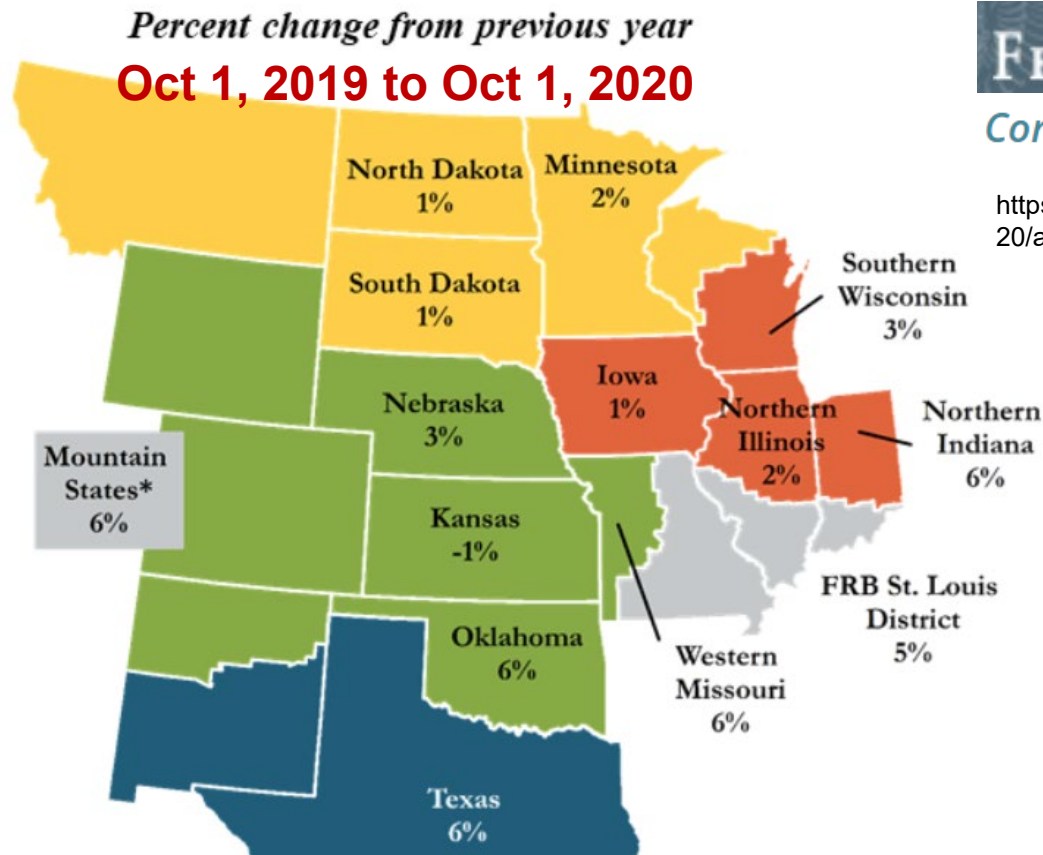
# 2020 Cropland Value by State

Dollars per Acre and Percent Change from 2019



# Percent Change in Value of “Good” Farmland

## Map: Value of Nonirrigated Cropland, Third Quarter 2020



FEDERAL RESERVE BANK of KANSAS CITY

*Cortney Cowley, Economist and Ty Kreitman, Assistant Economist*

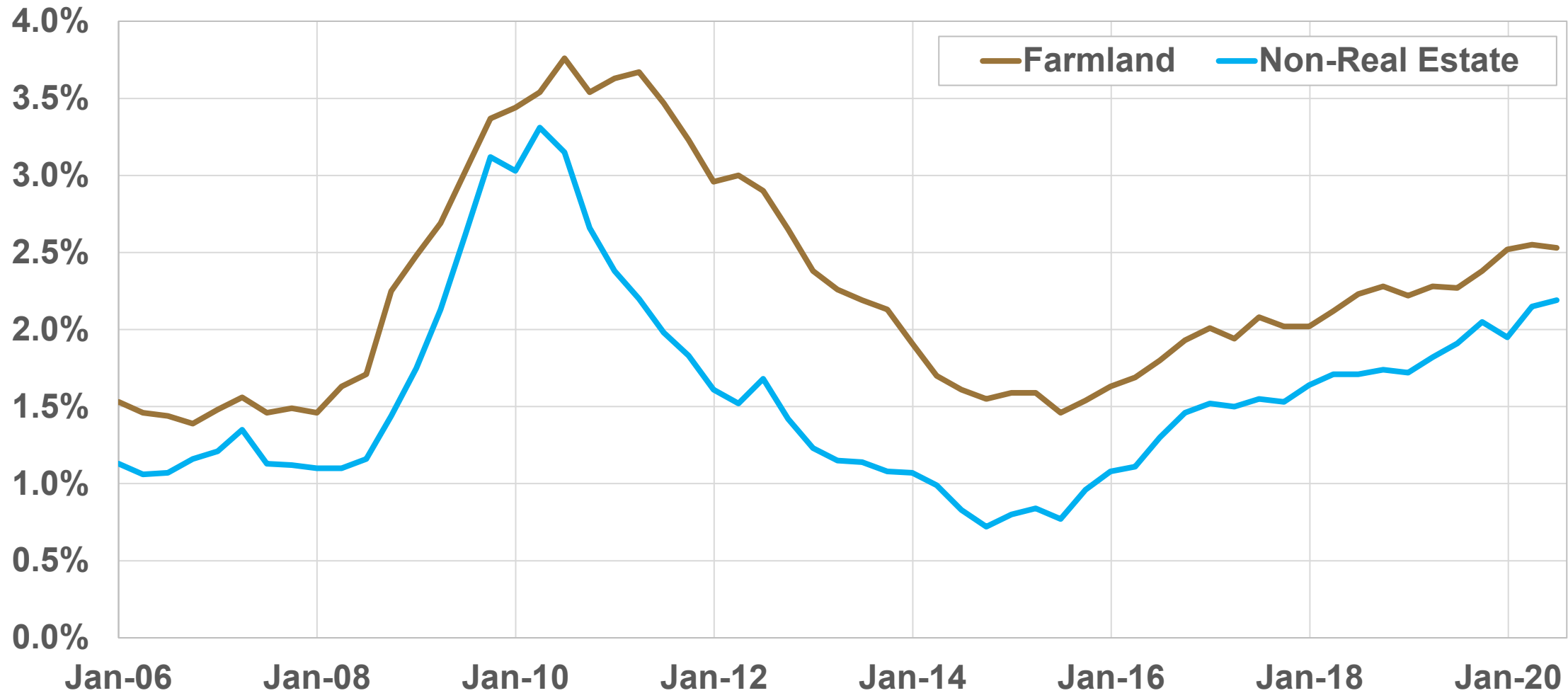
<https://www.kansascityfed.org/research/indicatorsdata/agfinancedatabook/articles/2020/11-24-20/ag%20lending%20update%20q3%20federal%20reserve%20district%20ag%20credit%20surveys>

*AgLetter*, No. 1990, November 2020

***AgLetter*. November 2020**

By *David Oppedahl*

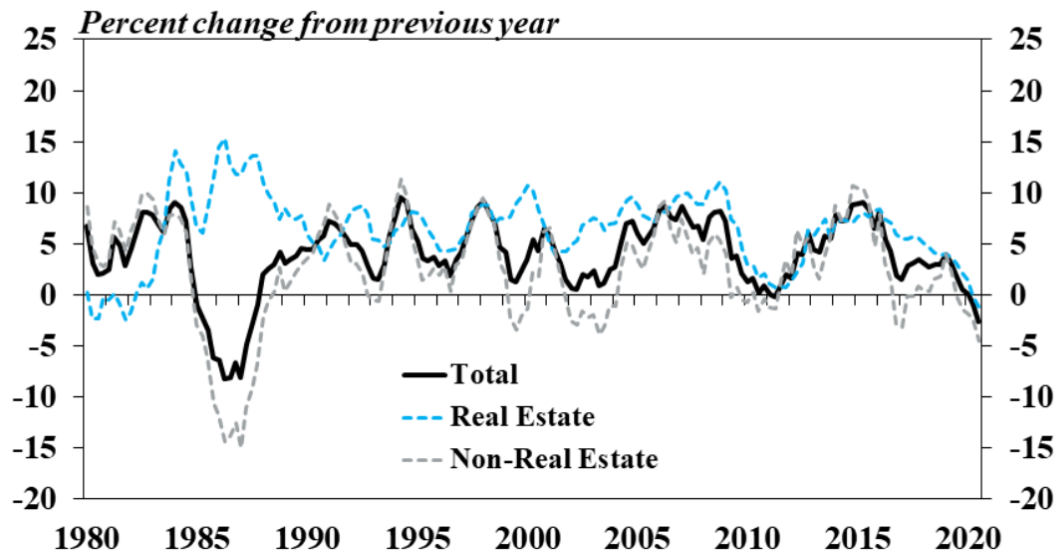
# Ag Loan Delinquency Rates at All Banks



# Loan Balances at Commercial Banks Declined 8%

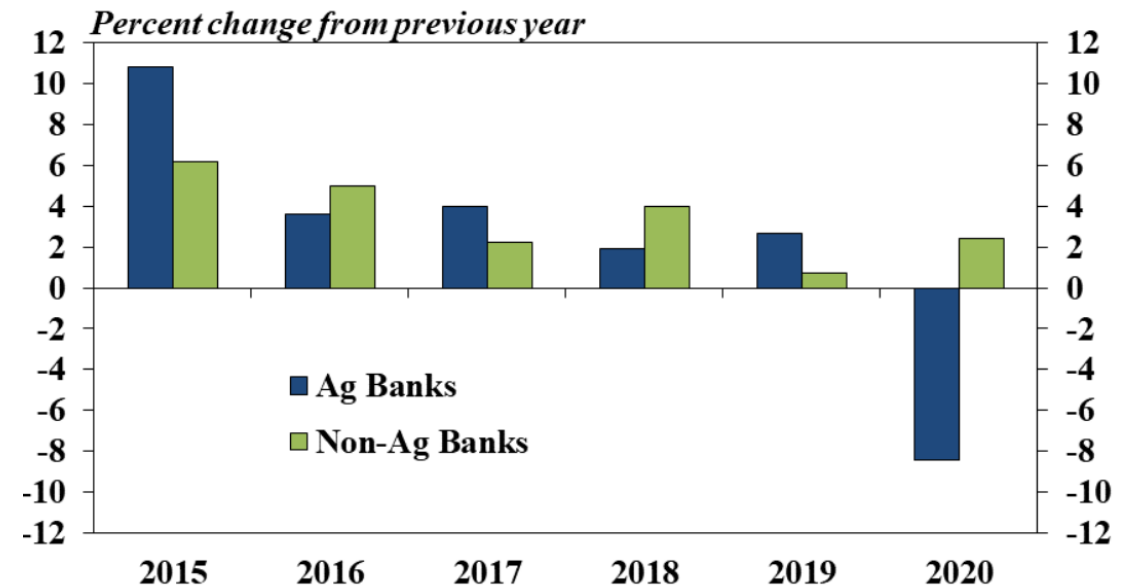
## Largest Quarterly Decline in Farm Debt since late 1980s

Chart 1: Farm Debt Outstanding at Commercial Banks



## Big decline at small ag banks (<\$200M) Up at big banks (>\$500M)

Chart 2: Total Farm Debt at Commercial Banks, Third Quarter



FEDERAL RESERVE BANK of KANSAS CITY

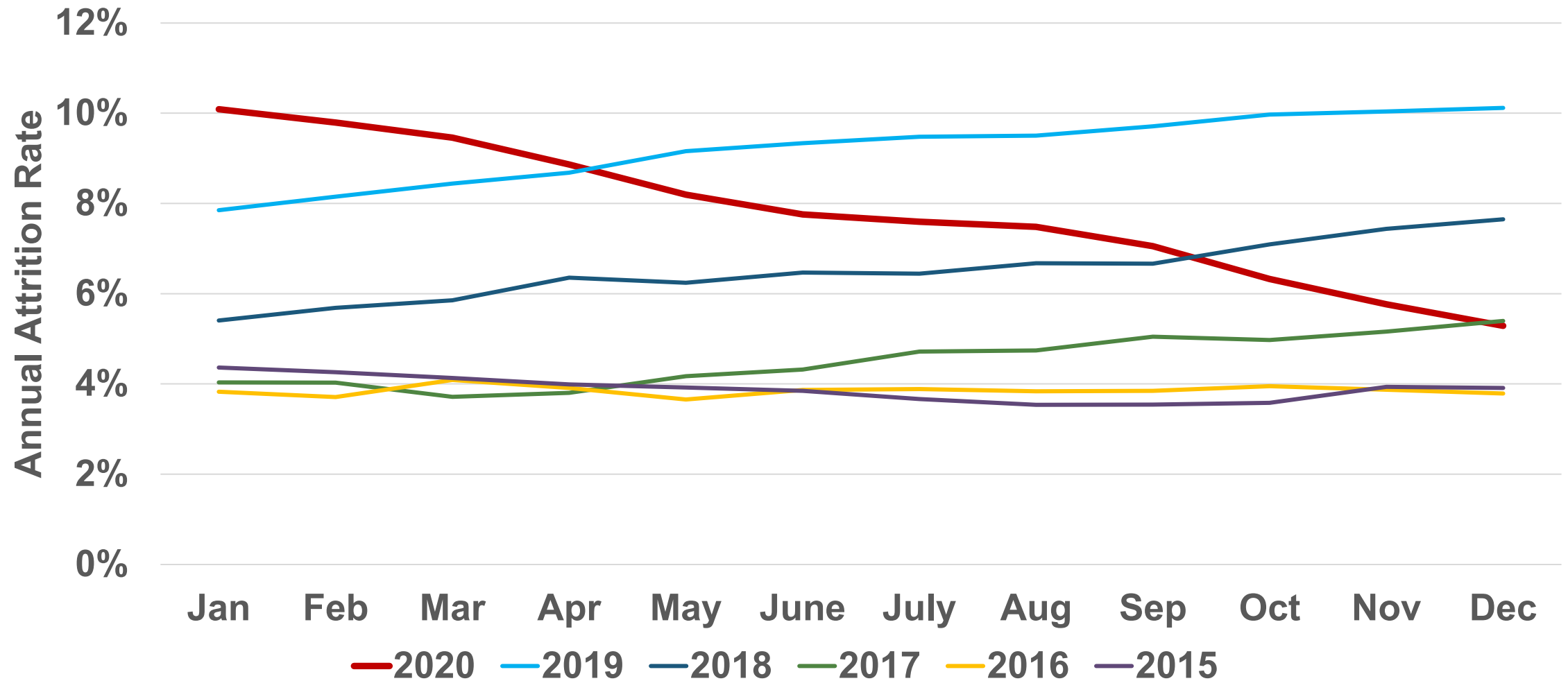
Ty Kreitman, Assistant Economist and Cortney Cowley, Economist

DECEMBER 04, 2020

<https://www.kansascityfed.org/research/indicatorsdata/agfinancedatabook/articles/2020/12-4-2020/ag%20lending%20update%20q3%20commercial%20bank%20call%20report%20data>



# Wisconsin Dairy Farm Attrition Rate almost back to is “long-term” rate



## Wisconsin still leads all US states for Chapter 12 farm bankruptcy filings (year ending 9/30/20)



# Summary

- Coronavirus pandemic dominated ag and farm news
- Lots of support for agriculture at unprecedented levels
  - Ag industry gave back
- Farm Income was up in 2020 and 2021 looks positive as well
- Lots of signs of strength in aggregate
  - Prices looking better, costs generally flat
  - Loan delinquency rates flat, loan balances declining
  - Land values up or flat
  - Dairy farm exit rate close to its “normal” rate
- Some are being left behind
  - Farm bankruptcies, SNAP benefits, COVID impacts

# Thanks for your Attention

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