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

Cumulative Percent Change in Price Since January

- Rice, +19%
- Sugar, -3%
- Wheat, -11%
- Class III Milk, -12%
- Soybeans, -14%
- Cotton, -19%
- Live Cattle, -19%
- Corn, -21%
- Ethanol, -23%
- Hogs, -35%
- Class IV Milk, -35%

Source: Barchart, Farm Bureau Compilations

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

$ billion (2020)

Net cash farm income (NCFI)

2000-19 average NCFI

Net farm income (NFI)

2000-19 average NFI

$134.1

+41.3%

$119.6

+21.1%

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

- Class III Milk, +38%
- Soybeans, +35%
- Cotton, +18%
- Corn, +14%
- Wheat, +12%
- Feeder Cattle, +9%
- Live Cattle, +6%
- Hogs, +5%
- Class IV Milk, -18%

Source: Barchart, Farm Bureau Compilations
$46.5 Billion in 2020
• CFAP, CFAP2
• MFP
• ARC/PLC
• DMC
• Conservation

Direct Government Payments to Farmers 1933-2020

Farm Payments ($ Billion)
CFAP1 and CFAP2 made $1.045 billion to WI farmers

- ARC/PLC & DMC $111 million
- Milk $563 million
- Corn $215 million
- Cattle $134 million
- Soybeans $40 million
- 91% of payments went to dairy producers

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

https://www.farmers.gov/cfap1/data
Net Farm Income with and without Government Payments

Farm Income ($ Billion)

- **NFI**
- **NFI w/out govt payments**
- **20-yr avg**

- 2021 Wisconsin Agricultural Outlook Forum

- $119.6 B
- $73.1 B
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**
- 174 bu/ac (2\textsuperscript{nd} highest tie)

**Soybean**
- 51 bu/ac (2\textsuperscript{nd} highest)
US Farm Cash Receipts for Major Commodities

Corn: -5%
Soybean: +7%
Beef: -6%
Dairy: NC

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

$ billion

- Inflation-adjusted production expenses
- Nominal production expenses

Note: F = forecast. Values are adjusted for inflation using the Gross Domestic Product chain-type price index, 2020=100.
Percent Change in Value of “Good” Farmland

Map: Value of Nonirrigated Cropland, Third Quarter 2020

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
By David Oppedahl
Ag Loan Delinquency Rates at All Banks

Jan-06  Jan-08  Jan-10  Jan-12  Jan-14  Jan-16  Jan-18  Jan-20

0.0%  0.5%  1.0%  1.5%  2.0%  2.5%  3.0%  3.5%  4.0%

Farmland  Non-Real Estate

Loan Balances at Commercial Banks Declined 8%

Largest Quarterly Decline in Farm Debt since late 1980s

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

Chart 1: Farm Debt Outstanding at Commercial Banks

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

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)

Still a lot of Financial Stress in Rural Wisconsin
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 it “normal” rate
- Some are being left behind
  - Farm bankruptcies, SNAP benefits, COVID impacts
Thanks for your Attention

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