The "average" US farmer is in a solid financial position going into 2022.
Most of the 2021 Farm Income Increase was from Corn and Soybeans and Livestock (but not Dairy)

U.S. cash receipts for selected crops, 2017–21F

U.S. cash receipts for selected animals/products, 2017–21F


Source: https://www.ers.usda.gov/topics/farm-economy/farm-sector-income-finances/farm-sector-income-forecast/
**Government Payments by Program**

- **DP**
- **ARC**
- **PLC**
- **Dairy**
- **Conservation**
- **Ad Hoc Disaster**
- **MFP**
- **All Other**

**WI farmers: MFP $552 million, CFAP $1.22 billion**

**2022: No MFP, no CFAP, ARC/PLC unlikely**

2021 was a Great Year for Crops in Wisconsin

- Corn averaged 180 bu/ac (new record)
- Silage averaged 21.5 tons/ac (new record)
- Soybeans averaged 55 bu/ac (new record)
- Hay Stocks are up 18% from Dec 2020 after three years of record lows
- All of this despite a lingering drought all summer

US Drought Monitor

https://droughtmonitor.unl.edu/
Farmers are Paying Down Debt

2020: Highest rate of repayment problems since the 1980’s

2021: Not since 2014 have repayment problems been this low

Farmers are Paying Higher Costs

PPI up 22% from Jan 2020 to Nov 2021

Source: https://fred.stlouisfed.org/series/PPIACO
Land Values are Up

2021 Cropland Value by State
Dollars per Acre and Percent Change from 2020

% Change in value of “good” farmland

Top: Change Q3 of 2021
Bottom: Change Q3 2020 to Q3 2021

Land Values 2021 Summary (August 2021)
USDA, National Agricultural Statistics Service

AgLetter: November 2021
By David Oppedahl


2022 Cost of Production for Corn and Soybeans is up about 25% from 2021, but farmers can still make money

<table>
<thead>
<tr>
<th>Location</th>
<th>Corn after Corn</th>
<th>Corn after Soybeans</th>
<th>Soybeans after Corn</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>% Change in Non-Land Costs 2021 to 2022</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Northern Illinois</td>
<td>25%</td>
<td>26%</td>
<td>24%</td>
</tr>
<tr>
<td>Iowa</td>
<td>25%</td>
<td>27%</td>
<td>23%</td>
</tr>
</tbody>
</table>

--------- Breakeven Price with High Rental Rate ---------

<table>
<thead>
<tr>
<th>Location</th>
<th>Breakeven Price</th>
<th>Breakeven Price</th>
<th>Breakeven Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Northern Illinois</td>
<td>$5.04</td>
<td>$4.74</td>
<td>$11.52</td>
</tr>
<tr>
<td>Iowa</td>
<td>$4.98</td>
<td>$4.24</td>
<td>$11.03</td>
</tr>
</tbody>
</table>

--------- Breakeven Price with Average Rental Rate ---------

<table>
<thead>
<tr>
<th>Location</th>
<th>Breakeven Price</th>
<th>Breakeven Price</th>
<th>Breakeven Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Northern Illinois</td>
<td>$4.76</td>
<td>$4.47</td>
<td>$10.59</td>
</tr>
<tr>
<td>Iowa</td>
<td>$4.68</td>
<td>$3.96</td>
<td>$10.09</td>
</tr>
</tbody>
</table>

Source: [https://www.extension.iastate.edu/agdm/crops/html/a1-20.html](https://www.extension.iastate.edu/agdm/crops/html/a1-20.html) and [https://farmdocdaily.illinois.edu/2021/12/2022-updated-crop-budgets.html](https://farmdocdaily.illinois.edu/2021/12/2022-updated-crop-budgets.html)
Good News: The PPI has stopped increasing

Source: https://fred.stlouisfed.org/series/PPIACO
Fertilizer prices also have stopped increasing

<table>
<thead>
<tr>
<th></th>
<th>Last 12 Months</th>
<th>Last 2 Weeks</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Des Moines, IA</td>
<td>Springfield, IL</td>
</tr>
<tr>
<td>Anhydrous</td>
<td>205%</td>
<td>197%</td>
</tr>
<tr>
<td>Urea</td>
<td>123%</td>
<td>142%</td>
</tr>
<tr>
<td>Liquid N</td>
<td>190%</td>
<td>158%</td>
</tr>
<tr>
<td>DAP</td>
<td>---</td>
<td>66%</td>
</tr>
<tr>
<td>MAP</td>
<td>71%</td>
<td>67%</td>
</tr>
<tr>
<td>Potash</td>
<td>111%</td>
<td>120%</td>
</tr>
</tbody>
</table>


“Prices for New Orleans urea … fell 6.2% … as reports of full warehouses signal ‘the new price level is here to stay,’ said Alexis Maxwell, an analyst at Bloomberg’s Green Markets.”

FarmDOC 1/17/2022: [https://farmpolicynews.illinois.edu/2022/01/fertilizer-prices-fall-diesel-prices-climb/](https://farmpolicynews.illinois.edu/2022/01/fertilizer-prices-fall-diesel-prices-climb/)
Inflation has not been this high since June 1982.

PPI is up 22% since Jan 2020, so a lot of inflation remains to be pushed through the economy to Consumers.
All is not Rosy in America’s Dairyland

Dairy herd consolidation continues, annual attrition rate is rising again

Wisconsin still leads the nation in farm bankruptcy filings

Chapter 12 Filings

Wisconsin still leads the nation in farm bankruptcy filings

Annual Attrition Rate


Jan Feb Mar Apr May June July Aug Sep Oct Nov Dec

2% 3% 4% 5% 6% 7% 8% 9% 10% 11%

2022 Wisconsin Agricultural Outlook Forum
Summary and 2022

- Most Wisconsin farms are going into 2022 in a solid financial position after a good year
  - High yields and revenues from crops & livestock, high government payments
- 2022 costs are up 20-30%, but farmers can still earn profits at expected prices
- Lock in current margins for corn and soybeans, but allow upside gains
- My concern in 2022 is drought in Wisconsin
- Unlike 2021, we are going into 2022 with a soil water deficit: Madison ended 2021 13 inches behind, Milwaukee 10 inches behind
Thanks for your Attention

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Extension Specialist, Cropping Systems Management
Director, Renk Agribusiness Institute
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