

WISCONSIN AGRICULTURAL ECONOMIC UPDATE

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Wausau, WI

November 14, 2019



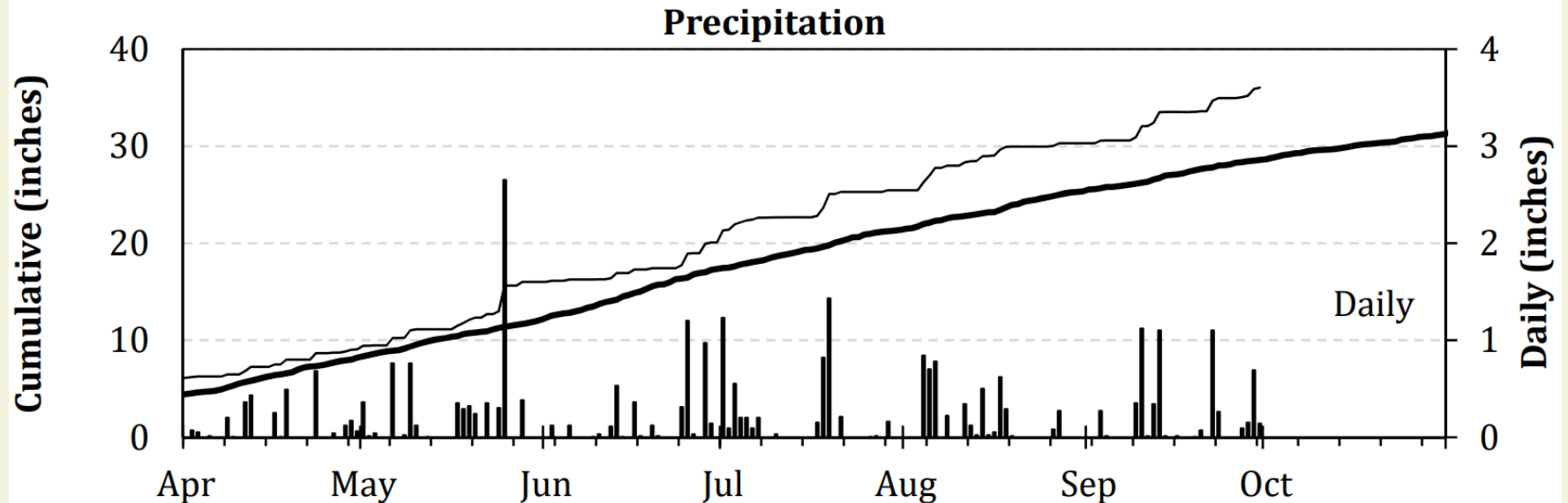
Division of Extension
University of Wisconsin-Madison

Goal Today

- Review 2019 Season (so far)
 - Production Issues and Markets
- Farm Financial Situation

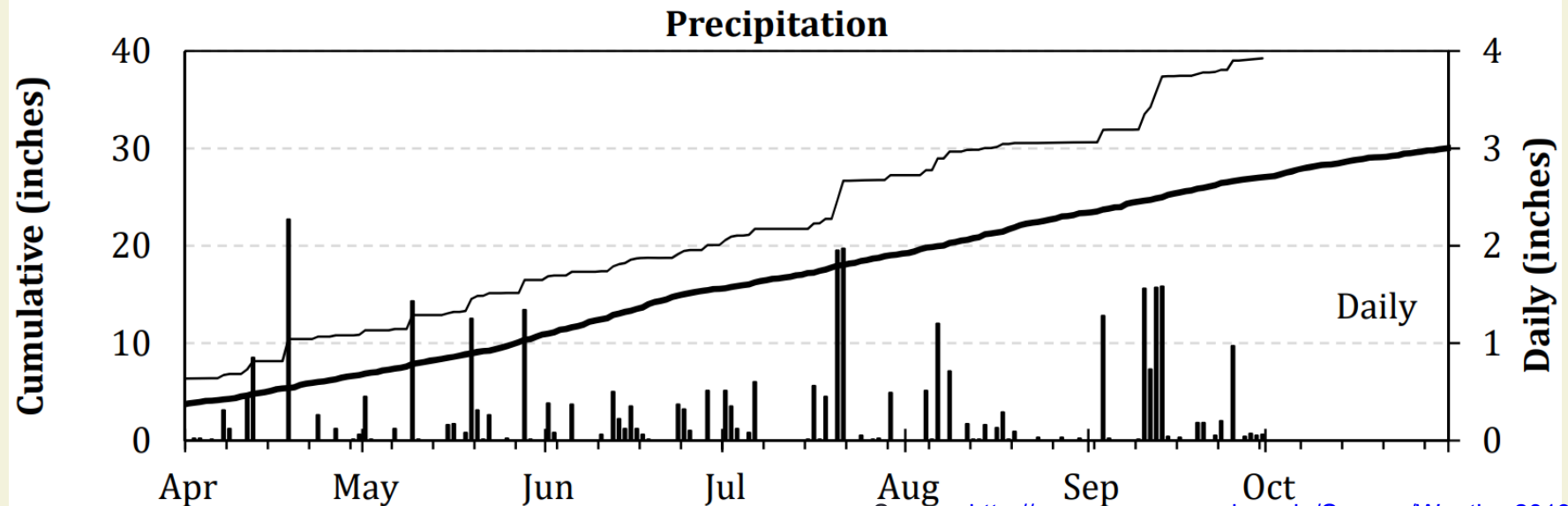
2019 Weather Summary for UW ARS - Arlington, WI

Bold Line = 30 year Normal



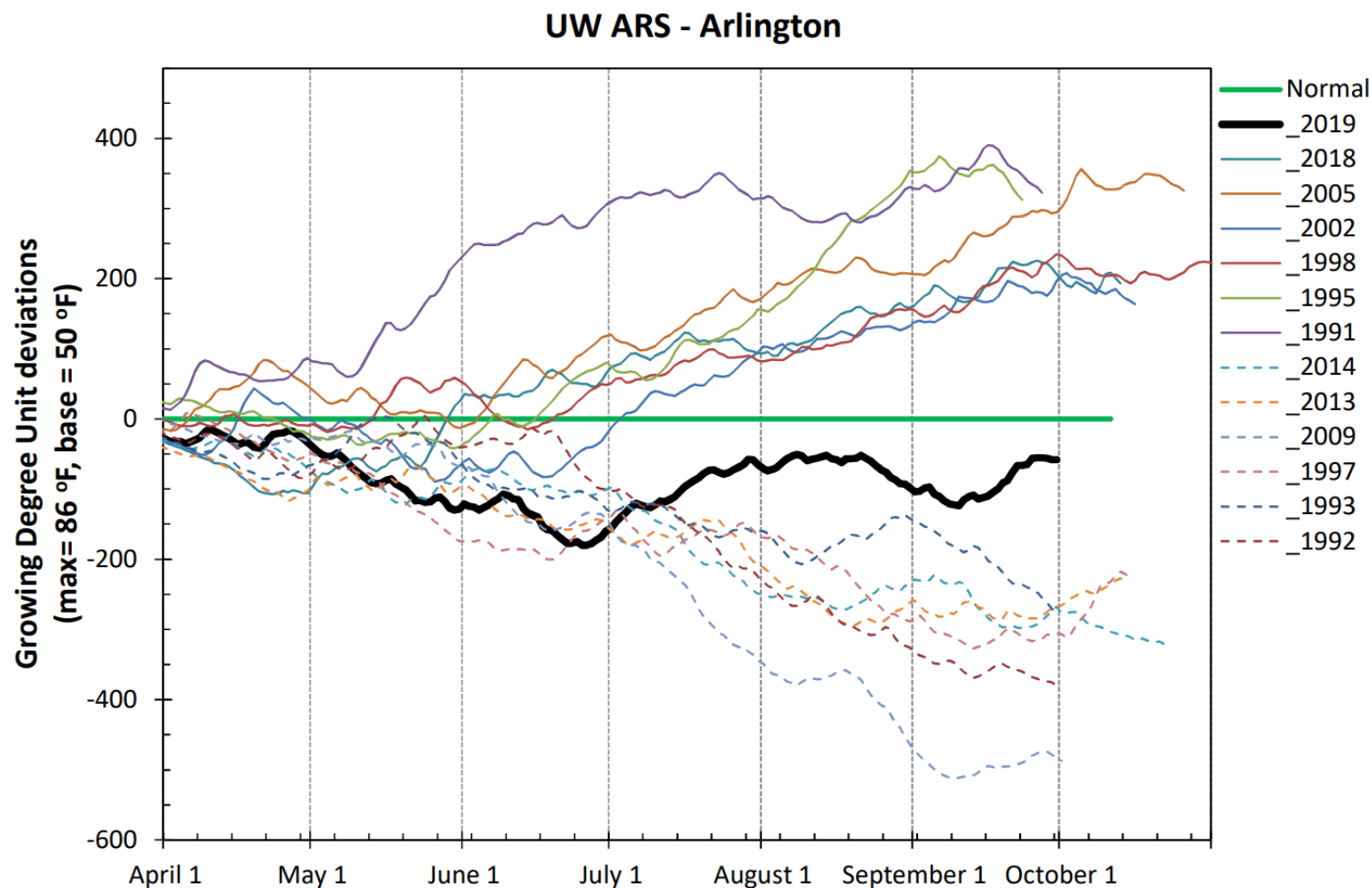
2019 Weather Summary for UW ARS - Marshfield, WI

Bold Line = 30 year Normal



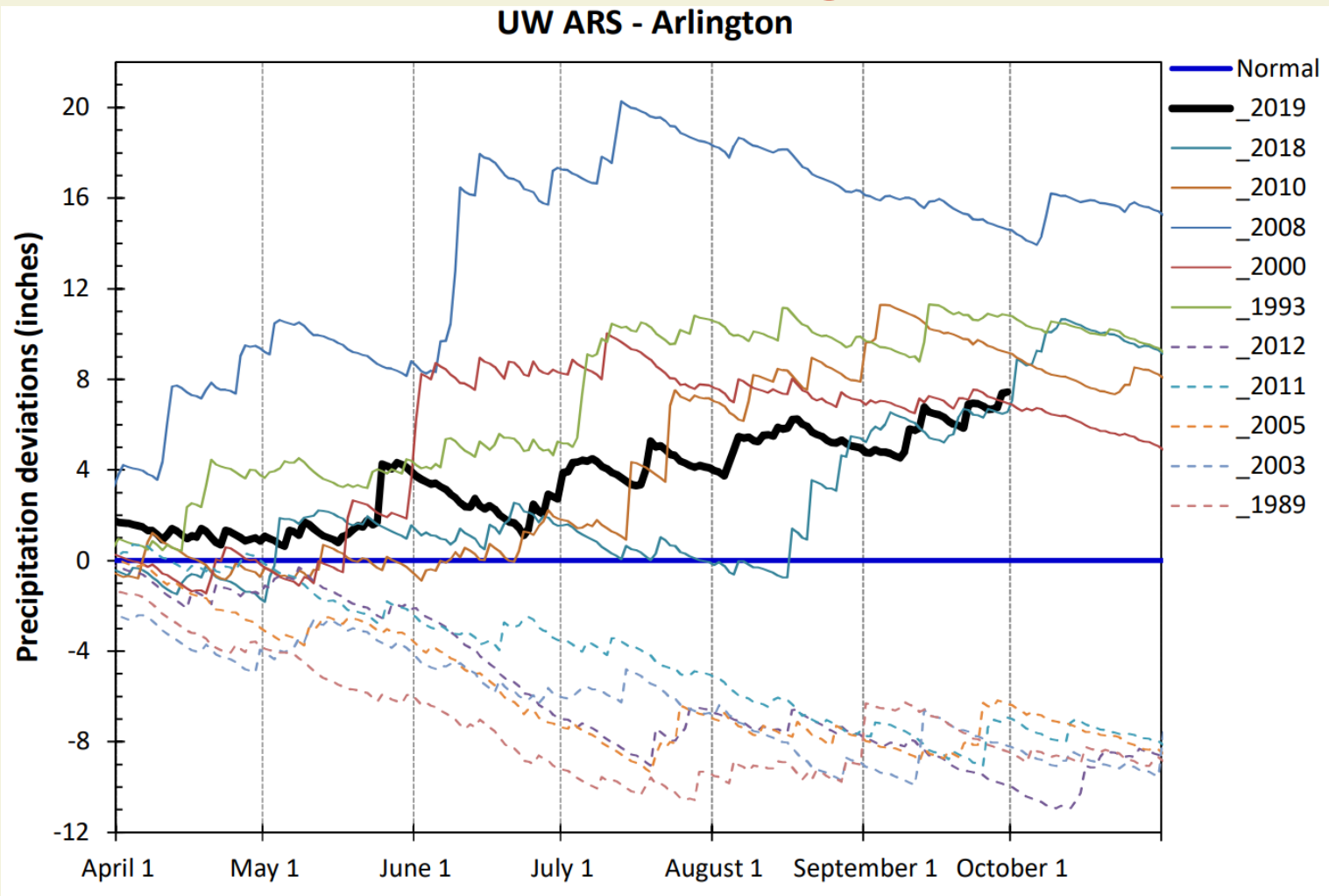
2019 Growing Degree Days from April 1

Years Selected using ± 1 St Dev



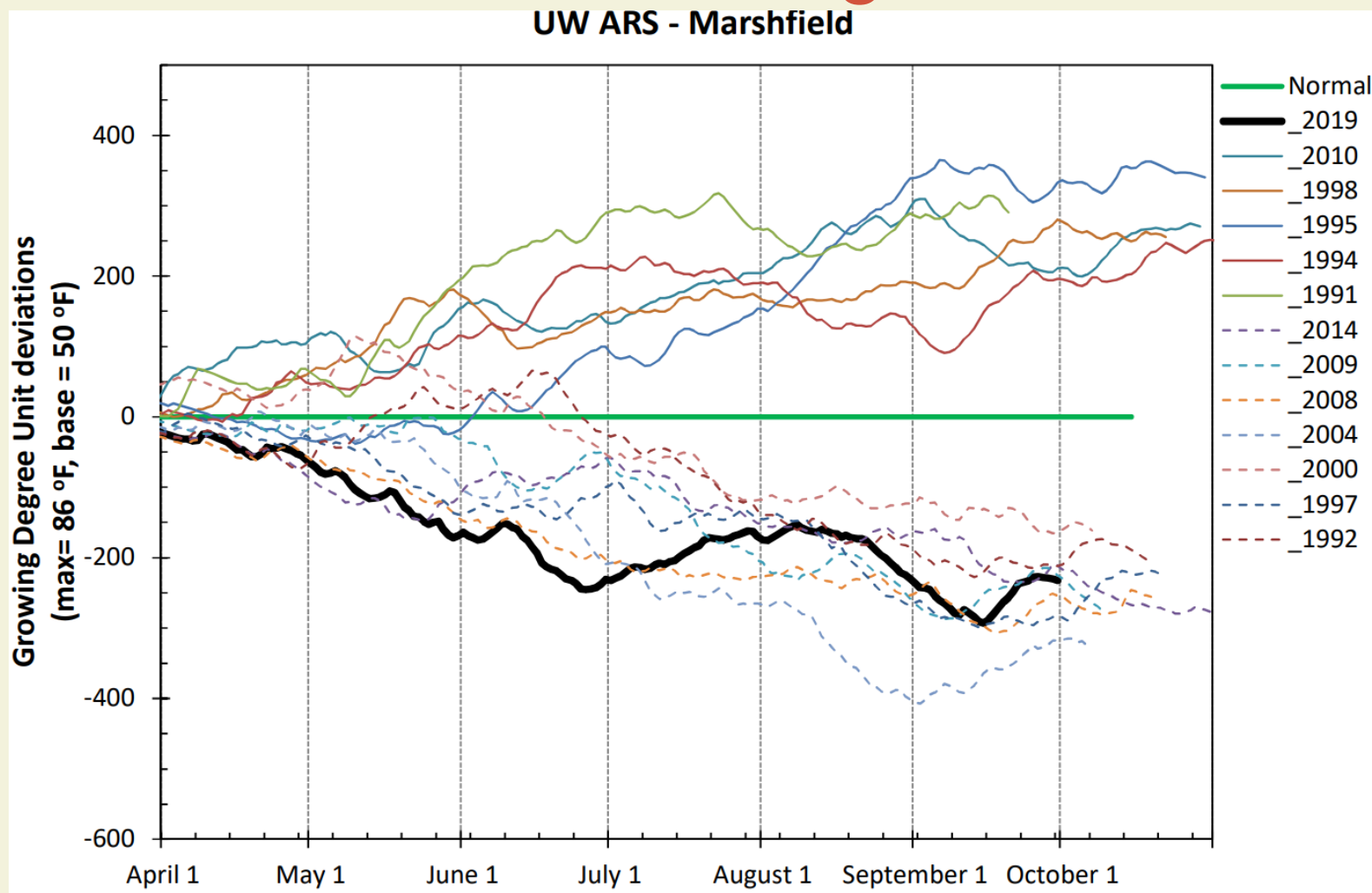
2019 Precipitation from April 1

Years Selected using ± 1 St Dev



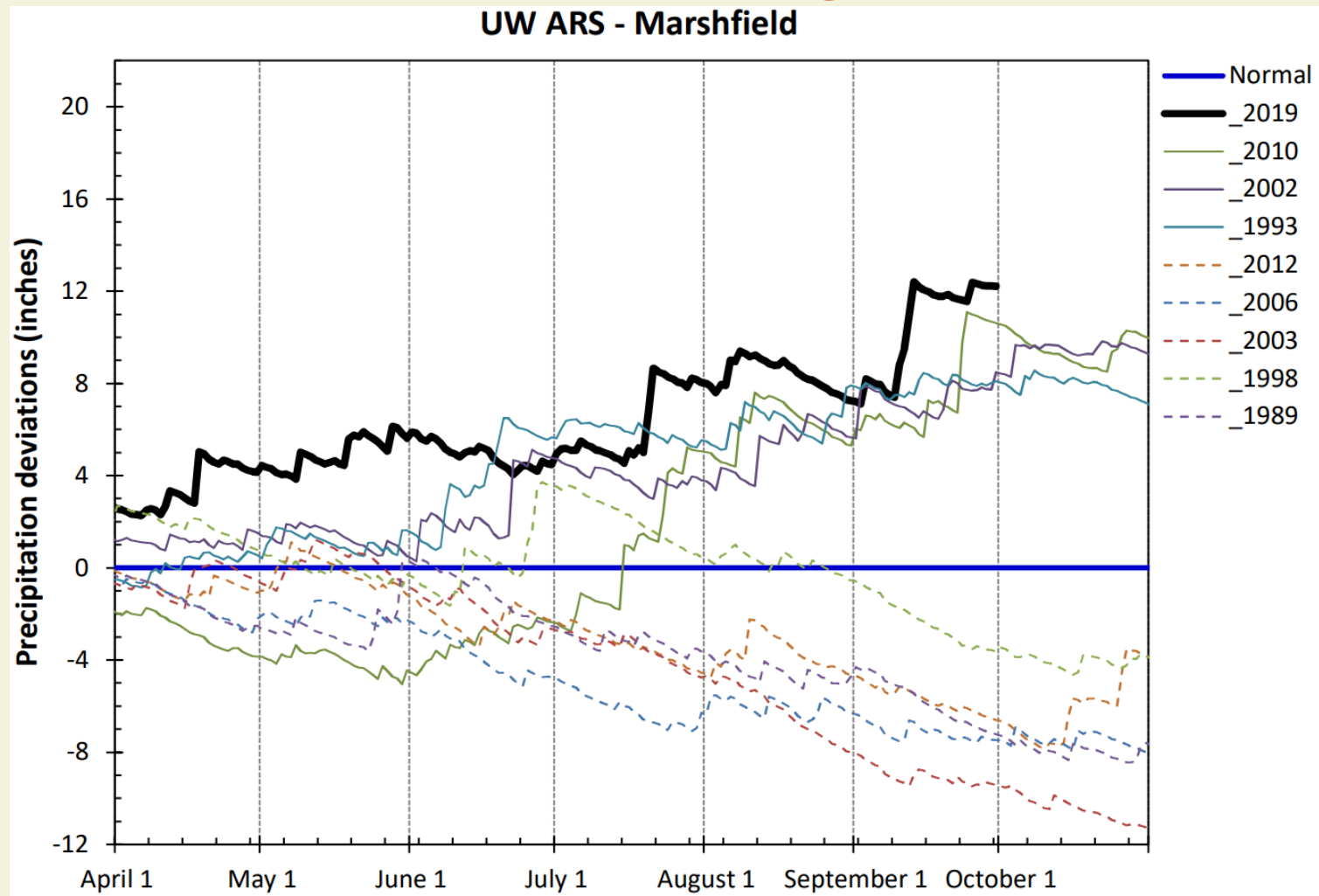
2019 Growing Degree Days from April 1

Years Selected using ± 1 St Dev



2019 Precipitation from April 1

Years Selected using ± 1 St Dev



2019 Unusually Cool and Wet

Arlington		Marshfield	
Cool	Wet	Cool	Wet
1992	1993	1992	1993
1993	2000	1997	2002
1997	2008	2000	2010
2009	2010	2004	
2013	2018	2008	
2014		2009	
		2014	

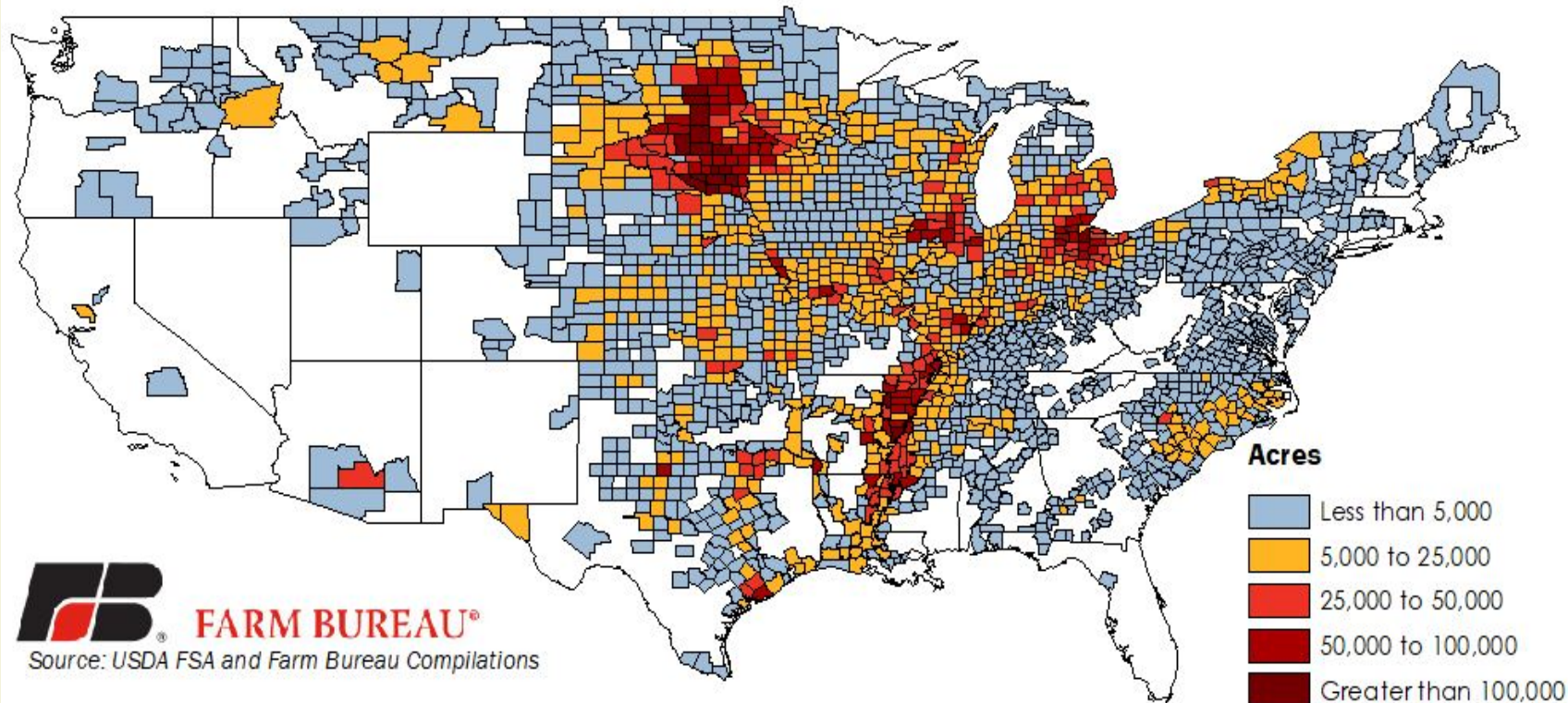
- Years at each location with 1 St Dev cooler than 30-year average
- Years at each location with 1 St Dev wetter than 30-year average
- Only 1993 was both Cooler and Wetter than average at Arlington, like 2019

Effects of Cool Wet Crop Year

1. Unprecedented Prevented Plant acres
2. Crops behind schedule and lower quality
3. Market price uncertainty

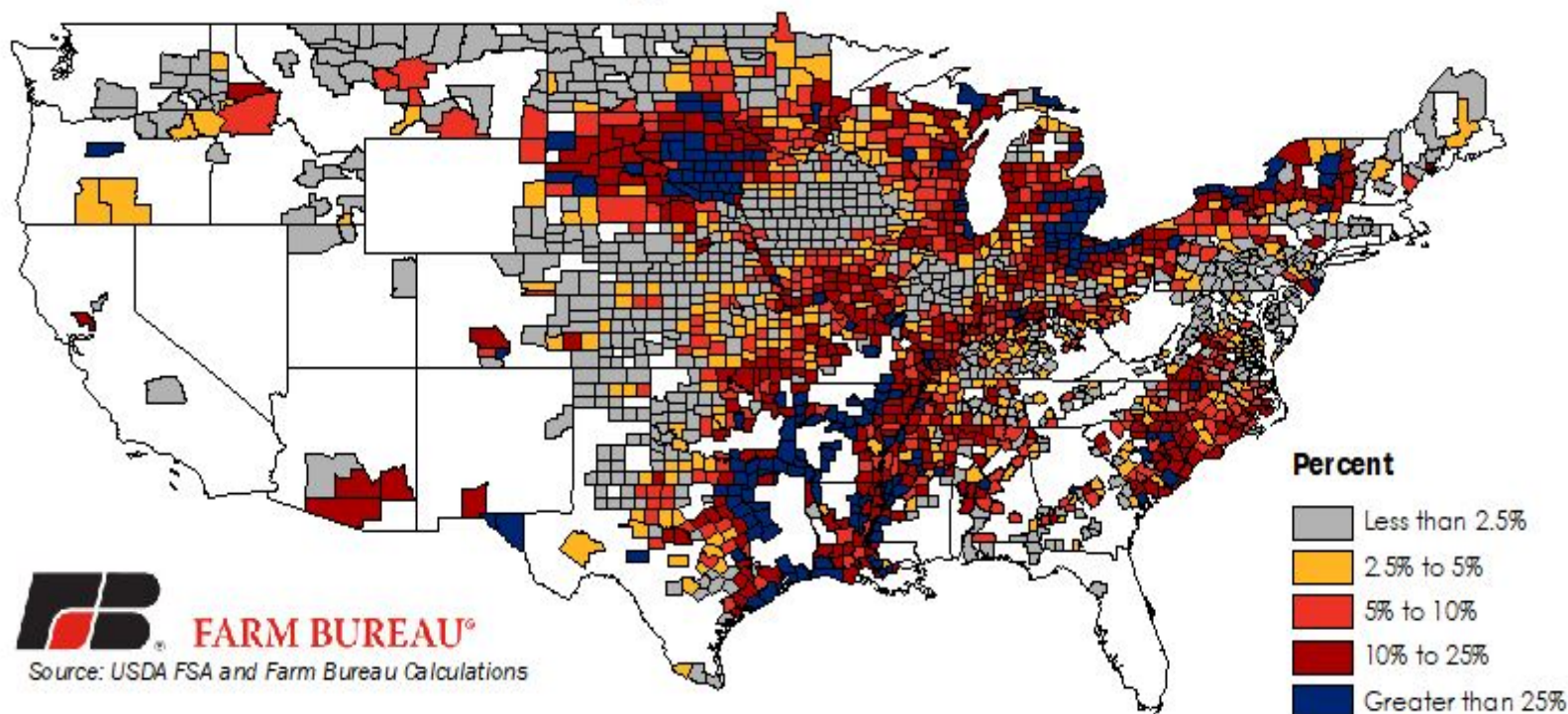
Prevent Plantings Set Record in 2019 at 20 Million Acres

Figure 2. All Acres Prevented From Being Planted, 2019
August 22 Release



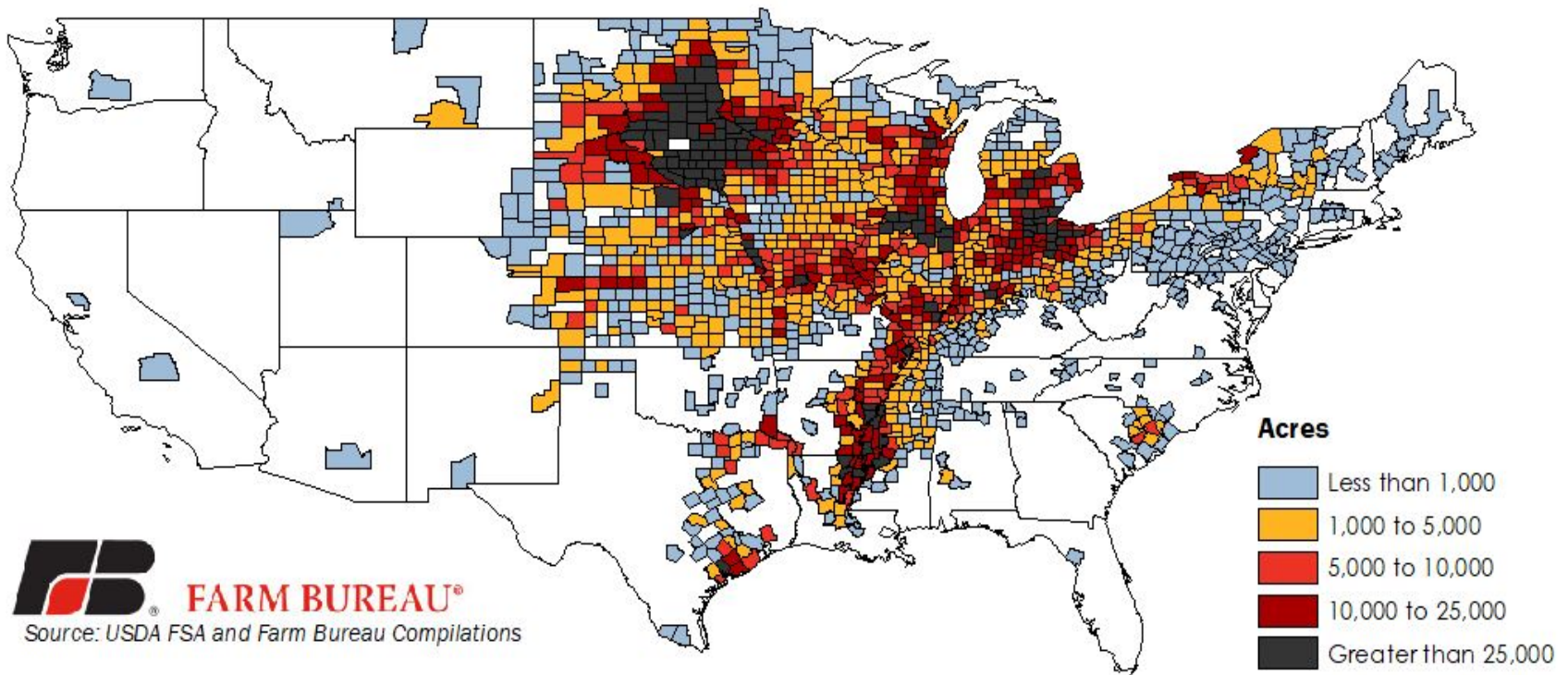
Prevented Plant as % Acres

Figure 7. Prevent Plant Acres as a Percentage of Total Acres, 2019
August 22 Release



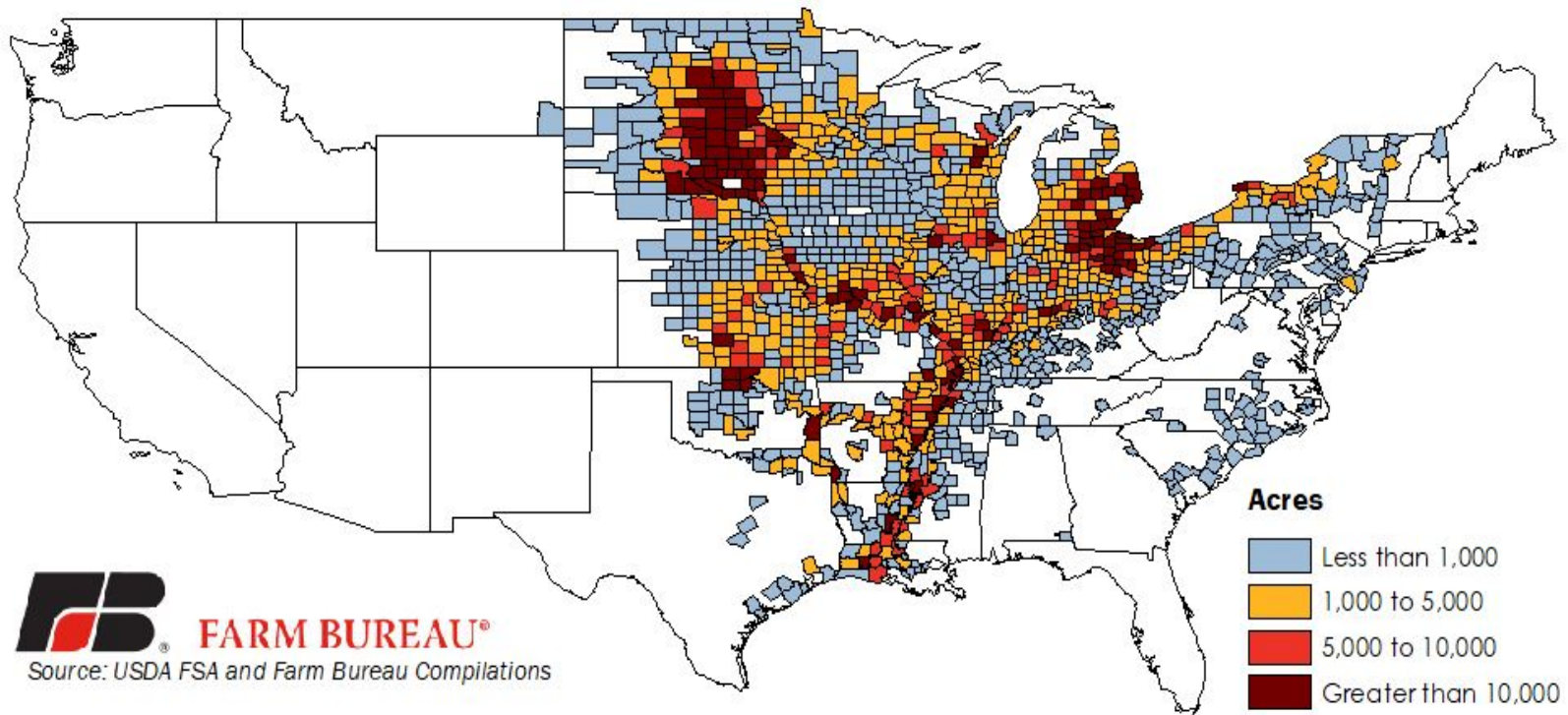
Corn Acres

**Figure 4. Corn Acres Prevented From Being Planted, 2019
August 22 Release**

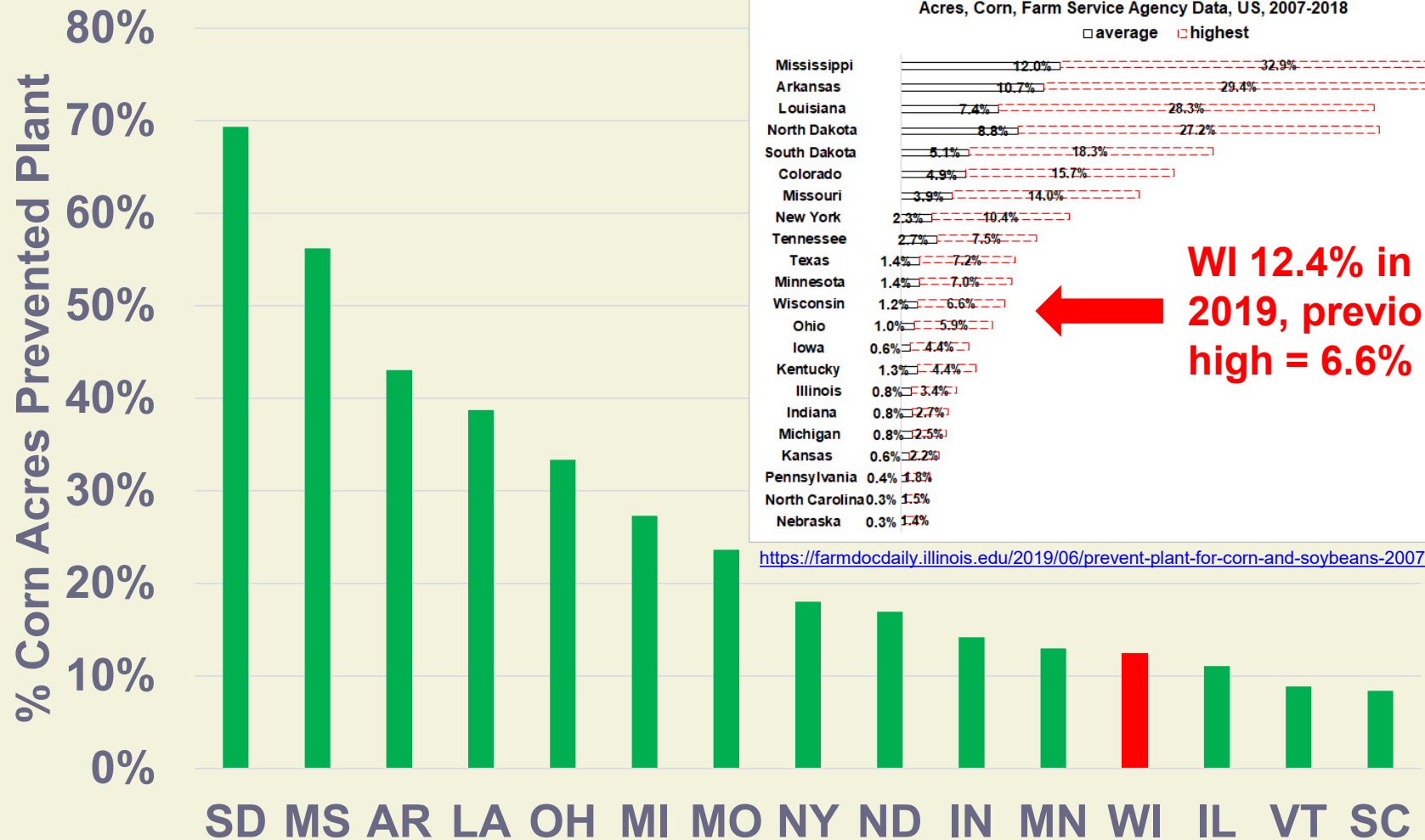


Soybean Acres

**Figure 6. Soybean Acres Prevented From Being Planted, 2019
August 22 Release**

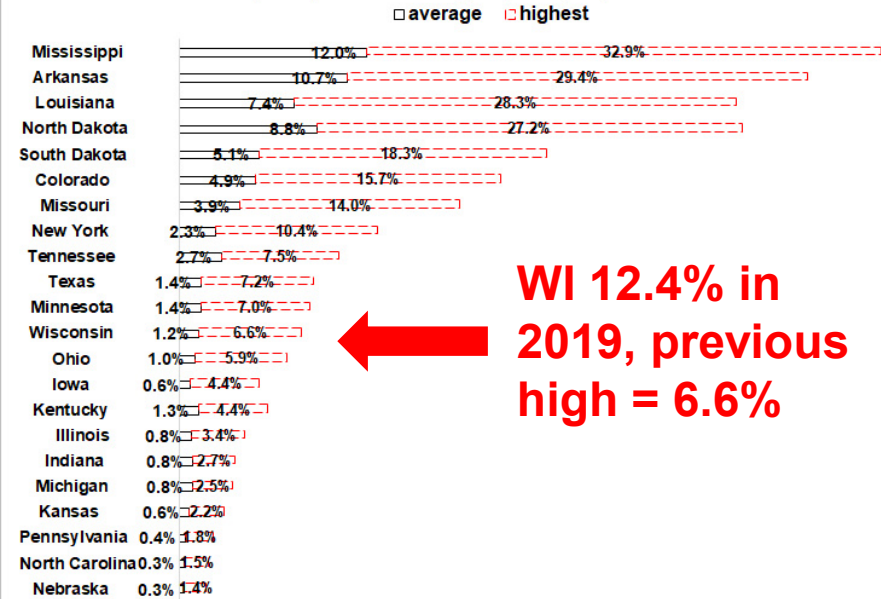


% Corn Acres Prevented Plant By State



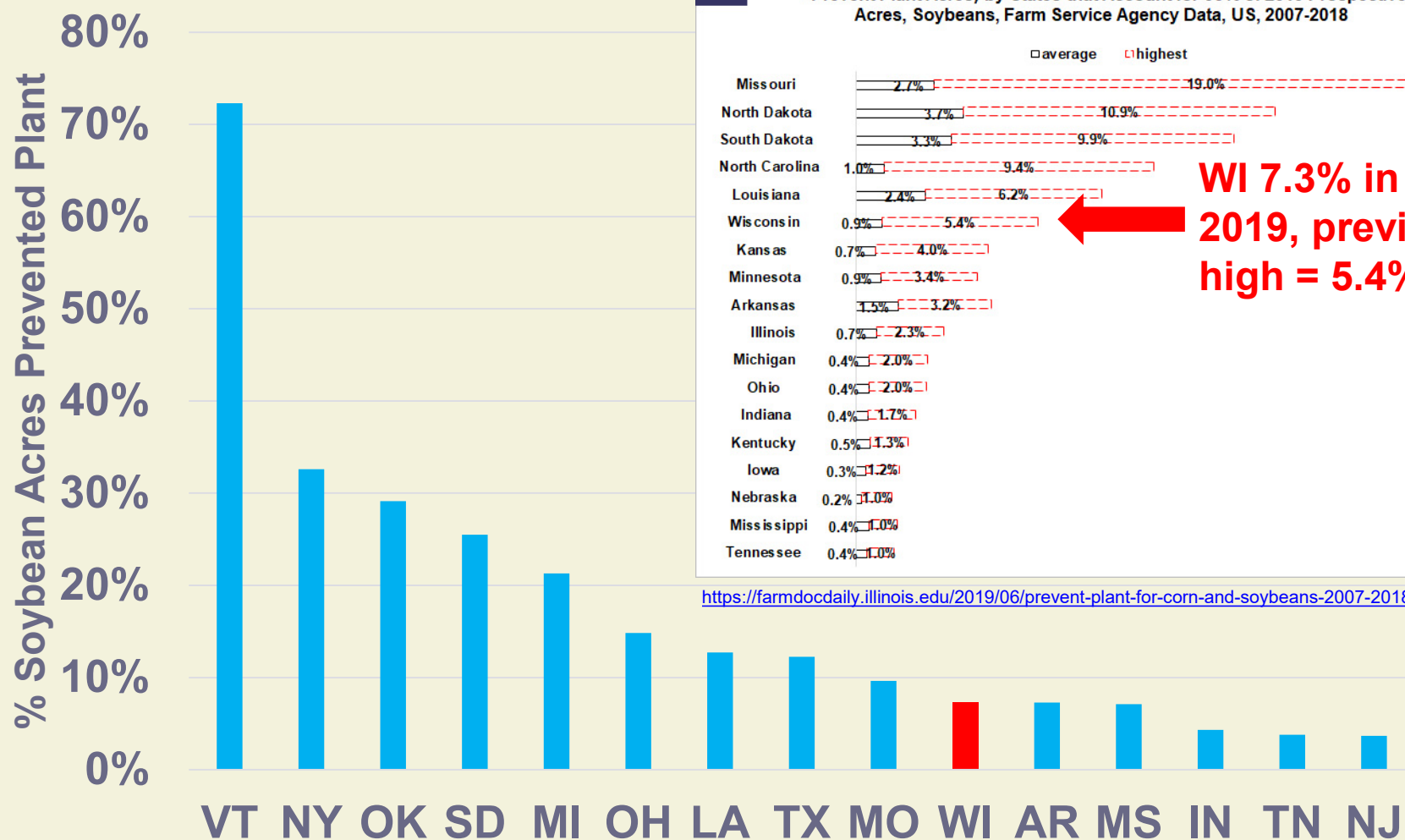
fdd

Figure 3. Average and Highest Share of Prevent Plant Acres to (Plant + Failed + Prevent Plant Acres) by States that Account for 95% of 2019 Prospective Acres, Corn, Farm Service Agency Data, US, 2007-2018



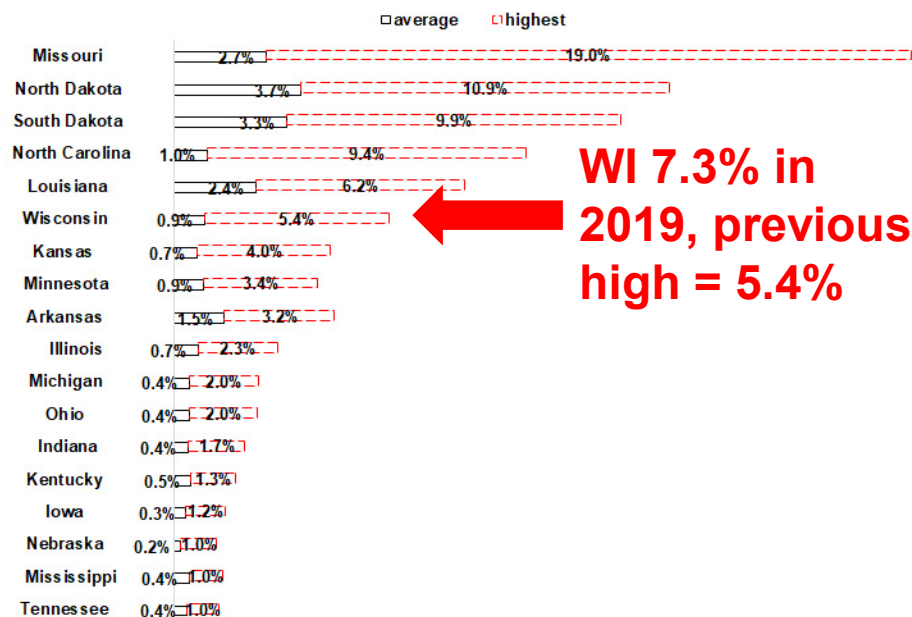
<https://farmdocdaily.illinois.edu/2019/06/prevent-plant-for-corn-and-soybeans-2007-2018.html>

% Soybean Acres Prevented Plant By State



fdd

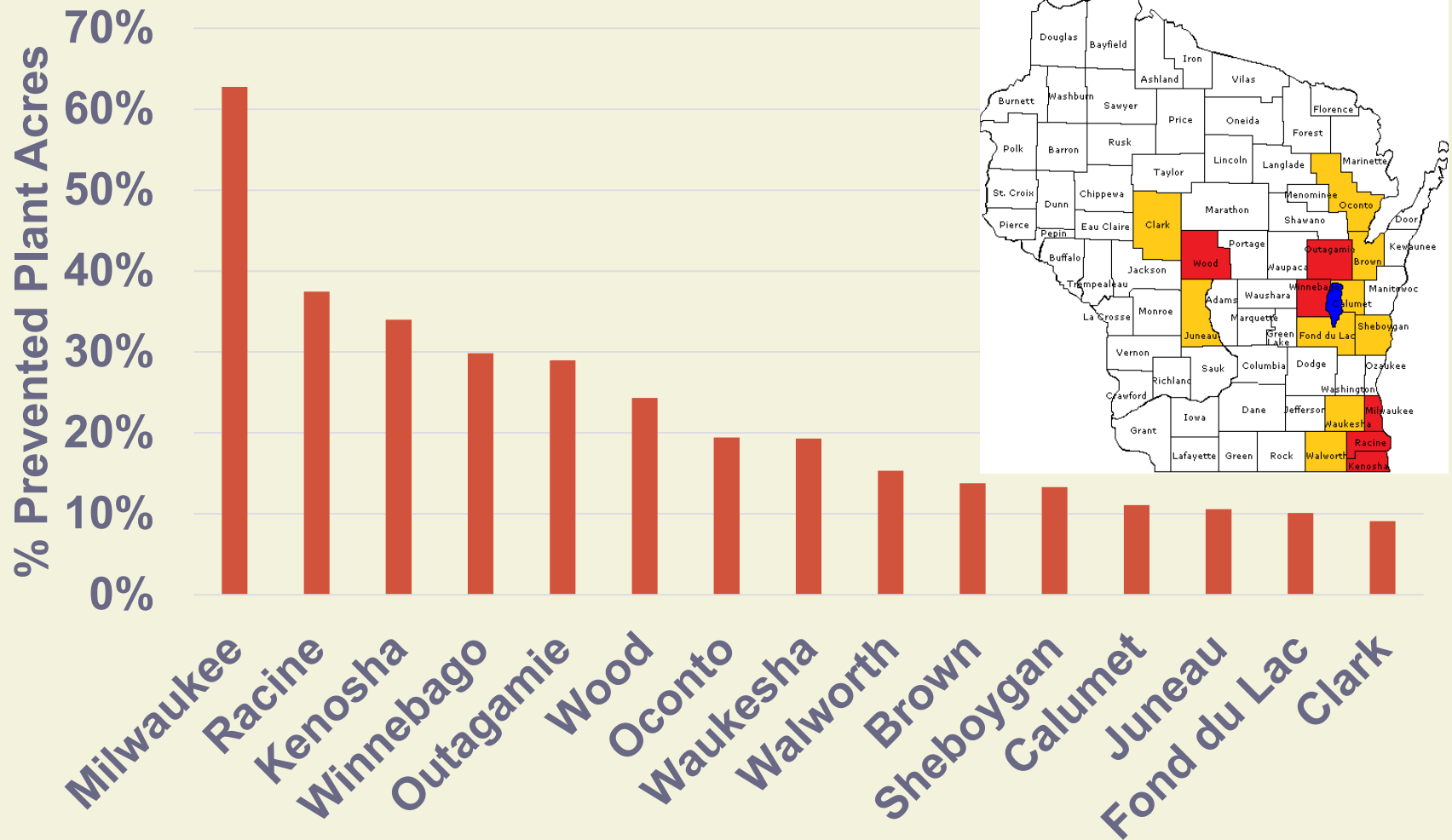
Figure 4. Average and Highest Share of Prevent Plant Acres to (Plant + Failed + Prevent Plant Acres) by States that Account for 95% of 2019 Prospective Acres, Soybeans, Farm Service Agency Data, US, 2007-2018



WI 7.3% in 2019, previous high = 5.4%

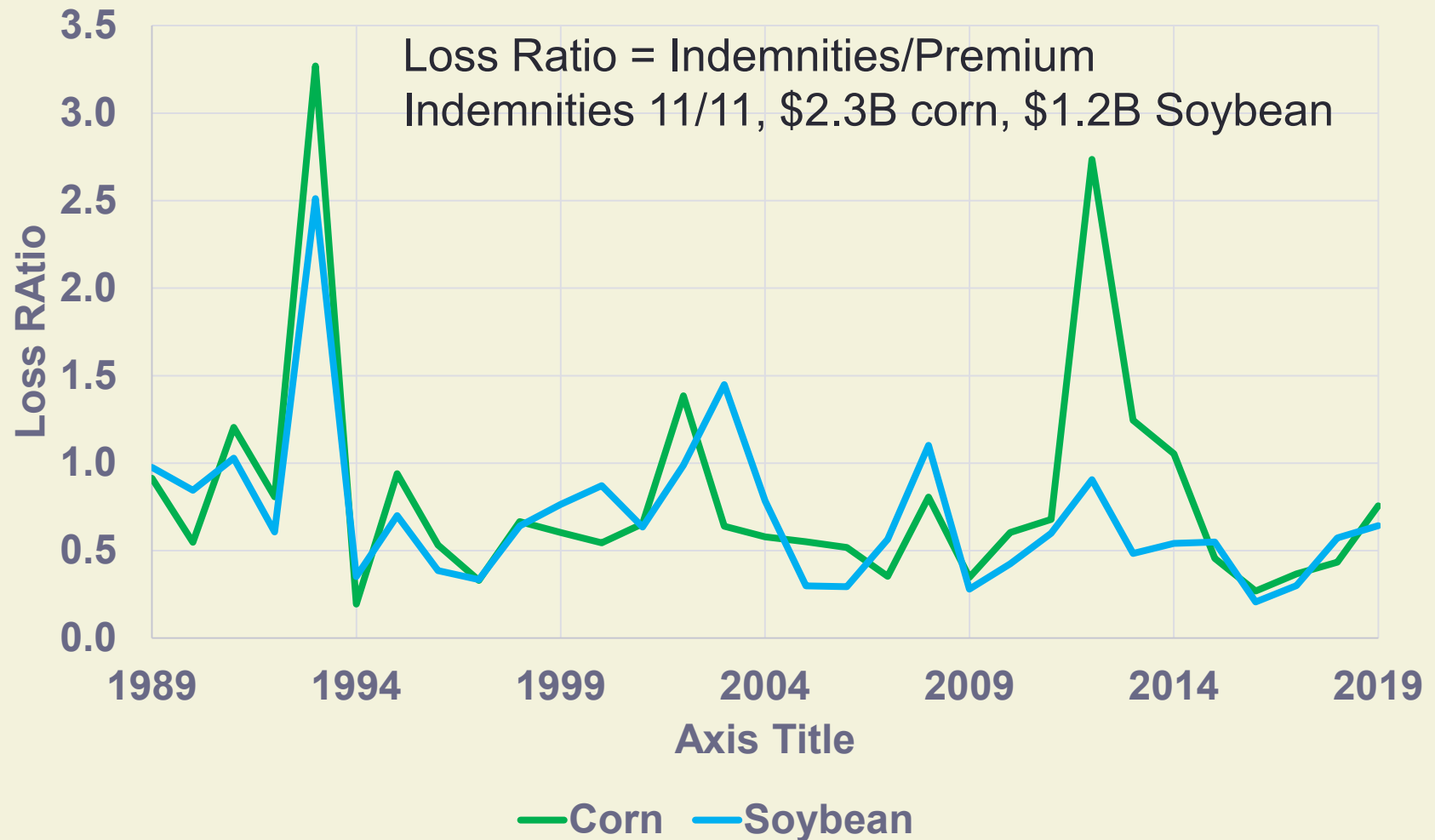
<https://farmdocdaily.illinois.edu/2019/06/prevent-plant-for-corn-and-soybeans-2007-2018.html>

% Prevented Plant Acres by WI County



Corn & Soybean Crop Insurance Loss Ratios

Already highest for soybean since 2012, since 2014 for corn, it's only Nov 11

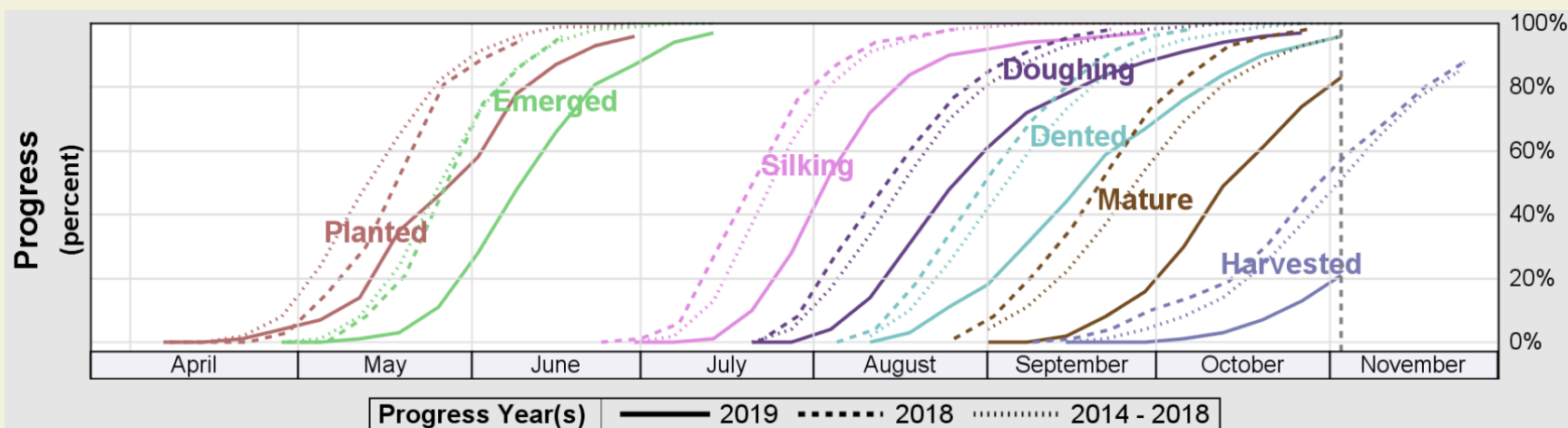
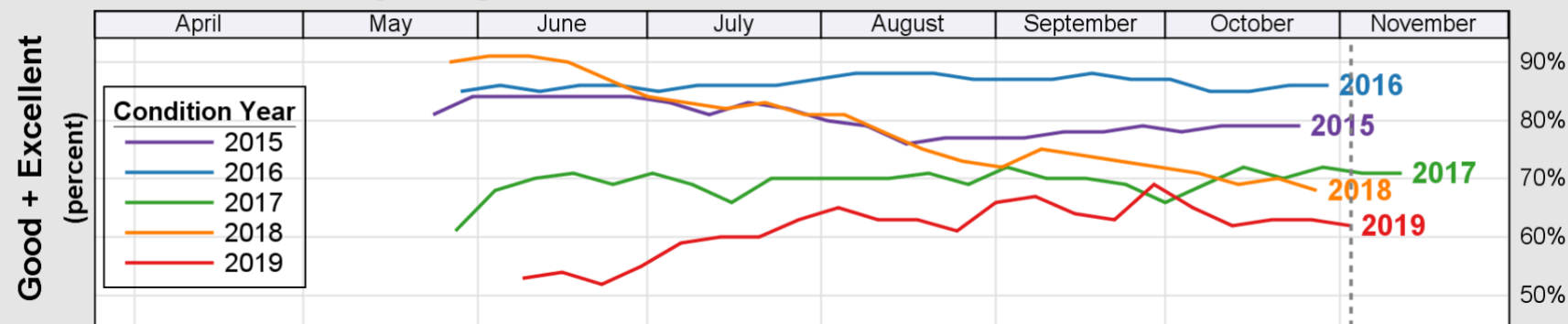


Corn 10-14 days behind much of summer and much less good to excellent condition

USDA

Crop Progress and Condition: Corn in Wisconsin , 2019

NASS



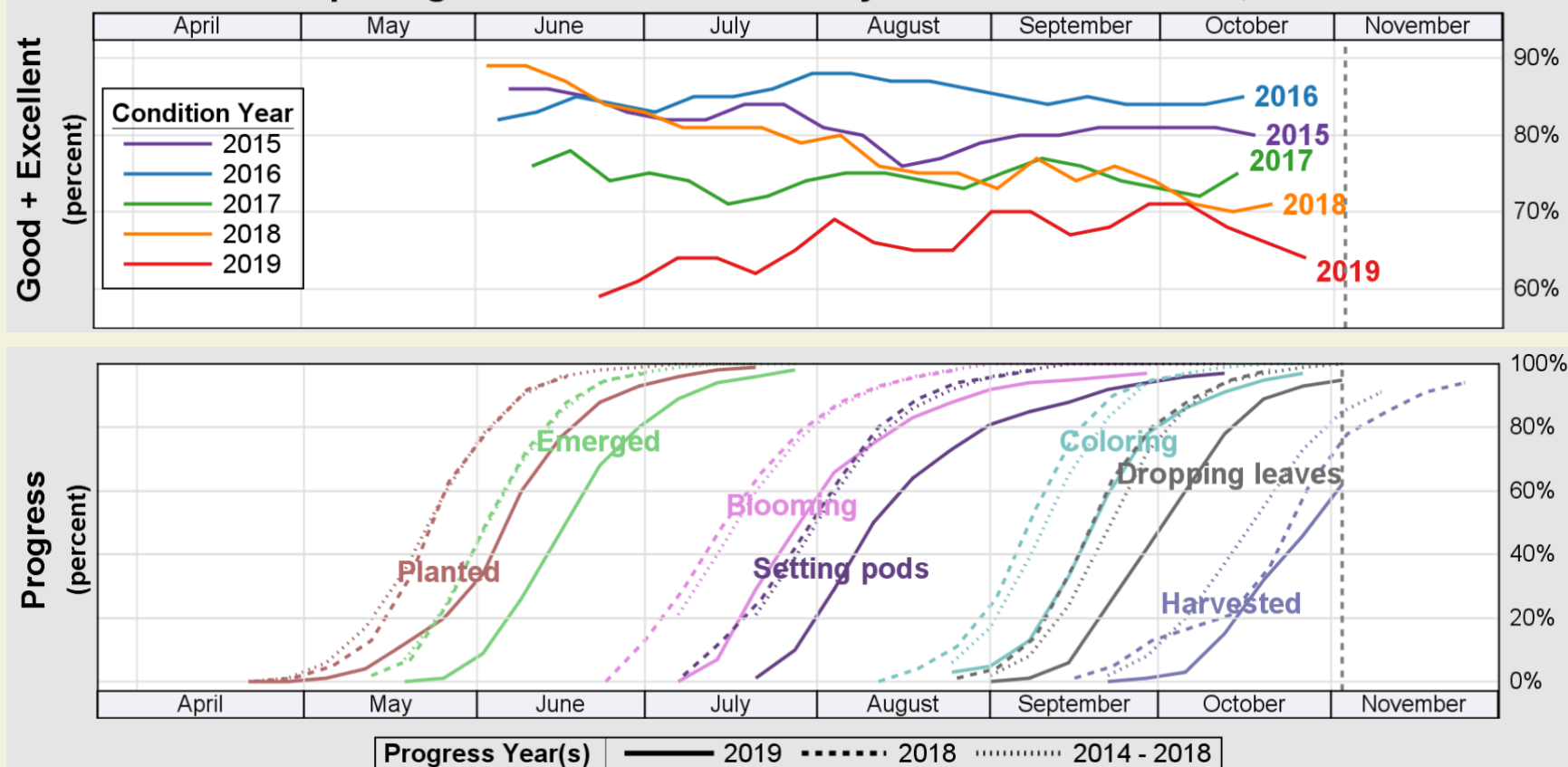
Source: https://www.nass.usda.gov/Charts_and_Maps/Crop_Progress_&_Condition/2019/WI_2019.pdf

Soy 10-14 days behind much of summer and much less good to excellent condition

USDA

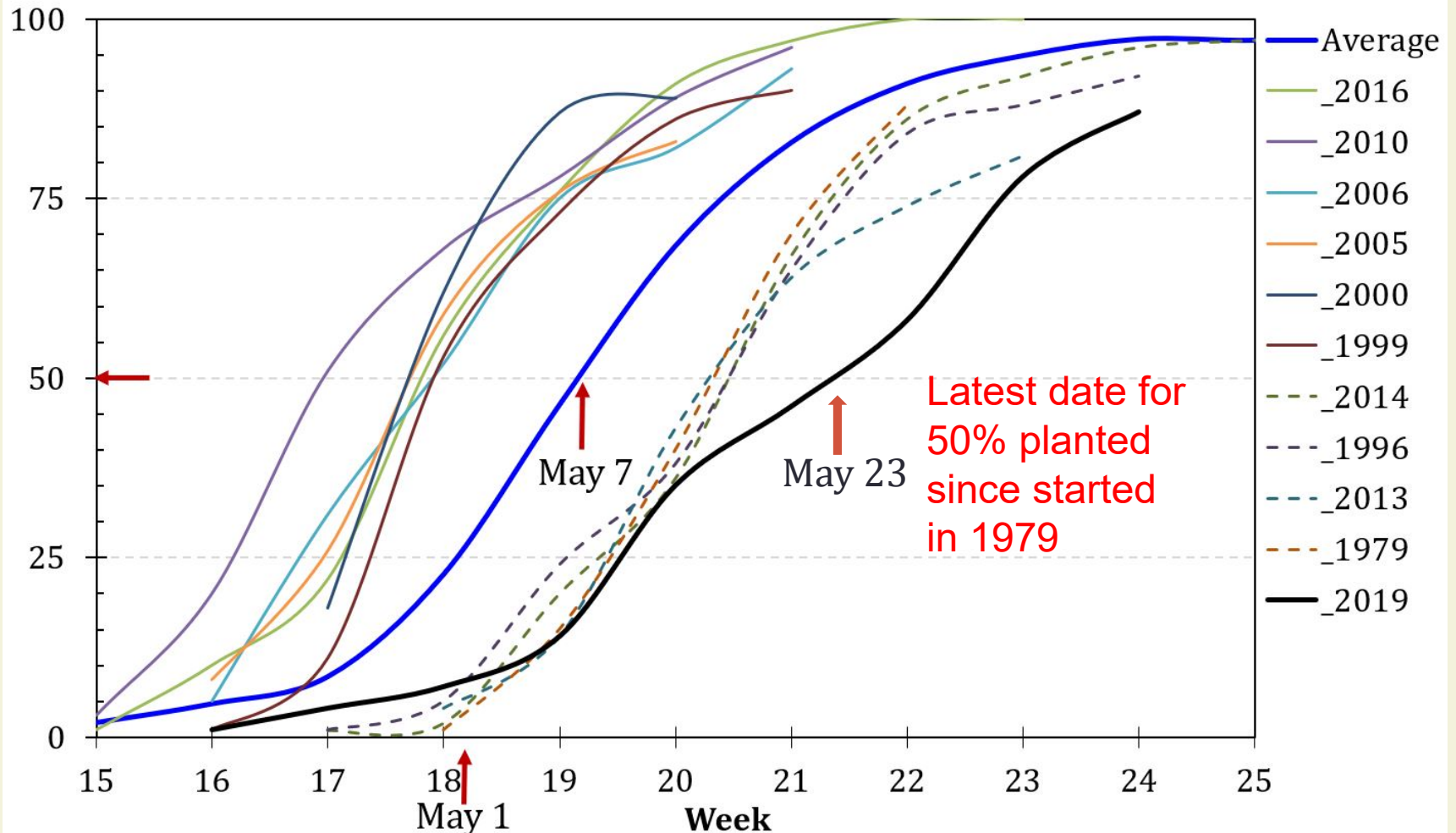
Crop Progress and Condition: Soybeans in Wisconsin , 2019

NASS

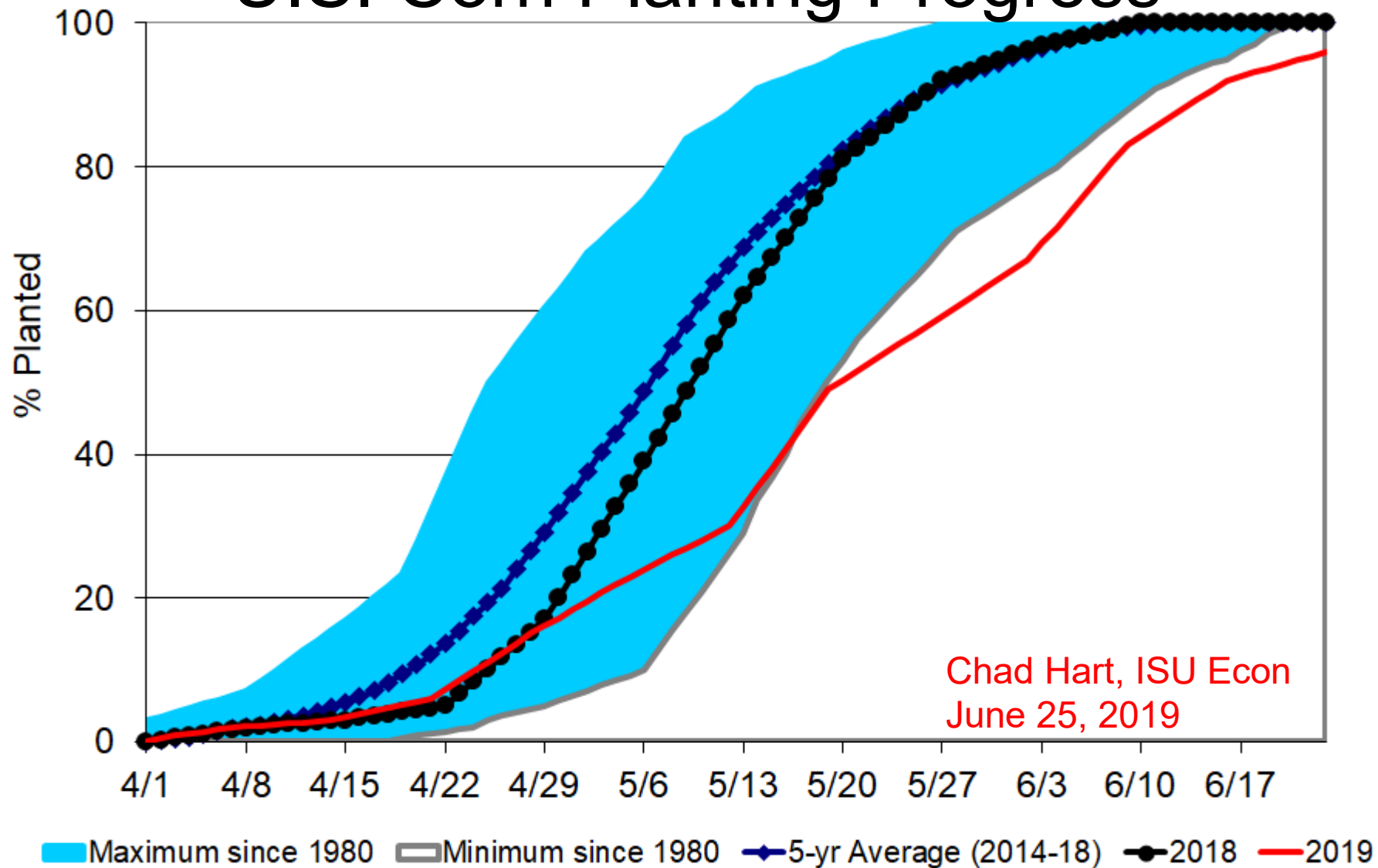


Wisconsin Corn Planting Progress

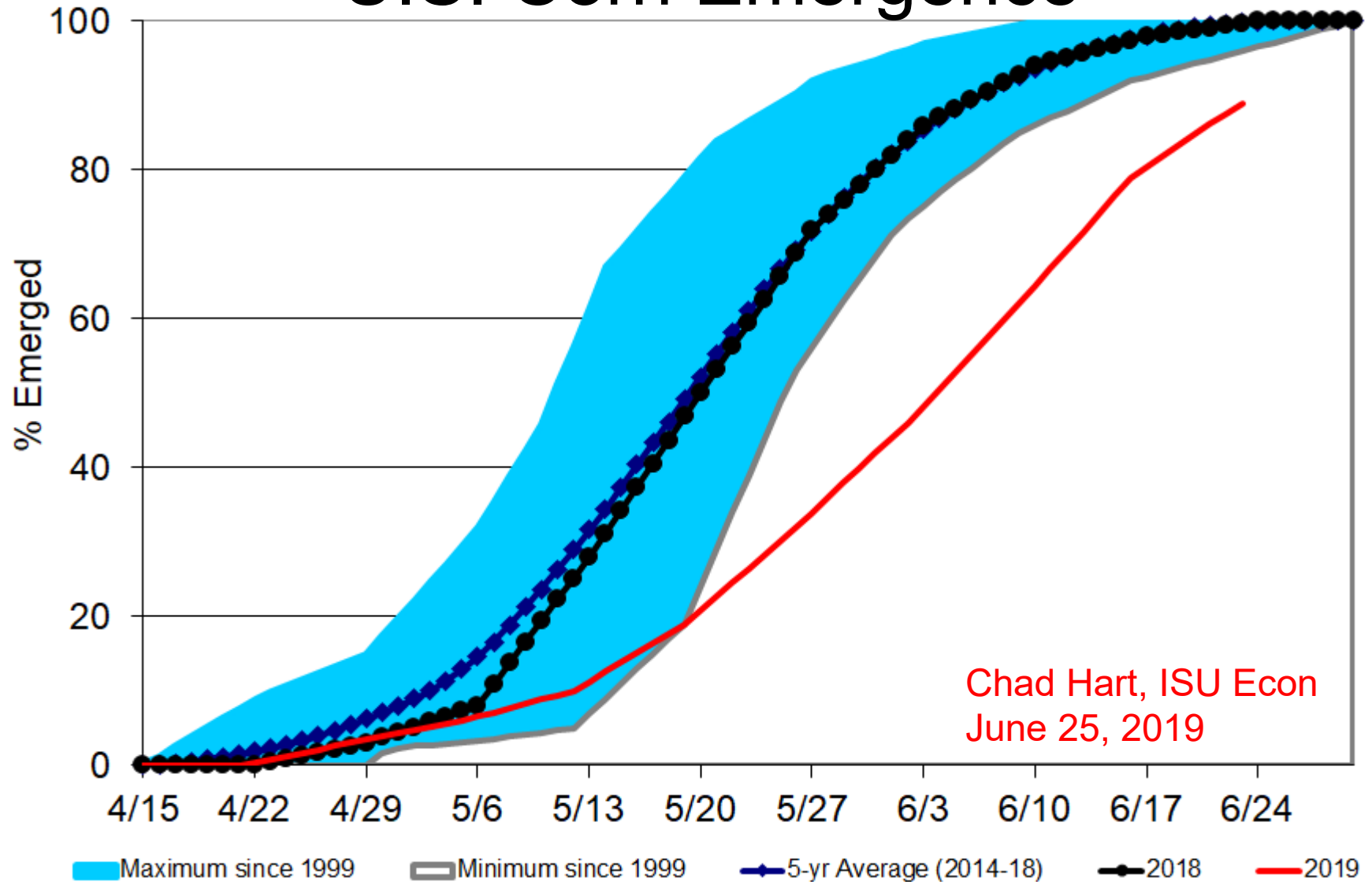
Planted Acres (%)



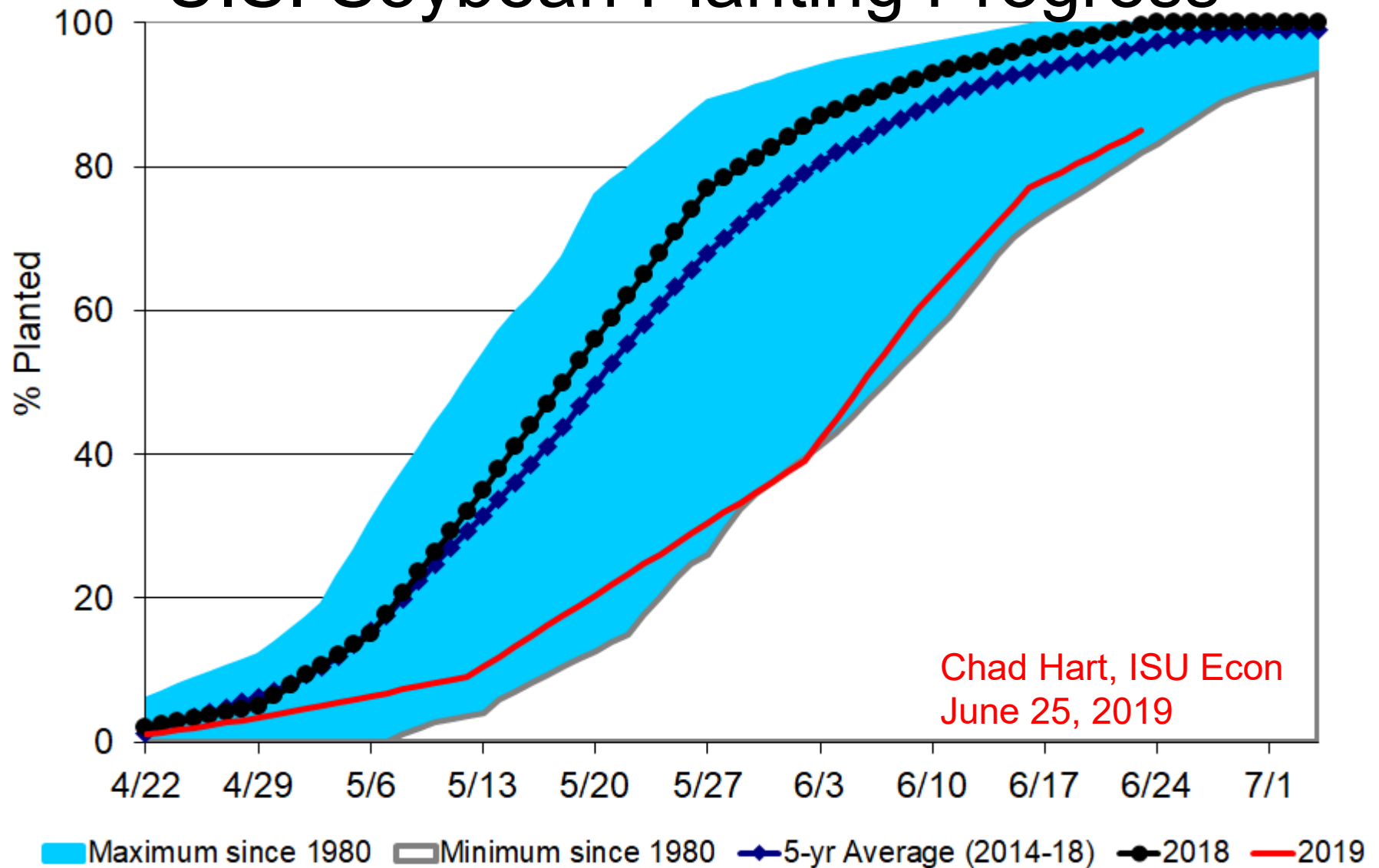
U.S. Corn Planting Progress



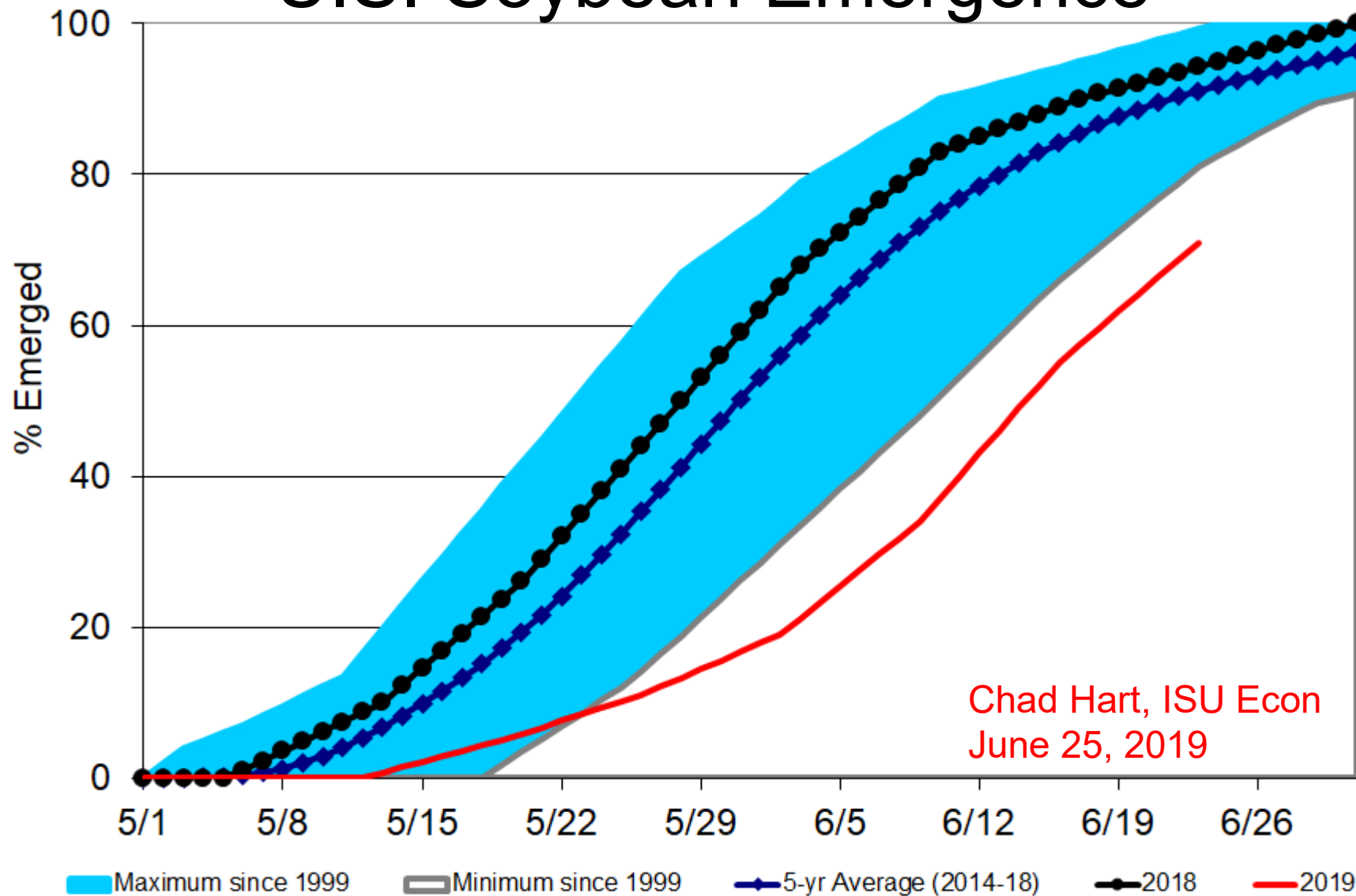
U.S. Corn Emergence



U.S. Soybean Planting Progress



U.S. Soybean Emergence



USDA NASS WI Crop Progress Nov 10

Crop Progress as of November 10, 2019

Item	Districts									State			
	NW	NC	NE	WC	C	EC	SW	SC	SE	This week	Last week	Last year	5-year average
	(percent)	(percent)	(percent)	(percent)	(percent)	(percent)	(percent)	(percent)	(percent)	(percent)	(percent)	(percent)	(percent)
Alfalfa hay, fourth cutting	83	87	95	95	86	85	94	96	93	91	87	100	99
Corn mature.....	90	88	89	86	88	83	90	95	92	89	83	100	98
Corn harvested for grain	27	17	19	22	30	16	44	40	27	30	21	68	65
Corn harvested for silage	92	81	98	89	94	90	97	98	97	92	88	100	99
Fall tillage	43	20	17	22	40	31	39	30	42	31	25	43	54
Soybeans harvested	87	59	52	85	74	53	72	70	75	71	62	84	92
Winter wheat planted	88	94	70	70	76	82	76	75	89	80	75	95	96
Winter wheat emerged.....	82	86	39	56	64	56	47	36	83	55	49	79	85

	Last Week	This Week	5-Yr Average	Lowest CRD
Corn Mature	83%	89%	98%	EC 83%
Silage Harvest	88%	92%	99%	NC 81%
Corn Harvest	21%	30%	65%	EC 16%
Soybean Harvest	62%	71%	92%	NE 52% EC 53%

Wisconsin Hay in 2019



United States Department of Agriculture
National Agricultural Statistics Service

Wisconsin Ag News – Hay Stocks



Wisconsin Field Office · 2811 Agriculture Drive · Madison WI 53718 · (608) 224-4848
fax (855) 271-9802 · www.nass.usda.gov

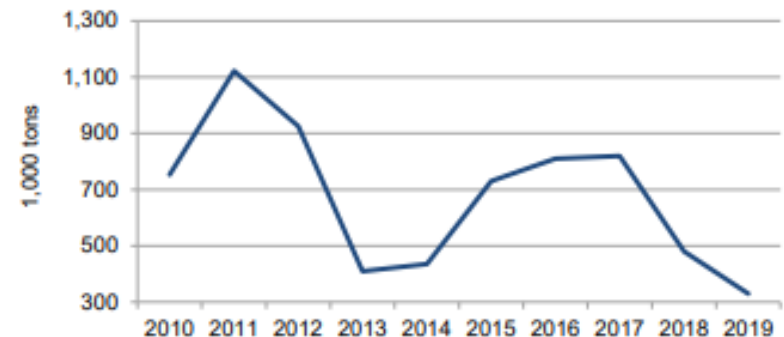
Cooperating with Wisconsin Department of Agriculture, Trade and Consumer Protection

May 10, 2019

Media Contact: Greg Bussler

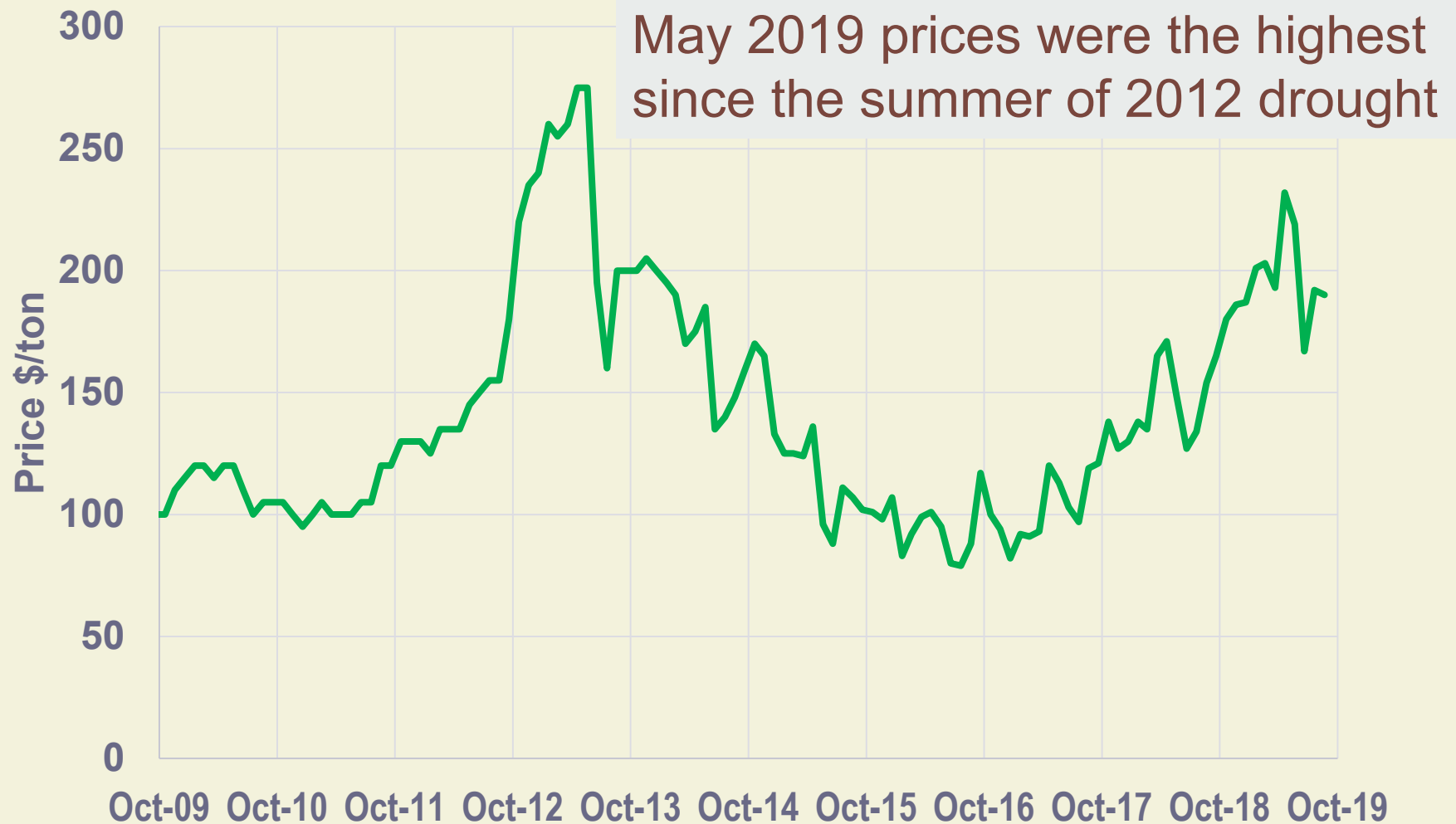
All hay stored on Wisconsin farms as of May 1, 2019, is estimated at 330,000 tons, a decrease of 31 percent from May 1, 2018, according to the latest USDA, National Agricultural Statistics Service – *Crop Production* report. This is the lowest Wisconsin hay stocks in May since the USDA begin recording hay stocks in 1950. Disappearance from December 1, 2018, through May 1, 2019, totaled 1.42 million tons, compared with 2.17 million tons for the same period a year earlier.

Hay Stocks on Farms - Wisconsin
May 1, 2010-2019



- Lowest Hay stocks in WI since 1950
- Making hay this summer was difficult with wet weather

WI Monthly Average Hay Price (\$/ton)



Some Records for 2019

- WI & US Corn: Slowest ever planting of last half of acres
- US Corn & Soybean: Slowest emergence ever
- WI Hay: Lowest hay stocks in May ever
- WI Hay: Prices highest since 2012 drought
- Lowest percentage of corn and soybeans in good to excellent condition in at least the last five years
- Already by Nov 11, crop insurance loss ratios for US corn and soybean are the highest in last 5 years

2019 WAS A “VERY BAD” YEAR!

And it's not even over yet

Farmers still have about 2/3 of the corn acres and almost 1/3 of the soybean acres left to harvest!

Crop Prices in 2019

- Chicago Board of Trade futures contract prices for Dec Corn and Nov Soybean
 - Shot up in early May with planting difficulties
 - Volatile all summer long
 - Dropped in early August
 - Bottomed out in early September
- How much would be planted?
- How much would it yield?
- Would farmers be able to harvest it?
- What about the Trade Wars/Tariffs?

CBOT Dec 2019 Corn Futures Prices

December 2019 Corn Historical Prices / Charts (CBOT)

December 2019 Corn Historical Prices / Charts

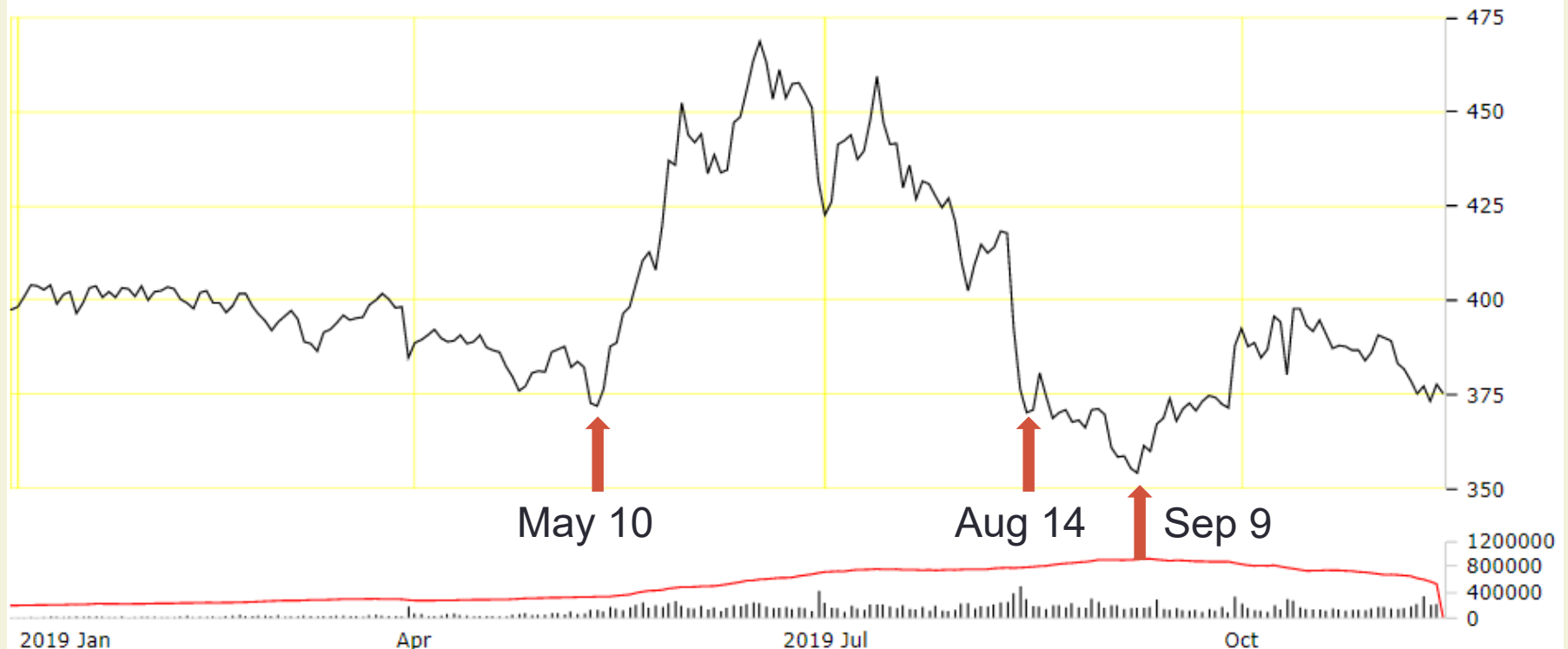
Change year:

2019 ▼

Change market:

Corn ▼

This continuous historical price chart for Corn futures (C, CBOT) is part of a huge collection of historical charts that covers decades of North America futures / commodity trading. In addition to continuous charts, the collection includes thousands of single-contract historical price charts that cover individual contract months from years past.



CBOT Nov 2019 Soybean Futures Prices

November 2019 Soybeans Historical Prices / Charts (CBOT)

November 2019 Soybeans Historical Prices / Charts

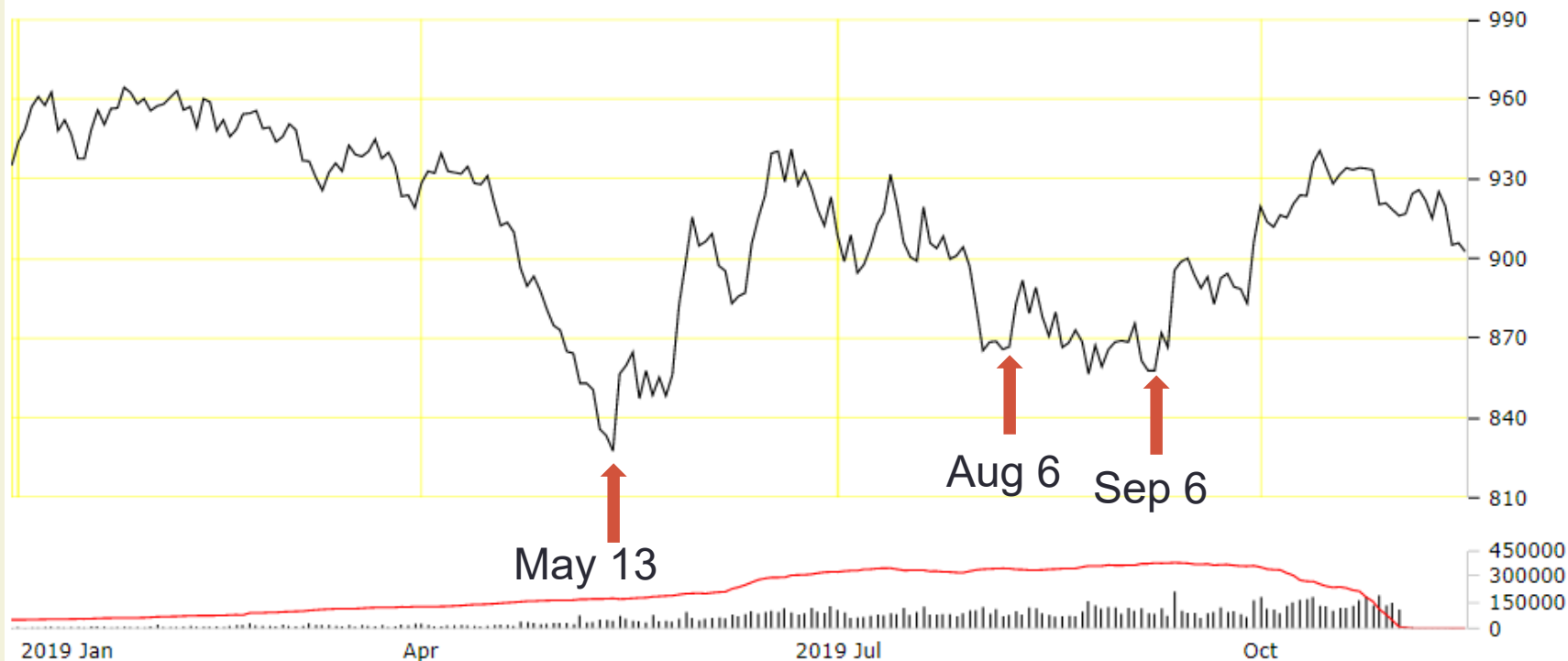
Change year:

2019 ▼

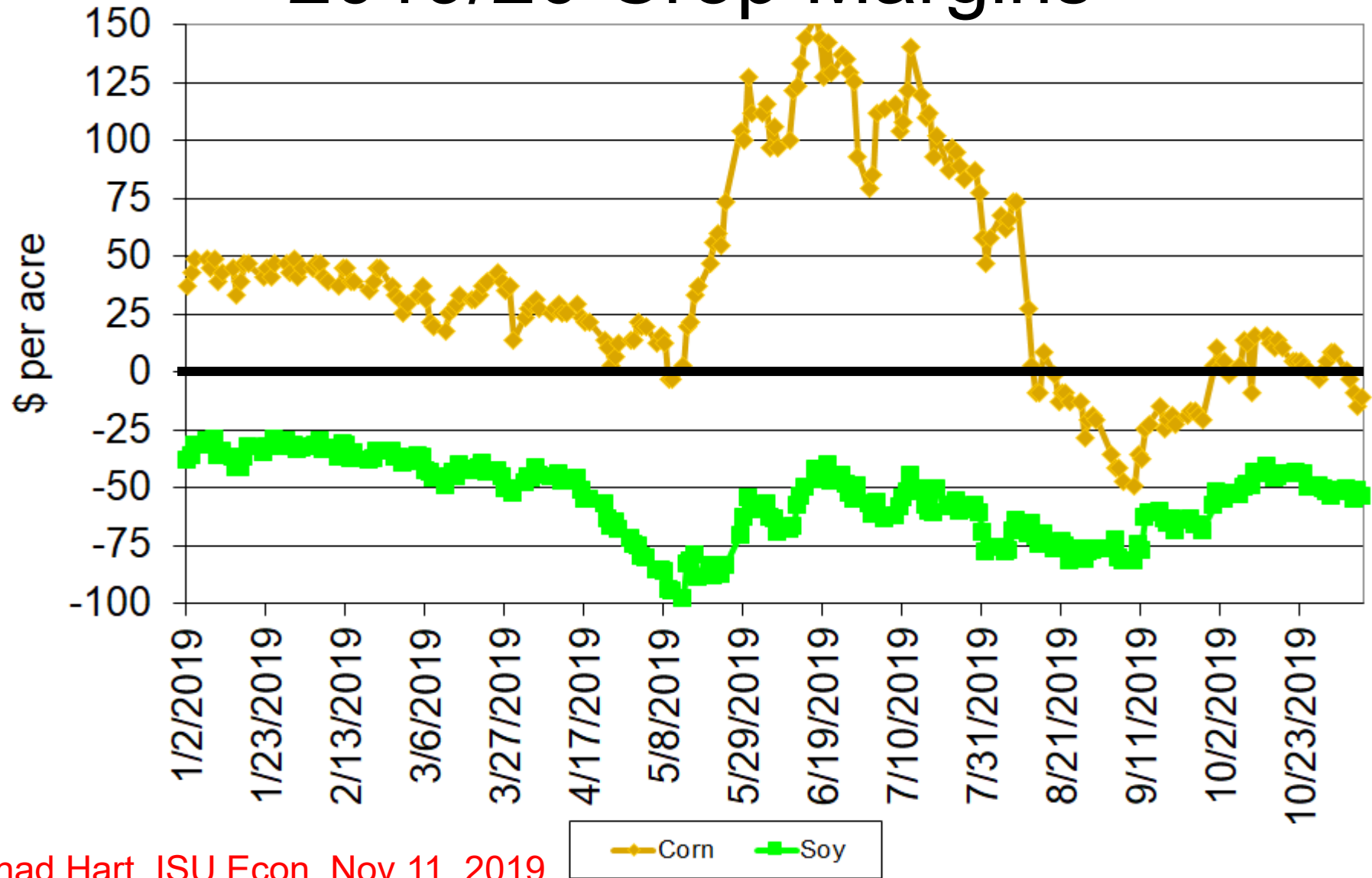
Change market:

Soybeans ▼

This continuous historical price chart for Soybeans futures (S, CBOT) is part of a huge collection of historical charts that covers decades of North America futures / commodity trading. In addition to continuous charts, the collection includes thousands of single-contract historical price charts that cover individual contract months from years past.

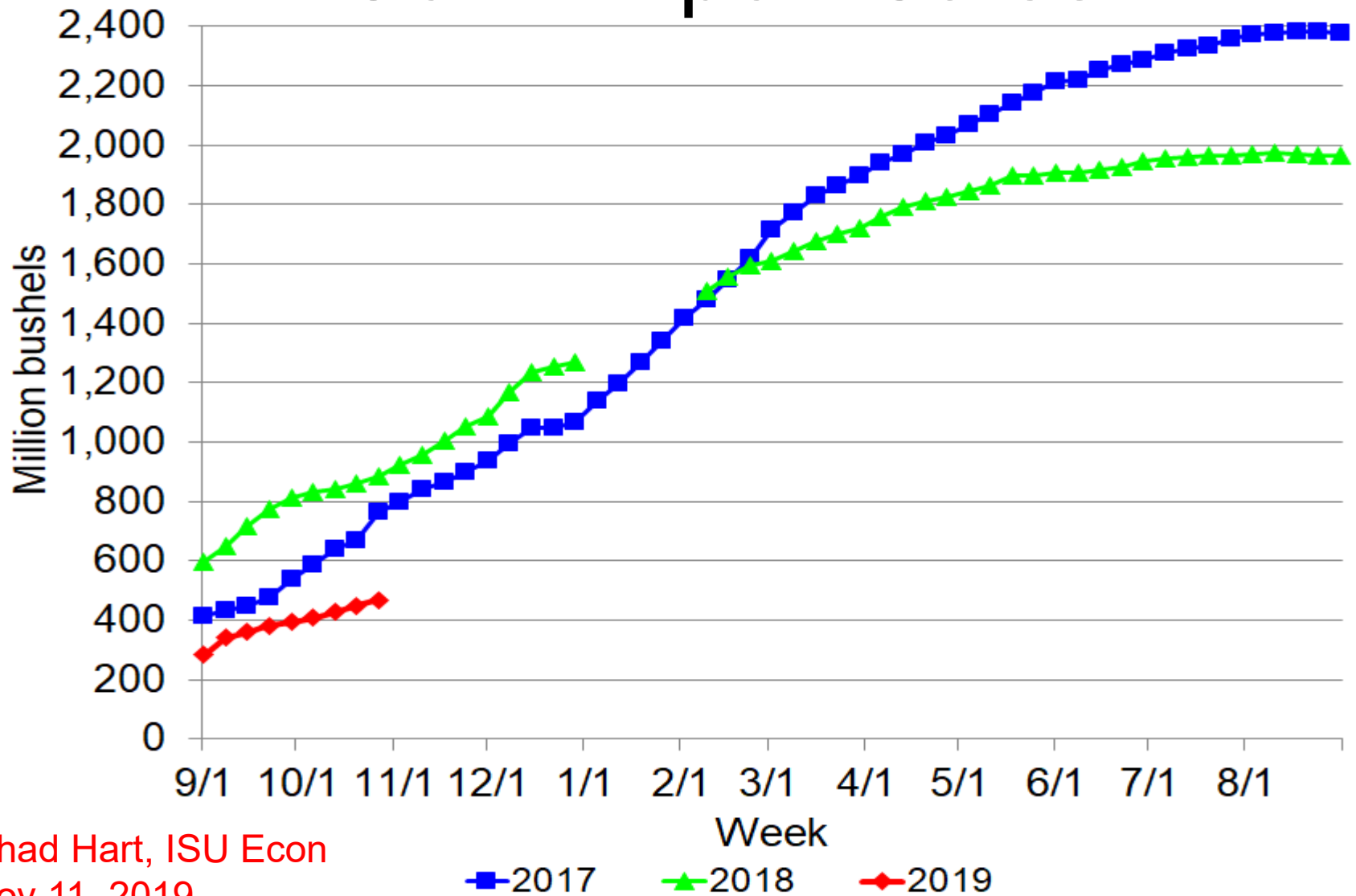


2019/20 Crop Margins



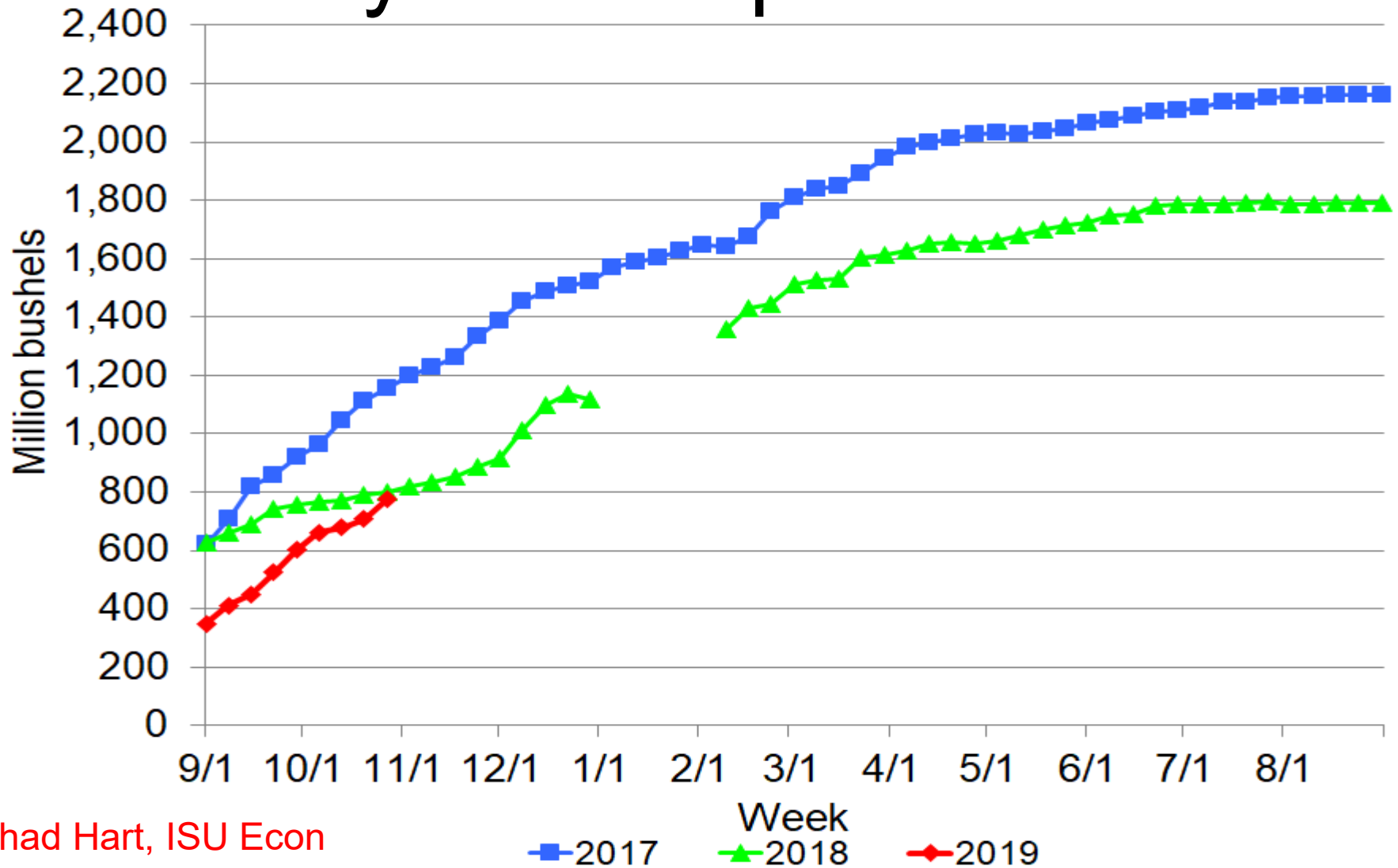
Chad Hart, ISU Econ, Nov 11, 2019

Corn Export Sales



Chad Hart, ISU Econ
Nov 11, 2019

Soybean Export Sales



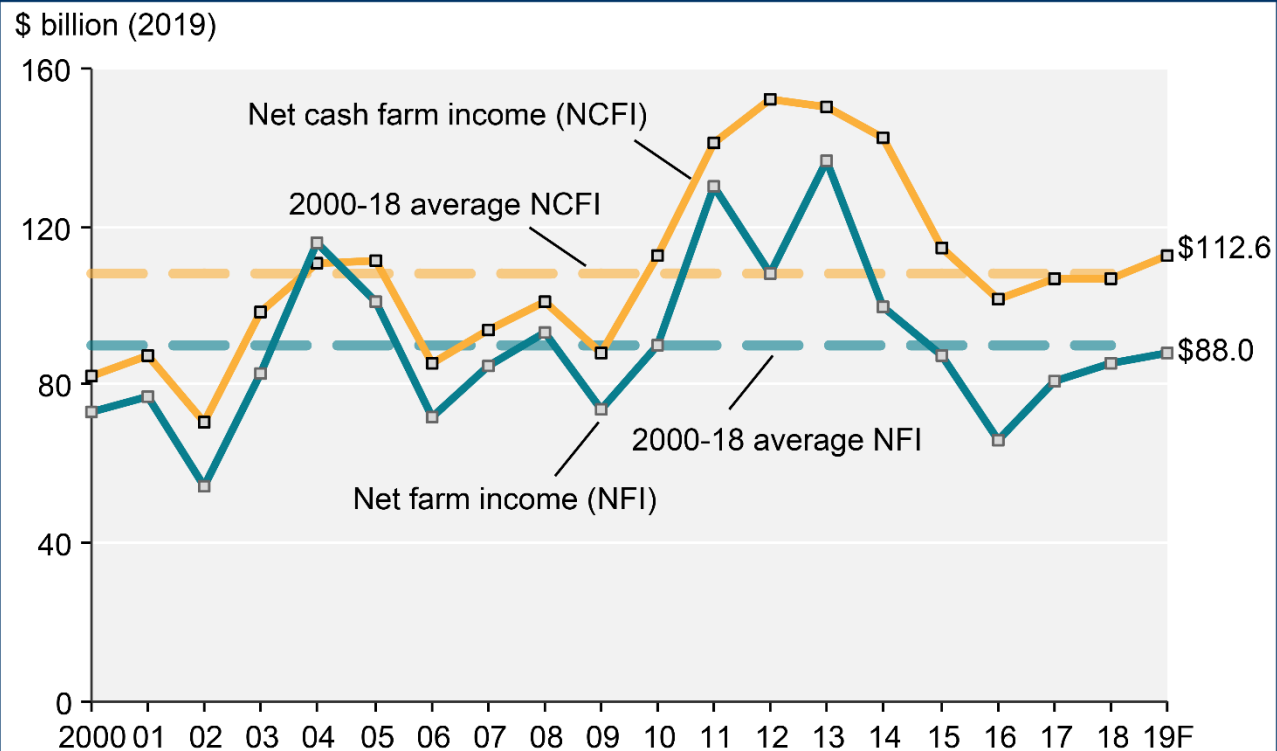
Chad Hart, ISU Econ
Nov 11, 2019

Wisconsin Monthly Average Milk Price



US Farm Income up slightly, Near long-run averages

Net farm income and net cash farm income, 2000-19F



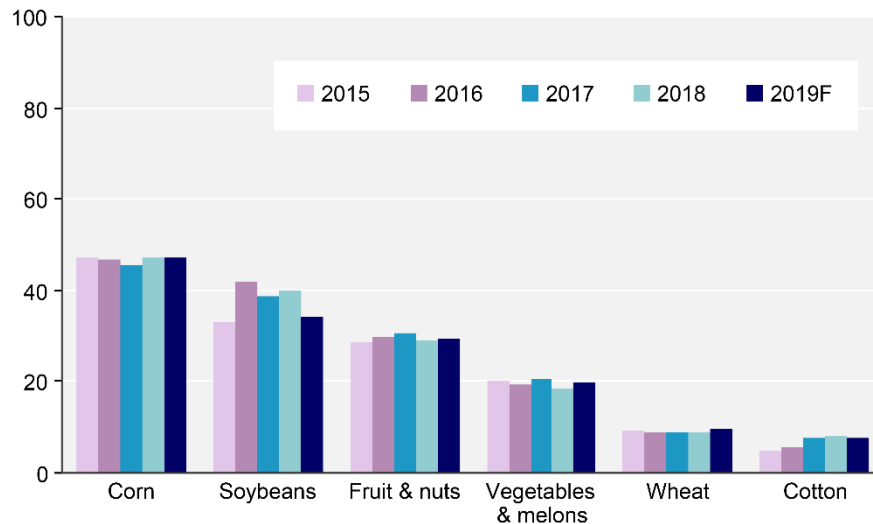
Note: F = forecast. Values are adjusted for inflation using the chain-type GDP deflator, 2019=100.

Source: USDA, Economic Research Service, Farm Income and Wealth Statistics.
Data as of August 30, 2019.

US Cash Receipts for Crops & Livestock

U.S. cash receipts for selected crops, 2015-19F

\$ billion (nominal)

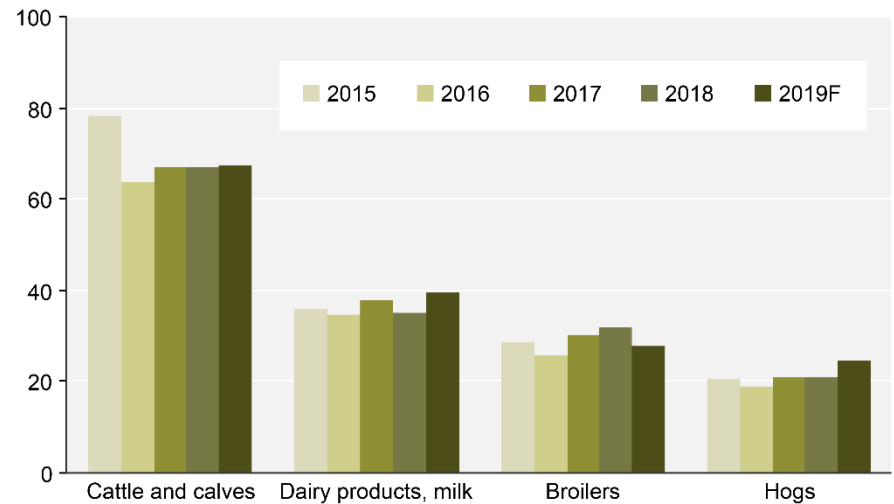


Note: F = forecast.

Source: USDA, Economic Research Service, Farm Income and Wealth Statistics.
Data as of August 30, 2019.

U.S. cash receipts for selected animals/products, 2015-19F

\$ billion (nominal)



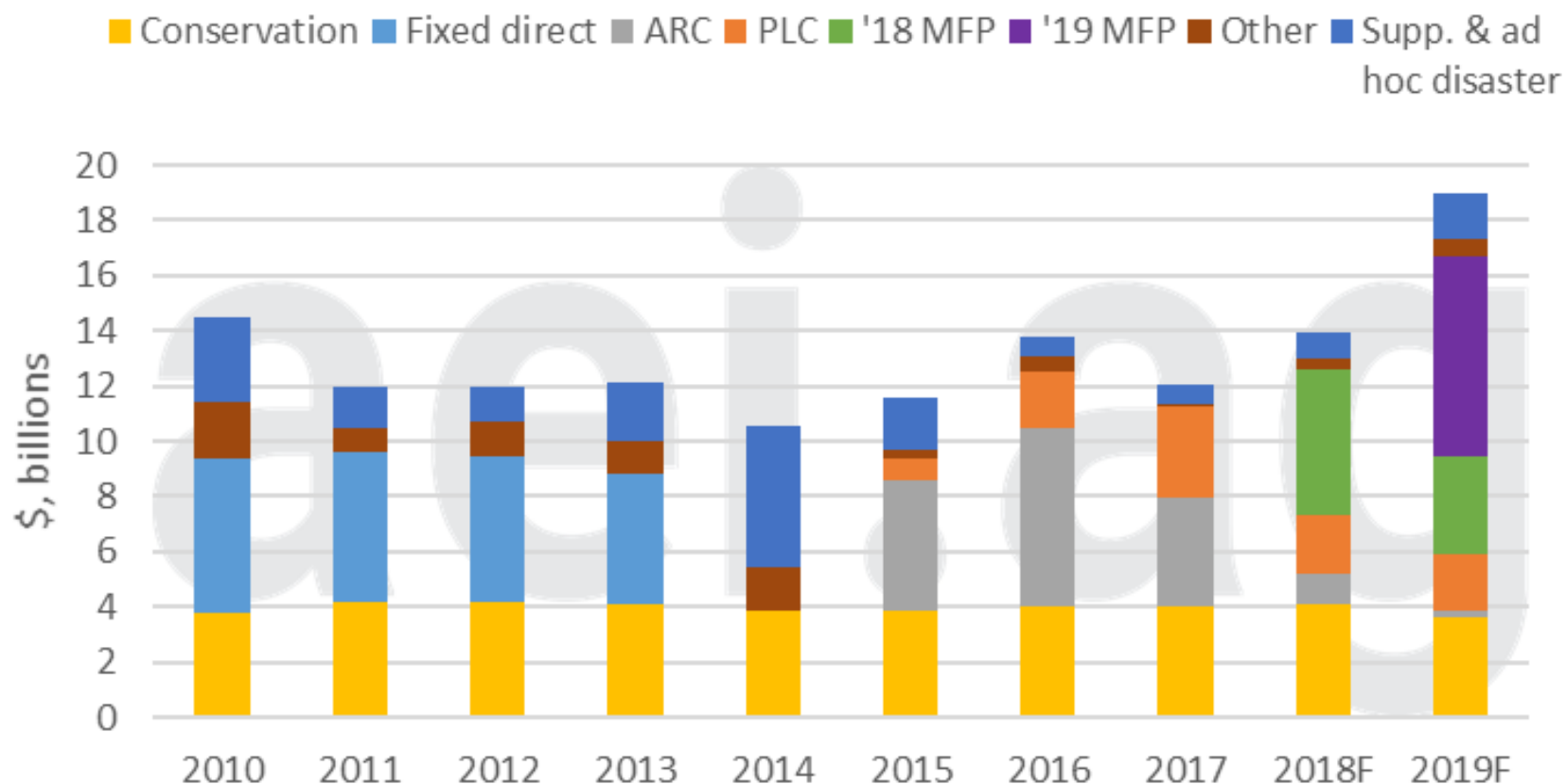
Note: F = forecast.

Source: USDA, Economic Research Service, Farm Income and Wealth Statistics.
Data as of August 30, 2019.

- Total cash receipts down 2.4%
- Costs little net change

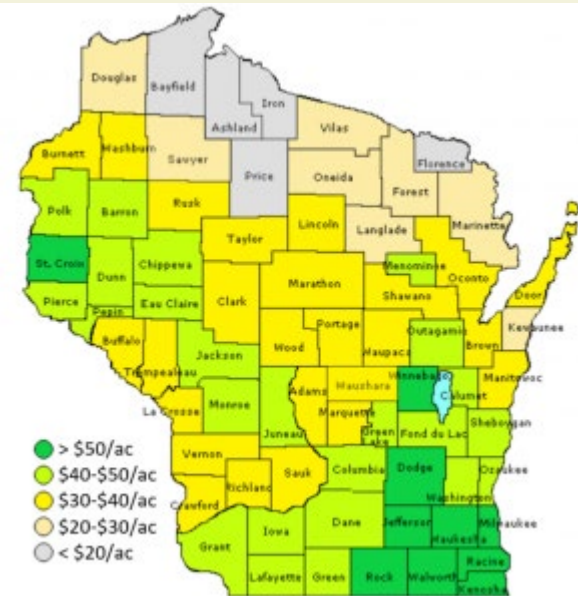
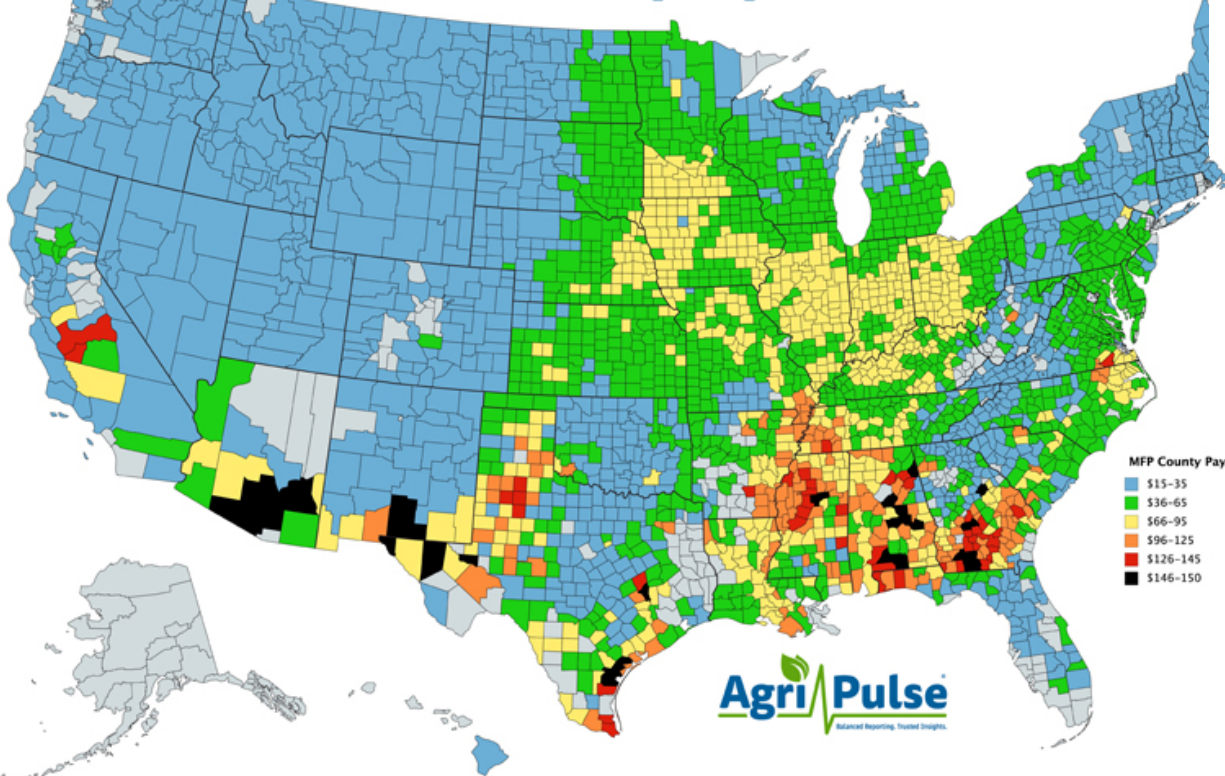
MFP Payments are the Difference

Form of Direct Farm Payments

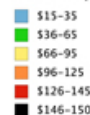


MFP Payment Rates

MFP County Payments

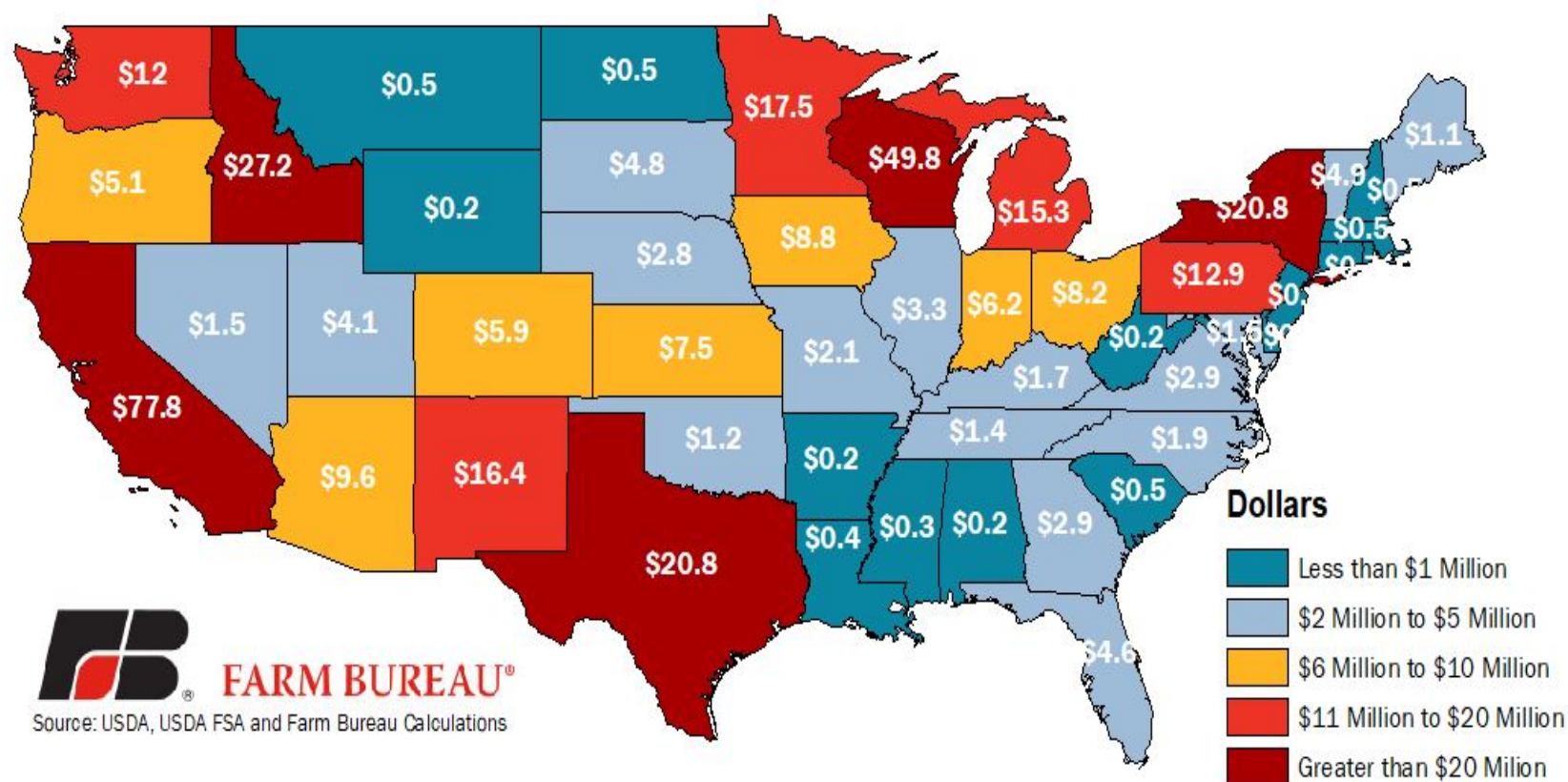


MFP County Payments



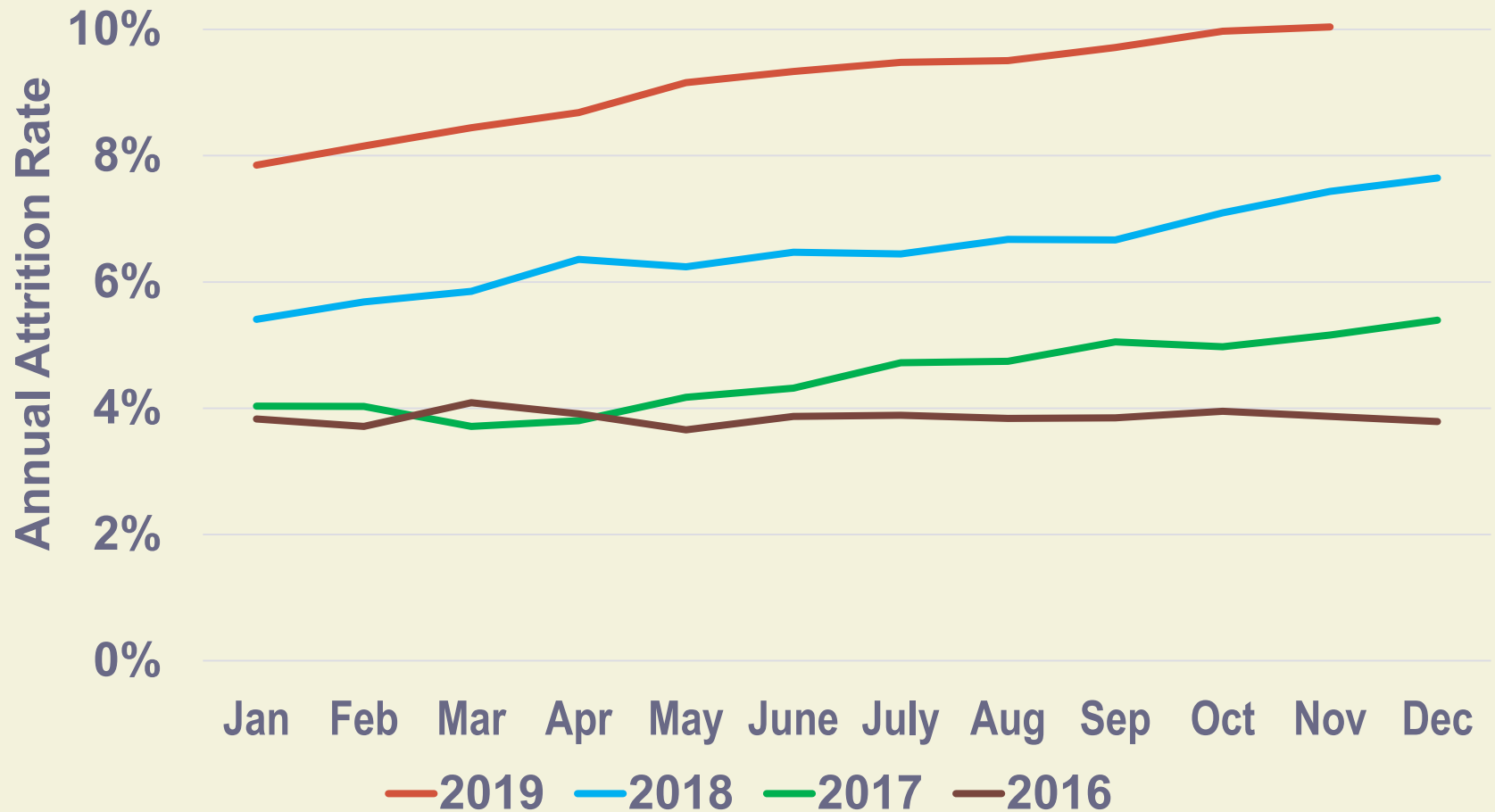
MFP Dairy Payments

Figure 1. Estimated Total Market Facilitation Program Payments by State for Dairy Farmers, Million Dollars

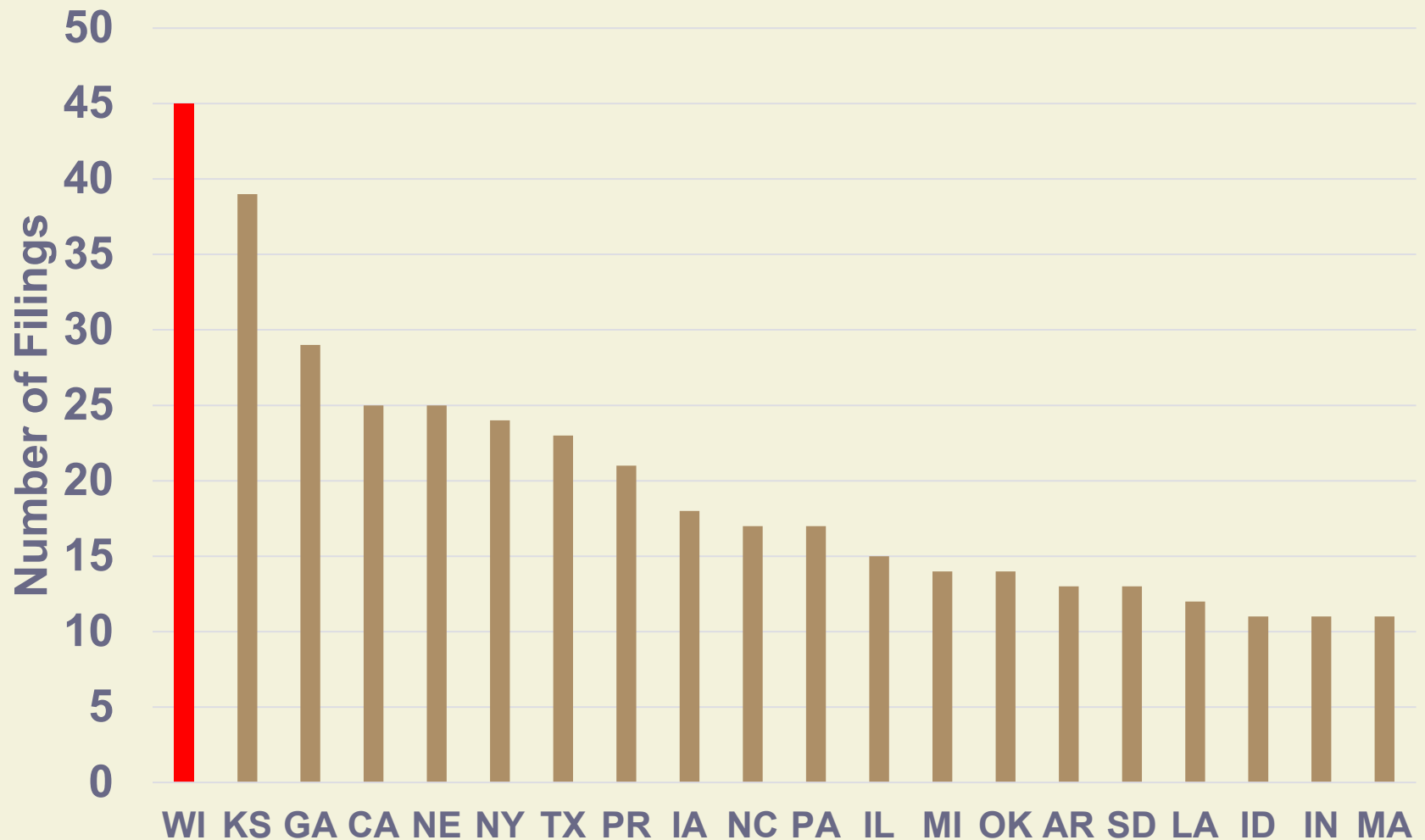


Source: USDA, USDA FSA and Farm Bureau Calculations

WI Dairy Farm Annual Attrition Rate



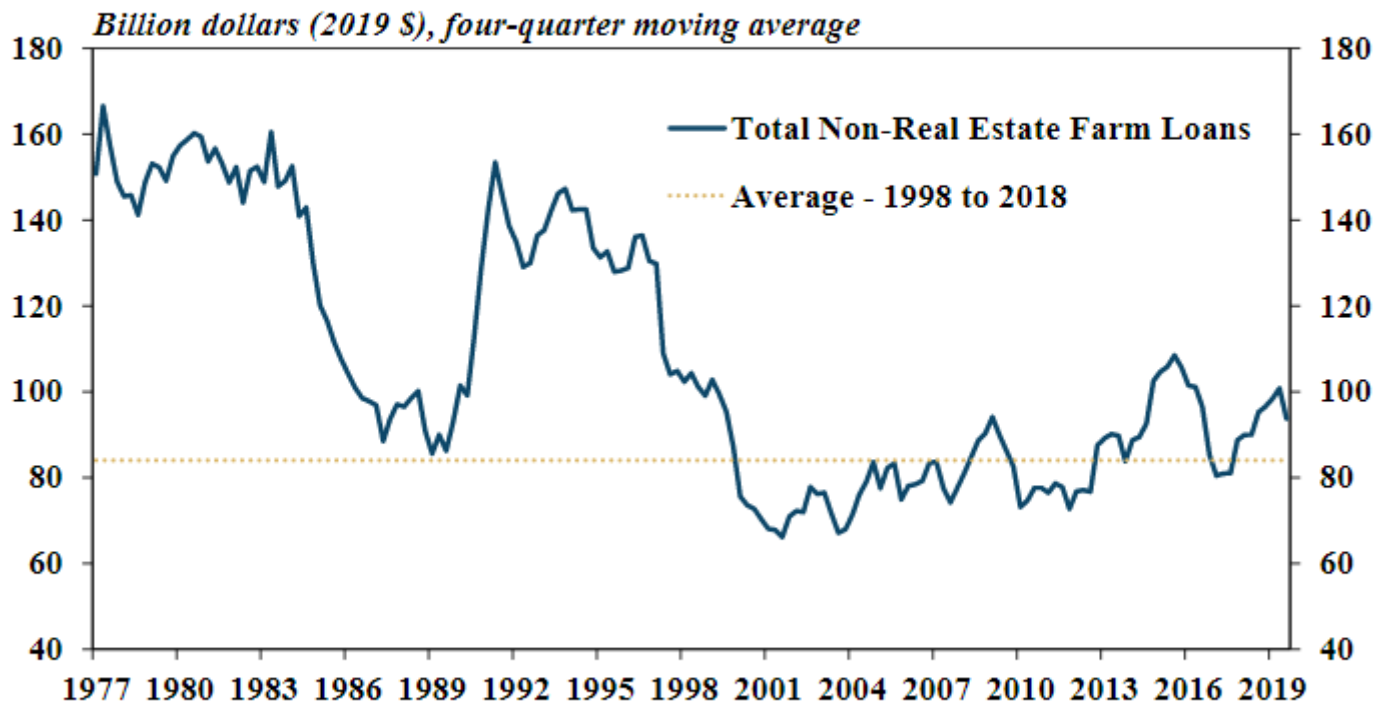
WI still leads US states for Chapter 12 farm bankruptcy filings (year ending 6/30/19)



Farm Lending Slows but Remains High

Cortney Cowley, Economist and Ty Kreitman, Assistant Economist OCTOBER 17, 2019

Chart 1: Volume of Non-Real Estate Farm Loans

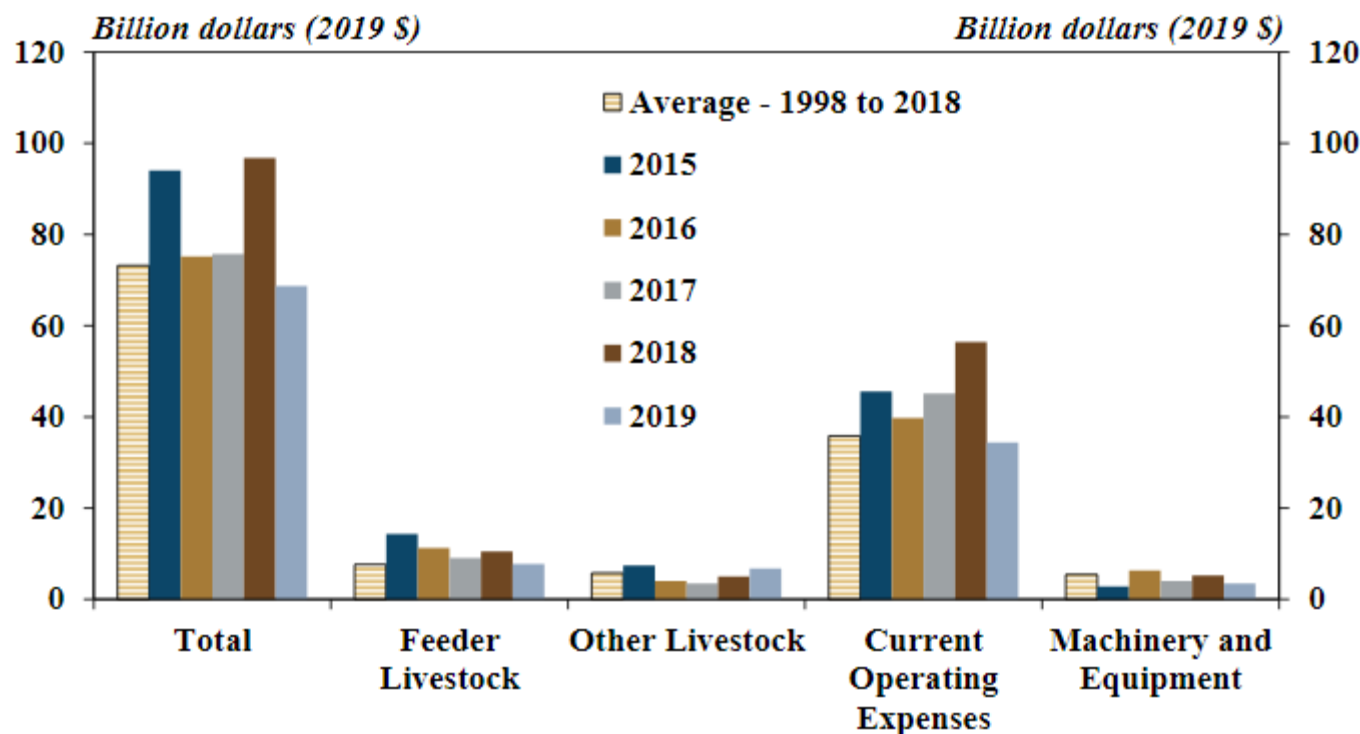


Source: Agricultural Finance Databook, Table A.3.

Farm Lending Slows but Remains High

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Chart 2: Volume of Non-Real Estate Farm Loans by Purpose, Third Quarter

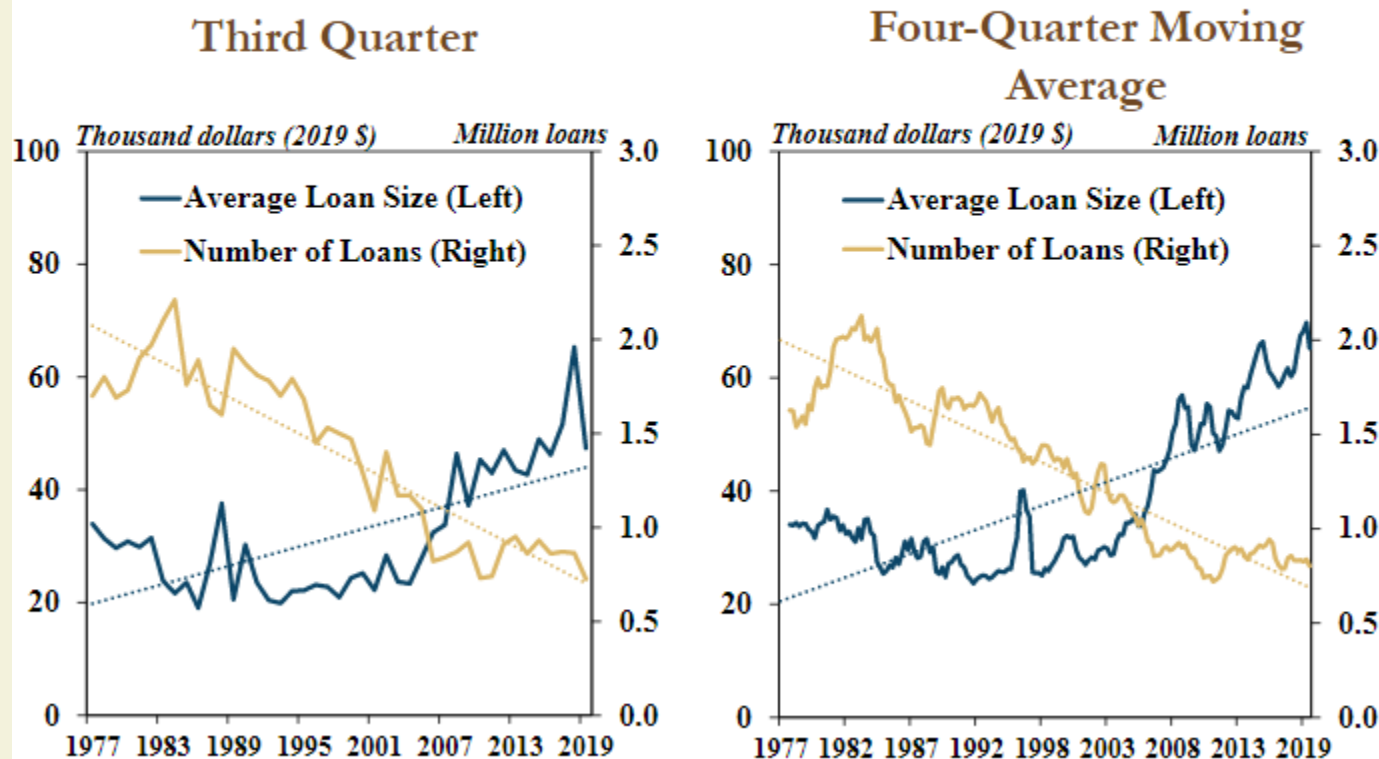


Source: Agricultural Finance Databook, Table A.3.

Farm Lending Slows but Remains High

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Chart 3: Average Size and Number of Farm Operating Loans

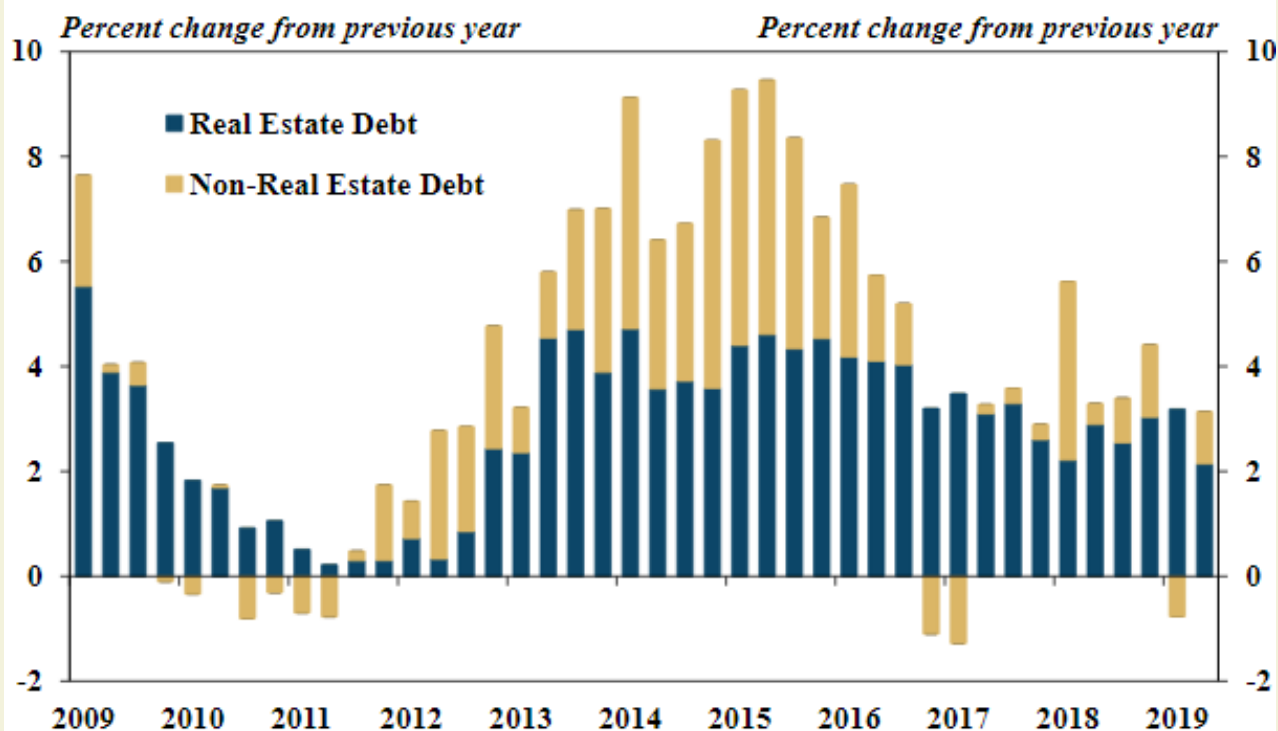


Source: Agricultural Finance Databook, Tables A.1. and A.2.

Farm Lending Slows but Remains High

Cortney Cowley, Economist and Ty Kreitman, Assistant Economist OCTOBER 17, 2019

Chart 5: Farm Debt Outstanding at Commercial Banks

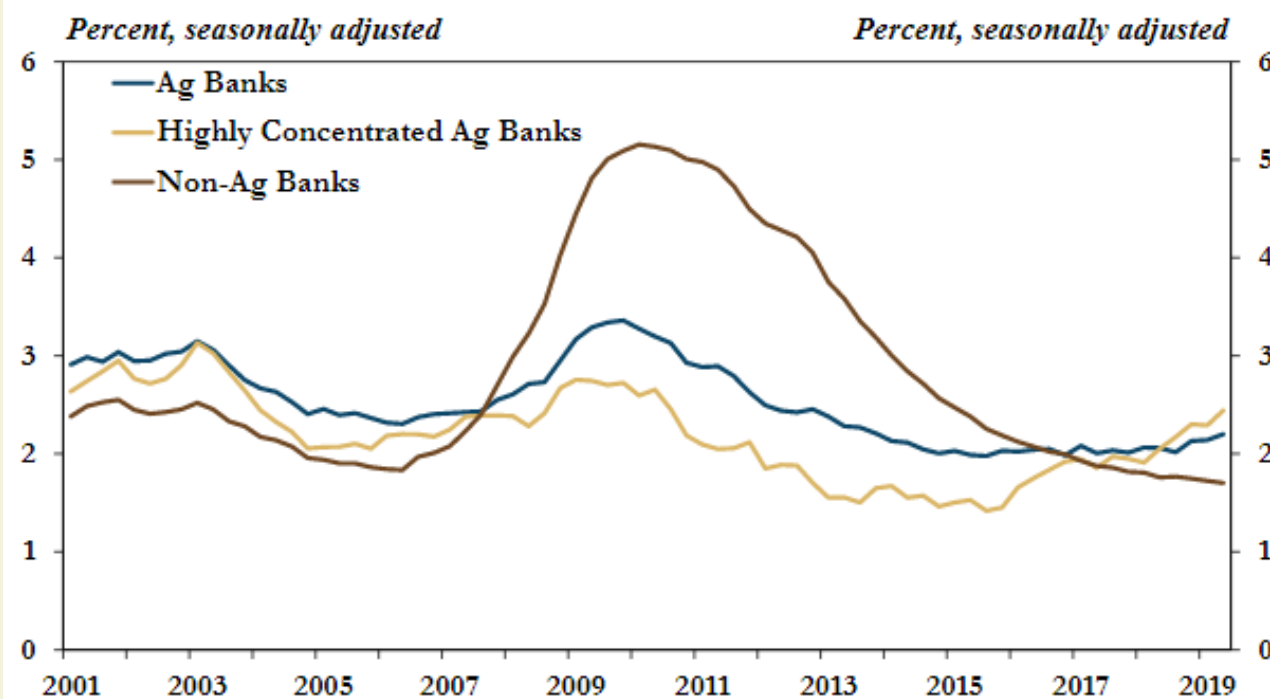


Source: Agricultural Finance Databook, Table B.1.

Farm Lending Slows but Remains High

Cortney Cowley, Economist and Ty Kreitman, Assistant Economist OCTOBER 17, 2019

Chart 7: Delinquency Rates at Commercial Banks

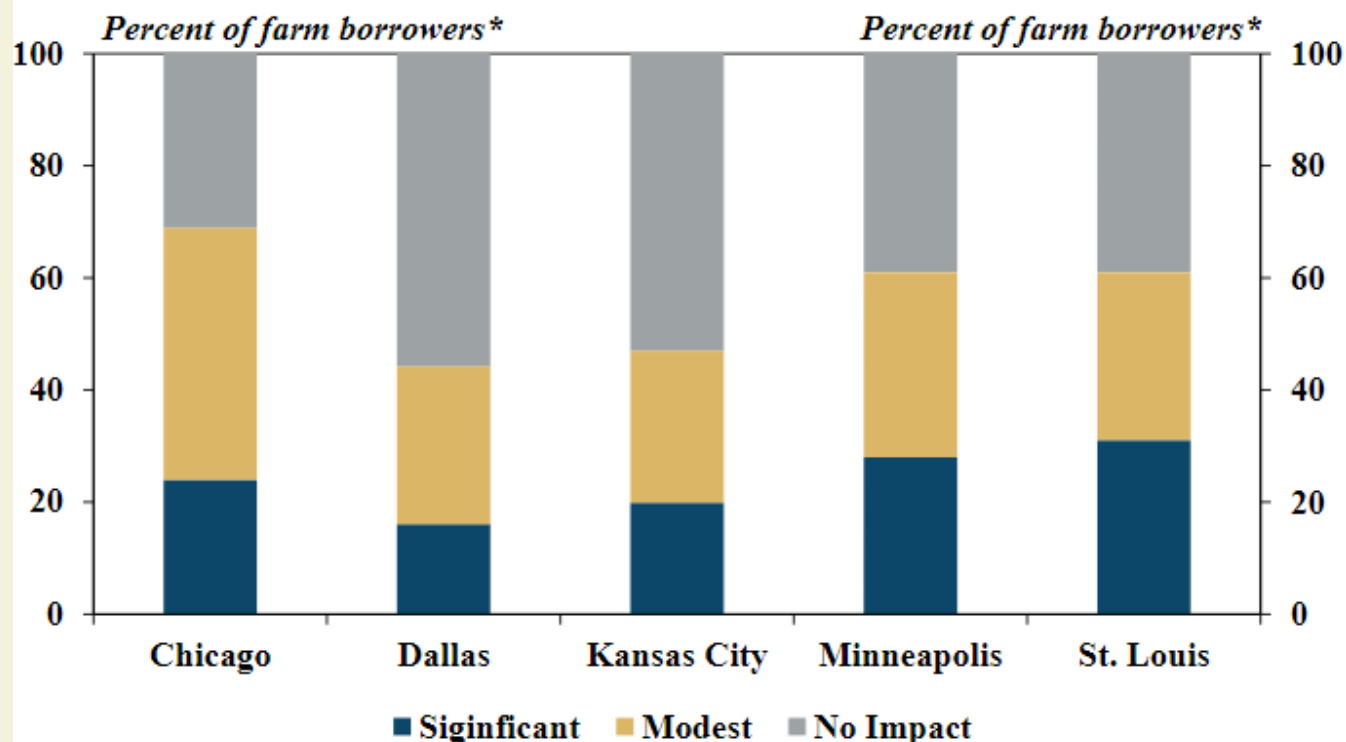


Note: Includes the share of all past due, nonaccruing and net charge-off loans. This chart shows delinquency rates on all loans made at commercial banks. Ag banks are banks where farm production and real estate loans account for 25 percent or more of the bank's loan portfolio. Highly concentrated ag banks are banks where farm loans account for 300 percent or more of the bank's risk-based capital. Sources: Board of Governors and author calculations.

Farm Lending Slows but Remains High

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Chart 11: Farm Borrowers Impacted by Extreme Weather or Flooding in the First Half of 2019



* Average response of all borrowers in each District.

Summary

- 2019 has been, is, and will be a bad year for production
- Corn and soybean prices were quite volatile this summer, now below where started the year
 - Corn can be profitable, Soybean not as likely to be
 - Exports have really fallen off in both corn and soybeans
- MFP payments really helped farm income in 2019
- Milk prices (finally) started to improve, forecasted to hold
 - Dairy farm attrition and bankruptcy still an issue in WI
 - National ag loan delinquency rates continue to creep up
- Ag loan demand still higher than average, but rate of increase slowing or even decreasing

Questions?

Comments?

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