

CORN AND SOYBEAN SITUATION AND OUTLOOK

WISCONSIN ASFMRA MEETING

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October 12, 2021

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Overview

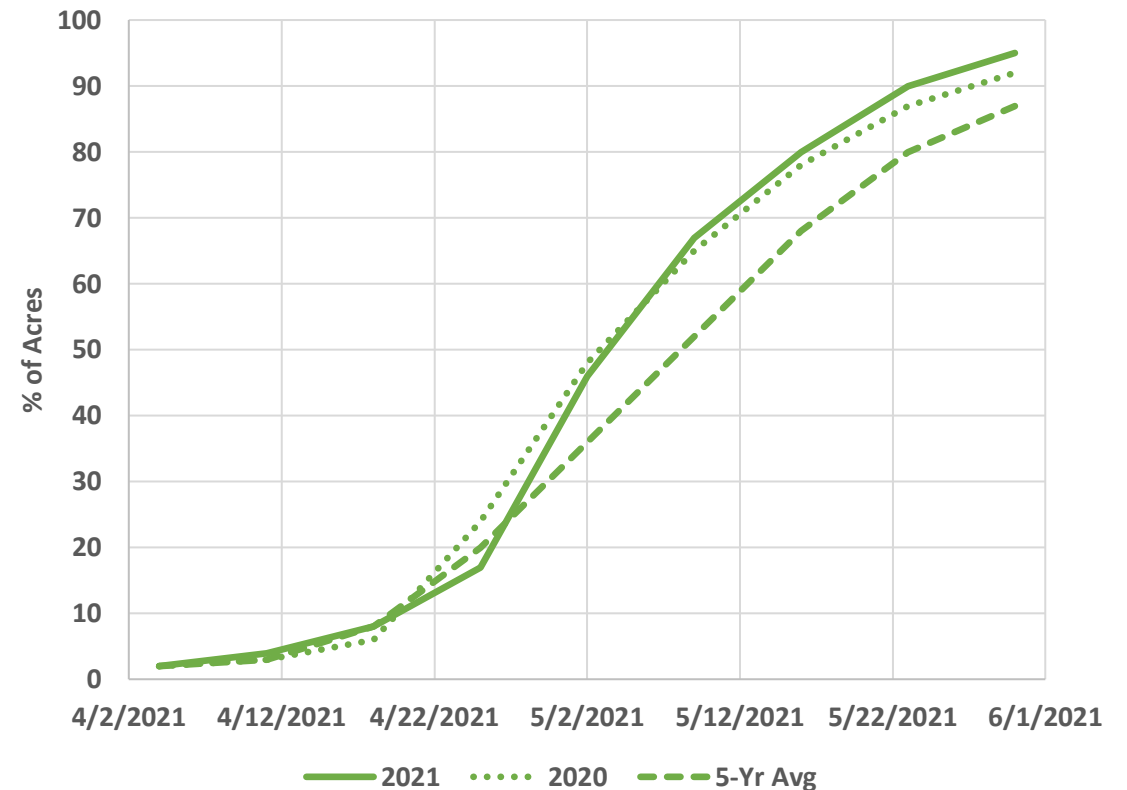
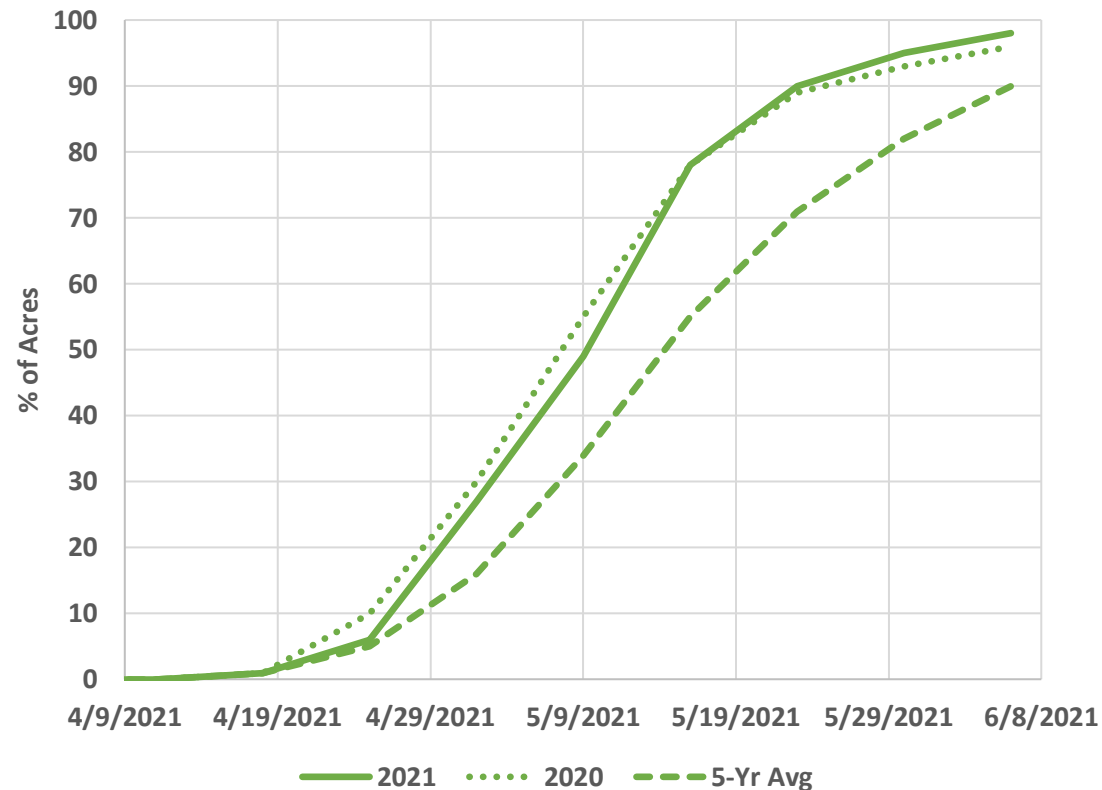
- General Situation and Outlook for the Farm Economy with a focus on Corn and Soybeans and Wisconsin
 - 2021 Production Season
 - 2021 Crop Markets
 - 2021 Farm Income and Financial Situation
 - 2022 Costs

Corn Planting Progress in 2021

WI

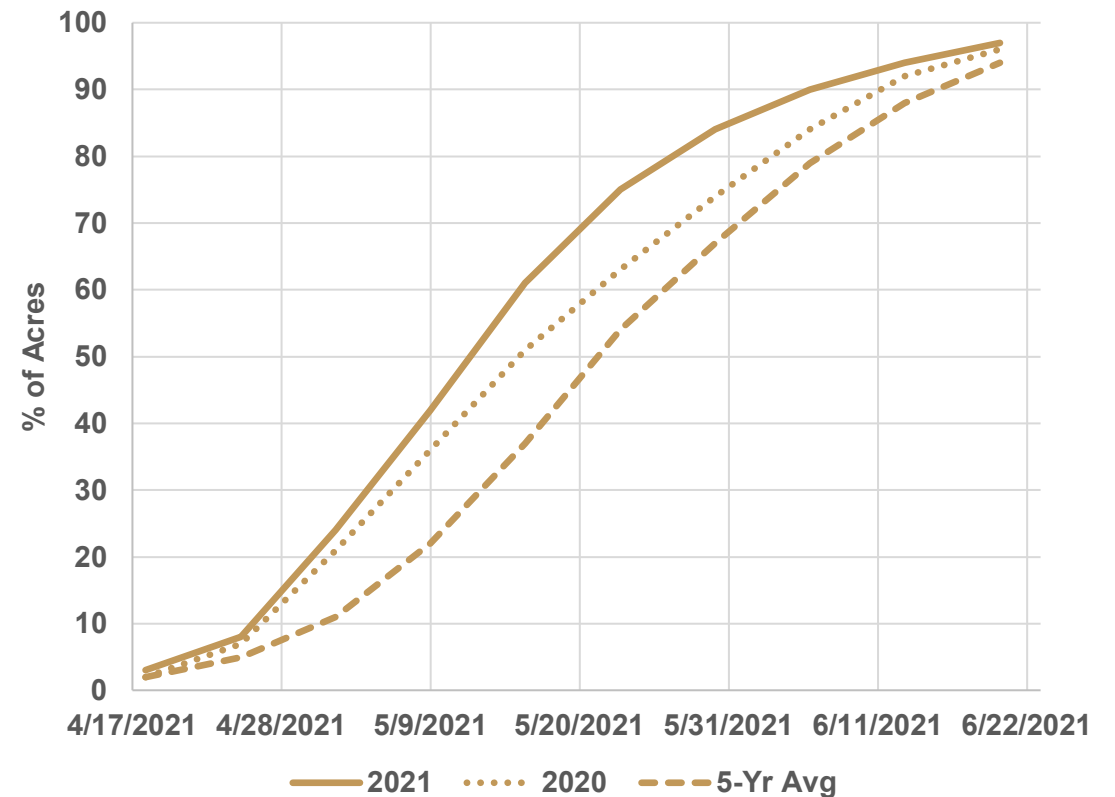
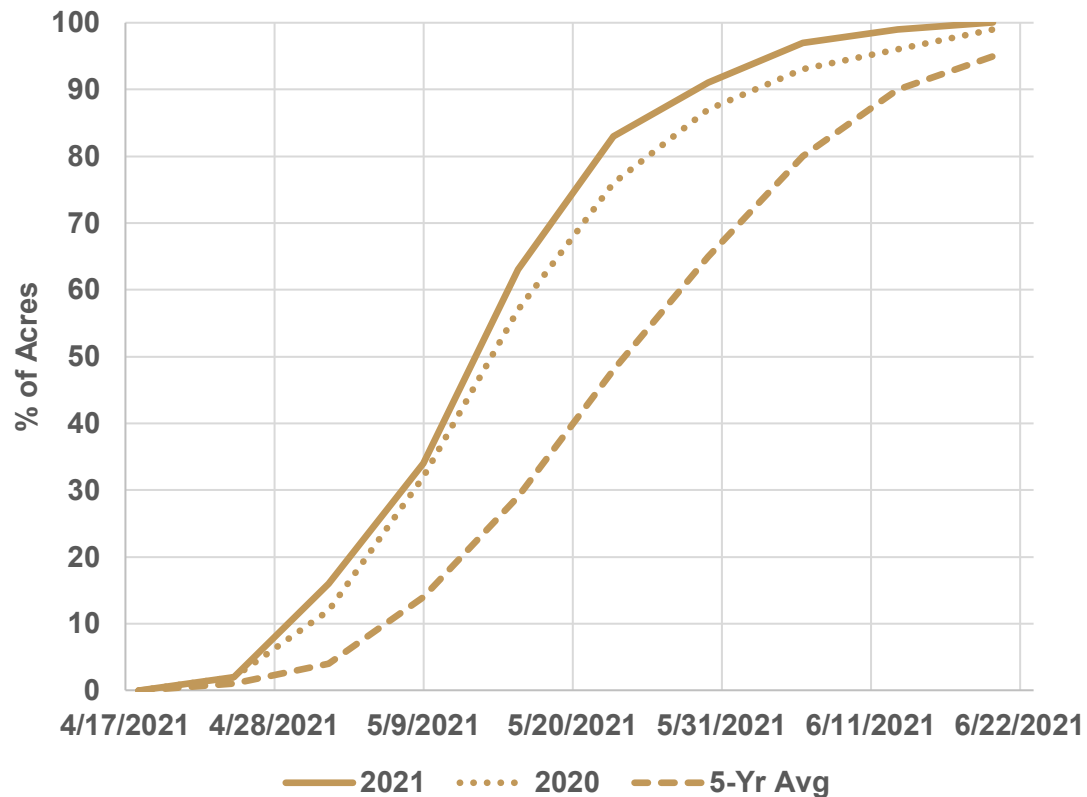
~1 week ahead of 5-year avg
About same as 2020

US



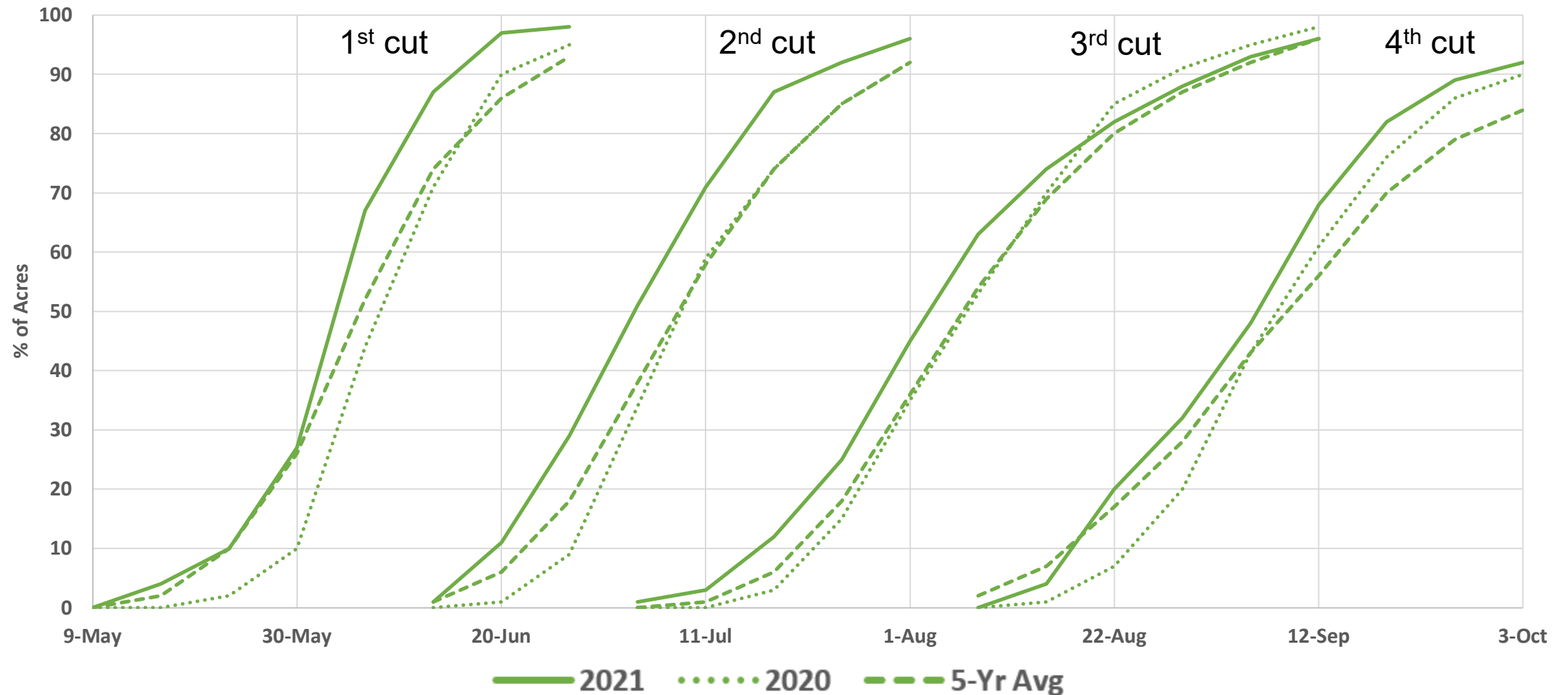
Soybean Planting Progress in 2021

WI ~1.5-2 weeks ahead of 5-year avg US
Little faster than 2020



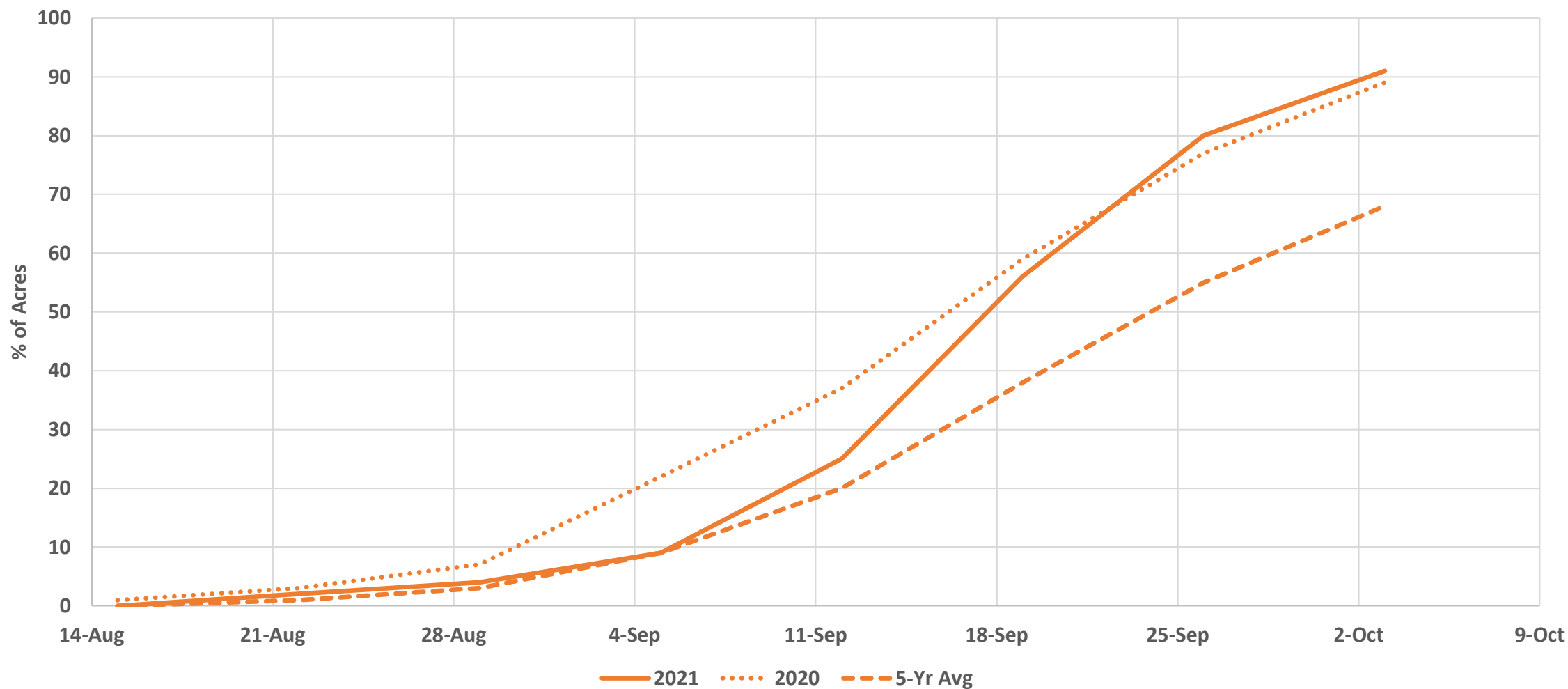
WI Progress Making Hay in 2021

Generally ahead of schedule all summer



WI Progress Making Silage in 2021

Started on schedule, then sped up

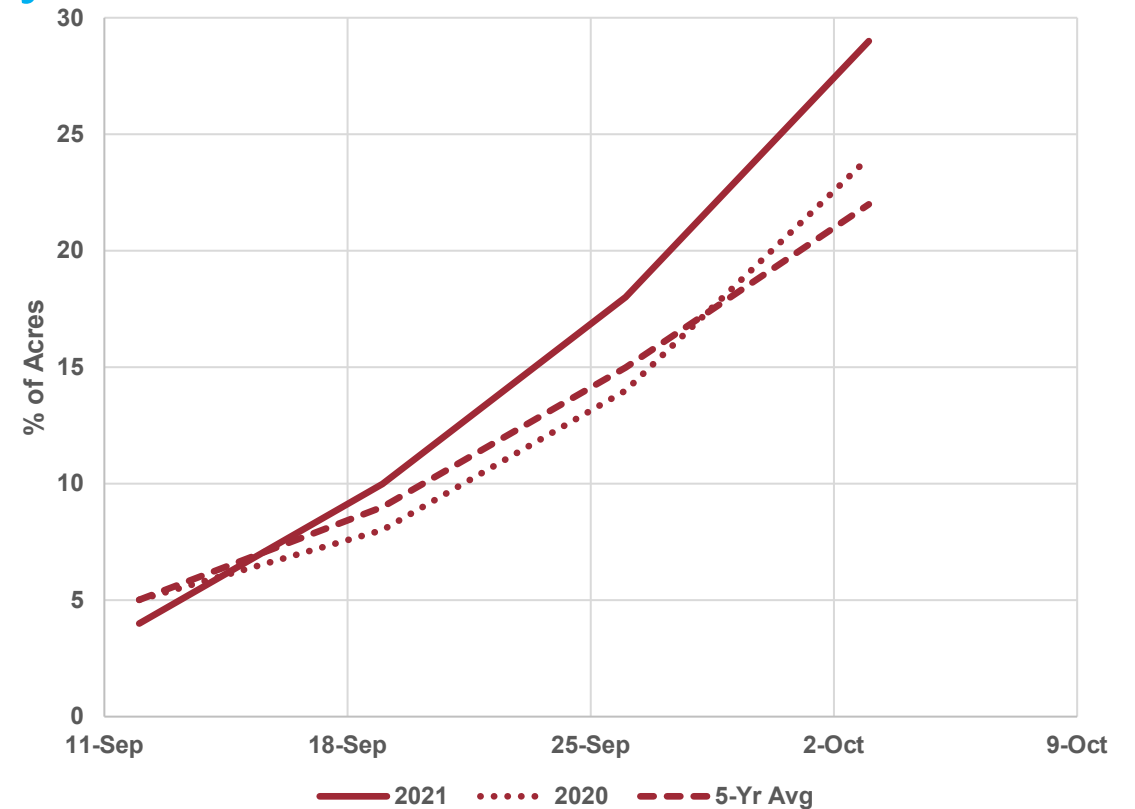
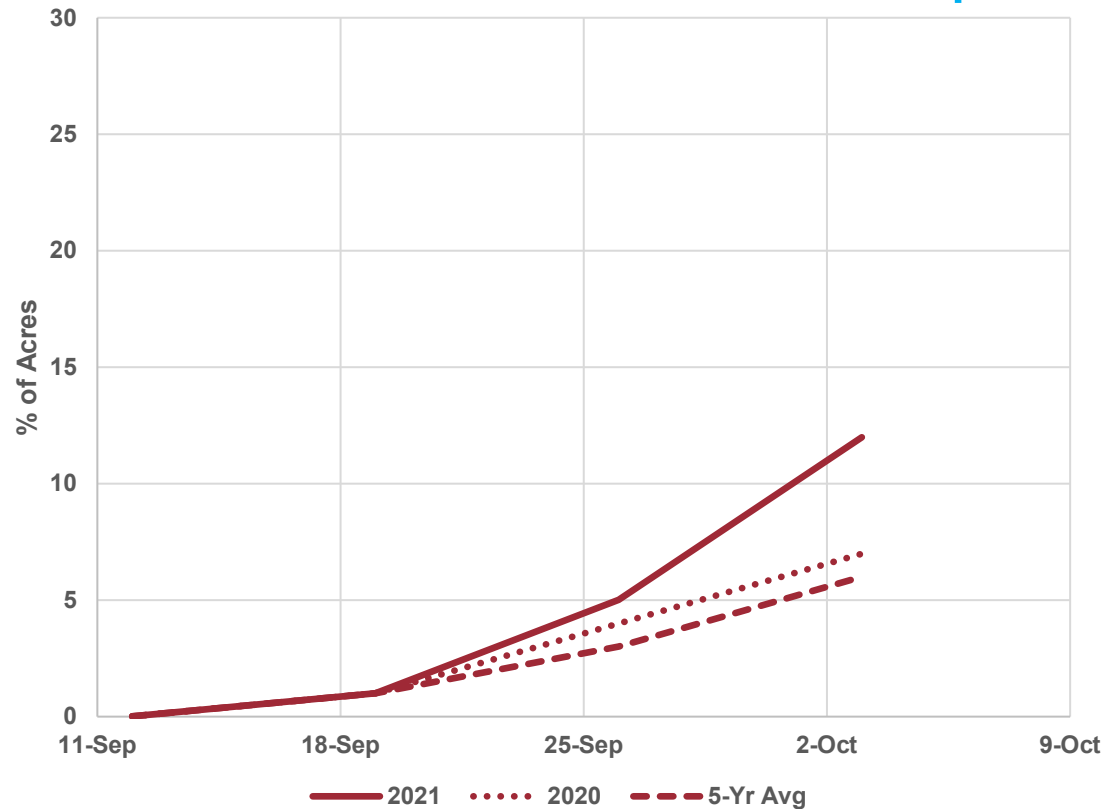


Corn Harvest Progress in 2021

WI

Off to a quick start,
especially in WI

US

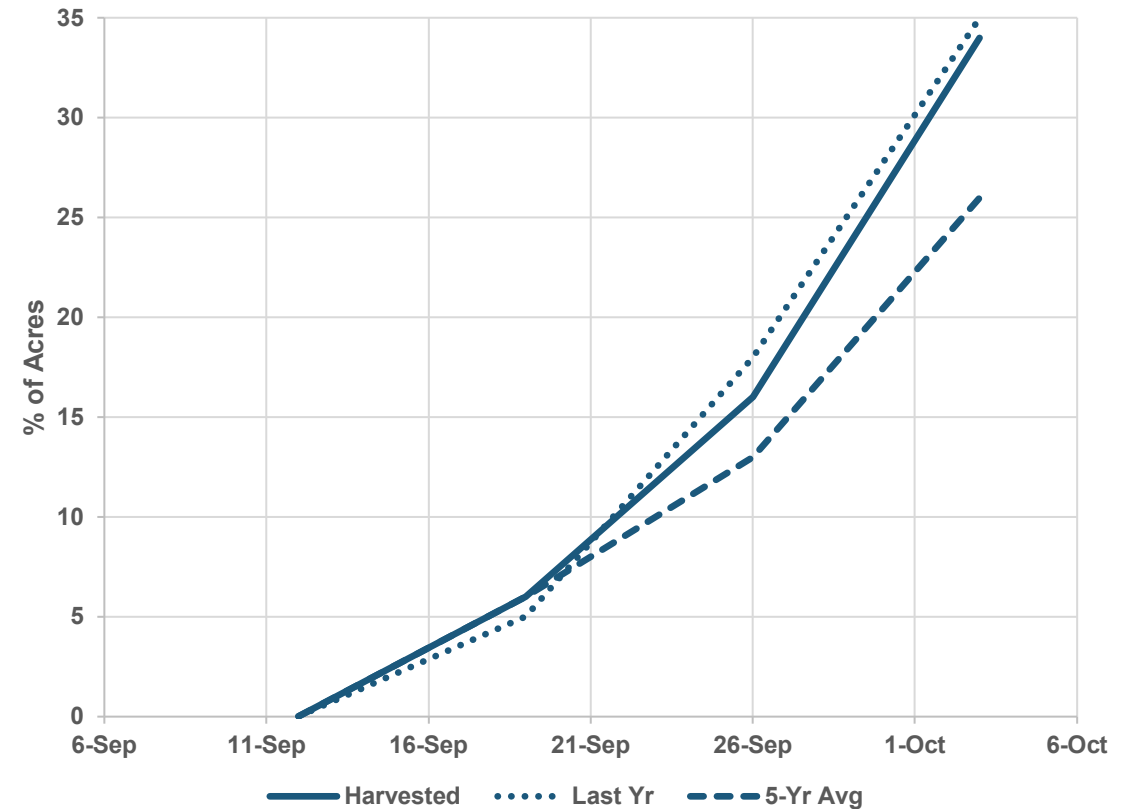
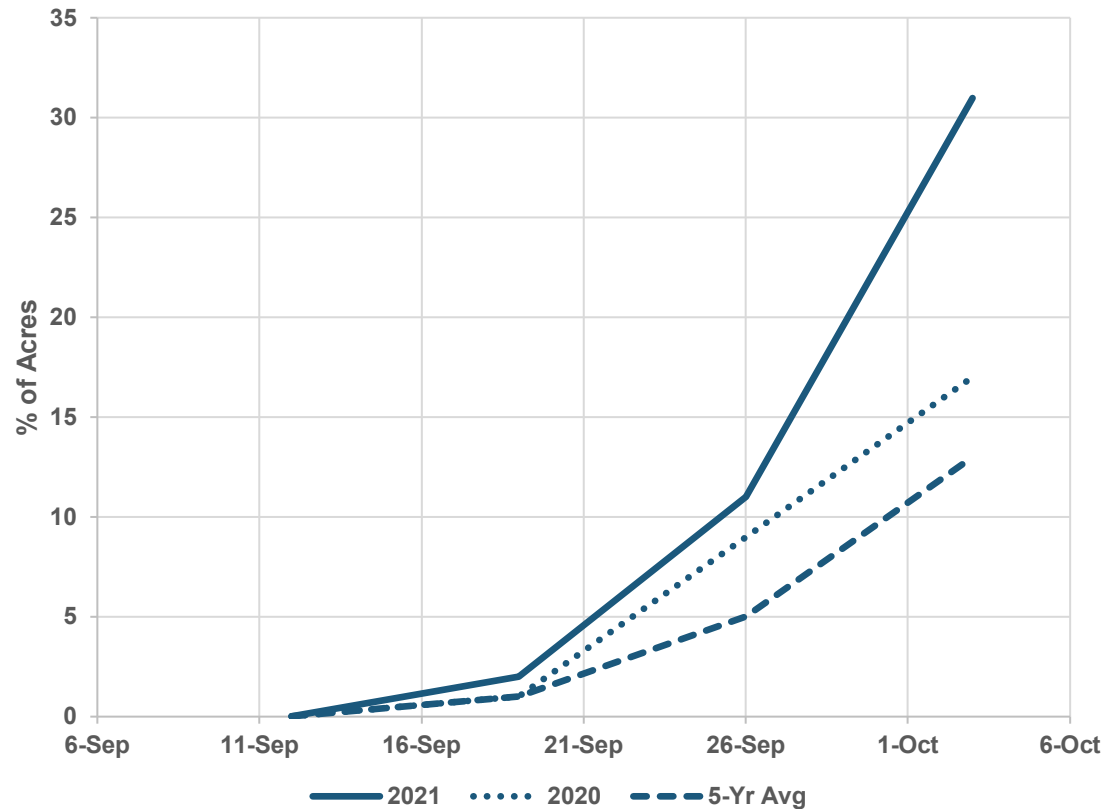


Soybean Harvest Progress in 2021

WI

Off to a quick start,
especially in WI

US

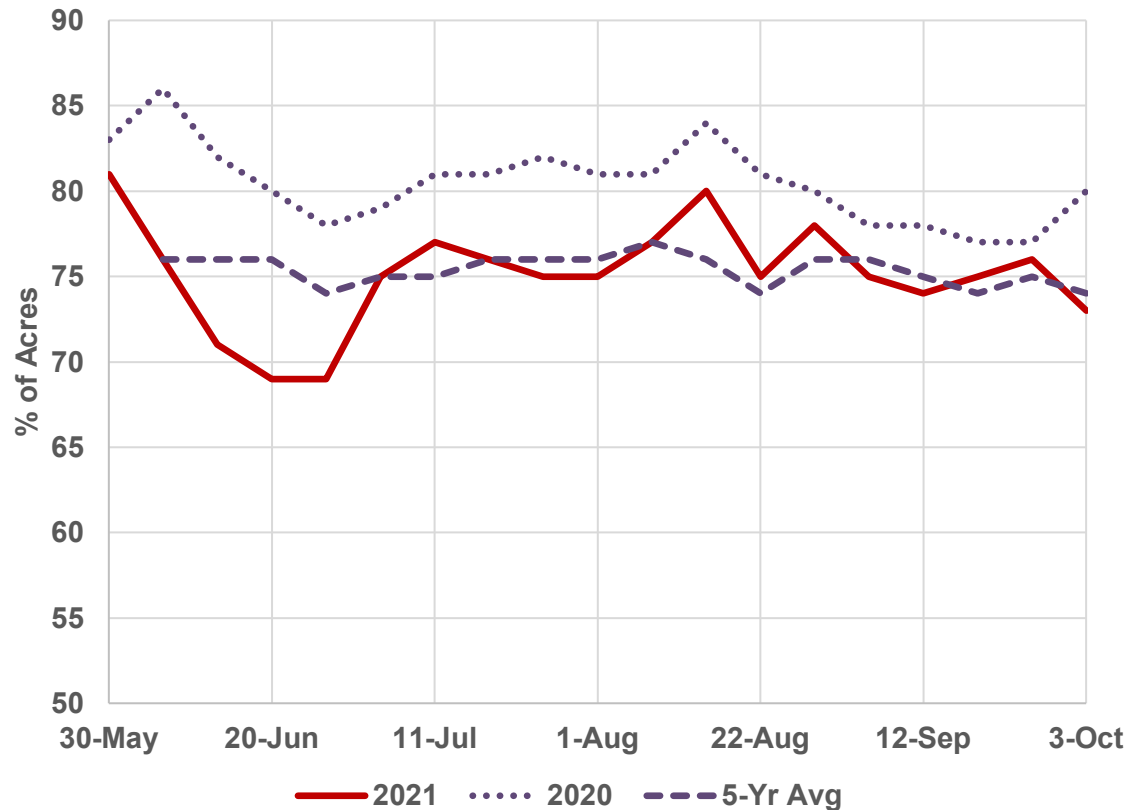


Corn Crop Condition in 2021

% Acres in Good to Excellent Condition

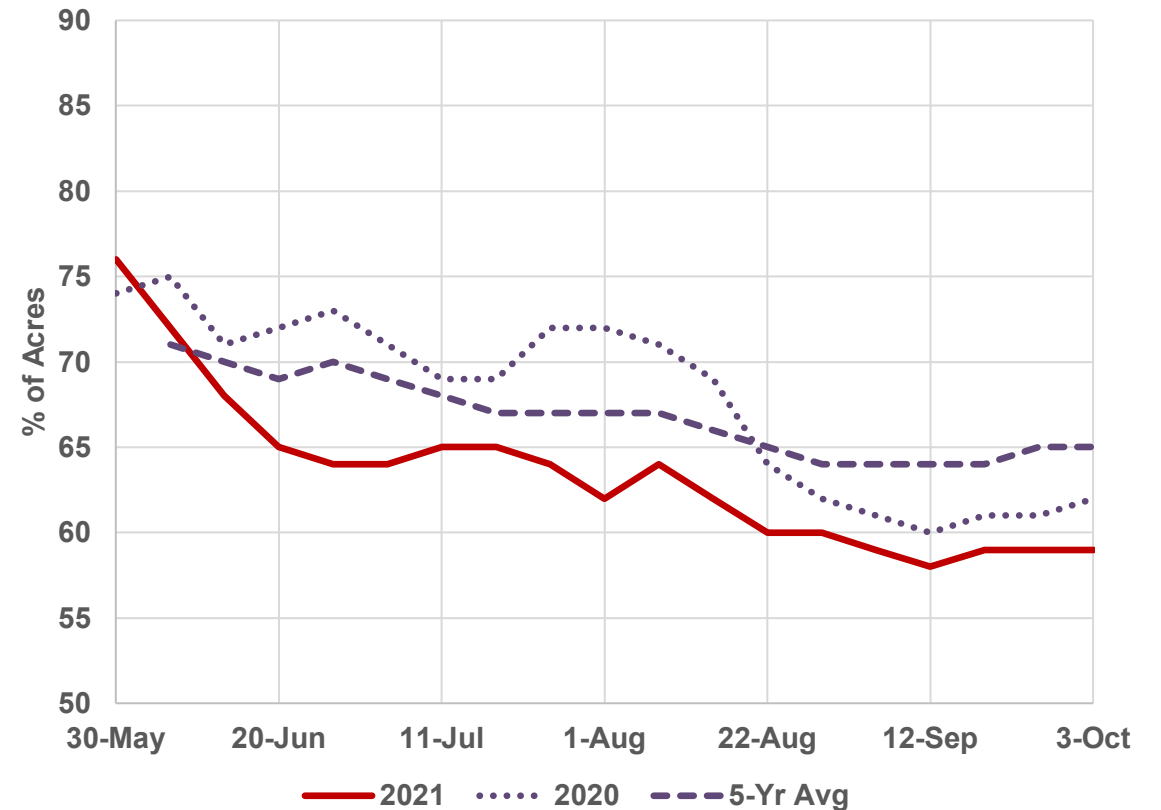
WI

Variable, almost normal after slow start



US

Below average all season

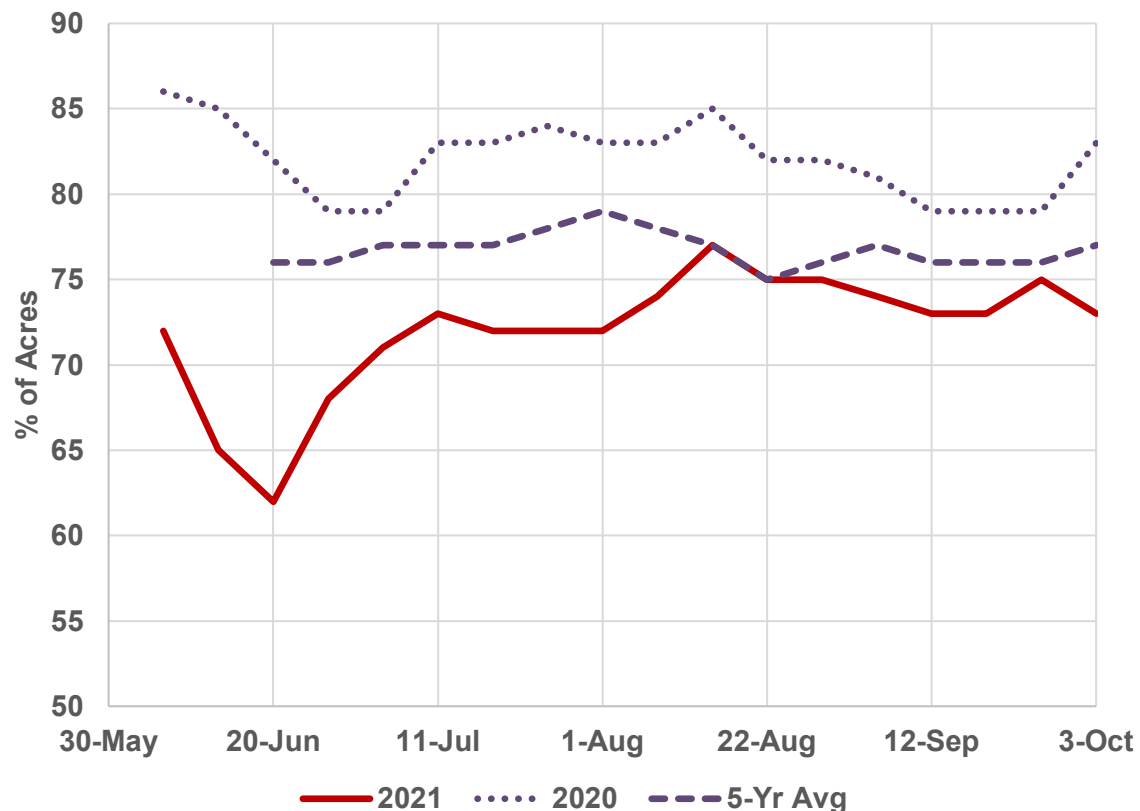


Soybean Crop Condition in 2021

% Acres in Good to Excellent Condition

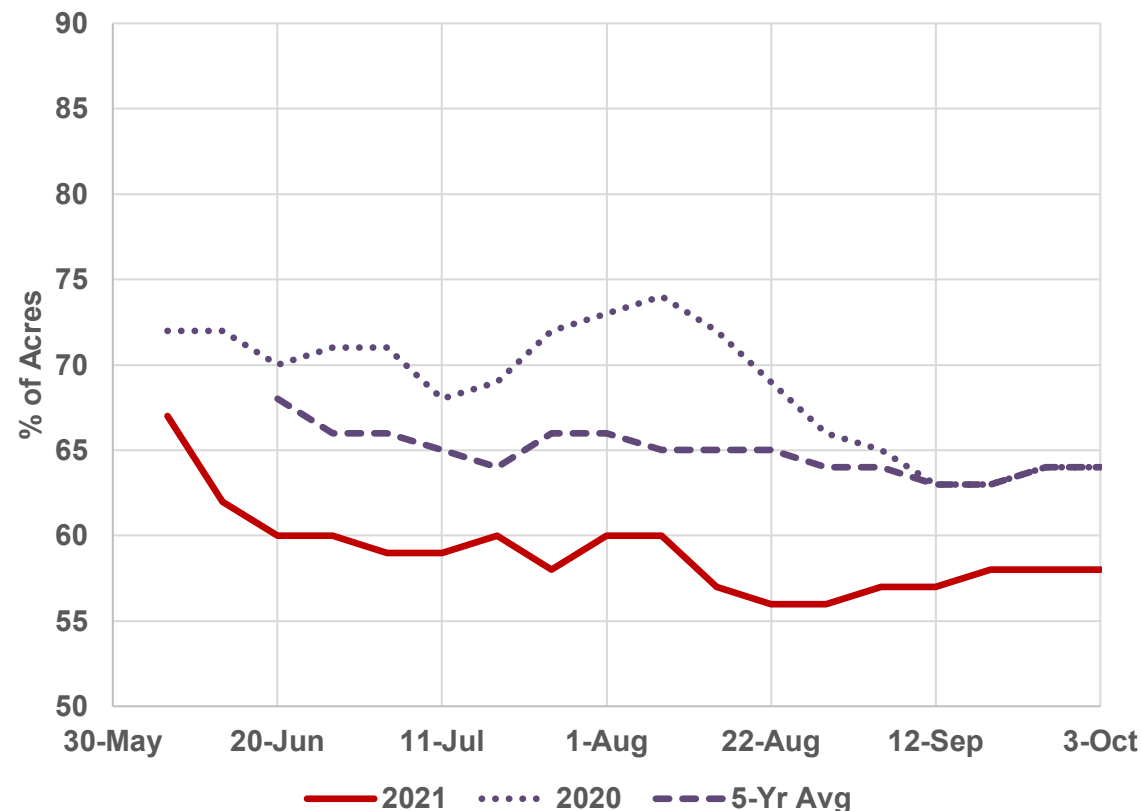
WI

Slow start, almost caught up at end

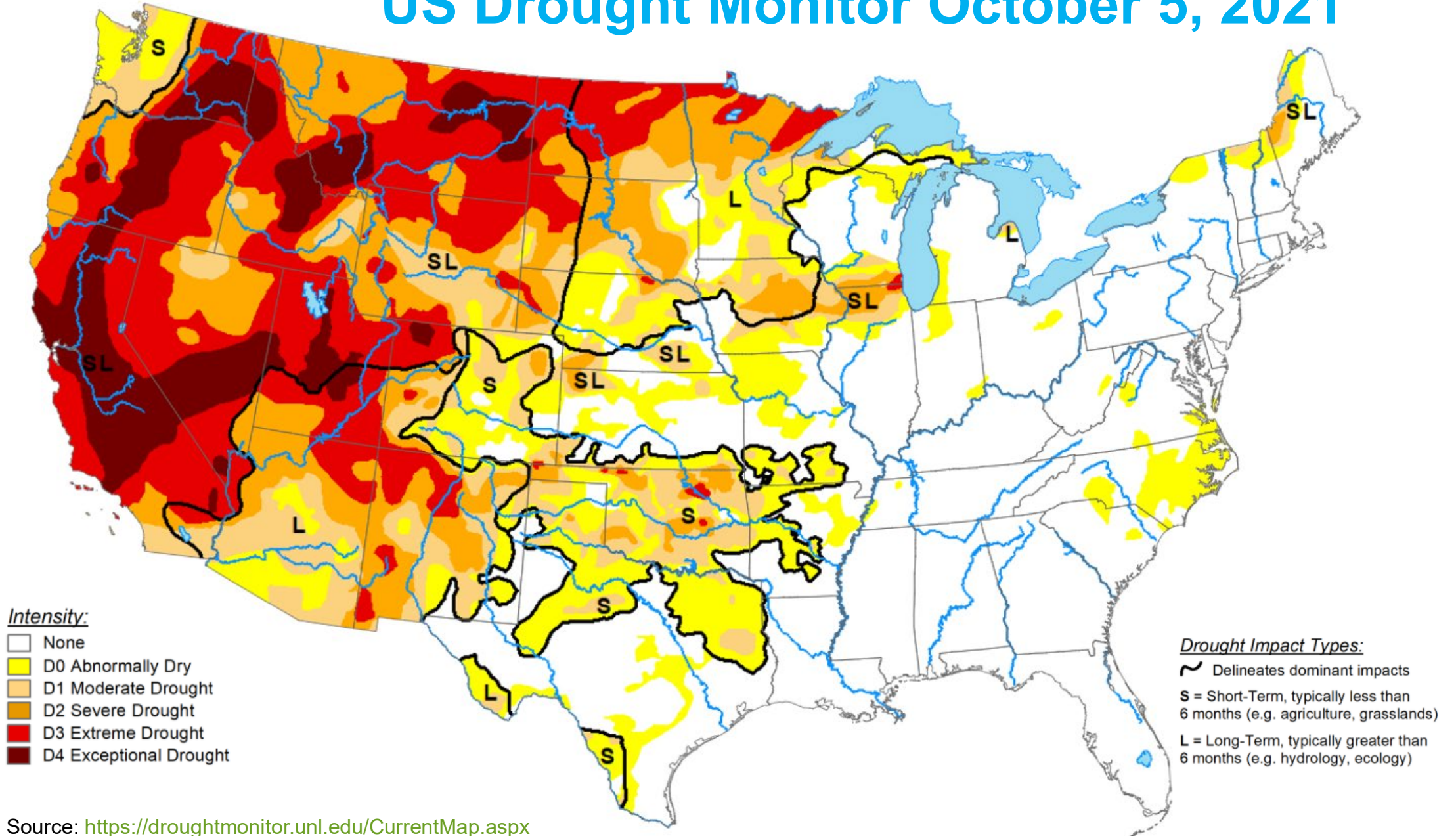


US

Well-below average all season

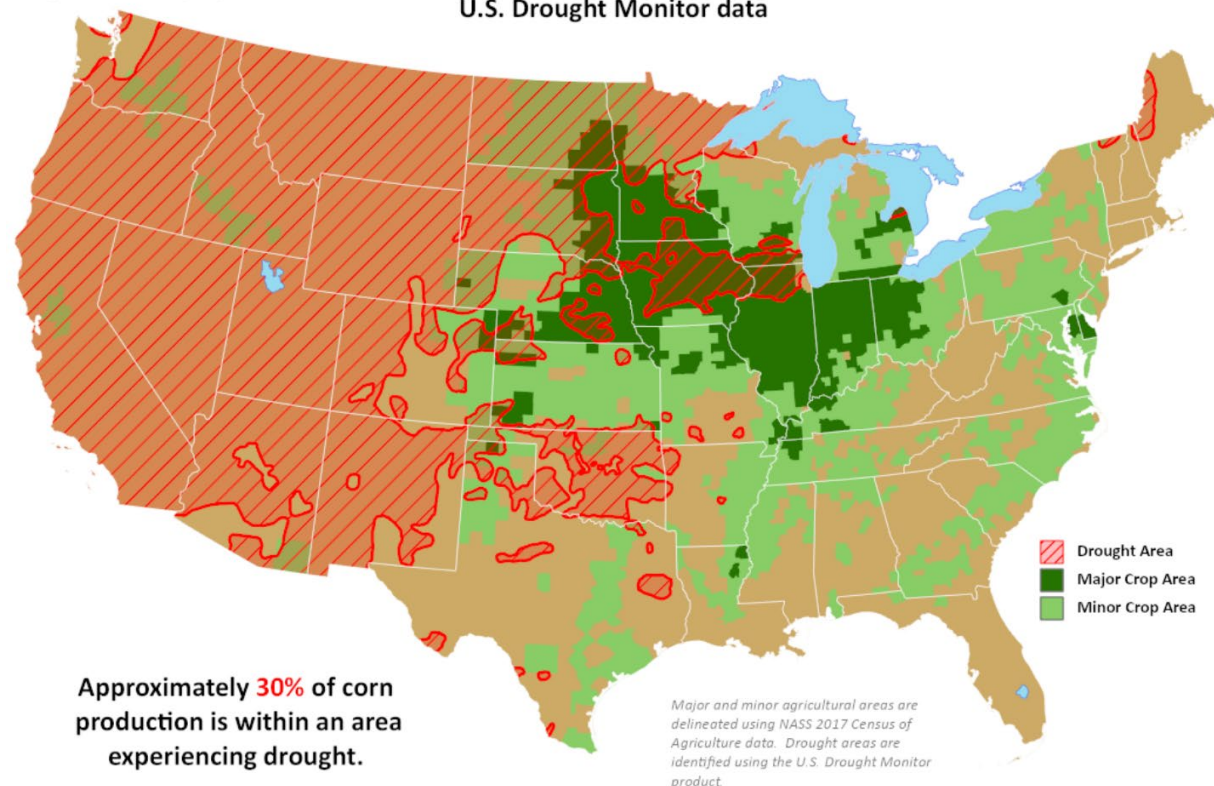


US Drought Monitor October 5, 2021



Corn Areas in Drought

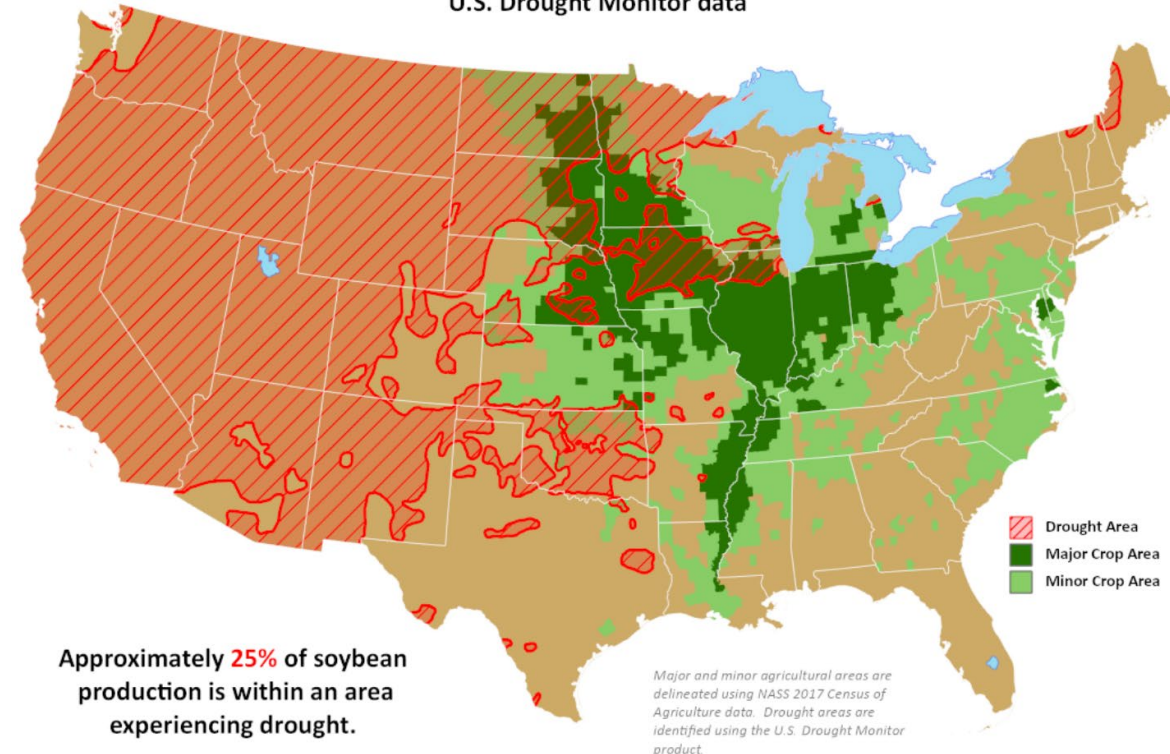
Reflects **October 5, 2021**
U.S. Drought Monitor data



- **30%** US corn experiencing some drought
- US: 2% Extreme, 17% Severe, 17% Moderate
- ND worst hit, All in drought, 23% Extreme
- Also SD (68%), MN (62%), NE (36%) IA (30%)
- WI: 1% Extreme, 16% Severe

Soybean Areas in Drought

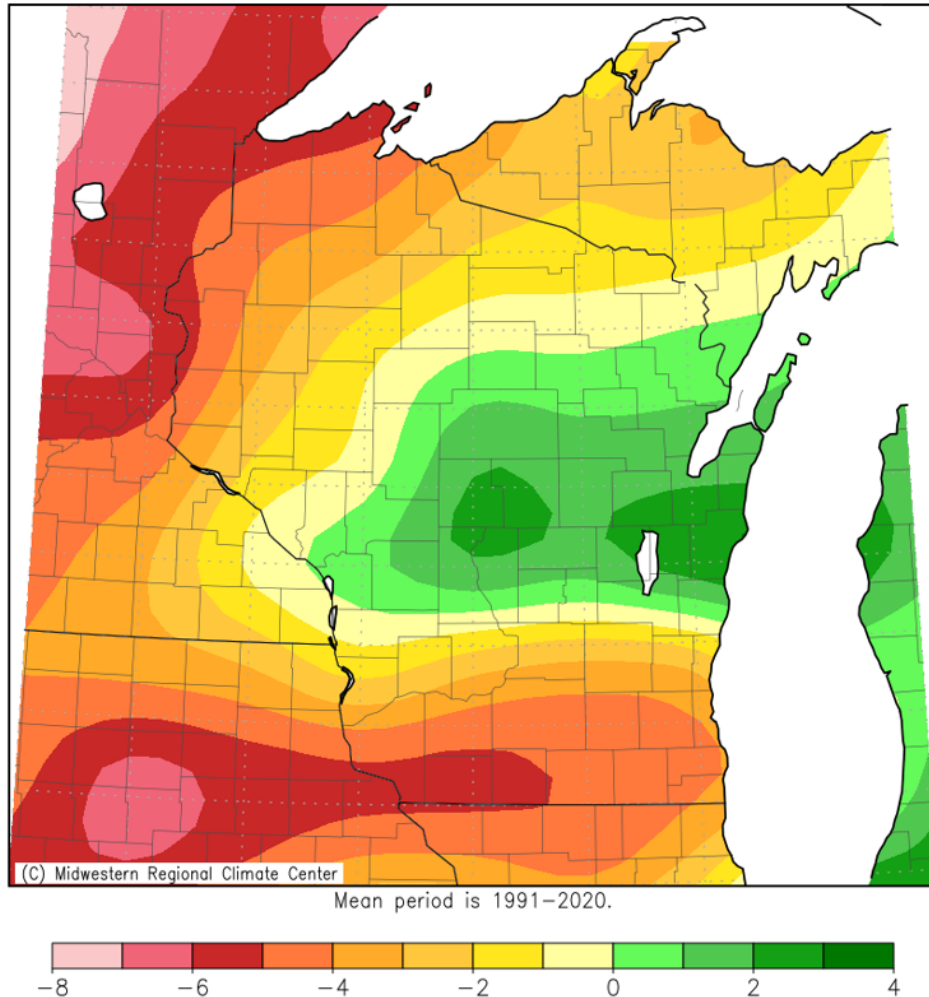
Reflects **October 5, 2021**
U.S. Drought Monitor data



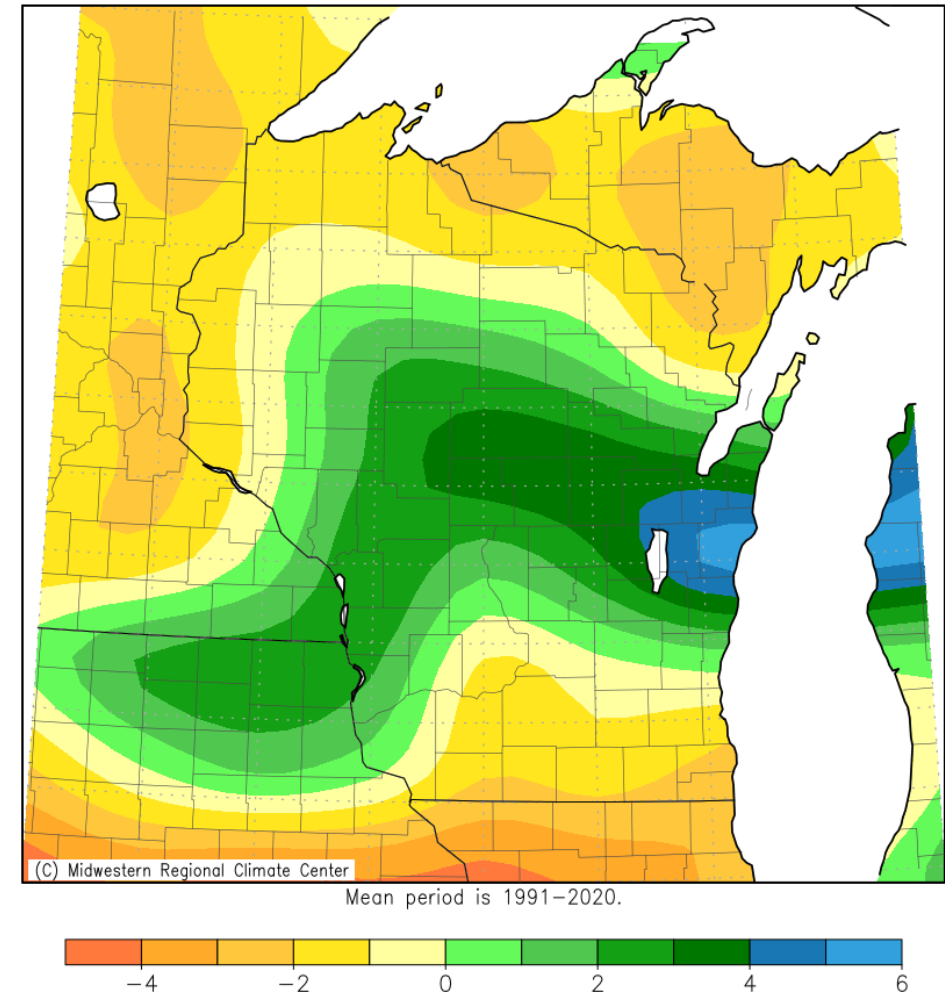
- **25%** US soybeans experiencing some drought
- US: 2% Extreme, 10% Severe, 13% Moderate
- ND worst hit: All in drought, 37% Extreme
- Also SD (70%), IA (58%), MN (38%), NE (31%)
- WI: 1% Extreme, 15% Severe

Precipitation Departure from Normal

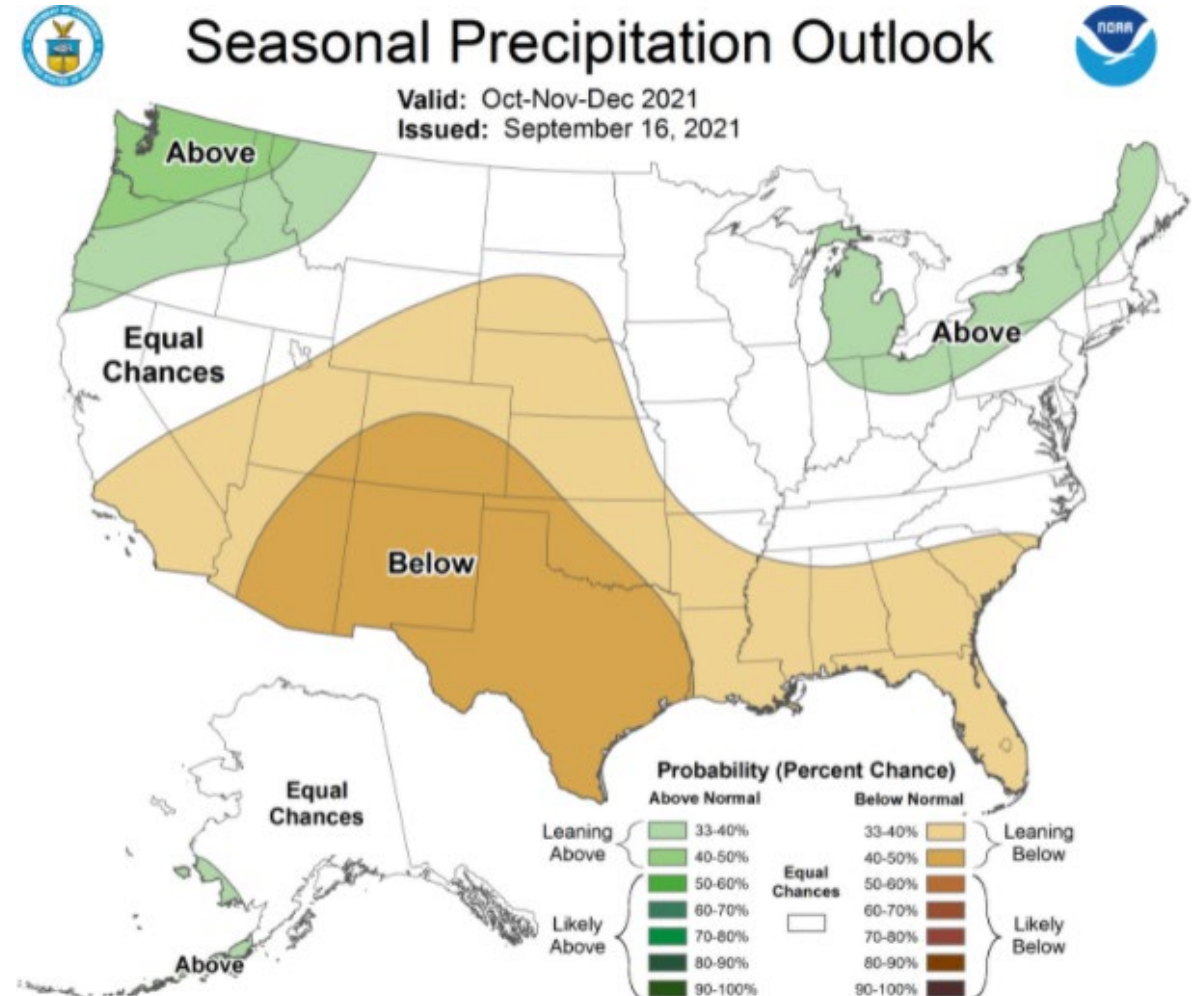
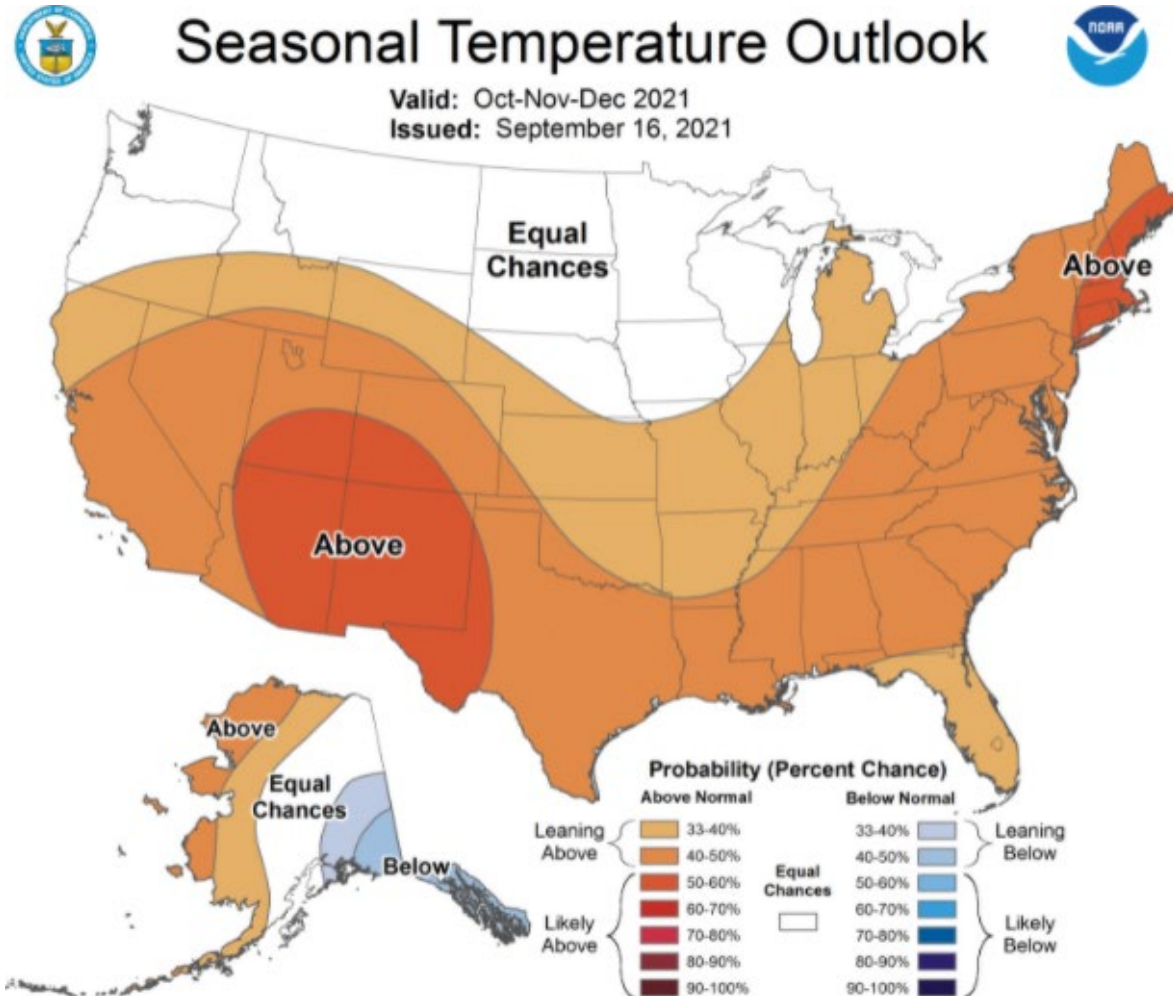
Accumulated Precipitation (in): Departure from Mean
April 22, 2021 to July 20, 2021



Accumulated Precipitation (in): Departure from Mean
July 12, 2021 to October 9, 2021



NOAA Long Range Forecast for Next 3 Months

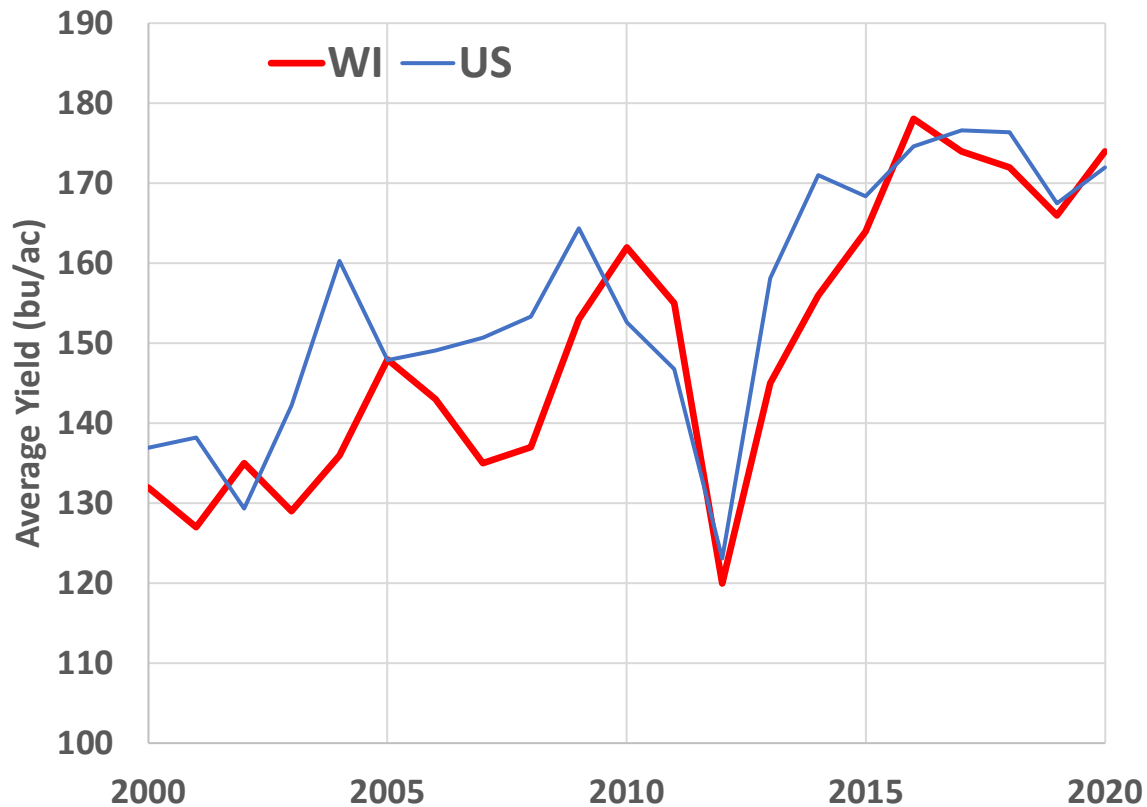


Source: https://www.cpc.ncep.noaa.gov/products/predictions/long_range/seasonal.php?lead=1

Corn and Soybean Yields 2000-2020

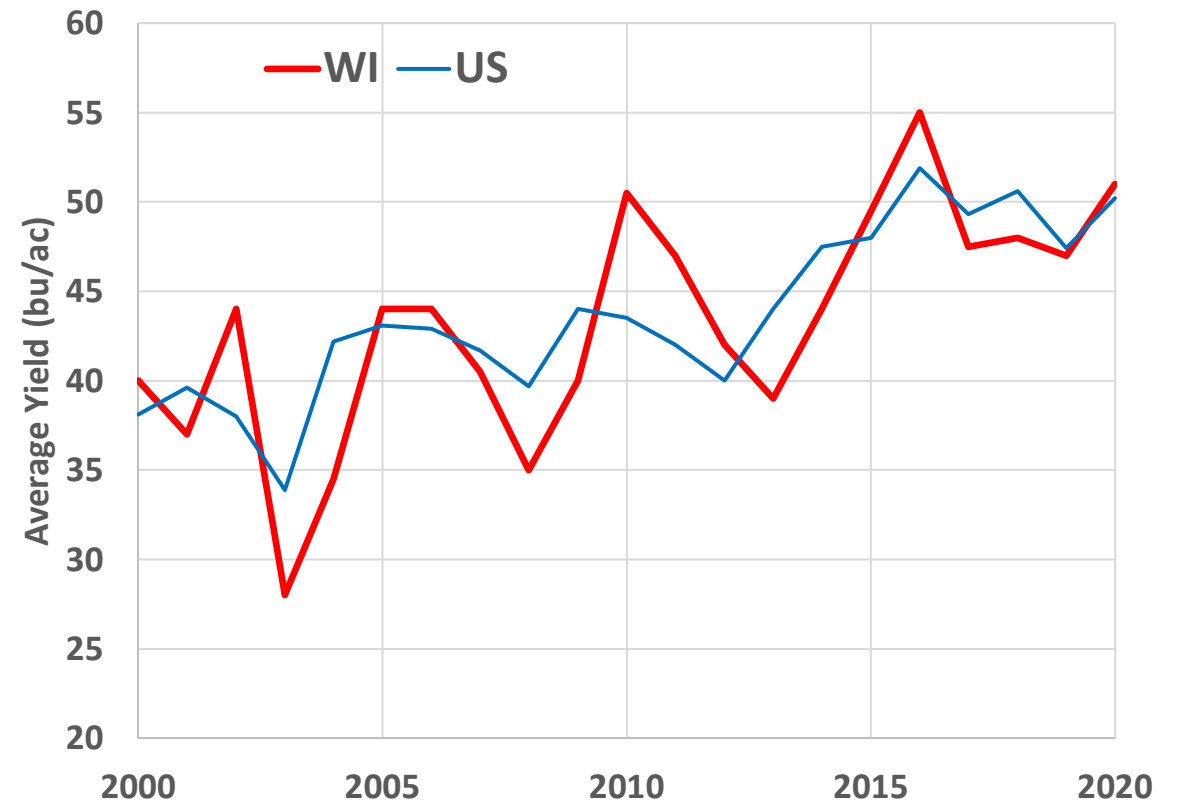
Corn

2021 Trend Yield: WI 174.8, US 176.0



Soybean

2021 Trend Yield: WI 50.9, US 50.9

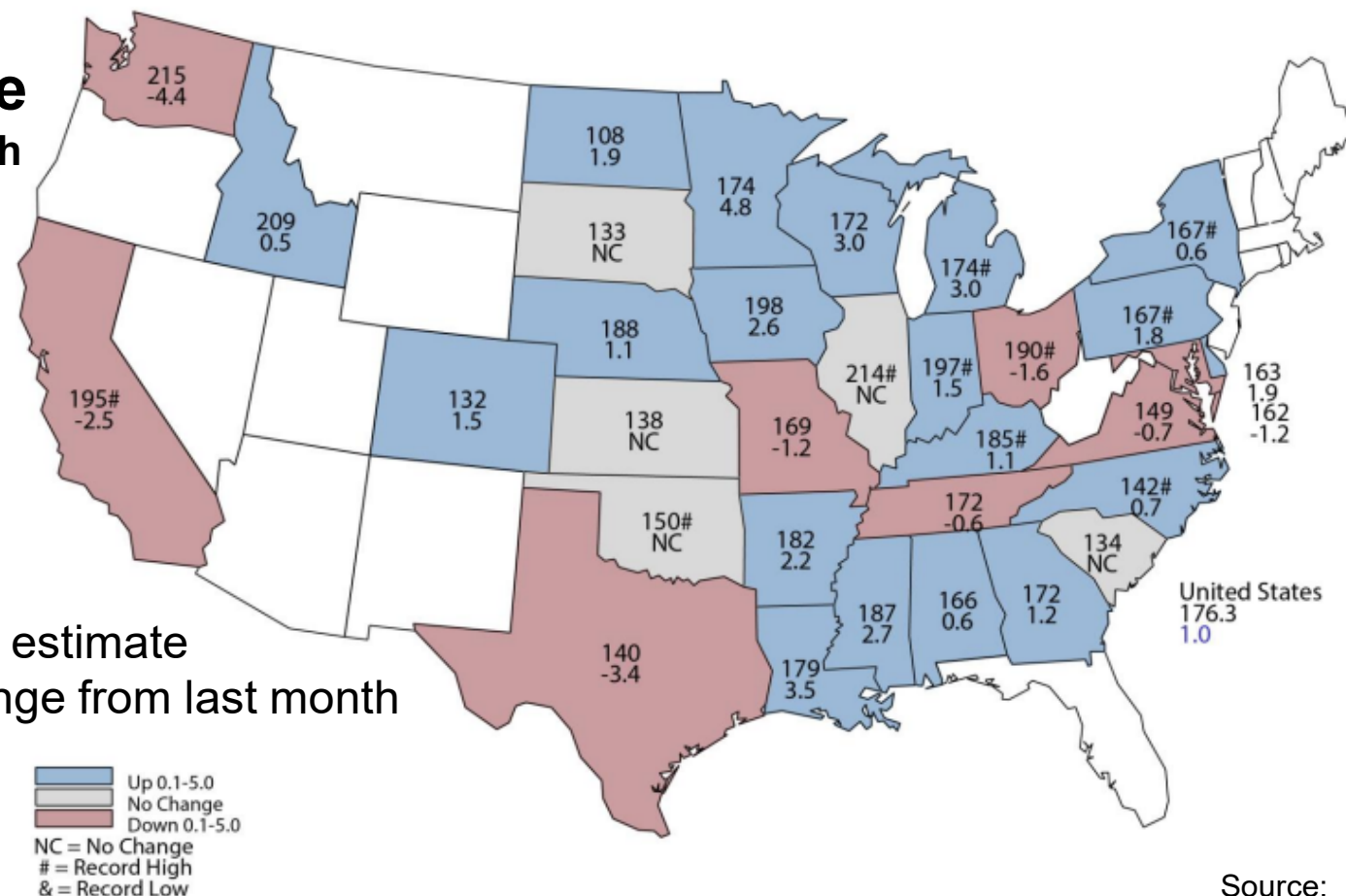




September 2021 Corn Yield

Bushels and Percent Change from Previous Month

Updated Release
at 11 AM Oct 12th



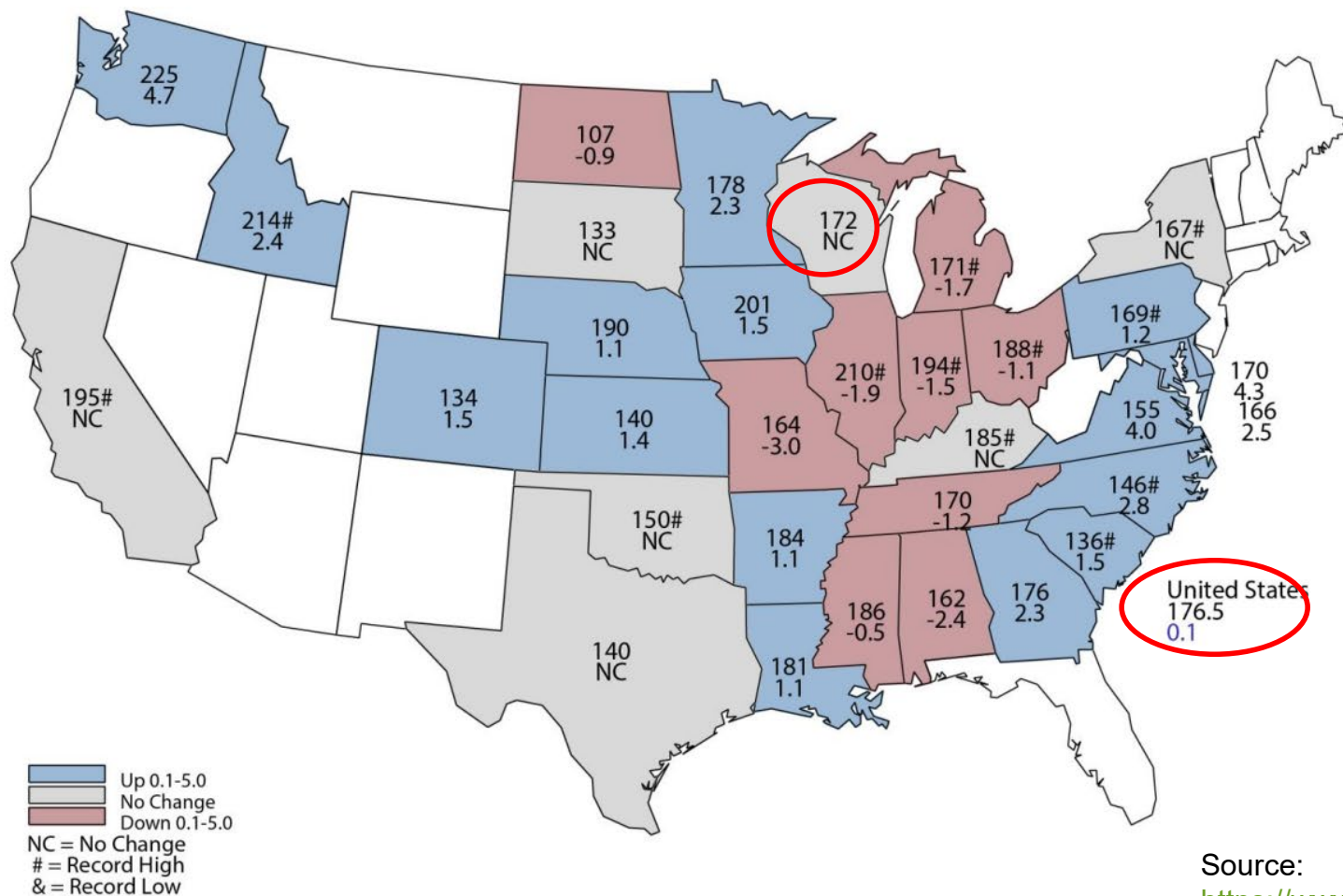
Source:

https://www.nass.usda.gov/Newsroom/Executive_Briefings/2021/09-10-2021.pdf



October 2021 Corn Yield

Bushels and Percent Change from Previous Month



Source:

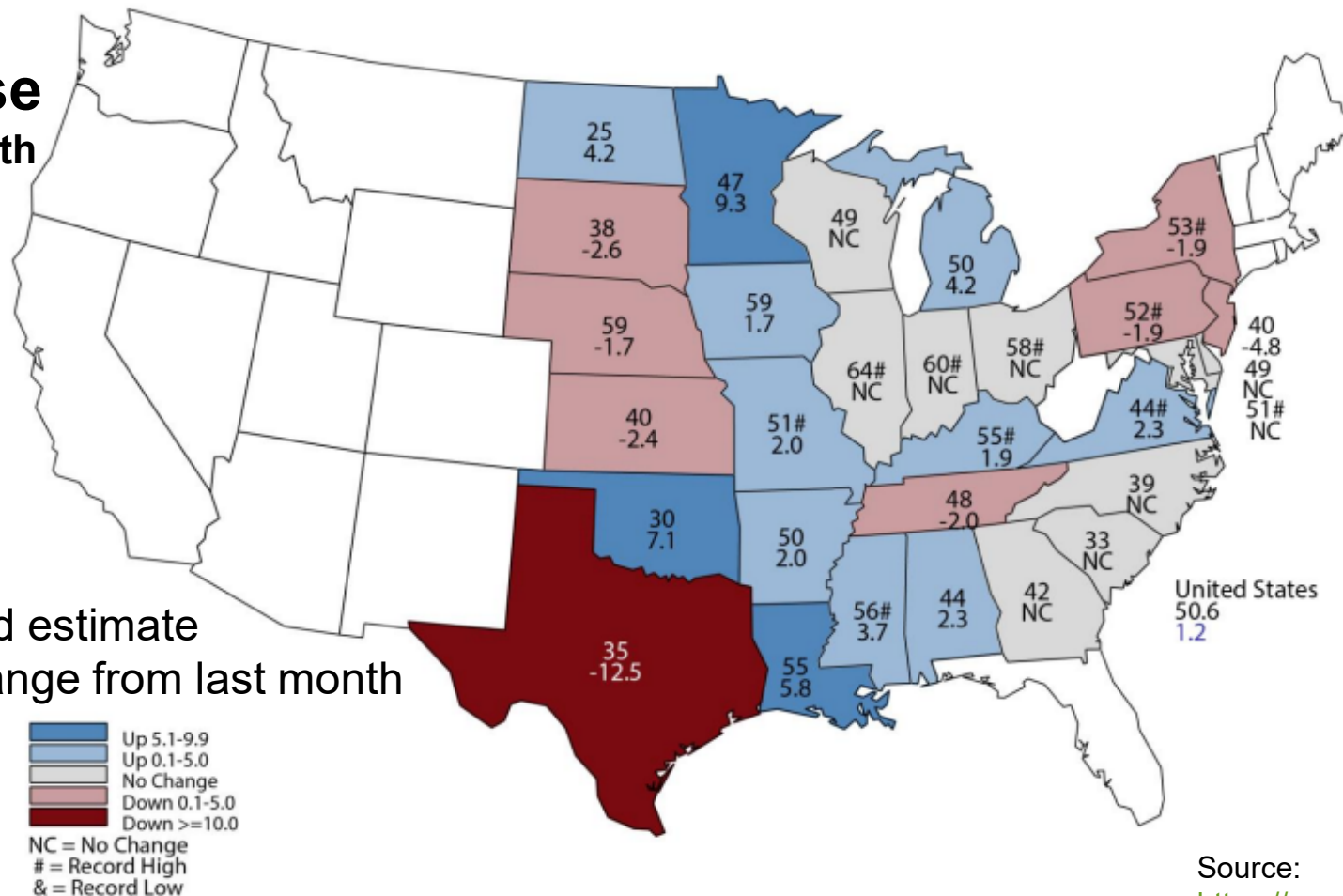
https://www.nass.usda.gov/Newsroom/Executive_Briefings/2021/10-12-2021.pdf



September 2021 Soybean Yield

Bushels and Percent Change from Previous Month

Updated Release
at 11 AM Oct 12th



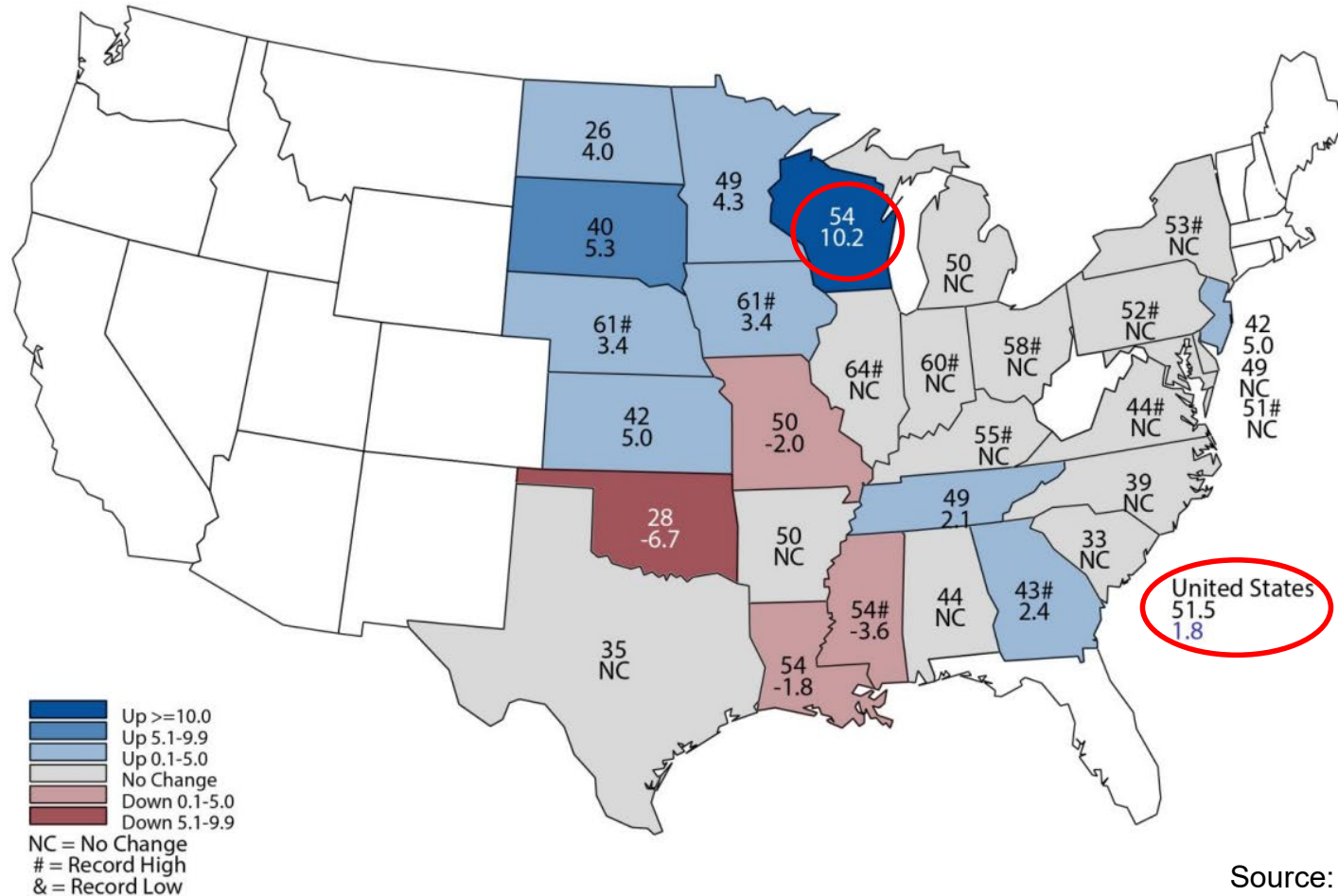
Source:

https://www.nass.usda.gov/Newsroom/Executive_Briefings/2021/09-10-2021.pdf



October 2021 Soybean Yield

Bushels and Percent Change from Previous Month



Source:

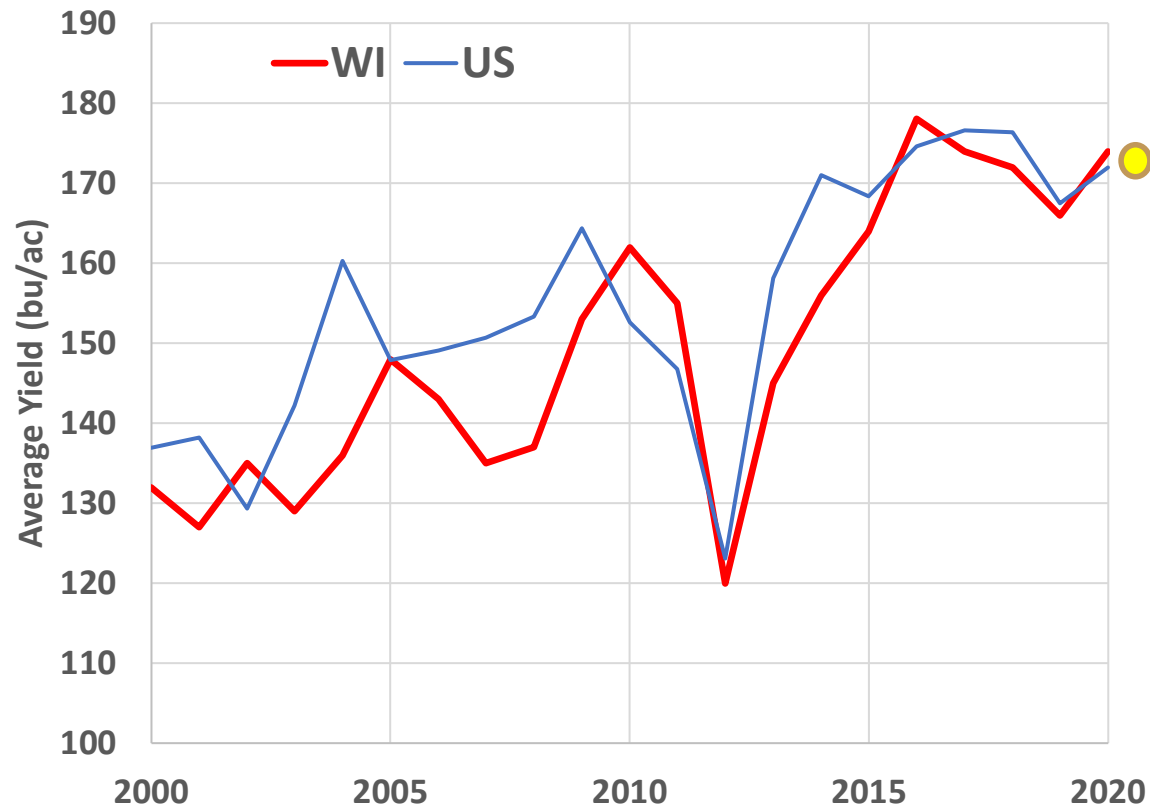
https://www.nass.usda.gov/Newsroom/Executive_Briefings/2021/10-12-2021.pdf

Corn and Soybean Yields 2000-2021

CORN: 2021 Trend: WI 174.8, US 176.0

USDA Sep Estimate: WI 172, US 176.3

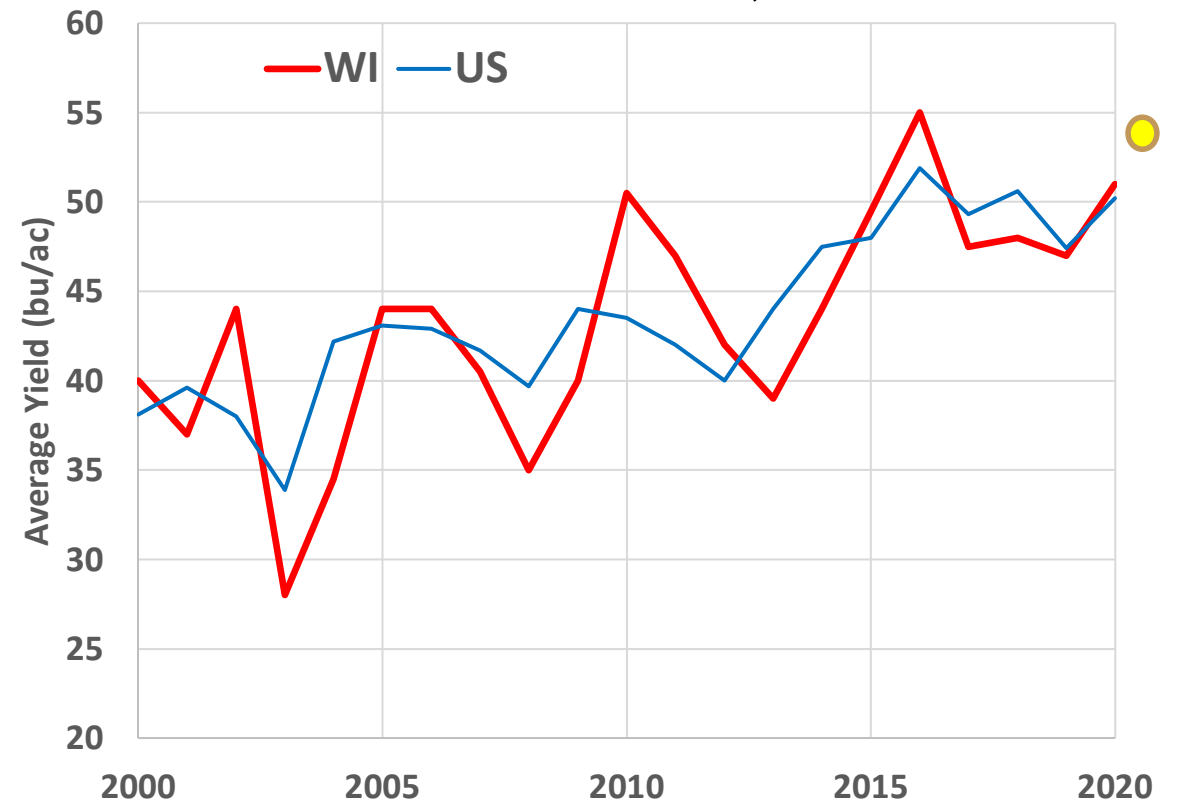
USDA Oct Estimate: WI 172, US 176.5



SOY: 2021 Trend: WI 50.9, US 50.9

USDA Sep Estimate: WI 49, US 50.6

USDA Oct Estimate WI 54, US 51.5



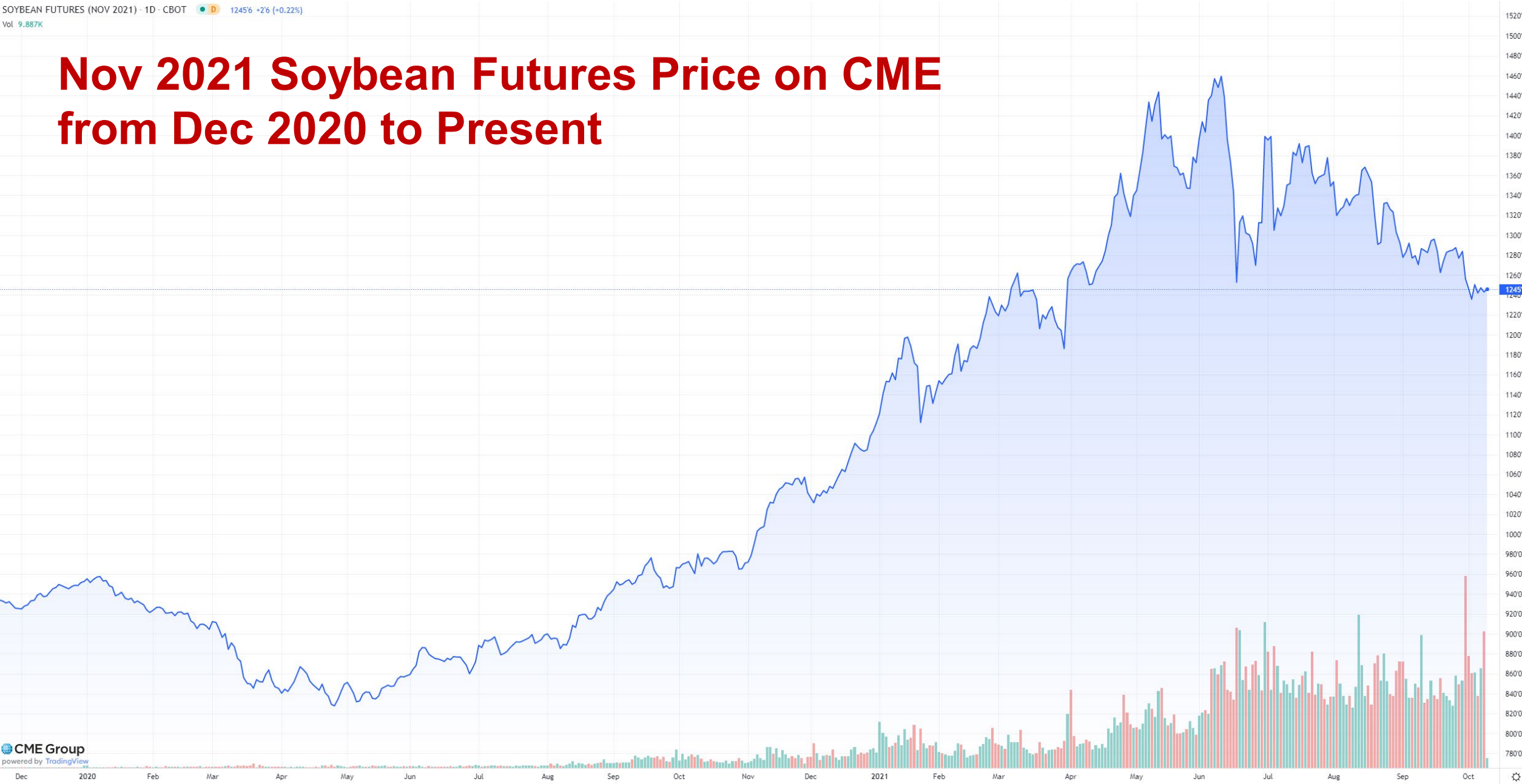
Summary

- Markets waiting to see how much corn and soybeans is actually out there
 - What are the yields and acres?
- USDA Sep Estimates
 - Roughly trend yields in US and WI
 - Low yields in western Corn Belt offset by high yields in eastern Corn Belt
- Oct 12th at 11:00 AM Central updated estimates released
 - Oct WASDE, Oct Crop Production, Weekly Crop Progress
 - Roughly one-third of corn and soybeans harvested
 - Markets likely to move due to this report: tight supplies, uncertain yield

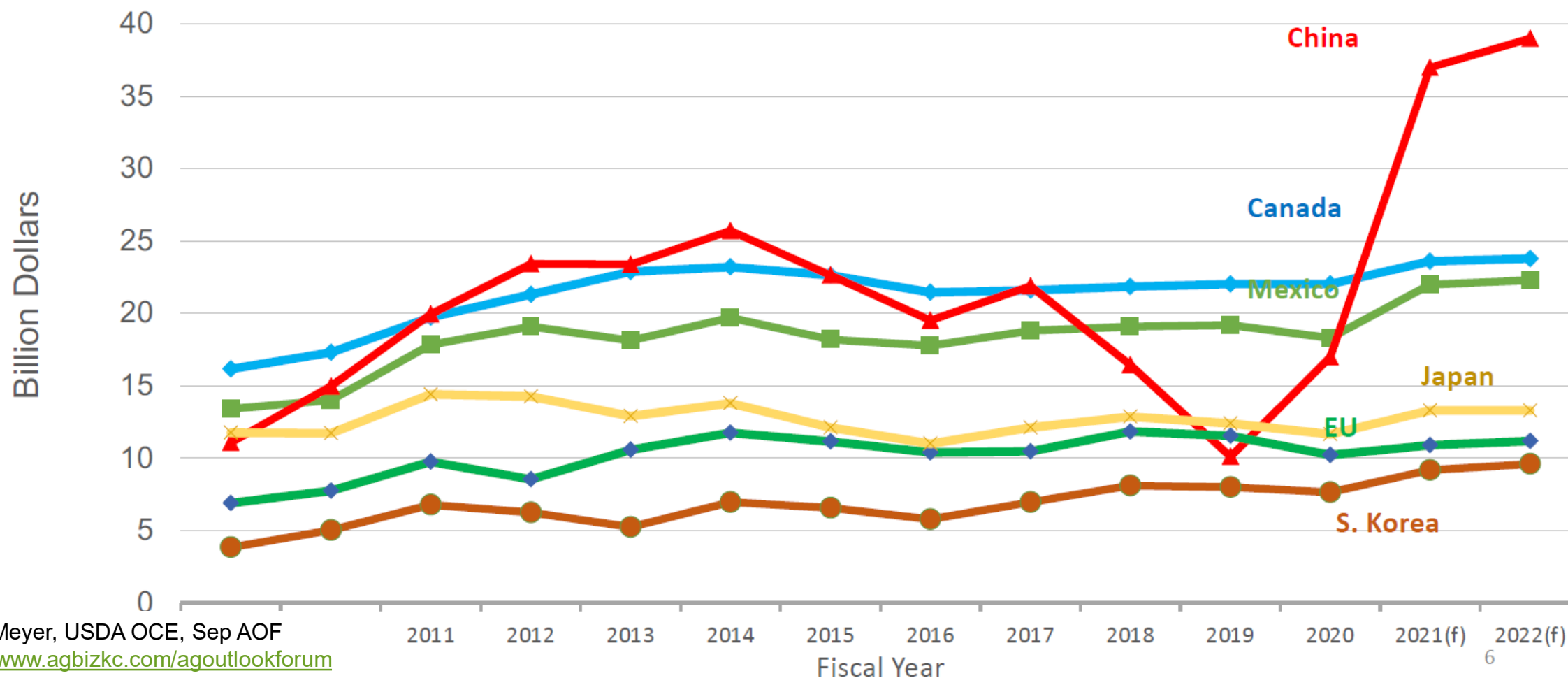


SOYBEAN FUTURES (NOV 2021) - 1D - CBOT 1245 1/2 +2 1/2 (-0.22%)
Vol 9.887K

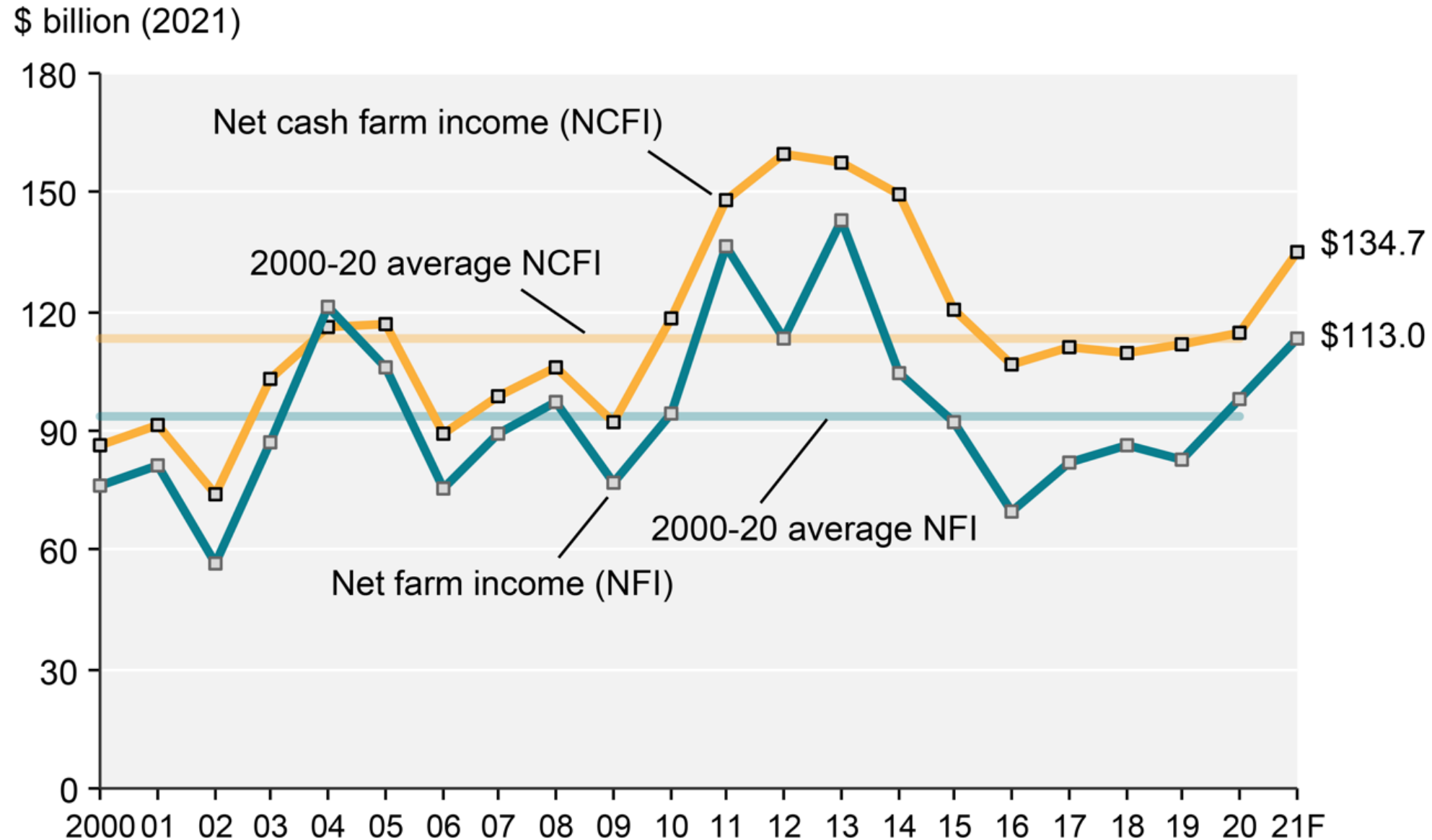
Nov 2021 Soybean Futures Price on CME from Dec 2020 to Present



U.S. ag exports forecast up 21% (over \$28B) from FY 20 to \$164.0B in FY21.



U.S. net farm income and net cash farm income, 2000–21F

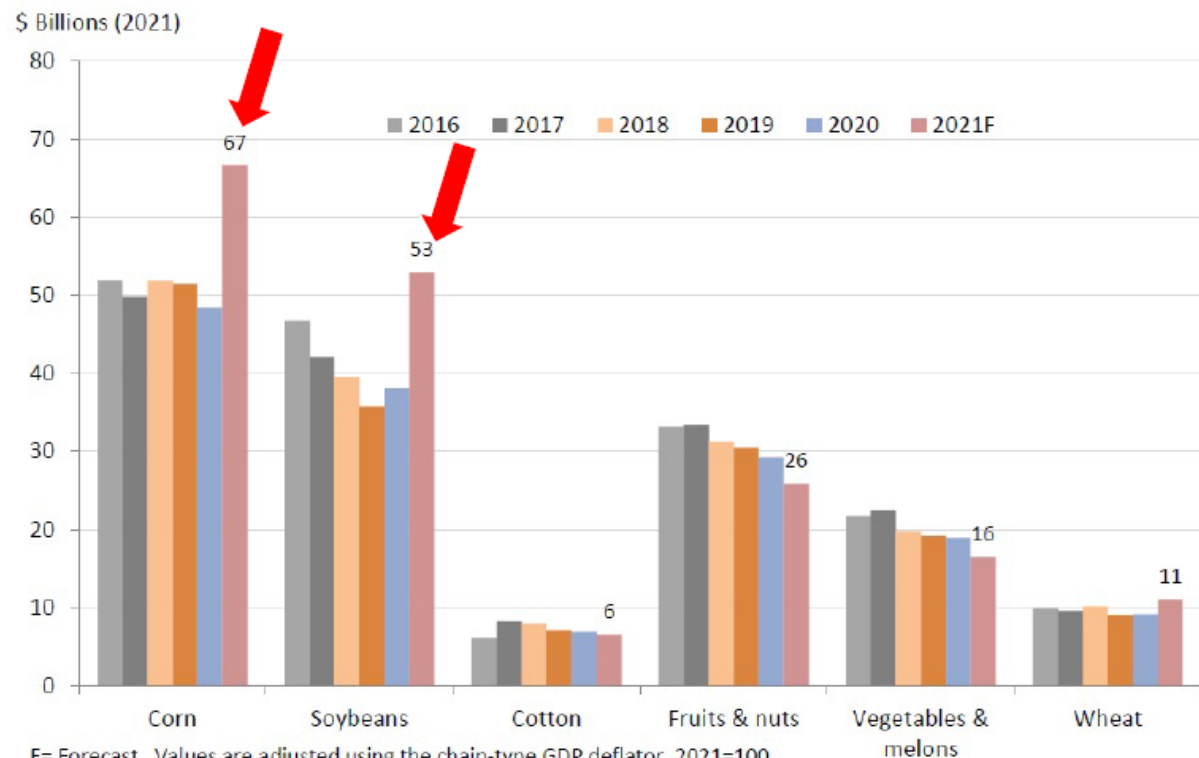


**2021
Should
be a
good
year**

Source:
USDA ERS
Sep 2, 2021

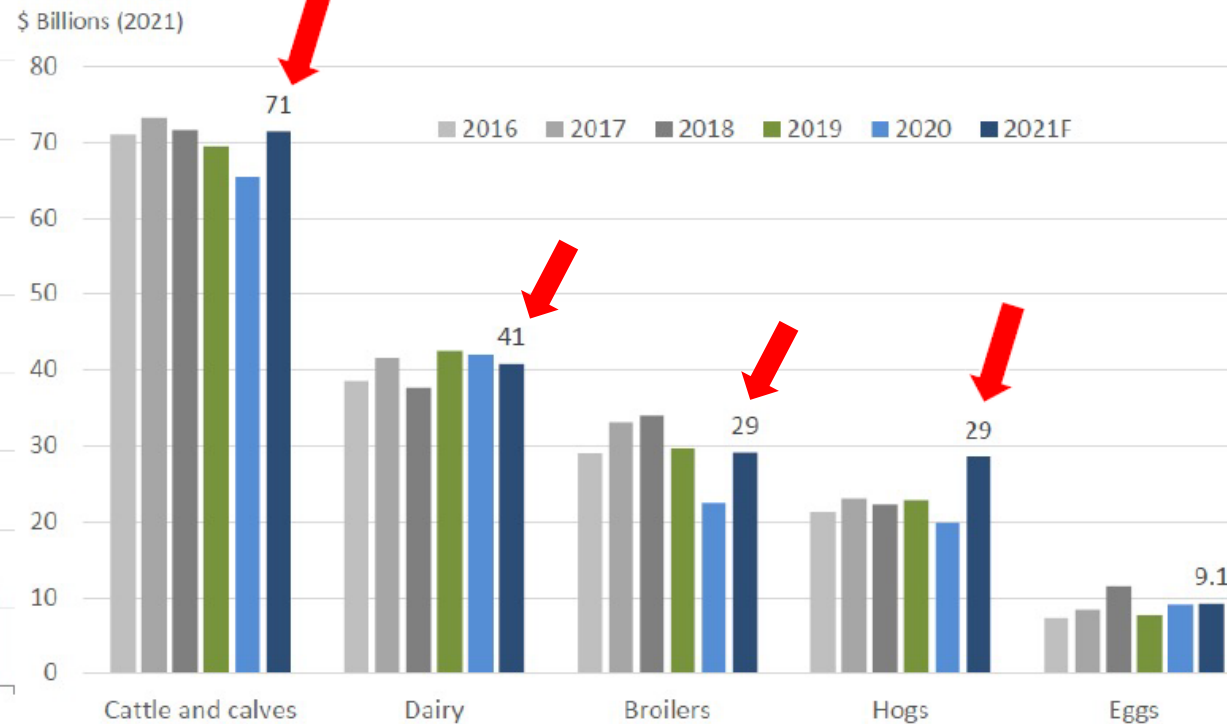
Corn, soybeans, cattle and hogs push receipts higher

crop cash receipts



Seth Meyer, USDA OCE, Sep AOF
<http://www.agbizkc.com/agoutlookforum>

livestock and dairy cash receipts

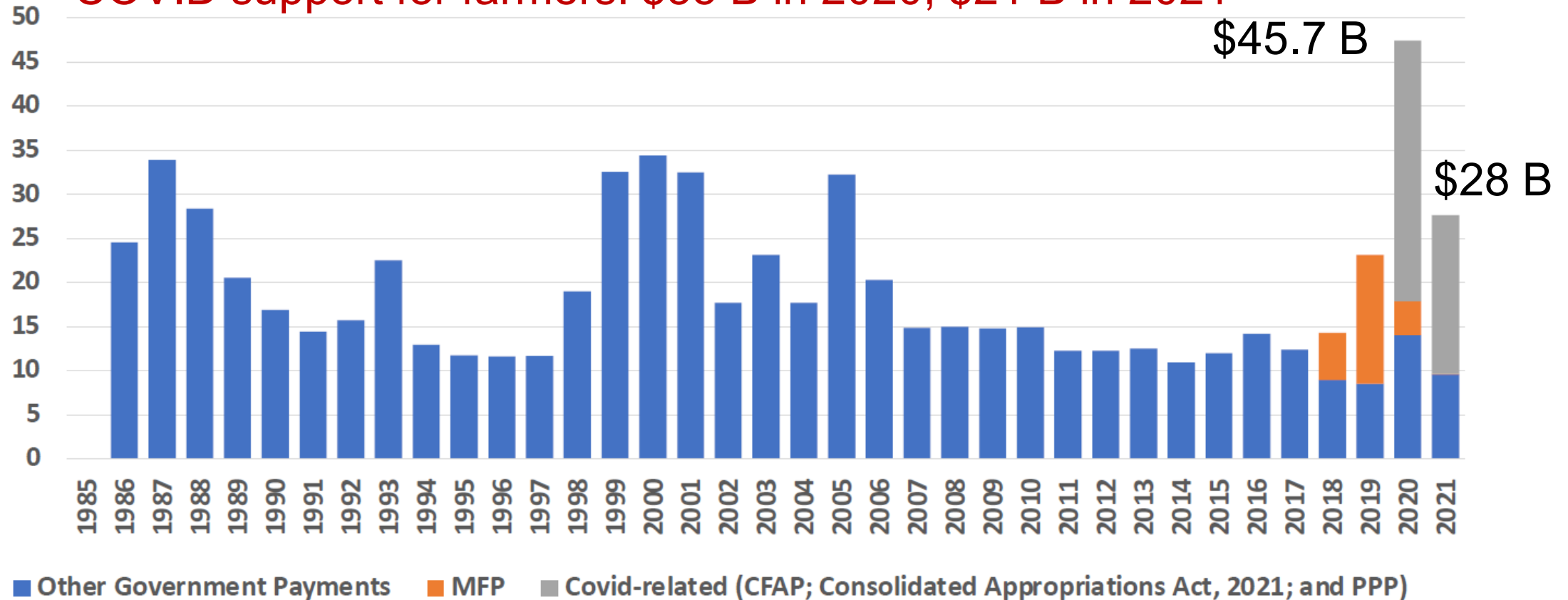


F= Forecast. Values are adjusted using the chain-type GDP deflator, 2021=100
Source: USDA, Economic Research Service, Farm Income and Wealth Statistics
Data as of September 2, 2021

Total government payments increased as a result of adverse circumstances but are projected to fall in 2021

Billions
(2021\$)

COVID support for farmers: \$35 B in 2020, \$21 B in 2021

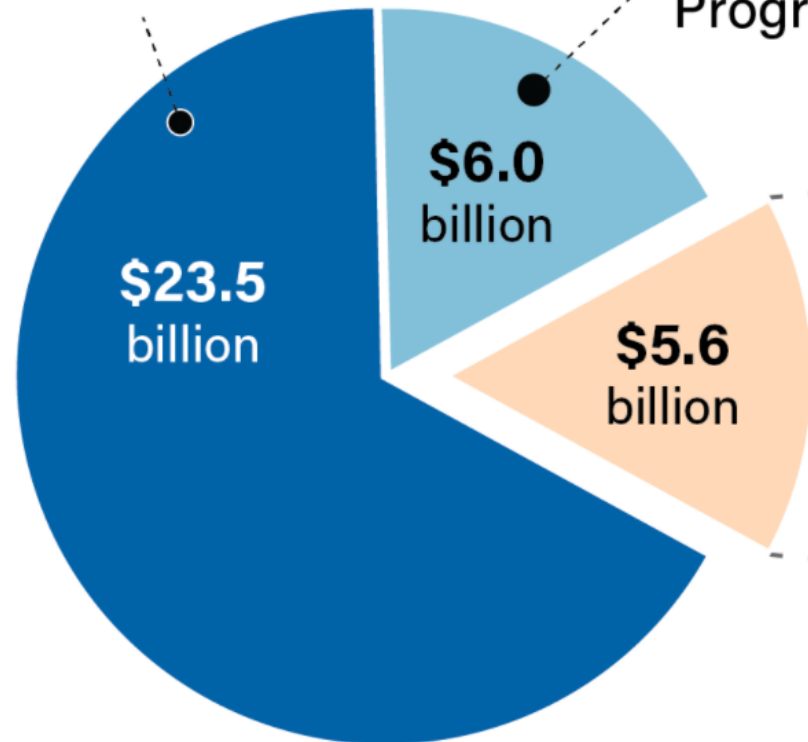


U.S. agriculture sector received an estimated \$35.1 billion in COVID-19-related financial assistance in 2020

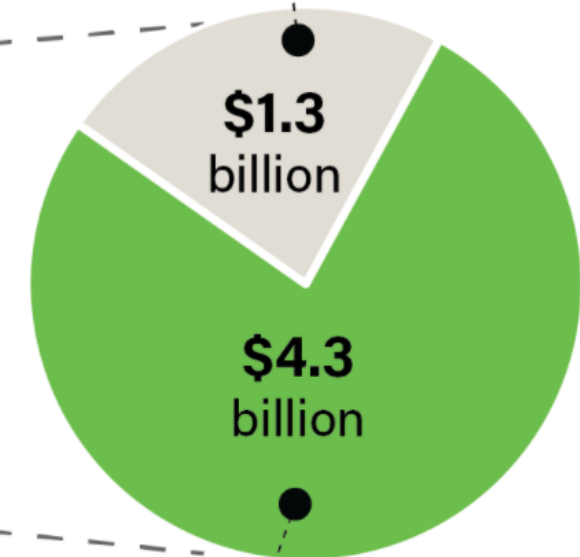
Coronavirus Food Assistance Program (CFAP)

Paycheck Protection Program (PPP)

Federal Pandemic Unemployment Compensation (FPUC)

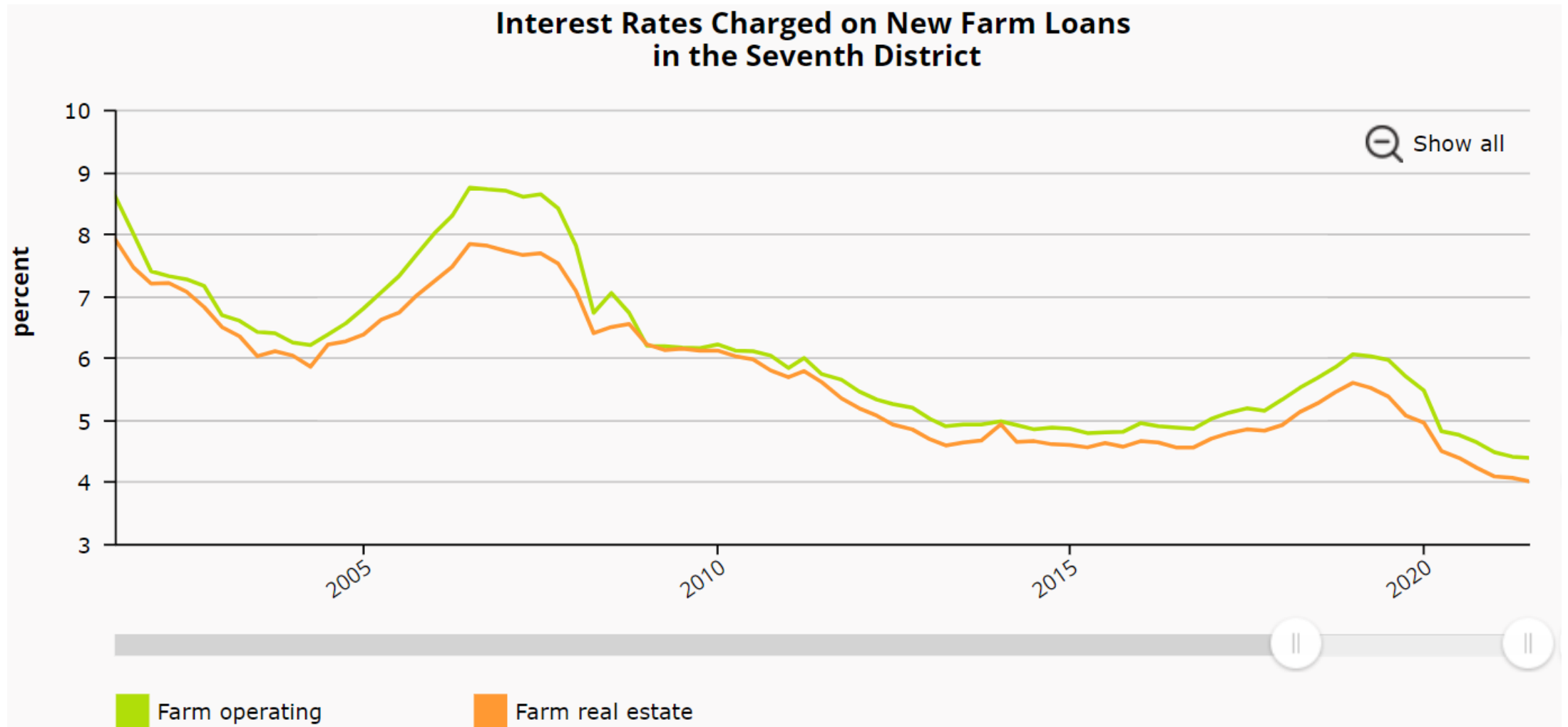


Total COVID-19-related payments to agriculture sector, 2020



COVID-19-related payments to family farm households only, 2020

Agricultural Interest Rates at Record Lows



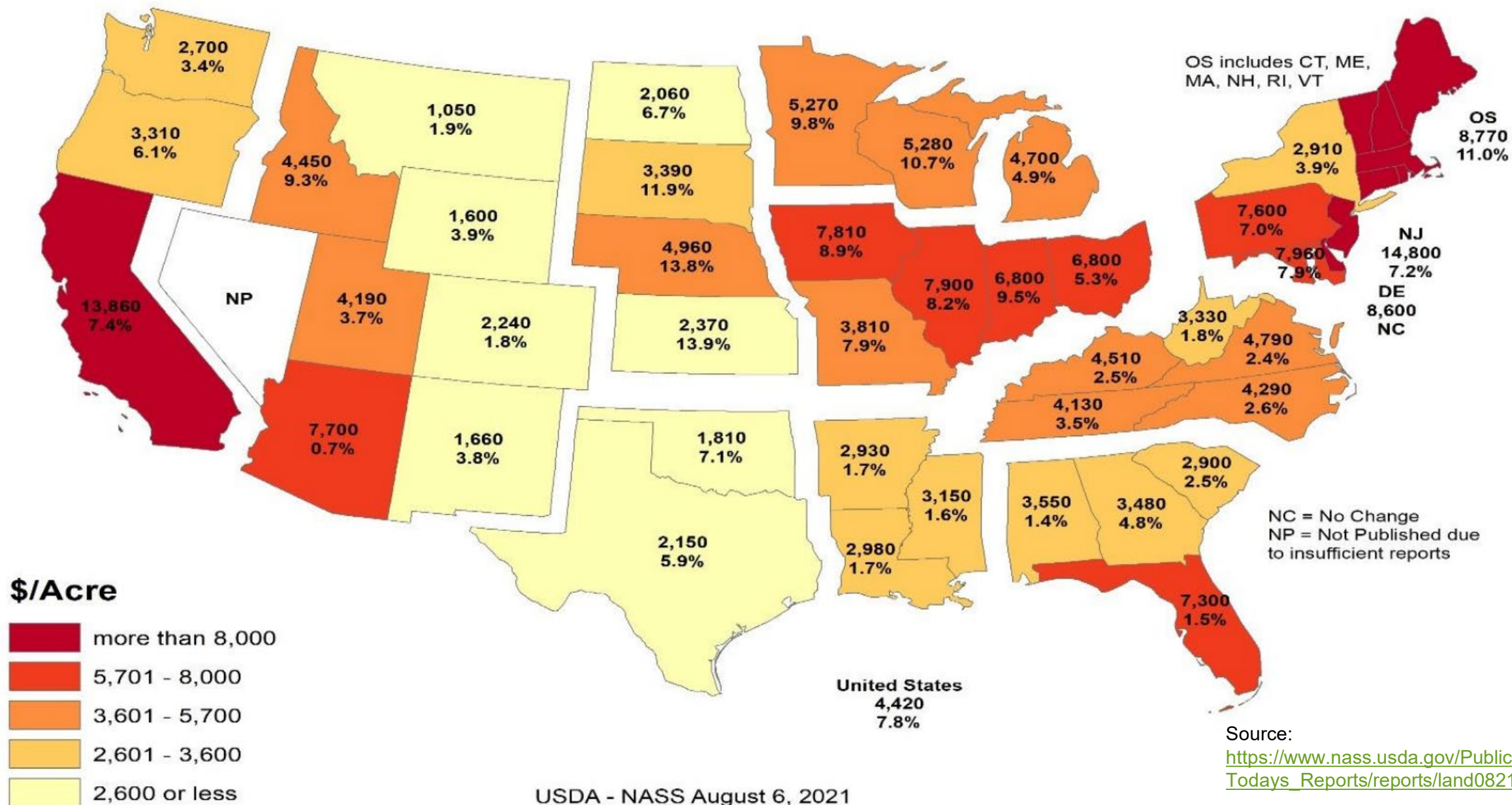
Source: Chicago Fed: <https://www.chicagofed.org/research/data/ag-conditions/index>

Main Point

- High grain and livestock prices
- Lots of Government payments
- High farm income
- Low interest rates
- Many farms are flush with cash and/or liquidity
- Lots of evidence of strong financial positions

2021 Cropland Value by State

Dollars per Acre and Percent Change from 2020



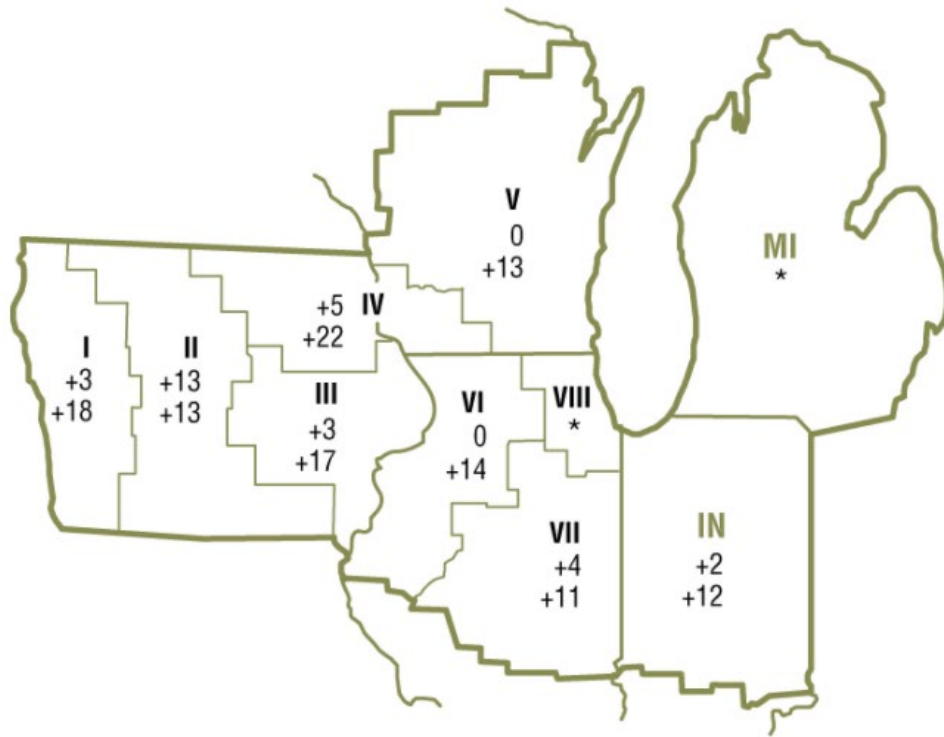
USDA - NASS August 6, 2021

Source:

https://www.nass.usda.gov/Publications/Todays_Reports/reports/land0821.pdf

Chicago Federal Reserve Banker Survey

(Dave Oppendahl: AgLetter: Aug 2021)



Top: April 1, 2021 to July 1, 2021

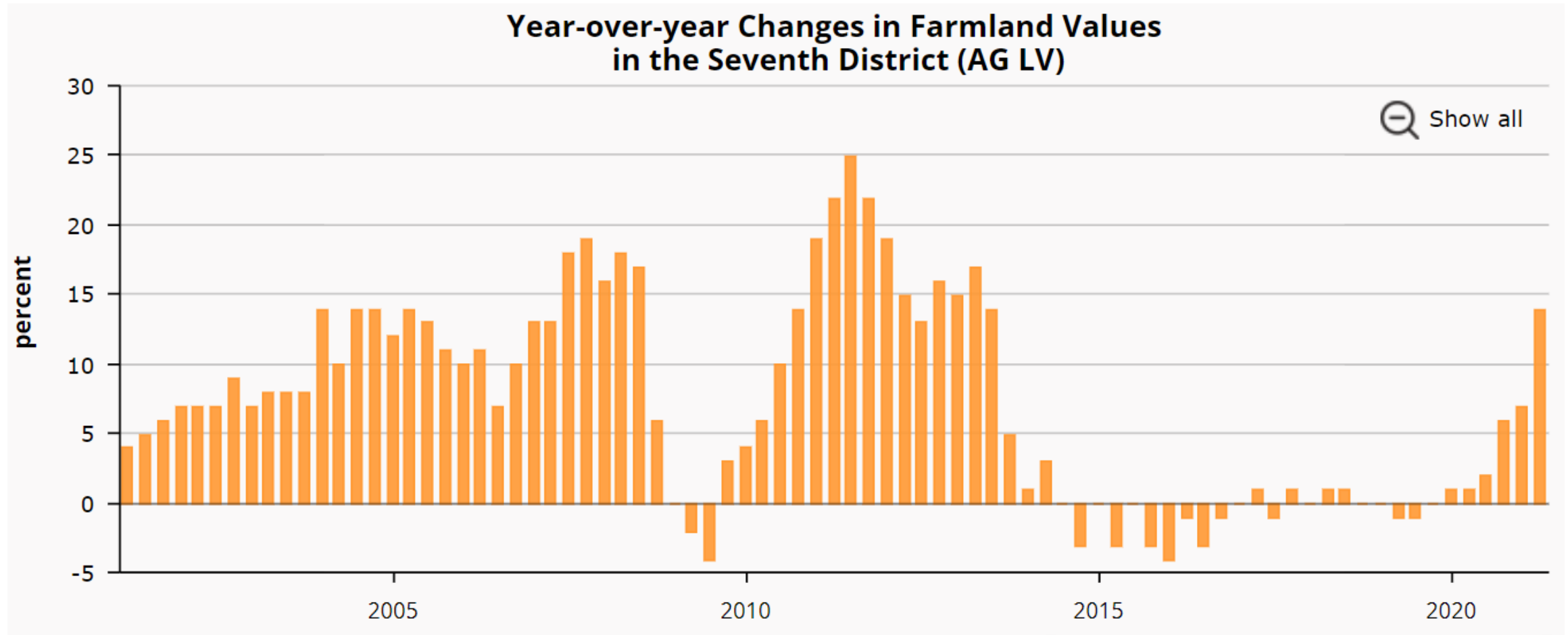
Bottom: July 1, 2020 to July 1, 2021

Percent change in dollar value of “good” farmland

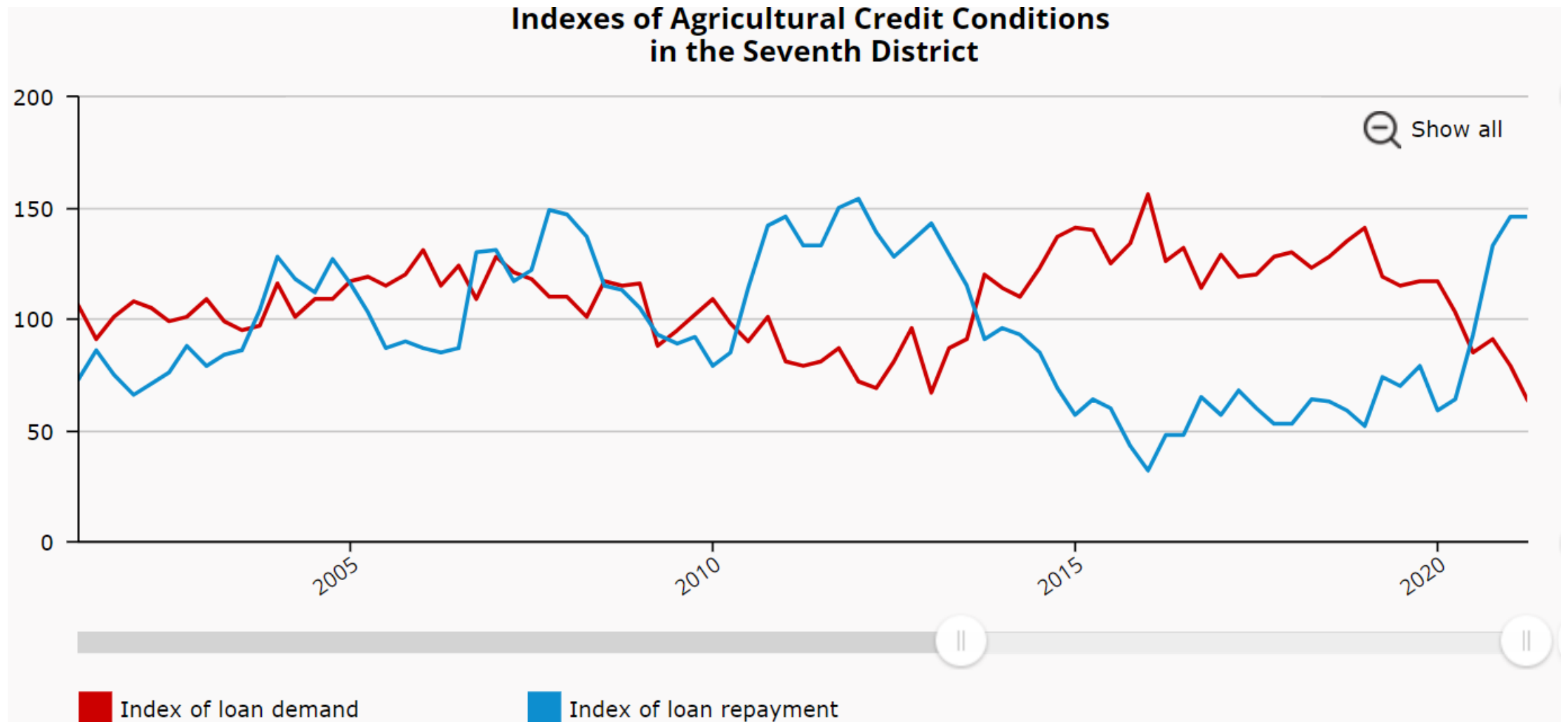
	April 1, 2021 to July 1, 2021	July 1, 2020 to July 1, 2021
Illinois	+3	+12
Indiana	+2	+12
Iowa	+6	+18
Michigan	*	*
Wisconsin	0	+13
Seventh District	+3	+14

Source: <https://www.chicagofed.org/publications/agletter/2020-2024/august-2021>

Historical Context for Land Prices in Seventh District



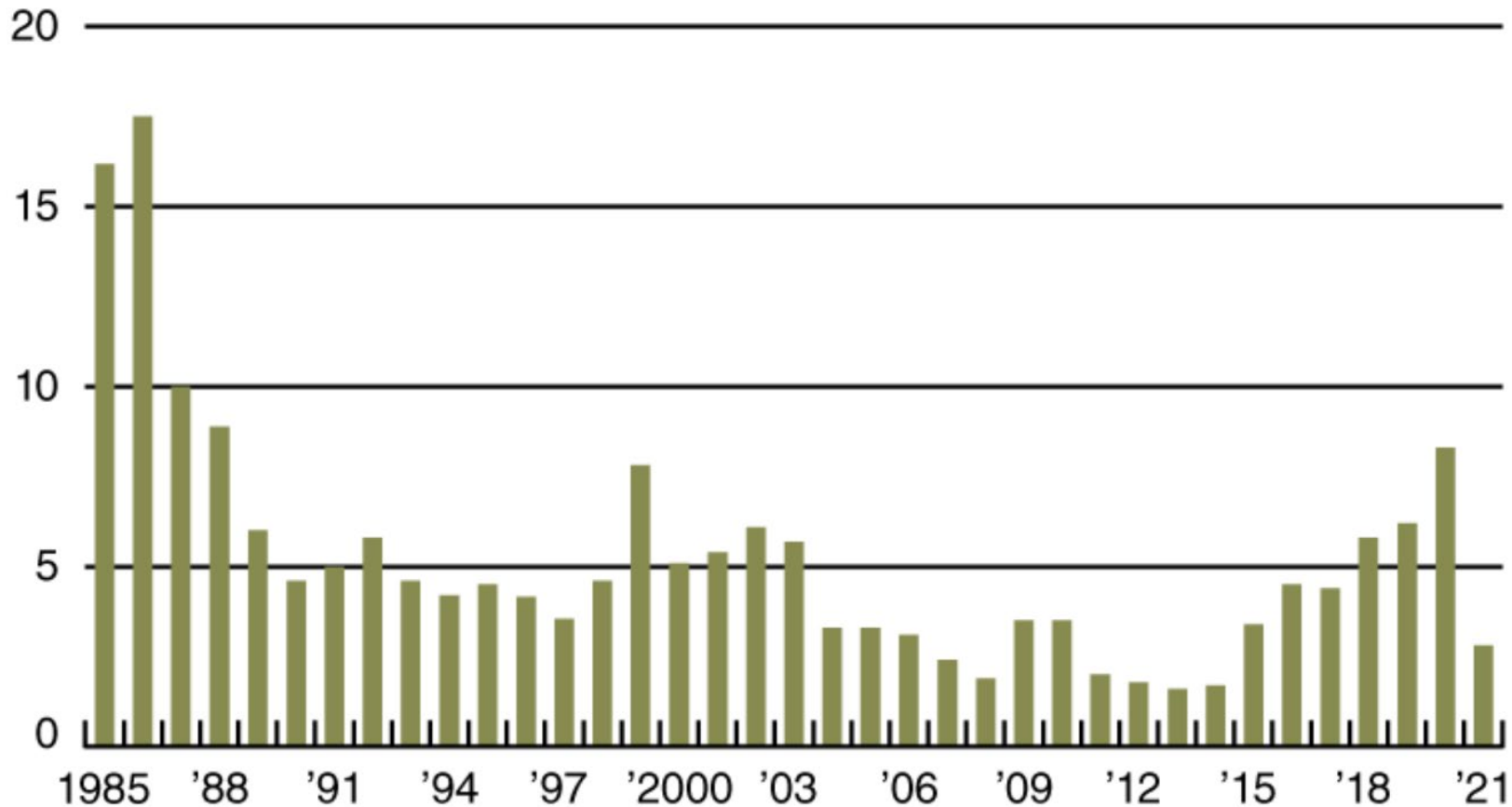
Loan Demand is Down, Loan Repayment is Up



Dave Oppendahl, Chicago Fed, AgLetter: Aug 2021

Percentage of Seventh District farm loan portfolio with “major” or “severe” repayment problems

percent

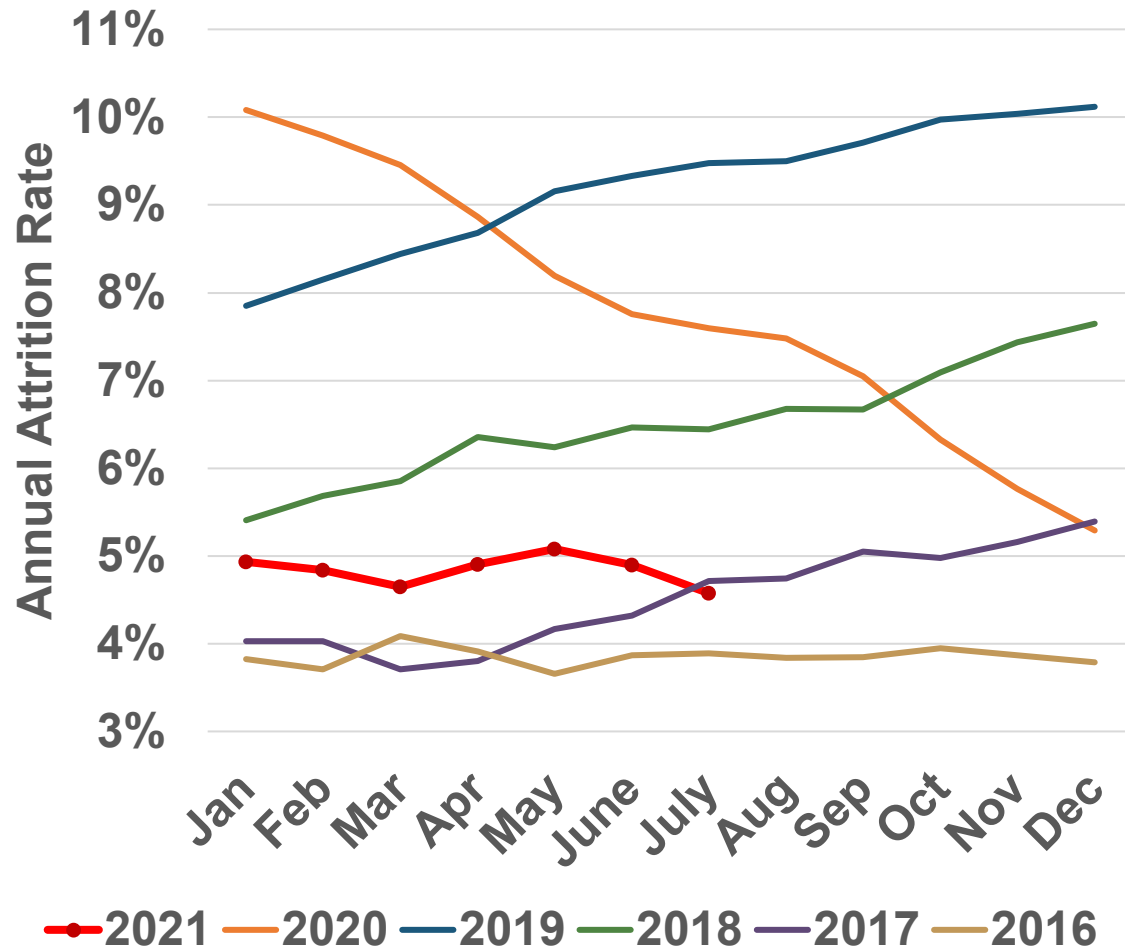


Source: <https://www.chicagofed.org/publications/agletter/2020-2024/august-2021>

Clouds on the Horizon



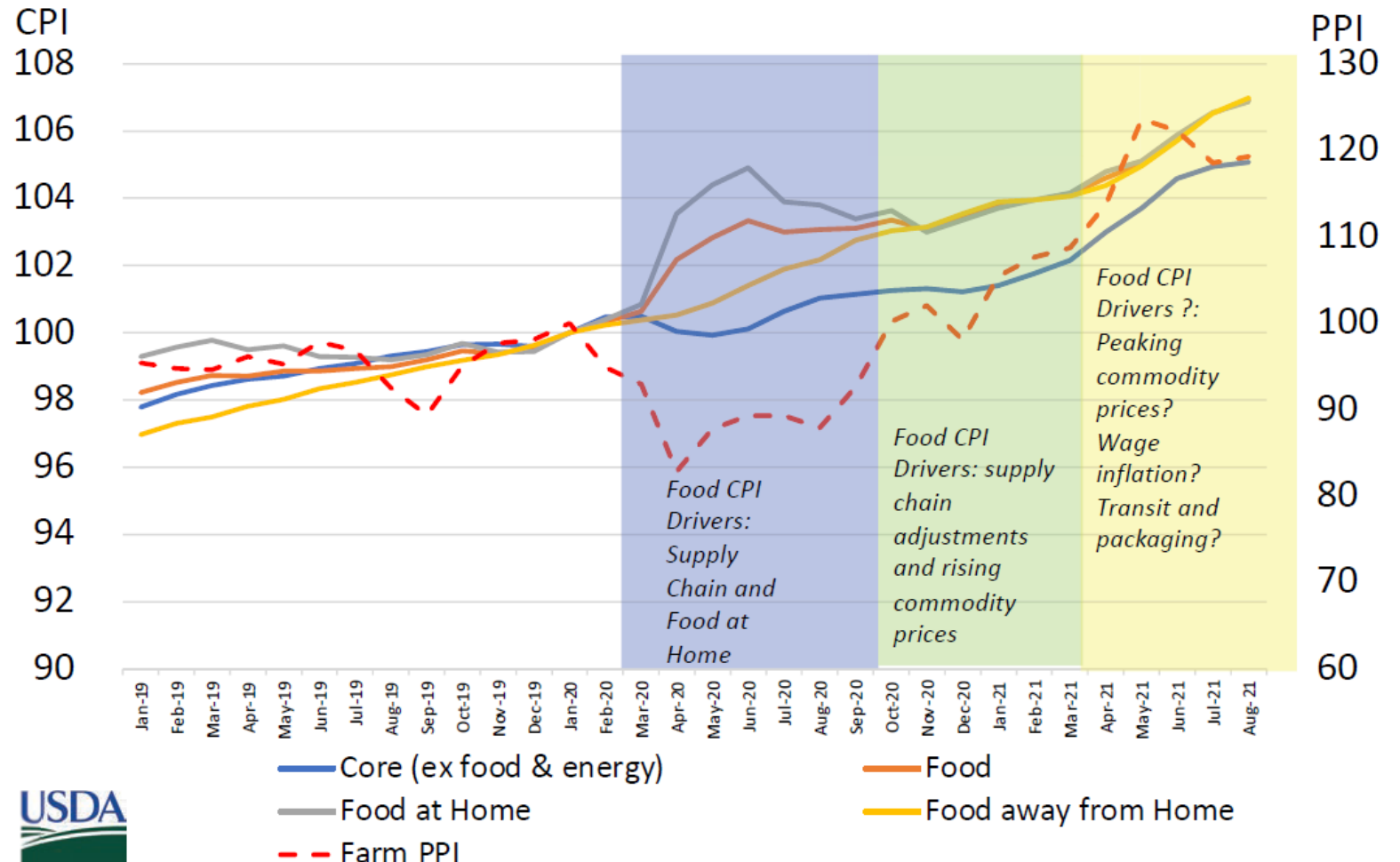
Dairy Industry Continues to Struggle



- Dairy has been struggling with low prices and higher feed costs
- Expected prices are up due to decreasing cow numbers and export increases
- On the positive side: Wisconsin dairy herd loss rate has almost returned to normal

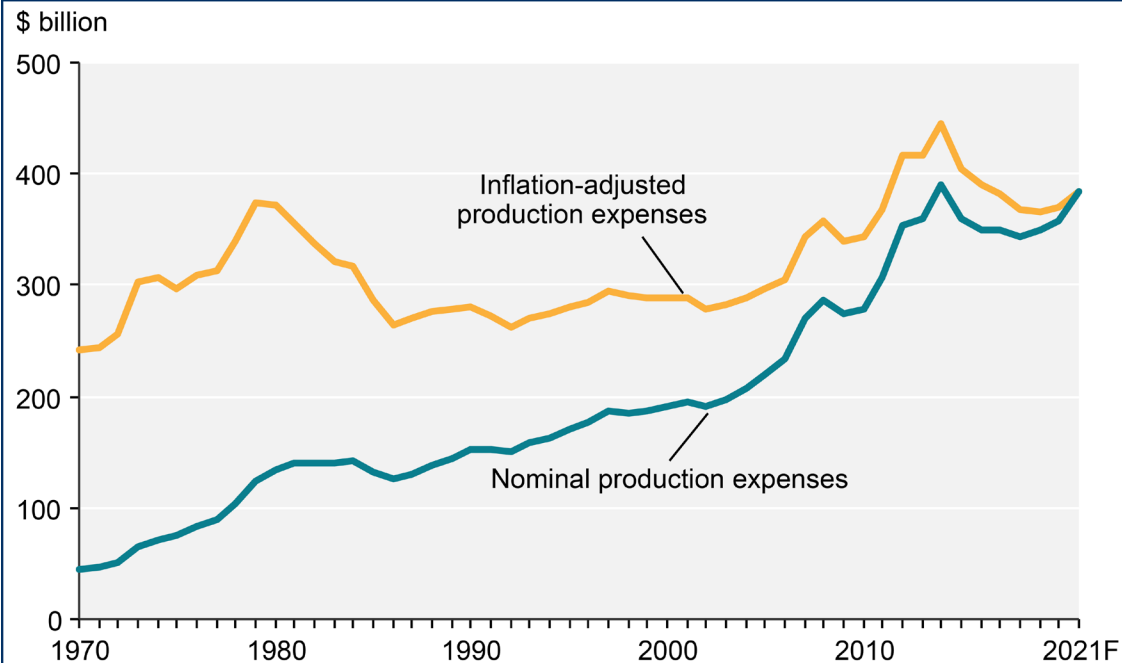
Demand Uncertainty

- Will Chinese exports continue as forecast?
- Will US and/or global economies go into a recession?
- Interest rates already low, only “tool” left is government spending
- Consumer food buying patterns have not gone back to pre-COVID
- Inflation a real threat



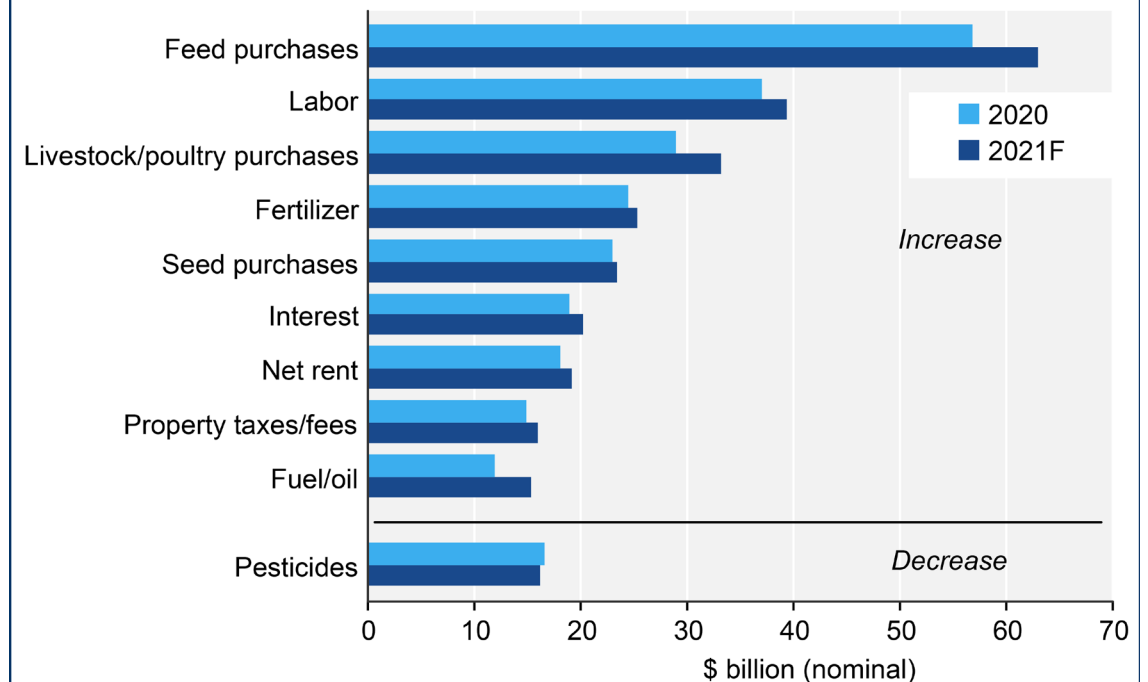
2021 Farm Sector Expenses up 7.3% from 2020

Nominal and inflation-adjusted U.S. farm production expenses, 1970–2021F



Note: Values are adjusted for inflation using the Gross Domestic Product chain-type price index, 2021=100.
Source: USDA, Economic Research Service, Farm Income and Wealth Statistics.
Data as of September 2, 2021.

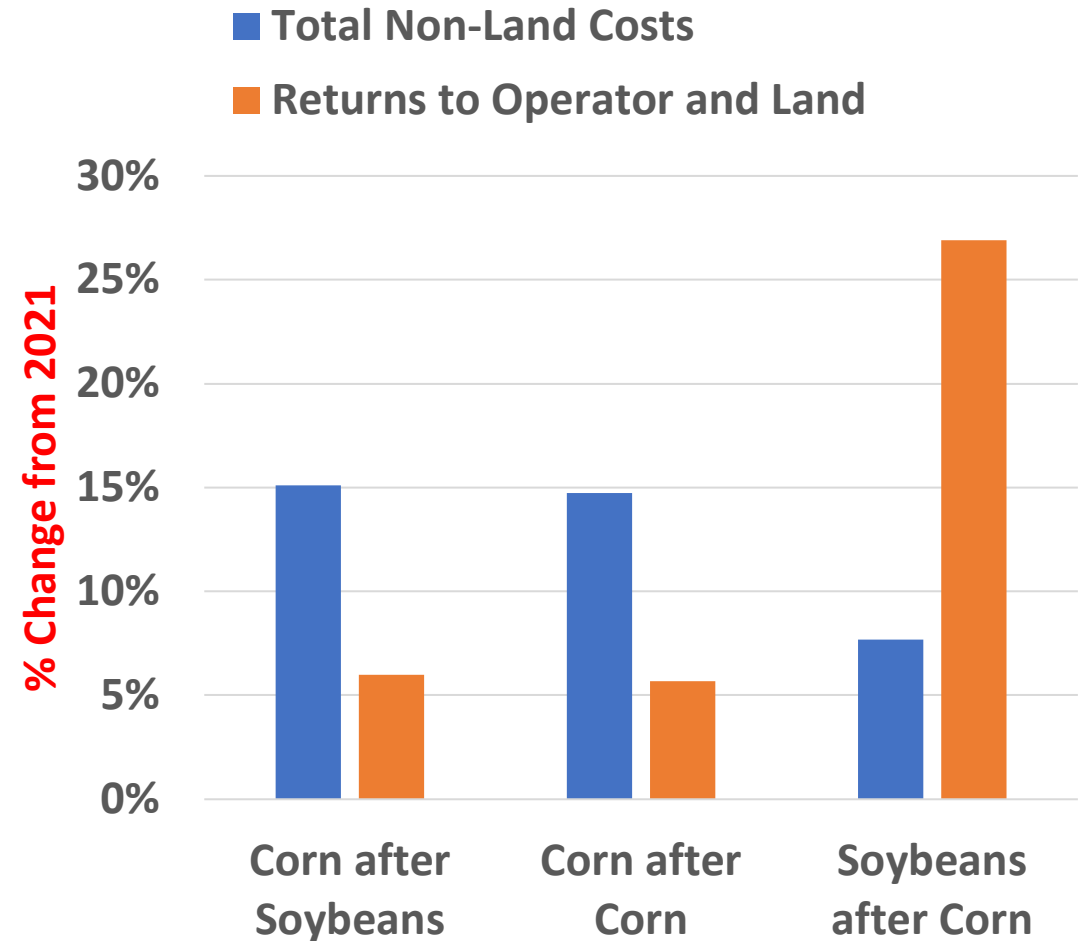
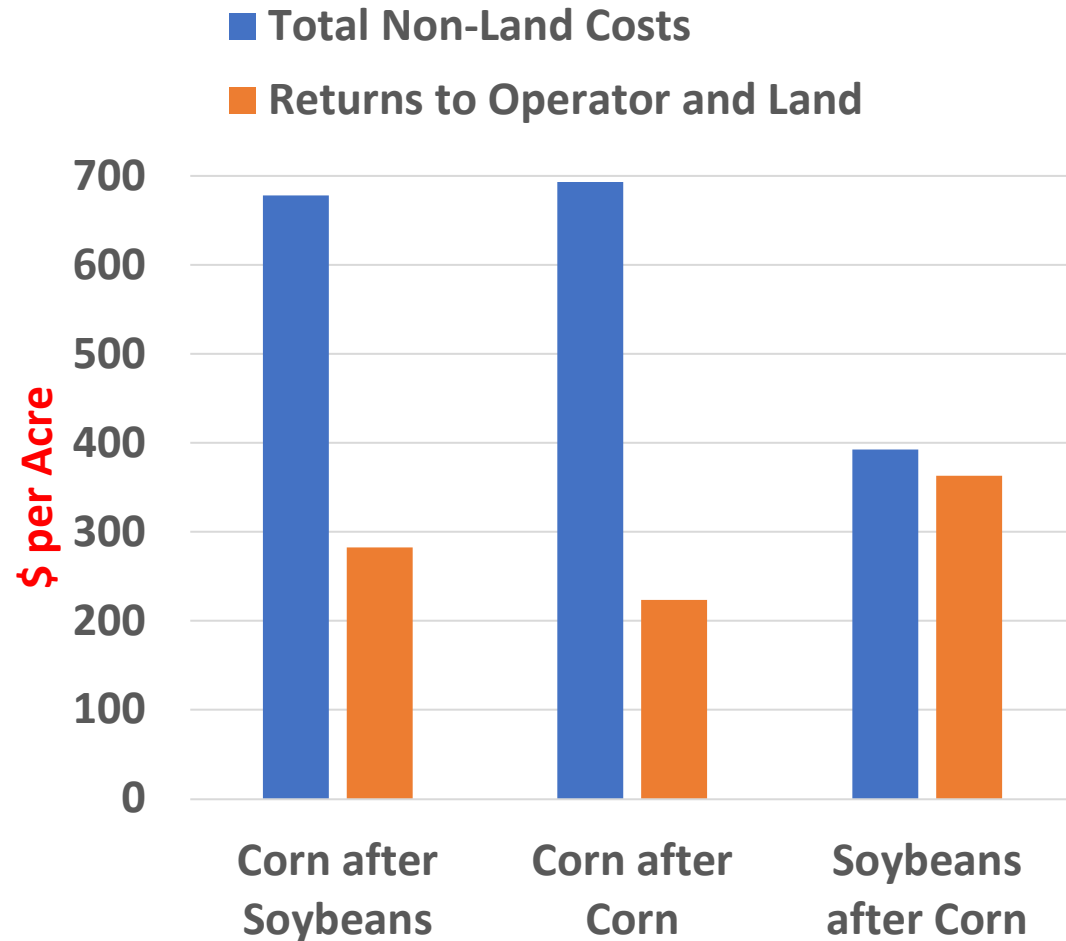
Selected U.S. farm production expenses, 2020–21F



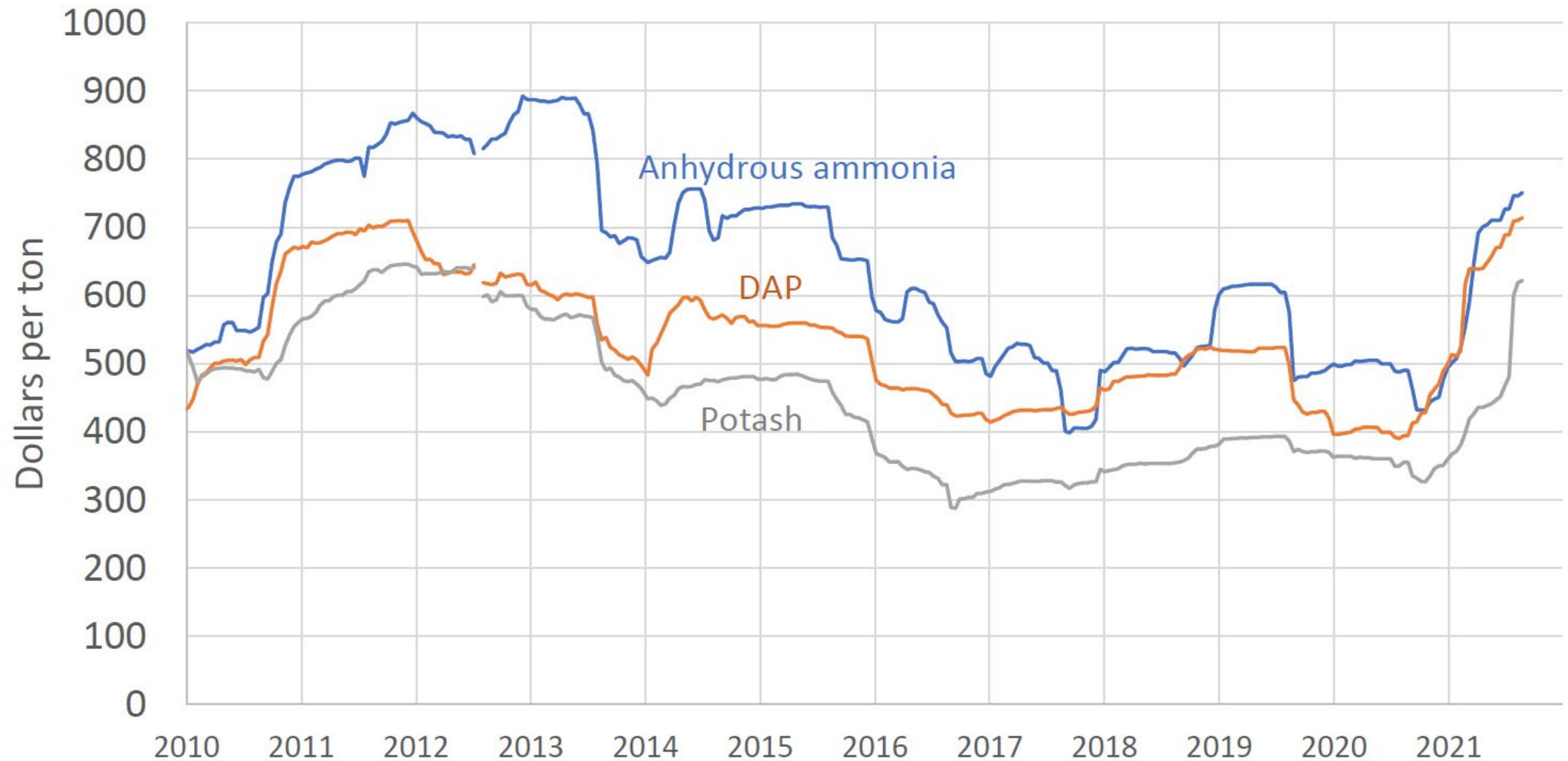
Note: F = forecast.
Source: USDA, Economic Research Service, Farm Income and Wealth Statistics.
Data as of September 2, 2021.

Source: <https://www.ers.usda.gov/topics/farm-economy/farm-sector-income-finances/farm-sector-income-forecast/>

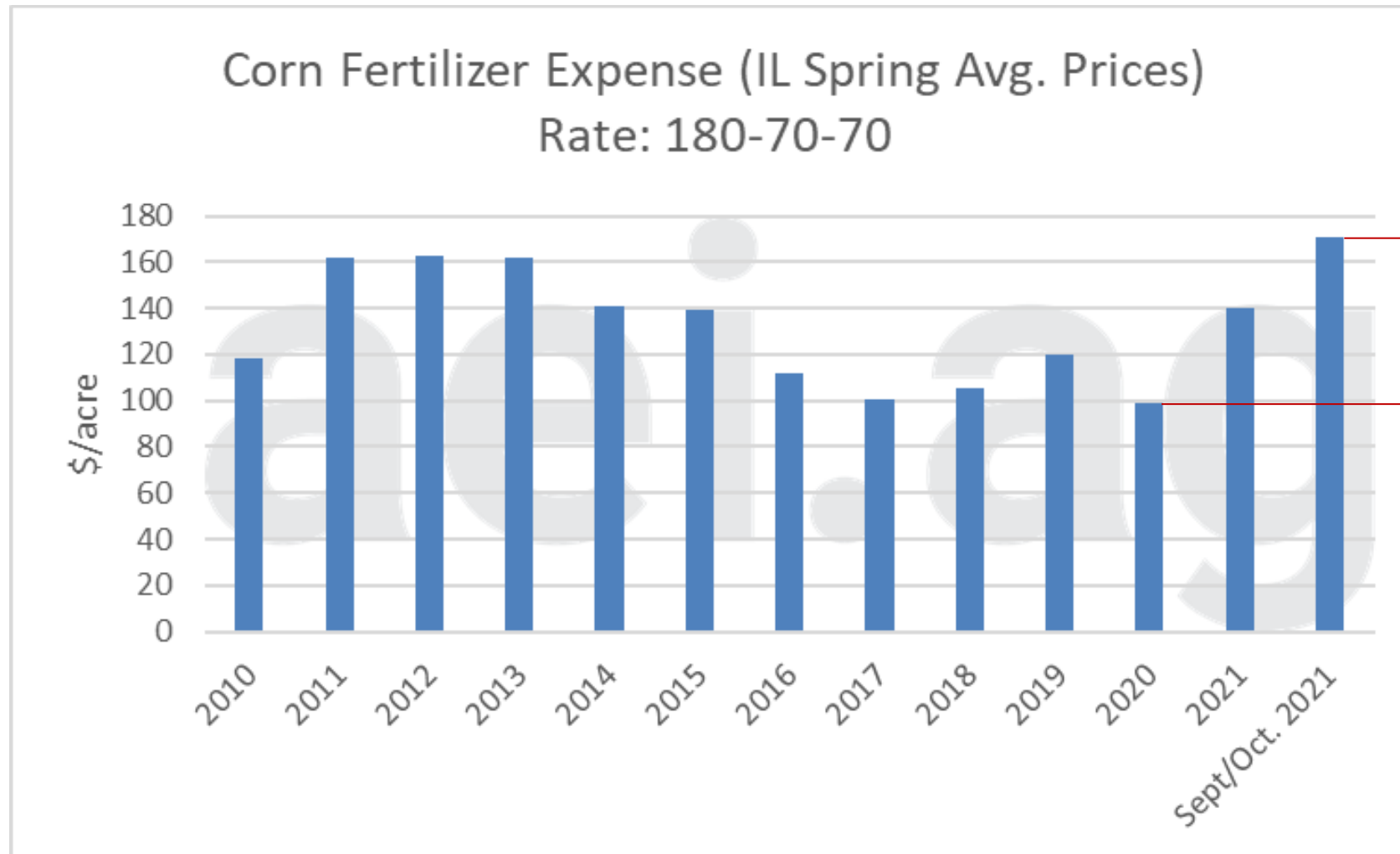
Northern IL Crop Budgets for 2022 (Published Aug 2021)



Illinois fertilizer cash prices



Record Fertilizer Expenses in Illinois for 2022



72% cost
increase from
spring 2020

Summary

- 2021 farm income should be good
- Markets still unstable until we know more about 2021 crop size
 - Only 1/3 of corn and soybean acres are harvested
- Dairy still struggling
- Concerns on Horizon
 - Demand uncertainty, supply chain disruptions, cost increases, inflation
- Early November release of USDA Baseline for 2022 and beyond
 - Next big estimate of the 2022 season

Questions? Comments?



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