

Ag Trends, Opportunities and Challenges

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Ag Forum
Greenfield, IA. March 3, 2020

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Overview

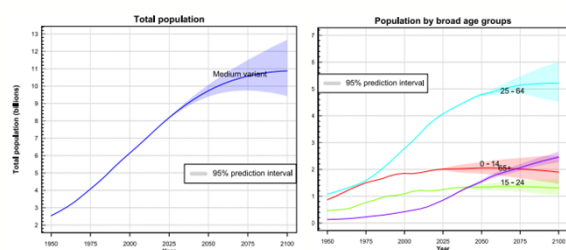
Ag Trends:

- Global
- National
- Iowa

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Global Trends: World Population

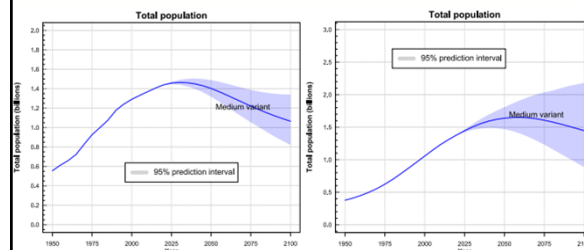


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Source: <https://population.un.org/wpp/Graphs/PopulationProfiles/Line/900>

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Population in China (left) & India (right)

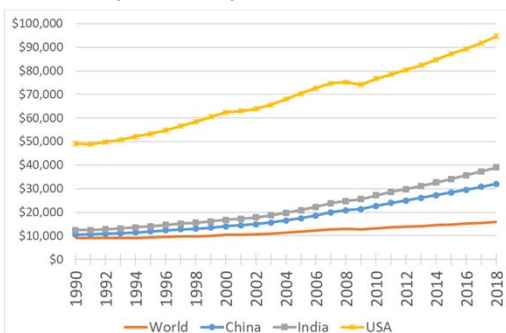


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Source: <https://population.un.org/wpp/Graphs/PopulationProfiles/Line/900>

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Income per capita 1990-2018

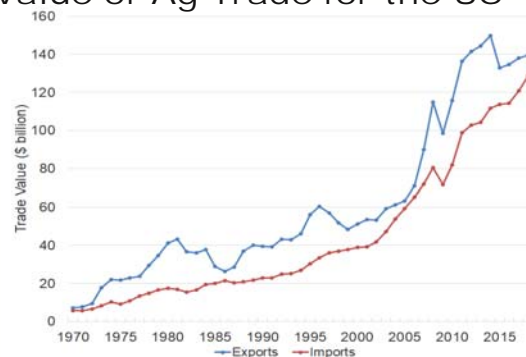


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GDP per capita, PPP (constant 2011 international \$)
Source: <http://data.un.org>

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Value of Ag Trade for the US

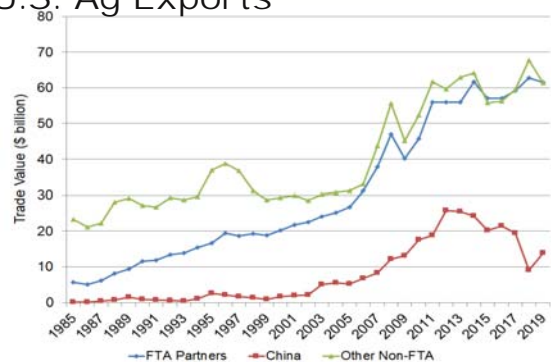


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Source: USDA-FAS

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U.S. Ag Exports

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Source: USDA-FAS

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U.S.-China Deal Key Passages

For the category of agricultural goods identified in Annex 6.1, no less than **\$12.5 billion** above the corresponding **2017 baseline** amount is purchased and imported into China from the United States in **calendar year 2020**, and no less than **\$19.5 billion** above the corresponding 2017 baseline amount is purchased and imported into China from the United States in calendar year 2021;

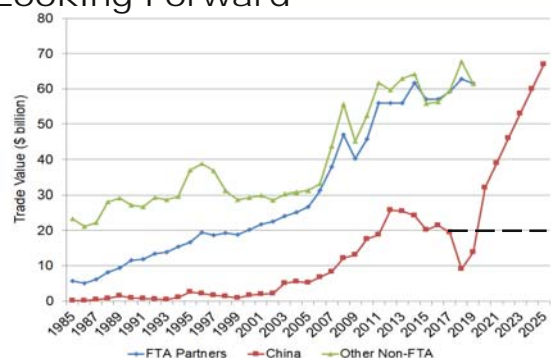
The Parties project that the **trajectory of increases** in the amounts of manufactured goods, agricultural goods, energy products, and services purchased and imported into China from the United States will continue in calendar years 2022 through 2025.

The Parties acknowledge that purchases will be made at market prices based on commercial considerations and that market conditions, particularly in the case of agricultural goods, may dictate the timing of purchases within any given year.

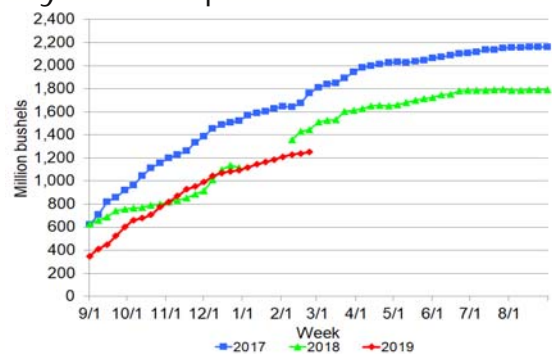
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Source: USTR Ag Decision Maker

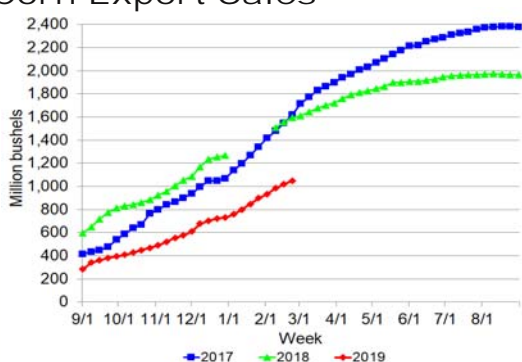
Looking Forward

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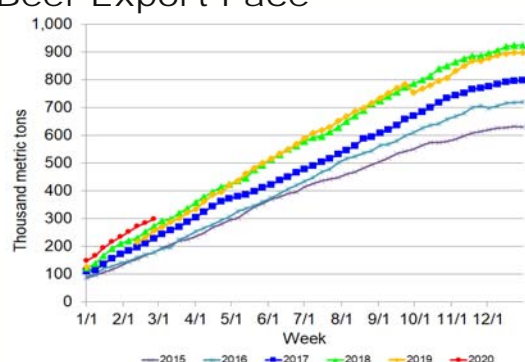
Soybean Export Sales

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Corn Export Sales

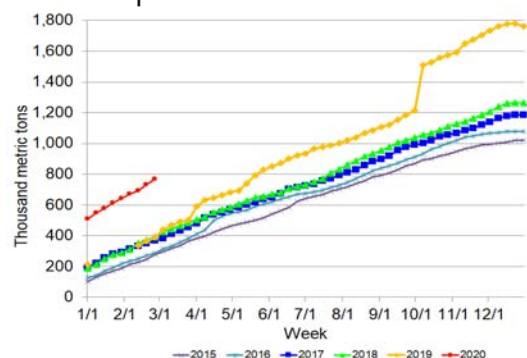
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Beef Export Pace

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Source: USDA-FAS Ag Decision Maker

Pork Export Pace

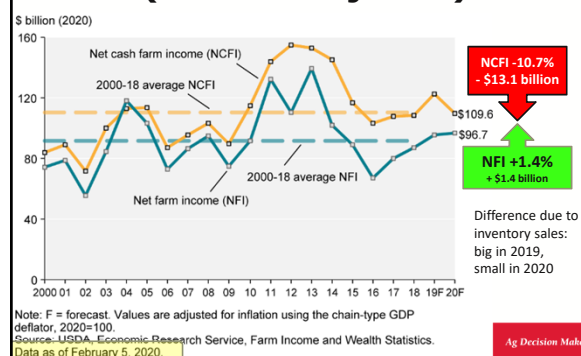


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Source: USDA-FAS

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U.S. Farm Income (inflation-adjusted)



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2020 Projections for U.S. Farm Sector

- **Nominal Net Farm Income** up 3.3% (**+\$3.1b**) to **\$96.7b**.
- **Livestock Cash Receipts** up 4.6% (**+\$8.2b**)
- **Crop Cash Receipts** up 1.0% (**+\$1.9b**)
- **Farm Expenses** up 3% (**+\$10.4b**)
- **Direct Federal Govt. Paymt.** -37% (**-\$8.7b**)
- **Why NFI up?**

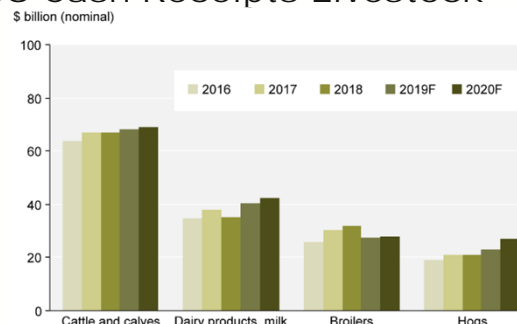
➢ Value of Inventory Adjustment: \$14.1b less negative than in 2019 (large inventory sales in 2019, small sales projected in 2020)

Source: USDA/ERS, Farm Income and Wealth Statistics.
Feb 5, 2020

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US Cash Receipts Livestock

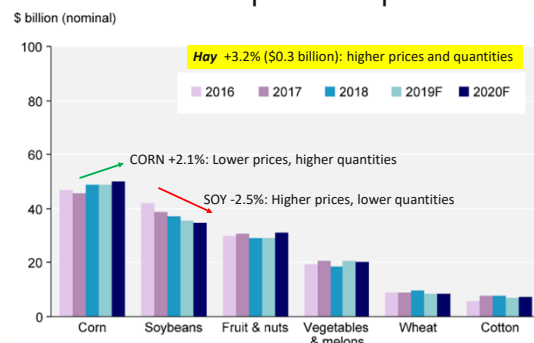


Note: F = forecast.

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

Data as of February 5, 2020.

US Cash Receipts Crops

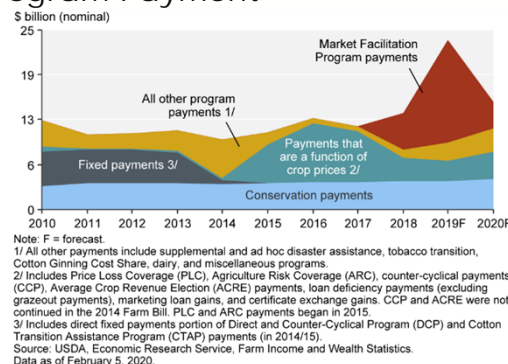


Note: F = forecast.

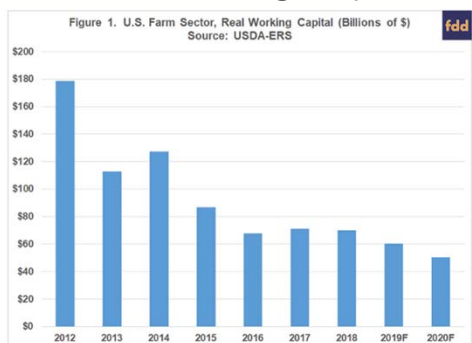
Source: USDA, Economic Research Service, Farm Income and Wealth Statistics.

Data as of February 5, 2020.

Federal Government Farm Program Payment



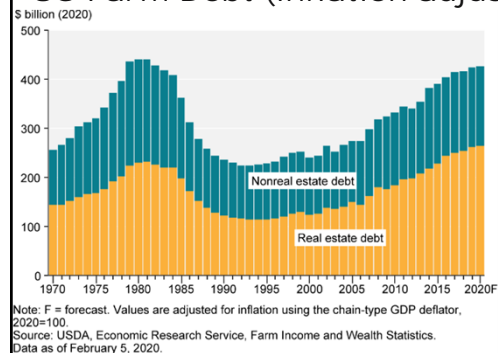
US Farm Working Capital



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Langemeier, M. "Deterioration of Working Capital," *farmeduc daily* (10):42, Department of Agricultural and Consumer Economics, University of Illinois at Urbana-Champaign, March 6, 2020.

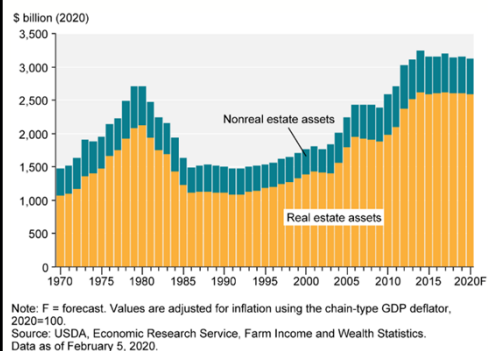
US Farm Debt (inflation-adjusted)



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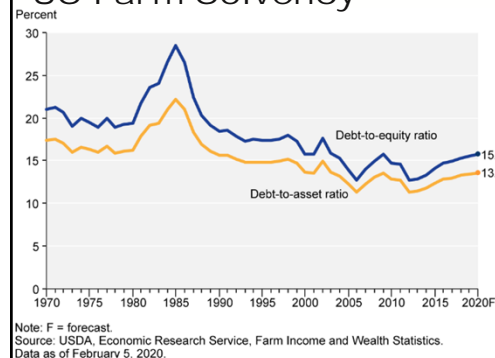
US Farm Assets (inflation-adjusted)



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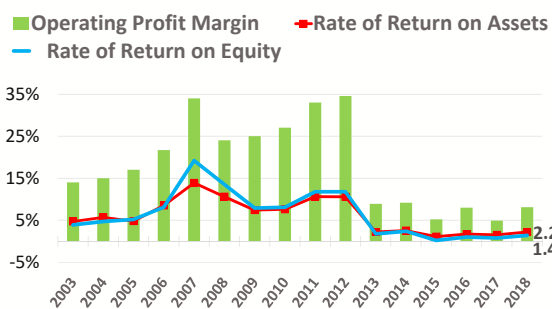
US Farm Solvency



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Iowa Farms: Profitability

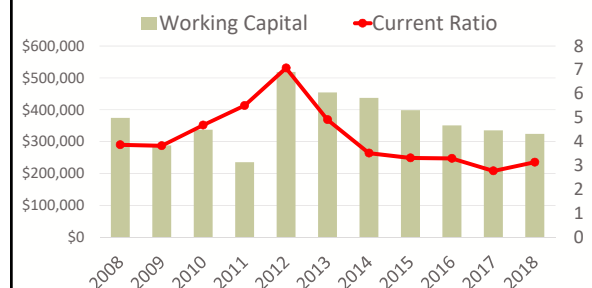


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Source: Iowa Farm Costs and Returns, Ag Decision Maker File C1-10, Various years.

Iowa Farms: Liquidity

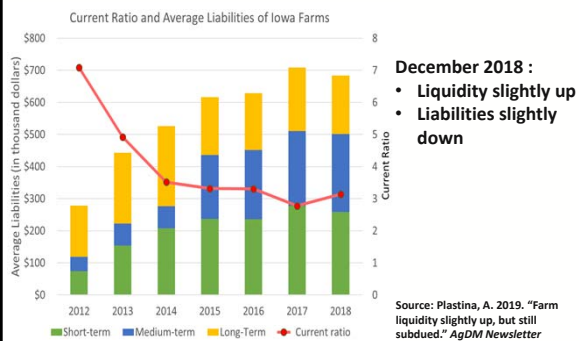


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Source: Iowa Farm Costs and Returns, Ag Decision Maker File C1-10, Various years.

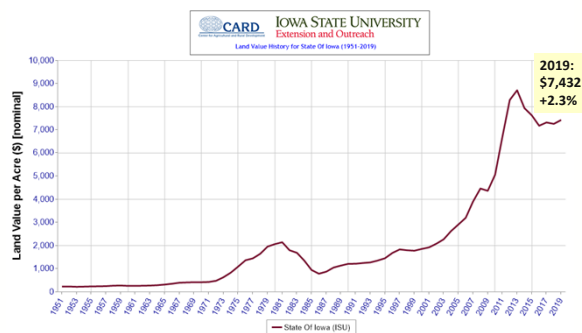
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Iowa Farms: Liquidity and Solvency

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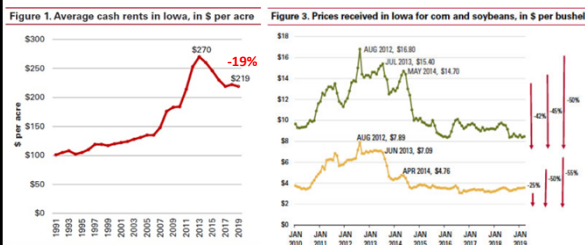
Iowa Farmland Value (\$/Acre)

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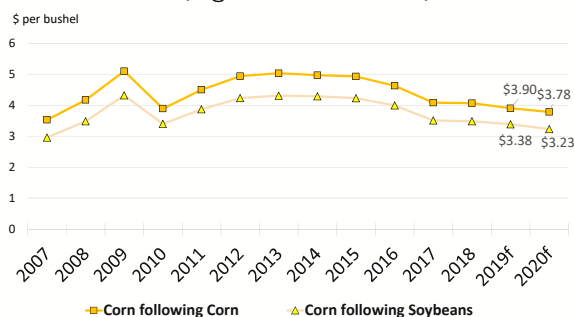
Cash Rents in Iowa

- Will rents continue to decline?
- Please fill out the 2020 ISU Cash Rent Survey! Contact me if you want to be added to the survey list.

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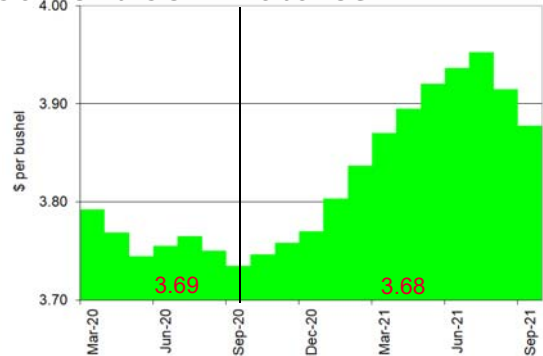
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Costs of Corn Production in Iowa (AgDM File A1-20)

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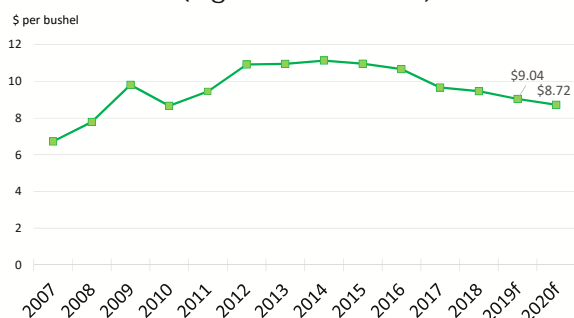
Current Corn Futures

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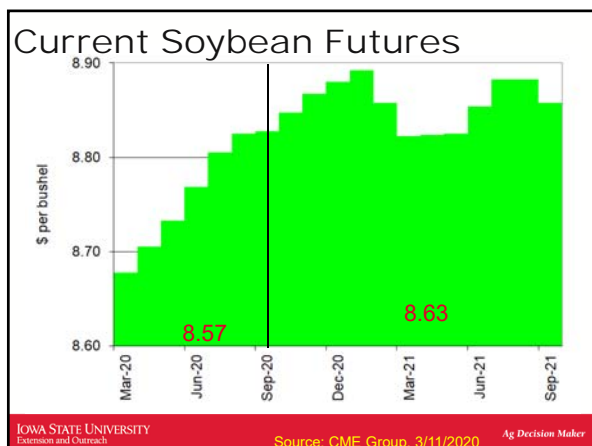
Source: CME Group, 3/11/2020

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Cost of Soybean Production in Iowa (AgDM File A1-20)

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Resources to Manage Stress:

ISU Farm Financial

Associates:

- Help producers organize and analyze financial information; evaluate alternatives
- Free of charge

Iowa Concern Hotline:

- 24/7 Phone Support:
1-800-447-1985

Associate Contact Information

Jim Dane 4507 Dane Road SW Iowa City, Iowa 52246 (319) 530-3263 jdane59@gmail.com	Roger Stewart 1804 Forest Ave Red Oak, IA 51566 (712) 623-6316 rogstewredoak@gmail.com
Norlan Hinke 512 Silver Creek Road DeWitt, Iowa 52742 (563) 218-5020 nhinke@iastate.edu	John E. Jensen 1414 Hobert St. Knoxville, IA 50138 (641) 842-5325 jjensen@windstream.net
Mark Olsen 318 N. Fulton St. Newell, IA 50568 (712) 660-1587 molsen@iastate.edu	Tom Olsen Olsen Management Group 218 South Fulton, PO Box 253 Newell, IA 50568 Cell: (712) 730-1239 Office: (712) 272-3232 tomolsen@windstream.net

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Thank you for your attention!

I look forward to your questions

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