



@New10_AGECON

IS FARM INCOME IN 2019 REALLY HIGHER?

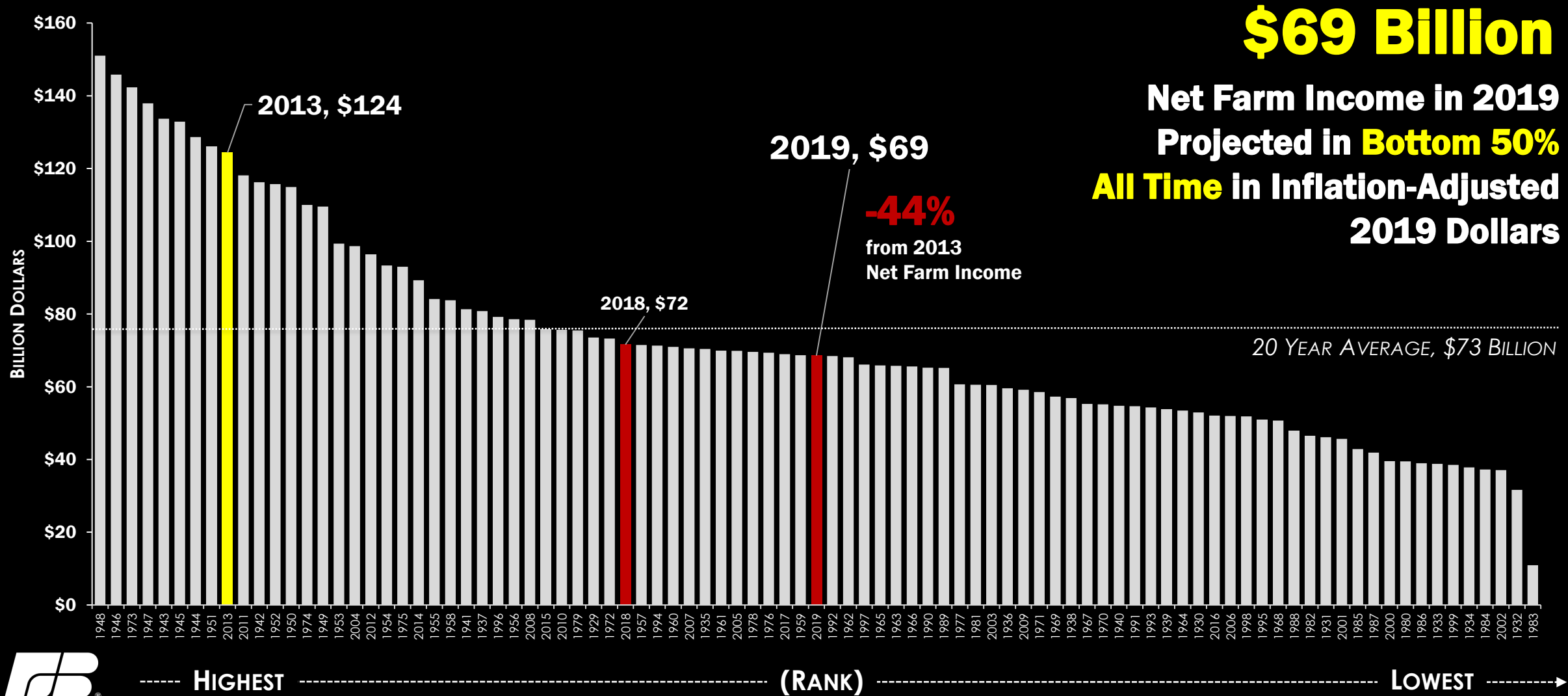
DR. JOHN NEWTON, CHIEF ECONOMIST, AMERICAN FARM BUREAU FEDERATION



Where Is The U.S. Farm Economy?

Inflation-Adjusted Net Farm Income from Farming Activities & Excluding Gov't Payments

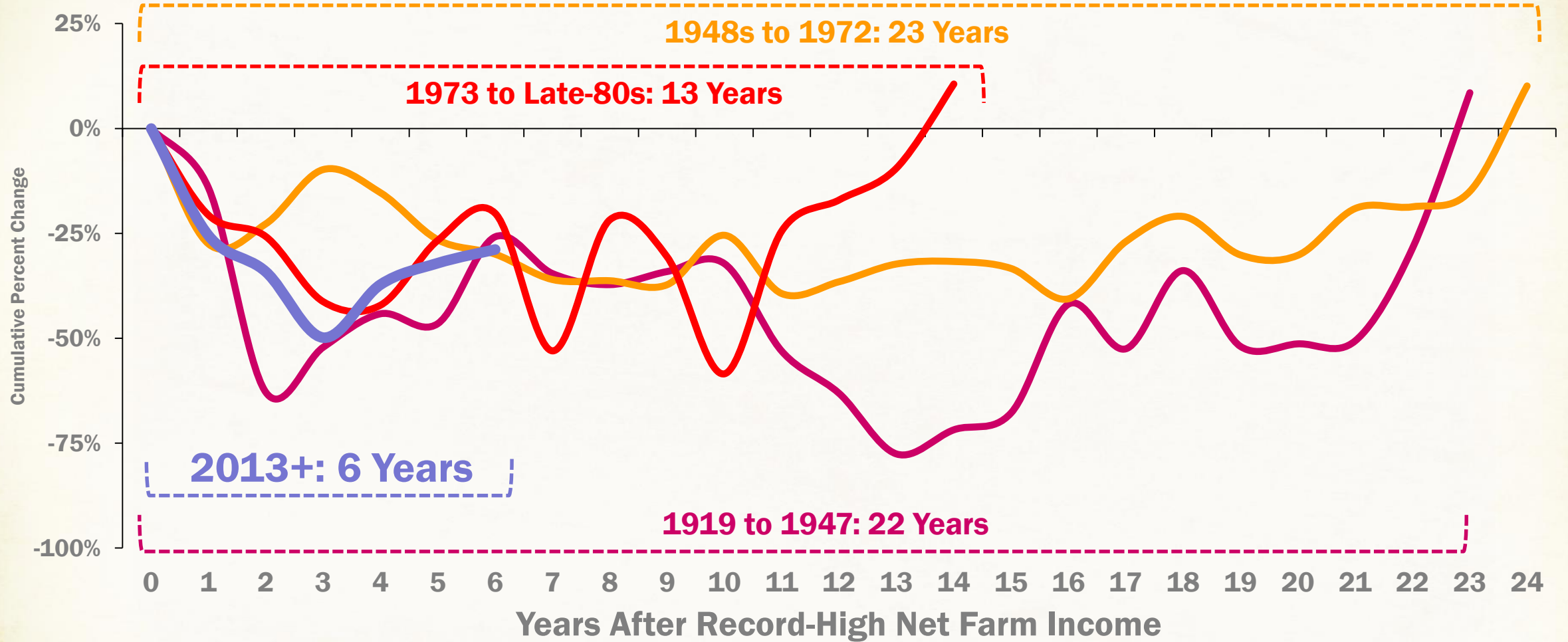
2019 Dollars, Sorted From High to Low, 1929 to 2019



Source: USDA ERS, Farm Bureau Analysis

We've Been Down This **Old Town Road** Before

The 1920's, 1950's and the 1980's Suffered Longer Downturns in the Farm Economy



HOW'D WE GET HERE?

The Cure For High Prices...

Global Agricultural Output Increased 30% Over Last Decade

FAO Agriculture Production Index Percentage Point Change (Index 2004 to 2006 = 0)

RUSSIA 39%

EUROPE 12%

**U.S.
17%**

**CHINA
39% ASIA
35%**

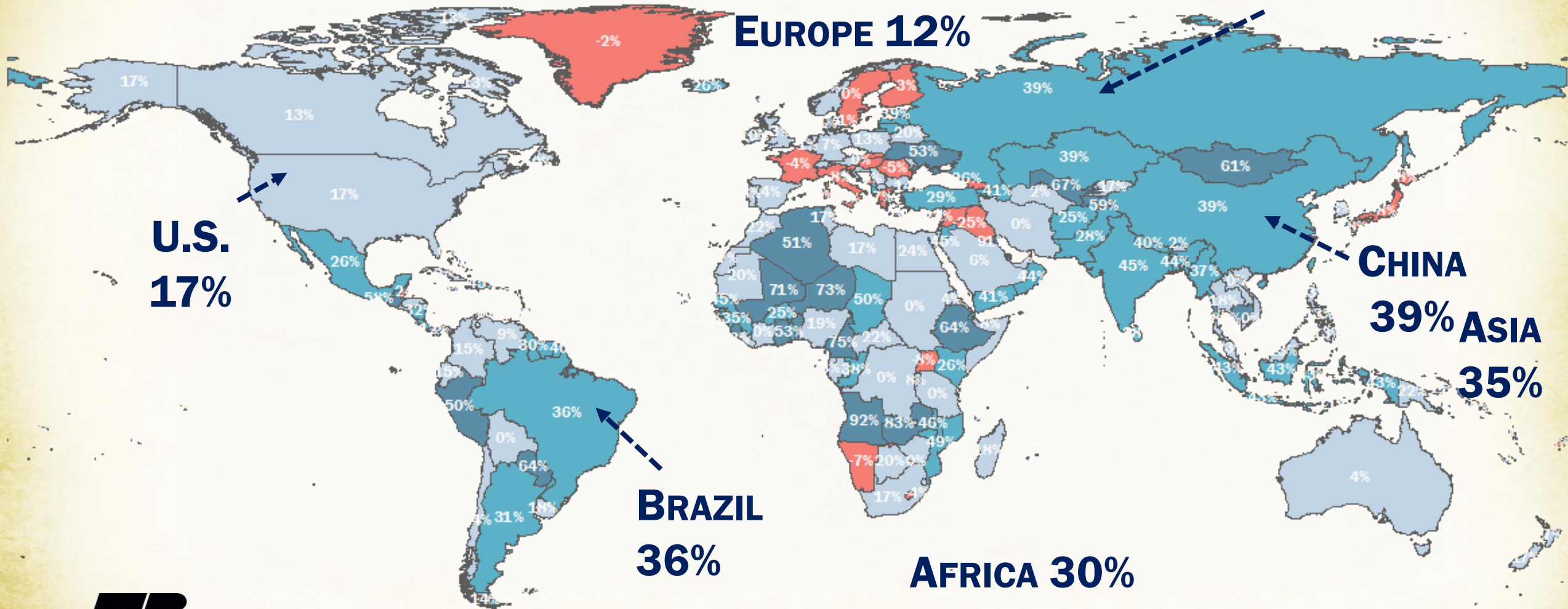
**BRAZIL
36%**

AFRICA 30%



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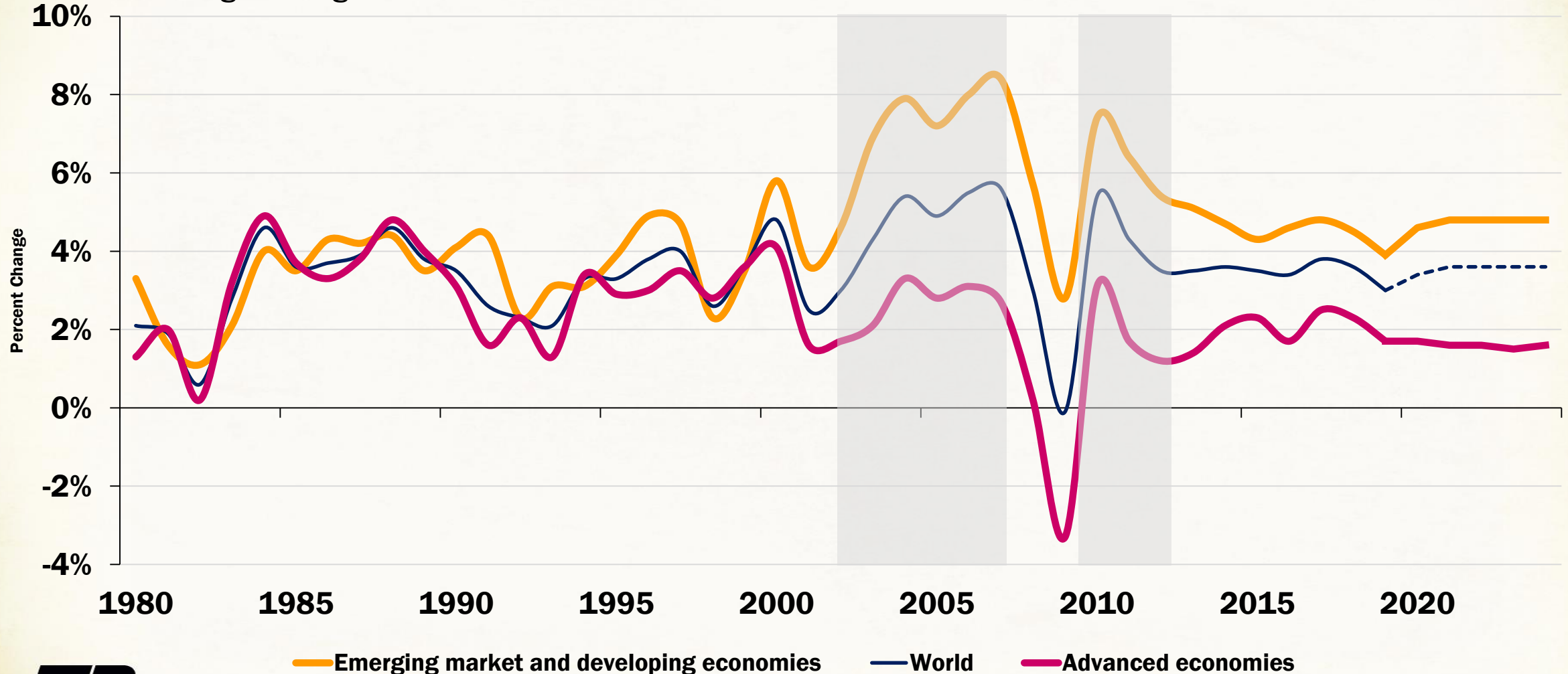
Source: FAO Stat, Farm Bureau Calculations



Global Economic Growth Slowed As Agricultural Output Expanded

Annual Percentage Change in Real GDP

GOLDEN AGE OF U.S. FARM INCOME

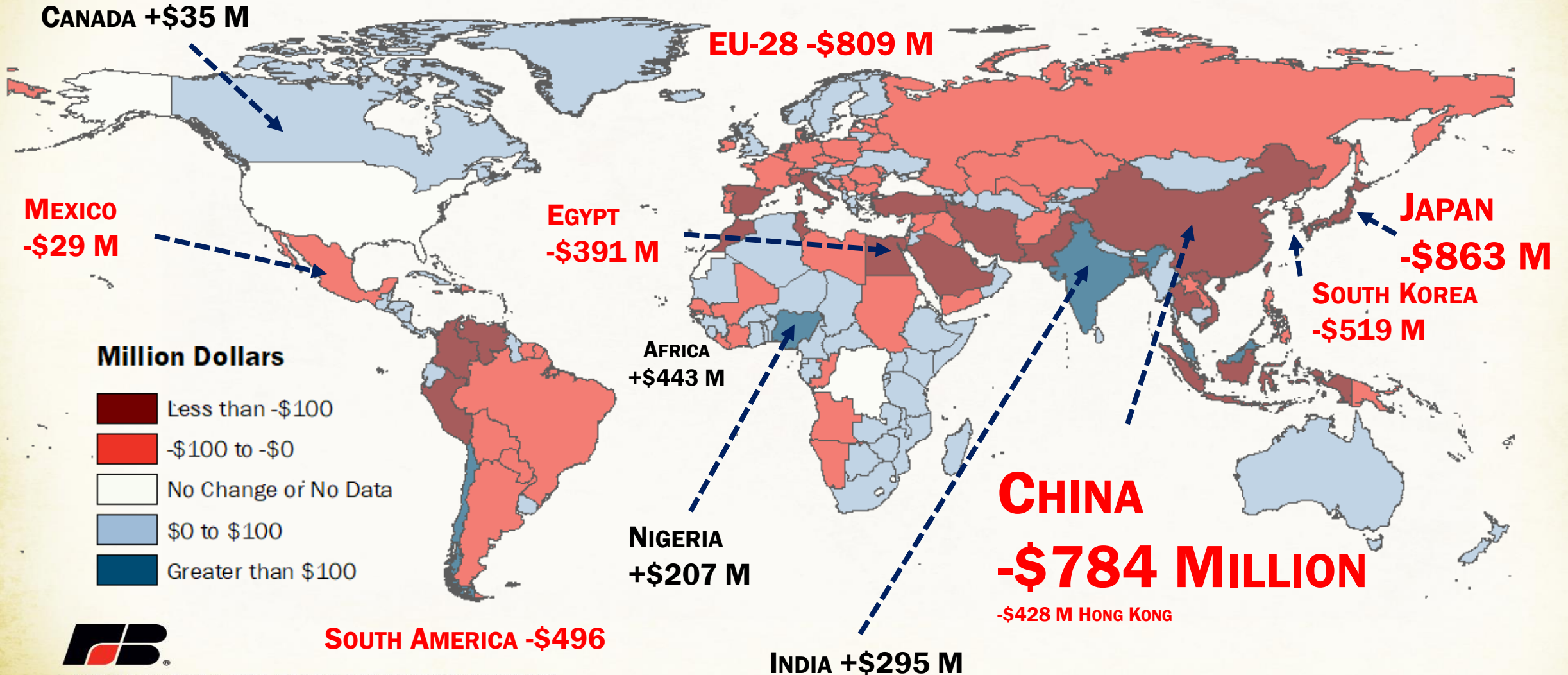


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Source: IMF, Farm Bureau Compilations

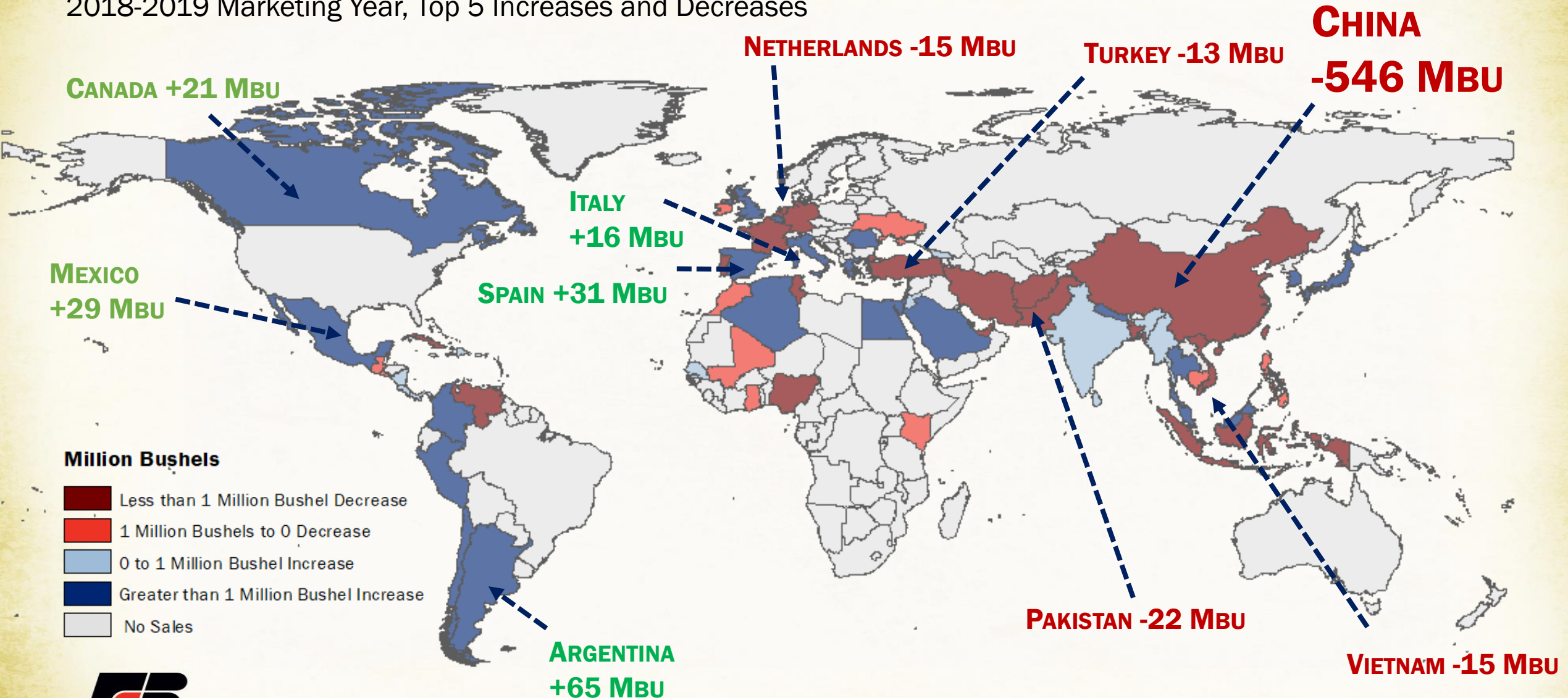
#TradeWar U.S. Ag Exports Down 5%, or \$5.6B, YTD to \$101.8B

Year-Over-Year Change in Agriculture Exports, January to August, 2018 to 2019



#TradeWar: Year-Over-Year Change in Soybean Sales

2018-2019 Marketing Year, Top 5 Increases and Decreases



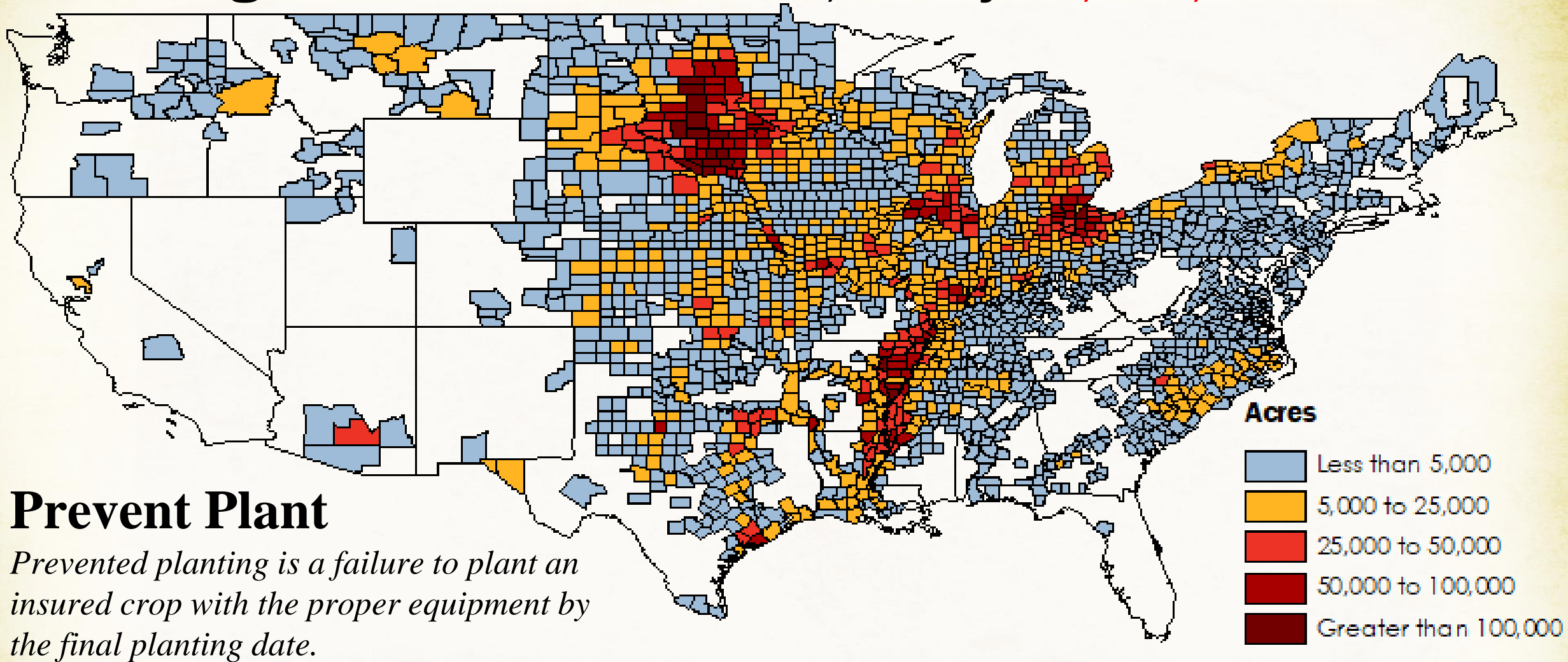
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Source: USDA FAS GATS, Farm Bureau Calculations

Midwest Growing Season #NoPlant19

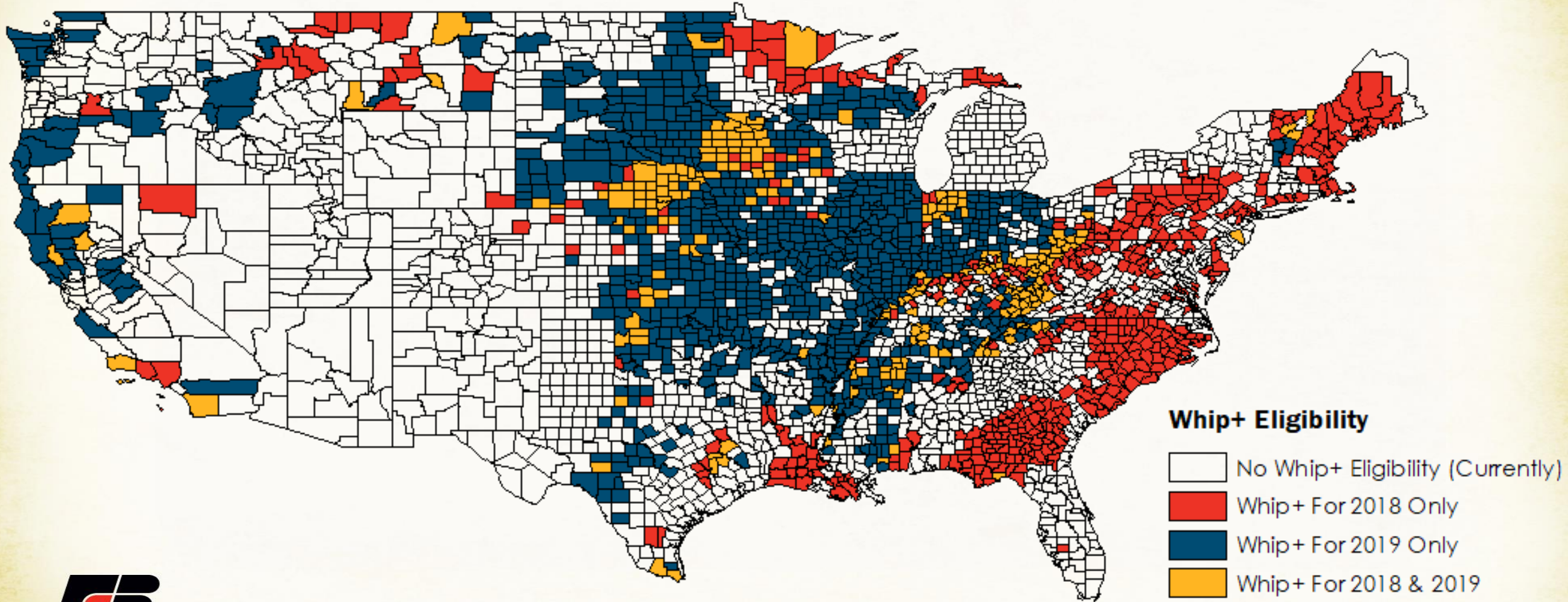


Record-High Prevent Plant in 2019, Nearly **20,000,000** Acres



Many Counties in 2018 or 2019 Experienced Natural Disasters, Destroying Crops and Farm Operations

(Includes Hurricane Florence and Michael, Alaska Earthquake, Hawaii Volcano Eruption, Alabama Tornado, Midwest Flooding and Delayed Plantings)

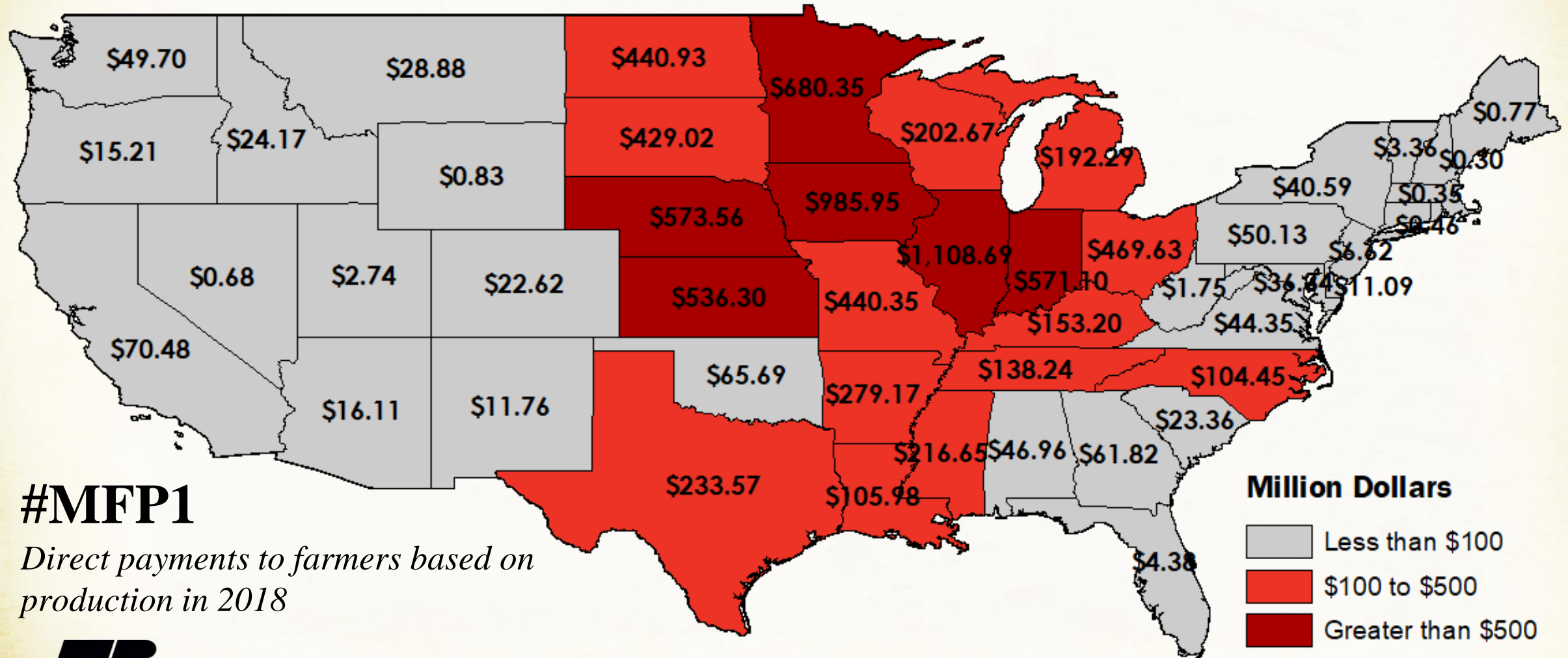


Farmer Support Efforts

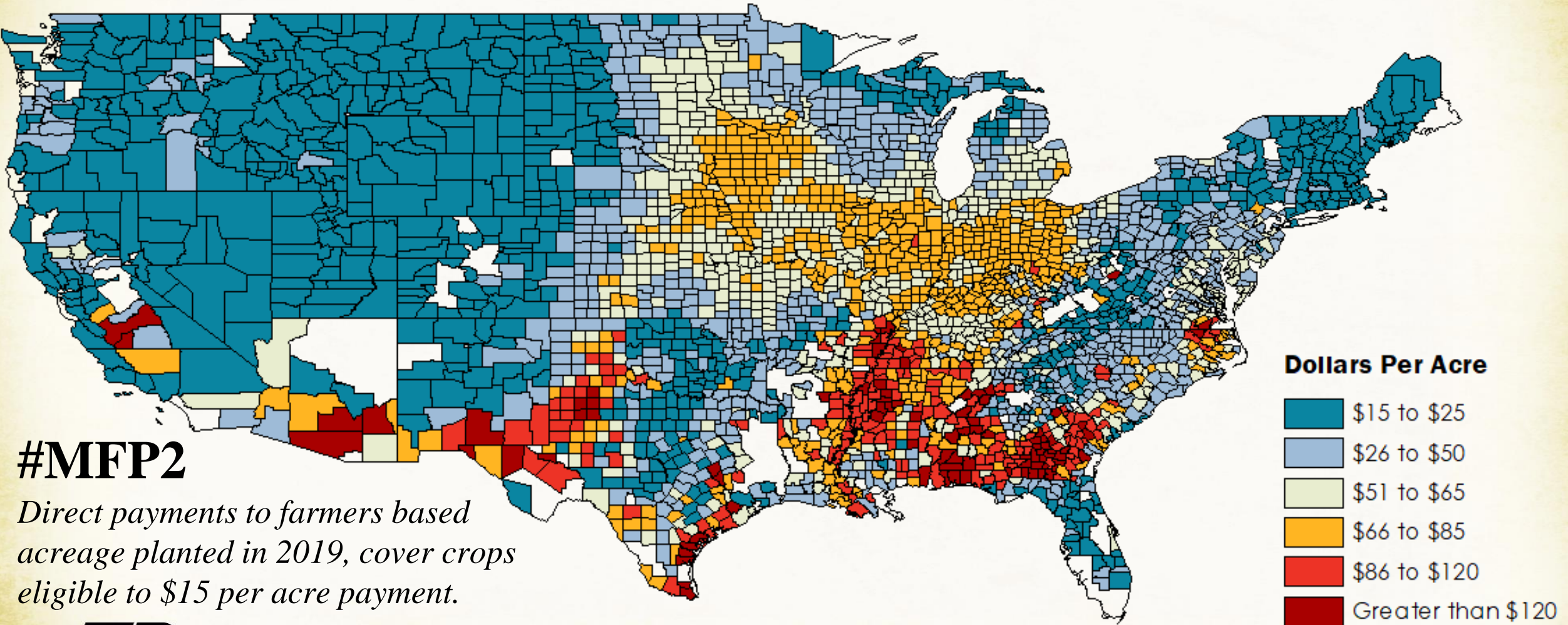


Total Trade Aid in Round One at \$8.5+ Billion

As of May 13, 2019, Includes Corn, Cotton, Dairy, Sweet Cherries, Hogs, Shelled Almonds, Sorghum, Soybeans and Wheat



Second Round of Trade Aid Based on County-Level Rates of \$15 to \$150 per Planted Acre

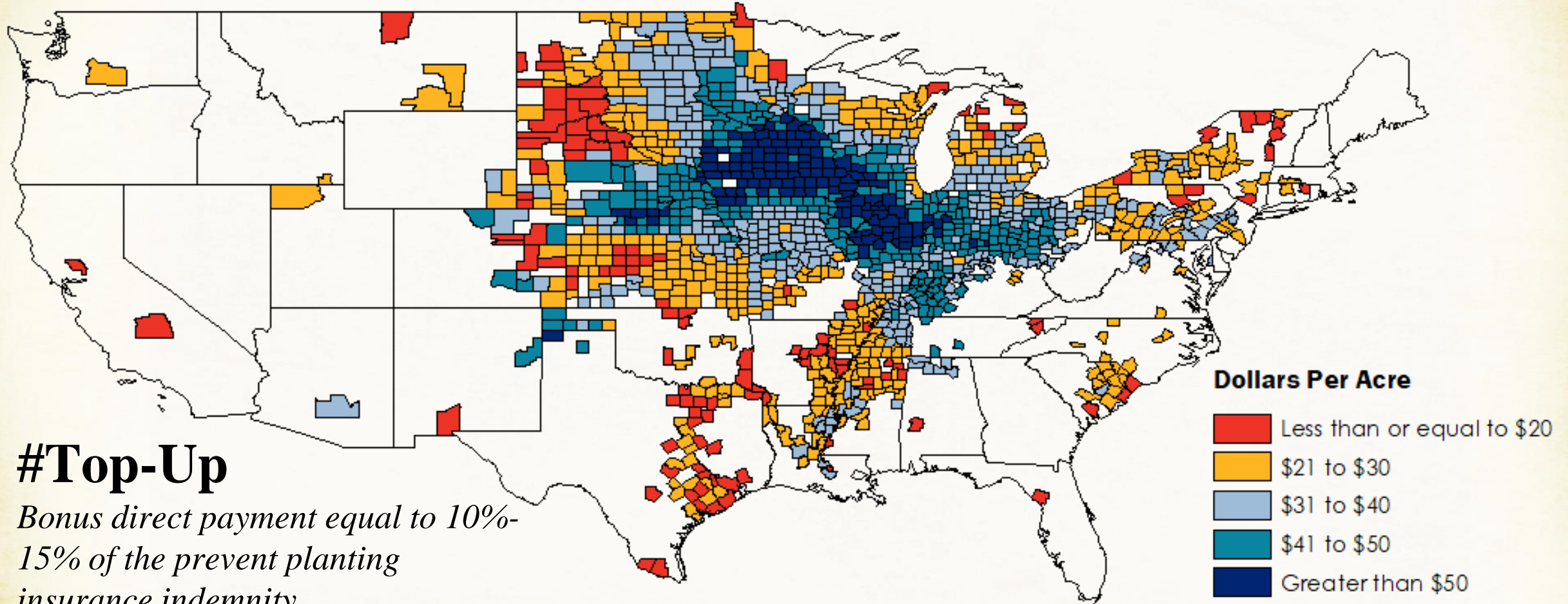


#MFP2

*Direct payments to farmers based
acreage planted in 2019, cover crops
eligible to \$15 per acre payment.*

“Top-Up” Prevent Planting Payments

\$292/acre for Corn (\$252 + \$38) and \$220/acre for Soybeans (\$192 + \$28)



#Top-Up

Bonus direct payment equal to 10%-15% of the prevent planting insurance indemnity



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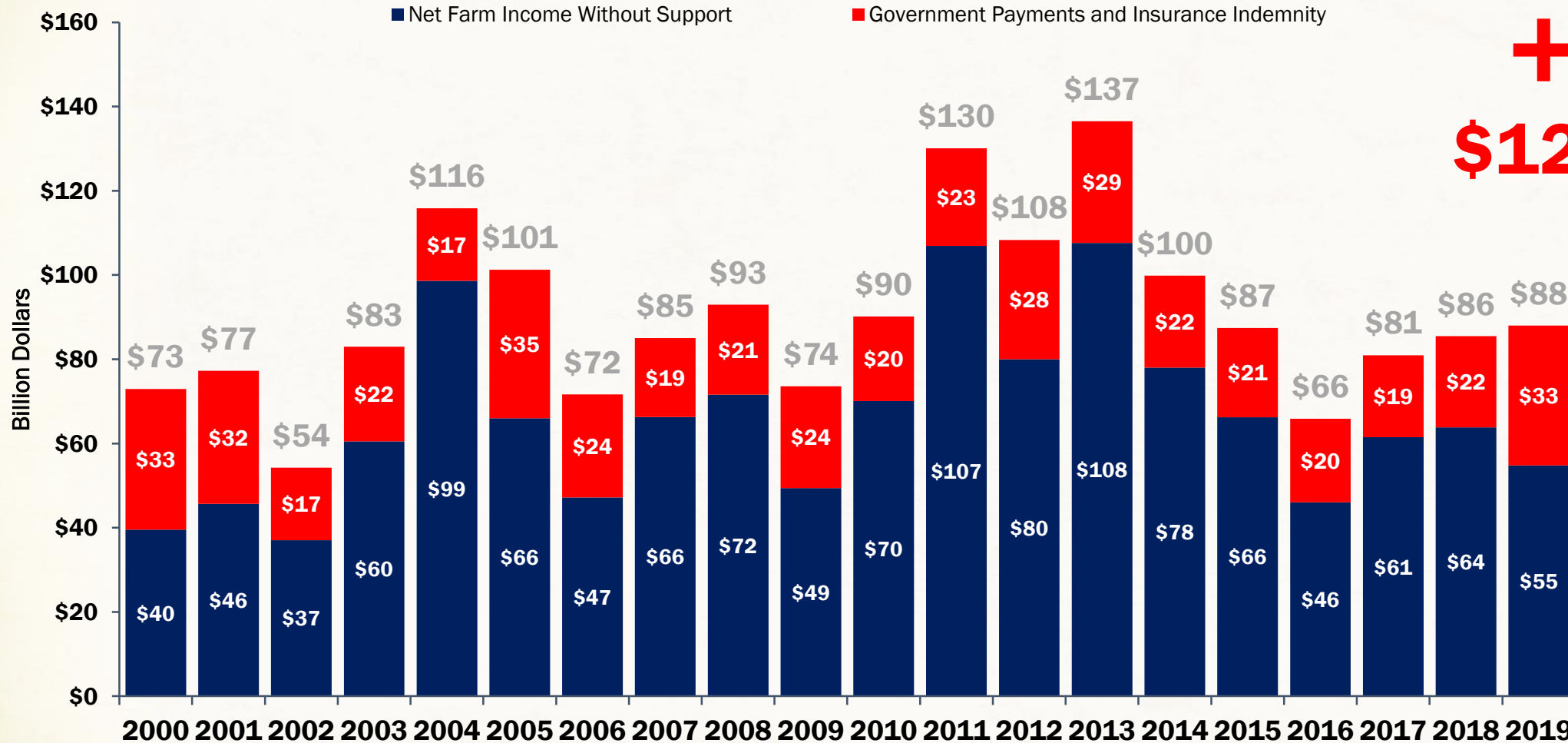
Source: USDA FSA, USDA RMA, Farm Bureau Calculations

Inflation-Adjusted U.S. Farm-Related Income

Federal Support and Insurance Up

+53%

\$12 Billion



Farm-Related Income Down

-14%

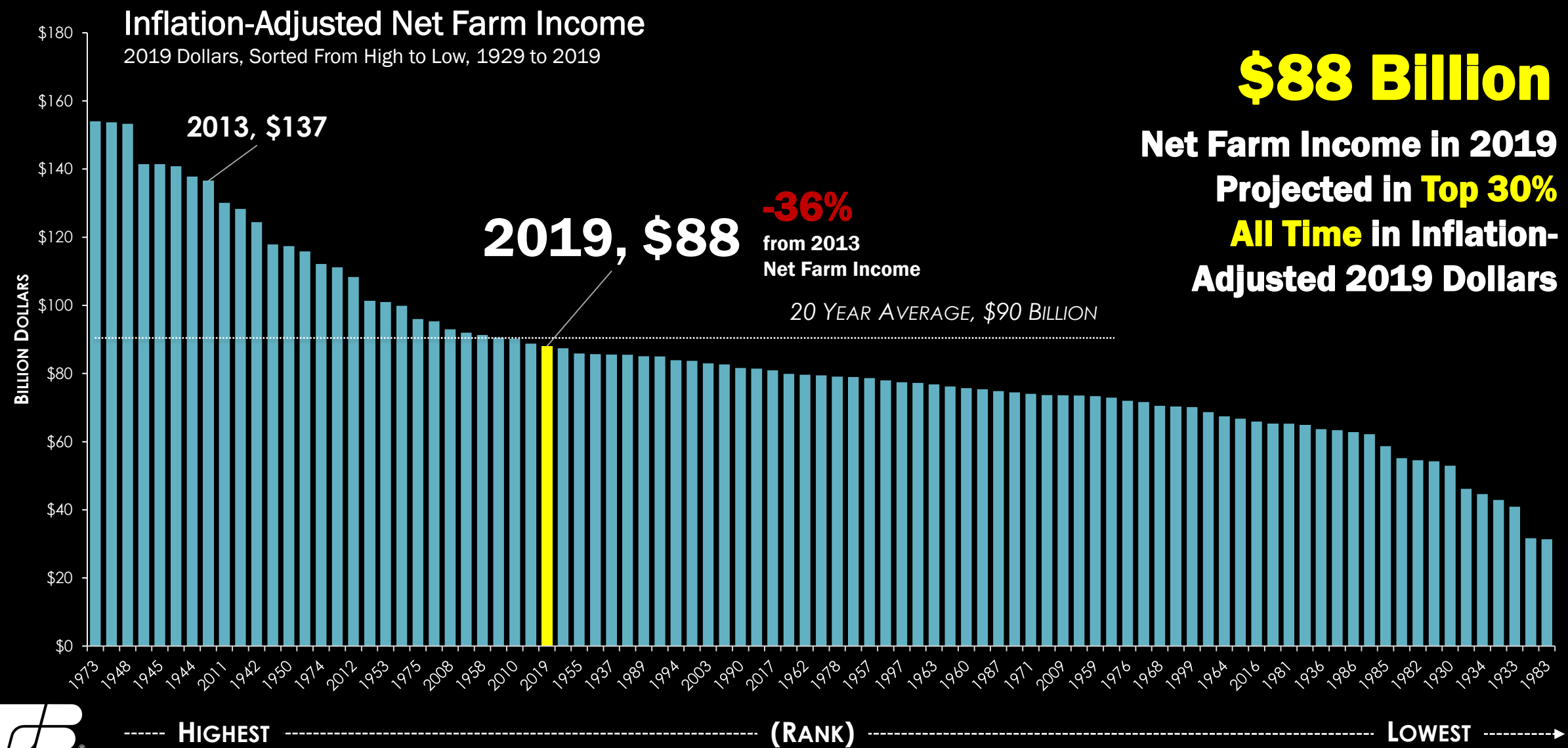
-\$9 Billion



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Source: USDA ERS, Farm Bureau Calculations

Federal Support Expected to Boost Income in 2019



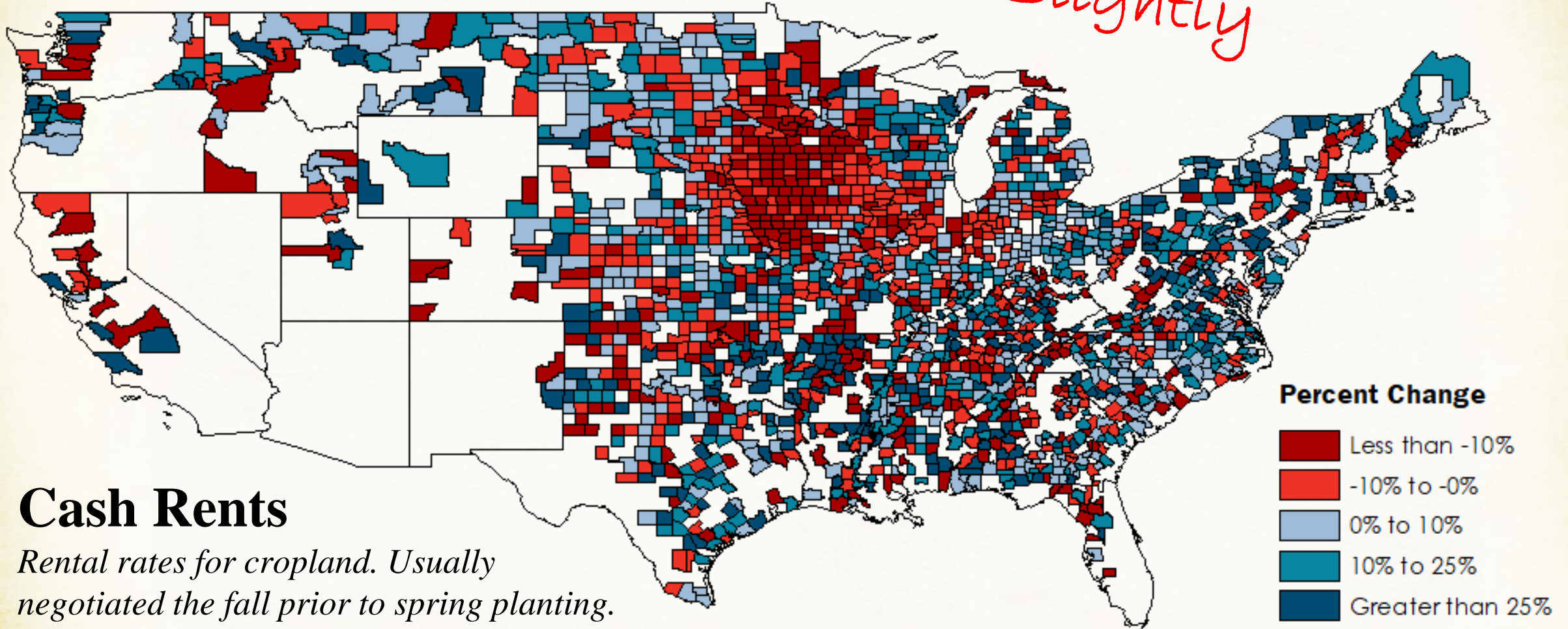
Boots on the Ground



Asset Values and Cash Rents Have Weakened In Corn Belt

Change in Cropland Cash Rents, 2014 to 2019

slightly



Cash Rents

Rental rates for cropland. Usually negotiated the fall prior to spring planting.

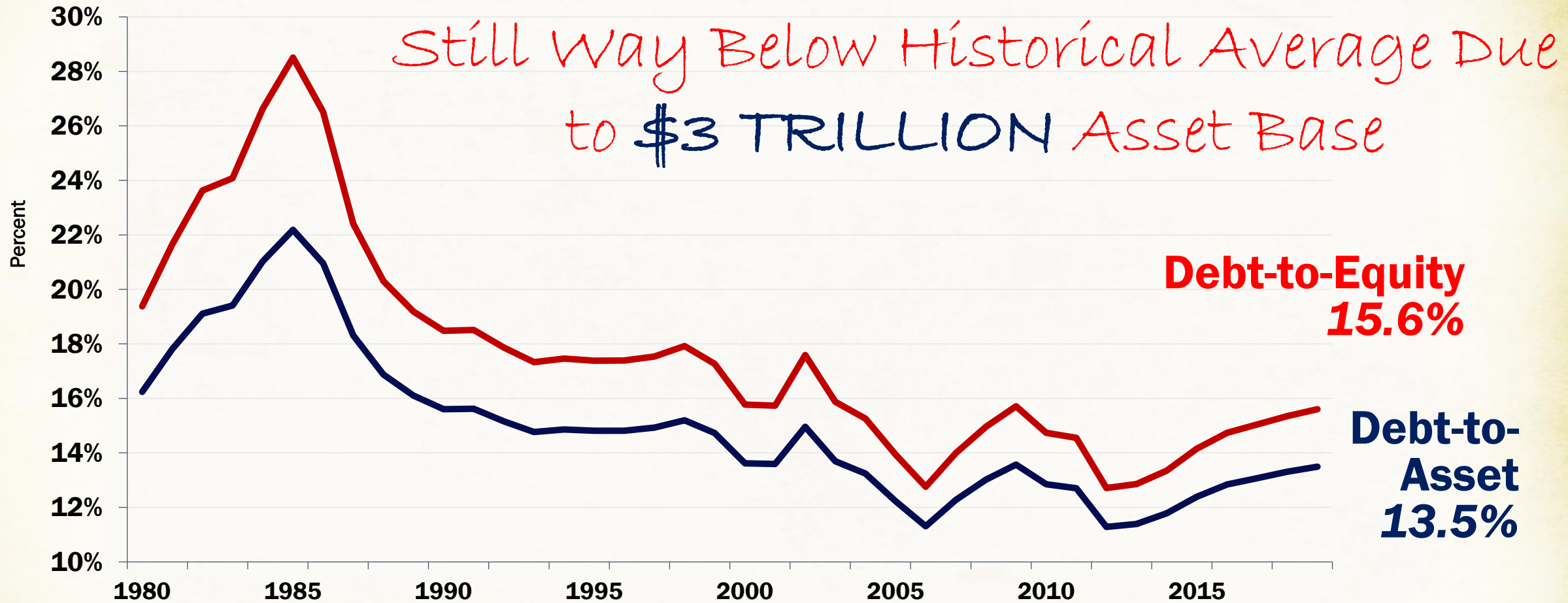


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Source: USDA NASS, Farm Bureau Calculations

Farm Equity Ratios Have Deteriorated For 7 Consecutive Years

Debt-to-Asset and Debt-to-Equity Remain Below Historical Highs



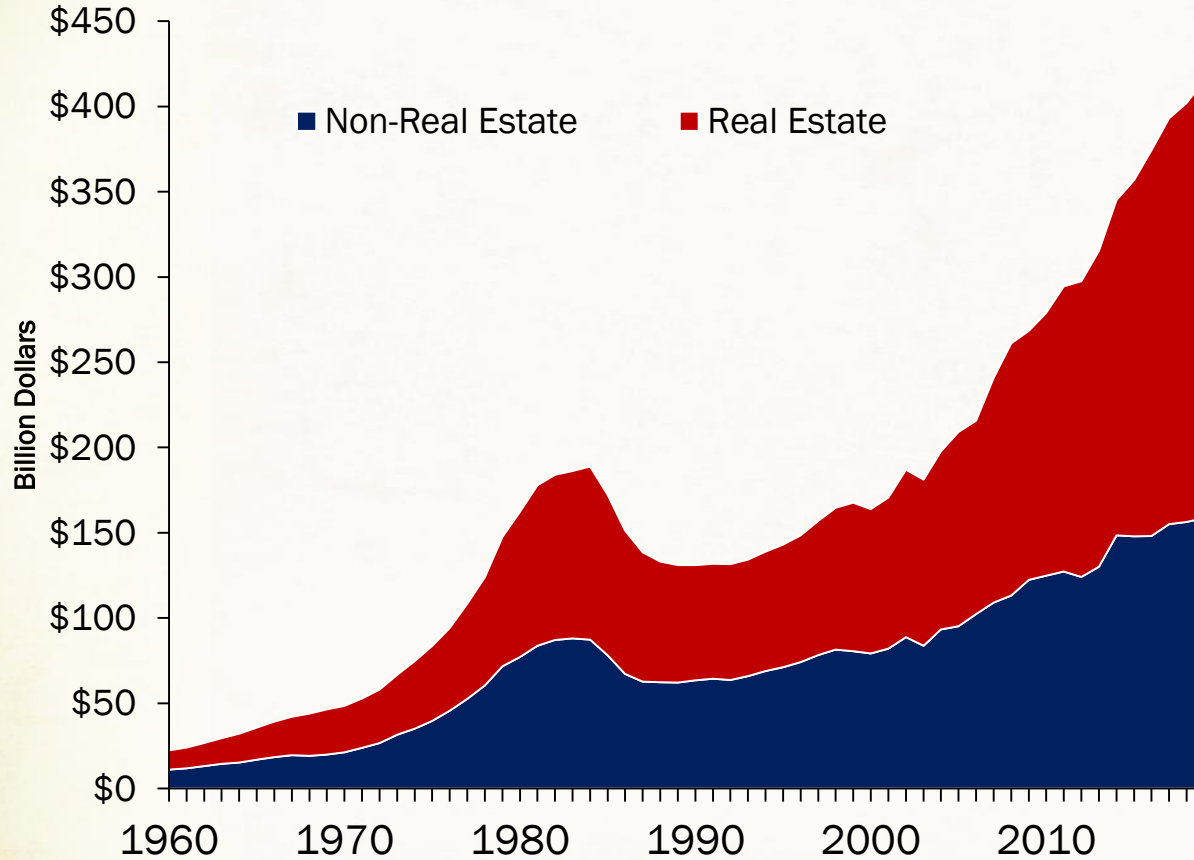
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Source: U.S. Census Bureau, Farm Bureau Calculations

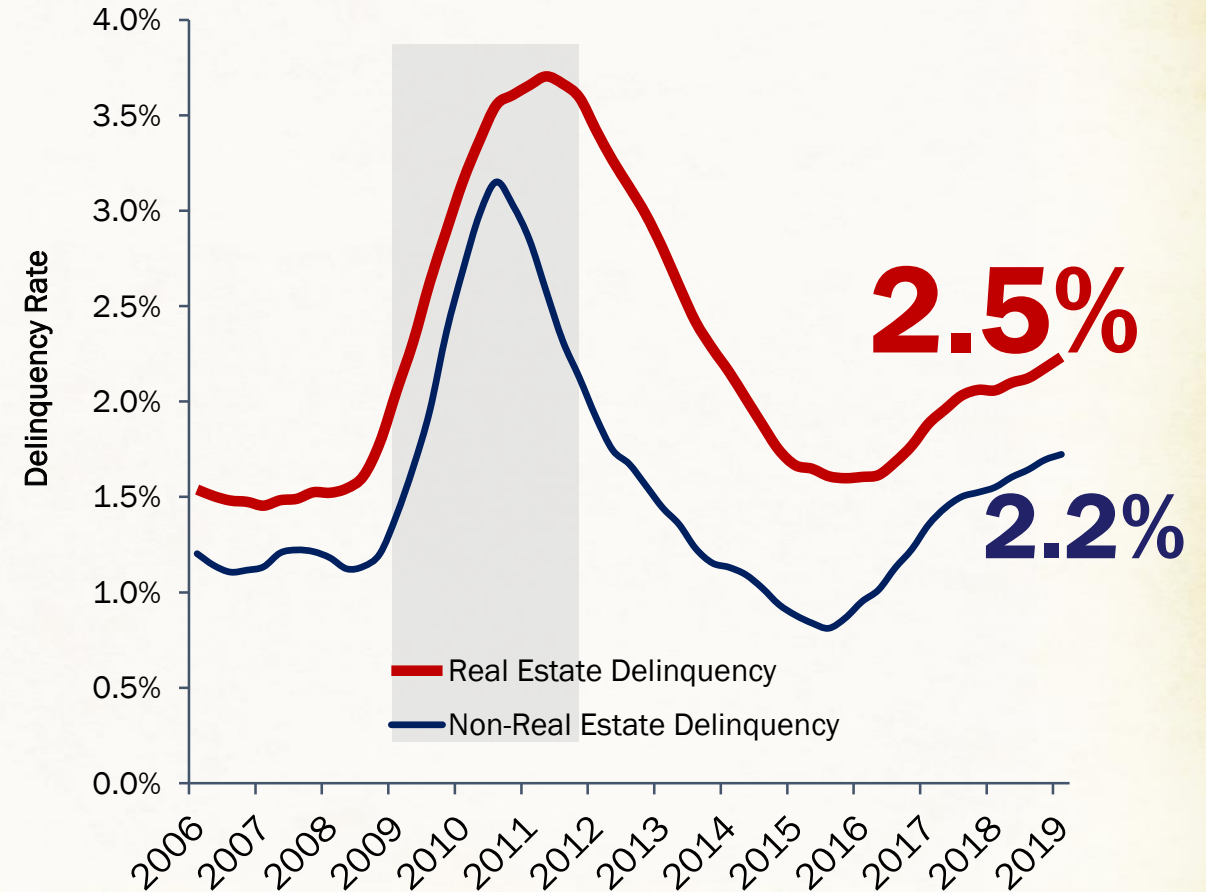
Farm Debt Record-High & Delinquency Rates Rising

\$416 Billion in 2019

Total Debt in Agriculture



Percentage of Commercial Agricultural Loans More Than 30 Days Past Due, 12-Mo MA

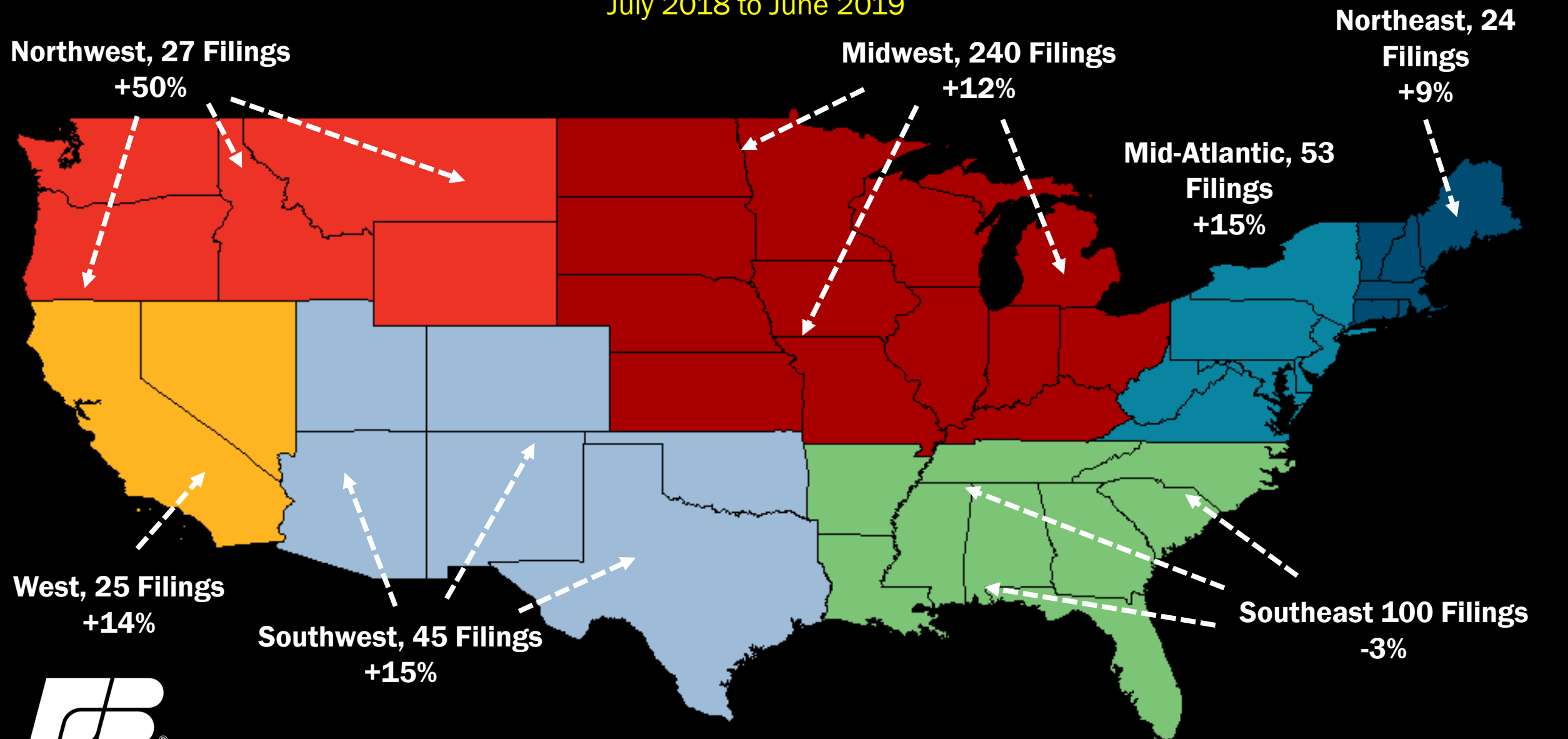


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Source: FDIC, USDA ERS, Farm Bureau Calculations

Chapter 12 Farm Bankruptcies By Region, U.S. +13%

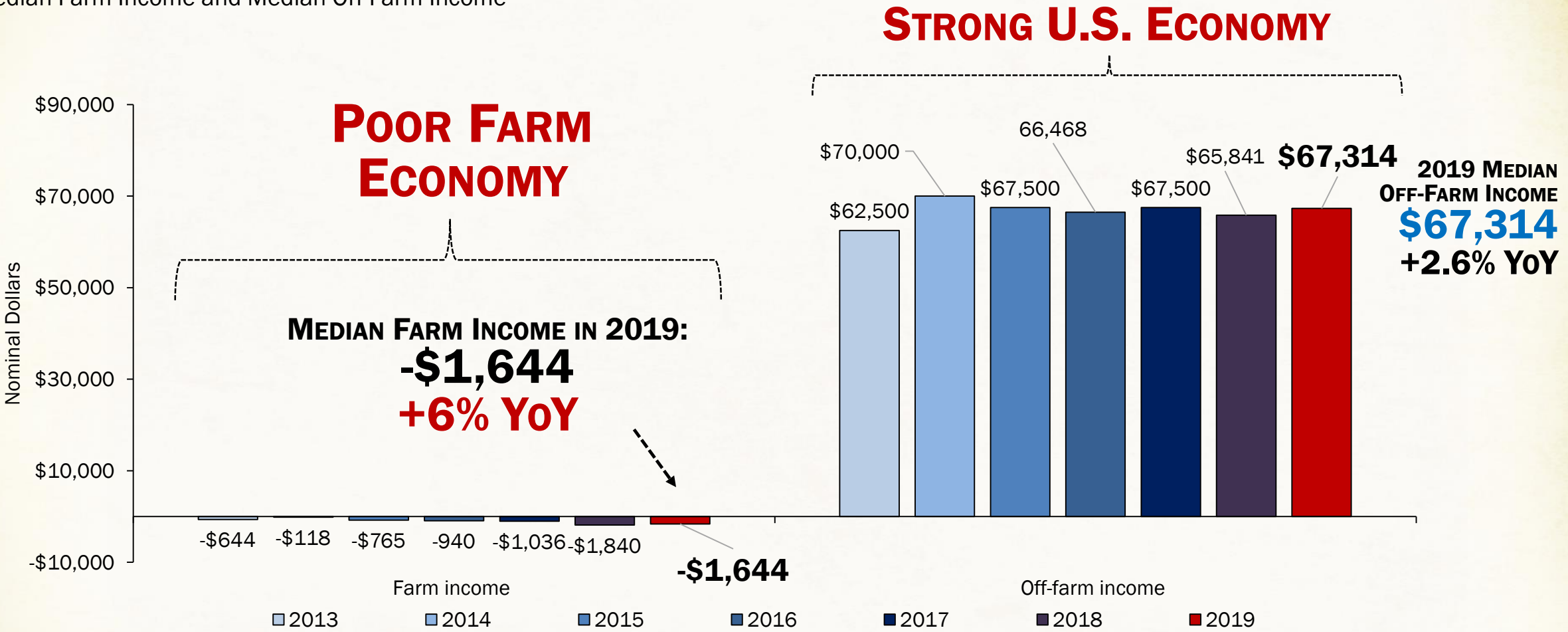
July 2018 to June 2019



Source: U.S. Courts, Farm Bureau Calculations

Agriculture is Partially Supported by Robust Off-Farm Economic Income & Strong Asset Values

Median Farm Income and Median Off-Farm Income





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