

The 'Normal' Normal?

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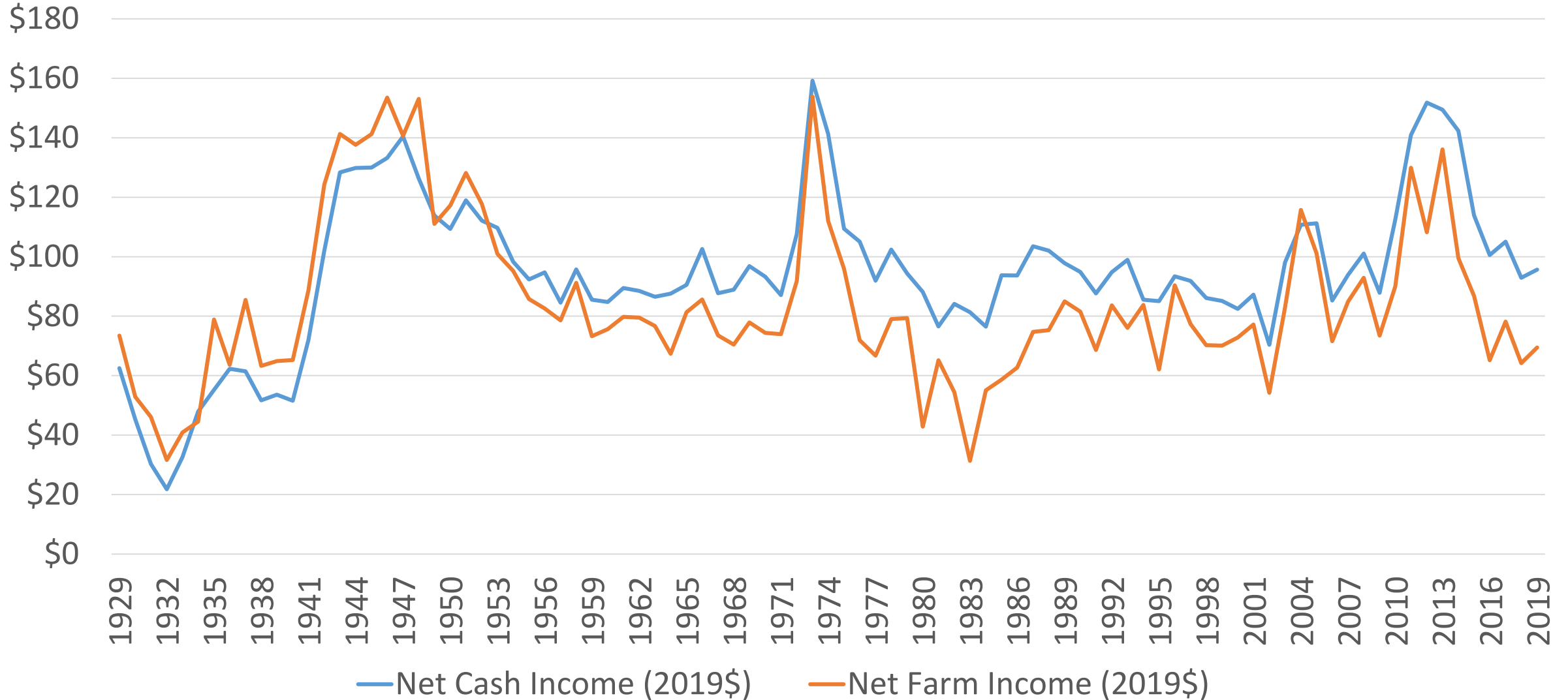
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University of Missouri



Food & Agricultural
Policy Research Institute
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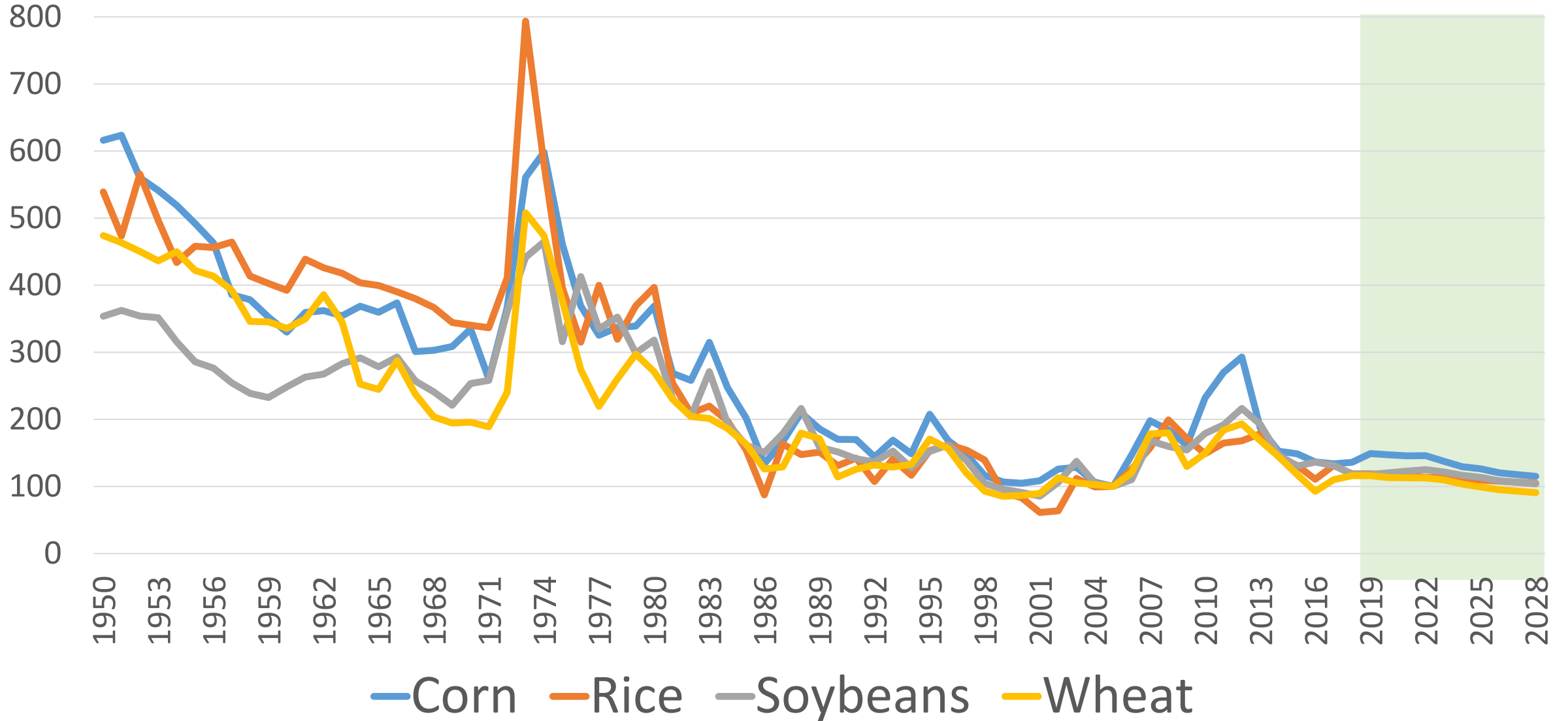
Real Net Farm and Net Cash Income

billion 2019 USD

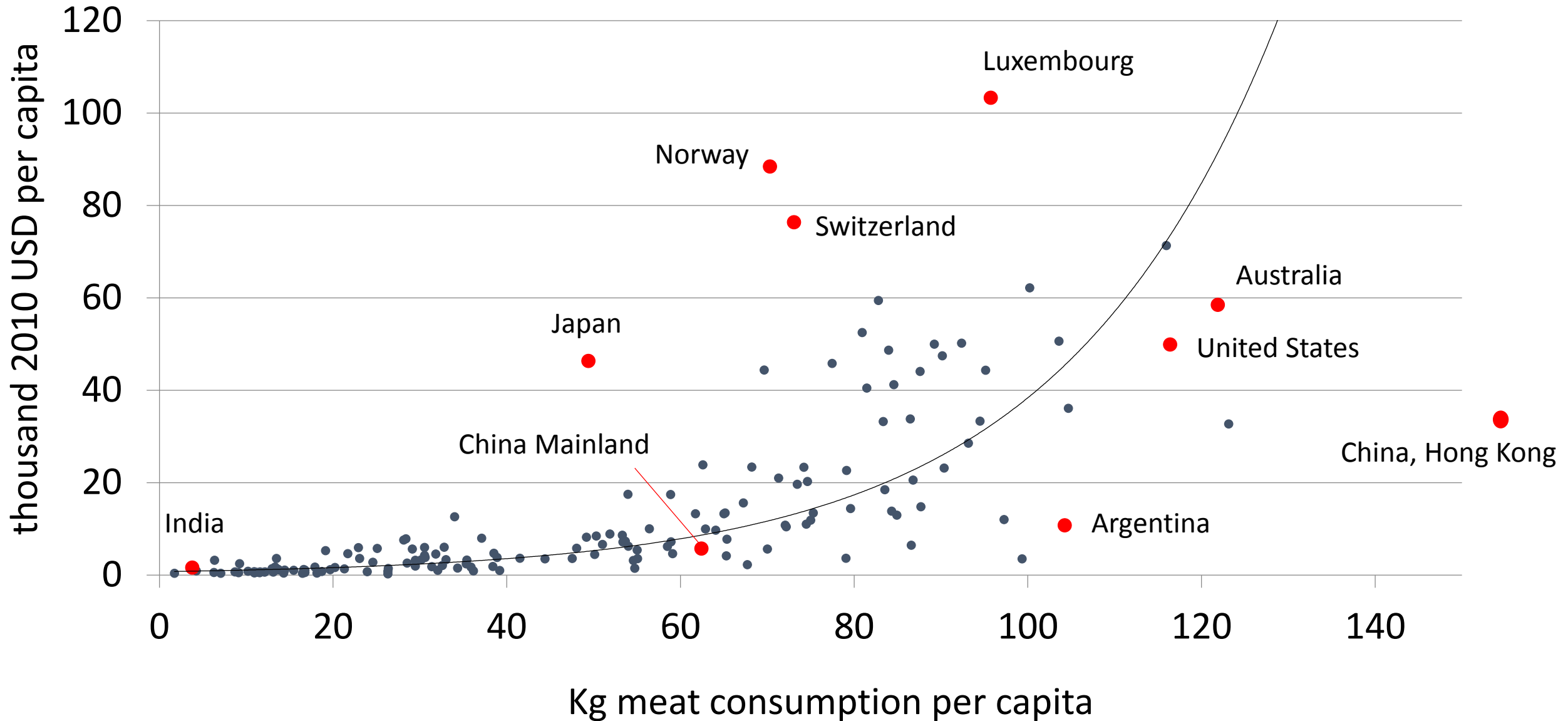


Falling real prices

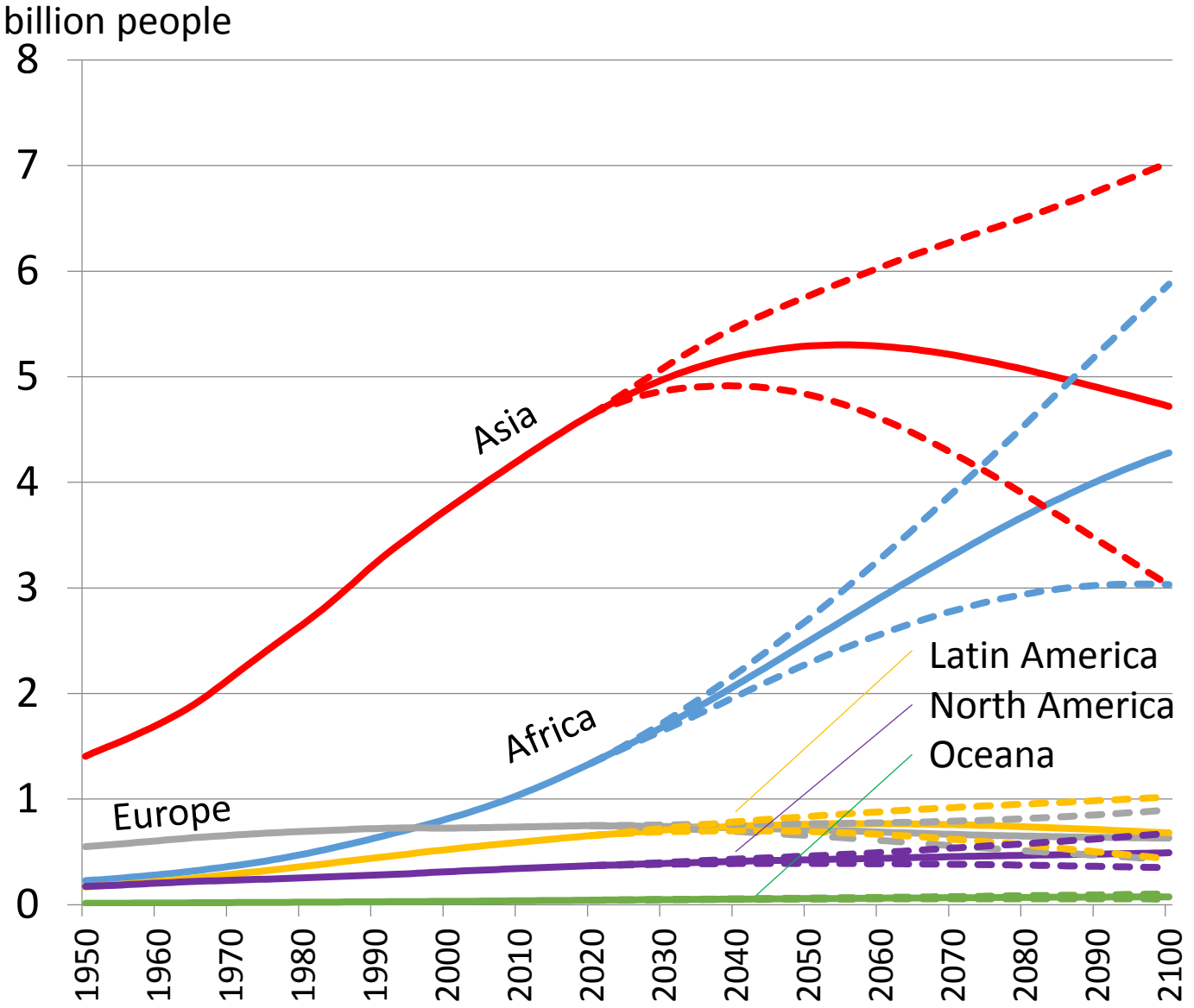
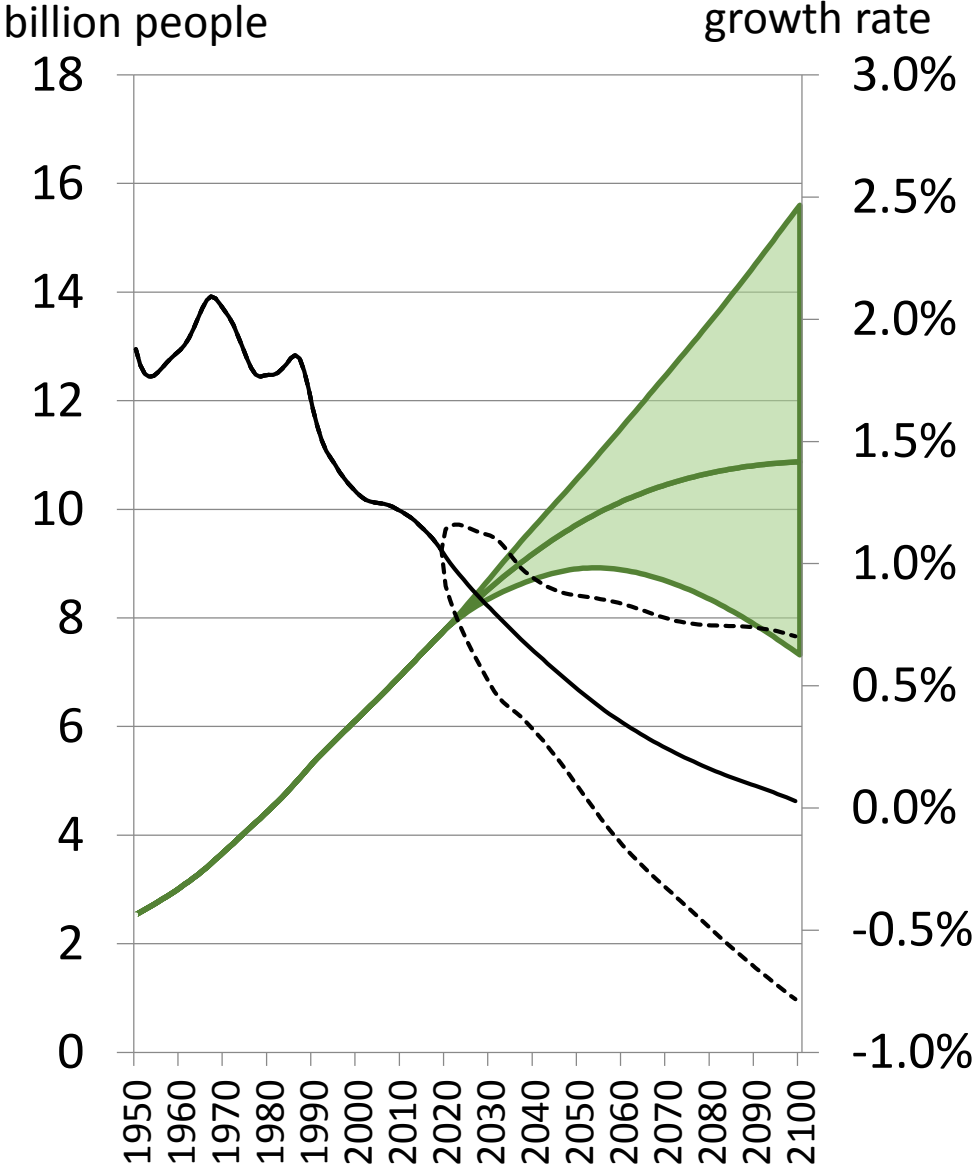
Index = 100 in 2005



2013 meat consumption per capita and GDP per capita

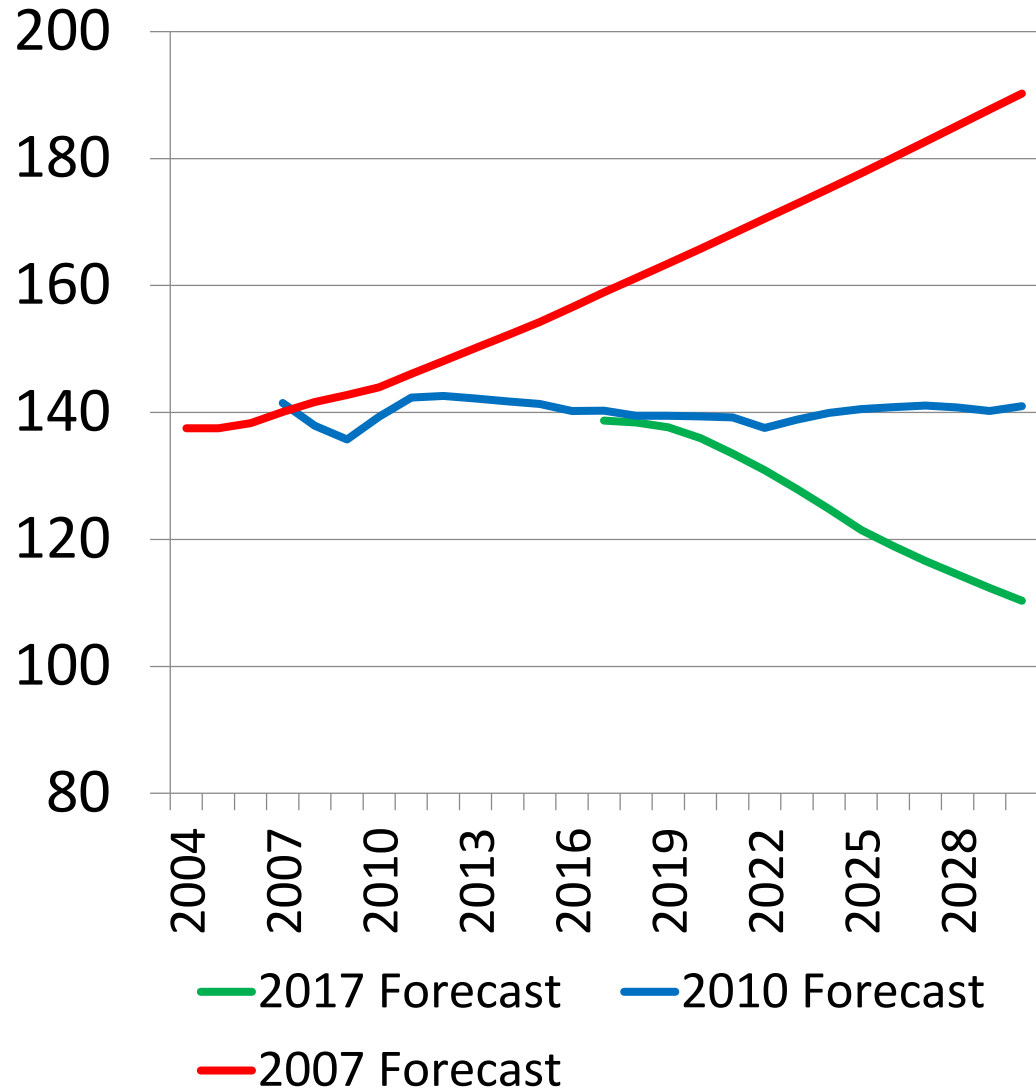


Global and regional population growth



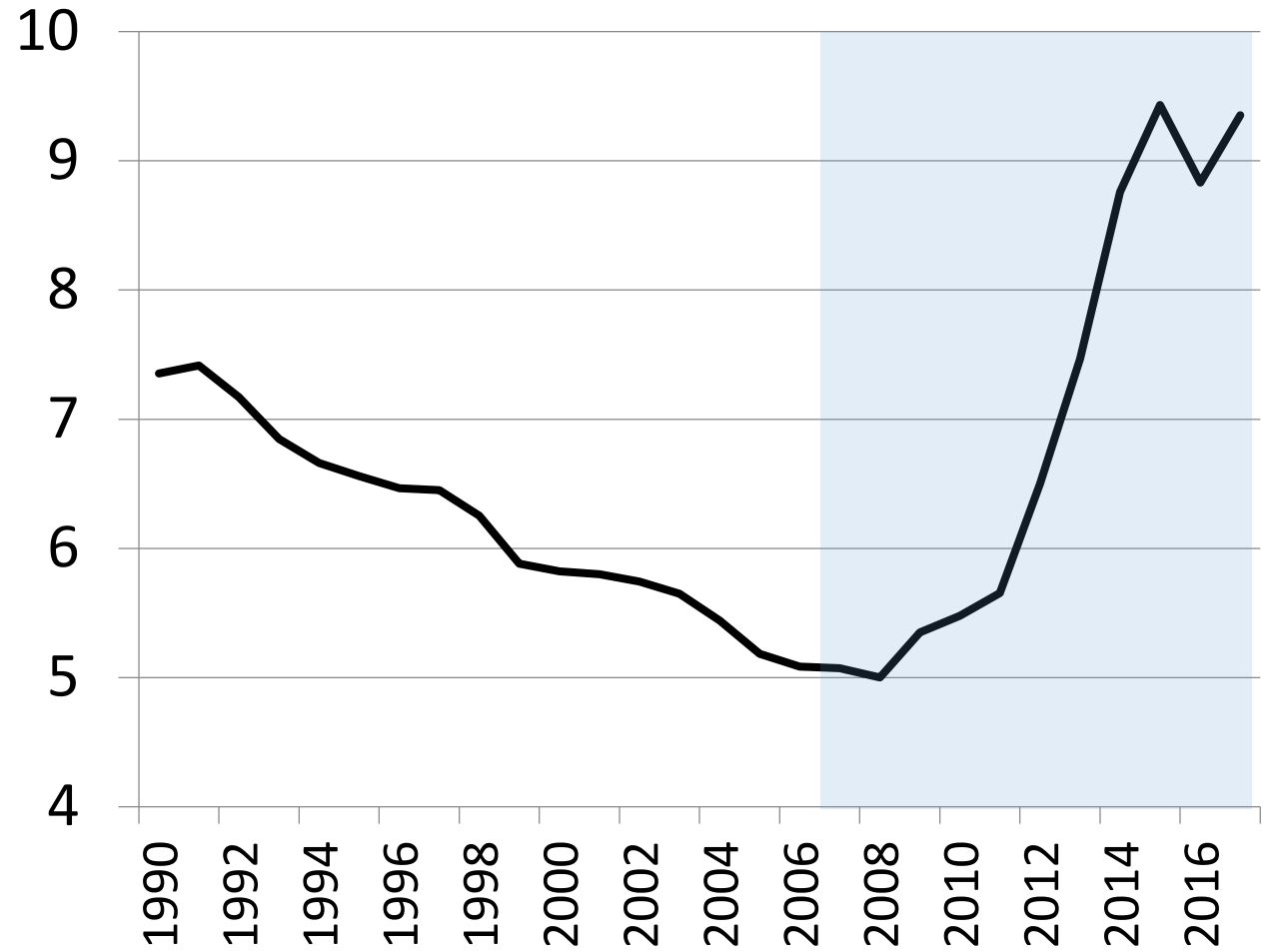
U.S. motor-gasoline transportation consumption forecasts

(billion gallons)

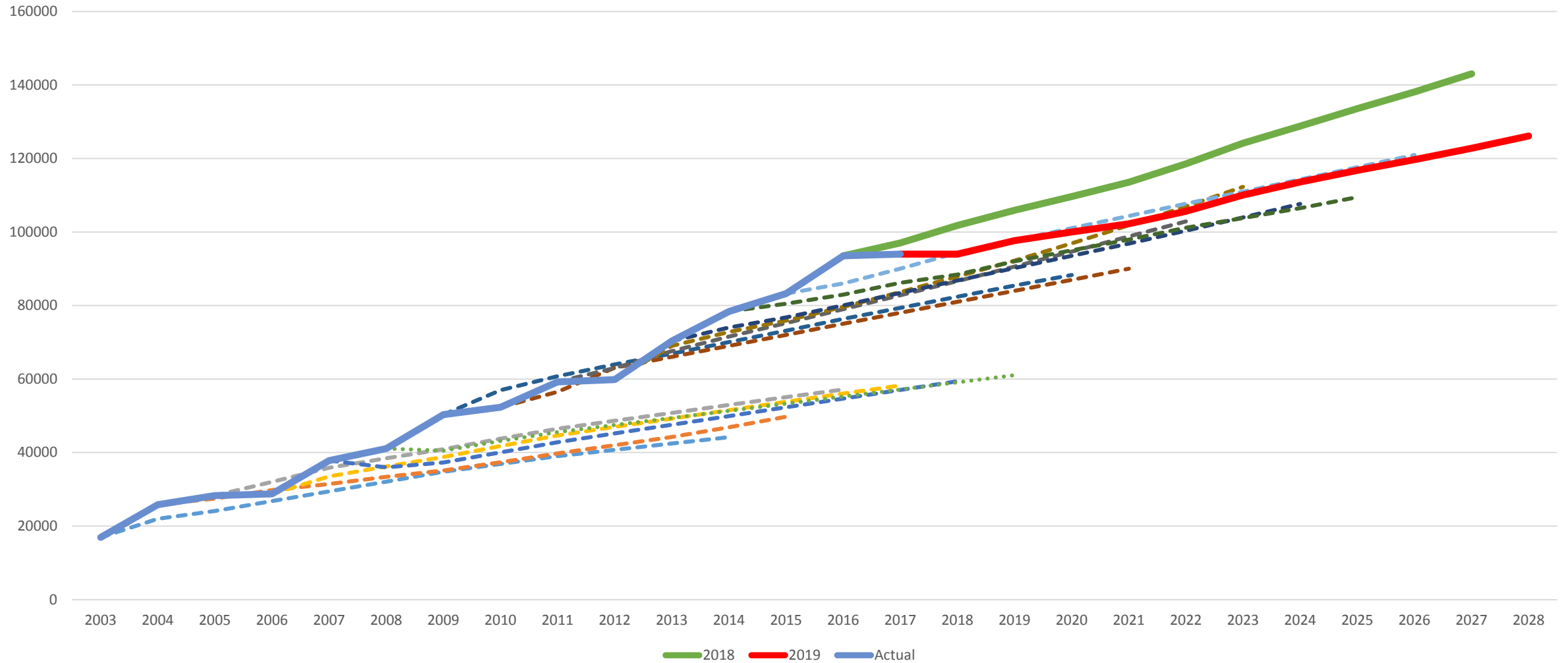


U.S. field production of crude oil

(million barrels per day)

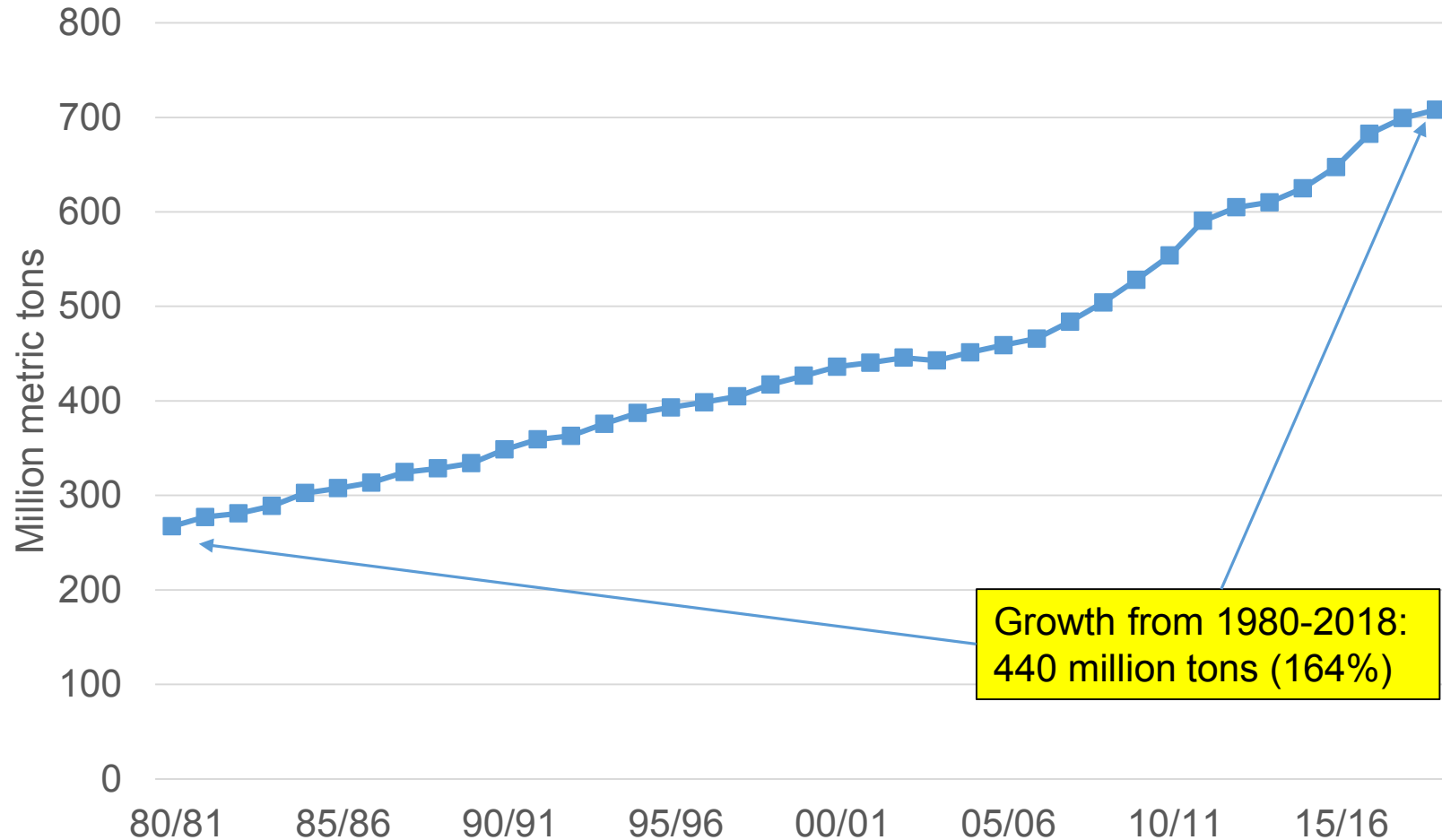


China soybean import demand



Data: USDA

China's use of 14 grains and oilseeds

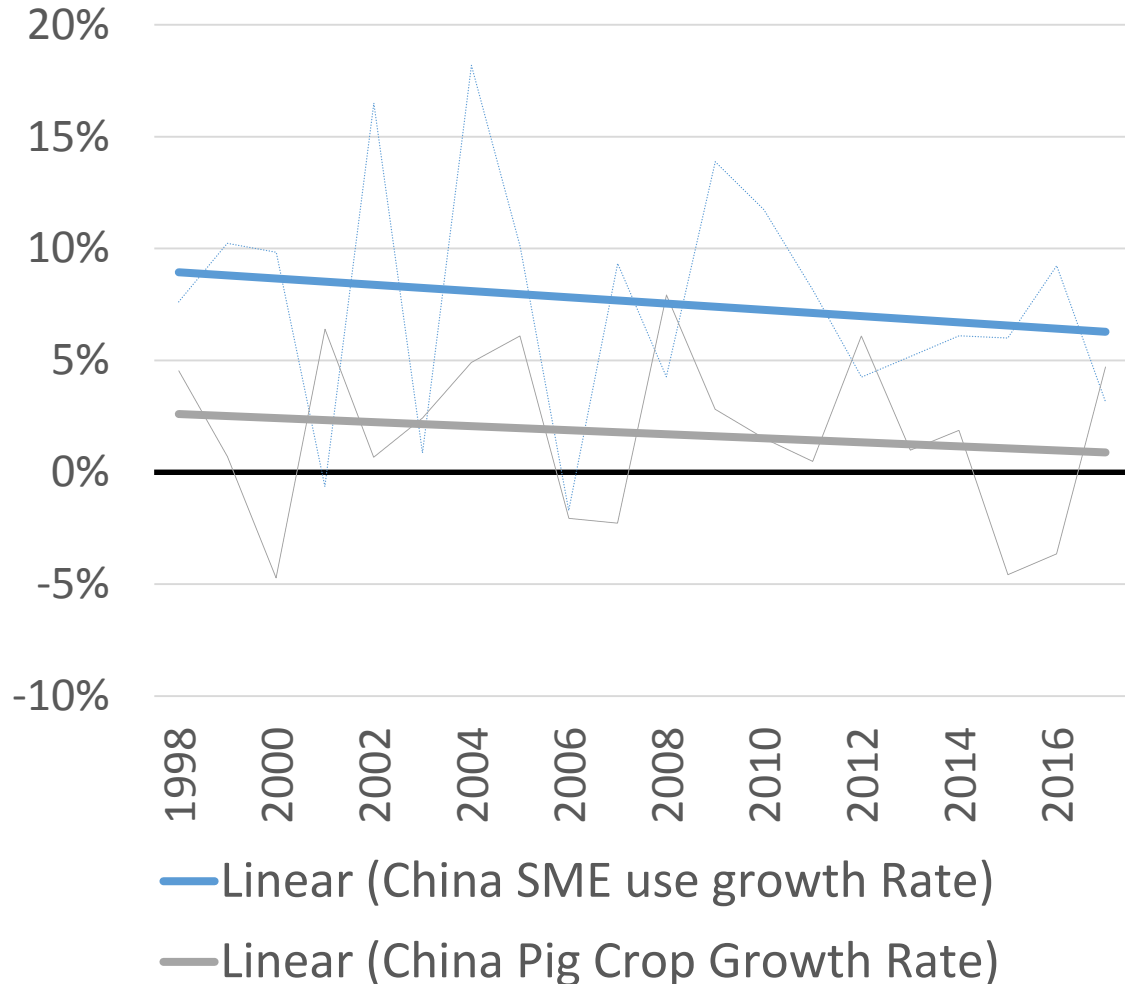


Data for 9 grains (corn, wheat, rice, sorghum, barley, oats, rye, millet and mixed grains) and 5 oilseeds (soybeans, rapeseed, sunflower seed, peanuts and cottonseed).

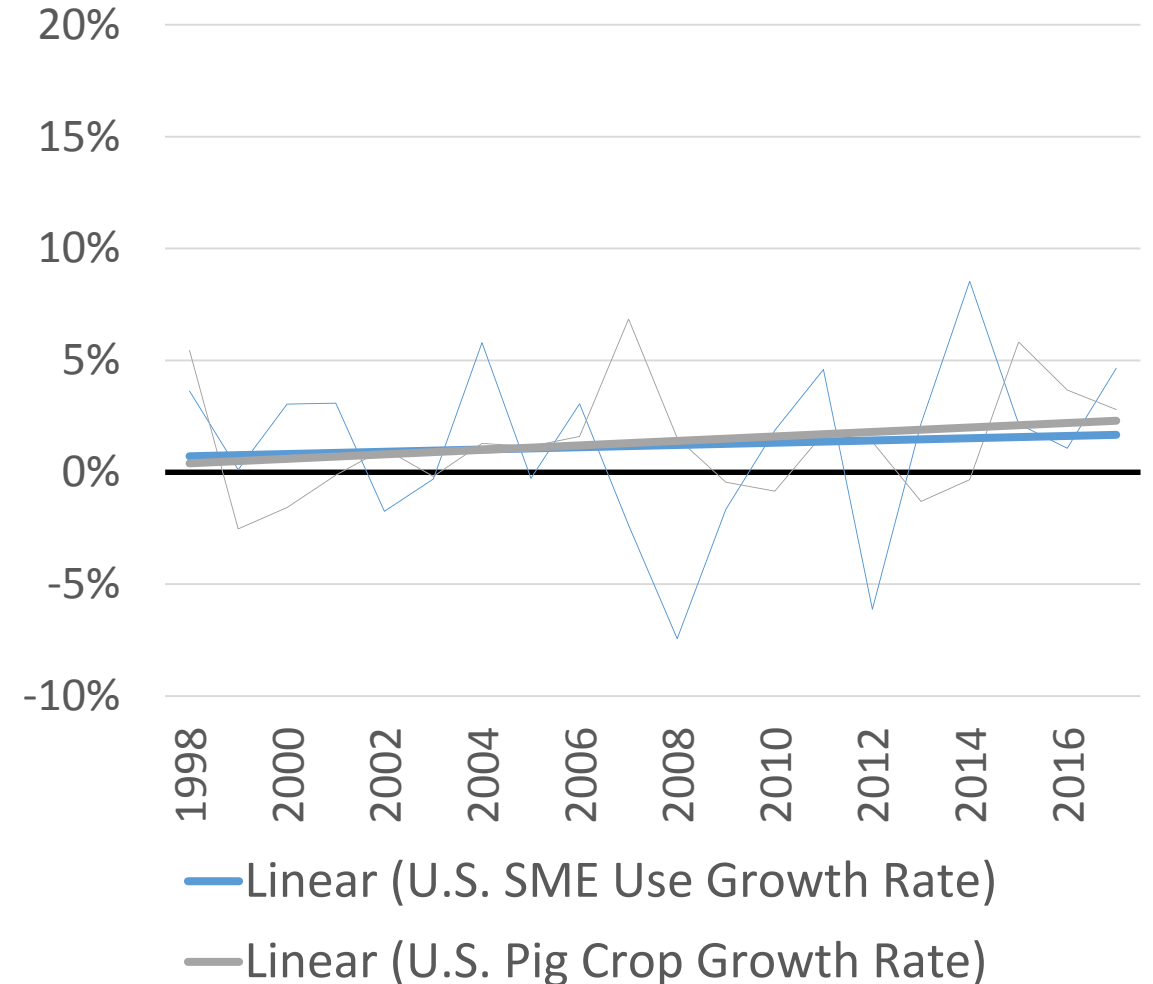
Source: May 2019 data from USDA's PSD Online.

Annual Pig Crop Growth rate vs Soybean Meal Equivalent Use

China growth rates

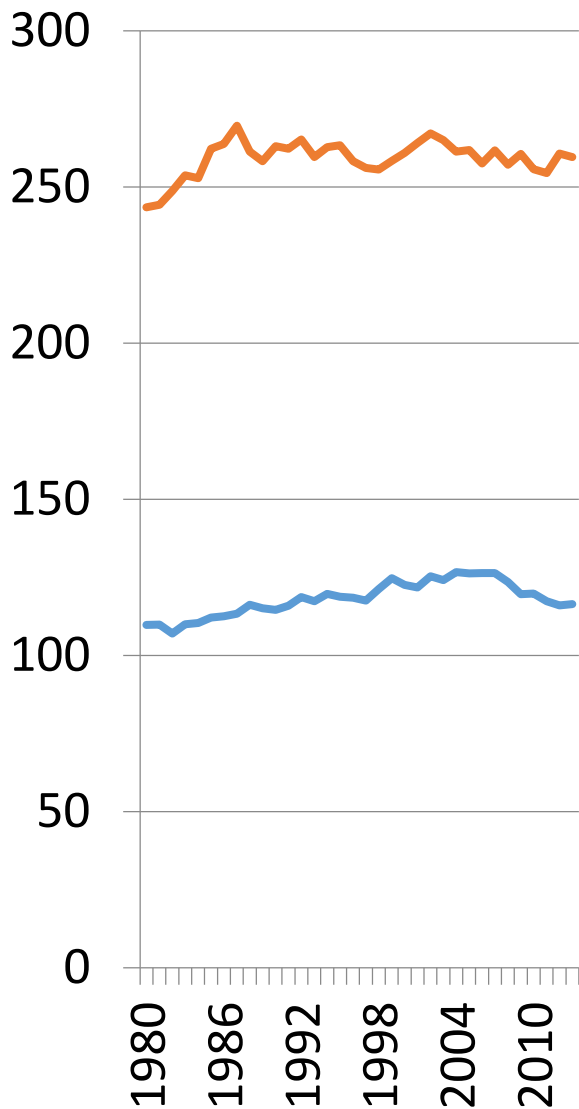


U.S. growth rates

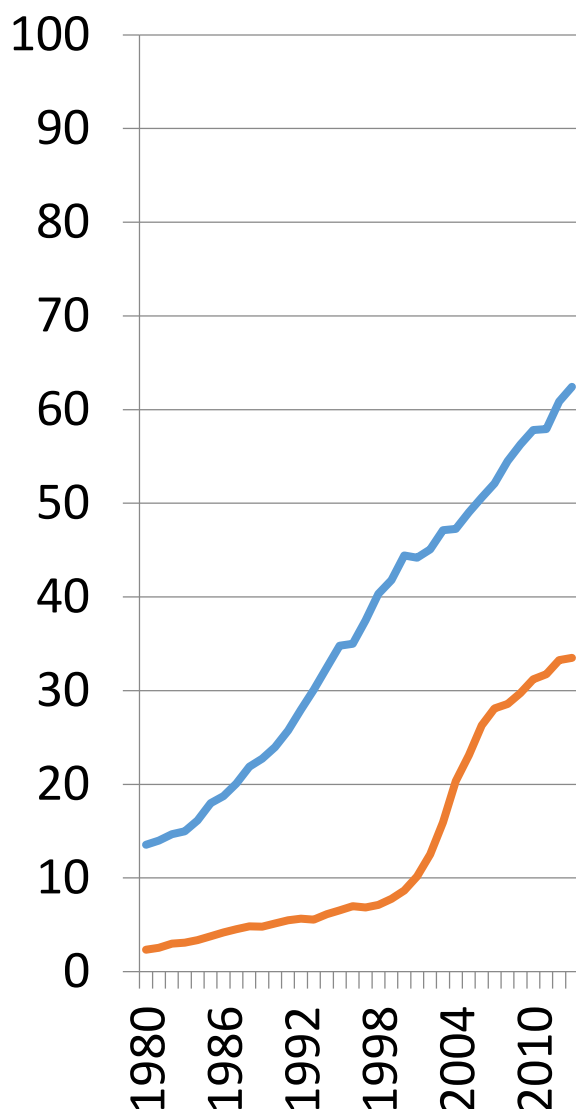


Growth in meat and dairy consumption, kg per capita

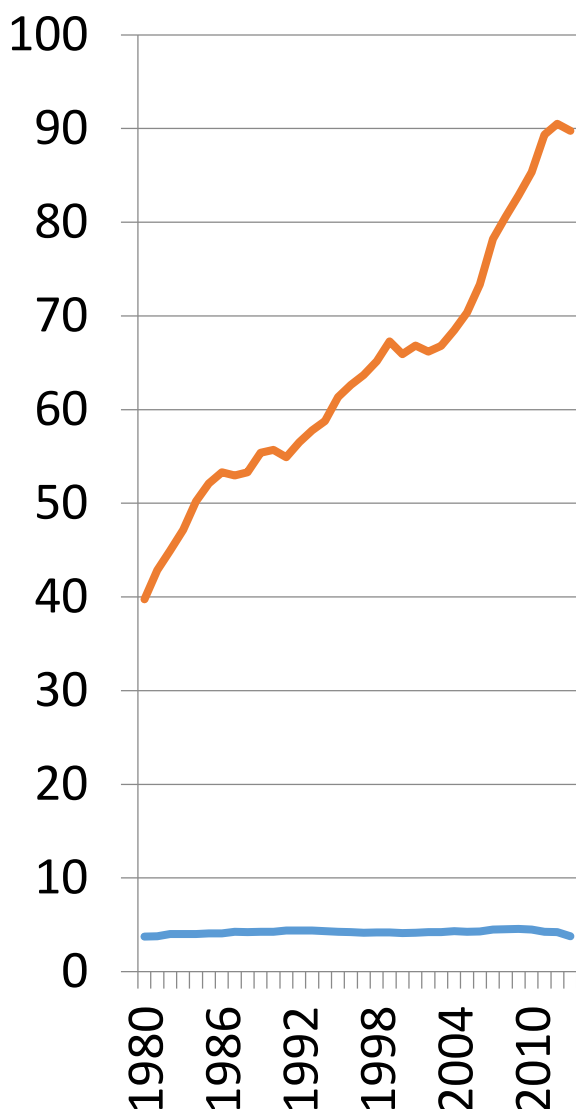
United States



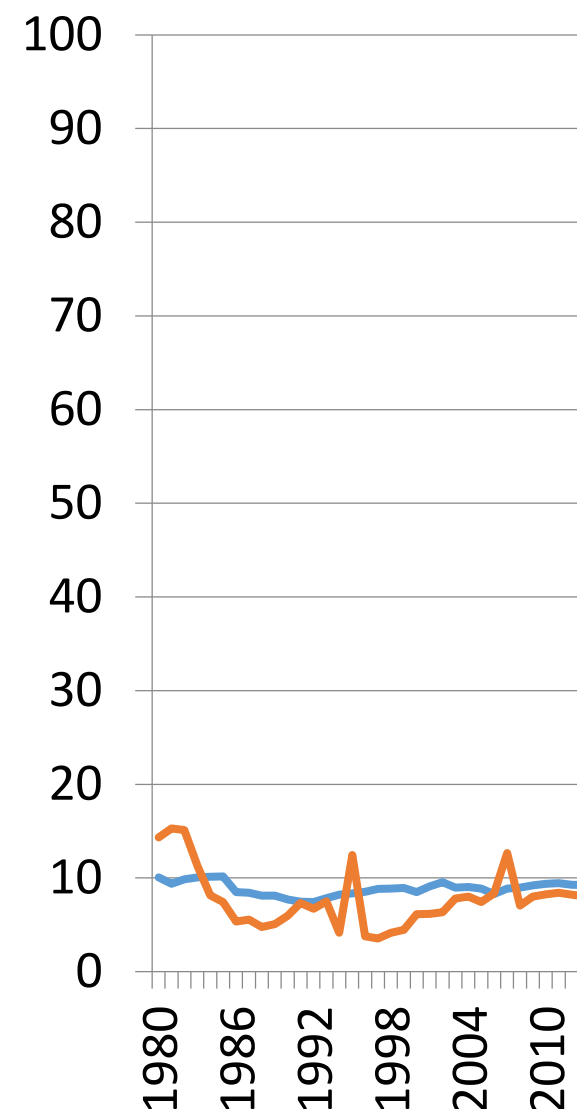
China, Mainland



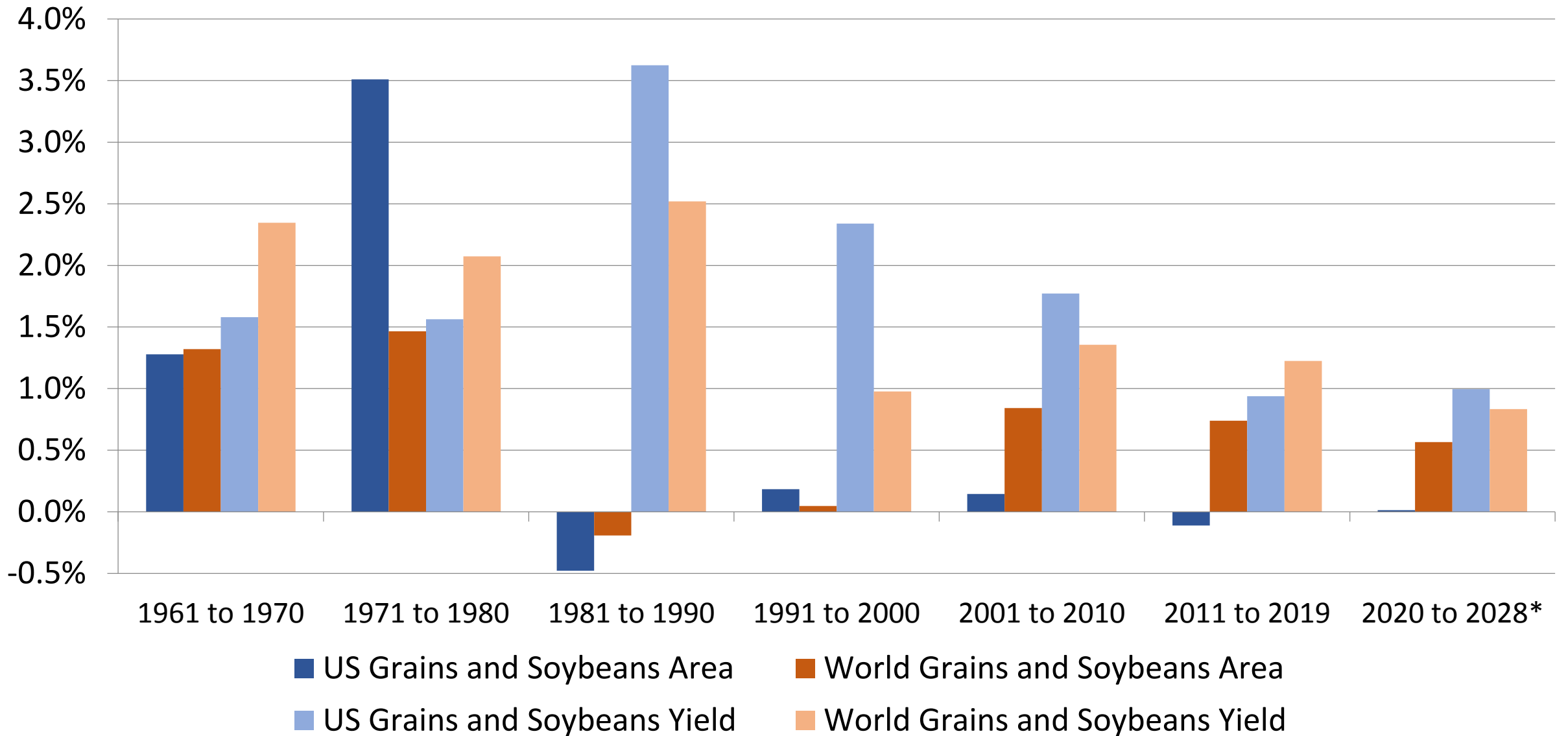
India



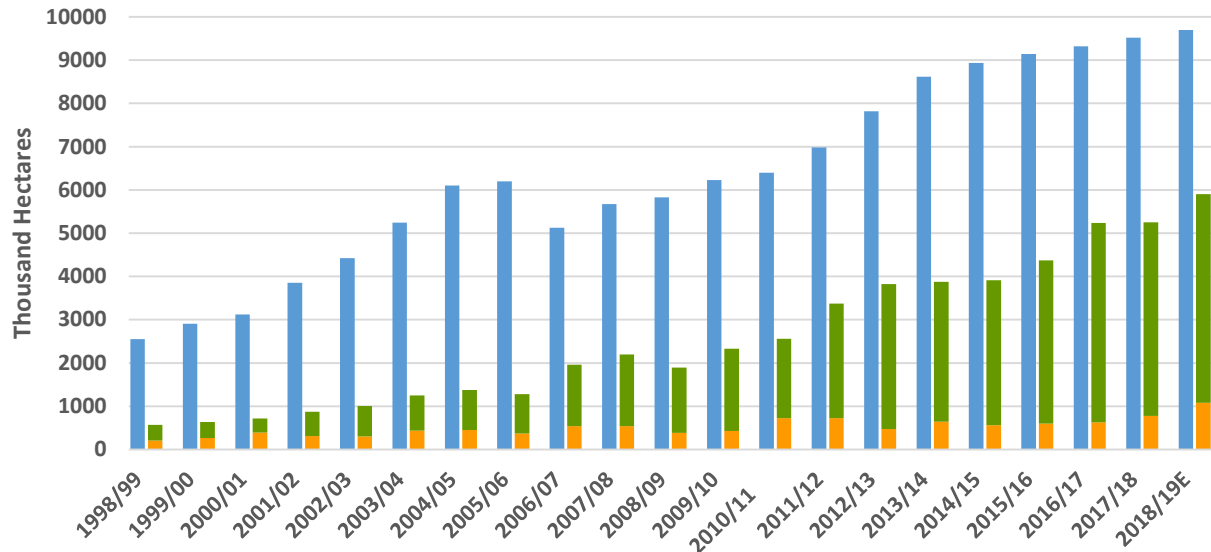
Nigeria



World and U.S. Grains and Soybean Area and Yield Growth



Mato Grosso Area: Soybeans, 2nd-crop Corn, Cotton

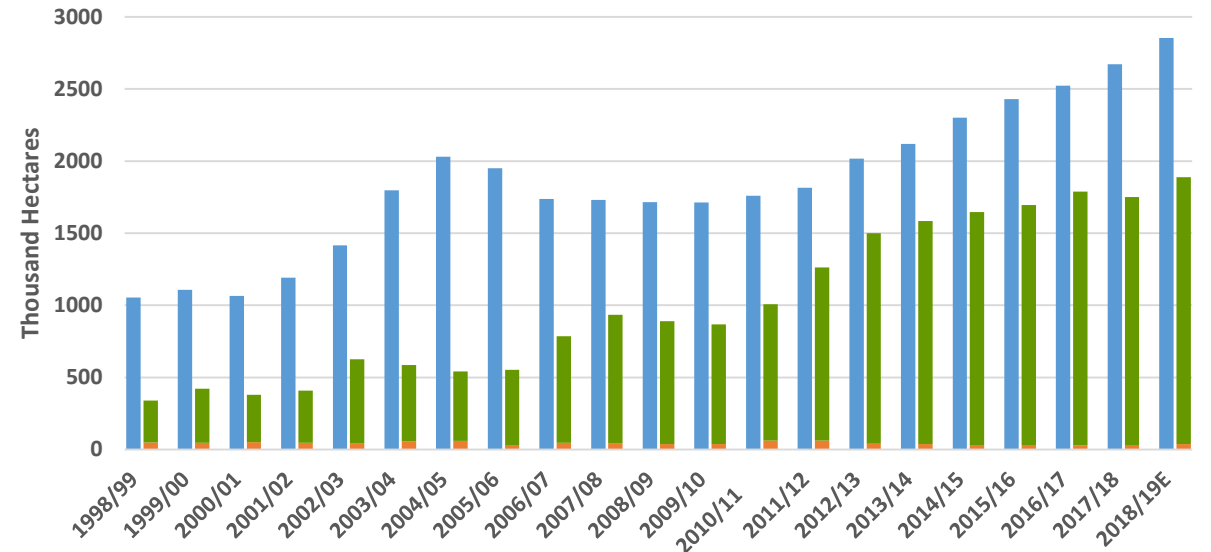


USDA Foreign Agricultural Service
Office of Global Analysis
International Production Assessment Division

■ Soybean ■ Cotton ■ 2nd-crop Corn

Source: CONAB

Mato Grosso do Sul Area: Soybeans, 2nd-crop Corn, Cotton

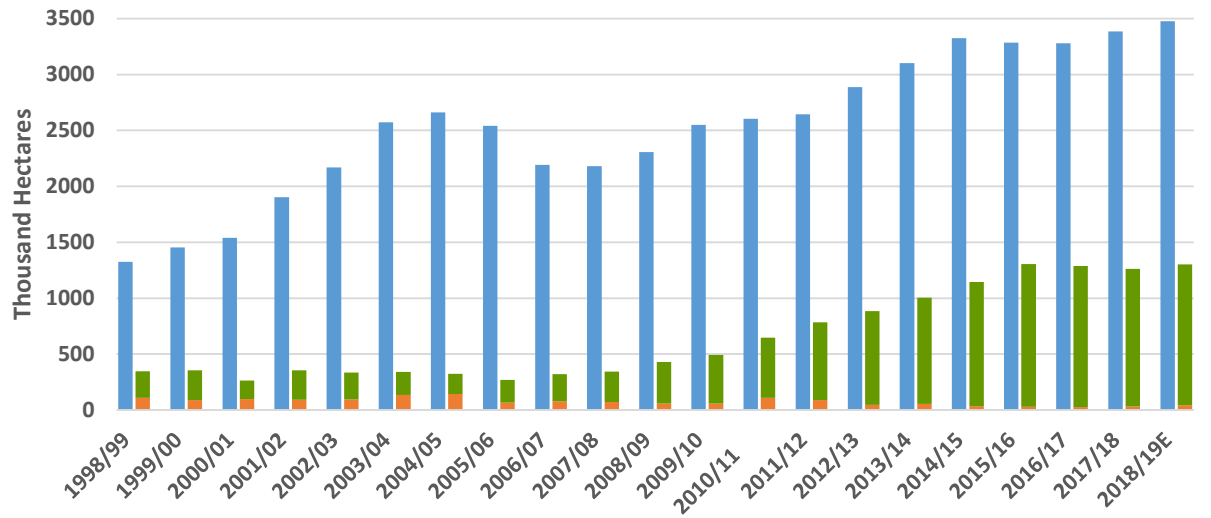


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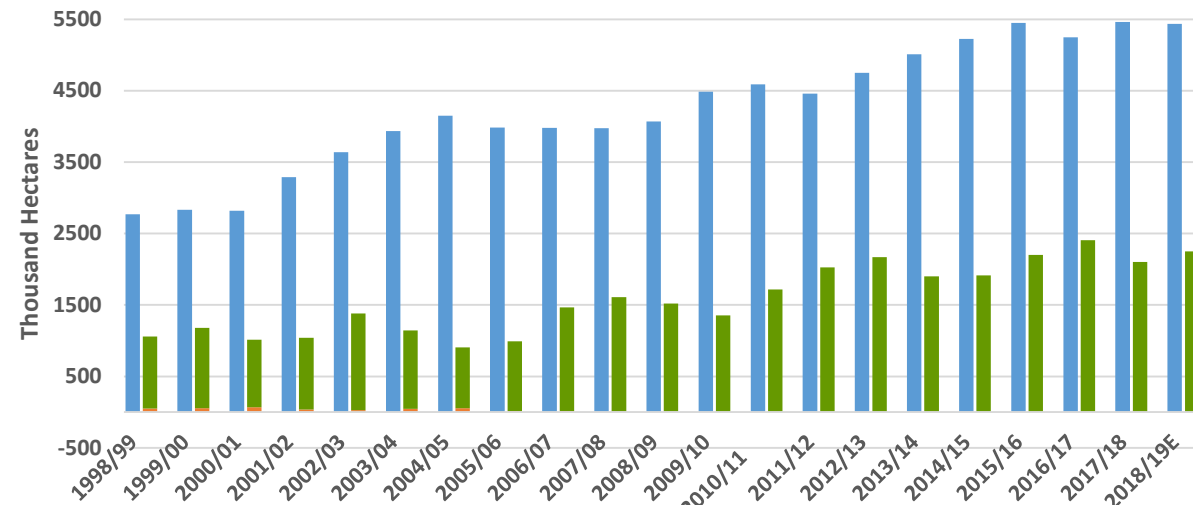


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■ Soybean ■ Cotton ■ 2nd-crop Corn

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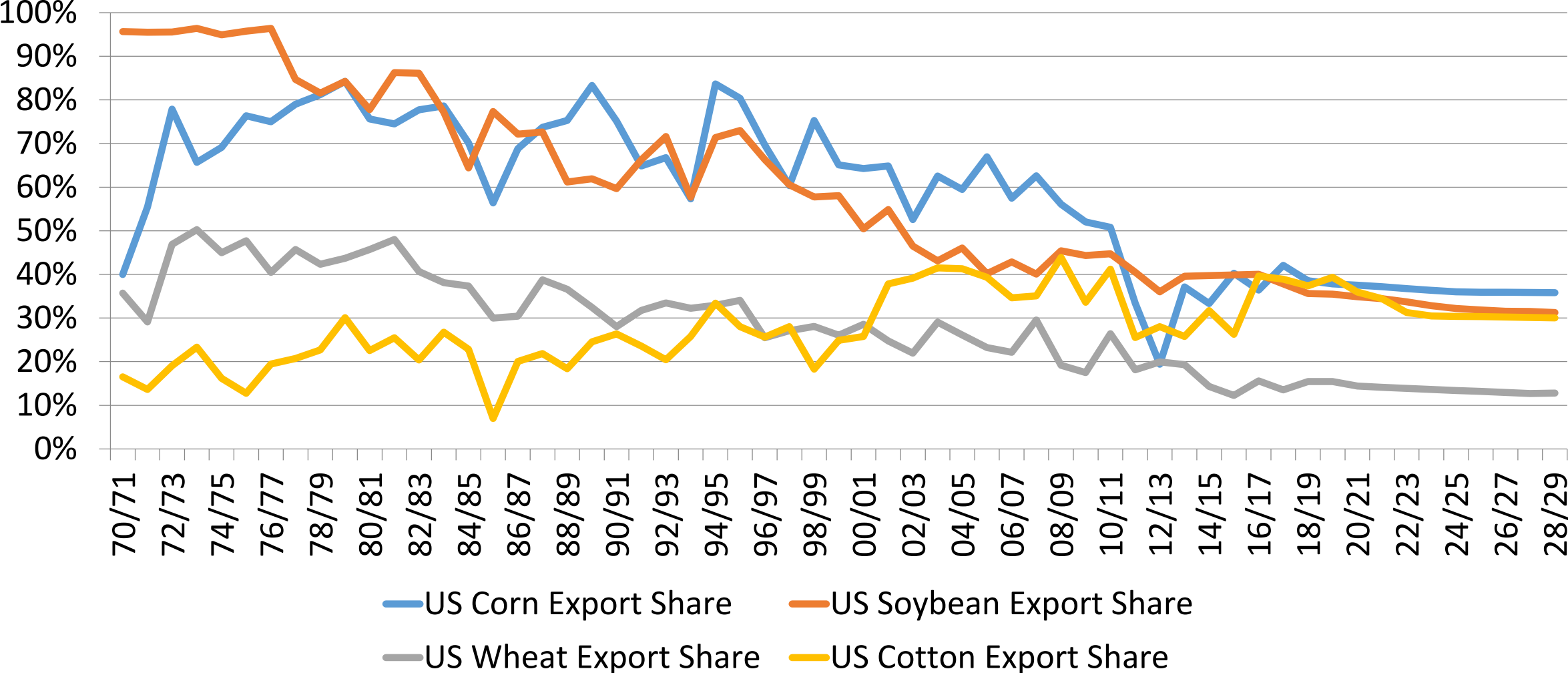


USDA Foreign Agricultural Service
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■ Soybean ■ Cotton ■ 2nd-crop Corn

Source: CONAB

U.S. share of global exports



Corn and Soybean Balance Sheets moderate prices

U.S. corn supply and use

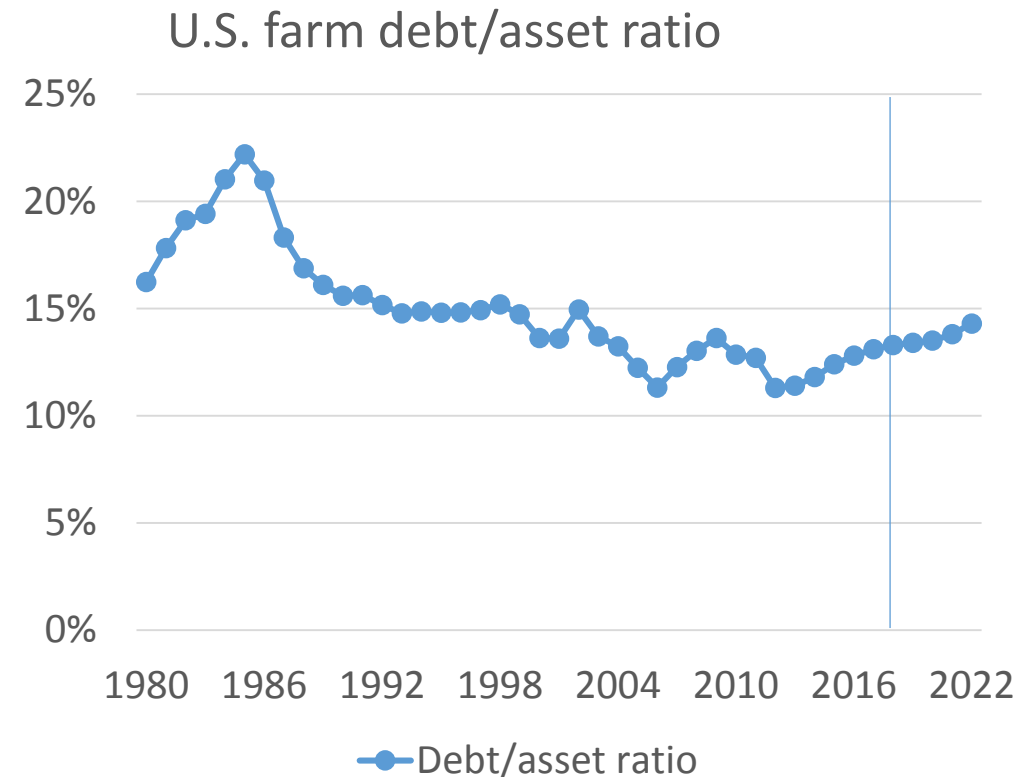
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
	million acres					
Area planted	89.1	89.9	91.9	90.4	90.9	91.1
Area harvested	81.7	81.8	84.2	83.0	83.4	83.5
	bushels per acre					
Yield	176.4	168.4	176.4	178.3	180.0	181.9
	million bushels					
Production	14,420	13,779	14,858	14,793	15,016	15,190
Imports	28	50	40	40	40	40
Beginning stocks	2,140	2,114	1,936	2,233	2,278	2,329
Total supply	16,588	15,944	16,834	17,066	17,334	17,558
Feed and residual use	5,618	5,287	5,453	5,465	5,500	5,535
Other domestic use	6,791	6,822	6,888	6,972	7,047	7,075
Exports	2,065	1,898	2,260	2,351	2,459	2,572
Total use	14,474	14,008	14,601	14,788	15,006	15,183
Ending stocks	2,114	1,936	2,233	2,278	2,329	2,376
	dollars per bushel					
Price, U.S. farm	3.61	3.82	3.56	3.60	3.65	3.69

U.S. soybean supply and use

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
	million acres					
Area planted	89.2	76.5	85.5	85.0	85.2	85.1
Area harvested	87.6	75.6	84.6	84.2	84.3	84.2
	bushels per acre					
Yield	50.6	46.9	49.7	50.2	50.7	51.2
	million bushels					
Production	4,428	3,550	4,210	4,229	4,274	4,311
Imports	14	20	20	20	20	20
Beginning stocks	438	913	460	478	472	473
Total supply	4,880	4,483	4,691	4,728	4,766	4,804
Crush	2,092	2,115	2,171	2,185	2,200	2,213
Other domestic use	128	130	131	131	132	132
Exports	1,748	1,778	1,911	1,940	1,962	1,979
Total use	3,967	4,023	4,212	4,256	4,293	4,324
Ending stocks	913	460	478	472	473	480
	dollars per bushel					
Price, U.S. farm	8.48	9.00	8.43	8.58	8.47	8.49
	ratio					
Soybean/corn price ratio	2.35	2.35	2.37	2.38	2.32	2.30

It's not the 1980s, but...

- During the 1980s farm financial crisis, the farm debt/asset ratio peaked at 22%
- It declined to half that level in 2012, but has been increasing since then
- Besides lower levels of debts relative to assets, interest rates are far lower now than in the 1980s
- But it is concerning that the debt/asset ratio continues to increase



Sources: USDA ERS (history) and FAPRI-MU, Sept 2019

Thanks!



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