Is Farm Income in 2019 Really Higher?

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@New10_AGEcon
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

$69 Billion
Net Farm Income in 2019
Projected in Bottom 50%
All Time in Inflation-Adjusted 2019 Dollars

2019, $69
-44% from 2013 Net Farm Income

2018, $72
2013, $124

20 Year Average, $73 Billion

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

Years After Record-High Net Farm Income

- **1919 to 1947**: 22 Years
- **1948s to 1972**: 23 Years
- **1973 to Late-80s**: 13 Years
- **2013+**: 6 Years

Source: USDA ERS, Farm Bureau Calculations
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)

- **BRAZIL**: 36%
- **U.S.**: 17%
- **EUROPE**: 12%
- **CHINA**: 39%
- **AFRICA**: 30%
- **RUSSIA**: 39%
- **ASIA**: 35%

Source: FAO Stat, Farm Bureau Calculations
Global Economic Growth Slowed As Agricultural Output Expanded

Annual Percentage Change in Real GDP

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

- **Canada**: $+35 M
- **Mexico**: $-29 M
- **Egypt**: $-391 M
- **EU-28**: $-809 M
- **South Korea**: $-519 M
- **Japan**: $-863 M
- **China**: $-784 Million
- **Nigeria**: $+207 M
- **Africa**: $+443 M
- **South America**: $-496 M
- **India**: $+295 M

Source: USDA FAS GATS, Farm Bureau Calculations
#TradeWar: Year-Over-Year Change in Soybean Sales
2018-2019 Marketing Year, Top 5 Increases and Decreases

- **China**: -546 Mbu
- **Pakistan**: -22 Mbu
- **Turkey**: -13 Mbu
- **Vietnam**: -15 Mbu
- **Canada**: +21 Mbu
- **Mexico**: +29 Mbu
- **Spain**: +31 Mbu
- **Argentina**: +65 Mbu
- **Italy**: +16 Mbu
- **Netherlands**: -15 Mbu
- **France**: +31 Mbu
- **Brazil**: +31 Mbu
- **United States**: -1 Mbu

Source: USDA FAS GATS, Farm Bureau Calculations
Midwest Growing Season
#NoPlant19
Record-High Prevent Plant in 2019, Nearly 20,000,000 Acres

Prevent Plant
Prevented planting is a failure to plant an insured crop with the proper equipment by the final planting date.

Source: USDA FSA, Farm Bureau Calculations
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

Direct payments to farmers based on production in 2018

Source: USDA and Farm Bureau Compilations
Second Round of Trade Aid Based on County-Level Rates of $15 to $150 per Planted Acre

#MFP2

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

Source: USDA and Farm Bureau Compilations
“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

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

Source: USDA ERS, Farm Bureau Calculations
Federal Support Expected to Boost Income in 2019

Inflation-Adjusted Net Farm Income
2019 Dollars, Sorted From High to Low, 1929 to 2019

$88 Billion
Net Farm Income in 2019
Projected in Top 30%
All Time in Inflation-Adjusted 2019 Dollars

2019, $88
-36% from 2013
Net Farm Income

2013, $137

20 Year Average, $90 Billion

Source: USDA ERS, Farm Bureau Analysis
Boots on the Ground
Asset Values and Cash Rents Have Weakened In Corn Belt

Change in Cropland Cash Rents, 2014 to 2019

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

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

Still Way Below Historical Average Due to $3 TRILLION Asset Base

Debt-to-Equity 15.6%
Debt-to-Asset 13.5%

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

Source: FDIC, USDA ERS, Farm Bureau Calculations
Chapter 12 Farm Bankruptcies By Region, U.S. +13%

July 2018 to June 2019

Northwest, 27 Filings +50%

Midwest, 240 Filings +12%

Southeast 100 Filings -3%

Northeast, 24 Filings +9%

Mid-Atlantic, 53 Filings +15%

West, 25 Filings +14%

Southwest, 45 Filings +15%

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

**Poor Farm Economy**

**Median Farm Income in 2019:**

- $1,644
- +6% YoY

**Strong U.S. Economy**

- **2019 Median Off-Farm Income:**
  - $67,314
  - +2.6% YoY

Source: USDA ERS, Farm Bureau Calculations
MarketIntel

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