

kcFED Ag BULLETIN

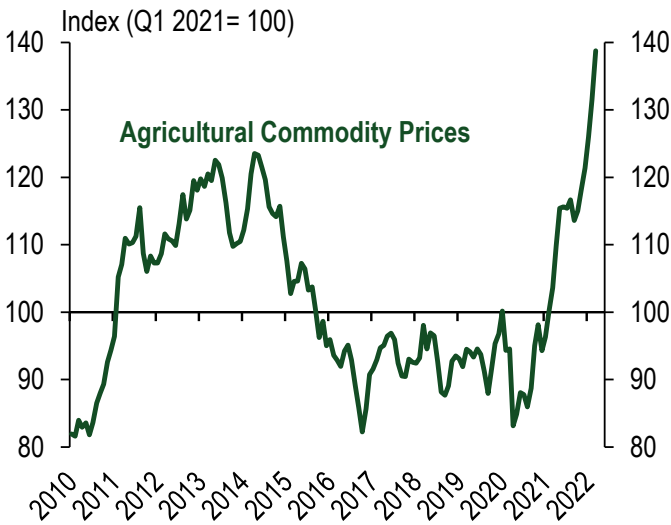
Summary

Agricultural commodity prices surged in the first quarter of 2022 alongside Russia's invasion of Ukraine. At the end of the first quarter, wheat and corn prices were 60% and 30% higher, respectively, than a year earlier. Broadly, agricultural prices were nearly 40% higher than at the beginning of 2020. Agricultural exports remained steady and farm income was also expected to remain strong in 2022. Despite the relatively optimistic outlook, input costs continued to rise, and could weigh on profit margins in the year ahead. In addition to high input costs, severe drought in the western U.S. continued to pressure economic conditions for livestock producers.

U.S. agricultural prices increased by 12% from the previous quarter, and have surged by 30% from a year ago.

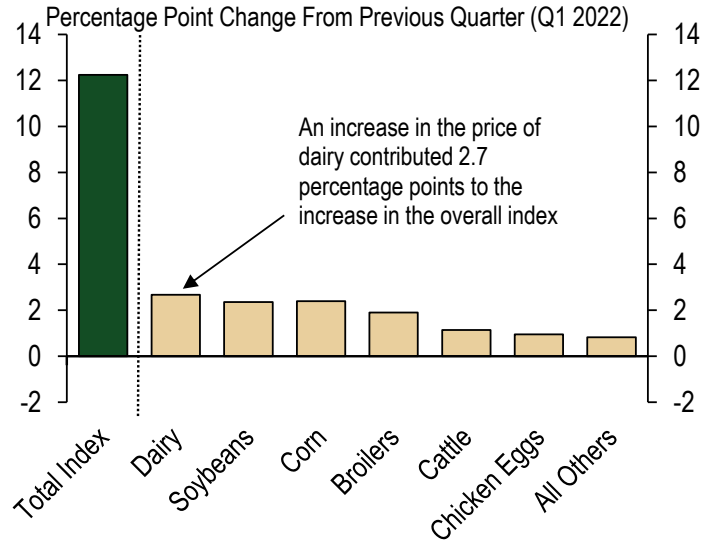
Increases in a broad range of commodity prices contributed to first quarter price gains. Dairy prices were up 20% in the first quarter.

U.S. Agricultural Price Index¹



Sources: USDA and staff calculations.

Contribution to Price Index Change²



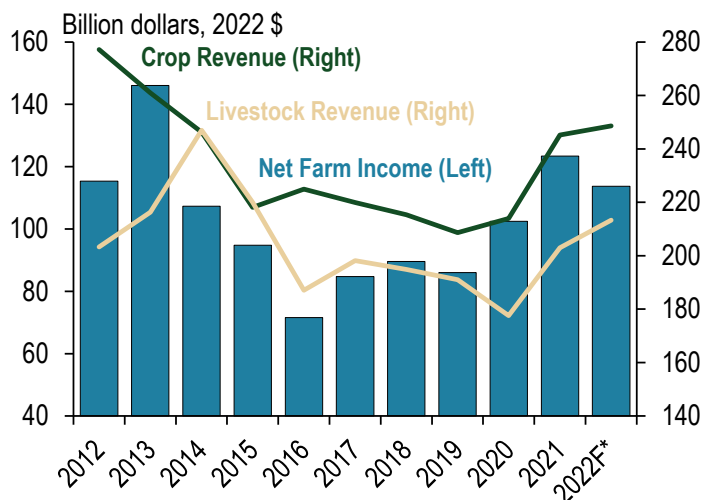
Sources: USDA and staff calculations.

Notes

1. Weighted based on share of total 2020 agricultural cash receipts attributed to each individual commodity. Individual commodities allocated account for 86% of total 2020 cash receipts.
2. Based on changes in weighted indices of individual commodities and corresponding contribution to the change in the sum of those individually weighted indices from the previous period. Above commodities accounted for 71% of total 2020 cash receipts [Dairy (13%), Soybeans (13%), Corn (15%), Broilers (7%), Cattle (20%) and Chicken Eggs (3%)].

Revenue is expected to remain high in 2022 for both the crop and livestock sector alongside recent price increases, while income gains may be more subdued with higher costs.

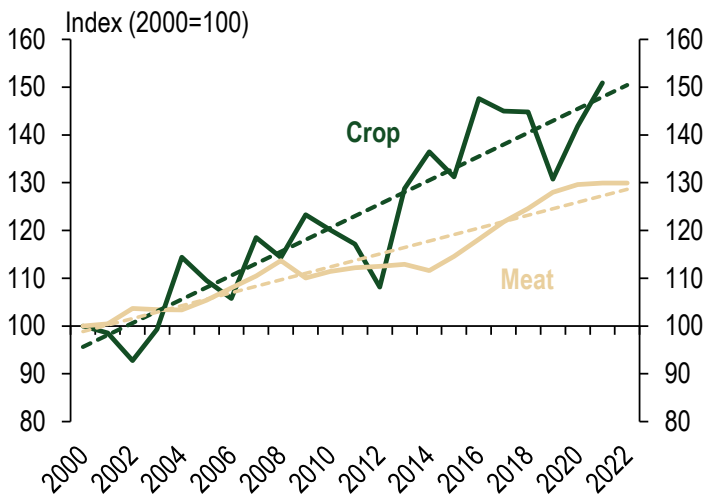
U.S. Farm Income and Revenue³



Source: USDA

U.S. agricultural production is expected to remain near its recent trend, though forthcoming estimates of crop production may be affected by intensifying drought.

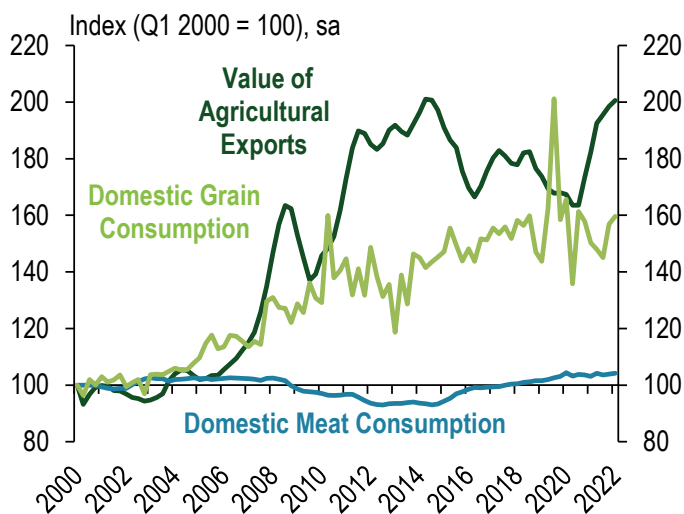
U.S. Crop and Meat Production⁴



Sources: USDA and staff calculations

Consumption of agricultural products has remained firm and the value of exports continued to rise in the first quarter.

Demand for U.S. Agricultural Products⁵



Sources: USDA and staff calculations

Measures of financial stress continued to ease despite a slight uptick in farm loan interest rates.

U.S. Agricultural Credit Conditions

[Latest Quarter Denoted For Each]

	Latest	1- Year Prior
Farm Loan Delinquency Rate (%) [Q4 2021]	1.3	1.9
Chapter 12 Bankruptcy Filings in 12-month period ending [Q4 2021]	276	560
Ag Bank Loan-to-Deposit Ratio (%) [Q4 2021]	66.9	72.0
Interest Rates on Non-Real Estate Farm Loans [Q1 2022]	3.38	3.30
Farm Debt-to-Assets (%) [Annual - 2022F]*	14.1	13.9
Farm Debt-to-Income Ratio [Annual- 2022F]*	4.1	3.8

Sources: USDA, U.S. Courts and Federal Reserve Board of Governors

Notes

- 3. Crop and Livestock Revenues reported as cash receipts and account for 87% of total gross farm cash income in 2021. Other amounts of gross cash income are attributed to government direct farm payments and other farm-related income.
 - 4. Crop Index includes all grains, oilseeds, fruits and vegetables weighted by share of total U.S. production measured in million metric tons. Meat Index includes the aggregate live weight of cattle, hogs, and poultry processed at U.S. federally-inspected plants weighted by share of total domestic production measured in pounds.
 - 5. Domestic grain consumption includes food, feed, and industrial use of corn, sorghum, barley, oats, and wheat.
- *2022 farm income and balance sheet figures are forecasts published by USDA as of February 4, 2022.