

kcFED Ag BULLETIN

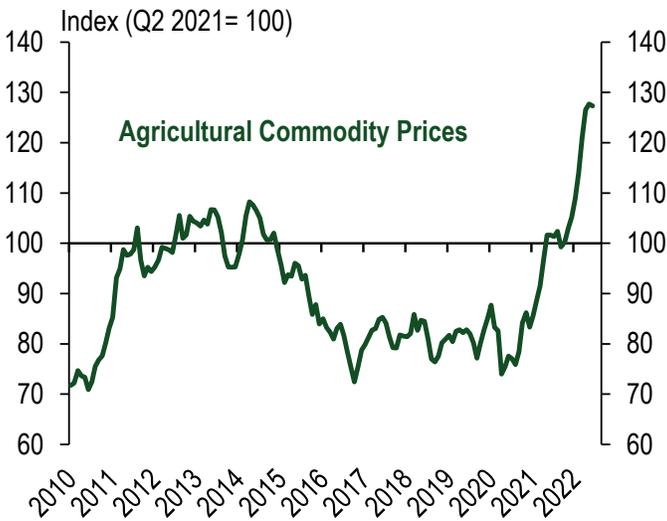
Summary

The U.S. agricultural economy remained strong in the second quarter despite a drop in commodity prices that began late in the quarter. The prices of most commodities were notably higher than the previous quarter, exports continued to increase, and credit conditions remained solid. However, in addition to the recent decline in prices, several factors may weigh on the outlook in the months ahead. Input costs continued to increase and appear likely to remain elevated. Persistent drought in the West and Southwest may significantly limit production in those areas. Though farm finances have generally remained strong, borrowing costs have increased recently alongside modest increases in interest rates.

U.S. agricultural prices increased by 11% from the previous quarter, and remained about 30% higher than a year ago.

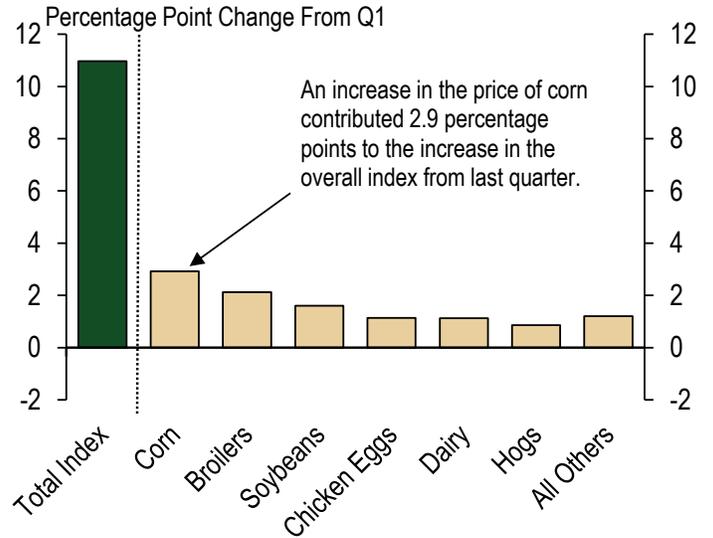
Most commodity prices continued to rise. Corn was 20% higher than last quarter, providing the largest boost to the index.

U.S. Agricultural Price Index¹



Sources: USDA and staff calculations.

Contribution to Price Index Change²



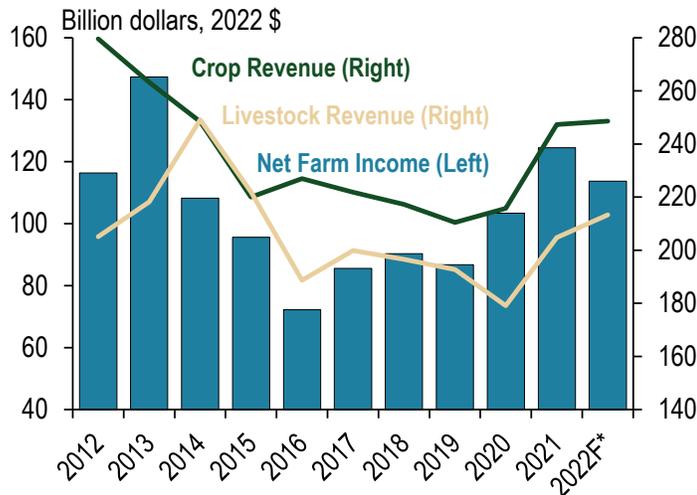
Sources: USDA and staff calculations.

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 60% of total 2020 cash receipts [Corn (17%), Broilers (8%), Soybeans (12%), Chicken Eggs (2%), Dairy (11%) and Hogs (6%)].

Revenue is expected to remain high in 2022 for both the crop and livestock sectors, but increased costs may weigh on farm income in future revisions.

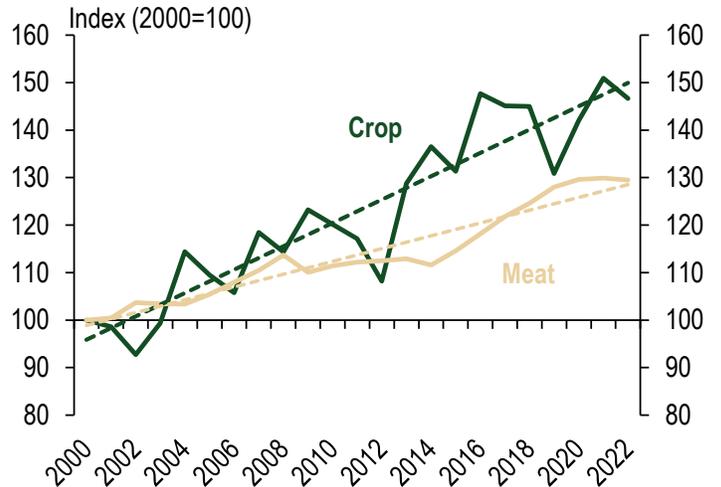
U.S. Farm Income and Revenue³



Source: USDA

Crop yields are expected to be similar to last year, but production has been revised lower alongside reduced corn acreage. Meat production is expected to remain near trend.

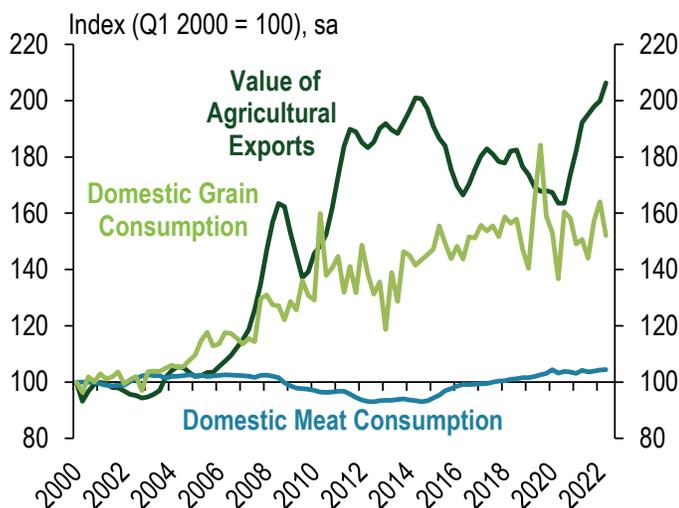
U.S. Crop and Meat Production⁴



Sources: USDA and staff calculations

Ag exports have continued to surge despite a stronger U.S. dollar. Exports were 22% higher than the same quarter in 2019.

Demand for U.S. Agricultural Products⁵



Sources: USDA and staff calculations

Interest rates edged higher, but farm financial stress remained low and credit availability remained high.

U.S. Agricultural Credit Conditions

[Latest Quarter Denoted For Each]

	Latest	1- Year Prior
Farm Loan Delinquency Rate (%) [Q1 2022]	1.4	2.1
Chapter 12 Bankruptcy Filings in 12-month period ending [Q2 2022]	201	438
Ag Bank Loan-to-Deposit Ratio (%) [Q1 2022]	64.4	68.5
Interest Rates on Non-Real Estate Farm Loans [Q2 2022]	3.55	3.43
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.