

# kcFED Ag BULLETIN

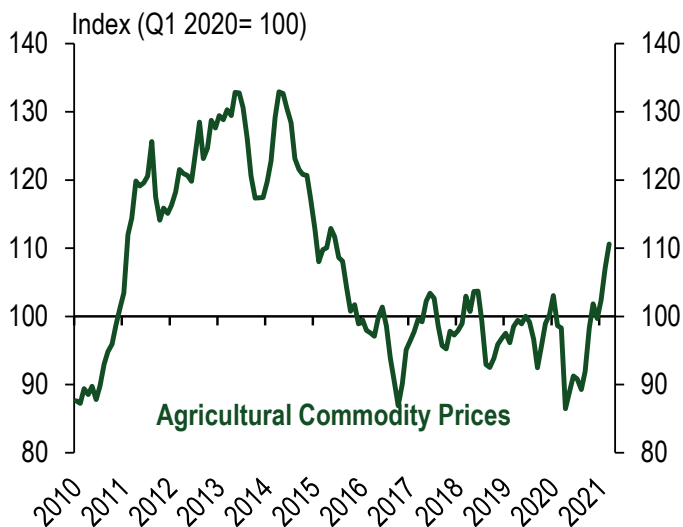
## Summary

**Economic and financial conditions in U.S. agriculture continued to strengthen in the first quarter alongside ongoing increases in the prices of major row crops.** The prices of corn and soybeans approached the highest mark since mid-2013 as supplies remained tight and global demand continued to firm amid broad increases in economic activity. The prolonged and gradual increase in financial stress among agricultural producers from previous years continued to ease in the first quarter with the improvement in farm revenue, historically low interest rates and gains in farm real estate values.

**U.S. agricultural prices increased by 7% in the first quarter, following a 10% increase the previous quarter.**

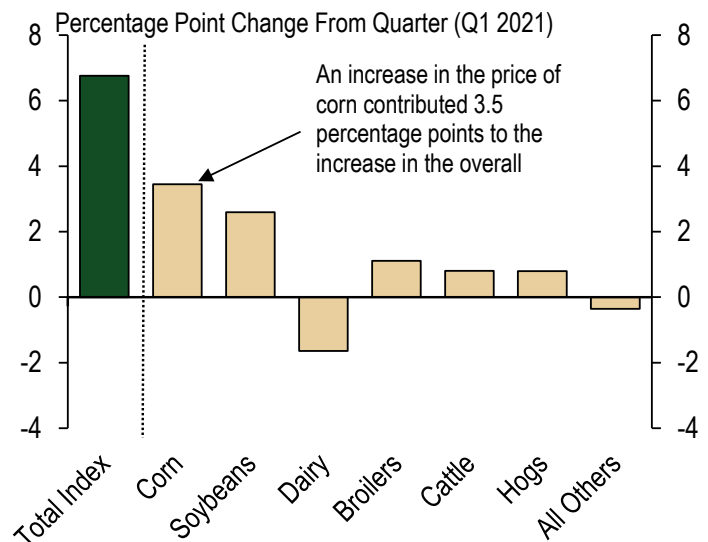
**Corn and soybean prices rose 22% and 21%, respectively and continued to provide the largest contribution to gains in ag prices.**

U.S. Agricultural Price Index<sup>1</sup>



Sources: USDA and staff calculations.

Contribution to Price Index Change<sup>2</sup>



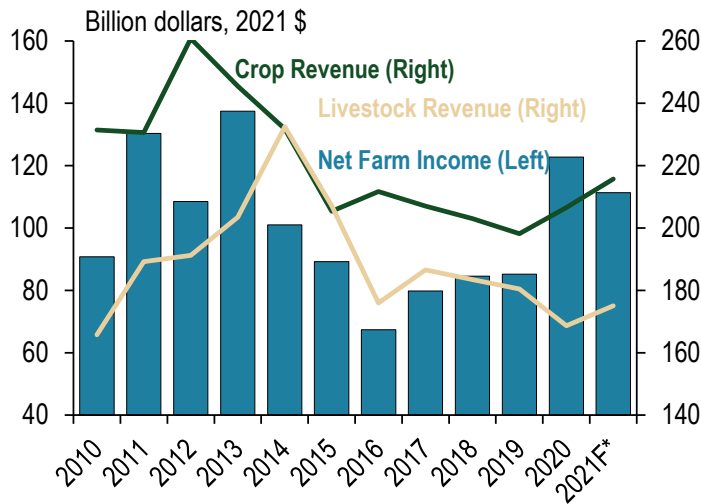
Sources: USDA and staff calculations.

## Notes

1. Weighted based on share of total 2019 agricultural cash receipts attributed to each individual commodity. Individual commodities allocated account for 90% of total 2019 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 66% of total 2019 cash receipts [ Soybeans (9%), Corn (14%), Cattle (18%), Dairy (11%), Hogs (6%), Broilers (8%)].

Farm income is expected to be down only slightly from a year ago as a surge in crop revenue lessened the impact from a potential decline in government payments.

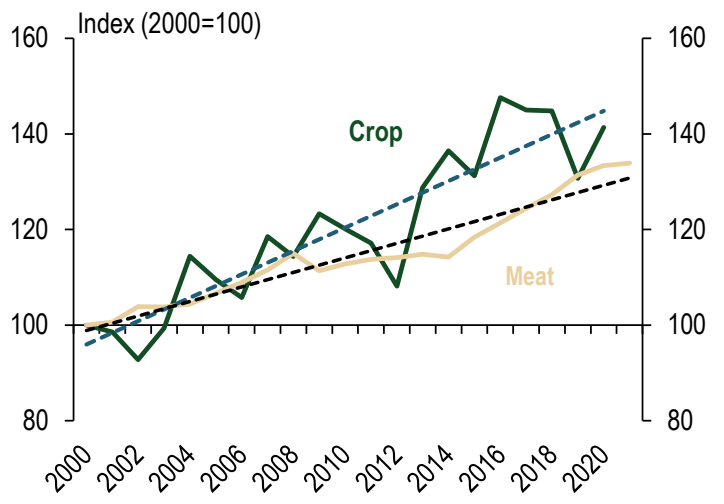
U.S. Farm Income and Revenue<sup>3</sup>



Sources: USDA and FAPRI

U.S. crop production was slightly below trend in 2020 and meat production was expected to rise further in 2021 at a gradual pace.

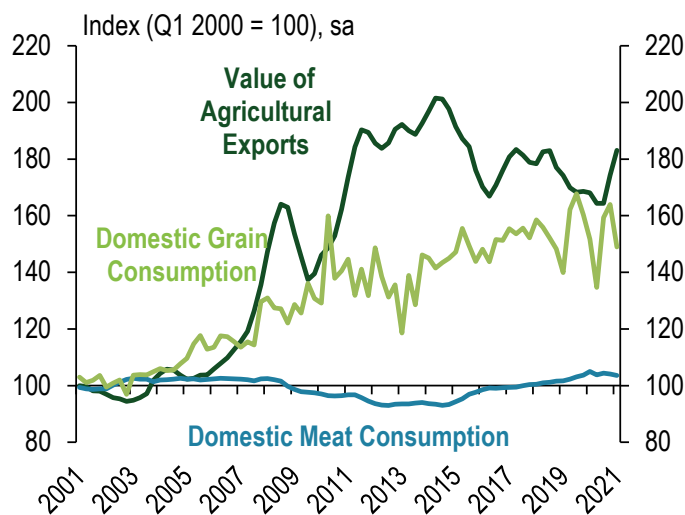
U.S. Crop and Meat Production<sup>4</sup>



Sources: USDA and staff calculations

The value of U.S. ag exports continued to increase in the first quarter, supported by ongoing purchases from China.

Demand for U.S. Agricultural Products<sup>5</sup>



Source: USDA

Most measures of financial stress eased in the first quarter alongside a sharp improvement in agricultural economic conditions.

U.S. Agricultural Credit Conditions

[Latest Quarter Denoted For Each]

	Latest	1- Year Prior
Farm Loan Delinquency Rate (%) [Q4 2020]	1.9	2.1
Chapter 12 Bankruptcy Filings in 12-month period ending [Q1 2021]	487	638
Ag Bank Loan-to-Deposit Ratio (%) [Q4 2020]	72.0	80.3
Interest Rates on Non-Real Estate Farm Loans [Q1 2021]	3.3	4.8
Farm Debt-to-Assets (%) [Annual - 2021F]*	13.9	13.8
Farm Debt-to-Income Ratio [Annual- 2021F]*	4.0	3.6

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

Notes

3. Crop and Livestock Revenues reported as cash receipts and account for 89% of total gross farm cash income. 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.

\*2021 farm income and balance sheet figures are forecasts published by USDA as of February 5, 2021.