

# kcFED Ag BULLETIN

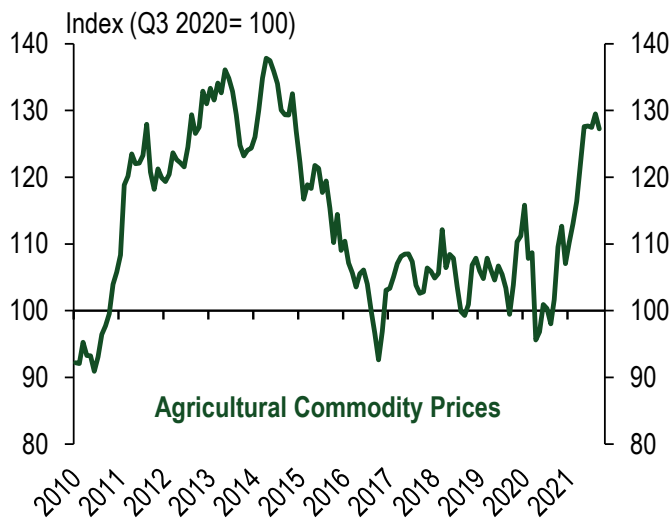
## Summary

**The U.S. agricultural economy remained strong through the third quarter of 2021.** Despite concerns about rising input costs, elevated commodity prices supported farm incomes, an acceleration in farm real estate values and further improvement in credit conditions. Although severe drought continued to weigh on producers in some regions, crop production was expected to be strong through the fall harvest season and exports increased to their highest level in more than five years. U.S. meat production has also remained steady despite ongoing supply chain bottlenecks that have pushed retail meat prices higher and have limited gains in cattle prices.

**In the third quarter, U.S. agricultural prices were 2% higher than in the previous quarter and 28% higher than a year ago.**

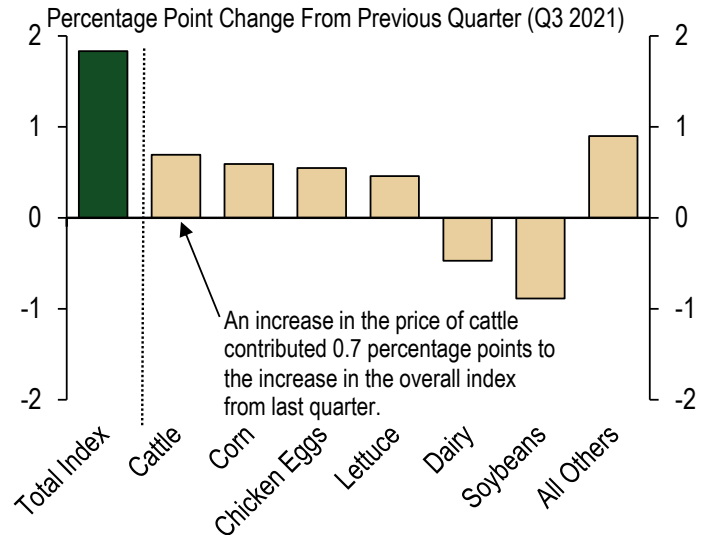
**Cattle prices increased 3% and corn prices were up an additional 4% in the third quarter.**

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



Sources: USDA and staff calculations.

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



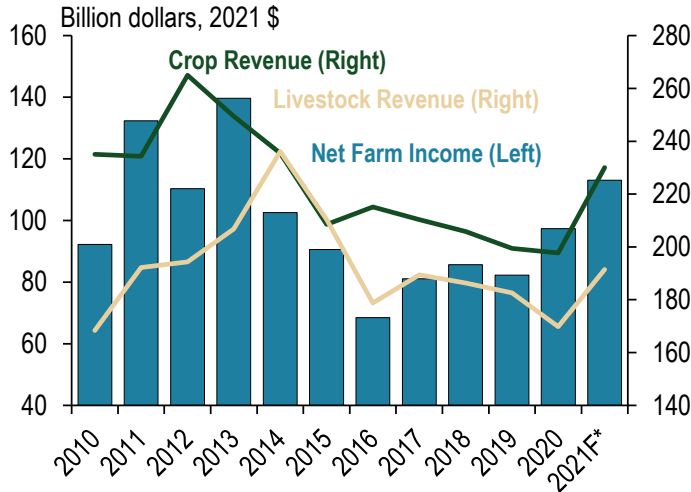
Sources: USDA and staff calculations.

## Notes

1. Weighted based on share of total 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 65% of total 2020 cash receipts [ Cattle (21%), Corn (15%), Chicken Eggs (3%), Lettuce (1%), Dairy (13%) and Soybeans (12%)].

**Farm income expectations for 2021 were revised higher in September alongside elevated commodity prices and revenue gains.**

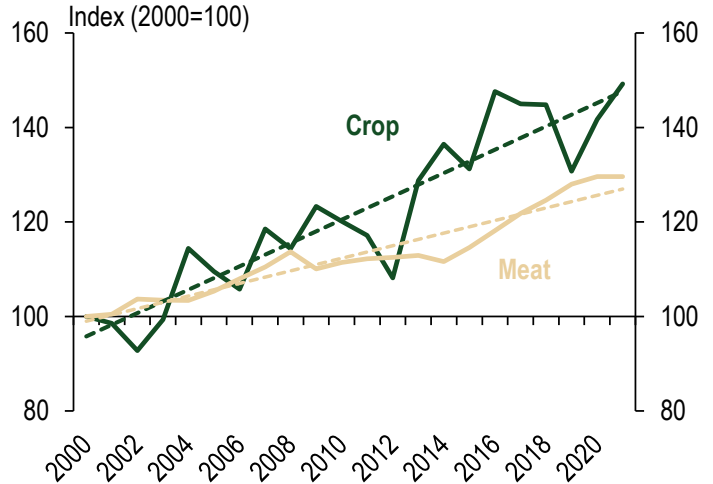
### U.S. Farm Income and Revenue<sup>3</sup>



Sources: USDA

**Production of both crops and meat in the U.S. was expected to remain near long-term trends.**

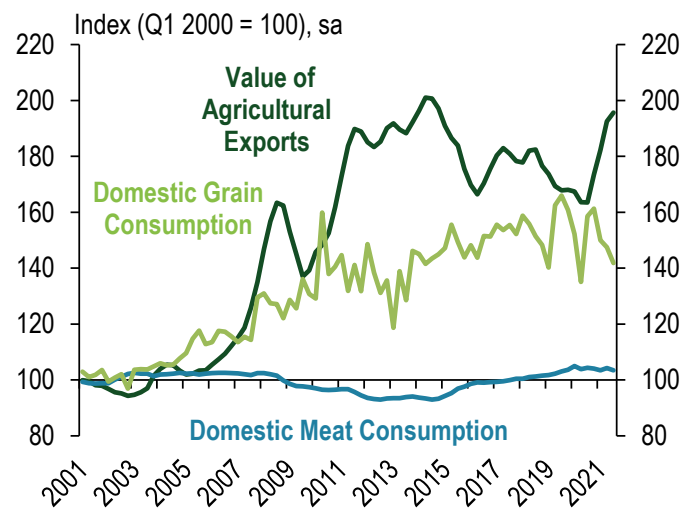
### U.S. Crop and Meat Production<sup>4</sup>



Sources: USDA and staff calculations

**The value of U.S. ag exports was 20% higher than a year ago, offsetting a modest decline in grain consumed domestically.**

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



Source: USDA and staff calculations

**Financial stress in U.S. agriculture continued to ease. Delinquency rates and bankruptcies edged lower and credit was readily available.**

### U.S. Agricultural Credit Conditions

[Latest Quarter Denoted For Each]

	Latest	1- Year Prior
Farm Loan Delinquency Rate (%) [Q2 2021]	1.7	2.4
Chapter 12 Bankruptcy Filings in 12-month period ending [Q2 2021]	438	589
Ag Bank Loan-to-Deposit Ratio (%) [Q2 2021]	57.9	64.8
Interest Rates on Non-Real Estate Farm Loans [Q3 2021]	3.2	3.3
Farm Debt-to-Assets (%) [Annual - 2021F]*	13.6	14.0
Farm Debt-to-Income Ratio [Annual- 2021F]*	3.9	4.7

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

### Notes

3. Crop and Livestock Revenues reported as cash receipts and account for 82% of total gross farm cash income in 2020. 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 September 2, 2021.