

# kcFED Ag BULLETIN

## Summary

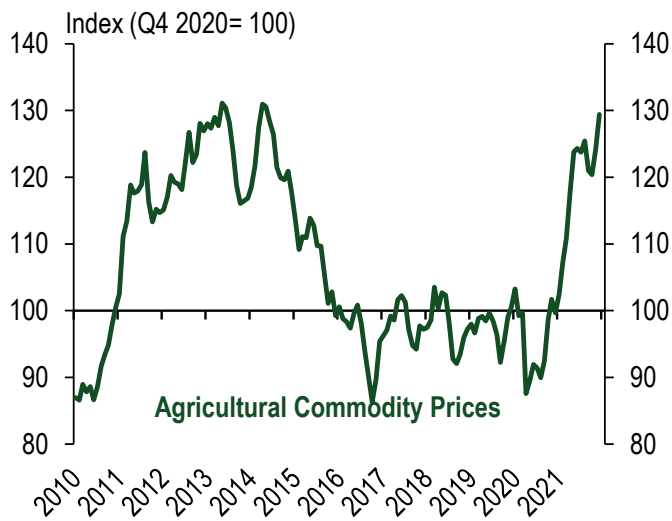
### Economic conditions in U.S. agriculture strengthened further in the fourth quarter of 2021.

An index of agricultural prices, broadly defined, rose to its highest level in nearly a decade, despite a modest decline in corn and soybean prices. Although elevated input costs may weigh on profitability in the year ahead, income prospects appear to be strong alongside high levels of production, robust global demand and ongoing gains in the U.S. economy. The financial position of agricultural producers also continued to improve alongside strong revenue, loan repayment capacity and a surge in farm real estate values in 2021.

Agricultural prices were 25% higher in the fourth quarter of 2020 than in 2021, nearing the record highs of 2013 and 2014.

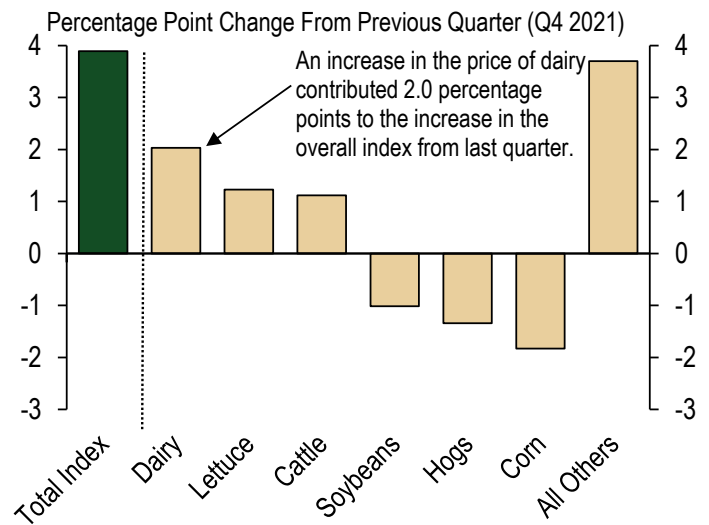
The price of dairy products increased by 15% in the fourth quarter, providing a significant boost to agricultural prices.

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



Sources: USDA and staff calculations.

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



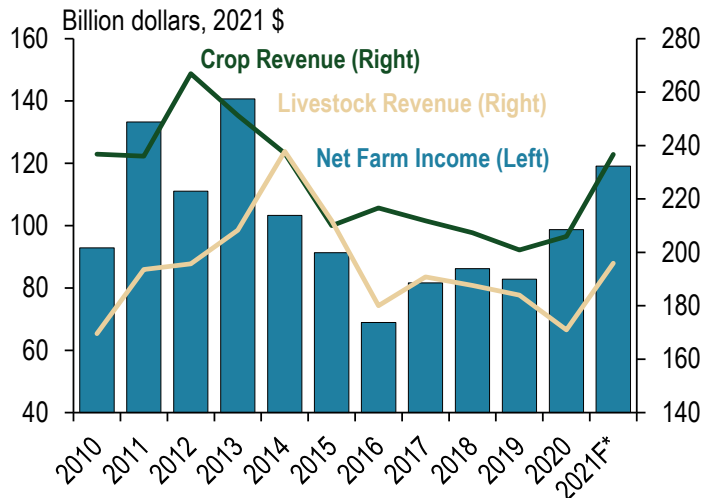
Sources: USDA and staff calculations.

## Notes

1. Weighted based on share of total 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 68% of total 2020 cash receipts [Dairy (13%), Lettuce (1%), Cattle (21%), Soybeans (12%), Hogs (6%) and Corn, 15%].

Revenue gains accelerated in both the crop and livestock sectors in 2021 alongside increased agricultural prices.

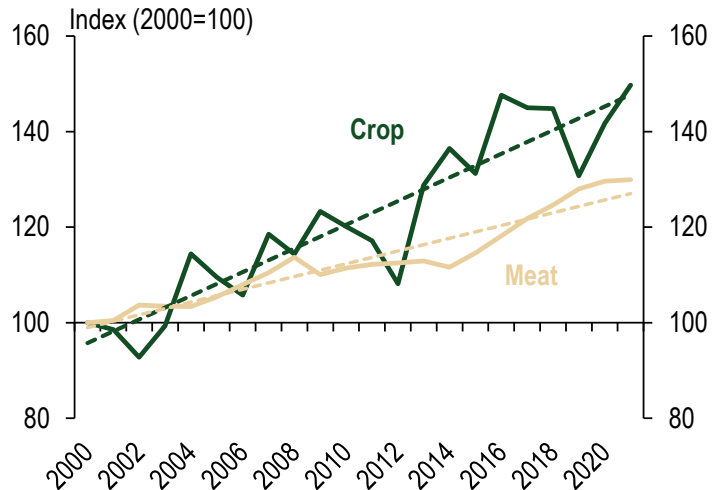
U.S. Farm Income and Revenue<sup>3</sup>



Source: USDA

Agricultural production was strong in 2021, contributing further to the increases in farm sector revenues.

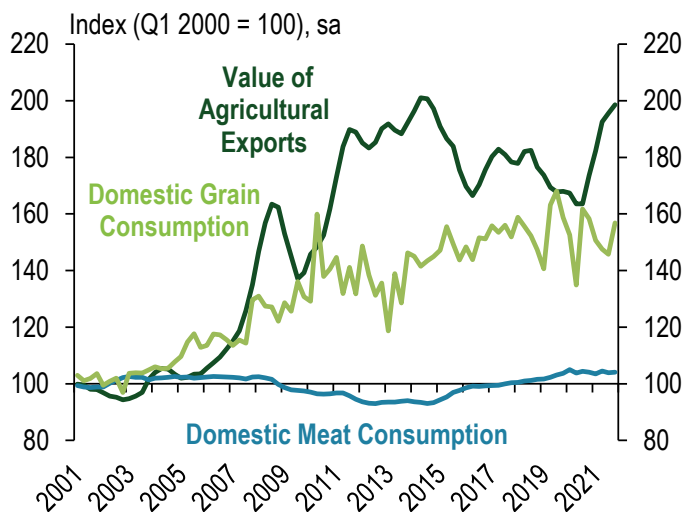
U.S. Crop and Meat Production<sup>4</sup>



Sources: USDA and staff calculations

Agricultural exports in the fourth quarter of 2021 were 11% higher than the previous year, and domestic consumption remained steady.

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



Sources: USDA and staff calculations

Farm financial conditions improved further. In the third quarter of 2021, farm bankruptcies were 50% less than the previous year.

U.S. Agricultural Credit Conditions

[Latest Quarter Denoted For Each]

	Latest	1- Year Prior
Farm Loan Delinquency Rate (%) [Q3 2021]	1.4	2.1
Chapter 12 Bankruptcy Filings in 12-month period ending [Q4 2021]	276	560
Ag Bank Loan-to-Deposit Ratio (%) [Q3 2021]	56.9	63.7
Interest Rates on Non-Real Estate Farm Loans [Q4 2021]	3.05	3.10
Farm Debt-to-Assets (%) [Annual - 2021F]*	13.9	13.9
Farm Debt-to-Income Ratio [Annual- 2021F]*	3.8	4.6

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

Notes

3. Crop and Livestock Revenues reported as cash receipts and account for 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.

\*2021 farm income and balance sheet figures are forecasts published by USDA as of February 4, 2022.