



FARMER MAC

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Agenda

Highlights from
the analysis

Why they are
important for
producers and
lenders alike

Other news and
factoids

How you can
access this and
future editions

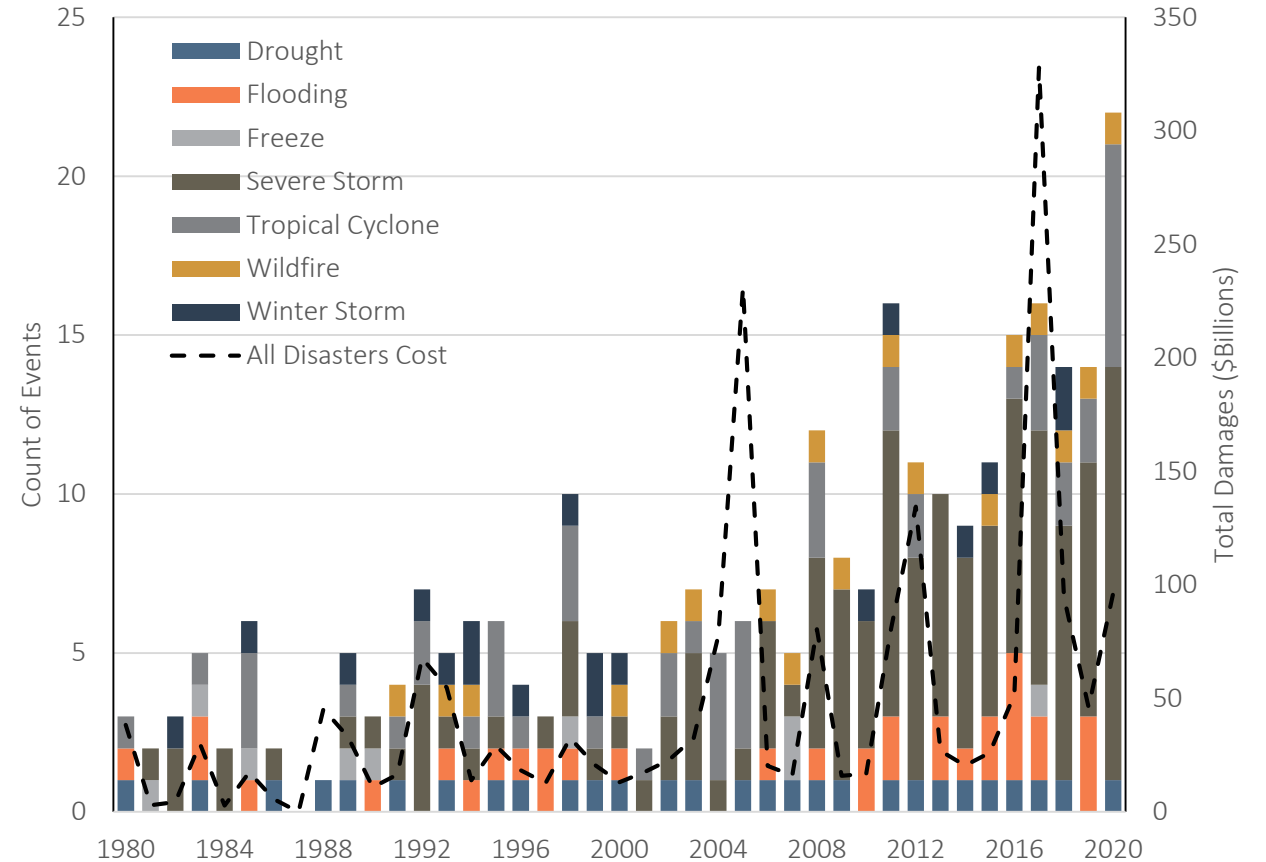
Q&A



Highlight 1: Climate patterns likely to result in more producer income volatility

- The frequency and severity of extreme weather events has threatened producer incomes across the country.
- Over the long term, producers are likely to see acres removed from production, increased insurance premiums, and greater yield variability.
- Over the near term, producers will likely experience increased farm expenses to mitigate weather impacts.

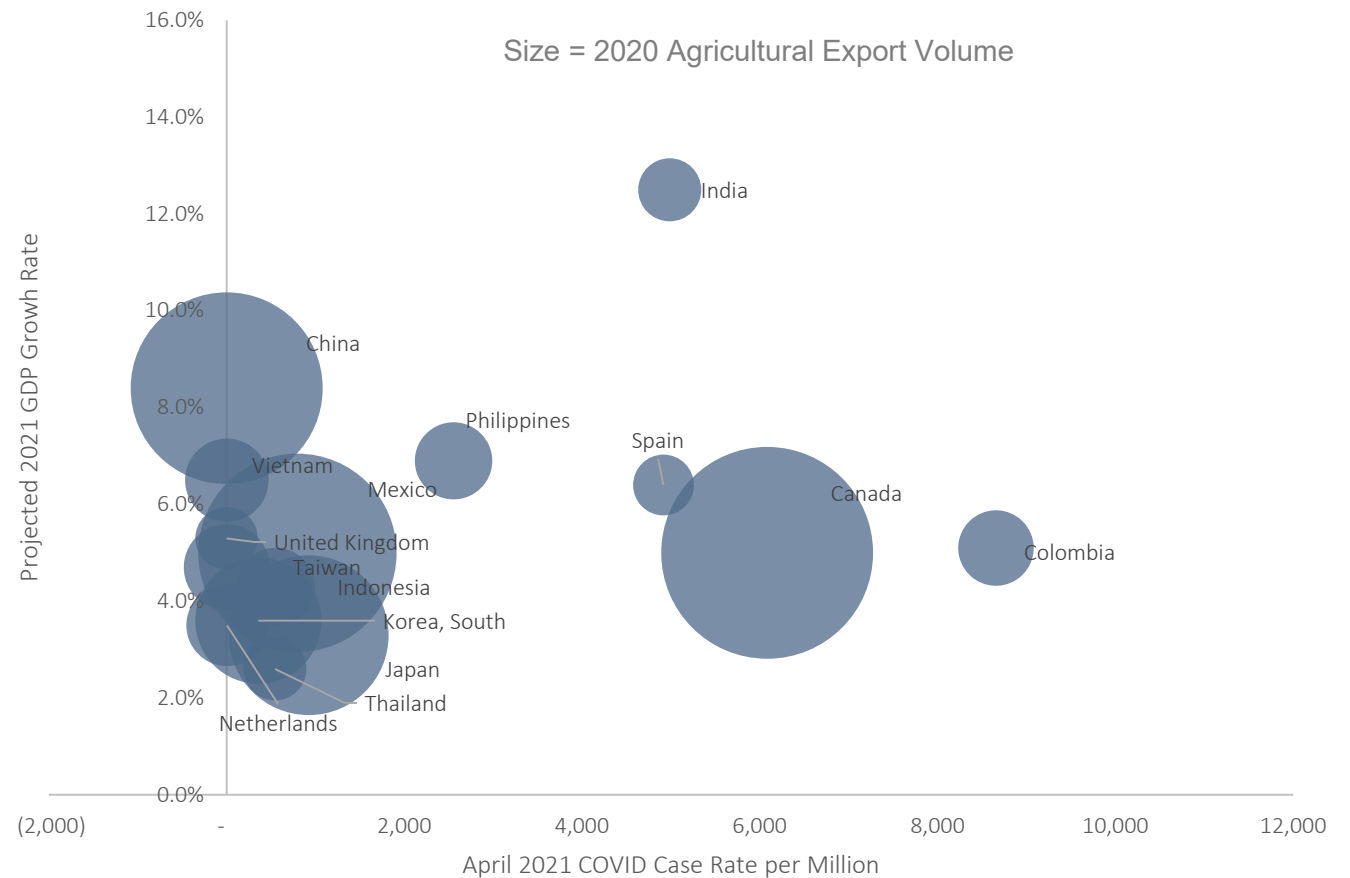
Billion Dollar Weather Events



Highlight 2: The uneven global recovery may threaten some ag exports

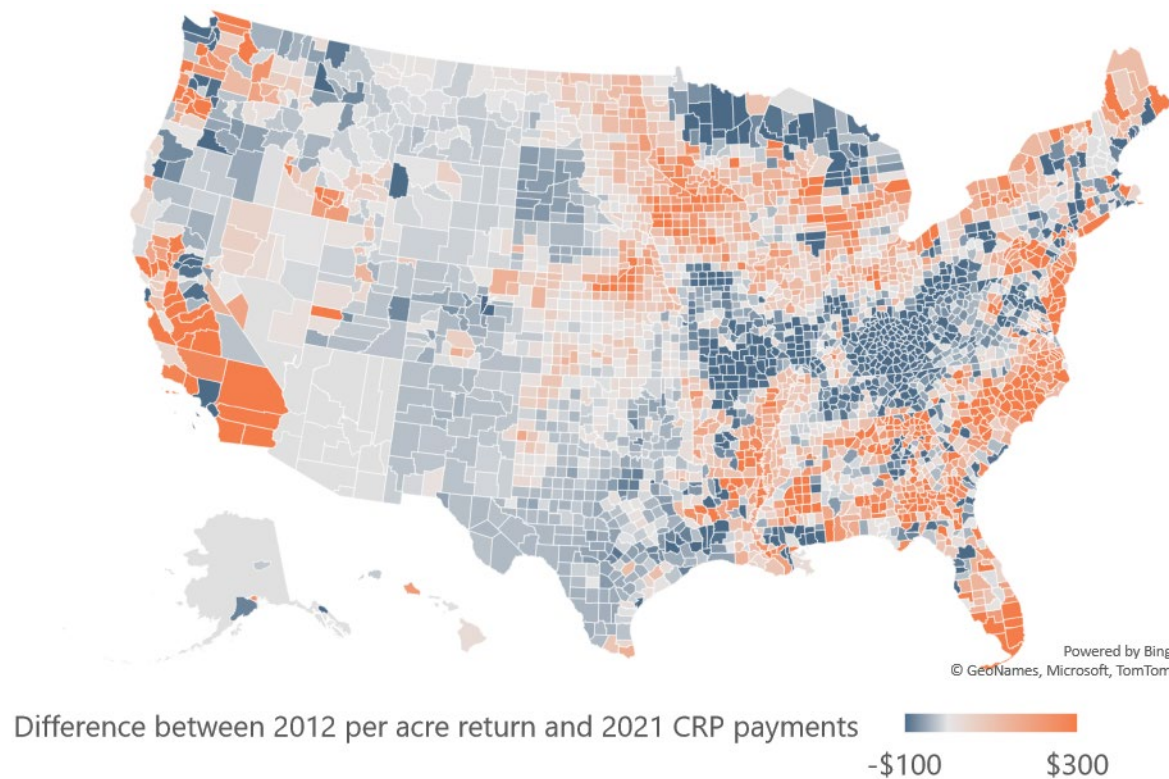
- Economic recovery in many Asian countries is driving a surge in U.S. ag exports.
- Some ag products, like tree nuts and fresh fruits, are lagging in sales due to economic conditions in India and Canada.
- Still, foreign competition remains stiff, with limited disruptions to other top ag exporting countries.

Projected 2021 GDP growth and COVID-19 case rates top US agricultural export destinations



Highlight 3: New incentives for CRP may not lead to more acres in 2021

Average Per-Acre Return vs. CRP Payment

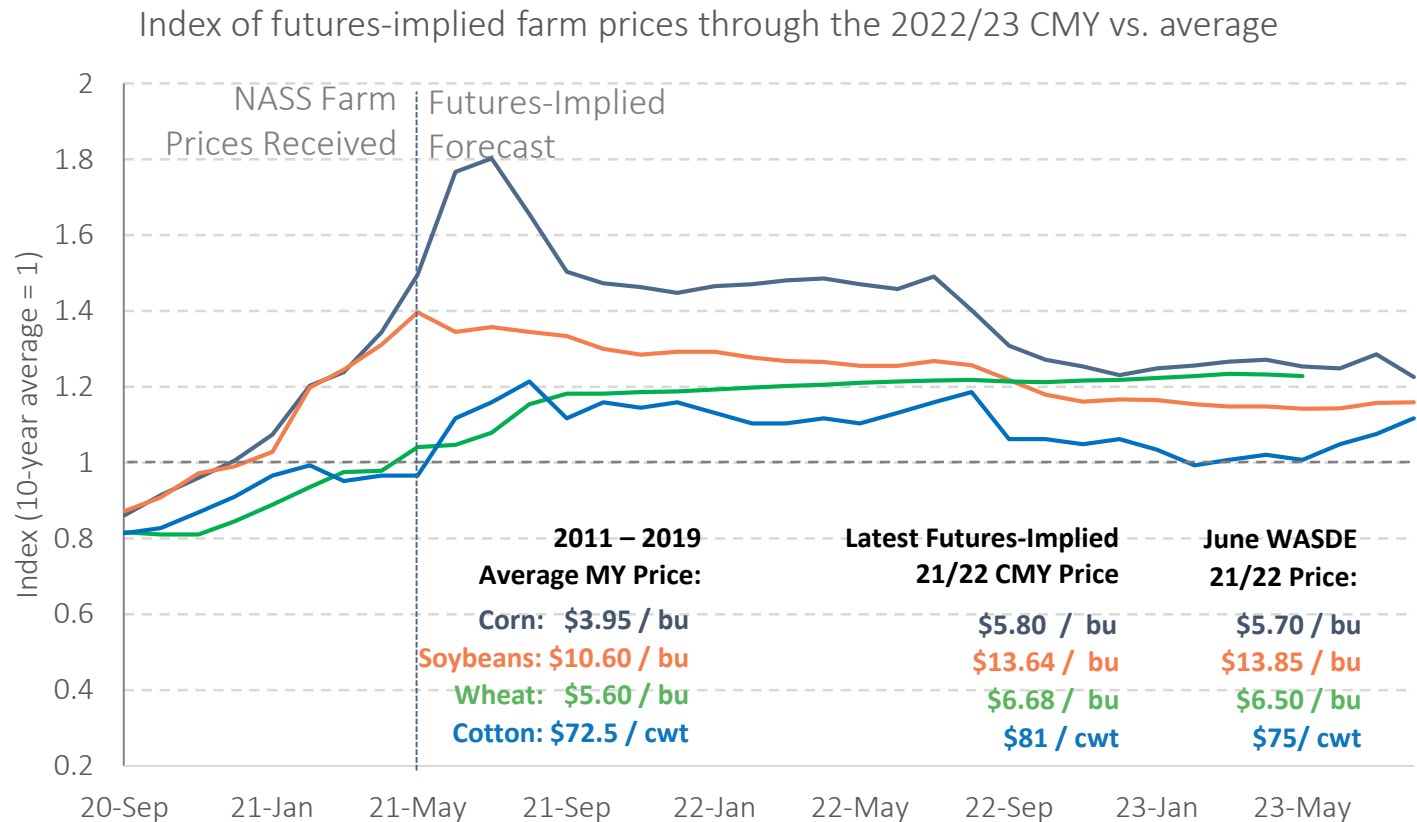


- The USDA is trying to boost CRP acres to the maximum allowable 25 million acres; 20.7 acres were enrolled as of May 2021.
- Many acres expiring now were enrolled during the supercycle, and market forces may prevent acre expansion in some regions.
- In general, the corn belt sees many disincentives to new enrollments while western Plains states may see new enrollments.

Highlight 4: 2021 Cash receipts will be far higher than current USDA projections

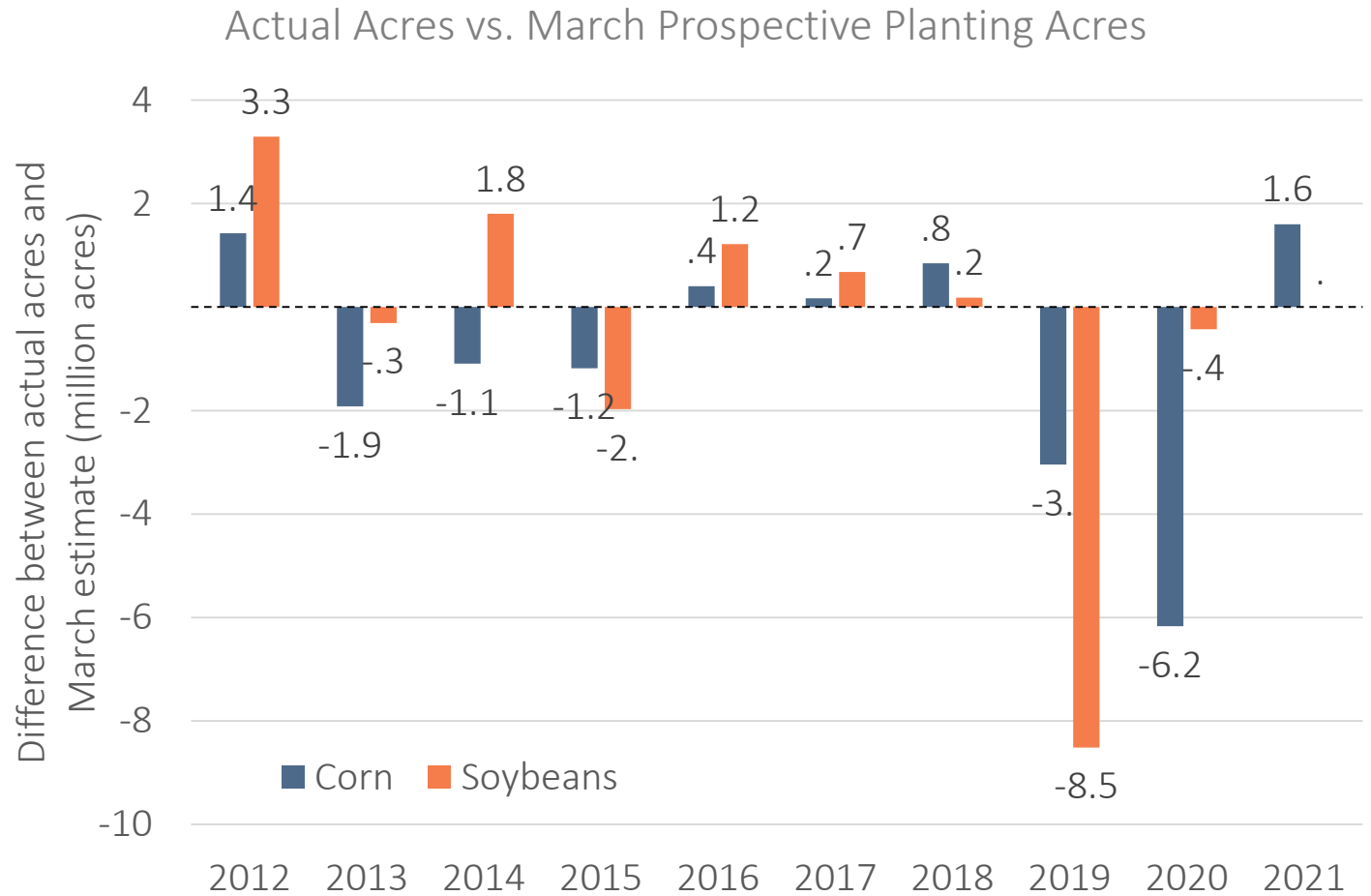
- USDA ERS' farm income release is 3 times per year, and relies on WASDE for income forecasts
- Futures-derived prices suggest that cash receipts will fall below supercycle era receipts but will still be stronger than any other year.
- Higher cash receipts and residual 2020 government payments producers are likely to lead to strong cash incomes for 2021.

Index of futures-implied farm prices through the 2022/23 CMY vs. average



Highlight 5: Grain Update

- Prices have receded from near-supercycle highs but futures remain strong through the 2022/23 CMY for corn, beans
- Spike in ag input costs mirrors supercycle leadup
- Lower June acreage report numbers and poor crop conditions suggest continued supply constraints for 2021/22 CMY



Other News

Water, water,
everywhere

Cattle finally
working through
high supplies?

Grapes seeing
upside after
rough 2020

Tree nuts under
pressure

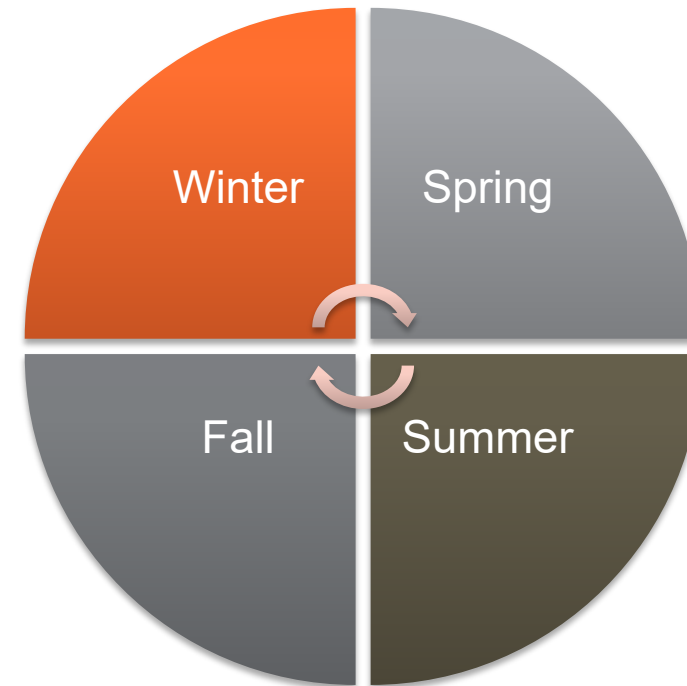
Weather impacts



Details on The Feed

- Quarterly publication
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Publication Schedule





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Thank You!