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# The Feed Refresh – Winter 2021|2022

December 30, 2021

# 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

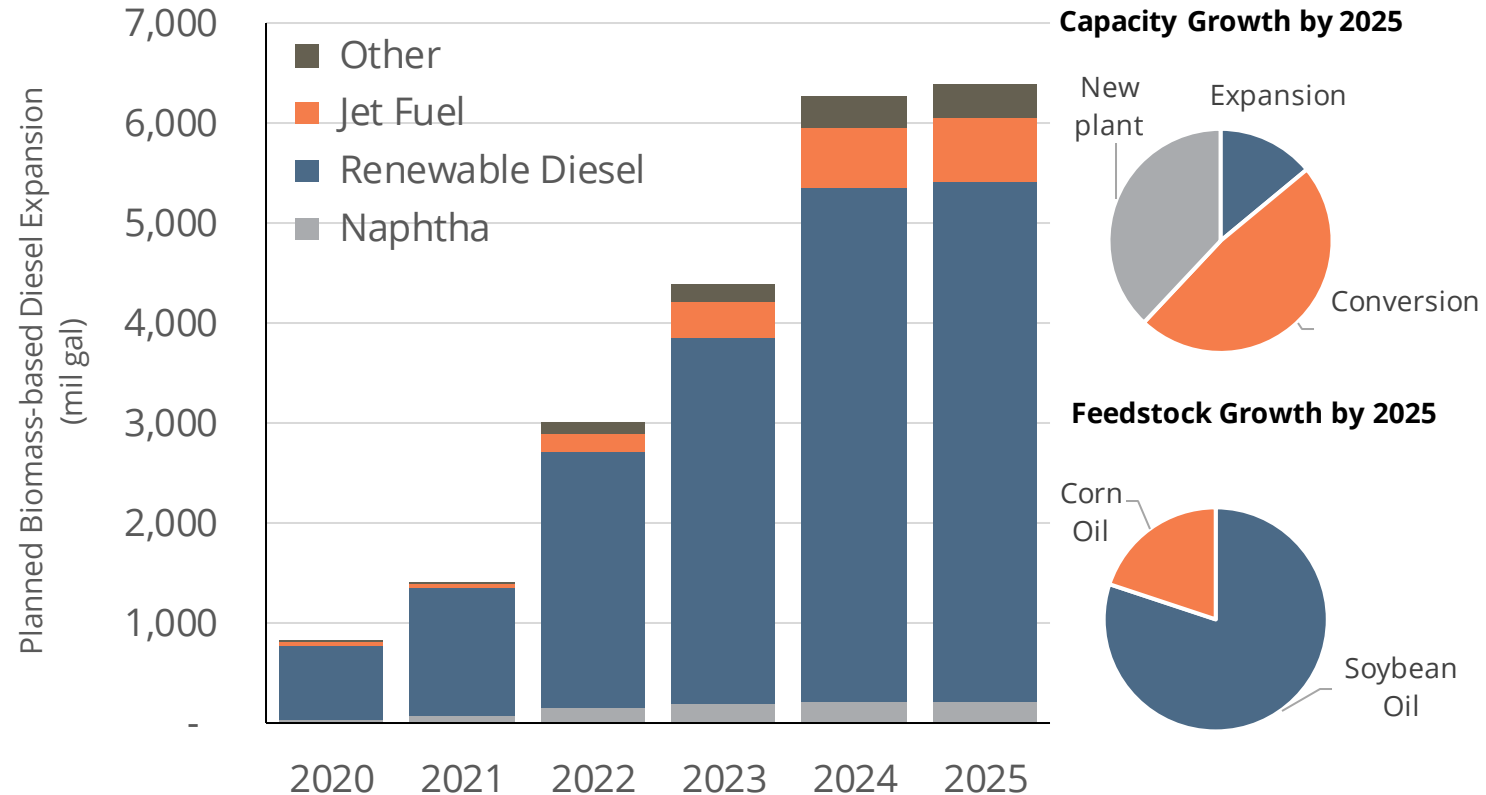
Q&A



# Highlight 1: Biofuel growth is likely to come from newer sources

- Ethanol demand has rebounded since 2020, but soft global demand and electric vehicles present future challenges
- Growth in biofuels could come from newer avenues like renewable diesel, aviation biofuel
- Growth in biofuels could create additional demand for agricultural feedstocks

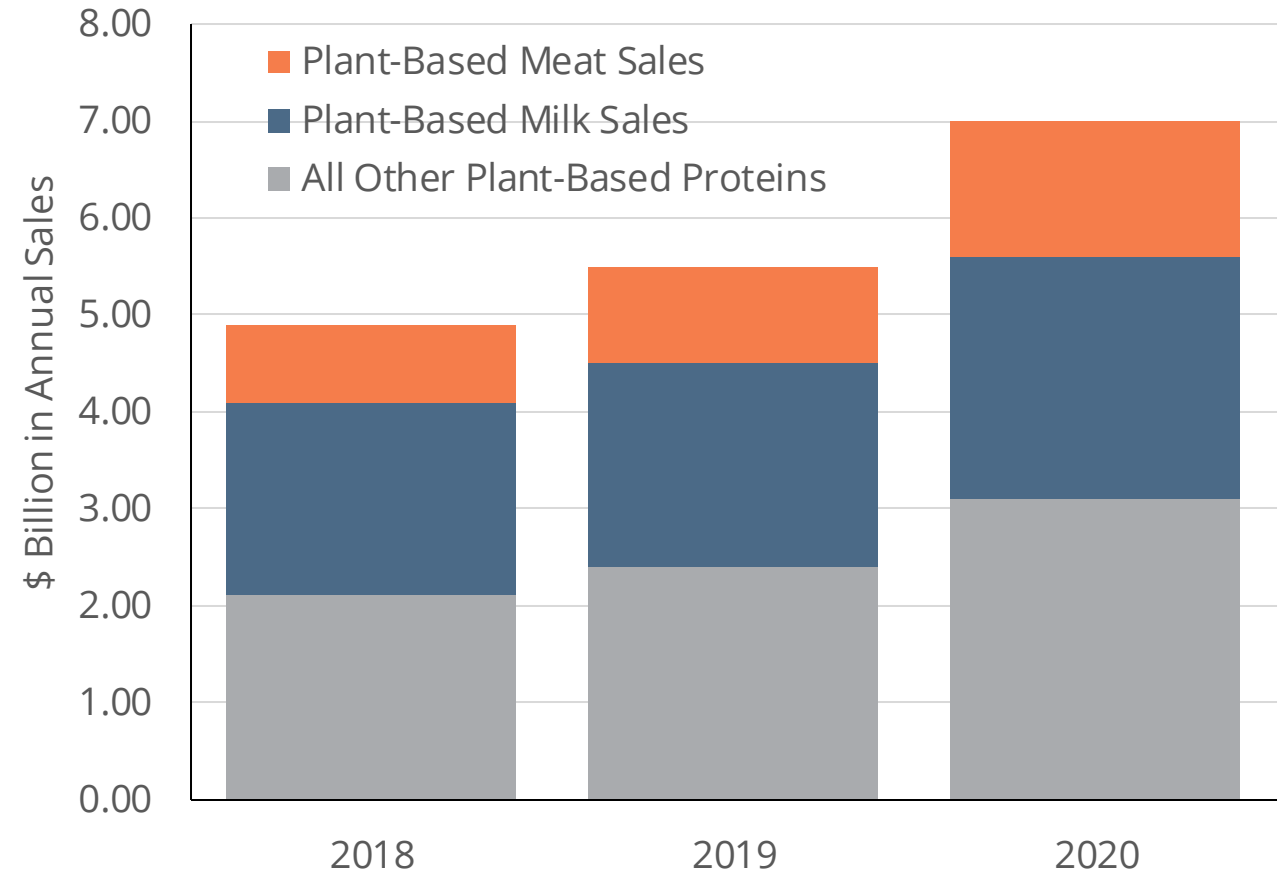
Biomass-Based Diesel Supply Growth



## Highlight 2: Alternative proteins – niche market or market disruptor?

Sales of Plant-Based Proteins by Year


- The U.S. alternative protein market has surpassed \$7 billion in sales in 2020 – though still less than 5 percent of the total meat market
- Newer technologies like cultivated meat are a direct challenge to conventional meat, but will take time to fully come to market
- Capital investments in alternative proteins have increased by almost 10 times since 2018



## Highlight 3: Carbon exchange markets are likely to grow

### Hypothetical Contract Value of Prairie CRP Acres

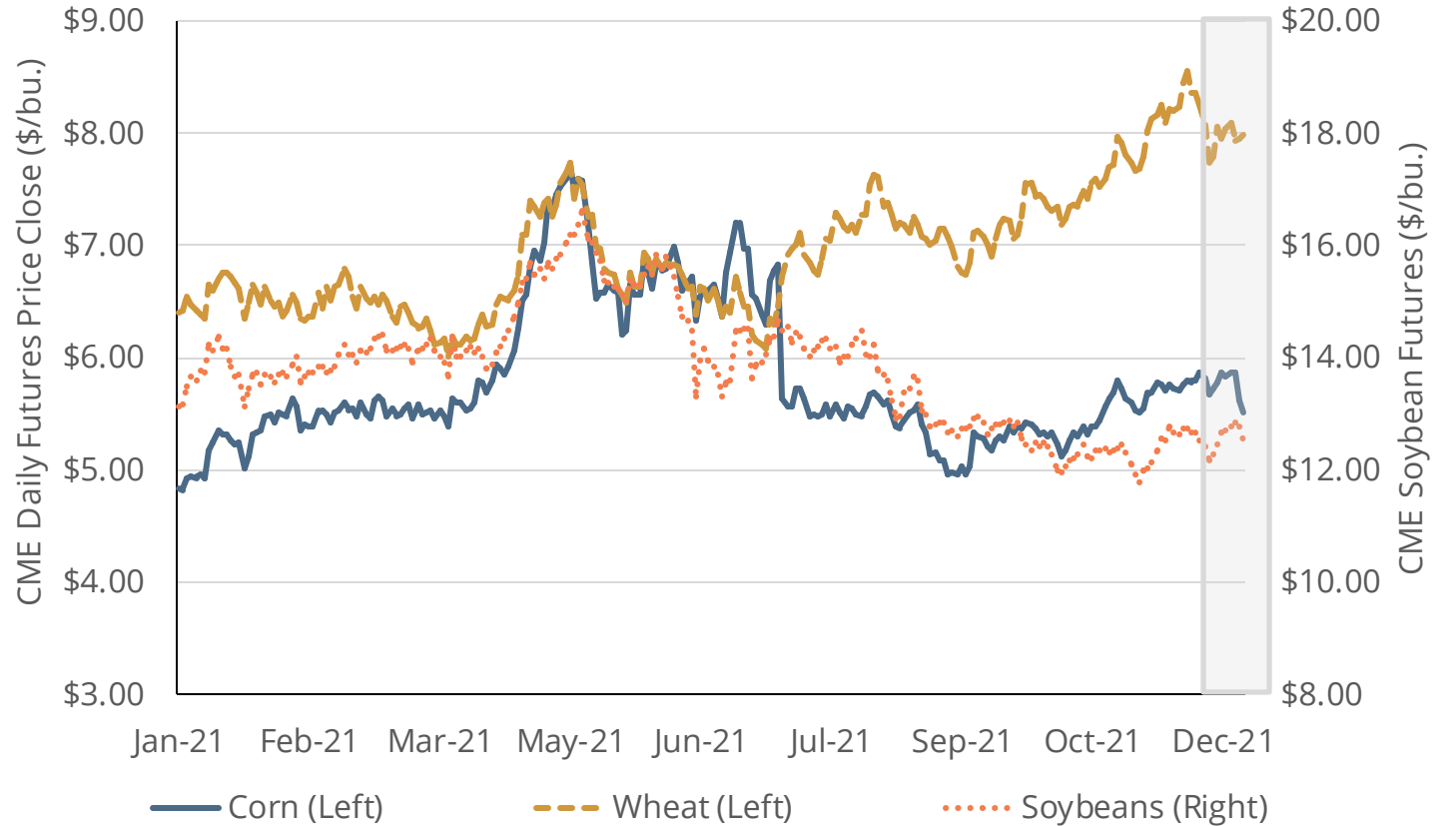
- Private carbon exchange markets offer producers a way to earn additional income off tilling practices, CRP acres and other conservation efforts
- Contracts for carbon have variable terms and requirements that may make entry difficult for individual operations
- The USDA has launched initiatives to quantify carbon capture from various practices, which will improve the efficiency of carbon markets

Potential Contract Value (Thousands)   
\$0 \$11,501

# Highlight 4: Cash grains see strong year with modest challenges ahead

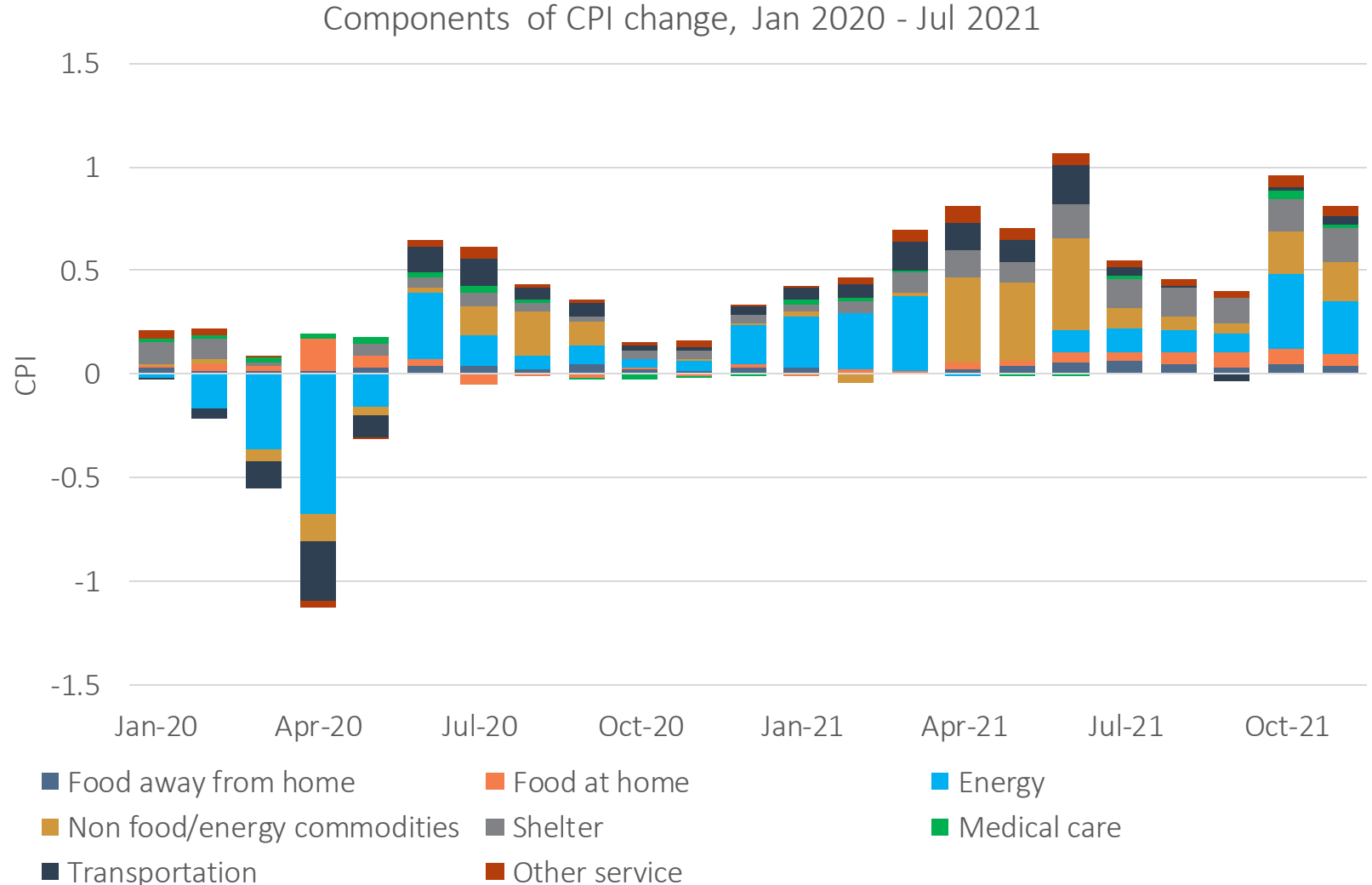
Grain Futures Price in 2021 and Futures Curve into 2022

- The average cash grain farmer saw incomes rise 20 to 40 percent between 2020 and 2021
- High fertilizer costs could lead to a greater move towards soybeans in 2022
- Cash rents and fertilizer cost increases will raise breakeven prices for commodities in 2022



# Highlight 5: Inflation is a risk, but not necessarily a dire one

- Forecasts for inflation suggest moderation by end of 2022 despite surges at the end of 2021
- Farm expenses have varying degrees of exposure to inflation, while others are more tied to the strength of the agricultural economy
- A rising rate environment could put downward pressure on land value prices, but impacts may be limited



## Other News

Holiday travel  
diverges?

Farm income update  
shows rising liquidity  
and leverage

Moderate La Niña  
event to bring a wetter  
winter to parts of the  
country

Cattle ranchers benefit  
from high retail prices

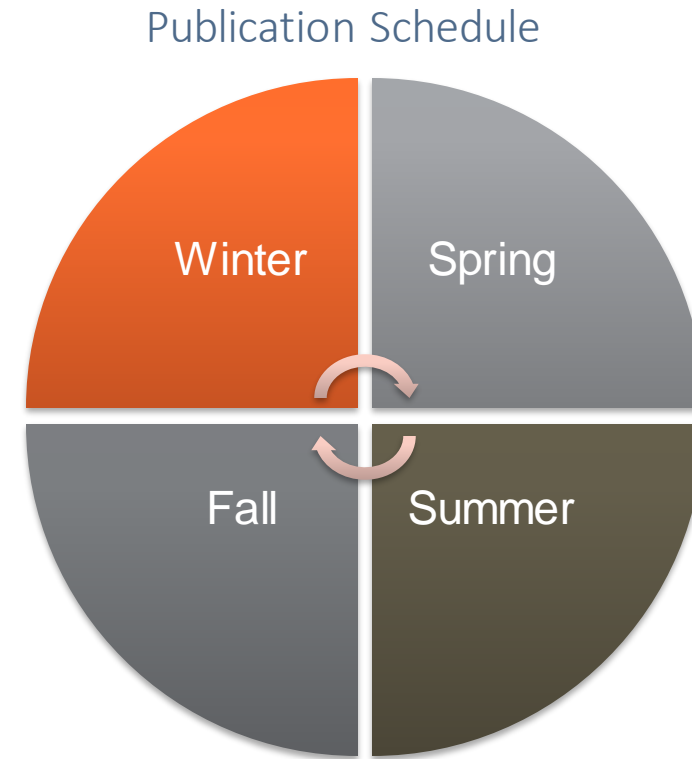
Tree nuts see second  
year of record export  
growth





# Details on The Feed

- Quarterly publication
- Focus on sectors and stories relevant to the season
- Available on the Farmer Mac website to download or subscribe (<https://www.farmermac.com/thefeed/>)
- Subscribers automatically receive it via email
- Send comments and requests to [thefeed@farmermac.com](mailto:thefeed@farmermac.com)





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*Thank You!*