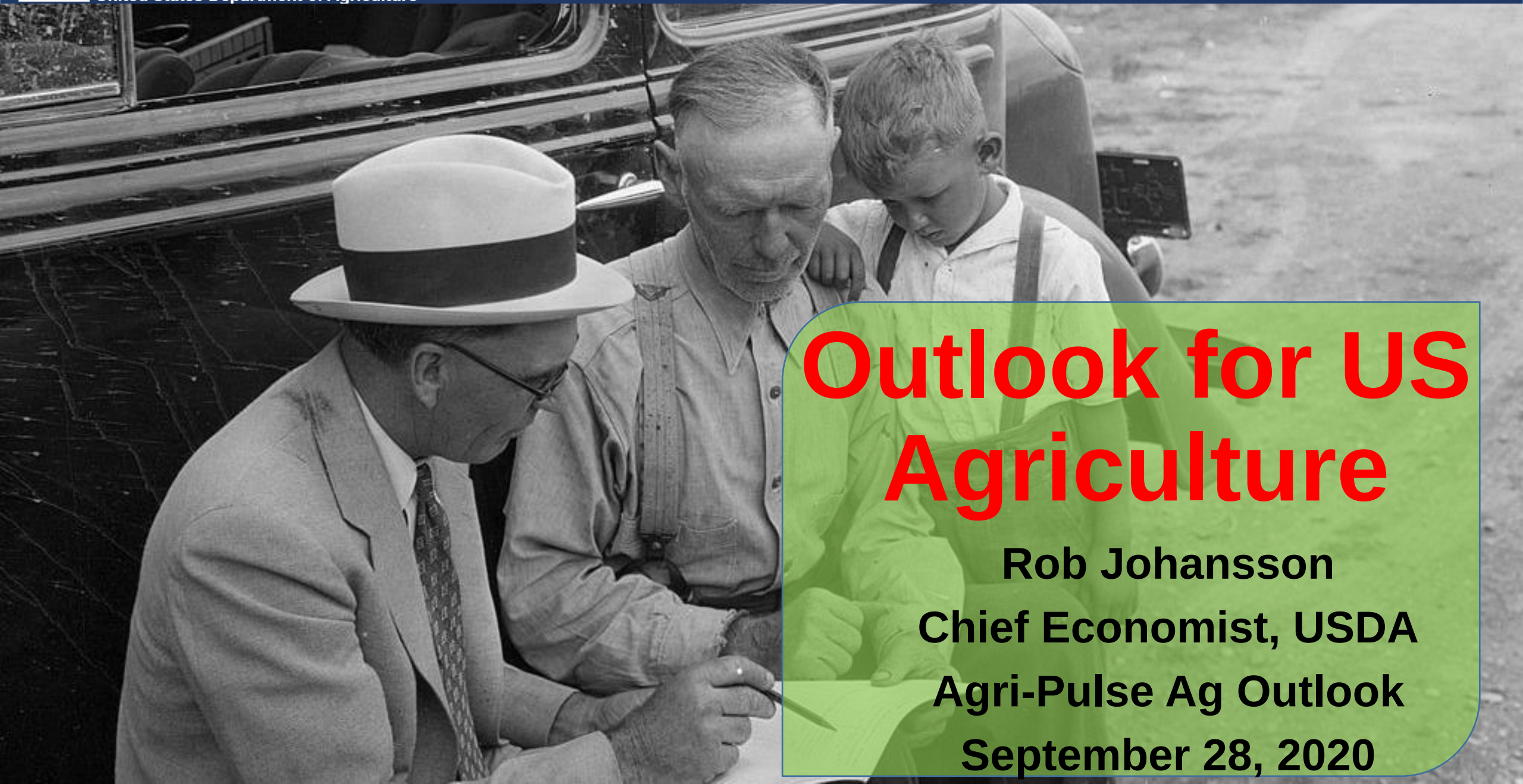




Office of the Chief Economist
United States Department of Agriculture



Outlook for US Agriculture

Rob Johansson

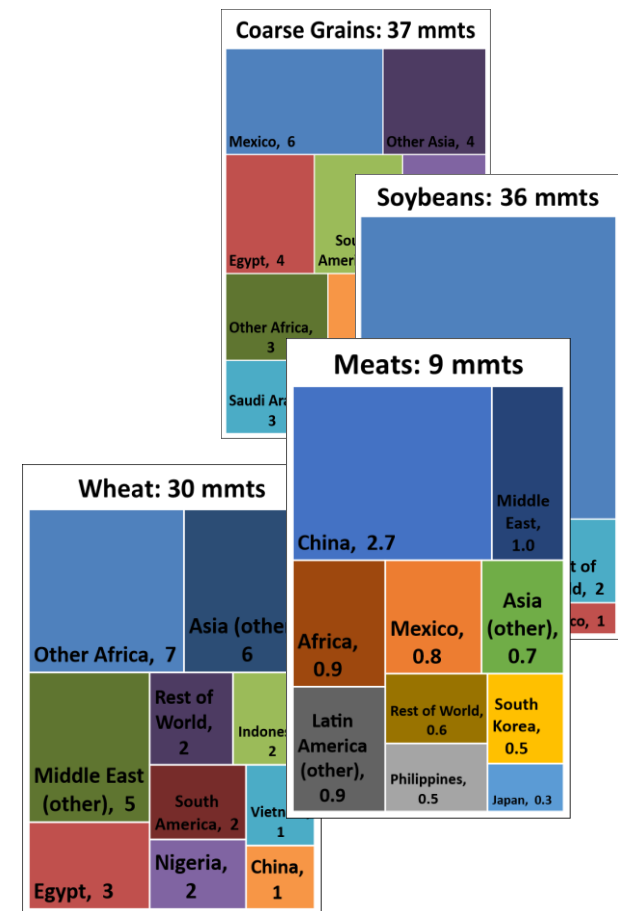
Chief Economist, USDA

Agri-Pulse Ag Outlook

September 28, 2020

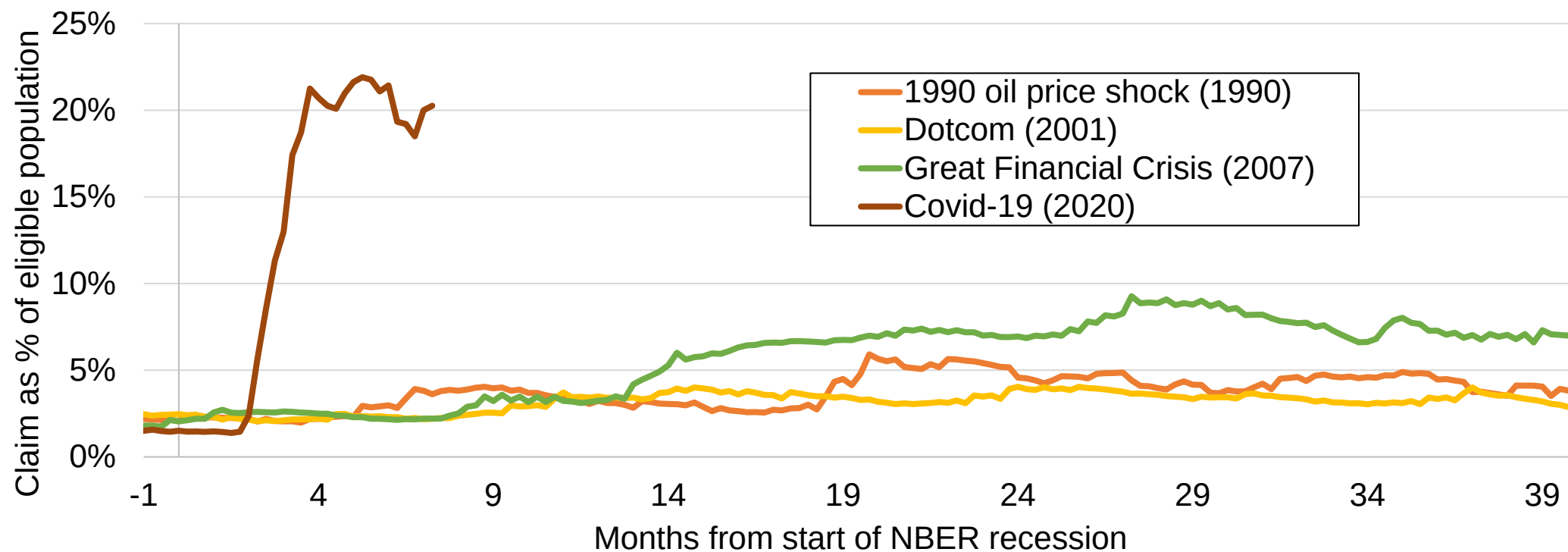
Main points to cover

1. Recap where we were in Feb
 - Economics
 - Weather and planting expected to be better
 - Trade agreements (Japan, USMCA, China)
2. What has happened since --- COVID + some recovery
 - Prices
 - Trade
3. Policy developments

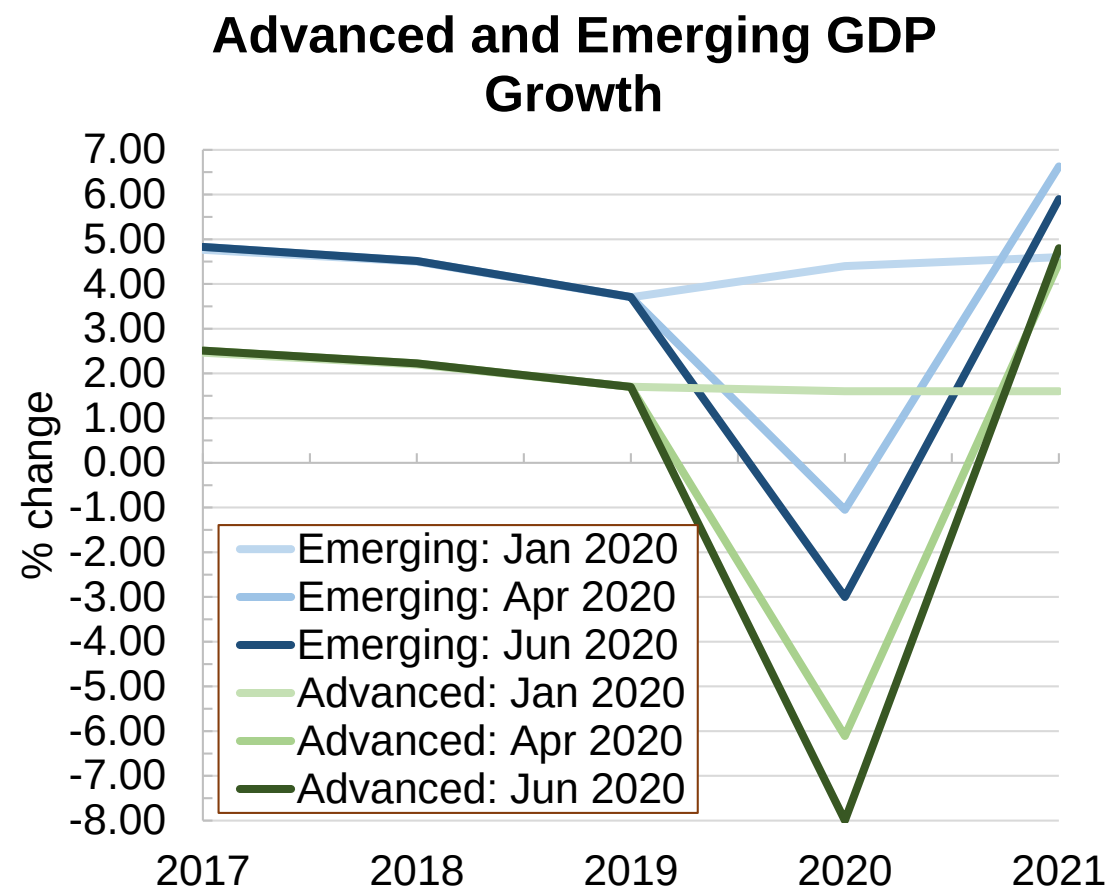
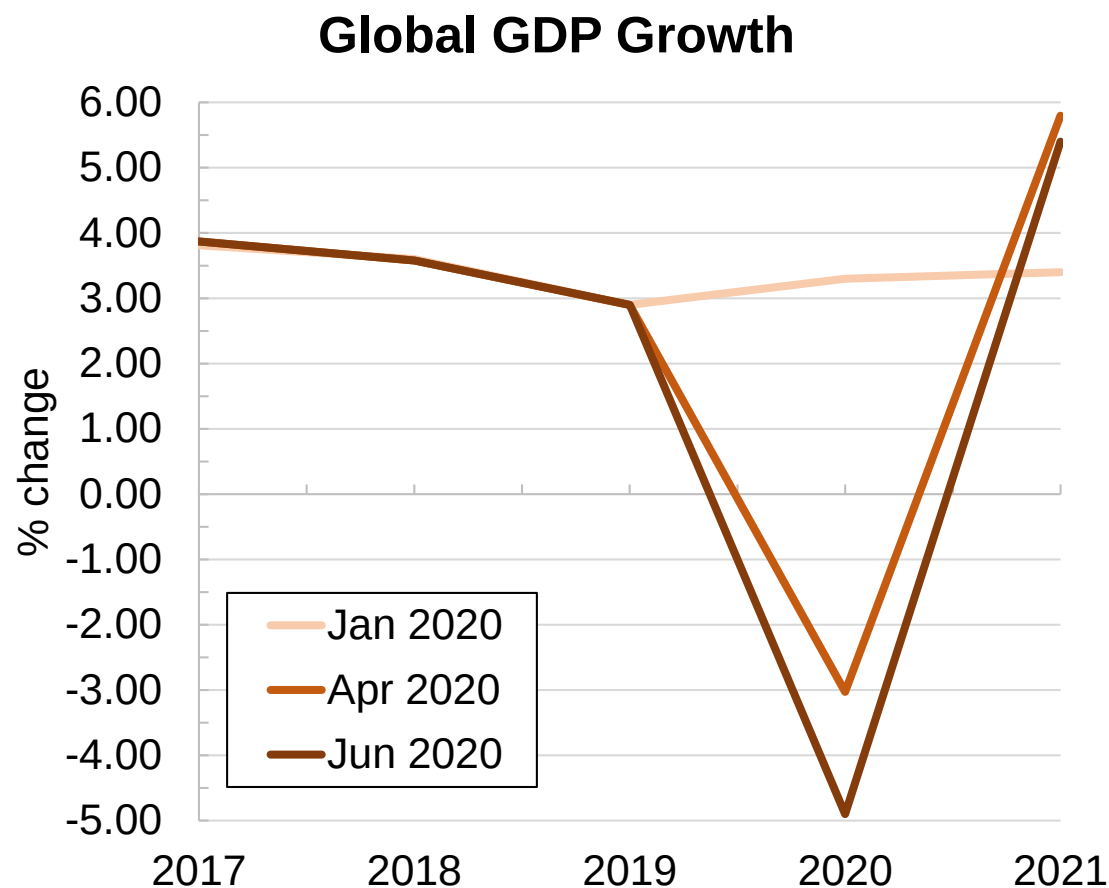


Unprecedented shock to all economic sectors

Unemployment insurance recipients during recessions

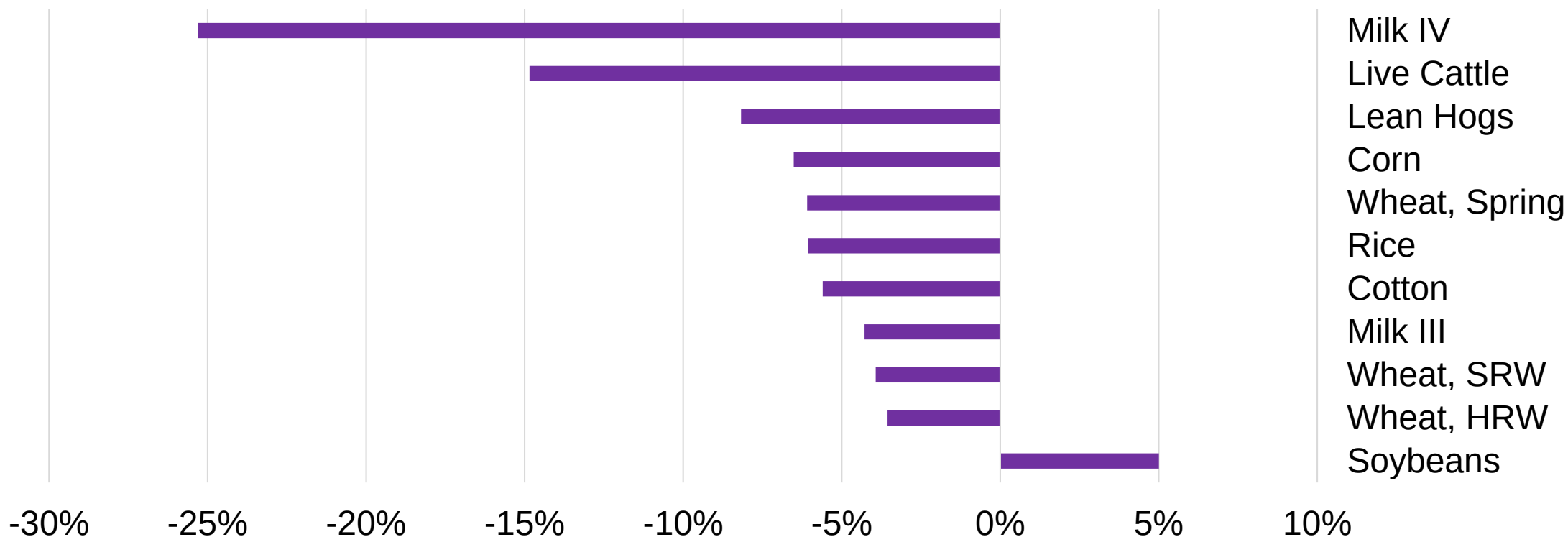


IMF forecasts continue be revised downward



Agricultural commodities most closely linked to macroeconomic conditions have seen largest price declines

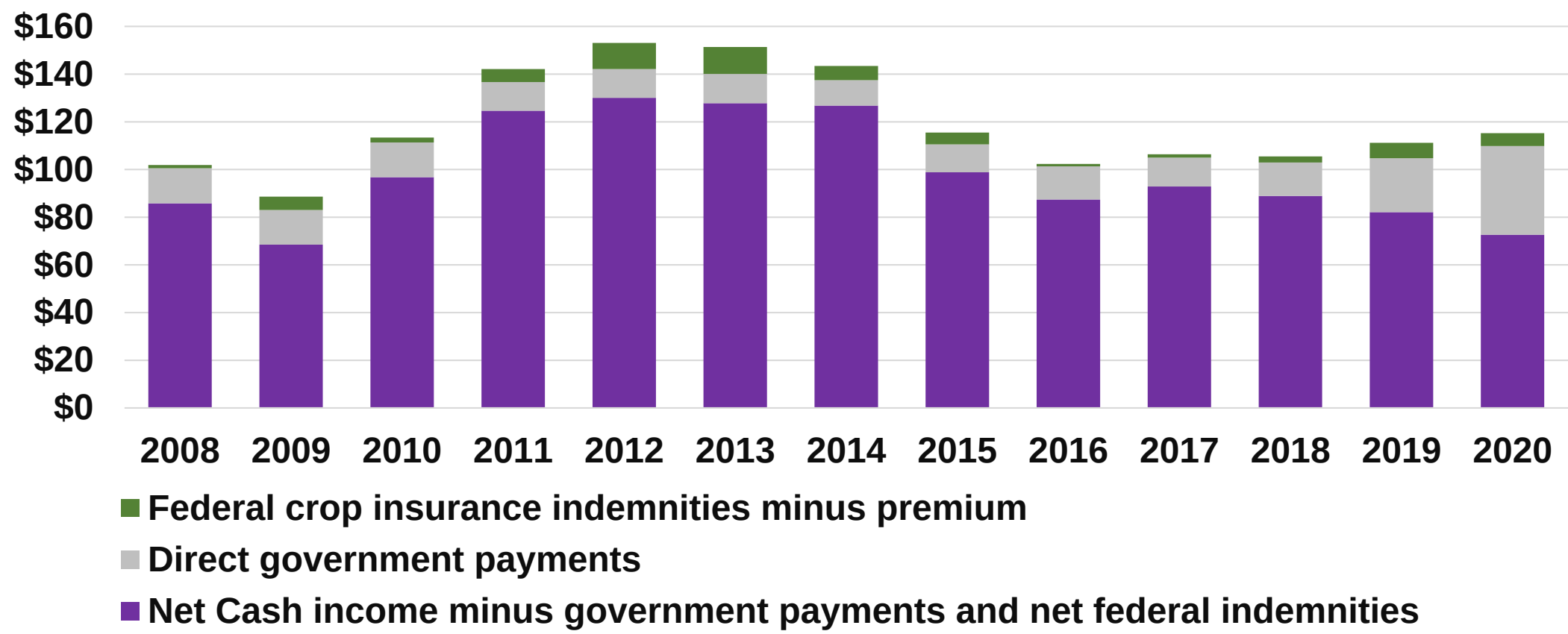
Ag. commodity futures prices changes, YTD



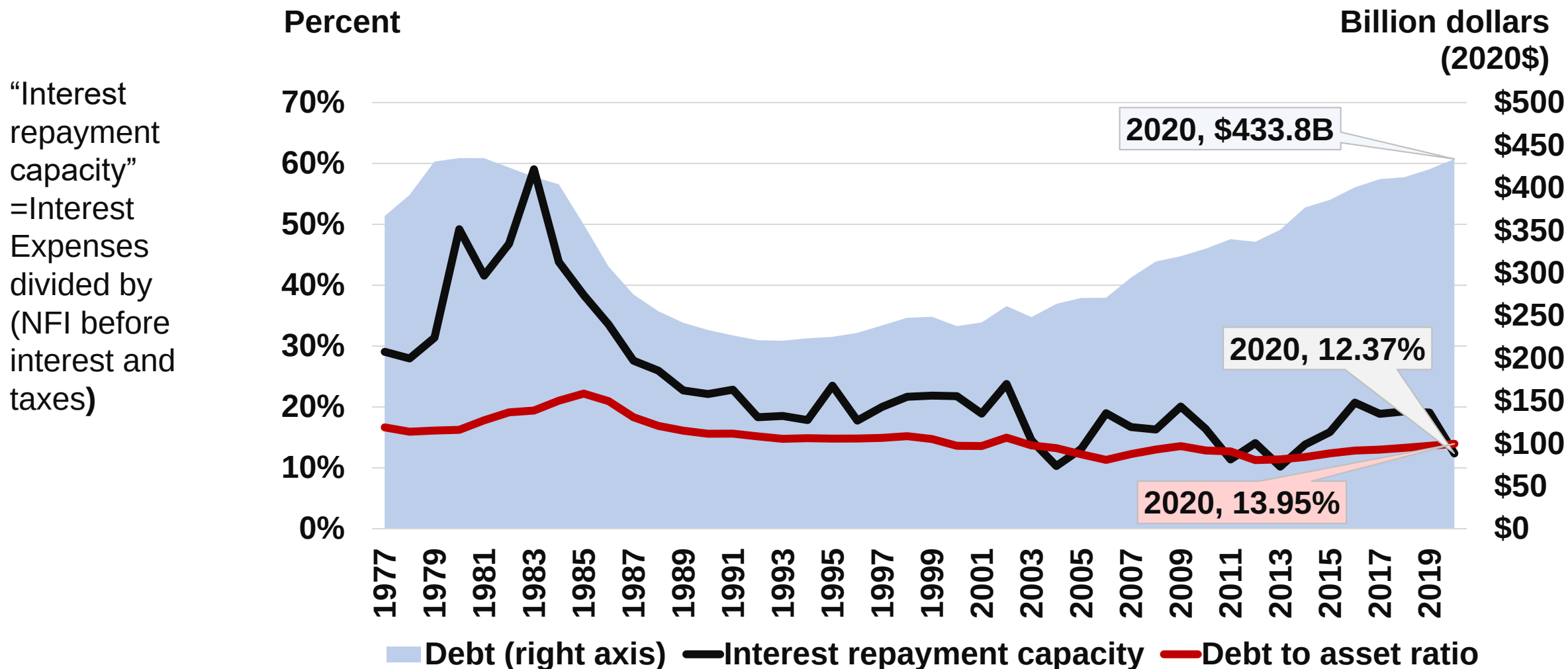
Source: Refinitiv. Percentage changes as of closing September 15th, 2020

Forecast modest increase in net cash income, including an increase in direct government payments, but decline in cash receipts

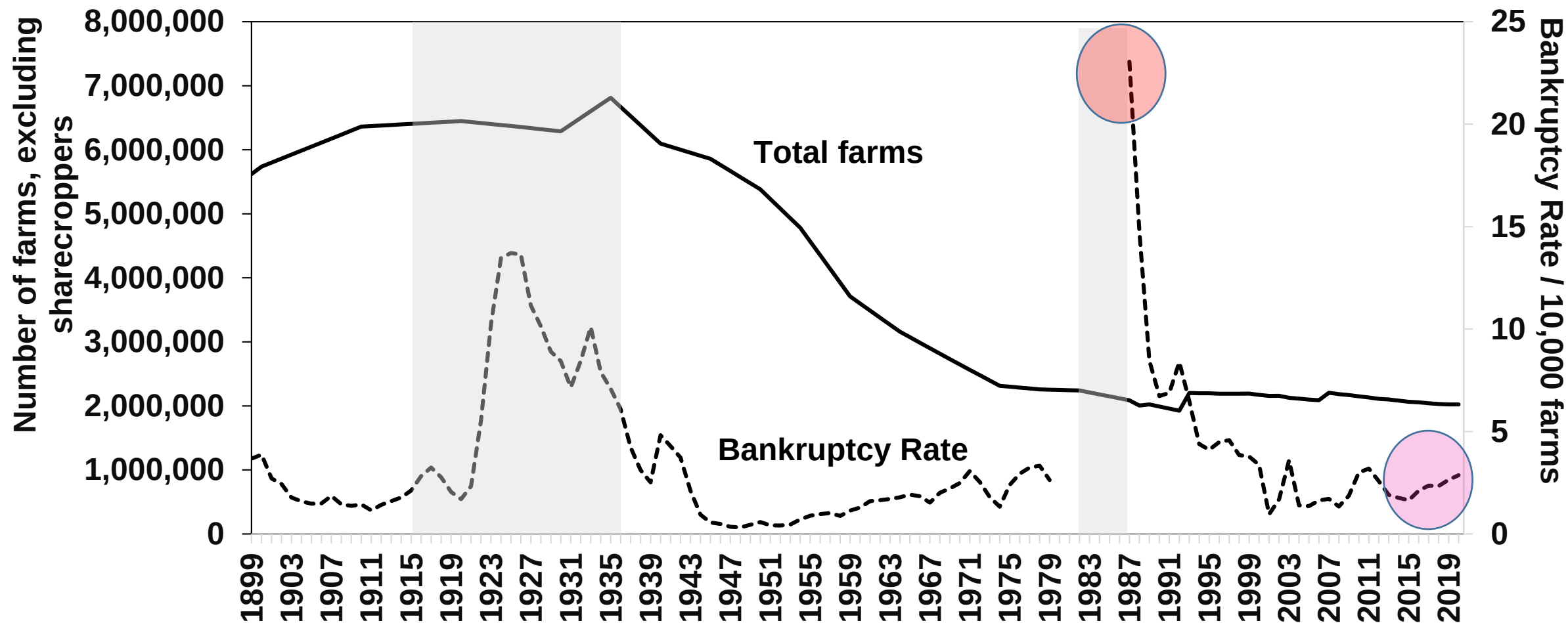
Billion dollars
(2020\$)



Debt-to-asset ratio remains low --- 13.95%, and debt financing cost falling despite total debt at historic levels

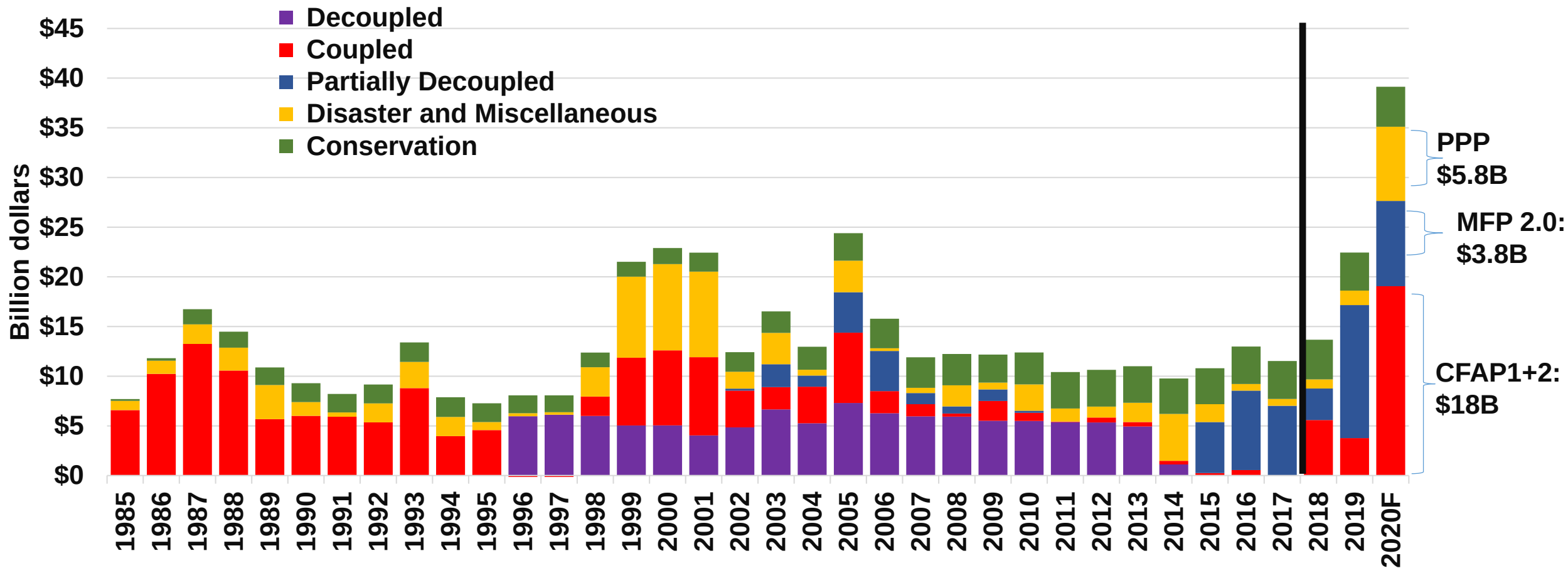


Farm bankruptcy rates are slowly increasing



Note: Annual data runs from July 1 - June 30.

Characteristics of US farm programs over time

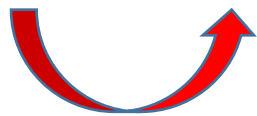


A photograph of a dairy processing facility. In the foreground, there are large, industrial machines with red and grey panels. Yellow hoses are connected to the bottom of these machines. In the background, a person wearing a blue shirt and khaki pants is standing and working. The floor is a smooth, light-colored concrete.

U.S. Crop and Livestock Outlook

Cropland area mostly up from last year --- small changes

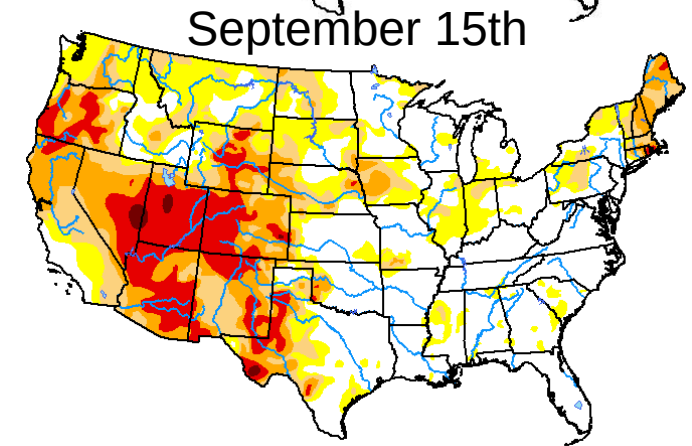
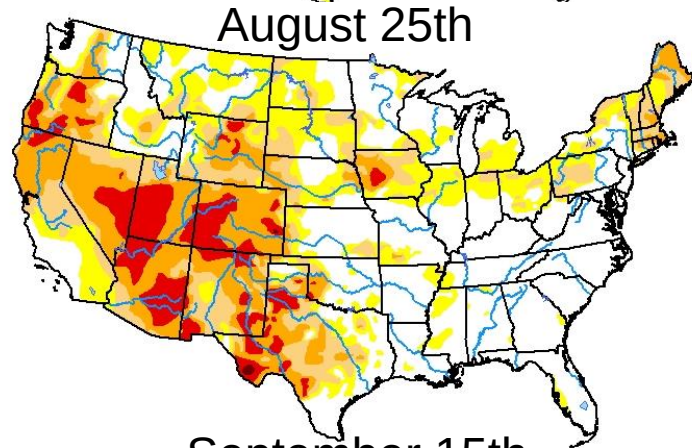
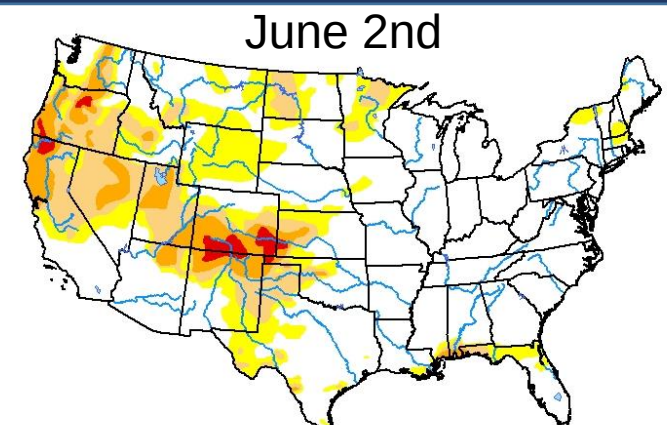
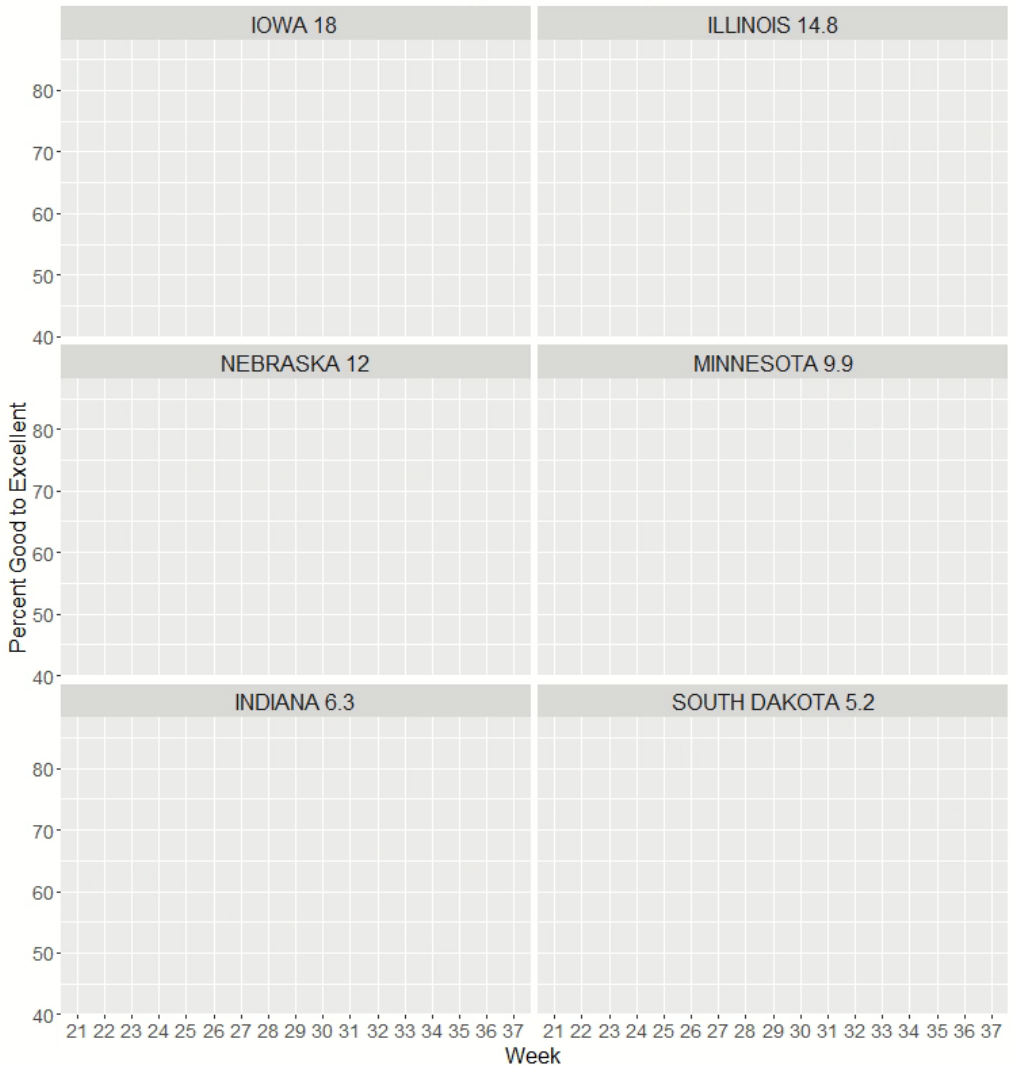
Crop (mil. acres)	2016	2017	2018	2019	2020F	2020
Corn	94.0	90.2	88.9	89.7	92.0	94.0
Soybeans	83.5	90.2	89.2	76.1	83.8	85.0
Wheat	50.1	46.1	47.8	45.2	44.3	45.0
Cotton	10.1	12.7	14.1	13.7	12.2	12.5
Other feedgrains	12.6	10.7	11.0	10.8	11.6	11.1
Rice	3.2	2.5	2.9	2.5	2.9	3.1

February AOF  Sep WASDE

Corn condition declined in Iowa during the summer, while other areas saw periodic improvements.

Corn Condition vs 5 Year Average

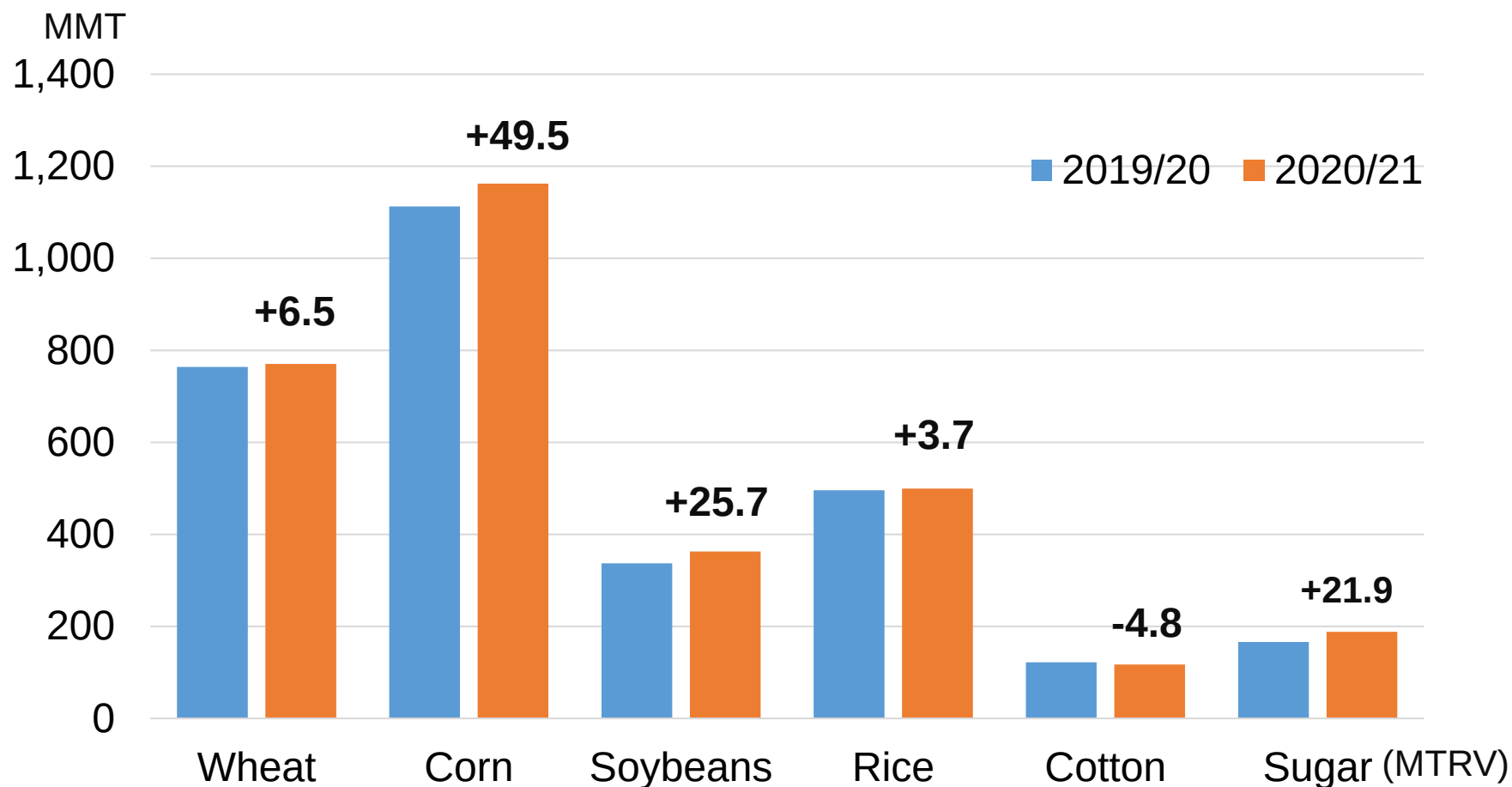
5-24-2020 through week ending 9-13-2020



Better planting conditions and lower global demand are anticipated to lower prices

Crop	2016	2017	2018	2019	2020	%Δ
Wheat (\$/bu)	3.89	4.72	5.16	4.58	4.50	-2%
Corn (\$/bu)	3.36	3.36	3.61	3.60	3.50	-3%
Soybeans (\$/bu)	9.47	9.33	8.48	8.55	9.25	8%
Cotton (cents/lb)	70.5	68.6	70.3	59.5	59.0	-1%
All Rice (\$/cwt)	10.4	12.9	12.6	13.2	12.6	-5%

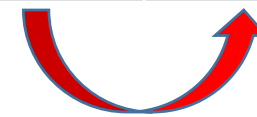
2020/21 Global Crop Production Forecast to Increase Except Cotton



Data: USDA. Sep. 2020 WASDE. Million metric tons except cotton, which is million bales. Change from 2019/20 in volume.

US beef production expected to slowdown in 2020 but pickup in 2021

Item	2017	2018	2019	2020f	2020	2021
Billion pounds						
Beef	26.3	26.9	27.2	27.5	27.0	27.4
Pork	25.6	26.3	27.6	28.9	28.2	28.4
Broilers	41.2	42.6	43.9	45.8	44.6	45.0
Total ¹	100.2	102.4	105.3	108.8	106.3	107.3
Billion pounds						
Milk	215.5	217.6	218.4	222.0	222.0	225.4

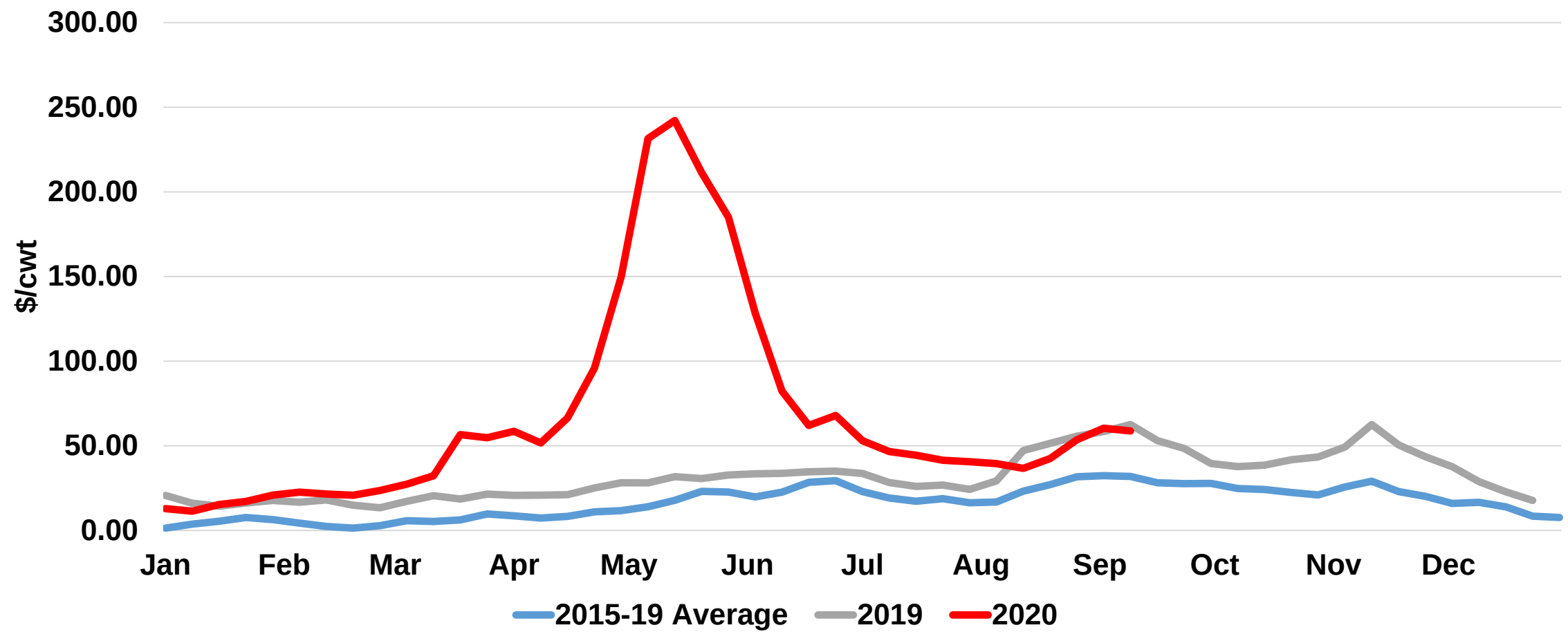


February AOF

Sep WASDE

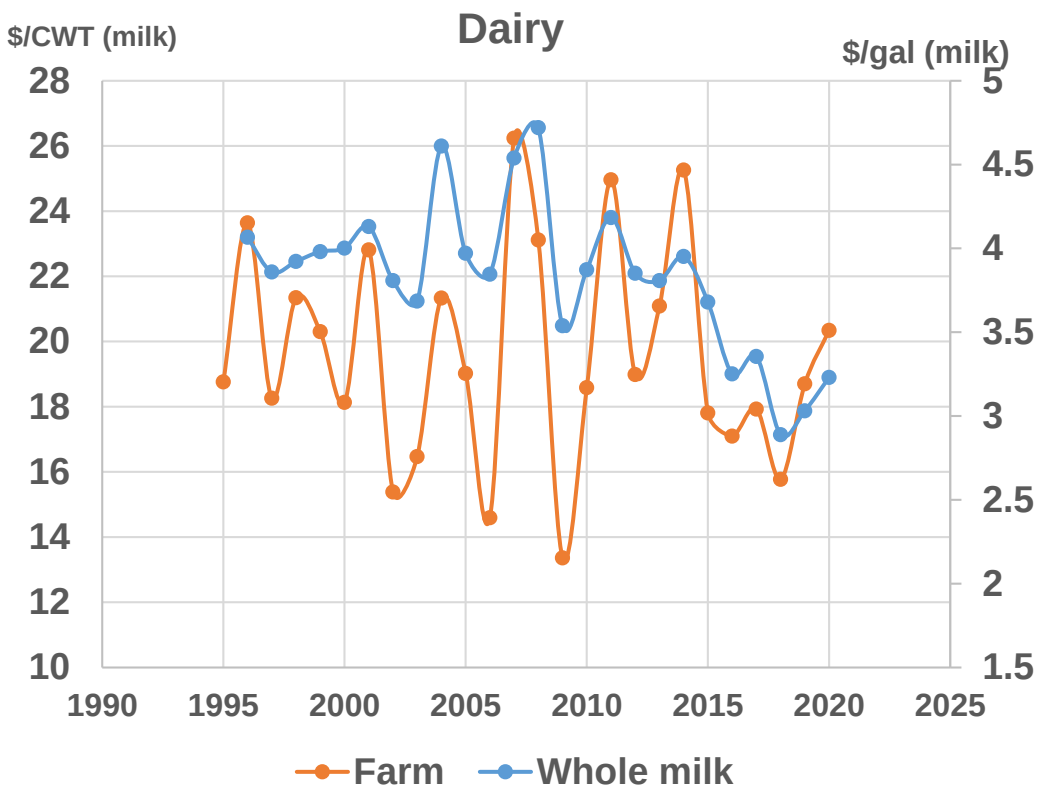
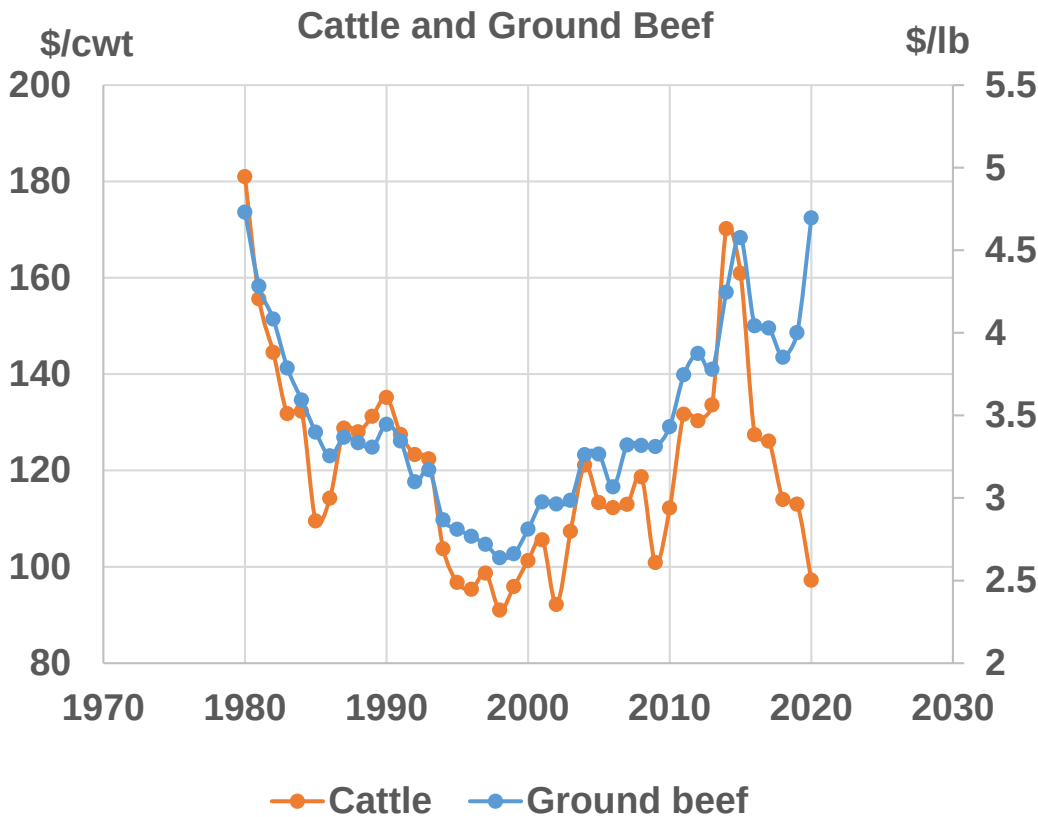
Source: USDA-OCE. Values in red denote record levels. Values as of Sep. 2020 WASDE. ¹Total includes all red meat and poultry

Spread Between Comprehensive Boxed Beef Price and Dressed Steer Price*



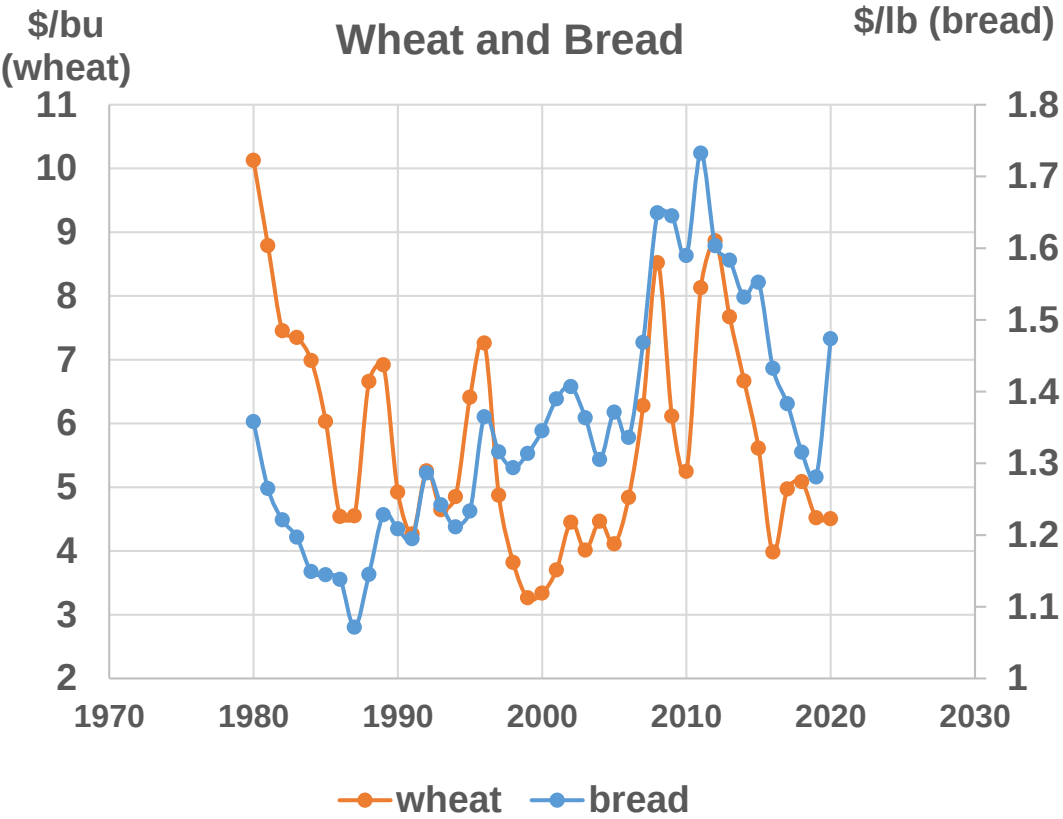
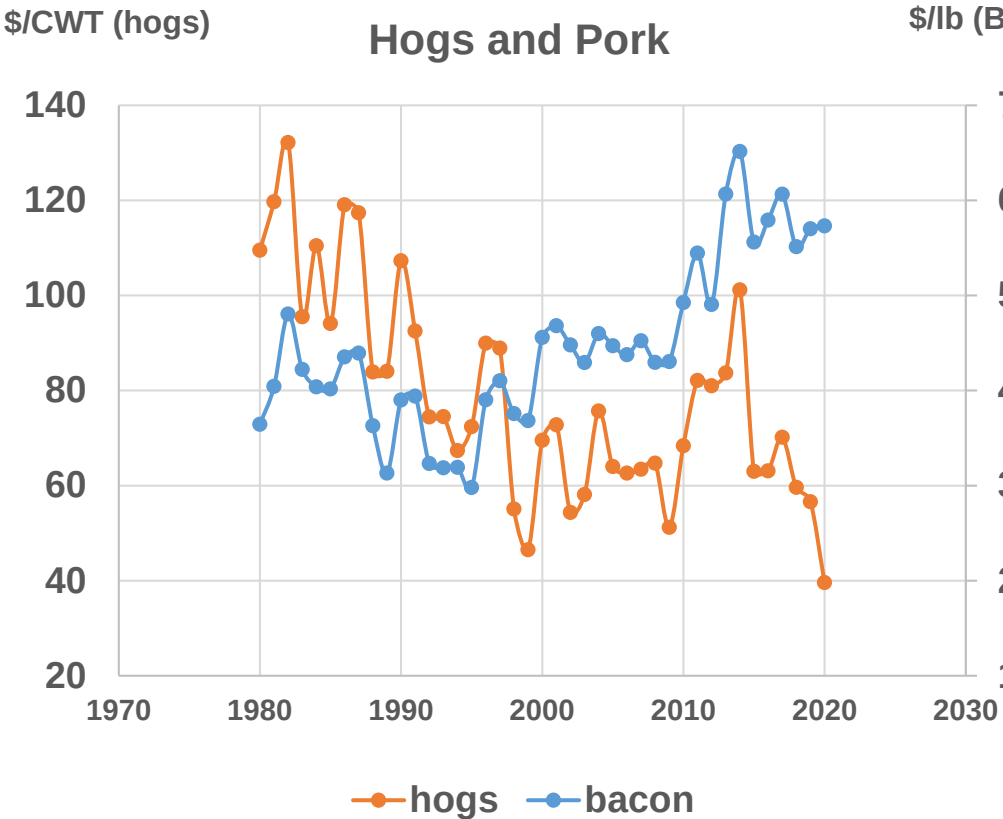
*5-Area, Dressed Steer, Delivered – All Grades

Producer prices moving in opposite directions



Data: BLS, USDA

Raising questions about margins



Data: BLS, USDA

US meat and dairy prices

Item	2017	2018	2019	2020	2021	%Δ
	Dollars per cwt					
Steers	122.0	117.1	116.8	106.8	109.5	3%
Hogs	53.60	45.93	47.95	38.87	44.25	14%
Broilers	93.50	97.80	88.60	70.00	81.30	16%
Milk	17.69	16.27	18.63	18.25	17.05	-7%

Trade Outlook



https://www.capitalpress.com/nation_world/agriculture/virus-outbreak-disrupts-ag-trade-with-china/article_a9115cae-4f54-11ea-a30f-77b46dc33749.html

Covid19 Trade Disruption inflicted more sectorally than by country

Fig 4. Change in exports under Covid, 2020Q2 change over same quarter, previous year

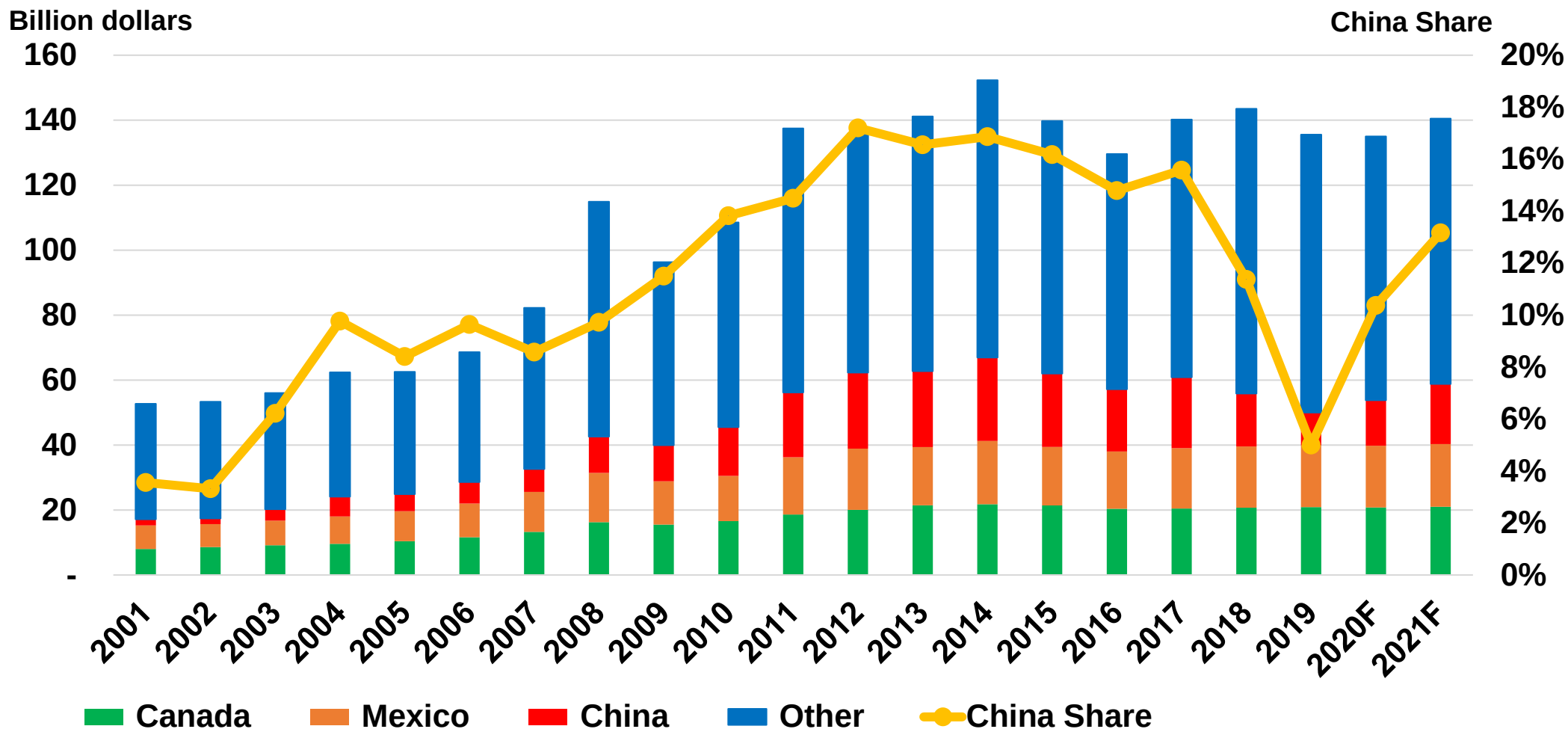
Exporter	Pulses	Soybeans	Pork	Sugars	Wheat	Fresh Fruit	Rice	Palm Oil	Dairy Products	Food Preps	Fresh Veg	Corn	Total Agr	Beef	Poultry	Forest Products	Chocolate	Fish Products	Tree Nuts	Nursery	Tobacco	Wine & Beer	Cotton	Hides & Skins
Brazil	14%	48%	45%	54%		-20%	171%	51%	16%	-1%	180%	-87%	24%	30%	-21%	-9%	-19%	-6%	-5%	12%	-31%	-28%	-12%	
Russia	-12%	46%	173%	244%	30%	-35%	-73%	9%	10%	1%	41%	54%	9%	65%	92%	-10%	-22%	-12%	72%	-50%	-17%	-16%		-97%
Kenya	374%					27%		95%	-57%	34%	-6%		7%	-14%		-34%		-51%	-46%	-30%	46%	-53%		
Turkey	94%	624%		5%		23%	44%		-14%	17%	8%	69%	4%	-18%	-15%	-12%	-20%	-13%	18%	-13%	-14%	-26%	-3%	
Argentina	109%	62%	258%	11%	-35%	9%	6%		28%	1%	37%	16%	3%	-4%	-23%	-4%	-36%	10%	-42%		-57%	-14%	-63%	8%
Mexico	16%		36%	1%	226%	10%	63%	-11%	7%	15%	2%	66%	2%	42%	60%	-2%	-3%	-21%	-17%	-17%	-14%	-29%	-31%	
Japan			29%	10%		7%	9%		26%	27%	171%		0%	-20%	27%	-4%	-26%	-16%	-1%	13%		-38%		14%
Thailand	11%		112%	-25%		57%	0%	-75%	29%	6%	-20%	15%	-1%		1%	-13%	-69%	6%	-48%	-53%	23%	-55%		21%
Indonesia				-9%		88%		9%	34%	32%	-26%		-1%			-2%	-2%	5%	7%	0%	-17%	-25%		
Canada	60%	-6%	14%	18%	11%	-37%	25%		17%	-4%	22%	-49%	-1%	-5%	0%	-16%	-2%	-23%	-6%	-8%	-72%	-15%		-69%
China	11%	-25%	-13%	7%		52%	-15%	31%	-40%	9%	5%	-97%	-1%	-34%	-17%	-5%	-16%	-15%	8%	-3%	12%	-28%	-70%	-34%
World	40%	29%	26%	14%	14%	9%	9%	5%	3%	1%	-1%	-1%	-2%	-3%	-11%	-13%	-13%	-13%	-15%	-15%	-19%	-26%	-40%	-56%
Colombia				6%		-16%		27%	50%	23%	-21%		-2%	49%		-46%	-20%	-4%		-16%				-66%
South Africa	48%		-41%	-3%	187%	16%	14%	-19%	-19%	-15%	-26%	193%	-3%	61%	-32%	-49%	-18%	-26%	16%	-42%	-51%	-51%	-44%	-33%
Switzerland			40%	-21%			19%		-6%	-3%	0%		-4%	-12%	-50%	0%	-9%	-76%	-37%	-7%	-2%	-44%		-37%
Ukraine	-15%	-69%	5%	-36%	21%	-66%			-25%	10%	-36%	-24%	-5%	-14%	-16%	-13%	-24%	11%	-37%	-5%		-7%		-14%
New Zealand	33%		-50%	36%		2%			4%	-13%	-13%		-5%	-5%	-61%	-31%	20%	-33%		-24%		-5%		-15%
EU	4%	-65%	34%	7%	55%	-9%	0%	-16%	8%	3%	7%	-20%	-7%	-3%	-9%	-5%	-18%	-12%	-27%	-19%	-10%	-27%	-62%	-72%
Chile	0%		42%	5%		-11%			13%	1%	-4%		-7%	38%	-5%	-15%	-42%	-7%	-22%	-9%		-17%		-38%
USA	27%	-27%	11%	-15%	-9%	-1%	3%	-12%	12%	-6%	-15%	11%	-8%	-26%	-7%	-18%	-27%	-10%	-17%	-17%	-9%	-21%	-35%	-35%
Uruguay		-5%		82%	63%	36%	132%		-4%	54%			-9%	-23%		-2%	40%	-25%			-56%	-37%		48%
Singapore			111%	42%		-15%	50%	11%	20%	-3%	78%		-10%	-18%	53%	-63%	-2%	-26%	31%	-44%	-6%	-49%		-85%
Malaysia			-18%	36%		-16%	-12%	1%	-28%	-18%	1%		-11%	-42%	-27%	-39%	-11%	-6%	-4%	-51%		-56%	-89%	-93%
Hong Kong			49%	-31%		35%	-6%		-50%	51%	-54%		-11%	-65%	-3%	-38%	-50%	-46%	-69%			-28%		0%
Cote d'Ivoire				-96%		-10%	148%	-21%		15%			-11%			-23%	3%	-9%	-16%				-73%	
Morocco				41%		1%			-34%	-21%	-23%		-12%			-37%	-38%	-18%	47%	-24%		-55%		
Australia	26%		37%	-16%	3%	-2%	-47%		-12%	1%	-12%	5%	-12%	-5%	17%	-29%	10%	-20%	-38%	-41%		-11%	-76%	-36%
Taiwan			96%	-64%		-7%	216%		66%	-8%	-13%		-17%	-37%		-24%	-44%	-30%	-6%	-23%		-33%		
Norway			-12%						-27%	3%			-17%	-73%	13%	-7%	-37%	-19%	1%	-45%		-45%		-50%
Peru	-31%			30%		1%	8%	-39%	-73%	-14%	-13%	3%	-20%			-58%	-32%	-53%	-25%	6%		-80%		
Senegal						-11%	-89%			15%	43%		-25%			-10%	-28%	-20%	-78%		-76%		-10%	
Zambia				-39%					-34%	-36%		-29%	-25%		-13%	11%				-20%	-26%		-75%	-95%
Mozambique	-60%	82%		-55%		5%		-29%					-44%			-91%		-18%	-15%		-78%		-85%	

\$/mt

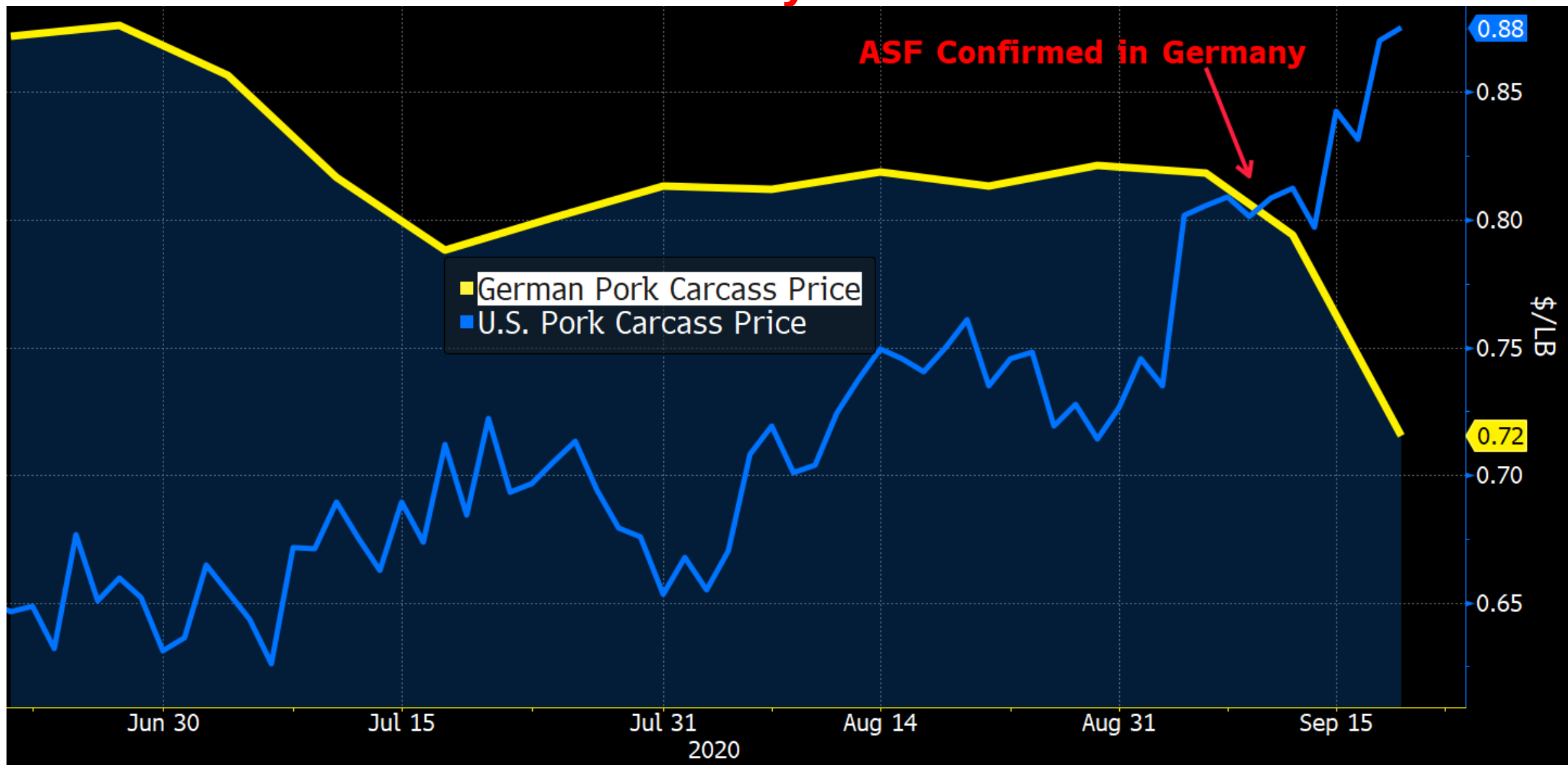


**Sorghum
prices
continue
to rise**

Agricultural export values, China share, projected to rise slightly in FY2021

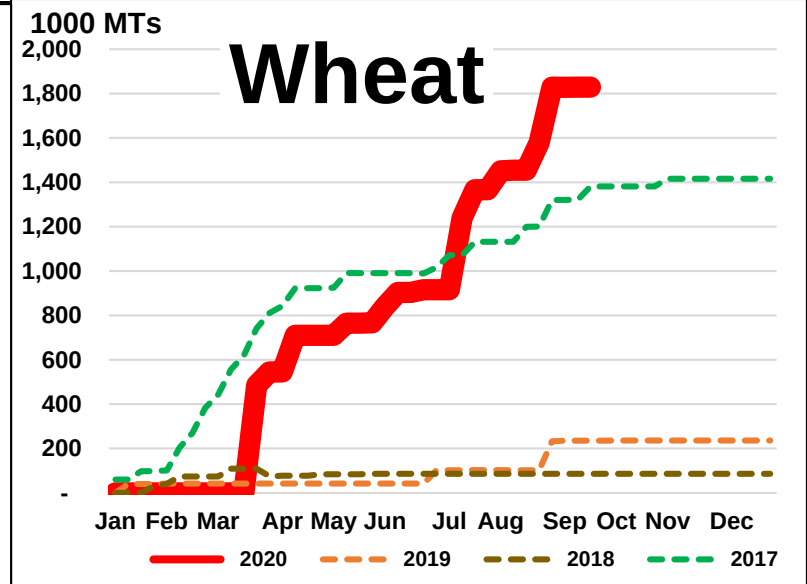
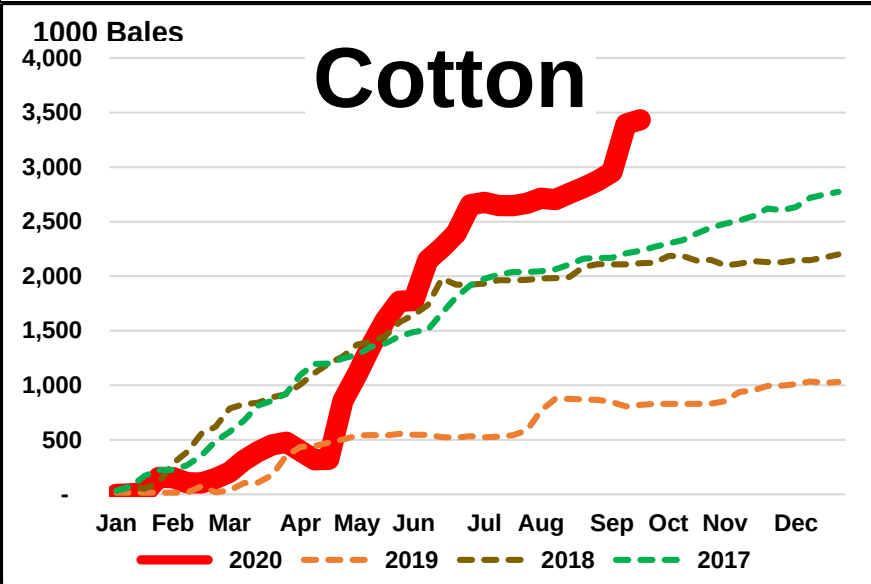
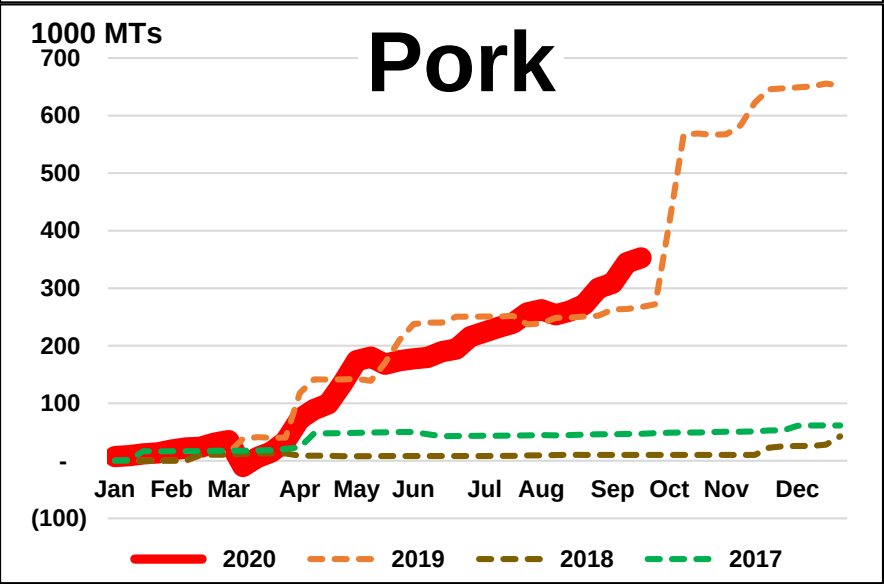
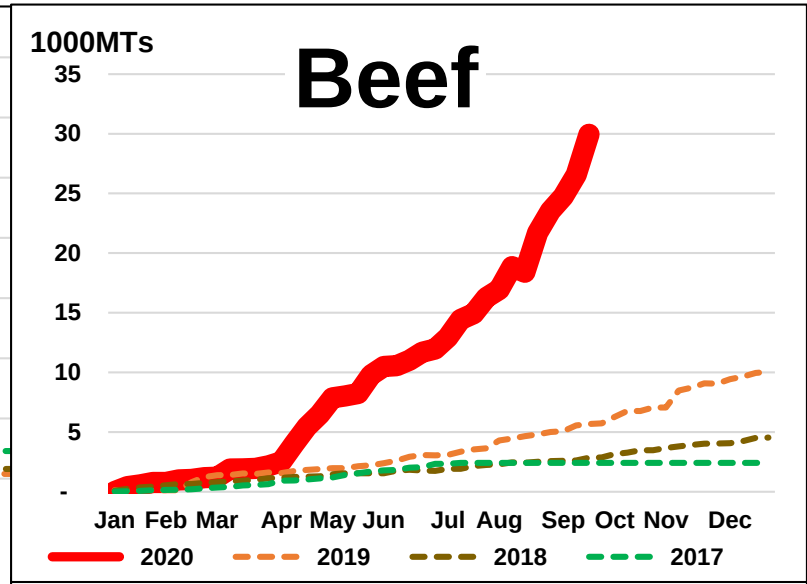
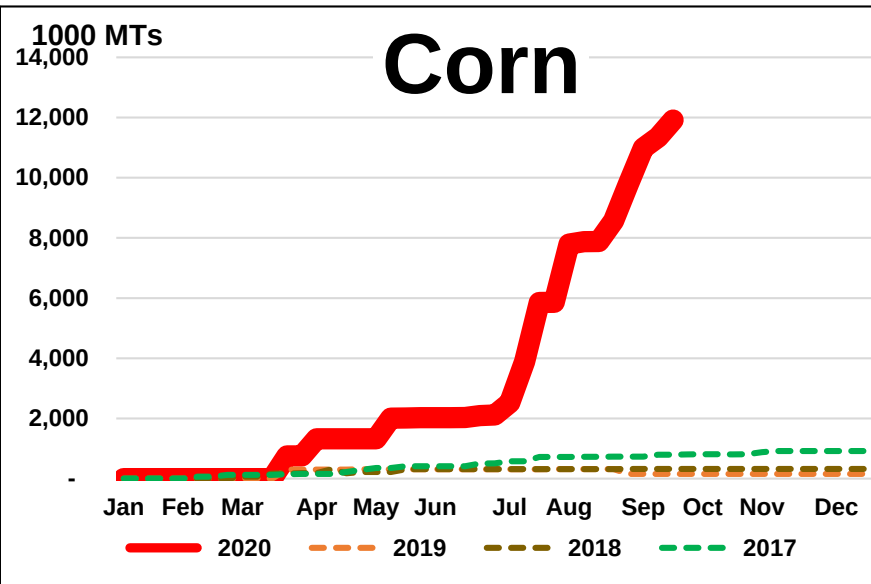
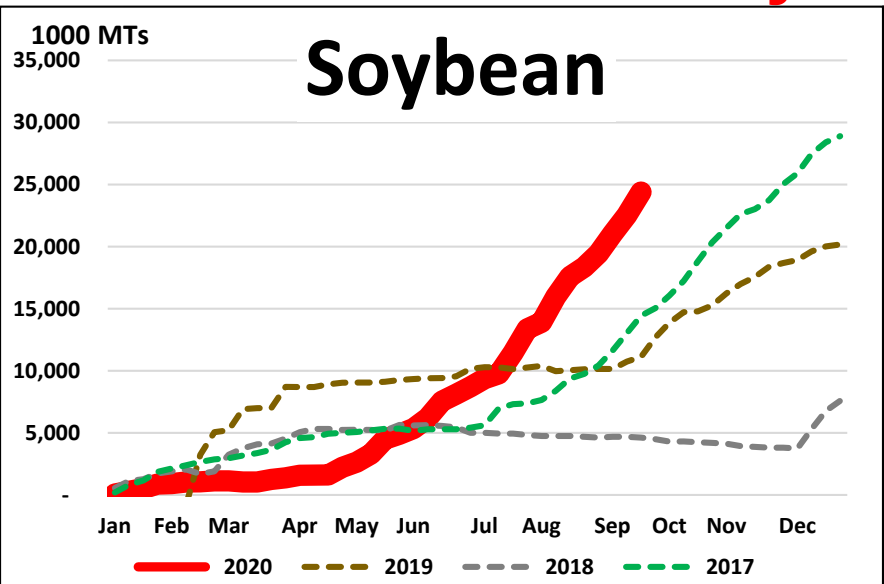


African Swine Fever hits Germany

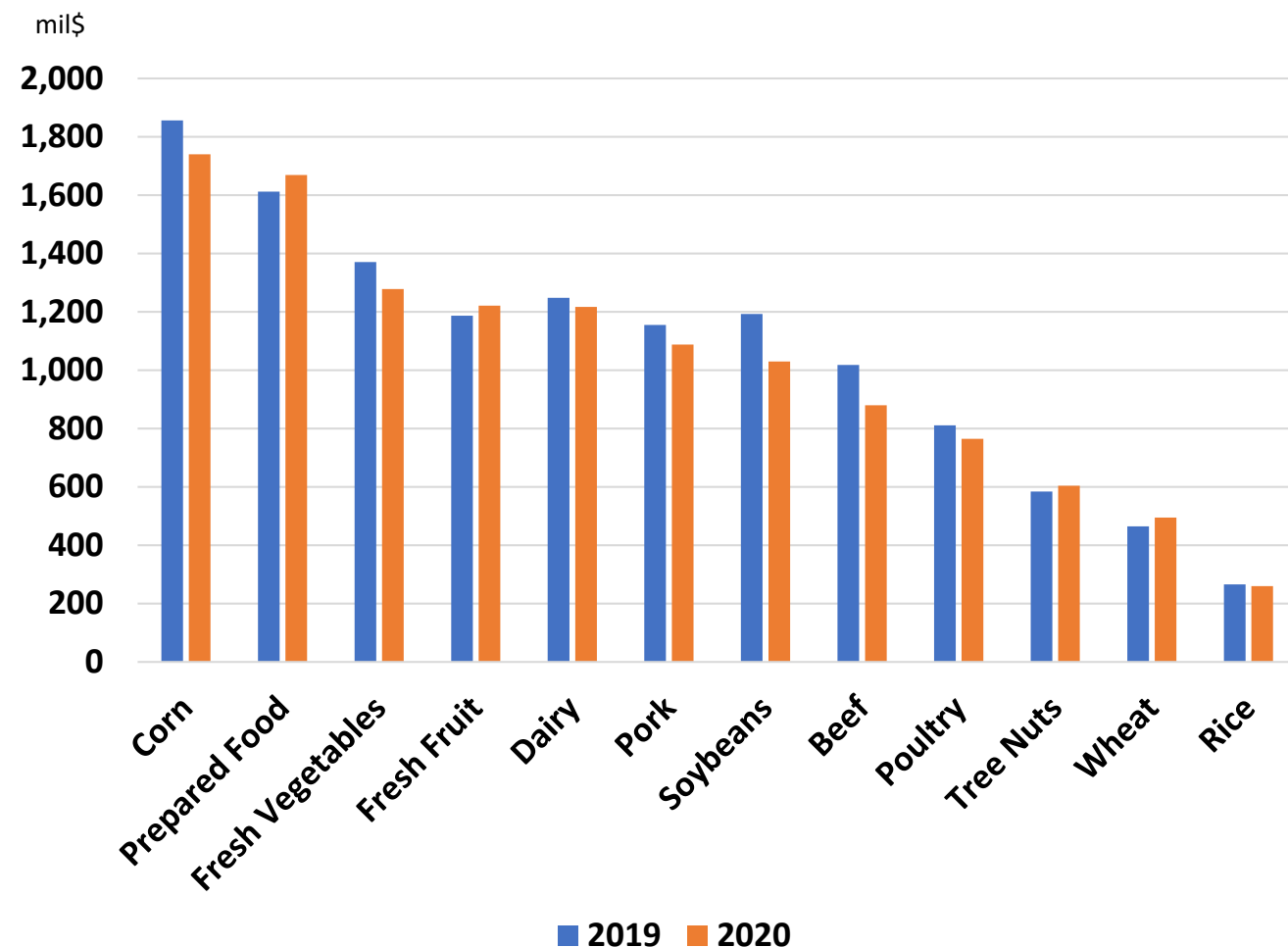


Source: USDA using Bloomberg data.

Accumulated Weekly New Sales To China



U.S. ag and food exports to Canada and Mexico slightly down in 2020 compared to 2019 (Jan.-July.)



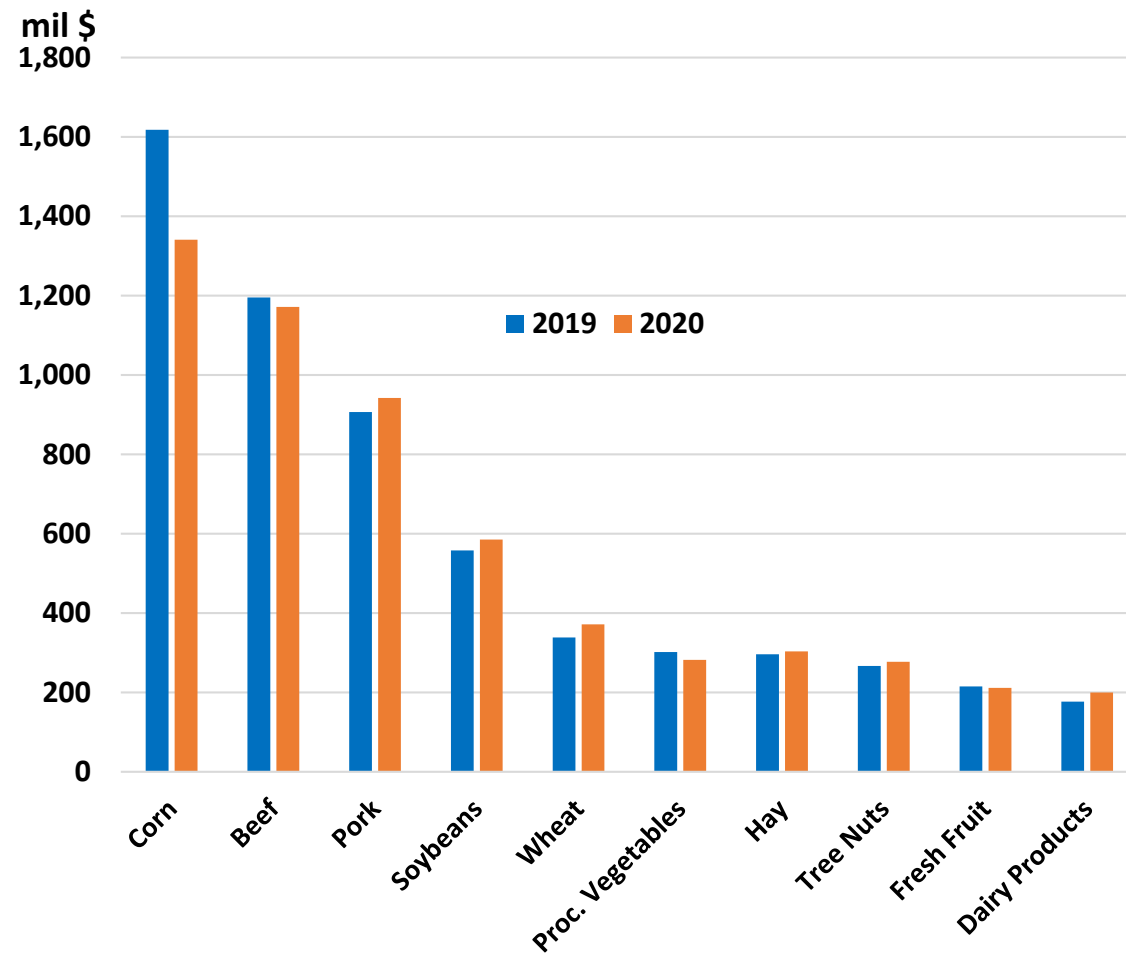
Data: USDA using U.S. Census data.

Top Agricultural Exports to Canada and Mexico, 2019

1. Corn (\$3.1 billion)
2. Prepared Food (\$2.8 billion)*
3. Fresh Vegetables (\$2.2 billion)*
4. Dairy (\$2.2 billion)
5. Soybeans (\$2.1 billion)
6. Fresh Fruits (\$2.1 billion)
7. Pork & Pork Products (\$2.1 billion)
8. Beef & Beef Products (\$1.8 billion)
9. Snack Foods (\$1.7 billion)*
10. Poultry Meat (ex. Eggs) (\$1.4 billion)

*Record level.

U.S. ag and food exports to Japan slightly down in 2020 compared to 2019 (Jan.-July.)



Top Agricultural Exports Japan, 2019

1. Corn (\$2 billion)
2. Beef (\$1.9 billion)
3. Pork (\$1.5 billion)
4. Soybeans (\$0.97 billion)
5. Wheat (\$0.61 billion)
6. Proc. Vegetables (\$0.5 billion)
7. Hay (\$0.49 billion)
8. Tree Nuts (\$0.42 billion)
9. Fresh Fruit (\$0.32 billion)
10. Dairy (\$.28 billion)

U.S. Farm Policy

The Next Farm Bill
Town Hall



2018 Farm Bill: 4 titles dominate projected outlays

Nutrition (\$326 billion)

Crop Insurance (\$38 billion)

Commodity Policy (\$31.4 billion)

Conservation (\$29.3 billion)

Other (\$3.5 billion)

Trade

Credit

Rural Development

Research, Extension, and Related Matters

Forestry

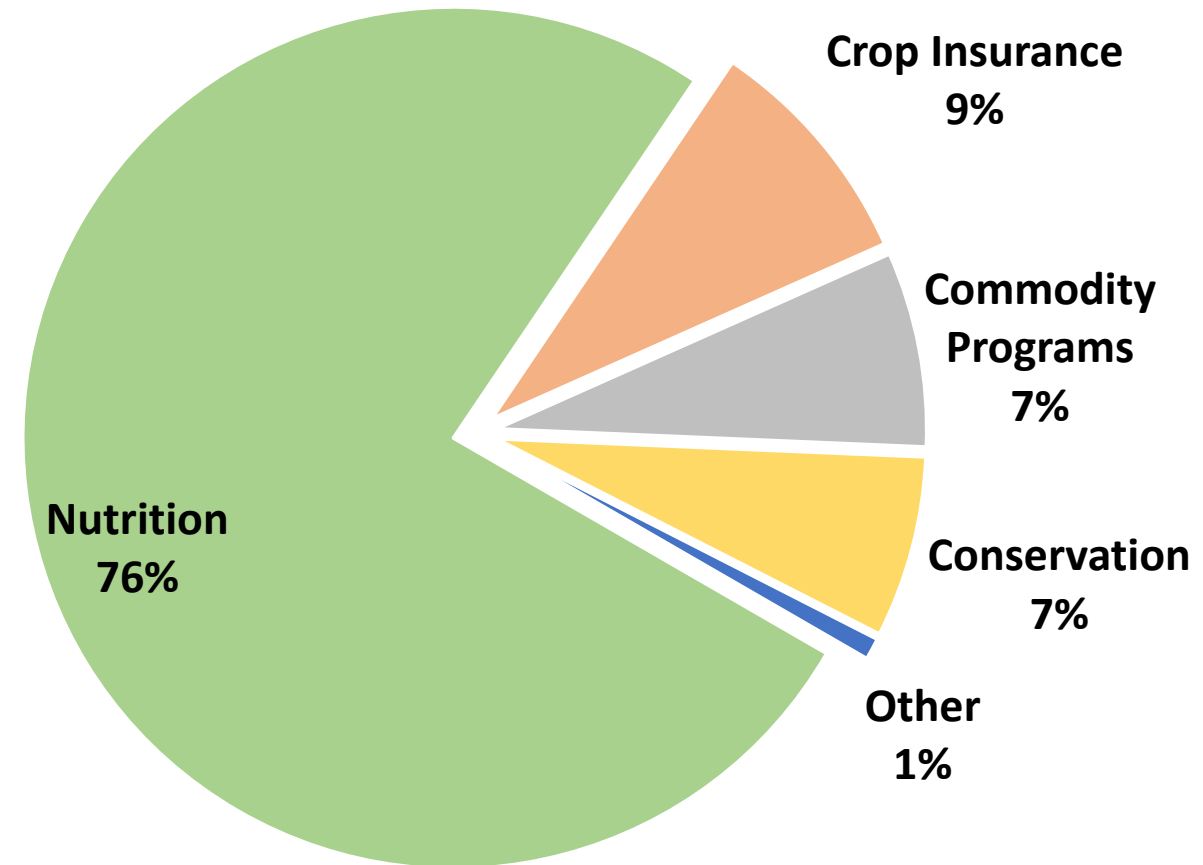
Energy

Horticulture

Miscellaneous

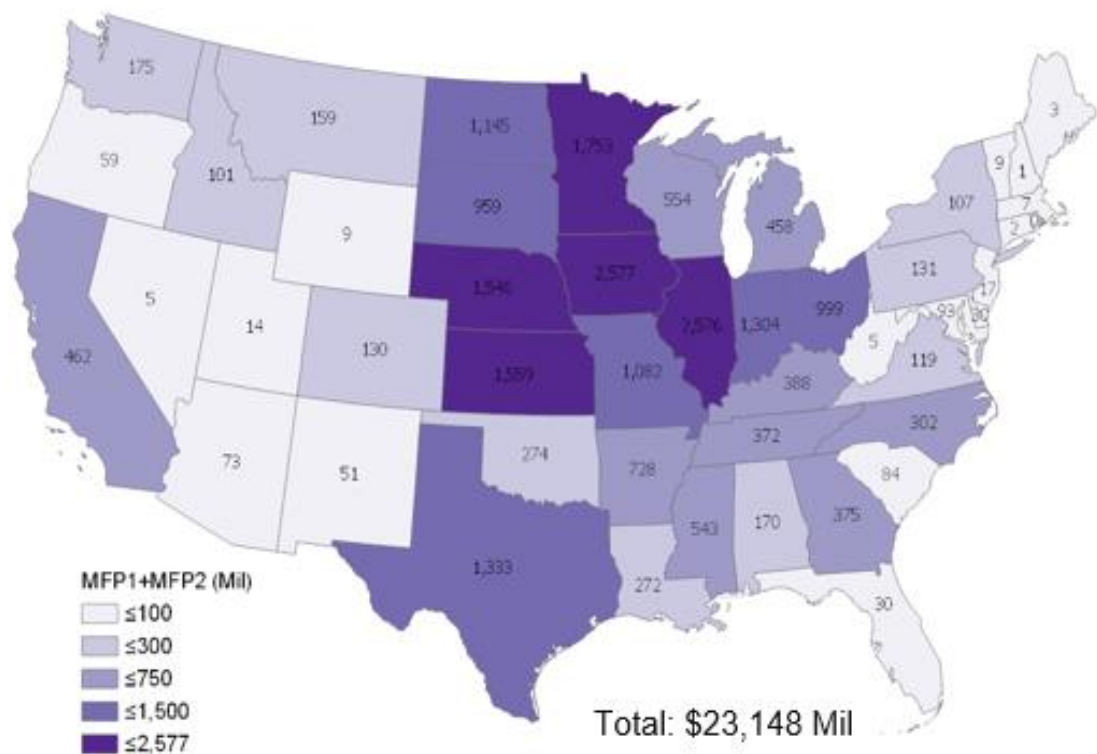
5-yr total = \$428 billion

2018 Farm Bill Outlays: 2019-2023



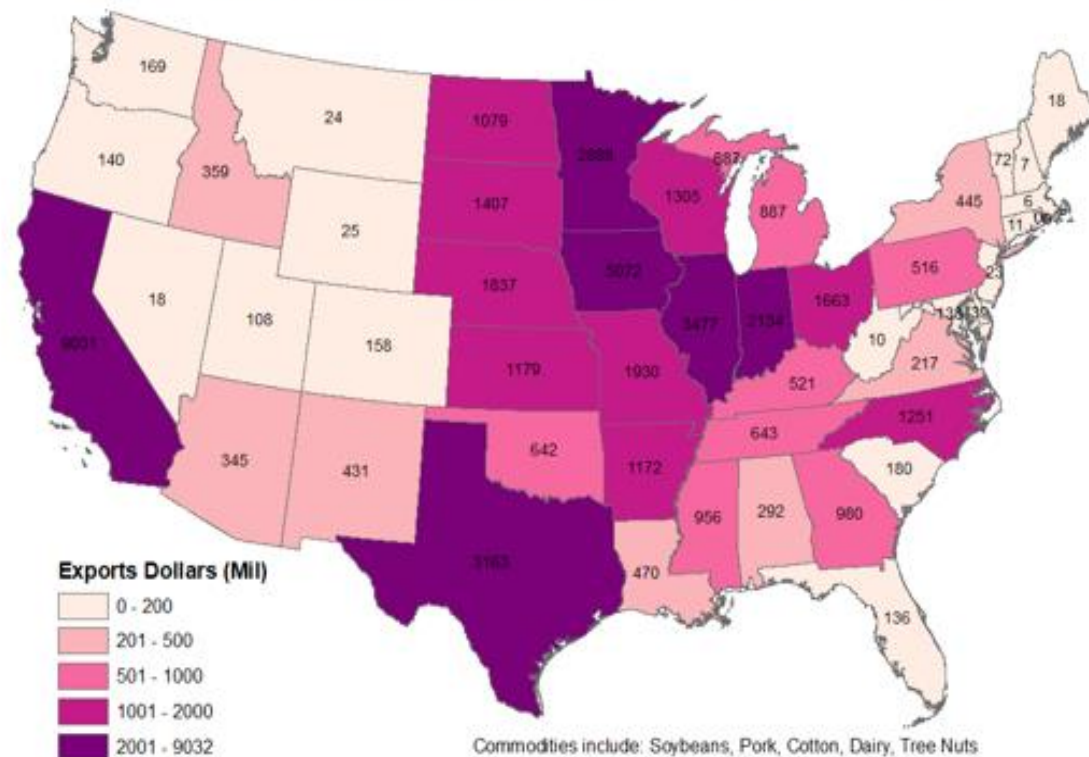
MFP Payments (million dollars)

2018 and 2019 MFP Payments, Sept. 2020



Source: USDA FPAC

Exports of Major Tariff Affected Commodities, 2017

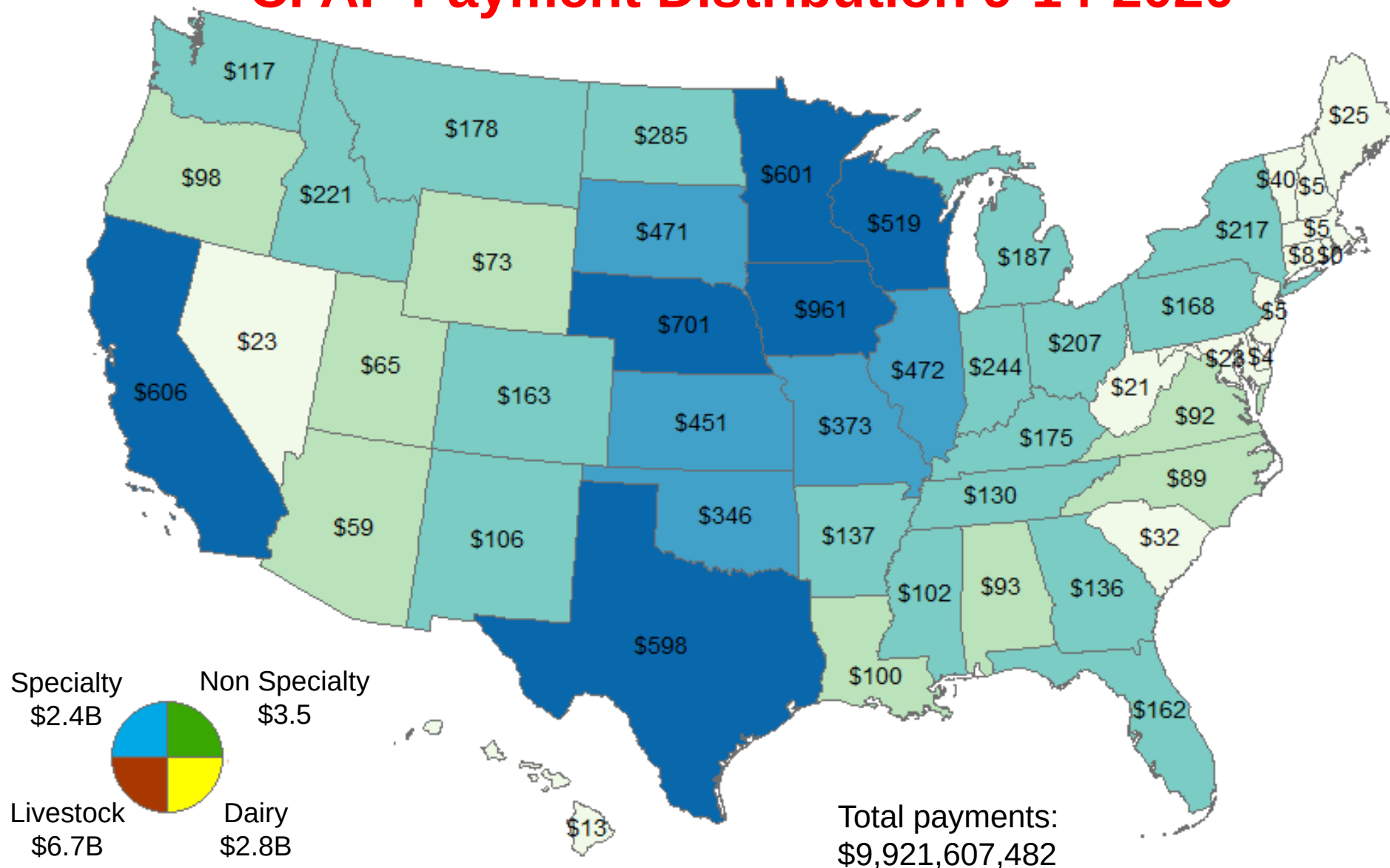


Source: ERS

Coronavirus Food Assistance Program (CFAP) 1

- **Direct assistance to producers of agricultural commodities who either suffered a 5%+ price decline or had losses due to market supply chain disruptions due to COVID-19 and face additional significant marketing costs.**
- **Eligibility Commodities**
 - **Livestock and animal products:** cattle, swine, sheep, dairy, wool, aquaculture, frozen and liquid eggs
 - **Row crops:** malting barley, canola, corn, upland cotton, millet, oats, soybeans, sorghum, sunflowers, durum wheat, and hard red spring wheat
 - **Specialty Crops**, including nursery and floriculture
- **Sign-up: May 26, 2020 – September 11, 2020**
- **As of September 13, 2020**
 - Over 150 different commodities have received payments
 - \$9.92 billion in payments

CFAP Payment Distribution 9-14-2020



Coronavirus Food Assistance Program (CFAP) 2

- The program will provide up to \$14 billion in support
- **Sales Commodities**, including specialty crops, tobacco, and aquaculture, use a sales-based approach, where producers are paid based on five payment gradations associated with their 2019 sales.
- **Price trigger commodities**, including row crops and livestock, are major commodities that meet a minimum 5-percent price decline from January through July.
- **Flat-rate row crops** that do not meet the 5-percent price decline trigger or do not have data available to calculate a price change will have payments calculated based on eligible 2020 acres multiplied by \$15 per acre.
- **Sign-up: Sept. 21, 2020 - Dec. 11, 2020.**

Visit the OCE website for the latest USDA commodity reports and Agriculture Outlook Forum information @ www.usda.gov/oce Questions? Robert.Johansson@usda.gov

Save the Date! USDA's 97th Annual Agricultural Outlook Forum: February 18-19, 2021



USDA Crop Progress

Release September 16, 2019, by the National Agricultural Statistics Service (NASS), Agricultural Statistics Board, United States Department of Agriculture (USDA)

Corn Drought - Selected States
(These 10 States planted 62% of the 2018 corn acreage)

State	Week ending		September 16, 2019	2018/2019 Average
	September 16, 2019	September 8, 2019		
Alabama	87	86	84	87
Arkansas	100	99	98	100
Illinois	100	99	98	99
Indiana	100	99	98	99
Iowa	100	99	98	99
Kansas	99	98	97	98
Kentucky	99	98	97	98
Michigan	99	98	97	98
Minnesota	100	99	98	99
Missouri	100	99	98	99
Nebraska	100	99	98	99
North Carolina	100	99	98	99
North Dakota	100	99	98	99
Ohio	99	98	97	98
Pennsylvania	99	98	97	98
South Dakota	100	99	98	99
Tennessee	100	99	98	99
Texas	99	98	97	98
Wisconsin	99	98	97	98
10 States	99	98	97	98

Corn Dented - Selected States
(These 10 States planted 62% of the 2018 corn acreage)

State	Week ending		September 16, 2019	2018/2019 Average
	September 16, 2019	September 8, 2019		
Alabama	86	85	84	87
Arkansas	99	98	97	98
Illinois	99	98	97	98
Indiana	99	98	97	98
Iowa	99	98	97	98
Kansas	98	97	96	97
Kentucky	98	97	96	97
Michigan	98	97	96	97
Minnesota	99	98	97	98
Missouri	99	98	97	98
Nebraska	99	98	97	98
North Carolina	99	98	97	98
North Dakota	99	98	97	98
Ohio	98	97	96	97
Pennsylvania	98	97	96	97
South Dakota	99	98	97	98
Tennessee	99	98	97	98
Texas	98	97	96	97
Wisconsin	98	97	96	97
10 States	98	97	96	97

USDA World Agricultural Supply and Demand Estimates

Office of the Chief Economist Agricultural Marketing Service Foreign Agricultural Service Economic Research Service

WHEAT: U.S. wheat ending stocks for 2019/20 are raised 30 million bushels on lower feed and residual use which more than offsets a slight import reduction. At 1,150-million bushels, ending stocks are projected to reach a near 30-year high. Feed and residual use is lowered 30 million bushels to 160 million which reflects lower-than-expected disappearance for the December-February and September-November quarters, as indicated by March 1 and revised December 1 reports from the March 31 Grain Stocks report. The import change is based on the pace to date with reductions for soft red winter and durum.

Global 2019/20 wheat supplies are raised 1.7 million tons due to higher projected beginning stocks and a 0.3-million-ton increase in production. The change to beginning stocks stems from a 1.4-million-ton reduction in 2018/19 domestic consumption, primarily in the EU. World exports are lowered 0.3 million tons led by 0.5-million-ton decreases each for Australia, Canada, Kazakhstan, and Russia. Portly offsetting are higher projected exports for the E.U. and Ukraine. Total global consumption for 2019/20 is lowered 0.6 million tons to 740.8 million with a 1.0-million-ton decrease in the United States; more than offsetting a small net increase for foreign countries. With supplies rising and use declining, global ending stocks are raised 2.3 million tons to 252.3 million.

COARSE GRAINS: This month's 2019/20 U.S. corn outlook is for increased corn used to produce ethanol, reduced feed and residual use and unchanged ending stocks. Corn used to produce ethanol is raised 50 million bushels to 5,450 million based on the most recent data from the Grain Crushings and Co-Products Production report which estimated the amount of corn used to produce ethanol to be raised high during December-February. The pace of weekly ethanol production during March accelerated by 8 million bushels. Administration data has also been more positive. Offsetting is a 50 million bushel reduction in projected feed and residual use to 5,500 million bushels based on disappearance indicated during the first half of the marketing year in the March 31 Grain Stocks. With offsetting usage changes, ending stocks are unchanged from last month. The season-average corn price received by producers is unchanged at the midpoint with the range narrowed to \$3.25 to \$3.55 per bushel.

Global coarse grain production for 2019/20 is forecast 4.4 million tons higher from last month to 1,240.1 million. This month's foreign coarse grain outlook is for increased production, consumption, trade, and stocks relative to last month. Brazil corn

USDA WEEKLY WEATHER AND CROP BULLETIN

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U.S. DEPARTMENT OF COMMERCE National Oceanic and Atmospheric Administration National Weather Service

U.S. DEPARTMENT OF AGRICULTURE National Agricultural Statistics Service and World Agricultural Outlook Board

April 11, 2017

April 3 - 4, 2017

Highlights April 2 - 8, 2017

Multiple weeks of drenching and locally severe thunderstorms swept across areas from the central and southern Plains into the mid- and southern Atlantic States, providing generally beneficial precipitation for slowing or halting drought, easing local flooding, and resulting in isolated wind damage. Some of the heaviest rains fell in the Southeast, where 7- to 12-inch totals were common. A few locations in northern Florida and the central Gulf Coast States received as much as 10 to 16 inches. Most of the Northeast precipitation fell in the Southeast.

Contents: Crop/Water Watch, Temperature Outlook, Rainfall Outlook, Drought Monitor, Soil Temperature Index, National Weather Service Data for Selected States, Monthly Weather and Crop Summary, Monthly Precipitation & Temperature Report, Monthly Weather Data for Selected States, National Agricultural Statistics Service Program and Location Tables, National Weather Service and Crop Summary, National Weather Service, U.S. Crop Production Highlights.

USDA Agricultural Projections to 2029

Office of the Chief Economist

World Agricultural Outlook Board

Long-term Projections Report OCE-2020-1

February 2020

Interagency Agricultural Projections Committee

World Agricultural Outlook Board, Chair
Economic Research Service
Farm Production and Conservation Business Center
Foreign Agricultural Service
Agricultural Marketing Service
Office of the Chief Economist
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Risk Management Agency
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