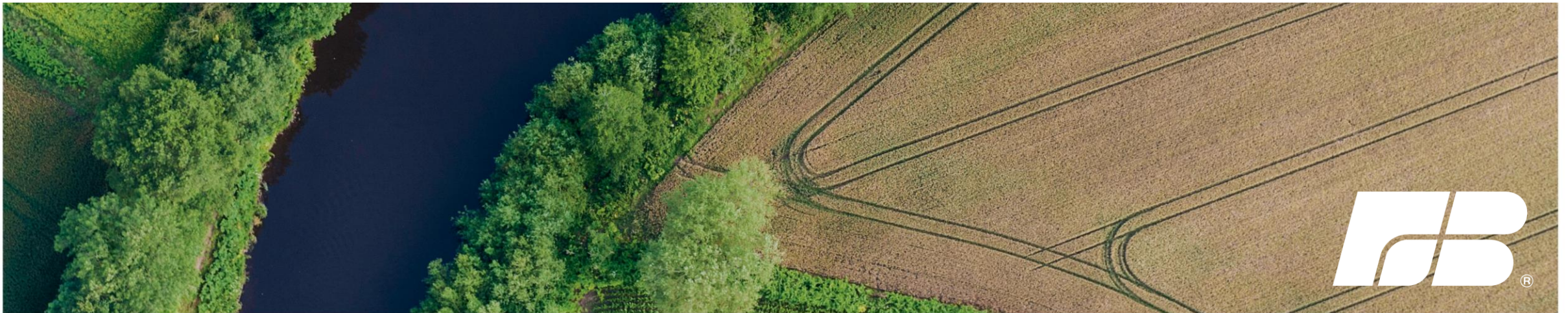




@NEW10_AGECON

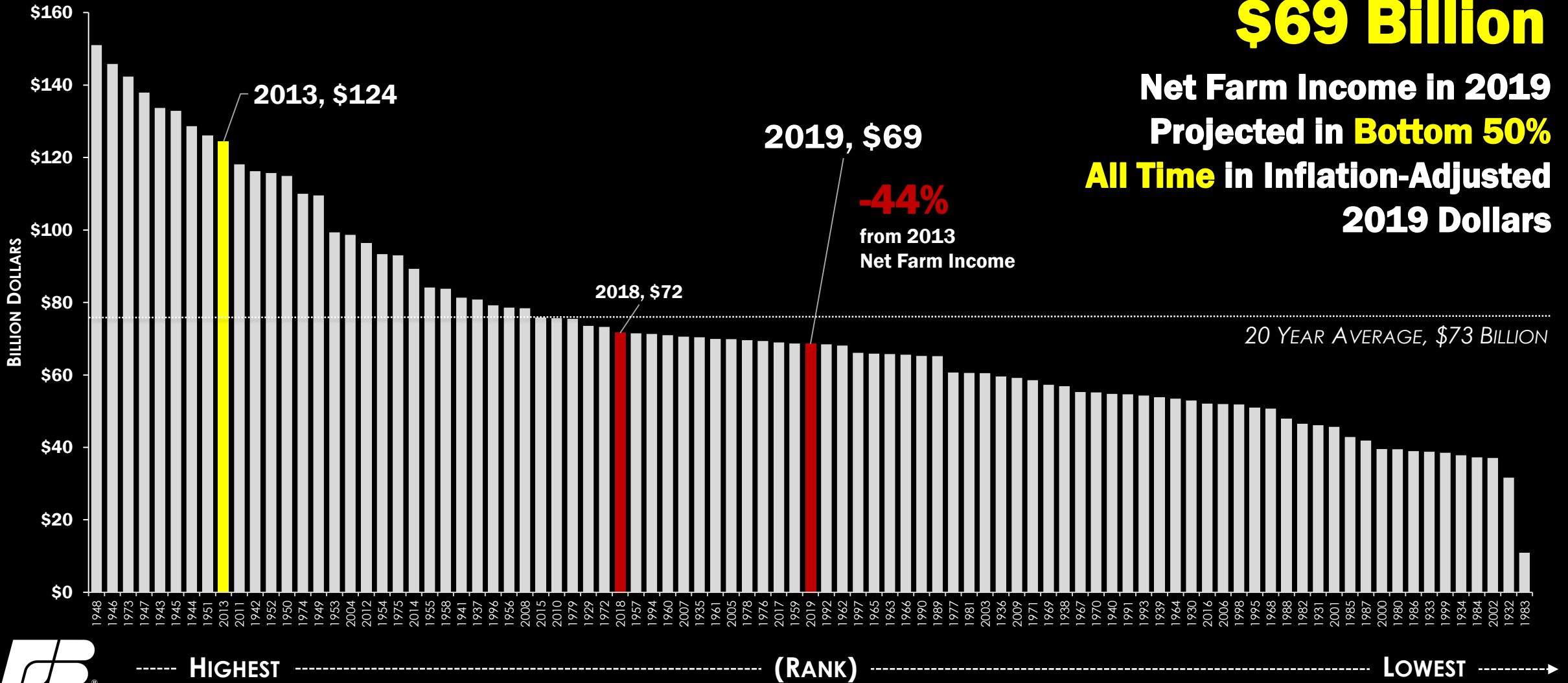
WHAT HAPPENED TO THE FARM ECONOMY IN 2019?
DR. JOHN NEWTON, CHIEF ECONOMIST, AMERICAN FARM BUREAU FEDERATION



Where Is The U.S. Farm Economy?

Inflation-Adjusted Net Farm Income from Farming Activities & Excluding Gov't Payments

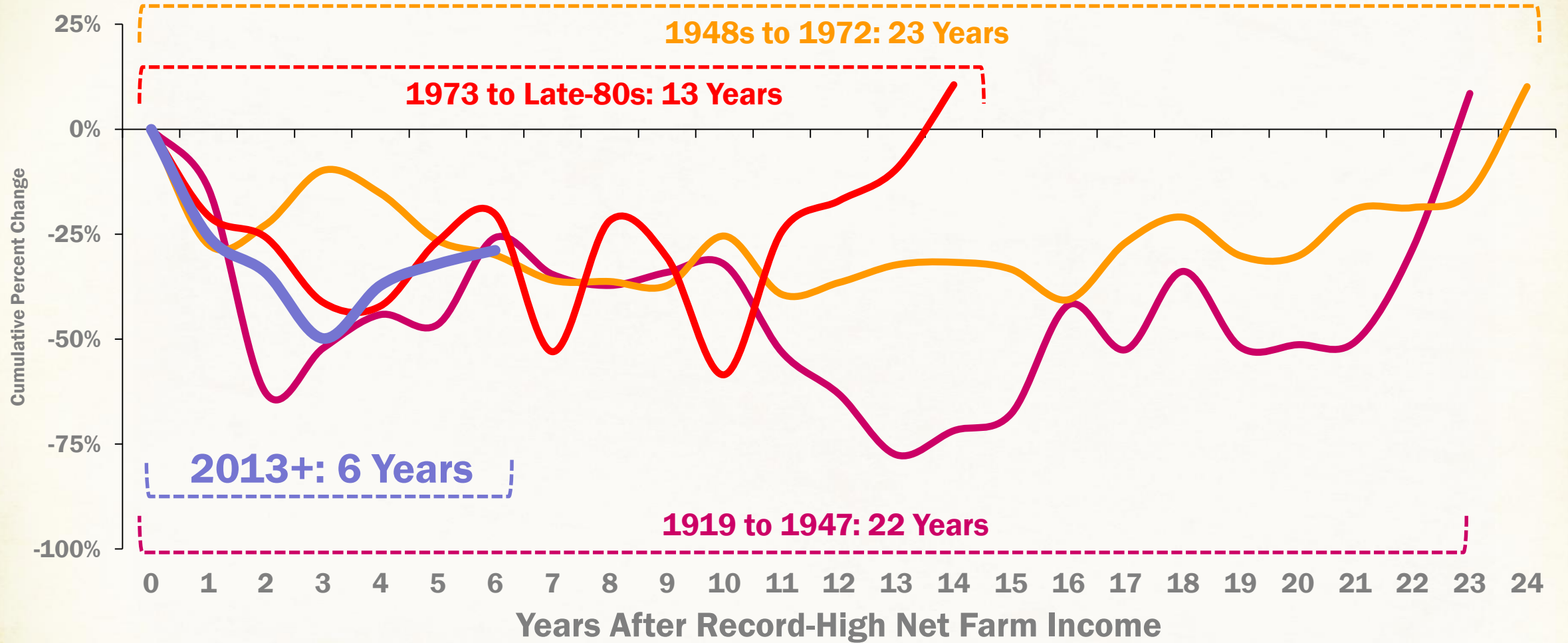
2019 Dollars, Sorted From High to Low, 1929 to 2019



Source: USDA ERS, Farm Bureau Analysis

We've Been Down This Old Town Road Before

The 1920's, 1950's and the 1980's Suffered Longer Downturns in the Farm Economy



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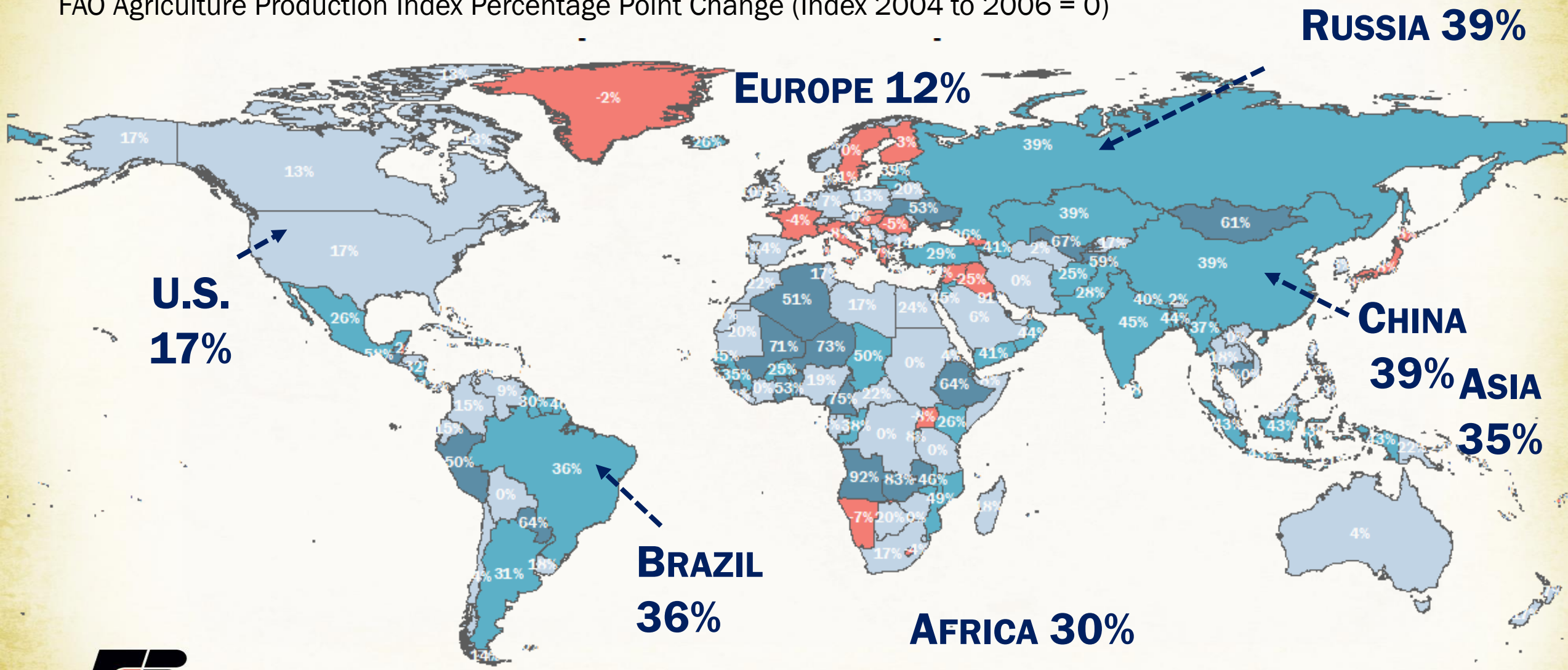
Source: USDA ERS, Farm Bureau Calculations

HOW'D WE GET HERE?

The Cure For High Prices...

Global Agricultural Output Increased 30% Over Last Decade

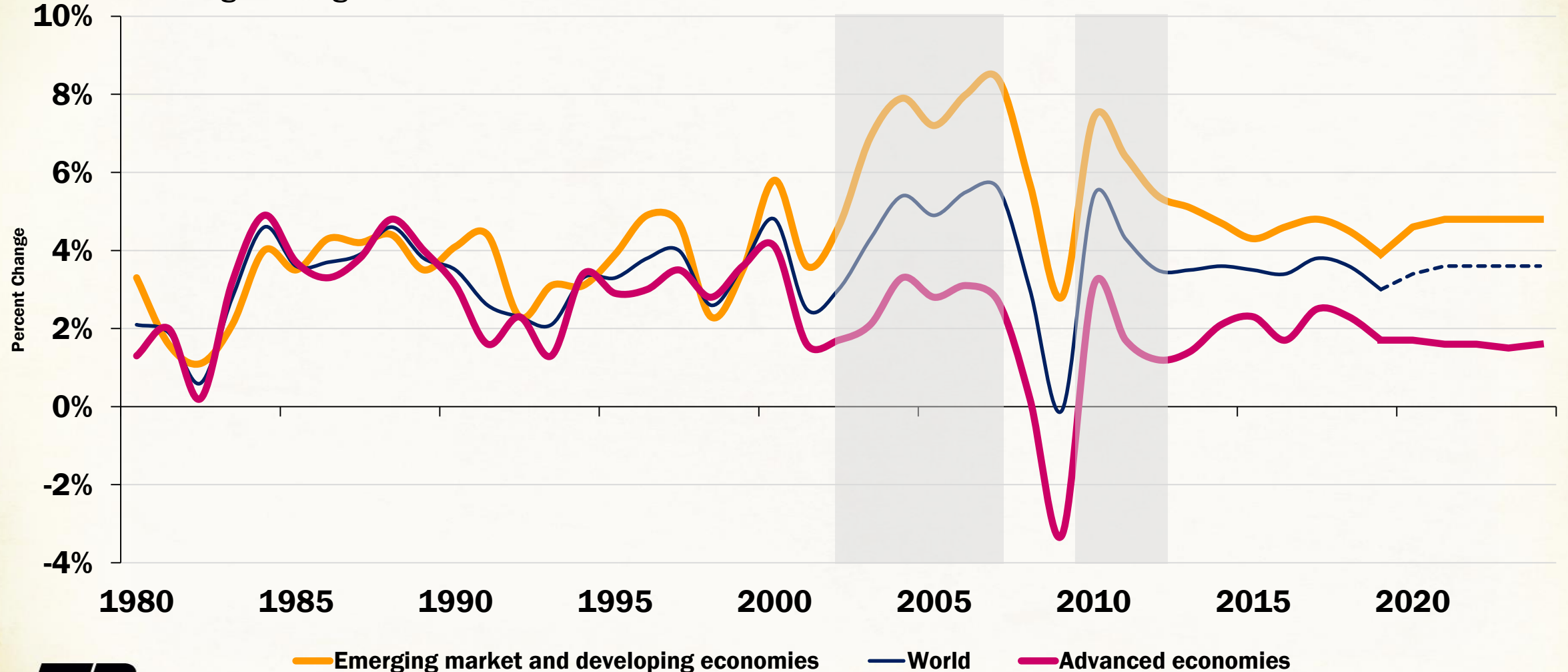
FAO Agriculture Production Index Percentage Point Change (Index 2004 to 2006 = 0)



Global Economic Growth Slowed As Agricultural Output Expanded

Annual Percentage Change in Real GDP

GOLDEN AGE OF U.S. FARM INCOME

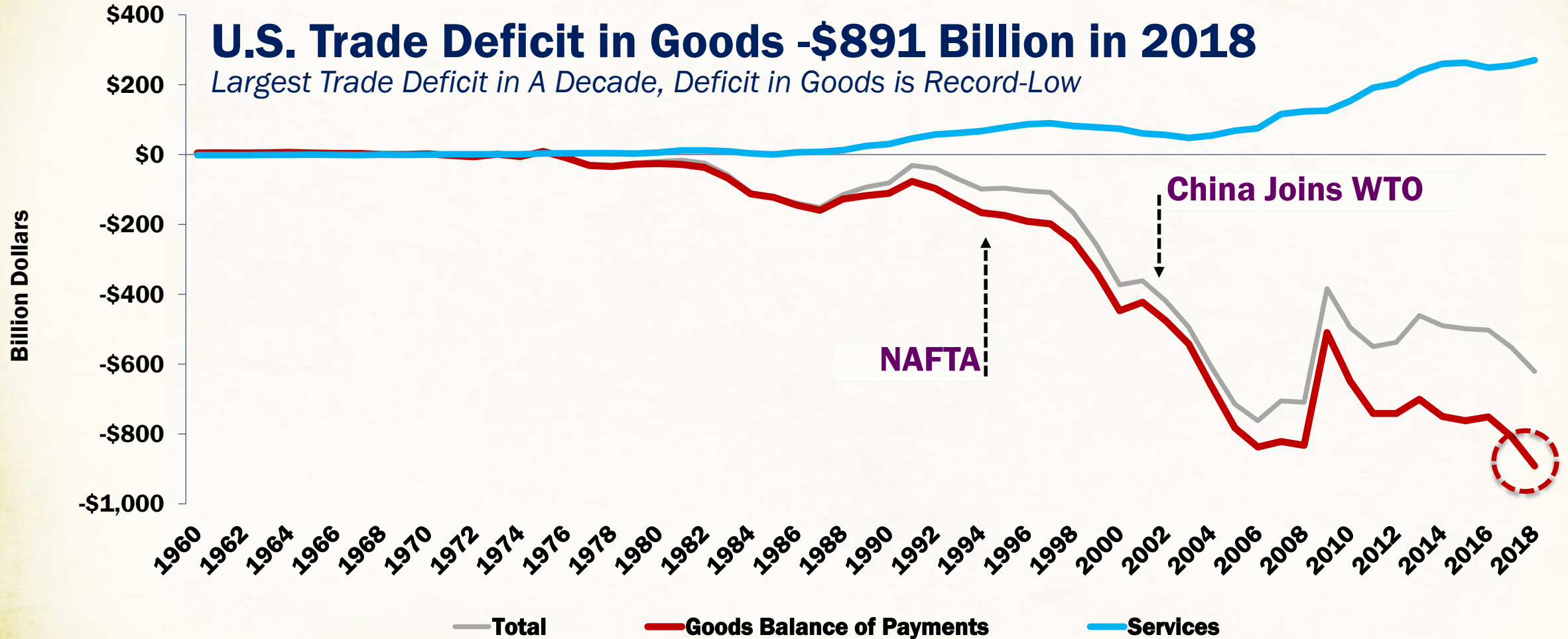


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Source: IMF, Farm Bureau Compilations

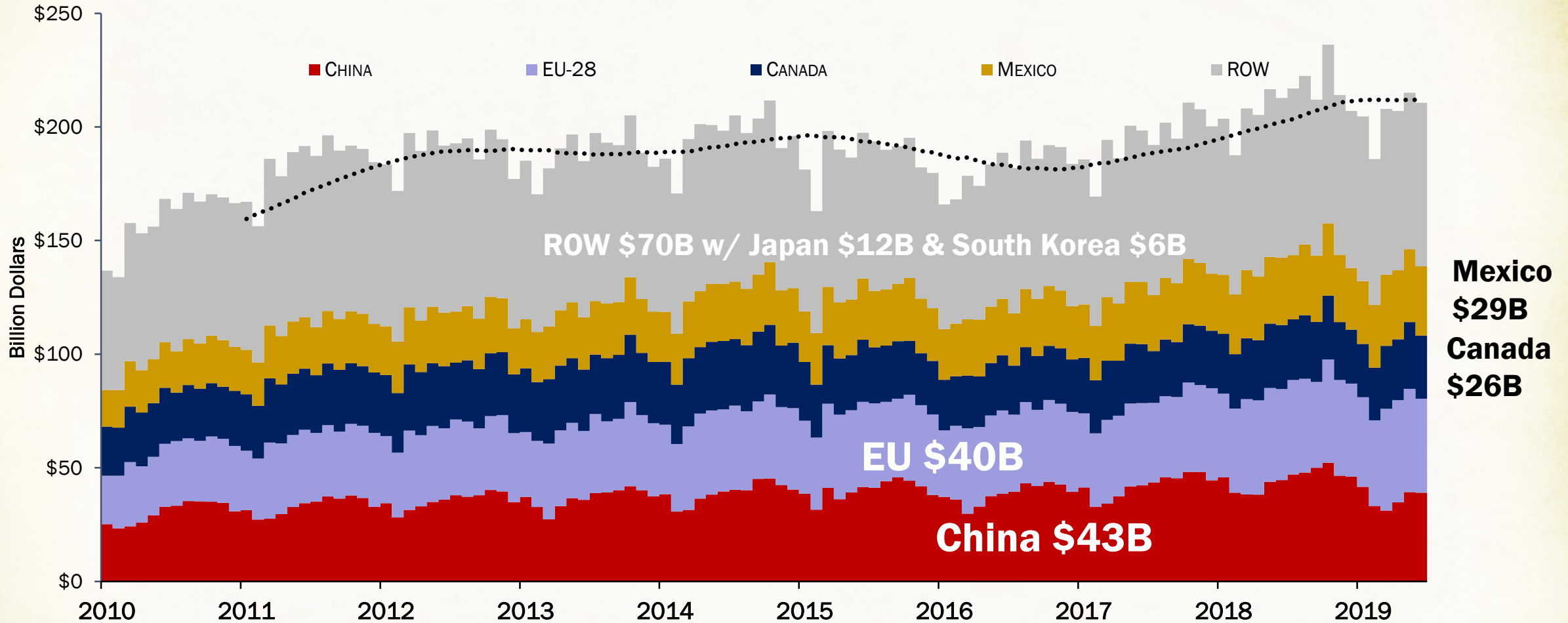
Trade Deficit In Goods At Record-Low

Goal of the Administration to Reduce the Trade Deficit

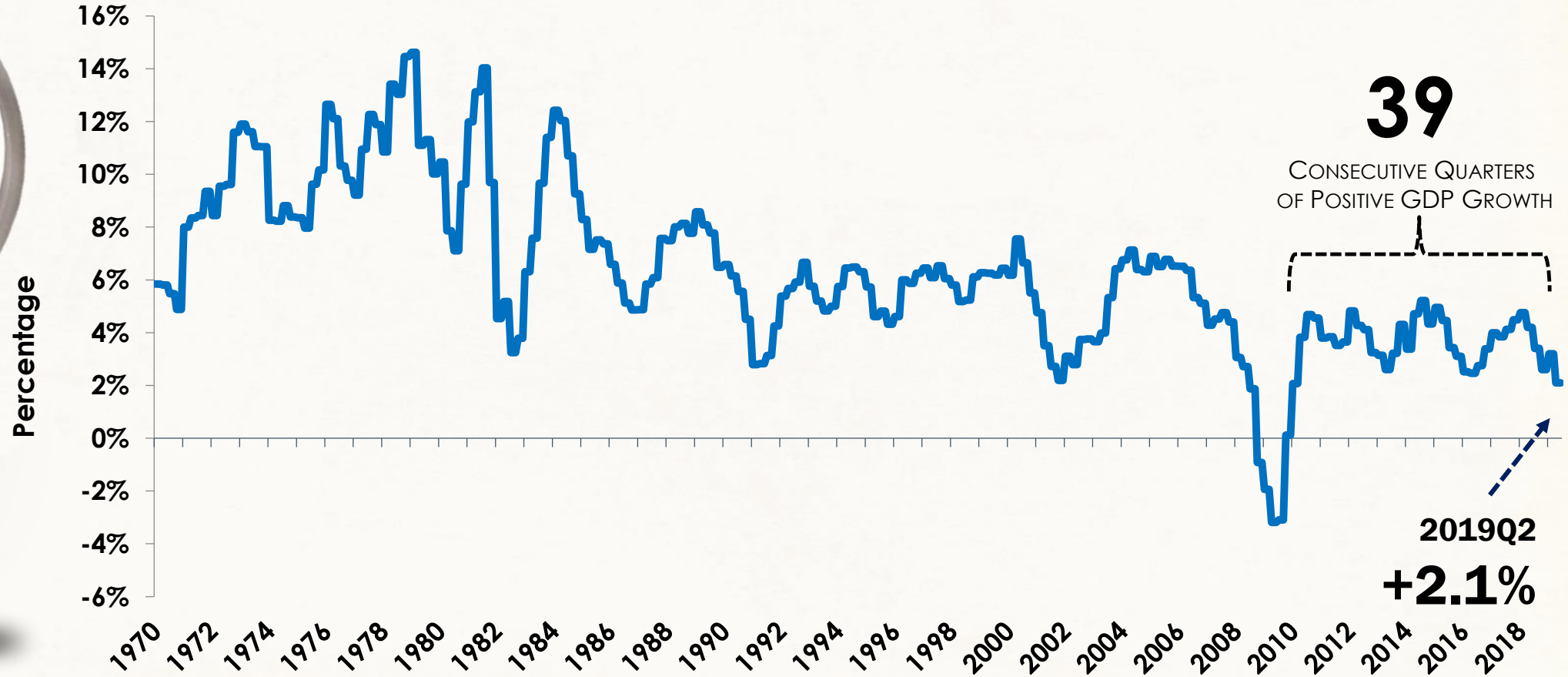
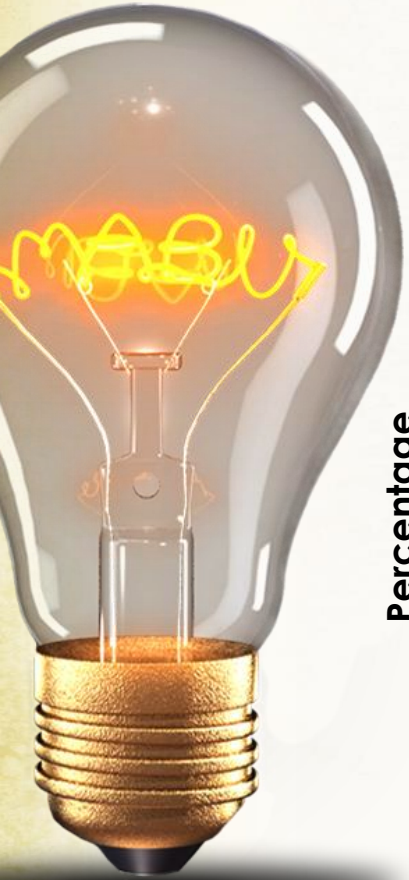


Trump's Motivation to Shake Things Up...

U.S. Imports of Goods By Trading Partner, All figures are in Billions of U.S. dollars on a nominal basis, not seasonally adjusted

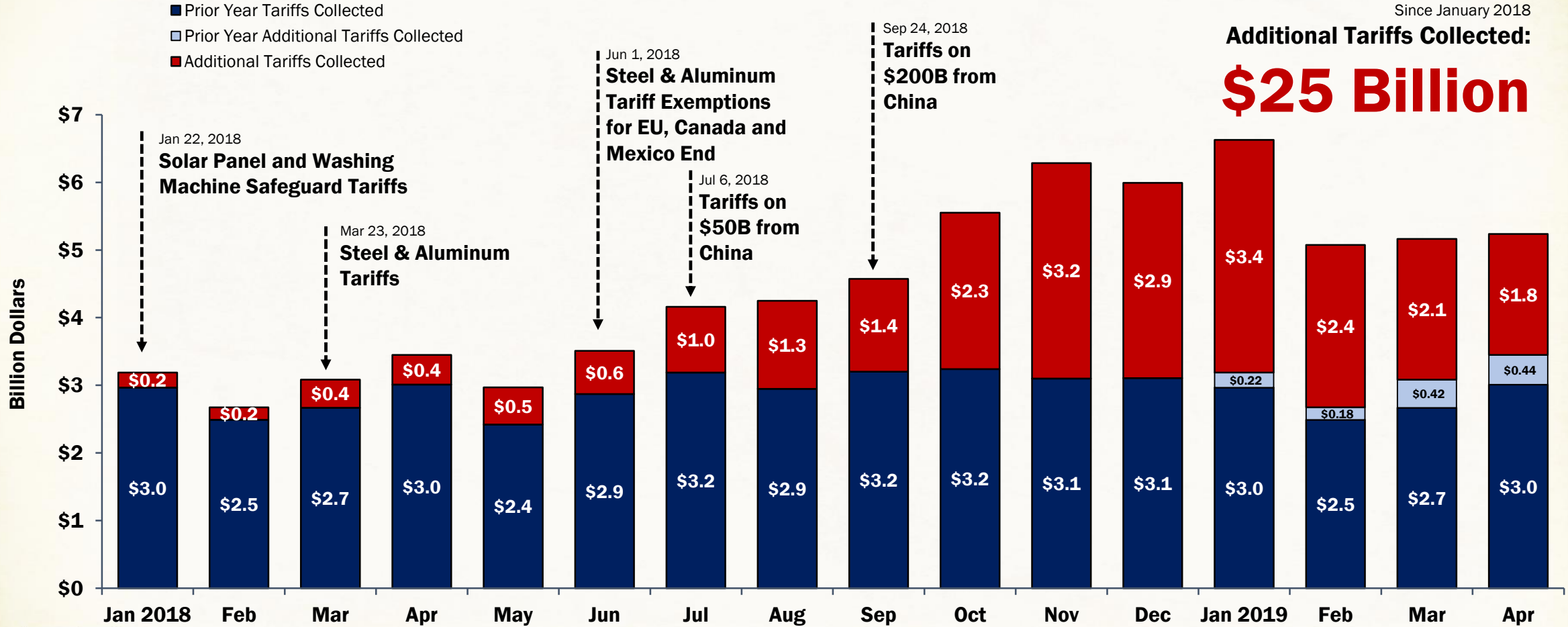


Our Most Powerful Negotiating Tool...World's Largest Economy



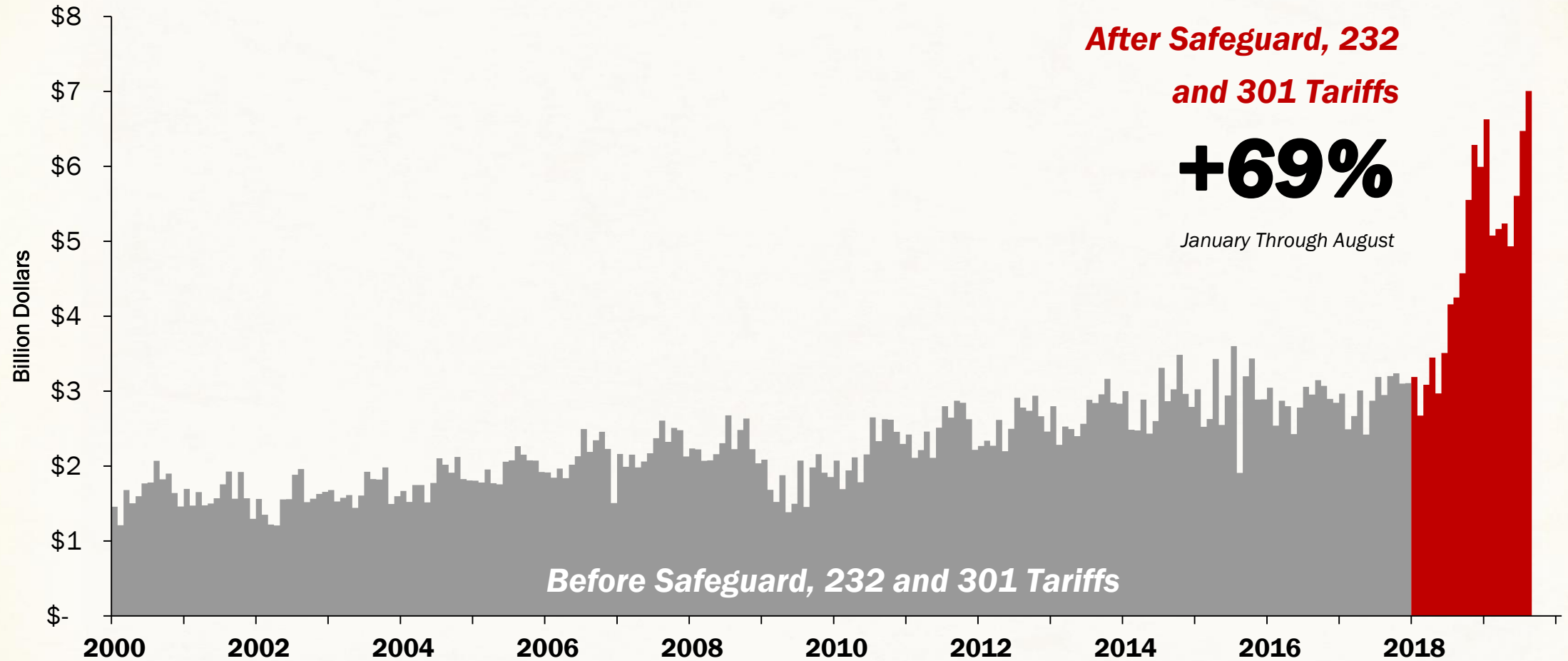
TRUMP Tariffs: A Timeline

U.S. Customs Duties and Change in Customs Duties Following 232 and 301 Tariffs



U.S. Tariff Revenue On Pace For \$72 Billion in 2019

Customs Duties Collected on Imports into the U.S., In Nominal Dollars, 2000 to April 2019

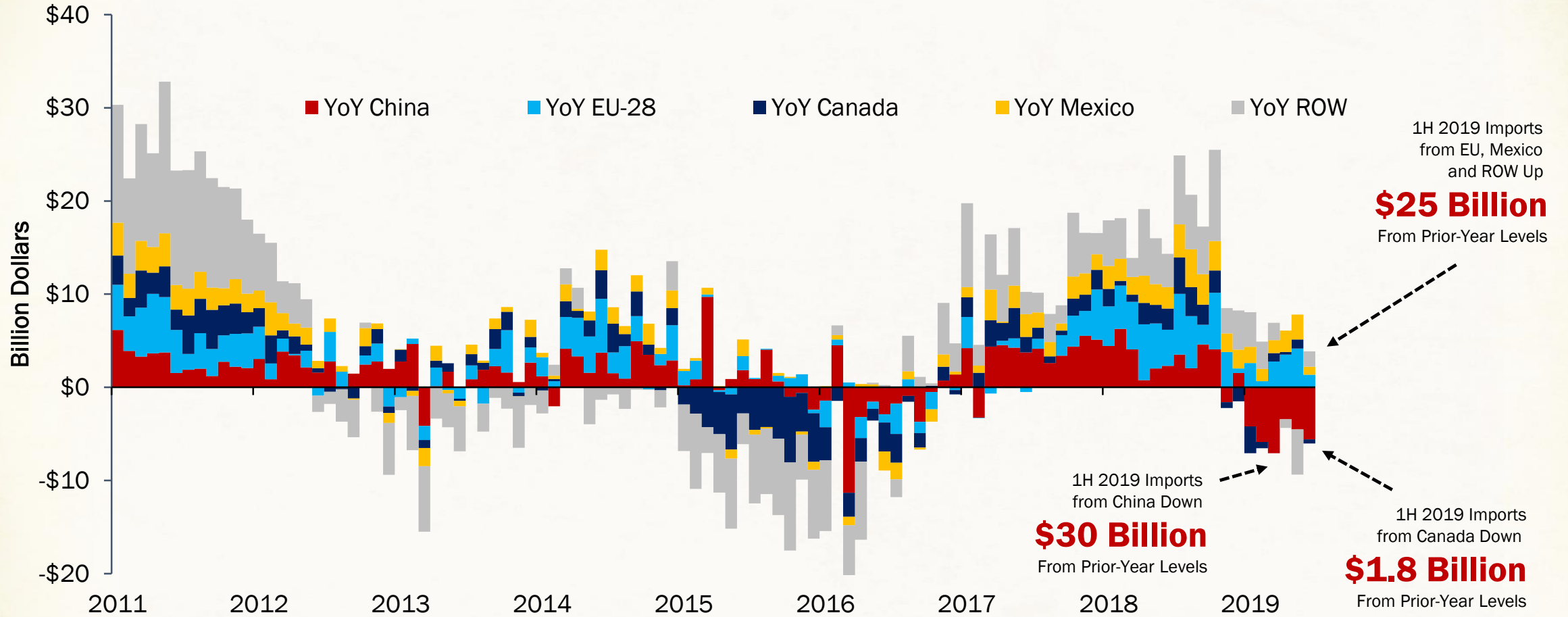


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Source: Department of Treasury, Farm Bureau Calculations

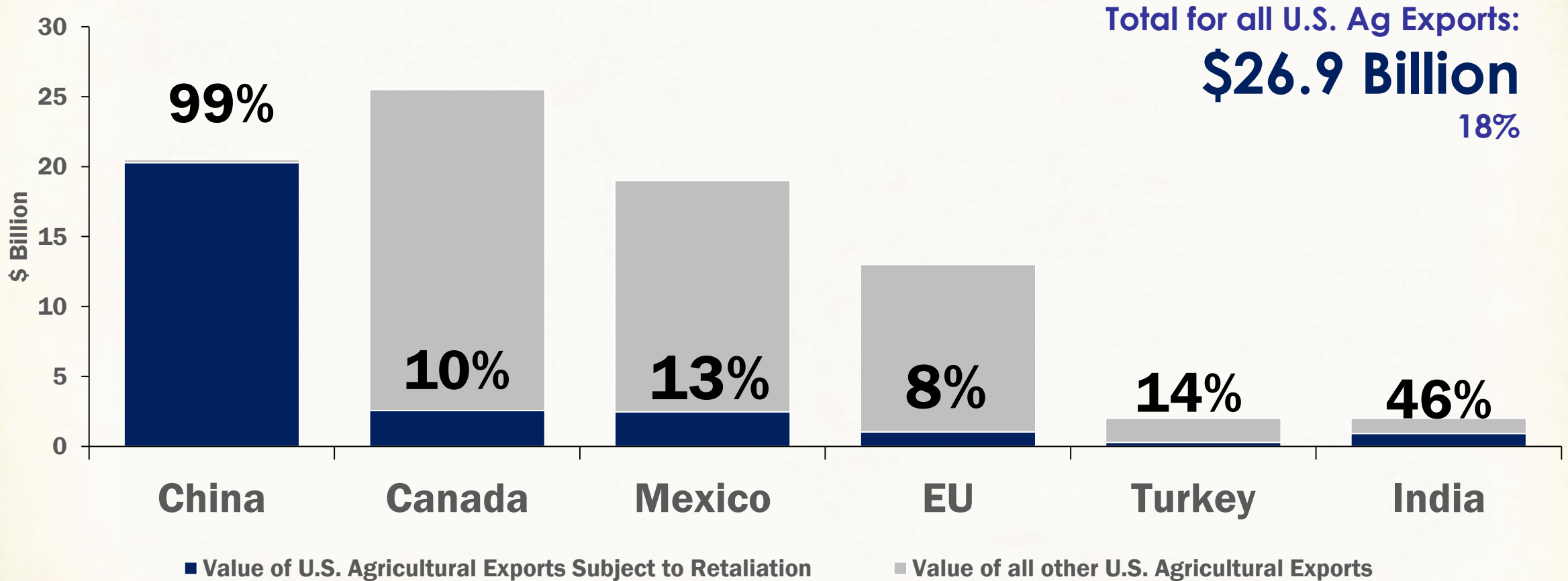
U.S. Imports Down Only Slightly, But...China Down 13%

Year-Over-Year Change in U.S. Imports of Goods, All figures are in billions of U.S. dollars on a nominal basis, not seasonally adjusted



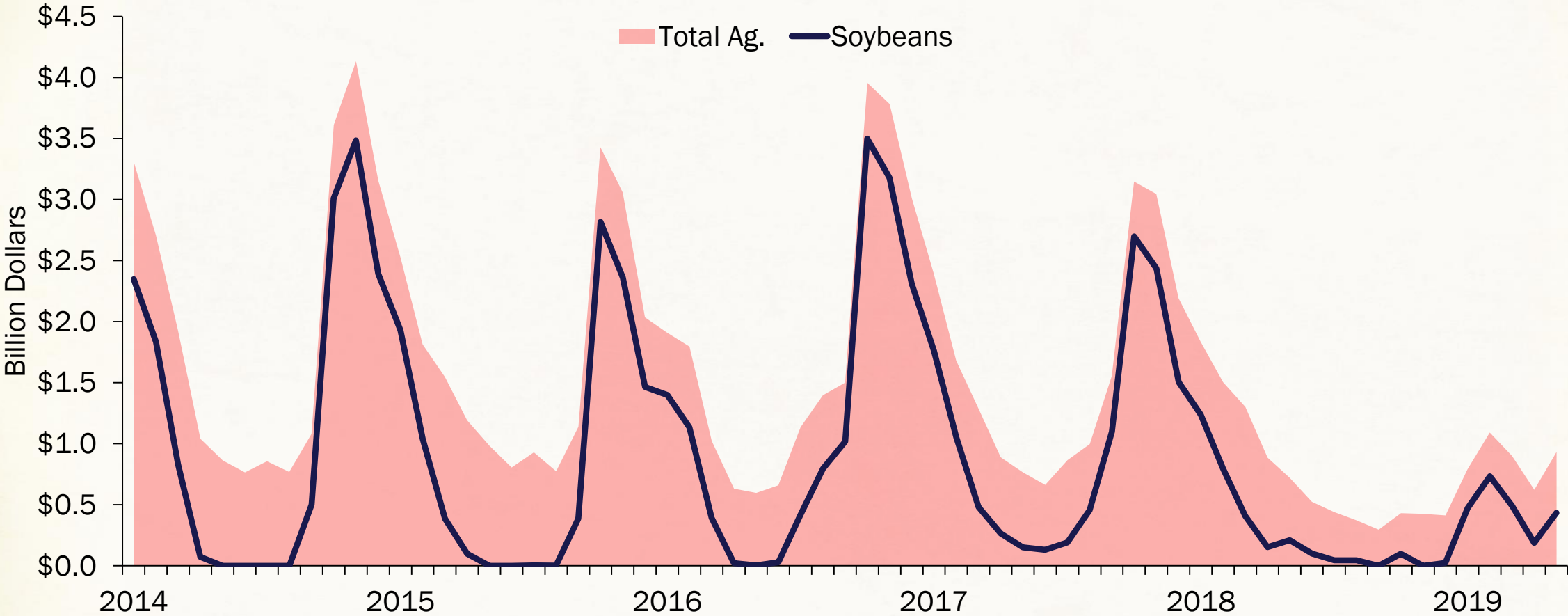
Many Countries Retaliated Against Agriculture

Value and Share of Retaliatory Tariffs on U.S. Agricultural Exports, CY2017

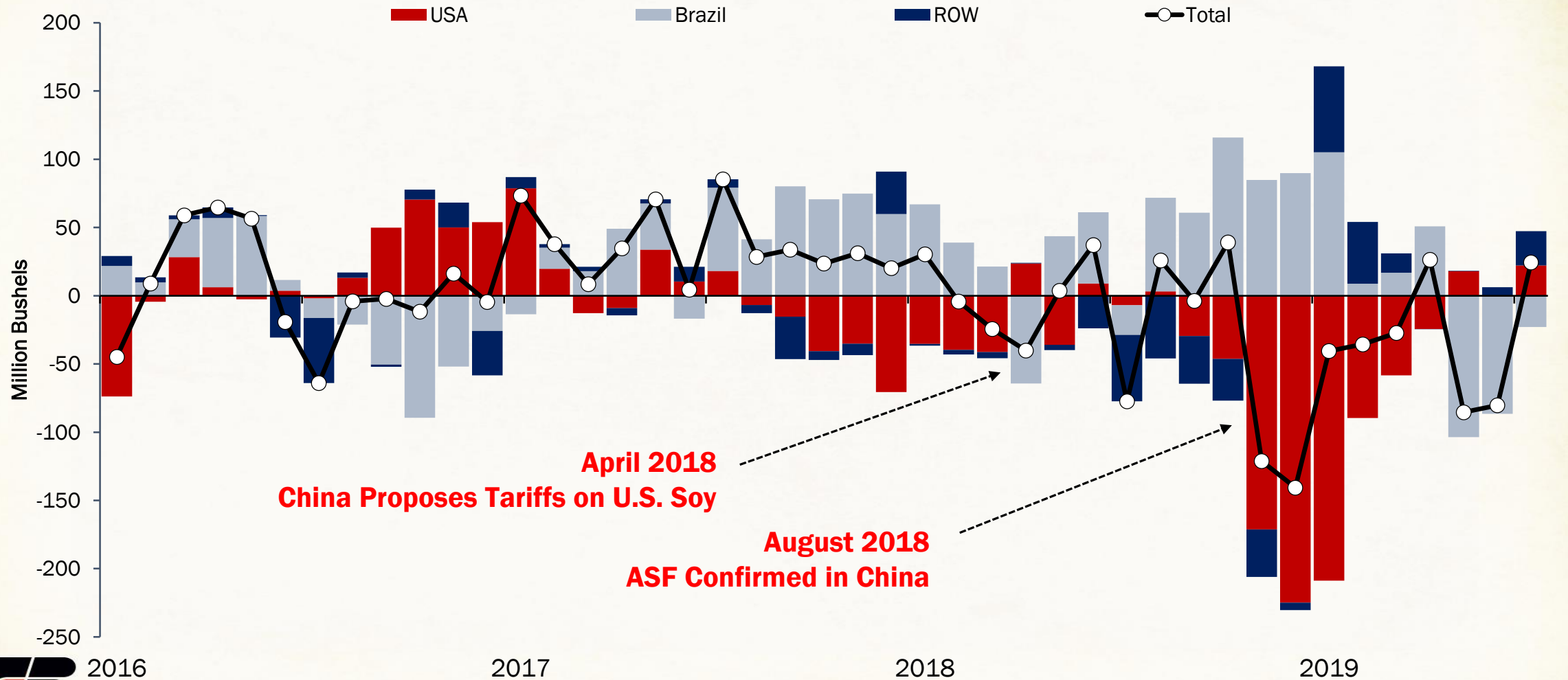


Trade War Was Really About China, Lost Billions in Sales

Value of U.S. Agricultural Exports to China

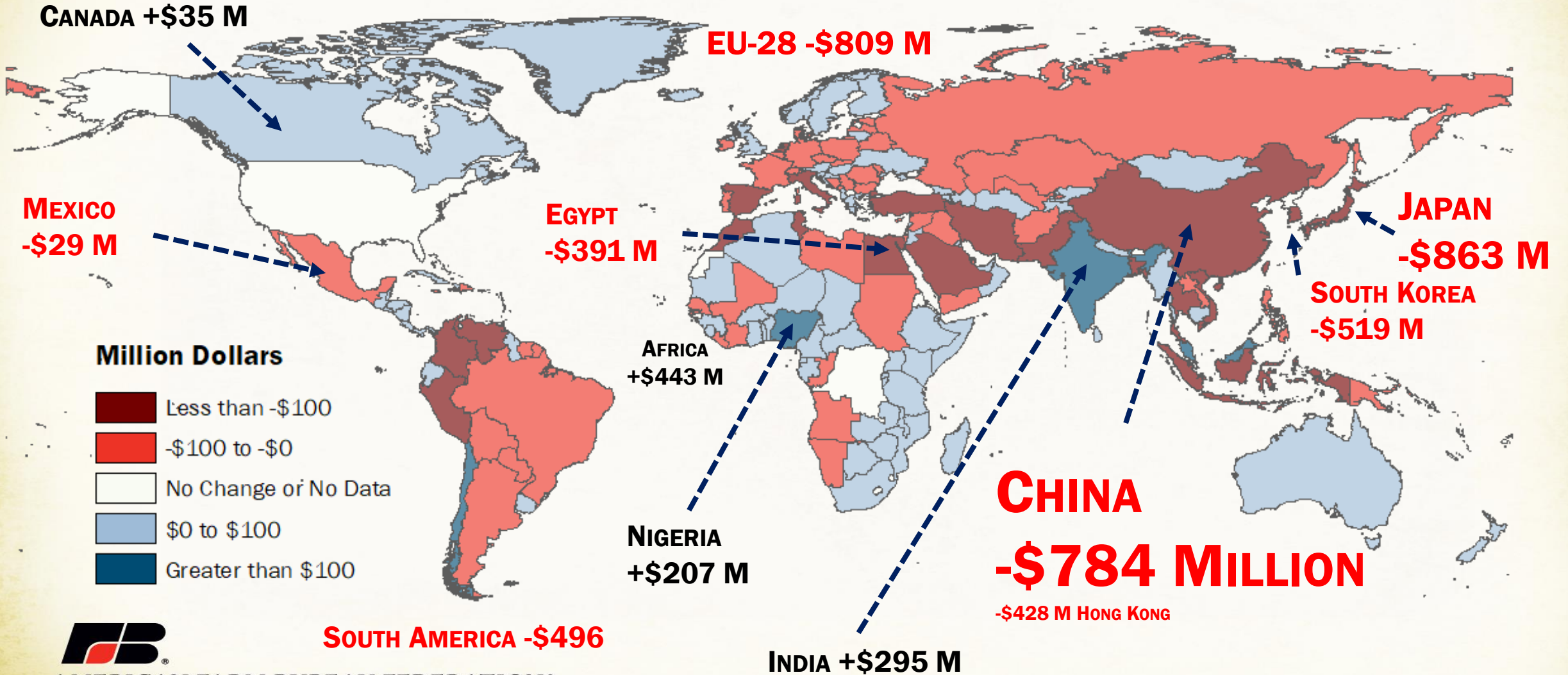


Year-Over-Year Change in Chinese Soybean Imports



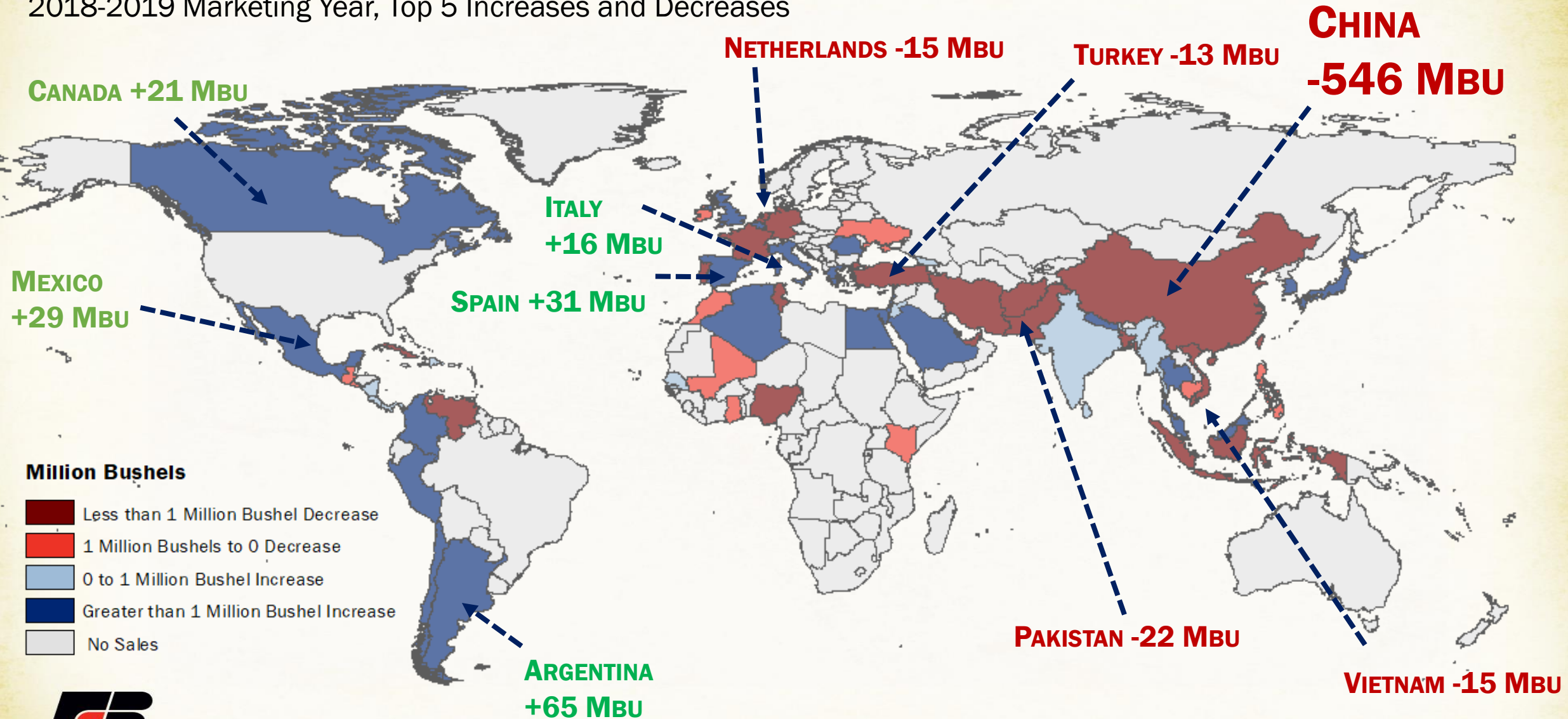
#TradeWar U.S. Ag Exports Down 5%, or \$5.6B, YTD to \$101.8B

Year-Over-Year Change in Agriculture Exports, January to August, 2018 to 2019



#TradeWar: Year-Over-Year Change in Soybean Sales

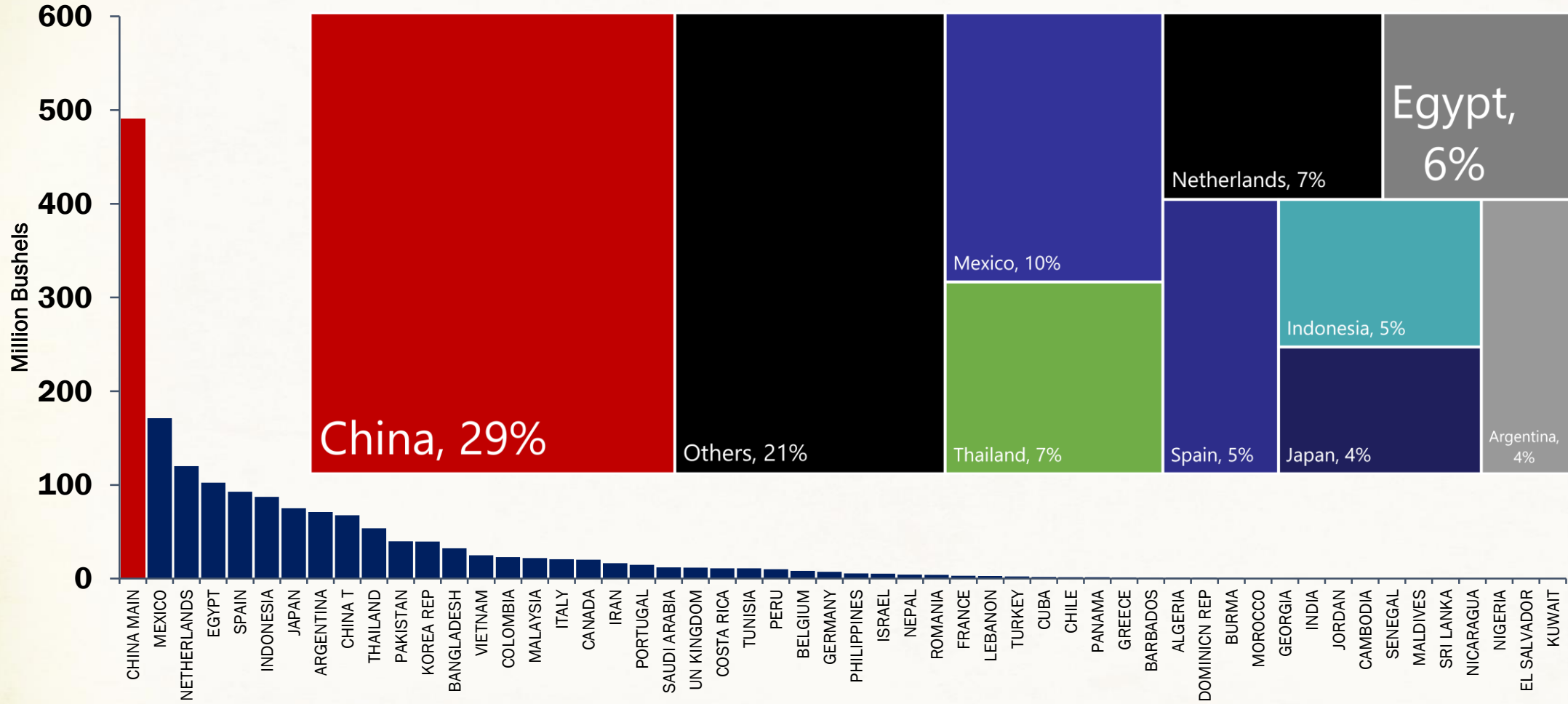
2018-2019 Marketing Year, Top 5 Increases and Decreases



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Source: USDA FAS GATS, Farm Bureau Calculations

U.S. Soybean Exports, 2018-2019 Marketing Year

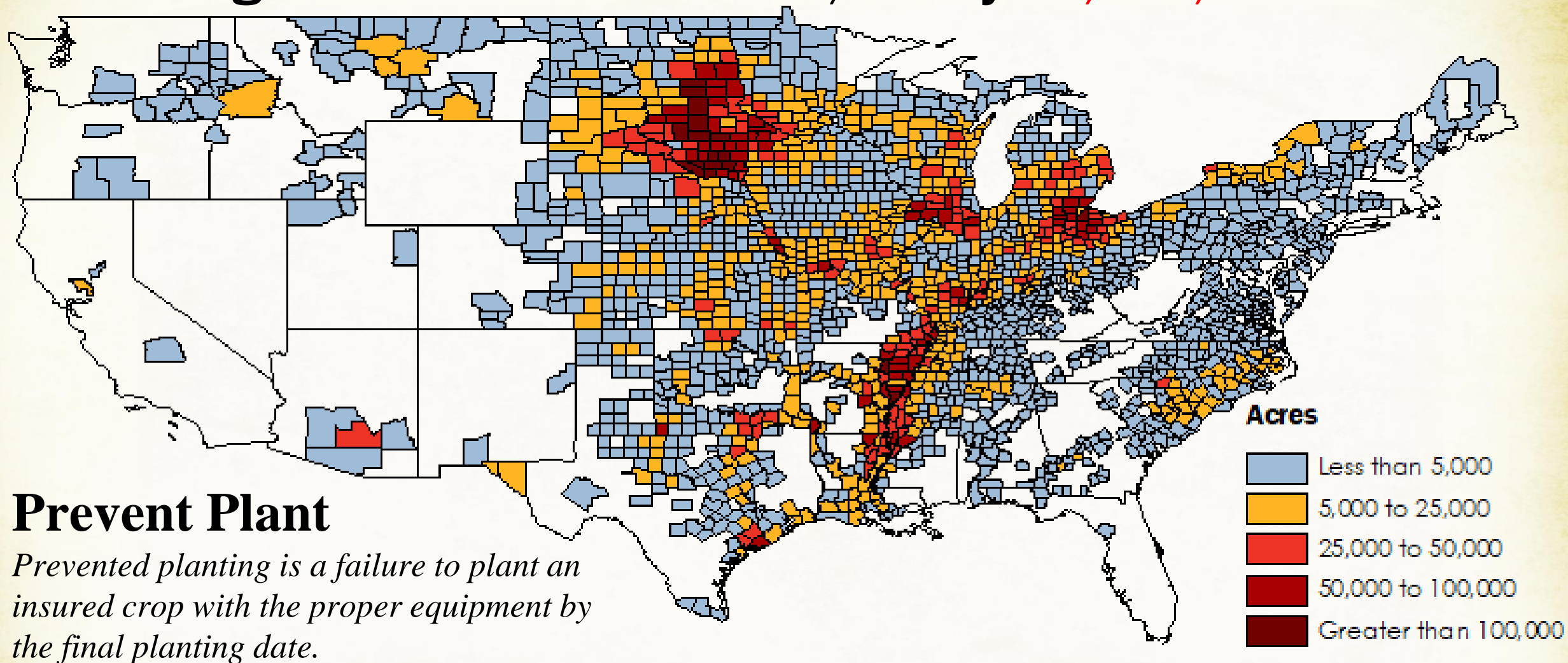


Midwest Growing Season

#NoPlant19



Record-High Prevent Plant in 2019, Nearly **20,000,000** Acres

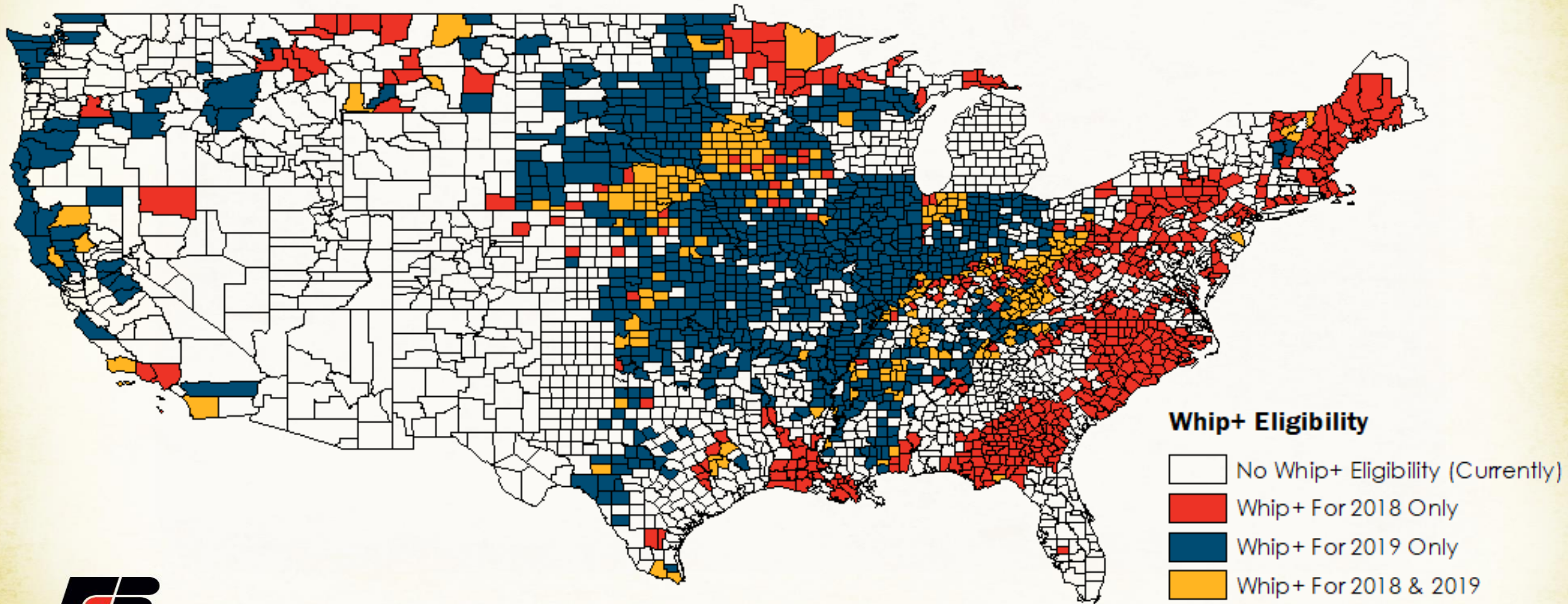


Prevent Plant

Prevented planting is a failure to plant an insured crop with the proper equipment by the final planting date.

Many Counties in 2018 or 2019 Experienced Natural Disasters, Destroying Crops and Farm Operations

(Includes Hurricane Florence and Michael, Alaska Earthquake, Hawaii Volcano Eruption, Alabama Tornado, Midwest Flooding and Delayed Plantings)

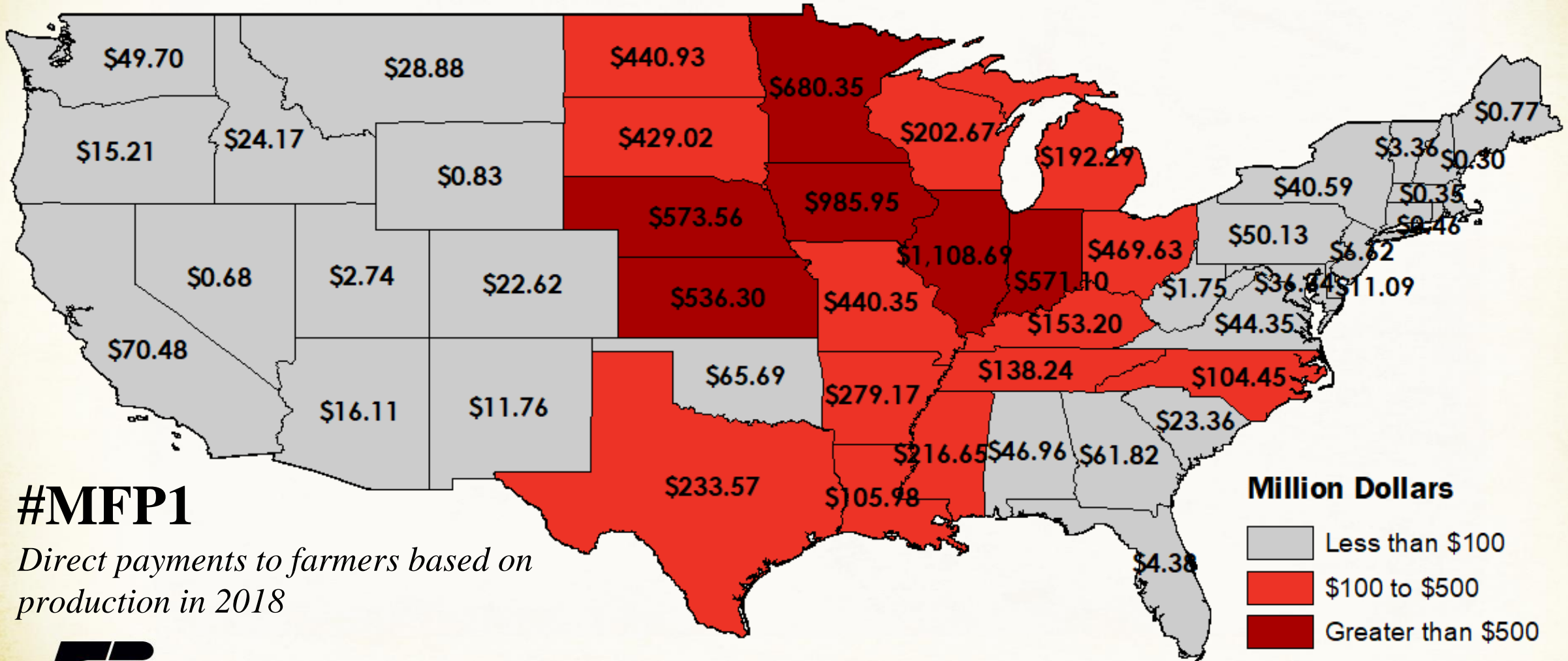


Farmer Support Efforts



Total Trade Aid in Round One at \$8.5+ Billion

As of May 13, 2019, Includes Corn, Cotton, Dairy, Sweet Cherries, Hogs, Shelled Almonds, Sorghum, Soybeans and Wheat



#MFP1

Direct payments to farmers based on production in 2018



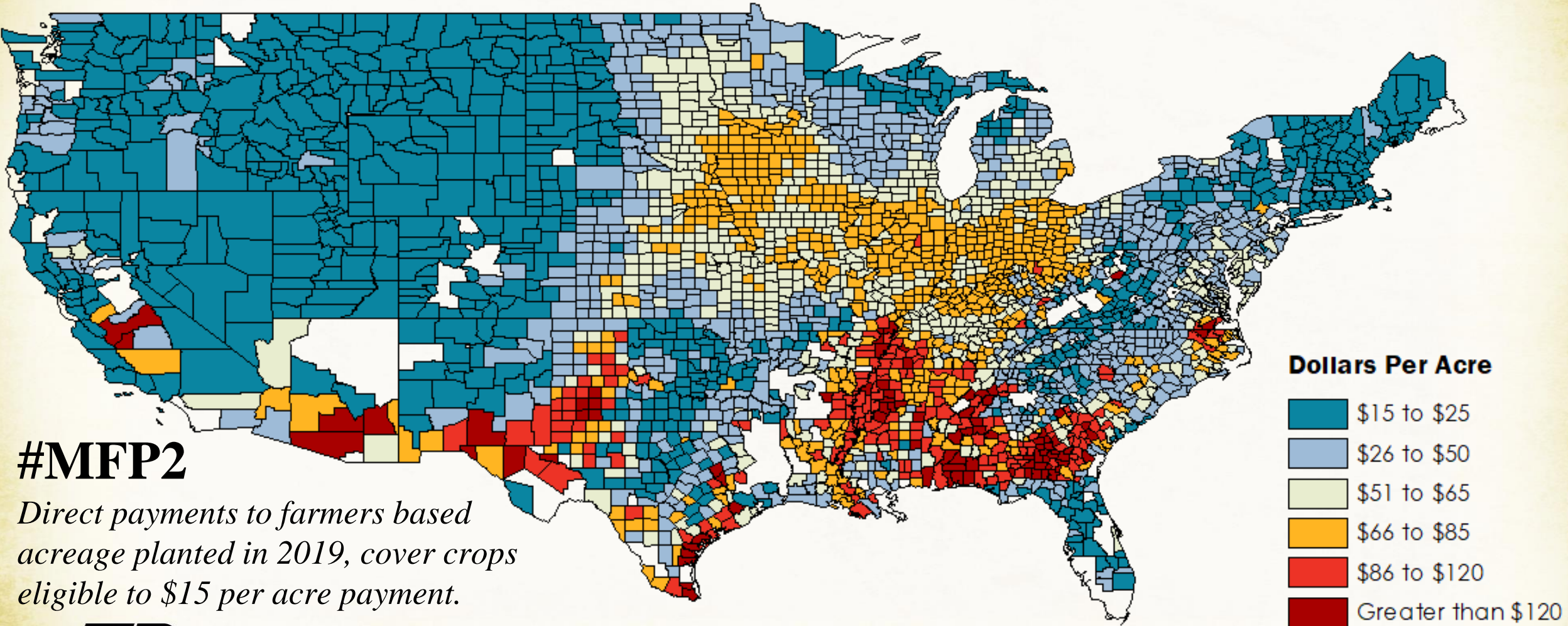
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Million Dollars

- Less than \$100
- \$100 to \$500
- Greater than \$500

Source: USDA and Farm Bureau Compilations

Second Round of Trade Aid Based on County-Level Rates of \$15 to \$150 per Planted Acre



#MFP2

*Direct payments to farmers based
acreage planted in 2019, cover crops
eligible to \$15 per acre payment.*

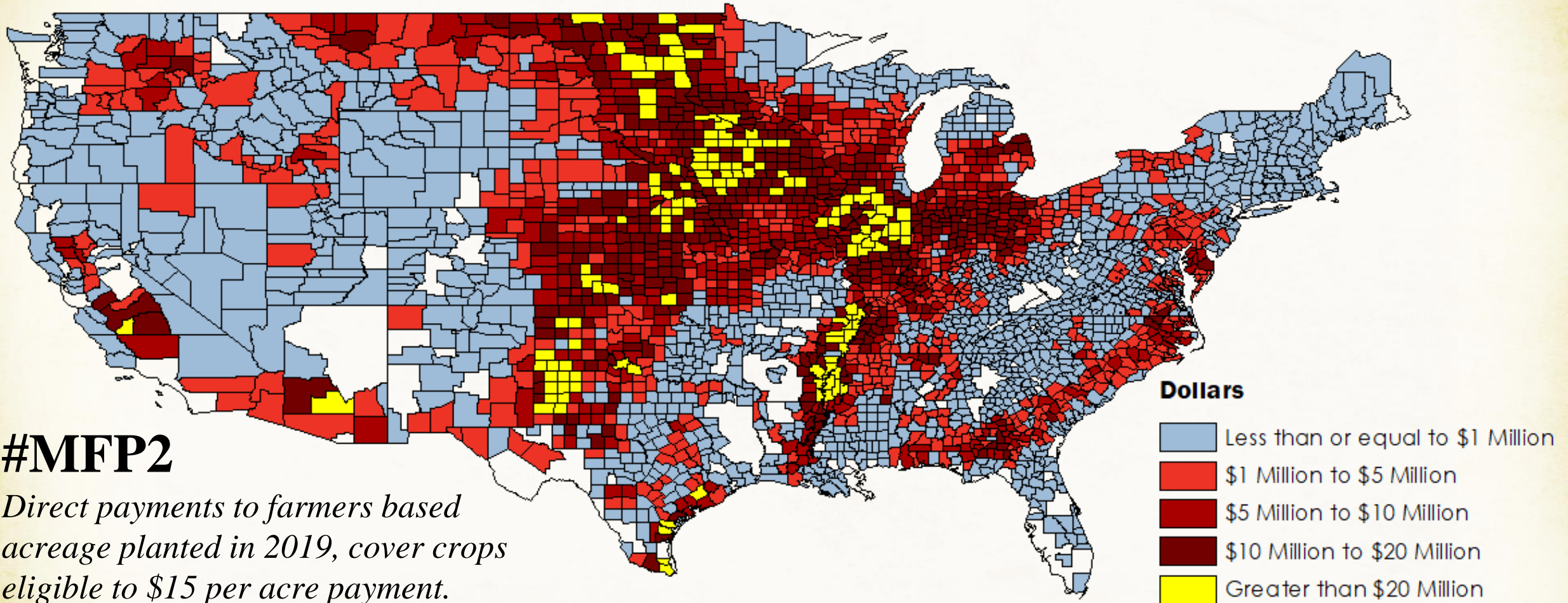


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Source: USDA and Farm Bureau Compilations

MFP Dollars Will Flow into Corn & Cotton Belts

Estimated MFP Payments per County, Farm Bureau Estimates



#MFP2

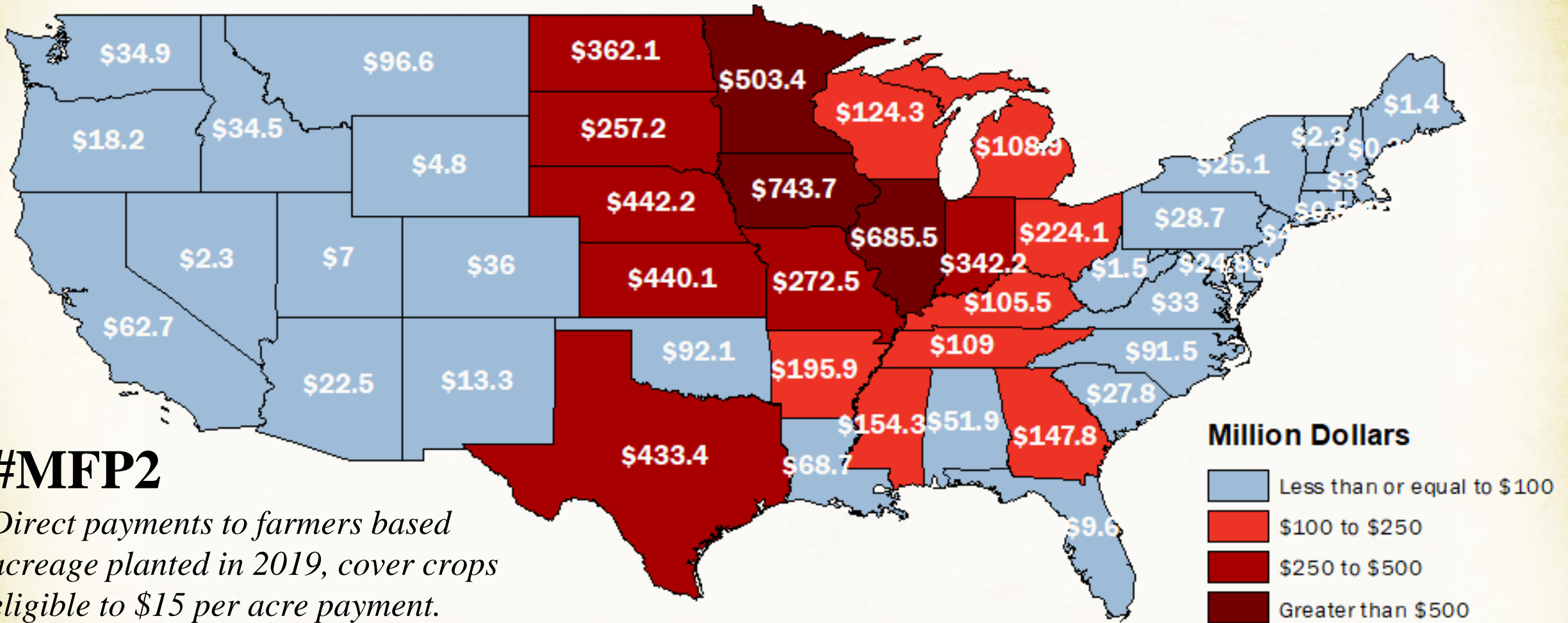
*Direct payments to farmers based
acreage planted in 2019, cover crops
eligible to \$15 per acre payment.*



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Source: USDA and Farm Bureau Compilations

Through October, \$6.5 Billion in Trade Aid Payments per USDA



#MFP2

Direct payments to farmers based on acreage planted in 2019, cover crops eligible to \$15 per acre payment.

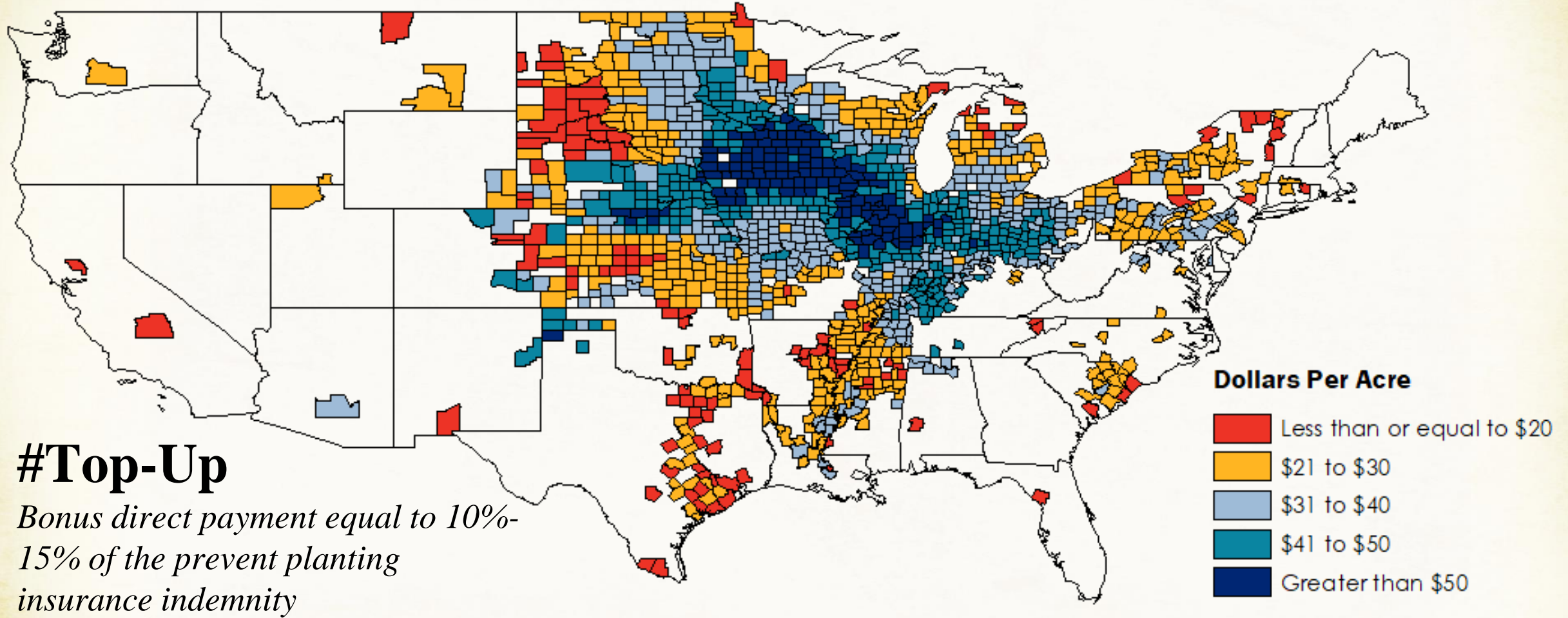


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Source: USDA and Farm Bureau Compilations

“Top-Up” Prevent Planting Payments

\$292/acre for Corn (\$252 + \$38) and \$220/acre for Soybeans (\$192 + \$28)



#Top-Up

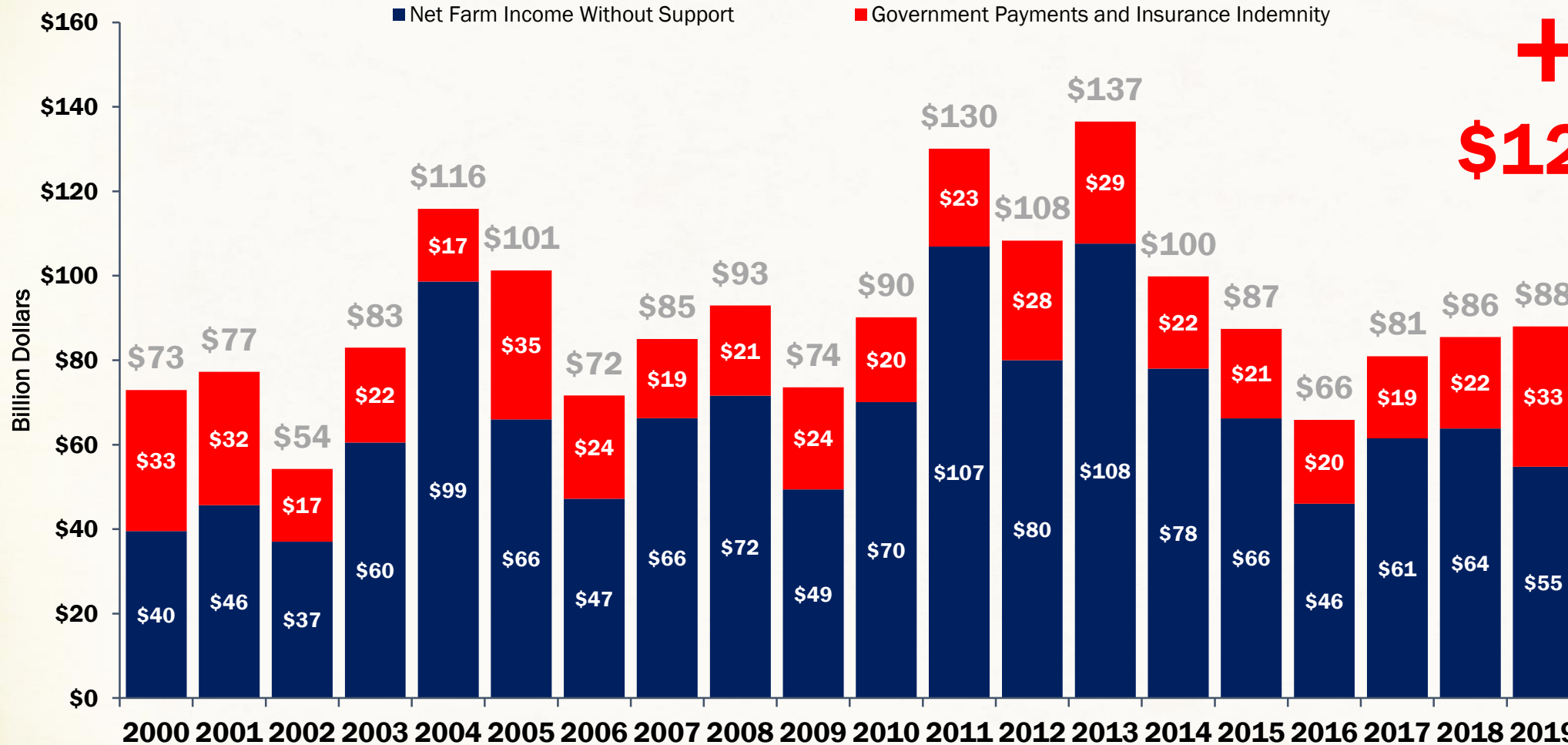
Bonus direct payment equal to 10%-15% of the prevent planting insurance indemnity

Inflation-Adjusted U.S. Farm-Related Income

Federal Support and Insurance Up

+53%

\$12 Billion



Farm-Related Income Down

-14%

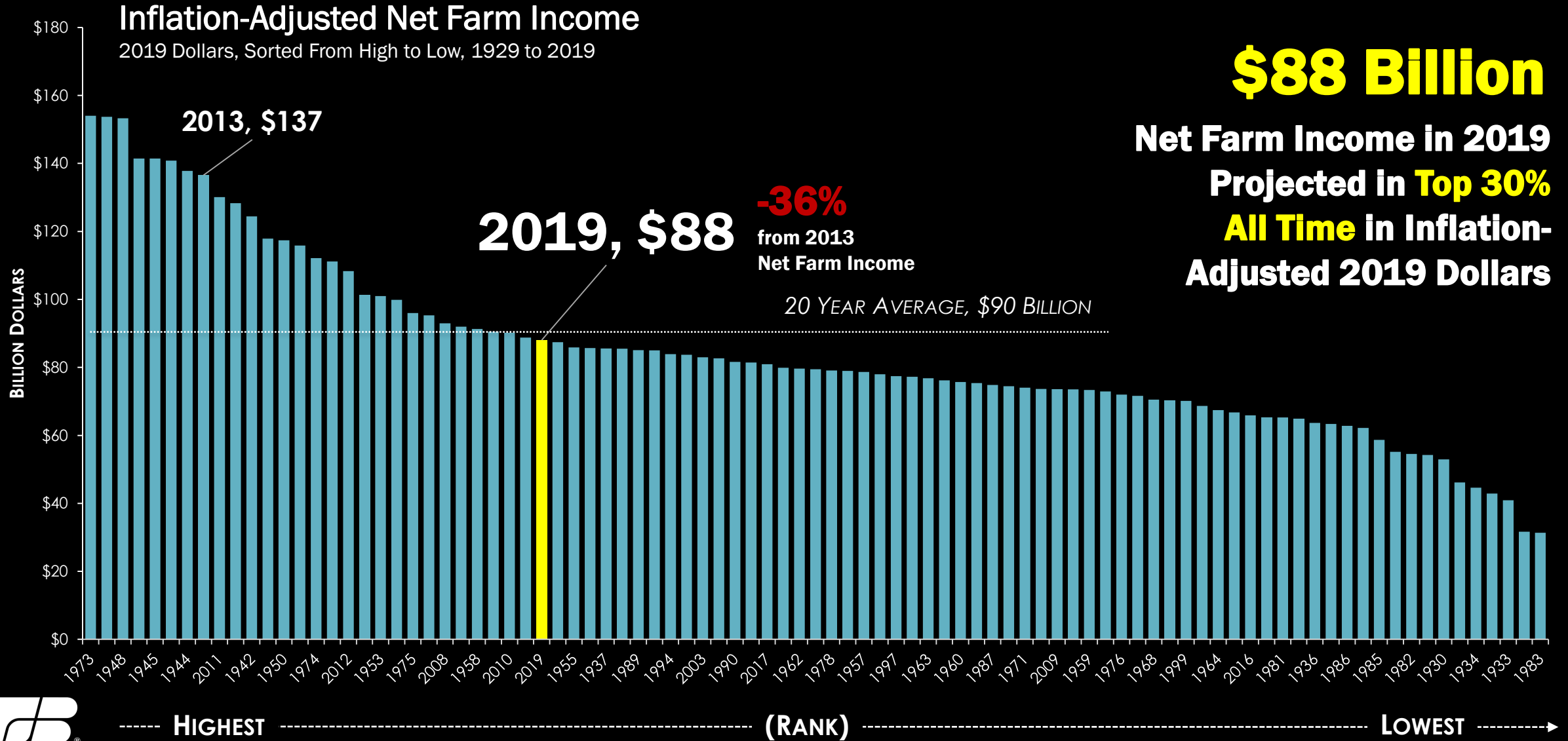
-\$9 Billion



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Source: USDA ERS, Farm Bureau Calculations

Federal Support Expected to Boost Income in 2019



Source: USDA ERS, Farm Bureau Analysis

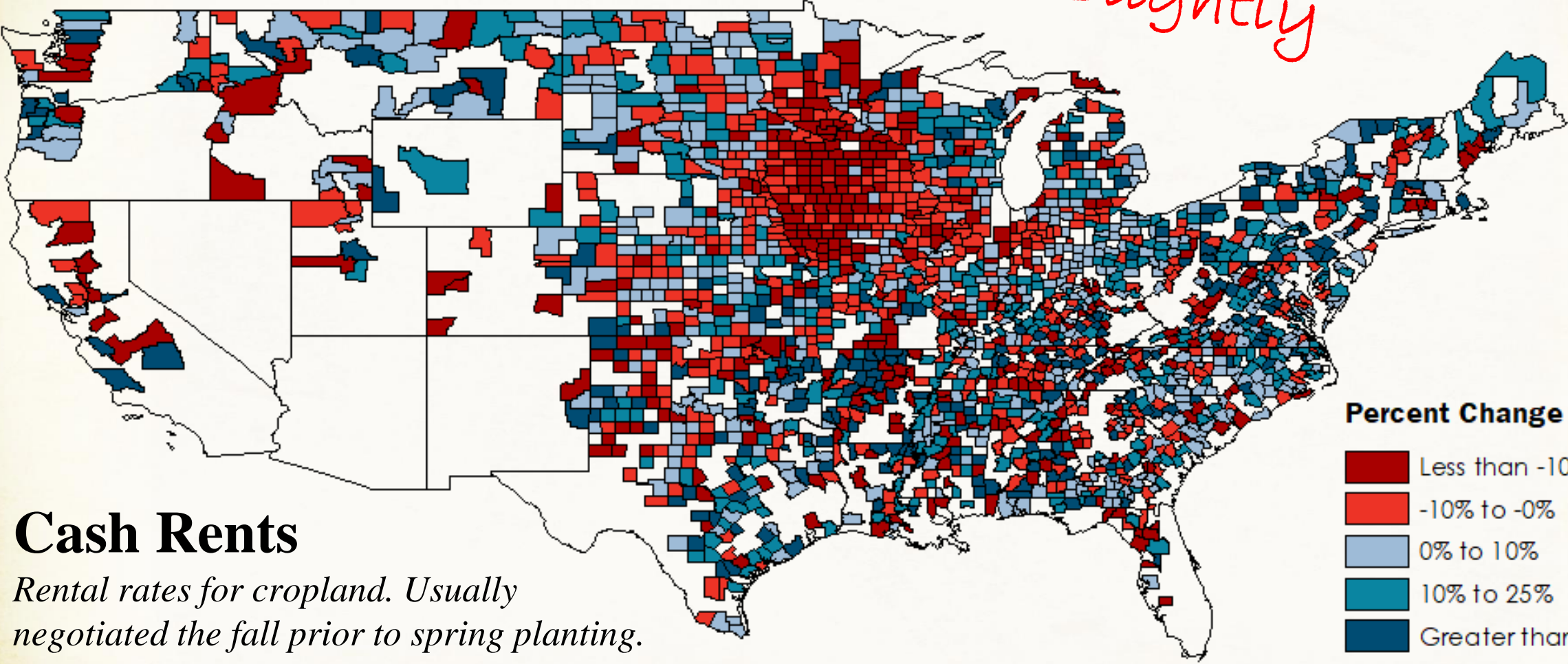
Boots on the Ground



Asset Values and Cash Rents Have Weakened In Corn Belt

Change in Cropland Cash Rents, 2014 to 2019

slightly

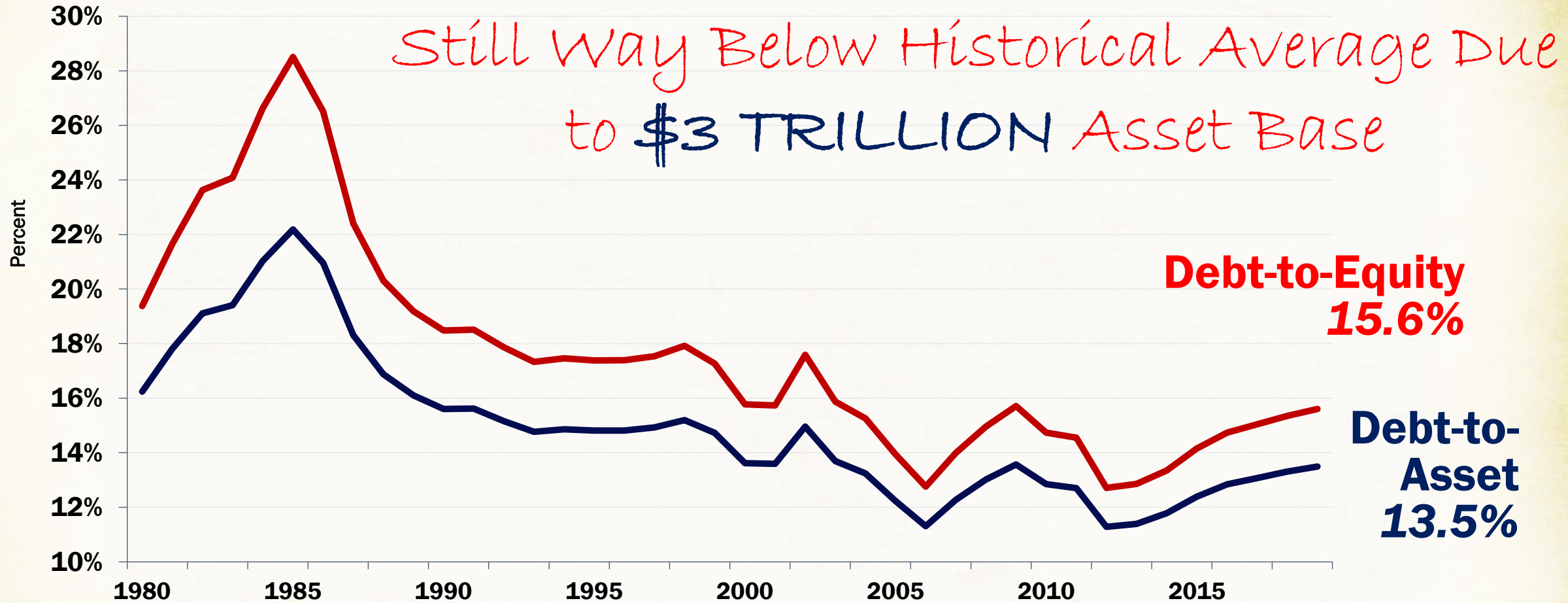


Cash Rents

Rental rates for cropland. Usually negotiated the fall prior to spring planting.

Farm Equity Ratios Have Deteriorated For 7 Consecutive Years

Debt-to-Asset and Debt-to-Equity Remain Below Historical Highs



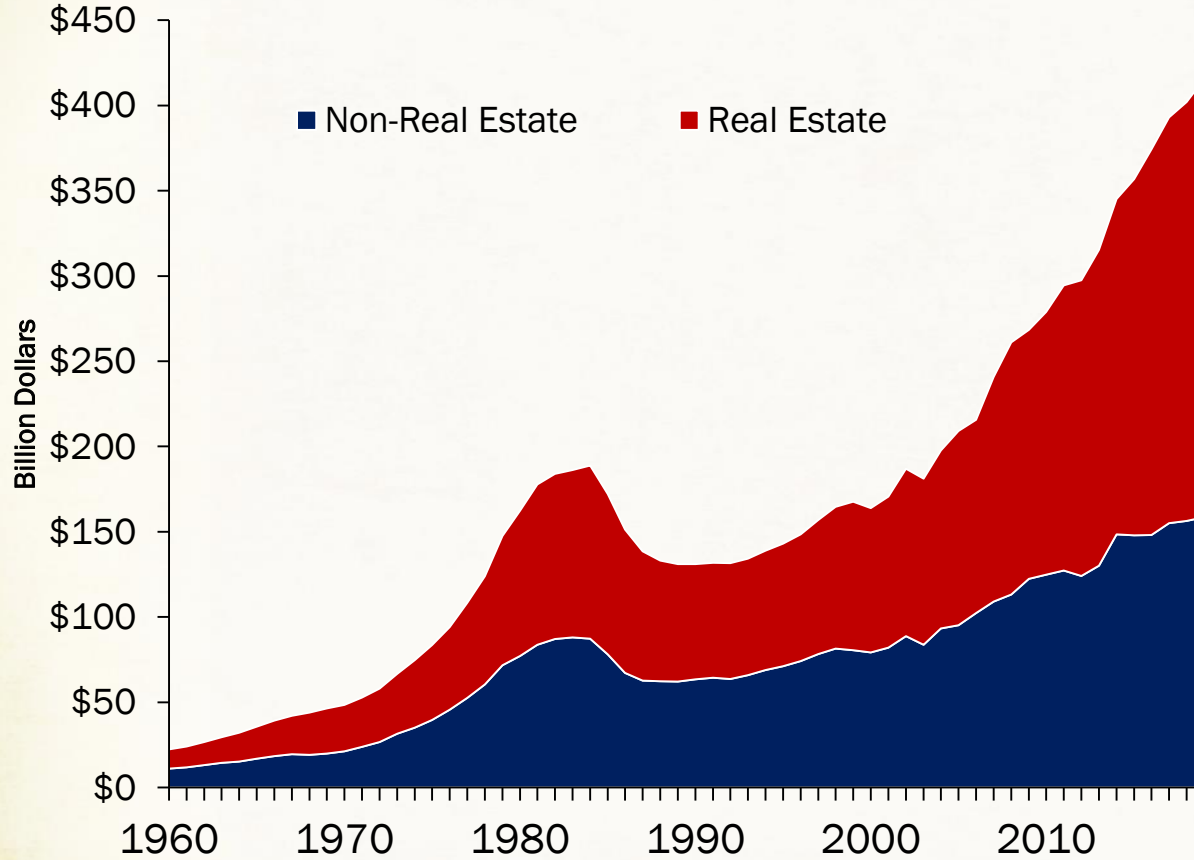
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Source: U.S. Census Bureau, Farm Bureau Calculations

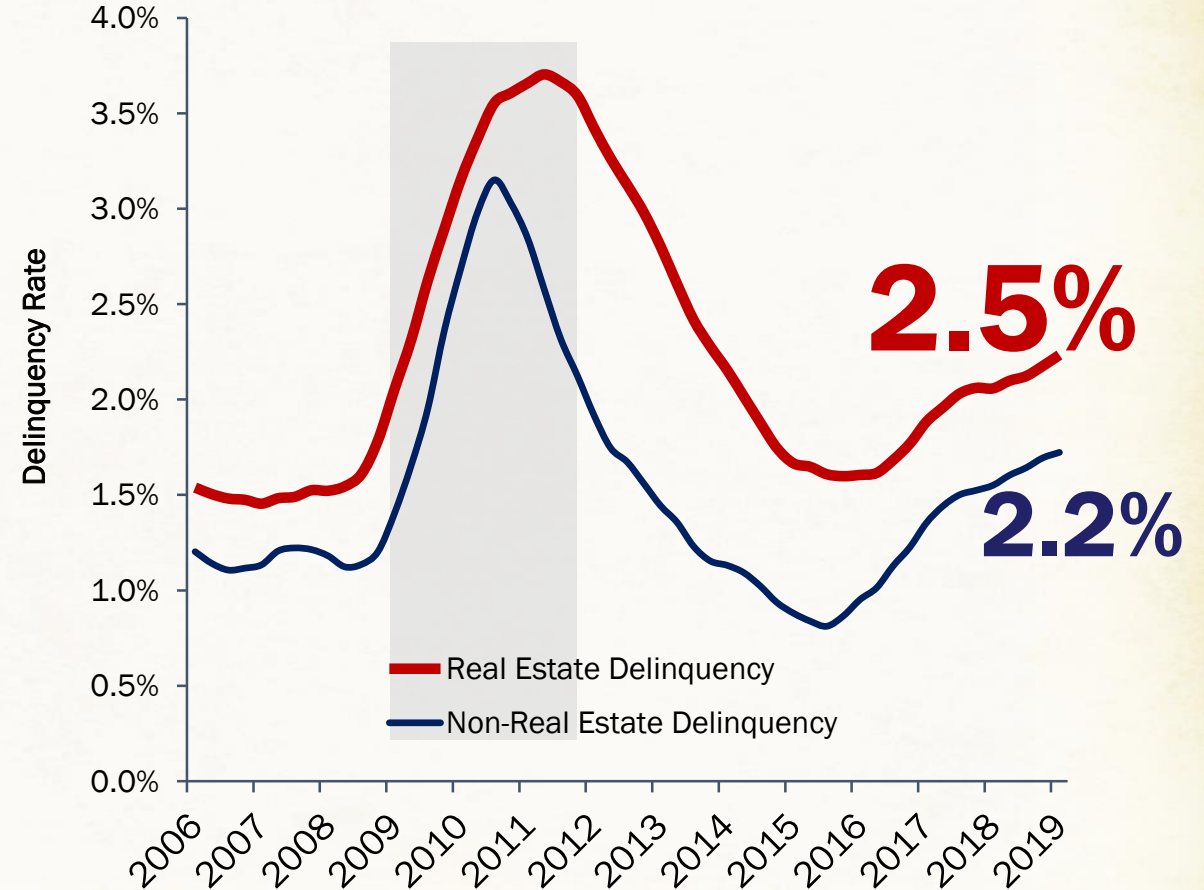
Farm Debt Record-High & Delinquency Rates Rising

\$416 Billion in 2019

Total Debt in Agriculture

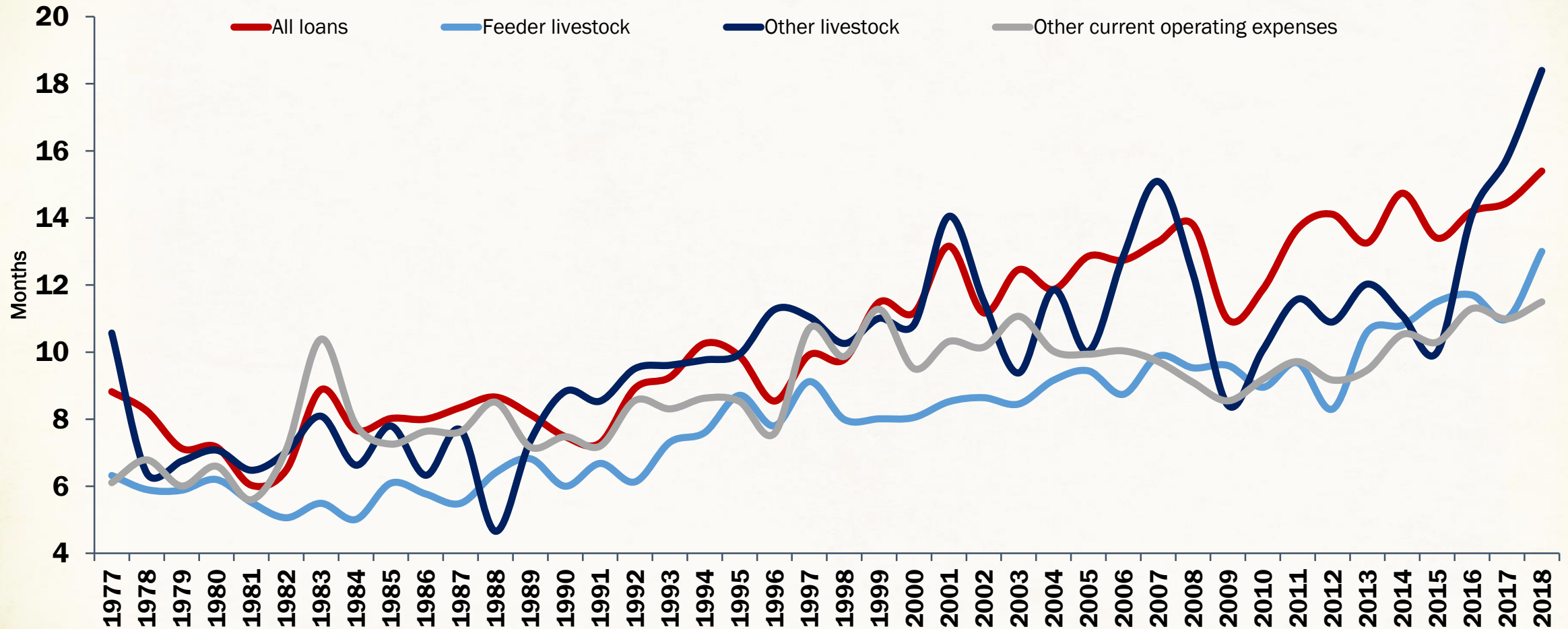


Percentage of Commercial Agricultural Loans More Than 30 Days Past Due, 12-Mo MA



Record-High Maturity on Non-Real Estate Loans

15+ Months Repayment on All Loans, 18+ Months on Livestock

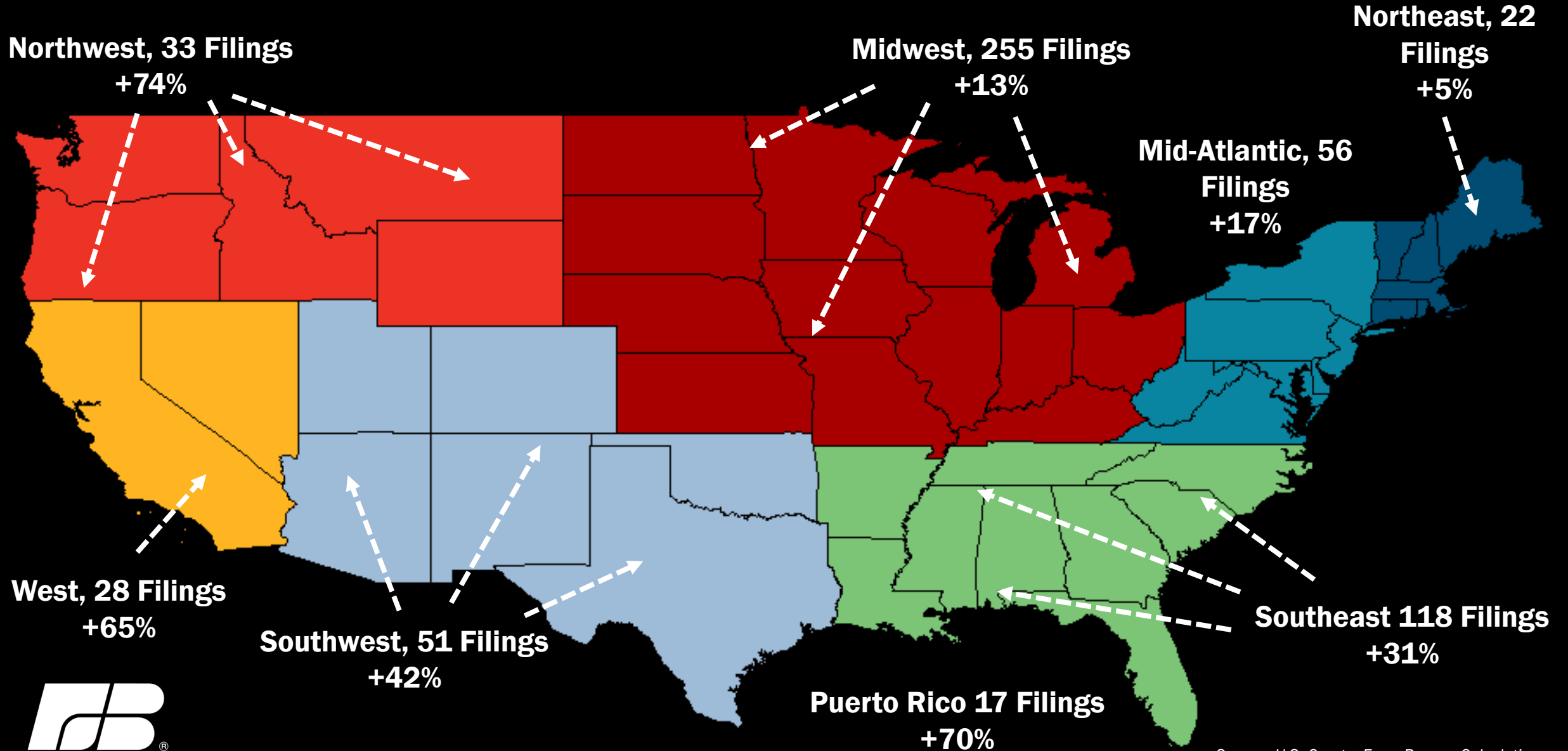


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Source: Kansas City Federal Reserve Ag Finance Databook Table A4, Farm Bureau Calculations

Chapter 12 Farm Bankruptcies By Region, 560 Filings, U.S. +24%

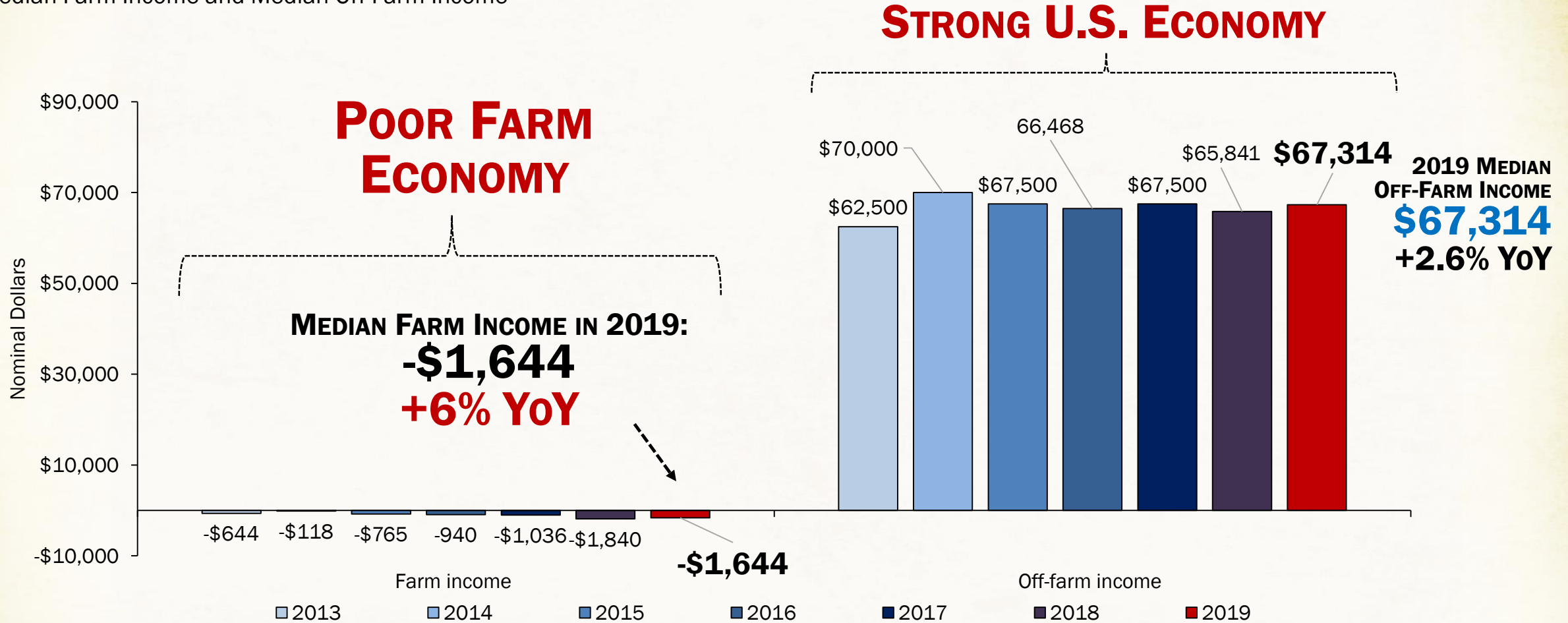
12-Month Period Ending in September, 2019 Compared to 2018



Source: U.S. Courts, Farm Bureau Calculations

Agriculture is Partially Supported by Robust Off-Farm Economic Income & Strong Asset Values

Median Farm Income and Median Off-Farm Income





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