

Missouri Farm Income Outlook

2022 Abner W. Womack Missouri Agricultural Outlook Conference

By: John R. Kruse, PhD

April 20, 2022



College of Agriculture,
Food & Natural Resources
University of Missouri

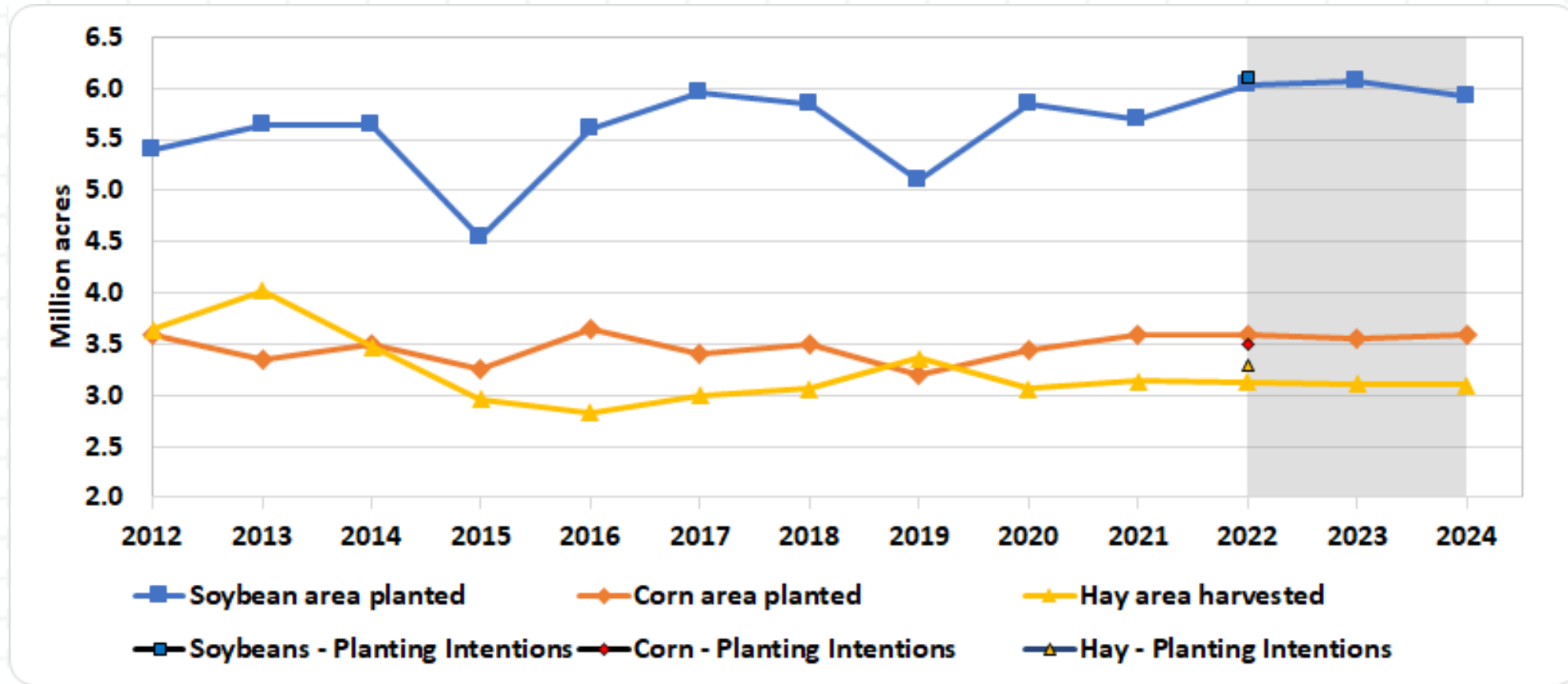
Important caveats since the projections were made in January

- **Russia/Ukraine war**
 - Higher commodity prices
 - Higher fertilizer and fuel prices
- **Drought affecting southern Brazil and Argentina significantly reducing soybean yields**
- **Ongoing drought in Canada, but improving in some areas**
- **Developing drought in parts of the European Union**
- **Drought continuing in key US cattle production regions**

=> Proportionally small errors in estimating farm receipts or production expenses can result in large proportional errors in estimating net farm income.



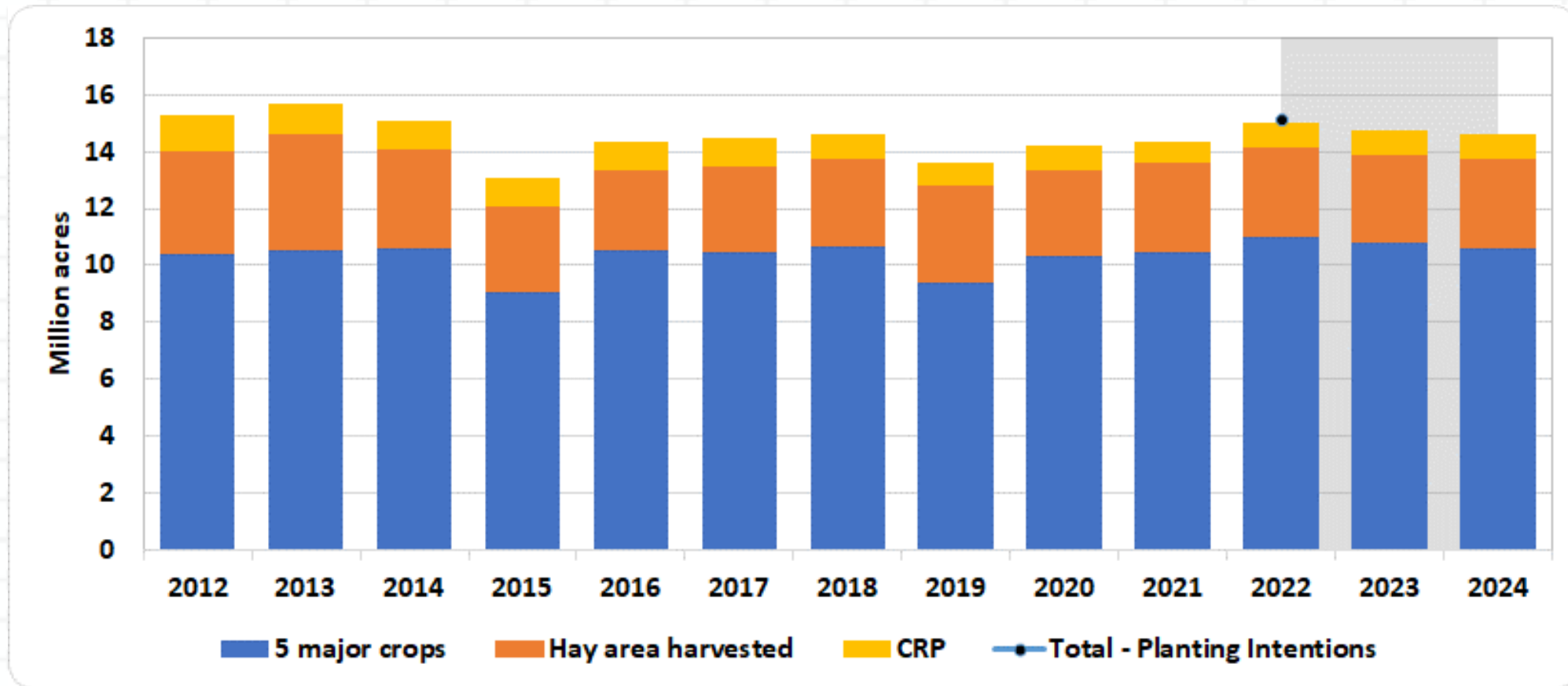
Missouri soybean area projected higher in 2022



Source: Based on the FAPRI & AMAP baseline projections developed in January 2022.



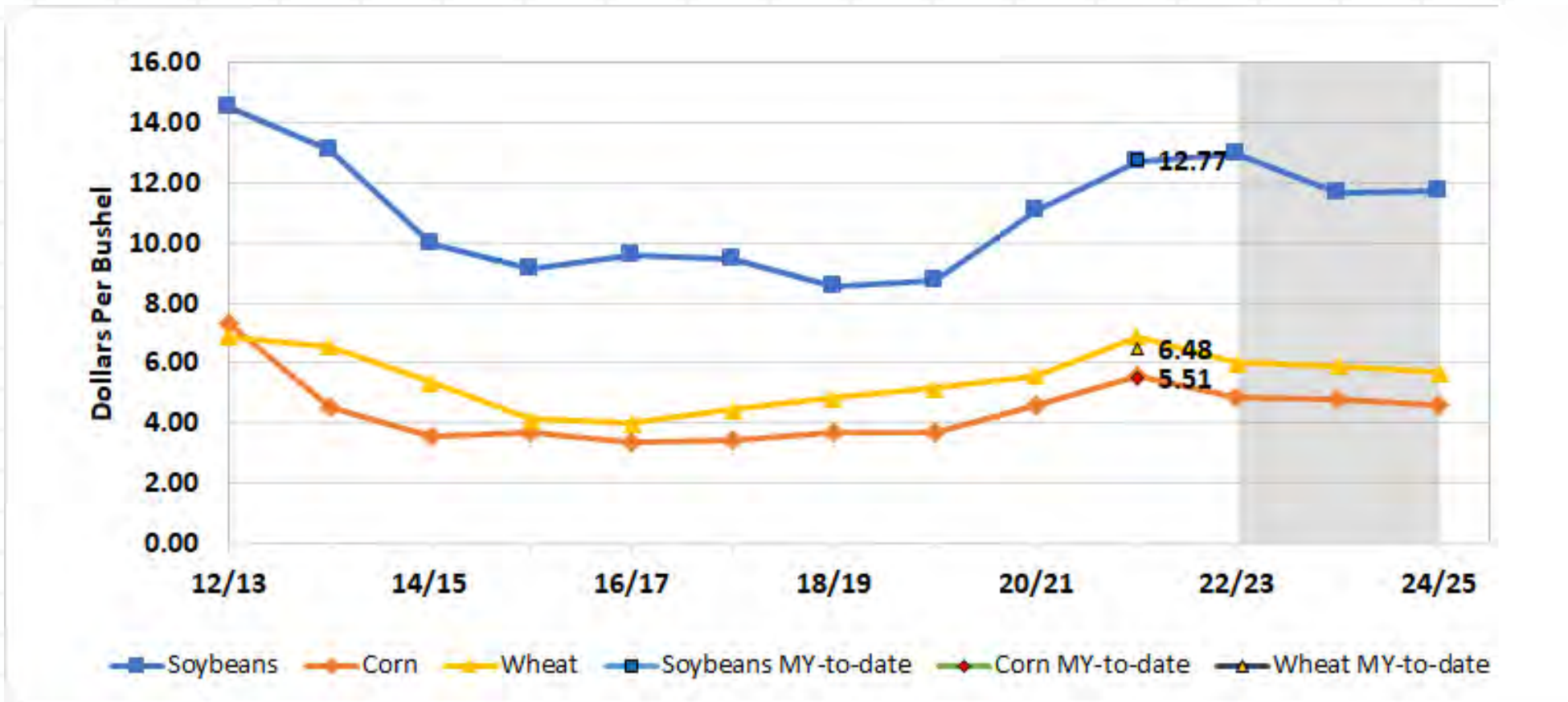
Commodity prices drive Missouri total crop area higher in 2022



Source: Based on the FAPRI & AMAP baseline projections developed in January 2022.



Soybean and corn prices continue to rise in 2021 and 2022



Y-T-D (through Feb)

MO Soybeans
70.5% marketed by the end of Feb.

MO Wheat
94.5% marketed by the end of Feb

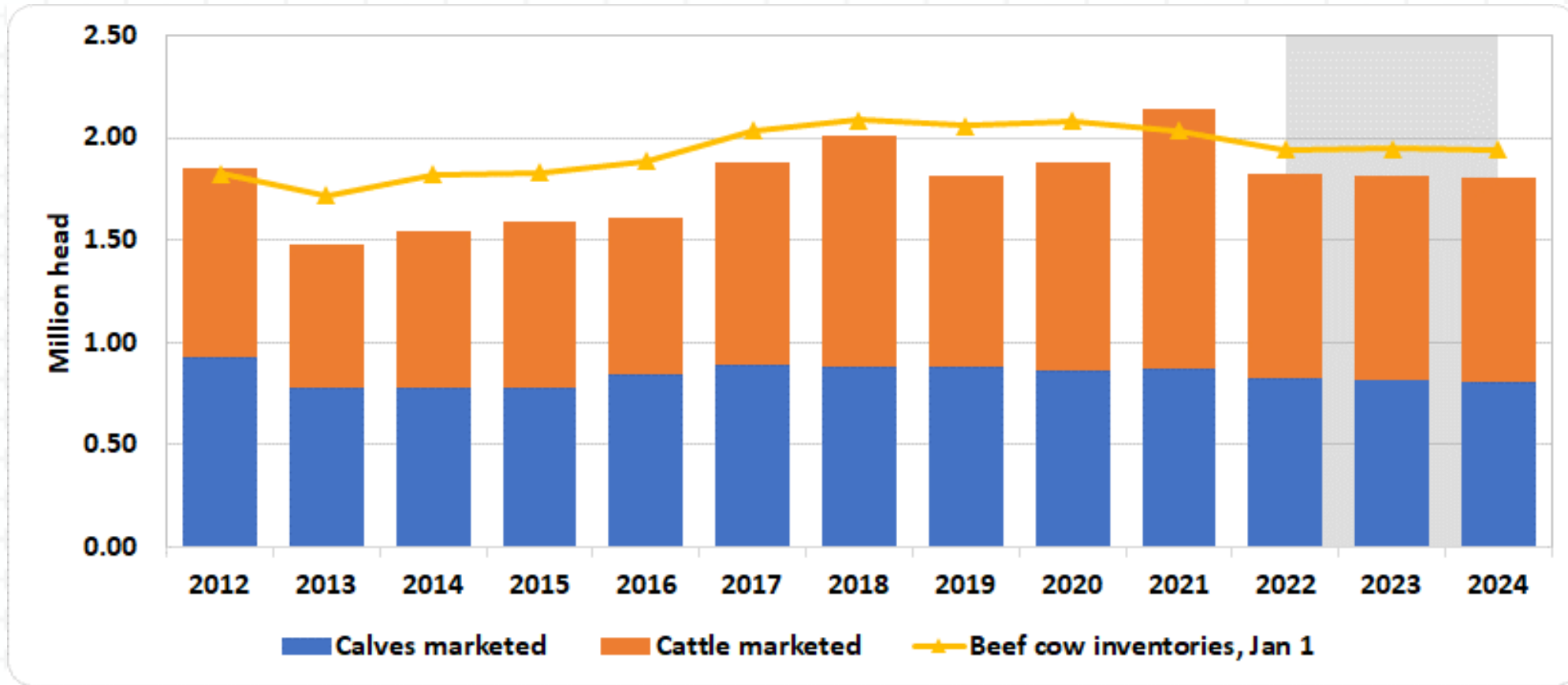
MO Corn
62% marketed by the end of Feb

Some farmers reporting unusually wide basis.

Source: Based on the FAPRI & AMAP baseline projections developed in January 2022.



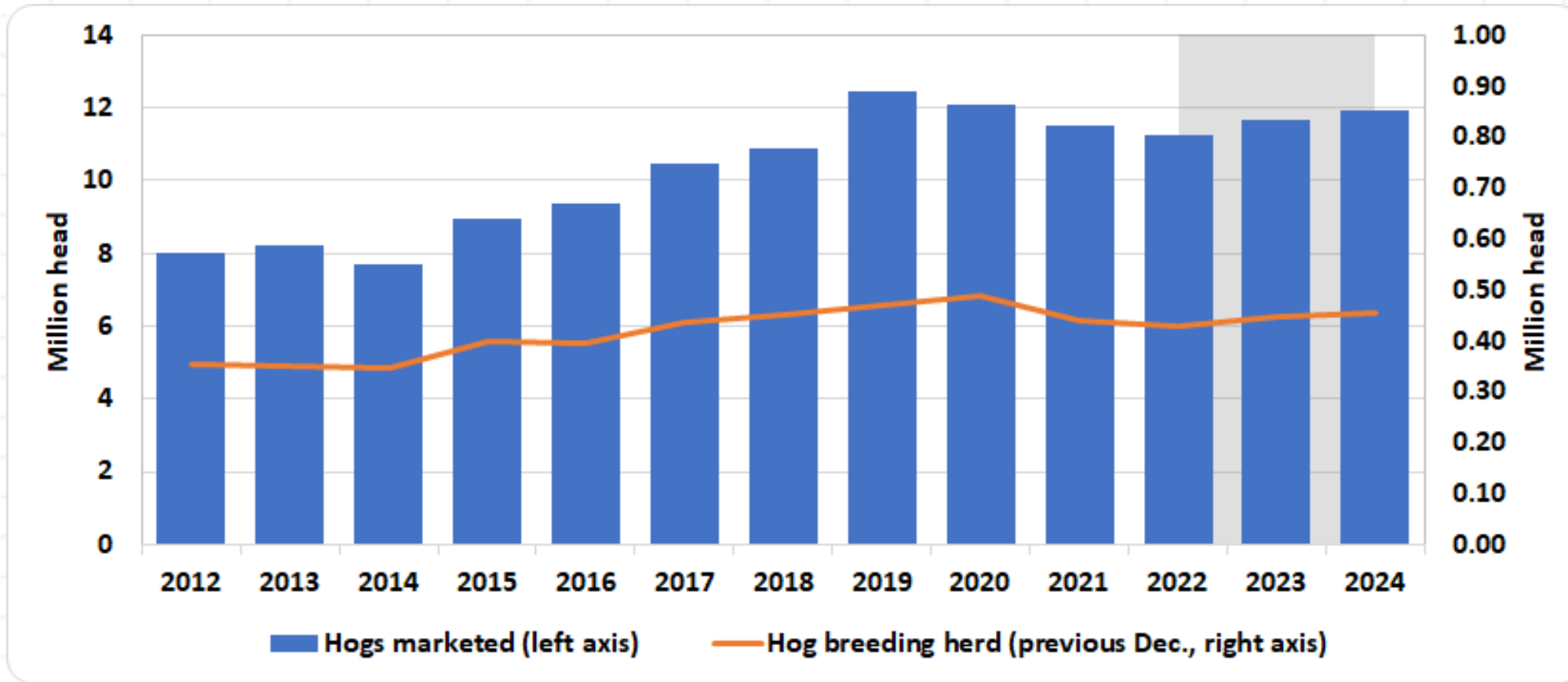
Missouri beef cow numbers decline in 2022



Source: Based on the FAPRI & AMAP baseline projections developed in January 2022.



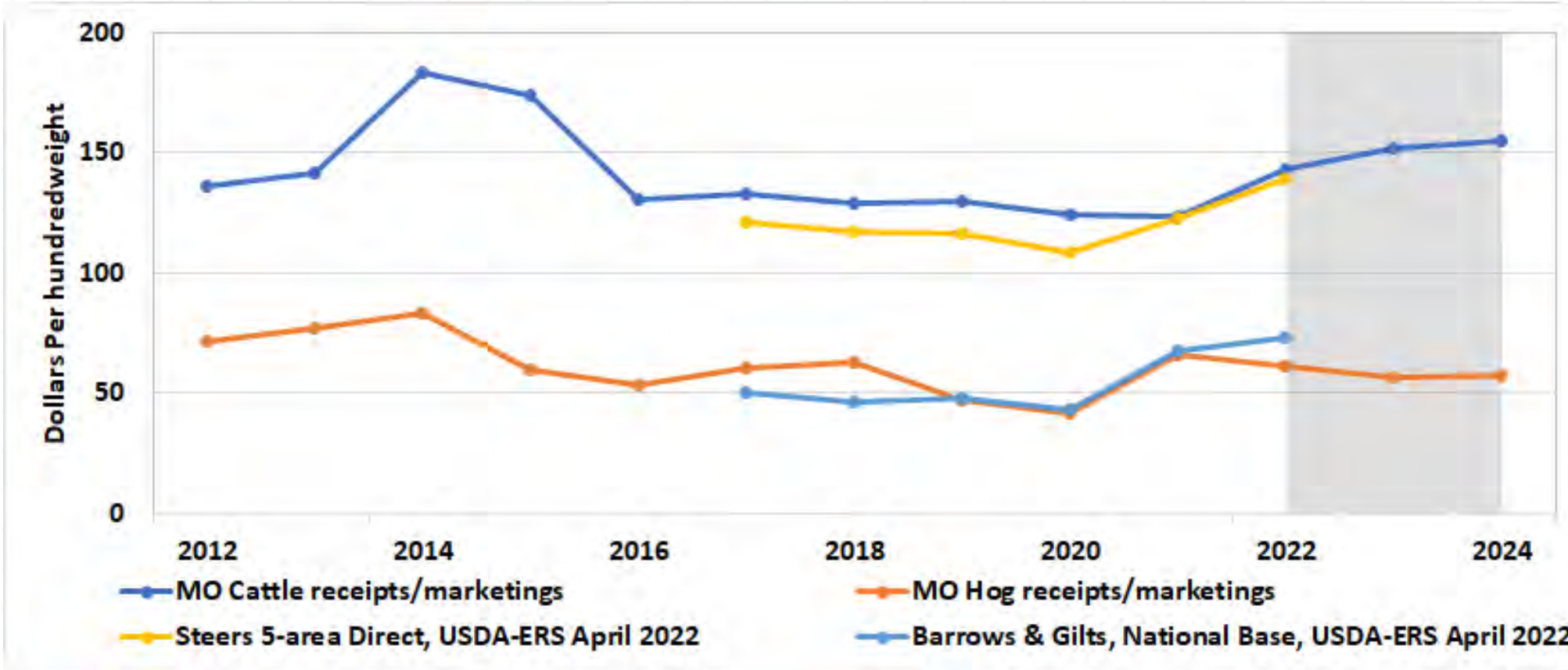
Missouri pork production expands after 2022



Source: Based on the FAPRI & AMAP baseline projections developed in January 2022.



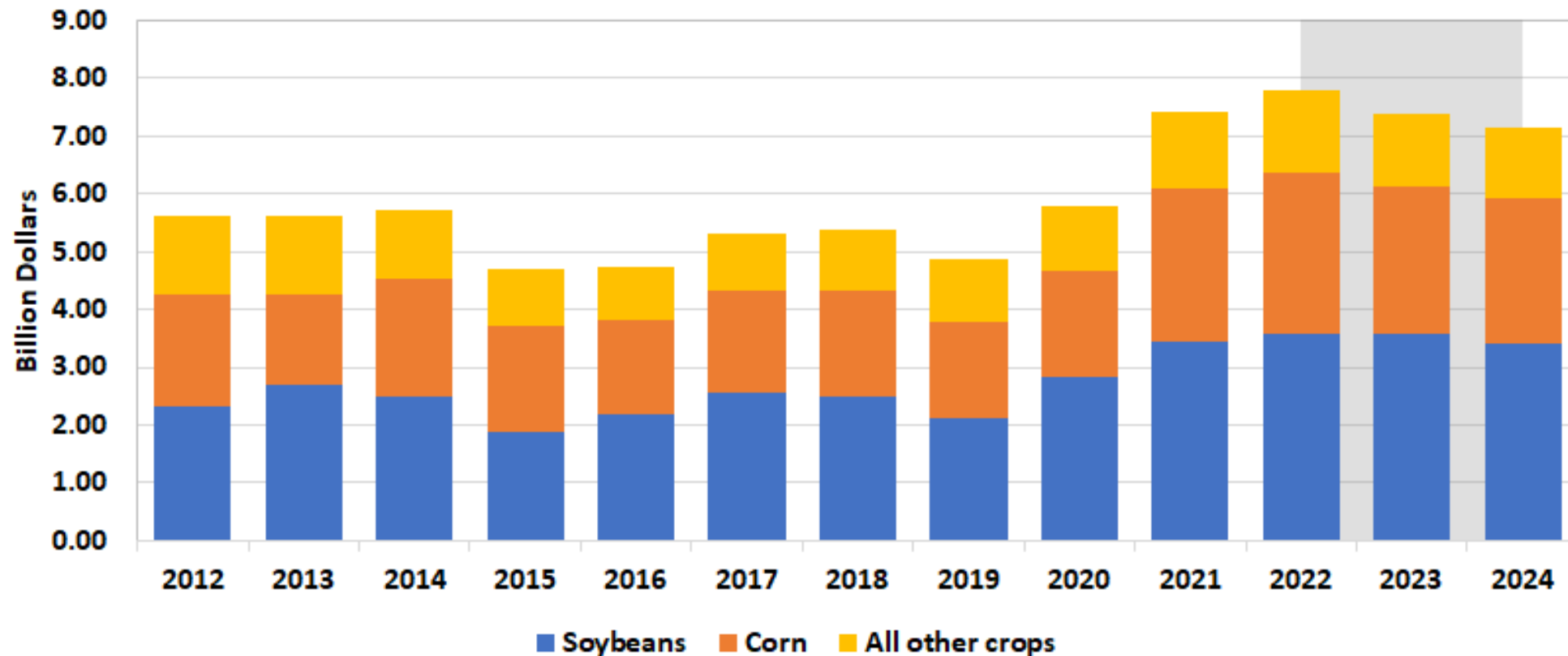
Cattle prices move higher in 2022



Source: Based on the FAPRI & AMAP baseline projections developed in January 2022.



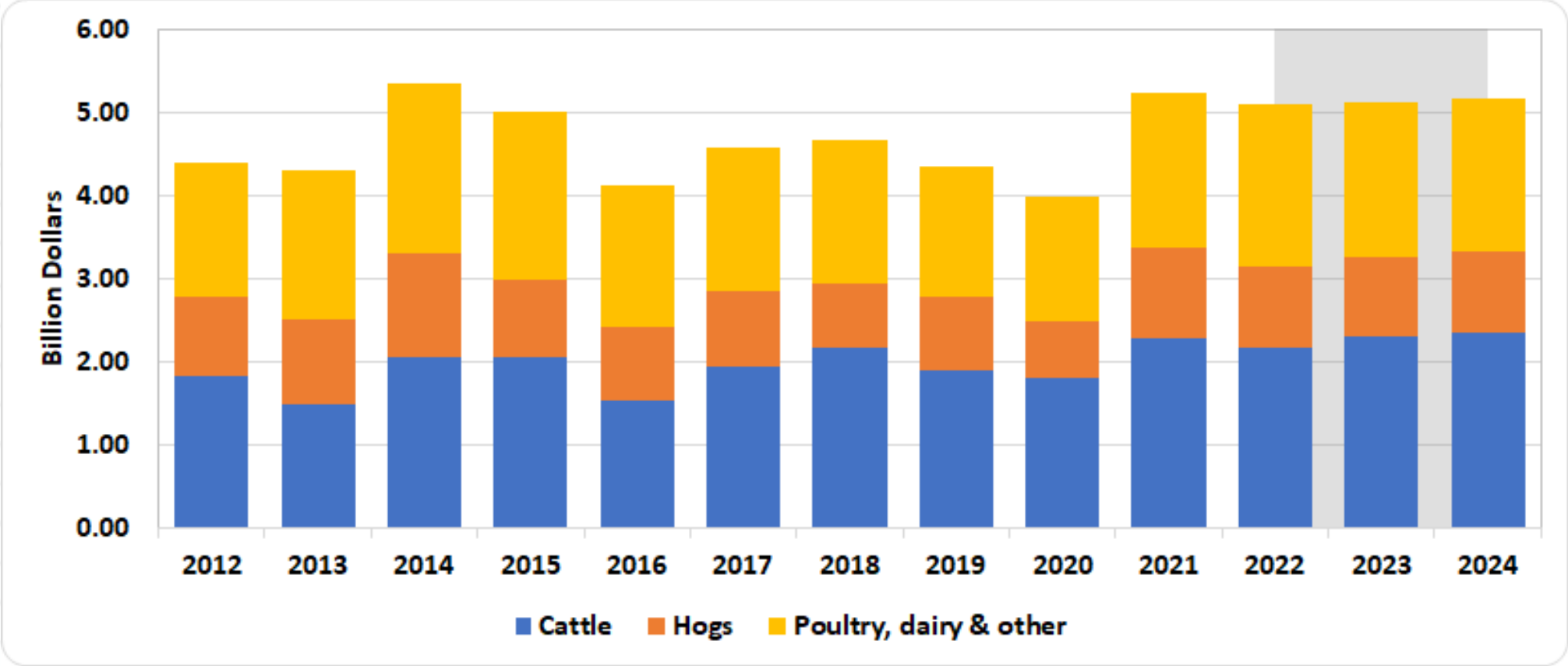
Crop receipts expected to set new records in 2021 and 2022



Source: Based on the FAPRI & AMAP baseline projections developed in January 2022.

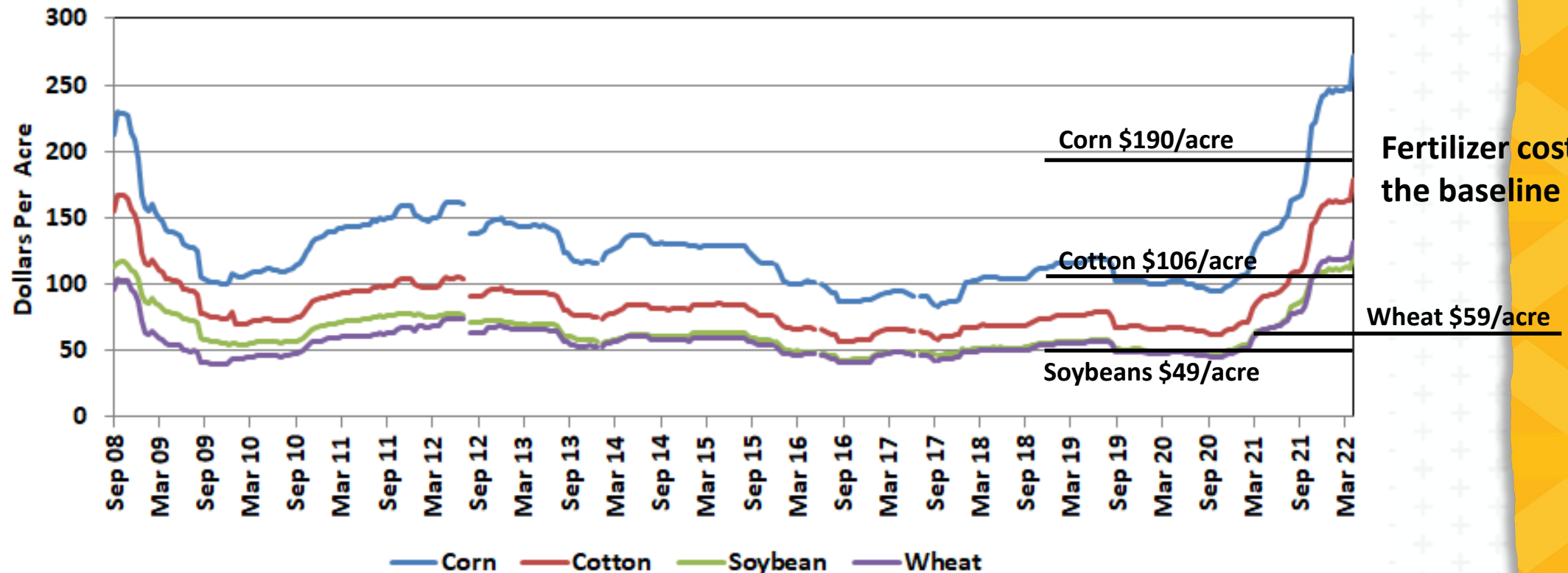


Livestock receipts increase in 2021



Source: Based on the FAPRI & AMAP baseline projections developed in January 2022.

Fertilizer prices push costs per acre to new levels (United States)



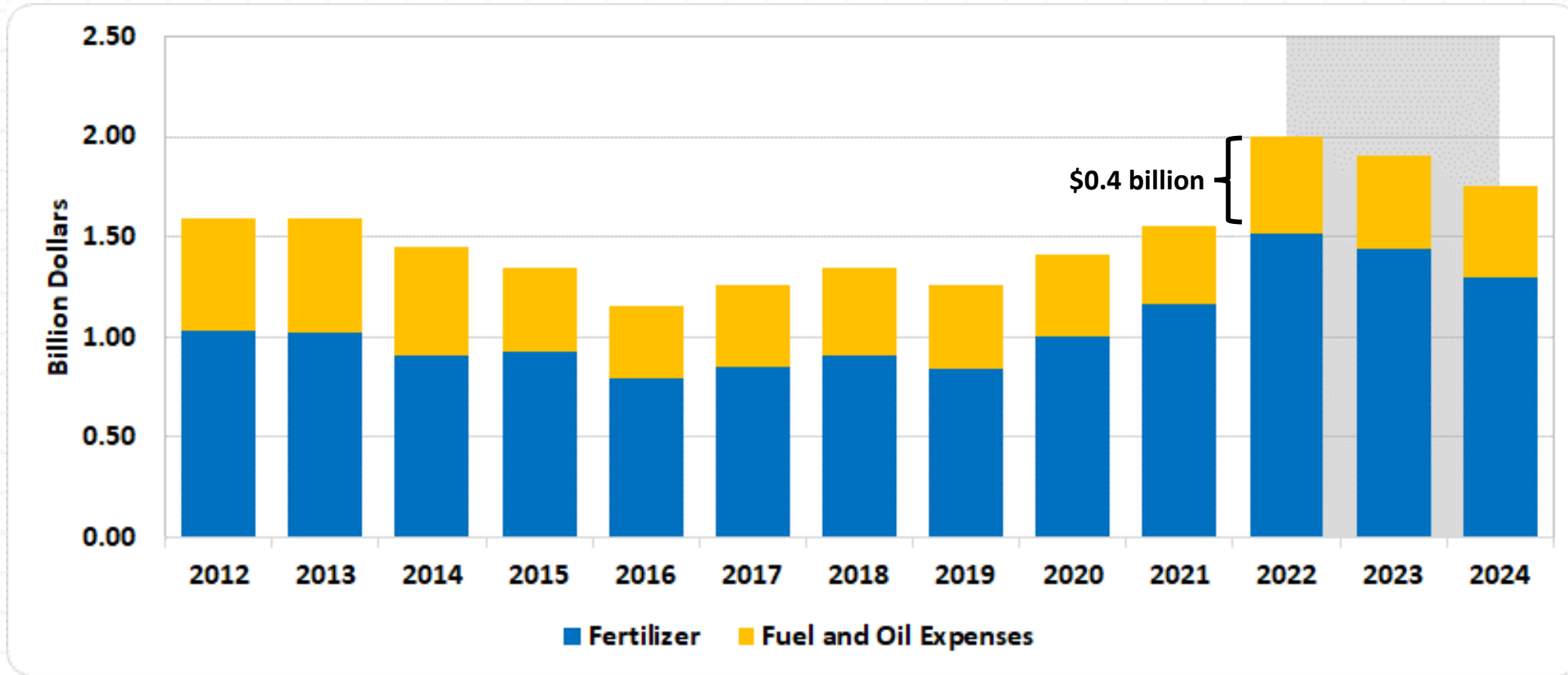
Fertilizer costs used in the baseline in black.

Wheat \$59/acre

Sources: Based on the FAPRI & AMAP baseline projections developed in January 2022.
USDA-ERS fertilizer application rates, USDA-AMS fertilizer prices, author calculations



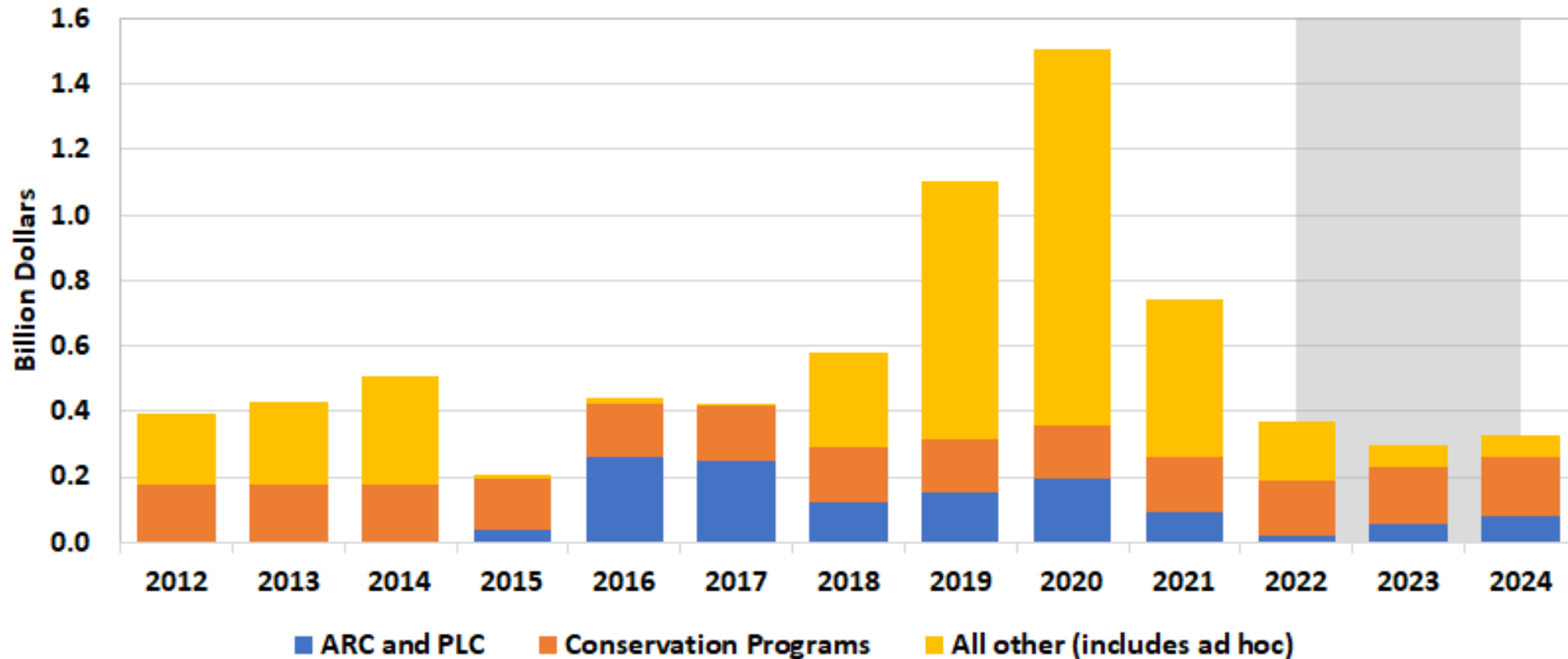
Fertilizer and fuel drive expenses higher in 2022



Source: Based on the FAPRI & AMAP baseline projections developed in January 2022.



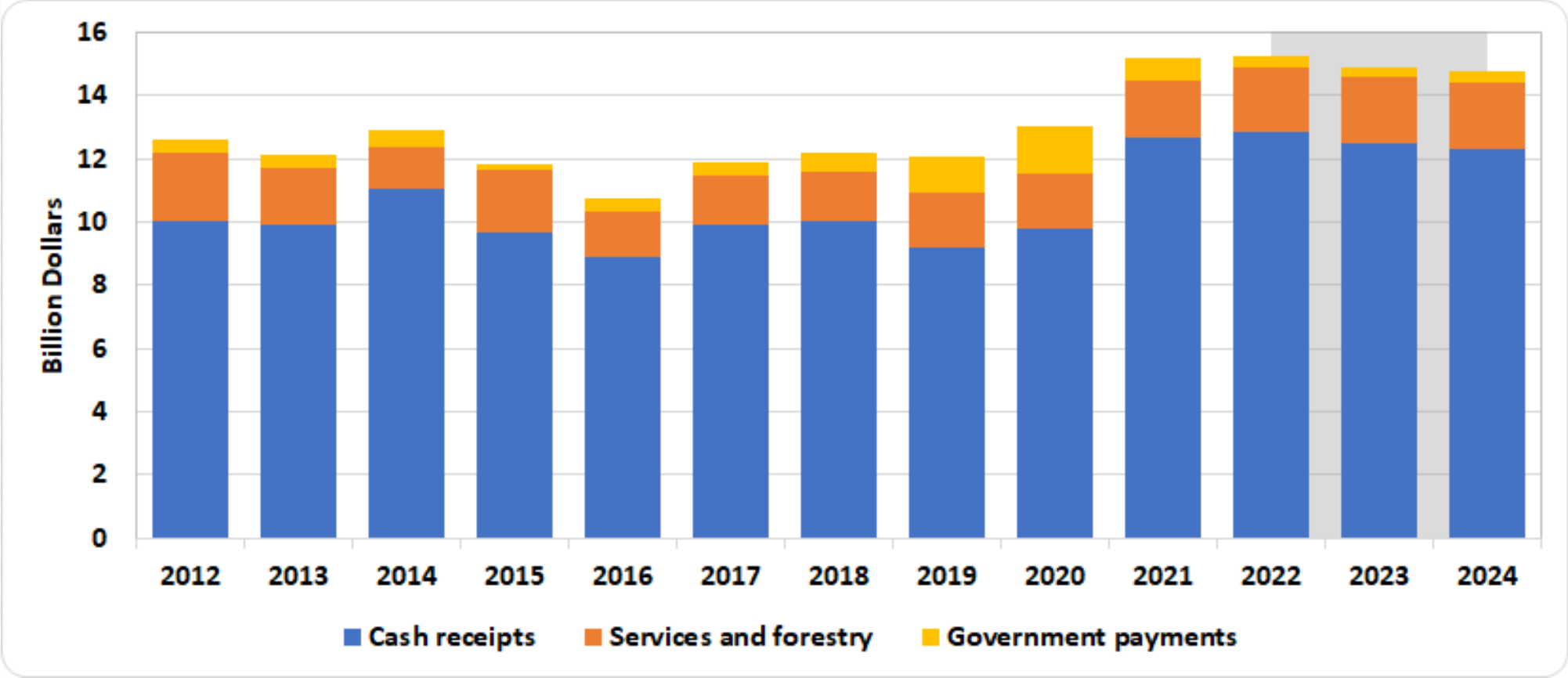
Government payments fall in 2022 with fewer ad-hoc payments



Source: Based on the FAPRI & AMAP baseline projections developed in January 2022.

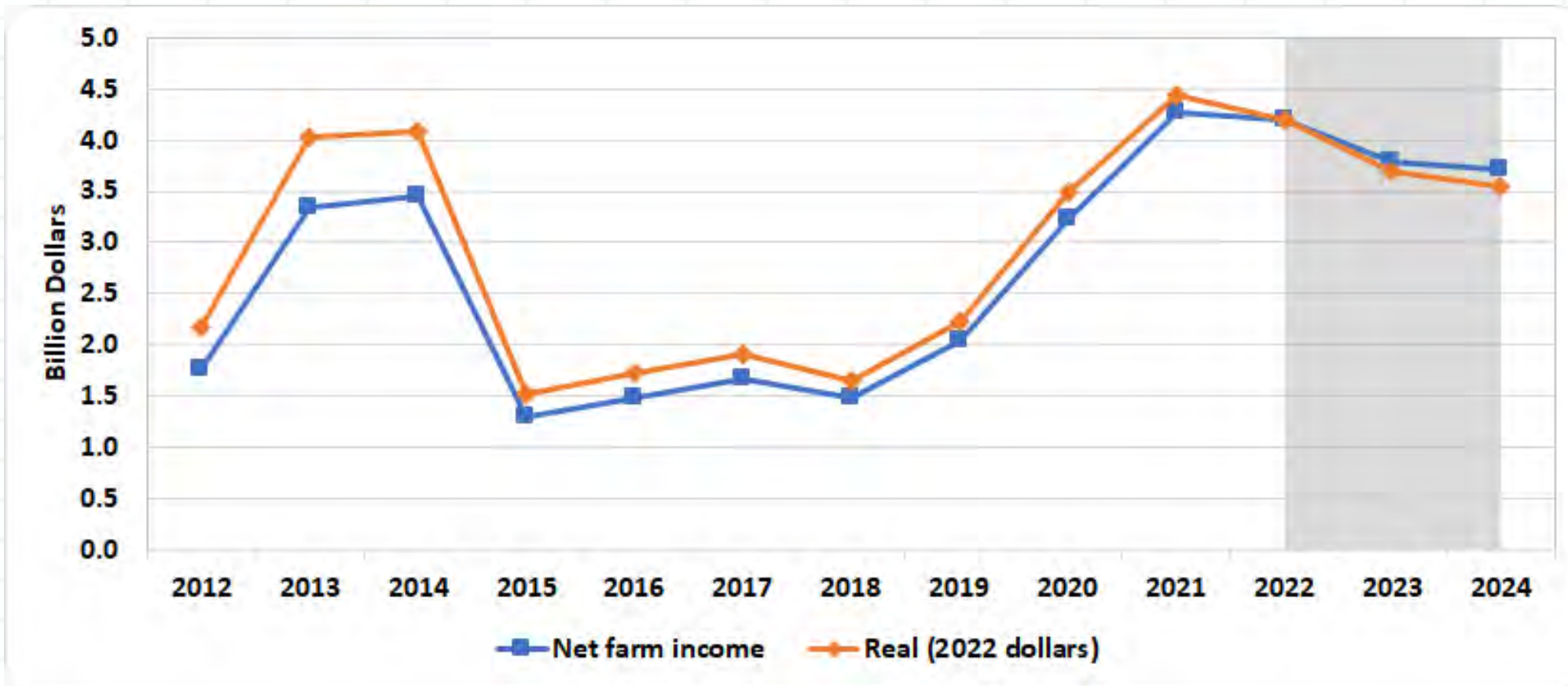


Increase in 2022 cash receipts offset lower government payments



Source: Based on the FAPRI & AMAP baseline projections developed in January 2022.

2022 net farm income steady despite higher input costs



Source: Based on the FAPRI & AMAP baseline projections developed in January 2022.



Summary

- Missouri net farm income is projected to remain strong in 2022 and stay above 2015-2019 levels over the forecast horizon.
- Tight global supplies for corn, soybeans, and wheat combined with the Russia/Ukraine war and uncertain 2022 growing conditions will contribute to price volatility. Fertilizer prices are expected to ease some, but may persist at elevated levels for the next few years.
- Stronger commodity prices may add to crop cash receipts but there will likely be some offset from higher production expenses – fertilizer, fuel, labor, etc.
- With market volatility likely, producers should utilize management tools to minimize risk.
- Although ad hoc government payments are projected lower, other programs such as USDA's "Climate Smart Commodities" may offer opportunities for new revenue streams.



Thank You!

John Kruse, PhD

KruseJ@missouri.edu

Presentation based on FAPRI-MU Report #03-22

Food and Agricultural Policy Research Institute (FAPRI)

Rural and Farm Finance Policy Analysis Center (RaFF)

This material is based upon work supported by the U.S. Department of Agriculture, under Agreements 58-0111-21-012, and the USDA National Institute of Food and Agriculture, Hatch project number MOC1537173.



College of Agriculture,
Food & Natural Resources
University of Missouri