

FARM POLICY OUTLOOK 2023

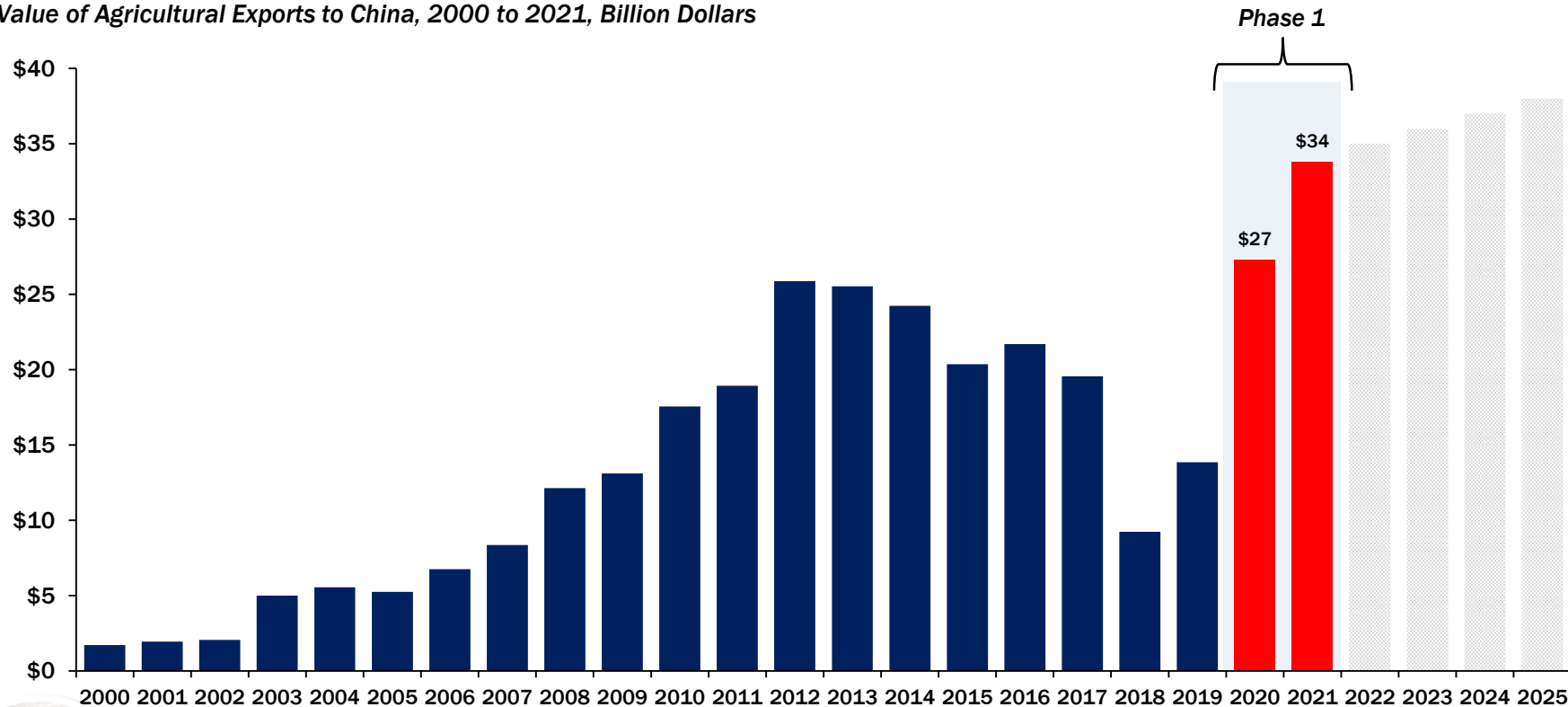


John Newton, Ph.D.

Chief Economist, U.S. Senate Committee on Agriculture, Nutrition, & Forestry

Phase 1 Was The Catalyst w/ Record Farm Exports to China

Value of Agricultural Exports to China, 2000 to 2021, Billion Dollars



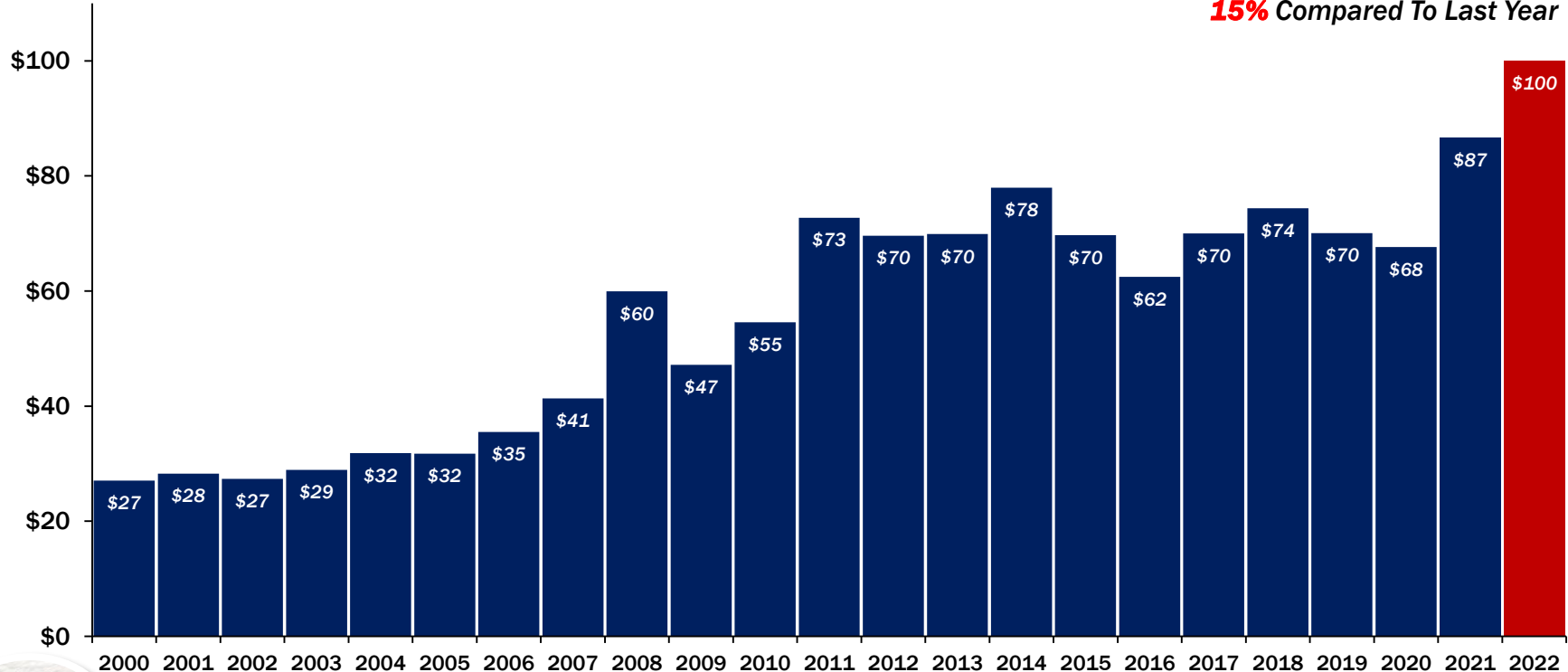
Senate Ag Committee Republicans

Senate Ag GOP Analysis, USDA FAS

U.S. Agricultural Exports Top \$100 Billion Through H1-22

Value of Agricultural Exports, January to June 2000 to 2022, Billion Dollars

U.S. Agricultural Exports Are Up
15% Compared To Last Year

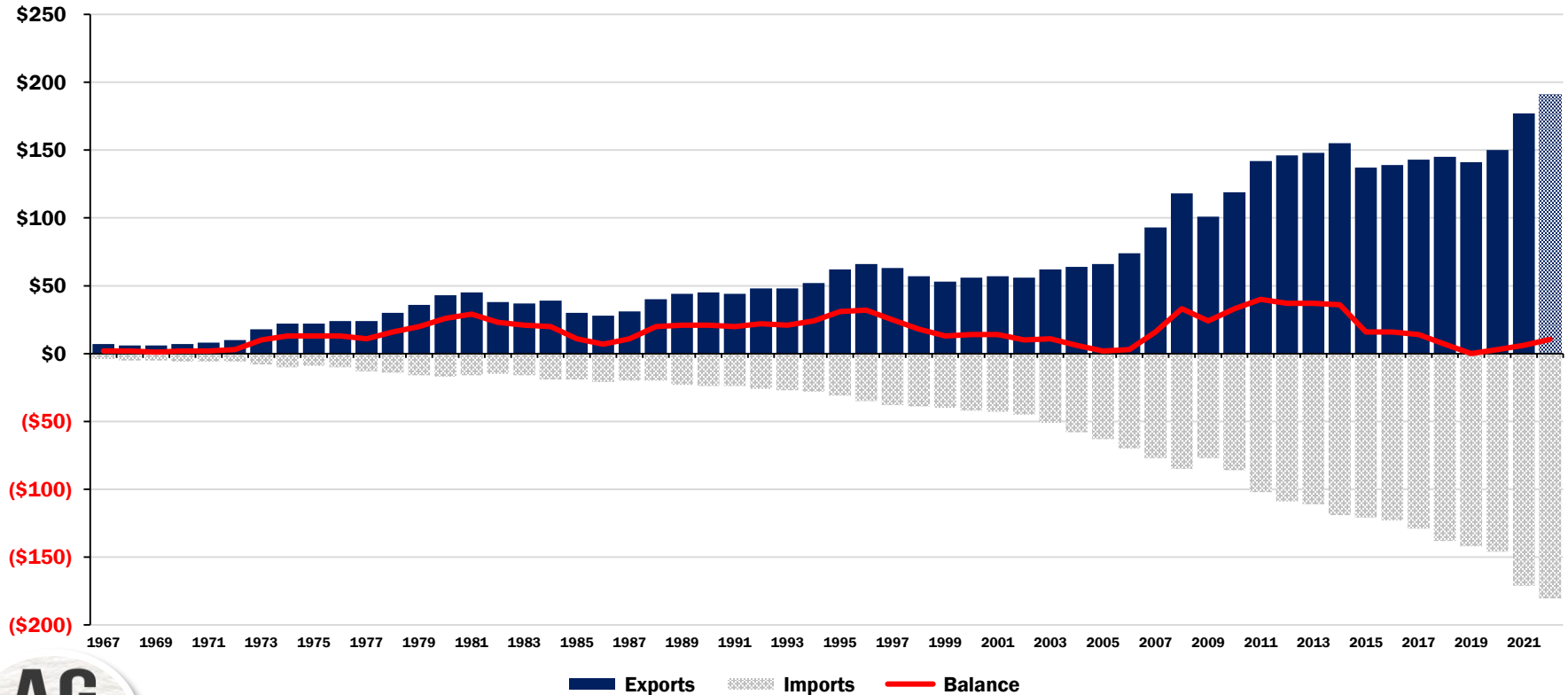


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U.S. Agricultural Trade To Set Record \$191B

Value of Agricultural Exports, Imports, and Trade Balance, 1967 to 2022 Projected, Billion Dollars



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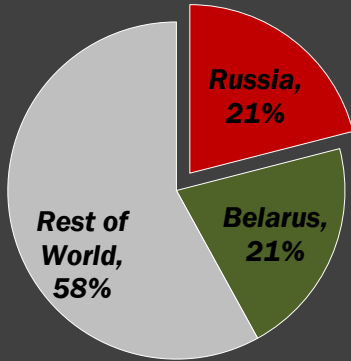
Senate Ag GOP Analysis, USDA FAS, Imports Depicted As A Negative Value



Global Fertilizer and Crop Trade

Share of Global Trade

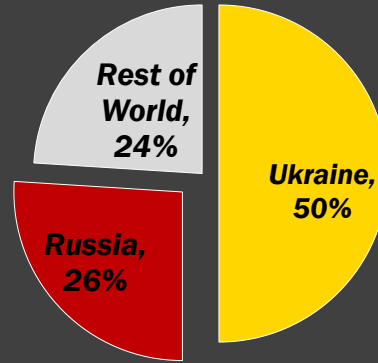
Potash



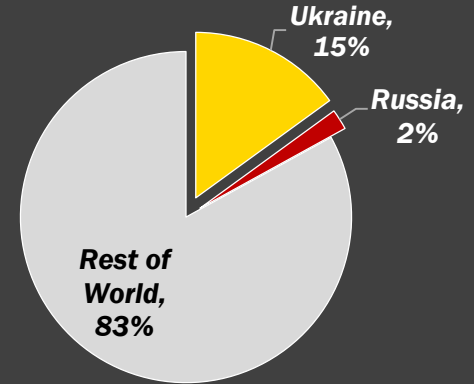
Wheat



Sunflower



Corn



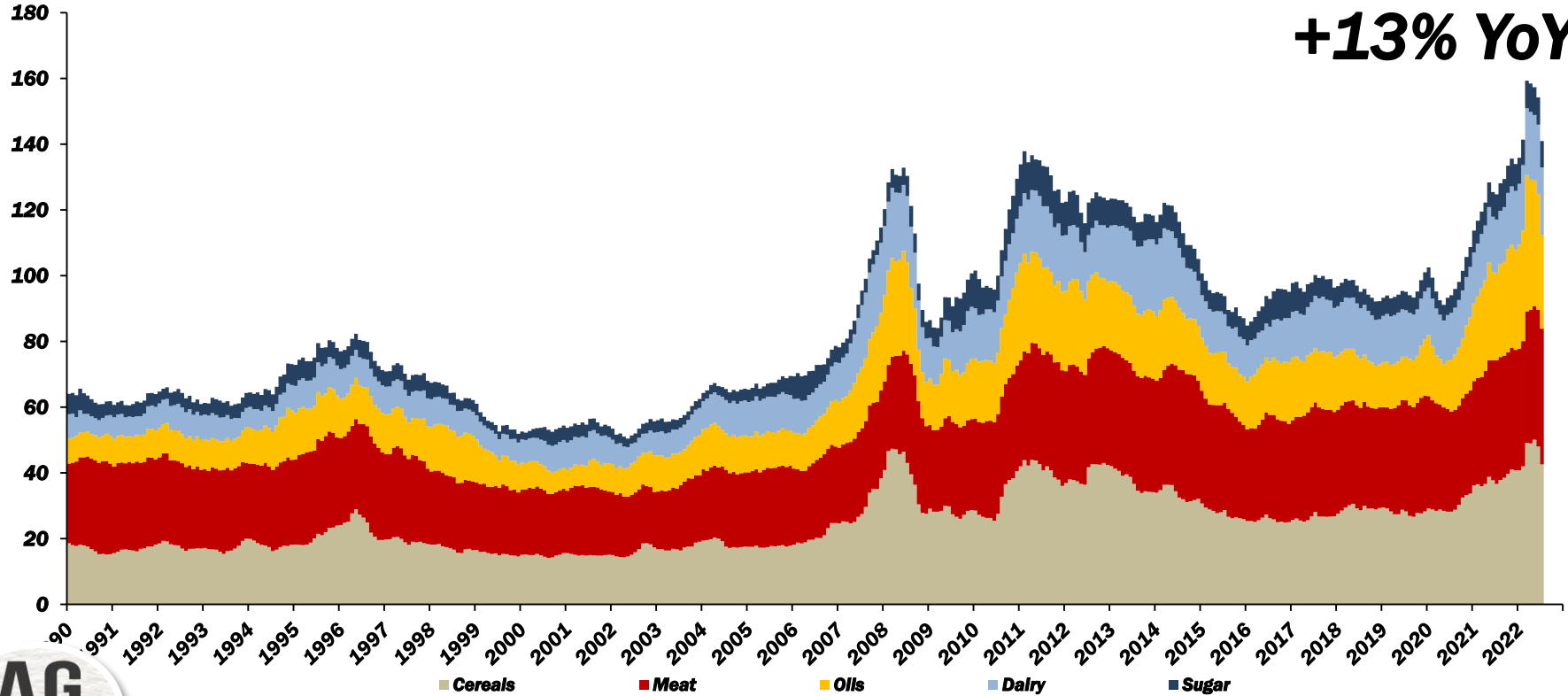
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Global Food Prices Soared w/ Invasion

Food and Agriculture Organization's Food Price Index, By Component Category, 2014-2016 = 100

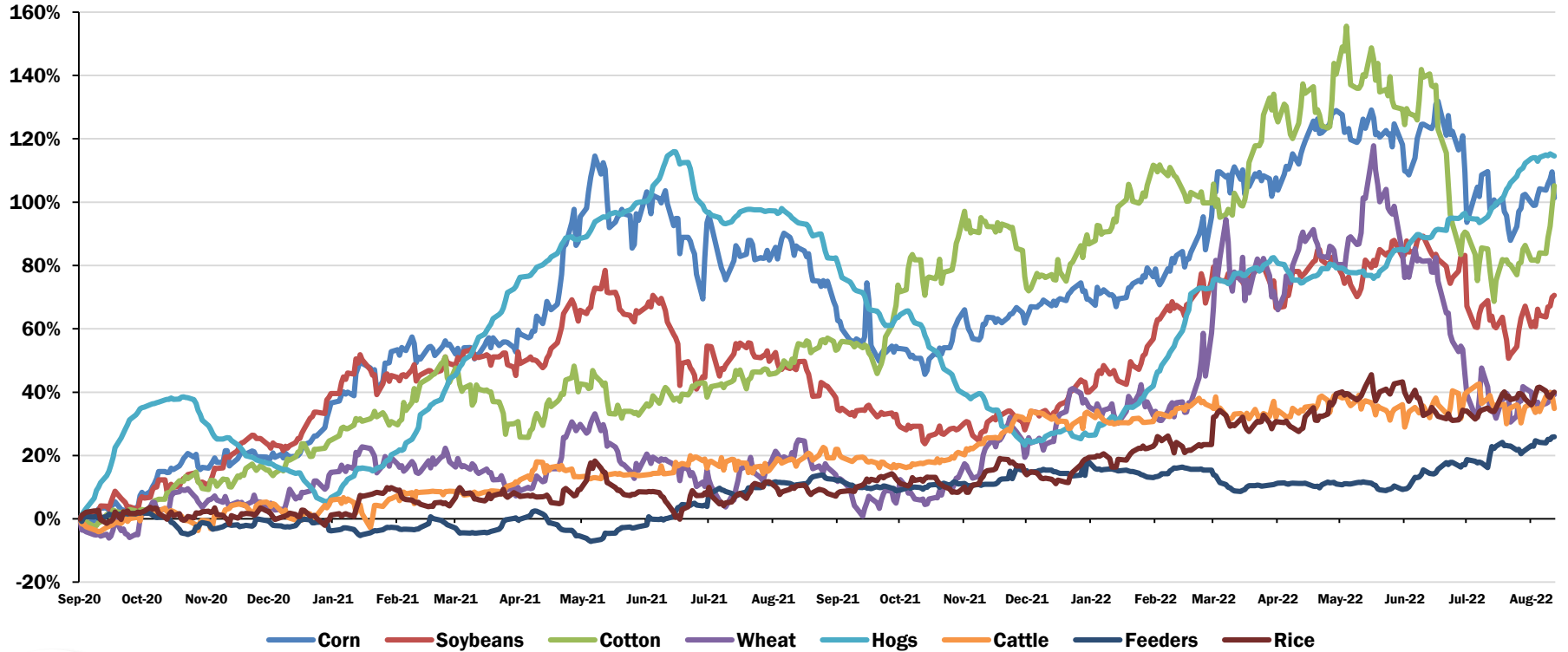
+13% YoY



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Senate Ag GOP Analysis, UN FAO

Cumulative Change in Cash Price Since Sep. 2020

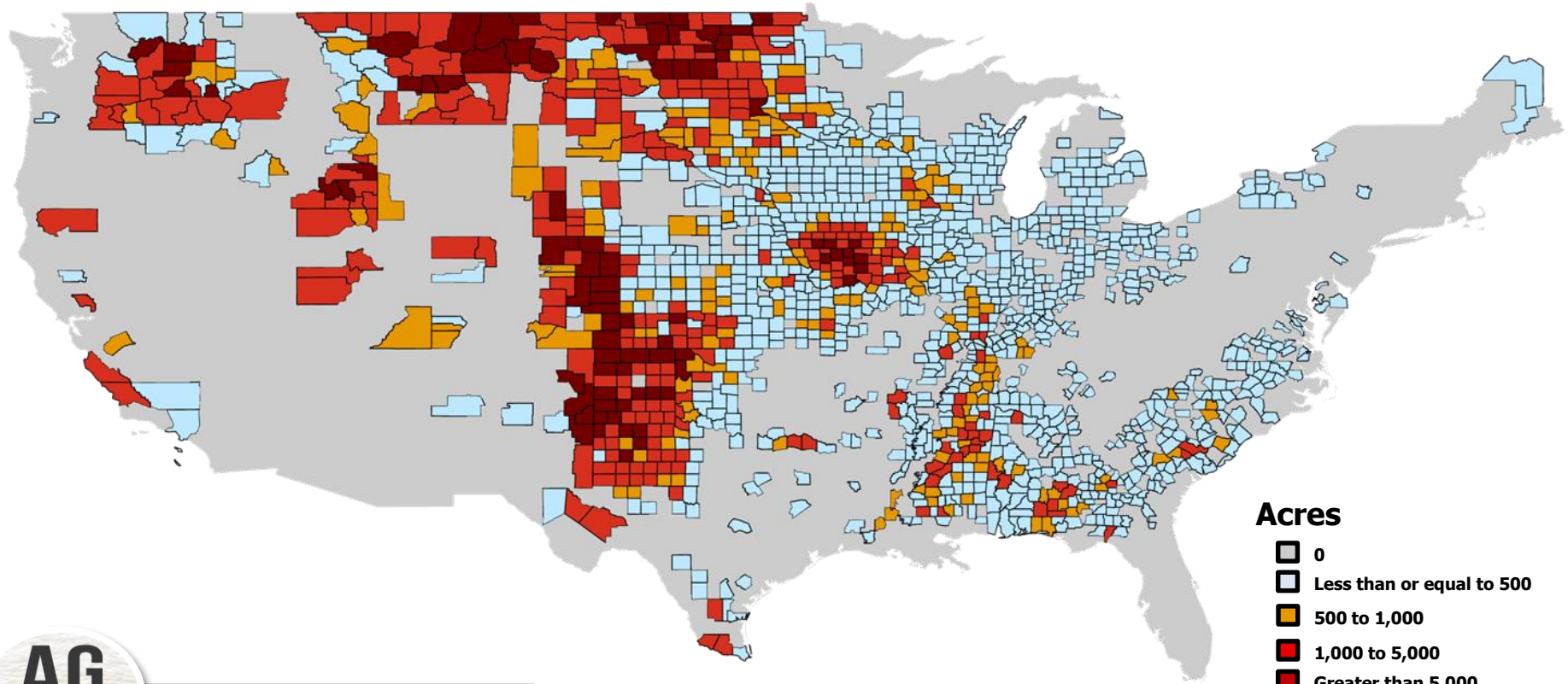


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Senate Ag GOP Analysis, Barchart

1.7 Million Acres In Expiring CRP Contracts Coming Online

49% Of Eligible Acres Exited The Program



Acres

- 0
- Less than or equal to 500
- 500 to 1,000
- 1,000 to 5,000
- Greater than 5,000

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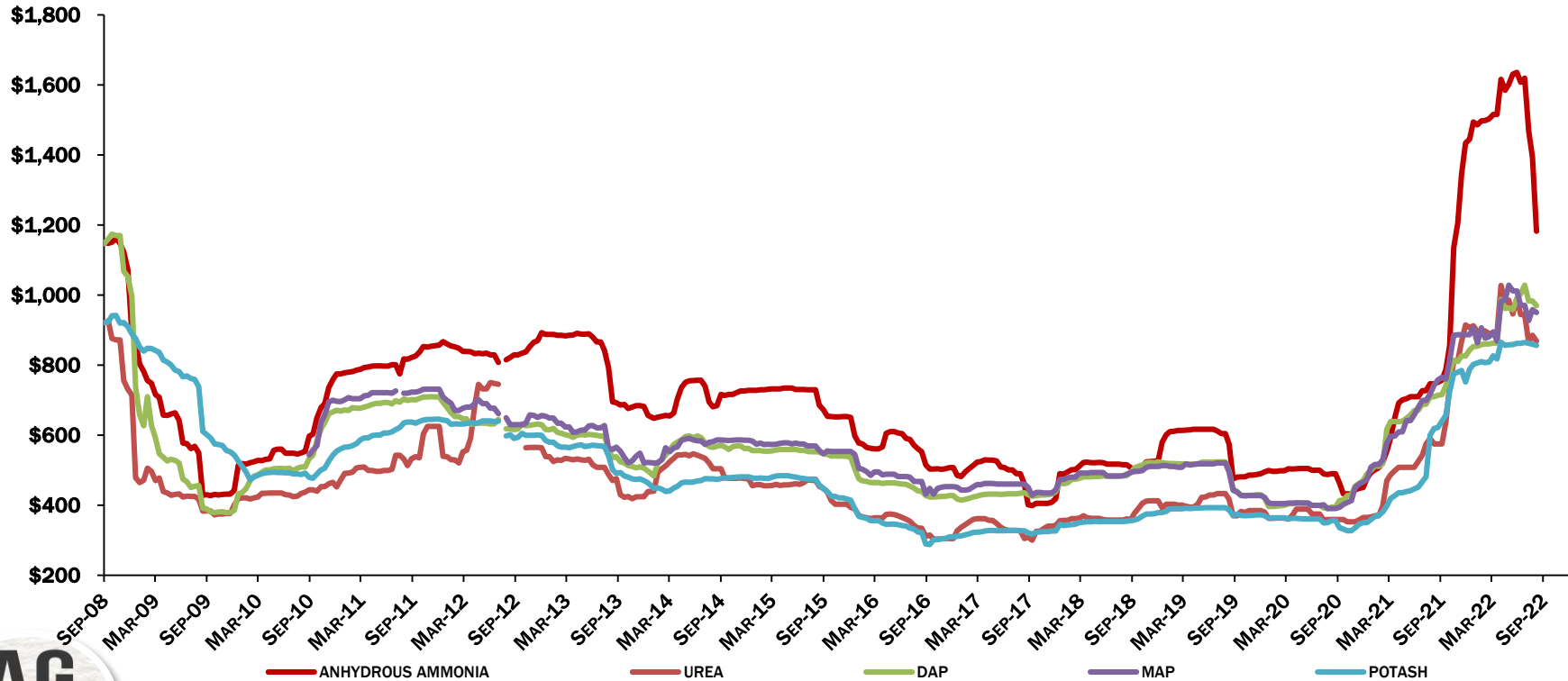
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Senate Ag GOP Analysis, USDA FSA

Fertilizer Prices Reach Record-Highs

Illinois Production Cost Summary, Cash Prices Bulk, FOB CO-OP/Elevator, Dollars Per Ton



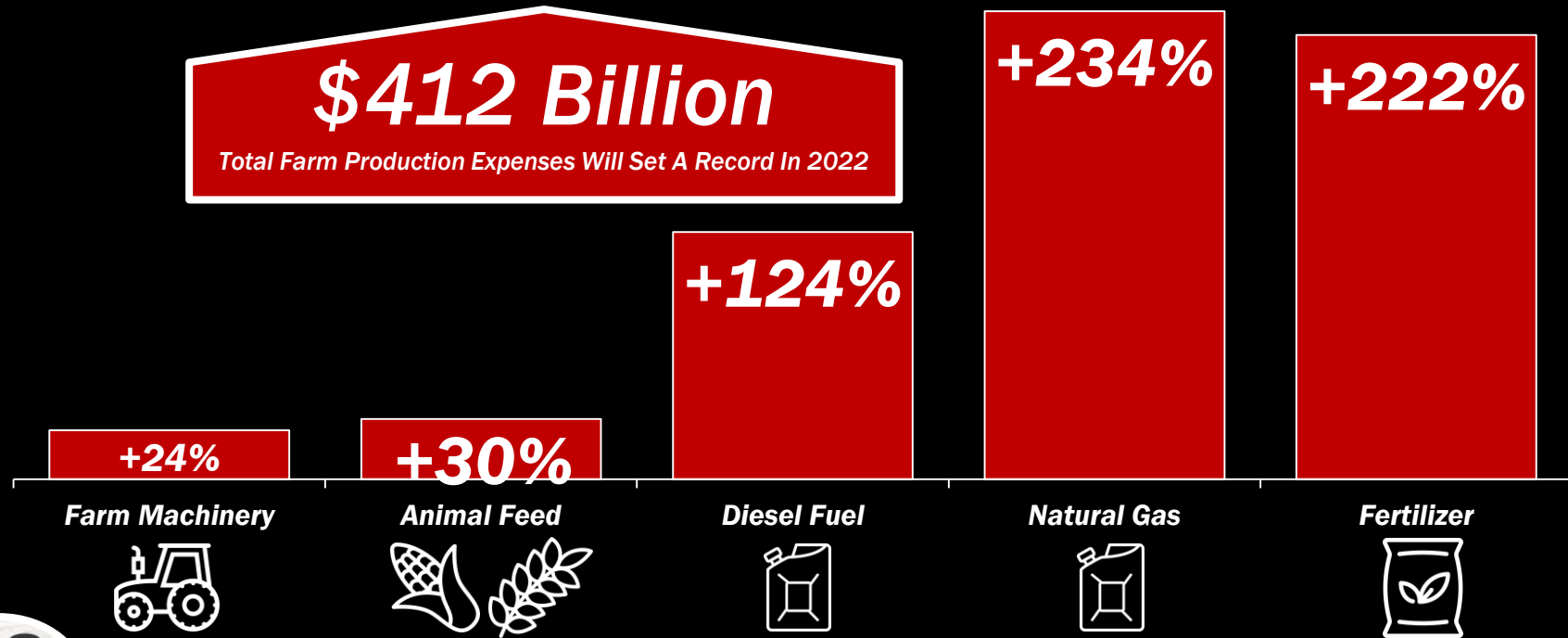
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Senate Ag GOP Analysis, USDA AMS



Inflation Remains A Concern In Farm Country

Percent Change in Farm Production Expenses, January 2021 to Present

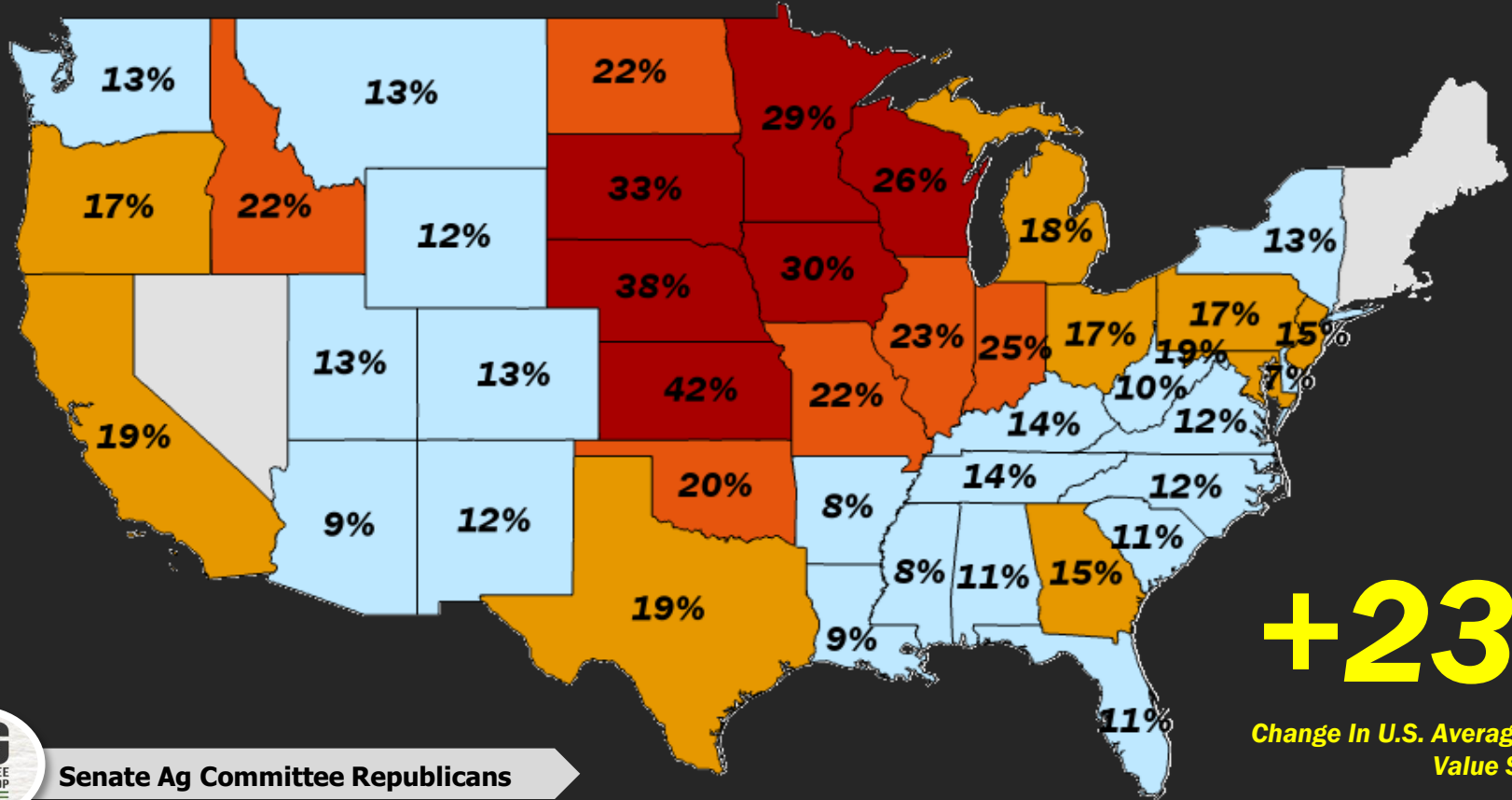


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Senate Ag GOP Analysis, Barchart, Energy Information Administration, USDA AMS, Bloomberg.

Change In U.S. Cropland Values Since 2020

Percentage Change In Average Cropland Values, 2020 to 2022



+23%

Change In U.S. Average Cropland Value Since 2020

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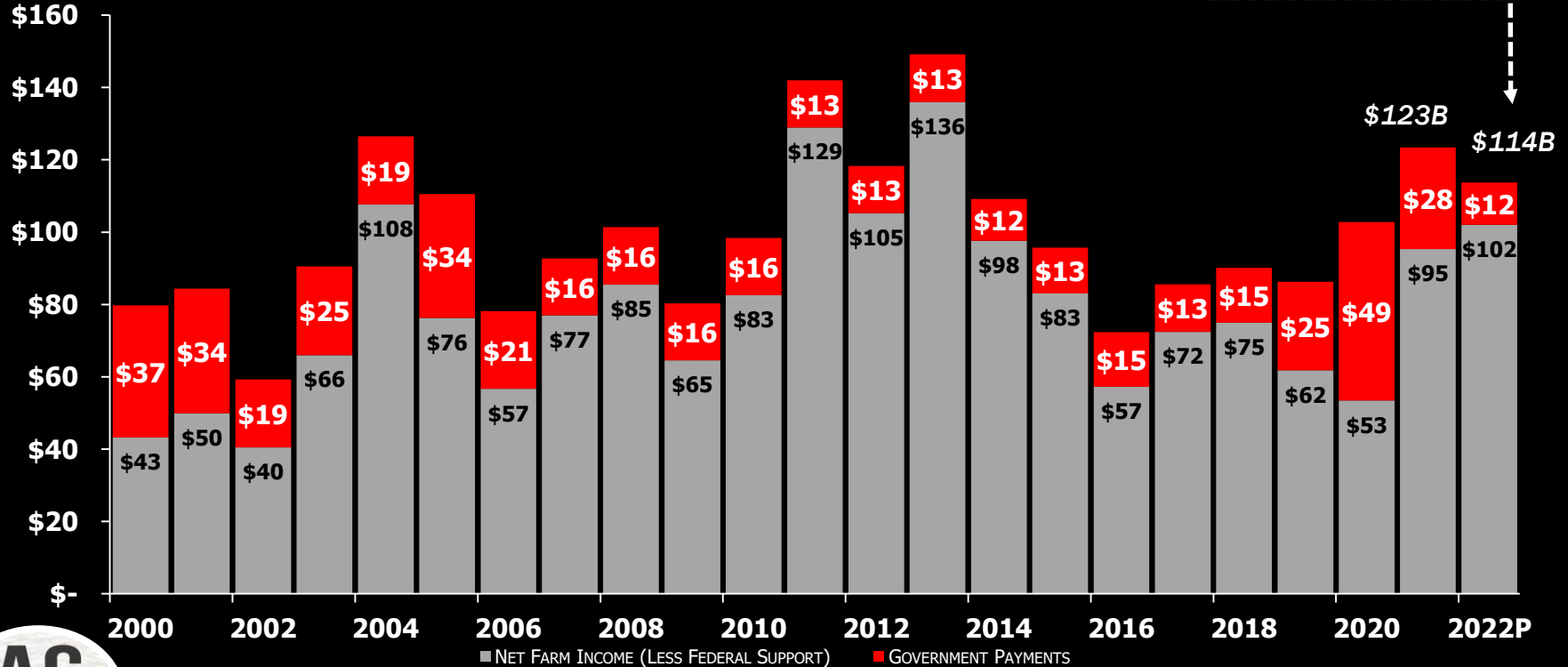
Senate Ag GOP Analysis, USDA NASS

Farm Economy Slowed in '22

Inflation-Adjusted U.S. Net Farm Income, 2000 to 2022P, Billion Dollars

-\$9.7 Billion

Change in inflation-adjusted
net farm income during 2022.

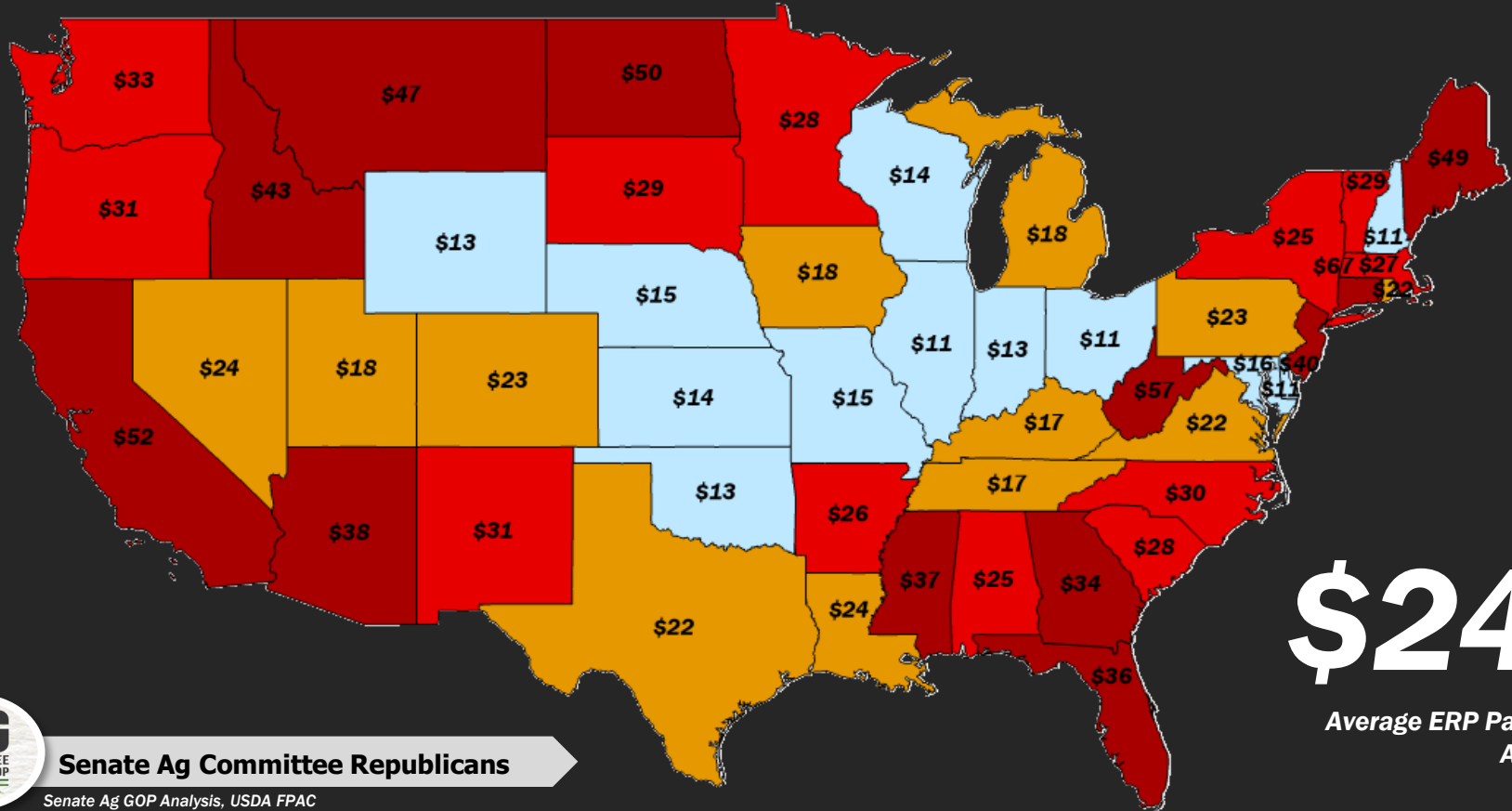


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Senate Ag GOP Analysis, USDA ERS

\$6.4B In Emergency Relief Program Benefits

Average ERP Payment Per Application, \$1,000



\$24K

Average ERP Payment Per Application

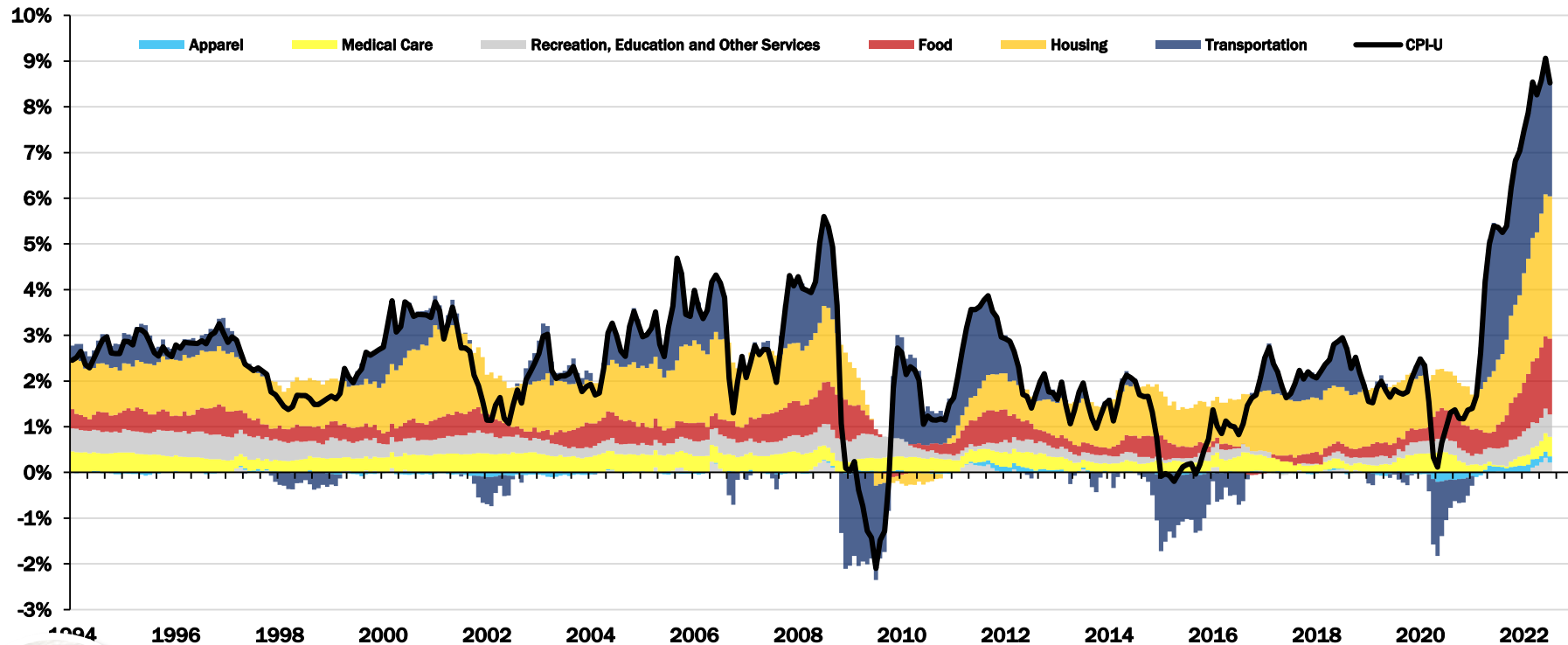
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Senate Ag GOP Analysis, USDA FPAC

Inflation Decomposed, CPI-U +8.5% in July,

Change In Consumer Price Index, Weighted By Category, 1994 to Present

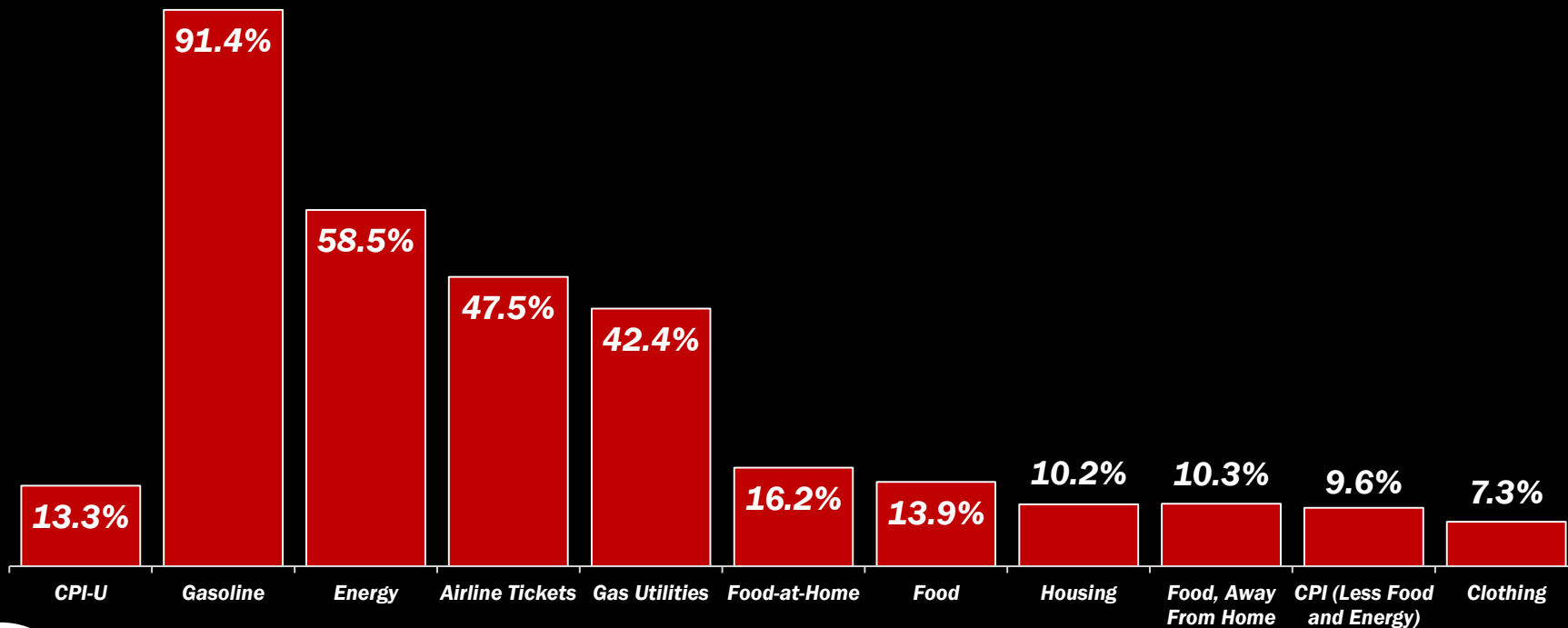


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Senate Ag GOP Analysis, Bureau of Labor Statistics

Inflation Under This Administration

Percentage Change In CPI Index Since January 2021



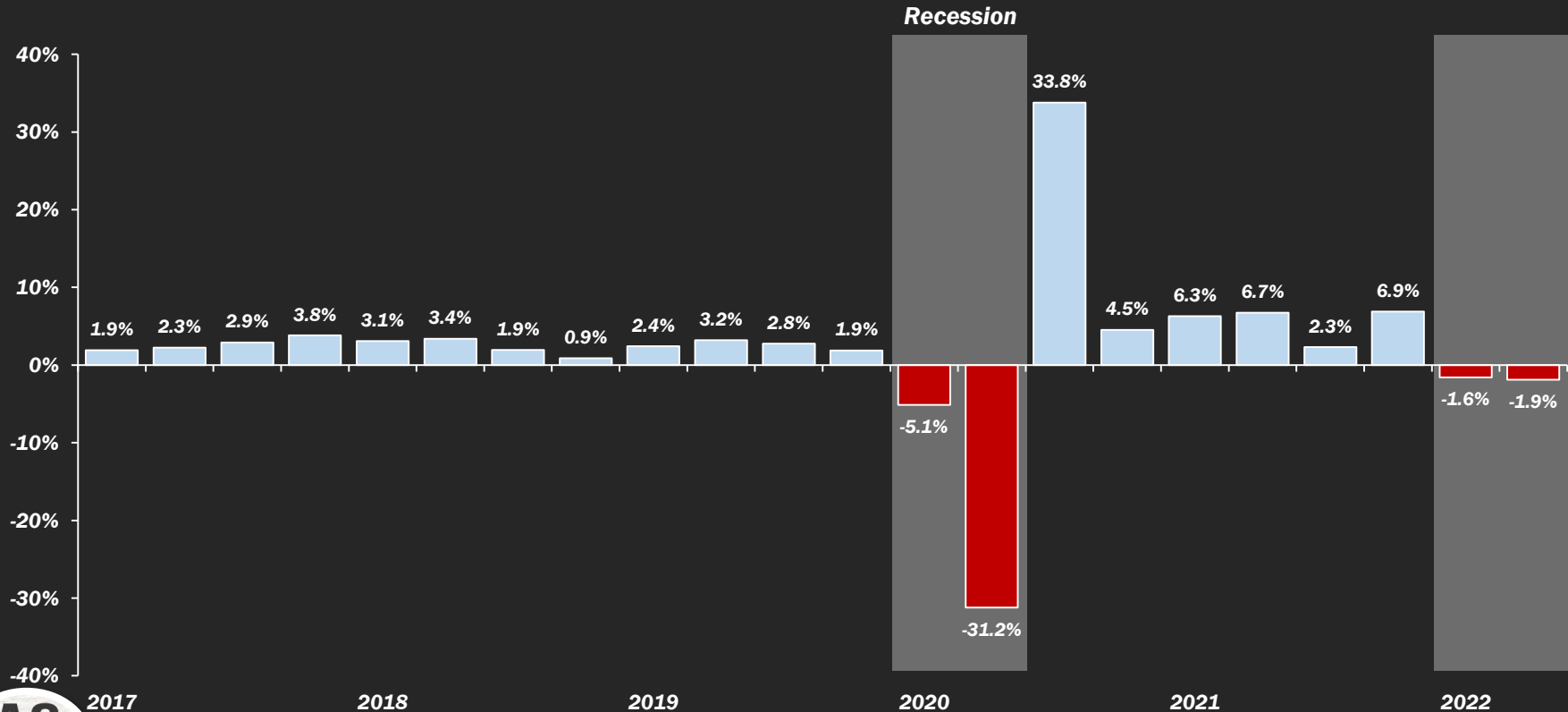
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2nd Quarter GDP Growth Down 1.9%

Annual Pace Of Real GDP Growth, Percent



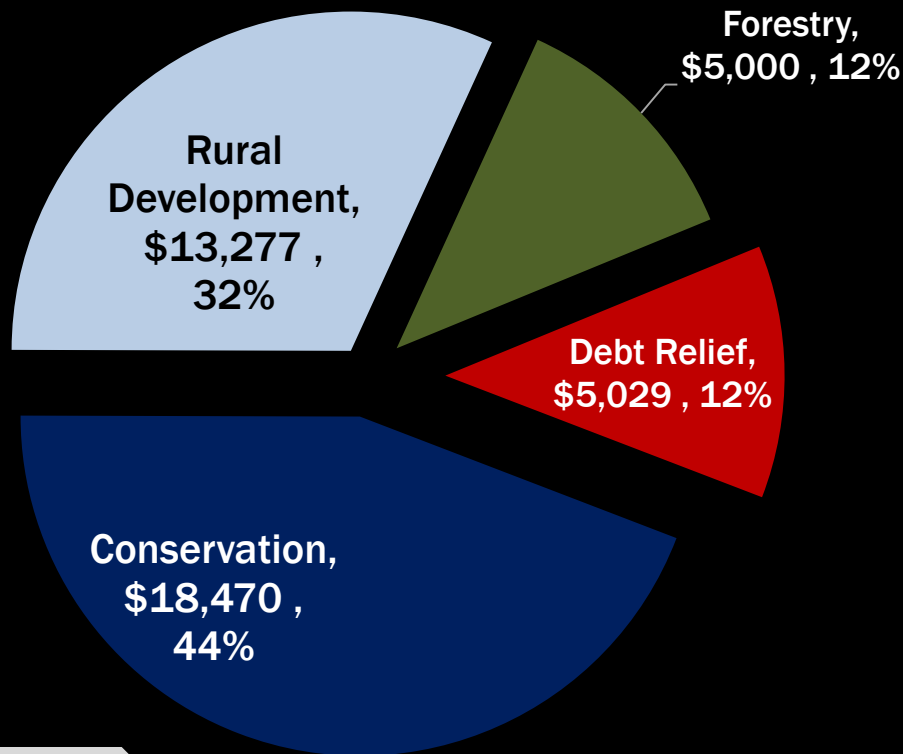
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Senate Ag GOP Analysis, UN FAO

Ag & Inflation Reduction Act

Agriculture-Related Budget Authority, Million Dollars



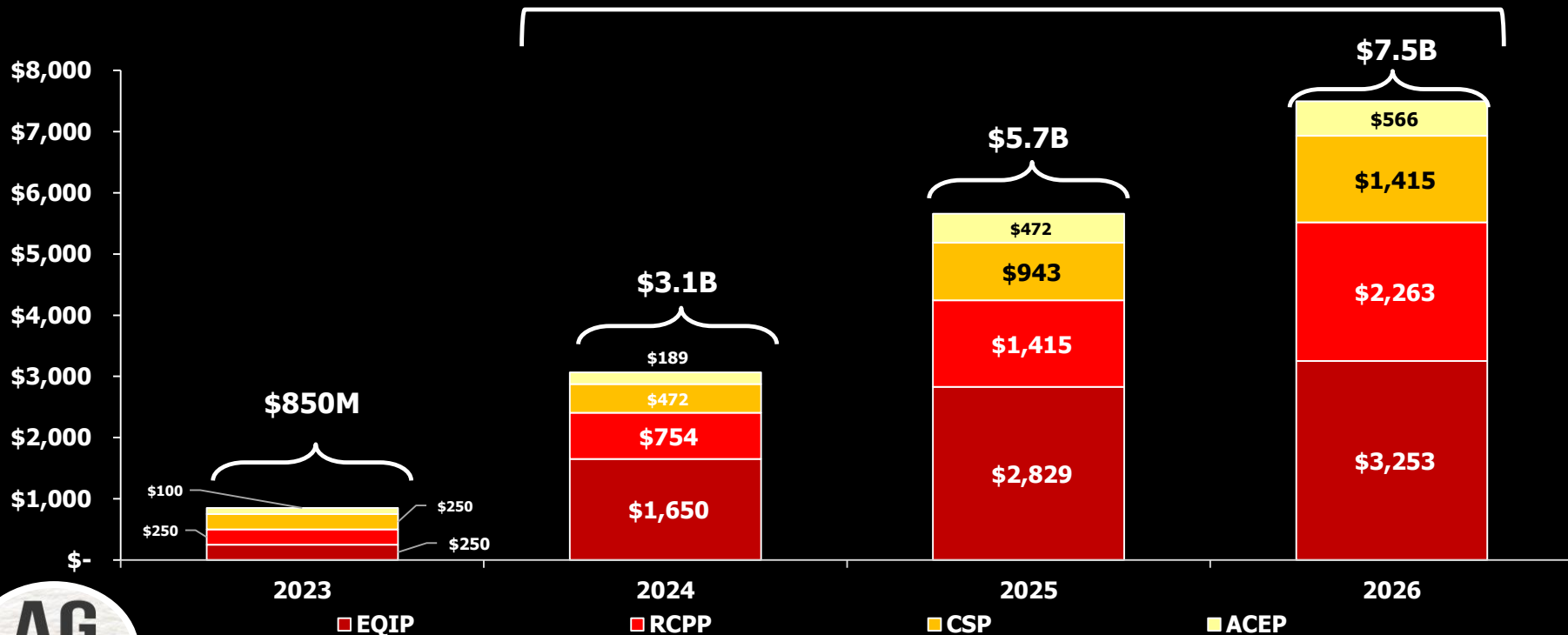
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Senate Ag GOP Analysis, Inflation Reduction Act

New Conservation Spending

Conservation Budget Authority, Million Dollars

\$16B, 95% OF SPENDING

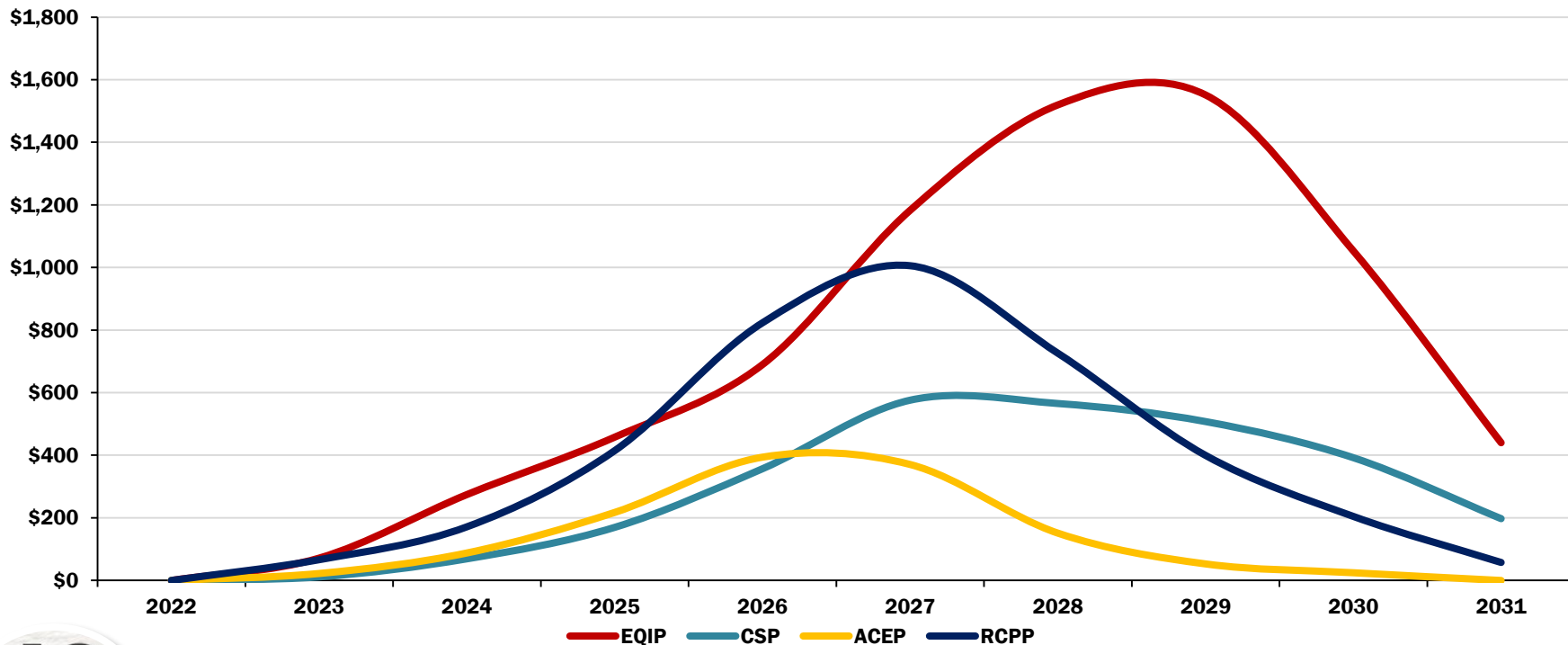


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Senate Ag GOP Analysis, Inflation Reduction Act

Extends 2023 Farm Bill Conservation To 2031

Conservation (EQIP, CSP, RCPP, ACEP) Outlays, Million Dollars



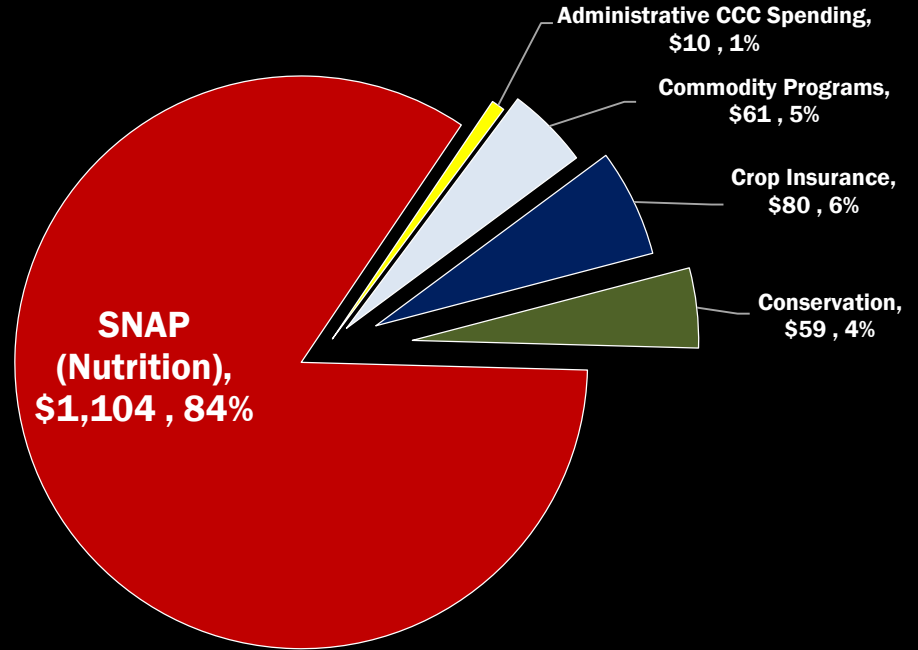
Senate Ag Committee Republicans

Senate Ag GOP Analysis, Congressional Budget Office

Spending For Select Farm Bill Programs

USDA Mandatory Farm & Nutrition Program Spending, 2023 to 2032, Billion Dollars

\$1.3 Trillion
May 2022 CBO Baseline

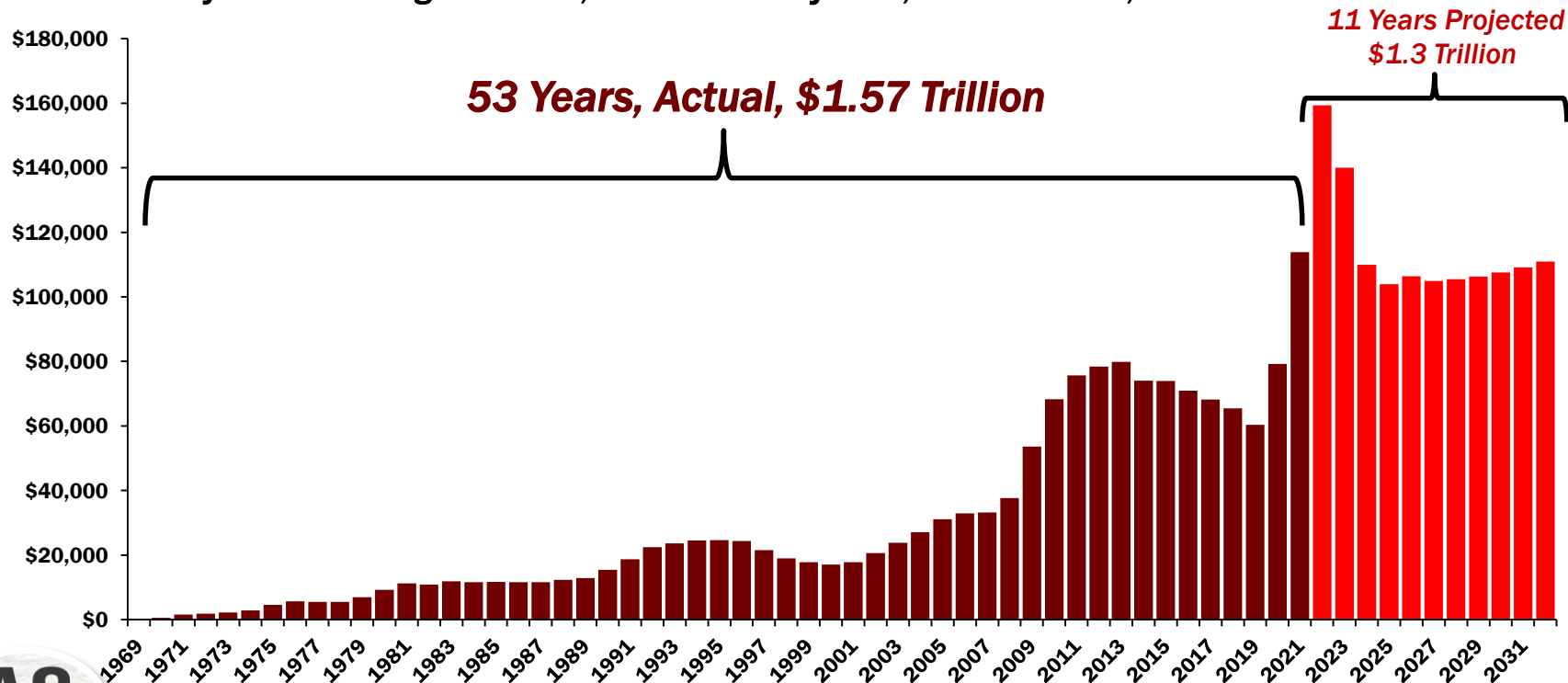


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Senate Ag GOP Analysis, Congressional Budget Office

Supplemental Nutrition Program Costs

USDA Mandatory Nutrition Program Costs, Actual and Projected, 1969 to 2032, Million Dollars

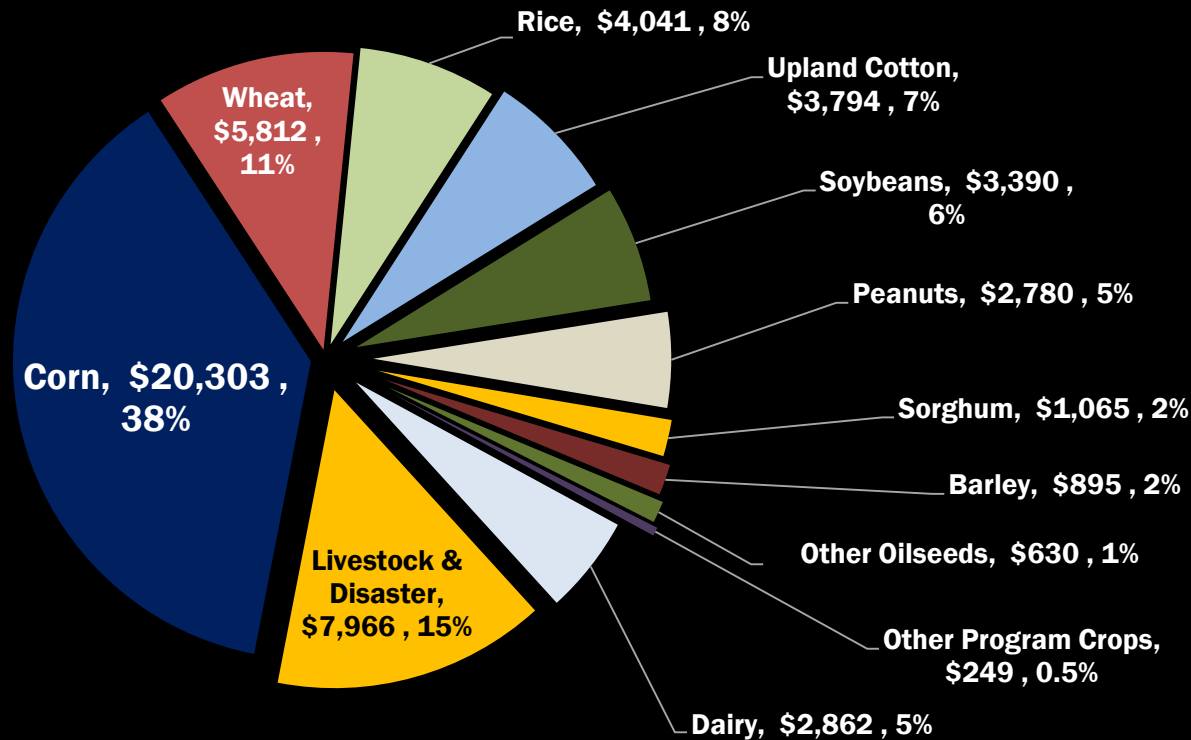


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Senate Ag GOP Analysis, Congressional Budget Office, USDA FNS

Program Payments By Commodity

Commodity Program Payments and Marketing Loan Benefits, 2023 to 2032, Million Dollars



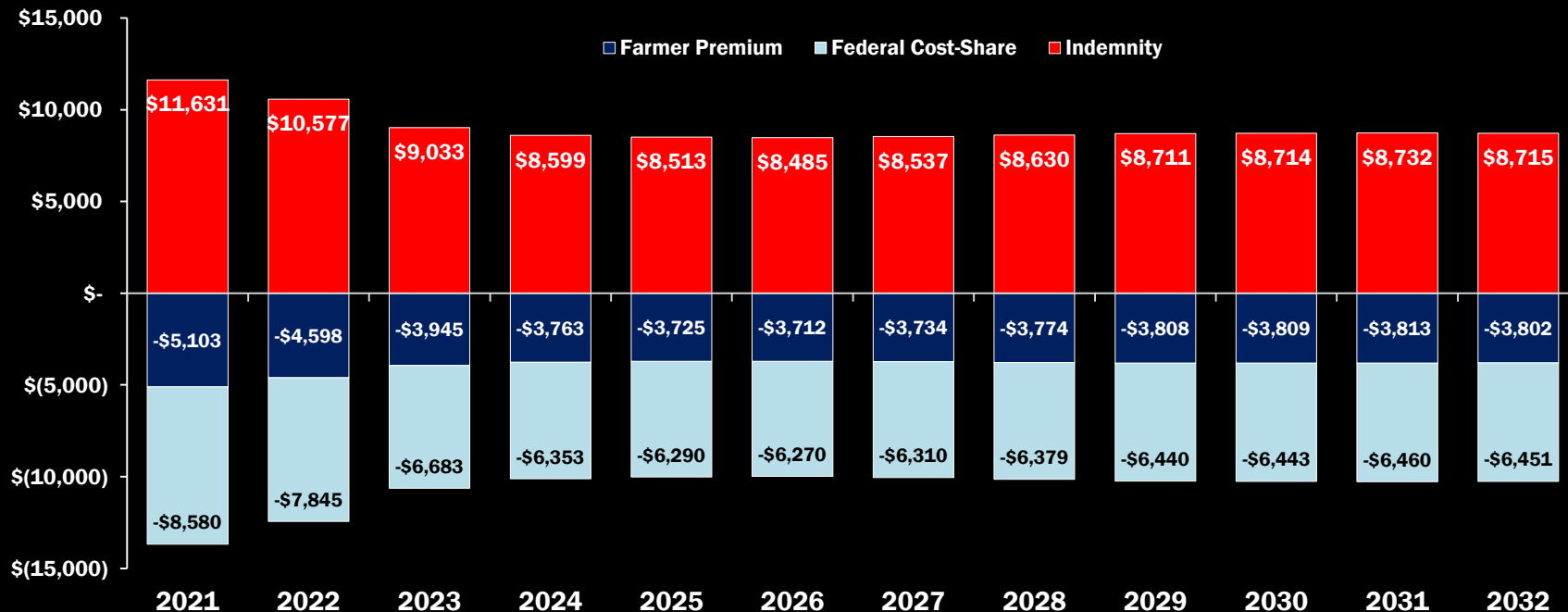
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Senate Ag GOP Analysis, Congressional Budget Office, Other Program Crops Include Lentils, Dry Peas, Chickpeas (Large and Small), and Oats

Projected Crop Insurance Performance

Farmer Premiums, Federal Cost-Share, and Total Indemnities, Million Dollars

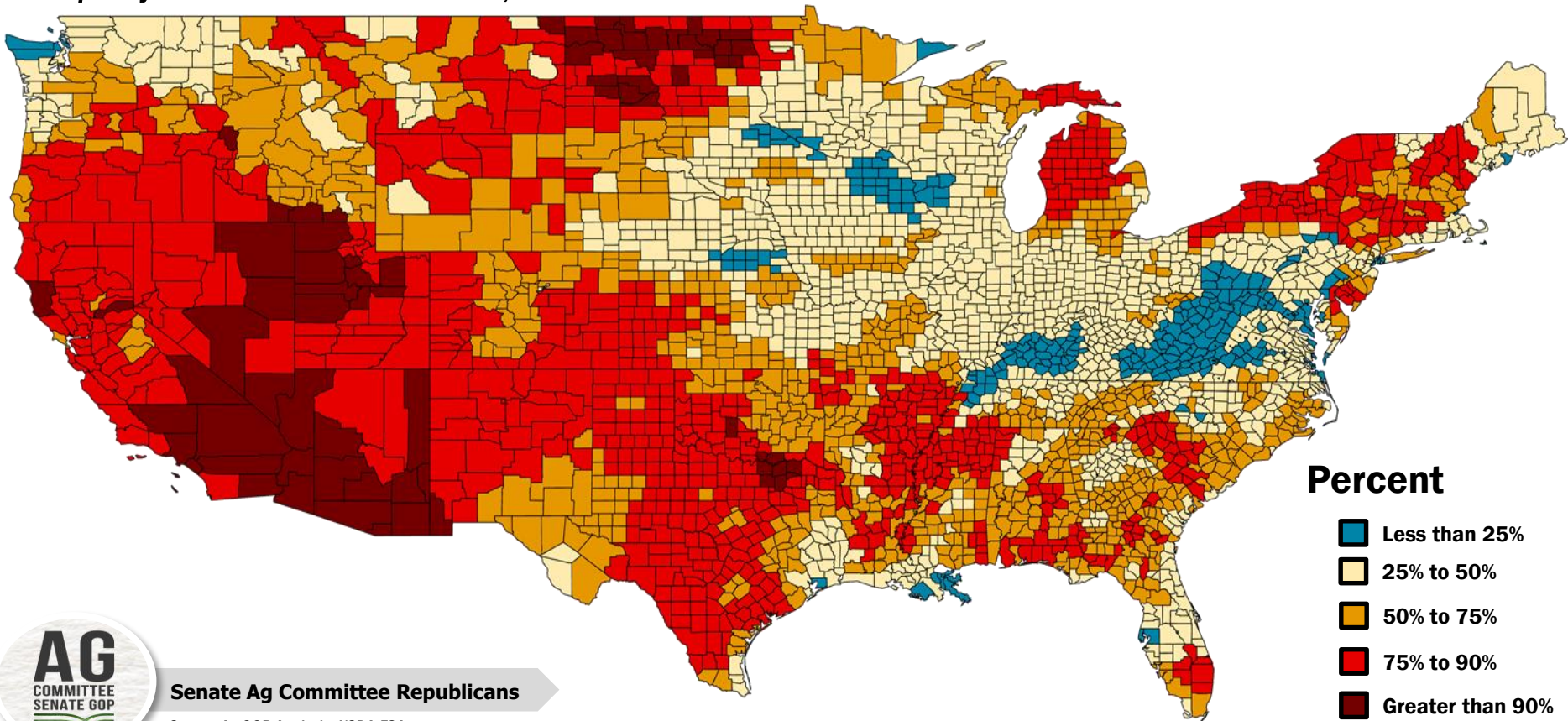


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Senate Ag GOP Analysis, Congressional Budget Office

Crop Insurance Can Respond To Natural Disasters

Frequency of USDA Disaster Declarations, 2012 to 2021

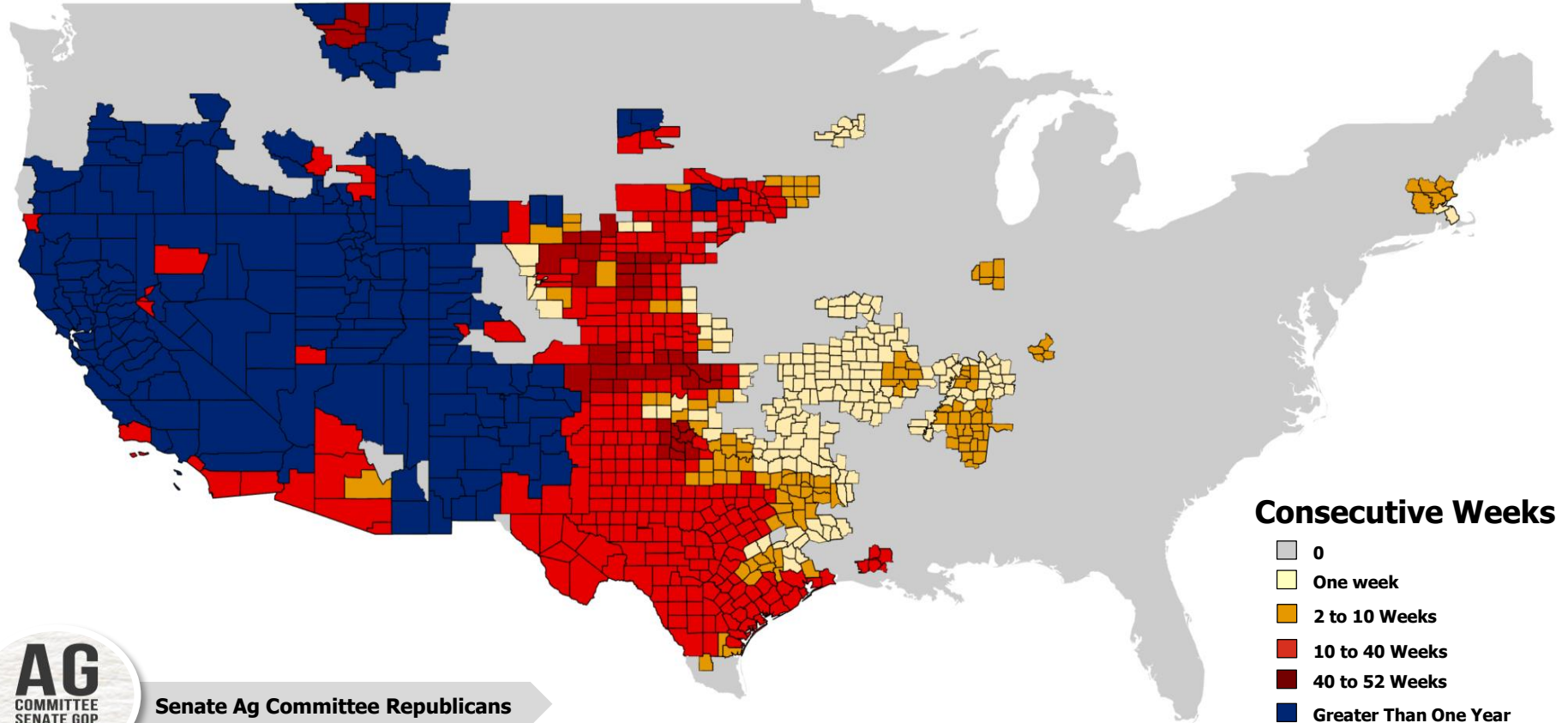


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Senate Ag GOP Analysis, USDA FSA

The Current Drought Is Spreading East

Consecutive Weeks Of D2 (Severe Drought) Or Worse Drought, As Of July 17, 2022

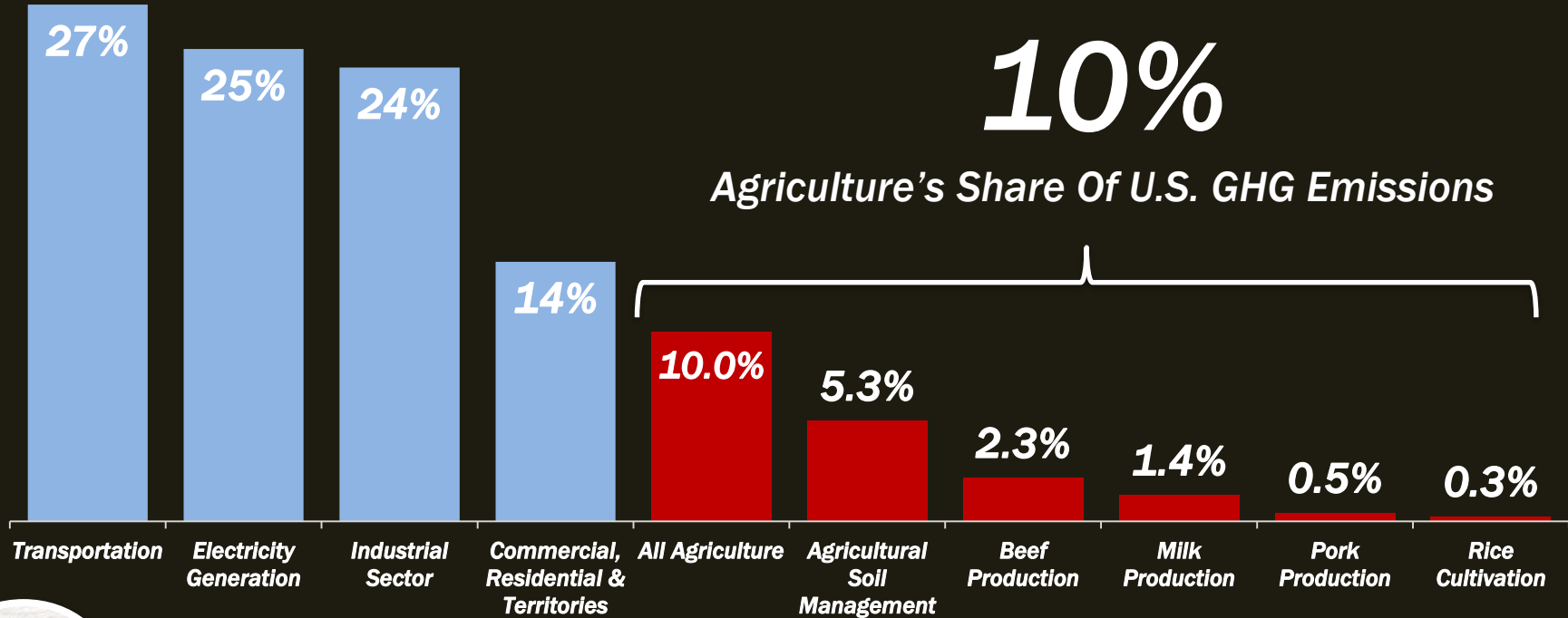


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Senate Ag GOP Analysis, U.S. Drought Monitor

Climate Is A Priority For This Administration

U.S. GHG Emissions By Source, IPCC, (MMTCO₂e), 2020, Down 4% In 2020

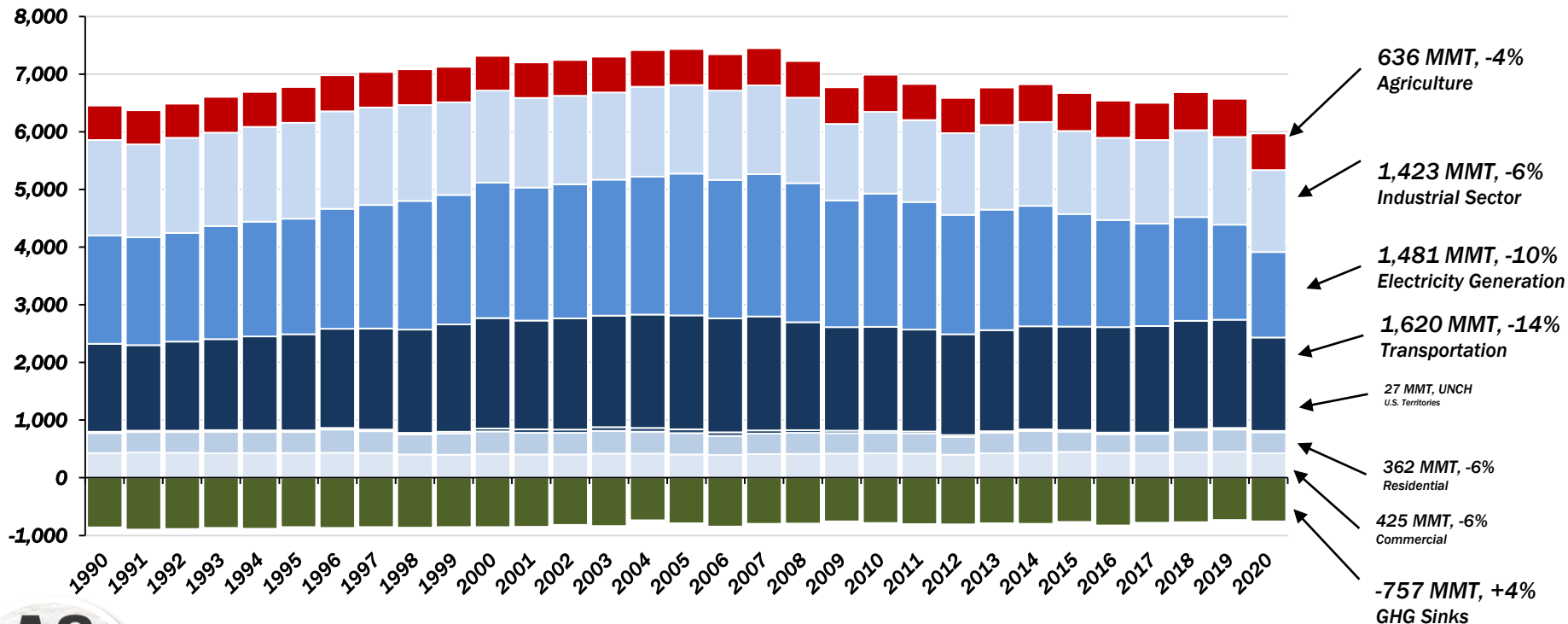


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Senate Ag GOP Analysis, EPA

Net U.S. GHG Emissions Declined 10.7% In 2020

U.S. Emissions By Economic Sector, MMTCO₂e, 1990 to 2020



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Senate Ag GOP Analysis, EPA

Conservation Larger Than Title I w/ IRA

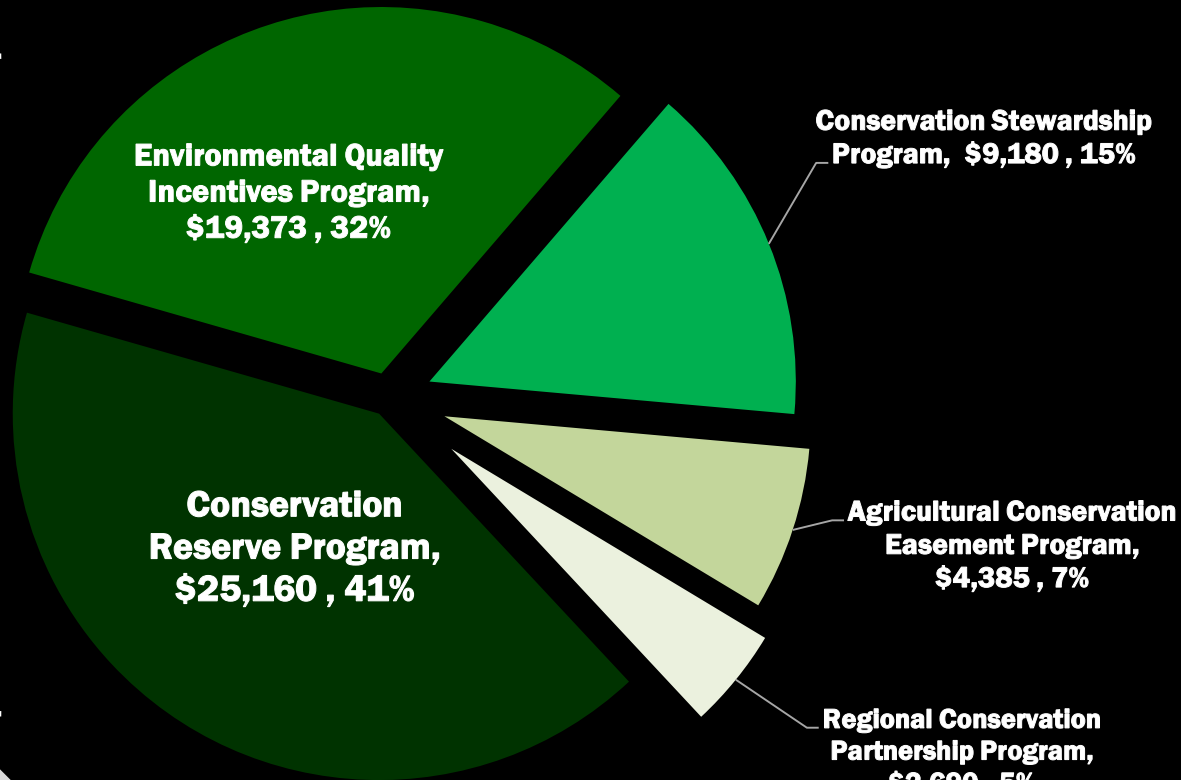
CBO May 2022 Baseline, 2023 to 2031, Million Dollars

\$59 Billion (CBO Baseline)

+

\$18.5 Billion (IRA)

= \$77.5 Billion



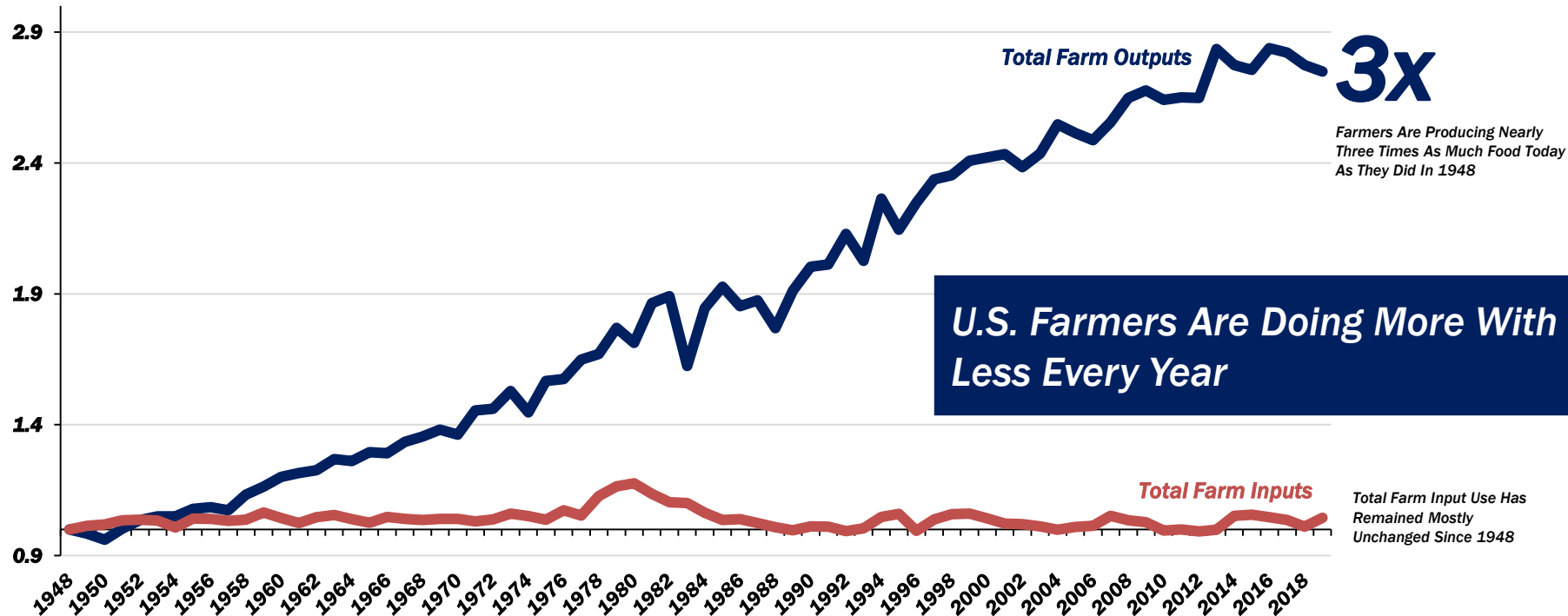
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Senate Ag GOP Analysis, Congressional Budget Office, Does Not Include Sequestration

Regulatory Certainty & Innovation

Indices of farm outputs and inputs for the United States, 1948-2019, (1948 = 1)

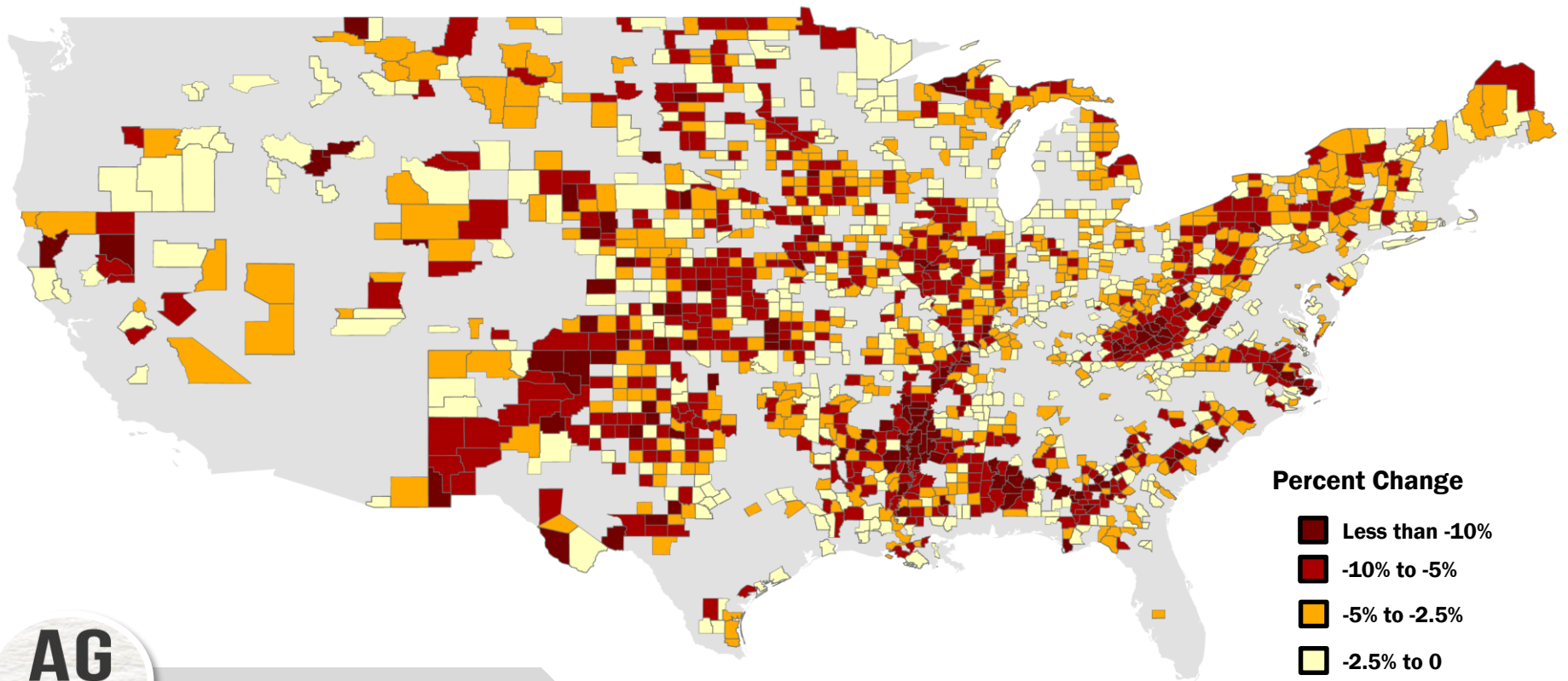


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Senate Ag GOP Analysis, USDA ERS

Economic Sustainability of Farming & Rural America

Percent Change In Census Population Estimates, 2010 to 2020



Percent Change

- Less than -10%
- 10% to -5%
- 5% to -2.5%
- 2.5% to 0
- Increase in Population

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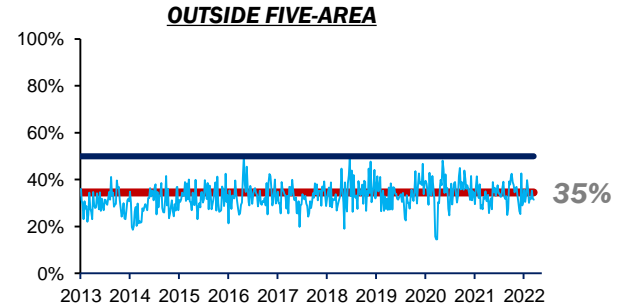
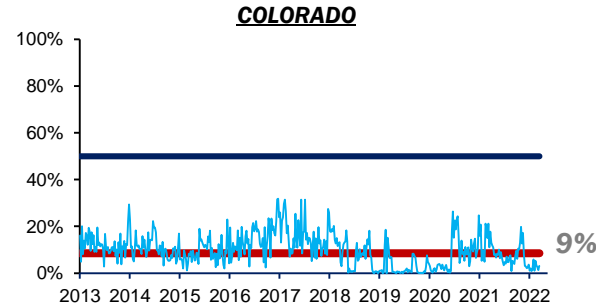
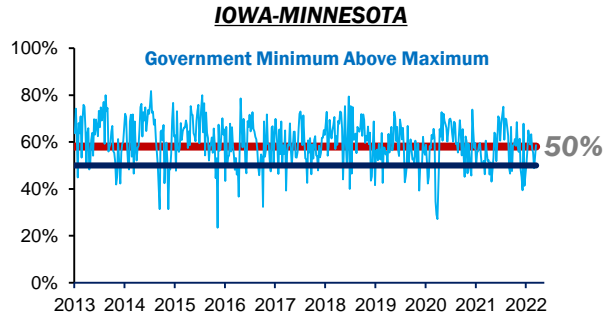
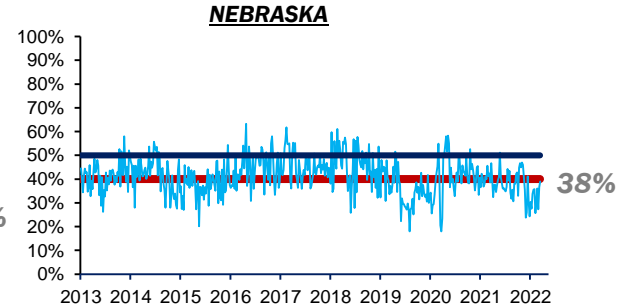
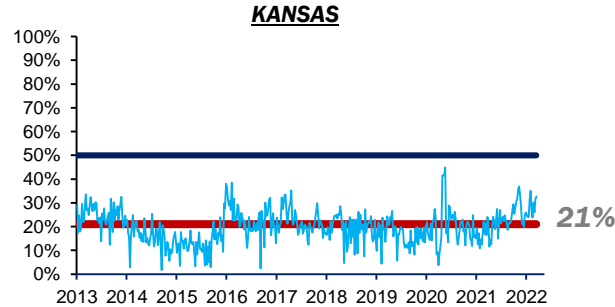
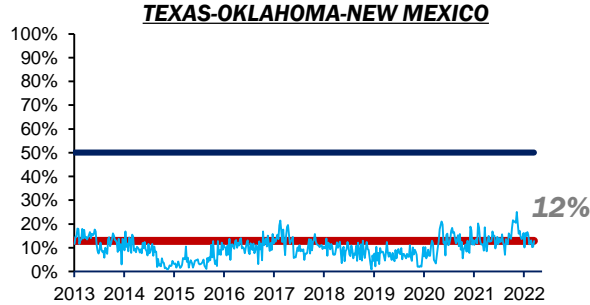
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Senate Ag GOP Analysis, Census Bureau

Cash & Negotiated Grid Transactions By Region

Percentage Of Weekly Transactions (Cash, Formula, Forward and Negotiated Grid)



Weekly Percentage

Government Maximum (50%)

Government Minimum (January 2020 to January 2022)



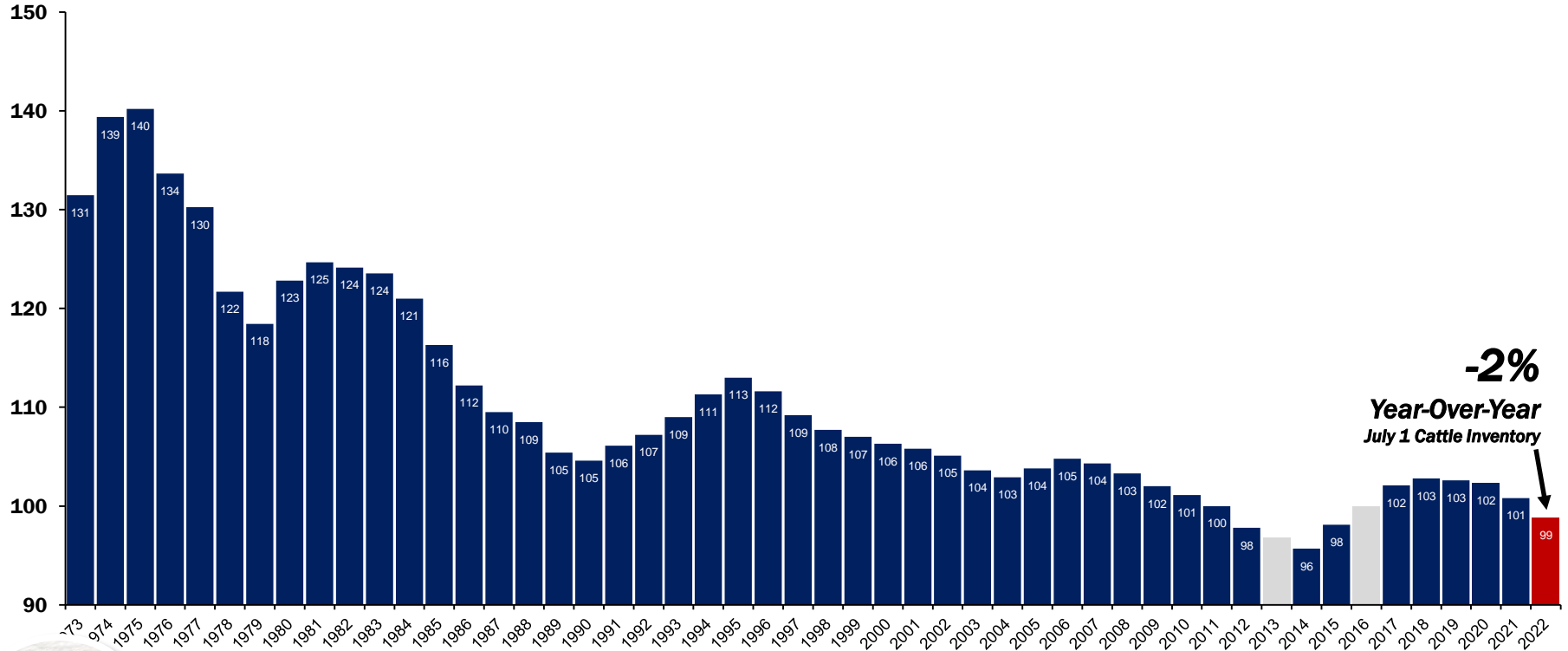
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Senate Ag GOP Analysis, USDA AMS

National 28%
5-Area 27%

U.S. Cattle Cycle Shifting Toward Farmer Leverage

As Of July 1, Million Head

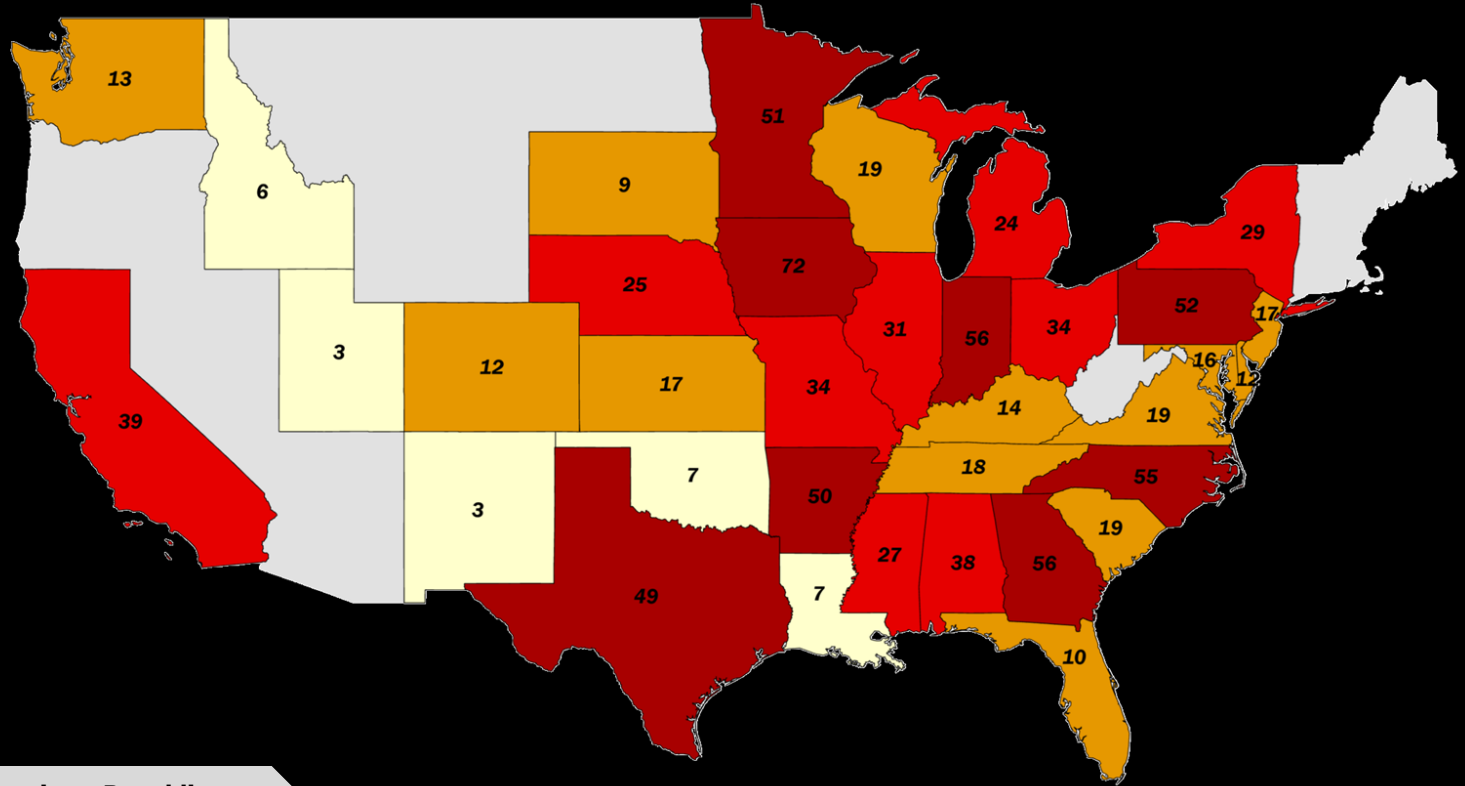
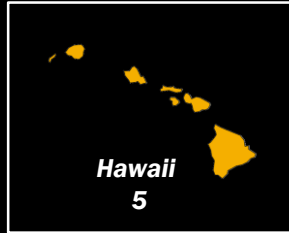


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Senate Ag GOP Analysis, USDA NASS, The July 2013 and 2016 Cattle reports were not conducted due to reduced funding.

Facilities Covered By Packers & Stockyards Act

972 Facilities Nationwide



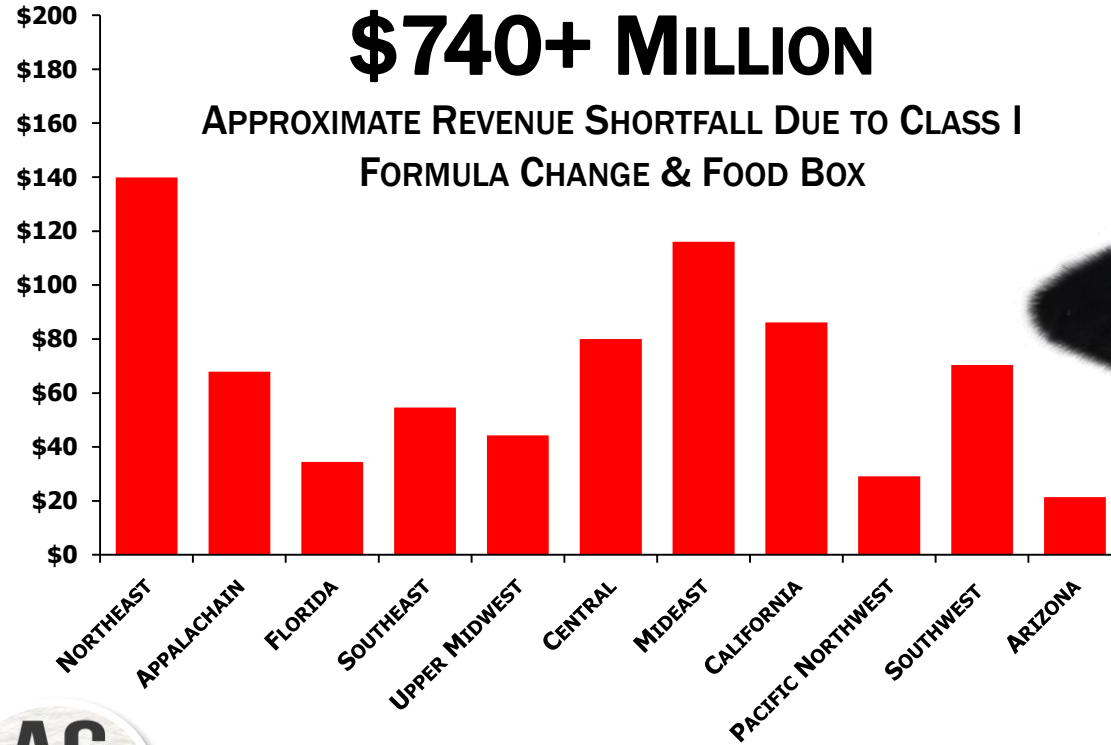
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Senate Ag GOP Analysis, USDA AMS

Dairy Farmers May Consider Marketing Order Changes

Change In Class I Revenue By FMMO, Million Dollars



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Senate Ag GOP Analysis, USDA AMS

Make Allowance Changes On The Horizon?

Make Allowance By Classification of Milk, Dollars Per Hundredweight

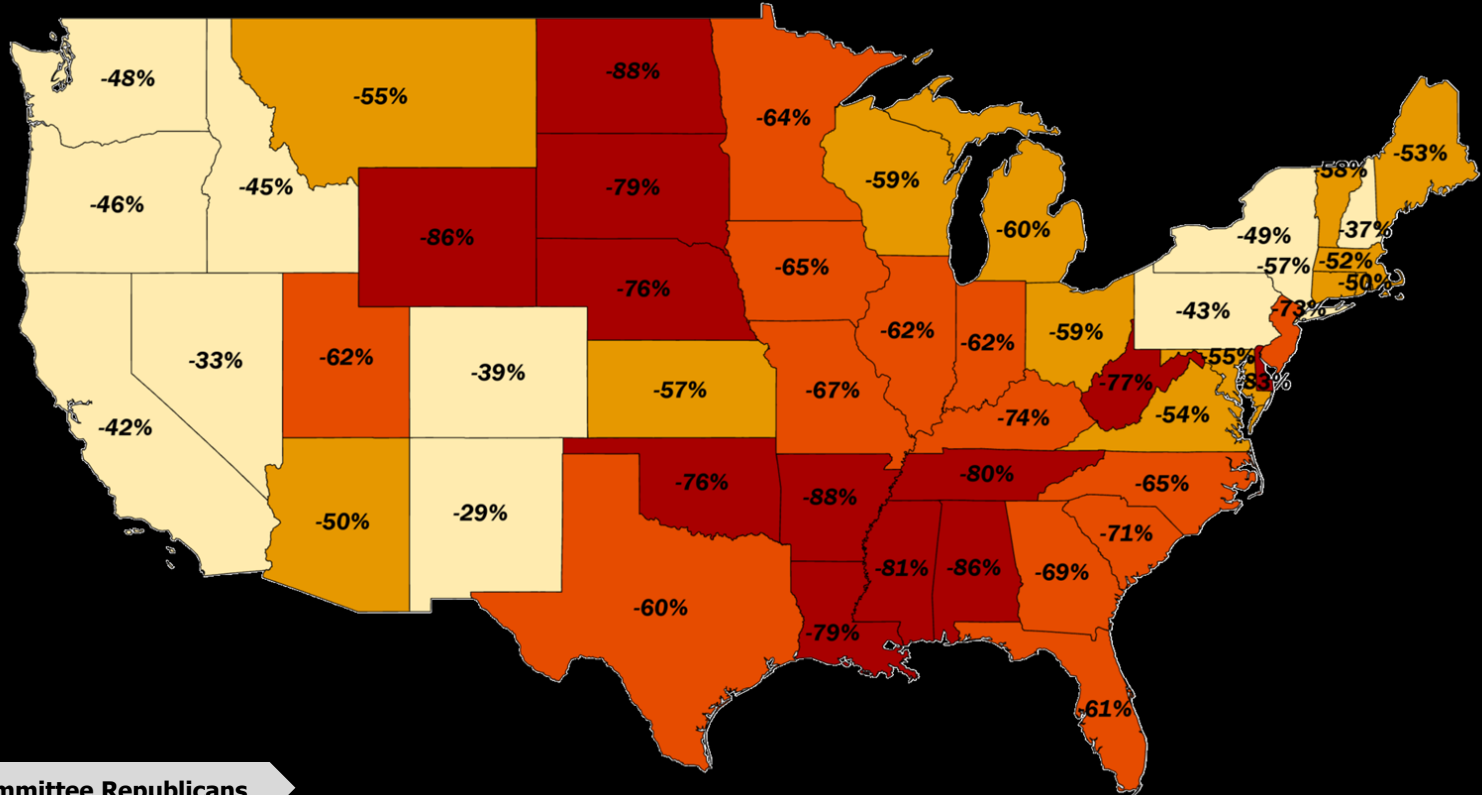
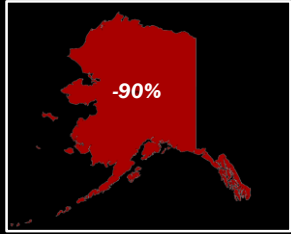


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Senate Ag GOP Analysis, USDA AMS, Understanding Dairy Markets

America Lost Nearly 60% Of Dairy Farms Since 2003

Percent Change In Licensed Dairy Operations, 2003 to 2021



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Senate Ag GOP Analysis, USDA NASS

FARM POLICY OUTLOOK

2023



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