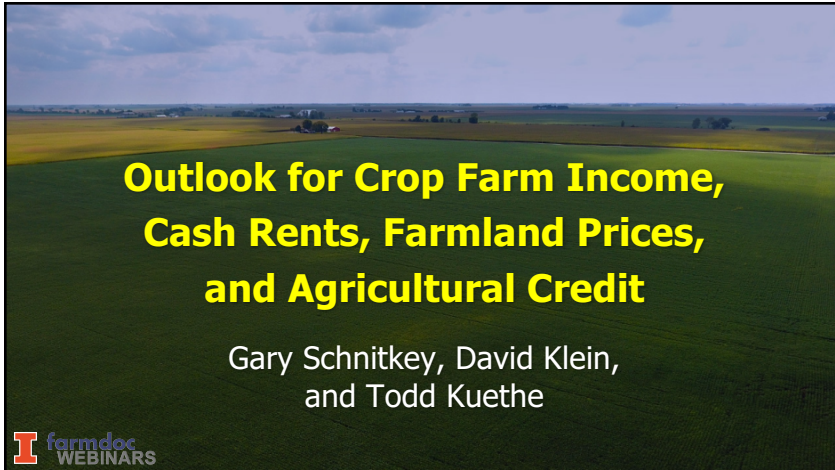


# Outlook for Crop Farm Income, Cash Rents, Farmland Prices, and Agricultural Credit

September 1<sup>st</sup>, 2017



## Outlook for Crop Farm Income, Cash Rents, Farmland Prices, and Agricultural Credit

Gary Schnitkey, David Klein, and Todd Kuethe

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## Outline

### Farm Income

– Gary Schnitkey

### Cash Rents and Price (ISPFMRA Survey)

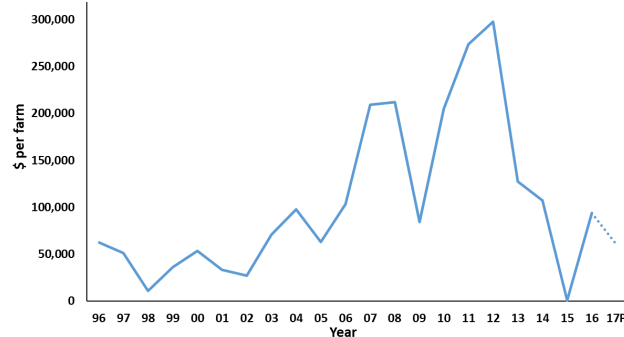
– David Klein

### Agricultural Credit

– Todd Kuethe

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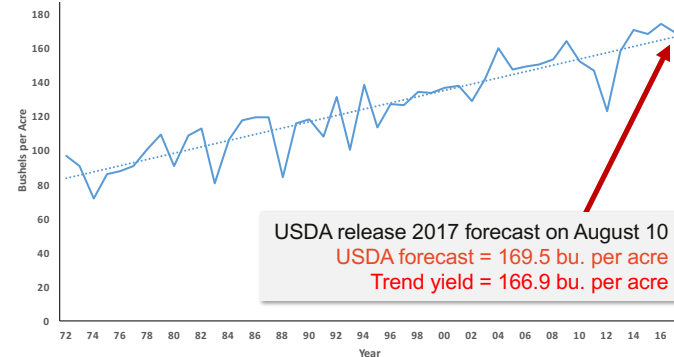
## Net Income on Illinois Grain Farms, 1996 -2016, 2017P



Source: Illinois Farm Business Farm Management

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## U.S. Corn Yield, U.S.



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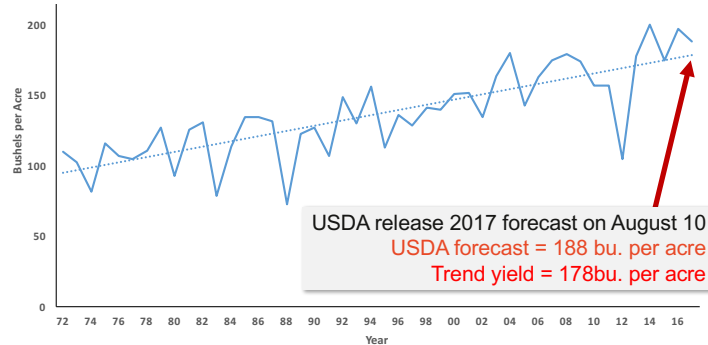
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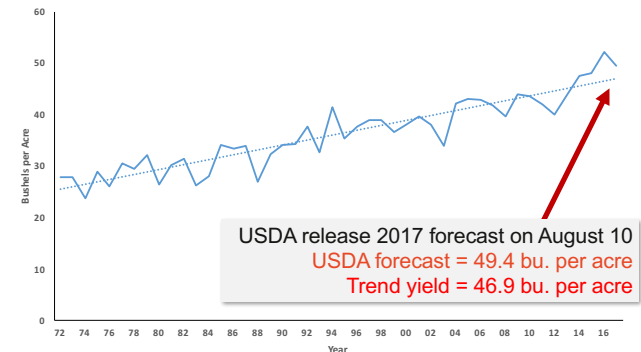
September 1<sup>st</sup>, 2017

## Illinois State Yields, Corn



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## U.S. Soybean Yields



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## Market Year Average Prices and Forecasts

	Time Period					
	06 - 13	14	15	16P	17P	18P
<b>Corn (\$/bu.)</b>	<b>4.70</b>	<b>3.70</b>	<b>3.61</b>	<b>3.35</b>	<b>3.30</b>	<b>3.60</b>
<b>Soybeans (\$/bu.)</b>	<b>10.91</b>	<b>10.10</b>	<b>8.95</b>	<b>9.50</b>	<b>9.30</b>	<b>9.30</b>
<b>Wheat (\$/bu.)</b>	<b>6.25</b>	<b>5.99</b>	<b>4.89</b>	<b>3.89</b>	<b>4.80</b>	<b>4.50</b>

Projection for 2016 and 2017 are WASDE projections,  
 2018 are looking at future markets

Fall 2017 bids (east-central Illinois, August 31):  
 \$3.20 corn  
 \$9.05 soybeans

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## ARC-CO Payments, Corn, McLean County

Input			Agricultural Risk Coverage (ARC) - County				Price Loss Coverage (PLC)
Year	County Yield	MYA Price <sup>1</sup>	Benchmark		ARC Guarantee <sup>4</sup>	ARC Payment <sup>5</sup>	Payment <sup>5</sup>
			Yield <sup>2</sup>	Price <sup>3</sup>			
2009	186	3.55					
2010	170	5.18					
2011	160	6.22					
2012	125	6.89					
2013	189	4.46				\$/acre	\$/acre
2014	218	3.70	172	5.29	783	0.00	0
2015	199	3.61	173	5.29	787	54.39	10
* 2016	218	3.35	183	4.79	754	18.39	38
2017	195	3.30	202	3.95	686	36.29	46
2018	191	3.70	204	3.70	649	0.00	0
			Five-Year Average		21.81		19

National loan rate equals: 1.95

Reference price equals: 3.70

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# Outlook for Crop Farm Income, Cash Rents, Farmland Prices, and Agricultural Credit

## September 1<sup>st</sup>, 2017

### 2016 ARC-CO Payments

(received this fall, still estimates)

#### Corn Payments

From \$0 to \$60 per base acre,  
more of the highs in southern  
Illinois

#### Soybean Payments

Mostly \$0 per base acre

#### Wheat Payments

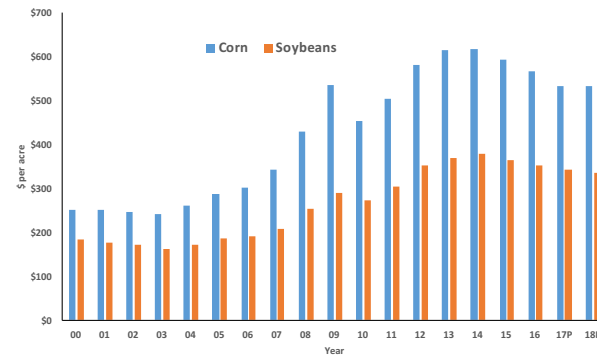
From \$0 to mid \$0 per base acre



Table 1. Projected 2016 ARC CO Payments per Base Acre After Sequestration by Crop, Illinois.

	Soy-				Soy-				Soy-		
	Corn	Beans	Wheat		Corn	Beans	Wheat		Corn	Beans	Wheat
Adams	0	0	9	Hardin	NA	0	NA	Morgan	29	0	35
Alexander	53	39	28	Henderson	25	2	NA	Moultrie	39	0	NA
Bond	NA	NA	NA	Henry	49	0	0	Ogle	4	0	40
Boone	69	0	21	Iroquois	0	0	35	Peoria	8	1	NA
Brown	15	0	NA	Jackson	56	NA	NA	Perry	49	0	NA
Bureau	66	0	NA	Jasper	48	0	33	Piatt	33	0	35
Calhoun	NA	NA	18	Jefferson	49	0	NA	Pike	4	0	33
Carroll	11	0	40	Jerry	62	0	22	Pope	57	29	NA
Cass	37	0	30	Jo Daviess	24	0	34	Pulaski	58	14	33
Champaign	10	0	42	Johnson	50	NA	NA	Putnam	18	0	20
Christian	51	0	35	Kane	31	0	39	Randolph	49	0	34
Clark	NA	NA	34	Kankakee	0	0	29	Richland	52	0	35
Clay	22	0	31	Kendall	26	NA	NA	Rock Island	31	0	NA
Clinton	54	0	33	Knox	18	0	34	St. Clair	56	0	33
Coles	NA	0	NA	Lake	57	0	28	Saline	60	0	32
Cook	0	NA	NA	Lafayette	45	0	NA	Sangamon	5	0	NA
Crawford	NA	0	32	Lawrence	NA	NA	32	Schuyler	14	0	28
Cumberland	49	0	35	Lee	35	3	37	Scott	0	0	NA
DeKalb	35	0	39	Livingston	0	0	35	Shelby	49	0	32
De Witt	64	10	NA	Logan	8	0	NA	Stark	31	0	34
Douglas	44	0	36	McDonough	11	0	12	Stephenson	37	0	40
DuPage	NA	NA	NA	McHenry	31	0	38	Tazewell	0	0	35
Edgar	51	0	NA	McLean	18	0	20	Union	51	2	NA
Edwardsville	55	0	32	Mason	30	0	0	Vermilion	0	0	NA
Effingham	60	0	33	Massac	0	0	NA	Walsh	57	0	23
Fayette	50	0	NA	Madison	33	0	33	Warren	5	0	NA
Ford	0	0	NA	Marion	56	0	36	Washington	54	0	37
Franklin	54	0	34	Marshall	45	0	NA	Wayne	NA	0	NA
Fulton	11	0	NA	Mason	NA	NA	NA	White	61	0	35
Gallatin	61	0	37	Massac	58	0	31	Whiteside	43	0	NA
Greene	20	0	32	Menard	48	0	NA	Will	NA	0	NA
Grundy	0	0	NA	Mercer	31	0	NA	Williamson	57	0	NA
Hamilton	56	0	NA	Monroe	54	0	33	Winnebago	50	0	37
Hancock	0	0	NA	Montgomery	9	0	NA	Woodford	12	0	31

### Non-land Costs, Corn and Soybeans

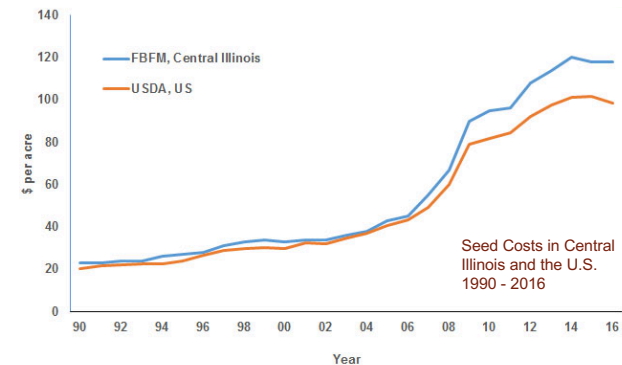


### Costs and Changes, Corn, Central Illinois

	Year			Change	
	2006	2013	2016	06-13	13-16
	\$/acre	\$/acre	\$/acre	\$/acre	\$/acre
Non-land costs	302	615	566	313	-49
Fertilizer	82	193	154	111	-39
Seed	55	114	118	59	4
Pesticides	40	66	64	26	-2
Mach. depreciation	23	63	65	40	2
Mach. Repair	16	22	22	6	0
Fuel	18	24	14	6	-10
Non-land interest	17	11	13	-6	2
Cash rent	150	290	273	140	-17



### Seed Costs, Corn farmdocDaily, July 18, 2017

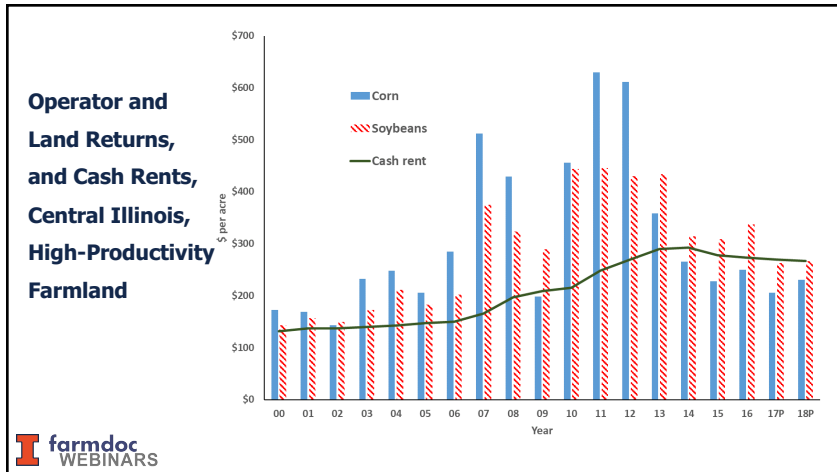


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September 1<sup>st</sup>, 2017



Midyear Survey Conducted By

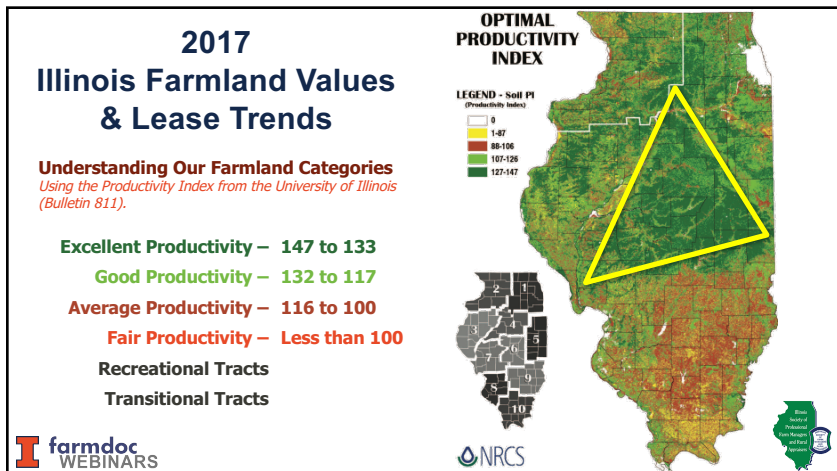
Illinois Society of Professional Farm Managers and Rural Appraisers

University of Illinois



[www.ispfmra.org](http://www.ispfmra.org)

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## Illinois Farmland Prices

Land Class	Midyear Price \$/acre	Change First Half of 2017
Excellent	\$10,900	-1.6%
Good	\$8,900	-3.0%
Fair	\$6,900	-3.8%
Average	\$5,000	-4.4%

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## Outlook for Crop Farm Income, Cash Rents, Farmland Prices, and Agricultural Credit

September 1<sup>st</sup>, 2017

### Farmland Market

- Similar volume during the first half of 2017 as last half of 2016
- If tight inventories continue, farmland prices may stabilize
- Farmers continue to be major buyers of farmland, 1031 interest increases



### Illinois Cash Rents on Professionally Managed Farmland

Land Class	2016 Average Rent	2017 Expected Rent
Excellent	\$305	\$300
Good	\$260	\$255
Fair	\$220	\$210
Average	\$166	\$160



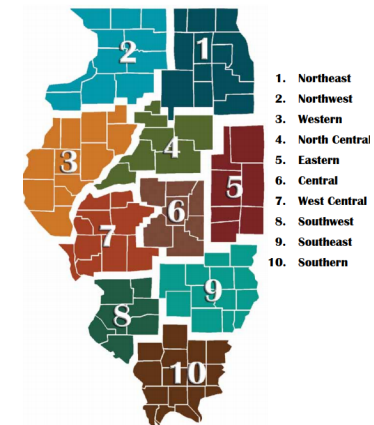
Most farm managers expect production costs in 2018 to be similar to that in 2017

Most farm managers seem conformable that variable cash rent leases are adjusting rents properly



March release of land values booklet

Registration information at [www.ispfmra.org](http://www.ispfmra.org)



# Outlook for Crop Farm Income, Cash Rents, Farmland Prices, and Agricultural Credit

September 1<sup>st</sup>, 2017

## Agricultural Credit Update

- Credit market appears to be strengthening
- Short-term agricultural interest rates increased slightly in 2017
- Further interest rates expected as broader economy strengthens



## Illinois Federal Reserve Districts



Quarterly surveys of agricultural bankers

- Credit market conditions
- Interest rates

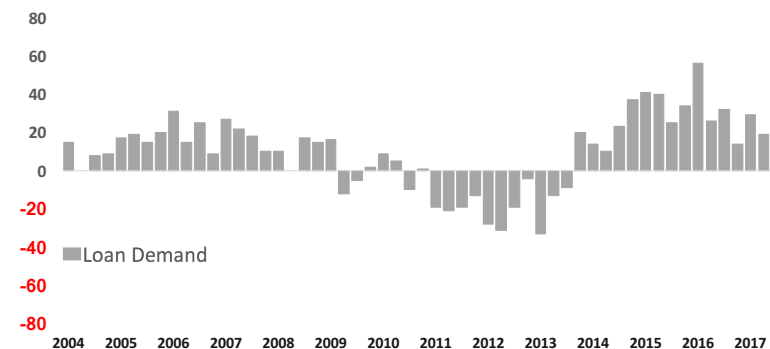


## Credit Market Conditions

- What changes occurred in non-real-estate farm loans at your bank in the past three months relative to a year earlier?
  - Demand for loans
  - Rate of loan repayments
  - Renewals or extensions
- Higher, lower, same
- Index: Higher – Lower (i.e. net higher)

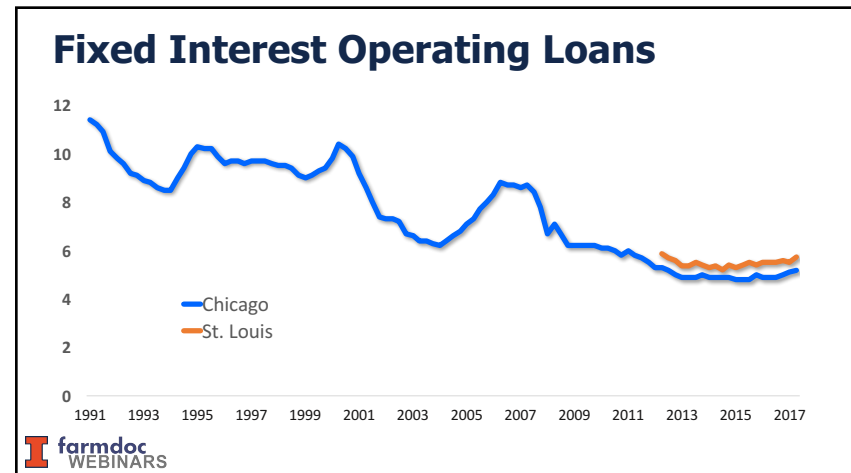
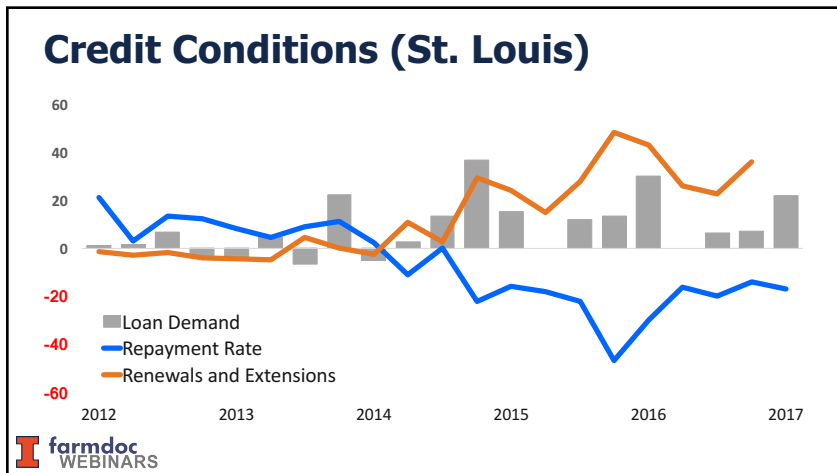
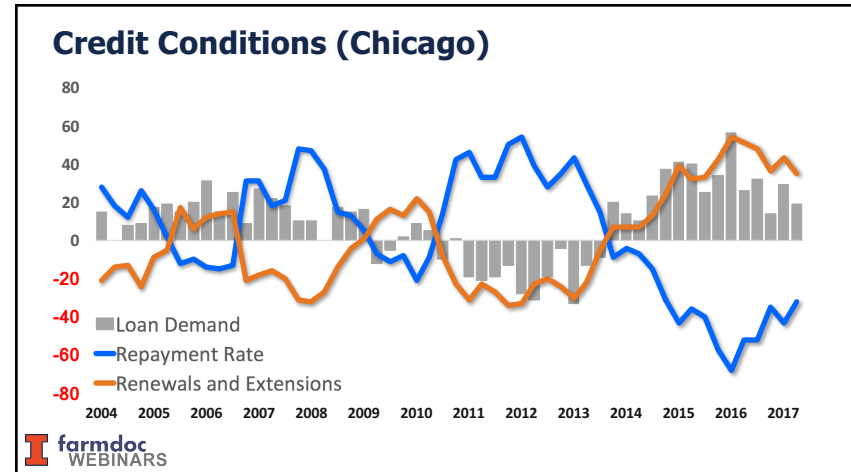
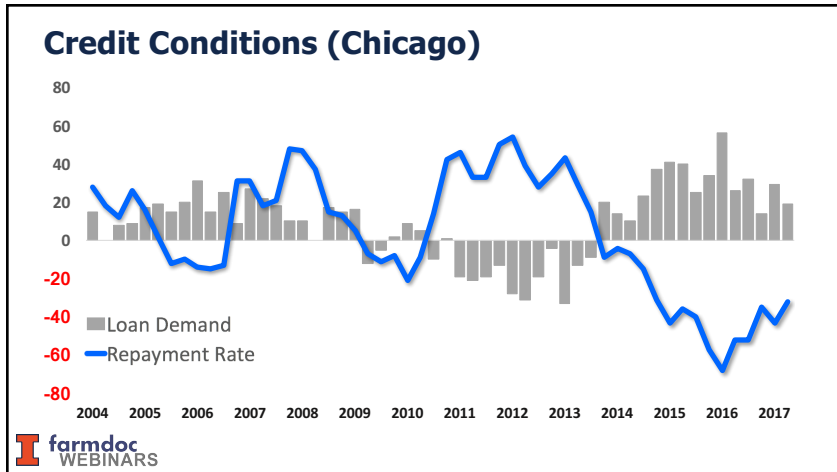


## Credit Conditions (Chicago)



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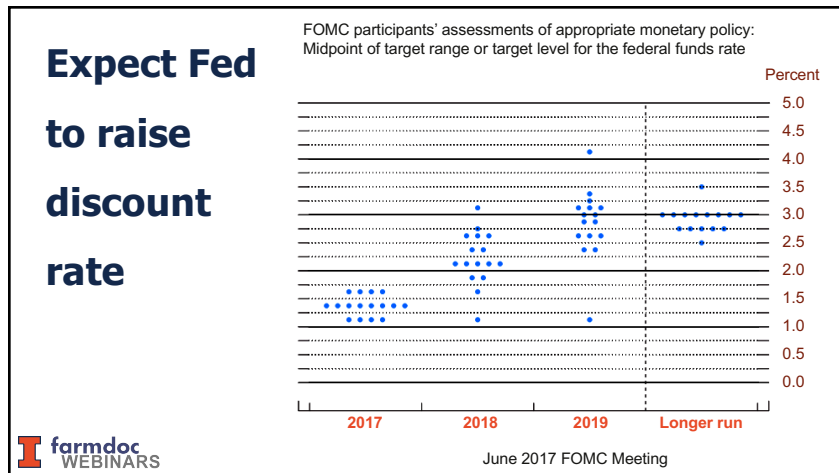
# Outlook for Crop Farm Income, Cash Rents, Farmland Prices, and Agricultural Credit September 1<sup>st</sup>, 2017



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## Outlook for Crop Farm Income, Cash Rents, Farmland Prices, and Agricultural Credit

September 1<sup>st</sup>, 2017



**Thank You For Your Time**

**Question?**

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