

2020 Kansas NFI Prediction

GREGG IBENDAHL



KANSAS STATE UNIVERSITY | Agricultural Economics

Revenue changes

Not necessarily coronavirus changes

Livestock VFP - %

- From \$101,445 to \$81,943 - 20% lower
- Based on 2019 KFMA state summary



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Revenue changes

Crops

- 2019 crop prices based on KFMA enterprise summaries
- Yield readjust to average
 - Corn – 16% lower
 - Grain sorghum – 5% lower
 - Soybeans – 11% lower
 - Wheat – 8% (reflects higher yield in '19 to normal in '20)



Revenue changes

Government payments

- The 2019 payment reflected a large MFP payment
- Without MFP - \$20,000
- For 2020 government payment should double
 - Most base acres in PLC (except soybean base in SE)
 - Based on April update
 - Wheat - \$0.88/bu
 - Sorghum - \$0.77/bu
 - Corn - \$0.07/bu
 - No soybeans

Crop insurance

- Higher prices in crop revenue coverage
- Fewer prevented planting acres



Expense changes

Fertilizer

- AA from \$560 in '19 to \$424 in '20
- 24% reduction but likely much fertilizer purchased before prices went down

Diesel

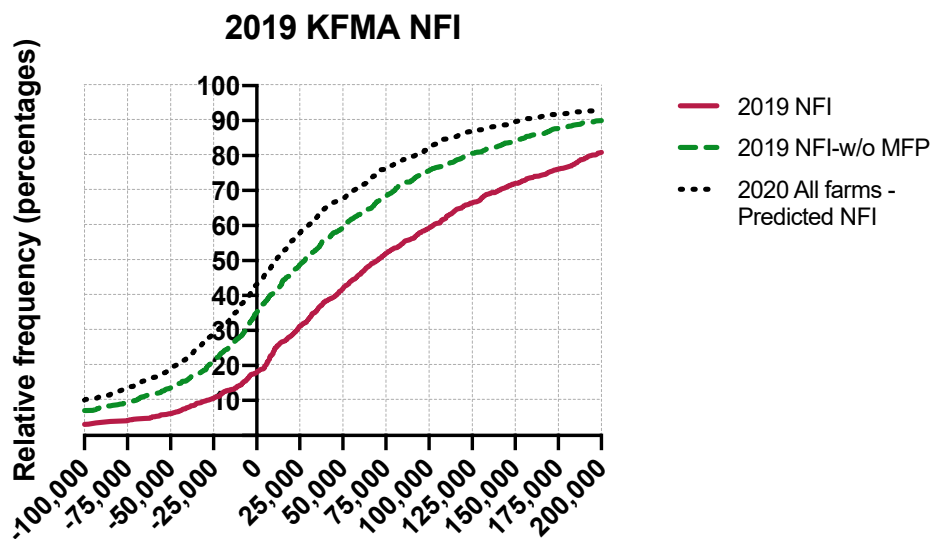
- Down 20% in 2020
- Again farmers paid for some fuel before price decrease

Interest – 4.5% average rate

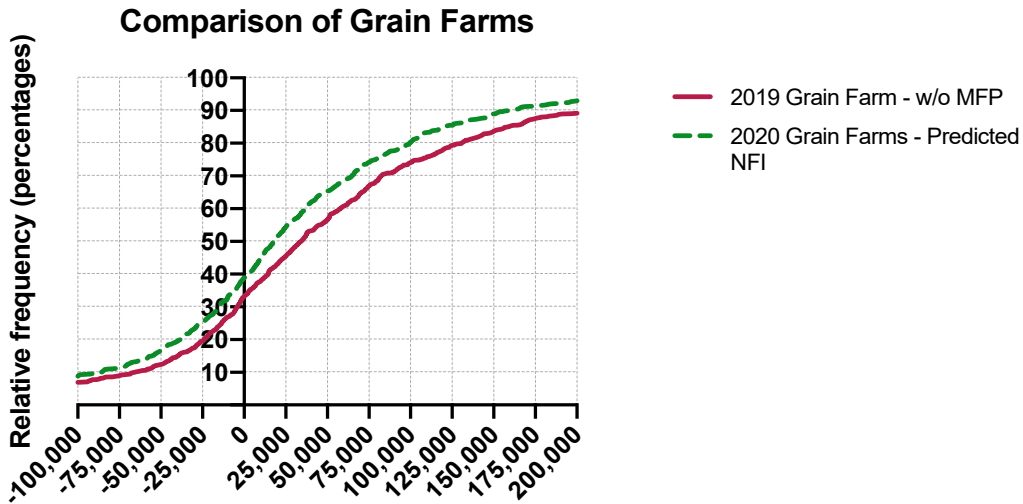
- KFMA farms added 4% more debt in '19 and likely '20



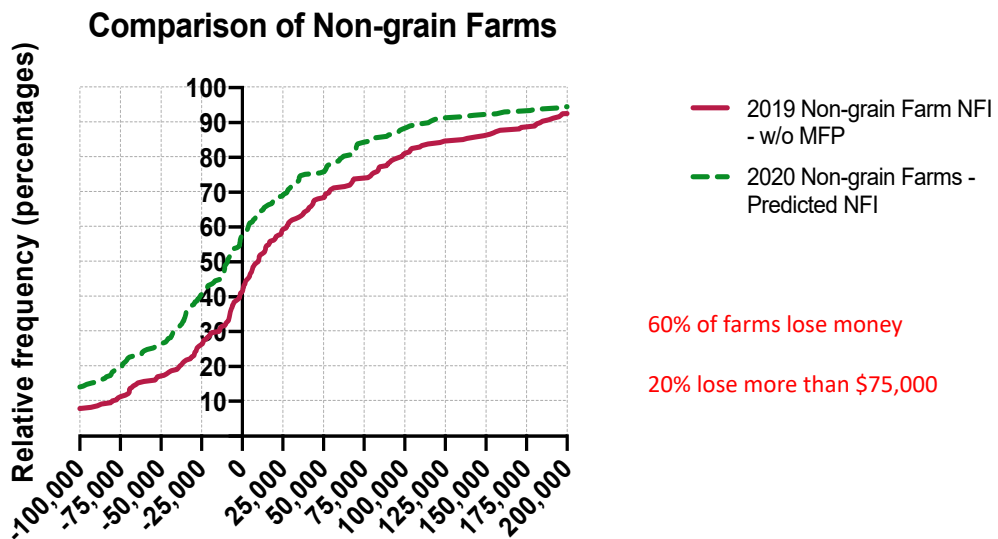
Comparison of all farms



Comparison of grain farms



Comparison of non-grain farms



Conclusions

Without additional funds – a very bleak year

- Livestock farms particularly at risk

Fortunately, CARES act to provide \$16 billion

Webinar on Friday morning.



Broad Context on KS Beef-Cattle & Pork-Swine Sector Impacts

- ❑ Damage estimates per head
 - ❑ Cattle: early-April OSU led report Tonsor was collaborator on
 - ❑ Hogs: early-April ISU-CARD report
- ❑ Inventories
 - ❑ USDA and GT approximation for Backgrounder/Stocker

➤ **\$1.6 billion bottom-line estimate**

Sector	\$ Head Damage Estimate	KS Inventory Impacted	KS Aggregate Damage Estimate
Beef, Cow-Calf	\$ 247.15	1,433,000	\$ 354,165,950
Beef, Backgrounder/Stocker	\$ 159.98	3,095,620	\$ 495,237,288
Beef, Feedlot	\$ 205.96	2,944,869	\$ 606,525,264
Pork, Hogs	\$ 48.16	3,660,588	\$ 176,293,927
			\$ 1,632,222,428

