

# Kansas NFI Predictions and Other Profitability Tools

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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)



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# Revenue changes

## Government payments

- The 2019 payment reflected a large MFP payment
- Without MFP - \$20,000 (CFAP will add \$5,000)
- For 2020 government payment should double
  - Most base acres in PLC (except soybean base in SE)
  - Based on April update
    - Wheat - \$0.88/bu – Now - \$0.90
    - Sorghum - \$0.77/bu – Now - \$0.67
    - Corn - \$0.07/bu – Now - \$0.13
    - No soybeans pmt – Now still no payment estimated
    - Expected payment change from April - \$41,300 to \$42,700

## 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



# Net Farm Income

May estimate

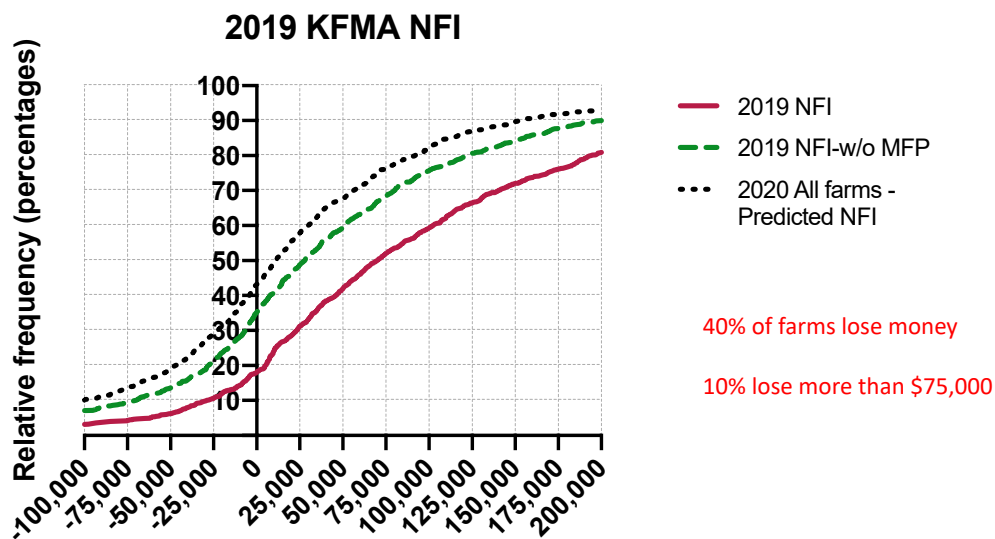
- All farms – from \$49,963 to \$14,358 – a 71% reduction

August estimate

- All farms – \$21,000 – a 58% reduction



## Comparison of all farms (May update)



# What about NFI in 2021?

Possible improvements in grain and beef prices would help gross revenue

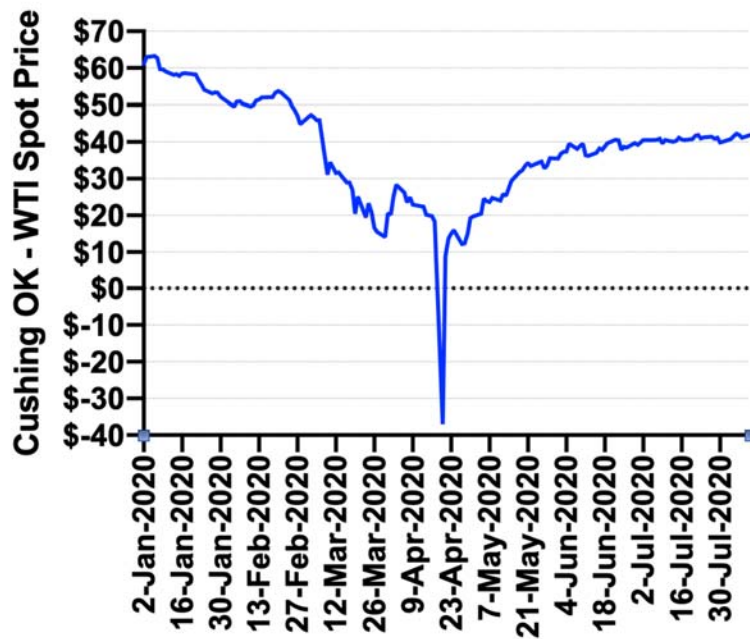
Farmers didn't realize all of the price declines in fuel and fertilizer this year

- Will see these in 2021
- Details about fuel and fertilizer to follow

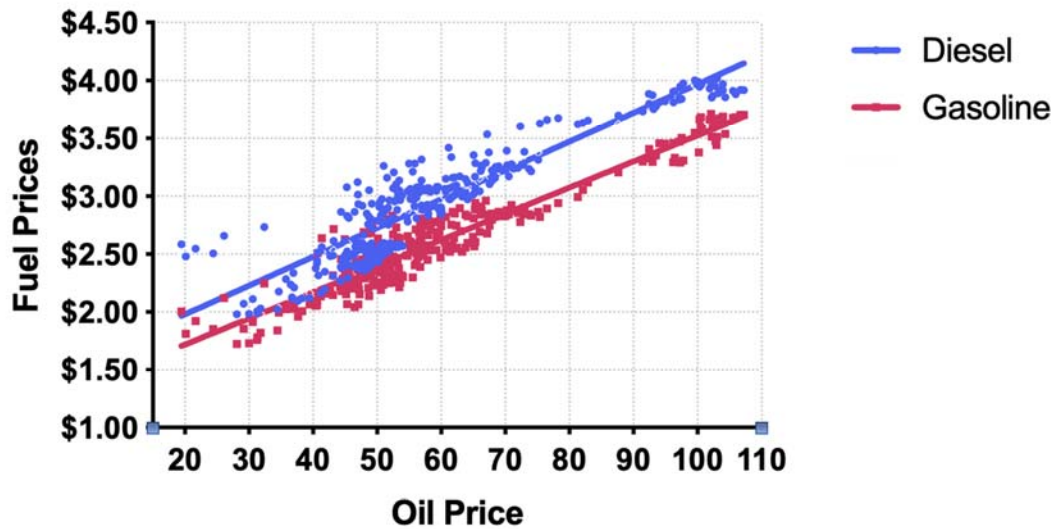
Likely better NFI in 2021



### 2020 Daily Oil Prices



## Trend Line for Prices



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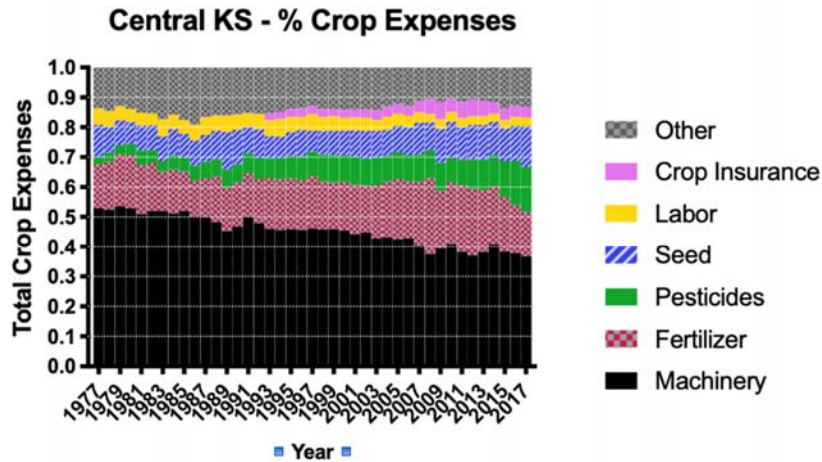
## Fertilizer prices

$$\text{Anhydrous ammonia (\$/ton)} = 202 + 43.4 * \text{corn (\$/bu)} + 3.18 * \text{oil\_9 mo lag (\$/barrel)}$$

Anhydrous has fallen in price from \$490 to \$460 this year

The \$20 oil price decline suggests anhydrous price could decline another \$30 yet this year.

# Fertilizer as a Percentage of All Costs



## New and changed cost tools for this year — demonstrations to follow

Budgets – use of owned machinery instead of custom rates

Machinery cost estimation tool

# Thank you!

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