



## 9<sup>th</sup> Annual Mid-South Agricultural Environmental Law Conference

Greg Cole, President & CEO  
AgHeritage Farm Credit Services



FARM CREDIT 1 ONE+MANY MISSION | VOICES

## Farm Credit Facts

- Nationwide customer-owned cooperative
- Created in 1916
- Provide loans and financial services
- Agriculture Committee Jurisdiction
- Regulated by Farm Credit Administration
- FCS total assets in excess of **\$410.4 billion**, capital **\$68.4 billion**, earnings **\$6.8 billion**
- FCS paid **\$2.8 billion** patronage in 2021

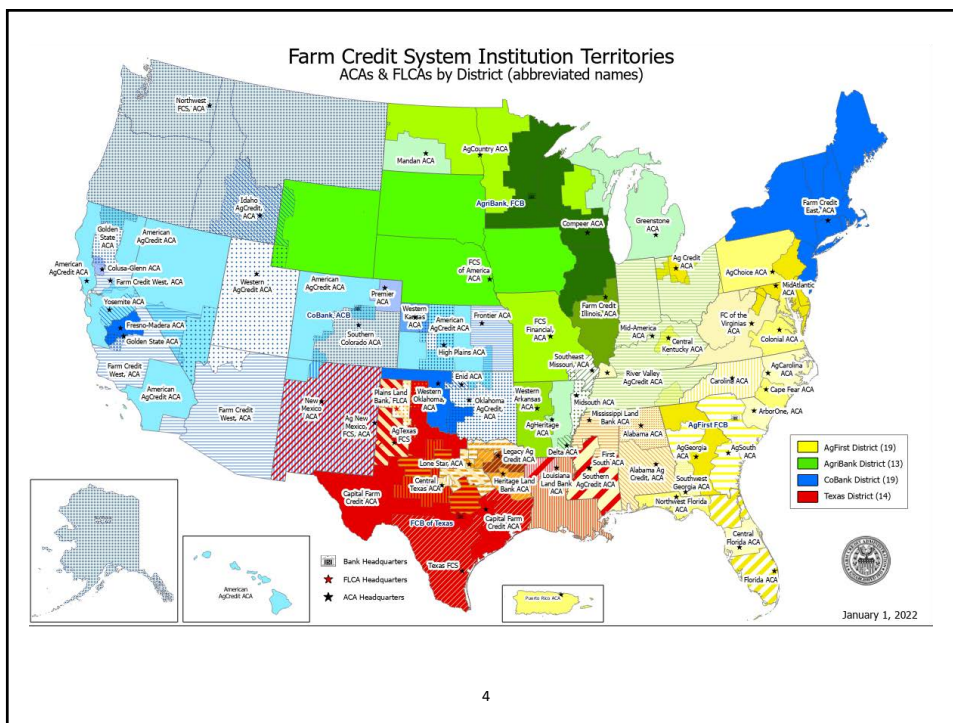
**100-Year-Old Mission**  
*Support rural communities and agriculture with reliable, consistent credit and financial services today and tomorrow.*

FARM CREDIT 2 ONE+MANY MISSION | VOICES

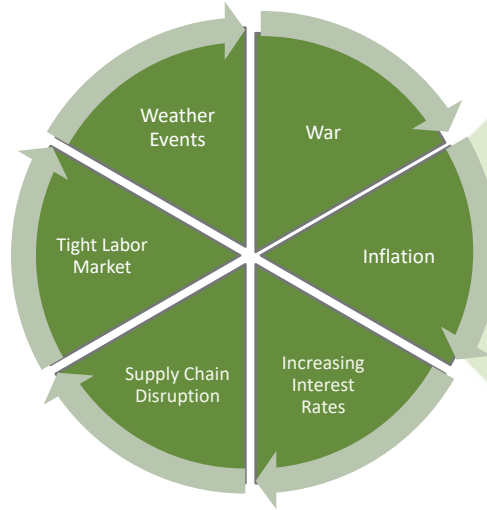
# Farm Credit Facts

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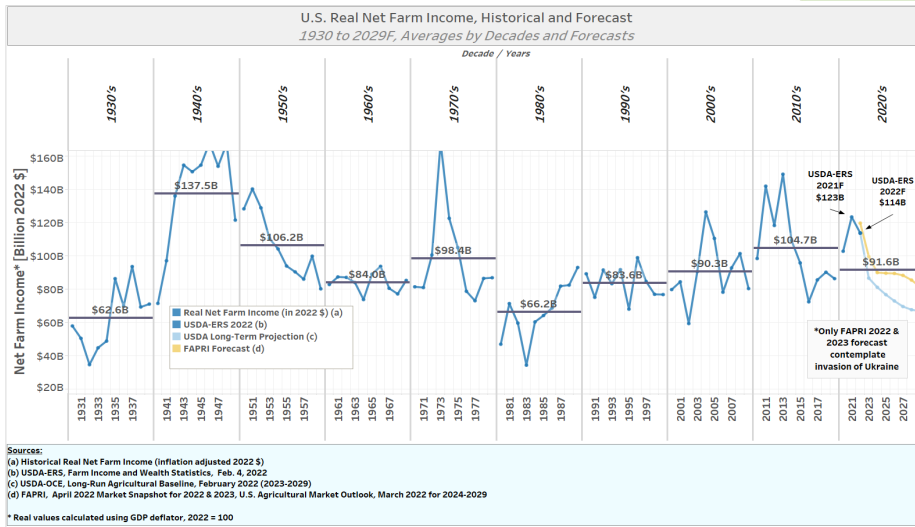
- **64 Associations, 4 District Banks, Federal Farm Credit Banks Funding Corporation**
- No government funding
- Funding source – sell Farm Credit bonds on Wall Street
- GSE status
- **Largest single lender to agriculture**



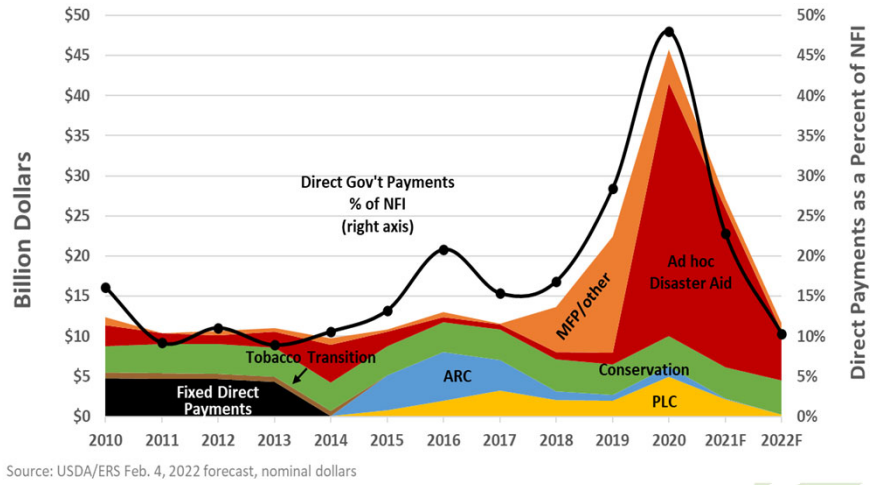
# Recent Factors



# U.S. Net Farm Income

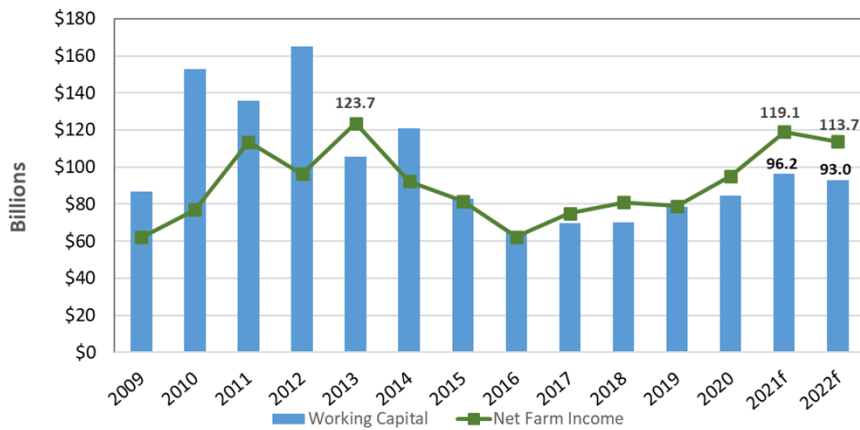


## Farm Program Payment Composition



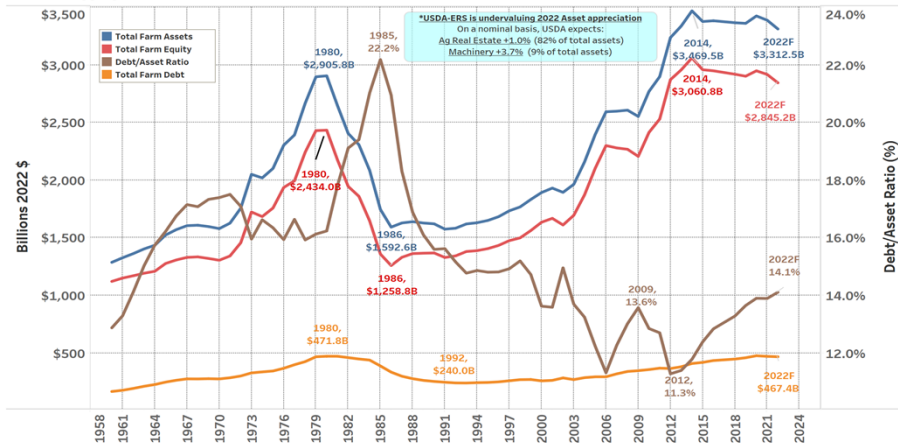
## U.S. Farm Sector Working Capital & NFI

### Farm Sector Working Capital and Debt-to-Income Ratio



## U.S. Farm Sector Debt-Asset Ratio (2012 Lowest Level in at least 50 years)

U.S. Real Aggregate Farm Balance Sheet, 1960 to 2022F



Source: USDA-ERS, Data as of 2/4/2022.



## November Soybean futures



ZS - Soybean - Monthly Continuation OHLC Chart



## September Corn futures



## September Rice futures



## December Cotton futures

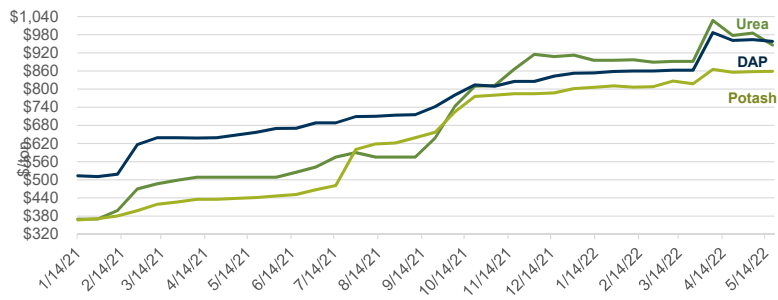


## NYMEX Diesel futures



## Retail Fertilizer Prices

Jan. 2021 – May 2022



source: "Illinois Production Cost Summary", USDA, AMS.

## Retail Fertilizer Prices

annual price change

USDA Illinois dealer survey, week ending May 19.

Product	Price Range	Average	\$ Change Y/Y	% Change Y/Y
Urea (46-0-0)	\$875 - \$1012	\$946	\$437	+ 86%
DAP (18-46-0)	\$850 - \$1125	\$958	\$301	+ 46%
Potash	\$775 - \$925	\$859	\$418	+ 95%

source: "Illinois Production Cost Summary", USDA, AMS.

- Eastern Arkansas P & K prices in similar price range; \$875 (P) and \$790 (K).
- Urea: \$715/ton at Mississippi River (bulk price, 26 ton minimum).



## Variable Costs Per Acre. 2022, 2021, and 5-Year Average



Source: Siles, H. Scott, Breana Watkins, and John Anderson (2022). "The Impact of Fertilizer and Fuel Price Changes on Expected Costs and Returns for Arkansas Row Crops" [FC-2022-002]. University of Arkansas System Division of Agriculture.

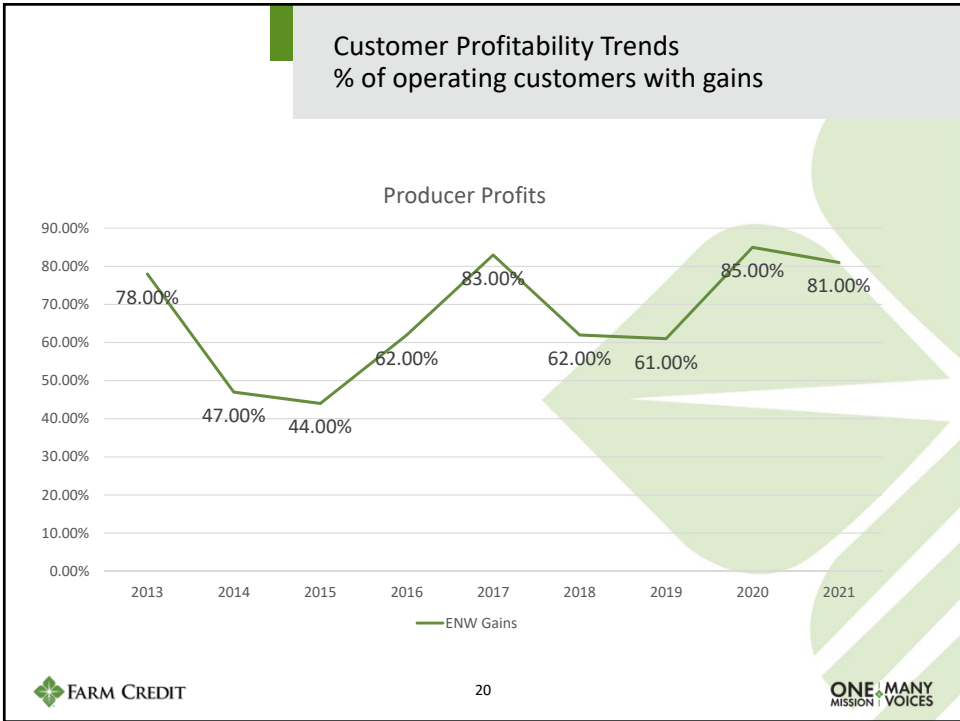
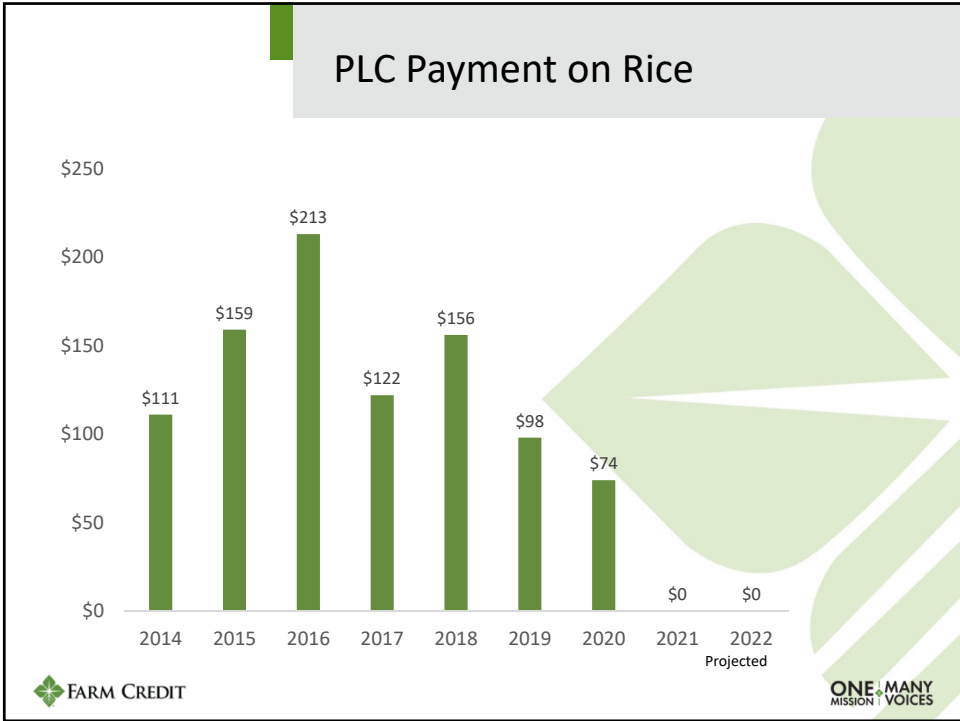
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University of Arkansas System

## Variable Costs Per Acre. 2022, 2021, and 5-Year Average



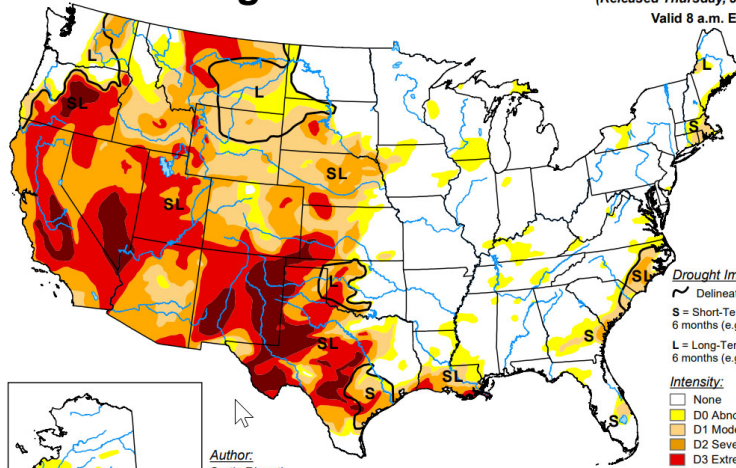
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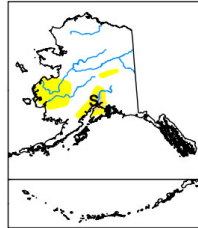
# U.S. Drought Monitor

May 31, 2022  
 (Released Thursday, Jun. 2, 2022)  
 Valid 8 a.m. EDT



**Drought Impact Types:**  
 ~ Delineates dominant impacts  
 S = Short-Term, typically less than 6 months (e.g. agriculture, grasslands)  
 L = Long-Term, typically greater than 6 months (e.g. hydrology, ecology)

**Intensity:**  
 None  
 D0 Abnormally Dry  
 D1 Moderate Drought  
 D2 Severe Drought  
 D3 Extreme Drought  
 D4 Exceptional Drought



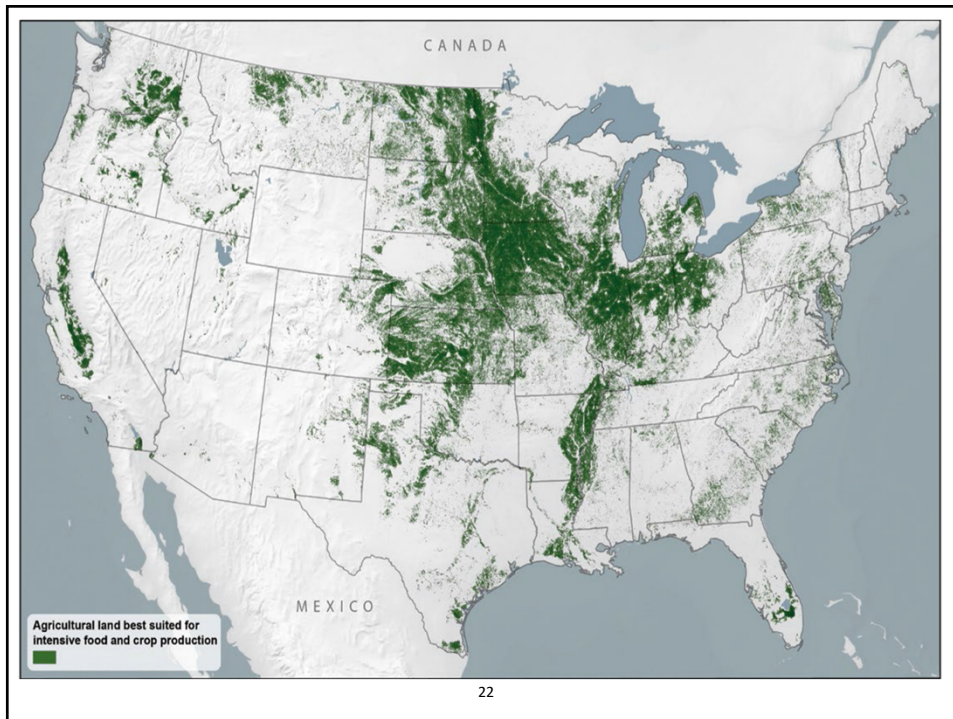
Author:  
 Curtis Riganti  
 National Drought Mitigation Center



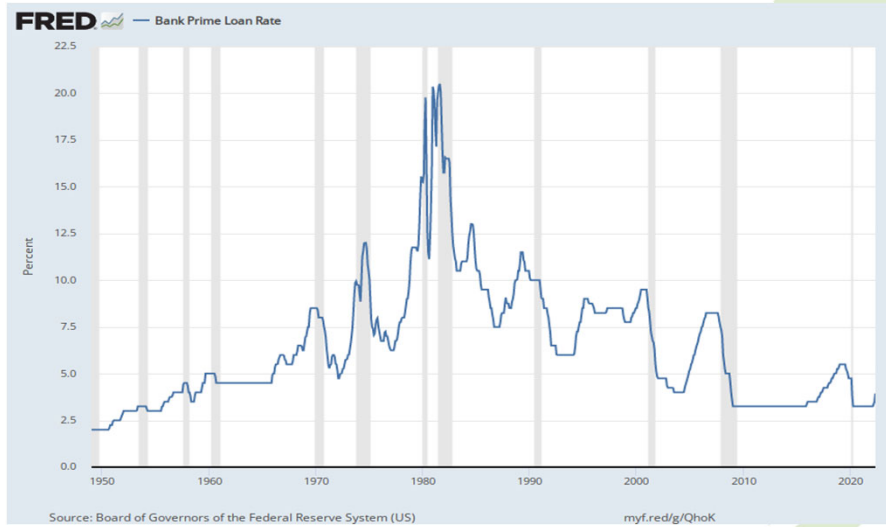
The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. For more information on the Drought Monitor, go to <https://droughtmonitor.unl.edu/About.aspx>



[droughtmonitor.unl.edu](https://droughtmonitor.unl.edu)

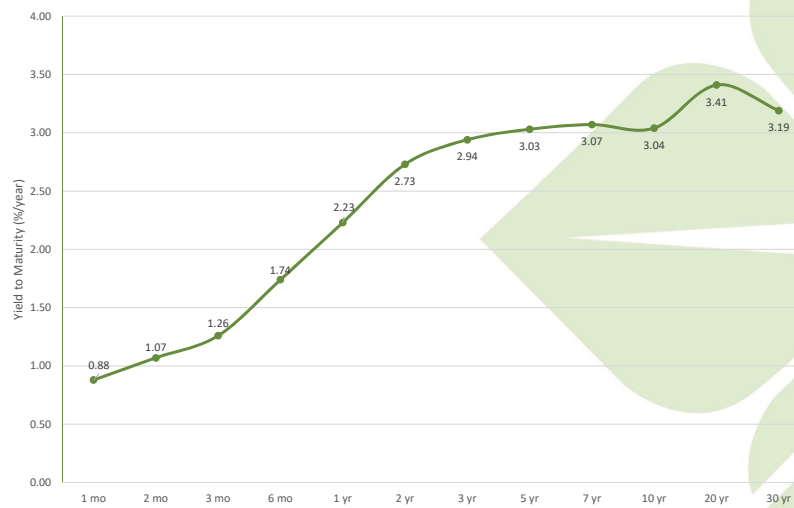


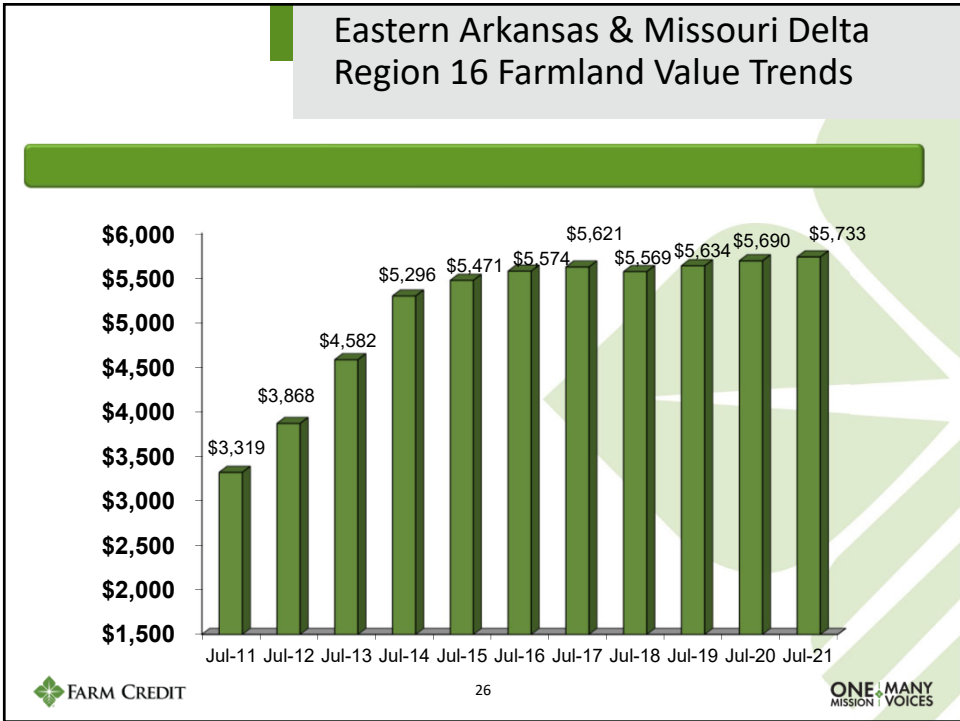
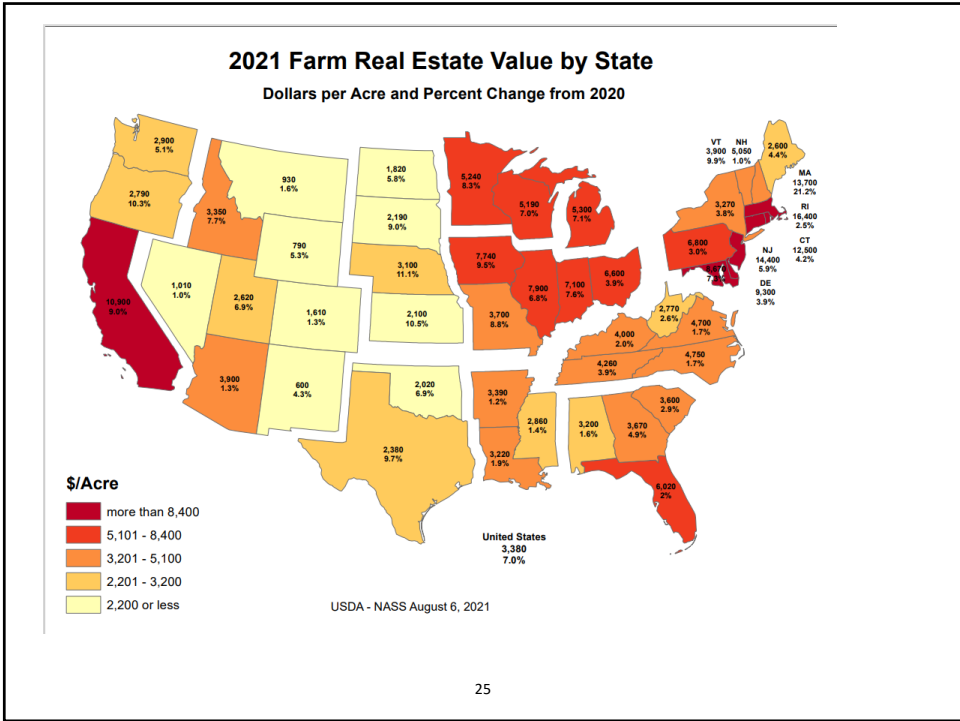
## Bank Prime Loan Rate through May 2022



## U.S. Treasury Yield Curve

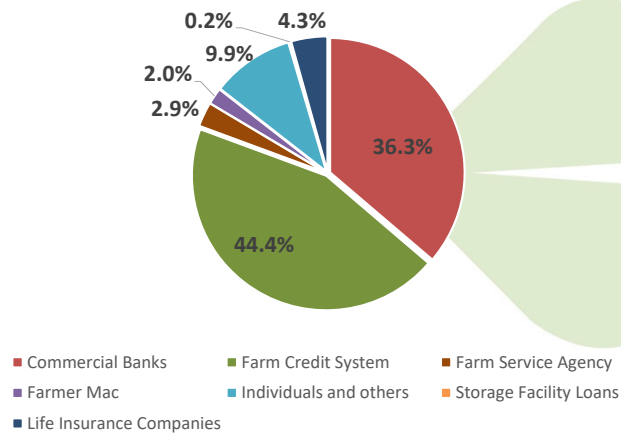
as of June 6, 2022





## Who Supplies Agriculture Debt?

### Market Share of Total U.S. Farm Debt



## Agriculture Credit Markets

Mid-South continues to enjoy a very healthy and competitive ag credit market.

Who are the players? How have they reacted to recent events and what are the keys to the game going forward?

- Farm Credit System
- Commercial Banks
- Dealer Financing
- Supplier Financing
- Insurance Companies
- International Banks
- Non-traditional lenders

## Agriculture Credit Markets

Inflation (input and equipment costs, farmland values) coupled with agriculture becoming more capital intensive will increase loan demand.

Credit quality and delinquencies remain at historically low levels.

Accounts receivable issues, collections, mediation cases and bankruptcies are not material.

Still an average number of equipment auctions (mostly traditional retirements).

Keys to obtaining financing.

- Producers that have good financial records, balance sheets, (liquidity and equity) and business plans that can demonstrate their ability to manage their risk

## Final Thoughts

For the near-term, commodity prices are expected to remain elevated along with input costs and risks.

Farm program safety net has worked very well so far in the Mid-South.

Who are the producers and lenders that will make the future.

Capitalism, realities of scale, and succession will continue to drive consolidation in agriculture and ag lending (*few & larger*).

Things in agriculture to keep our eyes on going forward.

# Questions