

# OVERVIEW OF THE MN FARM ECONOMY



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# What should a farmer care about most?



well-being of  
their animals  
**10%**



Representative  
sample of 4,000  
consumers in  
the U.S., China,  
Mexico and  
Spain



providing safe,  
healthy, abundant  
and affordable  
food **55%**

sustainability **28%**

Feed **4**  
Thought



other **1%**

providing for  
their employees,  
family or  
community  
**6%**



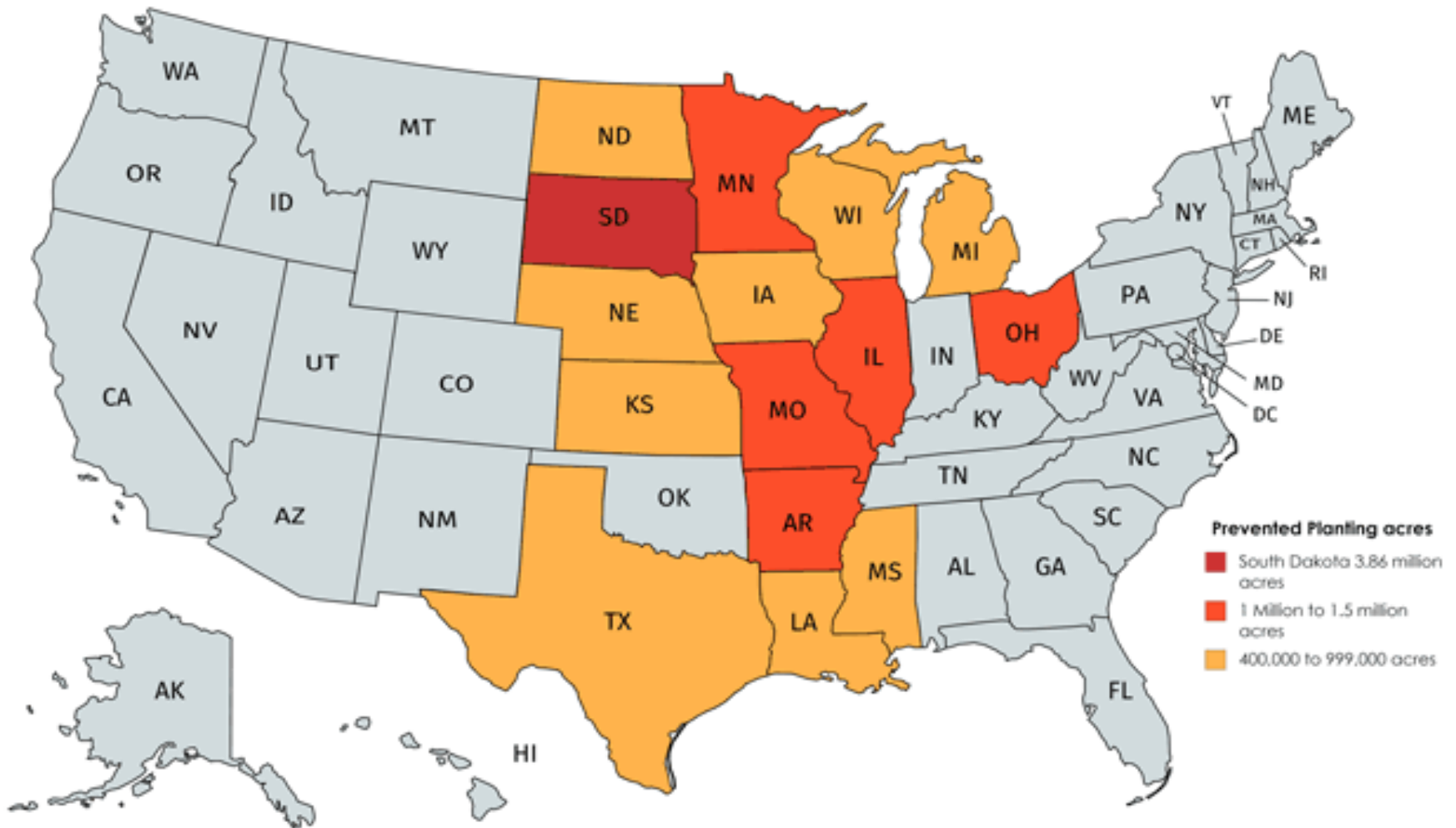
**BREAKING  
NEWS**

A 3D-rendered sign with a metallic, reflective border. The sign is divided into two horizontal sections. The top section has a red background with a fine, dotted texture, and the word 'BREAKING' is written in large, white, bold, sans-serif capital letters. The bottom section has a white background, and the word 'NEWS' is written in large, black, bold, sans-serif capital letters. The sign is tilted slightly to the right. The background is a dynamic, abstract composition of red and orange hues, featuring a grid pattern and glowing light effects.



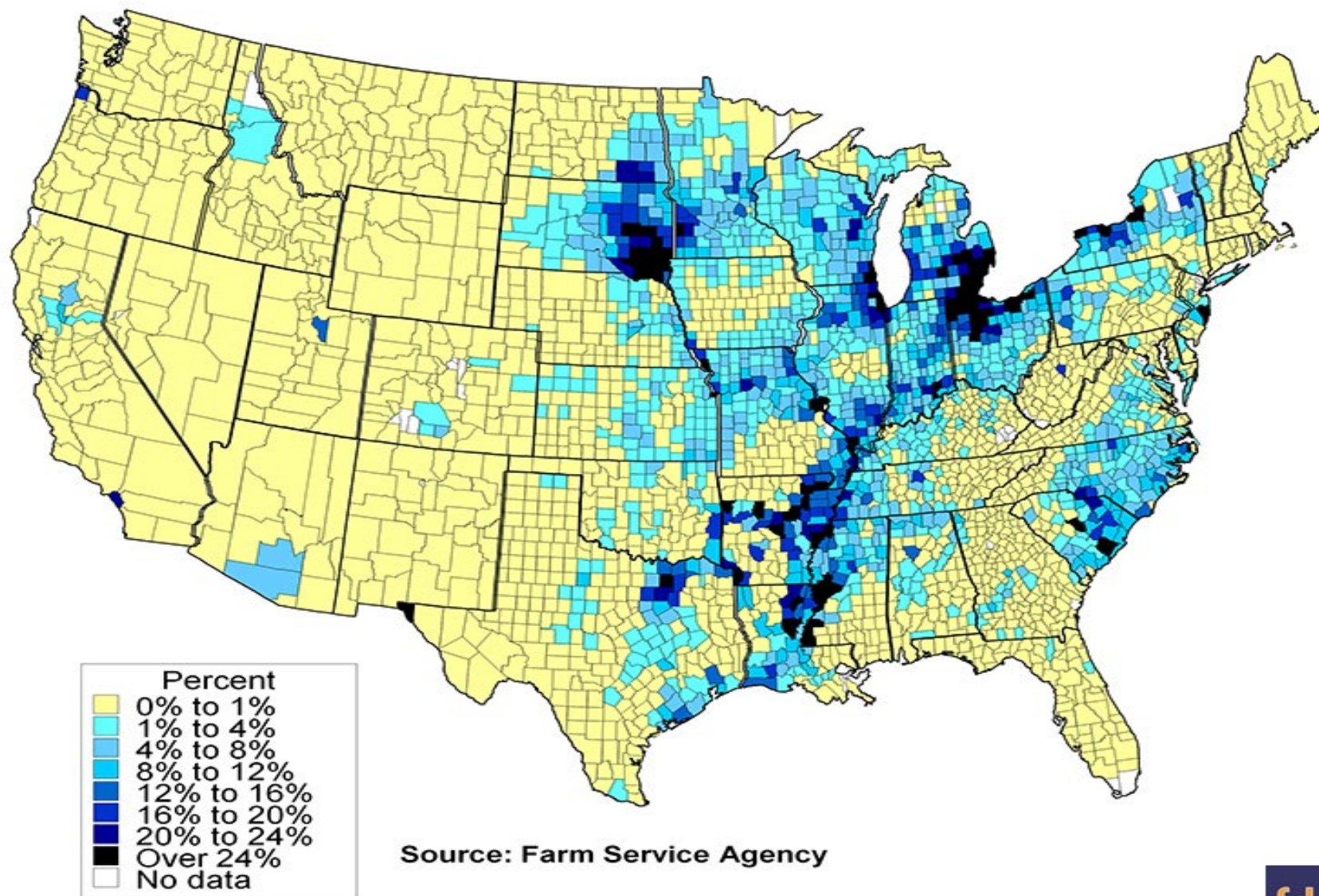
Jamie Titus / U.S. Air Force

# ***FSA Prevented Planting Acreage***





**Figure 1. 2019 Prevent Plant Acres as a Percent of 2019 Total Acres**





# U.S./CHINA TALKS



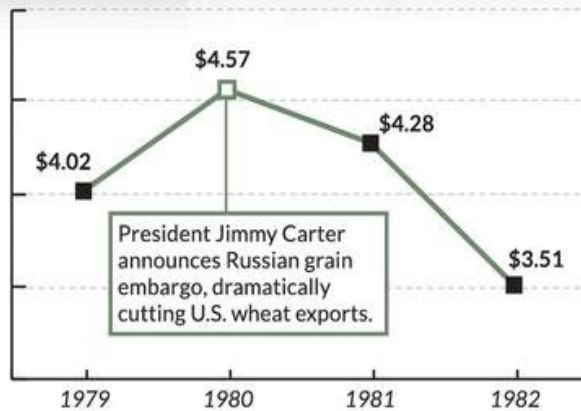


# AG TRADE, THEN AND NOW



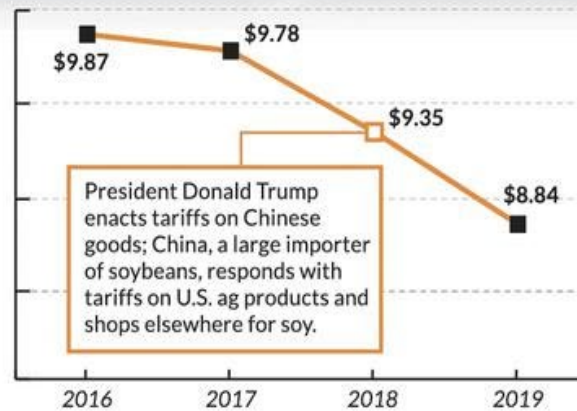
## WHEAT

Average price per bushel



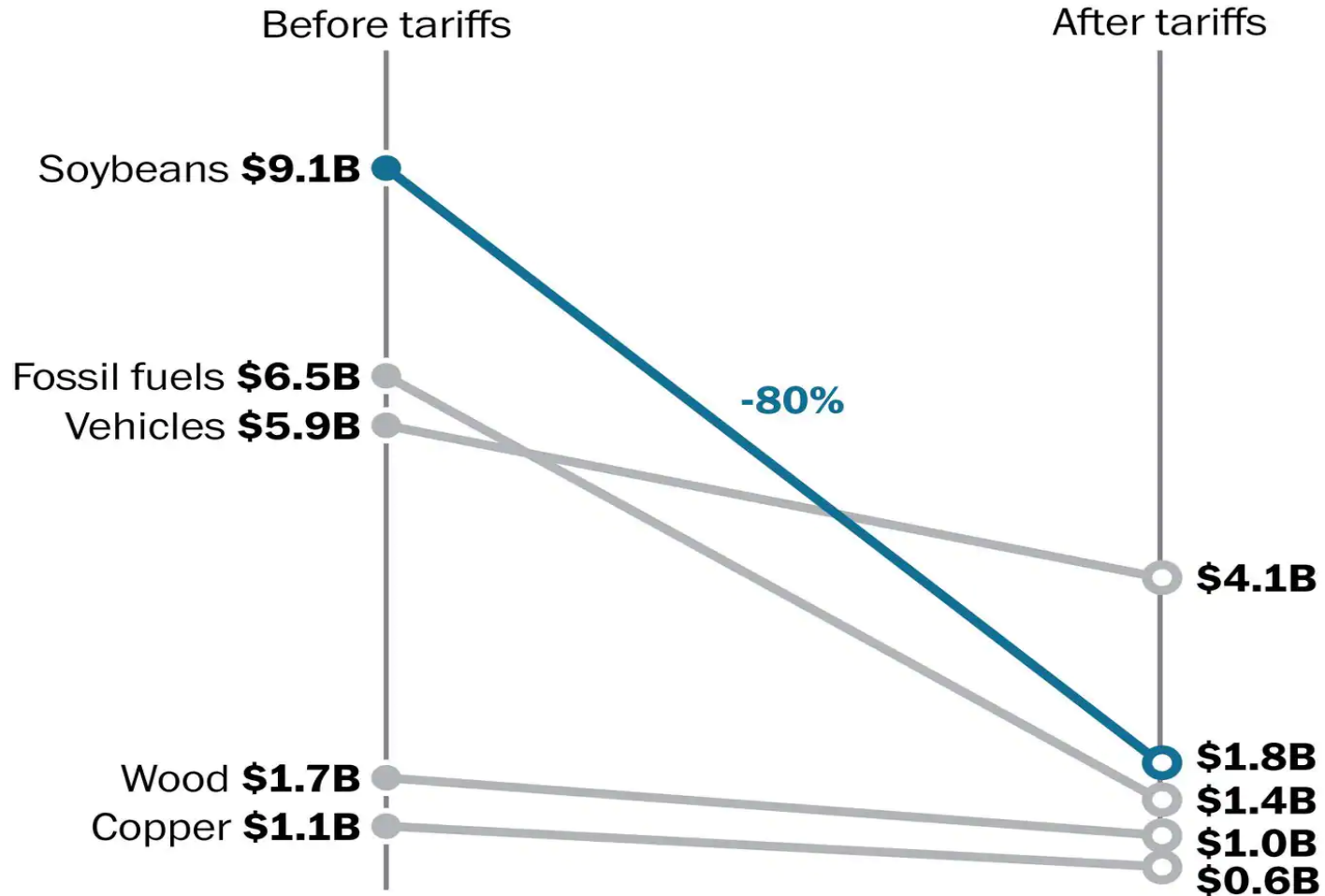
## SOYBEANS

Average price per bushel

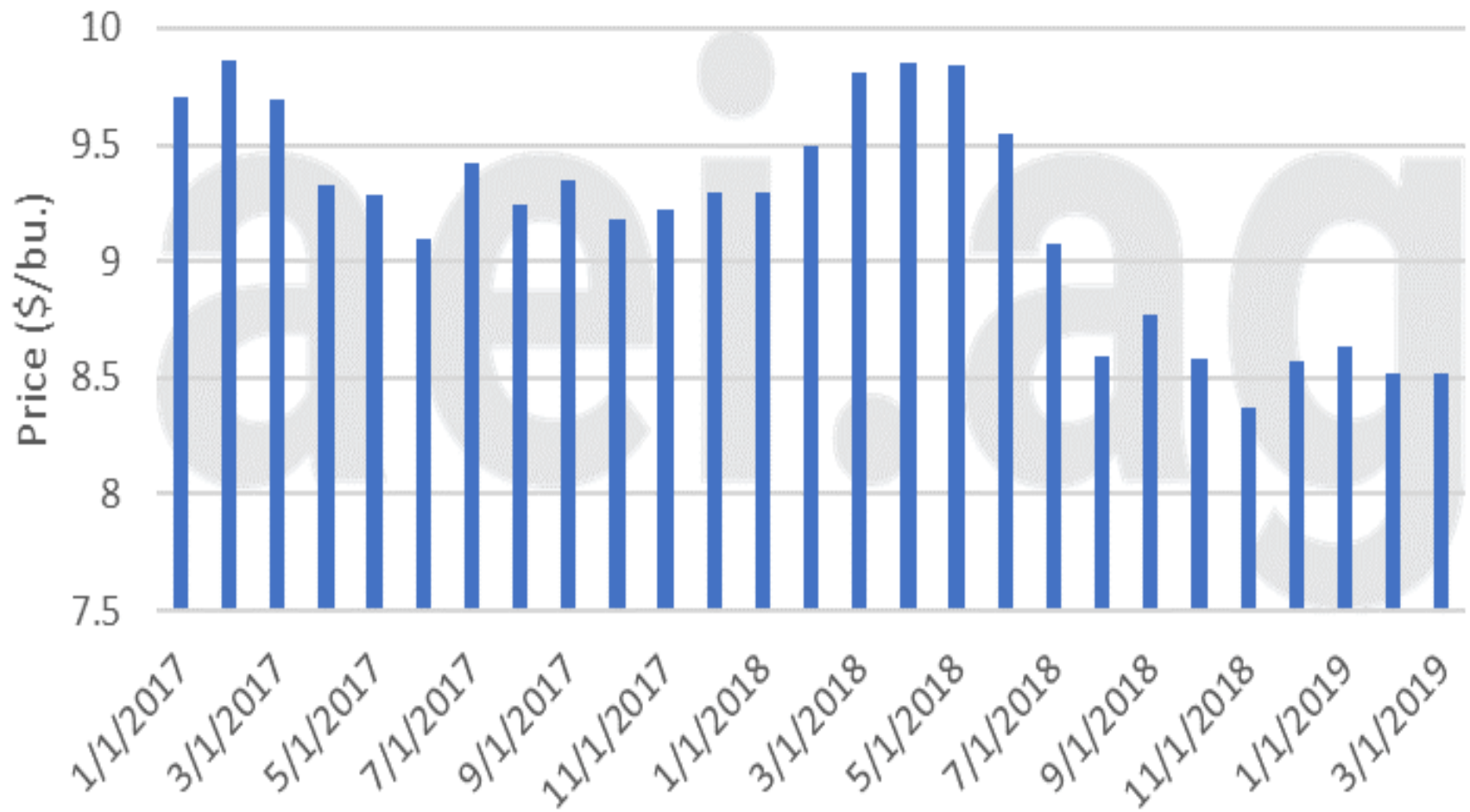


# Large industries hit hard by first wave of Chinese tariffs

At left are the values of exports to China in five industries from October 2017 to March 2018, before tariffs were enacted. At right are the values from October 2018 to March 2019, after tariffs went into effect.



## U.S. Farm-Level Soybean Prices (Monthly)



# APPROVAL OF USMCA AGREEMENT





# What About RFS Blending Waivers ?

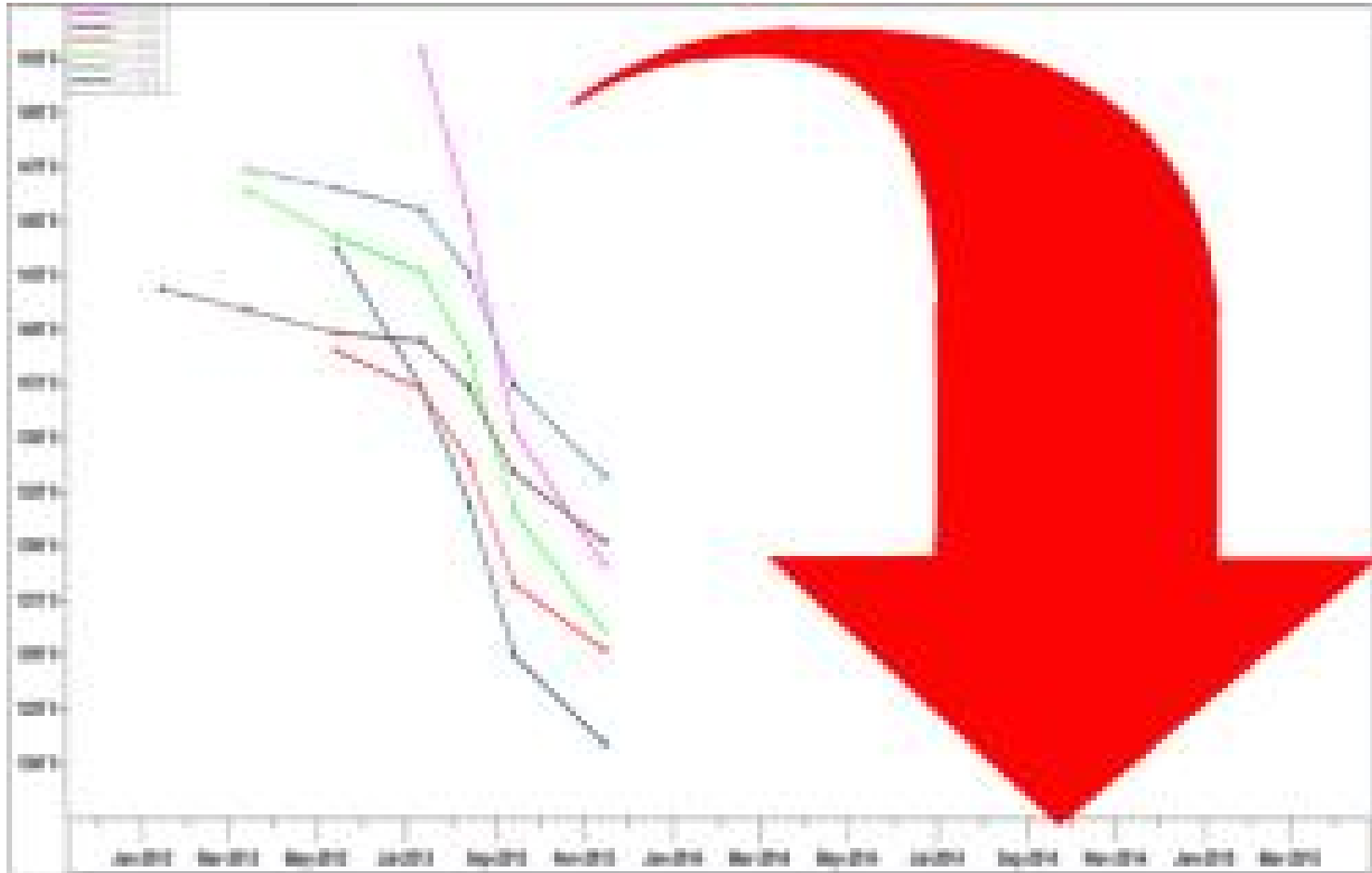


# What is the Future Status of E-15 ?

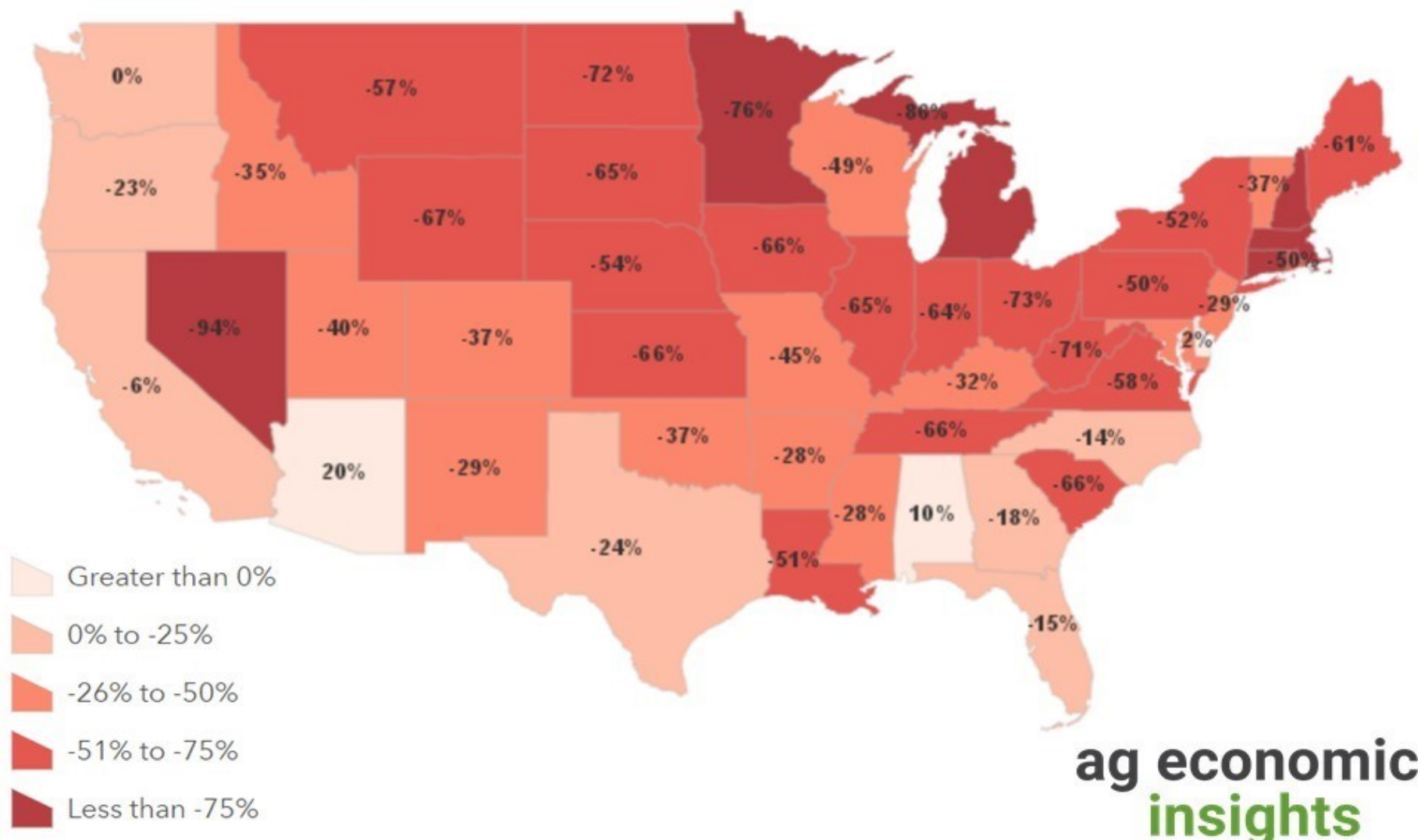




# Farm Economy Has Been In A Downturn For 6 Years

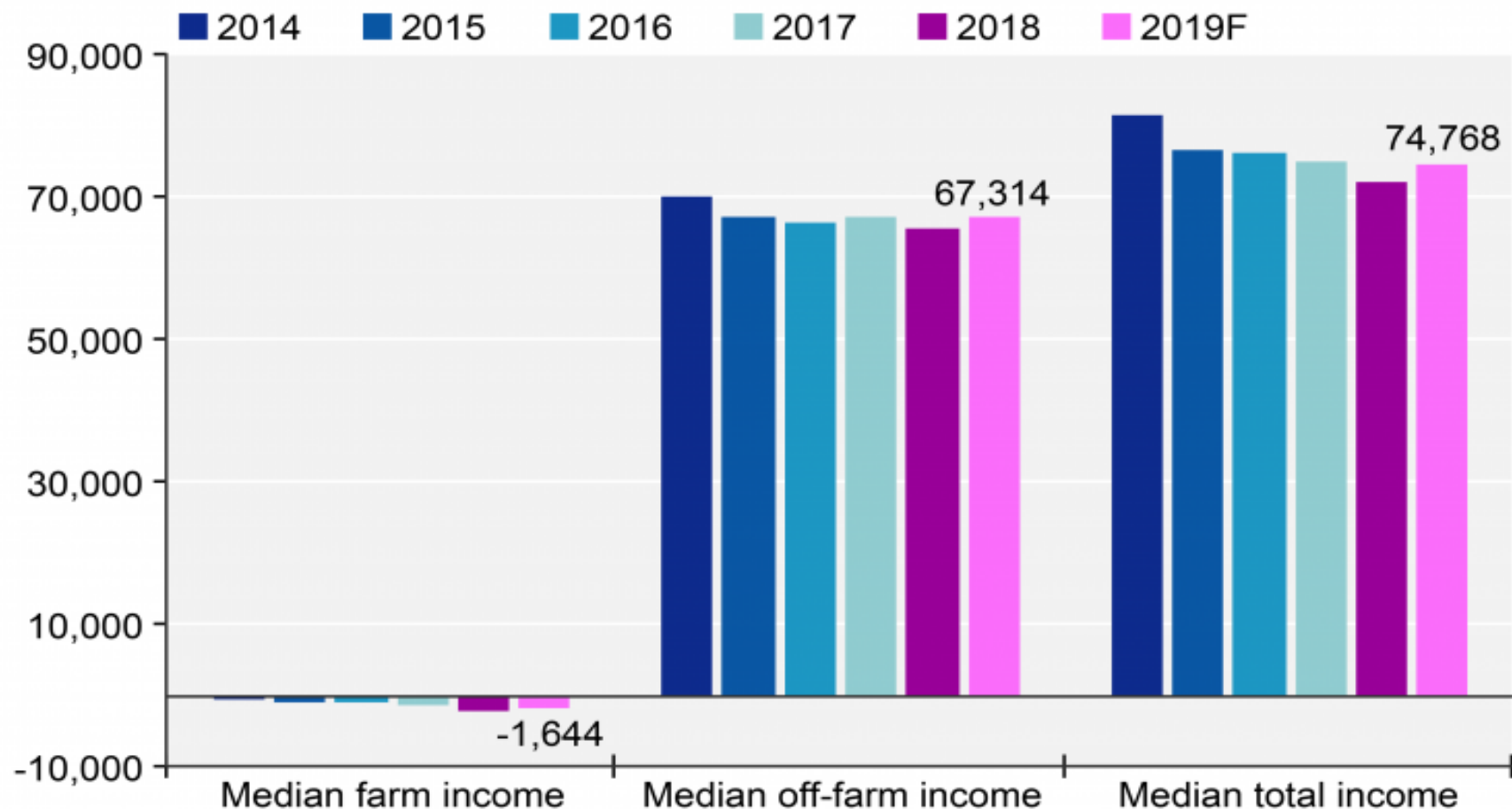


## Changes in State-Level Net Farm Income (Avg. 2016-2017 vs Avg. 2011-2013)



## Median farm income, median off-farm income, and median total income of farm operator households, 2014-19F

Dollars (nominal)

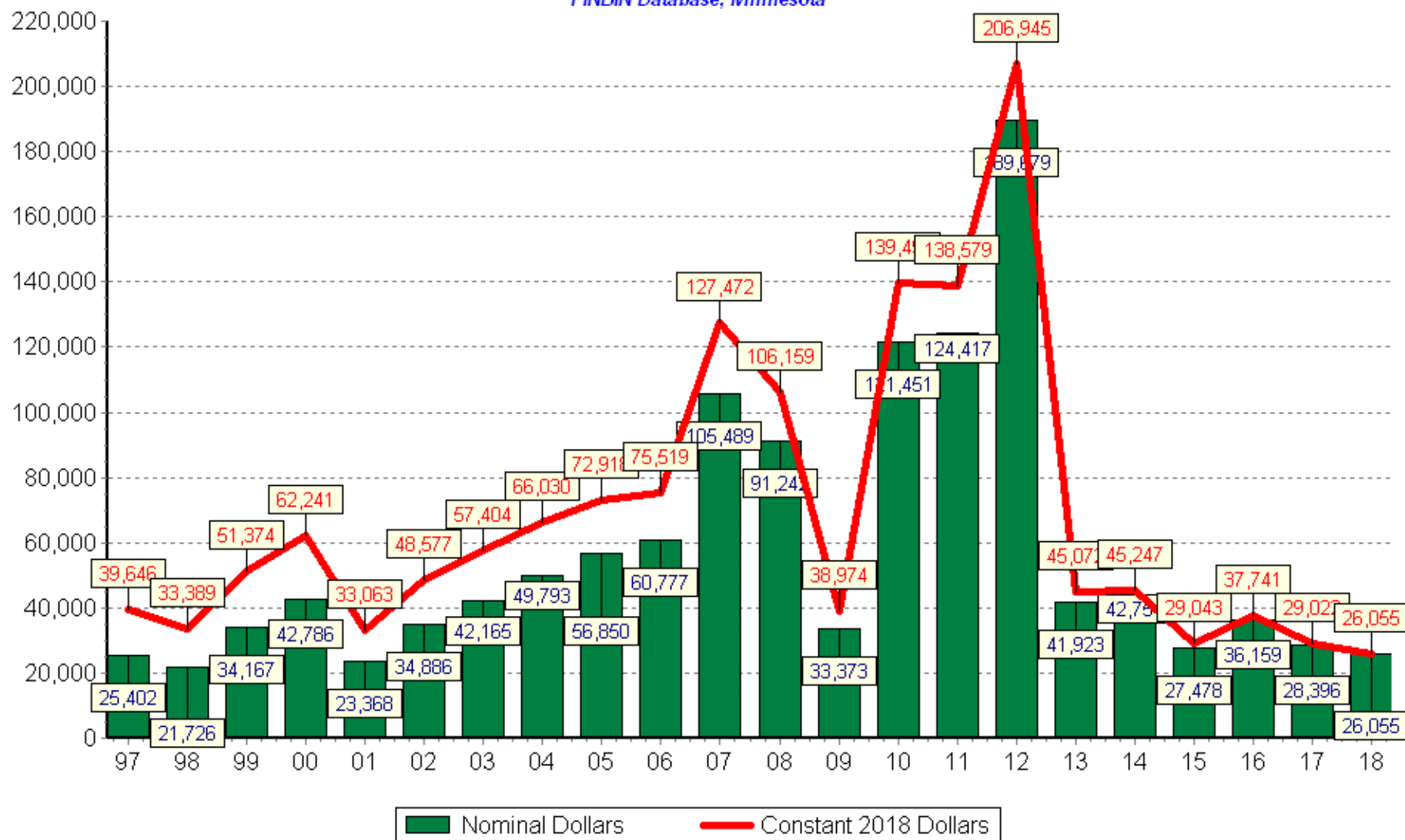


Note: F = forecast.

Source: USDA, Economic Research Service and National Agricultural Statistics Service, Agricultural Resource Management Survey. Data as of August 30, 2019.

# Median Net Farm Income

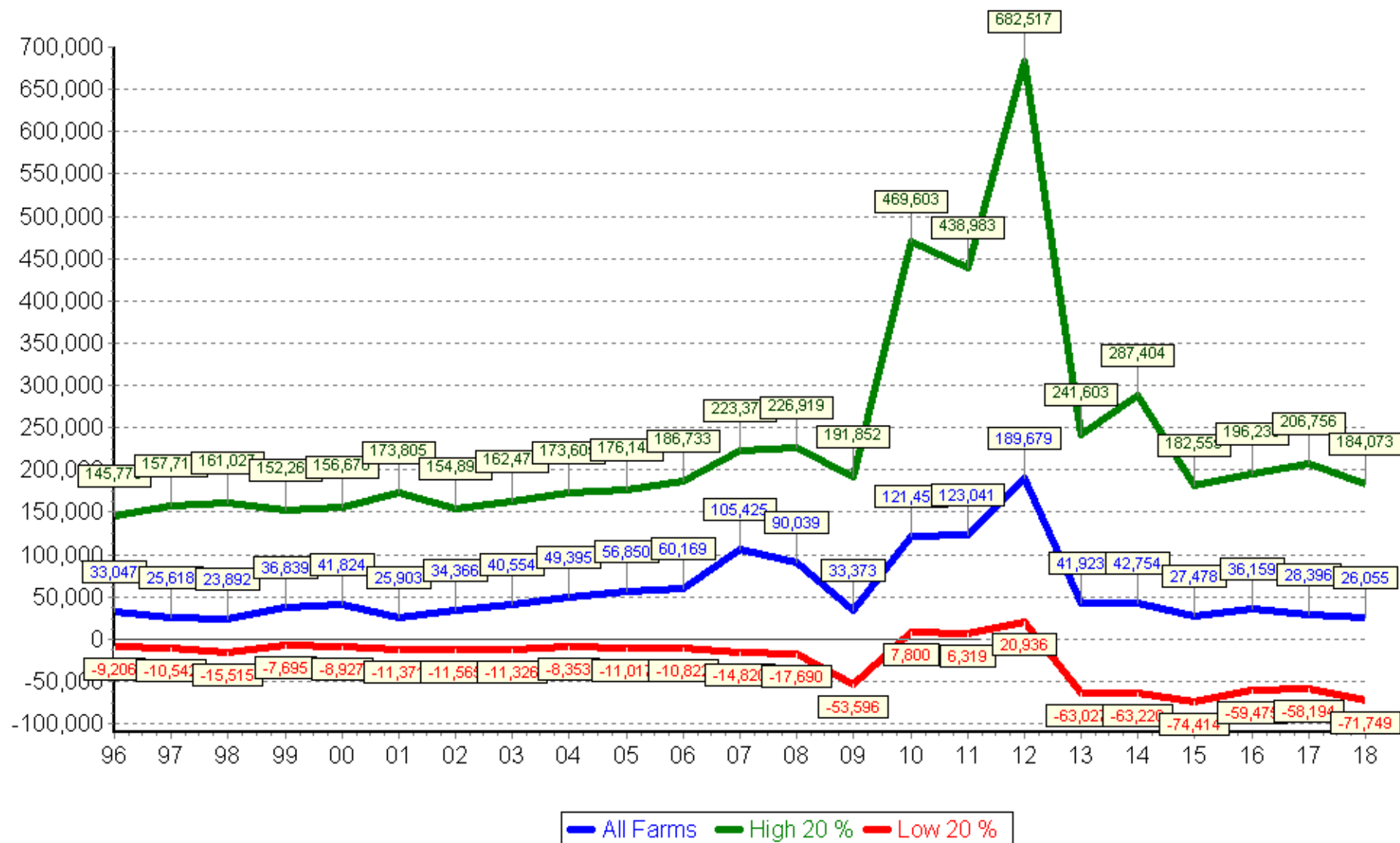
FINBIN Database, Minnesota



Data Sources: Minnesota Farm Business Management Education, Minnesota State  
Southwestern Minnesota Farm Business Management Associations, U of M  
Copyright 2019, Center For Farm Financial Management, University of Minnesota

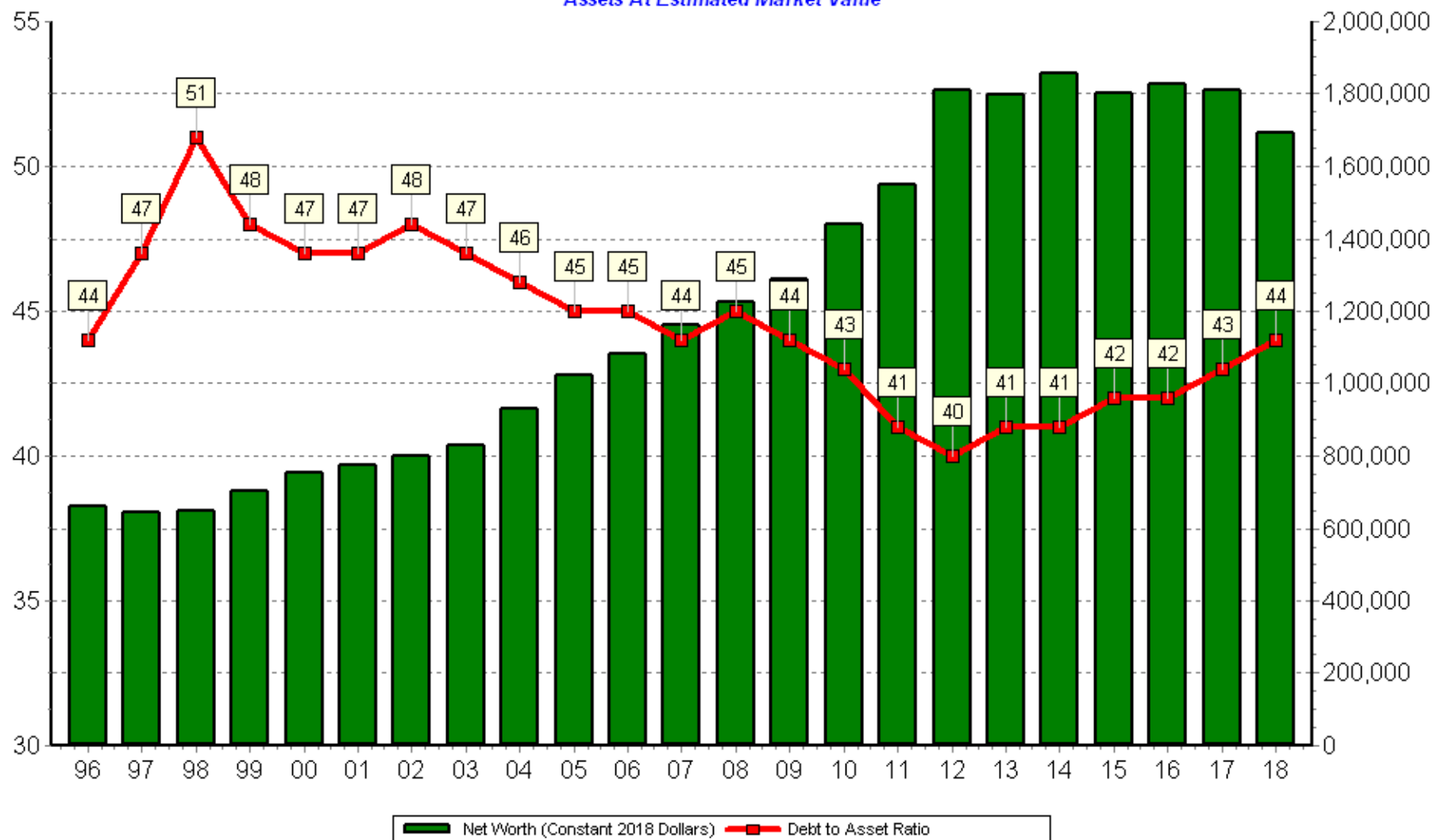
# Median Net Farm Income

FINBIN Database, Minnesota



# Net Worth and Debt To Asset Ratio

FINBIN Database, Minnesota Average  
Assets At Estimated Market Value

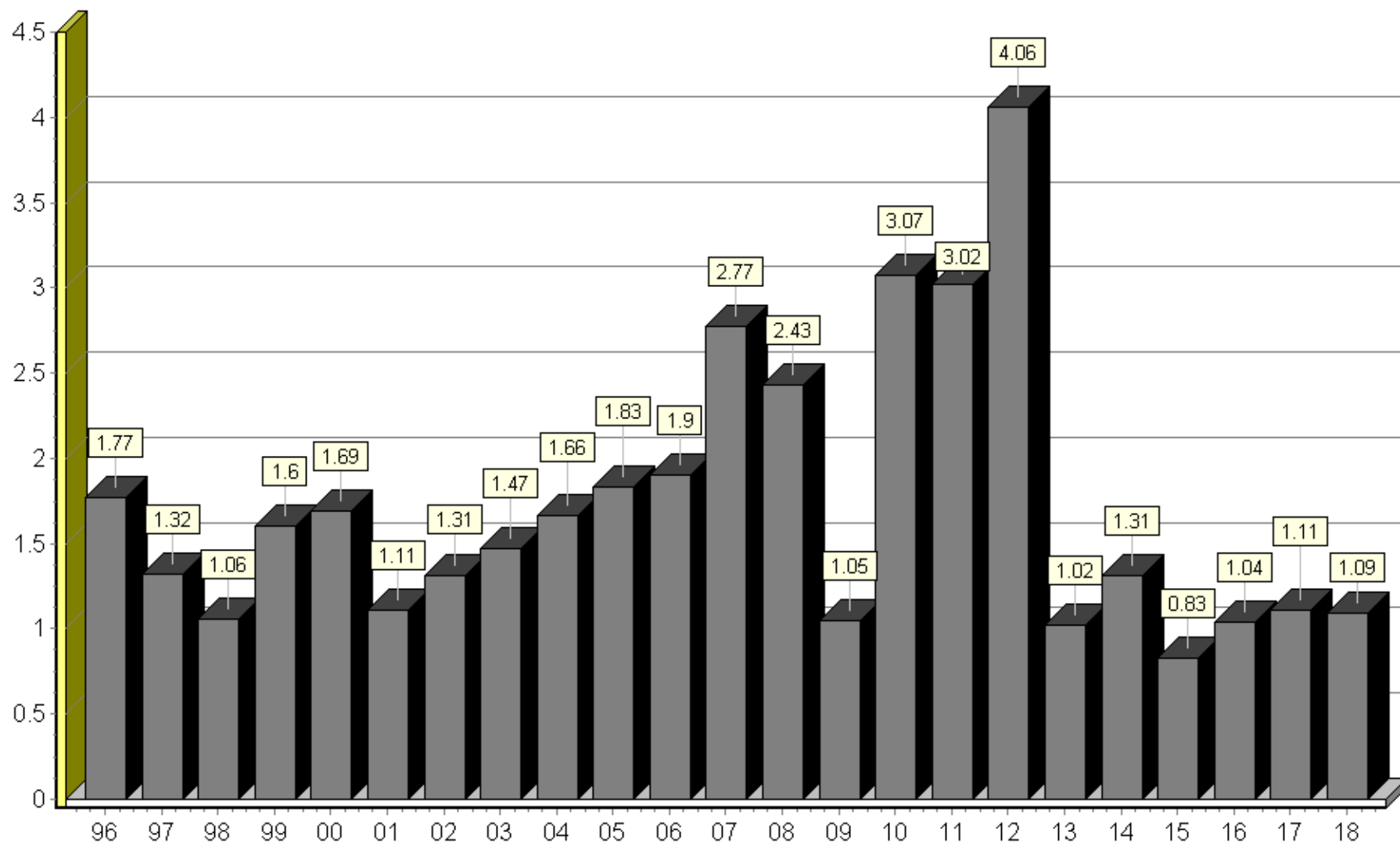


Data Sources: Minnesota Farm Business Management Education, Minnesota State  
Southwestern Minnesota Farm Business Management Association, U of MN  
Copyright 2019, Center For Farm Financial Management, University of Minnesota



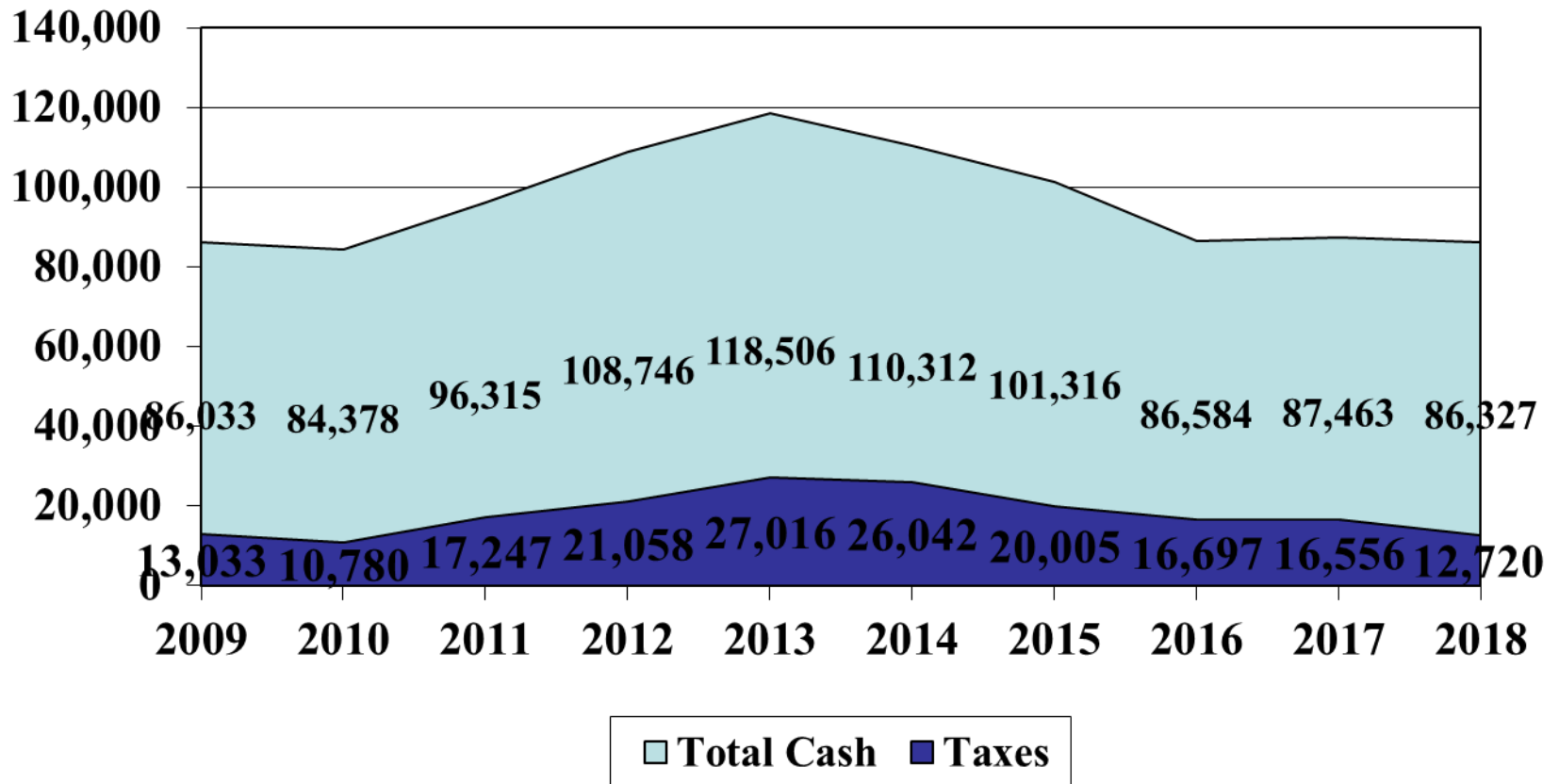
# Term Debt Coverage Ratio

FINBIN Database, Minnesota Average



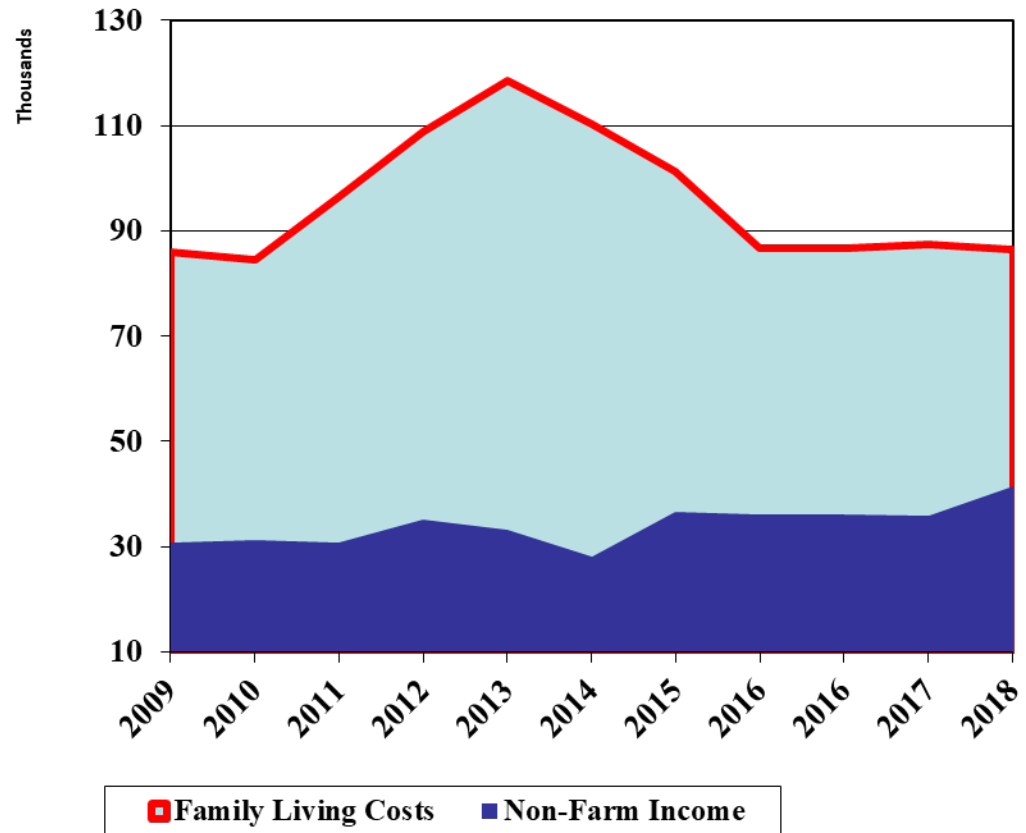
Data Sources: Minnesota Farm Business Management Education, Minnesota State  
Southwestern Minnesota Farm Business Management Associations, U of M  
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# Family Living Costs



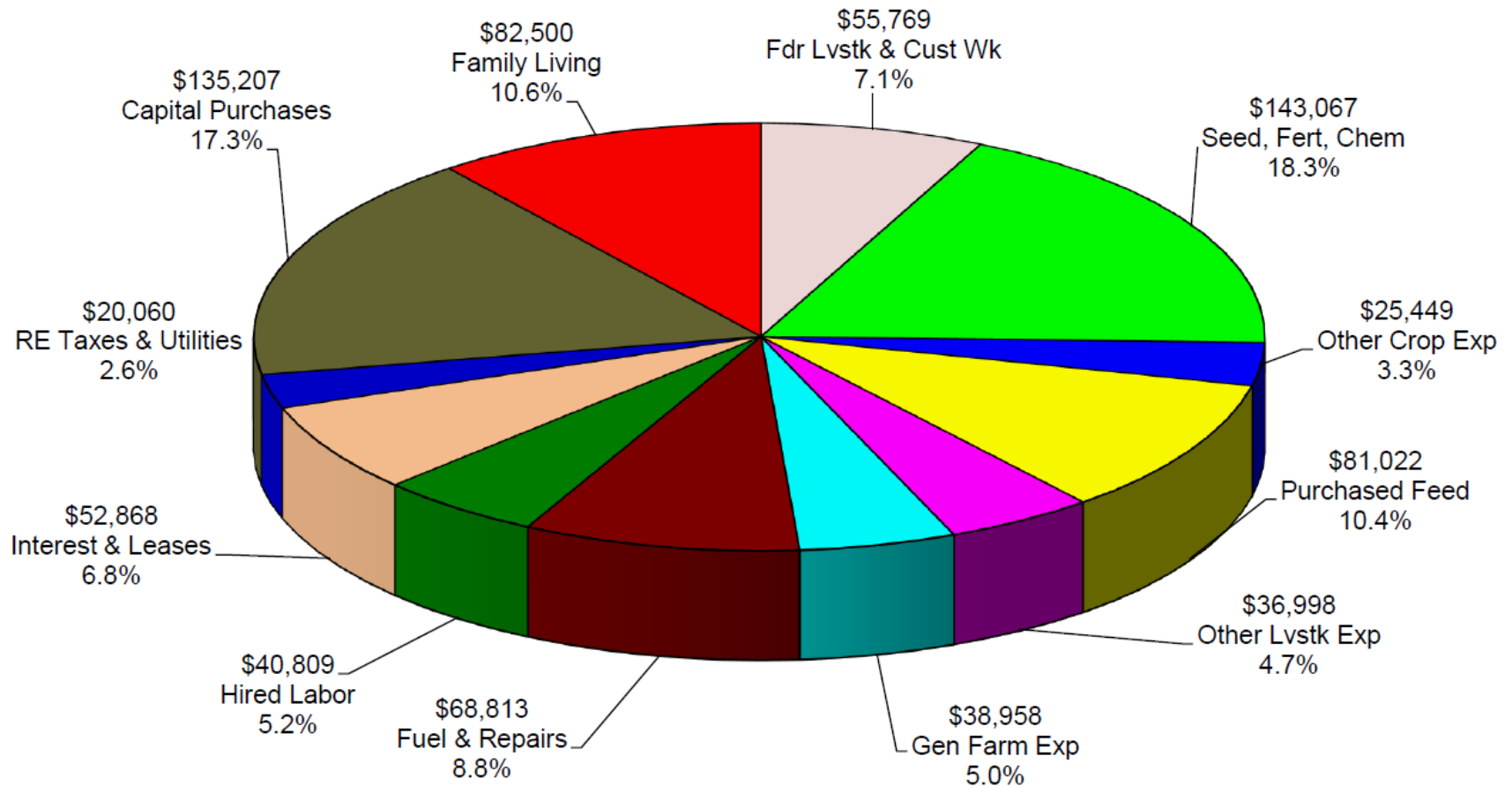
# Non-Farm Income & Family Living

- Family living has stabilized over the past few years
- In many cases, the employee benefits of off-farm employment adds significant value
- Non-farm income pays for more than half of household and personal spending



# Farm & Family Spending

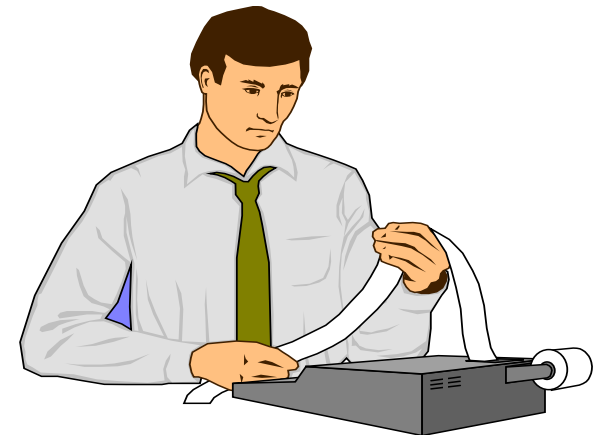
Each farmer, on average, spent \$781,520 in the Greater Community in 2018



# Farm & Family Spending

- In 2018, the average farm business spent a total of \$781,520 for farm business operating, capital purchases and family living. Much of this was spent in the local community for supplies and inputs, labor, real estate taxes, interest, real estate purchase, and rent. Some of it left the community for the purchase of machinery and equipment, utilities, income taxes, etc.
- Repeat – Most remained in the local community.

Thank your local farmers!



**Generate a Summary Report****WHOLE FARM****CROP****LIVESTOCK****Generate a Benchmark Report****WHOLE FARM****CROP****LIVESTOCK****Compare Your Farm****FINANCIAL RATIOS**

## Welcome to FINBIN

FINBIN is one of the largest and most accessible sources of farm financial and production benchmark information in the world. FINBIN places detailed reports on whole farm, crop, and livestock financials at your fingertips.

With just a few clicks of the mouse, you can see reports such as:

- [Soybean cost and returns by tillage system](#)
- [Dairy cost and returns by size or location of herd](#)
- [Farm financial standards measures by type or size of farm](#)

The possibilities are endless. Select Whole Farm Reports, Crop Reports, or Livestock Reports to create your own custom report.

Data providers:

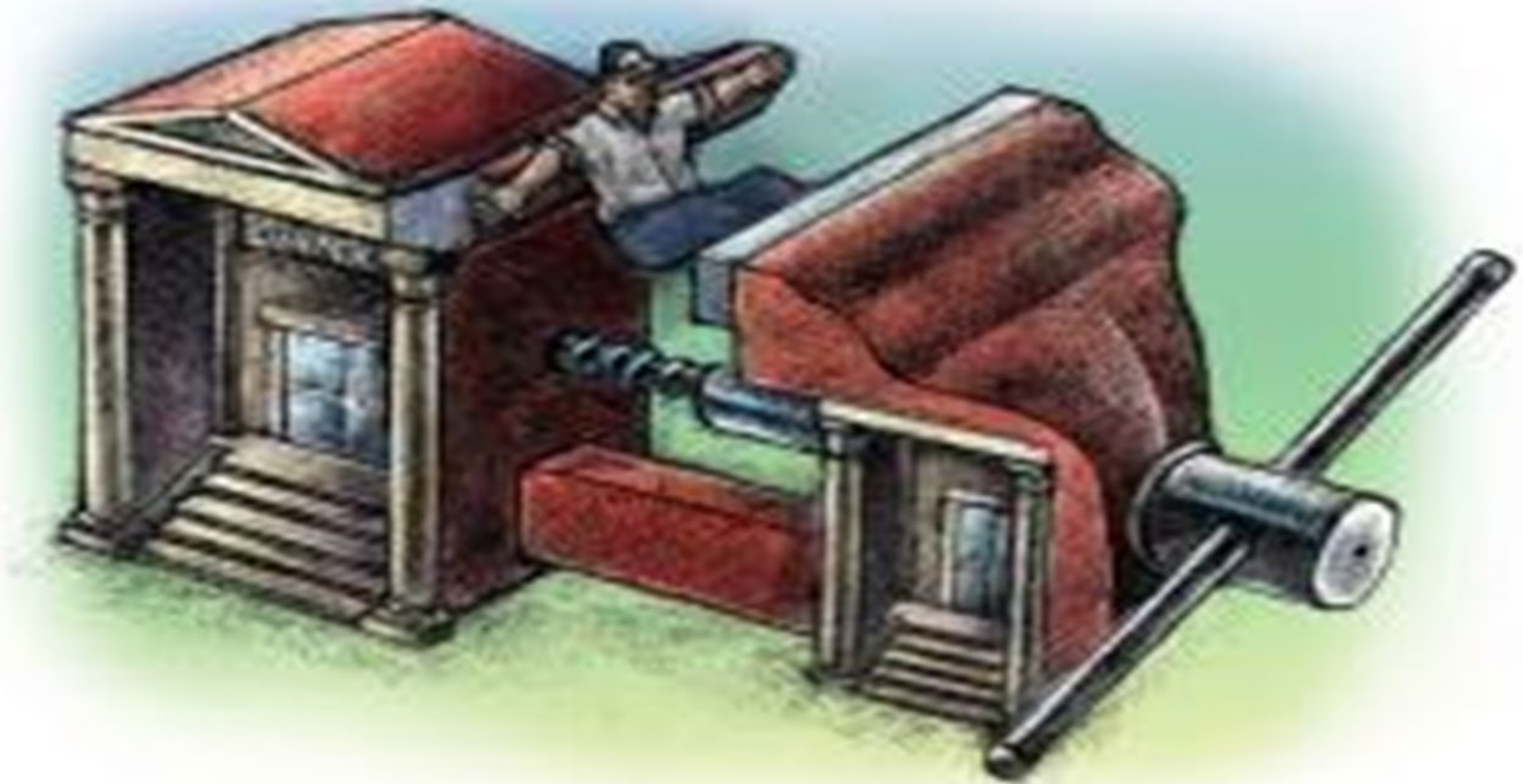
Farm business management associations

Farm management education programs

# www.finbin.umn.edu

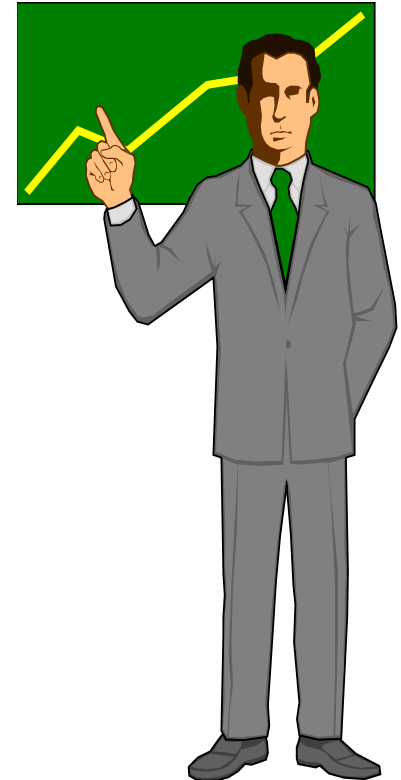


# The “Cash Flow Squeeze”



# Potential Additional Income Sources for 2019

- Better than expected 2019 Yields.
- Improved Grain Prices.
- Crop Insurance Income
- 2018 ARC-CO Payments.
- Crop Disaster (WHIP) Payments.
- Market Facilitation (MFP) Payments.

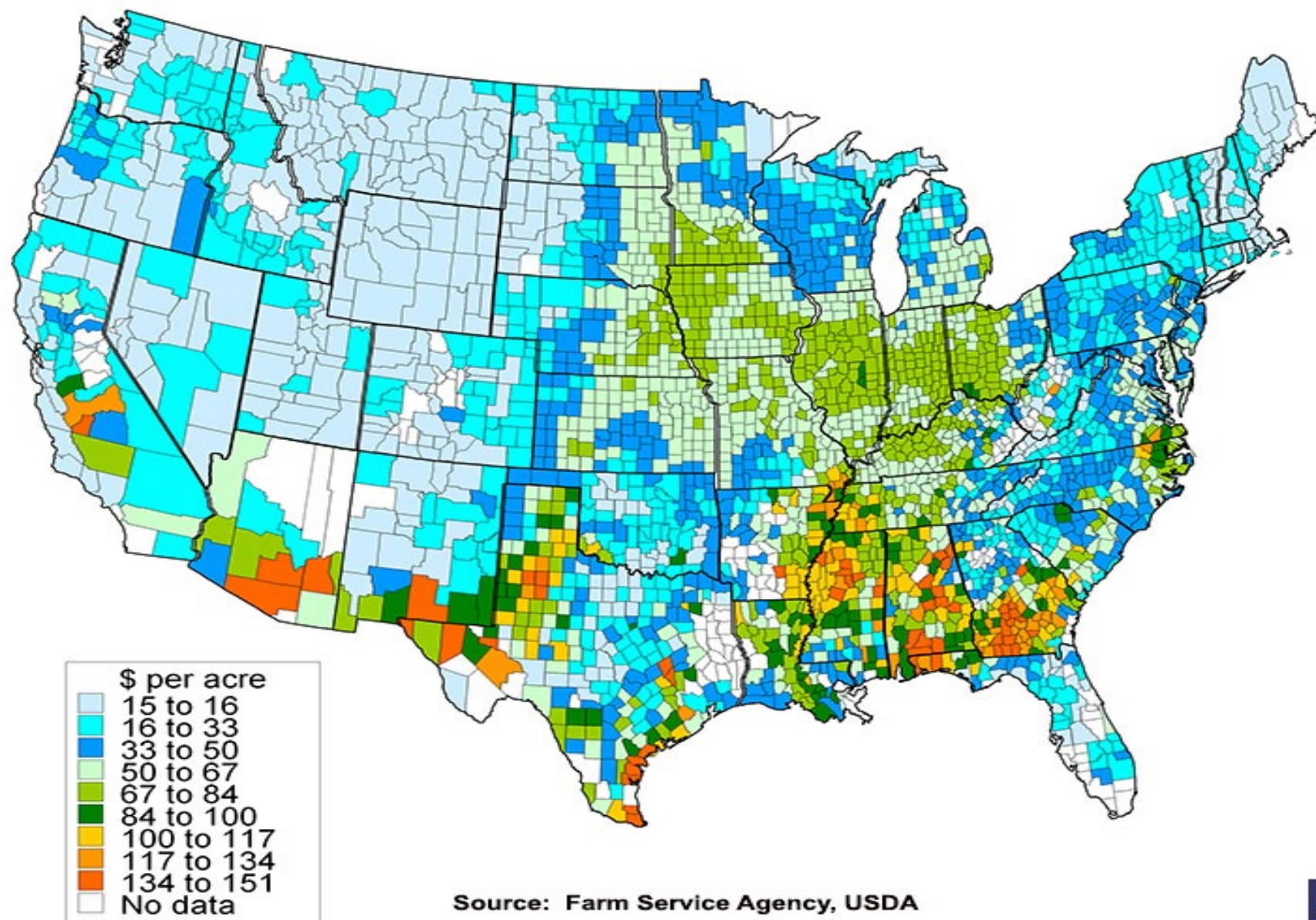


# 2019 MFP PAYMENTS





**Figure 1. MFP Rates for 2019**



## Figure 3. MFP “Round 2” Specialty Crop and Animal Protein Payments

**Dairy:**  
**\$0.20/cwt**

**Hogs:**  
**\$11/head**

**Nuts:**  
**\$146/acre**

**Cranberries:**  
**\$0.03/lb**

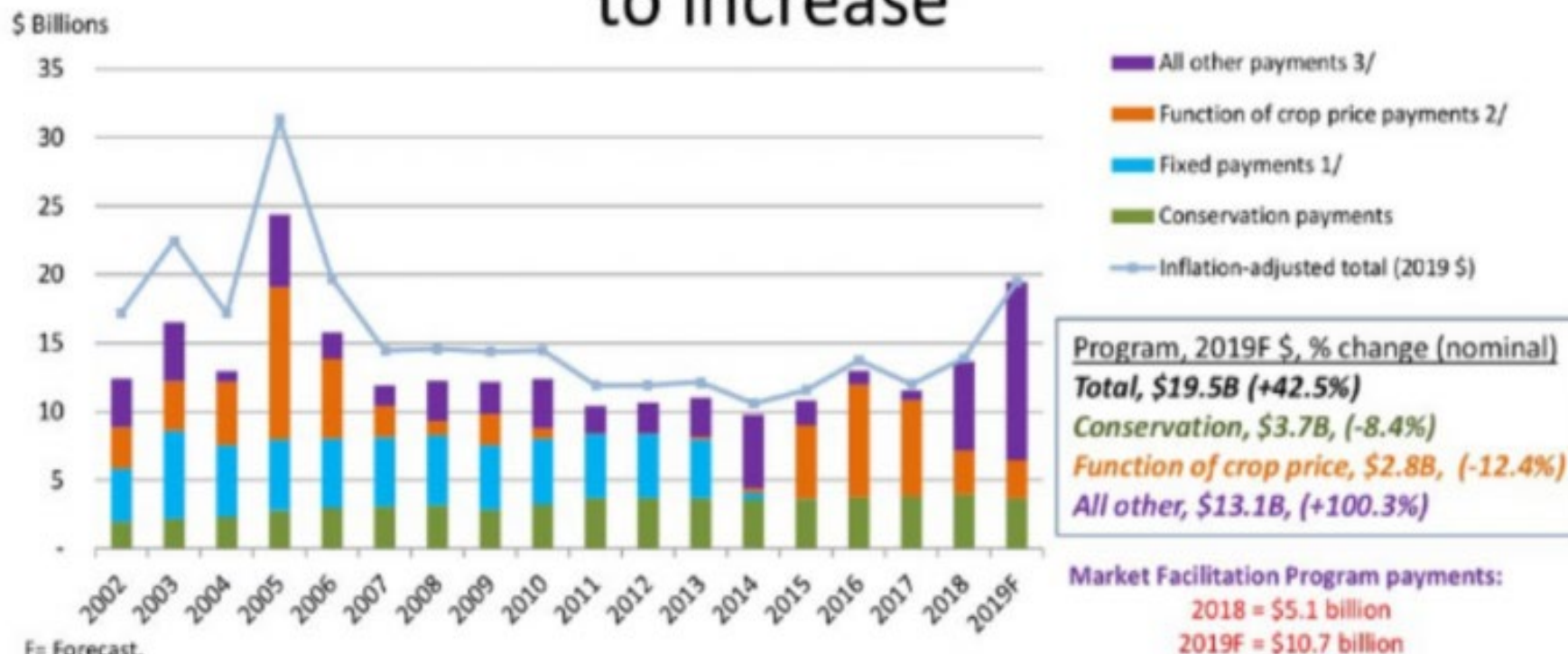
**Ginseng:**  
**\$2.85/lb**

**Sweet Cherries:**  
**\$0.17/lb**

**Table Grapes:**  
**\$0.03/lb**

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# Total direct payments to farmers expected to increase



1/ Direct payments are through 2013 and cotton transition payments in 2014 whereby payment rates are fixed by legislation.

2/ Includes counter-cyclical payments, average crop revenue election (ACRE) payments, loan deficiency payments, marketing loan gains, certificate exchange gains, Price Loss Coverage (PLC), and Agriculture Risk Coverage (ARC) in which commodity payment rates vary with market prices.

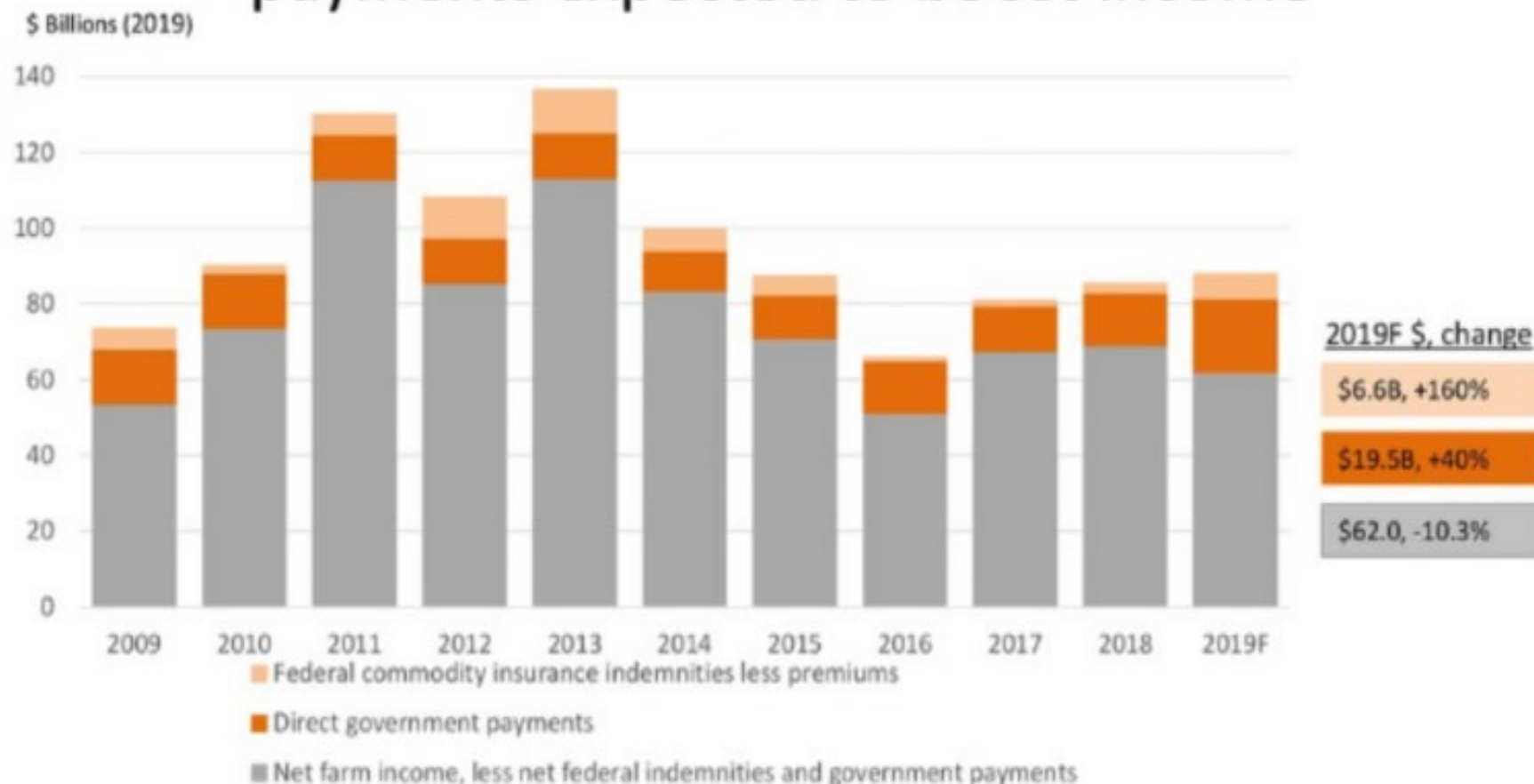
3/ All other payments include supplemental and ad hoc disaster relief, tobacco transition, dairy programs, cotton ginning cost share, and miscellaneous programs (including the Market Facilitation Program).

Source: USDA, Economic Research Service, Farm Income and Wealth Statistics (using data from FSA, NRCS, and CCC)

Data as of August 30, 2019



# Federal insurance indemnities and direct payments expected to boost income

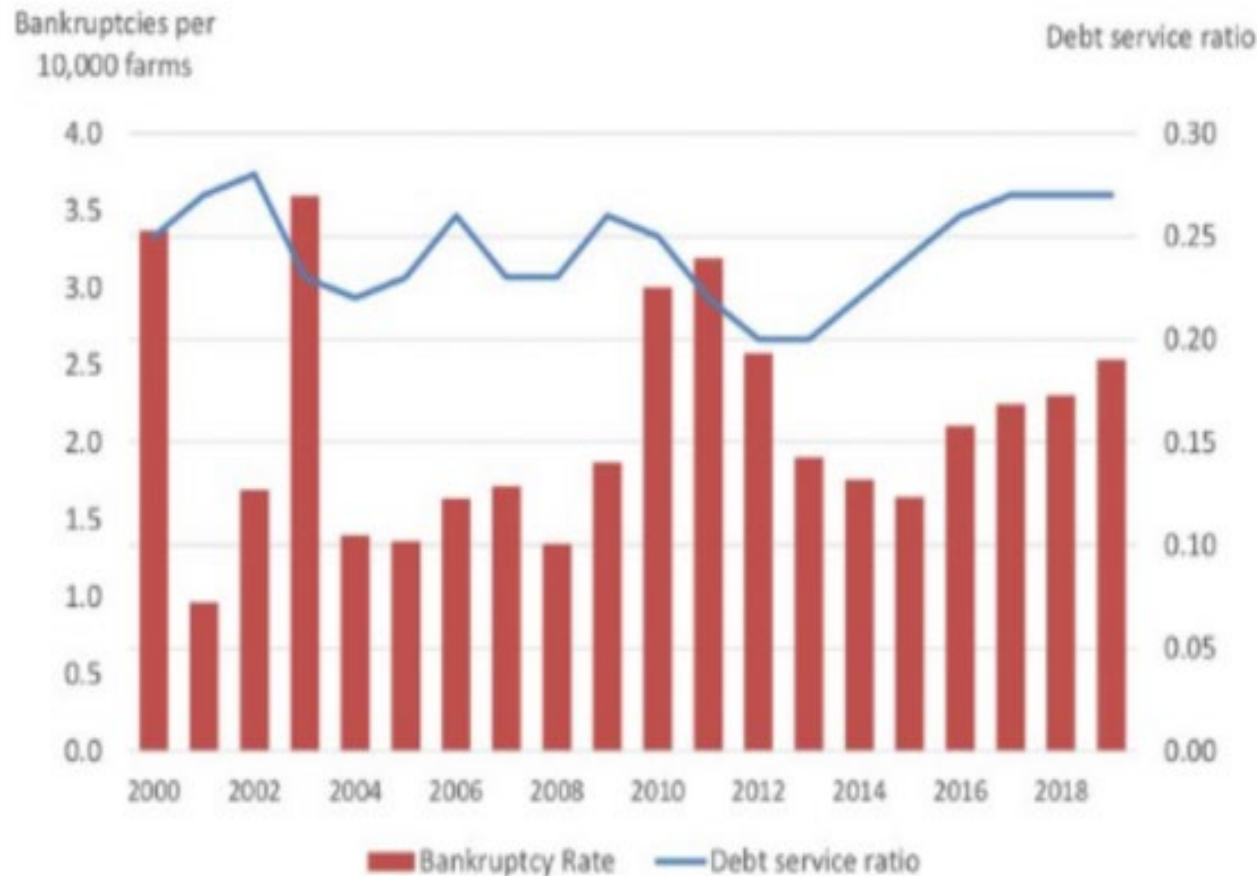


F= Forecast. Values are inflation adjusted using the chain-type GDP deflator, 2019=100

Source: USDA, Economic Research Service, Farm Income and Wealth Statistics

Data as of August 30, 2019

# Bankruptcies trending upwards in recent years



Since 2016, bankruptcy rate has trended upwards as the debt service ratio has leveled.

Debt service ratio describes the share of production used for debt payments.

F = Forecast Data

Sources: Debt Service Ratio from the USDA, ERS Farm Income and Wealth Statistics; Bankruptcy data from U.S. Courts Statistical Tables

Data as of August 30, 2019

# 24/7 Confidential Hotline

MINNESOTA FARM & RURAL HELPLINE

833-600-2670

*Free. Confidential. 24/7.*

## NEED TO TALK?

Are you struggling with feeling alone,  
sad, stressed, or worried and feel like  
you have no one to turn to?

**CALL US.**



# Minnesota Farm Advocates

- Since 1984
- Peer farmers
- Natural or financial disaster
- In the farmer's corner
- Help navigate solutions to difficult and complex problems
  - Lending/lender negotiation, mediation, farm programs, crisis counseling, disaster programs, legal and/or social services
- 2017: ~8,400 hours with clients



**651-201-6311**

# Minnesota Farmer-Lender Mediation

Mediation uses a neutral facilitator to help resolve disputes:

- Offers farmers the chance to renegotiate, restructure, or resolve farm debt
- No cost
- Informal, confidential process
- Debtor has 14 days to respond and file mediation request after getting notice from a creditor

11/16/18

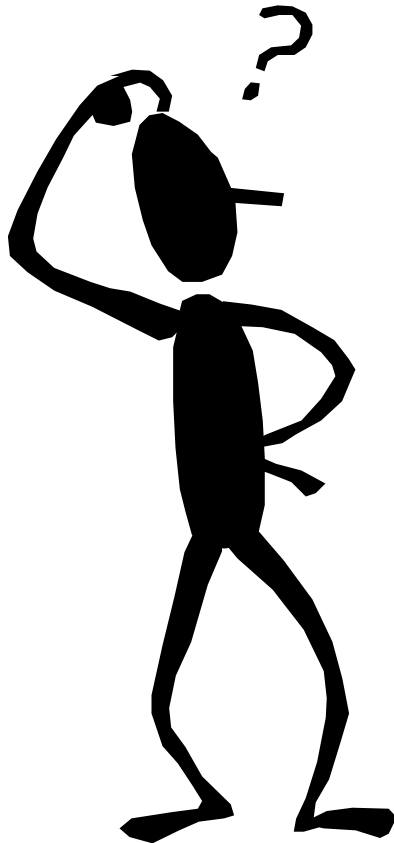


218-935-5785

# Trends for 2020 & Beyond ...

- Tight Margins in Crop & Livestock Production.
- Interest rates will likely be stable or lower.
- High level of market & farm income volatility.
- Land values & Land Rents will continue to be steady to slightly lower.
- Continued emphasis on Ag Trade Issues.
- “Stress level” will remain high (Use resources !).
- Not all is bad ..... there will be opportunities !

# QUESTIONS ?



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**Best Wishes For  
2019 & Beyond !**

