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Acreage Decisions 2020



Gary Schnitkey



Todd Hubbs

Audio

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Housekeeping

- Handout available via GoToWebinar control panel
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- Submit questions during the webinar
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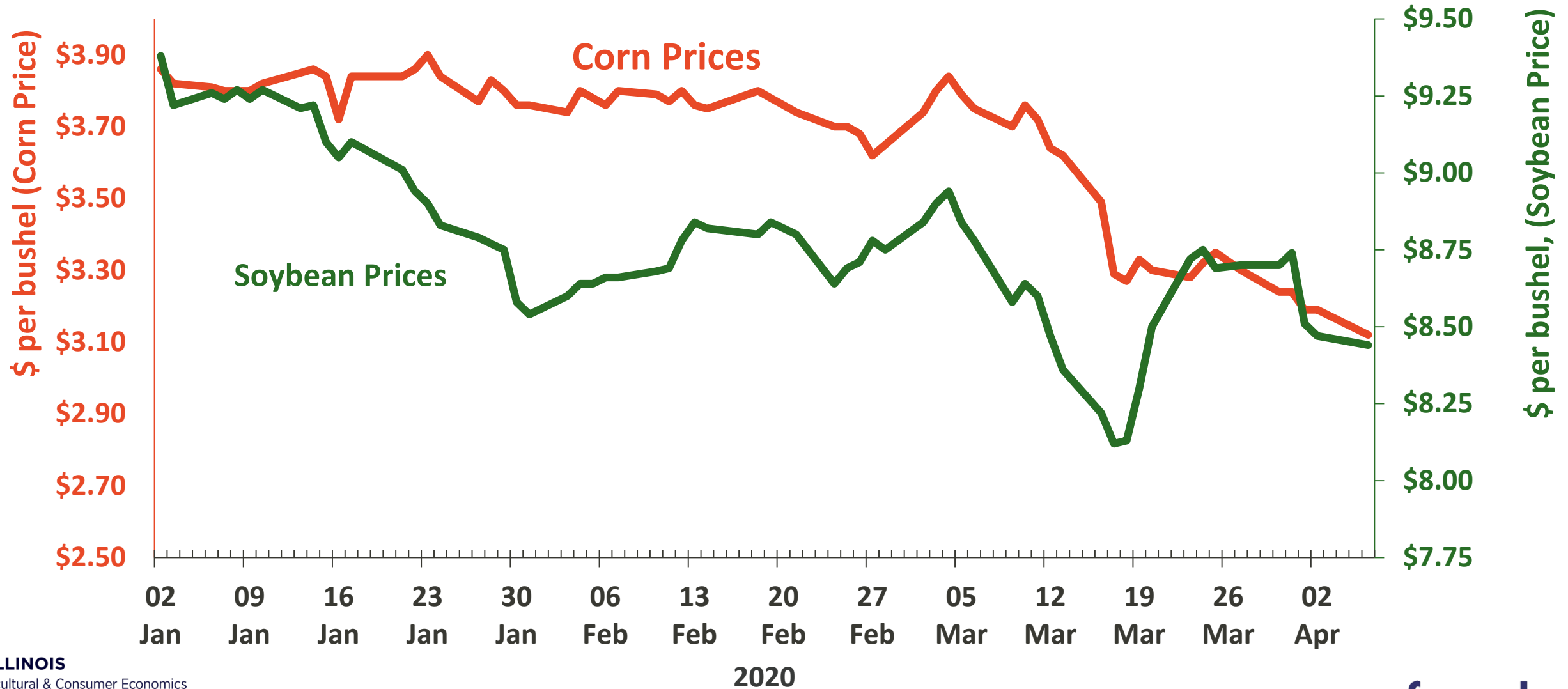
Gary Schnitkey



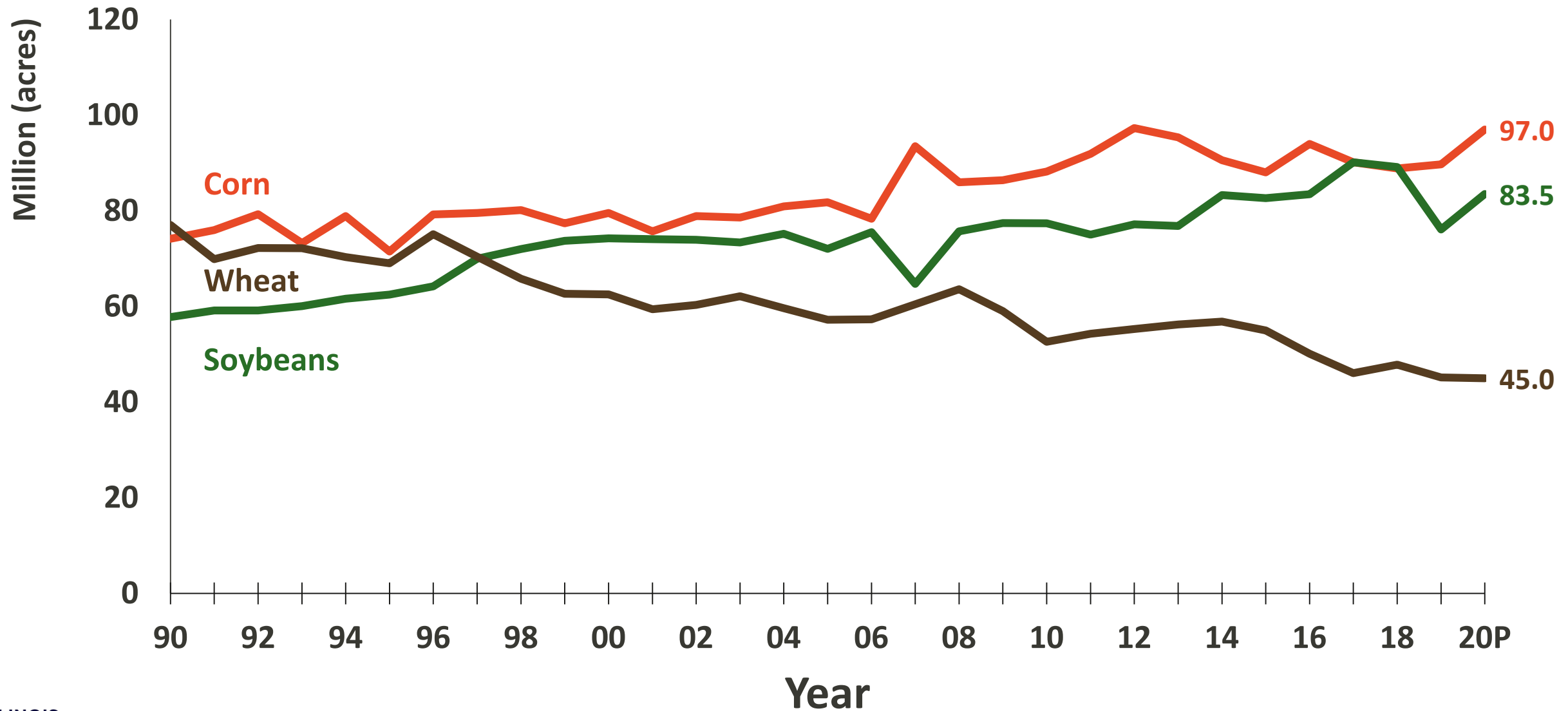
Todd Hubbs

Central Illinois Cash Corn and Soybean Prices

January 2, 2020 to April 6, 2020



Planted Acres in the U.S., 1990 - 2020P



Poll Question: Have your expectation of planted acres changed since the first week of March

- More corn acres, less soybean acres
- More corn acres, less other crop if not SB
- Fewer corn acres, more soybean acres
- Fewer corn acres, more other crop if not SB
- No change

Budgeting and Farm Management

Prices before and after COVID-19

	Before COVID-19	After COVID-19
Corn	\$3.90	\$3.30
Soybeans	\$9.00	\$8.30

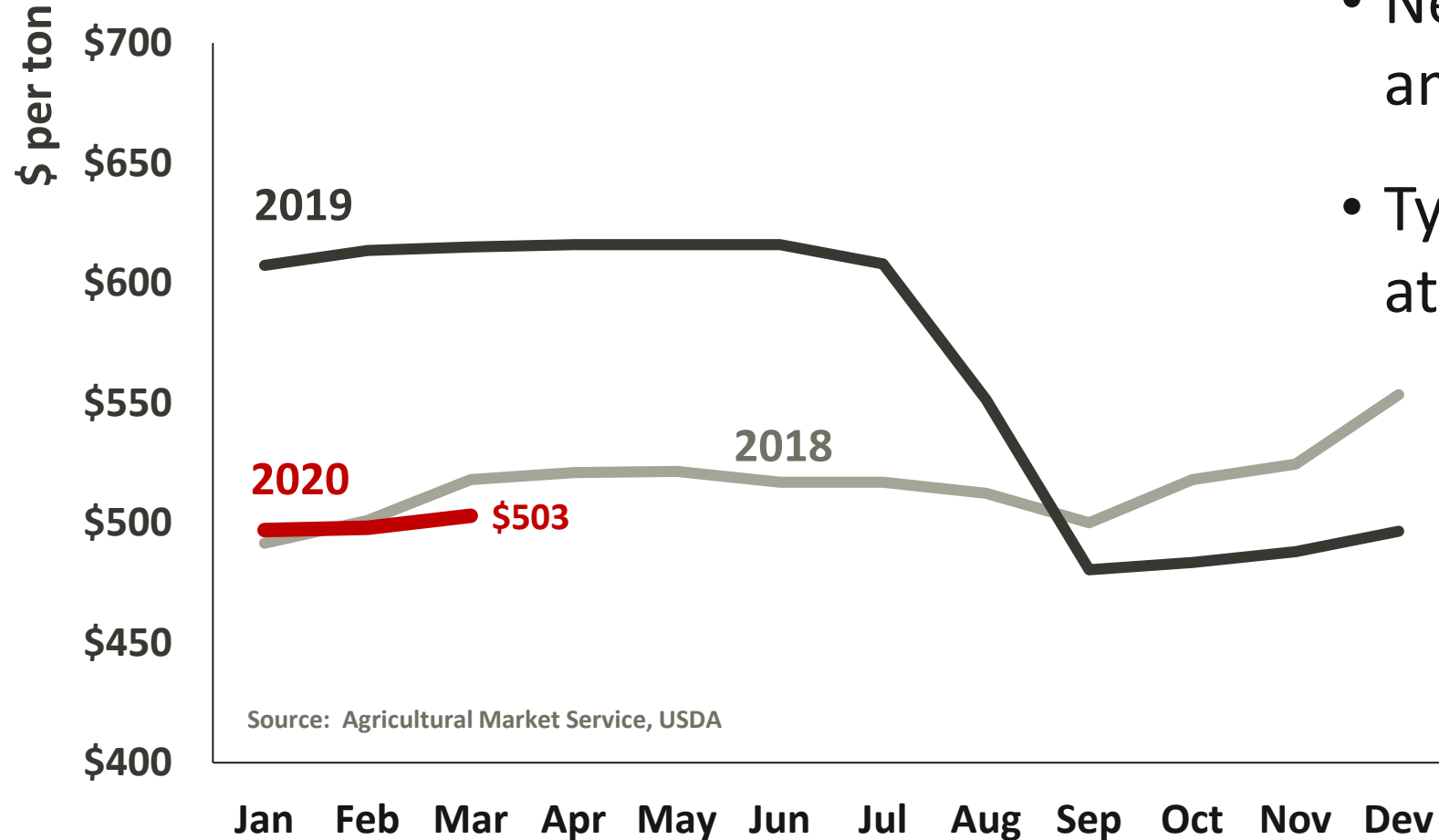
After COVID-19 are slightly optimistic prices given current market bids, hopefully get some relief in the future, or not.

Points

- Production costs will be slightly lower,
- PLC/ARC will make payments, but are decoupled unless ARC-IC
- In Illinois, talking about marginal shifts in acres too and from corn and soybeans

Nitrogen prices are lower in 2020

Anhydrous Ammonia Prices By Month, Illinois, 2018 - 2020



- Near \$500 per ton anhydrous ammonia prices in March
- Typically, a lot of nitrogen on at this point



Poll Question: We are using a \$3.30 expected corn price for 2020. Do you believe

- Corn price will be higher near \$4.00
- Corn prices will be near \$3.50
- \$3.30 expectation is about correct
- Corn prices will be nearer \$3.00

Poll Question: We are using a \$8.30 expected soybean price for 2020. Do you believe

- Soybean price will be higher near \$9.00
- Soybean prices will be near \$8.50
- \$8.30 expectation is about correct
- Soybean prices will be nearer \$8.00

Costs in Northern Illinois, Corn

Item	2018	2019	2020P
Fertilizers	126	134	125
Drying	15	28	15
Fuel and oil	21	17	16
Interest (non-land)	23	26	26
Total non-land	580	584	575

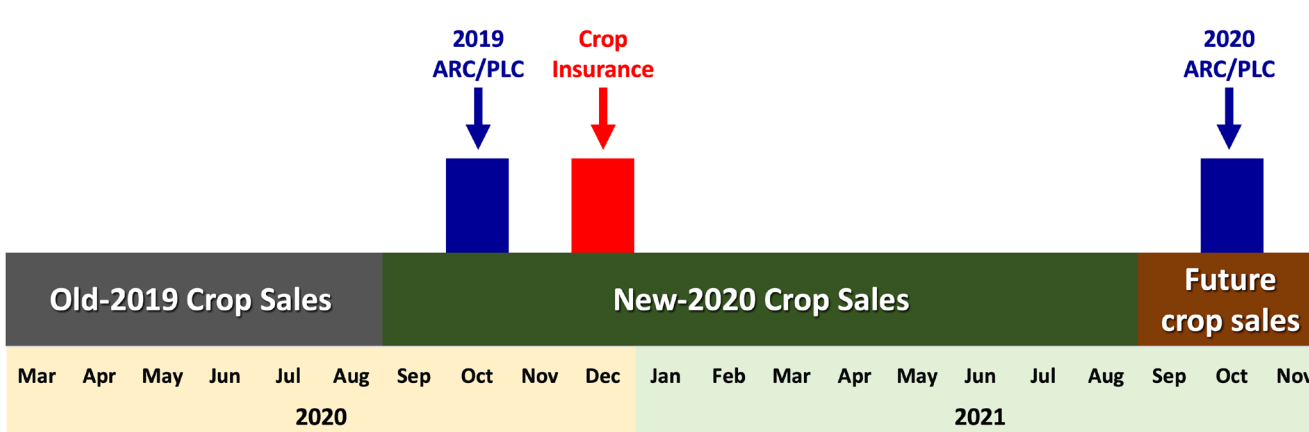
Will see lower costs in 2020

- Fertilizer, drying will likely lead the way
- No increase in depreciation
- Interest costs are increasing

PLC and ARC for 2020

2020 PLC/ARC Payments will be received in October 2021

Timeline of Revenues for Crop Farms that COVID-19 Will Impact



2020 PLC and ARC-CO are **not** impacted by 2020 planting decisions.

Don't plant to get PLC or ARC-CO payments

ARC-IC farms will be impacted by 2020 planting decisions

2020 PLC Payment Estimates

Crop	Effective Reference Price (\$/bu)	2020 MYA Price Estimate (\$/bu)	Payment Rate (\$/bu)	PLC Bushels (Bu/acre)	2020 PLC Payment (\$/acre)
Corn	\$3.70	\$3.30	\$0.40	180	\$61
Soybeans	\$8.40	\$8.30	\$0.10	50	\$4

2020 PLC payment = .85 x payment rate x PLC bushels

2020 ARC-CO would not make payments for corn or soybeans without county yield reductions

Corn, Central Illinois, High-Productivity Farmland

	Year		
	2018	2019	2020P
Yield per acre	237	208	215
Price per bu	\$3.60	\$3.84	\$3.30
Crop revenue	\$853	\$799	\$710
ARC/PLC	\$0	\$10	\$30
MFP	\$1	\$82	\$0
Crop insurance	\$2	\$10	\$0
Gross revenue	\$856	\$901	\$740
Total non-land costs	\$574	\$606	\$571
Operator and land return	\$282	\$295	\$169
Cash rent	\$274	\$275	\$275
Farmer return	\$8	\$20	-\$106

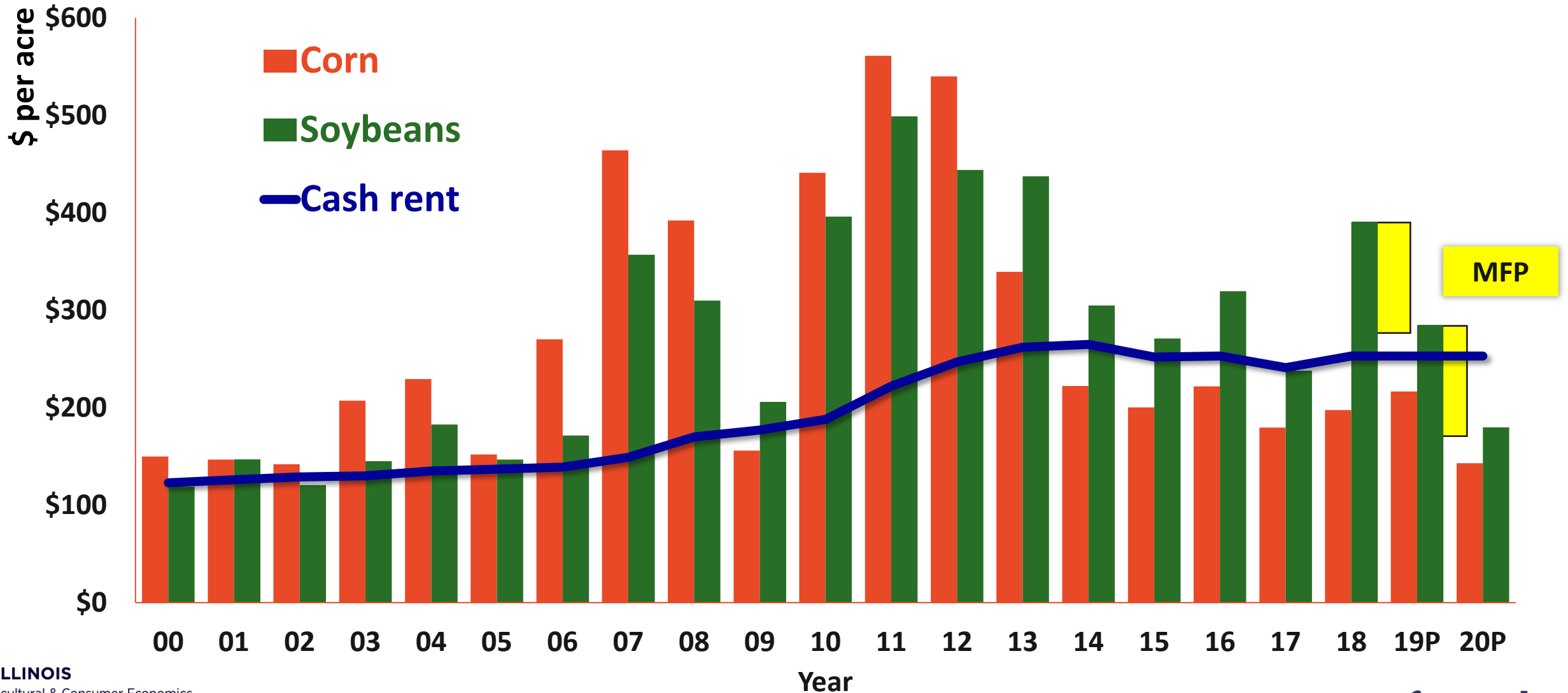
Soybeans, Central Illinois, High-Productivity Farmland

	Year		
	2018	2019	2020P
Yield per acre	75	64	68
Price per bu	\$9.36	\$9.00	\$8.30
Crop revenue	702	576	564
ARC/PLC	0	10	30
MFP	122	82	0
Crop insurance	2	10	0
Gross revenue	826	678	594
Total non-land costs	353	372	359
Operator and land retu	473	306	235
Cash rent	274	275	275
Farmer return	199	31	-40

Poll Question: What is the chance of a MFP-like payment in 2020?

- Federal aid in 2020 will be more than in 2019
- Federal aid in 2020 will be less than in 2019
- There will be no Federal aid

Operator and Farmland Returns, Central Illinois, High-Productivity Farmland



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Upcoming Webinars

Crop Management Outlook for 2020

10:00 to 11am CT, Wednesday April 8th

Join Extension specialists from the University of Illinois Departments of Crop Science and Agricultural and Consumer Economics to discuss management recommendations for 2020 related to insect pests, weeds, diseases, and commodity prices. [Register at https://go.illinois.edu/fd](https://go.illinois.edu/fd)

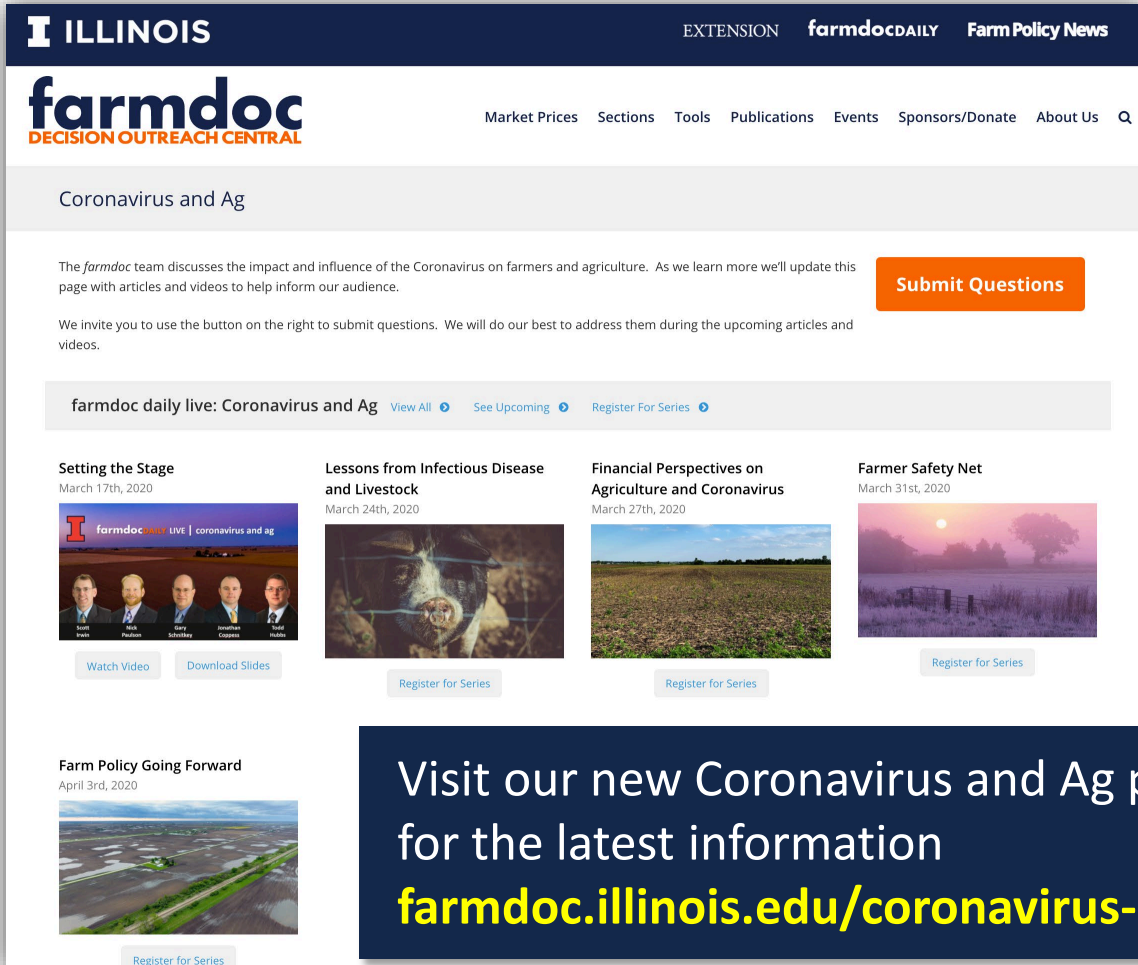
Impacts of Covid-19 on Agricultural Assets and Lending Markets

11:00 to 11:30am CT, Friday April 10th

COVID-19 is affecting America's farmers, ranchers, and landowners in numerous and varied ways. Join Jackson Takach, chief economist with Farmer Mac, and Bruce Sherrick, Professor and Director of the TIAA Center for Farmland Research and a farmdoc team member, as they explore the drivers and linkages between the global pandemic, the related economic stoppage, farm assets, and agricultural finance.

Thank You for joining us!

Please submit your questions



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