

Kansas Farm Financial Situation

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PROFESSOR & HEAD

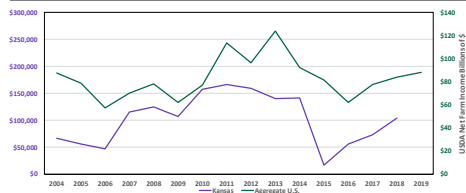


Introduction

- A Recovering Kansas Farm Economy?
- A Shifting Crop Mix
- MFP Considerations
- An Above Average 2019
- Looking at Trade



Kansas and U.S. Net Farm Income



Average Kansas Net Farm Income and Government Payments

	2014	2015	2016	2017	2018
Net Farm Income	\$141,541	\$16,541	\$56,065	\$72,918	\$103,785
Government Payments	\$28,229	\$20,353	\$25,307	\$27,440	\$41,206
Government Payments as a Percent of Income	19.9%	123.0%	45.1%	37.6%	39.7%

Government payments are important as a percentage of income.



The lower tail has shifted upwards

	2014	2015	2016	2017	2018
Negative Income	18.8%	40.3%	32.8%	24.4%	20.1%
Less than \$50,000	36.7%	67.1%	58.7%	55.8%	46.1%

Farms continued to recover in 2018



Farms with Consistent Success and Struggles

- Farms with negative net farm income each year from 2014 through 2018
 - Kansas – 1.7%
- Farms with positive net farm income each year from 2014 through 2018
 - Kansas – 32.4%

A number of farms are positioned for opportunity



Shifting Crop Mix

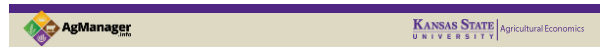
Crop	2015	2016	2017	2018	2019	4-Year % Change
Corn	3,920	4,920	5,200	5,000	6,000	53%
Sorghum	3,200	2,950	2,360	2,650	2,400	-25%
Soybean	3,860	4,010	5,100	4,690	4,540	18%
Wheat	8,700	8,200	6,950	7,300	6,600	-24%
Total	19,680	20,080	19,560	19,640	19,540	-0.7%

Shift to Corn and Soybeans from Wheat and Sorghum



2018 was improved; 2019?

Crop	2018	2019	2018	2019
			Yield (Bushel per Acre)	Acres Harvest (Thousand)
Corn	129	133	5,000	6,000
Sorghum	88	86	2,650	2,400
Soybean	43	44	4,690	4,540
Wheat	38	53	7,300	6,600



Kansas 2019 Income Projections

Crop	2018	2019
Price (\$ per Bushel)		
Corn	3.67	3.76
Sorghum	3.12	3.20
Soybean	8.83	9.12
Wheat	5.04	5.07

Kansas Revenue \$6.27 billion 2018 \$7.26 billion 2019

Expected Change in Gross Revenue in Kansas of 15.7%
 Expected Variable Cost Increase of 2.4% due to Shift in Crop Mix

MFP Rates

Commodity	MFP 1	MFP 2
Corn	\$0.01	\$0.14
Sorghum	\$0.86	\$1.69
Soybeans	\$1.65	\$2.05
Wheat	\$0.14	\$0.41

MFP payment rates increased for MFP 2

MFP Payments per Kansas Farm

Commodity	MFP 1	MFP 2
Average	\$37,691	\$58,446
10 th	\$882	\$4,753
30 th	\$11,537	\$24,120
50 th (Median)	\$26,178	\$44,863
70 th	\$45,854	\$70,683
90 th	\$90,479	\$130,438

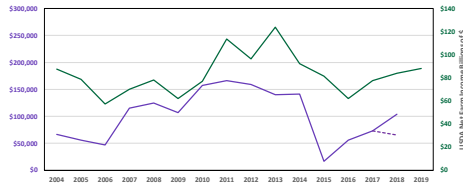
MFP Payments expected to be higher for MFP 2

Kansas Net Farm with and without 2018 MFP Payments

Commodity	MFP 1	MFP 2
Average	\$99,156	\$61,464
10 th	-\$31,767	-\$53,888
30 th	\$14,475	-\$2,378
50 th (Median)	\$60,091	\$32,984
70 th	\$126,465	\$80,704
90 th	\$268,322	\$203,401

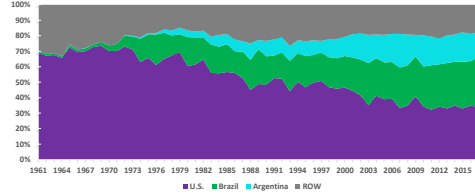
Income situation would be much more precarious without MFP payments

Net Farm Income with and without 2018 MFP Payment



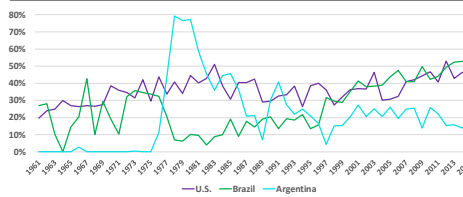
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U.S., Brazil, and Argentina Share of World Soybean Production



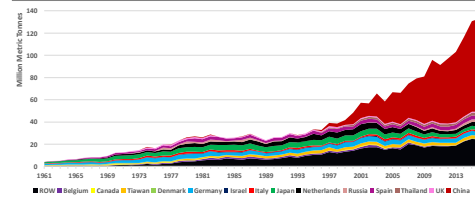
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Exports as a Percentage of Soybean Production



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World Soybean Importing Countries



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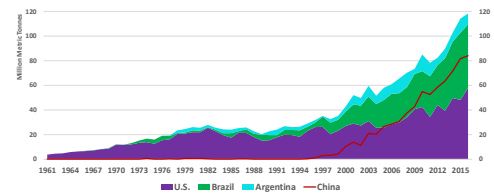
Top Soybean Importing Countries, 2017

Country	Market Share
China	64.4%
Mexico	2.9%
Netherlands	2.6%
Spain	2.3%
Japan	2.2%

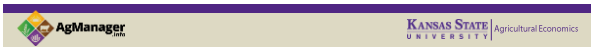
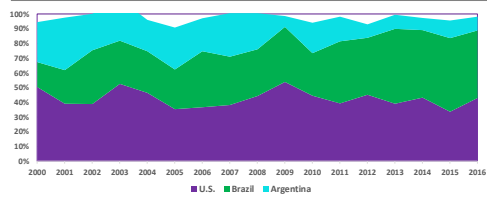
Market Share of top 5 importing countries – 74.4%
 Market Share of top 10 importing countries – 83.3%



Argentina, Brazil, and U.S. Soybean Exports versus China's Imports



Cumulative Percent of China's Soybean Imports from the U.S., Brazil, and Argentina



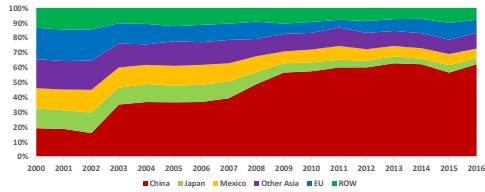
Top Soybean Exporting Countries, 2017

Country	Market Share
Brazil	44.9%
U.S.	36.5%
Argentina	4.9%
Paraguay	4.0%
Canada	3.1%

Market Share of top 5 exporting countries – 93.3%
 Market Share of top 10 exporting countries – 98.5%



U.S. Soybean Exports






Soybean Analysis

Soybean production dominated by three countries, United States, Brazil, and Argentina

- Over 80% of production
- 50% of the U.S. and Brazilian crop are exported
- Over 95% of China's imports are from these three countries

Soybean imports dominated by China

- Over 60% of imports
- Top ten importing countries market share is nearly 84%

U.S. heavily dependent on China for exports

China cannot meet historical demand for soybeans without the U.S.