

Ag News Highlights

U.S. ag exports projected to hit record high

The USDA updated its forecast for U.S. ag exports for fiscal year 2021, lifting the headline number to a record \$164 billion. The projection is an increase of \$7 billion over February's forecast, including increases in the outlooks for corn, soybeans, livestock, poultry, and dairy exports. The record outlook comes as a result of strong demand (as the global economy continues to recover from the pandemic) and reduced competition, both of which have contributed to the sharp rise in commodity prices seen in recent months.

China is expected to remain the largest importer of U.S. ag goods; their forecasted \$35 billion in ag purchases includes record shipments of soybeans, corn, tree nuts, beef, wheat, and poultry products. ([USDA](#))

Farmland values rising sharply

According to Farmland National Company, farmland values have soared in the first half of 2021. Rising ag commodity prices, higher profits, and government aid stemming from the pandemic have driven strong demand for farmland, while the supply of farms for sale remains relatively low. Randy Dickhut, senior vice president of real estate operations at Farmland National Company, says sale prices are up by 5-to-15 percent in the past six months. Because of ag commodity prices, the gains in farmland values are generally restricted to cropland; pastureland values have seen only modest increases. ([Forbes](#))

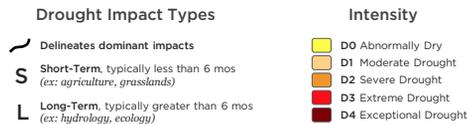
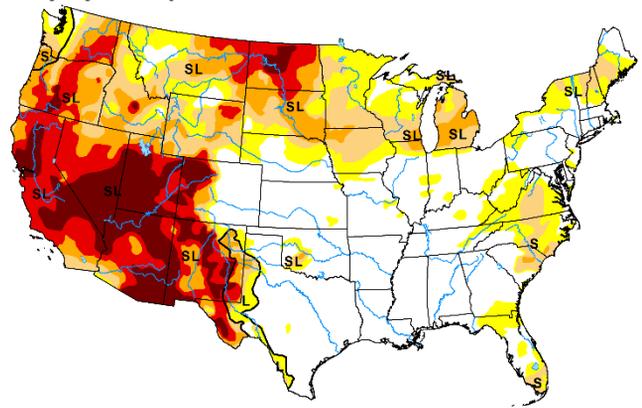
Drought changes plans for California farmers

Intense and persistent drought conditions and low expectation of receiving water from state and federal agencies that regulate the state's reservoirs and canals are causing farmers in California to plan for a shortage of water for crops. These plans include fewer acres dedicated to almonds, a famously thirsty crop, and leaving a significant portion of useable acres unseeded. It could also lead some farmers to plant more drought-resistant crops, such as agave, in order to derive some productivity from land which could be too dry to grow the region's traditional crops.

Ernest Conant, California-Great Basin regional director of the Bureau of Reclamation, says they are hopeful sufficient water can be allocated for agricultural users "sooner than October," but there are no guarantees as the state still needs to endure wildfire season. ([Reuters](#))

Drought Monitor

Drought conditions have improved in Texas, Florida, and along the East Coast. Conversely, the intense droughts in the Southwest, West Coast, Four Corners region, and the Northern Plains (especially North Dakota) have worsened and spread. Droughts with a D3 or D4 rating are present in much of the western half of the country.



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Commodity Prices

Monthly average, May 2021

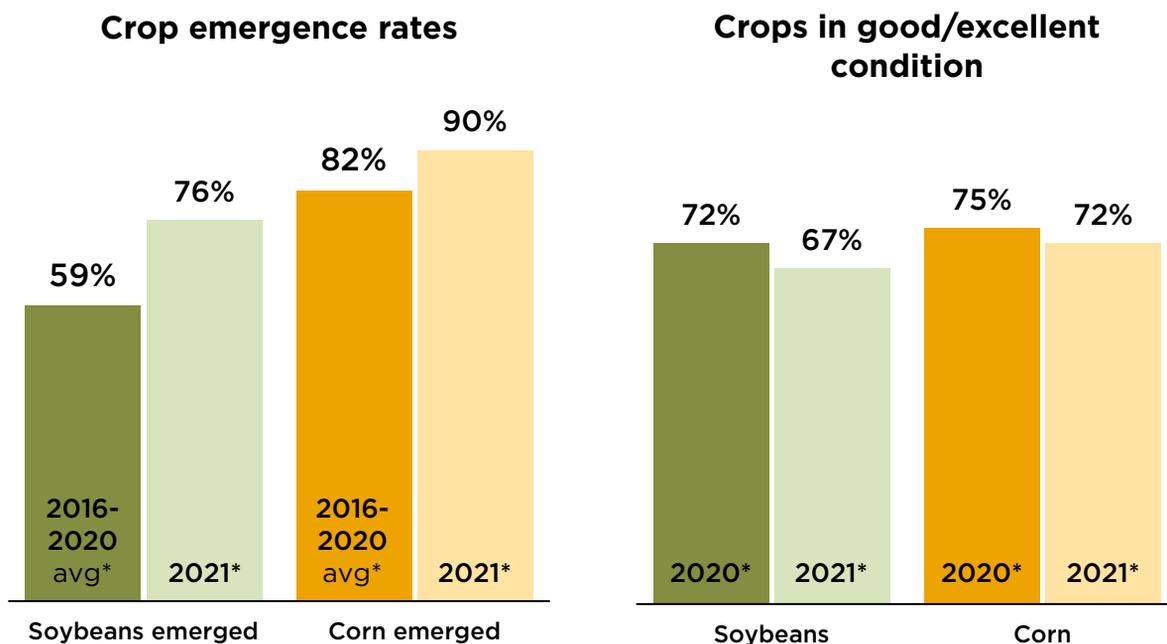
	Average Price	1 Month Change	3 Month Change	12 Month Change
Corn ¹	\$6.89	14%	28%	130%
Cotton, Upland ³	\$0.83	1%	-2%	53%
Soybeans ¹	\$15.74	7%	15%	90%
Wheat (winter) ¹ (Apr. 2021)	\$6.20	3%	12%	27%
Cattle, All Beef ² (Apr., 2021)	\$118.00	4%	7%	9%
Hogs ²	\$105.99	7%	431%	55%
Milk ² (Apr. 2021)	\$18.40	6%	5%	28%
Broilers ³	\$1.05	7%	28%	49%
Eggs ⁴	\$0.77	-17%	-36%	-8%
Crude Oil ⁵ West Texas Intermediate	\$65.17	6%	10%	128%
Diesel Fuel ⁶ U.S. City Average	\$3.22	3%	13%	34%

Table Footnotes

- ¹ \$ per bushel
- ² \$ per hundredweight (Cwt)
- ³ \$ per pound
- ⁴ \$ per dozen
- ⁵ \$ per barrel
- ⁶ \$ per gallon

Please visit the [CME Group](#) website for daily commodity prices.

2021 soybean and corn crop progress



Source: U.S. Department of Agriculture

*Through week of June 6

Soybeans

- Soybean acreage is 90 percent planted, well ahead of the five-year average of 79 percent for the first week of June. Most states in the Midwest and Great Plains are nearly finished planting; only Louisiana is behind its five-year average.
- 76 percent of soybean crops have emerged, again beating the five-year average of 59 percent.
- 67 percent of soybean crops are currently rated in good or excellent condition, which is five percentage points lower than through the first week of June 2020. ([USDA](#))
- Although it has added complications, a combination of dry weather and soaring commodity prices has resulted in faster planting this year. Projected yields for corn and soybean crops are still uncertain due to widespread drought conditions in several key production areas.
- USDA's acreage report will be released on June 30. Relative to 2020, only modest increases in corn and soybean acreage were expected as of the preliminary estimates from March. ([USDA](#))

Corn

- All planned corn acres were planted by the first week of June this year, ahead of the five-year average for planting completion.
- Additionally, 90 percent of corn has emerged, which also compares favorably to the five-year average of 82 percent.
- 72 percent of the corn crop is currently rated in good or excellent condition, which is down four percentage points from the previous week's report. It is also three percentage points lower than through the first week of June 2020.

EIA Energy Forecasts

	2020 (May) ¹	2021 ²	2022 ²
West Texas Intermediate Crude Oil (\$ per barrel)	\$65.17	\$60.50	\$56.00
Diesel Fuel (retail \$ per gallon)	\$3.22	\$3.06	\$2.92
Natural Gas (\$ per million Btu)	\$2.91	\$3.00	\$2.97

¹ May average actual price.

² Forecast prices are an average for the month of December.

Source: [U.S. Energy Information Administration](#)

Glossary

Acronyms/Terminology

USDA - United States Department of Agriculture

Hundredweight - Refers to a unit of 100 pounds in the U.S. and Canada

Data Sources

Commodities excluding beef and milk - Haver Analytics and The Wall Street Journal

Beef and milk - Haver Analytics and the U.S. Department of Agriculture (Prices received by farmers)

Drought Monitor - National Drought Mitigation Center, <http://droughtmonitor.unl.edu/>

Additional Information sources

CoBank Knowledge Center - www.cobank.com/Knowledge-Exchange.aspx

USDA Economic Research Service - www.ers.usda.gov

USDA Price & Import/Export Forecasts - [USDA Economic Research Service Publications](#)

Association of Equipment Manufacturers - www.aem.org/agriculture/

Agriculture Commodity Prices - <http://www.cnbc.com/agricultural-commodities/>

Livestock Commodity Prices - <http://www.cnbc.com/livestock-commodities/>

State Livestock Auction Prices and Market Recaps - <https://www.ams.usda.gov/market-news/feeder-and-replacement-cattle-summary>

Compiled and Researched by Nationwide Economics

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