FOOD PRICE OUTLOOK

2021

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PER-COVID, U.S. FOOD PRICES RELATIVELY LOW

Percent of Per Capita GDP Spent on Food At Home

Source: USDA-ERS, World Bank, Farm Bureau Compilations
IMPACT OF COVID ON SEATED DINER RESERVATIONS

OpenTable Reservations (YOY % Change, 7-Day MA)

Source: OpenTable, Farm Bureau Calculations
IMMEDIATE IMPACT ON COMMODITY PRICES
DISRUPTIVE TO MANY SECTORS OF AGRICULTURE

Change in Price In Months Following COVID Pandemic

- Wheat: -15.25 Cents Per Bushel
- Corn: -65.00 Cents Per Bushel
- Soybeans: -99.50 Cents Per Bushel
- Cotton: -18.09

- Live Cattle: -38.35 Cents Per Pound
- Lean Hogs: -41.90 Cents Per Pound
- Class III Milk: -6.31 Dollars Per CWT
- Class IV Milk: -0.48 Cents Per Gallon
- Ethanol: 0.70 Cents Per Gallon
COVID FORCED SHIFT IN CONSUMPTION PATTERNS
Shelter In Place Orders Shifted Food Consumption to Grocery Channel
Share of Food Expenditures at Food Service and Drinking Places

Majority of Food Purchases Away From Home

Majority of Food Purchases At Home (Grocery)

Source: Census Bureau, Farm Bureau Compilations
STALLED RECOVERY IN RESTAURANTS
BIDEN PLAN CALLS FOR USING USDA TO DISTRIBUTE FOOD THROUGH RESTAURANTS

Billion Dollars

$66B
Grocery Stores

$51B
Food Service and Drinking

Rebound period

-22%

-53%

Source: U.S. Census Bureau, Farm Bureau Calculations

Year-Over-Year % Change in Food Service Sales
COVID CONTRIBUTED TO FOOD AT HOME INFLATION

Year-Over-Year Percentage Change in Food-At-Home Price Index

-4%
-2%
0%
2%
4%
6%
8%
10%


Source: Bureau of Labor Statistics, Farm Bureau Calculations

Short Crop Years in 2019, 2020, COVID-19, Phase 1

Rise of Renewables
Recession
Slowing of Exports & Large U.S. Crops
Strong U.S. Agricultural Exports, Including Livestock and Dairy,
Short Crop Year in 2012

Source: Bureau of Labor Statistics, Farm Bureau Calculations
FOOD AWAY FROM HOME PRICES REMAINED STABLE

Year-Over-Year Percentage Change in Food At Home and Food Away From Home Price Indices

Source: Bureau of Labor Statistics, Farm Bureau Calculations

Food At Home

Food Away From Home

Source: Bureau of Labor Statistics, Farm Bureau Calculations
U.S. 2020 AGRICULTURAL EXPORTS $161B, UP 4%
SALES TO CHINA LEADING U.S. EXPORT GROWTH IN 2020, CHINA UP 75%

Source: USDA FAS, Farm Bureau Calculations, Agriculture and Related Products
ARE WE ENTERING A COMMODITY PRICE CYCLE?
AUGUST ‘20 TO FEBRUARY ‘21, MARCH FUTURES CONTRACT

Cumulative % Change in Corn, Soybeans and Wheat

- **Corn**
  - $5.48/bu, +$2.10/bu, +62%

- **Soybeans**
  - $13.67/bu, +$4.78/bu, +54%

- **Wheat**
  - $6.41/bu, +$1.34/bu, +26%

Source: Barchart, Farm Bureau Calculations
U.S. Farm Income and Expenses

U.S. Farm Sector Farm Income, Expenses and Net Farm Income, Billion Dollars

- **Government Payments in 2021**
  - Includes Ad Hoc Support, Farm Program and Conservation Payments Down 45%
  - **$25B**

- **Farm Cash Receipts From Crop and Livestock Sales, Up $20B or 5.5% from 2020**
  - **$391B**

- **Net Farm Income down $10B or 8%**
  - **$111B**

- **Production Expenses Increased $9B or 3.5%**
  - **$354B**

Source: USDA ERS, Farm Bureau Calculations
SHOULD SUPPLY CHAINS BE MORE NIMBLE?
JUST-IN-TIME NEEDS HIGHLY EFFICIENT SUPPLY CHAIN, NO IDLE CAPACITY

Meat Plants Shut Down (YOY % Change in Beef and Pork Production)

Source: U.S. Census Bureau, EIA, LMIC, Barchart, Farm Bureau Calculations
WILL CLIMATE BE A PUBLIC GOOD?
ROLE OF GOVERNMENT IN INCENTIVISING CLIMATE-SMART FARMING

Agriculture’s Contribution to GHG Emissions
2018

Carbon Sinks: Land Use, Land-Use Change and Forestry (MMT in CO2 Equivalents)

Source: EPA, Farm Bureau Calculations
LULUCF* FLUXES PER HUNDRED ACRES

Metric Tons CO2 Equivalent Per 100 Acres, 2018

- Forestland: -105.4
- Settlements: -40.0
- Grassland: -1.4
- Wetland: -0.7
- Cropland: 9.7

Net Carbon Emission

Source: EPA, Farm Bureau Calculations
*Land Use, Land-Use Change and Forestry
ALREADY LOSING ONE MILLION ACRES PER YEAR

Land Use in the U.S., 1990 and 2018

Million Acres and % U.S. Land Area, 1990

- Grassland, 895, 39%
- Forestland, 719, 31%
- Cropland, 431, 19%
- Wetlands, 105, 4%
- Other, 80, 3%
- Settlements, 83, 4%

Million Acres and % U.S. Land Area, 2018

- Grassland, 898, 39%
- Forestland, 716, 31%
- Cropland, 400, 17%
- Wetlands, 107, 5%
- Other, 81, 3%
- Settlements, 111, 5%

Source: EPA, Farm Bureau Calculations
STRENGTHEN THE FARM BILL
NEW LEADERSHIP IN HOUSE AND SENATE AG, VILSACK RETURNS TO USDA

$867 Billion
2018 Farm Bill Baseline (% of Total)
Agriculture Programs 23%

Nutrition 76.5%
Crop Insurance 9.0%
Commodities 7.1%
Conservation 6.9%
Trade 0.5%
Other Titles* 0.0%

Source: CBO, Farm Bureau Calculations