

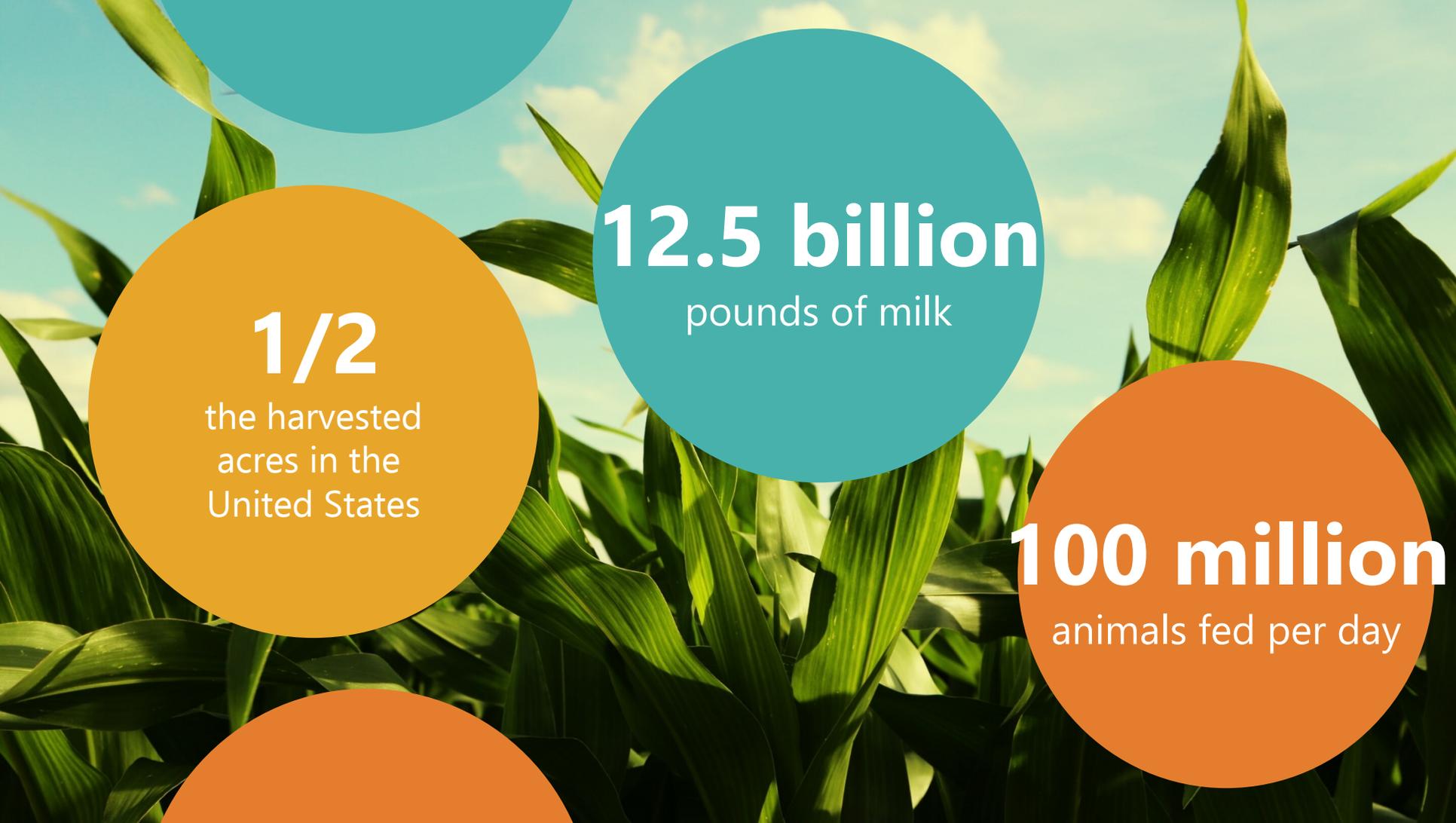


# One American Connection

Beth Ford, President & CEO

1.9.2020



An infographic with a background of a cornfield under a blue sky with light clouds. Three overlapping circles are overlaid on the image: a teal circle at the top, an orange circle on the left, and a larger orange circle on the right. The text is white and centered within each circle.

**1/2**

the harvested  
acres in the  
United States

**12.5 billion**  
pounds of milk

**100 million**  
animals fed per day

1,959

DAIRY  
PRODUCERS

Herds range from  
50 to 10,000+



886  
AG  
PRODUCERS



1,118  
RETAIL  
OWNERS  
Serving a producer  
network of 400,000+

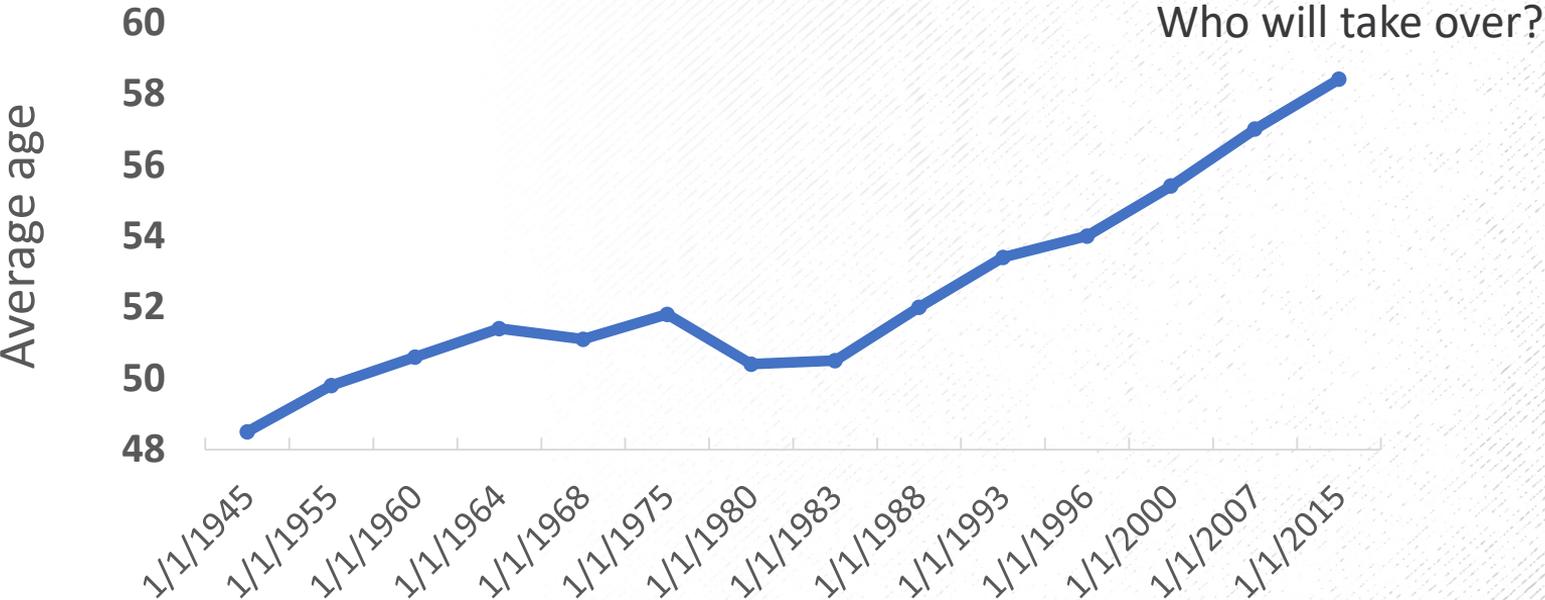
# THE STATE OF AG

- Aging farmer base
- Depressed commodity prices
- Milk production & profitability
- Bankruptcies
- Consolidation
- Credit availability
- Farm income
- Trade
- Cyclical nature of agriculture
- Policy implications



# Aging farmer base

An average US farmer is approaching Social Security age



# Depressed commodity prices

Putting pressure on the small producer

## Profitability of corn production (assuming constant revenue per bushel)

USD per bushel

Revenue<sup>1</sup>

\$3.66

\$3.66

\$3.66

\$3.66

Cost<sup>2</sup>

\$2.82

\$1.91

\$1.70

\$1.67

Profit

\$0.84

\$1.75

\$1.96

\$1.99

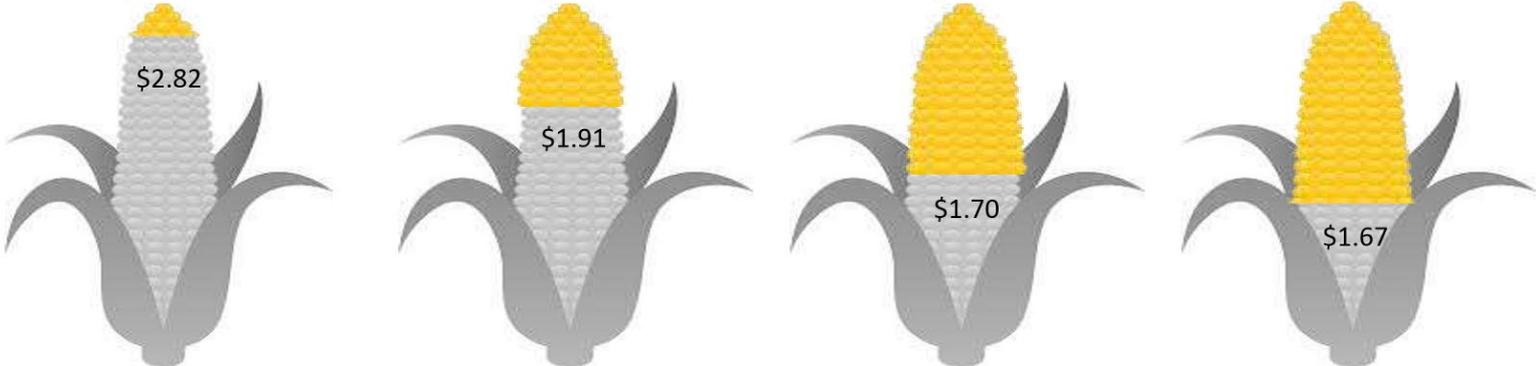
Farm size

<100 acres

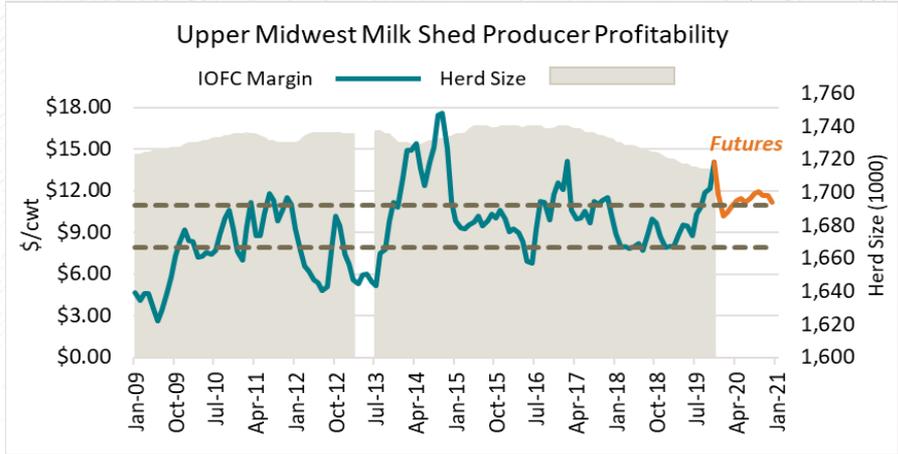
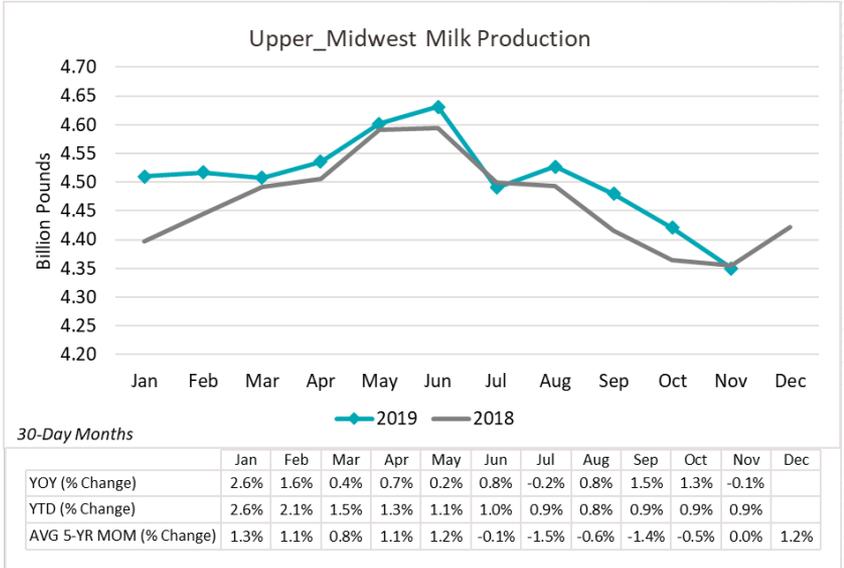
100-250 acres

250-500 acres

>1000 acres



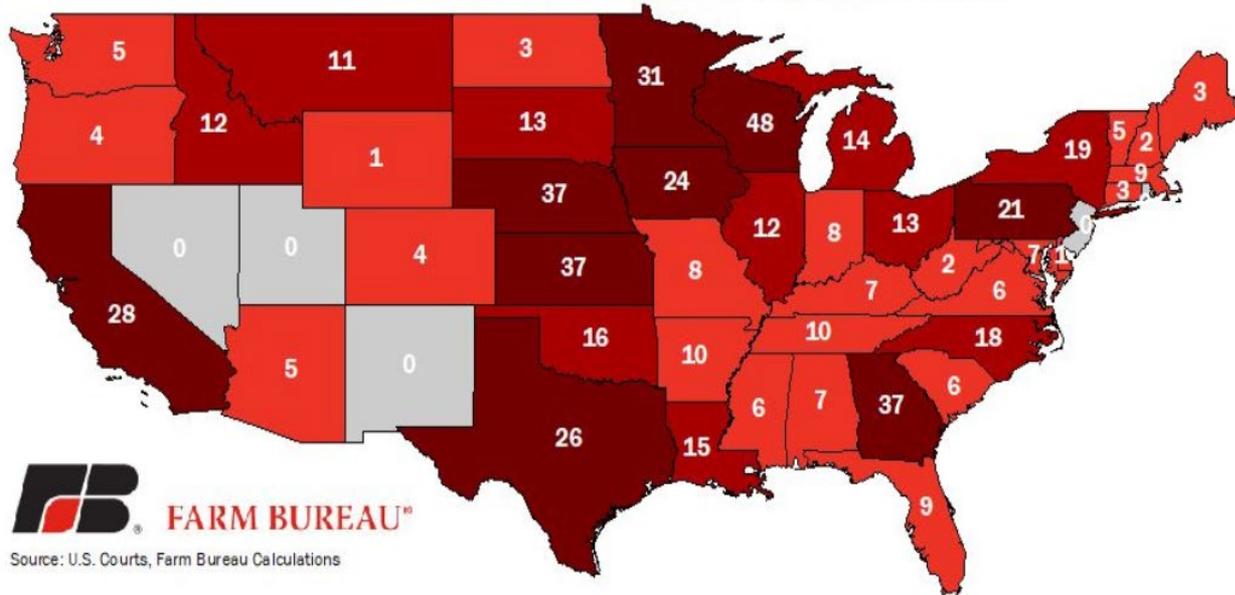
# Upper Midwest milk production & profitability



# Bankruptcies

Minnesota and Wisconsin have been particularly vulnerable

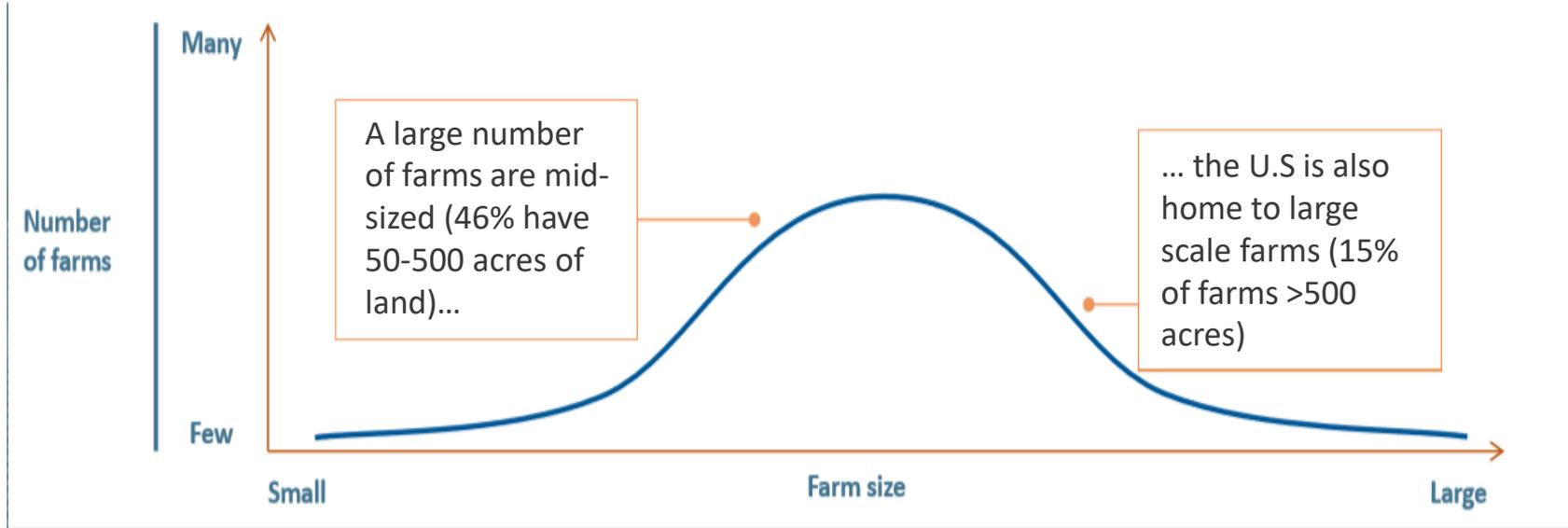
**Figure 2. Total Chapter 12 Farm Bankruptcies by State**  
12-Month Period Ending in September 2019



Source: U.S. Courts, Farm Bureau Calculations

# Consolidation

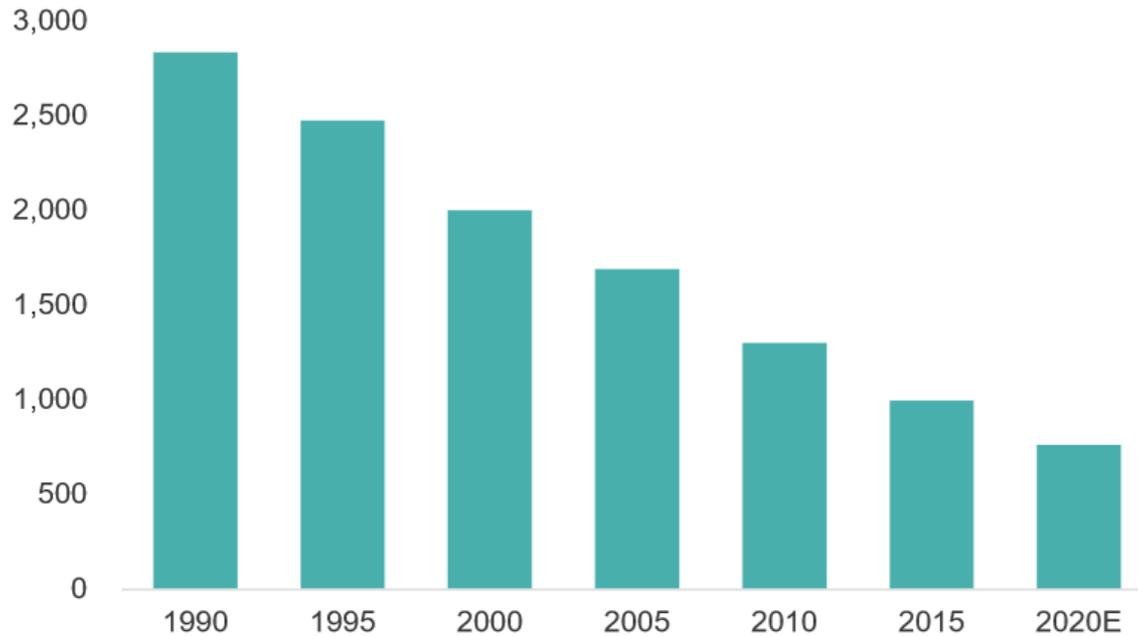
Expect both farm level and co-op consolidation to continue



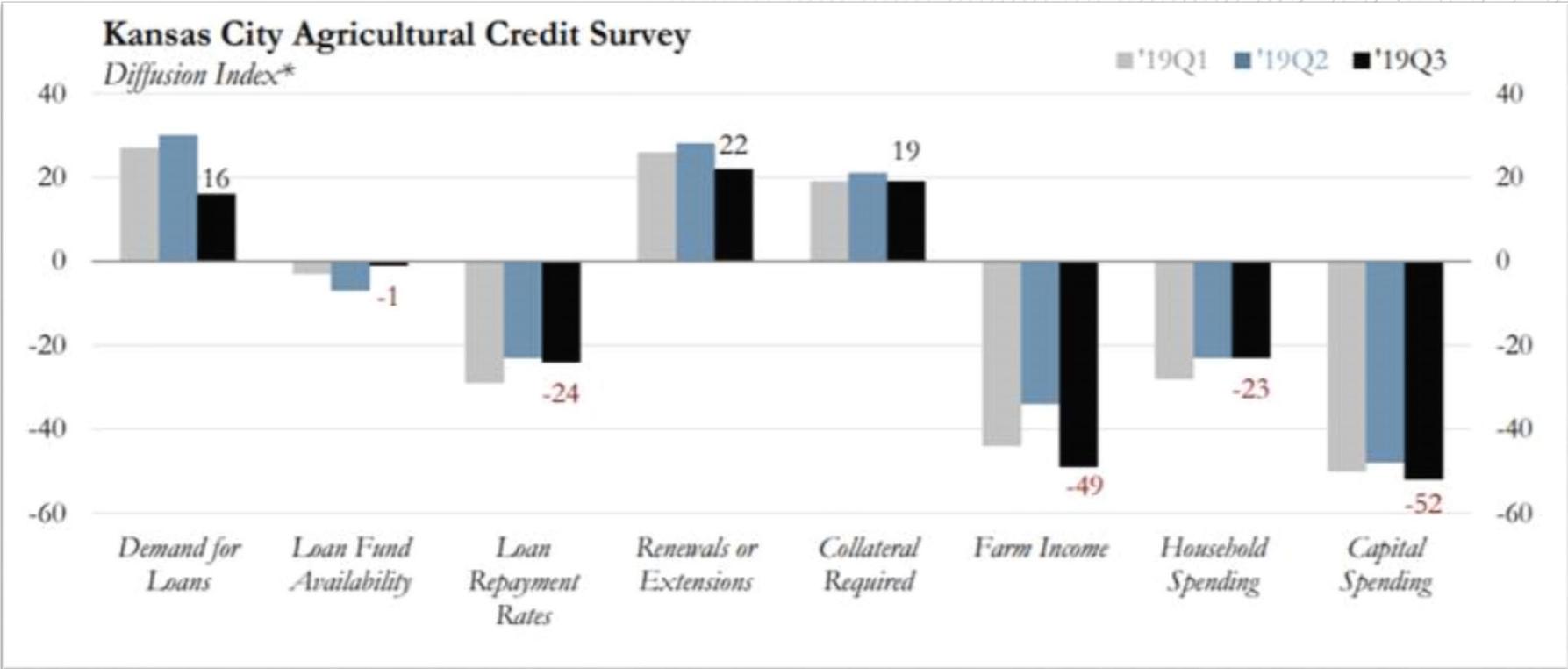
An already consolidated farmgate, expected to further pressure small producers

# Further consolidation, leading to farm network redesign

Number of U.S. Cooperatives, 1990 – 2020E

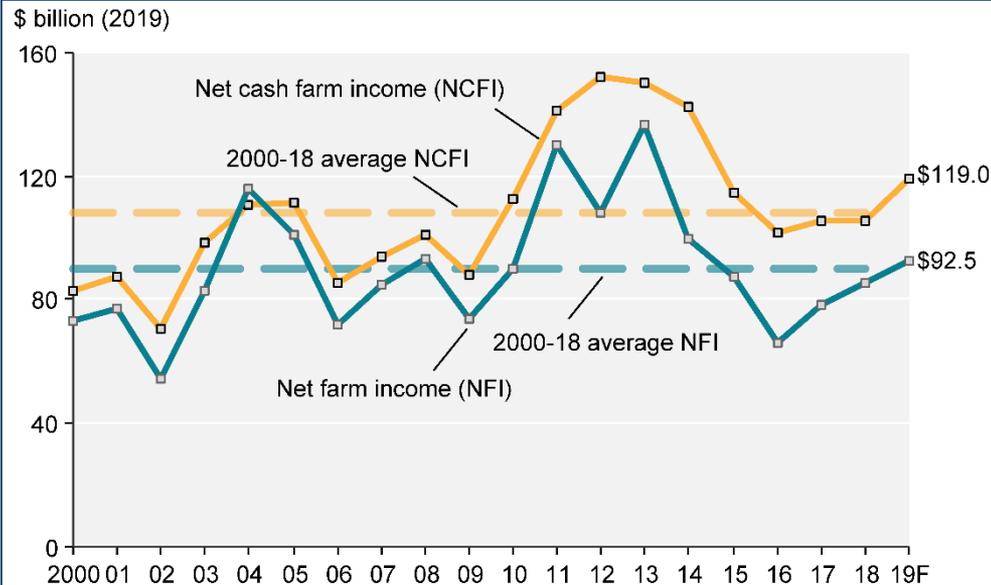


# Credit availability is part of the problem



# 2019 farm income increase is largely driven by direct government payments, which are up 64%

Net farm income and net cash farm income, 2000-19F

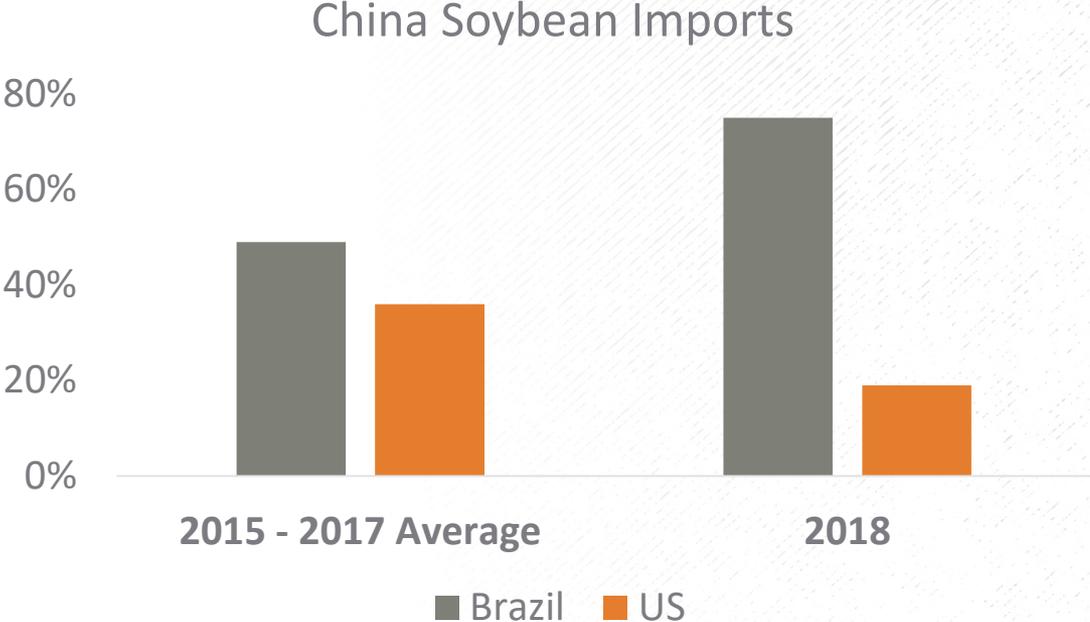


Note: F = forecast. Values are adjusted for inflation using the chain-type GDP deflator, 2019=100.

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

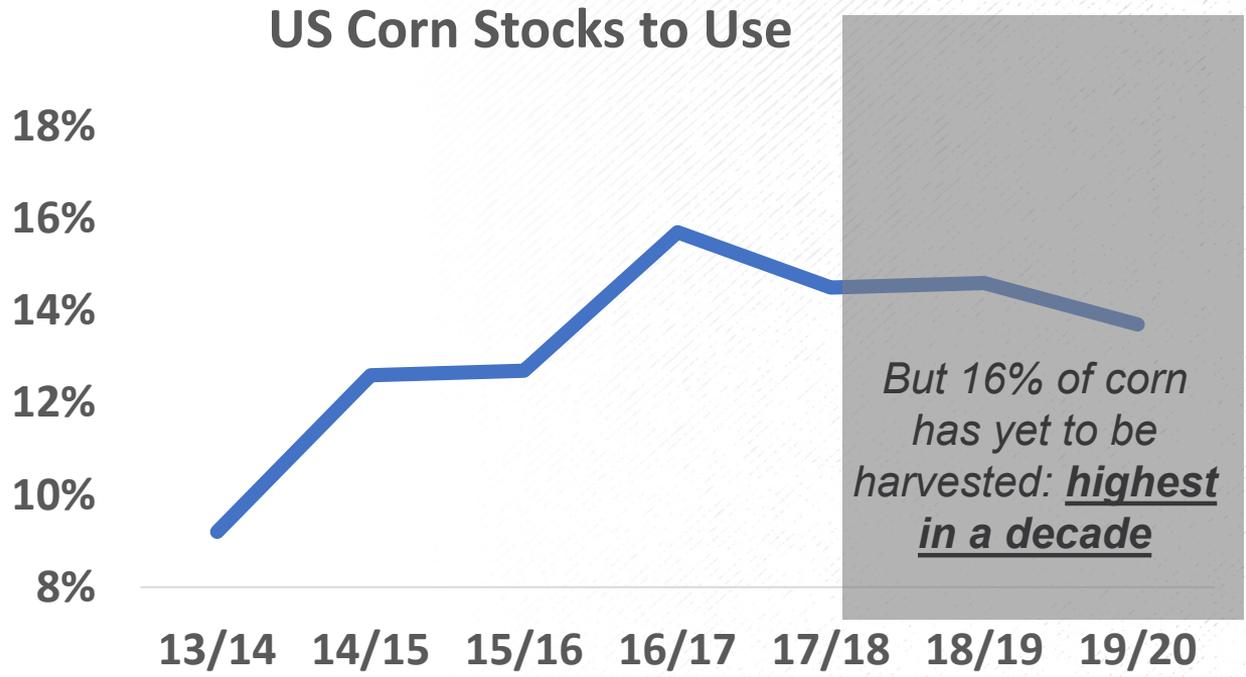
Data as of November 27, 2019.

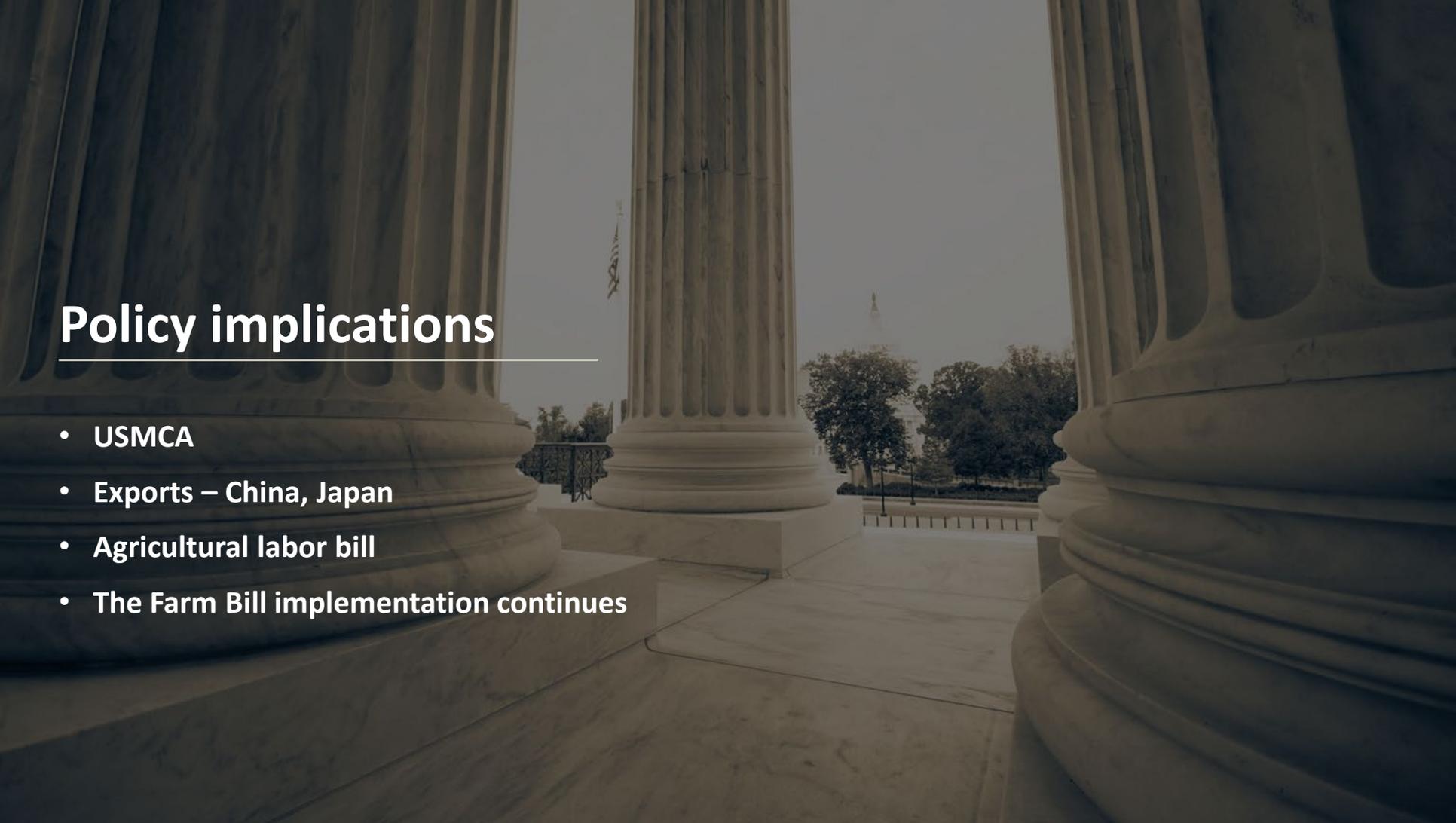
# Trade Matters



# Cyclical nature of agriculture

Small crops tend to get smaller





# Policy implications

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- **USMCA**
- **Exports – China, Japan**
- **Agricultural labor bill**
- **The Farm Bill implementation continues**



# The State of Rural America



**Fresh food is less available in rural areas.**

**Rural job growth is less than half the nationwide rate.**

**1 in 4 children in rural communities live in poverty.**

**19 million of the 24 million Americans without high speed internet live in rural areas.**

**Nearly 45% of the heart disease deaths in rural America were deemed “potentially preventable,” compared to 18.5% in one urban classification.**

**Nearly 120 rural hospitals have closed since 2010, with another 430 at risk of closing.**

**Connection matters.  
It's our shared  
destiny.**

# Federal Reserve support is critical

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- Low interest rates
- Stability in land prices
  - Monetary policy
- Low unemployment



# A collective call-to-action: Our approach

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- ✓ **Awareness**

Raise awareness of the urgency of this issue.

- ✓ **Advocacy**

Build an alliance of stakeholders interested in helping

- ✓ **Action (Policy and Business Application)**

Influence policy and fast-track business solutions

Thank you.

