



Louisiana Commodities and Conservation Newsletter

September 2019; Issue-5

Agriculture and Waterways

No. It's not about WOTUS. A new report prepared for the Agricultural Marketing Service highlights the importance of waterways to US trade. Among the inland waterways, exports from the Mississippi River system, i.e., grain elevators from Baton Rouge to New Orleans, to Myrtle Grove handles

- 57% of U.S. corn exports, valued at \$4.8 billion
- 59% of U.S. soybean exports valued at \$12.4 billion
- 55% of soybean meal exports

The above activities result in a contribution of \$256 million annually to state GDP.

RMA Update on WFRP

Producers who carry Noninsured Crop Disaster Assistance Program (NAP) and Whole Farm Revenue Protection (WFRP), beginning 2020, may receive indemnity payments under both policies. In addition, the expected revenue limit for livestock and nursery is increased from \$1 million to \$2 million. However, producers carrying NAP cannot receive a premium discount under the WFRP program. The agency is also adding coverage for Hemp producers through WFRP.

NRCS Cost-Share Payments Play a Bigger Role in Cover Crop Economics

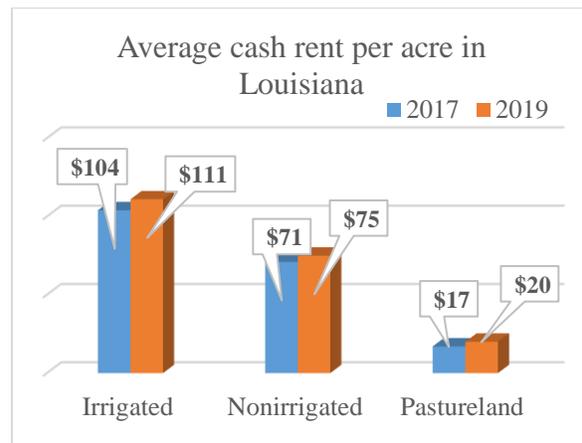
Results from field research, conducted by LSU AgCenter crop specialists and extension agents across the state provide interesting insights about cover crop economics.

Net income in a soybean system following cover crops is estimated in the range of \$7/acre to \$58/acre higher than fallow when farmers received cost-share payments. On the other hand, the net income was in the range of \$4/acre to \$18/acre higher than fallow system without cost-share payments. In a corn production system, with accounting for nitrogen supplied by the cover crop and the cost-

share payments, net income was in the range if \$5/acre to \$12/acre higher than fallow. Whereas not accounting for nitrogen supplied by cover crop and not receiving cost-share payments, net income was higher in the fallow system.

Cash Rents Show a Slight Increase

The latest farm income and wealth statistics data released in August shows a slight increase in cash rents for irrigated, nonirrigated and pastureland in Louisiana. The report shows that cash rents on irrigated land increased by \$7/acre, nonirrigated land increased by \$4/acre, and pastureland increased by \$3/acre.



Market Facilitation Program (MFP) 2.0

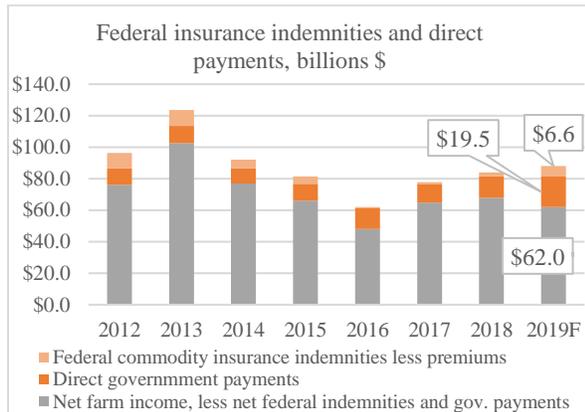
The second round of MFP package to assist farmers hurt by the trade disputes was released with some changes. The changes in 2019 package include

- The rates in 2019 reflect a single county per acre rate for eligible crops
- Payment limits per individual per commodity group is set at \$250,000, an increase from 125,000
- Maximum combined payment limit across commodity groups is set at 500,000, an increase from 375,000

- Producers prevented from planting MFP-eligible crops due to weather but filed prevent-planting claims under FSA and planted FSA approved cover crops, with potential to harvest or used as forage, are eligible for the minimum \$15 per acre payment.

Farm Incomes Increasing Nationally

On August 30th the USDA-ERS released its estimates of the 2018 net farm and net cash incomes and updated forecasts for 2019.



Source: USDA Economic Research Service

Farm incomes nationally expected to increase and are up \$20 billion compared to the March farm income projections. The increase is predominantly due to the USDA factoring in 2018 and expected 2019 MFP payments, crop insurance indemnities, primarily prevented planting payments, among other Federal support incomes. The 2018 estimates show that net cash income in Louisiana increased \$57 million across all farm sectors while net farm income decreased \$19 million. The 2019 state estimates are yet to be released.

Updated WASDE Report Released

The USDA released an updated WASDE report on September 12, 2019. Some questions were

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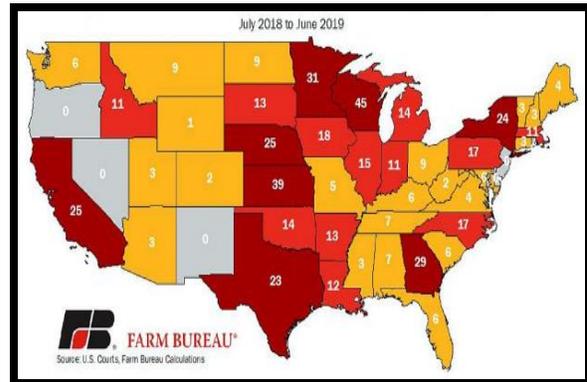
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answered while some still remained. Corn acres held firm at 90 million acres as expected and as previously reported in an LSU AgCenter WASDE analysis released in August. Corn yield also followed expectations and decreased by 1.3 bushels per acre. The decrease was not as large as expected. Some questions still remain on whether yield numbers for corn will be reduced further.

Middle of the Pack

As farm incomes rise nationally, signs of financial stress have also increased. Louisiana ranked in the middle of the pack with Chapter-12 bankruptcy filings and delinquency rates near the national average. Filings in Louisiana fell between the Q1 and Q2 of 2019. Chapter 12 filings by state are shown in the picture below.



Soybeans Showing Signs of Life

Soybean ending stocks showed significant reductions, being adjusted down 65 million bushels in the latest WASDE report. Soybean use for 2018/19 was adjusted up due to an increase in soybean crush by 20 million bushels and an increase in exports by 45 million bushels. Soybean futures prices reacted to the news with November soybean contracts trading ~ 30 cents higher as of September 13th.