

Join us for the next **FARM OFFICE LIVE**

January Topics:

- Crop Inputs and Margins
- Legal Update
- 2022 Dairy Industry Update
Opportunity
- Federal Programs
- Q&A

Register or watch replays at
go.osu.edu/farmofficelive

Register once and receive links to join future programs

Each session includes timely updates and Q&A time on topics of interest.

OSU Extension's Farm Office Team

Peggy Kirk Hall
David Marrison
Dianne Shoemaker
Barry Ward

January 19, 7-8:30 pm
January 21, 10-11:30 am

Save the date!
We will be back Feb 16, 7-8:30 pm
Feb. 18, 10:00 – 11:30 am

*Farm Office is your farm's
ag law and farm management
resource center.*





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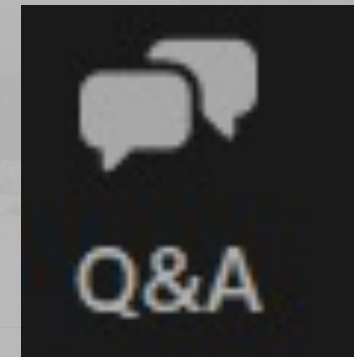


**Slides and a recording for today's presentation can
be found at:**

go.osu.edu/farmofficelive

Questions??

- ❖ Feel free to submit questions at any time using the Q/A feature at the bottom of your screen.
- ❖ You can also email questions to David Marrison at marrison.2@osu.edu
- ❖ We will try to answer as many questions as we can at the end of the presentation.



Evaluation

Please help us continue to offer high quality programs by completing our evaluation upon completion of the webinar.

- ❖ The internet-based evaluation will start when you exit the zoom.
- ❖ Takes roughly 3 minutes
- ❖ Responses will be completely private



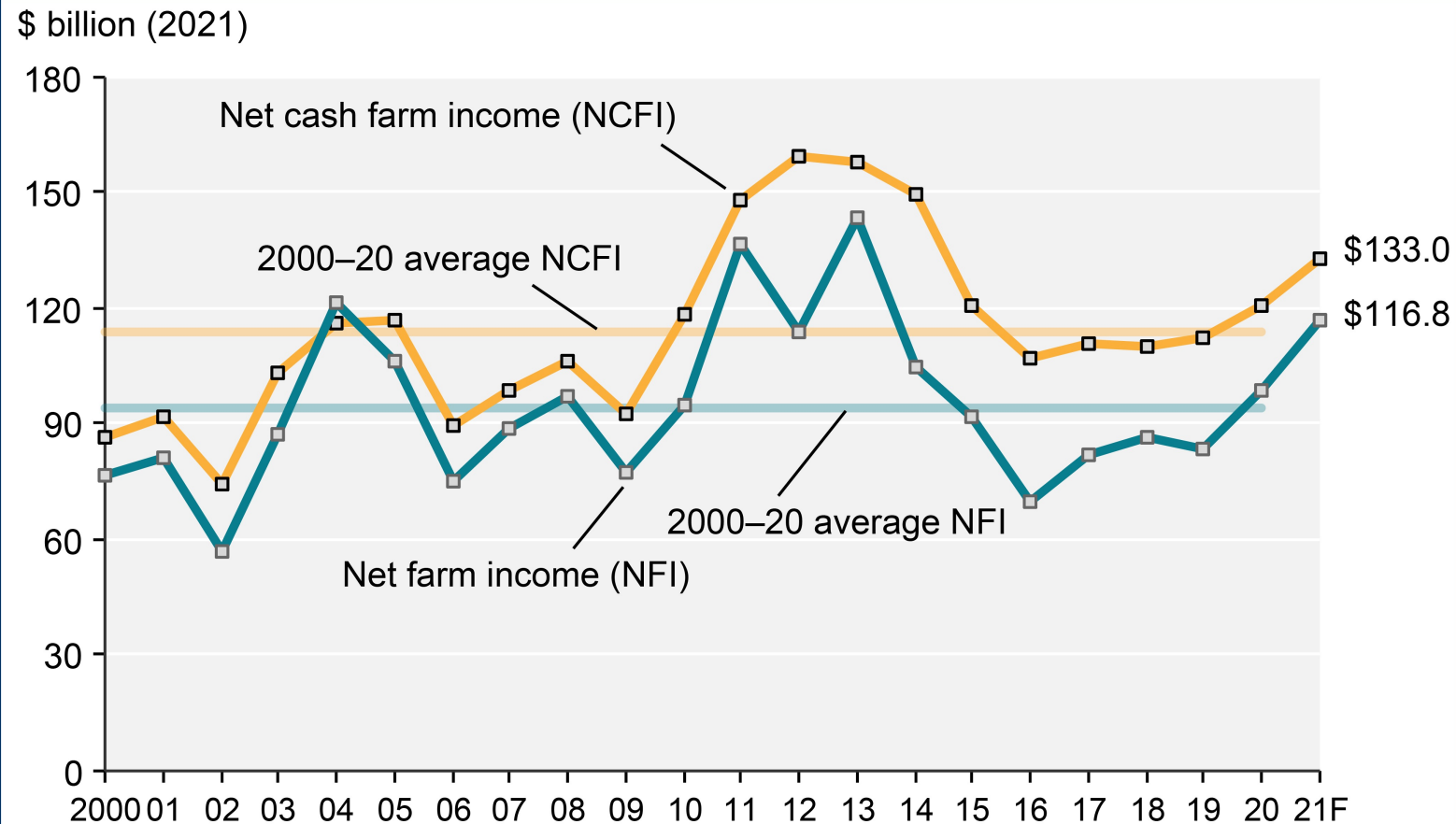
Examining Crop Input Costs & Margins

Barry Ward

Leader, Production Business Management

Director, OSU Income Tax Schools

U.S. net farm income and net cash farm income, 2000–21F



Note: F = forecast. Values are adjusted for inflation using the U.S. Bureau of Economic Analysis Gross Domestic Product Price Index (BEA API series code: A191RG) rebased to 2021 by USDA, Economic Research Service.

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

Data as of December 1, 2021.

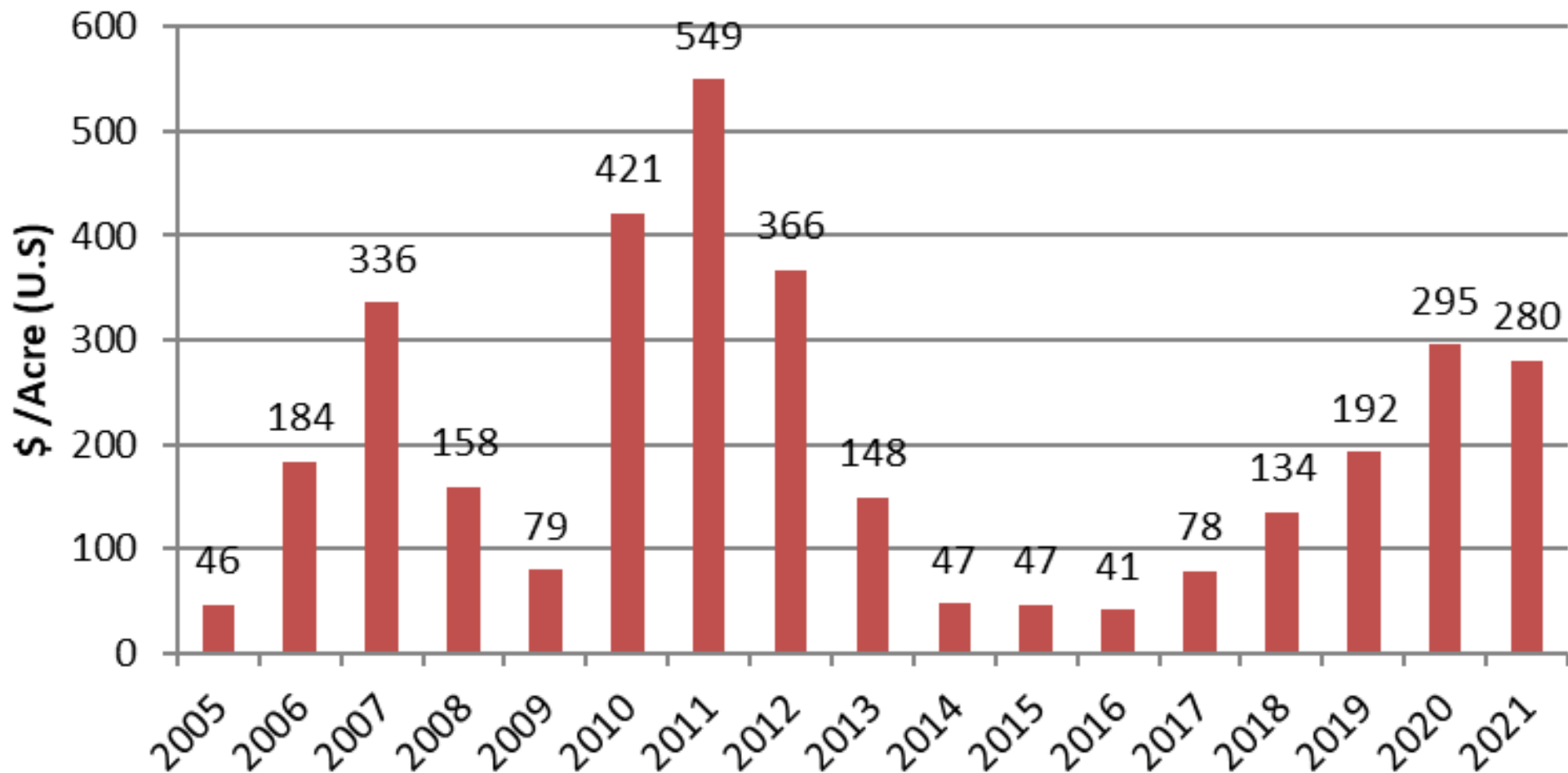
Ohio	2016	2017	2018	2019	2020
	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Direct government payments	\$473,842	\$358,470	\$446,206	\$729,002	\$1,074,069
Price Loss Coverage (PLC)	\$5,186	\$15,132	\$9,563	\$3,640	\$61,965
Agriculture Risk Coverage (ARC)	\$392,999	\$270,591	\$57,605	\$3,073	\$92,462
Supplemental and ad hoc disaster assistance	\$3,801	\$1,550	\$1,790	\$63,464	\$701,517
Market Facilitation Program	NA	NA	\$291,239	\$570,308	\$134,626

Source: USDA ERS

Corn Price (\$/Bushel)



Ohio Corn - Returns to Land



Source: Ohio Crop Enterprise Budgets
farmoffice.osu.edu

Ohio Crop Enterprise Budgets 2022

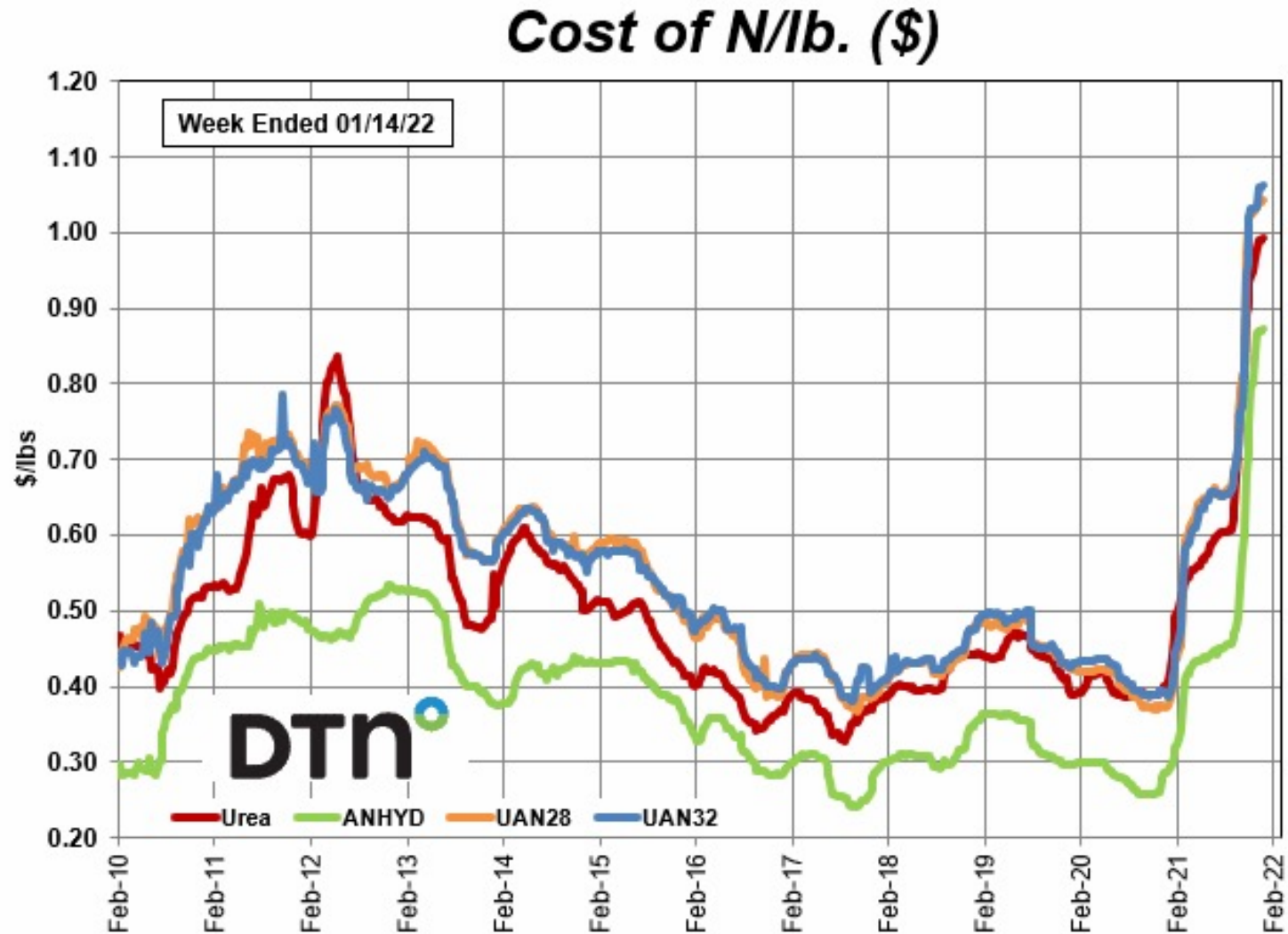
- ✓ **Budget Changes as Compared to 2021 Final Crop Budgets:**
- ✓ Seed Cost +10% Higher
- ✓ Crop Chemical Cost (Herbicide) +50% Higher

- ✓ Drying Cost +25% Higher
- ✓ Diesel Price and Hauling +20% Higher

- ✓ Fertilizer Prices: (As compared to Spring '21 prices.)
 - ✓ NH₃ \$1,400/T +128% Higher
 - ✓ MAP \$ 890/T + 46% Higher
 - ✓ Potash \$ 800/T +110% Higher

Cost of Nitrogen Per Pound

Source: DTN



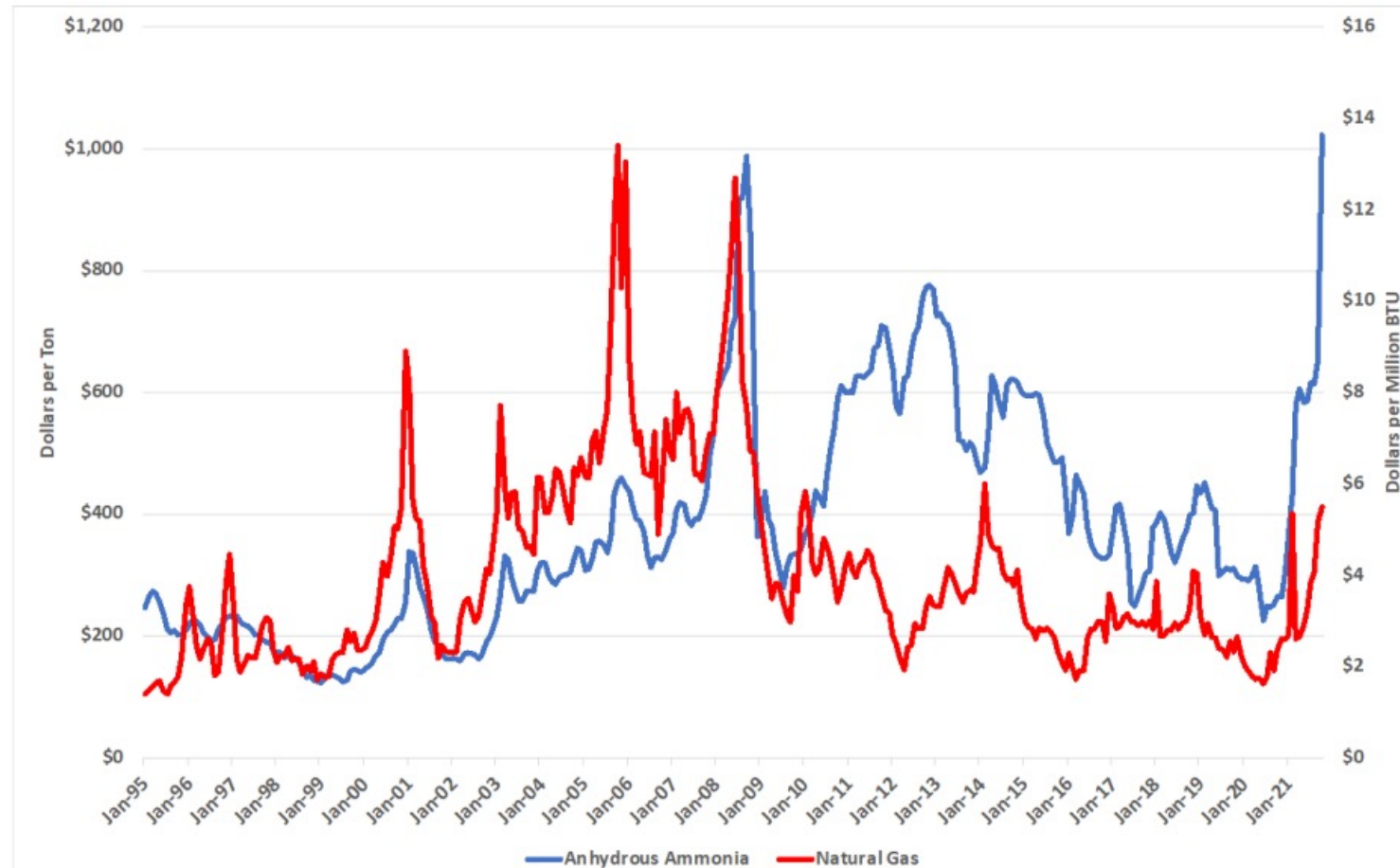
Fertilizer Supply/Demand Fundamentals

- ✓ Demand
 - ✓ High crop prices – strong domestic and global demand
- ✓ Supply
 - ✓ Whiplash in fertilizer production outlook in '20
 - ✓ High natural gas prices
 - ✓ Delayed and lengthier fertilizer plant “turnarounds” – COVID labor shortages
 - ✓ Shipping issues
 - ✓ Hurricane Ida, February '21 freeze in Texas
 - ✓ China halts phosphate and UAN fertilizer exports
 - ✓ Anti-dumping case - Countervailing duties on phosphate fertilizers from Russia and Morocco (U.S. International Trade Commission and Department of Commerce)
 - ✓ Anti-dumping case - USITC votes to continue investigations concerning UAN (28%) from Russia and Trinidad and Tobago
 - ✓ Sanctions on Belarus - slowed Potash shipments to U.S. and E.U.
 - ✓ Industry consolidation

Anhydrous Ammonia and Natural Gas Prices

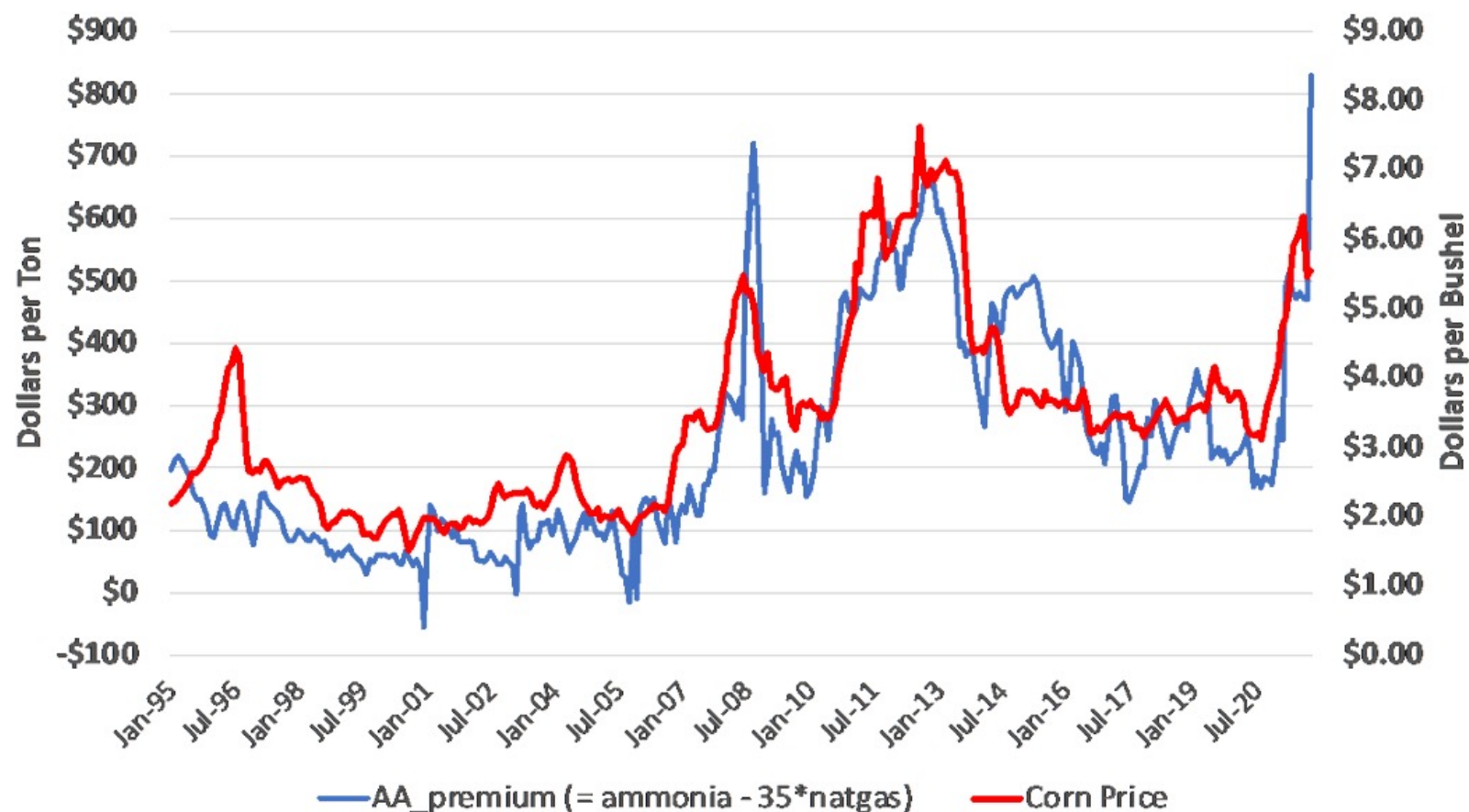
January 1995 to October 2021

Source: Texas A&M, Henry Hub, Bloomberg



Anhydrous Ammonia Price Less Value of Natural Gas and U.S. Corn Price January 1995 to October 2021.

Source: Texas A&M, Henry Hub, Bloomberg



Fertilizer Strategies

- ✓ Soil test
 - ✓ Zone/grid sampling
 - ✓ Determine if P and K applications are needed
 - ✓ Are soil test levels in the “maintenance range”?
- ✓ Nitrogen rate adjustment – Corn Nitrogen Rate Calculator
 - ✓ <http://cnrc.agron.iastate.edu/>
- ✓ Evaluate all possible fertility sources and price of options
 - ✓ Manures, sludges, non-traditionals, etc.
- ✓ Develop enterprise budgets for all potential crops with current/potential fertilizer prices
- ✓ Consider building fertilizer storage

Ohio Crop Enterprise Budgets 2022

- ✓ Increases in Variable Costs 2022 (compared to 2021)
- ✓ Corn +45%
- ✓ Soybeans +30%
- ✓ Wheat +48%

CORN BUDGET - 2022

		Yield in bushels/acre	
Receipts		183	220
Corn Price	\$5.30 /bushel	\$970.43	\$1,164.52
ARC/PLC + Ad Hoc		\$0.00	\$0.00
Variable Costs			
Seed Cost		\$114.40	\$121.55
Fertilizer+Soil Amendment		\$261.12	\$290.75
Chemicals (Crop Protection)		\$69.33	\$69.33
Fuel		\$16.50	\$16.50
Repairs		\$28.12	\$28.12
Crop Insurance		\$21.00	\$26.00
All Other		\$141.39	\$162.73
Total Variable Costs / Acre		\$651.86	\$714.70
Fixed Costs			
Labor and Management		\$86.77	\$96.48
Machinery Cost		\$77.67	\$77.67
Land Rent		\$207.00	\$252.00
Total Costs / Acre		\$1,043.80	\$1,161.34
Returns			
Return Above Total Costs		-\$73.37	\$3.17
Return Above Variable Costs		\$318.57	\$449.82
Return to Land		\$133.63	\$255.17

SOYBEAN BUDGET - 2022

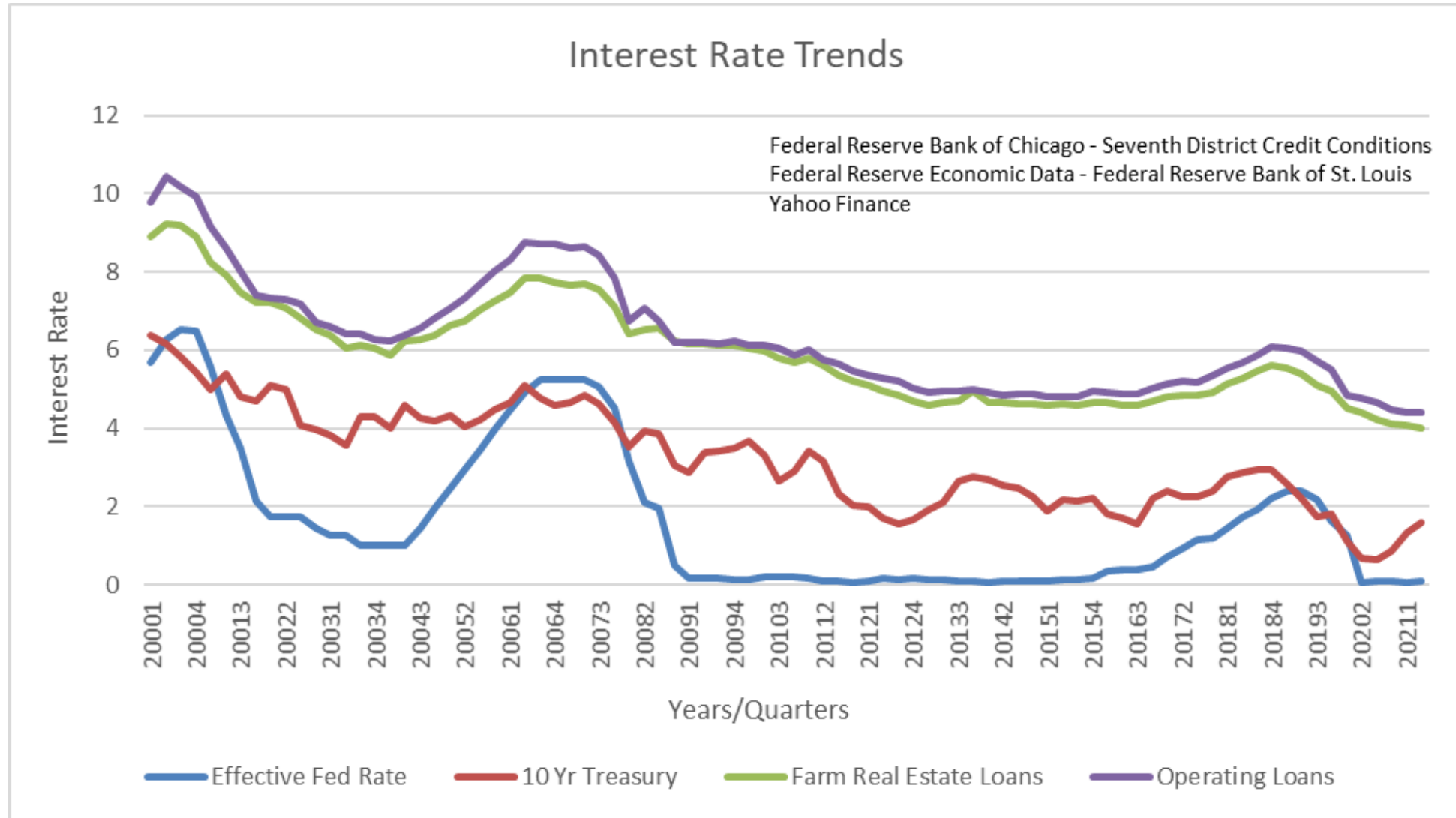
		Yield in bushels/acre	
Receipts		57	68
Soybean Price	\$12.70 /bushel	\$721.36	\$865.63
ARC/PLC + Ad Hoc		\$0.00	\$0.00
Variable Costs			
Seed Cost		\$69.12	\$69.12
Fertilizer+Soil Amendment		\$88.68	\$105.17
Chemicals (Crop Protection)		\$71.64	\$71.64
Fuel		\$13.89	\$13.89
Repairs		\$23.98	\$23.98
Crop Insurance		\$17.00	\$20.00
All Other		\$26.82	\$29.64
Total Variable Costs / Acre		\$311.14	\$333.05
Fixed Costs			
Labor and Management		\$54.77	\$61.98
Machinery Cost		\$62.16	\$62.16
Land Rent		\$207.00	\$252.00
Total Costs / Acre		\$648.77	\$727.13
Returns			
Return to Total Costs		\$72.59	\$142.74
Return to Variable Costs		\$410.22	\$532.58
Return to Land		\$279.59	\$394.74

WHEAT BUDGET - 2022

		Yield in bushels/acre	
Receipts		73	88
Wheat Price	\$7.50 /bushel	\$549.00	\$658.80
ARC/PLC + Ad Hoc		\$0.00	\$0.00
Variable Costs			
Seed Cost		\$47.74	\$47.74
Fertilizer+Soil Amendment		\$138.11	\$167.26
Chemicals (Crop Protection)		\$21.98	\$21.98
Fuel		\$10.00	\$10.00
Repairs		\$15.47	\$15.47
Crop Insurance		\$10.00	\$11.00
All Other		\$39.18	\$42.77
Total Variable Costs / Acre		\$282.47	\$316.21
Fixed Costs			
Labor and Management		\$50.40	\$55.89
Machinery Cost		\$35.97	\$35.97
Land Rent		\$207.00	\$252.00
Total Costs / Acre		\$588.54	\$672.77
Returns			
Return Above Total Costs		-\$39.54	-\$13.97
Return Above Variable Costs		\$266.53	\$342.59
Return to Land		\$167.46	\$238.03

Crop Enterprise Budgets 2022

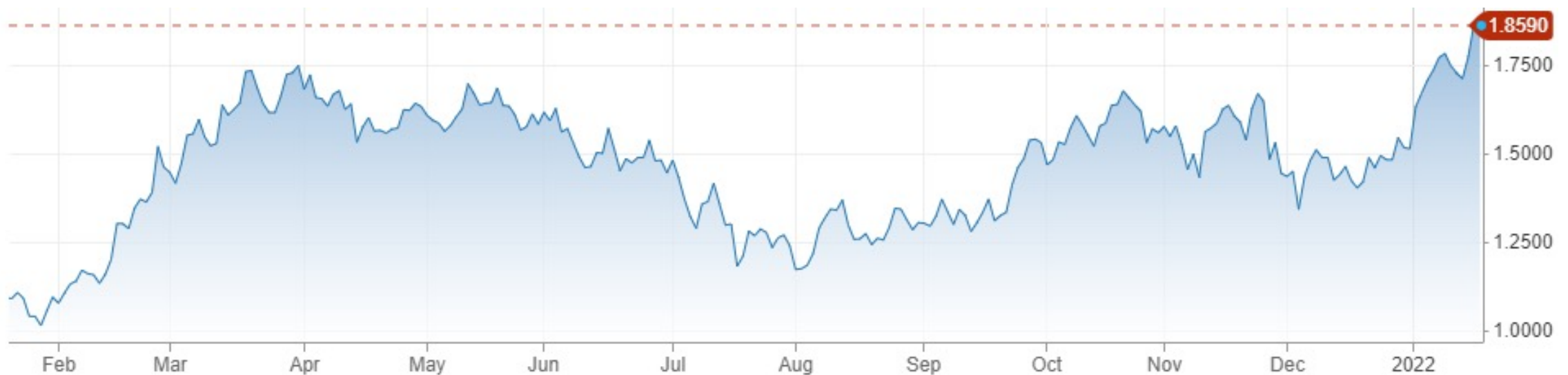
		Corn	Soybeans	Wheat
Receipts	bu/A Price	183 5.30	57 12.70	73 7.50
Crop Revenue		\$970.43	\$721.36	\$549.00
ARC/PLC + Ad Hoc		\$0.00	\$0.00	\$0.00
Variable Costs		\$651.86	\$311.14	\$282.47
Returns				
Return to Variable Costs		\$318.57	\$410.22	\$266.53
Return to Land		\$133.63	\$279.59	\$167.46





U.S. Treasuries – 10 Year Treasury Yields

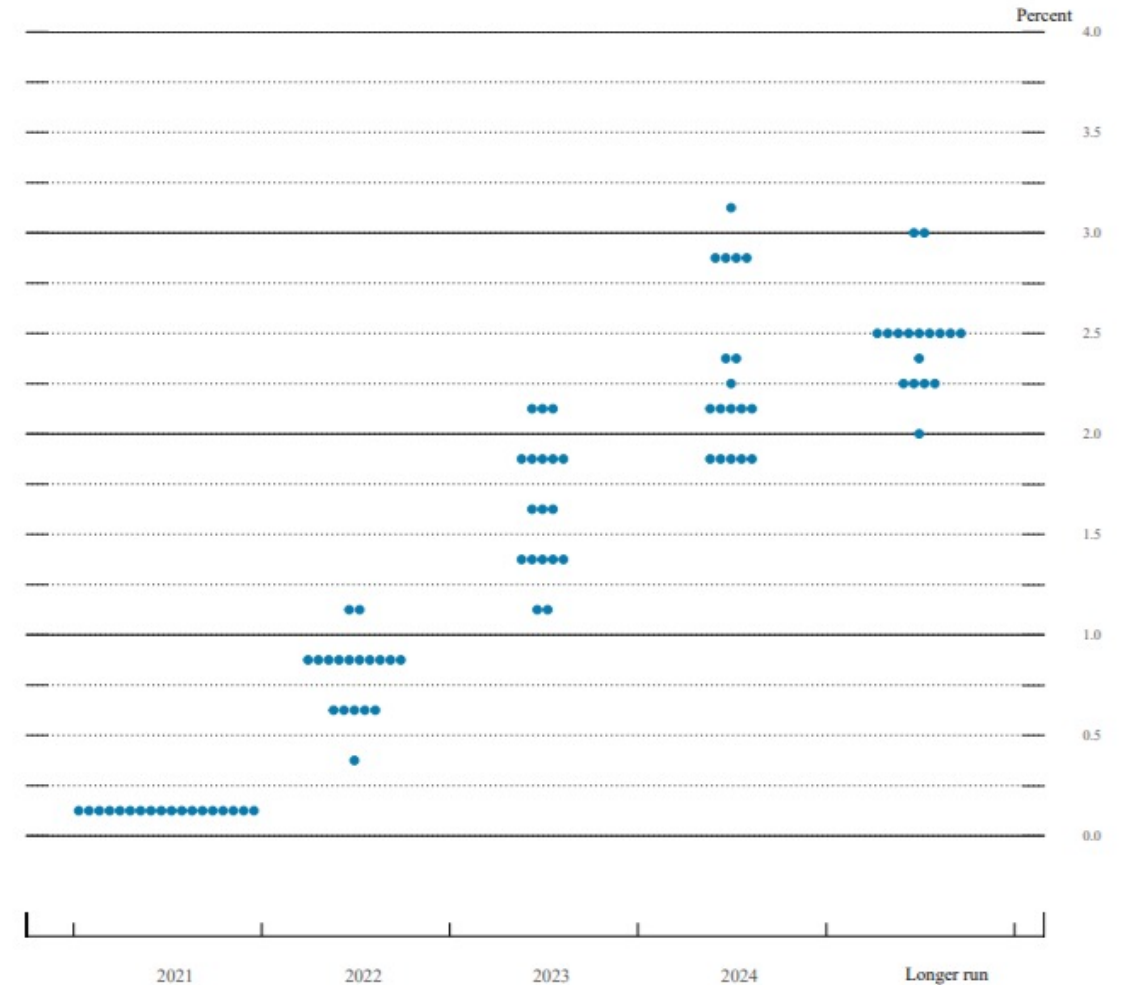
Source: CNBC



Federal Reserve Bank

- Tapering Asset Purchases
- Raising Interest Rates
- May Unwind Balance Sheet

Figure 2. FOMC participants' assessments of appropriate monetary policy: Midpoint of target range or target level for the federal funds rate



Legal Update





Common mistakes farmers make in farm transition planning

1. Procrastination.
2. Thinking joint property titles will do.
3. Overlooking expenses at time of death.
4. Trying to be fair to all beneficiaries.
5. Failing to consider disability as well as death.
6. Avoiding communication.

See our Outlook meeting schedule on farmoffice.osu.edu

Ag Law Outlook for 2022

- Pesticide regulation
- Conservation practices
- Labor laws
- Meat and livestock regulation
- Water quality and quantity
- Agritourism and zoning
- Renewable energy development
- Marijuana



Enlist One and Enlist Duo registration

- Registration approved January 12, 2022 by EPA for 7 years.
- But with new label restrictions to address endangered species, pollinators and off-target drift.
- And use is prohibited in counties where EPA determined threat to endangered species exist.

Label restrictions

- No application permitted after soybean and cotton crops are in bloom and might attract pollinators.
- No application permitted when rainfall is expected within 48 hours or soil is fully saturated.
- No irrigation that could produce runoff within 48 hours of application.
- Runoff reduction measures required (list of options given).
- Only approved tank mixes, nozzles, and spray pressures allowed.
- Downwind 30-foot infield buffer requires to protect sensitive areas.
- Corteva to provide mandatory education and training about importance of pollinators.

Prohibited use in these Ohio counties

Athens
Butler
Fairfield
Guernsey
Hamilton
Hocking
Morgan
Muskingum
Noble
Perry
Vinton
Washington

“Right to repair” class action lawsuit against John Deere

- Forest River Farms in North Dakota filed federal suit Jan. 12 alleging John Deere’s use of engine control units (ECUs) to diagnose and repair equipment problems is monopolistic and violates the Sherman Act.
- Farm wants court to order John Deere to make the software available to farmers and repair shops.
- Also seeks damages for repairs made from January 2018 to present.
- Also claims consolidation of Deere dealerships, down from 3,400 in 1996 to 1,544 in 2021.

In 2021, 21 states and Congress considered “right to repair” legislation.


Will SCOTUS review California's Proposition 12?

National Pork Producers Council and American Farm Bureau v. Ross

- Challenge to Proposition 12's ban on the sale of pork and eggs in California if from animals raised in a "cruel manner," i.e., with insufficient space.
 - Violates the Commerce Clause of the U.S. Constitution as a regulation of interstate commerce, a power reserved to Congress.
- Federal district court and Ninth Circuit Court of Appeals:
 - No violation; Proposition 12 treats in-state and out-of-state producers the same.
- Decision from Supreme Court on whether to accept the case for review expected soon ...

Attorney
Robert Moore
joining
OSU Agricultural &
Resource Law
Program





Dairy Industry 2022

Dianne Shoemaker
Field Specialist, Dairy Production Economics



Dairy


Early Morning Update - January 21, 2022



Dairy Team - Chicago

MARKET INTELLIGENCE

Class III Futures			
Contract	Last	Net Change	Volume
Jan-22	20.25	0.05	14
Feb-22	20.86	0.07	23
Mar-22	21.69	0.01	6
Apr-22	21.47	0.13	5
May-22	21.16		0



 Dairy Team - Chicago

Early Morning Update - September 15, 2021

Futures Snapshot

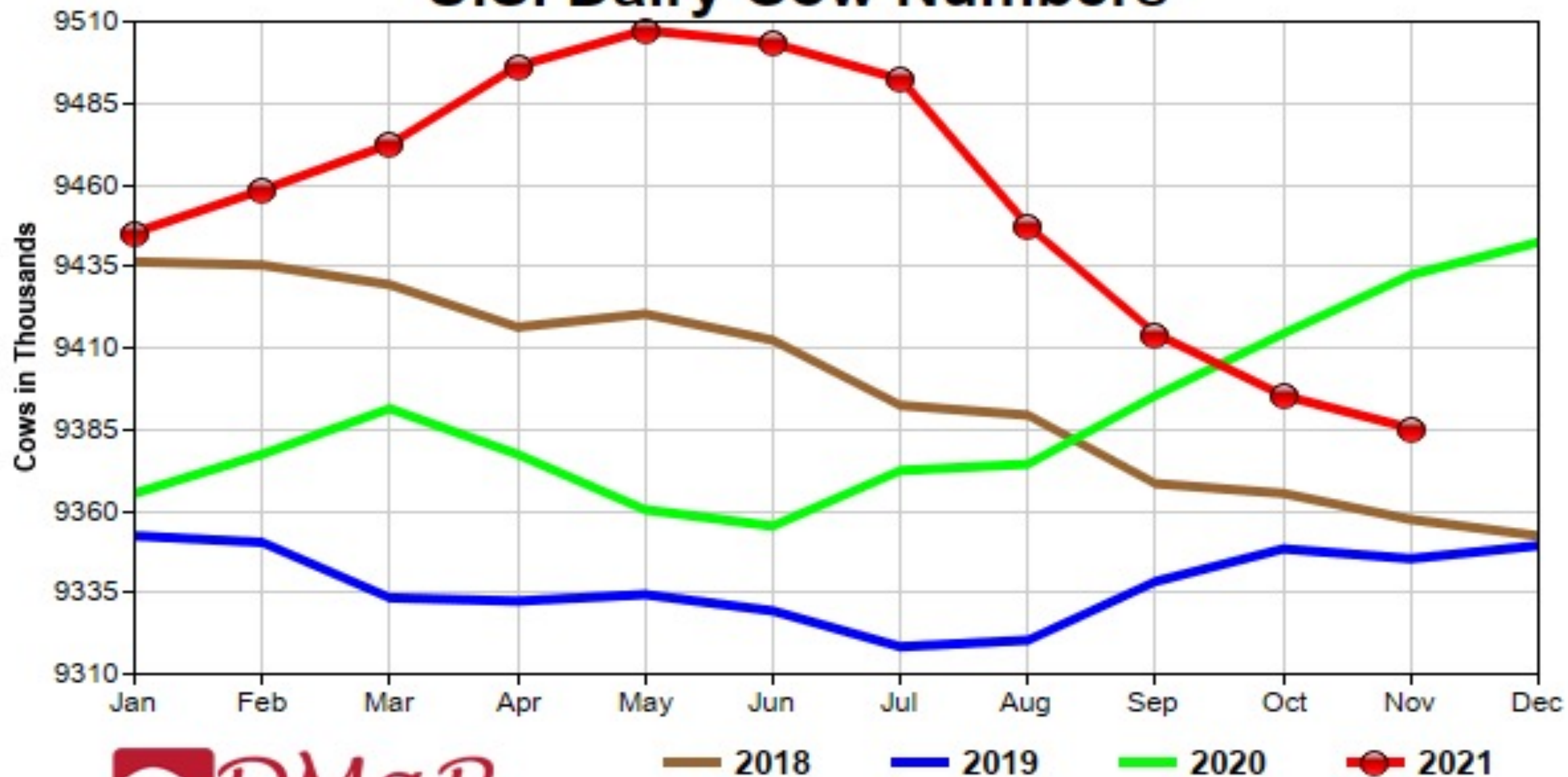
Previous Session Settlements				
Class III Futures				
Contract	Last	Net Change	Volume	OI
Sep-21	16.59	0.00	131	4,300
Oct-21	17.50	0.16	379	5,199
Nov-21	17.35	0.05	107	3,727
Dec-21	17.62	0.05	24	2,520
Jan-22	17.38	0.01	3	1,606
Feb-22	17.36	0.04	1	1,355
Mar-22	17.51	0.03	5	1,214

Early Morning Update - January 21, 2022

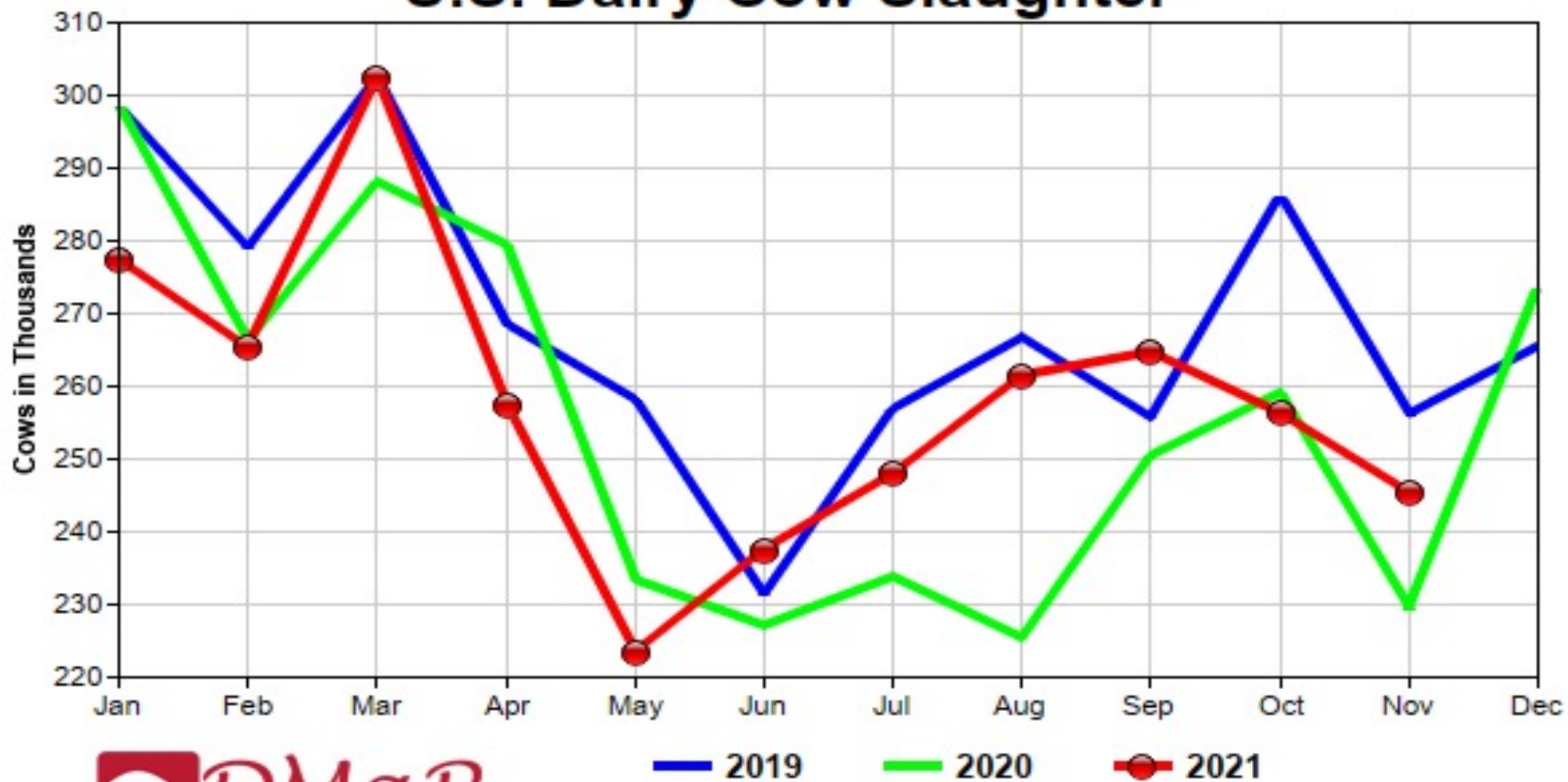
 Dairy Team - Chicago

Class III Futures			
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Jan-22	20.25	0.05	14
Feb-22	20.86	0.07	23
Mar-22	21.69	0.01	6
Apr-22	21.47	0.13	5
May-22	21.16		0

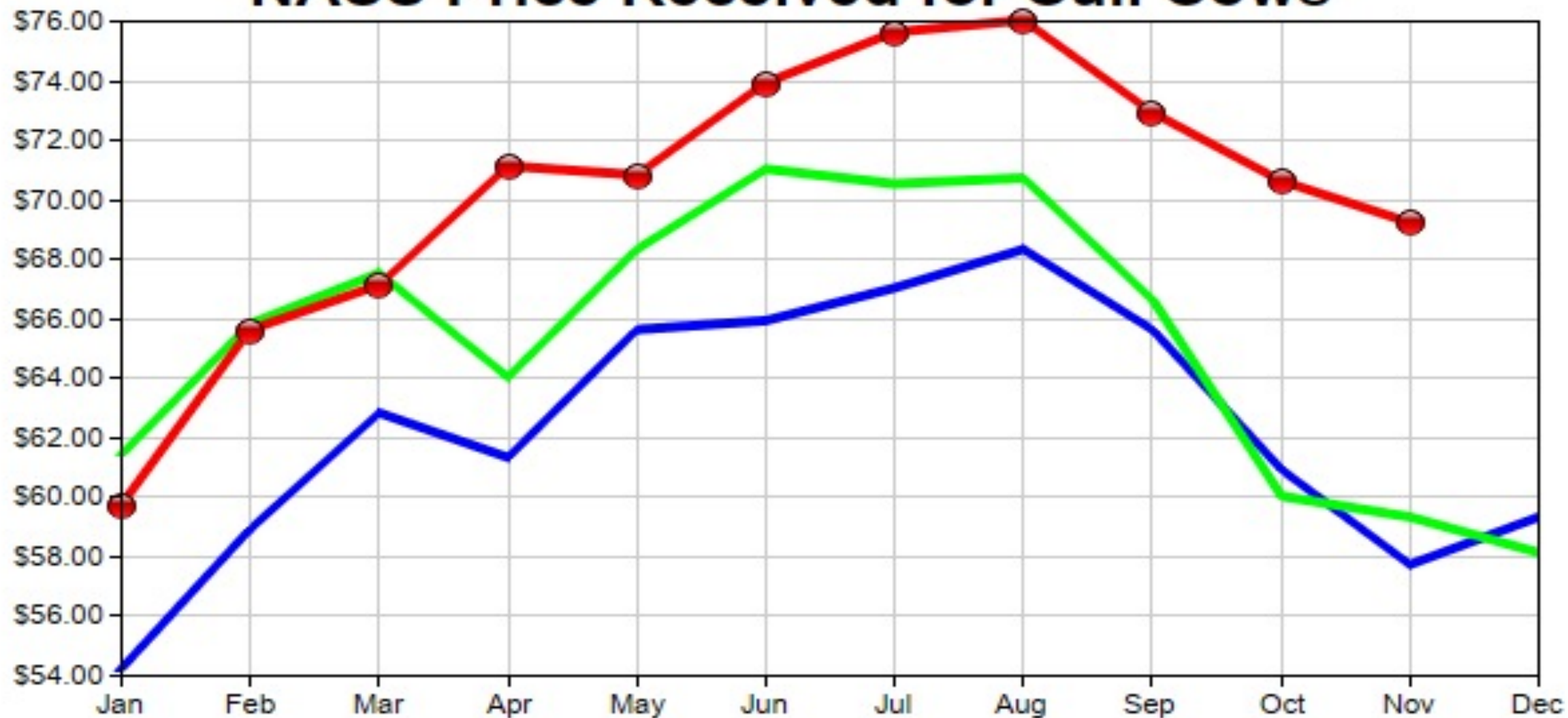
U.S. Dairy Cow Numbers



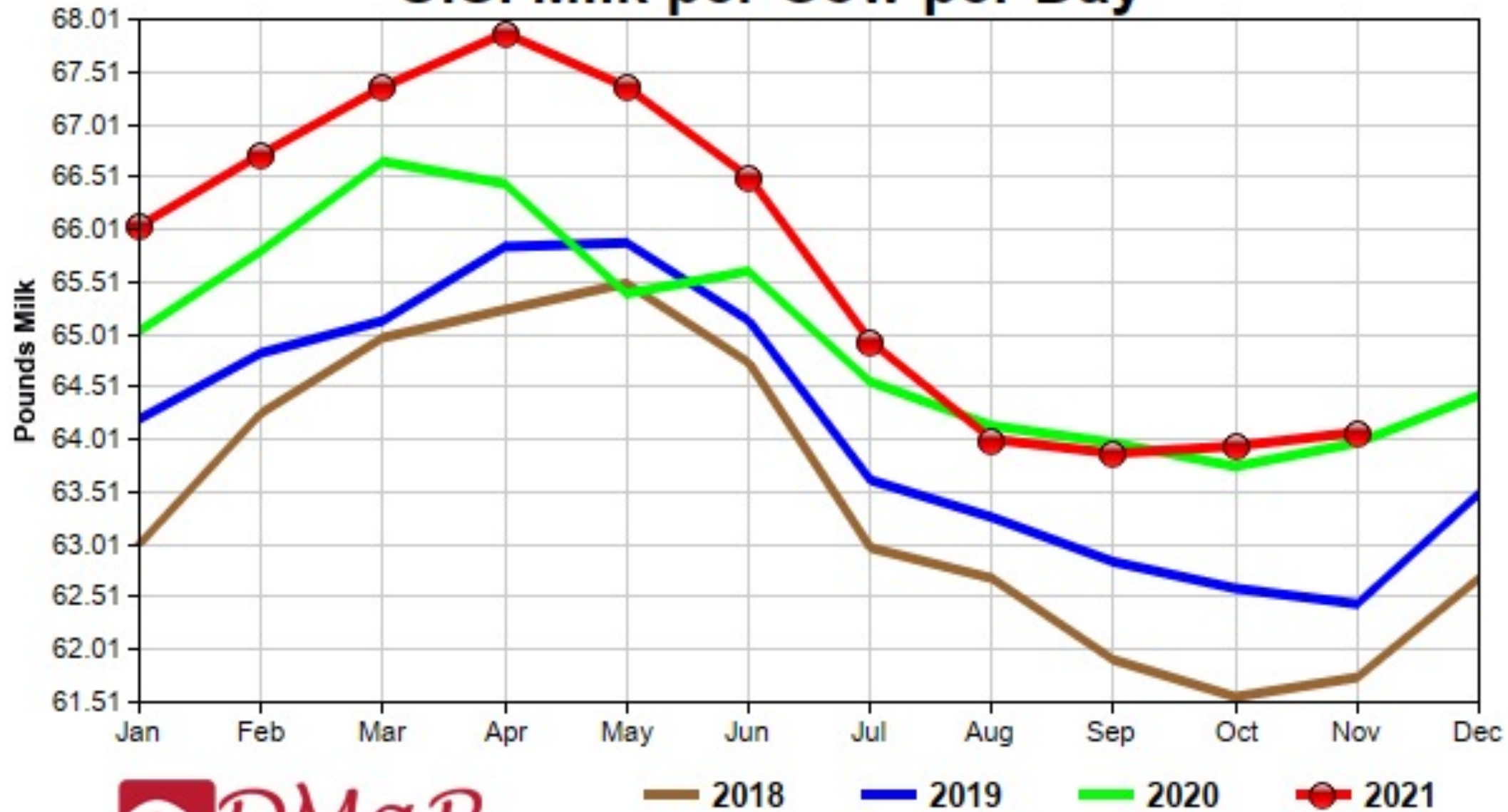
U.S. Dairy Cow Slaughter



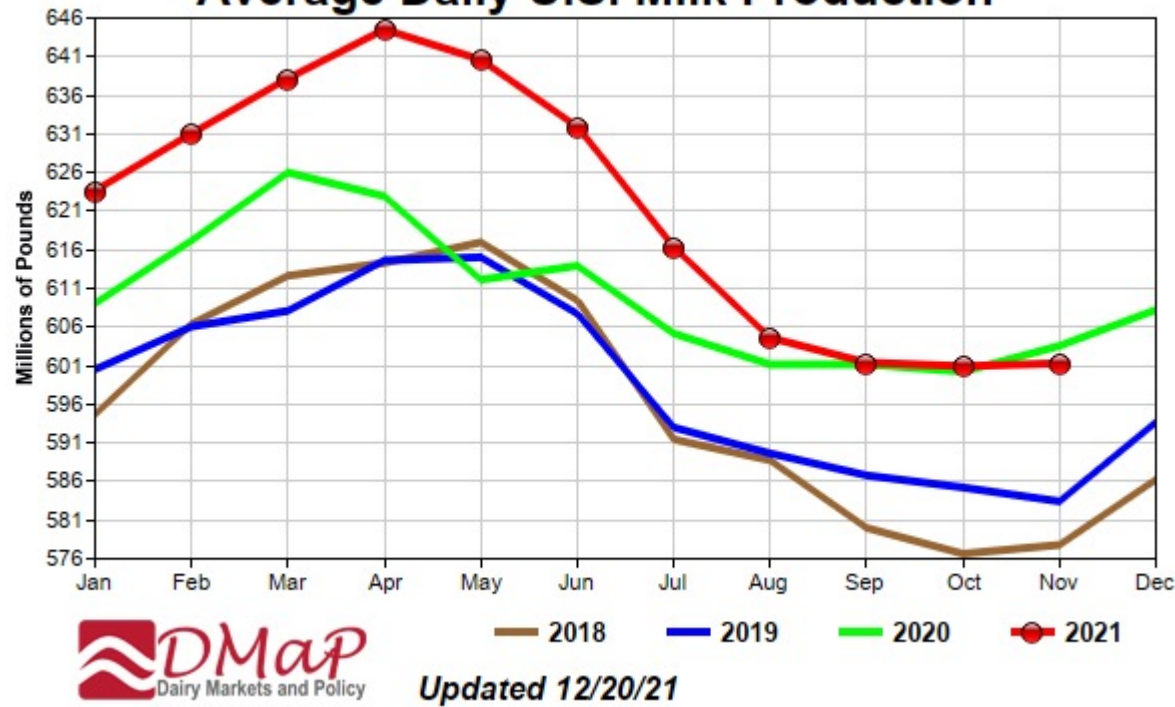
NASS Price Received for Cull Cows



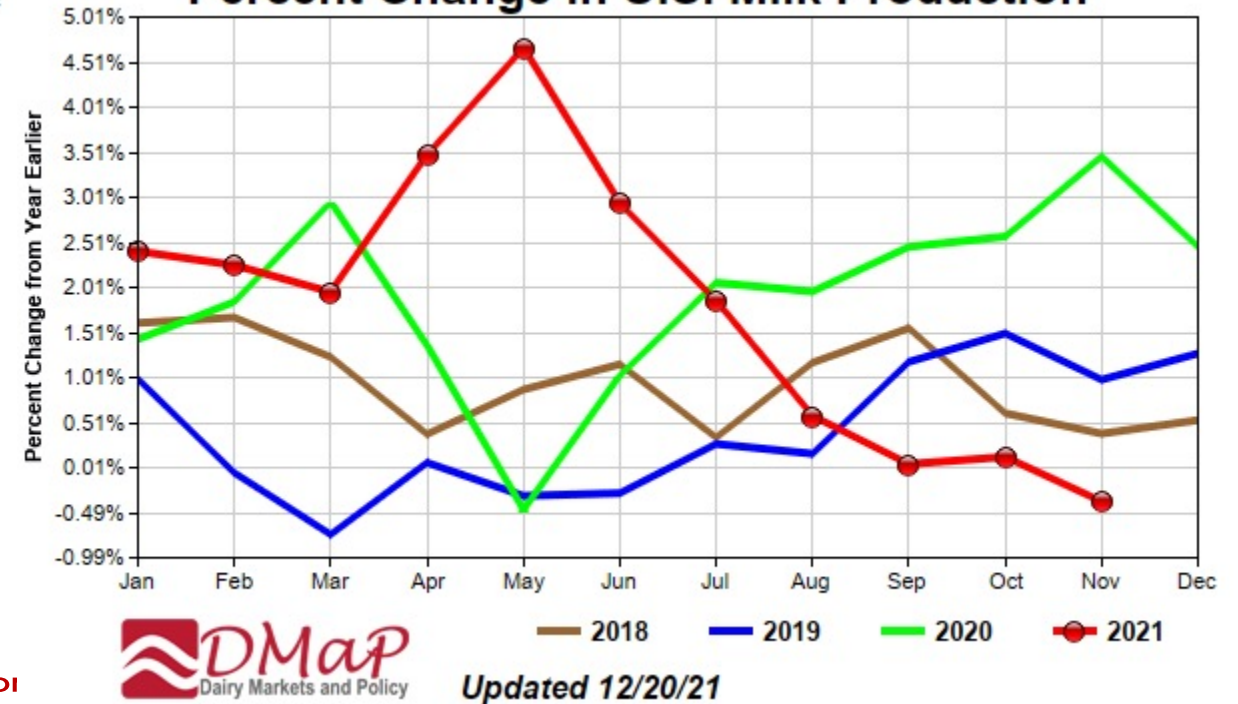
U.S. Milk per Cow per Day



Average Daily U.S. Milk Production



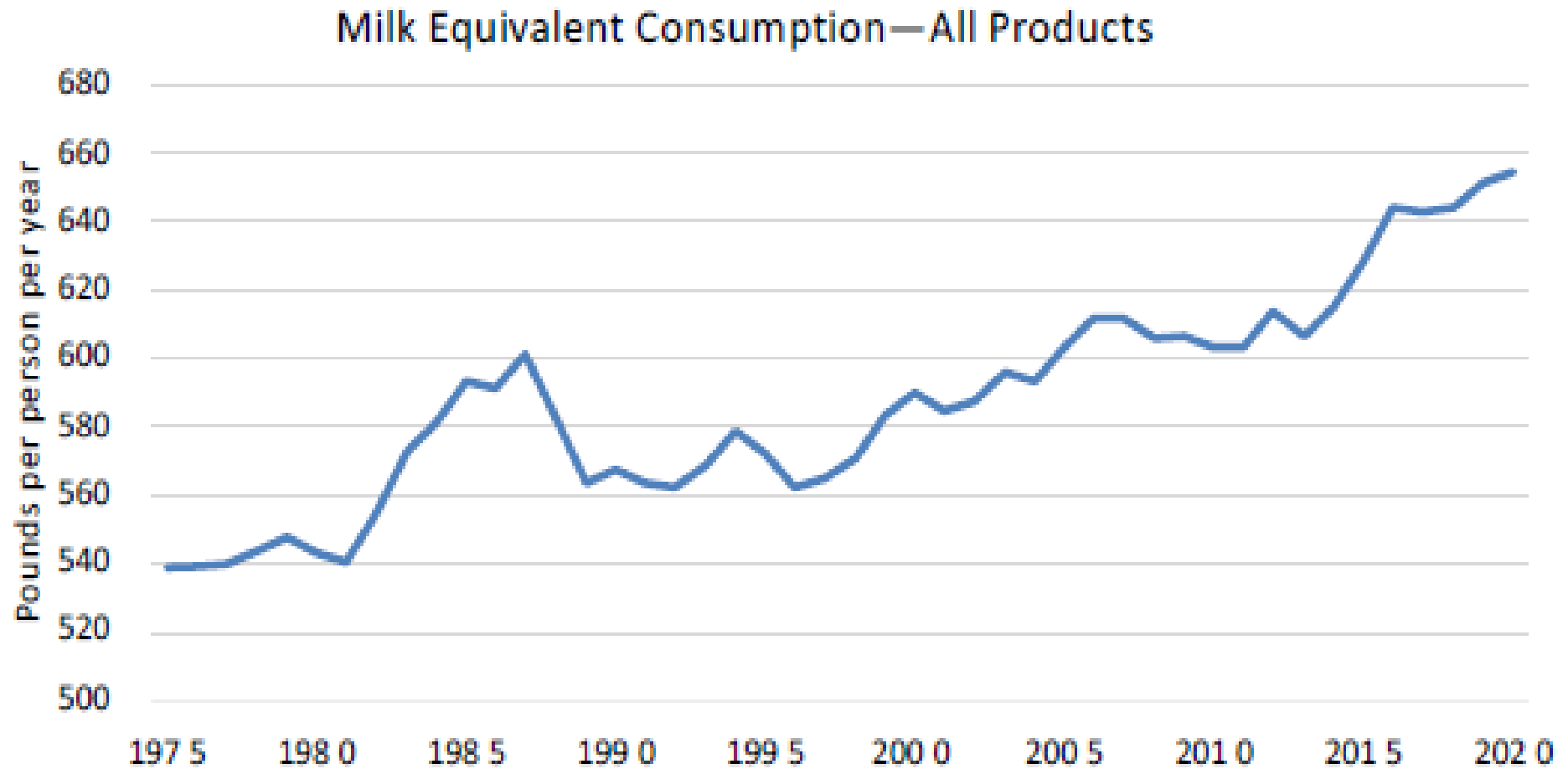
Percent Change in U.S. Milk Production







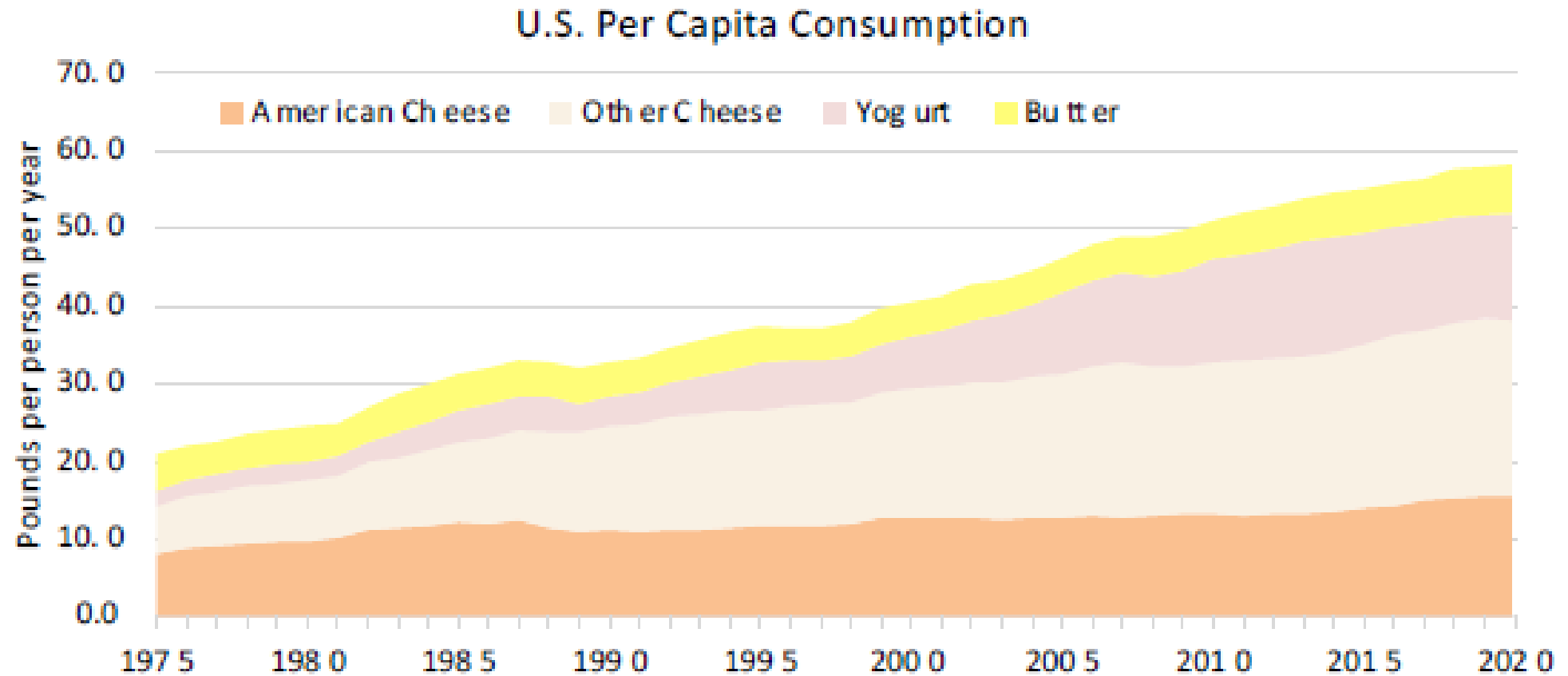
Domestic demand has been good



Source: Mark Stephenson, University of Wisconsin



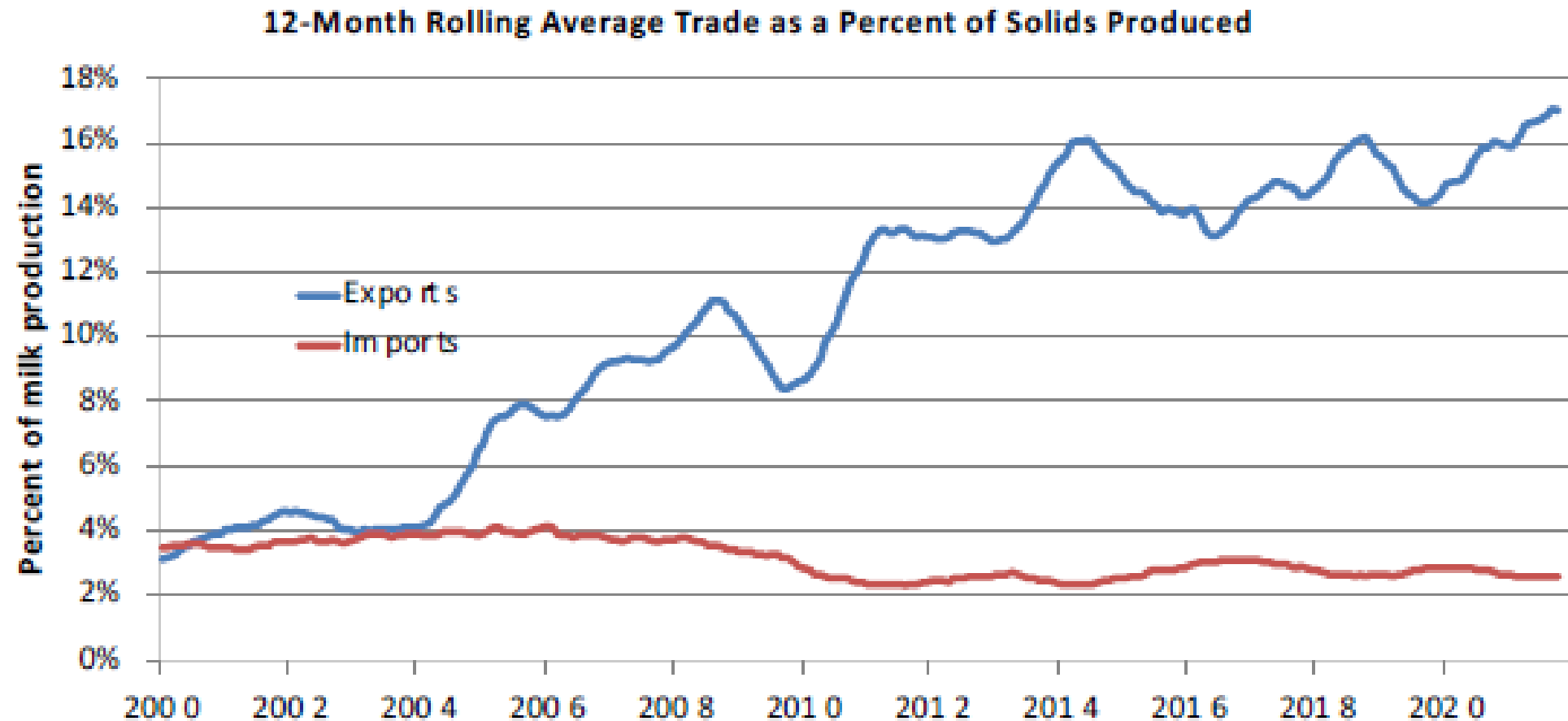
Cheese took a breather during 2020



Source: Mark Stephenson, University of Wisconsin



Export demand larger than ever



Source: Mark Stephenson, University of Wisconsin

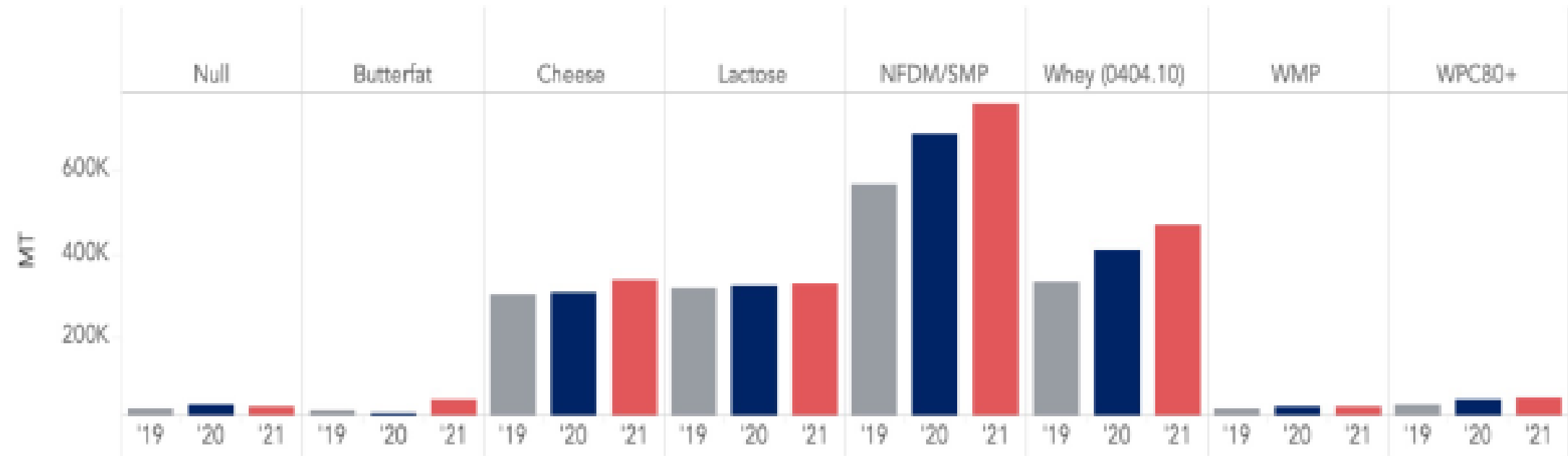


Increasing product exports across the board

US Exports

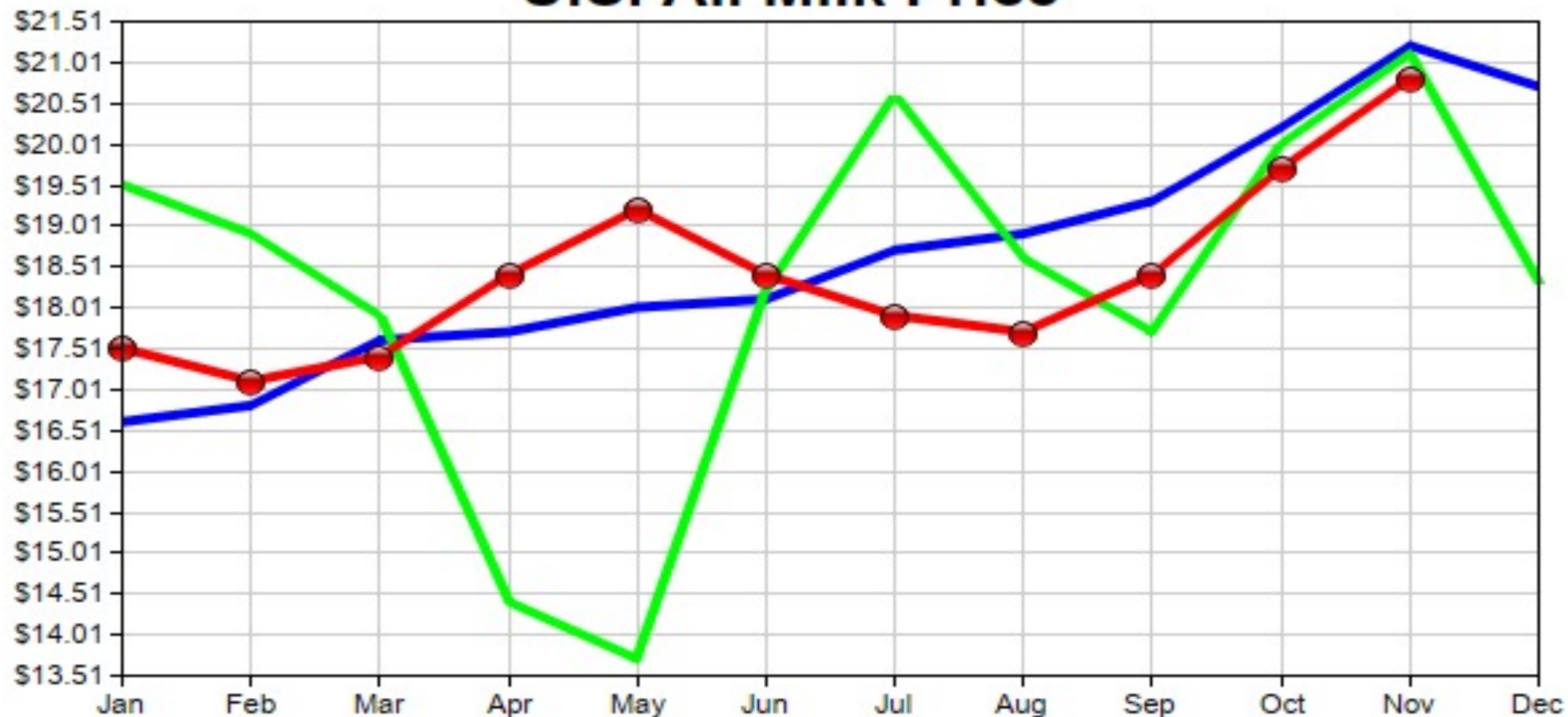
Show:

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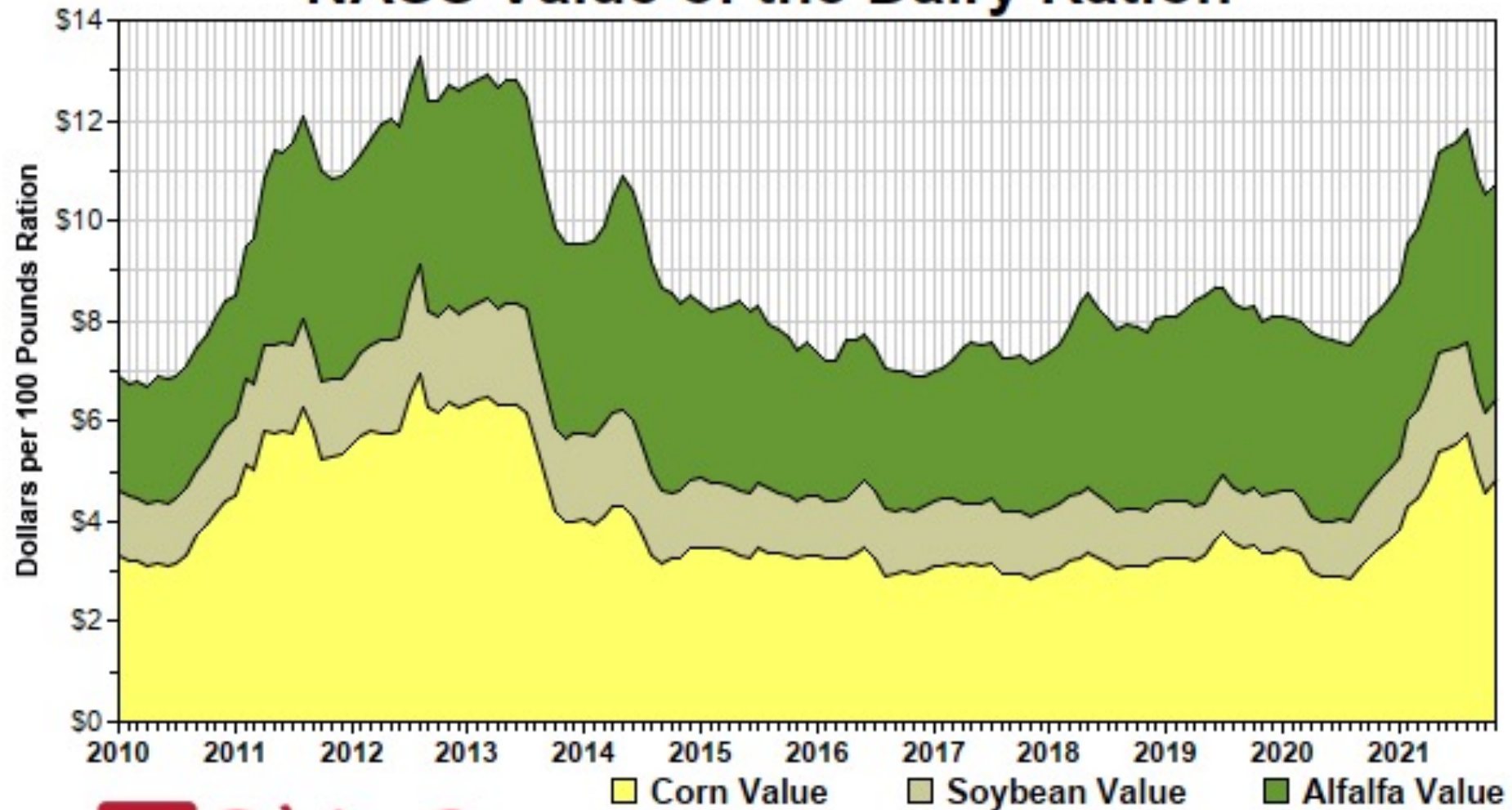


Source: Mark Stephenson, University of Wisconsin

U.S. All Milk Price



NASS Value of the Dairy Ration



Risk Management Opportunities

DMC Program and Supplemental DMC Sign Up

- At FSA County offices
 - December 13 through February 18, 2022

Dairy Revenue Protection Insurance

- Available through crop insurance agents

For More Information about Farm Business Analysis:

Visit:

<https://farmoffice.osu.edu>

<http://farmprofitability.osu.edu/>

Contact:

A Farm Business Analysis Technician
near you or shoemaker.3@osu.edu



This work is supported by the USDA National Institute of Food and Agriculture "Northern Plains Regional Farm Business Management and Benchmarking" project 2020/21.



United States
Department of
Agriculture

National Institute
of Food and
Agriculture

Pandemic Relief Programs Continue

Regional Conservation Partnership Program (RCPP)

- On January 13, the USDA announced \$255 million available for public –private partnerships aimed at specific natural resource conservation projects.
 - RCPP Classic
 - RCPP Alternative Funding Arrangements
- Ag or Silvicultural producer association, state or local government, farmer cooperative, higher education and others
- Project proposals accepted through April 13, 2022

New Round of Pandemic Relief for Swine Producers

- Spot Market Hog Pandemic Program (SMHPP) announced on 12/13/2021.
- Hogs sold through “negotiated sale” from 4/16/2020 through 9/01/2020 eligible for additional assistance.
- Application period is 12/15/2021 through 2/25/2022.
- Eligible Hogs * \$54 (not to exceed 10,000 head).



Organic and Transitional Education and Certification Programs (OTECP)

- OTECP is part of USDA's Pandemic Assistance for Producers Initiative--\$20 million.
- Provides assistance for expenses for 20,21,22 fiscal years.
- Applications for 2020 & 2021 FY are being taken from November 8 through ~~January 7, 2022~~ February 4, 2022.
- Application for 2022 will be announced at later date.
- <https://www.farmers.gov/pandemic-assistance/otecp>

Farm Service Agency- Farm Storage Facility Loans

- Farm Storage Facility Loan Program (FSFL) provides low interest financing.
- Grain bins, hay barns, bulk tanks, cold storage, and drying and handling systems/trucks.
- Loans from 3-12 years.
- 0.875 (3) to 1.7560% (15)
- Max is \$500,000
- <https://www.fsa.usda.gov/programs-and-services/price-support/facility-loans/index>

Program	Interest Rates
Farm Operating- Direct	1.750%
Farm Operating - Microloan	1.750%
Farm Ownership - Direct	2.875%
Farm Ownership - Microloan	2.875%
Farm Ownership - Direct, Joint Financing	2.500%
Farm Ownership - Down Payment	1.500%
Emergency Loan - Amount of Actual Loss	2.750%
Effective as of November 1, 2021	

Ohio FARMLAND LEASING UPDATE

<https://farmoffice.osu.edu/events/ohio-farmland-leasing-update>

FEBRUARY 9, 2022

7:00—9:00 pm

Via Zoom Webinar

Presented by OSU's Farm Office Team:

Barry Ward

Leader, Production Business Management

Peggy Kirk Hall and Robert Moore

Attorneys, OSU Agricultural & Resource Law Program

Learn the latest information on:

- Current economic outlook for Ohio row crops
- Research on cash rent markets for the Eastern Corn Belt
- Rental market outlook – fundamentals
- Ohio's statutory termination legislation
- Addressing soil quality and conservation practices in leases
- Using long term leases in farm succession planning
- Farmland leasing resources

Register for this free webinar at:

<https://go.osu.edu/farmlandleasingupdate>



OSU FARM OFFICE
farmoffice.osu.edu

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Ladies on the Land

Communicating and Negotiating
Landowner and Tenant Issues
with Ease



Do you own, lease, or manage land? Would an increase in confidence, improved communication skills, and helpful resources allow you to better navigate farmland leasing issues? If so, join this interactive farmland leasing workshop developed for women involved in all stages and aspects of agriculture!

Workshop topics cover:

- ✓ Assessing the risk-reward continuum for tenants and landowners
- ✓ Farmland leasing best practices
- ✓ Enhancing communication skills
- ✓ Developing equitable rental rates
- ✓ Answers to your questions and concerns

Program Cost:

\$25 per person

- Includes all materials and a box lunch at in-person workshops.
- RSVP is necessary by calling the host office below or visiting

go.osu.edu/ladiesontheland

2022 In-person Workshops

9:00 AM to 3:30 PM

January 27 Medina County	February 15 Ross County	February 24 Morrow County	March 3 Putnam County
Professional Building 120 W. Washington St., Suite 1L Medina, OH 44256 Ashley Kulhanek 330-725-4911 kulhanek.5@osu.edu medina.osu.edu	475 Western Ave. Chillicothe, OH Chris Bruynis Bruynis.1@osu.edu 740-702-3200 ross.osu.edu	5362 US Highway 42 Mt. Gilead, OH Carri Jagger Jagger.6@osu.edu 419-947-1070 morrow.osu.edu	1206 East Second St. Ottawa, OH Beth Scheckelhoff Scheckelhoff.11@osu.edu 419-523-6294 putnam.osu.edu

Register for any workshop at: go.osu.edu/ladiesontheland



USDA National Institute of Food and Agriculture
U.S. DEPARTMENT OF AGRICULTURE

This material is based upon work supported by USDA/NIFA under Award Number 2018-70027-28586. CFAES provides research and related educational programs to clientele on a nondiscriminatory basis.

Planning for the Future of Your Farm

In-Person Workshops

- Greene County- February 10, 2022
- Wayne County- February 25, 2022
- Wood County- March 4, 2022

Webinar Version

- January 31, February 7, 21, 28

go.osu.edu/farmsuccession



Need help planning for the future of your farm? Join OSU Extension at one of it's "Planning for the Future of Your Farm" workshops during the winter of 2022. This workshop is designed help farm families as they develop a plan for the transfer of the farm's ownership, management, and assets to the next generation.

Greene County

February 10, 2022 (9:00 a.m. to 4:00 p.m.)

Wayne County

February 25, 2022 (9:00 a.m. to 4:00 p.m.)

Wood County

March 4, 2022 (9:00 a.m. to 4:00 p.m.)

Webinar Version

January 31, February 7, 21 & 28 (6:30 to 8:30 p.m.)

Workshop topics include: Developing Goals for Estate and Succession; Planning for the Transition of Control; Planning for the Unexpected; Communication and Conflict Management during Farm Transfer; Legal Tools and Strategies; Developing Your Team; Getting Your Affairs in Order; and Selecting an Attorney.

More information can be obtained at go.osu.edu/farmsuccession





CFAES

Thanks for joining us for this
webinar

Our Next Farm Office Live
February 16 & 18, 2022



THE OHIO STATE UNIVERSITY

COLLEGE OF FOOD, AGRICULTURAL,
AND ENVIRONMENTAL SCIENCES