

2020 Dyson NY Agribusiness Outlook: Key Findings

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- 2018 was tough year for NY agriculture, largely due to a decline in dairy income.
- 2019 should be better, again largely due to higher milk prices. Current 2020 forecasts also predict stable or higher aggregate farm income for 2020.
- Government payments historically aren't that important for NY agriculture *on aggregate* but were likely important for some soybean, corn and wheat farms in 2019 due to the Market Facilitation Program (designed to compensate for impacts of retaliatory tariffs).
- Government payments to dairy farms (MFP, DMC) were relatively large in 2019 but typically a small share of farm income.
- Inflation adjusted farm wages increased from \$13.50 in 2018 to \$14.29 in 2019. This likely reflects labor scarcity as well as NY specific factors such as increasing minimum wage. With new overtime regulations beginning now (2020), finding and paying labor will continue to be a huge challenge for farms for which labor is a large share of costs. We expect AEWR (H2A- ag guestworker program minimum wage) to go up substantially in 2020 and the future.
- Bankruptcy and lender data suggest that aggregate financial conditions for NY agriculture did not worsen in 2019. Dairy farms have been building up credit with feed suppliers during the last milk price downturn.
- Wet weather in the spring of 2020 was a huge challenge for farms throughout the state and many farms were unable to plant crops. Federal crop insurance prevented planting payments helped cover the losses of many farms that were affected by the challenging planting season.
- The USDA 2017 Census of Agriculture data suggests that midsize farms are experiencing economic challenges, while very small and large farms are growing. Commercial vegetable and grape production have generally been declining, but specialty crop production is becoming more diverse across the state.
- NY generally has higher-than-average farm costs compared to states with similar production, but (1) usually doesn't have the highest costs and (2) many (but not all) competitor states are facing high costs as well. This implies NY doesn't have a general cost advantage, but innovation, market access, strong state economy and other factors may be more important for competitiveness