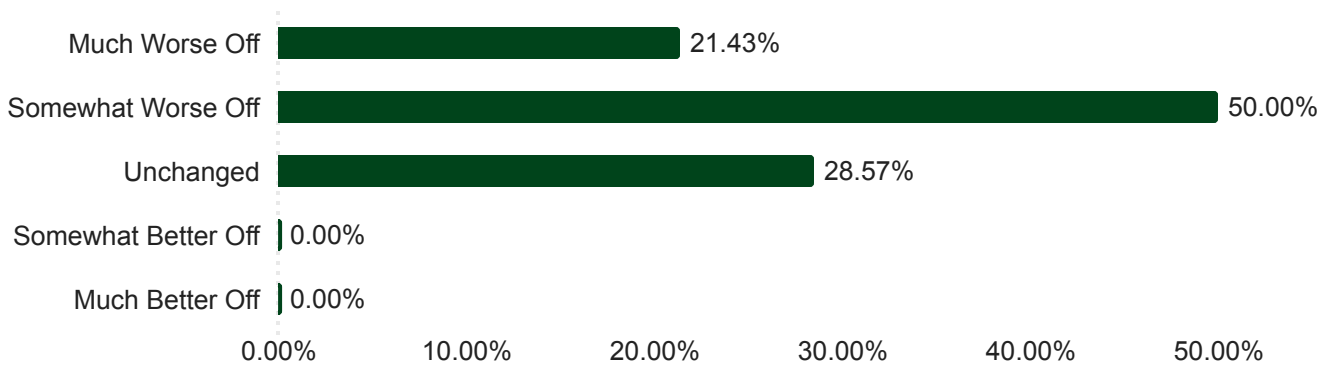


March 2025

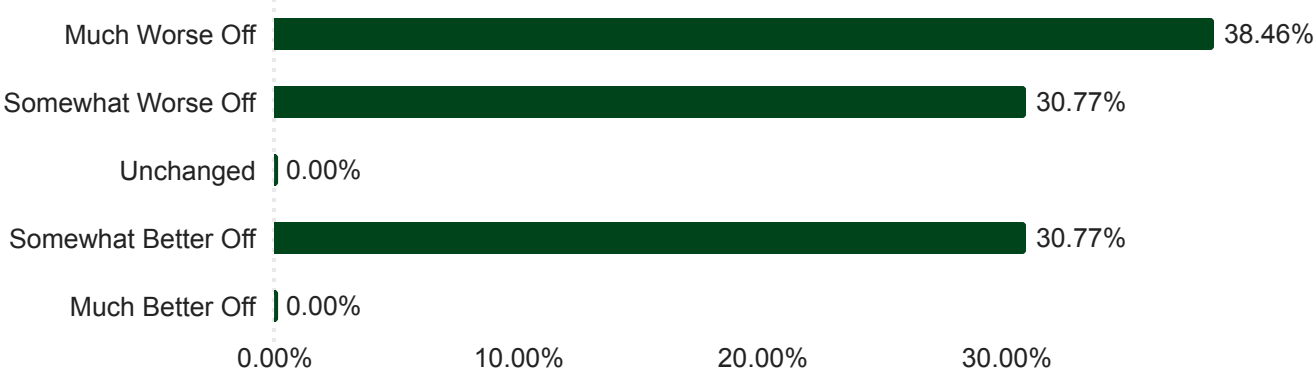
1. I would be interested in interview opportunities with Farm Journal to discuss highlights from the Monthly Monitor survey:



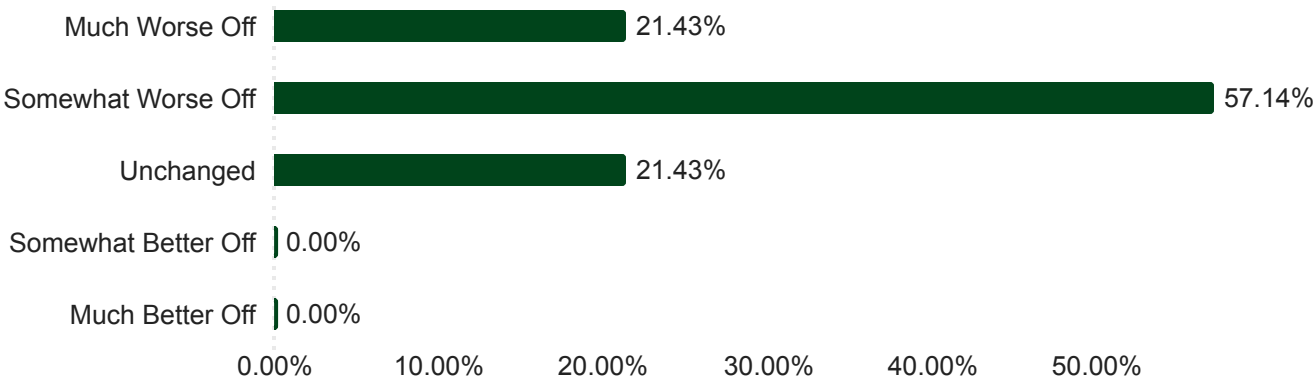
2. Consider the current state of the U.S. agricultural economy. Please indicate how it compares to one month ago. Select one.



3. Consider the current state of the U.S. agricultural economy. Please indicate how it compares to one year ago. Select one.



4. Consider your expected state of the U.S. agricultural economy in 12 months. Please indicate how it compares to today. Select one.



5. What are the two most important factors driving agriculture's economic health today as well as in 12 months?

What are the two most important factors driving agriculture's economic health today as well as in 12 months?

Trade and US economic health

Crop usage (trade). Production

Low crop prices and mostly stagnant input costs

I think the state of trade is an important factor. Foreign markets have been where the growth is for many years. Our major commodities are heavily dependent on trade. The uncertainty around tariffs is a big problem.

The administration policies.

2025 crop production

Squeeze on margins and trade war affecting export markets

What happens with trade/tariffs likely the top factor for now and in 12 months across agriculture. A short-term factor for row crops will be U.S. acres and the start to the growing season, as well as global production for the year outlook.

In 2025, large government payments will bolster farm income. Trade disputes are likely to weigh on prices for many farm commodities.

1. Trade conflicts will dramatically reduce marketing opportunities and increase input costs.
2. Immigration restrictions will restrict an already-tight labor supply.
3. Domestic consumer demand will shrink due to heightened uncertainty and (potentially) reduced GDP growth.

agricultural commodity demand downturn

trade policy conflict and uncertainty

Supply dominates all other factors within a one year framework. So, production outcomes in the northern, then southern hemispheres will be most important.

The second most important factor will be the decision by President Trump's administration on the role of biofuels in the energy economy he wants to see built. Although the path of bird flu could be even more important.

Tariffs

High production costs

Today-

Access to credit for spring operating loans continues to be available. There are stories of people not receiving access to capital or being denied a loan, but those are pretty isolated.

The expectation of the 10 billion dollars in economic assistance is backed into the economy and expectations at this point. People are just waiting for it.

12 Months- some what worse off.

Low commodity prices and relatively high input costs continuing to pressure operating margins.

I also think consumer demand will be more subdued in 2025 than it was in 2024 meaning a little slow down in meat demand, ethanol consumption, and other value added products.

Political and trade uncertainty and trade actions are significant impacts and threats to the economy

6. Is the crops sector of agriculture currently in a recession?



6a. Why?

Why?

Low cotton and wheat prices are a real disaster. Corn and soybean prices continue to move around with some increases ahead of planting lately but they are not at great levels

Commodity prices low, farm input costs remaining high

A recession is a sustained period of economic decline. We may not be able to say the entire agriculture sector is in recession, but the row crop sector has been in economic decline since 2022 and looks like that will continue into 2025.

Output prices have declined sharply from recent peaks, and many producers are unable to cover their costs. However, large government payments in 2025 will provide support.

Costs have outpaced revenue for some time now, and recent policy shifts are unlikely to alleviate that pressure.

Lower price outlook and tight or negative projected returns for 2025

Net returns are as tight as they have been since 2007.

Poor market conditions and prospects for negative trade impacts

6b. Why not?

Why not?

I don't understand the "crop sector recession."

Perhaps I spoke too soon!

According to the latest data reported by Bureau of Economic Analysis, the gross output for "Agriculture, forestry, fishing, and hunting" in Q3 of 2024 is higher than that of Q2 in 2024. So, at first glance, by definition, this would not constitute a recession.

However, starting in Q1 of 2023 output showed quarterly declines until Q3 of 2024 which leads me to believe we may actually be in a recession. I apologize for the quick finger!

There is no definition of recession for agriculture.

Incomes are low but not historically low. A farm / crop recession, in my opinion, requires two to four years of low income to know with any degree of certainty. The reason is the importance of weather in farm income and prices. If there is a shortfall in northern hemisphere production this year, prices will recover to a level at which returns could be normal or above normal. Stocks are not that high to preclude this outcome as of March 2025.

There are folks struggling for sure, however, this is part of the ebbs and flows of commodity agriculture. The difference this time is there was not as much liquidity saved during the good years to assist in the bad years. Therefore people are having to pull back. I don't think the crop sector is in a recession because producers continue to be the dominant buyer of land and crop acreage estimates do not currently anticipate the American producer is going to drastically pull back on planting a crop. If we were in a recession- we would see decline land prices and people would be pulling back on production neither is happening.

7. Does the current environment of low commodity prices and high input costs accelerate consolidation in the row crop operations and allied industries?

100%



■ Percentage

7a. Why?

Why?

Farmers who rent land, and some who own land, are not able to generate enough revenue to cover loan obligations and have to liquidate. Those who own land will likely be the ones to weather the economic downturn we are in.

I think yes, probably. Although can they really drive this any faster than it already is? Are there that many higher cost smaller producers left to be gobbled up?

A sustained period of high costs and low prices will likely result in some farmers going out of business sooner than expected, which may be due to point of financial need or stopping by choice ahead of that. When farm consolidation is accelerated, there are fewer farmers buying inputs. Even those the acres are the same, fewer input retailer are needed to serve the customer base. Also, have greater pressure on the whole industry as big farmers grow.

Higher cost producers may be leaving the industry because they have to, not because they choose to.

Smaller producers often have a lower "burn rate," opening the door for larger producers to expand.

Profit pressure always brings consolidation into the most efficient firms. However, the increase in the speed of adjustment will be limited until there are at least three years of low returns (might be two if losses are really large)

Farmers that were thinking about exiting will likely speed up their exit.

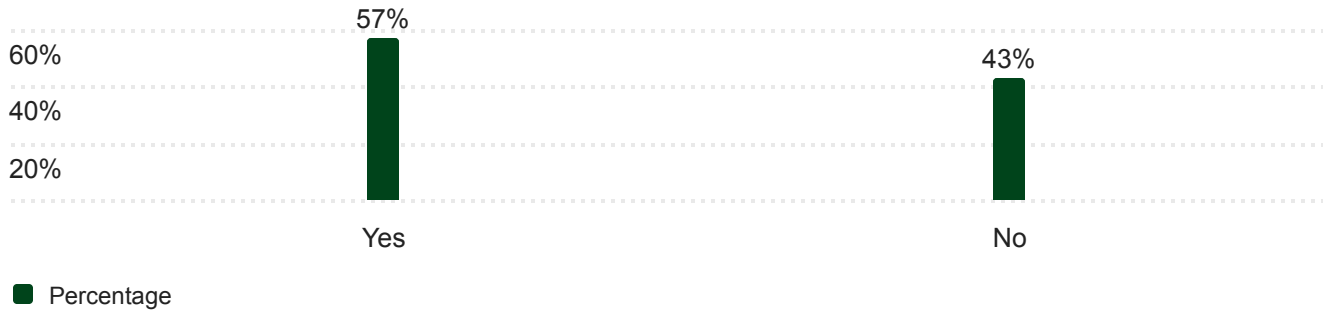
The agricultural industry has long valued hard work as a fundamental principle of it's demographic makeup. For a while, government programs and loosing credit conditions have allowed people to receive more for less work. That is changing. I continue to hear conversations with ag service providers that they are focusing on those producers that are willing to put in the business planning themselves and not expecting someone else to do it for them. The process consolidates the sector by removing those that are inefficient and unwilling to do the work.

7b. Why not?

Why not?

Margins are tighter for all and may limit large leveraged operations or outside equity money from aggressive growth plans

8. Do you think the U.S. general economy will see a recession in 2025?



9. In what ways does the U.S. economy impact meat demand in 2025?

In what ways does the U.S. economy impact meat demand in 2025?

Sizable changes in consumer purchasing power, labor markets, inflation, and wage growth have proven to impact meat demand, and consumer sentiment reports indicate growing concern in these areas.

Consumer income. To a lesser degree, trade via exchange rates

I am not a meat economist, but the question I am more concerned with is how tight cattle inventories, and higher prices, will impact meat demand.

I am not sure so I'm coming down on yes

Supply & demand of meat, dairy & eggs will be bigger factors than the macroeconomy.

If real wages fall, substitution towards other protein/cheaper meat cuts

When the U.S. economy is strong and incomes increase, consumers have more disposable income to spend on meat, and higher quality cuts of meat. When the U.S. economy is weak and disposable income tightens, consumers may reduce meat in their diet or turn to less expensive meat options.

Slower growth (even if the U.S. does not endure a recession) will reduce consumer willingness to spend, especially at a time when beef prices, in particular, are high.

U.S. consumer preference for meat demand is strong, though I would be paying attention to the growing use of GLP-1s as it relates to all agricultural product demand.

a downturn in economic growth impacts disposable income and should slow animal protein demand

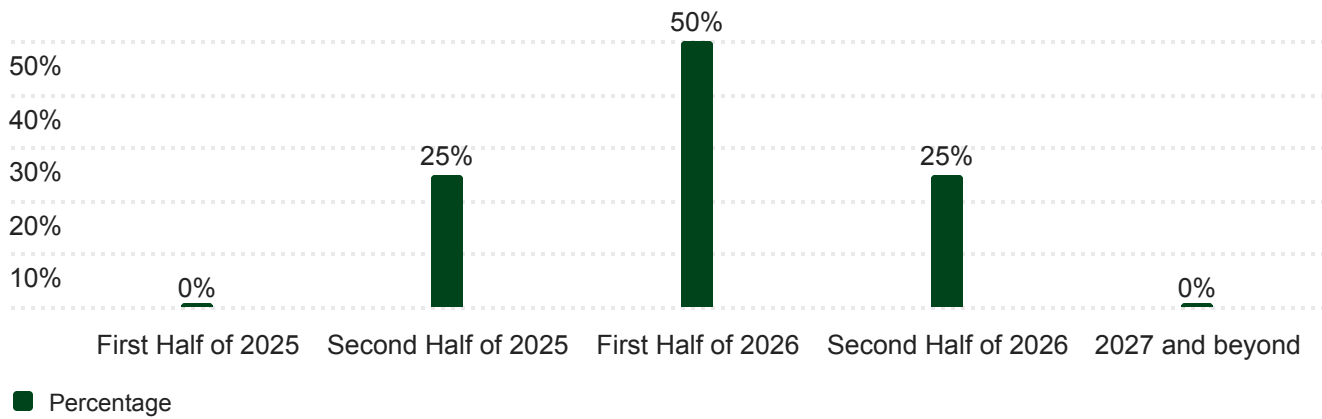
Labor income is growing faster than inflation. And, most US firms are profitable. at least as of current earnings reports.

There is a positive correlation between GDP and meat demand, particularly between GDP and higher end cuts.

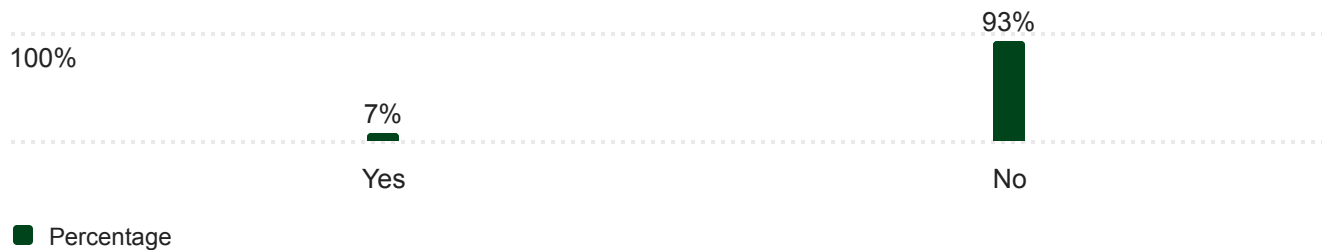
I do think consumer demand will be lower in 2025 than it was in 2024. That being sad- 2024 consumer expenditures and demand were a lot higher than I anticipated at the beginning of the year. Two indicators that are showing up and are unsustainable right now are reducing savings accounts (unsustainable) and increasing credit card debt (unsustainable). I think it leads to slower meat demand in 2025- partially due to lower meat availability and partially due to slowing consumer demand. Notice I said slowing consumer demand and not declining/ negative. Demand does not have to decline year over year to impact meat prices- slowing can do the same thing.

Severe macroeconomic impacts may erode consumer spending and weaken robust meat demand

10. When do you think producers will start rebuilding cattle herds?



11. Do you think President Trump’s strategy of using tariffs as a negotiating tool will benefit U.S. agriculture in the long-run?



11a. Why?

Why?

I responded yes, although I believe there are scenarios where this is harmful and scenarios where it could be beneficial. For it to be beneficial depends on it being short lived and resulting in trade initiatives with market access or purchase commitments. And in the meantime, action is taken quickly related to President Trump's post to offset trade loss with increased domestic use such as removing dated rules that limit ethanol blends, renewing or creating biofuels production incentives, and adding SAF as a mandated fuel.

11b. Why Not?

Why Not?

Food as a weapon doesn't have a successful track record (see Jimmy Carter and the 1980s). It's not a guarantee as it's like playing Russian roulette; you might "win," but the risks are huge.

We have seen how China has made significant investment in Brazilian infrastructure and has resulted in the shrinking share of the export market for U.S. soybeans and cotton. Just last year, Brazil overtook the U.S. as the leading exporter of cotton for the first time in history. I think the first round of tariffs in 2018 have resulted in the loss market share.

Because we are trade dependent for many of our ag commodities. This will only lead to losing market share to our competitors. The US will be seen as an unreliable trading partner. We are export dependent to the point that losing those markets will result in sharply reduced production over time as we adjust to lower prices.

Ag exports are they only place other countries can really hurt the U.S.

Will further erode market share in China, and runs risk of blowing up USMCA and largest two export markets

It depends on whether tariffs are used as a negotiating tool with the ultimate goal of reducing trade barriers, or whether they instead result in a world with higher barriers. The President's emphasis on tariffs as a way to raise revenue suggests tariffs and their consequences may persist.

Farm Journal readers should learn about the long term consequences of Smoot-Hawley. It wasn't just about the economic costs - it was also about the relational damage between trading partners. I have a hard time believing we will rebuild these relationships any time in the foreseeable future.

Lost trade and lost reliability in a key sector for aggregate ag demand will hurt agriculture more than any specific market gains made from negotiations or reciprocal trade battles

We are a net exporter of our farm output.

Tariffs not only have a negative impact the short-run, they also have negative impacts long-run.

Tariffs in place for a long time have historically meant- increased production in other parts of the world and a temporary shift from the most efficient producers. We could see short term increases in domestic demand for products, but eventually that gets whittled away too.

Lost market share is extremely difficult to regain, especially when the U.S. becomes known as an unreliable market partner

12. Is the U.S. currently in another trade war?



12a. Why?

Why?

As the U.S. places tariffs on goods, countries are retaliating.

Because we continue to threaten and bully our trading partners. Since when is trading, buying or selling in an open market mean "being taken advantage of"

Not free trade.

Unilateral tariffs against China and others have led to retaliation, i.e., players not abiding by multilateral or regional trading rules

Yes, a trade war is an economic conflict between nations using tariffs or other trade barriers in battle against each other. That is happening now.

Many measures are already in place and many more are threatened.

I don't think anyone is arguing with the notion that we are in another "trade war." This one is far bigger and far more consequential than the last one we were in.

The U.S. has started a new round of trade wars for a variety of reasons, from immigration, border security, and drug trade to reciprocity to outright industrial protectionism. None of those rationales for trade conflict have a clear objective or end goal in terms of success, suggesting a long row ahead.

While the degree of tariffs is not known, current indications are that there will be at least some tariffs and they are unlikely to be nontrivial in size, where size is both the amount of imports and the size of the tariffs.

We are seeing global retaliation around the globe.

Not only are we increasing tariffs on trade partners but they are increasing tariffs on us. If this continues we see a pull back in global trade.

We do tariffs - they do tariffs - sounds like a trade war to me.

12b. Why Not?

Why Not?

It seems like a trade cold war. The situation is ever-changing, and it is hard for buyers, markets, and producers to anticipate reality and effect. The threat of tariffs is almost as effective as a tariff.

13. Would a trade war have the same impact on agriculture today as it did in 2018-2020?



13a. Why?

Why?

What is different from then? We have lower prices now so a trade war will hurt worse because our prices are already low. As the president said "have fun"

Will likely be worse given breadth of tariffs/countries impacted and degree of retaliation targeted at US exports

US Supply-Demand has not changed that much.

The same commodities will be affected.

Q305_Why Not? - Why Not?

Why Not?

It's not just China, it's Mexico, Canada, and maybe even the E.U. More countries, more commodities

I will stick with China, Brazil, and soybeans. We don't have as much of the market to lose as we did the first round.

Trade war in 2018/19 also had the African Swine Fever in China. Because of ASF they did not need the soybeans anyway. It will be hard to figure out what impacted the U.S. markets/prices more, but the market reaction should NOT be as great this time.

It could have similar ramifications. But at this point we don't know how long the conflict will last, what all nations will be involved in it, how retaliation will progress and the full view of what will be targeted. Plus, the U.S. economy, agriculture industry, and trade patterns are not all the same as they were then.

The measures are likely to affect a far broader set of commodities and trading partners.

It's going to be much, much worse.

It would be a bigger impact. The first round of trade wars in agriculture were largely used as a wedge for negotiation or renegotiation of agreements that provided improved access and growth opportunities for ag trade. This round seems to be championed based on reshaping the entire trading system, a system that U.S. agriculture largely benefited from over time.

There appears to be less willingness by the US taxpayer to provide financial assistance to agricultural producers. That is not to say that financial assistance is absent this go around, but I do think it increases the uncomfortable situation for producers who largely support less government spending.

Potentially much bigger negative impact. Less patience with U.S. political and trade games

14. If agriculture is caught in the middle of another trade war, do you think USDA will compensate farmers for losses again (like the previous Trump administration did with MFP)?



Q306_Why? - Why?

Why?

Congress might be the limiting factor.

The Secretary of Agriculture has come out and said they will use these tools if necessary.

Yes, but to a lesser extent and there we be lags from the market reaction to the payments going out and that could really impact some individual farmers.

Yes, I think there is understanding in this administration of the impact on farmers.

They will want to do so, but their ability to do so may be limited. The failure to include replenishment of the Commodity Credit Corporation's borrowing authority in the continuing resolution limits available CCC funds, and other options may also be limited in potential scope.

Yes, I expect more trade compensation because of the political sensitivity of ag and the administrative commitments already to doing so. I don't know what and how much it might be, particularly if we are entering a new era of budget austerity or at least stated goals of budget restraint.

Again, the political dynamics appear to be similar. Amounts are however likely to be less, maybe substantially less, due to the general policy initiative to reduce government spending.

The Secretary of Agriculture has already mentioned this as a possibility.

It's a large part of their electorate and they have said they would do so.

Probably make some attempt to compensate but likely not fully.

14b. Why Not?

Why Not?

Depends on who is calling the shots Trump or Musk. Trump might want to because farmers voted for him. But will he spend the money? He probably would. But, who else are farmers going to vote for? Is trump running again?

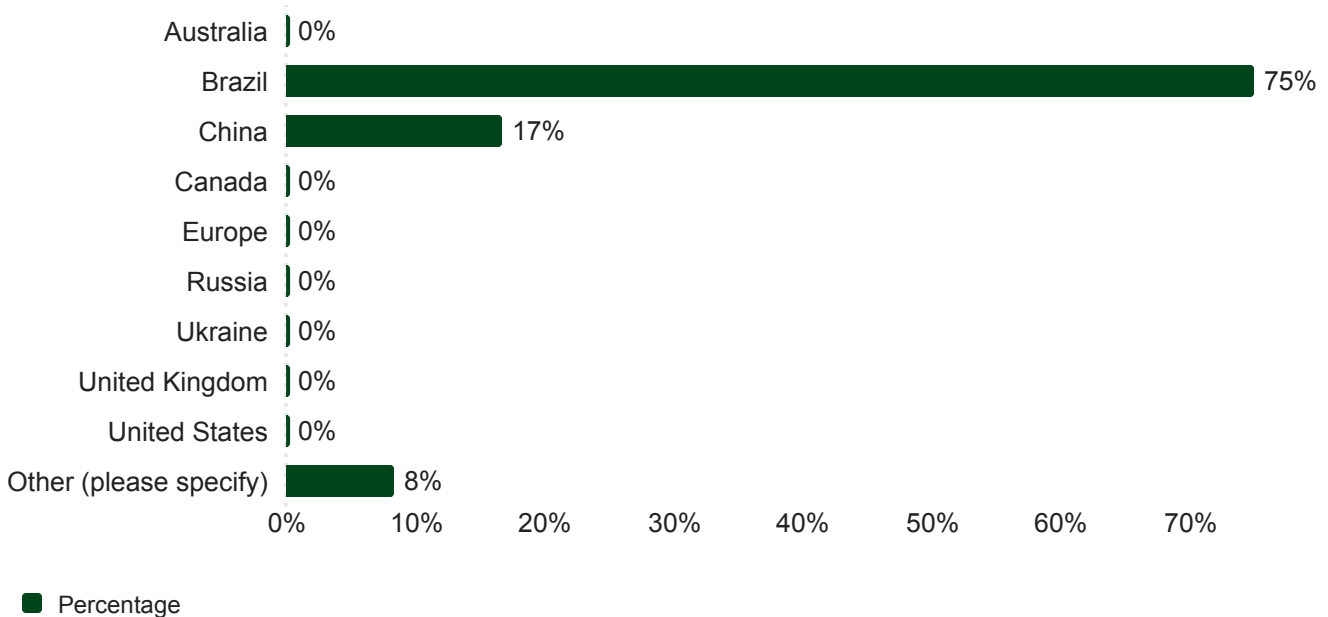
Budget constraints, plus may be less feasible politically of rate of food price inflation goes up markedly

Tariffs are not good revenue creators - they are a poorly targeted tax on US consumers. If the federal government believes it will raise revenue from these tariffs like it claims, it is hard for me to believe that they will turn around and give that limited revenue back to the people it impacted the most.

15. Do you think China and the U.S will reach an agreement to revisit the Phase One trade deal?



16. In the next 10 years, which country ultimately benefits the most from the current trade turbulence? - Selected Choice



16a. Other (please specify) - Text

Other (please specify) - Text

Really hard to tell because so many big changes are occurring concurrently.

17. Is the U.S. Net Farm Income forecast an accurate gauge of the health of the farm economy?



18. What are the best indicators you watch to gauge the health of the farm economy?

What are the best indicators you watch to gauge the health of the farm economy?

Net farm income, adjusted for gov't payment and capital consumption. Followed by sector-level measures.

I tend to look at sector-specific farm income, rather than general farm income.

I think aggregate farm income is fine for an overall measure. But a user needs to understand the data -- what it is and what it is not. No one person produces all those crops in those proportions. I look at prices, costs, production in the commodity I am interested in. I have never really spent much time following the aggregate net farm income.

Farm level income.

Profit/loss by commodity sector, input costs and interest rates, farm financial ratios and credit use

National net farm income and similar measures do give a picture of the overall farm economy, but as we've seen recently, it is not always a good indicator of the economic health of certain sectors and regions. Measures of net returns for various commodities may be more relevant.

It is critical to pay attention to a LOT of indicators of the farm economy. Net farm income is a good starting place, but often overlooks key sentiment.

U.S. net farm income and net cash farm income (aggregate measure, even as some sectors can vary)

Land values and cash rents (ultimately a measure of farmer cash and buying interest)

Machinery purchases (also a measure of farmer cash and buying interest)

Changes in aggregate financial position (more so than absolute levels)

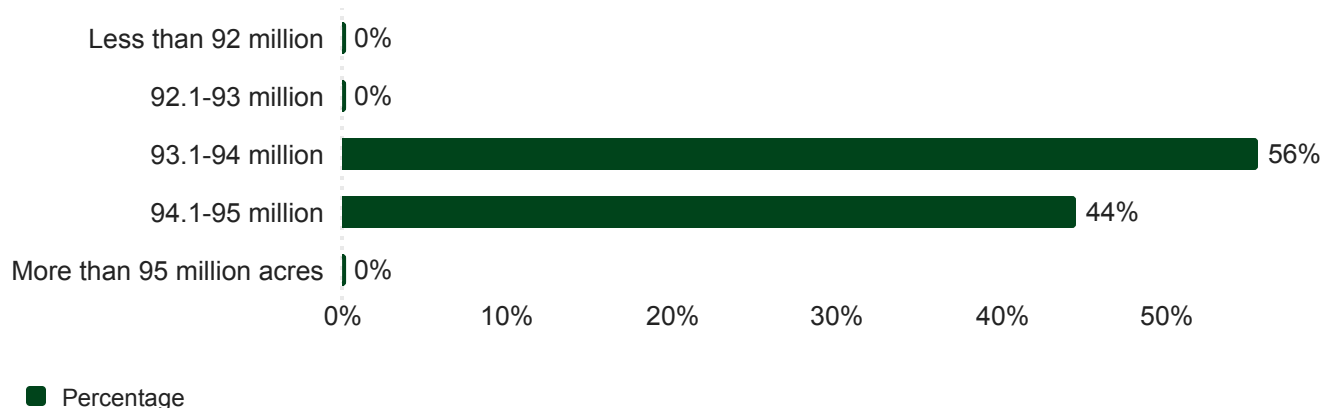
Changes in farm loan activity (KC Fed Reserve indicator)

Capital expenditures by farmers and the price of land.

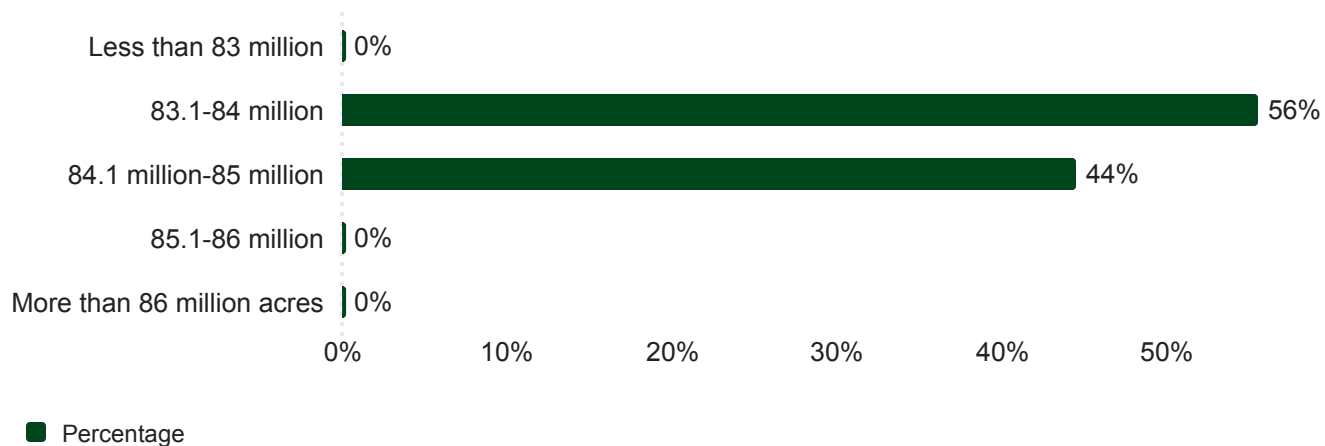
USDA-ERS cost of production estimates and enterprise budgets.

I like following- land values and current ratios reported through FINPACK

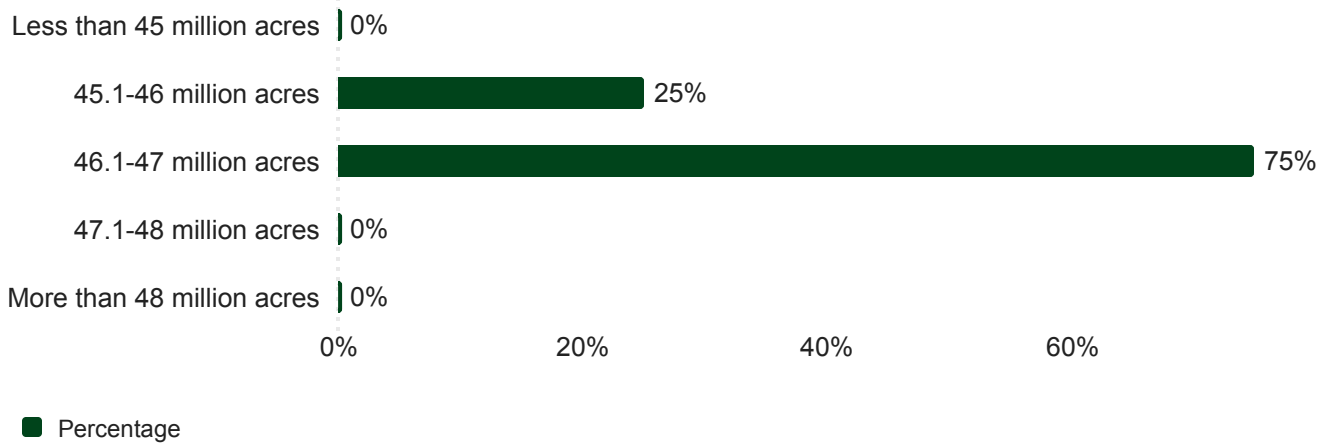
19. What is your acreage estimate for corn?



20. What is your acreage estimate for soybeans?



21. What is your acreage estimate for all wheat?



22. Which commodity pencils best for 2025?



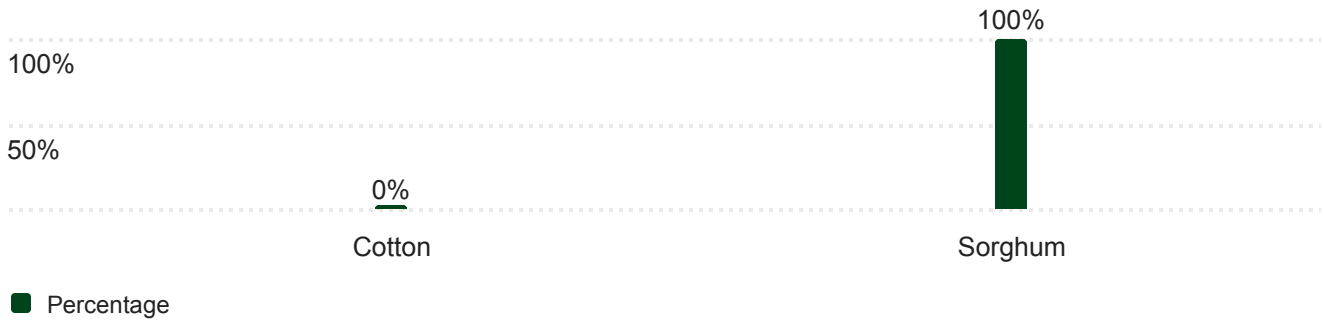
23. Which commodity pencils best for 2025?



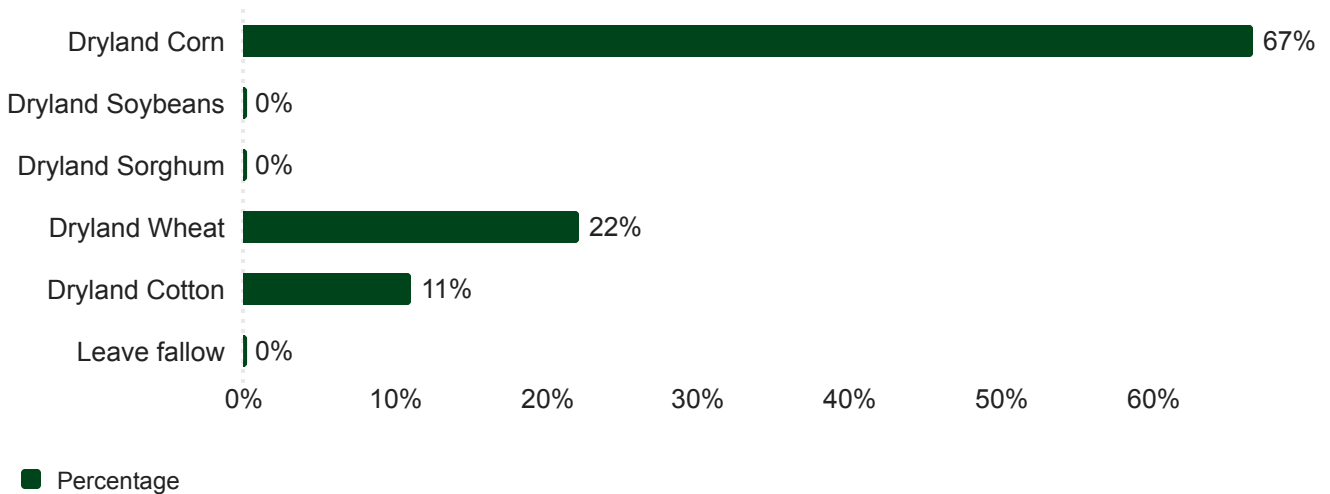
24. Which commodity pencils best for 2025?



25. Which commodity pencils best for 2025?



26. Which commodity do you think will be prominently planted on non-irrigated acres across the Plains?



Q317 - If producers plant fewer acres in 2025, where do you think those acres go?

If producers plant fewer acres in 2025, where do you think those acres go?

Fallow or solar panels

There's consistently decline due to urban sprawl, wind/solar, etc. Could be some CRP. If we are talking about intended crop acres, probably prevent plant.

year do not expect a large reduction in acreage in 2025. Where crop acreage is reduced, some of the land will be used for forage and some rotations may include more fallow.

Not planted to any crop.

Corn

I am somewhat hopping they go into fallow to help our commodity outlooks, but I don't think that will happen. My guess, is we see higher rates of crop insurance loss signaling producers used the bare basic of inputs and had a crop that either washed out or suffered intense drought.

28. Was the nearly \$10 billion in direct payments passed by Congress at the end of 2024 needed?



29. What's the one factor impacting the ag economy that's not being talked about or covered by the media enough right now?

What's the one factor impacting the ag economy that's not being talked about or covered by the media enough right now?

N / A

Demand. Beef demand has been very good for the last couple of years even with higher prices.

Demand for crops is a good area for discussion. Corn and soybeans go to feed. Lower prices are helping livestock producers.

I think another area is ethanol. Falling gasoline consumption and lower prices due to a variety of factors impacts ethanol and corn. Uncertainty for renewable use in the current administration, electric cars, oil prices will be a dramatic impact on corn production.

Drought in 2025

Just how sensitive the future outlook for the crop sector is based on decisions that need to be made in the months ahead on biofuel policies.

GLP-1s, heightened cybersecurity concerns, and the incredible international input linkages that create agricultural machinery and other inputs.

uncertainty in virtually every issue affecting agriculture
market demand, trade conflict, biofuels policy, tax policy, environmental regulatory policy, and the one least talked about yet in ag: the MAHA agenda for food policy, dietary recommendations, and food production systems

State of Russian wheat crop.

Downward pressure on cash rents in the upcoming year.

I'm truly unsure.

Q1109 - When do you think Congress will pass a new farm bill?

