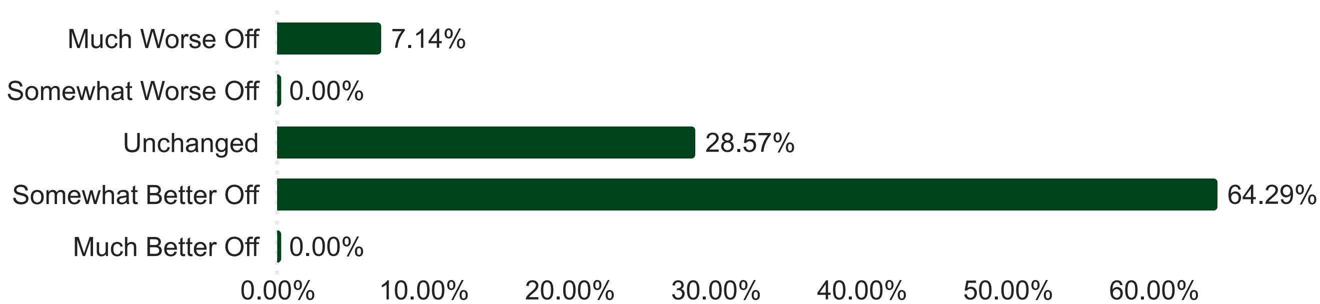
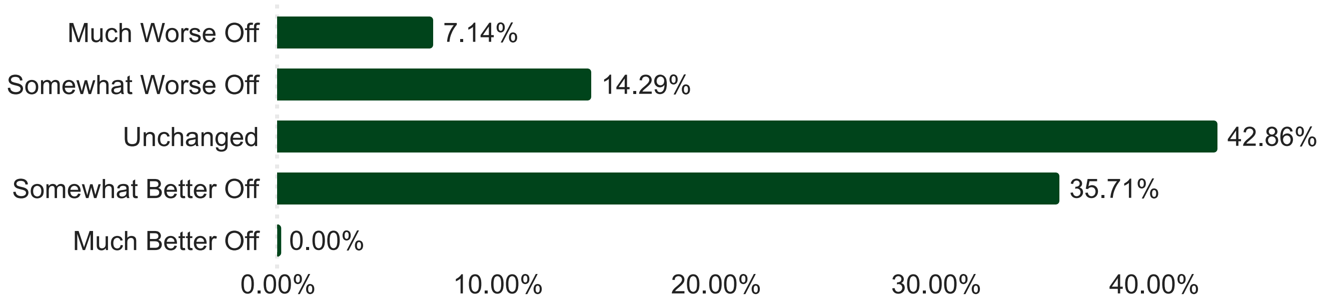
January 2025

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

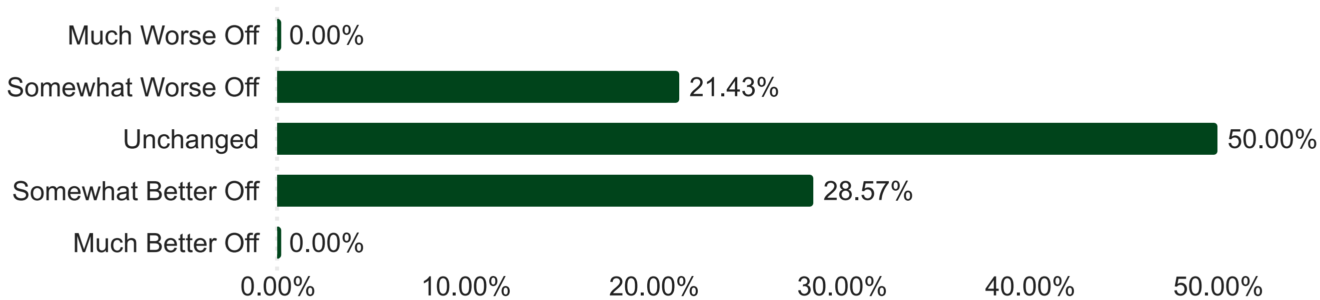
2. Consider the current state of the U.S. agricultural economy. Please indicate how it compares to one month ago. Select one.



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 in12 months?

- Poor grain prices
- Offset by improving livestock margins

Ad hoc government payments. Improved grain ending stocks.

Now: prices, S. American challenges; in 12 months: prices, trade policy

I'm looking at lower costs for fuel and interest, as well as believe a new Farm Bill will be beneficial for agriculture producers.

Bio-fuel policies, tariffs, commodity prices

Corn prices for the 2024 crop have improved.

Government payments emanating for the continuing resolution in December.

Low crop prices
The potential for a trade war with China

Many input costs remain at high levels, and concerns about lower crop prices are the major drivers of economic health in the future.

From a farm finance perspective- 1. Direct government payments will be injected into the economy and will likely create the liquidity to pay down debt or spend on operating expenses. 2. Land values continue to hold.

A modest recovery in prices for some major crops has slightly improved the current state of the farm economy, and the outlook has brightened somewhat as well. The prospect of economic assistance and disaster payments also improves the farm income outlook in 2025.

Row Crop Profitability: Corn and soybean prices have seen some improvement recently offering some decent pricing opportunities, but some farmers may not have any old crop to sell now to take advantage of improved prices. Without additional price improvement, still poor profitability outlook for new crop.
Demand Opportunities: A lot of unknowns about the future demand for trade and biofuels in Trump Administration - could be positive or negative and will likely be impactful over the next 12 months.

Tighter than expected corn stocks and the desire of many world leaders to meet with Trump to discuss reaching agreements.

6. What factor(s) are you watching that you expect will impact crop prices in the next 6 months?

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Trends in the US dollar, S. American weather, tariffs, spring weather, export sales pace, March 30 Planting Intentions

Acreage, yield, ending stocks.

Corn area, and trade policy decisions

Policy relating to renewable fuels could potentially impact corn, soy and wheat prices. And of course, watching for how the new administration will implement tariffs and the potential for retaliation.

tariffs and trade war threats

Tariffs

Corn and soybean planting intentions.

Corn and soybean export prospects.

International demand

Brazilian crop size and US plantings. Potential tariffs could also be significant.

La Nina's impact on South America production (Specifically Brazil's second crop corn) and then acreage splits in the US. Current expectations for US corn acreage in the 95 million range seem lofty but if realized would be a huge blanket to US corn prices.

The usual factors, like the weather, of course will continue to be important. However, current policy risks--both negative and positive--are large, with great uncertainty about tariffs and other trade measures, biofuel policies, the farm bill and much more.

Development of La Nina and other weather conditions and the impact on crop planting/development in U.S. and South America, plus trade/tariffs.

USDA took the cushion out of the corn balance sheet on January 10th. That means that prices could pop on any notable weather threat in a major producing part of the world, unless we see massive increases in acreage planted in Brazil and/or the Midwest.

7. What factor(s) are you watching that you expect will impact livestock and dairy prices in the next 6 months?

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Spring feedlot conditions, HPAI impact on dairy, immigration and risk of packing plant closures

consumer demand

cattle herd dynamics, consumer demand strength, disease outbreaks, and trade policy decisions

Feed costs could rise and watching the degree to which producers are building back herds.

tariffs and trade war threats

Tariffs

Feed costs

Export prospects

Trade issues

HAPI, domestic demand strength, and export demand.

Any trade restrictions from importing countries. I'm also interested to see how domestic consumer demand evolves as consumer buying interest deteriorates.

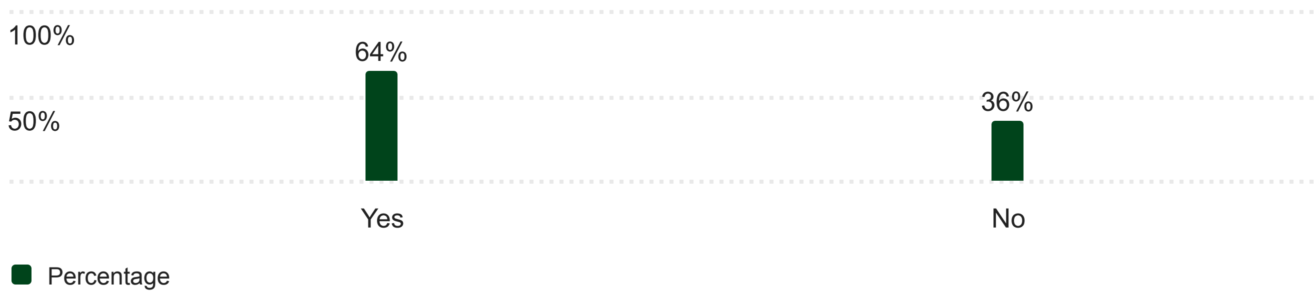
The state of the general economy, immigration policies, trade policies and human and animal diseases.

The strong dollar, feed prices, trade uncertainties.

8. Looking ahead to 2025, rank the different commodities from the one you are...

Field	Min	Max	Mean	Standard Deviation	Variance	Responses	Sum
Beef Cattle	5.00	10.00	9.14	1.68	2.84	14	128.00
Soybeans	1.00	6.00	3.00	1.46	2.14	14	42.00
Sorghum	1.00	8.00	3.93	1.83	3.35	14	55.00
Corn	3.00	10.00	5.79	2.11	4.45	14	81.00
Wheat	2.00	7.00	4.57	1.50	2.24	14	64.00
Chicken	3.00	9.00	6.50	2.14	4.58	12	78.00
Rice	1.00	6.00	3.08	1.71	2.91	12	37.00
Cotton	1.00	5.00	2.31	1.20	1.44	13	30.00
Dairy	4.00	9.00	7.17	1.46	2.14	12	86.00
Hogs	4.00	9.00	7.50	1.61	2.58	12	90.00

Q1203 - Is the crops sector of agriculture currently in a recession?



9a. Why?

Why?
we might be coming out of it.
With commodity prices where they are and sticky input costs, costs of production for many producers exceeds revenues. They are needing almost record yields to just breakeven so with profit potential being limited, I consider that a recession.
Crop definitely, animal not really, but looking at crops across the board, it looks bleak
Low net return prospects.
A combination of low market prices and inflated input cost
Relative to the peak in 2022, commodity prices have dropped far more sharply than input costs. However, perspective is required. The situation is no worse than during the 2015-19 period, and large government payments will be arriving soon.
2025 will be the 3rd (or more) year of negative margins (on average) for almost all row crops.
Strong dollar and over-production.

9b. Why not?

Why not?
I can give you $31 B reasons
What is an ag recession???
Land values and rents have slowed their increases yet have not seen any significant declines

We are not in a recession when farmers were still paying off pre-bought 2025 input expenses in 2024 to minimize 2024 tax bills, nor when land values and cash rents are holding as well as they are. There are producers that are over extended and all crop producers are making adjustments, but these are the ebbs and flows that the agricultural industry has managed for decades. The expectations are changing to expect now downside risk and so people aren't planning for the downside and those that do are being penalized.

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

10a. Why?

Why?
Probably mostly in the realted industires as they try to consolidate to protect profit margins as producers maybe pull back on input choices or become much more price-conscious.
The ability of larger producers to spread costs over a larger number of acres.
Farmers will think about exciting earlier, debt/income ratio
Semi-retired farmers tend to call it quits during a down cycle. Farms that rent a substantial portion of their acreage find it increasingly difficult to sustain high cash rents.
Only the most cost-efficient survive
Consolidation follows every industry. Those that build cash and are disciplined during boom times depend on the lean times to buy assets at discounts and expand their operations.
More people are exiting because they have little choice. Much consolidation would be happening even if the market situation were better.

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 is the same, fewer input retailer are needed to serve the customer base. Also, have greater pressure on the whole industry as big farmers grow.

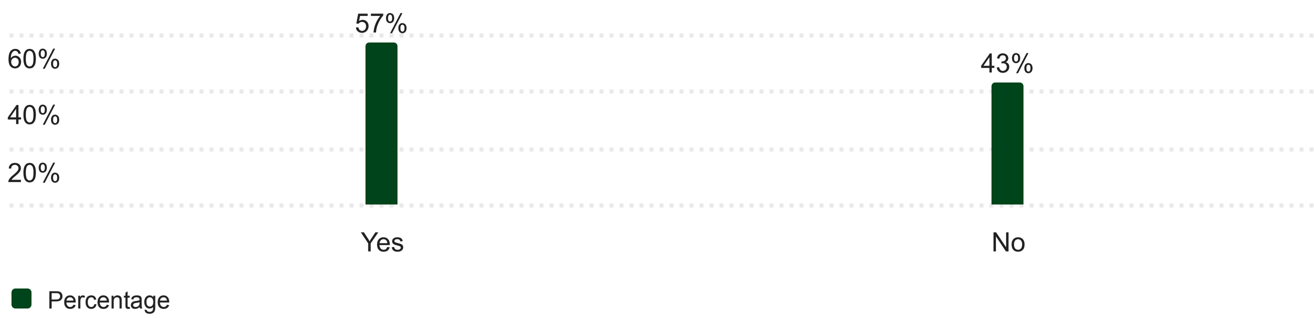
Low margin producers will always be squeezed out by these type of times.

10b. Why not?

Why not?

If the current situation persists for several years, then yes. At this point, it's too early and not severe enough.

11. Do you think we'll see $5 corn in 2025?



11a. Why?

Why?

We are close now, and a small hiccup in planting would be enough to push prices over $5

Nearby futures are $4.89. The question is vague, but I'm guessing there are $5 cash prices across the country today.

July contract is very close or crossed that mark already from the tighter stocks situation. I would guess there is only a 65% chance we see any period average cash prices reported at or above $5.

Corn fundamentals certainly suggest that we could test the $5.15 resistance levels for old crop corn.

If the point of reference is futures prices, we're not far from it now, so there are likely to be weather scares or other factors that may cause prices to top $5 at some point. However, it is far more likely that marketing year average prices for the 2024 and 2025 crops will be below $4.50 than over $5.

I marked yes, but my answer is really "it's possible" - factors that seem mostly likely to contribute to that scenario are adverse weather and increased demand.

Stocks are tight enough that a weather scare could easily get us there, or a trade agreement with China.

11b. Why Not?

Why Not?

The alternatives to corn aren't looking all that positive and I believe producers will plant corn, hoping for large yields sufficient to eek out a profit.

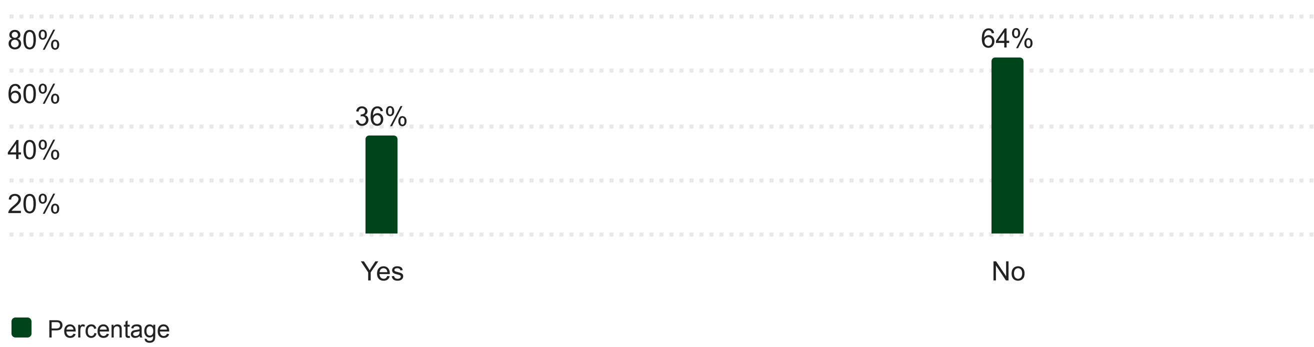
Policy intervention

I think planted U.S acreage will be up this year.

too many stocks

Crop size will be large enough to keep prices from moving much higher.

12. Do you think we'll see $11 soybeans in 2025?



12a. Why?

Why?

futures prices, maybe. especially if we see much lower planting intentions this spring, shifting those acres to corn.

There could potentially be some shift in the northern states away from beans to wheat and that could be enough to give beans a lift. Also, thinking policy on biofuels could have some impact.

Similar to corn, a short-term price spike could get us there in futures markets, but marketing year average prices are likely to be much lower.

12b. Why Not?

Why Not?
BIG S. American crop, threat of tariffs
Foreign demand likely to fall, competition
Export prospects are on shaky ground.
China trade
Demand for soybeans will be slow enough to keep that from happening and soybeans will be most affected from higher tariffs.
There are enough soybeans in the US and in the world to suggest prices have gotten a little to high for current fundamentals.
I marked No. It is possible if we get positive momentum on the trade and/or biofuels space in the coming months. Overall, the projected South American production and large global stocks aren't going to help.
The strong dollar makes us the world's residual supplier of soybeans to China. The one exception would be if China would agree to buy large quantities of soybeans from us at a loss - since Brazilian soybeans are cheaper - in exchange for low/no tariffs on consumer goods coming to the States.

Q4 - What are the factors driving Brazilian production growth outside available land?

What are the factors driving Brazilian production growth outside available land?

6.2:1 Real

Exchange rates.

Yields continue to improve. Infrastructure, also. And trade relations.

I see one of the big factors being that China is intentionally shifting away from U.S. purchases and looking to other suppliers such as Brazil. We’ve seen significant decreases in the amount of ag products China has bought from the U.S. in recent years and this is certainly intentional given the trade tensions between China and the U.S.

Climate, China policy, diversification, Argentia, U.S. ag policies

Brazil is a low-cost producer for soybeans.

Adoption of new technologies allows for additional production growth

Relatively low cost producers- due to economies of scale, machinery utilization, labor rates, and yes, land availability.

Their ability to double crop acres and spread fixed cost.

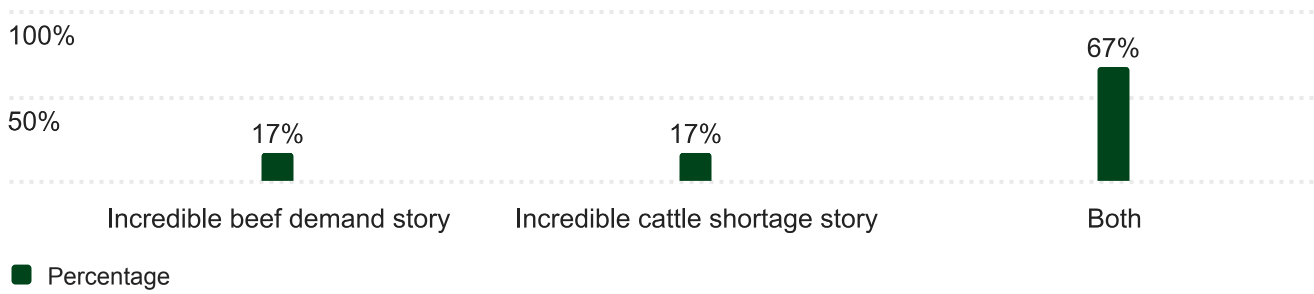
Current exchanges suggesting that commodity prices are increasing instead of decreasing.

Improving logistics and fewer policy and regulatory hurdles than were common in the past.

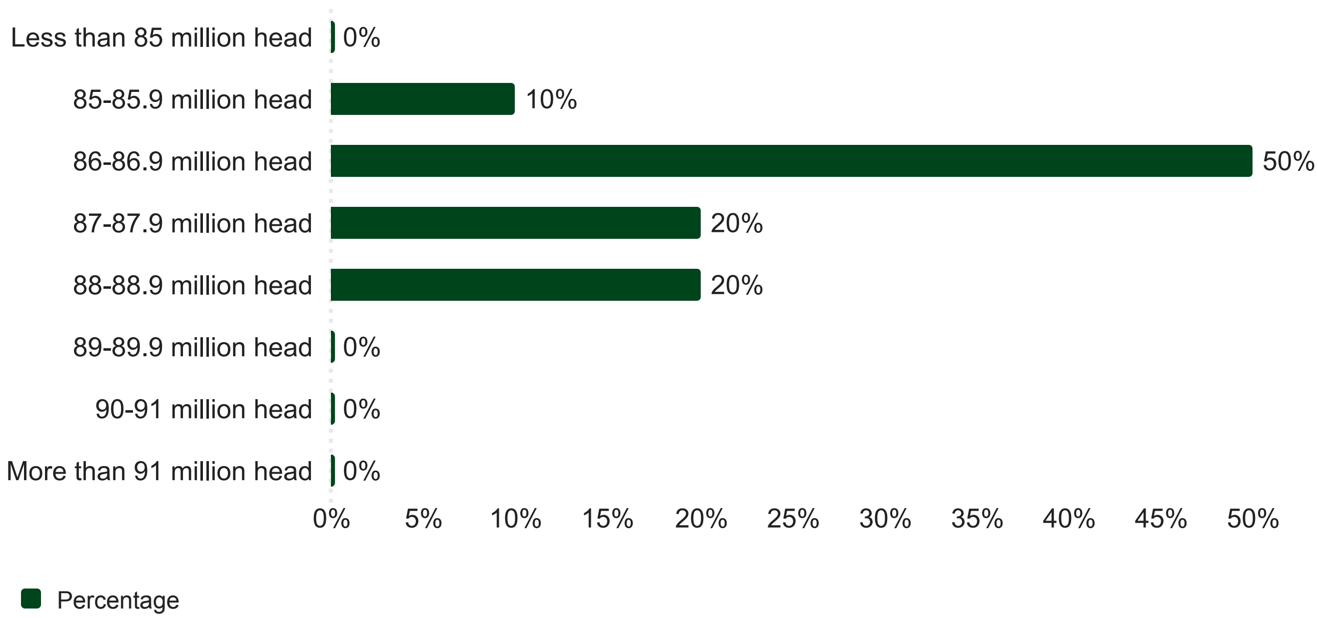
Outside of expanding land area, they've had some yield growth contributing to larger production (but also use a lot more fertilizer than in the U.S.). There's also been investment biofuels production that is providing a growing domestic demand fueling more crop area. The current exchange rate also means low prices haven't been as "unfavorable" for Brazilian farmers.

Currency. Brazilian farmers get 3X as many reais per bushel today for soybeans as they did in 2011, while the American farmer gets 22% less dollars.

14. Which best describes the fed cattle market (live cattle futures):



15. In USDA's January 2024 Cattle Inventory report, USDA said the number of all cattle and calves in the United States totaled 87.2 million head, which was down 2 percent from January 1, 2023. In USDA's upcoming Cattle Inventory report, what do you expect the cattle and calves inventory numbers to be:



16. What would change producers' minds and give them the confidence to grow their cattle herds again?

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It will take time...

I wish I knew.

Today's high prices are certainly incentive, along with the expectation of moderate feed costs.

strong cow-calf returns

Government policies, global demand, price cycle

Weaker fed cattle prices

Better spring forage supplies could be the most important factor in growth. More quality labor could be critical, too.

Forage availability and a decrease in prices for heifers at the sale barn.

Confidence that the general economy outlook is positive and that there are unlikely to be negative policy shocks. And, of course, there has to be adequate forage.

Improved weather pattern in the West, along with profitable margins.

17. What is one piece of advice you would offer beef producers to consider to make sure they are in the right position to take advantage of high prices now and to be prepared for when the market changes?

What is one piece of advice you would offer beef producers to consider to make sure they are in the right position to take advantage of high prices now and to be prepared for when the market changes?

Stay sold forward, and avoid over-leveraging

Consider all options for their risk management strategy, including both insurnace products, futures, options, or other strategies.

To just keeping looking at their genetics, retaining those with the best traits to continually improve herd quality and meat marketability.

You must have something to sell

Carefully monitor cost of production.

Today, there is more downside price risk for cattle prices. Risk management against a significant decline in future cattle prices should be considered today.

For those with adequate forage availability, the near-term outlook for cattle profitability is very positive. Remember, though, that all good things come to an end--those who wait too long may only have more animals to market when prices turn back down again.

Hedge sales and inputs both. Hedge the crush!

18. With just a few House Republicans able to throw a wrench into leadership's reconciliation plans, do you think Republicans can get a reconciliation measure through the House that deals with the debt limit?

18a. Why?

Why?

They have very little choice. The Treasury is already taking "extraordinary" measures to delay as long as possible a default. A default will not likely be popular politically.

I feel the Republicans will get on board with the Trump agenda so long as the administration takes steps in the early days of the administration to demonstrate some seriousness to managing the deficit.

Need to find solutions

It will be hard

It will be a challenging issue with many roadblocks, but it must be completed in 2025.

I think they will get something passed, but it likely will not look exactly like they want or originally propose.

They have no choice. And Trump showed that he can get their support by the way he saved Mike Johnson's job.

18b. Why Not?

Why Not?

Lack of concensus

The debt limit will likely have to be addressed in a different piece of legislation. Not all Republicans will be willing to support an increase as part of a reconciliation bill.

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

20. What are some possible unintended consequences of this cash infusion in U.S. agriculture?

What are some possible unintended consequences of this cash infusion in U.S. agriculture?

Land values continue to climb

Delays producers cutting fixed costs, especially cash rents.

higher input, machinery, and land prices (including rents) than would otherwise would have been likely.

I think there could be some pushback when the longer-term Farm Bill comes up for authorization with budget hawks pointing to the $10 billion as a down payment of sorts.

Distributional

Cash rents are more likely to remain stable whereas before there was substantial downward pressure on cash rents.

About the same as crop insurance subsidies

Higher land values and cash rents are one of the issues.

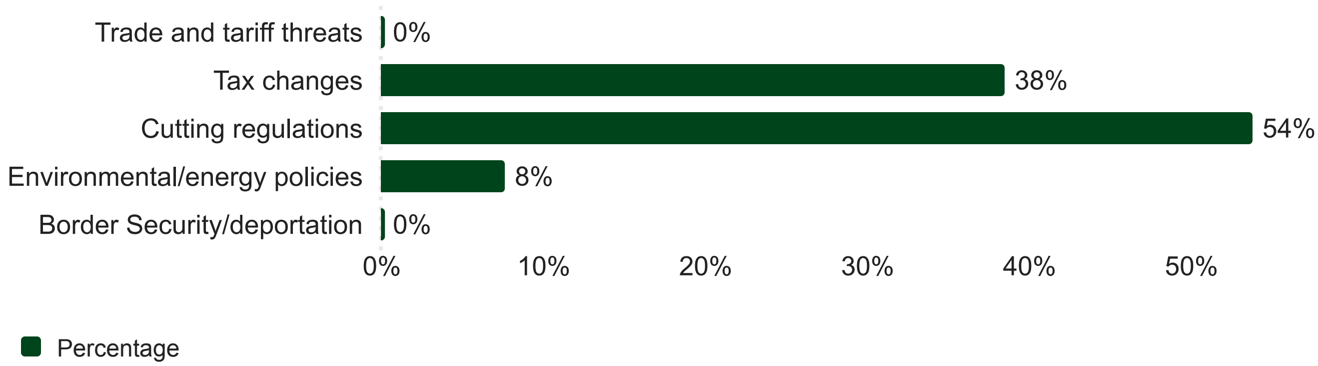
Input costs will remain elevated and inefficient farmers that overleveraged themselves the last couple years will remain in business.

This will slow some adjustments that arguably are needed. For example, land rents are generally higher than can be justified by current market returns. Getting approval for another round of payments in 2025 is far from certain, so unless markets improve considerably, there could be a renewed financial squeeze in 2026.

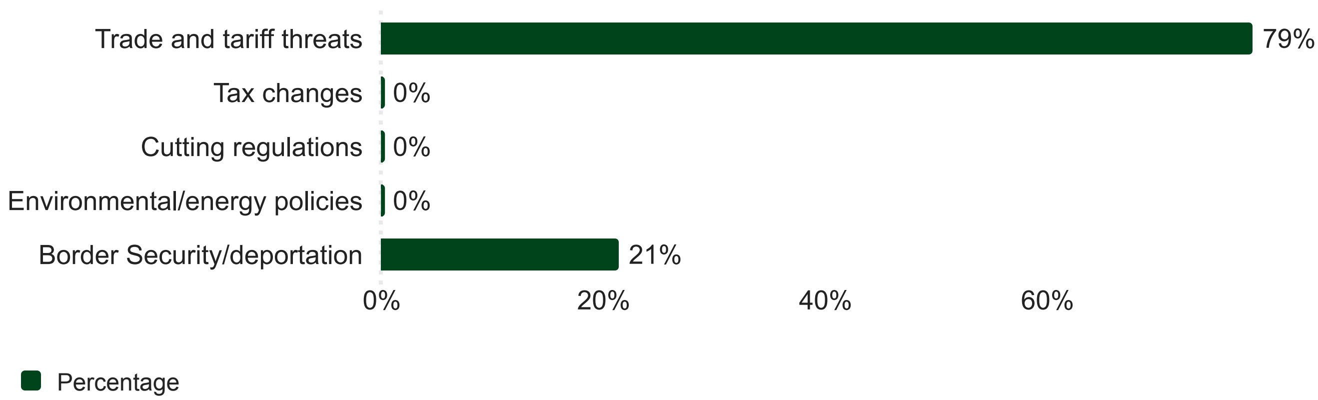
It fuels the cost side and payments get capitalized into land/rental rates.

It prolongs the economic adjustments needed in the industry.

Q12 - Which of President-elect Donald Trump's priorities will have the biggest POSITIVE impact on agriculture?



22. Which of President-elect Donald Trump's priorities will have the biggest NEGATIVE impact on agriculture?



23. Is Brooke Rollins, Trump’s pick for USDA Secretary, positive for U.S. agriculture?

23a. Why?

Why?
She appears to be well-liked and has the support of the industry, which is probably a good thing for agriculture. If given the option other than yes/no, I would have said "slightly yes".
Subject expertise, connection to ag
I really do not know her, but she seems like a good fit.
Her close connection the President and reasons outlined in the letter sent by 427 ag organizations and businesses on 1/15.
Rollins knows Ag and has Trump's ear.

23b. Why Not?

Why Not?
USDA focused heavily on under-served producers during the Vilsack era and my sense is that producers wanted the Secretary to come from a production ag view; whereas Rollins come at it more from an overall domestic policy view. Also, feel the administration isn’t helping her out with the Deputy Secretary nomination. Producers don’t see themselves in the upcoming USDA leadership.

24. Is Robert F. Kenney, Trump's pick to lead the Department of Health and Human Services, positive for U.S. agriculture?

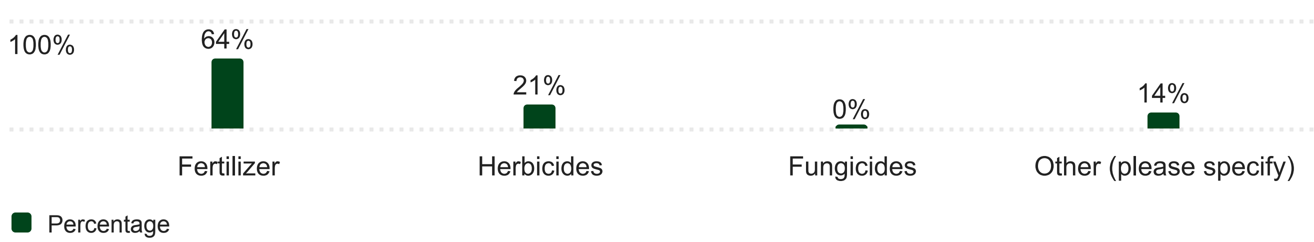
24a. Why?

Why?
Improving health outcomes, even if over a longer time period, should improve the consumer opinion of agriculture and be a net gain overall.

24b. Why Not?

Why Not?
No common sense
I fear there will be policy to limit/restrict crop protection tools currently available to producers and his advocacy will continue to foster division between organic/regenerative producers and more commercial producers.
Crazy
His disrespect for science is troubling
His positions on crop protection will be an interesting storyline to watch early in 2025.

25. If Trump does issue tariffs on imports, what inputs that farmers and ranchers rely on will be impacted the most? - Selected Choice



25a. Other (please specify) - Text

Other (please specify) - Text
All of the above

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

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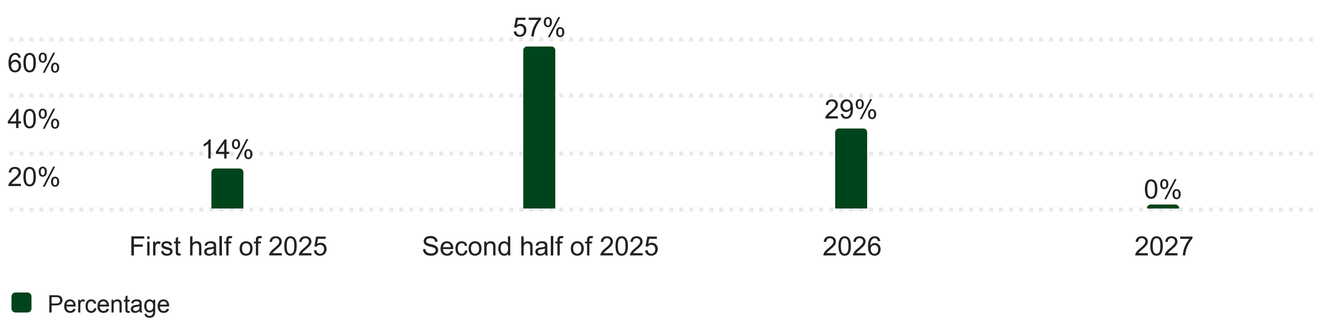
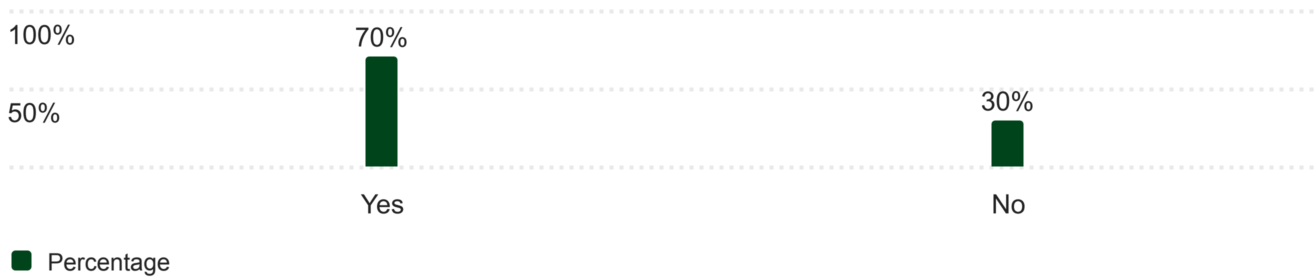
immigration risks
For the industry as a whole, the 'other' $20 billion of disaster related spending that was approved alongside the $10 billion in economic assistance.
There continue to be state policy initiatives that impact the flow of trade between states. These policies and ballot initiatives have real impact. More attention needs to be paid to these topics and who’s funding them.
Possible labor shortages
The potential for avian influenza to spread in humans
How should the agricultural industry plan, given the additional volatility that ag markets face today?
How if all the ag funding included in the year end resolution gets paid out in the current fiscal year- we will likely set a new all time record in direct government support to agriculture.
While policy uncertainty is discussed, it's not clear there is a broad understanding of just how extreme the level of policy uncertainty is right now.
The rapid trend higher of interest rates.

27. When do you think Congress will pass a new farm bill?



28. Is USDA’s interim rule for climate-smart crops used as biofuel feedstock a “win” for farmers?



28a. Why?

Why?
flexibility and un-bundling is needed to allow producers the flexibility to chose what is best both practically and economically for their operations.
Anything creating opportunity for producers is a plus.
It's early, but just even getting something announced is a win at this point.

28b. Why Not?

Why Not?
No – It opened the door for a few additional practices and removed the bundling requirement which were positives, but overall, it still seems unlikely that it will incentivize much participation. It’s a tax credit to a biofuels producer that could be influenced by CSA feedstock grown by a farmer – but there’s no guarantee any of that credit makes its way to the farmer or that the farmer has any transparency in the value they get for the credit. If the goal is to incentivize CSA feedstock for biofuels, the incentive should be more direct to the place in the supply chain where change is needed or a framework for marketing the CSA attribute should be established (as in book and claim).
It's not practical, and it adds a big layer of bureaucracy that is expensive.

29. If finalized, when will the rule- and 45Z - impact farmers and ethanol producers?