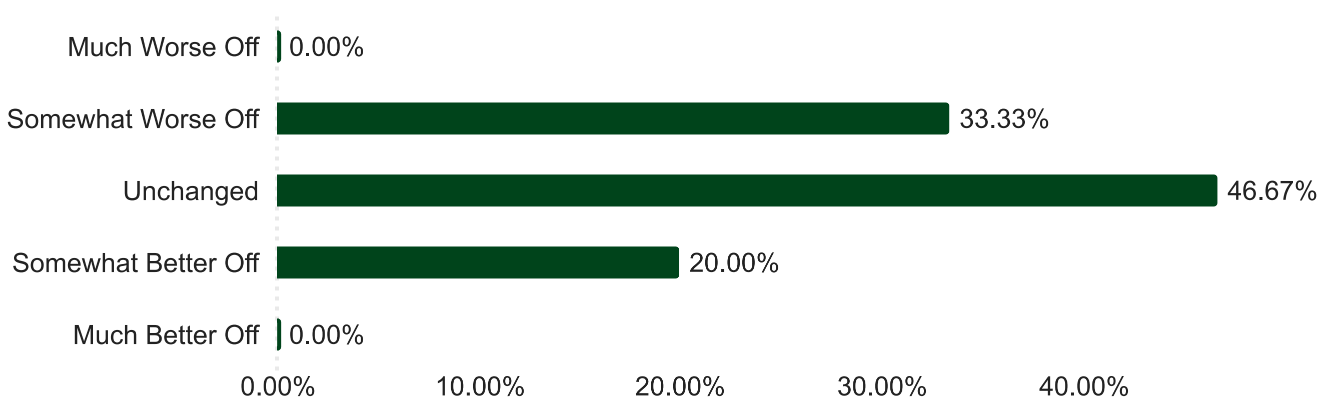
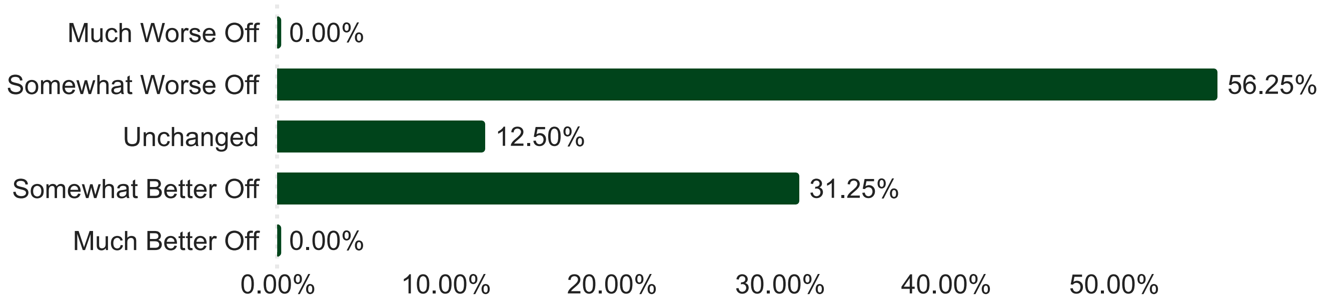
July 2025

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

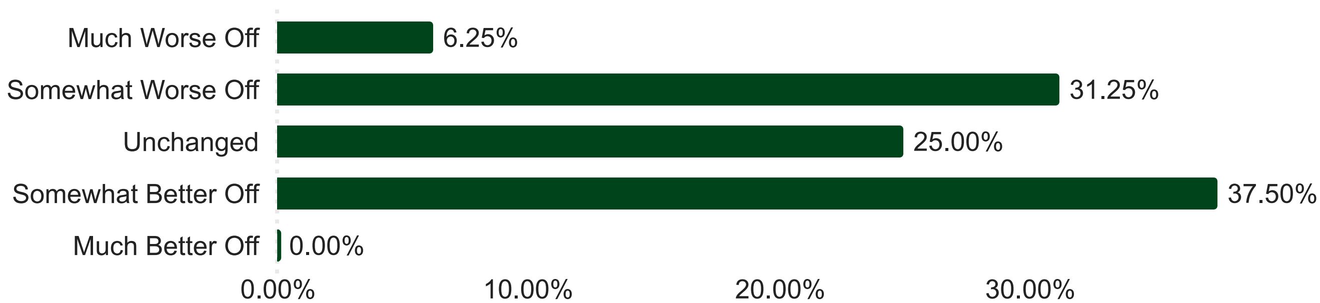
2. Consider the current state of the U.S. agricultural economy. Please indicate how it compares to one month ago. Select one.



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?

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Farm safety net payments and trade negotiations.

The two most significant drivers are the recently passed Big Beautiful Bill that will spend about $50 billion on commodity programs over the next 10 years, as well as recently announced trade deals. Increased reference prices in the BBB will help support farm income and it appears the administration is making a point of securing deals for ag as part of the trade pacts being negotiated. These both bode well for agriculture.

world prices and production cost

tariffs and growing season weather

Health of the U.S. economy - carrying over to the U.S. farm sector
Price levels in grain and livestock markets

Domestic and international demand for ag products

What happens with trade/tariffs is likely the biggest factor now and over the next 12 months across all of agriculture. I’ve made this statement in the past, but it continues to be the biggest wildcard that could boost or harm the ag sector. Another factor I’m watching in the short term is crop size.

Government payments and support programs
Consolidation of farms

Crop prices and tight production margins.
Biofuel policies

Commodity/Input Price Ratio
Interest Rates

1) Commodity prices, which are strongly influenced by growing conditions in the U.S. and elsewhere, as well as developments in trade negotiations and other factors.
2) Government payments (from the bill approved last December) are providing a temporary boost to farm income in 2025. The budget bill will provide more support than the 2018 farm bill would have provided in 2026, but less than is provided in 2025 in ad hoc assistance.

You say "agriculture," but I assume you mean net farm income and projected net farm income, which includes future expectations of prices and costs.

Commodity prices, which are driven by global conditions, are the biggest factor. These conditions differ by commodity group: cattle, milk, and hogs; bulk commodity grains and oilseeds; and fruits, vegetables, and tree nuts. US tariffs drive up costs and retaliation will drive down prices.

But, I assume there will be massive payments as (over) compensation for any losses, just as we have seen for disaster payments.

So net farm income will be high as the share from government payments rises to new records.

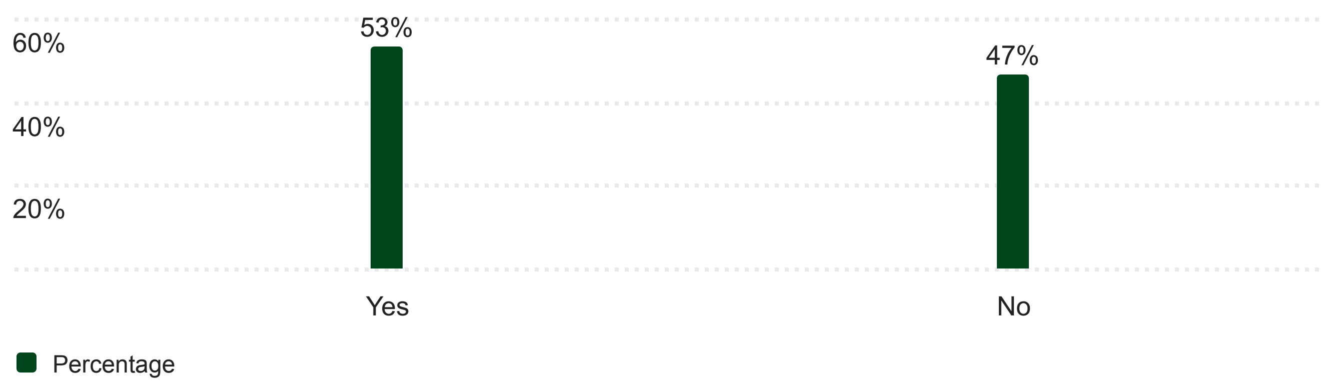
Weather varies all over the country, but broad weather conditions in the Midwest, which accounts for about half of farm income, are not predictable and can dominate. Again, however, direct government payments will dominate weather losses if any.

Declining Exports and over supply of row crops

Breakeven prices
Strength of balance sheets

trade, commodity price

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



6a. Why?

Why?

While the BBB will raise reference prices for the ARC and PLC, current market prices remain low and crops went in with expensive inputs so most producers are going to have a hard time profiting under the current conditions. Losses may be lessening but it’s a tough situation for grain producers.

Not breaking even

2025 is bringing negative returns for at least the 3rd consecutive year across nearly all row crops, with 2026 setting up to be another negative returns year.

Cash flow drain and lower revenues compared to past two years.

Across Kentucky the Kentucky Farm Business Management Network is reporting average net income as negative for the 2024/25 crop year.

Projected net income for corn and soybeans are negative.

6b. Why not?

Why not?

Farm program payments and strong corn exports. Land prices do not appear to have declined although the August land report might show otherwise.

Although crop farms have been facing considerable financial challenges, so far, farm finance has been sustained by cutting down on some of their working capital. I would worry about the actual (bigger) recession possibly to come. In my opinion, tariff effects will be less likely to take place immediately in this harvest season, but the shock (without negotiation scenario) will likely hit the farm input cost first, threatening farm financial health of 2026.

Although prices are currently low, production prospects are very good, supporting expected crop revenue and lowering crop cost of production per unit

Government payments and crop insurance guarantees are removing the downside risk that would typically allow input costs to reset.

Prices and income are down sharply from their 2022 peak. Defining a "recession" for a sector is difficult. To me, it implies a temporary downturn, but something like current prices appears more likely to be "the new normal" than a temporary blip.

I do not understand the question.

There have just been additional billions in direct payments and many crops are doing great. Corn and beans will get additional payments.

7. What defines a recession in agriculture?

What defines a recession in agriculture?

In an industry with as much price and revenue volatility as agriculture, you need to see asset prices decline nontrivially.

I look at a couple things - marketplace income and whether or not producers are spending. USDA suggests net farm income may actually be up this year but also notes a significant portion is gov't spending. I'm also seeing a lot of shiny red and green equipment on dealer lots, telling me that producers aren't making big purchases. Association of Equipment Manufacturers data would seem to support this.

I usually refer to net farm income and margin. A 20-year or 10-year (inflation-adjusted) net farm income can be a threshold to see if we are entering a recession in agriculture or not.

Tangibly lower farm income - with carryover impacts on agricultural input industries

I'm not aware of an official definition of recession for the agriculture sector, but I look at metrics like farm income, profitability margins, and farm financial ratios. Prolonged declines across these metrics would be signals of sectoral recession in agriculture.

Consecutive decreases in total productivity of the sector. Individual farms are struggling and may exit but that productivity is largely getting picked up elsewhere.

Back-to-back years with negative returns for a portion of all farmers.

A sustained decline or stagnation in economic performance within the agricultural sector.

See my previous answer. I'm not sure there is an agreed definition.

The word itself makes no sense and should NEVER be used by you or anyone.

It may be politically useful, but has no economic content.

Eroding balance sheets

Negative net income

It's subjective and isn't defined

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

9. Why?

Why?

The lower prices and challenging profit picture will increase the exit of less efficient and profitable operations. And for the most part, we’re going to see those operations absorbed by larger operations.

Yes, because consolidation is one of the most effective ways to survive in the margin-squeezing environment from the standpoint of a farm enterprise. Of course, whether that is a desirable solution or not is a whole different question.

Small to midsize farms or agribusinesses that are not able to achieve economies of scale (lower costs per unit) are pressured financially.

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 early retirement, point of financial need, or stopping by choice ahead of that. When farm consolidation is accelerated, there are fewer farmers buying inputs. Even though total acres stay about the same, fewer input retailers are needed to serve the customer base.

I would suggest that the government program changes in the Big Beautiful Bill are a bigger driver of consolidation than relatively low commodity prices.

Recessionary times generally drives an increase in consolidation. Add to that the aging farm population and the lack of a next generation on some farms and the transfer of production is moving to new operations even if land ownership doesn't transfer.

When considering commodity crops, it is a numbers game. The way to deal with low margins is through economies of scale, i.e., increasing production with lower costs. In my view, this period of low prices and incomes will make the large farms, as they are, the only ones financially stable enough to expand, as farmers are involuntarily get pushed out of the market.

People are exiting involuntarily.

Low margins tend to accelerate retirement plans

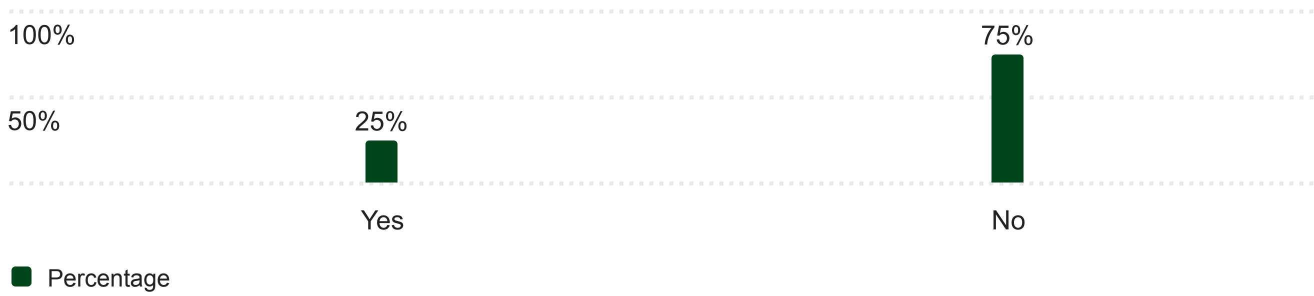
9b. Why not?

Why not?

Market returns are low enough that large producers have less capital to expand.

Low output prices and high input costs are easier to last through for little operations, which these days have to be supported by non-farm income and wealth.

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



10a. Why?

Why?

Recently announced deals with Japan and UK suggest the administration is keeping a focus on agriculture in its negotiations and just even that should be considered a win. I believe this attention to agriculture will result in improved access, the caveat being that other countries not retaliate for the increased tariffs being applied by the US.

I think President Trump’s strategy will result in overcoming some of the tariff and non-tariff barriers that have kept U.S. ag products from being able to fully realize potential in a number of markets. While more details on recent trade frameworks are needed, it is an encouraging sign.

If the trade deals are clearly defined, they typically increase trade between the to parties.

10b. Why not?

Why not?

I answered "no" because my honest answer is that it might, it might not. It depends on what the net change in exports are what the net increase in input costs are.

Overly simplistic and impatient

The current trade strategy by the Trump administration - pushing hard to reduce trade deficits by pressing tariff proposals at the negotiation table - is usually effective in the short term because other countries did not expect this large shift in US trade policy. However, in the long run (say, longer than 5 years), the trade relationship would turn into a repeated game because all countries will have time to re-design their supply chains, considering the possibility of trade disputes (and become less dependent on US).

More industries are incentivized to use U.S. grains for domestic production. This will work against U.S. exports of grains.

I do think in the short run the industry could benefit (ironic because most producers say they will suffer in the short run for long term gain)- but I think there will be purchase agreements that will temporarily boost trade. However, that is unsustainable and buyers will eventually go back to market incentives leaving U.S. producers with overproduction and low prices again.

We saw this in 2016/17 as well. The trade-war with China did not payoff, the administration changed, and pressure was released. With the cyclical nature of American Politics, the same thing will happen again.

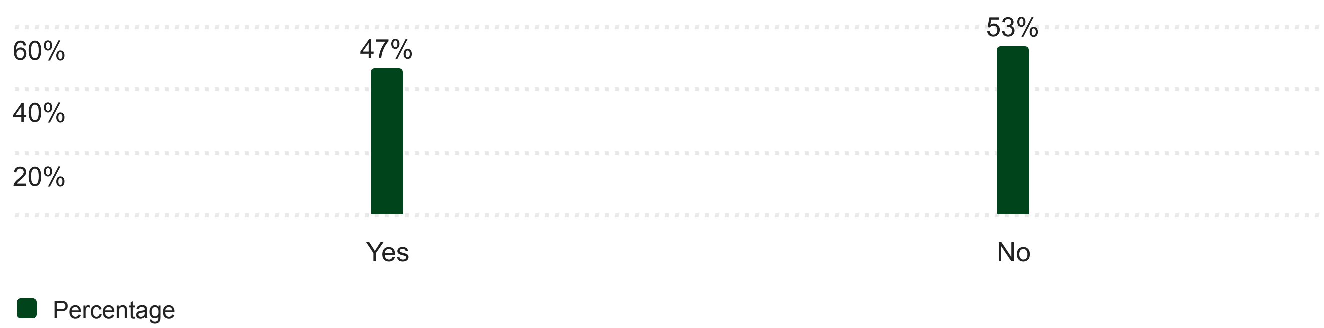
There may be some agreements that result in benefits, but there is also damage to the global economy and to long-run trade relationships that is detriminental.

Limiting export sales, increased inflation, increased costs

Tariffs distort markets and reduce market share. A prime example is soybeans. Currently, only 40% of the U.S. soybean crop is exported. Before the trade dispute in 2018, this percentage was closer to 50%

Uncertainty

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



12. 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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My answer is not a hard "no." A deal requires that the two parties are willing to compromise. At this time, I am having a hard time seeing why either country has a lot of motivation to strike a deal. I think China's economy needs to be contracting and / or South American cannot supply its food needs. The US has to feel that the deal materially constrains China. Anti-China feelings are non-partisan in the US. This makes China trade negotiations different than most other trade negotiations.

There are actually many - the USDA reorg announced just today needs some sunshine on it as I believe it will negatively affect delivery and performance of services and programs to industry, primarily as it will continue to further the loss of experienced employees unwilling to move from DC to new regional hubs. Another is that ag is very capital intensive and the impact which higher for longer interest rates are having on the industry. Today's higher rates cut into profitability for producers that need to borrow for operating and/or land and equipment purchases. I'm also worried about the longer-term impact of funding cuts to research programs.

Looming cost

The broader role of increased uncertainty in U.S. agricultural markets and industries has lead to more conservative pricing for grains, etc. I.e., increased risk tends to lower commodity buying prices - all else being equal.

High interest rates and the cost of borrowing capital

Input costs/cost of production heading into 2026, especially related to prices

The transfer of wealth from U.S. taxpayers to the largest producers and landowners in the country.

Potential negative impacts of the MAHA Commission proposals.

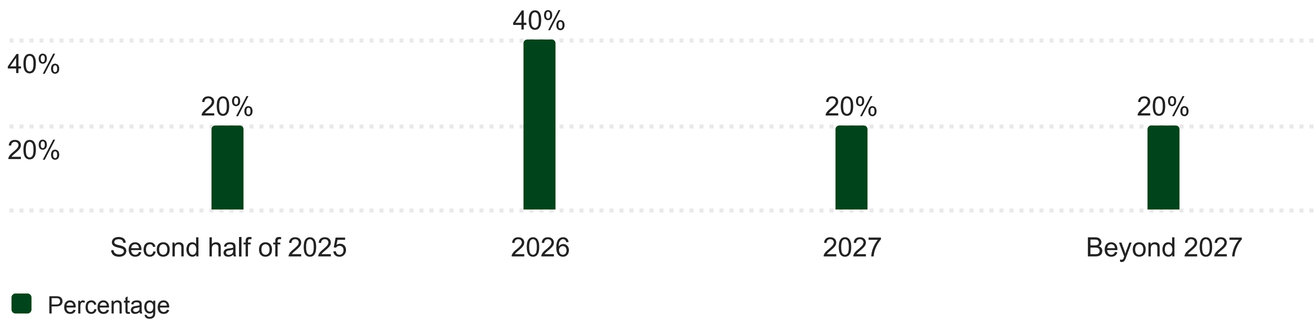
I still think interest rates are the biggest issue. Farmers are refinancing short-term debt at too high rates. This builds a larger hole for them to dig themselves out of. The current short-term rates, between 9-11%, and the expanded size of operating notes compared to the 1980s, put us in a similar situation.

Big payments and expected payments for any negative affecting farming in politically influential places.

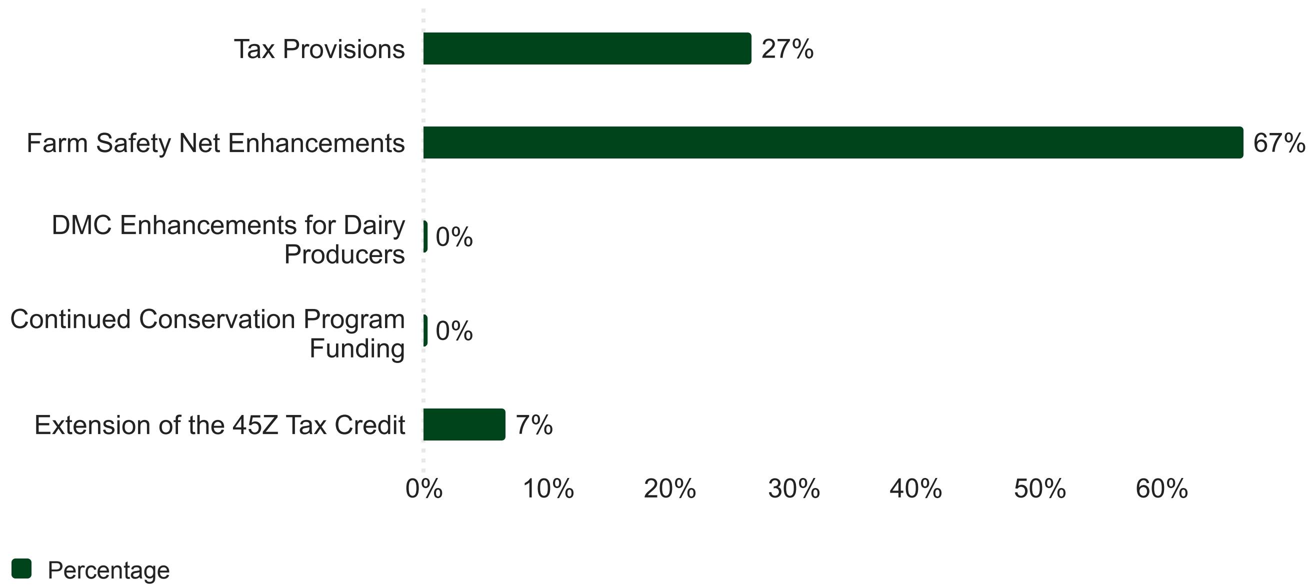
The impact of policy uncertainty on farm decision making and export markets.

13. Does Congress including enhancements to the Farm Safety Net in the One Big Beautiful Bill make it more difficult or easier to pass a Farm Bill this year? Select one.

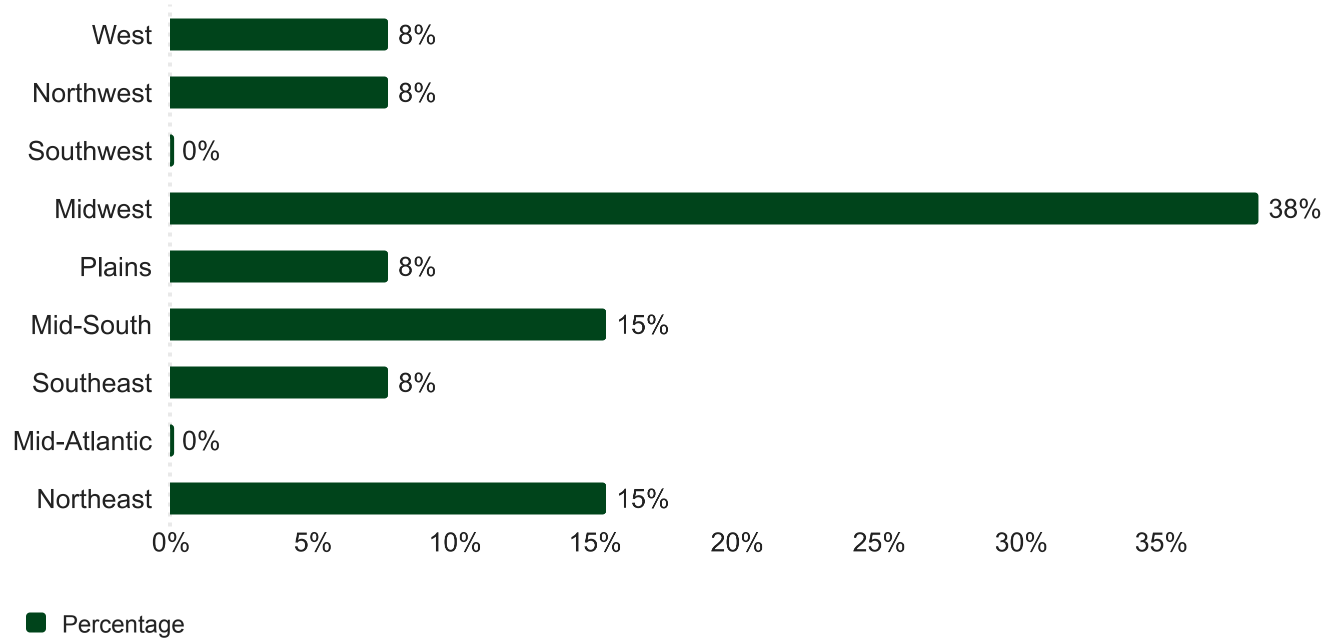
14. When do you think Congress will pass a new farm bill? Select one.



15. In reference to Congress' recent passage of "The One Big Beautiful Bill," which aspect provides the biggest benefit to agriculture: Select one.



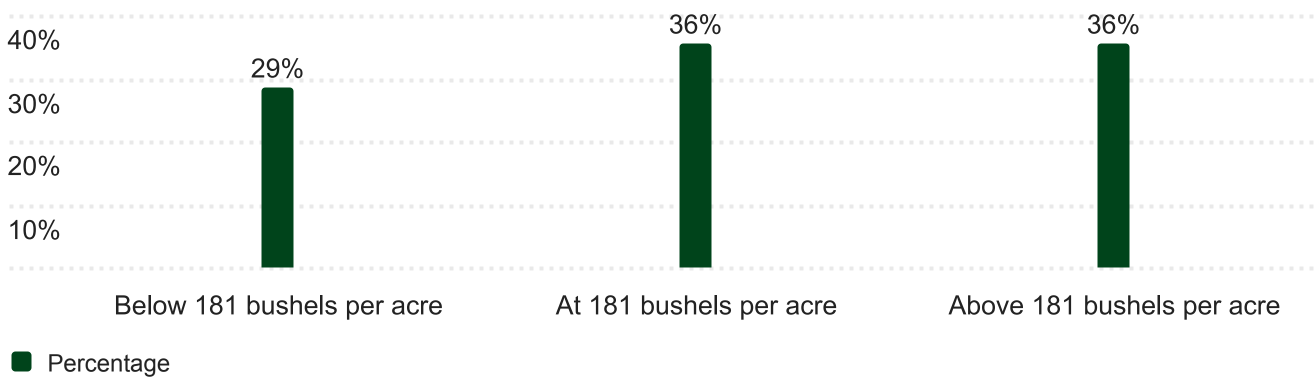
16. As we see financial stress mount across farm country, which region is seeing the most severe financial pressures impact farmers? Select one.



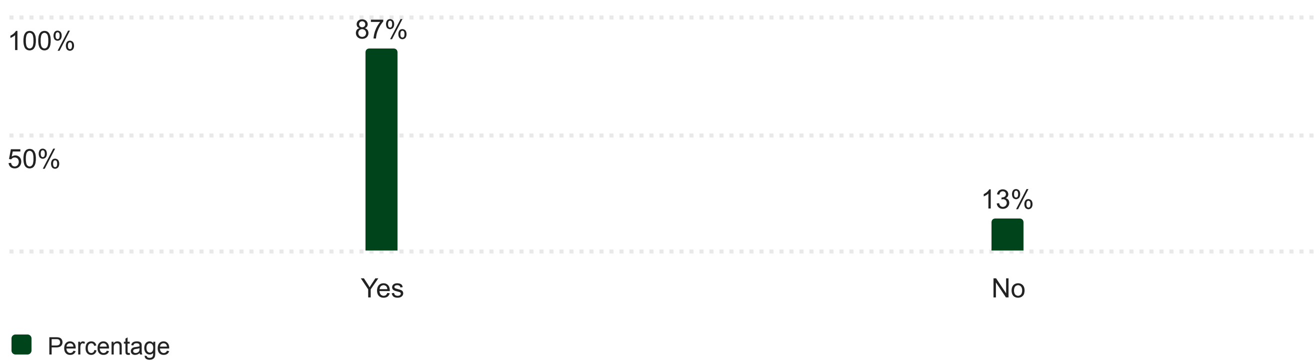
17. Crop producers are expected to alter their purchasing decisions as margins...

Field	Min	Max	Mean	Standard Deviation	Variance	Responses	Sum
Reduce machinery purchases	1.00	7.00	2.42	1.98	3.91	12	29.00
Negotiate lower cash rents	1.00	7.00	4.50	2.06	4.25	12	54.00
Reduce cover crops	2.00	7.00	4.50	1.55	2.42	12	54.00
Reduce specialty products (foliar fertilizer, adjuvants, biologicals, etc)	2.00	6.00	4.00	1.22	1.50	12	48.00
Reduce fertilizer usage	3.00	7.00	5.58	1.38	1.91	12	67.00
Slow technology upgrades	1.00	7.00	3.33	1.70	2.89	12	40.00
Use generic products	1.00	7.00	3.67	2.25	5.06	12	44.00
Sell farmland	8.00	8.00	8.00	0.00	0.00	12	96.00

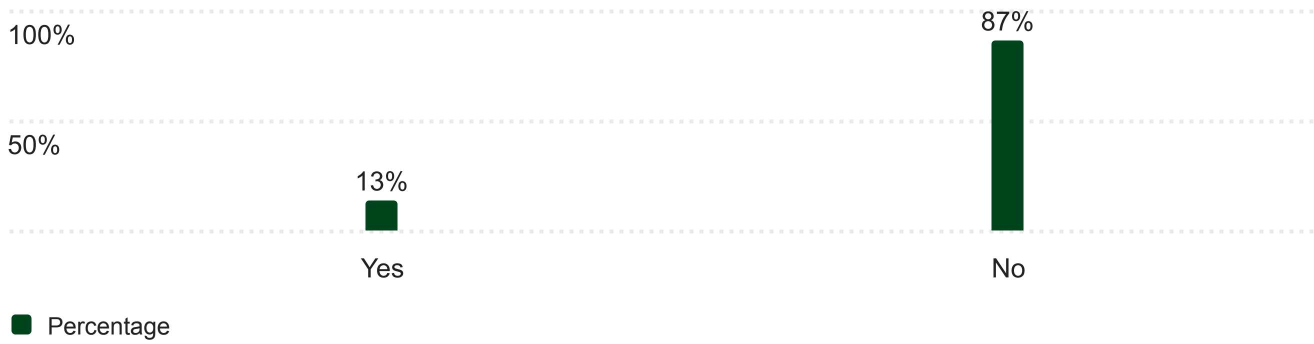
18. What do you anticipate the national average corn yield will be in the August Crop Production Report? Select one.



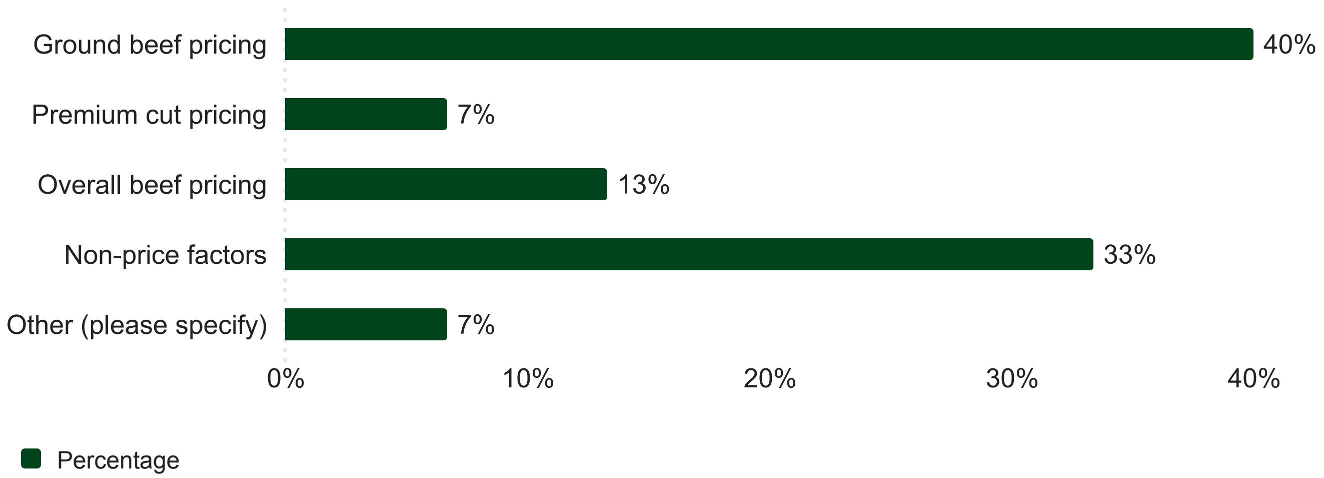
19. Is the U.S. immigration system “broken” for agriculture? Select one.



20. Will there be movement on ag-labor immigration reform in 2025? Select one.



21. Which factor do you believe most significantly affects grocery store beef demand? Select one. - Selected Choice



22. There's a renewed push for Mandatory Country of Origin Labeling (COOL) in the U.S. Would this negatively impact U.S meat exports? Select one.

23. Does Mandatory Country of Origin Labeling (COOL) matter to consumers? Select one.

24. What are some possible unintended consequences of Mandatory Country of Origin Labeling (COOL)?

What are some possible unintended consequences of Mandatory Country of Origin Labeling (COOL)?
The US beef industry might find that it is not the premium product that it thinks that it is. I am not saying this will happen. I do not know enough to make that kind of statement. But, COOL has an implied question in it. I have learned that when you ask a question, you may not like the answer.
Mostly, retaliation by other countries based on the perceived discrimination implied by COOL
Increased trade conflicts between otherwise friendly U.S. trading partners
Retaliation from other countries supplying beef. The cost of these unintended consequences will be passed onto the consumer in the form of higher prices further impacting demand.
Higher cost to implement for little to know financial gain for producers.
Even lower beef trim imports, higher hamburger prices and a breakdown of beef demand
Increased meat prices due to consumers pushing against imported beef.
Retaliation from Mexico and Canada, which are our biggest export customers across a wide range of farm and food exports.
Increases cost, reduced efficiency
I am not sure.