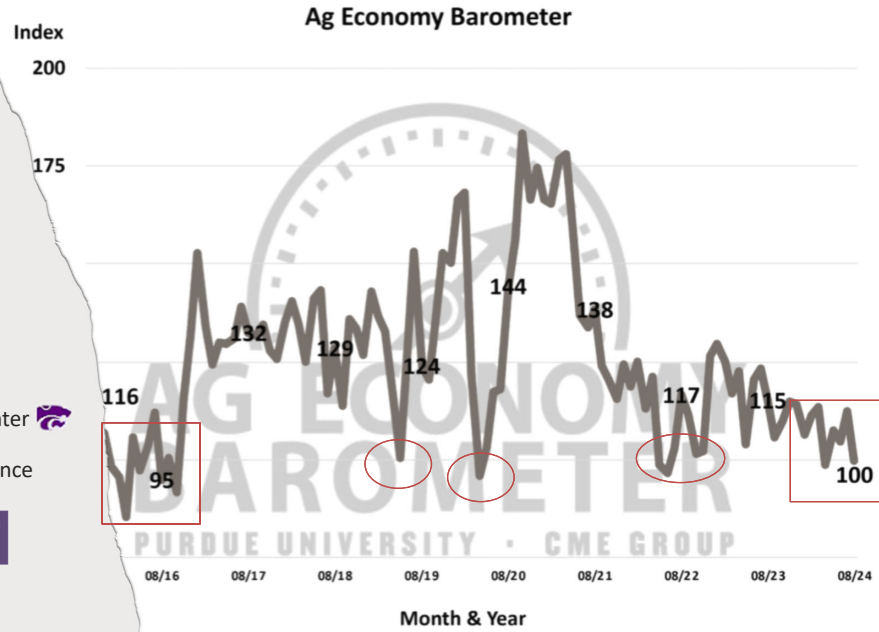


Agriculture Economy Outlook

Joe Parcell, Professor

Director, Risk Management Center

Collaborator, Rural & Farm Finance Policy Analysis Center



City Center for Commercial Agriculture, Producer Survey, August 2024

Five indicators you will want to follow

Weather

Federal Reserve Actions

U.S. Dollar

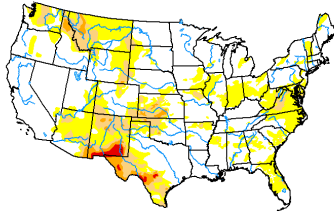
Energy Policy

Farm Income Snapshot

Farm Income is Susceptible to Changes in Weather

U.S. Drought Monitor Contiguous U.S. (CONUS)

June 18, 2024
(Released Thursday, Jun. 20, 2024)
Valid 8 a.m. EDT



Intensity:
 None
 D0 Abnormally Dry
 D1 Moderate Drought
 D2 Severe Drought
 D3 Extreme Drought
 D4 Exceptional Drought

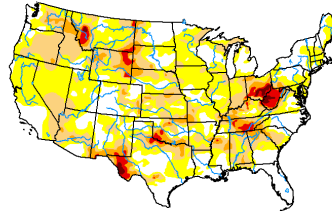
The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. For more information on the Drought Monitor, go to <https://droughtmonitor.unl.edu/about.aspx>

Author:
Richard Tinker
OPIC/NOAA/NWS/NCEP



U.S. Drought Monitor Contiguous U.S. (CONUS)

September 24, 2024
(Released Thursday, Sep. 26, 2024)
Valid 8 a.m. EDT



Intensity:
 None
 D0 Abnormally Dry
 D1 Moderate Drought
 D2 Severe Drought
 D3 Extreme Drought
 D4 Exceptional Drought

The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. For more information on the Drought Monitor, go to <https://droughtmonitor.unl.edu/about.aspx>

Author:
Brian Rippey
U.S. Department of Agriculture



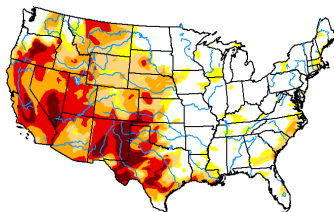
<https://droughtmonitor.unl.edu/>

KANSAS STATE
UNIVERSITY

Farm Income is Susceptible to Changes in Weather

U.S. Drought Monitor Contiguous U.S. (CONUS)

May 31, 2022
(Released Thursday, Jun. 2, 2022)
Valid 8 a.m. EDT



Intensity:
 None
 D0 Abnormally Dry
 D1 Moderate Drought
 D2 Severe Drought
 D3 Extreme Drought
 D4 Exceptional Drought

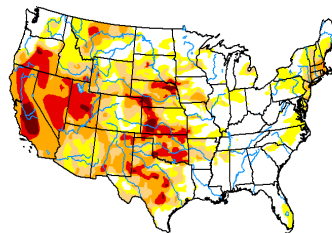
The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. For more information on the Drought Monitor, go to <https://droughtmonitor.unl.edu/about.aspx>

Author:
Curtis Riggs
National Drought Mitigation Center



U.S. Drought Monitor Contiguous U.S. (CONUS)

September 6, 2022
(Released Thursday, Sep. 8, 2022)
Valid 8 a.m. EDT



Intensity:
 None
 D0 Abnormally Dry
 D1 Moderate Drought
 D2 Severe Drought
 D3 Extreme Drought
 D4 Exceptional Drought

The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. For more information on the Drought Monitor, go to <https://droughtmonitor.unl.edu/about.aspx>

Author:
David Simera
Western Regional Climate Center

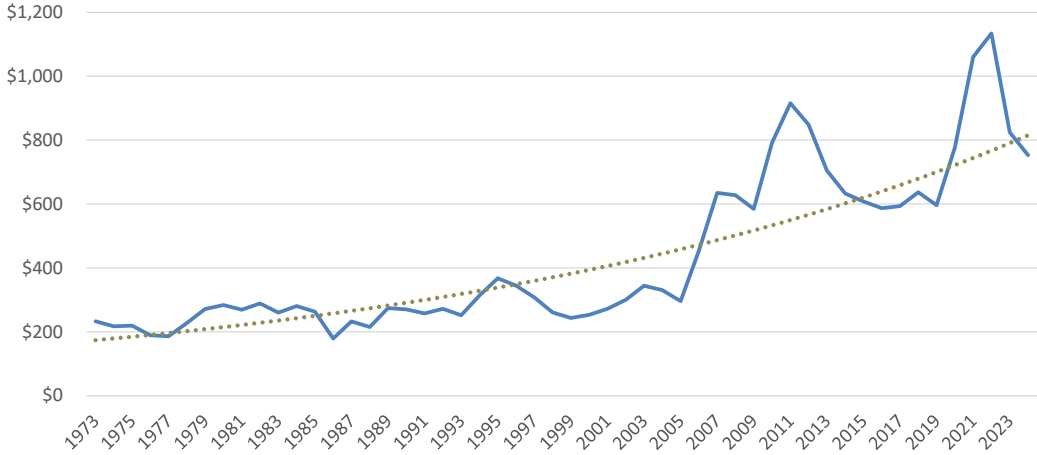


<https://droughtmonitor.unl.edu/>

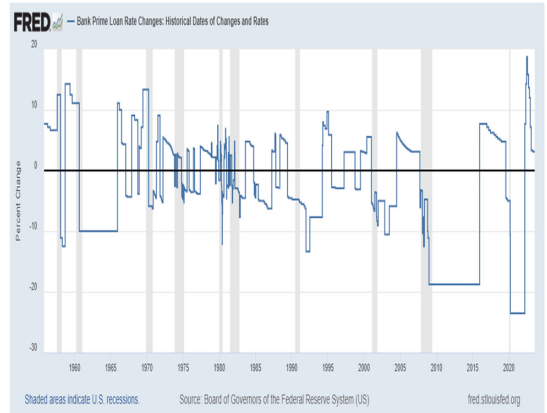
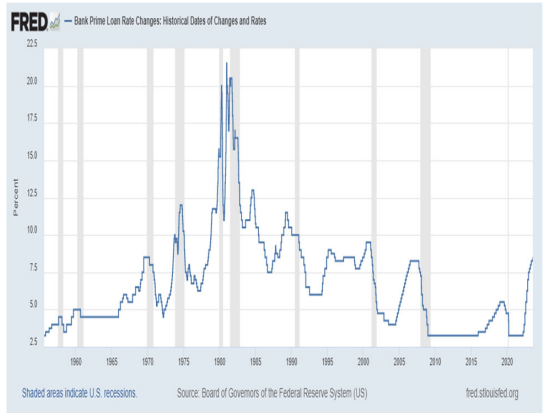
KANSAS STATE
UNIVERSITY



Revenue from average acre of corn grown in U.S. through 2023 (no insurance payout included)



Bank Prime Loan Rate (levels and change in levels)

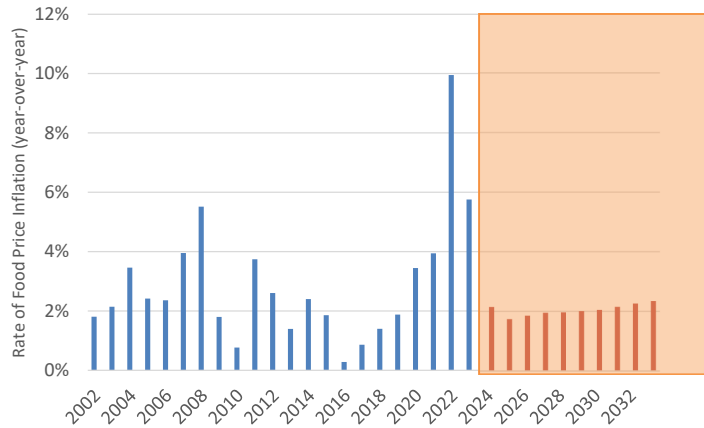


Inflation

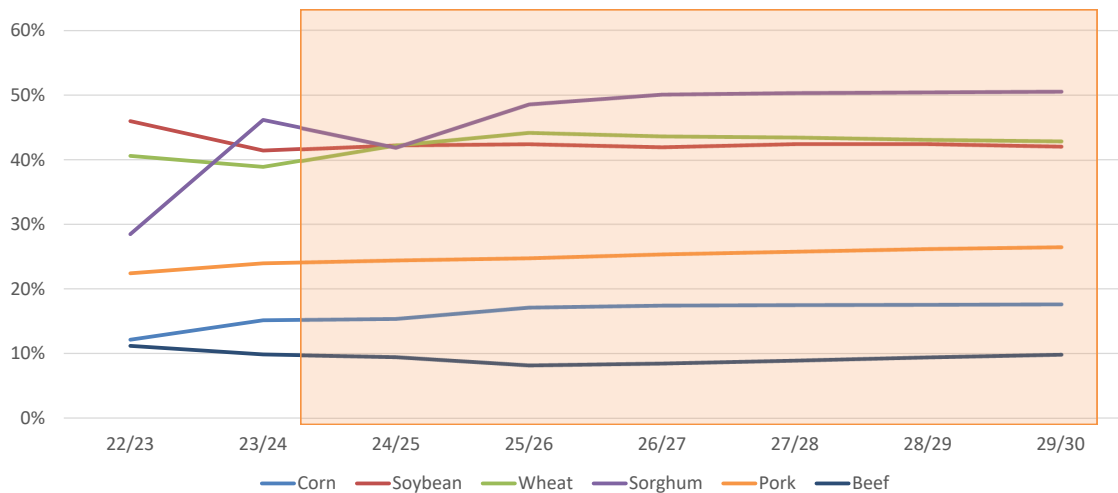
Food Price Inflation

- Higher prices slow down consumption of certain items
- Food price inflation has, on average, outpaced target inflation
- U.S. consumers allocate the lowest percentage(%) of income to food compared to all other countries in the world.

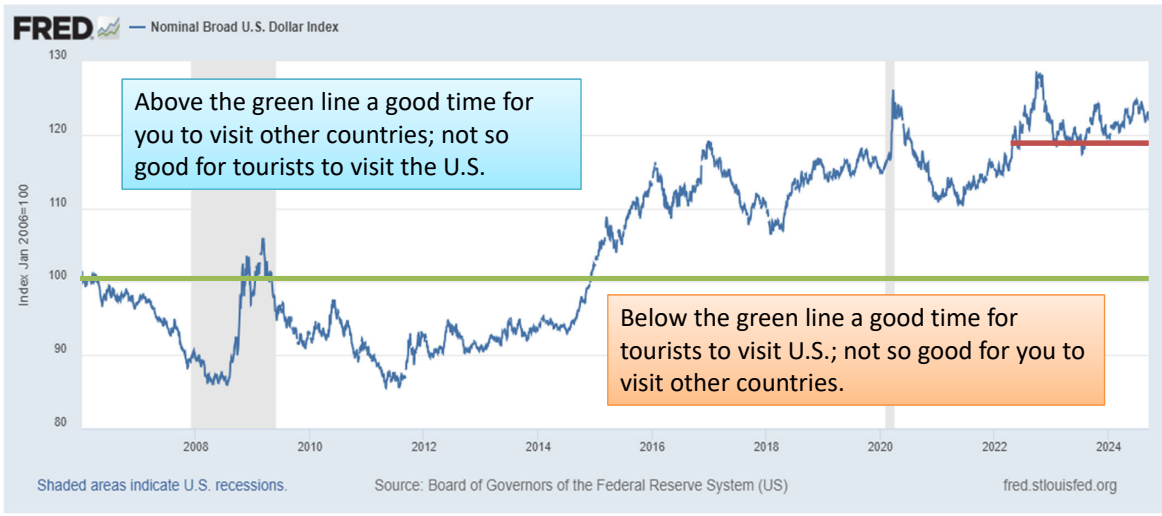
Food Price Rate of Inflation



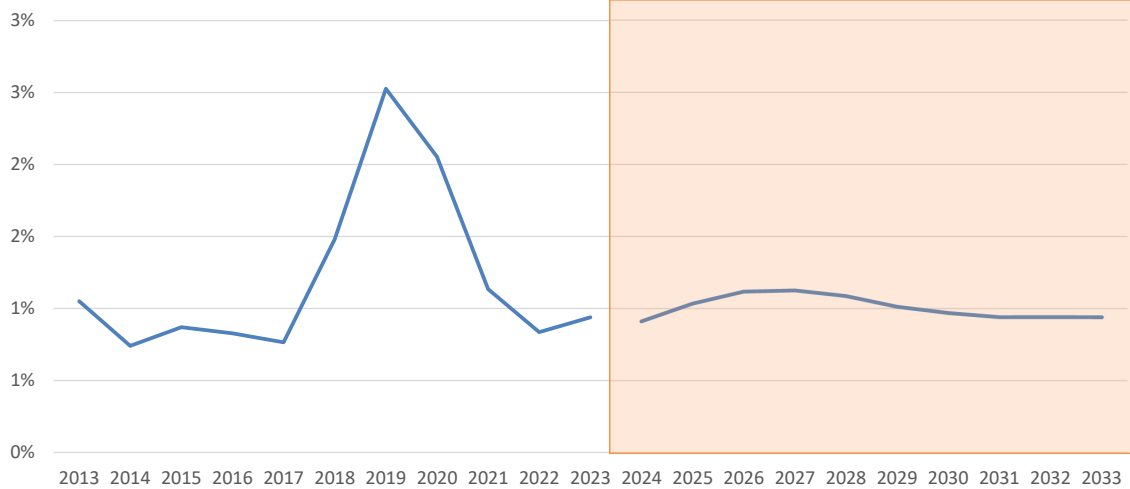
Percentage of Annual U.S. Use Exported Outside the U.S. (projected)



Strength of U.S. Dollar



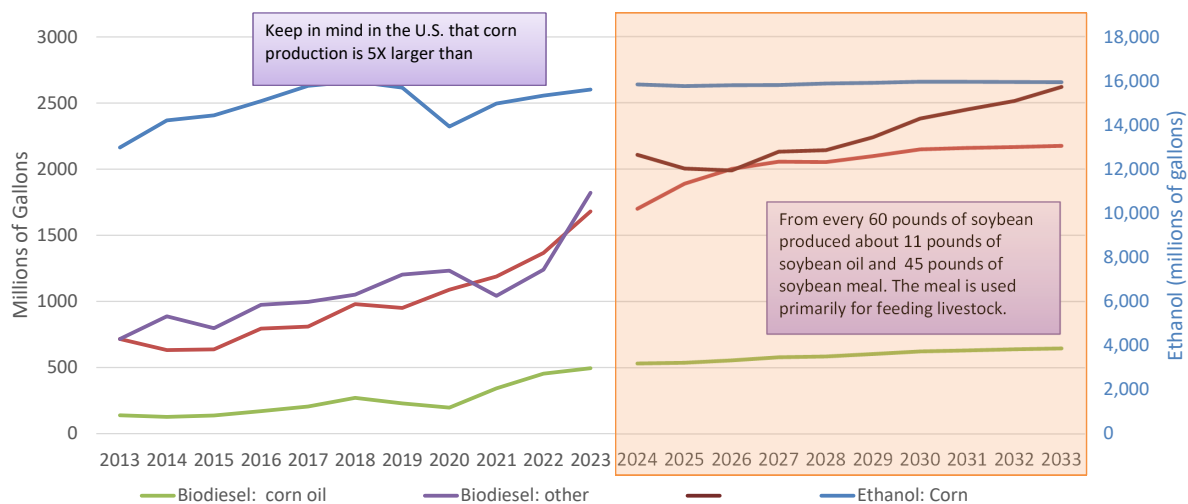
Percentage of total farm receipts from government programs (historical estimate and future projection)



Your 40s are your new 90s

- ~~40B – sustainable aviation fuel tax credit~~
 expires end of 2024 and (should) roll into at start of 2025
- 45Z – clean fuel production tax credit
 - Based on a carbon intensity score at \$0.02/gallon per each point below 50 score
- 45Q – carbon capture tax credit
 - \$85/ton for sequestration
 - \$60/ton for utilization

Gallons of Renewable Fuels Produced from Listed Feedstock

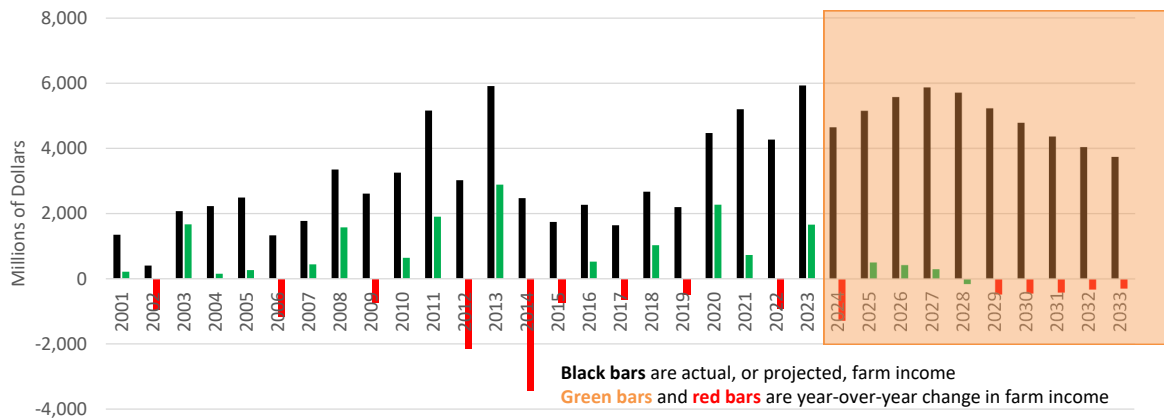


Kansas Farm Income Outlook

Rural & Farm Finance Policy Analysis Center (RaFF)

KANSAS STATE UNIVERSITY

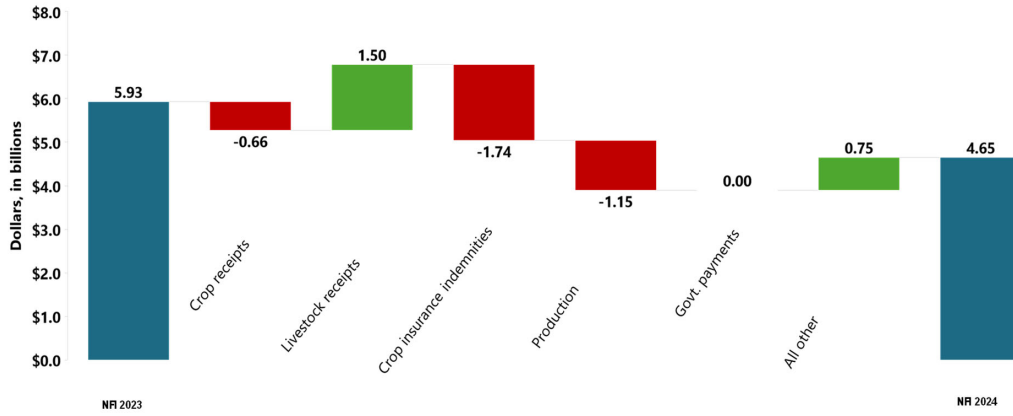
Kansas historical and projected (actual) farm income under assumptions of continuation of current farm programs and normal weather



KANSAS STATE UNIVERSITY

Estimated KS Farm Income from 2023 to 2024

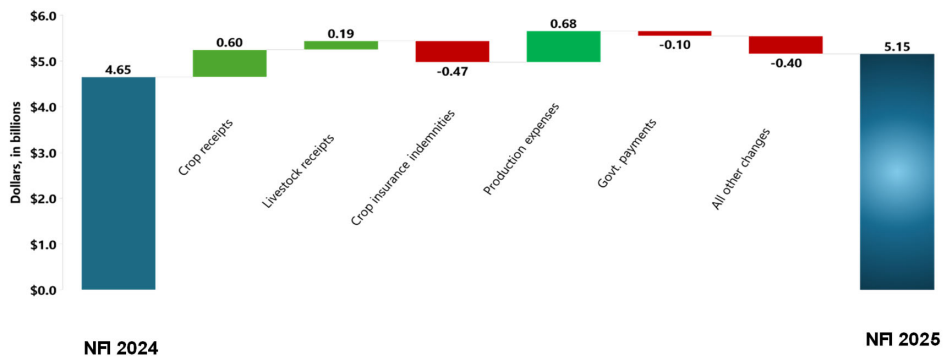
Kansas net farm income projected to decrease in 2024



KANSAS STATE
UNIVERSITY

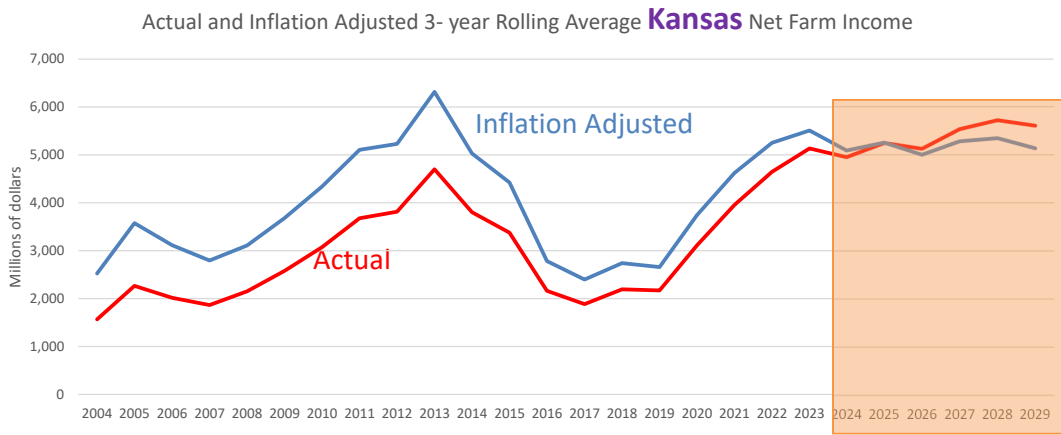
Estimated KS Farm Income from 2024 to 2025

Kansas net farm income projected to increase in 2025



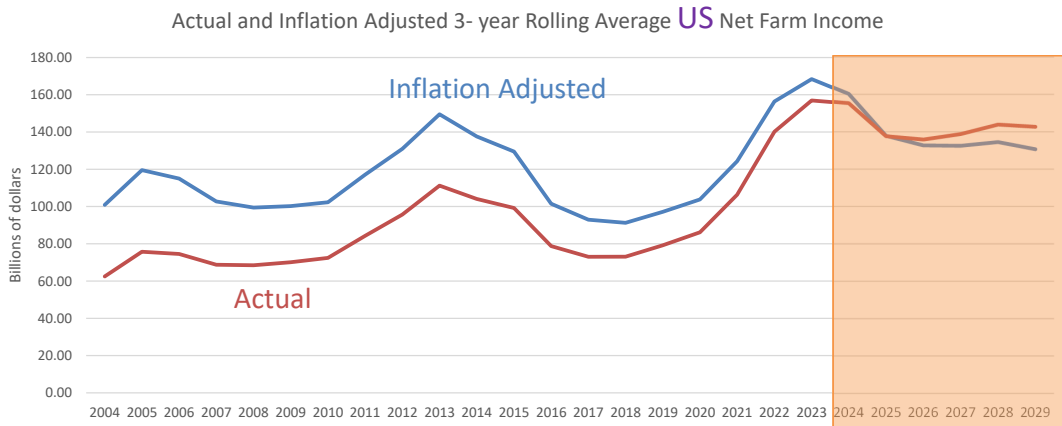
KANSAS STATE
UNIVERSITY

Good businesspersons plan for a bumpy year or two



KANSAS STATE UNIVERSITY

Good businesspersons plan for a bumpy year or two



KANSAS STATE UNIVERSITY

A Tale of Two Tails



- It took several years to get to the great years, and it took **X** years to return to the tough years

Consistent year-over-year global production ups and downs are rare.

Consistent year-over-year national and KS farm income downs are rare.

Global disruptions and trading partner economies. Weather?

Can the Federal Reserve sustain the 2% inflation target? Federal Reserve policy for managing inflation now is adjusting the federal funds rate.

I'm confident the technology, and management practices, exist to continue to get more quantity per acre, or more pounds per animal, at an economical level. New markets?????