Agricultural Economic Outlook

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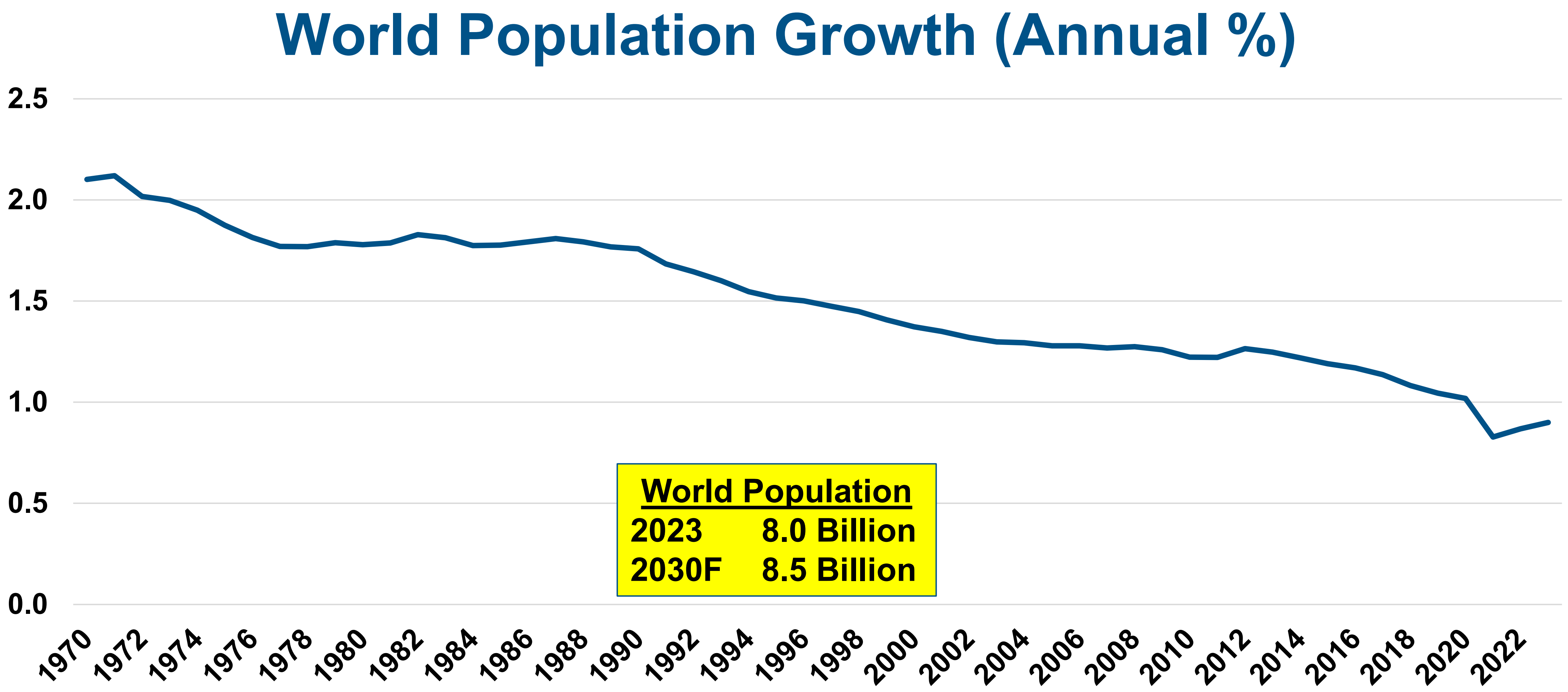
A World in Flux

- Trade Policy
- Global deficits
- Demographic changes
- Ukraine/Russia, Middle East, China/Taiwan
- Deglobalization / Near-Shoring / Slowbalization
- Energy transition
- Chinese economy
- U.S. Dollar

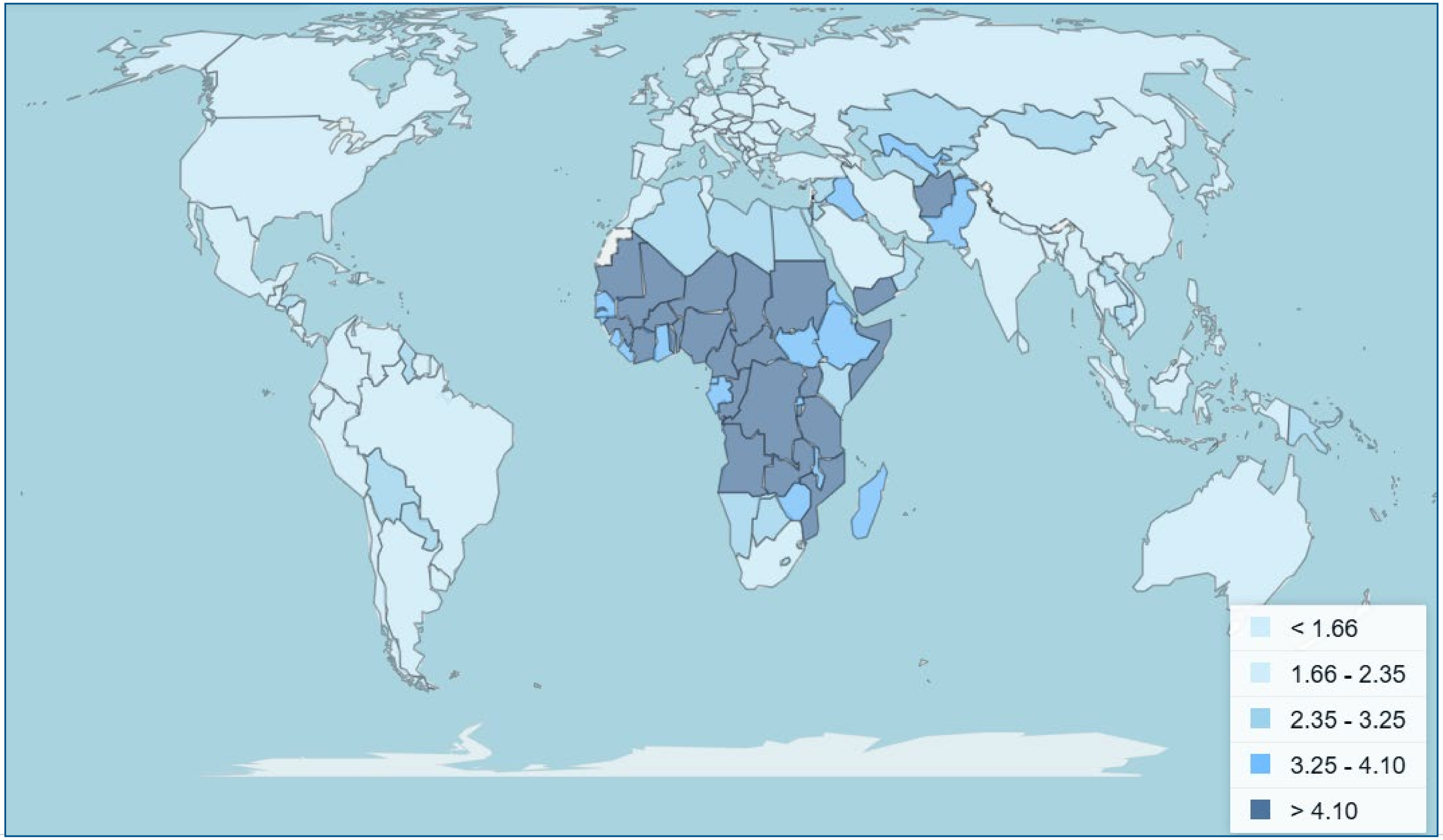
World Population Growth is Slowing



Source: World Bank

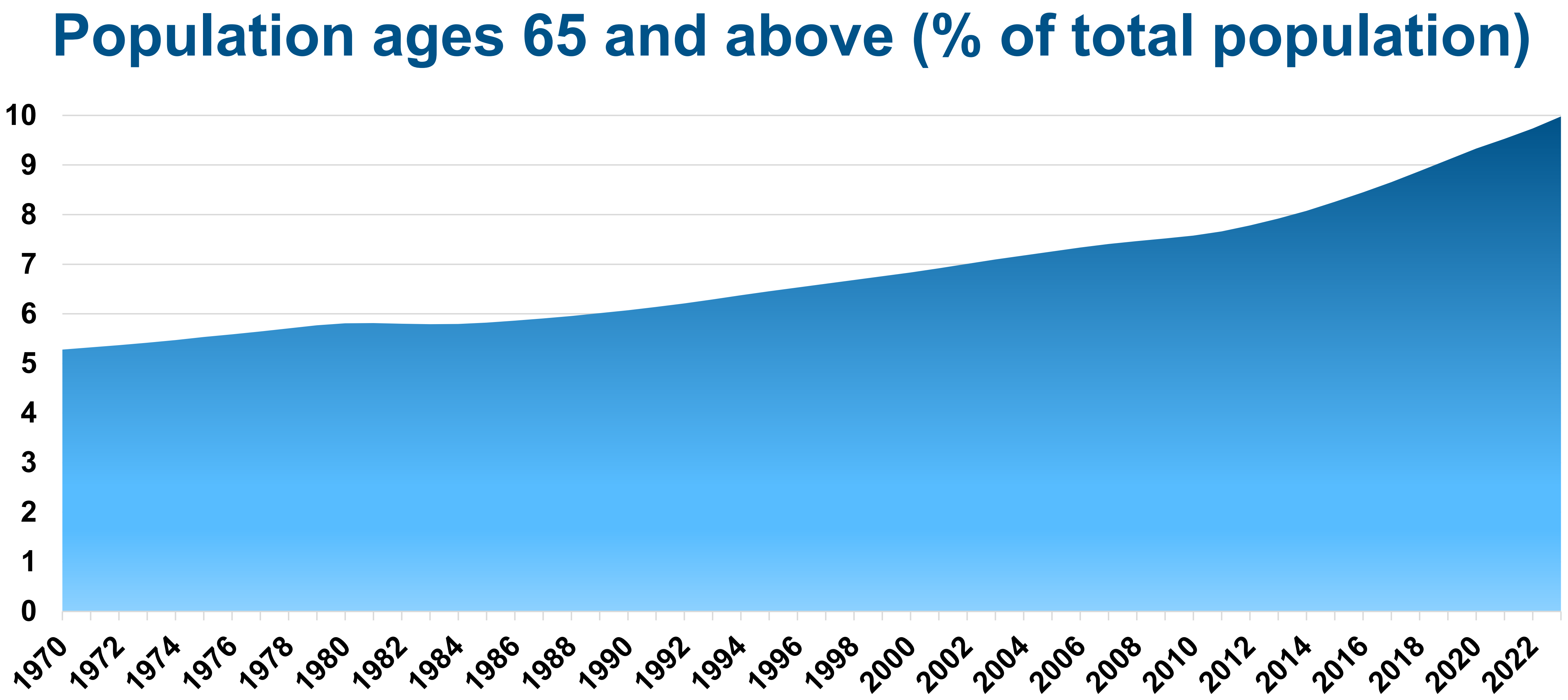
Fertility Rate is Below Replacement (2.1) for Most Countries

Fertility Rate: Total Births per Woman



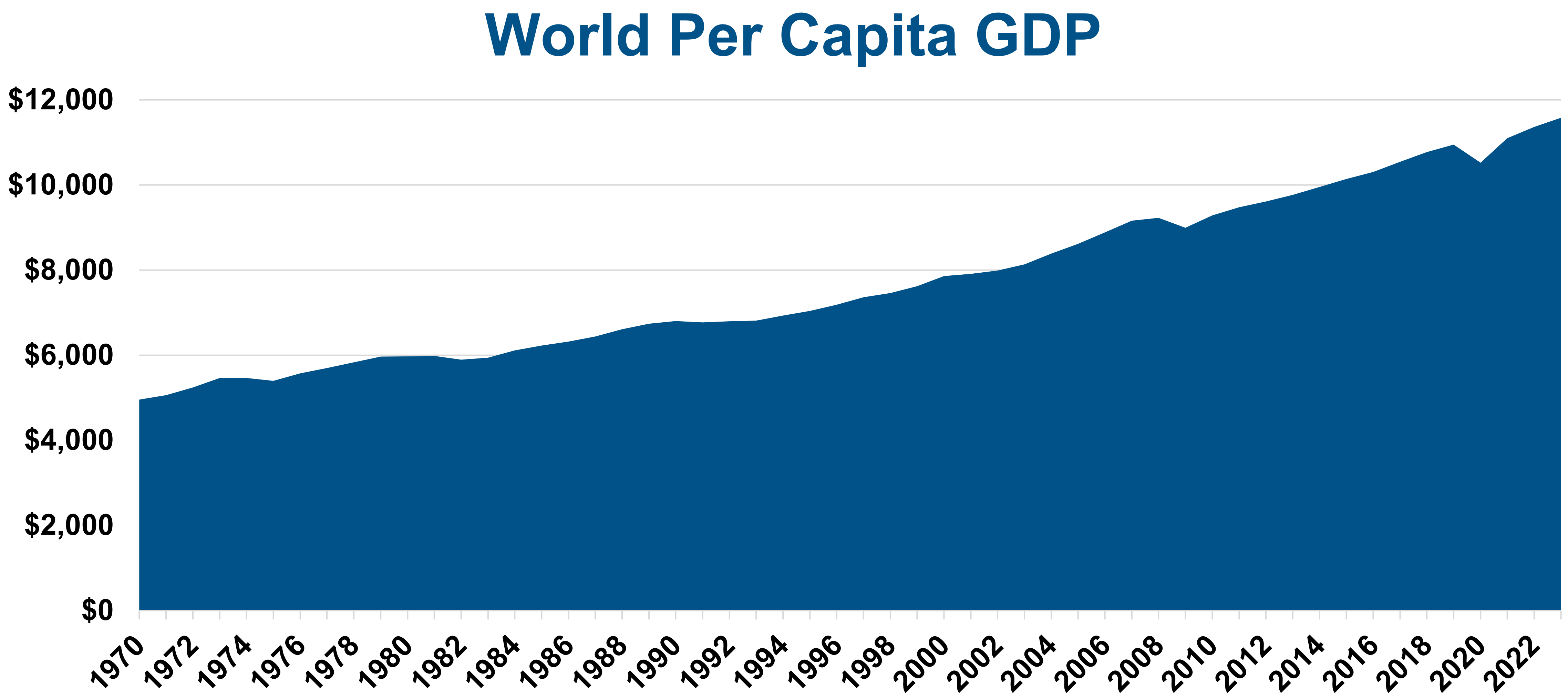
Source: World Bank

World Population is Aging



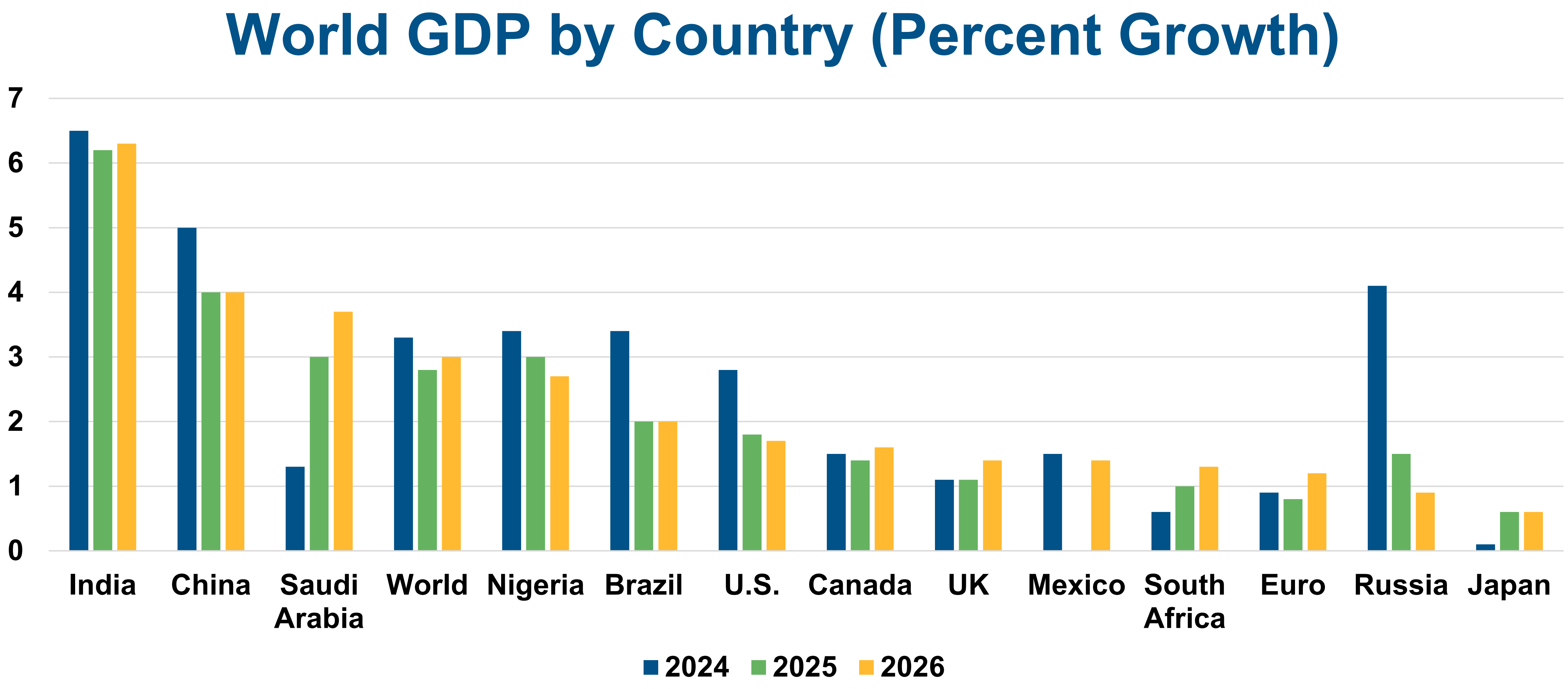
Source: World Bank

But Consumers are Wealthier and Consuming More



Source: World Bank

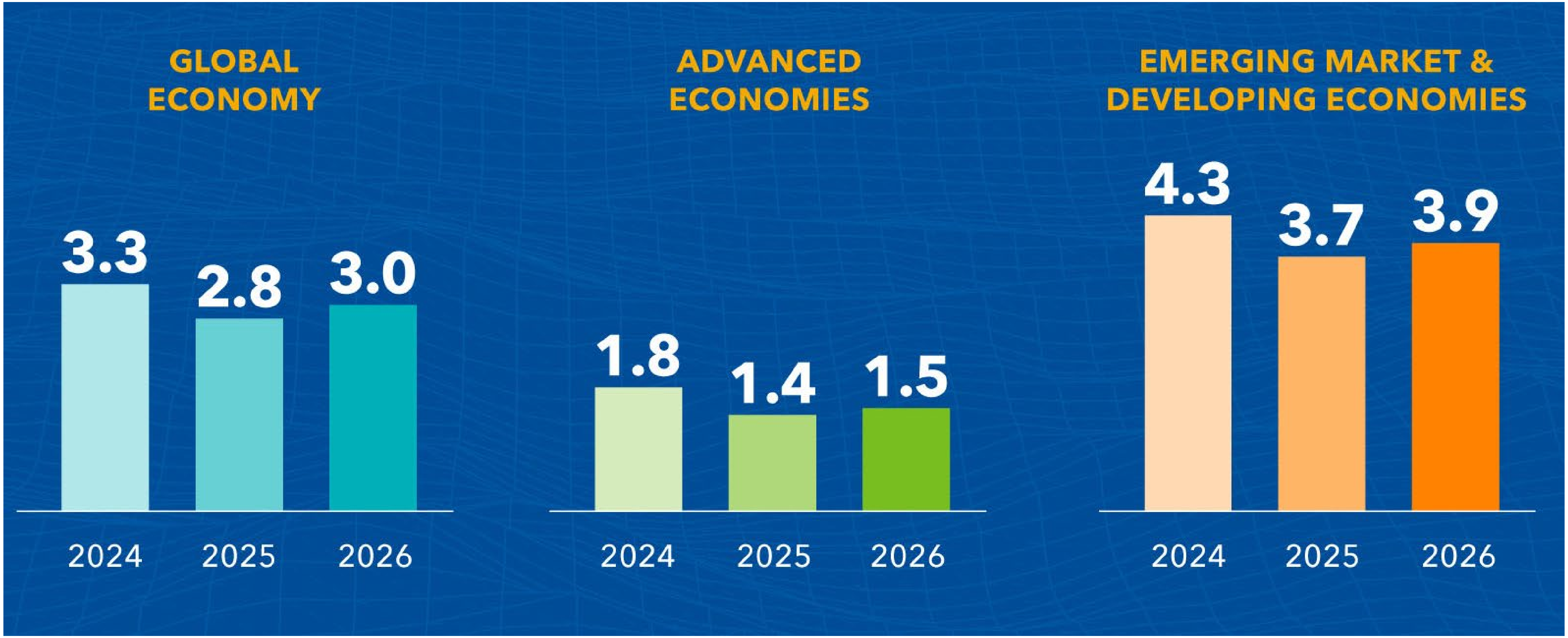
India Leads Global Economic Growth



Source: IMF World Economic Outlook, April 14, 2025

World Economic Growth Projected to Decline in 2025

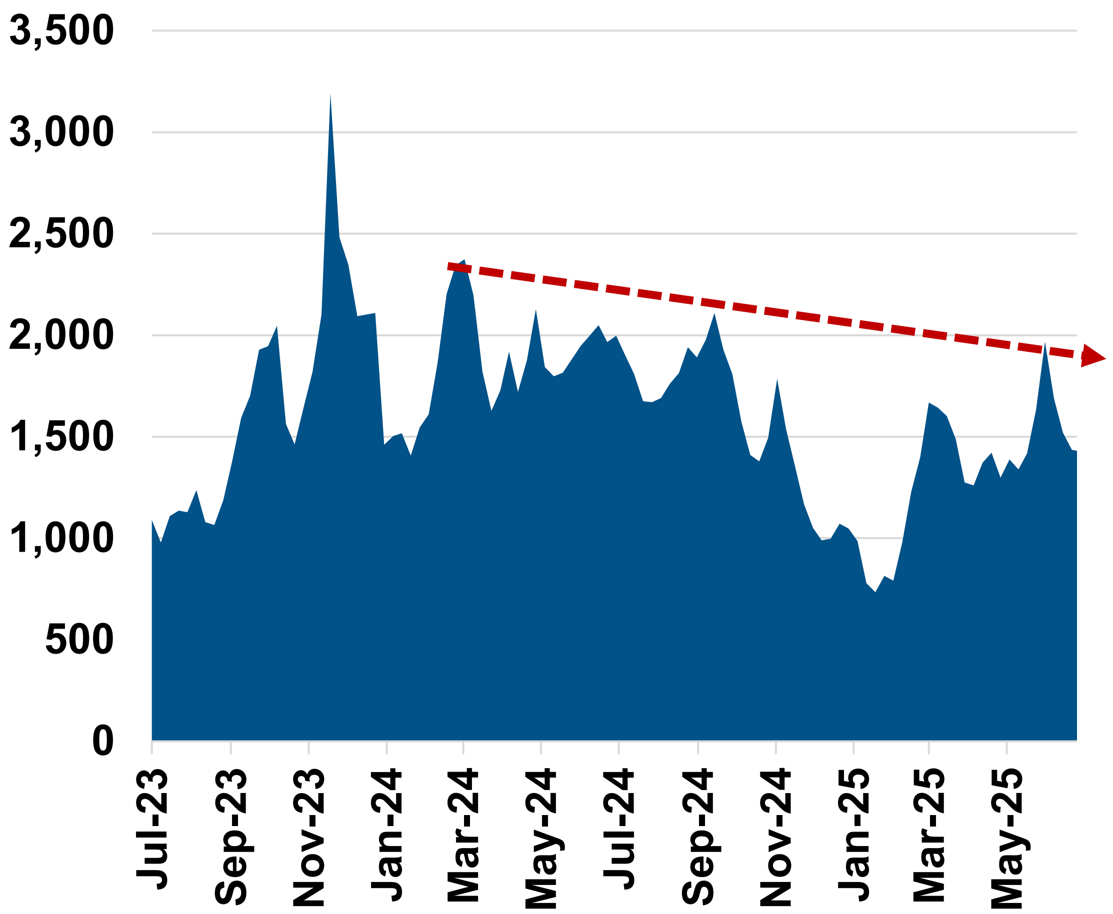
GDP Growth (Percent Change)



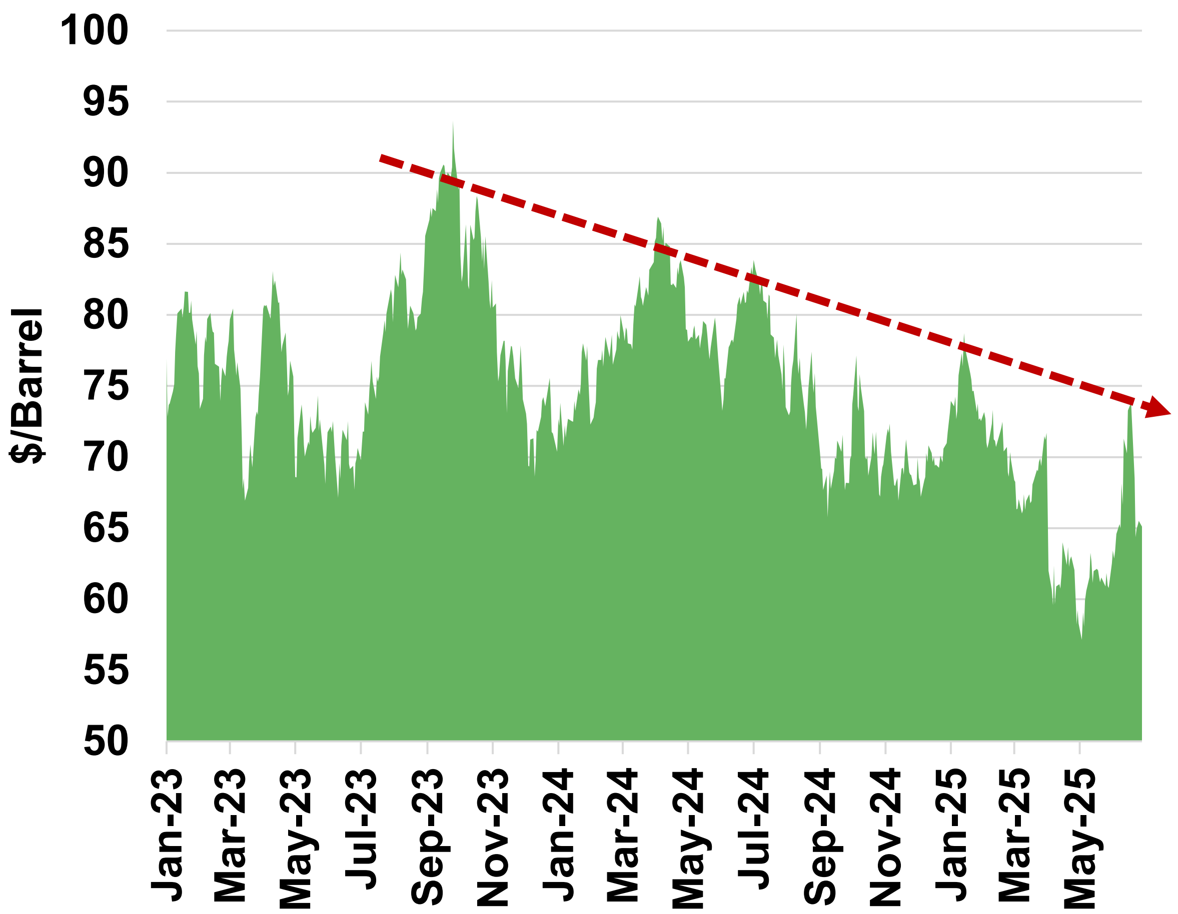
Source: IMF World Economic Outlook, April 14, 2025

Energy and Shipping Costs are Falling

Baltic Dry Index



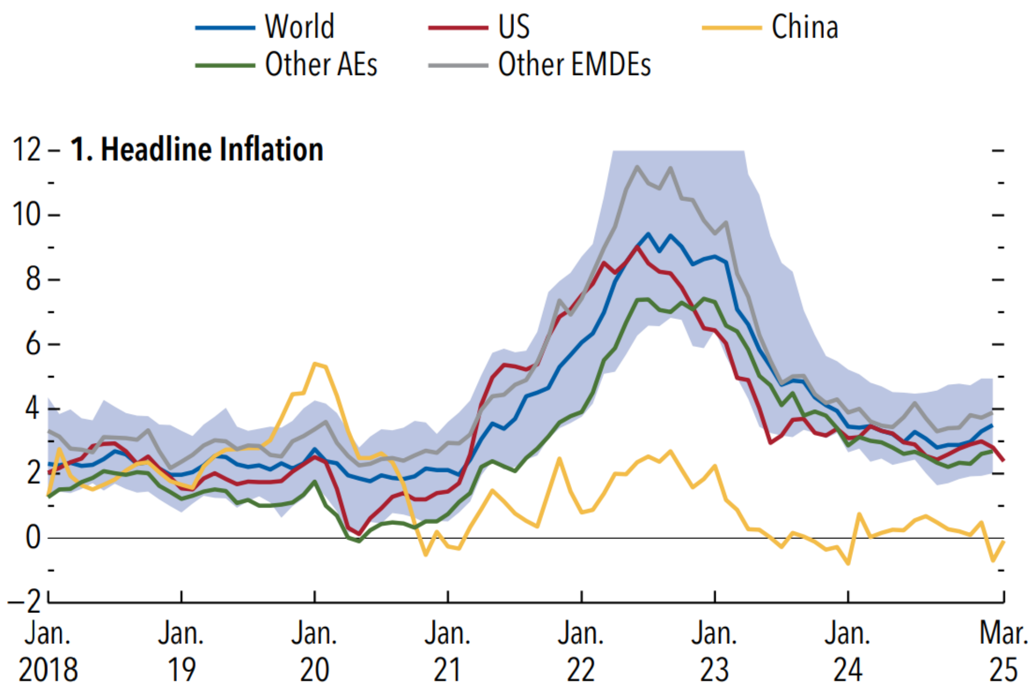
WTI Crude Oil



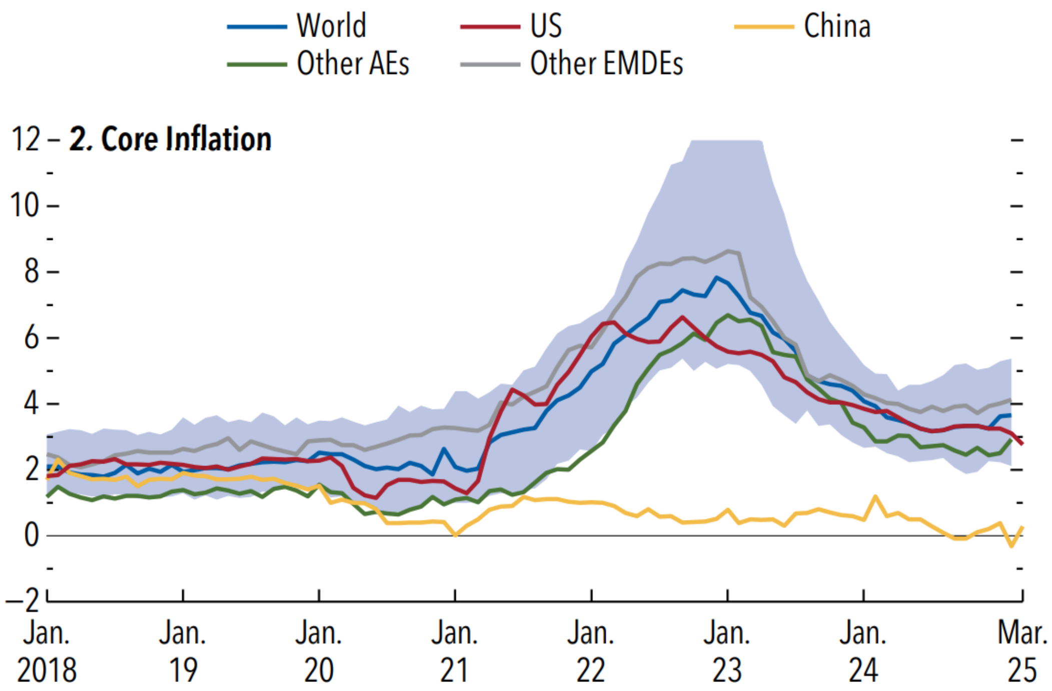
Source: Bloomberg

Inflation has Fallen Globally. Will it Continue?

Headline Inflation



Core Inflation

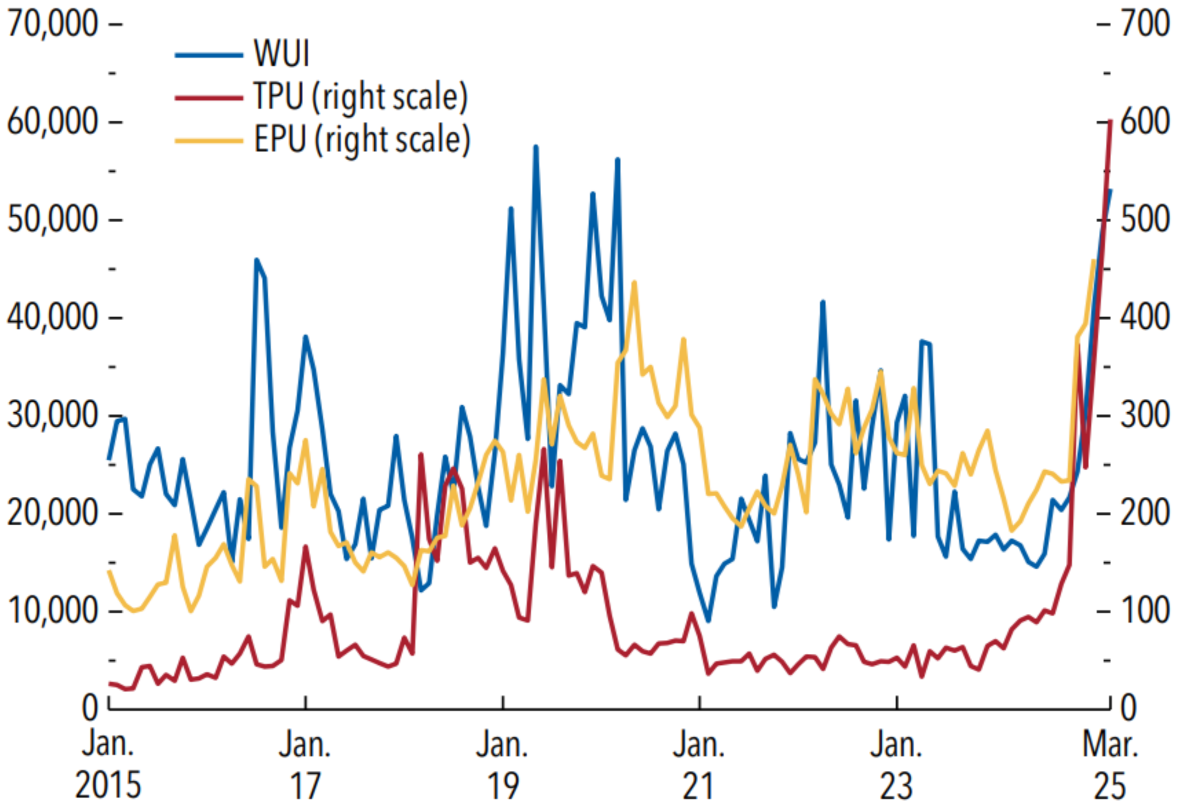


Source: IMF World Economic Outlook, April 14, 2025

Economic and Trade Uncertainty at Historic Levels

Uncertainty Index:

Trade Policy Uncertainty (TPU) vs Economic Policy Uncertainty (EPU)



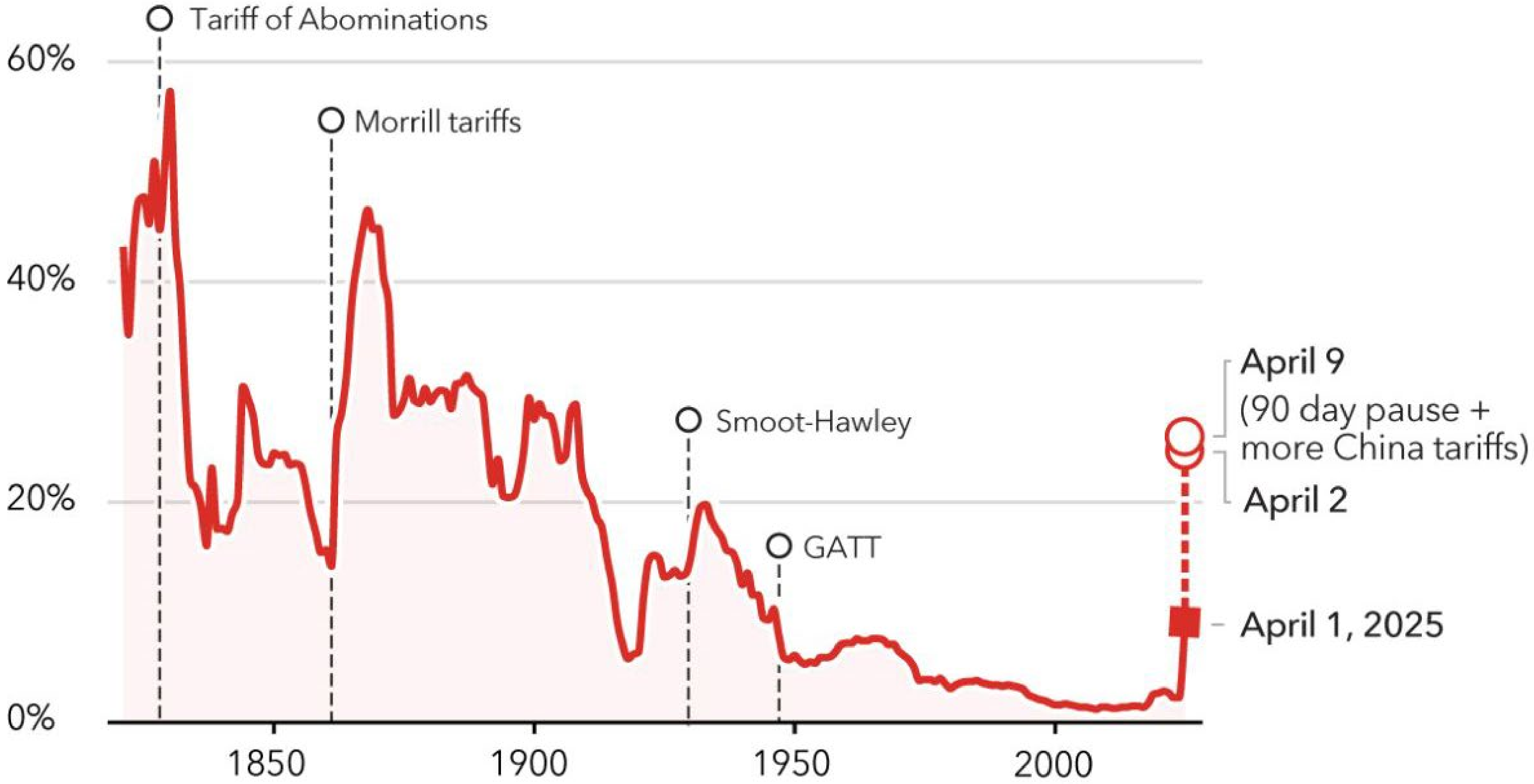
Source: IMF World Economic Outlook, April 14, 2025

Tariffs Remain in Flux

- **Liberation Day: April 2**
- **U.S. Tariffs on China: 145%**
- **Chinese tariffs on U.S.: 125%**
  - **Exceptions made for phones and other electronic devices**
- **U.S. Baseline Tariffs on Other Countries: 10%**
- **July 9 deadline moved to Aug. 1**

U.S. Tariffs and Uncertainty Threaten Global Growth

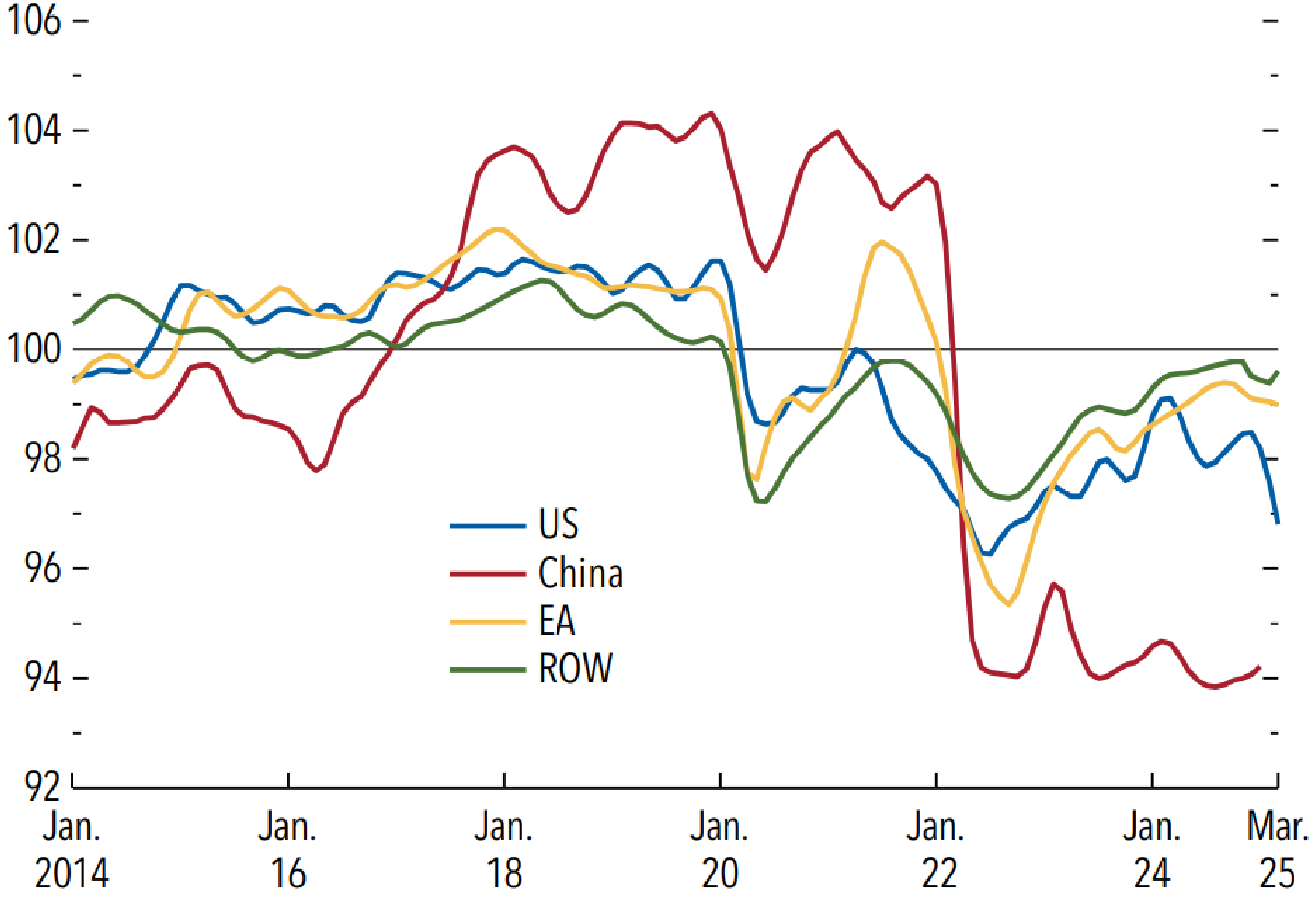
U.S. Effective Average Tariff Rate



Source: IMF World Economic Outlook, April 14, 2025

World Consumer Confidence is Mixed

Consumer Confidence Index

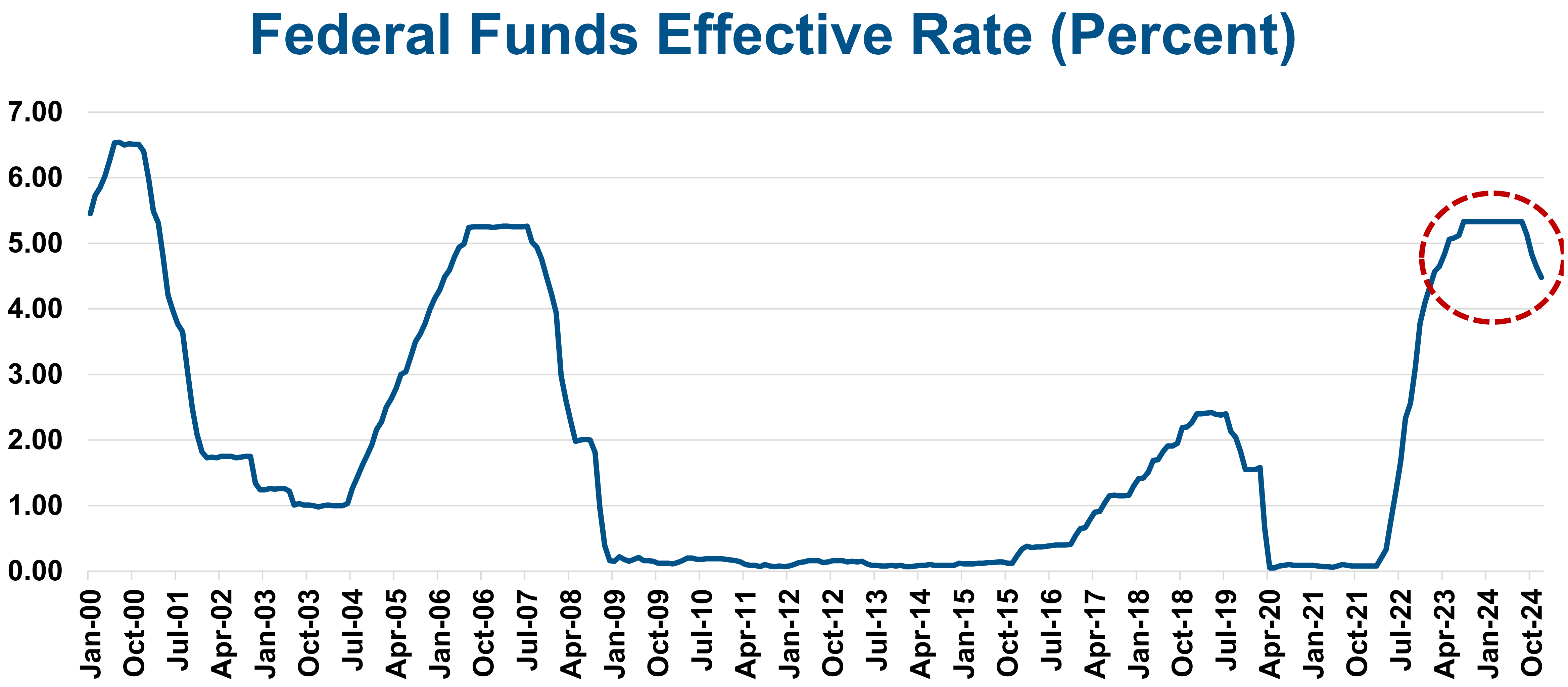


Source: IMF World Economic Outlook, April 14, 2025

"We do not need to be in a hurry and are well positioned to wait for greater clarity."
-Jerome Powell

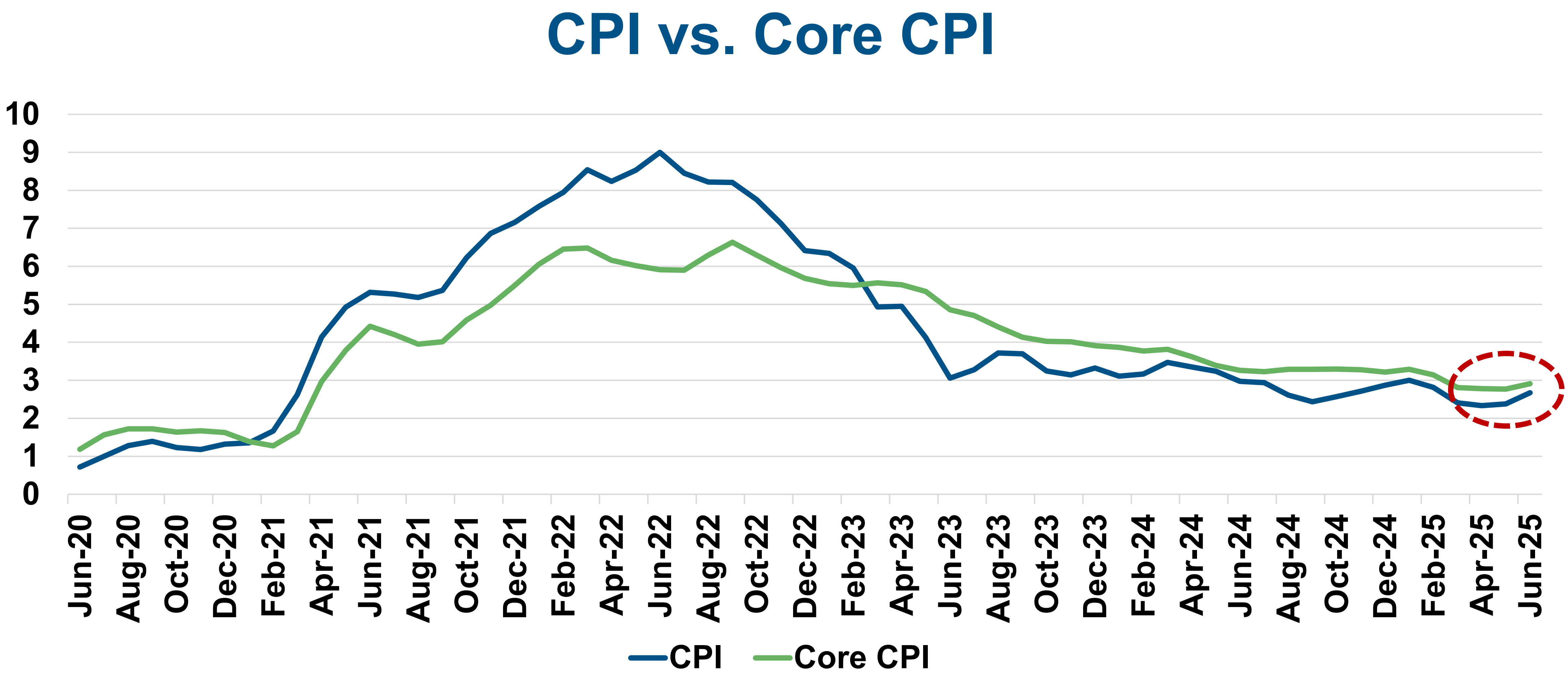
Source: Chair Powell's speech at the U.S. Monetary Policy Forum, Mar. 7, 2025

Is The Fed Done Cutting Rates?



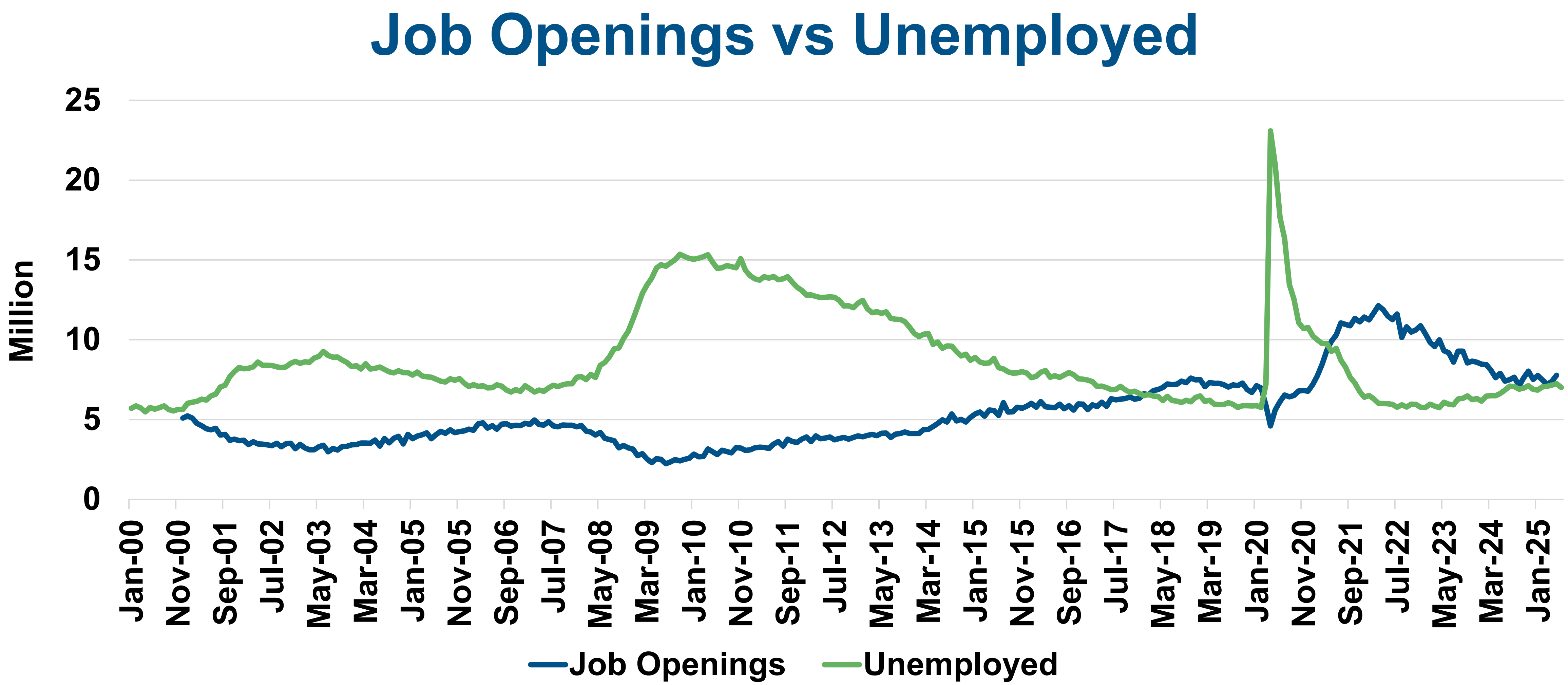
Source: FRED

Inflation is Showing Early Signs of Returning due to Tariffs



Source: FRED

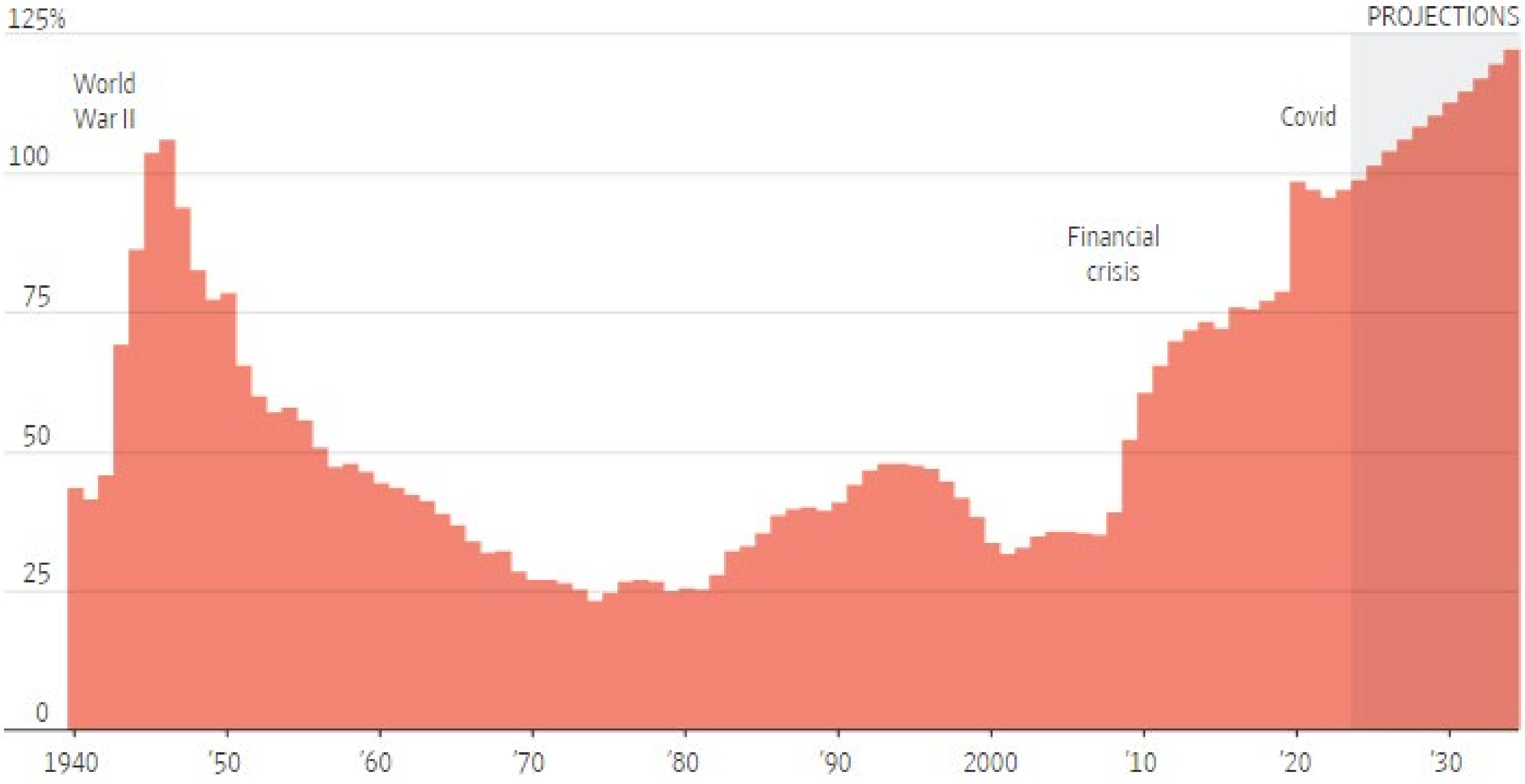
Job Openings Exceed Unemployed, But Gap is Narrowing



Source: FRED

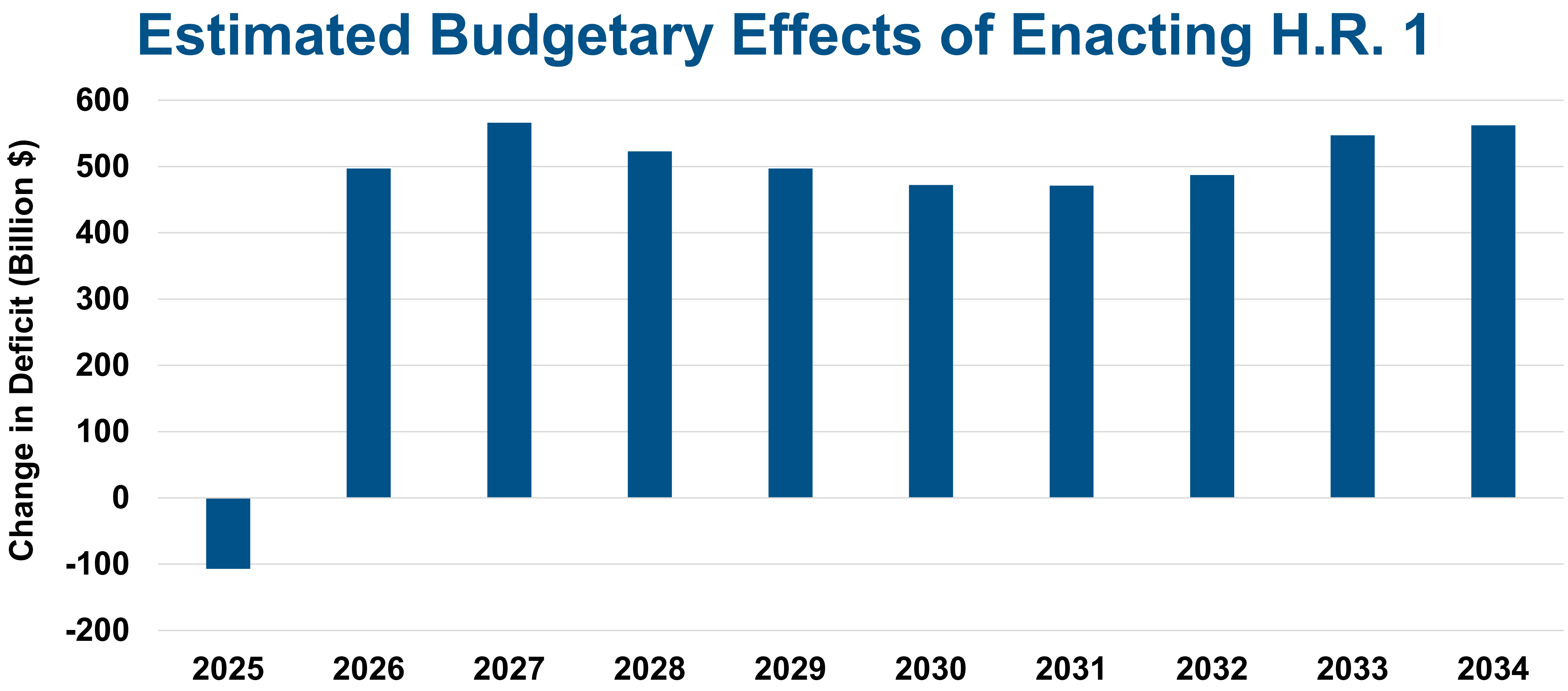
Problem: Supply of Federal Debt is High and Rising

Publicly Held Debt as % of GDP



Source: CBO; The Wall Street Journal

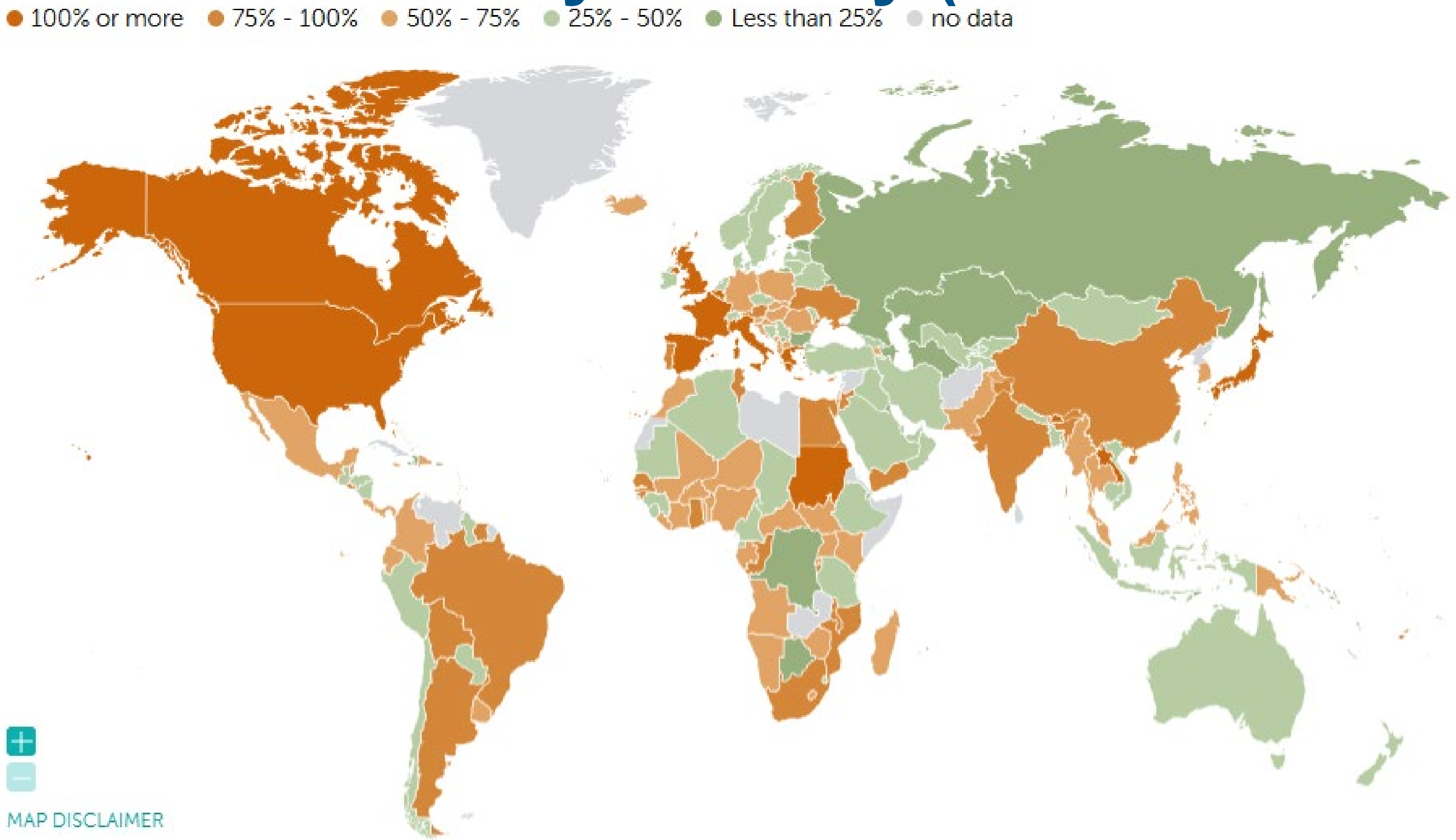
Tax Bill Adds $4.5B to National Debt 10 Years



Source: CBO, June 12, 2025

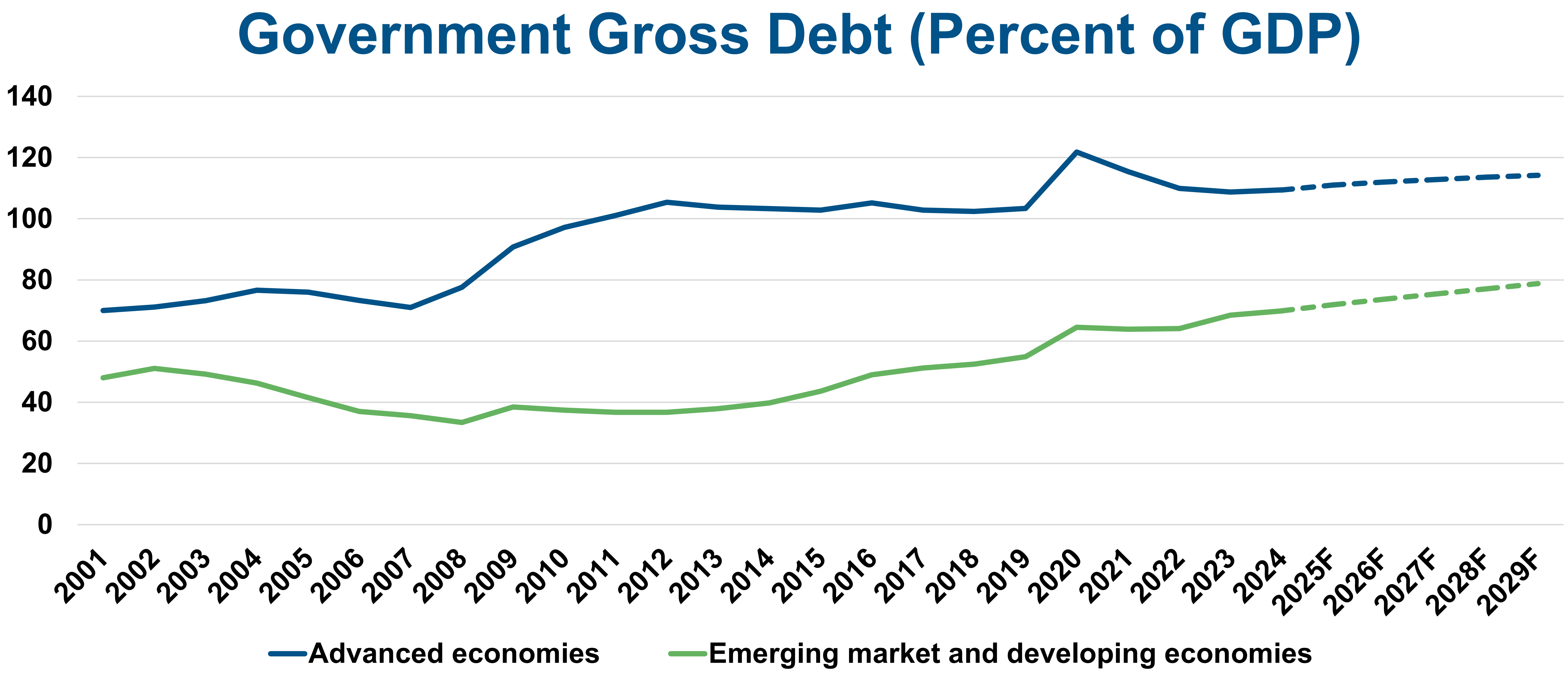
Public Debt is a Global Problem

Gross Public Debt by Country (Percent of GDP)



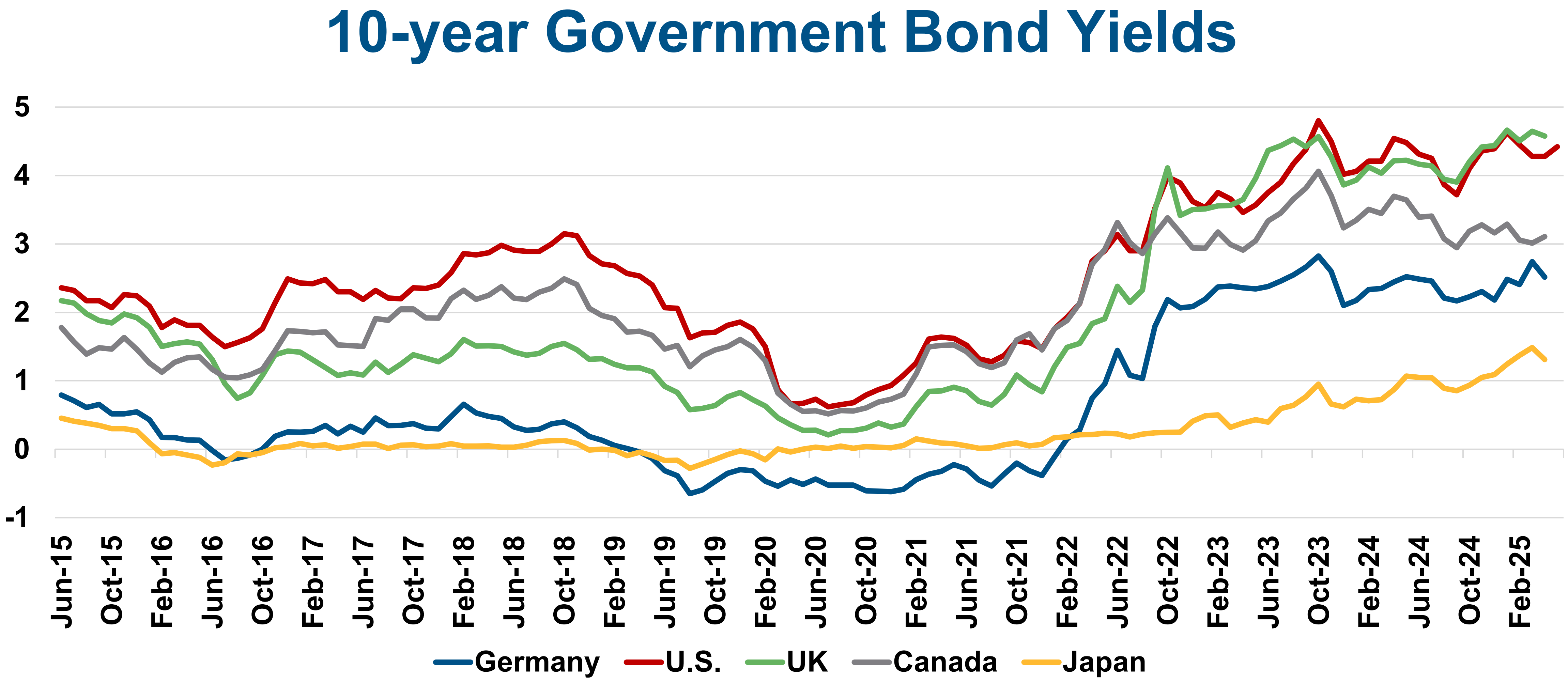
Source: IMF

Global Debt Levels Expected to Continue Climbing



Source: IMF

Rising Supply for Debt is Lifting Yields, Interest Rates



Source: FRED

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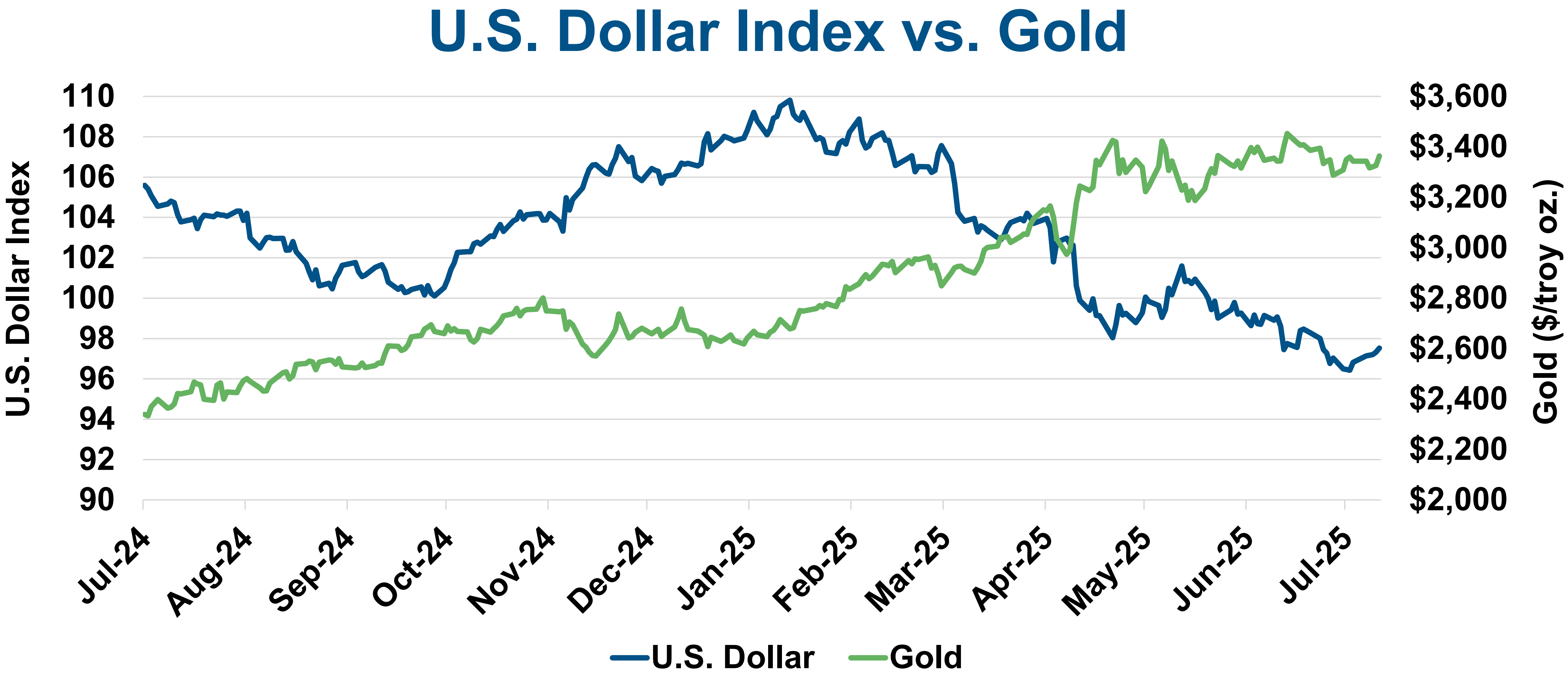
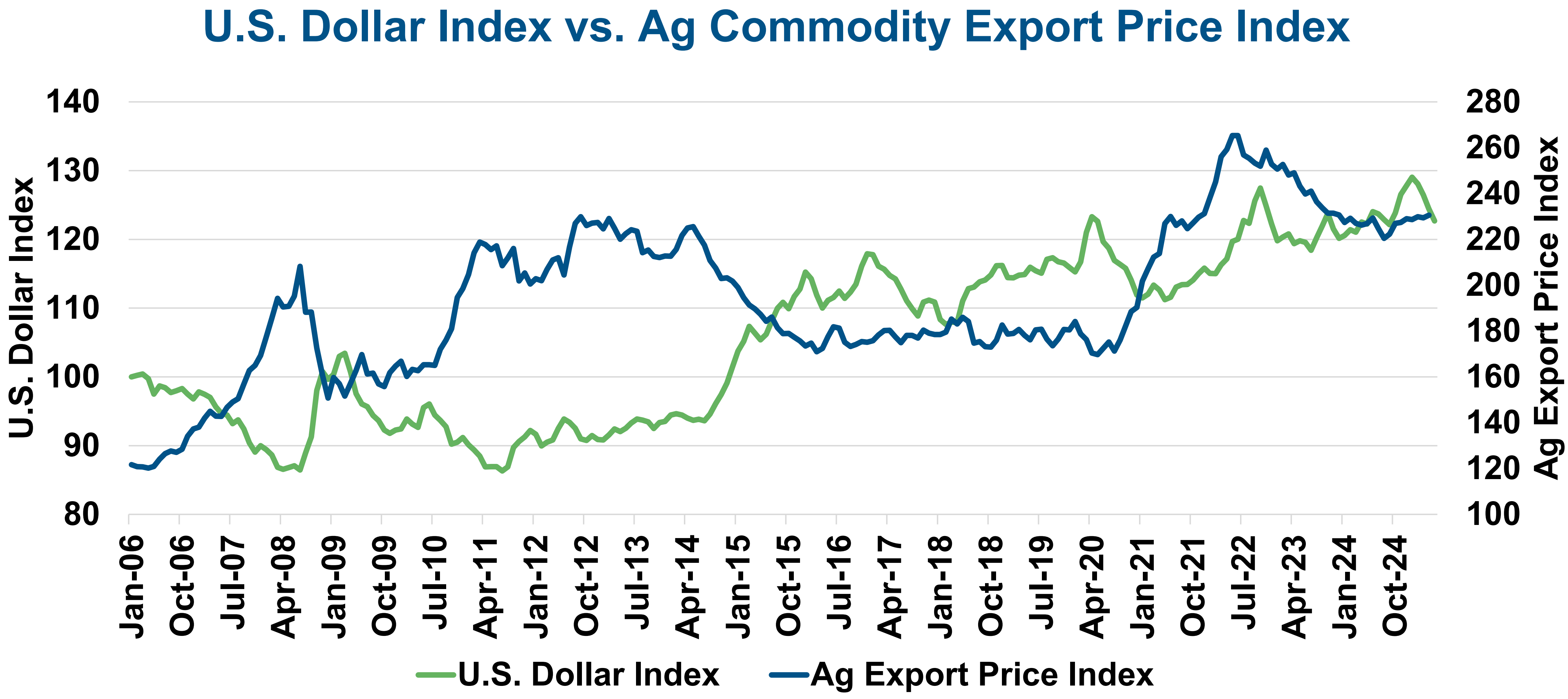
Investors are Fleeing U.S. Assets



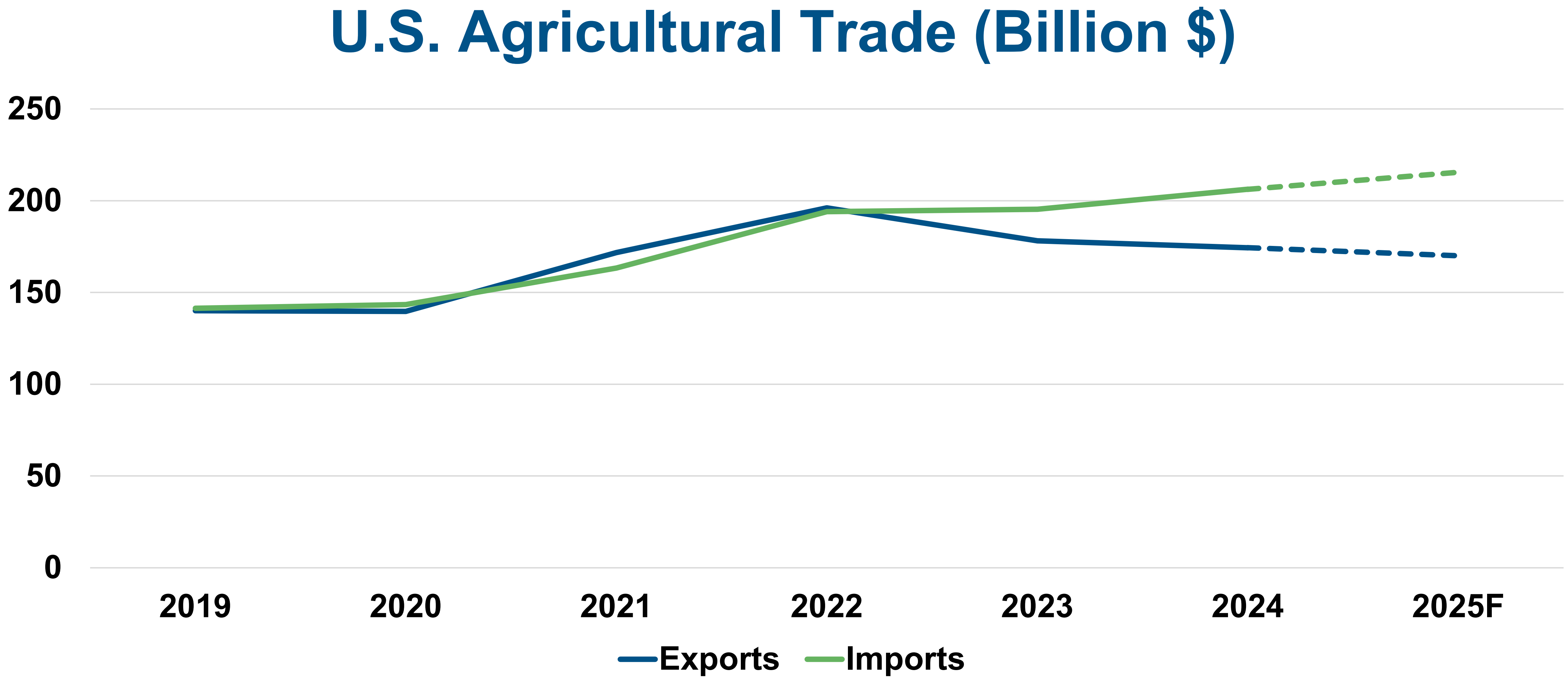
Source: Barchart.com

US$ has Weakened, but is Still Historically Strong



Source: Federal Reserve Bank of St. Louis

U.S. Ag Exports Slowing, Imports Increasing. Why?



Source: USDA-ERS Outlook for U.S. Agricultural Trade

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Markets

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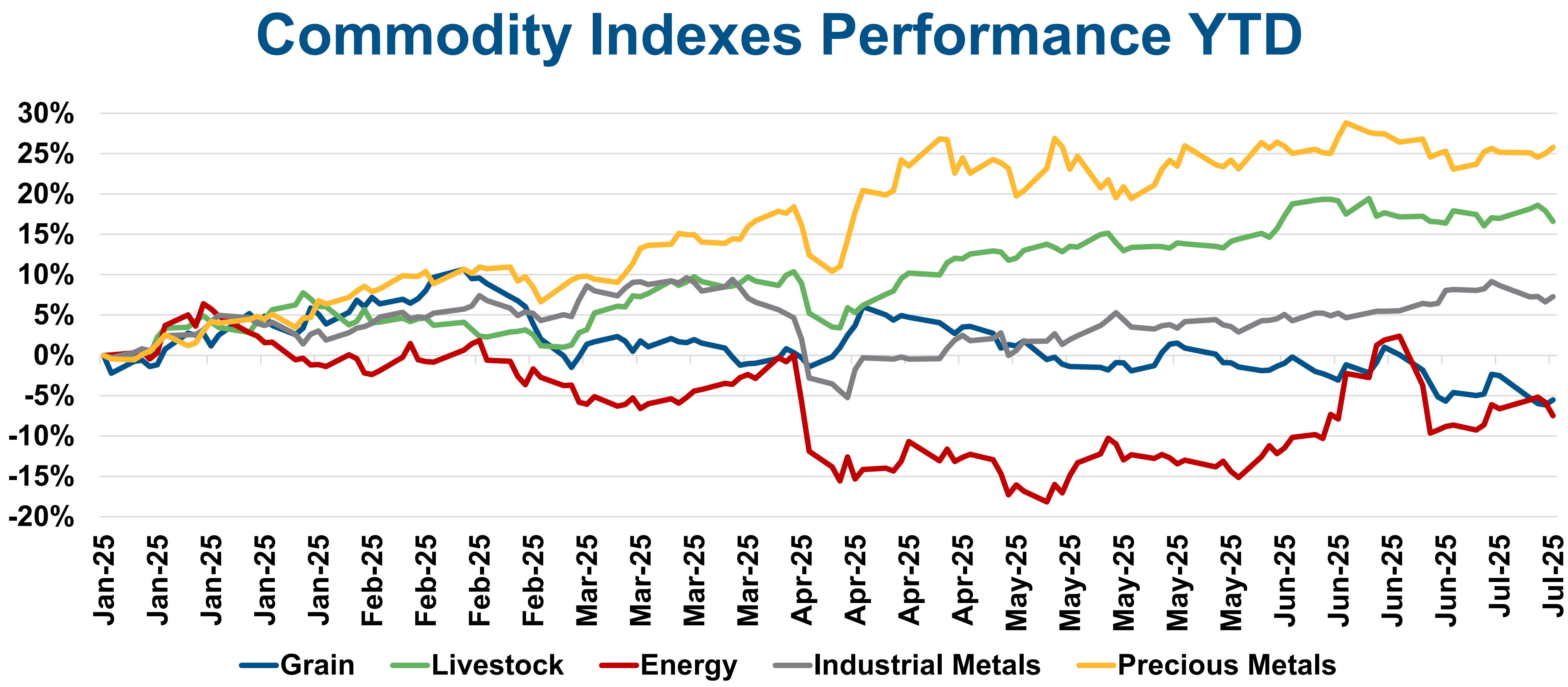
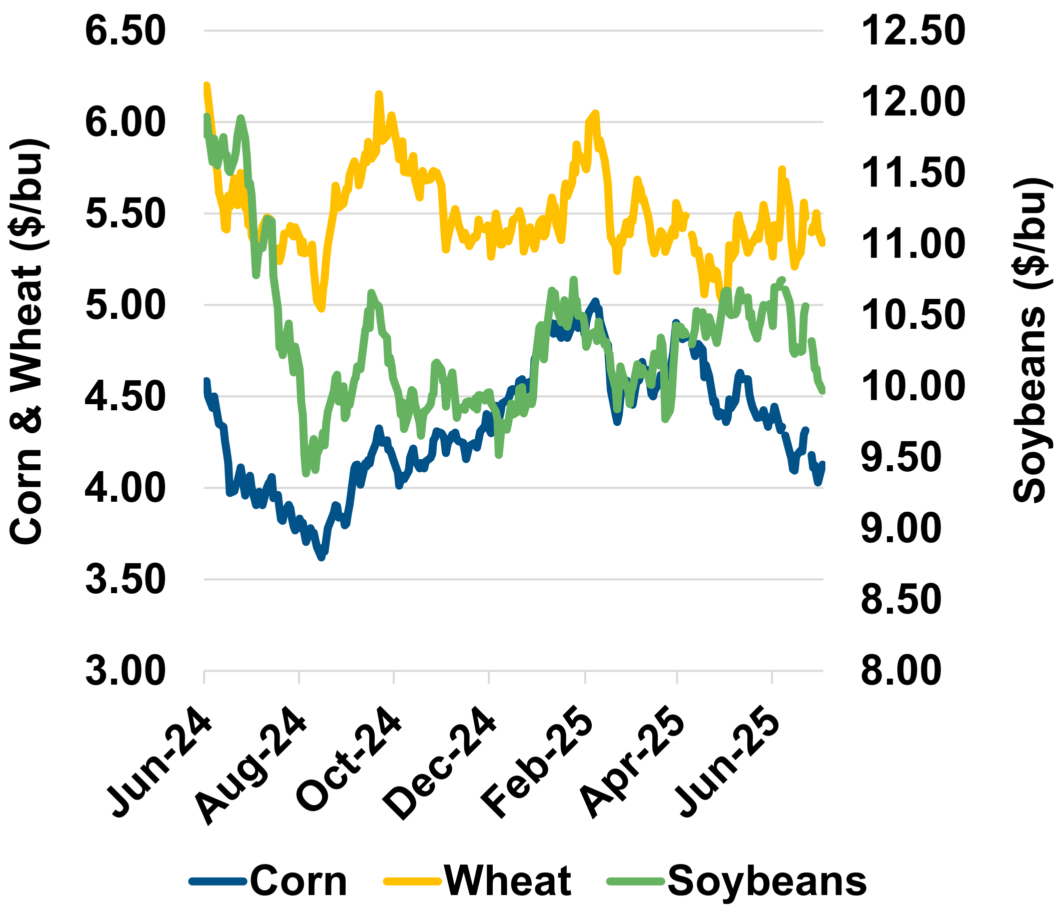
Grains Among Poorest Performing Commodities



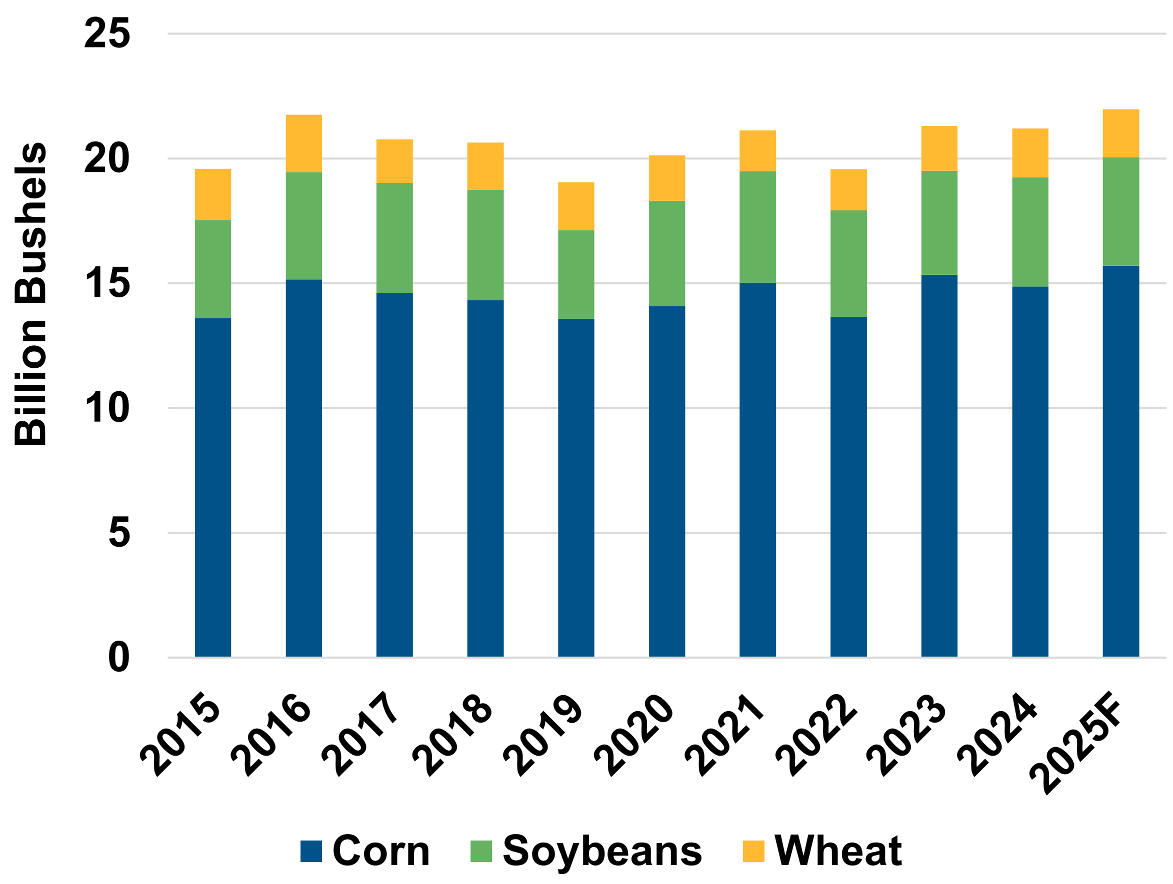
Source: Bloomberg

Record Corn Crop Depressing Grain & Oilseed Prices

Grain Prices

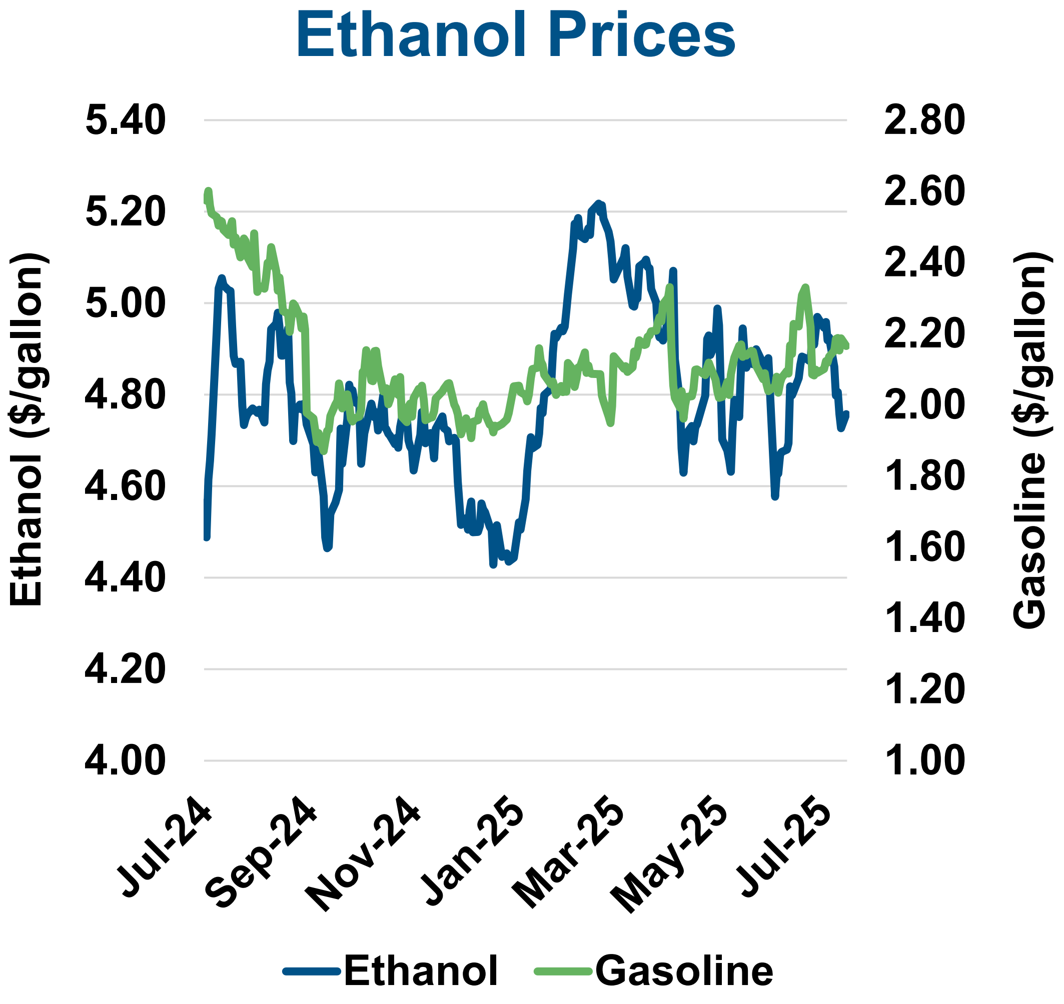


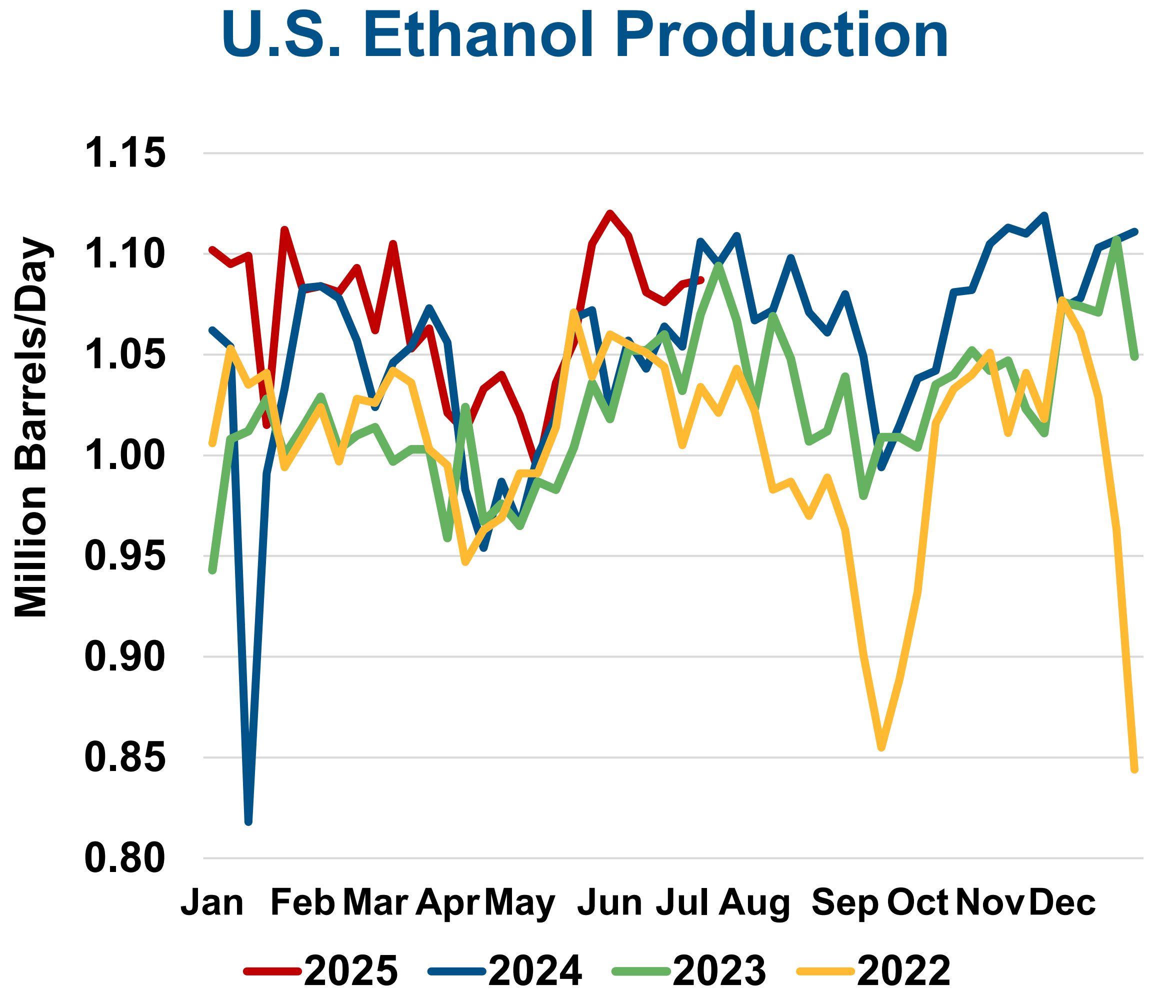
U.S. Production



Source: CME Group; USDA-NASS

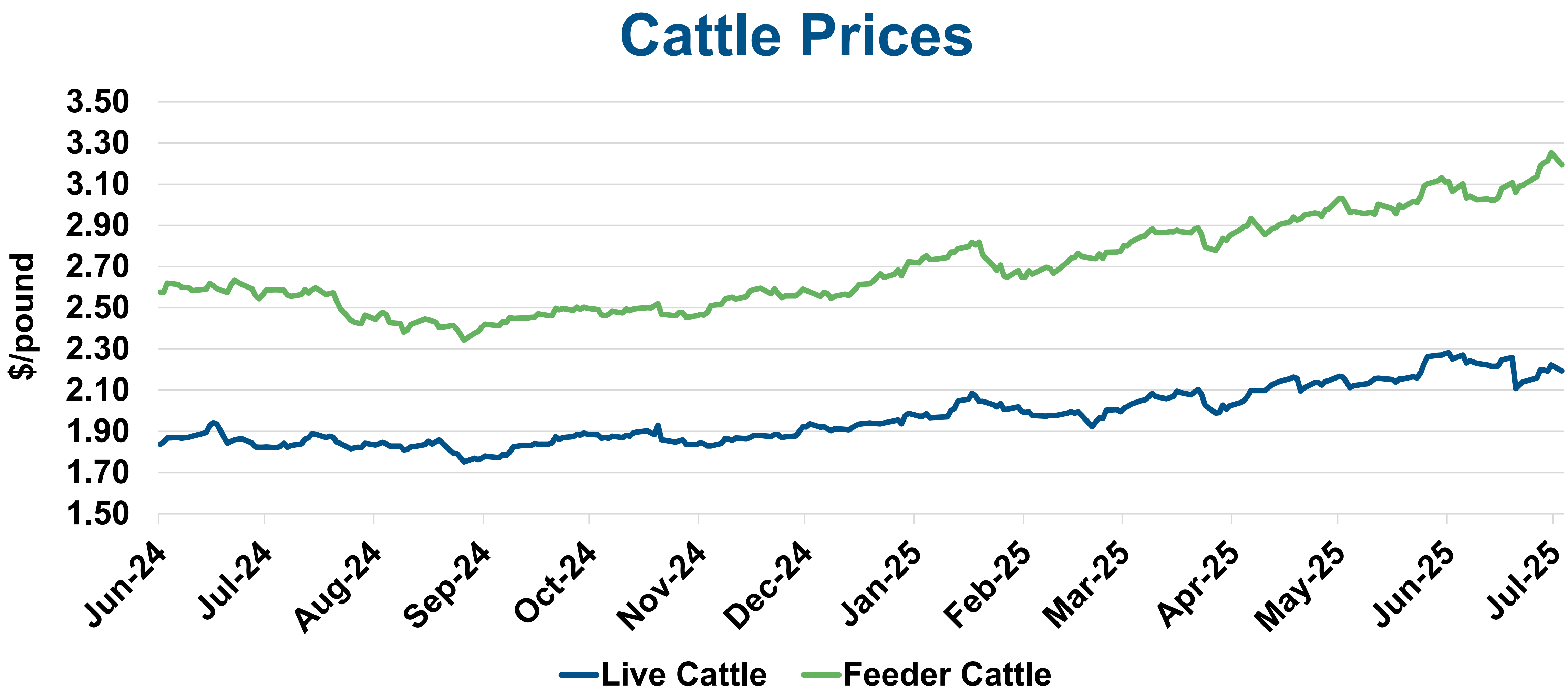
Ethanol Demand Climbing on Exports





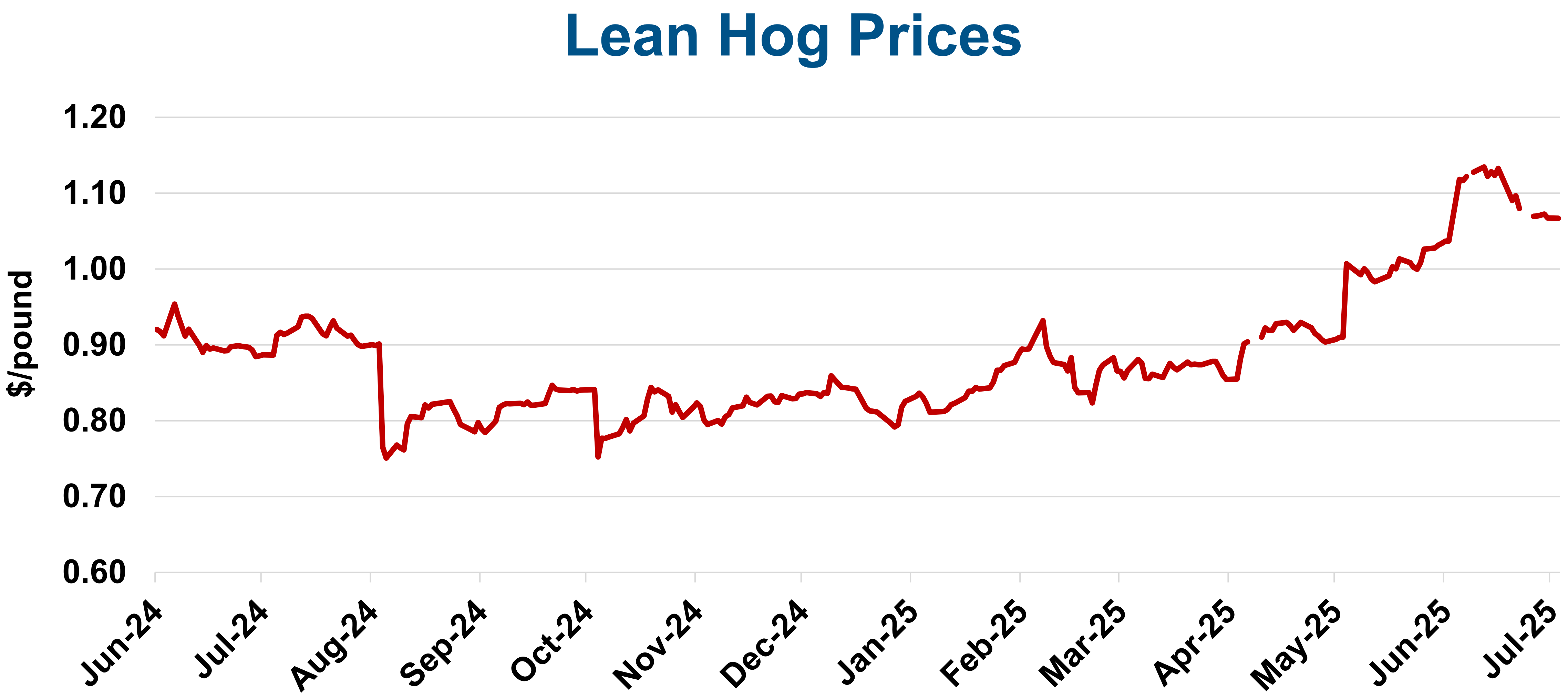
Source: Barchart.com; EIA

Historically Small Herd, Strong Demand Lift Cattle Prices



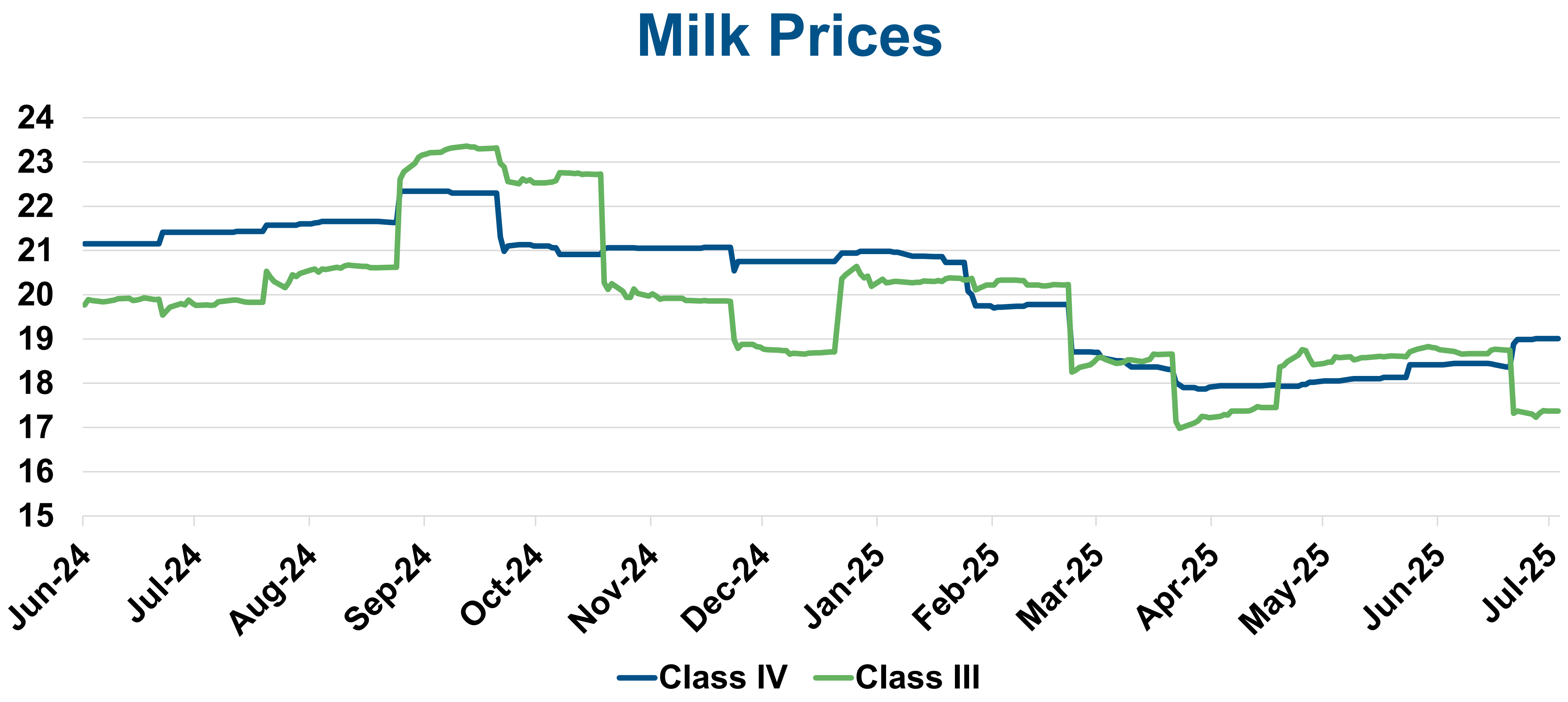
Source: Barchart.com

Lean Hog Prices Climbing due to Smaller U.S. Herd



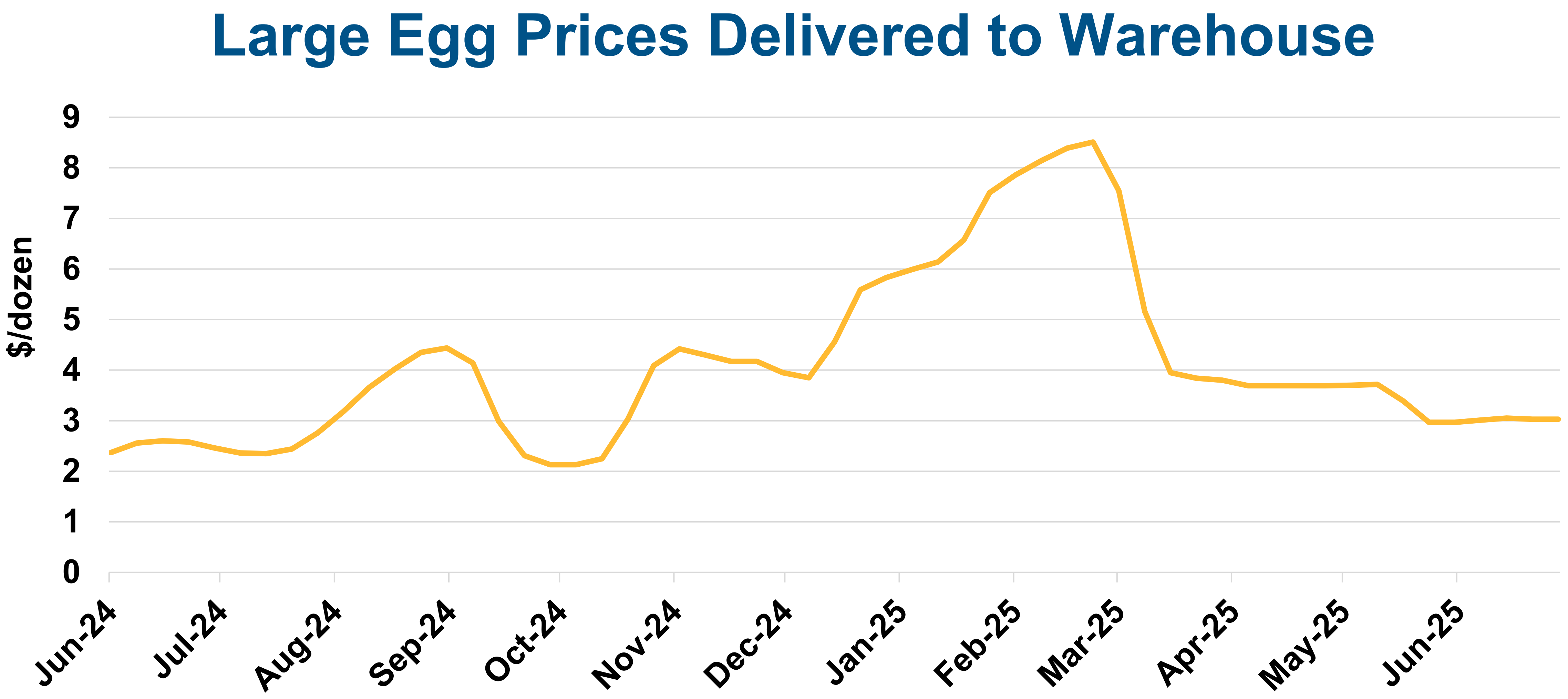
Source: Barchart.com

Milk Prices Trending Lower as U.S. Herd Rebuilds



Source: Barchart.com

Egg Prices Falling as Flock Recovers from HPAI



Source: USDA-NASS

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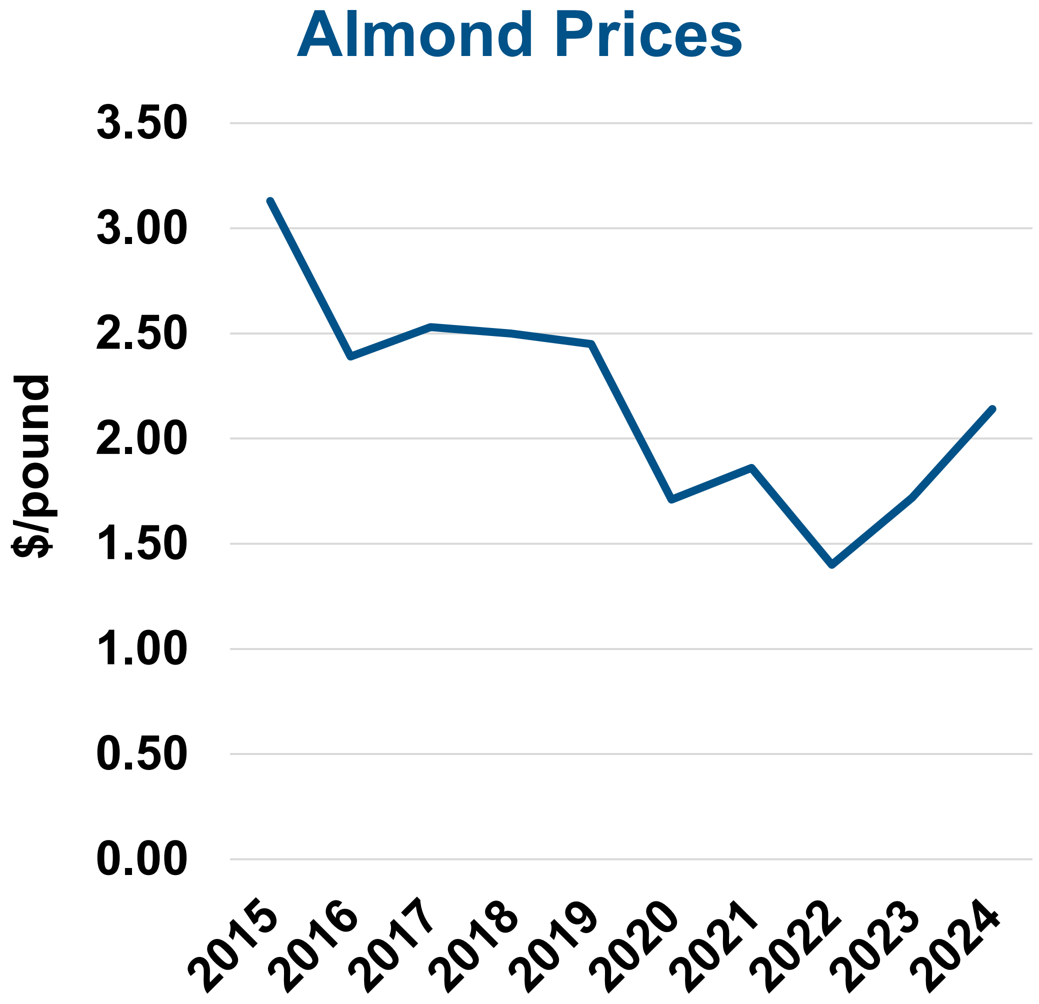
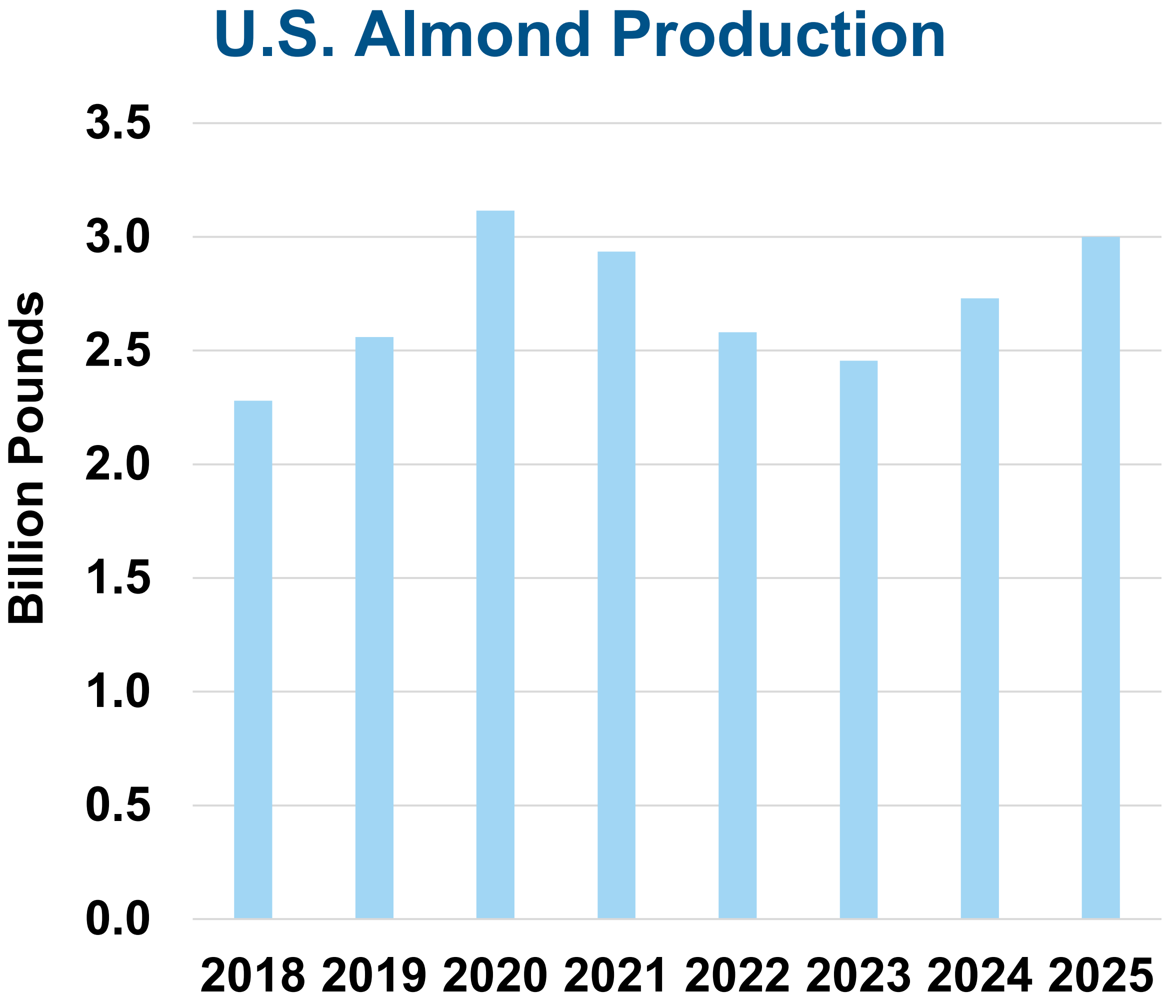
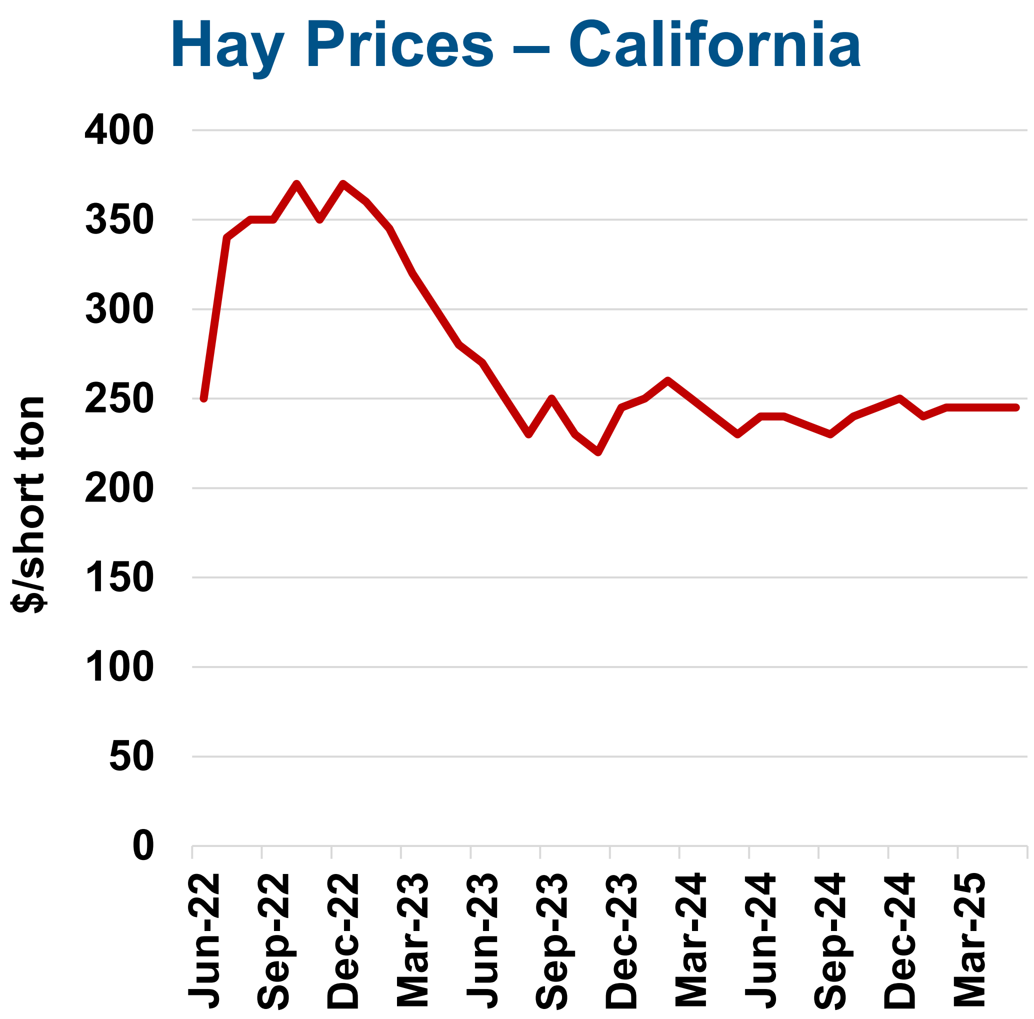
Bigger Almond Crop Expected to Pressure Prices

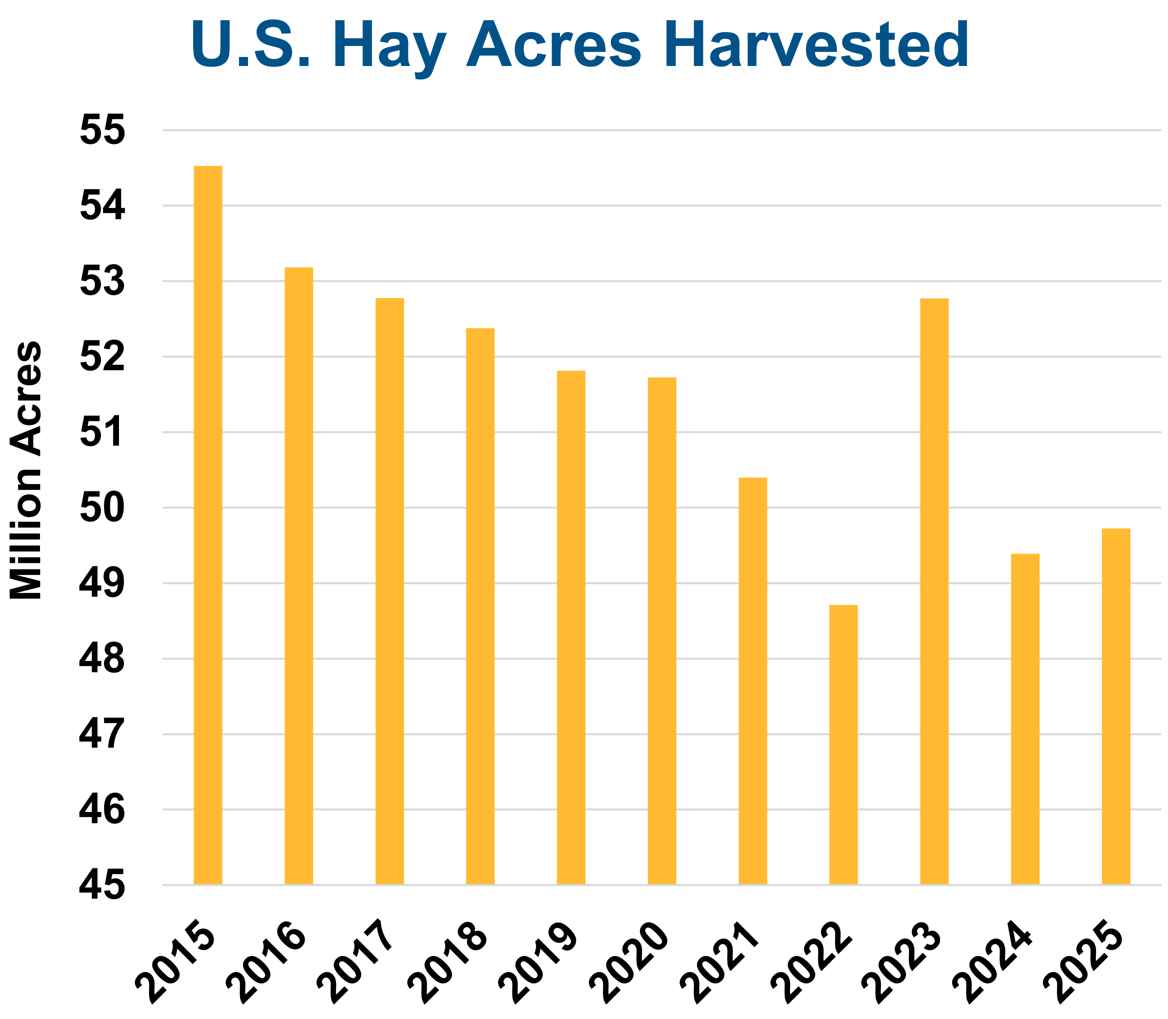




Source: USDA-NASS

Higher Production, Lower Exports Depressing Hay Prices

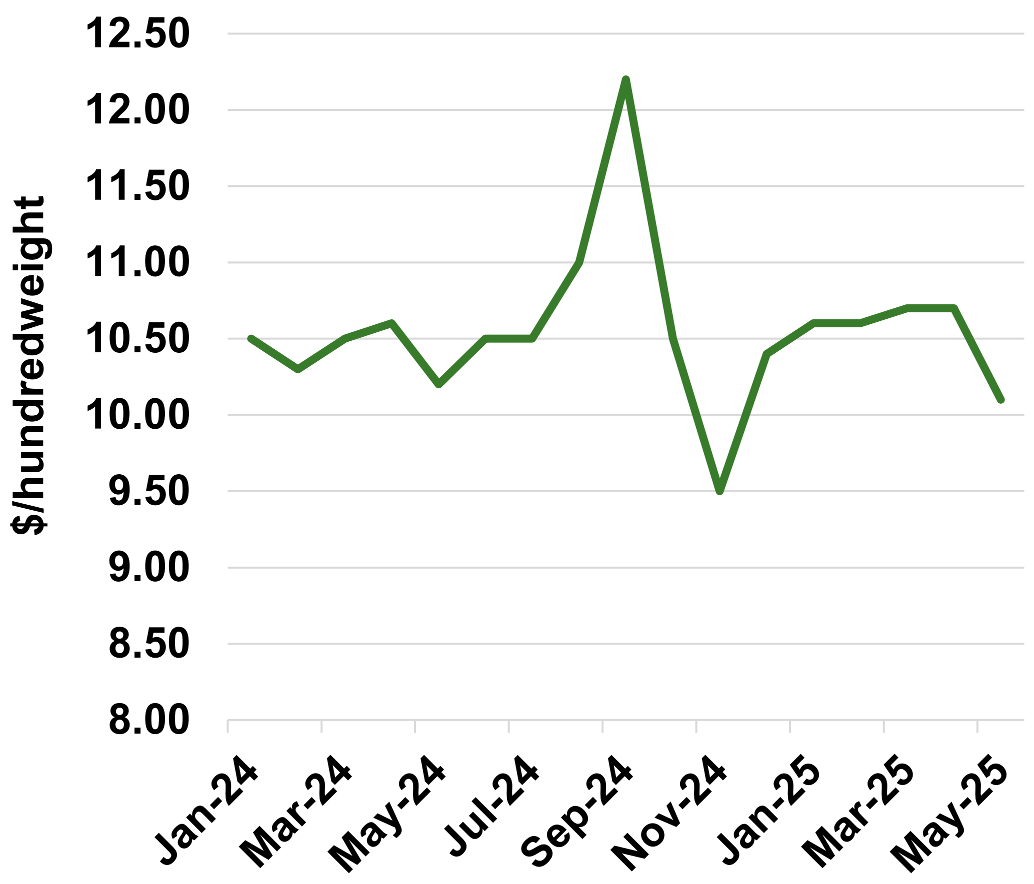




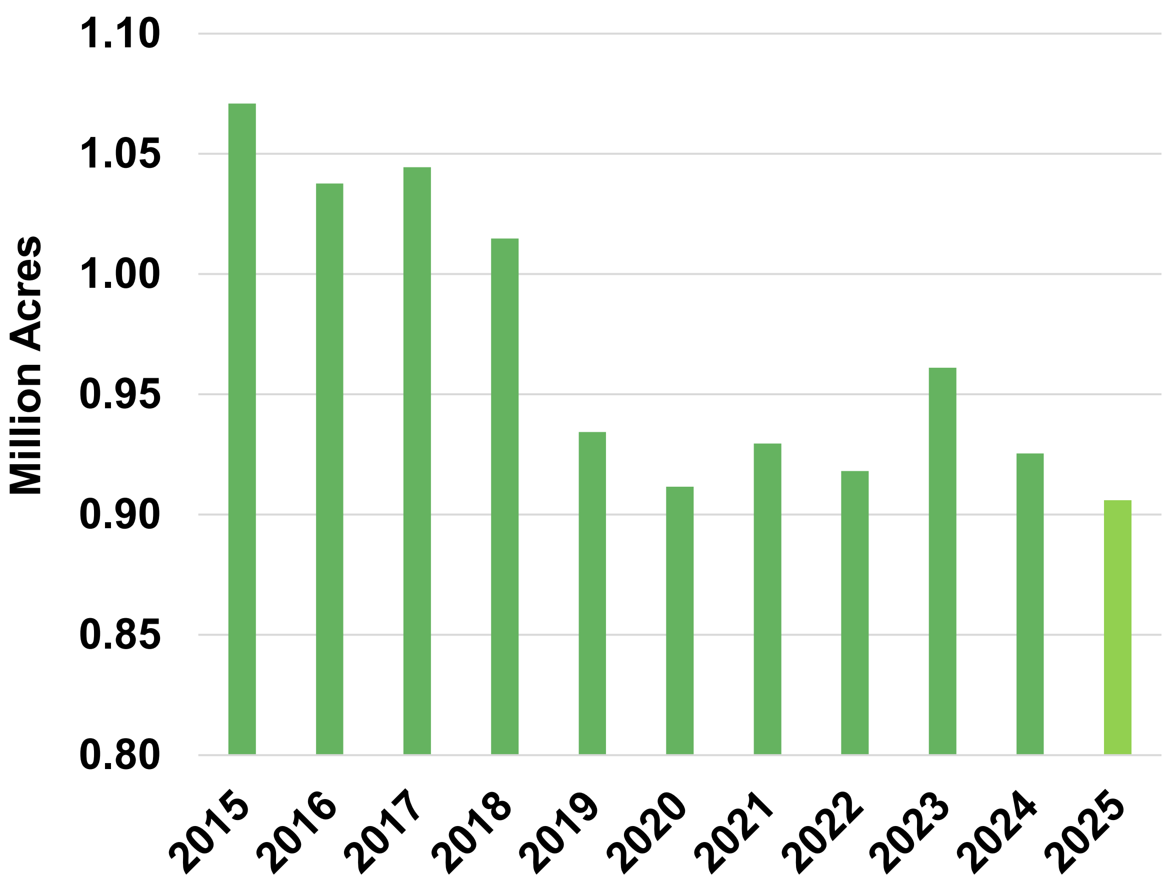
Source: USDA-NASS

Potato Prices Falling from Weakening Demand

Potato Prices

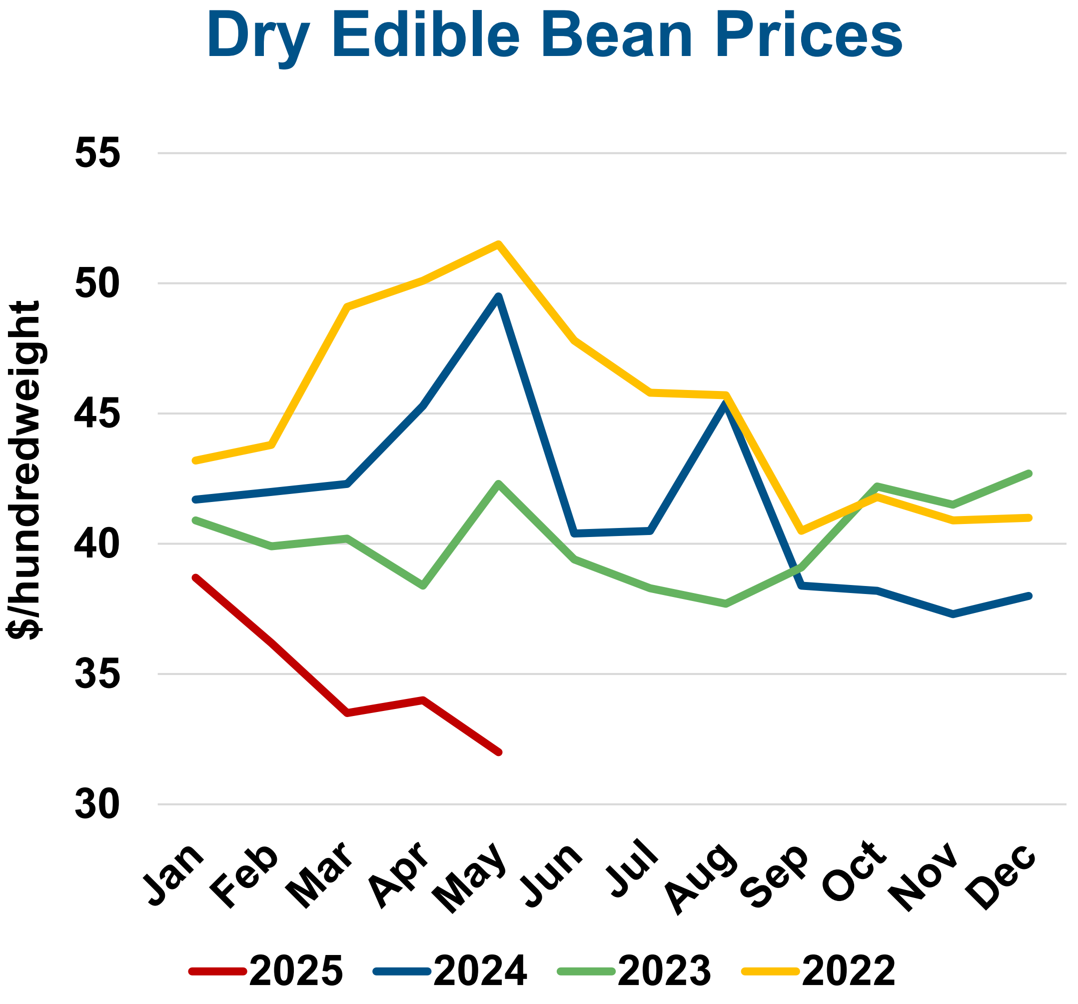


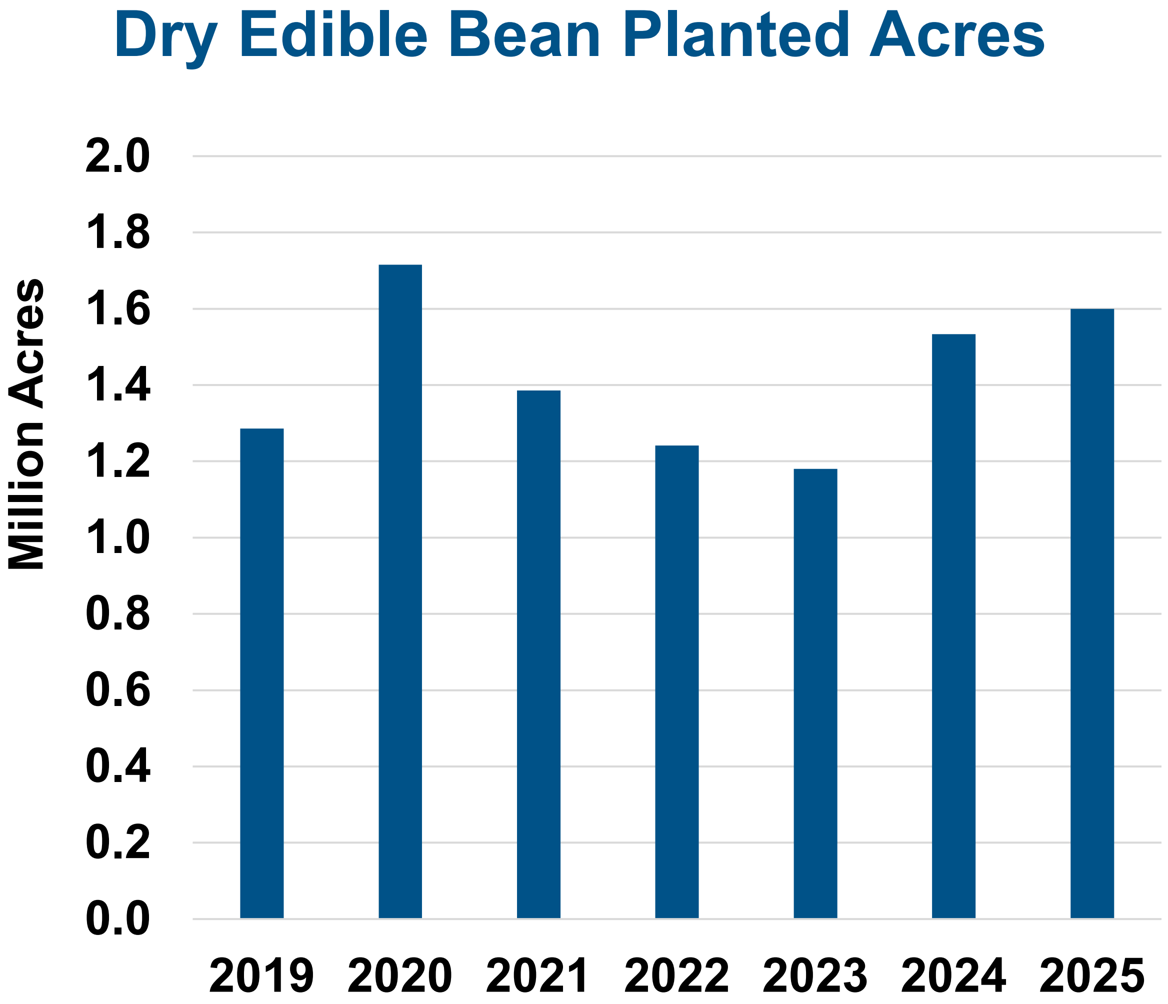
U.S. Potato Harvested Acreage



Source: USDA-NASS

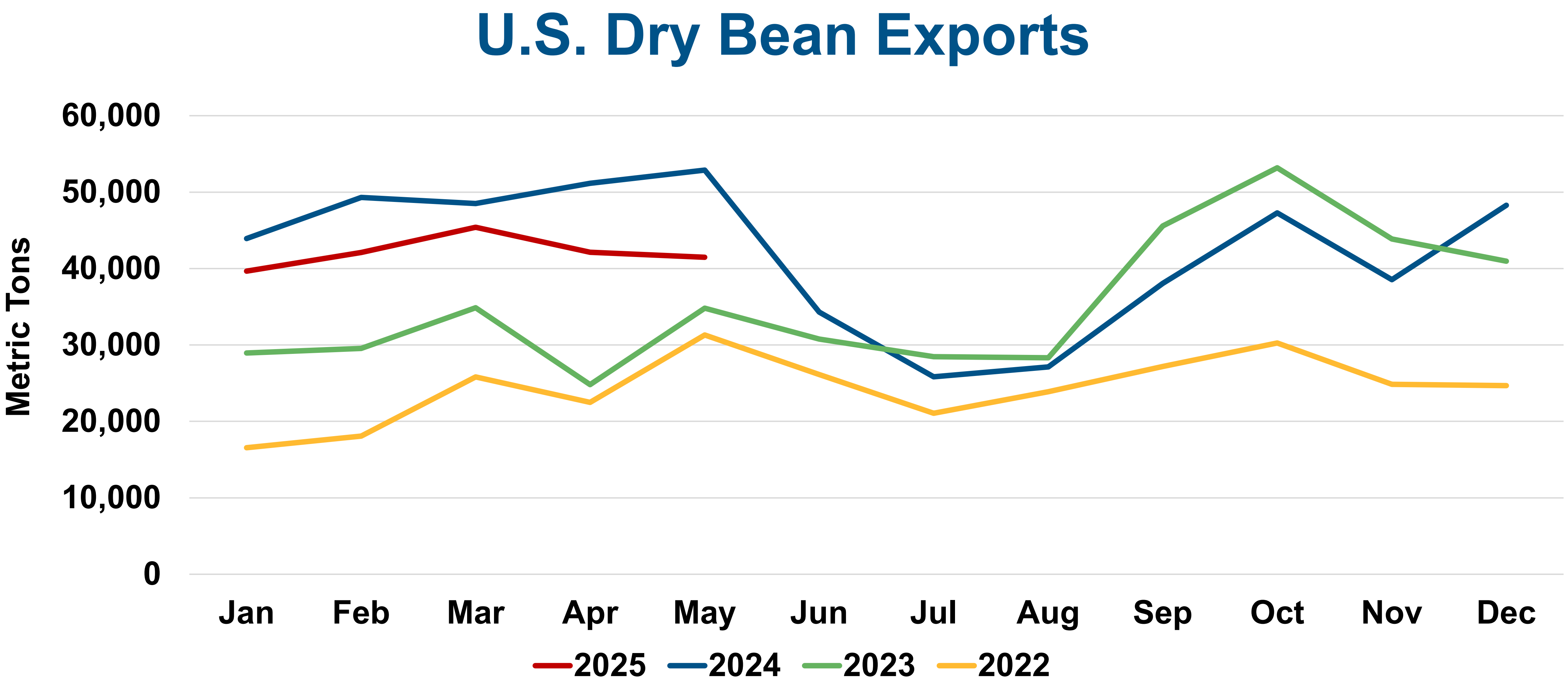
Dry Bean Prices Down 35% YoY





Source: USDA-NASS

Dry Bean Exports YTD Down 14% YoY



Source: USDA-FAS

Agriculture Economy

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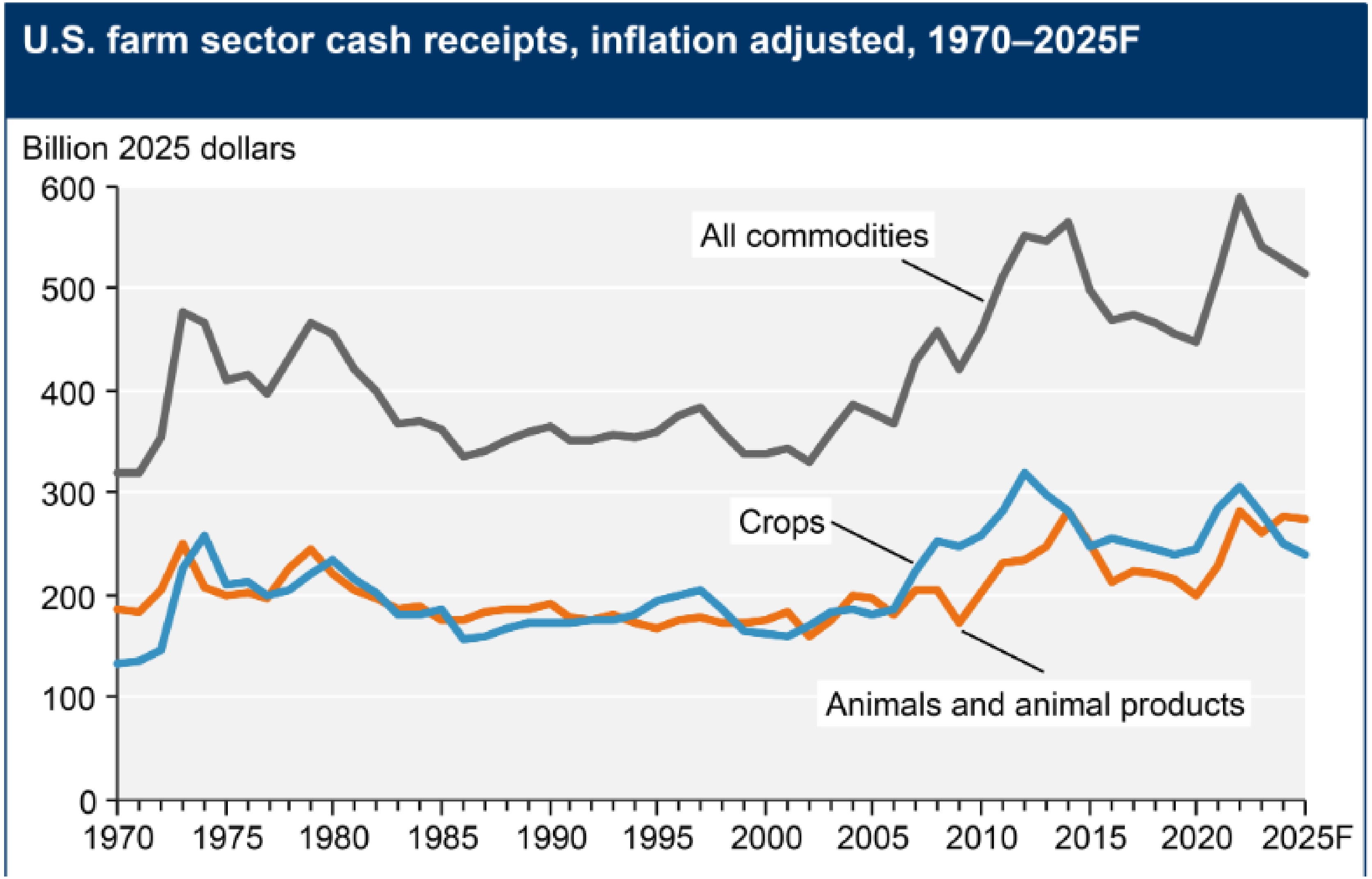
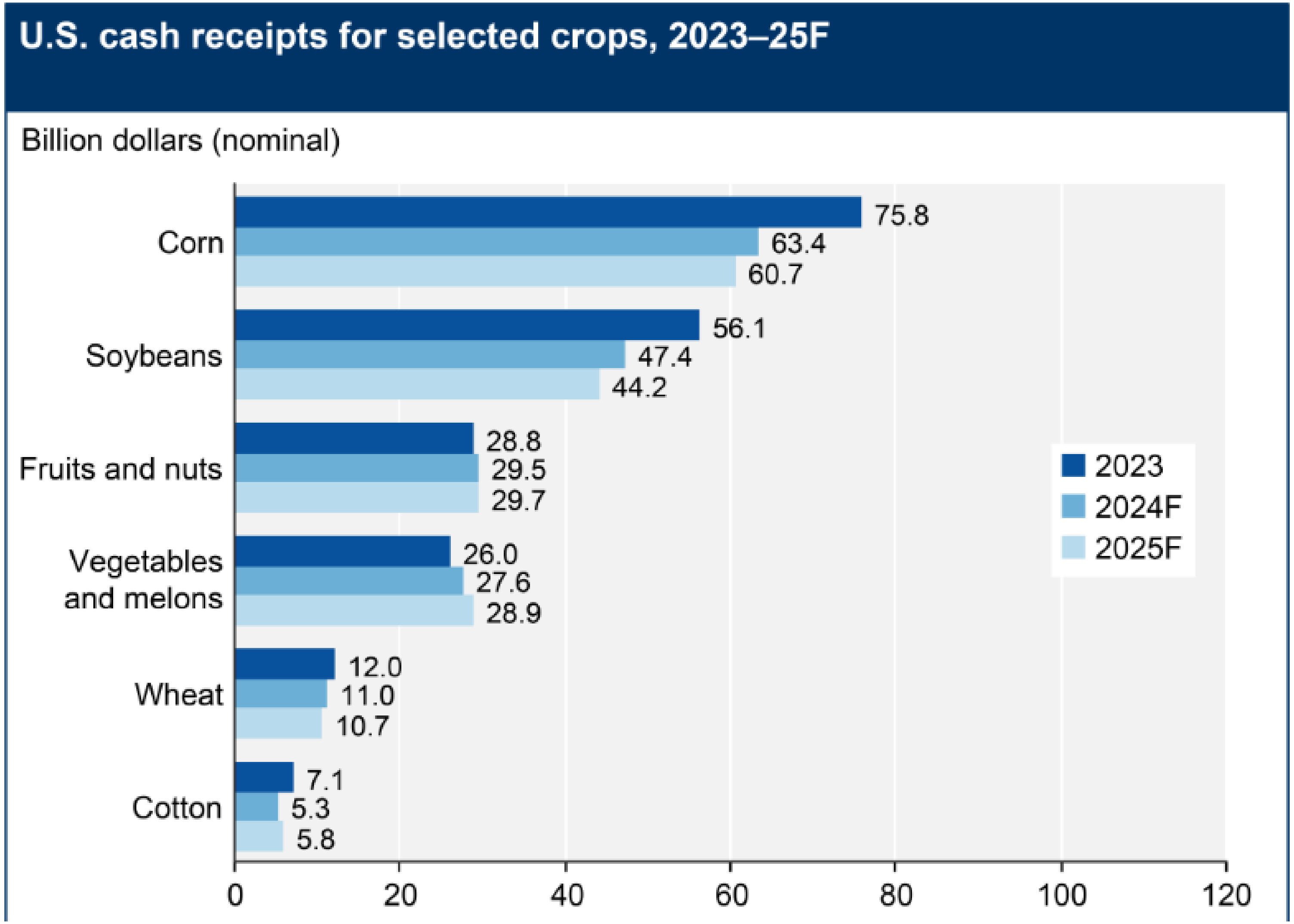
Farm Cash Receipts Falling From Low Commodity Prices



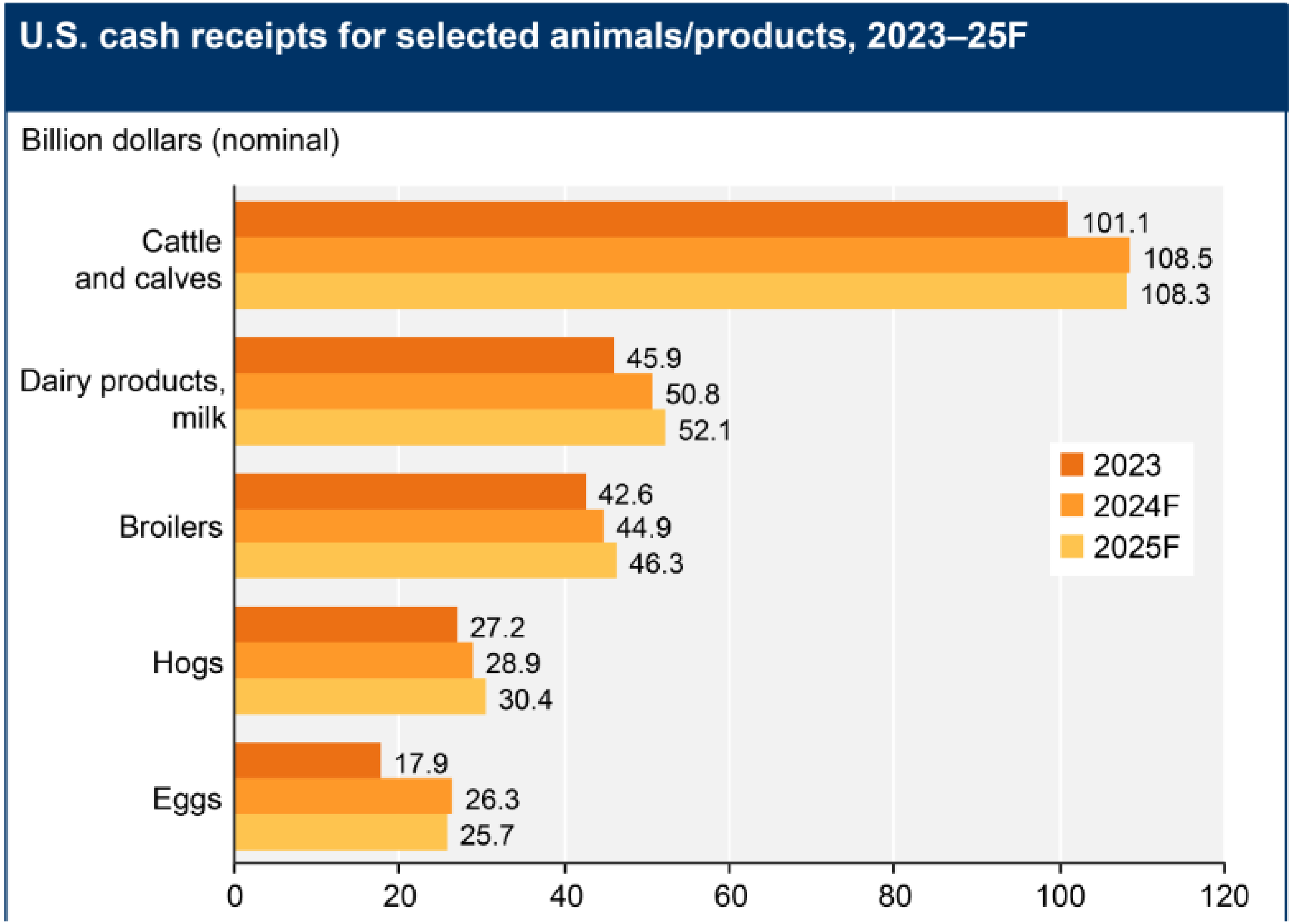
Source: USDA-ERS

Most Crops Struggling to Make a Profit



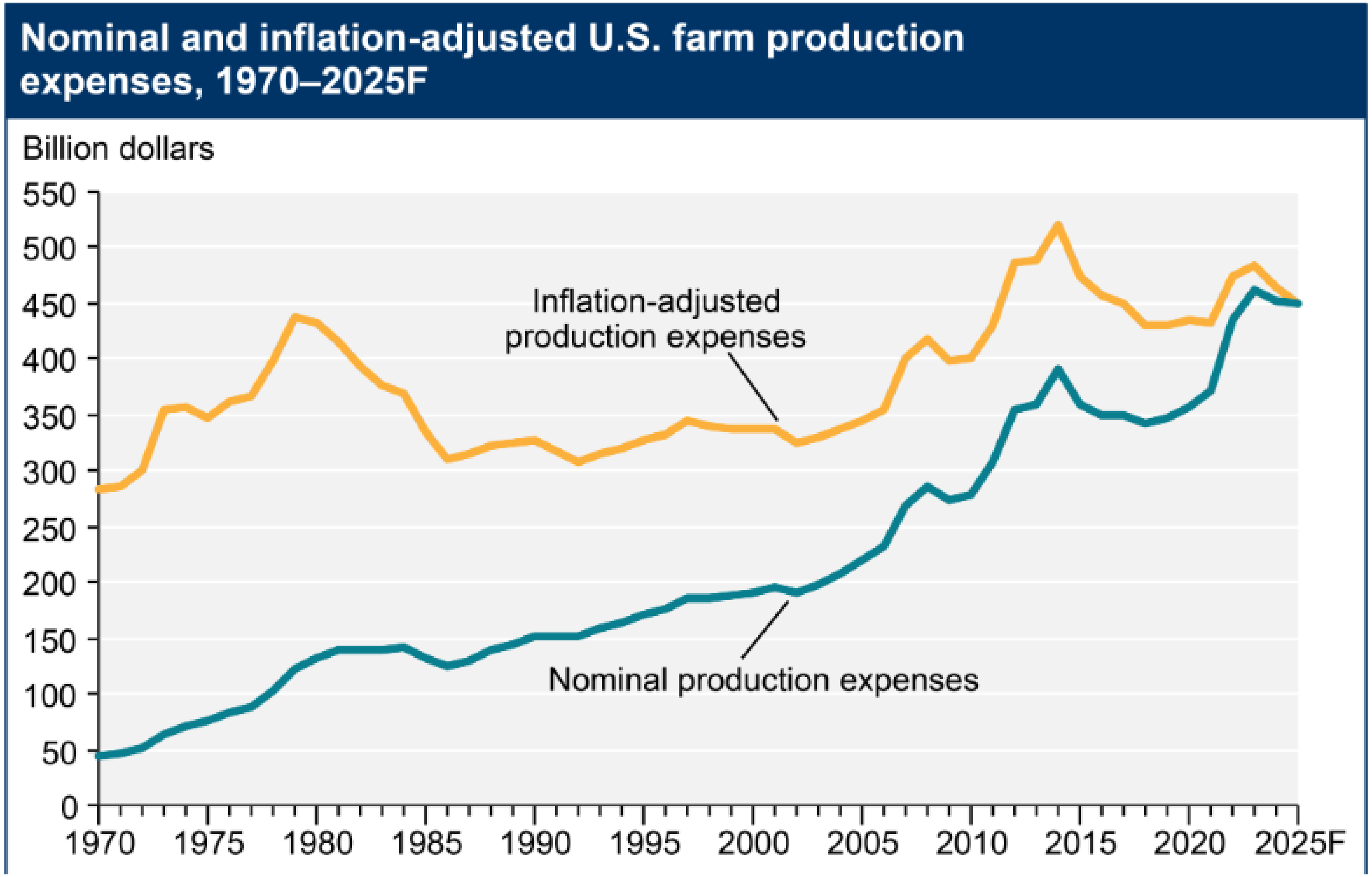
Source: USDA-ERS

Livestock Sector Carrying U.S. Farm Economy



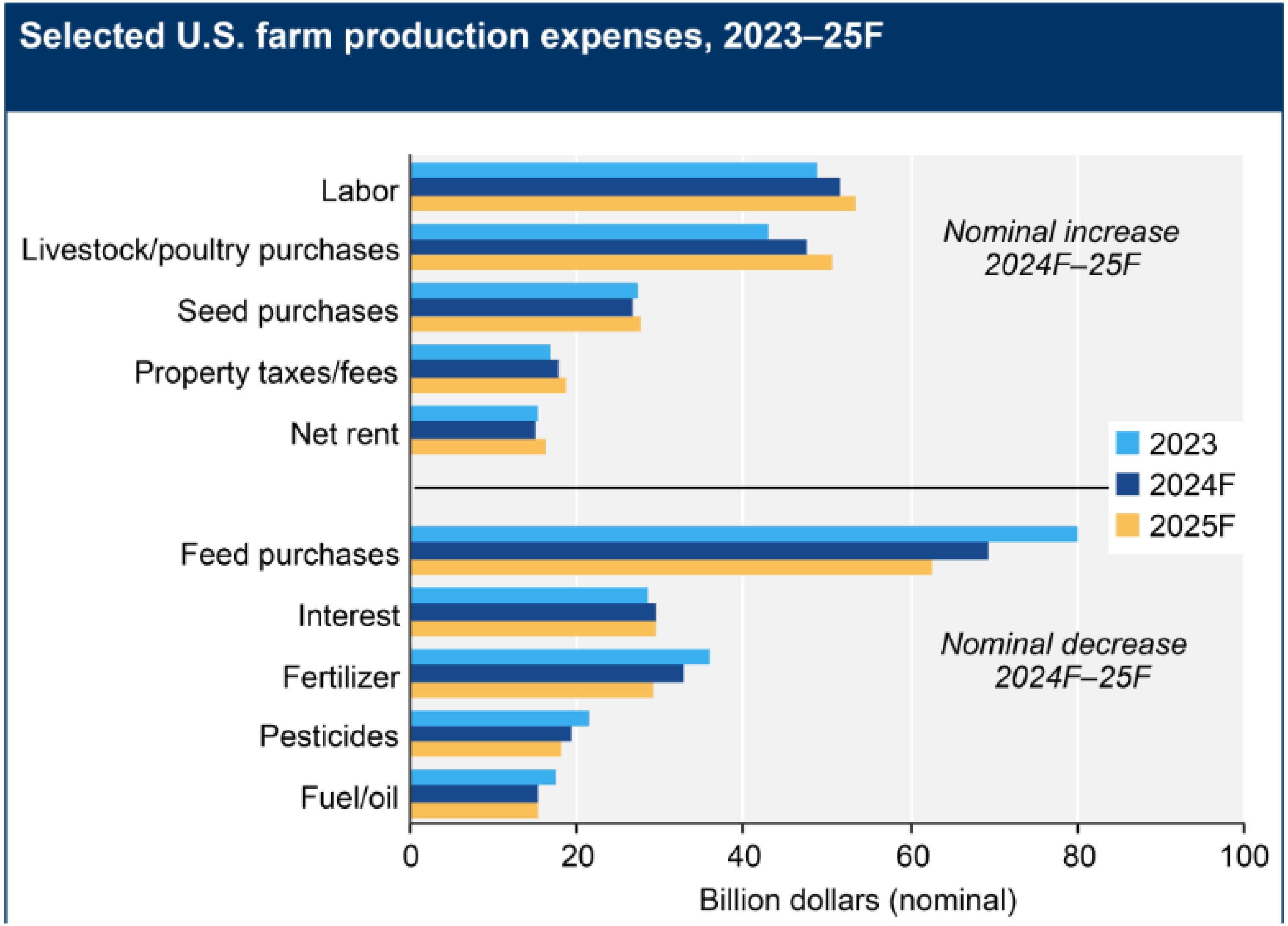
Source: USDA-ERS

Farm Production Expenses Remain Elevated



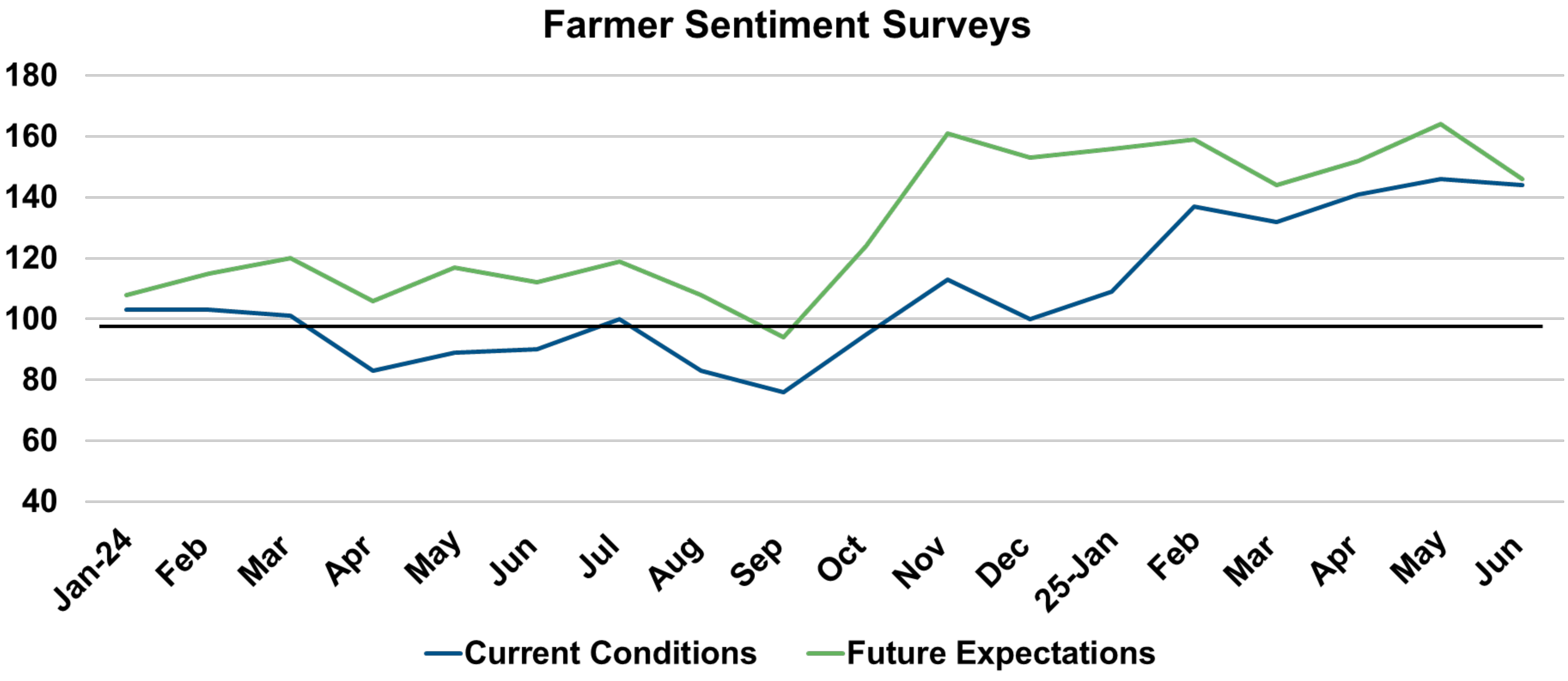
Source: USDA-ERS

Nearly All Farm Expenses are Rising – Especially Labor



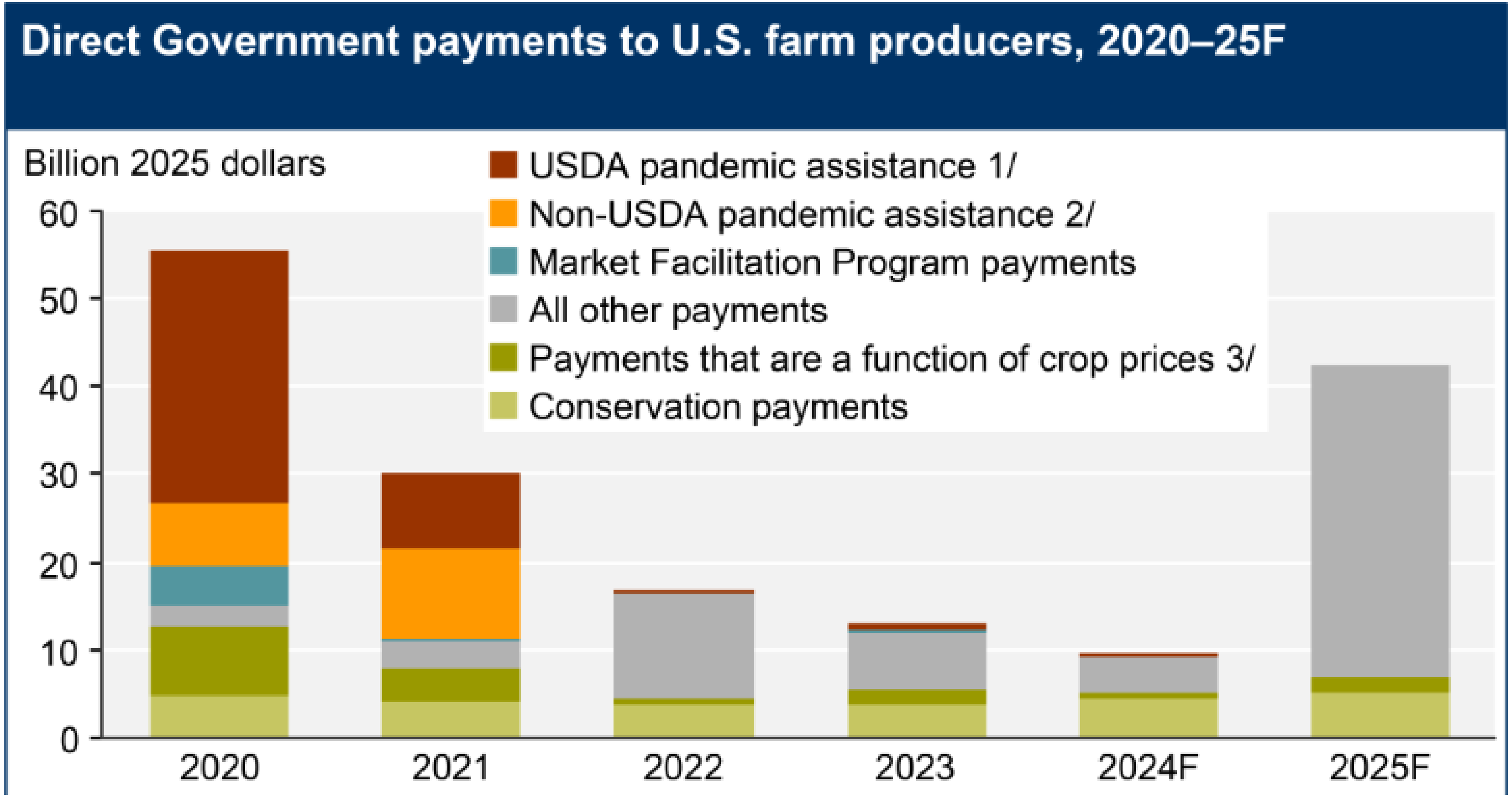
Source: USDA-ERS

Expressed farmer sentiment not aligned with economics



Source: Purdue, CME Group

How Big of a Role with the Government Play?



Source: USDA-ERS

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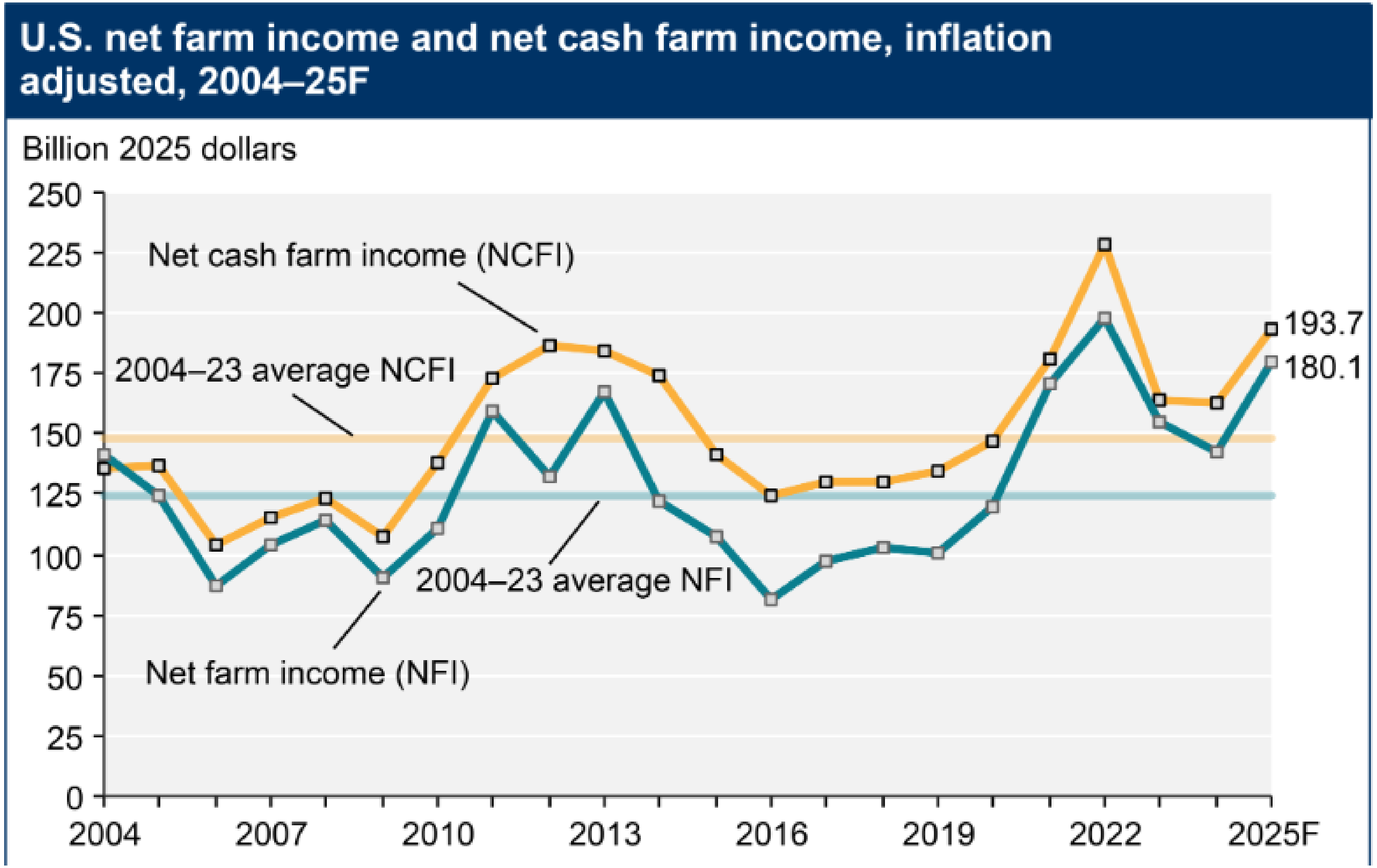
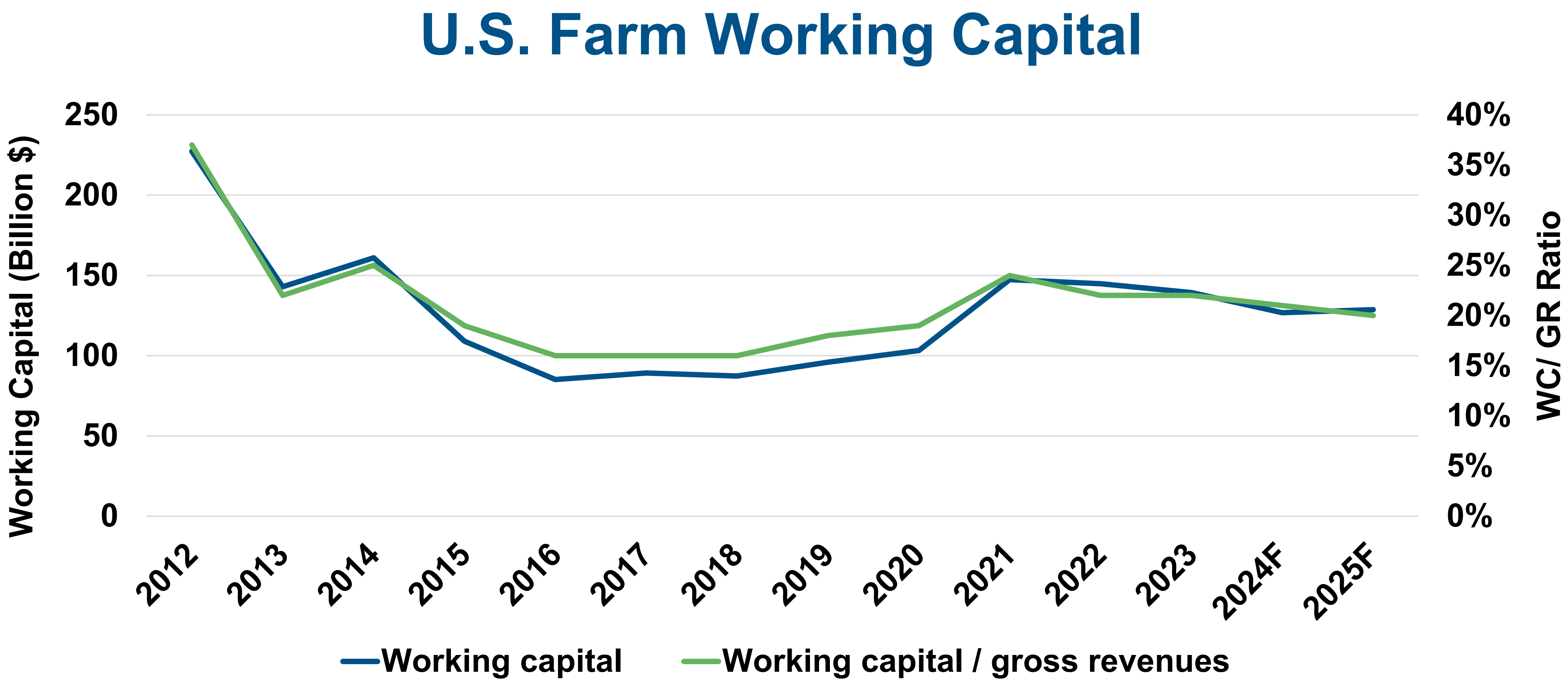
Net Farm Income Expected to Rise on Gov't Assistance



Source: USDA-ERS

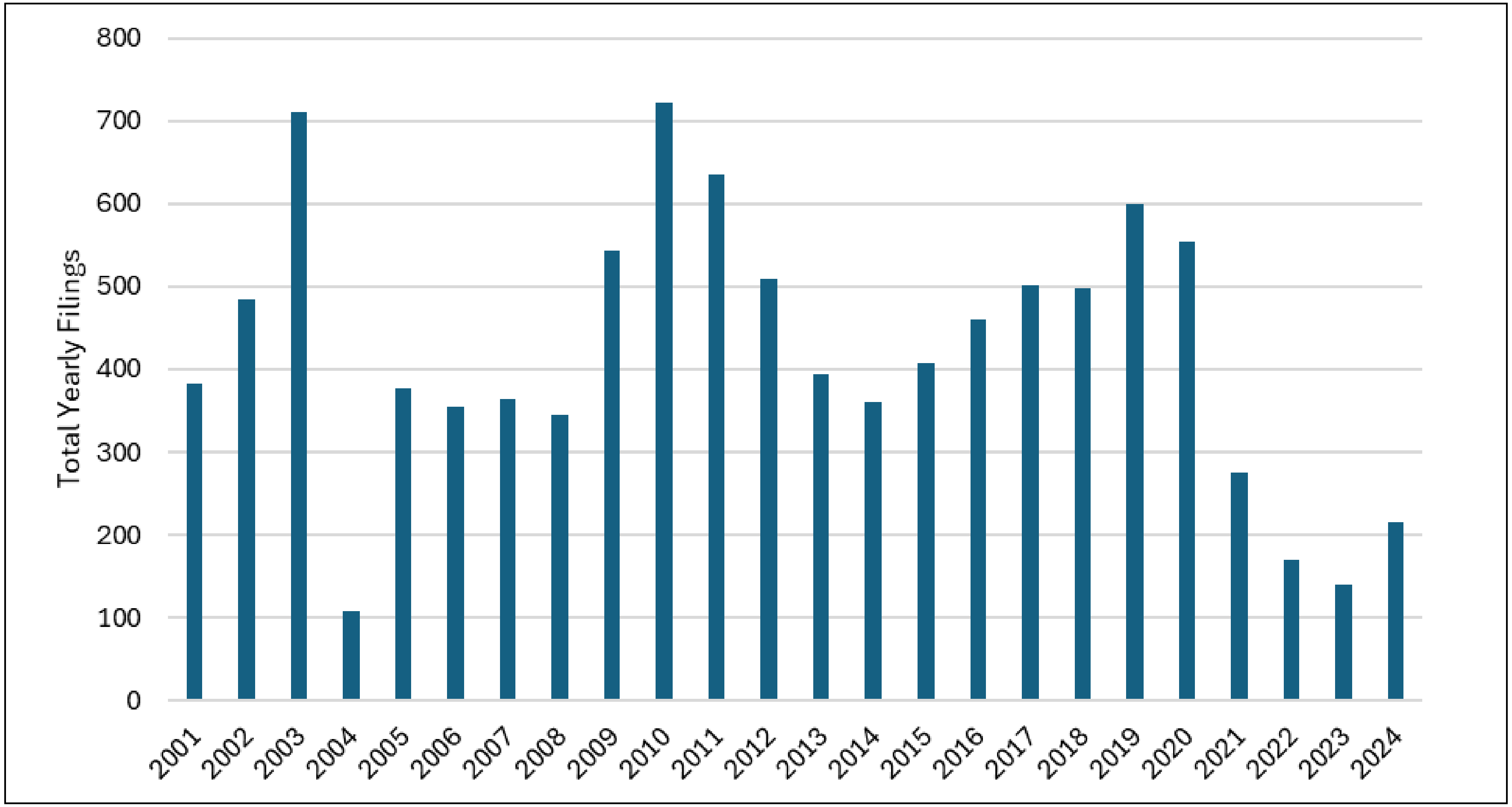
Farm Working Capital is Eroding



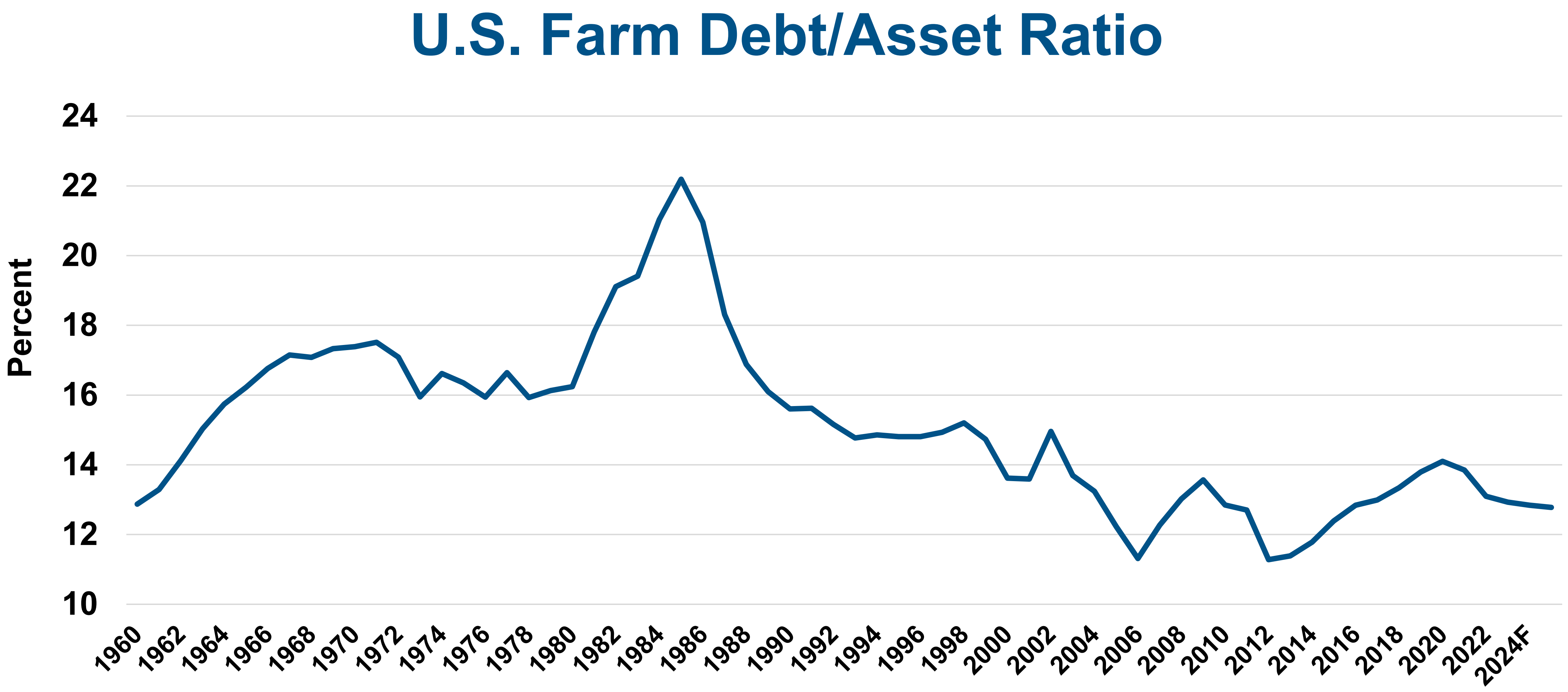
Source: USDA-ERS

U.S. Farm Bankruptcies are Rising, But Remain Moderate

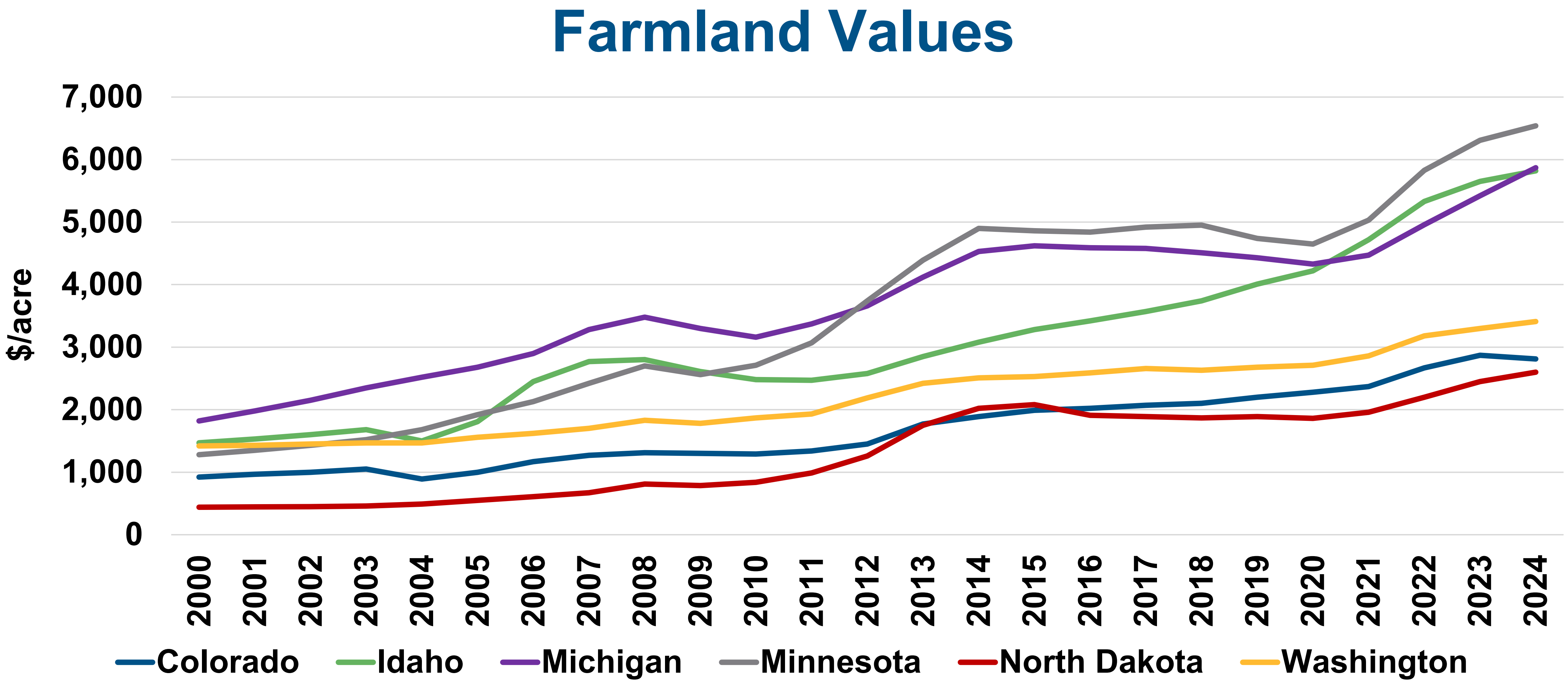
Yearly U.S. Chapter 12 Bankruptcy Filings



Farm Balance Sheets Remain Strong



Farmland Values Expected to Plateau in 2025-26



Source: USDA-NASS

Outlook

- **Slower for Longer:** Changing demographics, global debt, and uncertainty over trade and economic policies are slowing economic growth.

- **Interest Rates:** The Fed must walk the tightrope between rising unemployment and the risk of rising prices resulting from tariffs. Currently, 1-2 cuts are expected in the last half of 2025.

- **Commodities:** Volatility will remain elevated as markets balance numerous price drivers like a weaker dollar, trade policy uncertainty, and an anxious world consumer.

Questions

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